

**For discussion on
21 December 2004**

**LEGISLATIVE COUNCIL
PANEL ON PLANNING, LANDS AND WORKS**

**Land Title Registration –
Preparation for implementation and additional staffing support**

Purpose

This paper informs Members of the actions being taken to prepare for implementation of title registration following enactment of the Land Titles Ordinance in July 2004. It also seeks Members' advice on the Land Registrar's proposal to create one permanent and four supernumerary directorate posts in the Land Registry to assist with the preparation and operation of the new title registration system.

Background

2. On 7 July 2004, the Legislative Council passed the Land Titles Bill. The object of the Land Titles Ordinance (LTO) is to introduce a land title registration system (LTRS) to replace the existing Deeds Registration System (DRS). The LTRS will give greater security to property interests and simplify conveyancing. The introduction of the LTRS is a significant development in Hong Kong land law, having significant implications for members of the public, legal practitioners and property related business.

3. When passing the Ordinance, the Legislative Council noted the extensive preparatory work and a variety of issues that required further examination before the Ordinance commenced operation¹. The Administration has undertaken to report back to the Council on these matters before a commencement date is set. The Administration estimated that the preparatory work was likely to require at least two years.

¹ These were set out in Paragraphs 22, 69, 70, 107, 111, 117, 120, 121 and Appendices V and VI of LC Paper CB(1)2219/03-04 (The report of the Bills Committee to the House Committee).

Actions taken in preparation for implementation of title registration

4. The Land Registry has begun the review of the issues raised by the Bills Committee and has commenced other preparatory work. Interested parties have been invited to join a steering committee and various working groups to assist with the review and preparation work. In addition to representatives of various government departments, nominations to these committees have been made by the Law Society, Bar Association, Consumer Council, Heung Yee Kuk, Real Estate Developers Association, Estate Agents Authority, HK Association of Banks and HK Mortgage Corporation Ltd. The steering committee at its first meeting in November 2004 has agreed a framework and timetable for the preparatory work.

5. Members may wish to note that the matter of powers for the Land Registrar to remove stopped deeds from the register under the Land Registration Ordinance will also be considered by the team preparing for implementation of title registration. During deliberation by the Legislative Council's Bills Committee on the Land Registration (Amendment) Bill 2000 in 2001-02, it was agreed to remove proposed provisions on such power to remove stopped deeds, pending further research and consultation with the legal profession. Since the passage of the Land Titles Ordinance has entailed substantial changes to the Land Registration Ordinance, and since it is necessary to settle the issue of removal of stopped deeds before properties affected by them can be converted to the LTRS, the Land Registry considers it advisable to deal with this matter as part of the preparation for introduction of the LTRS.

Additional Staffing Requirements

6. To support the above-mentioned committees and undertake the preparatory work required in a timely and effective manner, the Land Registrar has re-organized the Land Registry and created a number of supernumerary professional, management and support posts. These include five supernumerary directorate posts - one Deputy Principal Solicitor (DL2), one Senior Principal Executive Officer (D2), one Assistant Principal Solicitor (DL1), one Principal Land Registration Officer (D1) and one Chief Systems Manager (D1) - created under delegated authority from the Finance

Committee for six months from 5 October 2004. These organisational changes together with the main areas of work being undertaken by the different branches are set out at **Annex A**.

7. It can be noted from Annex A that while existing staff are deployed to support the work arising from enactment of the LTO, the Land Registry also needs to bring in additional resources to assist with the preparatory work for title registration. The reasons are:

