

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



Established to eradicate poverty

2



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

3



Felda Investment Corporation Sdn. Bhd.
100% owned by Felda
Non-plantation business

4

FICP

FIC Properties Sdn. Bhd.
100% owned by Felda
Non-plantation business

KLVC land transfer

THE CONTROVERSIES



**Synergy
Promenade**

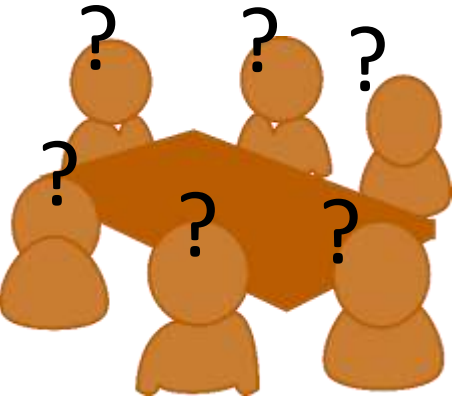
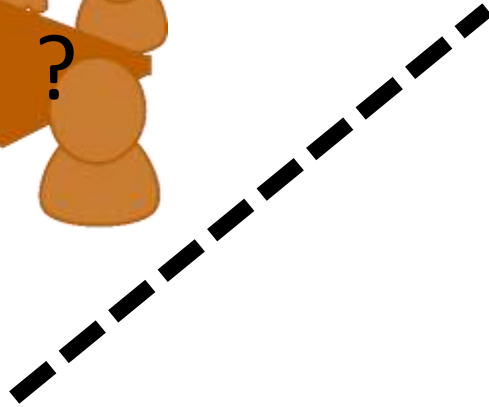
“Power of attorney”



