

# WORLD SUSTAINABLE PALM OIL CONFERENCE

LONDON, 15 SEPTEMBER 2008

SESSION TWO:

PALM OIL — ONE WITH NATURE :  
CHALLENGES AND OUTCOME

— THE SARAWAK EXPERIENCE —

# OVERVIEW OF OIL PALM PLANTATIONS IN SARAWAK

1. Oil Palm Plantations Expanding since 1975.
2. In 1975, the total area of Oil Palm Plantations was only 14,091 hectares.
3. Up to June 2008, this area has increased to **725,359** hectares.
4. Plantations are developed and owned by –
  - (a) Private Sector
  - (b) Government Agencies
  - (c) Under New Concept for Development of Native Customary Land<sup>(1)</sup>
  - (d) Small holders.

(1) Development under tripartite joint venture arrangement involving the government, NCR landowners and private sector – see: Paper entitled “Plantations Development on Native Customary Rights Land in Sarawak” by Datu Vasco S. Singkang & Joseph Blandoi, presented at the International Plantation Industry Conference and Exhibition (Nov. 2006), Kuala Lumpur.

## DETAILS OF OIL PALM PLANTATIONS ARE AS FOLLOWS

Year	Area Planted (Ha)				NCR New Concept	Smallholder	Total	Annual Increase (%)
	Private Sector	Government Agencies SALCRA FELDA FELCRA						
1990	-	-	-	-	-	-	54,795	11.16
1991	-	-	-	-	-	-	60,359	10.15
1992	-	-	-	-	-	-	77,142	27.81
1993	-	-	-	-	-	-	87,027	12.81
1994	54,861	←----- 54,861----->			-	-	109,722	26.08
1995	76,665	←----- 59,383----->			-	-	136,048	23.99
1996	115,249	←----- 68,045----->			-	-	183,294	34.73
1997	152,596	←-----76,320----->			-	2,158	231,074	26.07
1998	184,918	←----- 71,779----->			6,900	3,929	267,526	15.78
1999	244,344	41,755	-	12,693	12,539	3,929	315,260	17.84
2000	263,150	41,755	-	12,288	15,722	6,535	353,131	12.01
2001	312,611	44,294	-	16,064	21,668	9,149	403,786	14.34
2002	319,984	45,485	7,680	16,929	22,364	11,177	423,619	4.91
2003	366,433	45,887	7,680	19,046	24,910	13,428	477,384	12.69
2004	390,262	45,229	7,680	23,684	25,641	15,813	508,309	6.48
2005	417,194	45,887	7,680	24,873	30,644	17,120	543,398	6.90
2006	464,727	47,134	7,680	26,980	34,647	22,816	603,984	11.15
2007	526,685	47,933	7,680	31,723	38,805	29,199	682,025	12.92
Jun-08	553,562	51,149	7,680	39,308	43,292	30,368	725,359	6.35

## LAND FOR OIL PALM PLANTATIONS

1. Sarawak is the biggest State in Malaysia. In terms of size, almost as big as Peninsular Malaysia<sup>(2)</sup>.
2. State Government's overall policy is towards development of its natural resources, including land, in a sustainable manner in order to realise their optimal potentials.
3. This development strategy includes designating certain areas as "Totally Protected Areas" (TPA) – to conserve the forests for National Parks, Nature Reserves and Wild Life Sanctuaries.

(2) Area of Sarawak : 47,500 sq. miles. Peninsular Malaysia: 50,700 sq. miles.

## TOTALLY PROTECTED AREAS

Totally Protected Areas (TPA) (land-based areas only)<sup>(3)</sup>

Existing TPA in hectares	:	485,513	
Proposed TPA in existing FR <sup>(4)</sup> and PF <sup>(5)</sup>	:	755,909 )	786,254
Proposed TPA in proposed FR and PF	:	30,345 )	
Proposed TPA in State land Forests	:	250,438	250,438
 Total	 :	 1,522,205	 1,036,692

(3) Source: Department of Forests

(4) FR: Forest Reserves

(5) PF: Protected Forests

# LAND FOR OIL PALM PLANTATIONS

1. Oil Palm Plantations are all outside the TPAs.
2. **725,359** hectares planted up to June 2008 are from –
  - (a) State land
  - (b) Land areas formed by way of “amalgamation” of NCR<sup>(6)</sup> land into Land banks for commercial agriculture including oil palm plantations
  - (c) Peat Swamp areas (90,625 hectares), i.e. 12.7% of total area of palm oil plantations.

(6) Native Customary Rights. Such land created through native customs of felling virgin jungle for farming (mainly subsistence farming).

# **SOCIAL ECONOMIC BENEFITS TO NATIVES — RE-USING NCR LAND FOR PALM OIL PLANTATION**

- An Important Vehicle used by Government to develop Land held by Natives, without titles, under Native Customary Tenure is Sarawak Land Consolidation and Rehabilitation Authority (SALCRA)<sup>(7)</sup>.
- Principal or core business of SALCRA is to develop and manage NCR Land for Oil Palm, Rubber and Tea Planting Estates, based on “In Situ” Concept (bringing projects to People).
- Oil Palm is deemed a commercially viable cash crop.
- Planting Oil Palms more economically advantageous to Natives than the pursuit of their traditional subsistence farming on small plots of Native Customary Land without titles.
- As at end of August, 2008, number of estates and areas planted with Oil Palm by SALCRA is as follows:-

(7) This is a body established by Law. Other Government Agencies involved in facilitation and oil palm plantations include (a) Land Custody & Development Authority, Sarawak, (b) FELDA and (c) FELCRA.

