



Parliamentary Series No: 391

The Tenth Parliament of
the Democratic Socialist Republic of Sri Lanka
(First Session)

Fifth Report of the Committee on Public Enterprises

(Examinations Conducted on the Land Reform Commission on
08.05.2025 and 17.07.2025)

Presented on 18th December, 2025
by Hon. (Dr.) Nishantha Samaraweera, M.P.,
Chair of the Committee on Public Enterprises

Ordered to be printed by Parliament of Sri Lanka on 18th December, 2025

First Session of the Tenth Parliament
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Chair's Note

During the first session of the Tenth Parliament, on 08.05.2025 and 17.07.2025, the Committee on Public Enterprises (CoPE) of the Parliament of Sri Lanka conducted a complete examination into the Auditor General's Reports for the years 2022 and 2023, as well as the current performance of the Land Reform Commission that falls under the purview of the Ministry of Agriculture, Livestock, Land and Irrigation. I hereby submit the report of the detailed investigation carried out in this regard.

Through the investigations carried out by the Committee on Public Enterprises, which directly relates to the financial control of Parliament in accordance with Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka, it has been identified that the management of the finances and other assets of the country's public enterprises is an important function. The Committee examined the extent to which the Land Reform Commission (LRC), established under the Land Reform Commission Act No. 1 of 1972, has achieved the objectives expected of the institution namely, to rectify unequal land distribution, provide secure land titles to the farming community, and strengthen the national economy through the effective utilization of state lands. The Committee has made a number of recommendations to address the issues arising from the Commission's operations that deviate from the objectives of the Act, to streamline the administrative activities of the Land Reform Commission, and to ensure that land-related development activities are properly carried out in accordance with the provisions of the Act.

The investigations conducted by the Committee on Public Enterprises will best serve the country when all responsible parties give due attention to the Committee's recommendations. In this regard, I would like to emphasize that this effort will be even more effective with the attention and support of the sovereign people of the country and this Honourable House, as their representatives.

The assistance extended by the Hon. MPs, the members of the Committee on Public Enterprises, the Parliamentary staff headed by the Hon. Speaker, the two Consultants of the Committee on Public Enterprises, Treasury officials, and the officers of the Auditor General's Department headed by the Acting Auditor General, in enabling the Committee on Public Enterprises to successfully perform its duties, is highly appreciated.

Dr. Nishantha Samaraweera
Chairman
Committee on Public Enterprises

Executive Summary

Attention has been drawn to the Auditor General's Reports for the years 2022 and 2023, as well as the current performance of the Land Reform Commission, through the investigations carried out by the Committee on Public Enterprises on Land Reform Commission on 08.05.2025 and 17.07.2025.

During that, a number of serious irregularities in the institutional operations, finance management and human resource management have been revealed. These issues have hindered the achievement of the institutional objectives and have created significant legal and financial risks.

One of the key observations of the committee is that the human resource management of the Commission is in a highly irregular situation. It was revealed that several employees, exceeding the approved cadre, were recruited in 2018 under a Cabinet decision. These employees were granted permanent appointments without the approval of the Department of Management Services. Furthermore, the appointment of the Director General of the Commission was deemed invalid, as it was based on the scores of a cancelled interview, disregarding the written instructions of the Secretary to the Ministry.

It has been observed that the financial management of the Commission is in a highly problematic condition. The organic fertilizer project can be cited as a clear example of this. Although a sum of Rs. 302 million has been spent on the project, the income was only Rs. 22 million. Despite the absence of legal provisions in the Land Reform Commission Act to spent on such projects, this initiative was implemented in disregard of the instructions of the relevant officials. Furthermore, the construction of the buildings under this project, which commenced without conducting any feasibility study, has been carried out on lands not owned by the Land Reform Commission, which is a matter of serious concern. This activity is a violation of the financial regulations of the government, and the committee has recommended that a report be submitted following an investigation into all parties responsible for these irregularities.

It has been revealed that there are several serious issues in the management of lands owned by the Land Reform Commission. There are around 600 cases filed against the Commission, as it has transferred its lands to other state institutions through gazette notifications, resulting in the expenditure of large amounts of state funds. It has also been reported that large-scale fraud and corruption have occurred in the process of granting alternative lands. Making land transactions using the names of deceased persons is a serious crime. The committee recommended obtaining the Attorney General's advice to resolve these legal issues, expedite the pending court cases, and introduce new laws to prevent such incidents in the future.

In addition to the above facts, it was revealed at the Committee meeting that the value of the lands owned by the Land Reform Commission had not been assessed

and documented, that there are unauthorized residents on those lands, and that proper measures have not been taken by the Commission to remove them.

Taken as a whole, this report clearly shows that the Land Reform Commission has been operating without proper administration, resulting in adverse impacts on both the government and the public. The Committee emphasized that immediate restructuring of the organization, updating its comprehensive plan, and ensuring transparency and accountability are essential to rectify this situation.

The facts included in the report on the Land Reform Commission, submitted by the Committee on Public Enterprises as its fifth report, can be summarized as follows for the ease of reference.

