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Taking FGV private an 'option'

A strategic review of the group includes exploring options to privatise FGV to boost Felda's income, says DG Othman

by ALIFAH ZAINUDDIN

THE Federal Land Development Authority (Felda) on Tuesday said plans to privatise its listed arm FGV Holdings Bhd is "definitely an option" ahead of the tabling of a new report on the agency next month.

Felda DG Dr Datuk Othman Omar said a strategic review of the group includes exploring options to privatise FGV to boost Felda's

income, though he did not state if the decision has been taken.

"It is an option that has been studied. When Felda was in control of the land 10 years ago, there was a lot of profit we were able to make. When it was sourced out to FGV, what we've been getting is the RM250 million plus some of their profit each year. So, it is definitely an option," Othman told reporters in Shah Alam.

FGV, listed in 2012, manages some 360,000ha of land owned by Felda under a 99-year land lease agreement signed as part of the company's listing exercise. In turn, Felda receives a fixed annual payment of RM250 million from FGV, plus a 15% share of profits.

Prior to FGV's listing, Felda's net

income stood as high as RM1.1 billion, while revenue went up to RM5.9 billion from 2007 until 2011. Felda has since been in the red with a massive RM5.7 billion net loss in 2018, while turnover continues to hit below the RM2 billion mark.

Minister in the Prime Minister's Department (Economic Affairs) Datuk Seri Mustapa Mohamed last month said the report, which he described as a follow-up to the Felda White Paper tabled in Parliament last year, will contain a model to improve Felda's accounts and ease debts owed by settlers.

Mustapa said the report would also include a plan to raise Felda's palm oil output from its current production of between 19 and 20 tonnes per acre per year to 25 tonnes per year.

Adding to this, Othman said the use of new technology to increase yields by a mere 10% is equivalent to adding 10,000 acres (4,046ha) to Felda's one million-acre landbank.

He said other methods such as the cultivation of alternative crops and greenhouse vegetables in areas with less rainfall are also being considered.

"Pineapples can produce five times more (compared to oil palm), durian is 10 times more, and greenhouse crops like figs and ginger — some can produce up to 100 times more. So, instead of spending money to raise yields for oil palm, we might as well spend it on crops that can produce more and at a cheaper cost," Othman said.

He said raising the mechani-

sation rate at Felda by 100% can also help reduce the use of foreign labour by more than half. The use of latest gadgets such as remote-controlled machines and drones would also help attract more local talent to work in the sector, he added.

On Tuesday, CIMB Islamic Bank Bhd awarded grants worth a total RM250,000 to 17 Felda entrepreneurs, following their participation in the Bilut-CIMB Entrepreneurship Programme with learning modules provided by Universiti Teknologi Mara.

The grants were given as seed money to help entrepreneurs expand their businesses, which include workshops, restaurants, canopy rental services and home-stay operations, among others.