THE FELDA CRISIS
Federal Land Development Authority
FELDA

1. Established in 1956
2. 1990 - resettled 122,635 families in its scheme
3. 1990 - lifted approximately 1 million people out of poverty
4. 2000 - fully repaid its loan 20 years ahead of its schedule
Entities involved

1. FELDA
   Established to eradicate poverty

2. Felda Global Ventures Holdings Berhad
   33% owned by Felda Plantation business

   100% owned by Felda Non-plantation business

4. FICP
   100% owned by Felda Non-plantation business
KLVC land transfer
THE CONTROVERSIES

“Power of attorney”

Synergy Promenade

Isa Samad
Faizoull Ahmad
MACC investigating

MACC investigating

MACC no action

FIC Hotel Purchase

THE CONTROVERSIES

Grand Plaza Serviced Apartments
in Bayswater, London
Purchased in 2013
£98 million (RM 500 million)

Grand Plaza Kensington Hotel
in London
Purchased in 2014
£60 million (RM 330 million)

Merdeka Palace Hotel
in Kuching
Purchased in 2014
RM 160 million

+?? overpaid

+50% overpaid

+45% overpaid

No increase in Felda revenue
Instead caused financial strain
Eagle High shares

THE CONTROVERSIES

Najib Razak

Peter Sondakh

Minister-in-charge

37% stake at RM2.39 bil

37% stake at RM2.26 bil

Shahrir Samad

FICP

FGV

EAGLE HIGH

PLANTATIONS

EHP share price dropped by half – paper loss RM1.13 billion to Felda
Demonstrates the exercise of power in the hands of UMNO-appointed Chairman to remove dissenting voice in Boardroom.
FGV share price dropped from **RM4.45** when it was initially traded, to **RM1.71** in March. A group of Felda settlers took out loans to acquire shares in FGV – affected when the share price dropped.

1. **RM57 million**  
   Stock manipulation and alleged fraud in Felda IFFCO’s joint venture project in Turkey

2. **RM50 million**  
   Bad debt owed by Safitex Trading LLC to Delima Oil Product

3. **RM117 million**  
   Investment in FGV Cambridge Nanosystems Ltd
FGV Boardroom tug of war

THE CONTROVERSIES

Series of bad investments that resulted in losses by FGV

Disagreements over the direction of the company

Led to arbitrary suspension of FGV Group President and CEO, and 3 other FGV senior officials, by FGV Chairman

Demonstrates the exercise of power in the hands of UMNO-appointed chairman to remove dissenting voices in Boardroom
THE CONTROVERSIES

Committed by UMNO-appointed politician who controlled the decision-making process

Show different forms of abuse suffered by Felda:
- conclude transactions disadvantageous to Felda
- use of power to remove dissenting voice

Caused losses in millions of ringgits to Felda and its companies

Questions to ask:
Was it purely because of bad business decisions?
Whether element of corruption involved?
What was the cause of the controversies?

Shifts in power in Felda led to concentration of power.

UMNO politicians dominated the decision-making process in Felda and its companies.

