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**21.1 Lease of Factory Space for Storage Purposes**

A factory space of 11,177ft2 owned by a company at the Plaine Lauzun Industrial Estate was being leased by the Ministry since 1 June 2016 to store compost bins purchased under the Composting Scheme. The lease, which was for an initial duration of four months, was renewed up to 31 August 2017. However, as of November 2017 according to the Ministry’s records, 9,316 compost bins and 9,360 compost mixing tools were still stored in that factory space.

A monthly rent of Rs 55,885 and service charge of Rs 11,177 were to be paid by the Ministry under the lease. For the four months duration, the rent and service charge amounting to Rs 223,540 and Rs 44,708 respectively payable in advance were settled on 9 June 2016.

***21.1.1 Absence of Legally Vetted Lease Agreements***

Lease agreements needed to be formally drawn and legally vetted to safeguard Government interest.

The following were noted:

* Lease agreement, for the initial four-month duration, was not vetted by the Ministry’s Legal Adviser;
* A lease agreement, for the subsequent period 1 October 2016 to 31 August 2017, was formally drawn. However, it was referred by the Ministry for legal vetting on 1 June 2017. The Ministry was given to understand, by its Legal Adviser, that legal vetting at that stage would not be in order.

That lease agreement was therefore signed on 15 June 2017, that is, nearing the end of the second lease period and without it having been legally vetted;

* There was no lease agreement after expiry of the second lease period on 31 August 2017, although the compost bins were still held in store in that factory space.

In the absence of legal vetting of the leases, the interest of Government might not have been safeguarded.

***Ministry’s Reply***

Arrangements are being made for the distribution of the compost bins and the storage space at the Plaine Lauzun Industrial Estate to be vacated by June 2018.

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