- (a) The existing management and staff of the Land Registry are heavily engaged with other major reforms following from enactment of the Land Registration (Amendment) Ordinance 2002 in addition to their normal commitments. The Amendment Ordinance introduces a central registration system, to be supported by new IT infrastructure. This new system will be put into operation in February 2005. Members were informed of the commencement of the central registration system vide LC Paper No. CB(1)243/04-05(01). After initial implementation, there is a continuing programme of developments to that system to be undertaken;
- (b) the range, significance and volume of the preparatory work on title registration are substantial. Proper staffing support at the appropriate level is essential. Careful planning and management of the process is needed to ensure that the new registration system is implemented properly and effectively. A list of the work involved is at **Annex B**; and
- (c) the existing directorate establishment and management team in the Land Registry is small. Before the creation of the posts mentioned in para. 6 above, there were 3 directorate officers in the Land Registry; the Land Registrar (D4); a Registry Manager (D2); and a Business Manager (D1). If they were required to oversee the title registration project without strengthening, there will be adverse impact on existing services. The time required to implement the title registration system is likely to be significantly longer than the period envisaged at the passage of the legislation and the quality of the preparation work will suffer.

8. The Land Registry has been reducing its establishment steadily. The establishment of the department stood at 568 in 2000. Due to efficiency measures introduced since then and with the implementation of the central registration system in early 2005 (see paragraph 7(a) above), the departmental establishment is expected to be reduced to 471 by mid-2005 (This figure includes the 5 posts mentioned in para. 6).

9. The proposed creation of one permanent DPS (DL2) post and four supernumerary posts of one SPEO(D2), one APS (DL1), one PLRO(D1) and one CSM(D1) will bring about an additional notional annual mid-point salary cost of \$6.154 million and in full annual average staff cost of \$9.058 million. The cost of the non-permanent posts and of the permanent post during the preparatory period will be treated as part of the project cost for the LTRS. Members may wish to note that the overall costs of the Land Registry have been reduced from \$342 million in 2000-01 to \$280 million (estimated) for the current financial year.

Proposed Creation of Directorate Posts

10. The Land Registrar proposes to make a submission to the Establishment Sub-Committee before expiry of the 5 posts mentioned in para. 6 recommending:-

- (a) creation of one permanent post of Deputy Principal Solicitor (DL2) to head the Legal Services Branch of the Land Registry; and
- (b) creation of four supernumerary directorate posts including one Senior Principal Executive Officer (D2), one Assistant Principal Solicitor (DL1), one Principal Land Registration Officer (D1) and one Chief Systems Manager (D1) for a period of two and a half years from 5 April 2005.

The supernumerary posts are required to complete the preparatory work in a timely and thorough manner. As there is expected to be a greater demand for management of legal issues by the Land Registry arising from the implementation of title registration, it is considered necessary to create the

Deputy Principal Solicitor post on a permanent basis. Justifications for each post are set out in **Annex C**.