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Fifth Report of the Committee on Public Enterprises

The role of the Committee on Public Enterprises is to investigate the accounts and assess the current performance of all State Corporations, trading enterprises, and other businesses transferred to the Government under any written law, as well as companies registered or deemed to be registered under the Companies Act, No. 7 of 2007, in which fifty percent or more of the shares are held by the Government, a State Corporation, or a Local Authority with the assistance of the Auditor-General.

At present, there are 462 public enterprises regulated under the Department of Public Enterprises and the Department of National Budget, which operate under the supervision of the Committee on Public Enterprises. (Source: Department of Public Enterprises)

During the First Session of the Tenth Parliament (within the first 10 months), the Committee on Public Enterprises held committee meetings as follows.

Serial No.	Institution	Date of committee
1.	National Youth Services Council	18.02.2025
2.	National Youth Services Council	20.02.2025
3.	Sri Lanka Bureau of Foreign Employment	27.02.2025
4.	National Gem & Jewellery Authority	05.03.2025
5.	The National Medicines Regulatory Authority	12.03.2025
6.	National Gem & Jewellery Authority	27.03.2025
7.	Airport and Aviation Services (Sri Lanka) (Private) Limited	02.04.2025
8.	Land Reform Commission	08.05.2025
9.	Airport and Aviation Services (Sri Lanka) (Private) Limited	09.05.2025
10.	Sri Jayewardenepura General Hospital	15.05.2025
11.	Sri Lanka Bureau of Foreign Employment	23.05.2025
12.	The Sabaragamuwa University of Sri Lanka	04.06.2025
13.	The University of Sri Jayewardenepura	20.06.2025

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14.	The Mahapola Higher Education Scholarship Trust Fund	09.07.2025
15.	Land Reform Commission	17.07.2025
16.	State Timber Corporation	23.07.2025
17.	Civil Aviation Authority	20.08.2025
18.	Sri Lanka Ports Authority	10.09.2025
19.	Geological Survey & Mines Bureau	12.09.2025
20.	Ceylon Electricity Board	24.09.2025
21.	Construction Industry Development Authority	08.10.2025
22.	Lanka Sathosa Limited	10.10.2025
23.	LTL Holdings and its Subsidiaries	24.10.2025

Among them, the Auditor General's Reports for the years 2022 and 2023 of the Land Reforms Commission which falls under the Ministry of Agriculture, Livestock, Lands and Irrigation, which were inspected on 08.05.2025 and 17.07.2025, and the observations and recommendations of the Committee that examined and issued the current performance of the said Commission, have been included in this report.

Audit Opinion on Financial Statements

The Auditor General's Opinion on the financial statements submitted by the Land Reform Commission for the years 2022, 2023 and 2024 as follows.

<u>Institution</u>	<u>Audit Opinion</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Land Reform Commission	Disclaimer of Opinion	Disclaimer of Opinion	Disclaimer of Opinion

Types of Audit Opinions

01 Unqualified Opinion

The financial statements fairly present the financial position of the institution

02 Qualified Opinion

Except for the effects of the matters mentioned in the report, the financial position, financial performance and cash flows of the institution present a true and fair view in accordance with Sri Lanka Accounting Standards.

03 Disclaimer of Opinion

Unable to form an opinion on the accounts due to the inability to identify sufficient and appropriate audit evidence.

04 Adverse Opinion

The financial position, financial performance and cash flow of the institution do not reflect a true and fair view in accordance with Sri Lanka Accounting Standards.

Land Reform Commission

(Ministry of Agriculture, Livestock, Land and Irrigation)

Dates of investigation – 08.05.2025 and 17.07.2025

Matters discussed on 08.05.2025

01. Corporate Plan

The Committee observed that self-created new corporate plan should be prepared for the Land Reform Commission to the period of 2026-2030.

Recommendations of the Committee

- I. The officers shall prepare the most appropriate and updated corporate plan for the institution in accordance with the current political and economic policy changes.

02. Issues Related to the Approved Cadre and Recruitment

The details of the approved cadre and the existing cadre of the Commission as at 31.01.2025 as follows.

Employee Category	Approved Cadre	Existing Cadre	Number of Vacancies
Senior Management	5	5	-
Middle Management	33	31	2
Technical	6	3	3
Junior Management	4	3	1
• Privately held positions	28	20	
Management Assistant	215	135	80
• Privately held positions	40	40	
Primary Level	61	37	24
Total	<u>392</u>	<u>274</u>	<u>110</u>

The Committee observed that the following issues prevail with regard to the existing cadre of the Commission.

Issue	Observation of the Committee
Cabinet Decision No. AMPA/18/1126/829/002 dated 27 June 2018	In 2018, the approval had been received to recruit 214 officers for a period of one year and extend their service for upto 03 years based on their performance.
Recruiting and granting permanent appointments in excess of the approved cadre.	Recruitment of 12 Management Assistants and 8 Office Assistants in excess of the approved cadre. Granting permanent appointments to 138 Management Assistants without the approval of the Department of Management Services after completion of 3 years.
Recruiting on contract basis without an approval	Recruitment of 34 Management Assistants and 04 Primary Level posts (on contract basis) without an approval of the Department of Management Services.

