



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

MANAGEMENT OF LIVESTOCK PLOTS

Executive Summary



**AUDIT OFFICE OF THE REPUBLIC
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AUDITED ENTITIES

**Department of Agriculture
Veterinary Services**

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The objective of this compliance audit was to examine the procedure of leasing, managing and monitoring of livestock plots by the Department of Agriculture (DA) and to investigate complaints submitted to our Office related to the subject in question. Also, our Office examined some related issues concerning the Veterinary Services (VS).

The livestock plots are located in livestock areas, which are granted, following a Decision of the Council of Ministers (CoM), for the purpose of accommodating livestock units. In total, there are 1.835 livestock plots in livestock areas, of which 1.243 are under the management of the DA and the rest are under the management of the Turkish Cypriot Properties Management Service. In the context of implementing the provisions of the Republic's Immovable Property (Leasing in livestock areas) Regulations (RAA 171/2006), the DA leases livestock plots to stock breeders and manages and monitors the leases.

The most important findings are summarized below:

- ◆ The DA had leased livestock plots, whose registration in the name of the Republic of Cyprus was not completed.
- ◆ The DA decided on the gradual abolition of the livestock areas of Tseri and Kolossi, without submitting a relevant recommendation to the CoM to obtain its approval.
- ◆ The DA does not provide sufficient public information to the stock breeders, in relation to the unused livestock plots, their locations, etc., for the purposes of transparency, equal treatment and the ability of planning their future activities.
- ◆ Despite the fact that the lease agreement for the livestock plots includes terms related to lessee's compliance with legislations, the implementation and control of which falls within the competencies of other Departments, there was insufficient cooperation/communication between them to ensure compliance with aforesaid terms.
- ◆ The procedure of canceling the registration of a lease agreement from the Registry of the Department of Lands and Surveys (DLS), before its expiration, is extremely time-consuming, and as a result, in case of a change of the lessee, the DA delays the signing of the relevant lease agreement for the relevant plot to the new lessee.
- ◆ The DA proceeded to lease livestock plots to new lessees before the cancellation of the registration of the previous lease agreement by the DSL, which prevents the new lessee from registering the lease agreement to the DSL.
- ◆ The area of the livestock plots within the livestock area of Geri, according to the Register maintained by the DA, is not consistent with the data maintained by the DSL and as a result there is a risk of entering into a lease agreement which will state the wrong area of the plot, on the basis of which the rent is calculated.

- ◆ We observed weaknesses and omissions in the Guide for implementation procedures for the management of livestock areas (hereinafter the "Guide") which is maintained and implemented by the DA for the purposes of managing livestock areas.
- ◆ In two specific cases, the DA bypassed the priority criteria stated in the aforesaid Guide when evaluating the relevant applications, resulting in unequal treatment of stock breeders.
- ◆ The Minister of Agriculture, Rural Development and Environment approved, upon consultation with DA, by exception, the lease of a livestock plot, to a new stock breeder in an area for which a decision had been taken to lease plots only to existing stock breeders.
- ◆ During the evaluation of several applications for the lease of a particular plot, the DA did not verify the claims of an applicant with appropriate evidence. Also, the Department, did not adequately justify the recommendation/approval of the lease of the livestock plot to the successful applicant, nor the non- recommendation/approval of the lease to the remaining applicants.
- ◆ The DA does not maintain a Register of applications, nor aggregated data related to lease agreements that have been terminated, which makes it difficult to monitor these.
- ◆ The Department does not, in all cases, document the findings resulting from on-site inspections and as a result, the monitoring of stock breeders' compliance with the terms of the lease agreement is not documented.
- ◆ The DA proceeded to re-lease livestock plots to stock breeders with a history of non-compliance for a long period of time and as a result, there is a risk of being locked into long-term lease agreements which, based on the history, carry the risk of high administrative costs.
- ◆ We observed cases where essential terms of the lease agreement were breached and the procedure of the recovery of the livestock plots by the DA was either not advanced, or advanced with great delay. As an example, we mentioned a case in the livestock area of Timis B, where a house was built on the livestock plot back in 1996, in violation of an important term of the lease agreement.

We have drawn attention of the DA to apply the legal framework for the leasing of livestock plots in all cases of applications' evaluation and to maintain appropriate documentation of the whole procedure of leasing, managing and monitoring of the livestock plots. We also emphasized the importance of setting procedures relevant to the cooperation of the DA with the other competent Departments, in order to receive the necessary information on time for the purpose of monitoring the lessee's compliance with the terms of the lease agreement, but also the importance of taking measures in a timely manner and promoting recovery procedures of livestock plots, in cases of violation of important terms of the lease agreement.

We suggested that the DA provides public information to the citizens for the purposes of transparency and equal treatment.