Isa Samad



Faizoull Ahmad





**Grand Plaza Serviced
Apartments**
in Bayswater, London

*Purchased in 2013
£98 million (RM 500 million)*

+?? overpaid

MACC

no action



**Grand Plaza Kensington
Hotel**
in London

*Purchased in 2014
£60 million (RM 330 million)*

+50% overpaid

MACC

investigating



**Merdeka Palace
Hotel**
in Kuching

*Purchased in 2014
RM 160 million*

+45% overpaid

MACC

investigating

FIC Hotel Purchase

THE CONTROVERSIES

No increase in Felda revenue
Instead caused financial strain

Najib Razak



Peter Sondakh



Eagle High shares

THE CONTROVERSIES

Shahrir Samad



Minister-in-charge

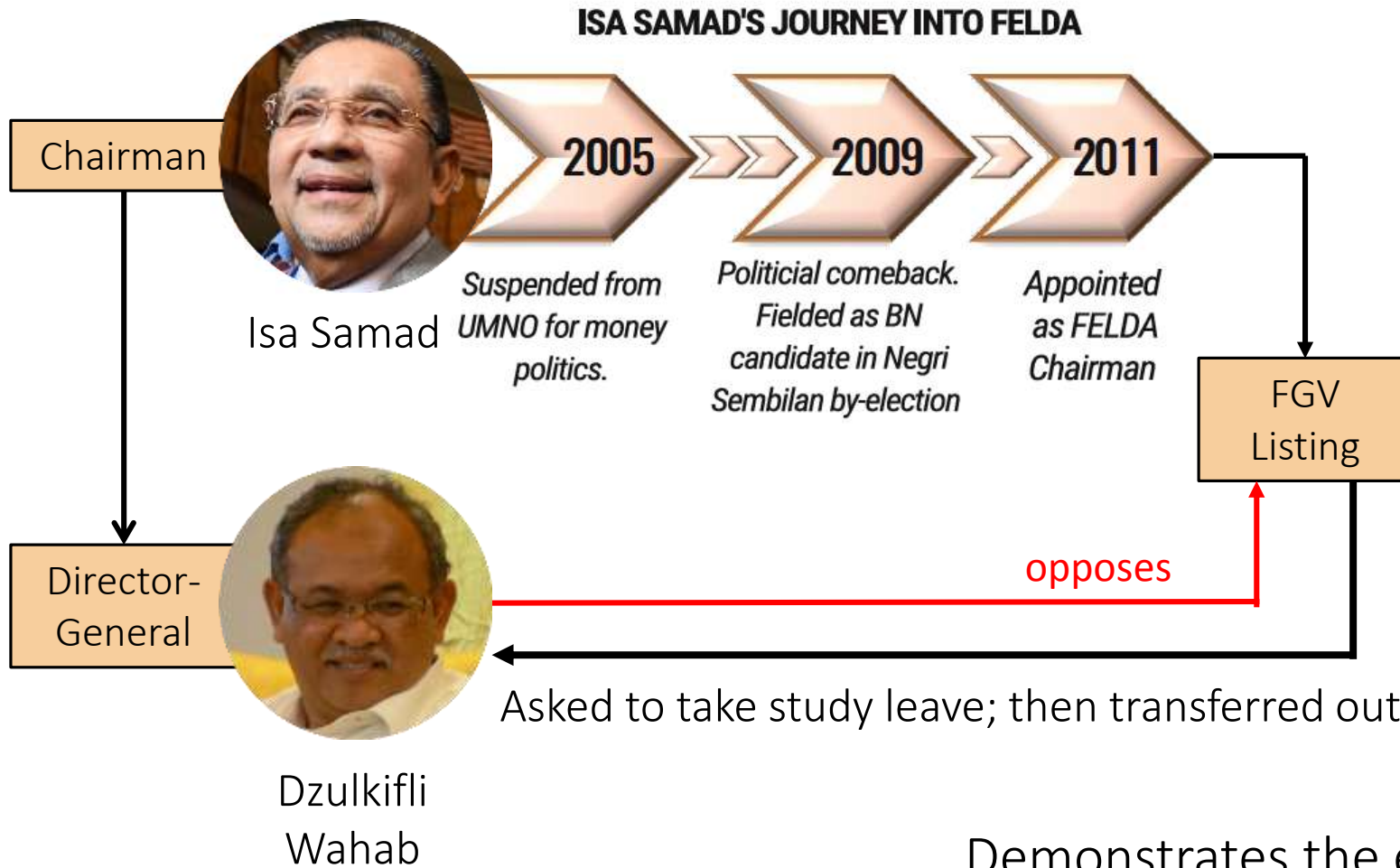


37% ~~stake~~ at
RM7.39 bil



✓ 37% stake at
RM2.26 bil

EHP share price dropped by half –
paper loss RM1.13 billion to Felda



FGV listing

THE CONTROVERSIES

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.

