

The Emerging Interests of the Paymaster in Malaysian Land Reference Proceedings: A Case Analysis

Amelia Masran*, Nurul Jannah Mustafa Khan, Zuhaira Nadiah Zulkipli

Faculty of Law, University Technology MARA Shah Alam, Malaysia

*Corresponding author

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ABSTRACT

Land acquisition in Malaysia has long been outlined as a balancing exercise between public interest and private rights of landowners, with compensation serving as the key instrument of fairness. Previous scholars have largely focused on this dual tension. However, recent judicial developments acknowledge the emergence of a third stakeholder which is the paymaster. Paymaster, often the concessionaires or acquiring bodies are those duty-bound in the development of an acquired land and financially responsible for the payment of compensation to the landowners. Although the paymaster holds no proprietary interest in the acquired land, Malaysian courts have recognized them as “person interested” within the ambit of the Land Acquisition Act 1960 (“LAA”). Recently, courts have also recognized their right to intervene in land reference proceedings, seek extensions of time to participate, object to the awards given by the Land Administrator (“LA”) and challenge procedural impropriety by the LA. This judicial recognition complicates the traditional framework of land acquisition by expanding a new layer of interest that must be balanced alongside those of the State and landowners. Relying on case law analysis, this paper argues that the recognition of the paymaster’s interest marks a significant shift in Malaysian land acquisition law, raising urgent questions of fairness, accountability and the proper scope of paymaster’s rights to be embedded or expressly excluded in the LAA. The study reveals that the judicial recognition accorded to paymaster has allowed them to actively pursue every available procedural avenue under the LAA, often with the underlying aim of reducing the compensation to the detriment of landowners. By highlighting these issues, the paper contributes to the limited research on paymasters’ interests and lays the foundation for future reform-oriented research in the Malaysian land acquisition law.

Keywords: Land Acquisition Act 1960, paymaster, land reference proceedings, compensation, person interested

INTRODUCTION

Land acquisition in Malaysia has always been subject of legal and social debate, mainly due to its strain between public necessity and private property rights. The LAA provides the statutory framework governing compulsory acquisition, emphasizing that while the State may acquire land for public purposes, landowners must be fairly compensated for the loss of their property in accordance with Article 13 of the Federal Constitution. Many of the previous research on this area has focused on the adequacy of compensation and the strike to balance between public interest and private rights (Salleh & Peng, 2022; Salleh & Sik, 2024)

An example that can be drawn upon is the unsolved issue of acquisition in Kampung Sungai Baru redevelopment dispute. Initially launched in 2016, the project has been repeatedly stalled due to objections from landowners refusing the compensation offered. Further tensions escalated in 2021 when the federal government invoked the LAA to compulsorily acquire the land for redevelopment purposes. While the acquisition was maintained on grounds of economic development, affected landowners challenged the adequacy and procedural fairness of the acquisition (Hassan, 2025) This current on-going crisis highlights the procedural and substantive concerns that arise when private development interests intersect with public acquisition powers. The Kampung Baru dispute also reveals the fine lines between the State action and private beneficiary particularly when acquiring bodies or concessionaires act as de facto stakeholders in land disputes.

Traditionally, the discussion and disputes surrounding land acquisition have centered on the rights of landowners as the deprived parties seeking for adequate compensation for their loss to the private property. Compensation disputes, challenges to valuation methods, and procedural safeguards for landowners dominate the literature on this particular area (Alias & Daud, 2006; Botchwey, 2021). However, an emerging development in recent Malaysian jurisprudence reveals the increased involvement of paymasters in securing their interests in the land acquisition process. Paymasters, often concessionaires, utility companies, or government-linked entities are bodies that usually finance the project-development on the acquired land including the compensation payable to landowners. Although paymaster do not hold proprietary rights in the acquired land, they bear significant financial burden arising from the acquisitions.