It has been observed that these employees recruited to expedite the “National Program of Providing One Million Land Deeds” (with the objective of issuing 20, 000 permits per year), and assigned to field observation and drafting duties have not met those goals. The Committee observed that although proposals to recruit staff were submitted in 2018 through a Cabinet Memorandum highlighting the shortage of employees, granting appointments in the Public Service on the assumption that approval would be obtained later constituted an illegal act. Both the institutions and the employees have faced several issues, as permanent appointments could not be granted within the approved cadre as these recruitments had been made for political purposes without the approval of the Department of Management Services. Also, making the appointments permanent without a proper performance review system and without following the established procedures and legal recommendations has led to a number of institutional issues.

The Chairman of the Commission stated that necessary arrangements would be made to fill the existing vacancies within the approved cadre only with

candidates possessing the required qualifications, by appointing an interview board and carrying out the recruitment process accordingly.

Recommendations of the Committee

I. Conduct a specific investigation into the entire process of recruitment carried out in accordance with this Cabinet Decision, including the following matters, and do the needful to resolve recruitment issues in a manner that will prevent those issues recurrence.

- **Regarding the failure to obtain the relevant approval from the Department of Management Services and other institutions for the aforementioned recruitments, the practice of making recruitments subject to cover approval and the errors committed by the officials of this institution during the process of recruitment,**
- **How the recruitment was advertised, the number of applications received, details about the interviews conducted, how appointments were made, and details of the appointees,**
- **If the recruitment goals were not achieved, reasons for that,**
- **Reasons for recruiting beyond the approved number,**
- **Details of the members of the Commission who approved the recruitment, as well as all staff responsible for the process, and the officers who granted approval at each relevant step,**
- **Have these employees, contrary to the duties related to the above recruitments, been performing the duties of officers holding permanent positions in the Land Reforms Commission? If so, details of the officers who issued such orders,**
- **Considering the intended objectives, reasons for not fulfilling the assigned tasks and indicate whether actions have been taken in accordance with Schedule 03 mentioned in the relevant Cabinet Memorandum regarding these recruitments,**
- **Present a plan for the effective utilization of these employees and the roles they are currently performing,**
- **How these employees were made permanent without fulfilling the required performance,**
- **The number of employees who were made permanent while recruiting without proper approval, the number of employees who have not yet been made permanent, the number of**

employees currently serving on a contract basis, the number of employees who, having the required qualifications, could be made permanent to fill the vacancies in the approved cadre, and the number of positions that can and cannot be absorbed into the approved cadre,

- **When recruiting approved cadre, ensure that the Schemes of Recruitment (SoR) has been followed and take actions to ensure that problematic situations do not arise again.**

03. Procedure for Appointing an Officer to the Post of Director General of the Commission

At the Committee meeting, it was observed that the legal procedure had been violated in appointing an official to the post of Director General of the Land Reform Commission. Applications were first called on 11th July 2023, and an interview was held accordingly. The Acting Director General, who obtained the highest marks at that interview, was subsequently appointed to the said post on 09.05.2024. However, as the results of the 2023 interview had not been released and more than six months had passed, the Secretary to the Ministry had instructed that a new interview be conducted to select a Director General. Accordingly, the Commission had made the appointment based on the results of the previous interview of 2023, despite the legal mechanism whereby the previous interview results would be invalidated as soon as a new advertisement was published on 08.04.2024. The interview scheduled for 08.04.2024 had not been held, nor had the applicants been informed about that. The Committee emphasized that even in self-financing institutions, actions cannot be taken contrary to the decisions of the Secretary to the Ministry, who serves as the Chief Accounting Officer. Accordingly, the Committee stressed that this appointment is invalid and pointed out that the said officer has no authority to perform the duties of the post. The Committee expressed its strong displeasure regarding the disregard of proper procedures, circular provisions, and the directives of the Chief Accounting Officer.

Recommendations of the Committee

- I. **Conduct a formal investigation regarding the recruitment to the post of Director General based on the results of the previous interview with the approval of the Commission, without holding a new interview for the applications called on 08.04.2024, and without informing the other applicants, despite written orders to conduct a new interview and make the relevant recruitments, because more than six months had passed since the interview held on 31.07.2023.**

II. Expedite the recruitment to the post of Director General of the Commission in accordance with the proper procedure.

04. Expenditure of funds from the Land Reform Commission's Fund for the Organic Fertilizer Project.

The former Minister of Lands, through a Cabinet Memorandum submitted on 25.05.2021, proposed to commence a pilot project on organic fertilizer production at the Divisional Secretariat Division level in the North Central Province, with the sponsorship of the Land Reform Commission. This project was expected to earn a monthly income of Rs. 9 million by producing 300 metric tons of fertilizer per Divisional Secretariat Division, utilizing the lands and funds belonging to the Commission under the provisions of Sections 22 (1) (d) and 54 of the Land Reform Commission Act. The Committee made the following observations in this regard.

