

## CHAPTER IV

### THE REPLANTING SCHEMES

In this chapter I shall first discuss the smallholders replanting schemes to be followed by the estates replanting schemes.

#### The Smallholders Replanting Schemes

The first scheme to help the smallholders replanting was started in 1952. It was after the Second World War that the Government became concerned with the economic condition of the smallholder and appointed a Smallholders Enquiry Committee to inquire into the position of the smallholders. At the same time a Smallholders Sub-Committee was also formed to look into the problems of replanting. Meanwhile, an interim scheme, The Smallholders Replanting Scheme, was set up in Sept. 1952. This scheme lasted till Dec. 1952 when it was taken over by the second scheme, The Smallholders Replanting Scheme. The interim scheme was intended to give interim financial assistance and encouragement to the smallholders who had already made some progress in replanting during 1952.

The implementation of this scheme imposed a severe strain on the civil administration as there was insufficient

time to spread the publicity of the scheme down to the kampong level, due to the short durability of the scheme. Furthermore, there was also insufficient time to carry out the detailed inspection required in the holdings before the grants could be made to the smallholders. According to the intention of the scheme it was expected that all payments should have been completed by Dec. 1952, but the staff could not keep up with the work therefore some applications were on to the second scheme. However, the following results were achieved under this scheme:

Approved applications-----	2,517
Total acreage-----	7,884
Total payments made-----	\$850 150.00

Apart from the interim scheme there was the second scheme which became effective from Jan. 1953. This scheme was well defined and had clear objectives. It aimed at replanting 480,000 acres of high-yielding rubber by the end of 1959. According to this scheme grants totalling \$400.00 (half the estimated cost of replanting one acre) were to be given to the smallholders who qualified for replanting. The grant of \$400.00 was to be given in the following manner:

First advance-for work on felling or destruction of old rubber trees-----	\$120.00
Second advance-for the cost of replanting, manuring and upkeep paid six months later	\$100.00

Third advance-for the cost of manuring and upkeep  
to be paid one year after the second  
advance-----\$30.00

Fourth advance- for the cost of manuring and  
upkeep to be paid one year after  
the third advance-----\$40.00

Fifth advance-for the cost of manuring and upkeep  
to be paid one year after the  
fourth advance-----\$50.00

Sixth advance-for the cost of manuring and  
upkeep to be paid one year after  
the fifth advance-----\$60.00

Under the terms of the grant the smallholders were to replant with high-yielding rubber with approved planting materials determined by the replanting board. They were allowed to replant not less than one acre and not more than one-third of their total acreage. But in the case of owners with less than fifteen acres, they were given assistance to replant to the extent of five acres. This was to enable owners of the smaller holdings under five acres to replant the whole of their land so as to eliminate the planting of very small patches and similarly to eliminate the retention of very small areas of old trees.

Besides financial assistance, the Government also provided other forms of help by giving them fertilizers

the supply of cover seeds and fencing. Efforts were also made to induce them to protect and improve the soil by the establishment of nitrogeneous covers. In some cases where it was beyond the ability of a single holder to fence his fields, the Government helped to organise two or three holdings on a single run to be fenced, thus reducing costs.

The operations of all the replanting schemes were financed by two cesses known as the Schedule two cess and the Schedule four cess. For the purpose of distinction, two funds were created, Fund A and Fund B. Fund A was for financing the estate replanting and Fund B for the smallholder replanting. These two funds obtained their money from the two cesses.

Collection of the Schedule two cess was on a progressive scale when the price of rubber was over 50 cents a lb. This cess was collected from rubber exported from Malaya, without distinguishing whether they were from estate or smallholder's production. Imposition of this cess ceased when the price of rubber was below 60 cents a lb. Collection from this cess was divided between Funds A and B on the basis of production. The production figure was made up of 60% from the estates and 40% from the smallholders therefore collections from the Schedule two cess were divided between Funds A and B on this basis respectively. However, this cess which was first imposed in 1951 was withdrawn in 1955. The reason was that it was inadequate

and it vanished when the price of rubber was at 60 cents a lb. i.e. when the estates were least likely to make adequate provision for replanting.