The legal standing of paymaster in land reference proceedings is historically not an issue as they play no active role in the proceedings. The earlier questions of law with regards to paymaster raised in court was whether they qualify as “person interested” under the LAA, a legal status that would entitle them to participate in the land reference proceedings, file objections towards the LA’s awards, or seeks variations to the compensation awarded as against the landowners. The Federal courts answers in the affirmative. Recent case law, however, indicates a judicial shift in which courts have increasingly recognized the rights of paymaster to intervene, participate and object to the land reference proceedings in particular challenging the compensation awarded to landowners. The Federal Court decisions in *Spicon Products Sdn Bhd v Tenaga Nasional Bhd & Anor* [2022] 4 CLJ 195 and *Cahaya Baru Development Bhd v Lembaga Lebuhraya Malaysia* [2011] 2 MLJ 729 demonstrates this recognition, reflecting the courts’ acknowledgment of the paymaster’s financial interest.

This judicial trend raises important questions of fairness and balance especially on the issue of compensation and the balance of interests which previous scholars have discussed between the State and landowners. On one hand, recognition of paymaster ensures accountability and efficiency in the allocation of public fund, also recognizing their financial interests in the acquisition. On the other hand, it risks undermining the landowner’s position if compensation awards are reduced or delayed due to procedural challenges brought by the paymaster. Despite its significance, this issue has received little to no scholarly attention in Malaysian legal literature, leaving a gap in understanding the broader implications of these judicial developments.

Accordingly, the objective of the paper is therefore to examine the judicial recognition of the paymaster as a “person interested” under the LAA and analyse how this recognition is being used to influence compensation decisions in land reference proceedings. Hence the question to be answered via this research is to what extent does the judicial recognition of paymaster under the LAA affect the rights of landowners and the fairness of compensation in land acquisition proceedings? Upon reviewing the cases, this paper argues that the recognition of paymaster’s interests marks a significant shift in the Malaysian land acquisition law, raising urgent questions of fairness and proper scope of paymaster’s rights to be embedded or expressly excluded in the LAA.

LITERATURE REVIEW

Land acquisition in Malaysia is governed by the LAA, a statute that scholars has often criticized for prioritizing public needs while raising recurring concerns on valuation, adequacy of compensation, procedural fairness and the balance between public interest and private rights. Scholars have particularly observed its asymmetric impact on indigenous and rural communities, presenting systematic gaps in protection. Comparative and empirical studies have consistently called for clearer valuation rules, enhanced public participation and governance reforms. However, much of the literature continues to frame these issues within a dual structure which is the State as an acquirer and the landowner as the deprived party. This perspective is increasingly inadequate in light of the recent judicial recognition of a third stakeholder, the paymaster.

Legal and Doctrinal Framework

The LAA is the principal legal framework regulating compulsory land acquisition in Malaysia, emphasizing Article 13(2) of the Federal Constitution which prohibits deprivation of property without adequate compensation. Courts and scholars alike note that the LAA’s limited statutory guidance on achieving equity in compensation. Legal critiques point to legislative-administrative dominance, whereby broad discretionary powers vested in the State Authority are often exercised with minimal procedural oversight (Salleh & Peng, 2022; Hamid & Harun,

2011). This pattern reflects regional similarities across the Asia-Pacific, where compulsory acquisition powers are expansive, but adjudicative remedies and compensation standards vary significantly (DL Callies et al, 2002). While judicial decisions have occasionally emphasized purposive interpretation to balance competing interests, the LAA continues to favour development facilitation over procedural equity.

Adequacy of Compensation

Another issue in the land acquisition framework is whether compensation awarded to landowners reflects the adequate and fair value. The Malaysian practice is based on market value, constrained by the First Schedule of the LAA and judicial precedent. However, compensation often excludes post-acquisition uplift or the increase in land value due to government development plans which many argue undermines adequacy (Salleh & Peng, 2022). This is particularly acute for indigenous communities, where compensation for customary land varies across states and lacks a uniform framework (Alias & Daud, 2009). Numerous empirical studies find that dispossessed landowners are frequently unable to repurchase similar land in the same locality, resulting in long-term economic displacement (Salleh & Sik, 2024). Scholars advocate for valuation reforms, increased transparency and the inclusion of non-market losses such as livelihood, displacement and social ties (Omar, 2000; Olanrele & Said, 2017).