Fact	Description
Status of the Project	Although Rs. 302 million had been spent on a project estimated at Rs. 350 million, the income earned was only Rs. 22 million. As the project was unsuccessful, though the instructions had been given to transfer it to the State Fertilizer Company Limited, the transfer of those assets has not yet been carried out.
Legitimacy	The Legal Officer of the Land Reform Commission had submitted observations that there were no legal provisions to utilize the Commission's funds for this project.
Investigations	Through the Cabinet Decision No. 23/383/615/017 dated 28.03.2023, it was proposed to conduct a fully independent investigation into the reasons for the failure of the project and the utilization of funds. Although a committee had been appointed by the Secretary to the Ministry of Tourism and Lands, its report has not yet been submitted.
Recruitments	According to a written instruction from the former Minister of Lands, 27 Project Officers and 08 Managers had been recruited.

Dispose of Assets	Five buildings constructed at five locations in the North Central Province under this project remain non-operational and these buildings were constructed on land belonging to the Divisional Secretary. The machinery and equipment have been handed over to several institutions, including the Tri-Forces.
Status of Production	It has been recommended to dispose of the produced organic fertilizer (3,100 MT) free of charge, as its nitrogen content is below the specified standard.
Feasibility Study	No feasibility study was conducted before implementing the project.

Recommendations of the Committee

- I. Expeditiously complete the investigation that is currently being carried out by the ministry on this entire project.**
- II. Submit a detailed report on the 35 centres that carried out project activities under the relevant organic fertilizer project, including the addresses of the centres, details of the investors involved in the project, details of recruited employees and the recruitment process, costs incurred for these centres, buildings constructed, information on the ownership of the lands where the buildings were constructed, details of provided equipment, and their current status.**
- III. Forward that investigation report for legal proceedings.**

Matters discussed on 17.07.2025

05. Disciplinary Inquiry that should be conducted against District Director Mr. Wimalaraj Regarding the Alleged Illegal Disposal of Land of the Land Reform Commission

Although it was recommended at a Committee on Public Enterprises meeting held on 26.04.2023 to conduct a formal disciplinary inquiry against Mr. N. Wimalaraj, the former District Director of the Land Reform Commission, for illegally disposing of more than 1,000 plots of land, the recommendation has not yet been implemented. According to the report of the formal disciplinary inquiry conducted against this officer on the allegation of surveying the same land twice, he was dismissed from service on 27.02.2023. However, he was reinstated on 14.06.2023 in accordance with the court order related to the writ petition (CA (W) 147/2023) filed by him before the Court of Appeal. The officials of the Commission informed the Committee that, disciplinary inquiries could not be conducted against him due to the stay order issued by the Court of Appeal.

The Committee observed that the formal disciplinary inquiry conducted against this officer had not been carried out in a proper and uncontested manner, and that the institution had acted irresponsibly. The Committee further observed that the Commission had failed to conduct a legal study and report to the Court whether the stay order issued by the Court of Appeal constitutes a barrier to holding a formal disciplinary inquiry against this officer in connection with the illegal disposal of 1,000 plots of land.

It was revealed that an inquiry had been conducted under the supervision of a Senior Superintendent of Police (SSP) regarding the illegal disposal of 1,000 plots of land, and that a report had been submitted accordingly. The report had subsequently been referred to the Criminal Investigation Department (CID), which has since commenced investigations. However, it was revealed that the officials of the Commission had submitted a misleading answer to the National Audit Office.

As a whole, the Committee expressed its strong displeasure over the irresponsible manner that the commission's officials had acted in this incident.

Recommendations of the Committee

- I. Implement. the recommendation made at the meeting of the Committee on Public Enterprises held on 26.04.2023 to conduct a formal disciplinary inquiry against the District Director of the Land Reform Commission, Mr. N. Wimalaraj, in connection with**

the illegal disposal over one thousand acres of land owned by the Commission.

- II. Prior to implementation of the above recommendation, to examine whether the stay order issued by the Court of Appeal in relation to the writ petition filed by Mr. N. Wimalaraj would pose an obstacle.**

06. Allocating alternative lands in the Hanthana area to Mrs. C. Kiriella in lieu of the ownership of a land in Rassagala Estate, Ratnapura, which was not under the ownership of the Land Reform Commission.

Mrs. Kiriella, who owned nearly 22 acres of land in Rassagala Estate in Ratnapura District, had been allocated alternative lands in the Hanthana area in lieu of said lands, which was not owned by the Land Reform Commission. It was revealed that she had already sold these lands. At the meeting of the Committee on Public Enterprises held on 26.04.2023, it was recommended that a report be submitted within 2 weeks outlining the measures that could be taken to resolve this issue with the participation of all relevant parties under the initiation of the Secretary to the Ministry.

According to the report submitted by the Secretary to the Ministry, although alternative lands from the Hanthana estate had been allotted to Mrs. C. Kiriella, the transfer had not been effected by the Land Reform Commission. The Committee further observed that a land extent of 43 acres, 01 rood, and 26 perches in the Hanthana Estate belonging to the Janatha Estates Development Board, had been disposed to Mrs. C. Kiriella and Mrs. P. S. M. Jayawardena by a letter dated 27.10.2006 issued by the Secretary to the Ministry of Plantation Industries.

Although, the above-mentioned 22-acre plot of land was not under the ownership of the Commission, the Commission intervened and granted it to the Balangoda Plantation PLC, which was considered a matter of concern.