Facilitated by the existing legislative framework.
Power shifts
THE CAUSES

1. Appointment of UMNO politician as Felda Chairman in 2001
2. Prime Minister as the Minister in-charge of Felda - 2009
3. Appointment of UMNO politician as Chairman of Felda companies
<table>
<thead>
<tr>
<th>Felda’s Chairman</th>
<th>Period of service</th>
<th>Background</th>
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</thead>
<tbody>
<tr>
<td>D.E.M Fiennes</td>
<td>1 August 1956 to 13 October 1958</td>
<td>Chairman of Malayan Development Limited (Felda’s funder)</td>
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<tr>
<td>Taib bin Andak</td>
<td>14 October 1958 to 31 August 1971</td>
<td>Civil Servant</td>
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<tr>
<td>Musa bin Hitam</td>
<td>1 September 1971 to 31 December 1972</td>
<td>Politician, UMNO member</td>
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<tr>
<td>Harun bin Arifin</td>
<td>1 January 1973 to 30 April 1979</td>
<td>Civil Servant, Secretary General, Ministry of National and Rural Development</td>
</tr>
<tr>
<td>Raja Muhammad Alias</td>
<td>1 May 1979 to 30 June 2001</td>
<td>Civil Servant</td>
</tr>
<tr>
<td>Mohd Yusof Noor</td>
<td>1 July 2001 to 31 December 2010</td>
<td>Politician, Member of UMNO Supreme Council from 2000 to 2003, Former Cabinet Minister</td>
</tr>
<tr>
<td>Mohd Isa bin Abdul Samad</td>
<td>1 January 2011 to 31 December 2016</td>
<td>Politician, Former UMNO Vice President, Former Menteri Besar of Negeri Sembilan and former Cabinet Minister</td>
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<tr>
<td>Shahrir bin Abdul Samad</td>
<td>Since 1 January 2017</td>
<td>Politician, UMNO member; Former Cabinet Minister</td>
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<tr>
<td>Era</td>
<td>Ministry in charge of FELDA</td>
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<tr>
<td>Tunku Abdul Rahman</td>
<td>Ministry of Natural Resources&lt;br&gt;Ministry of Rural Development&lt;br&gt;Ministry of National and Rural Development</td>
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<tr>
<td>1957-1970</td>
<td></td>
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<tr>
<td>Razak Hussein</td>
<td>Ministry of National and Rural Development</td>
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<td>1970-1976</td>
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<tr>
<td>Hussein Onn</td>
<td>Ministry of Land and Mines&lt;br&gt;Ministry of Lands and Regional Development</td>
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<td>1976-1981</td>
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<tr>
<td>Mahathir Mohamad</td>
<td>Ministry of Lands and Regional Development&lt;br&gt;Ministry of Rural Development&lt;br&gt;Ministry of Land and Cooperative Development</td>
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<td>1981-2003</td>
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<tr>
<td>Abdullah Badawi</td>
<td>Ministry of Land and Cooperative Development&lt;br&gt;Prime Minister’s Department</td>
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<tr>
<td>2003-2009</td>
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<tr>
<td>Najib Razak</td>
<td>Prime Minister’s Department</td>
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<td>2009 – present</td>
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Concentration of power

Chart: UMNO Control Over Felda

Najib Razak
Minister supervising FELDA

Felda
Chairman: Isa Samad

FGV
33% owned by FELDA
Chairman: Isa Samad

FIC
100% owned by FELDA
Chairman: Isa Samad

FIC Properties
100% owned by FELDA
Chairman: Isa Samad
Legislative Framework

THE CAUSES

1. Does not bar appointment of politician to Felda and its companies board

2. Minister has absolute power to appoint and remove Felda’s Chairman and Board members

3. Does not provide sufficient check and balances in administration of Felda
Implications

Decline in Felda’s reputation and performance

- Cash reserve plunged RM4.08 billion (2004) to RM1.35 billion (2009)
- Debt in 2016 – RM6.82 Billion
- Money politics seeped into Felda
- Felda and companies embroiled in series of controversies
Money politics

In 2013

- Felda schemes span over 54 out of 222 parliamentary constituencies
- 1.2 million registered voters – 9% of the total registered voters
<table>
<thead>
<tr>
<th></th>
<th>Money politics</th>
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<tbody>
<tr>
<td>1</td>
<td>Duit Raya Bonus &amp; Productivity Incentive Bonus since 2003 to selected group of settlers</td>
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<tr>
<td>2</td>
<td>RM15,000 ‘windfall’ to each household 2012 – FGV listing controversy and impending elections</td>
</tr>
<tr>
<td>3</td>
<td>Incentive package RM1.3 billion 2017 – FGV boardroom tussle and MACC’s probe into FIC luxury hotel purchases</td>
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<tr>
<td>Question</td>
<td></td>
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<td>------------------------------------------------------------------------</td>
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<tr>
<td>Why has the Minister in-charge of Felda failed to prevent these controversies?</td>
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<td>Was the Minister complicit in it?</td>
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<tr>
<td>Why is that the investigations by PDRM and MACC into these Felda scandals have not been completed?</td>
<td></td>
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<tr>
<td>Why the Minister not held accountable for his inaction?</td>
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</tbody>
</table>
Immediate steps

Conduct audit on Felda and its companies - particularly those that involved in controversies

Audit to be conducted by the Auditor General

Set up a committee in Parliament to study the audit report and to propose recommendations

Audit report to be tabled in Parliament. Not concealed. Available to public
Long term solutions

- No politician appointed to Felda’s board and its companies – run by bureaucrats and professionals
- Felda Minister, Chairman and Board accountable to a select committee in Parliament
- Felda companies be monitored by a select committee in Parliament
- Empower the settlers through involvement in decision-making process
- Increase settler’s representation in Felda Board and its companies’ board