Series of FGV losses

THE CONTROVERSIES

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

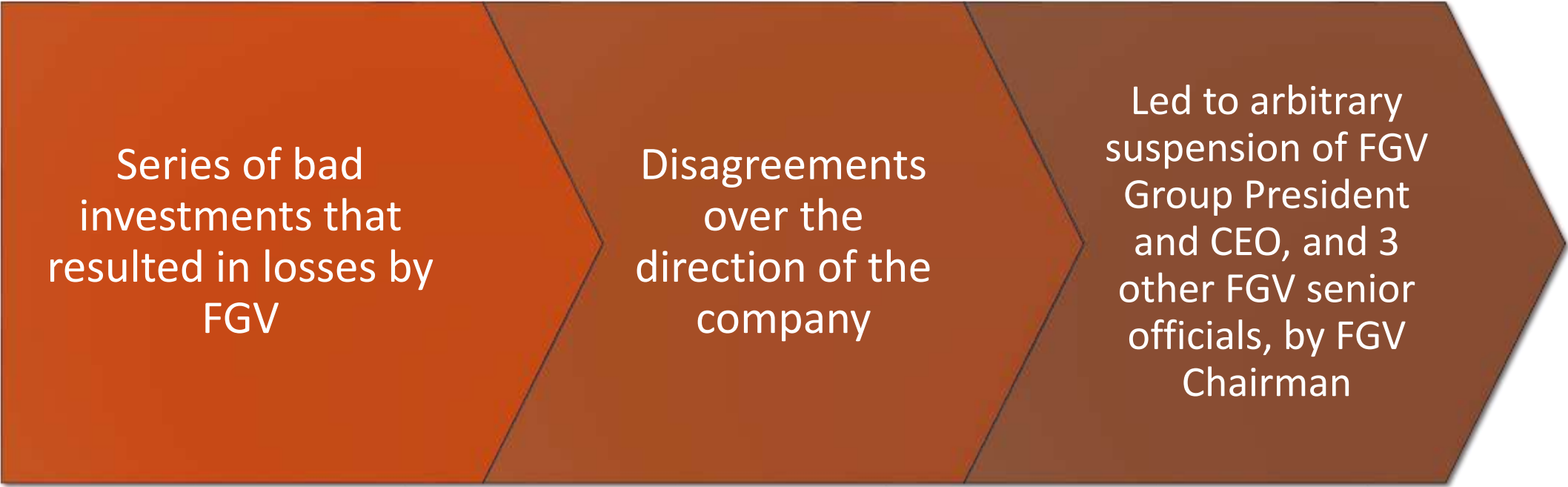
RM117 million

Investment in FGV Cambridge Nanosystems Ltd

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

FGV Boardroom tussle

THE CONTROVERSIES