Since Mrs. C. Kiriella was not a land declarant possessing more than 50 acres, there was no legal obligation for the Land Reform Commission to allocate lands to her. It was further observed that the ownership of the entire plot of land in the Rassagala Estate had not been granted to the Commission, and remained under the ownership of the State Plantations Corporation. Eventually, it was revealed that the Janatha Estates Development Board had granted alternative lands in the Hanthana Estate to Mrs. C. Kiriella.

Upon reviewing all these matters, the Committee emphasized that it was problematic that a land area of 43 acres from the Hanthana Estate, owned by the Janatha Estates Development Board, had been disposed through a letter issued by the Secretary to the Ministry of Plantation Industries, **without the involvement of the Land Reform Commission**, in relation to the ownership of 22 acres of land in the Rassagala Estate owned by Mrs. C. Kiriella.

07. Granting 25 acres of land from Hanthana - Uragala Estate in lieu of the land vested in the Commission

The Committee observed that 25 acres from Hanthana - Uragala Estate had been granted to an individual in the Kegalle District as an alternative land, for a land vested by the Land Reform Commission. It was further revealed that this individual had transferred the land to another party through a power of attorney, and that it had subsequently been transferred to a real estate company named "Home Lands".

The Committee observed that on 31.07.2021, the Land Reform Commission had granted the said 25 acres to the company by a deed for a sum of Rs. 101,109 (Rs. 28.72 per perch). It was further noted that the company had subsequently sold the land at a rate of Rs. 6 lakhs per perch, earning a total income of approximately Rs. 2.2 billion. The Committee emphasized that the original landowner had not received any benefit from this transaction and that the entire transaction was deemed to be highly improper.

Although the Secretary to the President had instructed that this transaction be cancelled, the Land Reform Commission had not taken any action in this regard. The Committee observed that the main issue was the failure to properly verify the ownership of the relevant land prior to the alternative land transfer.

Furthermore, the Land Reform Commission had issued the deed despite the land already being vested in the Janatha Estates Development Board. Following the Board's objection, the Commission had decided to revoke the deed. However, the former Chairman stated that a freehold deed can only be revoked by filing a case in the District Court. The Committee observed that the Commission has not yet taken any action to initiate such legal proceedings in this regard.

The Committee, having discussed all these matters at length, emphasized that by transferring land to individuals without first settling the tenure of the respective lands, an opportunity had been created for them to request for the ownership of alternative lands. It was further noted that the Commission had granted approval in this regard despite being aware that a freehold deed cannot

be revoked, and that the Commission had acted irresponsibly by failing to take any measures to rectify this error.

Recommendations of the Committee

- I. To conduct a formal investigation into this irregular transfer, identify the officers responsible, and take appropriate disciplinary actions against them.**

08. The extent of the lands leased as per the land register and the total value of those lands

According to the land register, the total extent of land owned by the Commission was 156,838 hectares. However, as at 31 December 2023, only 2,144 hectares had been valued in the financial statements, with a recorded value of Rs. 905,285,000. This represents only 1.37% of the total extent of lands leased. Consequently, the assessed value of the lands leased by the Commission has not been accurately reflected in the accounts, thereby hindering the audit from verifying the total value. The Committee further observed that, although a register of land acquisitions was maintained, there was no accurate and up-to-date register of land disposals. It was also noted that all lands had not been properly surveyed, and that plans had not been submitted for valuation purposes.

According to the observations made by the former Chairpersons of the Commission, although properties had been vested through Gazettes during the period 1972–1975, difficulties had arisen in preparing the land register due to the absence of proper surveys or physical verifications, inconsistencies in the declarations furnished by the declarants, and various technical difficulties. The Committee had recommended the establishment of a digital land register, and the Commission had accordingly initiated its preparation in 4 stages.

The Committee observed that the work of surveying and mapping lands was being carried out in coordination with the Survey Department and that it was a complex and time-consuming process. The Committee further pointed out that the failure to conduct proper surveys or physical verification at the time of vesting of lands was a neglect of the institution's primary responsibility, and emphasized that this task should be completed expeditiously.

Recommendations of the Committee

- I. To expedite the completion of the surveying of lands belonging to the Land Reform Commission and do the valuation of leased lands.**
- II. To obtain the assistance of the Divisional Secretaries of the respective areas where the relevant lands are located, in carrying out these activities.**

09. Granting of lands to employees of the Land Reform Commission

It was observed that 46 acres of land, 1 rood, 5.64 perches, were granted to 373 employees of the Commission who had completed 5 years of continuous service, in accordance with Section 44 (L) of the Land Reform Act No. 01 of 1972, from 2009 up to the year under review, at a value of Rs. 1,000/- per perch, and at a rate of 20 perches.

Section 44(L) of the Land Reform Act stipulates that the Commission shall establish a provident fund for the employees, provide welfare and recreational facilities and provide housing, hostels and other premises. However, the Committee emphasized that the term “other premises” does not imply the allotment of land parcels, but rather refers to official housing projects or public facilities, and that such allocations would constitute a misuse of the objectives of the Act.

It was revealed to the Committee that the granting of such lands has now been discontinued, although employees who had not previously been granted lands are still making requests to be allocated with lands.