Socio-Economic Impact

Beyond valuation, land acquisition has profound social and economic impacts on affected communities. Case studies and land transaction data especially in the regions of Perak show significant patterns of ownership transfers often away from Malay landowners, reflecting broader trends of development-induced dispossession (Hamzah et al, 2013). Surveys and interviews indicate widespread dissatisfaction among landowners over both compensation amounts and procedural opacity (Salleh & Sik, 2024). The inability to replace lost land and the disruption of social networks have caused inter-generational hardship in some cases. These findings underscore the non-pecuniary harms that monetary compensation alone cannot redress, particularly among vulnerable or marginalized populations (Alias & Daud, 2009; Hamzah et al, 2013).

Governance and Participation

Governance critiques of the LAA focus on its lack of transparency, delayed compensation and institutional coordination failures. Reports by international organizations and scholars using governance frameworks such as those from the World Bank and UN-FAO call for greater stakeholder engagement, earlier public consultation and effective grievance mechanisms (Ghimire et al, 2017; Lee, 2015). Legal reviews highlight instances where acquisitions were initiated but not completed or where compensation was not paid, hence raising questions of unjust enrichment and enforceability (Botchwey, 2021). While regional literature links acquisition to environmental degradation, Malaysian-specific studies lack robust empirical assessments that connect acquisition processes directly to environmental harms (Yoshino et al, 2018).

Doctrinal and Conceptual Gaps: The interest of the paymaster

Despite these extensive critiques, the emergency of the role and interests of the paymaster has been largely overlooked in academic literature. Recent case law has granted them procedural standing as “person interested” under the LAA which allows them to participate and play a major role in the dispute of compensation. This recognition expands the LAA’s scope by judicial interpretation and introduces new tensions into the existing legal framework. The paymaster typically does not hold a proprietary interest in the acquired land but has been granted rights equivalent to landowners, resulting in conflicts of interest. As these stakeholders act primarily to minimize compensation payouts, their participation may undermine procedural coherence and tilt the balance of justice further away from landowners. This doctrinal evolution exposes a clear gap in both literature and statutory design.

METHODOLOGY

This study adopts a doctrinal legal research approach, examining statutory provisions under the LAA and the

judicial interpretation of these provisions in the Malaysian courts. The focus is on how the courts have recognized the rights of paymaster as “person interested” in land reference proceedings and the implications this recognition has on landowners’ rights to compensation. This research relies primarily on case law analysis, drawing from decisions of the Federal Court, Court of Appeal and the High Court. Selected cases were reviewed to identify recurring principle, judicial trends and the extent to which courts have allowed paymaster to intervene, object and challenge compensation awards. To complement the primary sources, secondary materials such as articles, books, comparative literature and newspaper articles were used. This helped situate the Malaysian judicial developments within the broader academic discussion on the emerging interests of paymaster in land reference proceedings.

FINDINGS

This section presents the judicial evolution that have progressively recognized the paymaster as a “person interested” under the LAA. The analysis is organized around recurring legal issues observed in recent case law, focusing on procedural rights, objections to compensation and participation of paymasters in land reference proceedings. The selected cases are first summarized in the table below, highlighting the legal issues, the decision of the court and the key takeaway pertaining to the paymaster’s interest in the proceedings. A further discussion is then conducted in the discussion section on each issue to highlight gap in the existing studies as mentioned in the literature review. By examining these cases, it becomes clear that courts have increasingly accorded paymasters significant standing though their interest is primarily monetary and even when such recognition may affect landowners’ rights.

Table 1: Case analysis on the interests of paymasters in land reference proceedings