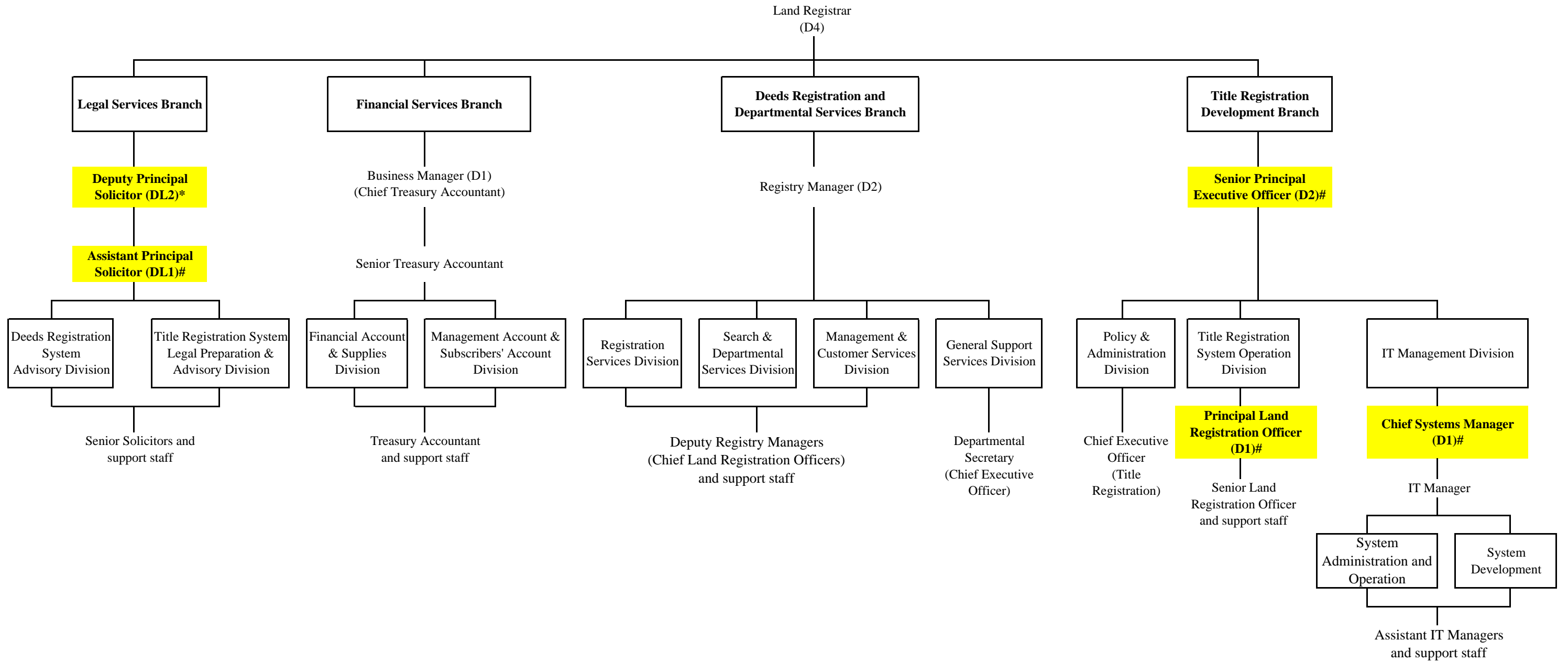
11. Once the preparatory work has been completed and title registration has commenced, we anticipate that the four supernumerary directorate posts set out in paragraph 10(b) above will no longer be required. The additional responsibility of managing the indemnity fund to be set up under the LTO will be managed by the existing Financial Services Branch. Other implementation work, including development of the title register and conversion of all properties from the deeds registers to the title register at the end of the period prescribed under the LTO is expected to be carried out by existing staff with appropriate retraining and re-organization.

Advice Sought

12. Members are requested to note the actions taken in preparation for implementation of title registration, and to advise whether the recommendation for creation of one permanent and four time-limited supernumerary directorate posts to assist with the preparation and implementation of title registration is supported. Subject to Members' views, we intend to make a submission to the Establishment Sub-Committee in January/February 2005.

Land Registry
December 2004

**Organisation Chart of the Land Registry
showing the proposed directorate posts**



Deeds Registration System legal work and legal advisory services on existing departmental functions

Land Titles Ordinance review, regulatory preparation, Title Registration System advisory services, professional guidance for practitioners, support services to Land Titles Ordinance Review Committee and Registration Preparation Committee

Financial management, accounting and supplies services

Management accounting and subscribers' accounting services

Deeds registration, register maintenance, document processing

Search, help desk services, reports on title, Owners' Incorporation registration

Land Registration Officer grade management, customer services, training

Departmental administration, Human Resources management, general support services

Administrative and policy support to Land Titles Registration System implementation, public education and publicity, support services to Title Registration Steering Committee, Implementation committee and Education Committee

Development of operational practices and design of registration processes for Land Titles Registration System, operational support to the enhancement of Integrated Registration Information System (IRIS) I & development of IRIS II, customer prep.

IRIS System administration and operation, enhancement of IRIS I, development of IRIS II, IT strategy and support services, supervision of IT contractors

Legend * Proposed creation of permanent directorate post.

Proposed creation of supernumerary directorate posts for 2 1/2 years.