Recommendations of the Committee

- I. To obtain urgent advice from the Attorney General on whether it is possible to grant lands to employees of the Commission who have completed 5 years of continuous service, in accordance with the provisions of Section 44(L) of the Land Reform Commission Act, No. 01 of 1972.**
- II. To take the necessary follow-up action based on the advice received from the Attorney General.**

10. Preparation of the Land Register

According to the Land Reform Commission Act, No. 01 of 1972, a total of 1.8 million acres had been acquired by 1975. However, due to the absence of a proper vision and plan, it had not been possible to prepare a register of lands belonging to the Commission. It was revealed to the Committee that the preparation of the land register, which had been initiated as per the recommendation made by the Committee on Public Enterprises, has now been completed.

11. Grant of land to Mr. S.R. Renganathan (Matale Baygroup Estate)

Mr. S. Renganathan, who had declared land pertaining to the Matale Baygroup Estate, had been granted 50 acres as a statutory determination through a Gazette notification in 1975. However, he had requested an alternative land, stating that this land had been allocated to the Department of Forest Conservation. Accordingly, in 1982, three plots of land, 25 acres and 19 perches, 06 acres, and 18 acres, had been granted to him through a Gazette notification.

Upon his repeated requests, 32 acres, 2 roods, and 30 perches were transferred to him in 1987 through a deed of exchange. At that time, the Commission had decided to grant the land without charging the assessed value difference of Rs. 17,000. Subsequently, Mr. Renganathan had again requested an alternative land, stating that the entire 50 acres had been vested to the Knuckles Reserve. Accordingly, approval had been granted to transfer 25 acres from a land known as “Ganemulla Kumbura” in Kaduwela through a deed of exchange, out of which 11 acres had been transferred. It was revealed to the Committee that the value of this land amounted to Rs. 350 crore.

Several issues were identified in relation to these transactions. It was revealed that the Commission had repeatedly granted valuable state lands to Mr. Renganathan, despite the fact that in 1997, he had sold the 32-acre plot of land granted to him in 1987. The Divisional Secretary of Laggala had also confirmed that the said lands had not been acquired by the State. Nevertheless, steps had been taken to allocate lands situated in highly populated and high-value areas such as Colombo, in exchange for lands declared in the remote regions like Laggala. Furthermore, it was observed that the signature appearing on the relevant deed of exchange did not match with Mr. Renganathan’s original signature.

Finally, after confirming that the 32-acre plot of land granted to Mr. Renganathan had been sold, it was decided to revise the 25-acre plot that had been decided to be granted as an alternative, by limiting it to 18 acres. The

Committee observed that the officials had acted with extreme negligence and demonstrated a lack of accountability in these transactions. The Committee emphasized that this constituted a grave violation against state property, and that such actions should never be repeated.

Recommendations of the Committee

- I. Conduct a formal investigation into this matter, identify the responsible officers and take legal and disciplinary action against them.**

12. Grant of land to Mrs. Malani Nanayakkara (Imbulgaswadiya, Katana)

Imbulgaswadiya, a valuable land of 28.52 hectares in the Gampaha District belonging to the Land Reform Commission, had been vested in the Janatha Estates Development Board (Janawasama). Since 1992, Janawasama had leased this land to the Chilaw Plantations Limited on a long-term lease basis of 53 years. 25 acres of this land had been revested in the Commission through a Gazette notification dated August 5, 2021, and subsequently transferred to two grandchildren of a person who had declared the land, under the alternative land transfer.

Although, there was no provision in the Land Reform Commission Act to transfer land to grandchildren in this manner, the Commission had granted approval to transfer approximately 28.5 acres from the Imbulgaswadiya land in Katana. It was further observed that the objections raised by the Secretary to the President and the Secretary to the Ministry of Lands regarding this transfer had been disregarded. Moreover, despite the Secretary to the Ministry of Finance and the Department of Public Enterprises having stated in writing that the transfer of land to individuals would not be approved, this land had been transferred through an Extraordinary Gazette notification.

In this transaction, land from highly valued and densely populated areas had been granted instead of the undivided lands declared in remote regions. Although, the Secretary to the Ministry of Lands had, by letter dated October 07, 2021, ordered that the said Gazette notification be revoked, the said directive had not been implemented. It was further revealed to the Committee that the said land is currently being parcelled out and sold at high prices.

Accordingly, the Committee emphasized that the granting of such valuable state lands under political influence, without any legal basis, constitutes a serious offence.

13. Issuance of deeds under the “Urumaya” Programme and related expenses

The deed Issuance ceremony under the theme “A Land for All”, held in parallel with the Government’s Urumaya Deed issuing Programme, was conducted at the Bogambara Stadium, Kandy, on 30 March 2024. The Committee observed that an expenditure of Rs. 10,106,150 had been incurred solely on the basis of the approval of the Commission, for the issuance of deeds to 2,700 recipients at this ceremony.