The second source of finance for Funds A and B was the Schedule four cess. This was imposed on a flat rate of  $4\frac{1}{2}$  cents a lb. Collections from this cess was similarly divided between the two funds on the basis of production as in the case of Schedule two. This cess is still in existence to-day.

The third source of finance for replanting came from the anti-inflationary cess introduced in 1956. This cess was collected on a sliding scale when the price of rubber exceeded \$1.00 a lb. Money collected from this cess was distributed to the two funds on the same basis as the other two cesses. However, from 1960 onwards collection from this anti-inflationary cess was credited to the Government's revenue instead to the two funds.

The payment of the grant was initially at \$400.00 per acre. However, with the progress of replanting it was found that the first payment of \$120.00 was insufficient to cover the cost needed to destroy the old stand of trees and to clear the land of lalang and other deleterious growths. This was the complaint of most of the smallholders with the smallest holdings. But to those with larger holdings who had some reserves on which they could draw

and who had a greater assurance of sufficient income during the years before the new stand was tappable, there was no complaint. Also, to those smallholders who, being near to the roads and closer to the markets, had opportunity to reduce their replanting costs by selling their old stand of trees as firewood and by intercropping their new stand with vegetables or fruits, the grant appeared to be sufficient. However, a large majority of the smallholders were not in this favourable position but in the least fortunate position, This was especially true of those with the smallest holdings and those with a higher cost of replanting. Thus in 1954 the Government increased the grant to \$500.00 per acre. The first grant was increased to \$200.00. The object of this increament was to enable the replanter to have more liberal instalments to cover costs of fertilizer and upkeep in the vital two or three early years of the young trees.

However, with the increase in grant the results on replanting were not very encouraging. The target set for 1953 was 40,00 acres to be replanted and in 1954 it was 50,000 acres but the achievements were 27,612 and 24,538 acres in 1953 and 1954 respectively. In total this represented only about 58% of the target being achieved. One of the reasons was that the grant was insufficient and not indusive enough for the smallholders with very low income. Thus the Government in 1955 decided to set aside \$280,000,000.00 for replanting purpose. This sum was also

divided between the estates and smallholdings on the basis of production. The smallholders share was \$112,000,000.00 while the estates share was \$168,000,000.00. This grant was made under the Rubber Industry Replanting Scheme. Thus for the first time the Government has allotted a part of its budget for replanting purposes. Under this scheme provision was made to increase the grant to the smallholders by another \$100.00 to be made in two instalments of \$50.00 each. This was added to the third and fourth advances. This increment in advances was extended to those participating in the second scheme and to those who would be participating in the future. Under this scheme the Government also provided assistance to those participating in the second scheme to replant or plant (new planting) an additional maximum acreage of five acres for those having less than thirty acres. Thus with this increase in acreage permissible, those having thirty acres could replant a total of fifteen acres in all and those having less than fifteen acres could replant ten acres in all. With this increment in grant the sum increased from \$500.00 to \$600.00 per acre.

With the coming into end of the second scheme, the Government, in deciding to continue its assistance to the smallholders, promulgated the third scheme. This third scheme was the incorporation of the second scheme of 1953 and the Government Replanting Scheme of 1955 and it became effective in Jan. 1960. Its objectives were outlined as

follows:

- a) To undertake and continue the commitments of Scheme No. 2 under Fund B and the Government Replanting Scheme for Smallholders.
- b) To provide continued assistance to replant and new planting by smallholders.
- c) Grants to be made to smallholders in respect of approved applications for replanting and new planting of rubber at the rate of \$600.00 per acre.