**Preparatory Work for commencement of the LTO
and implementation of the LTRS**

I. Legal

- (i) Post-enactment Review – To complete examination of all outstanding issues identified by the Bills Committee, to conduct internal reviews and steer through any necessary changes to the LTO;
- (ii) Developing Rules and Regulations – To review, develop and put in place all necessary subsidiary legislation and rules before commencement of the LTO, including putting in place Regulations and legal procedures for the operation of the Indemnity Scheme;
- (iii) Professional Guidance and Training - To develop and prepare comprehensive practice notes for title registration and arrange extensive professional training for solicitors, estate agents and banks before implementation of the LTRS;
- (iv) Consequential Amendments – To make consequential amendments to the relevant legislation, which includes the existing Land Registration Ordinance, Building Management Ordinance, New Territories Ordinance, Conveyancing and Property Ordinance; and
- (v) Outstanding Issues – To consider allowing search of properties by owners' names without infringement of the Personal Data (Privacy) Ordinance; to consult Law Society on the applications register under the LTRS; to resolve issues relating to the documents to be kept under the LTRS; to provide relevant case law in the UK.

II. Administrative and Operational

- (i) To plan and implement all necessary preparatory work, co-ordinate departmental efforts and stakeholder inputs, build consensus among concerned parties to ensure smooth commencement of the LTO within the target timeframe;

- (ii) To review the existing administrative and operational systems, departmental facilities and services, to plan and devise new mechanisms, operational procedures and work processes to enable effective parallel operation of two land registration systems during the 12-year incubation period;
- (iii) To prepare all necessary documentation including ExCo papers, LegCo briefs, panel papers and related documents, helping the Land Registrar to steer new policies, rules and legislative amendments through the government machinery and legislature;
- (iv) To plan and develop education and publicity programmes for the general public, customers and staff, promoting public awareness and understanding of the LTRS;
- (v) To devise a mechanism for the operation of the Indemnity Scheme, draw up administrative guidelines for processing indemnity claims and indemnity payments, and for the protection of government interest against any loss attributable to the mistakes or omissions of LR staff;
- (vi) To convene, serve and co-ordinate the work of various work committees and taskforces set up to implement the LTRS; and
- (vii) To liaise with various stakeholders and handle enquiries from them and members of the public interested in the new system.

III. IT Development

To enhance Phase I of an existing IT infrastructure project, namely, the Integrated Registration Information System (IRIS), to support the revised Deeds Registration System, and to plan, develop and implement Phase II of IRIS to support the new Land Title Registration System.

Justifications for the directorate posts

The following directorate posts are required to put in place an effective legal, management and IT framework for implementation of the land title registration system in about two and a half years, and the smooth implementation of the system thereafter.

Permanent Deputy Principal Solicitor (DPS) post (DL2)

2. The Land Registrar proposes to create the DPS (DL2) post permanently on expiry of the present supernumerary post in order that he may have continued legal support at an appropriate directorate level to guide all present and future legal work. The DPS will head the Legal Services Branch of the Land Registry, taking charge of all legal and legislative work relating to the preparations for commencement of the LTO and to its implementation. The work to be undertaken before the commencement includes reviewing the LTO, addressing any subsisting concerns and issues that may emerge from the review and introducing legislative changes as required. It also covers the preparation of regulations and rules – viz. the Land Titles Regulations, the Land Titles Indemnity Fund Regulations, the Land Titles (Fees and Levies) Regulations, the Land Titles Transitional Regulations and Court Rules – and the work leading to their enactment before commencement of the LTO. In addition, the DPS will oversee preparation of professional guidance notes and training to the legal profession and property practitioners. In discharging these duties, the DPS needs to work closely with other senior managers of the department to ensure that the legal provisions and practical requirements are properly aligned. This calls for strong leadership and legal expertise as well as effective management decisions at an appropriate directorate level.

3. After completion of the preparatory work and implementation of the LTRS, the DPS will continue to supervise the Land Registry's non-directorate legal officers and guide further legislative and legal policy work in the ensuing 12 years and beyond. During the 12-year period, the LTRS will be subject to review and refinement to ensure proper and smooth conversion of all Hong Kong properties to the Title Register at the end of the period. In the early years of implementation, the demand for high-level legal support is particularly heavy as it is anticipated that a wide range of issues will need to be addressed, on which experienced legal advice and direction will be required. A Job Description for the DPS is at Annex C (1).