14. Granting of Lands to Mr. Charles Neville Udalagama (Matale Kongasyaya)

Under the provisions of the Land Reform Commission Act No. 01 of 1972, a person named Charles Neville Udalagama had declared 64 acres, 0 rood, and 01 perch of land. By a Gazette notification dated 21 June 1988, 50 acres from two locations in the Matale District had been allocated to him under a statutory determination. Mr. Udalagama had, on several occasions, requested alternative lands, citing that the said lands were taken over by unauthorized occupants. On 22 June 2010, a Power of Attorney had been executed, appointing Mr. Jayampathi Parakrama Aluwihare as an Attorney, to act on his behalf in matters relating to the transfer of the lands. Subsequently, on 06 September 2023, the Commission had decided to allocate to the said Attorney, 24 acres, 02 roods, and 07 perches from Udawela Estate on a lease basis, as an alternative to a portion of the gazetted land known as “Kongas Yaya,” subject to the charging of the difference between the assessed values. The Committee observed that the land granted to Mr. Udalagama by Gazette had already been sold by him to the Attorney on 22 June 2010. The Commission had proceeded to allocate lands to him again, without vesting the lands previously granted through the Gazette notifications.

According to a notification issued by the Deputy Director regarding the payment of the valuation fee for the land (maximum limit) designated as an alternative, it was recorded that Mr. Udalagama had made the payment via a receipt dated 30 July 2024. However, the Committee noted that, according to the death certificate dated 23 March 2018, Mr. Udalagama was deceased at that time.

It was further observed that although Mr. Charles Neville Udalagama had passed away on 23 March 2018, the power of attorney executed, was revoked on 10 March 2023, and affidavits had been submitted in his name. The Committee noted that a letter requesting alternative land was sent on 14 December 2023, and that the Commission had approved this request in 2024,

constituting a serious issue. The Committee further emphasized that carrying out transactions in the name of a deceased person amounts to a grave fraud and criminal act, and that officials of the Commission, whether knowingly or unknowingly, were complicit in this fraud.

The Committee was informed that a complaint concerning this matter had been received by the Office of the Deputy Minister, and subsequently referred to the Commission for an investigation. It was further noted that a preliminary inquiry is conducted by an external investigation officer.

Recommendations of the Committee

- I. To conclude the ongoing investigation in this regard expeditiously.**
- II. To promptly take all necessary measures to secure the documents pertaining to this incident.**

15. The transfer of lands owned by the Land Reform Commission to other institutions via gazette notifications, and the subsequent issues arisen thereafter regarding the ownership of those lands.

The lands vested in the Land Reform Commission (LRC) were subsequently transferred to the Janatha Estates Development Board (JEDB) and the State Plantations Corporation (SPC) for management purpose, subject to the conditions specified in Gazette notifications. These institutions, in turn, transferred the lands to 23 Regional Plantation Companies (RPCs), one of which was the Balangoda Plantations PLC. The Committee observed that, since the term “vested” is used in the Gazette notifications, the Janatha Estates Development Board and the State Plantations Corporation and Regional Plantation Companies are all arguing that they hold absolute ownership of the lands.

However, it was revealed to the Committee that the Janatha Estates Development Board was established under the State Agricultural Corporations Act, No. 11 of 1972, with the objective to administer lands owned by the Land Reform Commission. Pursuant to Section 6 of the Land Reform Commission Act, in the event that agricultural lands are vested in the Commission, absolute ownership of those lands, without any obligation, thereof vested in the Land Reform Commission from the date of the possession, and in case of violation of the provisions of Sub-section 27 (a) (4) of Act, No. 39 of 1981, the Minister in charge of the subject had the power to revest the lands in the Land Reform

Commission. This constitutionally confirmed the legal ownership of the Land Reform Commission.

Although, these lands had been transferred with conditions, for management purposes, the legal ownership remained with the Land Reform Commission. However, since the courts had been unable to confirm the ownership of these lands, it was revealed that more than Rs. 05 billion had been deposited in court as compensation in relation to the acquisition of lands for the Southern Expressway, which should be due to the Land Reform Commission. Furthermore, it was revealed that the Regional Plantation Companies had been engaging in various commercial activities on these lands, including unauthorized gem mining and stock market investments. This issue was identified as a complex situation involving several parties.

Since the Divisional Secretaries are referred to the courts in cases of acquiring lands, where the ownership of the lands cannot be determined with certainty, large amount of cases have been accumulated due to the inability of the courts to give a decision. Also, it was revealed to the Committee that due to this issue, the Land Reform Commission is spending a large amount of money on private lawyers and is conducting nearly 600 cases. The Committee emphasized that this issue should be resolved expeditiously.

It was revealed before the Committee that a dispute has arisen among the institutions regarding the absolute ownership of these lands as indicated below.

Institution	Opinion regarding the ownership of the relevant lands.
Land Reform Commission.	That the lands have been conditionally vested in the Janatha Estates Development Board and the State Plantations Corporation through Gazette notifications for management purposes, and that the legal ownership of those lands should remain with the Land Reform Commission.
Janatha Estates Development Board and the State Plantations Corporation.	Janatha Estates Development Board and the State Plantations Corporation are under the impression that the use of the term “vested” in the Gazette notifications, implies that they have acquired the absolute ownership.