No.	Issues	Key Case (s)	Court’s Decision / Principle	Key takeaway
1.	Recognition of paymaster as “person interested” under Section 2 of the LAA	Cahaya Baru Development Bhd v Lembaga Lebuhraya Malaysia [2011] 2 MLJ 729; Sistem Penyuraian Trafik KL Barat Sdn Bhd v Kenny Heights Development Sdn Bhd & Anor [2009] 4 CLJ 57	Courts affirmed paymasters, despite lacking proprietary rights, qualify as “persons interested” under the LAA due to their financial liability.	Paymaster is a “person interested” within the ambit of the LAA and allowed to participate in land reference proceedings.
2.	Objection on compensation by paymaster pursuant to Section 37 – 38 of the LAA	West Coast Expressway Sdn Bhd v Pentadbir Tanah Daerah Klang & Other Cases [2025] CLJU 1663; Asian Regal Holdings Sdn Bhd v Pentadbir Tanah Daerah Kuala Selangor & Other Cases [2024] CLJU 2714	Courts considered both objections from landowners and paymasters in the same proceeding, resulting in a mixture of outcome regarding the dispute of compensation.	Court occasionally reduced the award given by the LA to landowners due to objection by the paymaster.
3.	Extension of time to file Form N under Section 38 of the LAA	Malaysian Rail Link Sdn Bhd v PTG Selangor [2024] CLJU 2881; [2025] 6 CLJ 275	Courts granted extensions of time for paymaster to file their objections citing their special vehicle role and operational burden.	Courts show willingness to accommodate paymaster’s objections after lapse of time. Paymaster benefit from judicial flexibility in complying with statutory deadlines, reinforcing their status as key

				stakeholders in compensation disputes.
4.	Objection by paymaster for the delay in filing reference to court by LA as per Section 38(5) of the LAA	Goh Beng Hock v PTD Kuala Langat; WCE (Interested Party) [2025] CLJU 927; Chen Lim Hoi v PTD Kuala Langat; WCE (Interested Party) [2025] CLJU 926; Tee Kim Tin & related cases [2025] CLJU 17 - 27	Courts divided: some struck out references due to delay; others preserved landowners' rights to be heard.	Procedural impropriety safeguards paymaster's interests in some instances while completely wiped out landowners' right to land reference proceedings; but inconsistent rulings create uncertainty for landowners.
5.	Setting aside landowners' awards under Section 43 of the LAA	Spicon Products Sdn Bhd v Tenaga Nasional Bhd & Anor [2022] 4 CLJ 195; West Coast Expressway Sdn Bhd v Pentadbir Tanah Daerah Klang & Anor [2025] CLJU 1003; West Coast Expressway Sdn Bhd v Lim Wah Tian & Ors [2021] MLJU 2827	Court set aside landowners' land reference order for failure to serve notice onto the paymaster as a "person interested" before land reference proceedings commence.	Procedural failure in notifying paymasters can overturn landowners' awards, raising fairness concerns, depriving landowners' rights to an adequate compensation.
6.	Reducing compensation awarded to the landowners via multiple application by paymaster	WCE v Lim Wah Tian & Another Cases [2024] CLJU 1063; earlier proceedings [2021-2023]	Court granted few applications by paymaster which in the end resulted in a reduction of compensation given by LA to landowners.	Persistent application by paymasters can significantly reduce landowners' compensation, raising issues of concern on obtaining just and equitable compensation.

Recognition of paymasters as "person interested" under the LAA

The early judicial consideration of paymasters' roles and interests in land reference proceedings centered on whether they fell within the meaning of "person interested" under Section 2 the LAA. This determination was crucial, as only by being classified as a "person interested" could a paymaster invoke its rights under Sections 37 of the LAA to object to the compensation awarded by the LA and pursuant to Section 43 of the LAA in which rights to be notified on the land reference proceeding is accorded to them.

In *Cahaya Baru Development Bhd v Lembaga Lebuhraya Malaysia* [2011] 2 MLJ 729, the Federal Court adopted a liberal approach in construing the term "person interested" and held that the concessionaire, as the paymaster, indeed came within its scope under Section 37(1), read with Section 37(3) of the LAA. Similarly, in *Sistem Penyuraian Trafik KL Barat Sdn Bhd v Kenny Heights Development Sdn Bhd & Anor* [2009] 4 CLJ 57, the Court emphasized that the expression "person interested" must be purposively interpreted in line with Section 17A of the Interpretation Acts 1948 and 1967. In this particular case, As the concessionaire under the privatization agreement, SPRINT was found to have a direct legal interest in the compensation payable and therefore had standing to object under Section 37(1)(b) of the LAA. These decisions were pivotal in laying the groundwork for subsequent disputes involving paymaster in a land reference proceeding.