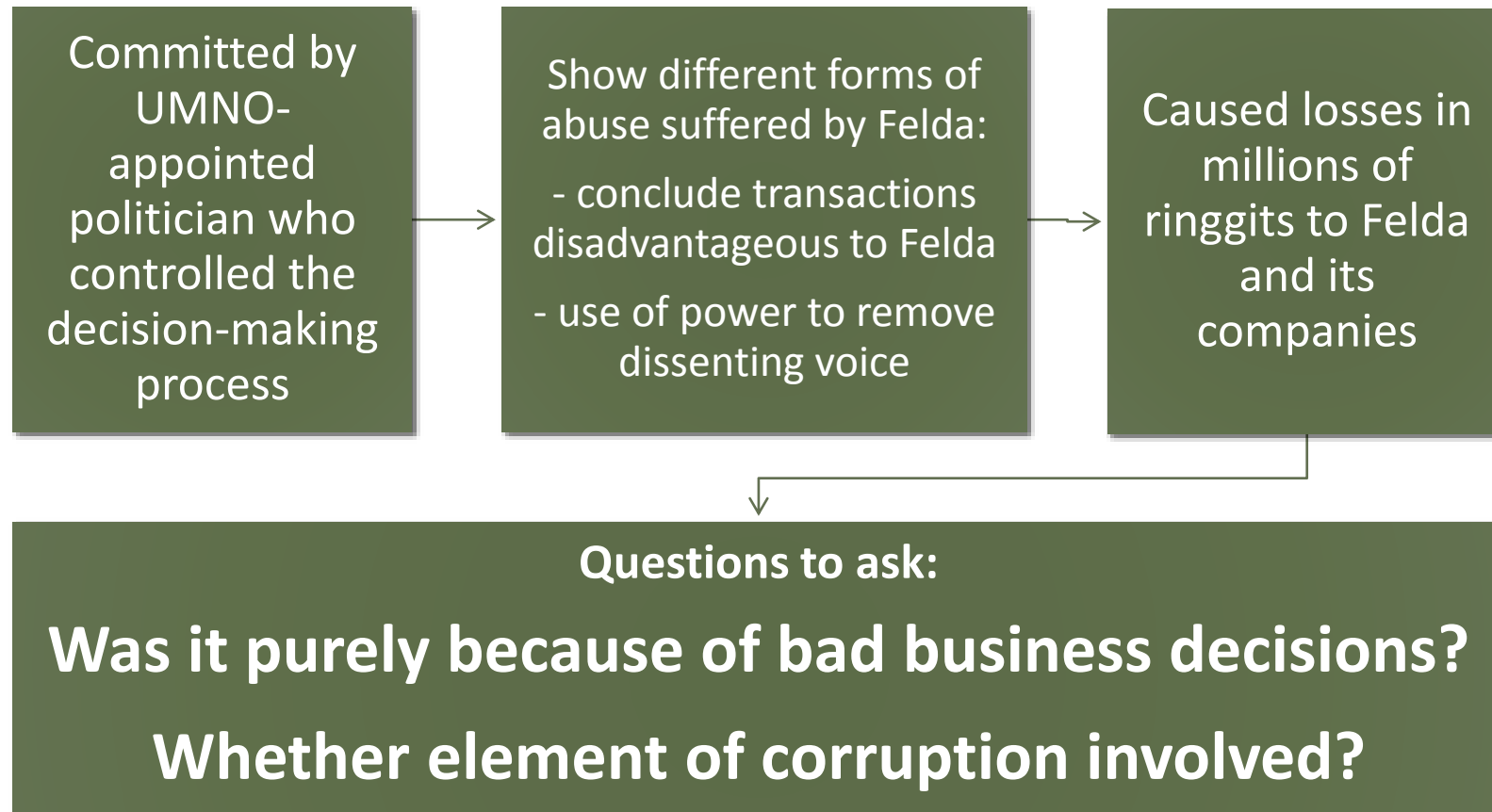


Series of bad investments that resulted in losses by FGV

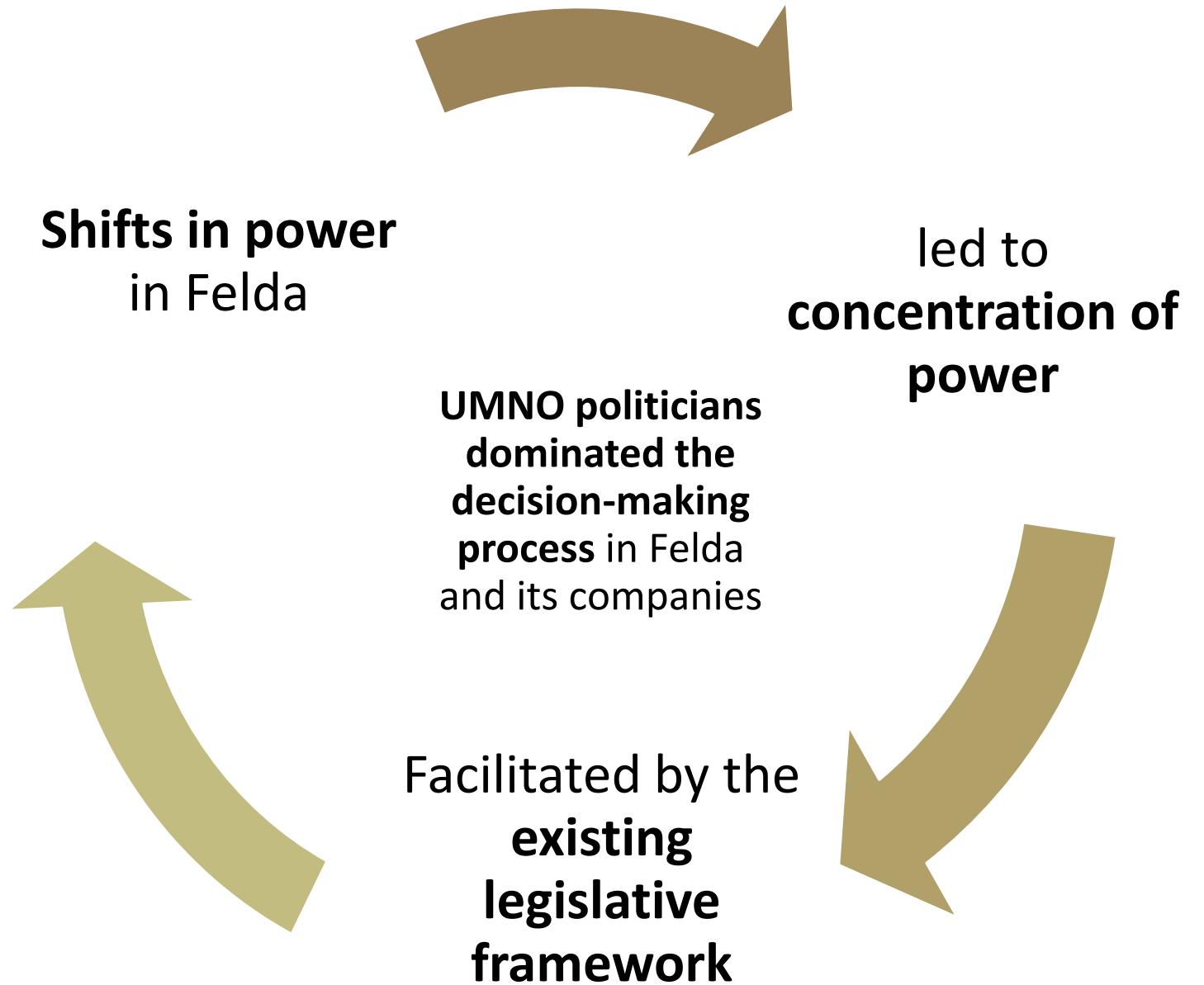
Disagreements over the direction of the company

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

THE CONTROVERSIES



What was the
cause of the
controversies?



