

Felda will face RM1.5bil deficit, warns NGO

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The PAS led Felda settlers children's association or Anak has warned that the Federal Land Development Authority may be hit by a deficit of RM1.25 billion to RM1.5 billion annually if the proposed listing of its subsidiary company Felda Global Ventures Holdings Bhd (FGV) goes through.

This will be the consequence of Felda handing over all its stake to FGV, receiving in return only RM251 million annually from fixed lease payments and a 15 percent profit from FGV's Agriculture Operations valued at between RM257 million and RM508 million, depending on the market.

NONEAnak president Mazlan Aliman in revealing the terms of the agreement between Felda and FGV raised the question of who was to bear the remaining RM1.25 to RM1.5 billion burden.

Anak economic advisor Dr Rosli Yaacop, former Bank Negara deputy director, said Felda's revenue in 2010 was RM2.4 billion but its operating cost was RM2 billion.

And, Rosli said, Felda turned in a profit of only RM400 million that year.

"However, with the listing exercise, Felda will still be entrusted with the operations exercise of the settlers and the land but they will in return get a total income of RM251 million from the lease and an additional RM257 million or RM508 million depending on the oil palm fruit output."

"That leaves Felda with a deficit of RM1.25 billion to RM1.5 billion in operating costs. Who will meet the operating costs of Felda if not the taxpayers or government then," Rosli asked.

Showing the agreement, Mazlan said this was raised by former Felda director-general Zulkifli Abd Wahab, and other senior executives but their question was termed insubordination and he was given the boot.

"I feel this is a legitimate question. Felda is the mother company but in the end its subsidiary will be listed and on top of that the assets of Koperasi Permodalan Felda Bhd is to be incorporated into FGV."

"This question remains unanswered by the deputy minister Ahmad Maslan , Felda chairperson Isa Samad and the prime minister who is the leader in charge of Felda itself," he said.

Felda self sufficient in 1990s

Mazlan pointed out that in the 1990's Felda was self sufficient, as it generated its own income to cover its expenses.

However, once listed , he stressed Felda would not only have to find a new source of income as a result, but may have to face the annual deficit threat.

That question posed by Zulkifli's remains unanswered till today, he said.

"I challenge the BN government to explain the details of the agreement between Felda and FGV and reveal how Felda is to generate more income to fund its operating costs with this exercise," he said.