Objections of compensation by paymasters under Section 37 of the LAA

Following the courts' recognition of paymasters as "person interested" under the LAA, paymasters have

increasingly exercised their statutory right to object to the LA's award through Form N under Section 37 of the LAA. In practice, this has resulted in proceedings where both landowners and paymasters lodge objections with opposing objectives. Landowners generally object in order to obtain higher compensation whereas paymasters, who ultimately bear the financial burden of payment, object with the aim of reducing compensation.

In reported cases of *West Coast Expressway Sdn Bhd v Pentadbir Tanah Daerah Klang & Other Cases* [2025] CLJU 1663 and *Asian Regal Holdings Sdn Bhd v Pentadbir Tanah Daerah Kuala Selangor & Other Cases* [2024] CLJU 2714 both objections were heard together, requiring the court to evaluate the claims from both perspectives. The outcomes of these cases demonstrate that the courts do not simply favour one party over the other, instead court may reduce certain heads of claim in accordance with the paymaster's objections, maintain some items at the amount awarded by the LA and at the same time increase compensation for other items as claimed by the landowners. The decision of the courts therefore represents a mix of reductions, increments and some maintaining the award of the LA depending on the evidence presented, the statutory principles applied and arguments by all parties to the proceedings.

Extension of time to file Form N under Section 38 of the LAA

Section 38 of the LAA sets out the procedure for "person interested" including paymasters to object to the LA's award by filing Form N within a prescribed time. However, there are few instances whereby paymasters have applied for extensions of time to lodge such objections, arguing that strict adherence statutory deadlines would unfairly prejudice them due to the scale and complexity of infrastructure projects.

The courts, have, in several cases, granted these extensions, recognizing the paymaster's role as the entity ultimately funding the compensation. For example, in the recent cases of *Malaysian Rail Link Sdn Bhd v PTG Selangor* [2024] CLJU 2881 and *Malaysian Rail Link Sdn Bhd v PTG Selangor* [2025] 6 CLJ 275, the High Court allowed the application for extension of time, citing the special purpose nature of the company and the extensive operational burden it faced. Similarly, courts have justified such extensions on grounds of justice and fairness. This trend shows a judicial willingness to treat paymasters as substantive stakeholders in land reference proceeding, granting them procedural leeway that ensures their financial interests are adequately represented in compensation determinations.

Objection by paymaster on delay in filing reference to court under Section 38(5) of the LAA

Section 38(5) of the LAA requires the LA, upon receiving a valid Form N to refer the matter to court within six months. In practice however, delays often occur due to administrative or procedural shortcomings. Paymasters have relied on this provision to object to landowners' land references, arguing that the delay renders the proceedings invalid.

In *Goh Beng Hock v PTD Kuala Langat; WCE (Interested Party)* [2025] CLJU 927 and *Chen Lim Hoi v PTD Kuala Langat; WCE (Interested Party)* [2025] CLJU 926, the court upheld the paymaster's objection and struck out the landowners' references. The judgement emphasized that interpreting Section 38(5) of the LAA as merely directory would defeat its legislative intent to ensure efficiency and finality, and could unduly burden the paymaster.

However, other decisions with the same issue being brought up show a contrasting approach. In the series of cases involving *Tee Kim Tin & Ors v Pentadbir Tanah Daerah Klang; West Coast Expressway Sdn Bhd (Interested Party)* [2025] CLJU 17-27, the court dismissed the paymaster's objection. The court reasoned that landowners should not be penalized for delays attributable to the LA, particularly when landowners had filed their Form N within the stipulated time.

This divergence in judicial interpretation reveals a tension between protecting paymasters from prolonged uncertainty and safeguarding landowners' constitutional right to adequate compensation.

Setting aside landowners' awards under Section 43 of the LAA

The Federal Court case of *Spicon Products Sdn Bhd v Tenaga Nasional Bhd & Anor* [2022] 4 CLJ 195 makes it

mandatory for a notice relating to land reference proceeding to be issued to all persons interested in the objection before the Court proceeds to hear and determine the objection pursuant to Section 43 of the LAA. Paymasters, relying on their recognized status as “person interested” in the LAA have frequently invoked this provision to challenge the landowners’ awards on the ground that they were not notified of the proceedings.