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

Felda's Chairman

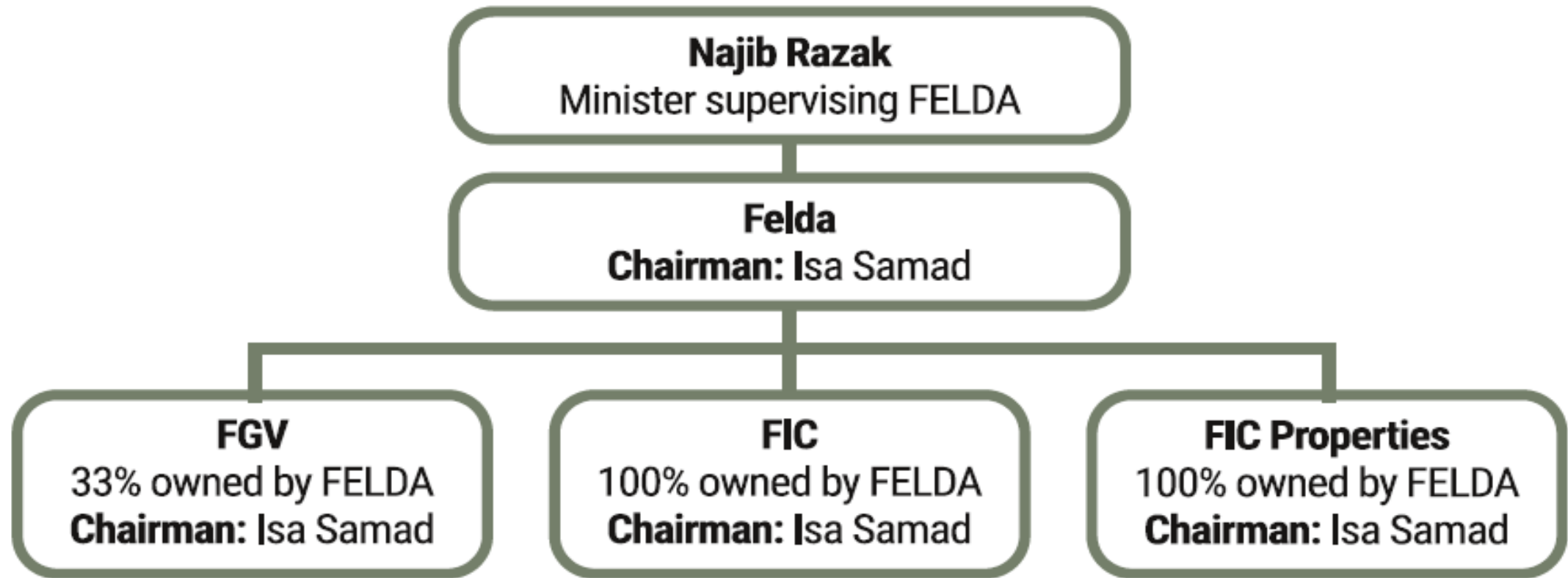
Felda's Chairman	Period of service	Background
D.E.M Fiennes	1 August 1956 to 13 October 1958	Chairman of Malayan Development Limited (Felda's funder)
Taib bin Andak	14 October 1958 to 31 August 1971	Civil Servant
Musa bin Hitam	1 September 1971 to 31 December 1972	Politician UMNO member
Harun bin Arifin	1 January 1973 to 30 April 1979	Civil Servant Secretary General, Ministry of National and Rural Development
Raja Muhammad Alias	1 May 1979 to 30 June 2001	Civil Servant
Mohd Yusof Noor	1 July 2001 to 31 December 2010	Politician Member of UMNO Supreme Council from 2000 to 2003 Former Cabinet Minister
Mohd Isa bin Abdul Samad	1 January 2011 to 31 December 2016	Politician Former UMNO Vice President Former Menteri Besar of Negeri Sembilan and former Cabinet Minister
Shahrir bin Abdul Samad	Since 1 January 2017	Politician UMNO member; Former Cabinet Minister

Who oversees Felda?