Supernumerary Assistant Principal Solicitor (APS) post (DL1)

4. The legal work to be undertaken before the LTO may commence operation is of such magnitude and complexity that cannot be satisfactorily discharged by one directorate legal officer. To ensure that all necessary legal work can be carried out effectively within a tightly defined period, the Land Registrar considers it necessary to create the APS (DL1) for 2½ years from expiry of the present supernumerary post. A Job Description for the APS is at Annex C (2).

Supernumerary Senior Principal Executive Officer post (D2)

5. The Land Registrar requires a Senior Principal Executive Officer (SPEO) (D2) to assist him with the necessary administrative, public education and system preparation work. The SPEO will head the Title Registration Development Branch and assist the Land Registrar in developing and implementing strategies and plan for the operation of the LTRS. Acting as the overall coordinator for all non-legal matters relating to the LTO, the SPEO will co-ordinate review of the department's operational procedures and physical set up in preparation for LTRS operation. He will also develop and implement comprehensive publicity and education programmes for the benefit of the general public, overseas owners of properties, the customers and stakeholders in order to promote their understanding of the LTRS and protect their interests. In addition, the SPEO will oversee enhancement of the department's new IT system, namely, the Integrated Registration Information System (IRIS) in order to support the revised Deeds Registration System (DRS). He will also supervise further development of IRIS to support the new LTRS and ensure its timely delivery.

6. The above responsibilities are demanding. They require the attention of an appropriate officer at D2 level with strong capabilities and extensive experience in management, administrative and organisational work. The job also calls for sound communication skills and political acumen in order to handle different stakeholders with diversified interests and deal with public issues effectively. A Job Description for the SPEO is at Annex C (3).

Supernumerary Principal Land Registration Officer (PLRO) post (D1)

7. The Land Registration Officer Grade is the core departmental grade of the Land Registry. The PLRO (D1) will assist the SPEO in reviewing existing departmental services, operational practices and facilities,

developing new registration processes, making suitable operational changes to support parallel running of two land registration systems. The PLRO will also assist in preparing customers and staff for title registration. He will provide operational input to the related legal work and to the enhancement and development of IRIS.

8. On 7 May 1999, the rank of PLRO and a supernumerary PLRO post were created by the Finance Committee for three years up to 13 May 2002 (EC(1999-2000)9 and FCR (1999-2000)7 refer). At the time, the PLRO was tasked to implement the Land Registry's change programme, namely the Strategic Change Plan (SCP). The SCP recommended a strategy covering the introduction of a central registration system as noted in para.7(a) of the paper, based upon an integrated IT system, viz. IRIS, to be implemented in two phases. Phase I of IRIS has been developed to support central registration for implementation in February 2005. Phase II of IRIS will be developed in the time to come to support title registration.

9. On 13 May 2002, the PLRO post lapsed and the duties were absorbed by a CLRO (MPS 45-49). As the responsibilities involved in the preparation for the LTRS are heavy and wide-ranging, the SPEO requires the support of a departmental Land Registration Officer at directorate level with extensive experience in land registration work to assist him in planning and introducing the necessary changes. The proposed PLRO post will be held against the existing CLRO post. A Job Description for the PLRO is at Annex C (4).

