

THE LEGAL STATUS OF FELDA SETTLERS

BY  
RAFIE BIN OMAR

PROJECT PAPER SUBMITTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENT FOR DIPLOMA IN LAW AT THE  
MARA INSTITUTE OF TECHNOLOGY, SHAH ALAM, SELANGOR.

## PREFACE

The legal status of the settlers in the FELDA land development schemes has not been made very clear to most of the public. The settlers' rights remain ambiguous, and many think that they have no rights at all. The existing information related to FELDA deals only with the broad structure of FELDA and its achievements in its business-orientated projects. There is nothing available for the public (and even the settlers themselves) to decide what the status of the settlers is.

The general impression that the members of the public have is that FELDA is a government department which is concerned with oil palm and rubber and it provides lands to the settlers to work on. Those who are not sure of the status of the settlers are of the view that the settlers are exploited by FELDA. It seems that the settlers have become the victims of being poor, uneducated and are obliged to work on the land with small incomes. However, whatever the inequities faced by the settlers there is no opinion stated as to how it can be stopped or avoided. The simple reason for this failure is that there is no clear picture of the status and the rights of the settlers.

This situation cannot be allowed to continue. In order to help the settlers there must be someone willing to examine the relationship that exist between them and FELDA, and to suggest ways to protect the interest of the settlers. If victimisation occurs, it must be put to an end, and where necessary those liable for the problem held accountable.

## ACKNOWLEDGMENTS

This project paper is in one sense a very ambitious project. I embarked on it with the ambition of providing some general views of the relationship, the status and rights of FELDA settlers, which have not been previously discussed in writing.

The preparation of this project paper would not have been possible without the assistance and active support of a number of people. In particular, I am especially indebted to Professor Jack A. Hiller, Fulbright Professor, a visitor to I.T.M. from the School of Law, Valparaiso University, Valparaiso, Indiana, who has made numerous suggestions from which I have profited. He pointed out a number of ways in which it might be improved and offered many valuable comments. These led to a number of improvements, but I wish to make it clear that I alone am responsible for the final text.

I also would like to express my gratitudes to Encik Ibrahim Lamat, former Head of School of Administration and Law, Institute Technology MARA, who had kindly supplied materials and suggestions. My thanks also go to Encik Hamid Naina, Public Relation Office at the FELDA Headquarters, who had generously spent much of his valuable times to give some rough pictures about the structure and history of the schemes. None of the critical questions raised herein should be attributed to him.

On the technical side, I wish to thank Puan Faridah for her many hours in typing the manuscript, without whose corporation this project paper could not have been completed.

Finally, I owe many thanks to my fiance, Mislaini, for her encouragement and patience at many stages, whose presence has provided me with inspiration.

Rafie bin Omar

November, 1986

## TABLE OF CONTENTS

|                                                                                                               |      |
|---------------------------------------------------------------------------------------------------------------|------|
| Preface                                                                                                       | v    |
| Acknowledgments                                                                                               | vii  |
| List of Abbreviations                                                                                         | viii |
| List of Statutes                                                                                              | ix   |
| CHAPTER 1 : THE LEGAL BACKGROUND OF FELDA SCHEME                                                              | 1    |
| CHAPTER 2 : THE STRUCTURE OF FELDA                                                                            | 16   |
| CHAPTER 3 : THE RELATIONSHIP BETWEEN THE SETTLERS AND<br>FELDA                                                | 27   |
| The Selection                                                                                                 | 28   |
| The Placement of Settlers                                                                                     | 31   |
| The Agreements                                                                                                | 32   |
| CHAPTER 4 : THE SETTLERS' RIGHTS AND OBLIGATIONS                                                              | 41   |
| Settler Housing                                                                                               | 41   |
| Settler Income                                                                                                | 43   |
| Repayment of Loan                                                                                             | 47   |
| Settler Development                                                                                           | 49   |
| Breach of the Agreements                                                                                      | 51   |
| CHAPTER 5 : THE DIVISION AND DISTRIBUTION OF PROPERTY<br>IN THE EVENT OF DIVORCE OR THE DEATH OF<br>A SETTLER | 55   |
| In Case of Divorce                                                                                            | 56   |
| In Case of Death                                                                                              | 59   |
| CONCLUSION                                                                                                    | 63   |
| BIBLIOGRAPHY                                                                                                  | 70   |
| APPENDIXES                                                                                                    |      |

## CHAPTER ONE

### THE LEGAL BACKGROUND OF THE FELDA SCHEME

It has now been thirty years since the establishment of the Federal Land Development Authority (FELDA) on 1st July, 1956; the same date on which the Land Development Ordinance 1956 (No. 20/1956) (the statute from which the FELDA derives its powers) came into force. During this period of time, FELDA has been one of the very active authorities in land development and its role and contribution are very well recognised, locally and internationally. To date, there are 97,113 settlers in the 261 development schemes successfully operating all over the country.<sup>1</sup>

If the number of settlers and schemes may be seen as a proof of FELDA's success, this success has been achieved by it through long years of proper management and continuous services, well-planned for the benefit of the settlers.

The idea of having a land scheme properly managed to provide better living for the Malaysians was first mooted during the period of self-government preceding Independence. The idea was to have a definite policy for land development as a basic strategy for the raising of the economic status of the rural sector. Such a strategy was imperative as the existing private investment did not generate an equitable distribution of wealth within the country, although it did play the major role in Malaysia's agricultural expansion and economic development. Moreover, the maintenance of a balance between national and foreign ownership of land required a more direct involvement by the Government. "The post-Independence period, therefore, saw the active participation of the public sector and a reduced role played by the private sector."<sup>2</sup>

---

<sup>1</sup> See Table A at page 14 below.

<sup>2</sup> Tunku Shamsul Bahrain & D.D.A. Parera, FELDA 21 years of Land Development, FELDA, Kuala Lumpur, 1977, p. 1