Era	Ministry in charge of FELDA
Tunku Abdul Rahman 1957-1970	Ministry of Natural Resources Ministry of Rural Development Ministry of National and Rural Development
Razak Hussein 1970-1976	Ministry of National and Rural Development
Hussein Onn 1976-1981	Ministry of Land and Mines Ministry of Lands and Regional Development
Mahathir Mohamad 1981-2003	Ministry of Lands and Regional Development Ministry of Rural Development Ministry of Land and Cooperative Development
Abdullah Badawi 2003-2009	Ministry of Land and Cooperative Development Prime Minister's Department
Najib Razak 2009 – present	Prime Minister's Department

Concentration of power

Chart: UMNO Control Over Felda



Legislative Framework

THE CAUSES

1

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

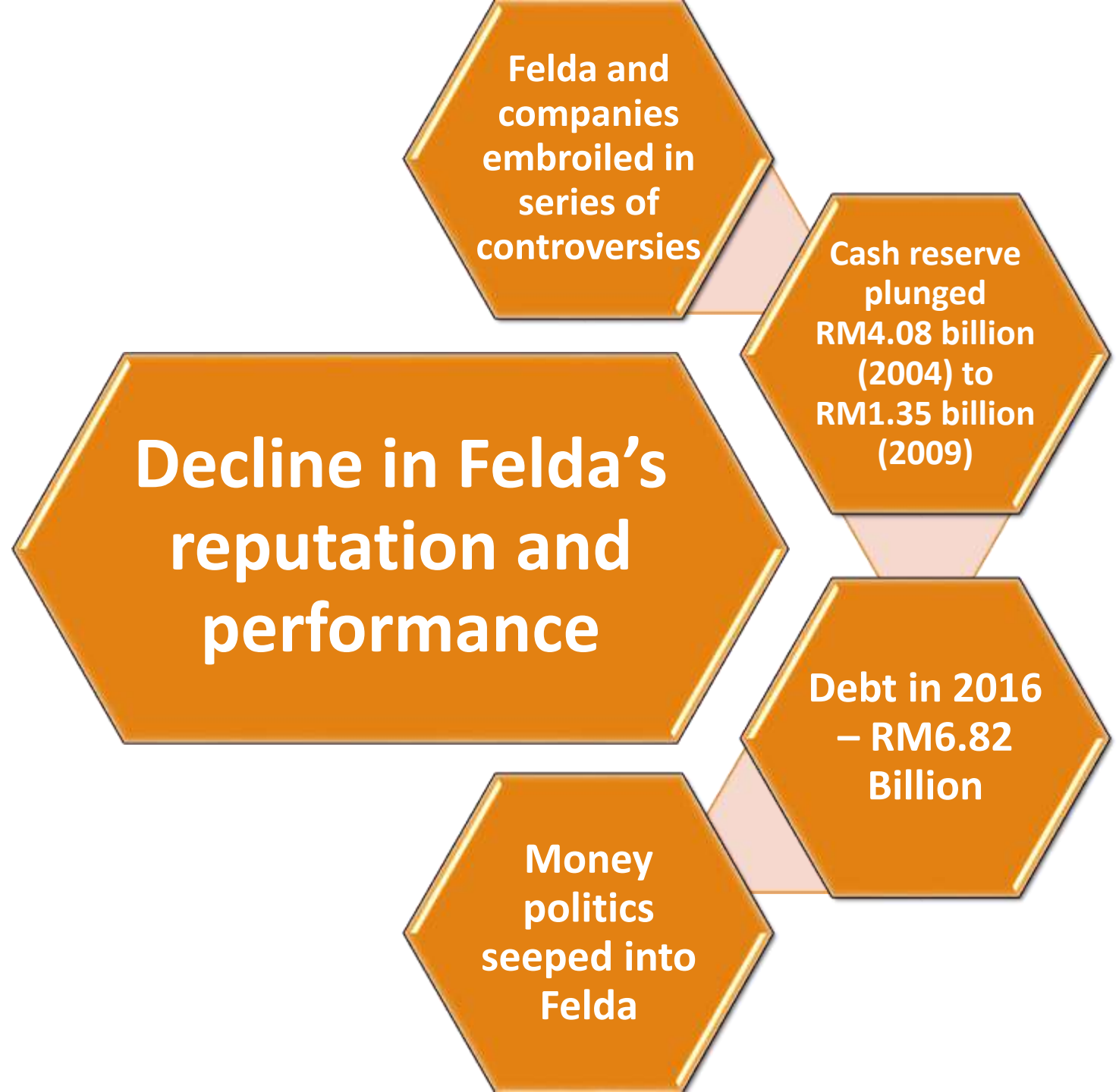
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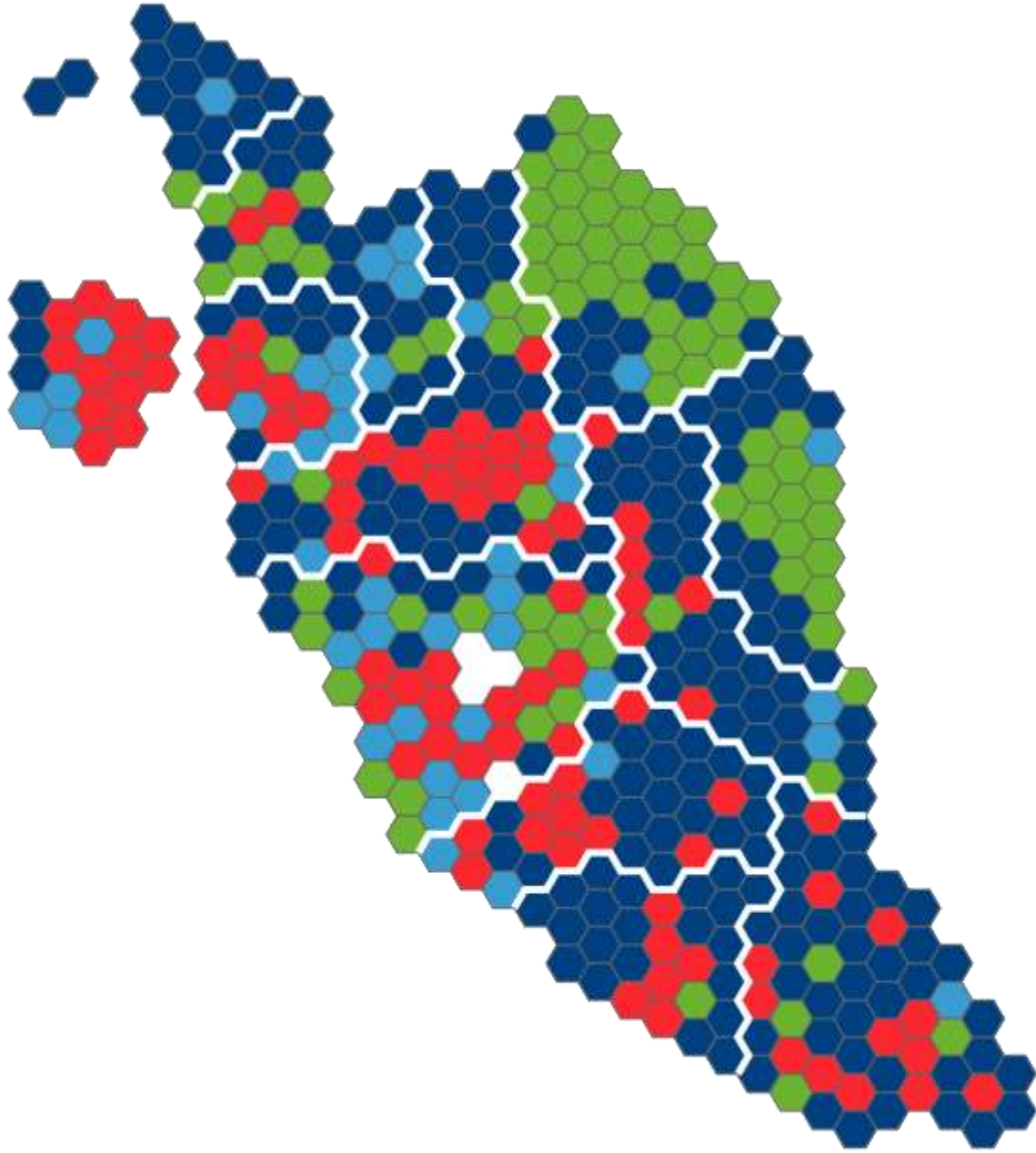
Minister has absolute power to appoint and remove Felda's Chairman and Board members