However, during 1960 the scheme was amended to increase the grant from \$600.00 to \$750.00 per acre to those with more than five acres, and to \$800.00 to those with five acres and less. Payments would be made in seven instalments covering a period of 5½ years. The payments were to be made in the following manner:

First advance-to be given after the holding has  
been cleared and properly prepared  
and is ready for replanting-----\$250.00

Second advance-to be given six months after the  
first advance-----\$100.00

Third advance-to be given one year after the  
second advance, subject to the condition  
that the area has been properly looked  
after and that the stand of trees  
required has been maintained-----\$100.00

Fourth advance-to be given one year after the  
third advance, subject to the  
the condition that the area has  
been properly looked after-----\$100.00

Fifth advance-to be given one year after the  
forth advance, subject to the  
condition that the area has  
been properly looked after-----\$70.00

Sixth advance-to be given one year after the  
fifth advance, subject to the  
condition that the area has  
been properly looked after-----\$70.00

Seventh advance-to be given one year after  
the sixth advance, subject to the  
condition that the area has been  
properly looked after----- \$60.00

Besides, those smallholders having less than five acres  
were to be paid another \$50.00 as bonus after replanting  
has been completed thus bringing the total to \$800.00.

Under the provisions of this scheme the smallholders  
were allowed to replant less than one acre provided that  
the surrounding vegetation would not hinder the growth of  
the young trees. Furthermore, those having more than five  
acres but but not more than fifteen acres could replant  
all their acreage if they wished. Those having more than  
fifteen acres but not more than thirty acres could replant

up to two-thirds of their holding with an additional acreage of a maximum of five acres. Thus those having thirty acres of rubber trees could replant up to a maximum of twenty-five acres in all.

### The Estate Replanting Schemes

The first scheme for replanting of the estates was established in 1951 when funds for replanting were collected from Schedule two and distributed between Funds A and B. The estates share of the collection was from Fund A. Collections from Schedule two were credited to the two funds on the basis of production. From Fund A the funds were then distributed to the individual estates. According to this scheme individual estates could claim from Fund A the amount spent on replanting up to a maximum of the amount of its production. For example, if in a year an estate spent about \$5,000.00 on replanting, but within that year it produced 200,000 lb. of rubber and paid \$8,000.00 to the Schedule two cess, then it could claim from Fund A the sum of \$5,000.00, being the amount spent on replanting. However, if it incurred more than \$5,000.00 on replanting, it could claim to a maximum of \$8,000.00 because this was the sum it had paid to Schedule two.

Besides getting its fund from Schedule two Fund A also got its funds from the Schedule four cess. Its share of funds from Schedule four was also based on production.

In 1955 the Government introduced a new scheme to assist estate in their replanting, known as The Rubber Industry Replanting Scheme for estates. According to this scheme the Government would subsidise estates at \$400.00 per acre towards the cost of replanting, but up to a maximum of 21% of the estate's planted acreage. Payments were to be made in the following manner:

First year---\$150.00

Second year--\$100.00

Third year---\$50.00

Fourth year--\$50.00

Fifth year---\$50.00

The condition for qualification to participate in this scheme was that the estates had to replant with high-yielding materials approved by the board. The Government had chosen the 21% of the estate acreage for replanting because this amounted to about 420,000 acres and would cost the Government a total of \$168,000,000.00. The scheme would last for eleven years so that the maximum average annual cost to the Government would be \$15,270,000.00. The figure of 21% was chosen because in normal circumstances the estates would replant an average of 3% of their planted acreage a year, which mean that at any one time 21% of the planted area would be under immature rubber. This was to ensure that there would not be any overproduction or underproduction in any period.

The scheme also provided assistance to estates which had replanted prior to the introduction of the scheme. For those estates which had replanted since 1953, the Government provided them with assistance on current expense. For example, an estate which had replanted in 1953 would receive grants in the following manner:

1955---\$50.00 per acre

1956---\$50.00 per acre

1957---\$50.00 per acre.

The Government's liberal attitude towards the estates was to help them to maintain the rubber trees during their immature period.