



Summary

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Central government management of compulsory land acquisition

– valuation and compensation practices

Summary

The option of claiming private land by force is important for the process of community planning, but it is also an intrusive measure for the people it affects. Every year, the central government pays large sums in compensation to property owners for various forms of compulsory land acquisition. The Swedish National Audit Office (Swedish NAO) has audited whether the Government's and certain government agencies' management of compulsory land acquisition is uniform and effective. The overall conclusion of the Swedish NAO is that the agencies' management is largely uniform and effective within each agency.

However, at the same time the Swedish NAO considers that there are differences concerning how the agencies treat property owners and determine compensation in some cases. Even though most compensation is determined through voluntary agreements, room to negotiate is limited. From the property owner's perspective, the voluntary element can also be perceived as limited because, if no agreement is reached, their property can be forcefully expropriated by law. As compulsory land acquisition can present a serious constraint for the individual, transparency and predictability are important factors in this process. However, the Swedish NAO assesses that the agencies do not always clearly present the considerations they make to determine the compensation for compulsory land acquisition. Finally, it is the assessment of the Swedish NAO that it is difficult to gain an overall picture of

whether central government resources for compensation for compulsory land acquisition are used cost-effectively.

Property owners are treated differently by different agencies

The process is similar at the different government agencies, but there are also differences in how the agencies treat property owners and determine compensation in some cases. The differences are related to how the government agencies process compensation for legal representation, standard premiums for voluntary acquisition, voluntary bonuses and whether the compensation should be adjusted upwards after the valuation date. The differences cannot be explained solely by the fact that the agencies operate in different areas, but are largely due to different traditions and interpretations of the regulations. From an equal treatment perspective, it is problematic when government agencies apply different interpretations of underlying regulations. It can also lessen property owners' acceptance of various forms of compulsory land acquisition and their incentive to enter into voluntary agreements.

Certain types of valuations lack appropriateness and equivalence

In most cases, it is clear which main methods government agencies use for valuation. In some cases, however, the considerations that the agencies made in the context of the methods, and how they performed the valuation, are unclear. The government agencies do not always justify their choices clearly enough when a method allows scope for interpretation that is up to the individual valuator. In addition, the valuations are not always based on established and current knowledge on how the market value will be affected. There are shortcomings in management of the methods for the valuation of agricultural land; in one case, this is due to omission to clarify the responsibility.

Unclear whether use of central government resources is cost-effective

It is difficult to gain an overall picture of central government costs for compensation in different forms of compulsory land acquisition. In some areas, costs have increased, while in others the situation is unclear. This is why it is difficult to establish whether use of central government resources is cost-effective. Efforts are under way within site protection to use central government resources more efficiently. A review is also under way concerning compensation regulations in certain areas.

Recommendations

The Swedish NAO makes recommendations to the Government, Svenska kraftnät (Swedish National Grid) and Trafikverket (Swedish Transport Administration).

To the Government

- Review how compensation matters for compulsory land acquisition can be managed more uniformly across different areas, by:
 - commissioning government agencies that have numerous compulsory land acquisition cases with developing, as far as possible, common principles for processing compensation for compulsory land acquisition and treating property owners more uniformly. This includes in terms of whether or not legal representation costs are to be compensated, how the standard premium should be dealt with in the case of voluntary acquisitions, use of any voluntary bonuses and processing of compensation after the valuation date
 - specifying which agency is to administer and update the 1974 arable land standard or the valuation method that replaced the 1974 arable land standard as a result of the ongoing review of compensation for conceding land use in connection with the electricity grid expansion
 - commissioning government agencies that have numerous compulsory land acquisition cases with following up on and reporting the progression of costs for disbursed compensation in relation to the objectives of their operations in their annual report or in another suitable manner.

To the government agencies

- Svenska kraftnät should review whether the voluntary bonus that Svenska kraftnät applies serves its intended purpose.
- Trafikverket should update the 1983 agricultural standard.