3

Does not provide sufficient check and balances in administration of Felda

Implications





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

Money politics

1

Duit Raya Bonus &
Productivity Incentive
Bonus
since 2003 to selected group
of settlers

2

RM15,000 'windfall'
to each household
2012 – FGV listing controversy
and impending elections

3

Incentive package
RM1.3 billion
2017 – FGV boardroom tussle
and MACC's probe into FIC
luxury hotel purchases

Lingering Questions

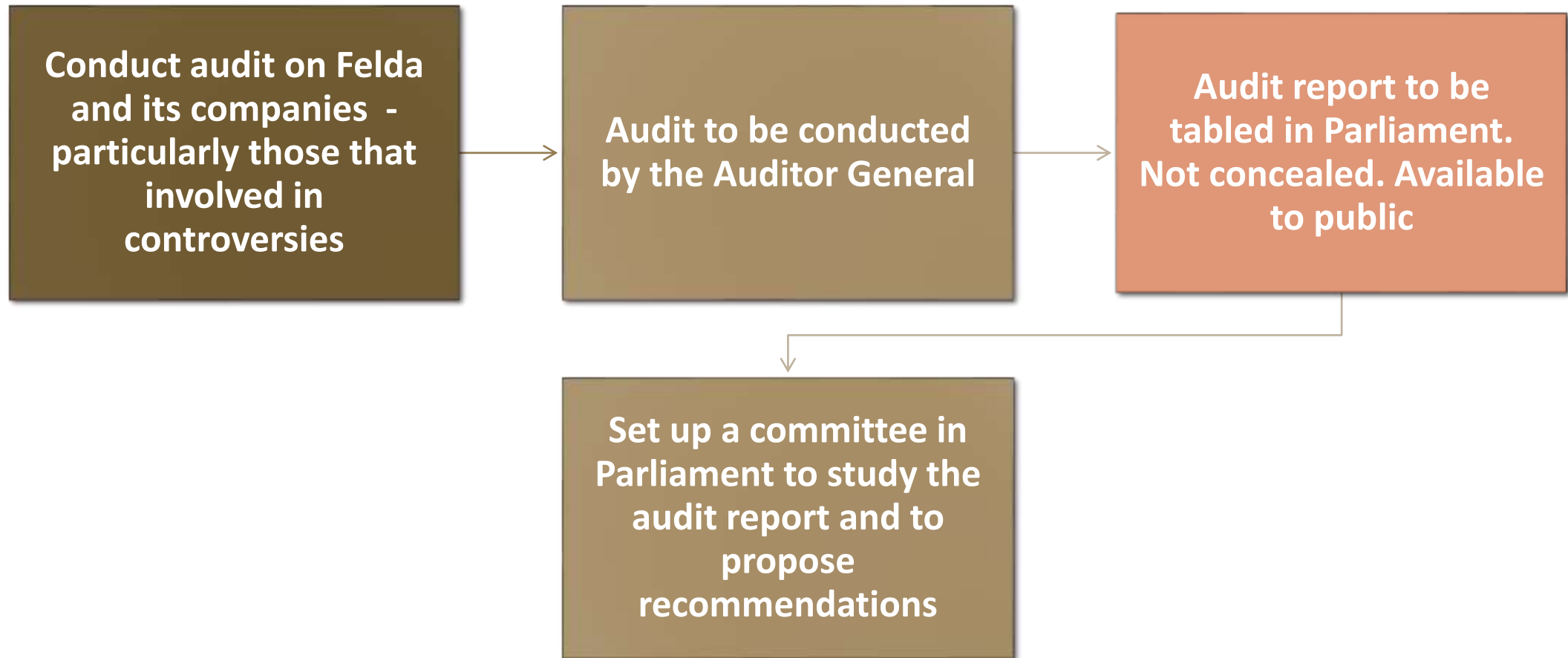
Why has the Minister in-charge of Felda failed to prevent these controversies?

Was the Minister complicit in it?

Why the Minister not held accountable for his inaction?

Why is that the investigations by PDRM and MACC into these Felda scandals have not been completed?

Immediate steps



**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**

Long term solutions