MINISTRY OF HOUSING AND LANDS

24.1 Land Acquisition

At paragraph 25.1 of the 2006-07 Audit Report, mention was made about land vested in different Ministries but not developed and the sale back of land compulsorily acquired.

For the three fiscal years to 2007-08, Government has disbursed some Rs 557 million for the acquisition of privately owned lands. Some of the projects had already been implemented on some of the lands acquired. Several other plots of land were still undeveloped. Interest paid, mainly for delay in delivery of award to the owner of land, amounted to Rs 28,389,413 for the past three years ending 30 June 2008.

24.1.1 Land Acquired under Land Acquisition Act (LAA)

Outstanding Commitments of Lands Acquired

The Ministry of Housing and Lands has an outstanding commitment to the tune of Rs 40,253,265 as of 31 August 2008 for payment of compensation for lands acquired under the LAA. The outstanding amount does not include interests and dates as far back as September 1999. Delays in payment of compensation would result in payment of interest, thus further increasing the outstanding commitment.

Land Vested and Not Developed

Various portions of lands acquired since several years and vested in different Ministries/Departments were not developed. As of August 2008, these totalled 264,742 m². Due to lack of proper control and follow up by the Ministries/Departments, the state lands were lying idle for long period of time.

Land & Building Acquired for Industrial & Vocational Training Board (IVTB)

On 23 November 2007, the Ministry of Education and Human Resources requested the MHL to acquire the premises of a Company for the IVTB to run training courses. On 30 November 2007, the MHL requested the Valuation Department to assess the value of the premises. The latter submitted its assessment on 13 February 2008 for an amount of Rs 160 million. The Ministry of Public Infrastructure submitted a structural investigation report in March 2008, to the effect that a block of an area of 621 m², showed major structural distresses and was considered unsafe and not fit for use. Further, the freehold land has been found, after a
survey, to be of a lesser extent, i.e 4 A76p instead of 4A85 37/100p. In light of the above, the Valuation Department re-assessed the value of the property at Rs150 million in April 2008.

However, the Ministry approved, on 07 May 2008, the offer of Rs 160 million initially made to the Company, despite the assessment of the property being revised to Rs 150 million by the Valuation Department, the block of an area of 621 m² showing major structural distresses and the freehold land being of a lesser extent. The amount of Rs 160 million was paid to the Company on 19 May 2008.

24.1.2 Lands acquired under Sugar Industry Efficiency (SIE) Act

Lands Acquired Not Yet Leased/Vested

An extent of 14 arpents of land was acquired under the SIE Act, as shown in Table 24-1 for the construction of low cost houses by the National Housing Development Company Ltd (NHDC).

<table>
<thead>
<tr>
<th>Date</th>
<th>Extent acquired</th>
<th>Scheme</th>
<th>Locality</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2000</td>
<td>3A</td>
<td>1200A Scheme</td>
<td>Grande Riviere Noire</td>
</tr>
<tr>
<td>May 2001</td>
<td>5A50</td>
<td>1200A Scheme</td>
<td>Morcellement St André</td>
</tr>
<tr>
<td>August 2005</td>
<td>5A50</td>
<td>800A Scheme I</td>
<td>Camp de Masque</td>
</tr>
</tbody>
</table>

As of August 2008, the plots of land were not yet leased to NHDC for the said project.

Lands Acquired Not Developed

Housing Project –Long Mountain and Mare D’Australia. In August 2000 and May 2001, Government acquired two plots of land, each of an extent of 5A50 at Long Mountain and Mare D’Australia respectively at the nominal rate of Rs 100 per arpent, for a total amount of Rs 1,100 under the SIE Act 1200 Arpents Scheme (1200A Scheme) for housing project. The plots of land were leased to NHDC in October 2001 and May 2002 for the construction of housing units. As of August 2008, the construction of the housing units has not materialised.

Furthermore, the MHL bought another plot of land of an extent of 11A72 in Mare D’Australia in July 2004 for housing project and sports complex under 800A Scheme. Out of the extent of 11A72, 8A72 have not yet been developed.
Construction of a Compost Plant – Forbach. The Government decided on 8 December 2005 to acquire an extent of ten hectares of land under the 800A Scheme II at Forbach for the purpose of constructing a compost plant. In October 2006, the plot of land was vested in the Ministry of Local Government. As of August 2008, the project has not started.

Prison Complex at Cottage. In January 2002, Government acquired a plot of 15 arpents of land for an amount of Rs 1,599 at Cottage under the 800A Scheme for a prison complex. In December 2004, the Commissioner of Prisons informed the MHL that the land was uneven and needed to consider investing resources in the levelling of the ground. On 21 September 2007, it was decided not to go ahead with the proposed construction of the prison.

Lands Not Suitable for Development

Housing Project – Coteau Raffin. In July 2001, Government acquired 6 arpents of land at Coteau Raffin for an amount of Rs 600 under the 1200A Scheme for housing project. The NHDC informed the MHL in December 2001 that the land was unsuitable for mass housing construction due to bad soil condition and site liable to flooding. There was no evidence that site visits/soil tests were effected prior to finalising the acquisition.

Housing and Sport Projects – Mare D’Australia. In September 2001, the Ministry of Youth and Sports (MYS) requested the MHL to acquire a plot of land at Mare D’Australia for the purpose of constructing a sports complex. In a report dated March 2002, the Ministry of Public Infrastructure observed that the said plot of land was clayey and flooded during heavy rainfalls/cyclones. In July 2004, the Government, however, acquired a plot of land of an extent of 11A72 at a nominal rate of Rs 100 per arpent under the 800A Scheme for housing and sports facilities. An extent of three arpents was vested in the MYS for a football ground while the remaining portion of 8A72 was not yet leased to NHDC for housing development purposes as of August 2008.

Housing Development – Surinam. In April 2001, Government acquired an extent of 5A50 of land at Surinam under the 1200A Scheme. The plot of land was leased to NHDC in August 2003 for housing project. In April 2004, the NHDC informed the MHL to cancel the lease as there existed water problems on the said site which was not proper for mass housing. On 5 May 2004, the plot of land was vested in the Ministry of Environment and National Development Unit for the construction of a market fair. As of August 2008, the land was still undeveloped.

Conclusion

Land acquisition is a lengthy and time consuming process and is costly. Acquisitions were being made without a firm commitment to implement projects. The interest of the Government was not being safeguarded and Government funds were not being used efficiently and effectively. The suitability of certain sites has not been assessed before acquisition.
Ministry’s Reply

This Ministry has requested in September 2008 the views of all Ministries/Departments concerned to report on the status of the lands and to submit an implementation schedule for these projects. The Ministry will ensure that a proper record of undeveloped land is kept for future use and as and when required for Government projects. Moreover, it is the current practice at the level of the Ministry to request the Ministries/Departments to state whether funds are available prior to initiating action for acquisition of land for any project.

The Ministry is proposing to undertake the following course of action:

- To come up with a guidance manual with regard to acquisition;
- To request the Management Audit Bureau to review the processes so as to shorten them wherever possible; and
- To look into the possibility with the Director, Valuation and Real Estate Consultancy Services to consider such cases to be on a fast track.