**SOCIAL ECONOMIC BENEFITS TO NATIVES —  
RE-USING NCR LAND FOR PALM OIL PLANTATION  
(cont.)**

<b>Region</b>	<b>No of Estates</b>	<b>Oil Palm (HA)</b>
Sri Aman	4	12,739
Saratok-Saribas	4	13,843
Serian	6	11,952
Bau-Lundu	5	12,615
<b>Total</b>	<b>19</b>	<b>51,149<sup>(8)</sup></b>

(8) Source: SALCRA.

## SOCIAL ECONOMIC BENEFITS TO NATIVES — RE-USING NCR LAND FOR PALM OIL PLANTATION (cont.)

6. Number of Native villages and households benefitted from Palm Oil Schemes of SALCRA<sup>(9)</sup>.

Region	Village	Household	Population
Sri Aman	142	4,437	22,185
Saratok-Saribas	205	5,458	27,290
Serian	97	7,516	37,580
Bau-Lundu	40	4,400	22,000
<b>Total</b>	<b>484</b>	<b>21,811</b>	<b>109,055</b>

(9) Source: SALCRA.

## SOCIAL ECONOMIC BENEFITS TO NATIVES — RE-USING NCR LAND FOR PALM OIL PLANTATION (cont.)

Monthly Income Levels of People improved through participation in Oil Palm Schemes of SALCRA.

Region	Before SALCRA/Family or Household RM <sup>(10)</sup>	After SALCRA <b>per capita</b> (Lowest-Highest) RM	
		Harvester	Maintenance Worker
Sri Aman	419.07	497.30-1.147.61	509.36-568.81
Saratok-Saribas	Not available	611.89-864.12	326.74-455.09
Serian	412.48	446.45-945.60	331.61-677.15
Bau-Lundu	415.00	570.50-831.85	418.57-535.76
<b>Total</b>	<b>N/A</b>	<b>570.58-897.99</b>	<b>360.34-472.82</b>

**Note:**

- This figure excludes Nett Proceeds Payment.
- Figure for Before SALCRA is based on available study figures (per household).
- Figure for After SALCRA is calculated based on per capita. The more members of a family work in the estate, the higher the family income.
- Giving average income for After SALCRA depends on whether they are harvester or maintenance workers.

(10) RM6.20 (approx.) to £1. Based on SALRA's experience. NCR landowners with large parcels of land can receive as much as RM200,000 per year during good times – see Paper referred to in Note (1).

**SOCIAL ECONOMIC BENEFITS TO NATIVES —  
RE-USING NCR LAND FOR PALM OIL PLANTATION (cont.)**

1. Participants in SALCRA oil palm schemes are issued with Titles for their NCR Land which previously were untitled.
2. This process enables the Natives to obtain legal ownership of their land.
3. To date, 5,681 titles have been issued to those participating in SALCRA Oil Palm Plantation Schemes.
4. Survey work for other parcels of land not issued with Titles ongoing.
5. Better roads and other infrastructures resulted from the creation of oil palm plantations or estates.

## SUSTAINABILITY

- (1) As Oil Palm is a cash crop with good long-term prospects, Natives who are involved in Schemes (like SALCRA type) to develop their NCR land will benefit socially and economically. Their land tenure would be secured with issuance of Titles.
- (2) Good Environment Standards and Practices are complied with. The Policy and Strategies adopted by Government Agencies and Private Sector developers, in the oil palm plantation **sector** are:-

- (a) to achieve balance between financial benefits and management of physical environment,
- (b) Environment Impact Assessment (EIA) Studies are carried out before estate development or setting up of palm oil mills as required under Federal and State environment laws,
- (c) Periodical Environmental Monitoring Report to be prepared for inspection by relevant authorities,
- (d) Adoption of “green technologies” in field and processing operations:

- Zero burning;
- Riparian (river bank & coastal) reserves maintained;
- Planting of Cover Plants;
- Terracing – for erosion control, water conservation and mechanization;
- Mulching – part of waste management;
- Ruminant under oil palm – environmental friendly practice that reduces usage of chemical for weeding purposes, cut cost and offset labour shortages’;
- Installation of Sustainable Environmental Solution (SES) technology at Mills to control Bio-Chemical Oxygen Demand (BOD) level below 20 ppm.

- (e) Stakeholders in the oil palm industry, who are members of the Roundtable on Sustainable Palm Oil (RSPO), are working together to develop fully traceable Certified Sustainable Palm Oil (CSPO).

# CONCLUSION

1. Whilst conserving nearly 500,000 hectares of land as totally Protected Areas and with intention to gazette twice this area for conservation and protection of tropical forests, the State still has large amount of land for commercial agriculture and plantation.
2. Oil Palm Plantations are able to improve the socio-economic position of the Natives. The benefits derived by their participation in Schemes to develop their NCR land will improve their socio-economic position.
3. The development of oil palm estates is carried out in compliance with the relevant environment regulations and adopt in “green technologies” approach.

## **CONCLUSION (cont.)**

4. Also, relevant laws, such as National Parks & Nature Reserves Ordinance 1998 and Wild Life Protection Ordinance 1998 are in place to protect our National Parks, Nature Reserves, Wildlife Sanctuaries and our wild life.
5. In short, the policies and strategies of the Sarawak Government in the development of Oil Palm estates will ensure the sustainability of the oil palm industry in the State and that this industry will not threaten our wild life and TPAs.