Following the case of Spicon Products, courts have been strict in applying Section 43 of the LAA. In *West Coast Expressway Sdn Bhd v Pentadbir Tanah Daerah Klang & Anor* [2025] CLJU 1003 and *West Coast Expressway Sdn Bhd v Lim Wah Tian & Ors* [2021] MLJU 2827, the courts allowed paymasters’ applications and set aside the landowners’ awards for non-compliance with Section 43 of the LAA. These decisions highlight the judiciary’s insistence on procedural compliance, even where the outcome nullifies a landowners’ successful claim for enhanced compensation.

Reducing compensation awarded to the landowners via multiple application by paymaster

The case of *West Coast Expressway Sdn Bhd v Lim Wah Tian & Anor* [2021] CLJU 2386 and its subsequent proceedings illustrate how paymasters have used their recognized standing to reduce the compensation payable to landowners.

In the first instance via land reference no. BA-15-207-07/2018, the landowner succeeded in obtaining an order on 2nd May 2019 which increased the compensation originally awarded by the LA, amounting to RM497,510.00 and this sum was paid by the paymaster. However, the paymaster later applied to set aside the order on grounds of procedural non-compliance based on Section 43 of the LAA. The application was allowed, effectively nullifying the increment awarded to the landowner.

The paymaster then pursued its own objection to the LA’s award via a separate land reference no. B-15-14-03/2020, filed after successfully obtaining an extension of time to submit Form N. Both the landowner’s reheard reference and the paymaster’s reference were heard together. In *Lim Wah Tian v Pentadbir Daerah Klang & Another Cases* [2024] CLJU 1063, the court allowed the paymaster’s challenge, with the decision that the landowner’s additional award was drastically reduced to only RM61,940.00 as compared to the initial land reference proceeding.

These proceedings demonstrate the far-reaching effect of judicial recognition of paymasters as “person interested”. While landowners initially obtained a favourable outcome, repeated challenges by the paymaster overturned earlier gains and substantially reduced the final compensation. This not only highlights the financial influence wielded by paymasters but also underscores the tension between their monetary interests and the landowner’s right to adequate compensation under compulsory acquisition.

DISCUSSIONS

This paper set out to examine the judicial recognition of the paymaster as “person interested” under the LAA and further determine how this recognition is shaping land reference proceedings, in particular relating to compensation. As highlighted in the literature review, existing literature on land acquisition in Malaysia had scrutinize issues on valuation for compensation, procedural fairness, governance inefficiencies on acquisition process and largely on the balancing the interest of the State and landowners. This study reveals a significant legal and procedural shift which is the emergence of the paymaster as a third stakeholder who is now actively shaping the trajectory and outcomes of compensation disputes via land reference proceedings.

Judicial Recognition of paymasters and expansion of stakeholder rights

The literature has highlighted ambiguities in the LAA’s statutory framework and a tendency toward legislative-administrative dominance in acquisition decision (Salleh & Peng, 2022; Hamid & Harun, 2022). However, it has not addressed how judicial interpretation has expanded the category of “person interested” to include paymaster. As shown in the case of *Cahaya Baru* and *SPRINT*, the court’s interpretation of Section 2 of the LAA has created a new legal pathway for paymaster to participate in compensation disputes. This significantly departs from earlier

academic framework which assumed that procedural rights were largely reserved for parties with proprietary interests.

Procedural Tools as Strategic Instruments

While prior studies have criticized the inadequacy of compensation and inconsistent valuation methods (Salleh & Peng, 2022; Omar, 2000; Olanrele et al 2017), they have not considered how the procedural mechanism of the LAA especially Section 37 of the LAA are being used by paymasters. This study shows that paymasters frequently object to compensation awards not to increase fairness but to minimize financial liability on their part. The judicial treatment of these competing objections, especially in cases like *WCE v Pentadbir Tanah Daerah Klang* and *Asian Regal Holdings*, reflects a neutral balancing act by the court to balance both interests. Nevertheless, paymaster as a new stakeholder in land reference proceedings challenges the original purpose of the LAA which is to ensure adequate compensation as a safeguard against compulsory deprivation of property.

