

MEMORANDUM

To: YAB. Dato' Sri Wan Rosdy bin Wan Ismail (Menteri Besar Pahang)

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Memorandum on Reviewing Rent and Terms of Cameron Highlands' Agricultural Land Lease

1.0 Foreword

On January 30, 2020, Pahang Chief Minister Dato' Sri Wan Rosdy bin Wan Ismail announced that a total of 1018 vegetable farmers in Cameron Highlands who have been operating on land with Temporary Operating License (TOL) status will be offered to continue their farming activities through a registered rental arrangement. The total size of land involved is 5,526,219 hectares.

Since end of February 2020, offers letters of land lease for Cameron Highlands' agricultural land issued by Pahang Corporation Sdn. Bhd (PCSB) were distributed in stages to TOL farmers.

Based on the offer letter, the annual rent will be RM4,500 per acre while the lease term is 3 years with option of 2-year extension. Farmers who accept the offer will have to obey the terms stipulated in the offer letter. Among all, farmers will have to received myGAP certification in 30 months. Also, farmers are not allowed to mortgage their land to any bank or financial institution.

The agricultural sector in Cameron Highlands have been facing a lot of challenges due to factors such as rising cost and lack of labour. Such challenges continue to heighten due to the implementation of Movement Control Order (MCO) that aims at combating the spread of Covid-19. Therefore, we have prepared a memorandum to Pahang Chief Minister in order to put forward suggestions to review the rent and terms of Cameron Highlands' agricultural land lease.

2.0 Problem Statement

After studying thoroughly the terms stipulated in the contract and listening to the opinions of farmers and farmers' associations, we would like to put forward the potential problems that will be faced by farmers to Pahang Chief Minister as follows:

No.	Item	Problem
1	The annual rent of RM 4,500 per acre	<p>We opine that the annual rent of RM4,500 per acre has skyrocketed from the previous fee and has become too unaffordable for farmers. The almost 500% rent increment compared with the TOL rate of RM884 (inclusive of water bill) is unreasonable. In addition, the rent for Cameron Highlands' agricultural land will be the highest in the country. For instance, the annual rent for oil palm estate in other Pahang districts is RM 24 per acre whereas the rent for fruit farms is merely RM 8 per acre.</p> <p>Apart from rent, farmers have to bear various costs such as fertilizer, seedlings and labour cost that are also rising, thus bringing increasingly heavy financial burden to farmers.</p>
2	Lease term of 3 years with option of 2-year extension	We opine that the 3-year lease is short and could not be turned into sufficient incentive to encourage farmers to undertake agricultural transformation and upgrading. Among all, the short lease term could not encourage the adoption of modern farming technology that requires capital and time.
3	The maximum land size is 3 acres.	Some small-scale agricultural lands that exceed 3 acres are not offered land lease.
4	Land development work is not allowed for slopes that exceed 11°	A lot of agricultural land in Cameron Highlands are currently located at slopes that exceed 11°
5	The use of heavy machinery is prohibited	The use of heavy machinery is often required to speed up preparation work for agricultural land. In the modern context, heavy machinery can be environmentally friendly and help increase the productivity of agricultural sector besides protecting the environment. Nevertheless, the land lease does not include a clear guidance or terms on the types of heavy machinery that may be allowed.
6	Submitting land use report to PCSB every 6 months	MyGAP certification will include detailed information on the types of crops, hence land use report is seen as redundant and bring about inconvenience to farmers.
7	Land is not inheritable	A majority of the farmers in Cameron Highlands have been farming for generations and wish to continue to operate on their farms. Farming techniques will eventually be lost if their land is not inheritable.

8	Land is not mortgageable to banks or financial institutions	The government would face difficulties in encouraging farmers to adopt modern farming technology if their land cannot be mortgaged to banks or financial institutions for enough capital.
9	Agricultural waste disposal site has to be prepared by farmers	The effort of managing agricultural waste might be ineffective if there is a lack of cooperation between farmers and the government.

3.0 Suggestions

We would like to propose several suggestions to the problems and challenges that farmers would face.

No.	Item	Suggestion
1	The annual rent of RM 4,500 per acre	Reduce the annual rent to RM1,000 per acre in order to reduce the increasing financial burden of farmers. This effort will provide direct assistance to the agricultural sector in Cameron Highlands that is badly affected by the economic crisis due to Covid-19.
2	Lease term of 3 years with option of 2-year extension	Increase the lease term to 5 years with option of 30-year extension.
3	The maximum land size is 3 acres.	Increase the maximum land size to be offered lease to 5 acres so that most small-scale agricultural land in Cameron Highlands will be included in the government's initiative.
4	Land development work is not allowed for slopes that exceed 11°	Allow farmers to develop and operate on their current agricultural land that exceeds 11°. Apart from that, the government should also consider allowing modern agricultural technology to be used to develop land that exceeds 11° with the hope of increasing agricultural productivity and protecting the environment at the same time.
5	The use of heavy machinery is prohibited	We hope that this term can be reviewed as the use of heavy machinery based on guidance set by the authorities can in fact be more environmentally friendly and help boost the productivity of agricultural sector. We propose that a guidance or a set of Standard Operating Procedures (SOPs) for the use of heavy machinery can be provided to farmers.

6	Submitting land use report to PCSB every 6 months	We request to drop this term due to the fact that myGAP certification that is a necessary criterion to obtain lease also contains similar information.
7	Land is not inheritable	We request to review the term so that farming activities and skills can be continued and inherited by the next generations.
8	Land is not mortgageable to banks or financial institutions	Allow land mortgage to bank with conditions.
9	Agricultural waste disposal site has to be prepared by farmers	The government can set up recycling centres at different agricultural areas as most agricultural waste can be recycled and need not be wasted.

4.0 Conclusion

Malaysia is faced with immense challenges, particularly in its economy when implementing MCO to combat Covid-19. As it is foreseeable that global and national economic recovery can hardly happen any time soon, the government including the Pahang state government should act swiftly and take up the responsibility to provide necessary assistance to the people. Such efforts will prove that the government cares about its citizens and is willing to face all challenges with the people in order to combat Covid-19 hand in hand.

As for the agricultural sector, one of the most effective and direct measure of economic stimulus is to provide space for farmers via relaxing land lease policy. The agricultural sector in Cameron Highlands, particularly the floricultural sector that is also part of the huge interdependent economic chain, did not escape from the economic crises and thus, experiencing huge loses since then. Therefore, initiatives to review the rate and terms of agricultural land lease will be a huge relief to farmers. Also, such initiatives that help preserve Cameron Highlands' agricultural sector will undoubtedly bring about long-term positive impacts by ensuring food security as well as protecting the benefits of consumers across the country.

Hence, in order to reduce the burden of farmers who are badly affected by the economic crisis, we sincerely hope that the Pahang government will consider to provide a rent-free period for 3 years. We also hope that the Pahang government will review the terms of Cameron Highlands' agricultural land lease by considering suggestions put forward by us. It is our hope that the Pahang state government will undertake necessary efforts to reduce farmers' burden, improve the quality and productivity of the agricultural sector, as well as ensuring food security as a national strategic aim.