Supernumerary Chief Systems Manager (CSM) post (D1)

10. The Land Registrar requires the continued support of the CSM to head the IT Management Division. There is presently no civil service IT staff on Land Registry's establishment. The existing IT-related duties and responsibilities are discharged by five IT personnel, three of whom are employed by the department on non-civil service contract terms and two are recruited from IT service providers through a standing services contract arranged by the Office of Government Chief Information Officer. The five IT officers include one IT Manager (Senior Systems Manager equivalence, MPS 45-49), two Assistant IT Managers (Systems Manager equivalence, MPS 34-44) and two IT Analysts (Analyst Programmer I equivalence, MPS 28-33). The CSM will supervise the present contract IT personnel and be responsible for developing and managing IRIS, a major IT infrastructure project. The officer will oversee enhancement of Phase I of IRIS to support

the revised DRS. IRIS was developed on the basis of the existing provisions in the Land Registration Ordinance (LRO) that will be amended as a result of the LTO. Apart from this, the CSM will need to define the functional requirements for a new system that is capable of supporting title registration and develop Phase II of IRIS to support parallel operation of two land registration systems. The department's experience in developing IRIS Phase I has shown an immediate need for strengthened IT support and enhanced leadership to ensure timely delivery of the systems. A Job Description for the CSM is at Annex C (5).

**Proposed Job Description
for the Deputy Principal Solicitor (DL2)**

The Deputy Principal Solicitor/Land Registry (DPS/LR) (DL2) will be responsible to the Land Registrar (D4) for the following:

1. As Head of the Legal Services Branch, oversee the work of an in-house legal team in providing legal services to the department in connection with the existing Land Registration Ordinance (LRO), Deeds Registration System (DRS) and the Building Management Ordinance, the new Land Titles Ordinance (LTO) and Land Title Registration System (LTRS), and the revised DRS to be developed and implemented;
2. Plan and carry out all necessary legal work in preparing for the commencement of the LTO and introduction of the LTRS in about two years; assist to formulate related legal policy and deal with legal issues;
3. Undertake post-enactment review of the LTO, complete examination of all outstanding issues identified by the Bills Committee, conduct internal reviews and steer through changes to the LTO;
4. Chair the LTO Review Committee that reviews the LTO and makes recommendations on amendment legislation and subsidiary legislation. (The membership of the LTO Review Committee consists of the Law Draftsman, Law Society, Bar Association, other interested parties and LR legal officers);
5. Participate as member of the LTO Steering Committee consisting of bodies interested in the title registration system, which oversees the implementation of the system and work of other committees set up for that purpose;
6. Oversee the work of the Regulations Preparatory Committee that reviews, develops and drafts Regulations and Forms in conjunction with the Law Draftsman, assisting the Land Registrar to put in place all necessary Regulations and Rules before commencement of the LTO;

7. Review and recommend consequential amendments to other existing legislation including the Land Registration Ordinance, Building Management Ordinance, New Territories Ordinance, Conveyancing and Property Ordinance;
8. Advise on and assist to resolve all outstanding legal issues, including search of properties by owners' names, the applications register and documents to be kept under the LTRS, the transfer of data from DRS to LTRS, and the provision of relevant case law in the UK; and
9. Attend LegCo meetings and assist the Land Registrar to steer any legislation through the legislature.

**Proposed Job Description
For the Assistant Principal Solicitor (DL1)**

The Assistant Principal Solicitor/Land Registry (APS/LR) (DL1) will be responsible to the Deputy Principal Solicitor/Land Registry (DPS/LR) (DL2) for the following:

1. Assist the DPS in supervising three teams of non-directorate legal officers in the Legal Services Branch, providing day-to-day legal advisory services to the department, supervising legal research and other legal work;
2. Assist in the LTO enactment review and the drafting of all necessary legislation including Amendment Bills, Land Titles Regulations, Indemnity Fund Regulation, Fees and Levies Regulations and Transitional Regulations, and arrange for the making of Court Rules;
3. Develop and prepare comprehensive practice guides and explanatory notes on title registration, arrange professional training for solicitors, estate agents and banks, assist in the training of LR staff;
4. Chair the Regulations Preparatory Committee, serve and co-ordinate the work of the LTO Review Committee, attend other related committees and taskforces as member to provide legal input;
5. Oversee and deal with any civil litigation action against the Land Registry or its staff;
6. Liaise and consult with the stakeholders and other government departments/agencies on all legal matters relating to the LTO and LTRS implementation; and
7. Assist the Land Registrar to steer any amendment legislation, Regulations and Commencement Notice through the legislature.