Judicial flexibility in granting procedural leeway

The granting of extensions of time to paymaster under Section 38 of the LAA for instances in Malaysian Rail Link cases reinforces their recognition as substantive stakeholders. Yet, this judicial flexibility sits uneasily with the earlier literature that has called for stricter procedural safeguards to protect landowners from State overreach (Hamid & Harun, 2011; Ghimire et al, 2017). Where landowners often face procedural rigidity and tight statutory deadlines paymasters are increasingly granted exceptions on grounds of operational complexity. This reflects a judicial trend towards equating financial responsibility with legal standing, further entrenching the paymaster's role in a framework originally designed to mediate between State and landowners.

Conflicting judicial approaches and legal uncertainty

The findings also reveal an area of doctrinal inconsistency in the judicial interpretation of Section 38(5) of the LAA, particularly regarding delays by the LA in referring matter to court. While some courts have ruled in favour of paymasters and struck out landowners' claims due to delays of the LA for example in cases of *Goh Beng Hock*; *Chen Lim Hoi*, others have protected landowners from being penalized for administrative lapses beyond their control as seen in *Tee Kim Tin* cases. This reflects a fundamental tension between efficiency and fairness. Prior literature has noted administrative weaknesses in acquisition proceedings (Botchwey, 2021), but has not accounted for how those weaknesses are now being weaponized by paymaster to challenge the validity of landowners' claims.

Procedural compliance vs Substantive Justice

The analysis of Section 43 of the LAA, particularly after the case of *Spicon Products* highlights the judiciary's increasing emphasis on strict procedural compliance. The setting aside of landowner's compensation awards due to non-notification of paymaster as in the cases of *WCE v Pentadbir Tanah Daerah Klang*; *WCE v Lim Tah Tian* raises deep concerns on substantive justice. Existing literature stresses that procedural shortcomings often disadvantage landowners (Salleh & Peng, 2022; Ghimire et al, 2017). This study adds a new dimension by showing that even successful claims can be nullified not due to the fault of the landowners but due to procedural lapses involving the court or the LA. This illustrates how the procedural elevation of paymasters can result in the erosion of landowners constitutionally protected right to adequate compensation.

Financial influence and re-litigation

Finally, the most significant finding lies on how paymasters have used their legal standing to reopen, delay and ultimately reduce compensation through multiple applications and procedural tactics. The *Lim Wah Tian* series of case shows how a landowner's initial additional compensation was systematically reversed through a combination of procedural objections and new references initiated by the paymaster. These tactics, while legally permissible, points to a larger issue previously unaddressed in the literature which is the ability of financially powerful entities to influence outcomes in ways unavailable or unthinkable to ordinary landowners, thus creating further an asymmetry of power and access to justice.

CONCLUSION AND RECOMMENDATIONS

This paper has examined the evolving legal position of paymaster in Malaysian land acquisition proceedings and found that judicial recognition of their status as “person interested” under the LAA has significantly reshaped the procedural and compensation landscape of land acquisition. Previously excluded from the traditional framework, paymasters are now actively participating in the land reference proceedings by filing objections, seeking extension of time, challenging procedural impropriety and setting aside landowner’s compensation awards. While this recognition protects their financial interests, it raises critical concerns on fairness, procedural asymmetry and the limits of landowners’ constitutional right to adequate compensation. By recognizing and highlighting the strategic procedural use of the LAA by paymasters to reduce compensation, this study addresses a clear doctrinal and empirical gap.

In ensuring the land acquisition mechanism remains fair and constitutional, legislative and procedural reforms should be considered. The term “person interested” should be clearly and expressly defined to prevent procedural overreach by non-proprietary actors and safeguards must be introduced to protect landowners from being penalized for administrative errors beyond their control. Furthermore, the procedure on the commencement of land reference proceedings in the LAA should be reviewed taking into account repeated applications that prolong proceedings to the disadvantage of the landowners financially. Most importantly, the structure of land acquisition under the LAA must preserve the principle that compensation should not only be adequate, but just, timely and resistant to manipulation by another stakeholder with financial interests. Hence, this paper lays the groundwork for future legal reform and urges a redirection on the rights of person interested within the acquisition process.

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