23 Plantation Companies.	That the Janatha Estates Development Board and the State Plantations Corporation have transferred the lands to them, and that those lands were obtained through the Treasury, they claim to have acquired absolute ownership of the said lands.
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The Committee, which discussed this issue at length, made the following recommendations.

Recommendations of the Committee

- I. If seeking legal advice is necessary regarding the transfer of lands belonging to the Land Reform Commission to other institutions, and the subsequent issues arising from such transfers, appropriate measures should be taken, including the enactment of new legislation or taking all relevant actions to resolve these issues.
- II. To submit a memorandum to the Cabinet containing information on the number of cases pending in court concerning the Land Reform Commission, the number of Stay Orders issued, the amount of compensation deposited in court, and proposals and recommendations for resolving these issues.

16. Powers and procedures for granting alternative lands

Legal matter	Matters Observed Based on the Presentation by the Director (Legal) of the Land Reform Commission
Power of land exchange	That the Commission has the power to "Exchange" land under sections 22(1)(a) and 44(a) of the Land Reform Act No. 01 of 1972
The practice of alternative land transfer	Although, there was no direct provision for altering the statutory determination, the practice of land exchange was followed at the discretion of the Commission when the allotted land could not be used.

The limit of the discretionary power	That the discretionary power cannot be exercised outside the objectives of the Act,
The limit on land ownership within a family	Under the Act, the maximum amount of land transferable within a family was 50 acres to a declarant, 150 acres to parents and children over 18 years of age, and thereafter, the maximum limit for a family was 200 acres,
Transfer to grandchildren	That the Act contained no provisions for granting alternative land to grandchildren after many generations.

The Committee was informed that the Commission has the power under Section 44(a) of Act No. 01 of 1972 to transfer alternative lands, and the power of “exchange” is applicable thereto, and that the Commission had accordingly taken decisions promptly, as there was no specific procedure prescribed in that regard.

The Committee observed that, although the Act contains no direct provision to alter the statutory determination or to allocate land in lieu of it, the practice of land exchange has been followed in cases where the owner is deprived of possession - such as due to unauthorized occupants within a statutorily determined portion of land belonging to the declarant, government acquisition for reserves, or other circumstances causing injustice to individuals. However, it was also noted that this practice has, in some instances, been misused.

Recommendations of the Committee

- I. To consider all the irregularities that have occurred in the granting of alternative lands for the statutory determination.**
- II. To consider whether the grant of alternative land for the statutory determination should continue, and if so, to establish a formal procedure to be followed for that purpose.**

17. Agreement in a case to grant a land to Mr. Lakshman Nanayakkara, that had been agreed to be sold and transferred to the Niyagama Vocational Training Authority.

It was decided in 2010 to transfer a 13 acres, 03 roods, 39.7 perches land located in the Niyagama area of Walallawita Korale, Bentota, Galle, to the Niyagama Vocational Training Authority (VTA). The Authority had paid Rs. 3,013,511 for this purpose, and although several letters were sent to the Commission between 2013 and 2022 to obtain the deed, the deed for this land has not yet been granted to the Vocational Training Authority.

During this period, although the statutory determination of Mr. Charles Nanayakkara had not been precisely measured or gazetted, the Land Reform Commission had decided in 2005 to grant an alternative land allocation of 25 acres to his son, Mr. Lakshman Nanayakkara. He had requested that the 'Gallindawatta' land, which had been allocated to the Vocational Training Authority, be granted to him, and the Land Reform Commission had granted approval to allocate him 03 acres of the said land.

During the period when ownership of the land had not been transferred to the Vocational Training Authority, Mr. Lakshman Nanayakkara filed a writ petition (CA Writ 100/2020) against the Commission. The Secretary to the Ministry of Lands instructed the Land Reform Commission to settle the case. Accordingly, both parties reached an agreement in court to provide Mr. Lakshman Nanayakkara with 03 acres of the land, claimed by the Vocational Training Authority.

The Committee, which emphasized that the Commission should act on the advice of the Attorney General in relation to a case, observed that the Secretary to the Ministry, by advising and implementing such an agreement, had disregarded the rights of the Niyagama Vocational Training Authority.

18. Audit Observations submitted by the Auditor General to the Land Reform Commission for the years 2022 and 2023

The Committee emphasized that the recommendations made by the Committee should be implemented in respect of the audit observations submitted by the Auditor General to the Land Reform Commission for 2022 and 2023, which were discussed during the Committee meetings held on 15.05.2025 and 17.07.2025, and that formal investigations should be conducted for all matters that could not be discussed.

Recommendations of the Committee

- I. That the recommendations made by the Committee regarding the audit observations submitted by the Auditor General to the Land Reform Commission for the years 2022 and 2023, and discussed during the Committee meetings held on 15.05.2025 and**

17.07.2025, shall be implemented and that formal investigations shall be conducted and necessary further action shall be taken on all matters that could not be discussed.

- II. To submit to the Criminal Investigation Department all the inspection reports conducted in accordance with the Committee's recommendations regarding the audit observations submitted by the Auditor General to the Land Reform Commission for the years 2022 and 2023, which were discussed at the Committee meetings held on 15.05.2025 and 17.07.2025, as well as all inspection reports conducted in accordance with the above recommendation 18 (I).**

