



ENHANCING LAND ACQUISITION COMPENSATION FRAMEWORK

LAND ACQUISITION (AMENDMENT) BILL 2014

A note from Indranee Rajah S.C., Senior Minister of State for Law

The Land Acquisition Act (LAA) has been, and continues to be, pivotal to Singapore's development. It has facilitated the building of roads, rail infrastructure, schools, hospitals, industrial parks and public housing for the greater public good.

At the same time, however, the government recognises the impact on property owners affected by land acquisition. It is with this in mind that the government has been updating the compensation framework, and improving the land acquisition process. In 2007, the LAA was amended to provide for compensation based on market value of the acquired land. In 2012, the LAA was amended to remove the need to paste physical notices on properties when they are gazetted for land acquisition.

The recent amendments to the LAA (found in the Land Acquisition (Amendment) Bill, which was passed by Parliament on 5 August 2014) are the next step to this end.

Under these amendments:

- landowners affected by part-lot acquisitions will now receive the full benefit of market value compensation of the acquired land, unlike before;
- the land acquisition process has been further streamlined.

My 2nd reading speech and the Land Acquisition (Amendment) Bill 2014 can be accessed [here](#). The main amendments are summarised below.

REMOVAL OF BETTERMENT LEVY

When the Government acquires just a part of a land, the value of the remaining land held by the land owner can, in some instances, increase due to the use to which the acquired land will be put. For example, where a part-lot is acquired for the purpose of building an upcoming MRT station, the value of the remaining land is likely to increase due to its proximity to the MRT station.

In such instances, the LAA required that any such increase in the value of the remaining land must be deducted from the statutory compensation payable for the acquired land. This was known as the betterment levy.

With the amendments, this betterment levy has been removed. It will no longer be a requirement for such an increase in the value of the remaining land to be deducted from the compensation for the partially acquired land.

This is in line with the spirit of the policy underlying the 2007 amendments, which is to peg the compensation of acquired land to the market value which a *bona fide* purchaser would reasonably be willing to pay for the property.

There may be cases where a landowner affected by a part-lot acquisition claims additional compensation due to the impact of the acquisition on his remaining land. In such cases, the effect of the acquisition on the retained land will continue to be considered in totality when assessing the compensation.

POWER TO AWARD COSTS AGAINST NON-PARTIES

With the amendments, the Appeals Board will now have the power, similar to the powers of the Courts, to order costs against non-parties who, for instance, unnecessarily or unreasonably prolong the proceedings or add to the legal costs incurred.

Non-parties will be given an opportunity to be heard before a costs order is made against them.

This brings the LAA in line with the recent Court of Appeal's ruling¹ that the court has the power to make cost orders against non-parties who have materially contributed to the incurring of legal costs.

POWER FOR MANAGEMENT CORPORATION (MC) TO ACT ON BEHALF OF INDIVIDUAL UNIT OWNERS IN ACQUISITION OF COMMON PROPERTY

Prior to the amendments, when common areas in strata-titled developments were acquired (e.g. carpark lots, grass verges), the LAA required every unit owner in the development to go through the entire acquisition process (e.g. meet the Collector, engage a valuer and submit claims etc), even if their own units were not affected. This has caused unnecessary inconvenience.

The amendments enable the MC to:

- act on behalf of the individual unit owners when common property is acquired;
- use the MC's fund for acquisition-related expenses.

This will save time and effort and expedite both the acquisition process and disbursement of compensation. Consequential amendments to the Building Maintenance and Strata Management Act will also be made.

REQUIREMENT TO PASTE PHYSICAL NOTICES FOR SITE POSSESSION REMOVED

The previous requirement for the Collector to post hardcopy notices of possession on the acquired land has been removed. The Collector will continue to notify the owners directly by hand delivery, fax or pre-paid registered post. This is in line with the amendment made to the LAA in 2012.

¹Singapore Court of Appeal decision in *DB Trustees (Hong Kong) Ltd v Consult Asia Pte Ltd and another appeal* [2010] 3 SLR 542 ("DB Trustees").