**Proposed Job Description
For the Senior Principal Executive Officer (D2)**

The Senior Principal Executive Officer (SPEO) (D2) will be responsible to the Land Registrar (D4) for the following:

1. As Head of the Title Registration Development Branch, provide administrative and policy support to the Land Registrar, assist him to develop strategies and plans for the smooth and timely commencement of the LTO and successful implementation of the LTRS;
2. Review the existing administrative and operational systems, facilities and services, devise new mechanisms and introduce necessary changes to enable effective parallel operation of two land registration systems (DRS and LTRS) during the 12-year incubation period;
3. Prepare all necessary documentation including ExCo papers, LegCo briefs, panel papers and related documents, helping the Land Registrar to steer new policies, rules and legislative amendments through the government machinery and legislature;
4. Plan and develop education and publicity programmes for the benefits of customers, the general public and stakeholders, promoting public awareness and understanding of the LTRS;
5. Devise a mechanism for the operation of the Indemnity Scheme, draw up administrative guidelines for indemnity claims and indemnity payments, and for the protection of government interest against any loss attributable to the mistakes or omissions of LR staff;
6. Chair the Title Registration Implementation Committee and serve under the Title Registration Steering Committee and the Title Registration Education Committee both chaired by the Land Registrar, coordinating government, departmental and stakeholder efforts; and
7. Oversee enhancement of Phase I of the Integrated Registration Information System (IRIS) to support central registration under DRS, and supervise the development and timely delivery of Phase II of IRIS to support the new LTRS.

**Proposed Job Description
For the Principal Land Registration Officer (D1)**

The Principal Land Registration Officer (D1) will be responsible to the Senior Principal Executive Officer (D2) for the following:

1. Define the operational requirements under the LTO, review the existing operational practices, develop new registration processes and work procedures that can effectively support the new Land Title Registration System (LTRS); prepare relevant operation manuals and reference materials for staff;
2. Review existing facilities for public search and other departmental services, recommend changes to ensure that these facilities and services can effectively cater for the parallel operation of both registration systems (DRS and LTRS) during the 12-year incubation period;
3. Conduct publicity and training programmes for customers and staff, develop suitable computer-aided and classroom training and information materials, prepare customers and staff for the new mode of operation under the revised DRS and new LTRS following commencement of the LTO;
4. Provide operational input to the in-house IT team in making improvements to the Integrated Registration Information System (IRIS) that supports centralised services under the DRS, and in the development of Phase II of IRIS to support the new LTRS having regard to the recommendations in the department's Information System Strategic Plan (ISSP);
5. Provide operational input to the in-house legal team in making regulations and consequential legislative amendments, in designing statutory forms and procedures, and assist in their study into any outstanding issues that relate to operational practices; and
6. Serve as member of the Title Registration Education Committee and any other relevant committees/taskforces set up for LTRS implementation.

**Proposed Job Description
For the Chief Systems Manager (D1)**

The Chief Systems Manager (D1) will be responsible to the Senior Principal Executive Officer (D2) for the following:

1. As Head of the Information Technology Management Division, manage and supervise the work of all in-house IT staff, overseeing the provision of IT services to the department, advising on IT application and ensuring the smooth running of all existing IT systems;
2. Plan, develop and implement IT infrastructure projects, including the Information Registration Integrated System (IRIS), managing the contractors and user interface, ensuring successful enhancement of IRIS Phase I and development of IRIS Phase II that can effectively support DRS and LTRS, and ensuring timely delivery of the project within the target timeframe;
3. Formulate and implement IT policies and strategy, set standards in the use of computer facilities and recommend measures to ensure system security and data integrity;
4. Oversee the operation of the Local Area Network and Wide Area Network, their interface with IRIS and other government e-applications;
5. Advise on the adequacy of IT resources and equipment in support of departmental operations, recommending IT solutions to meet business and development needs; and
6. Act as the department's e-Government coordinator, plan, develop and implement G2G and G2E applications, promoting e-Government and the use of e-services among customers and staff.