

16/02/1997

Boom time island

Errol Oh

GOVERNMENT benevolence has brought a windfall to the people of Labuan. Increased attention on the tiny island has meant a better standard of living, improved amenities and higher standards of infrastructure for its populace. It is hard to imagine, therefore, that in 1984 there were people who were less than enthusiastic when it became known that Labuan had come under the jurisdiction of the federal government and that the island was to be designated an international offshore financial centre (IOFC) five years later.

The most common (and moderate) response was to hold on to a nebulous notion that there would be progress of some form on the island. But this was mixed with apprehension. Call it a fear of the unknown.

The sceptics, as there will always be in matters like these, predicted failure from the word 'go'. At that time, the proposals seemed too far removed from reality for them to accept.

Then, there was the third group, the eternal optimists. These true believers played cheerleaders, never doubting that everything would go according to plan and that Labuan would mature to offer a win-win situation for all.

The move to make Labuan a federal territory, explained Prime Minister Datuk Seri Dr Mahathir Mohamad, was to enable the federal government to directly channel allocation for development to the local administration unlike when it was a part of Sabah. Labuan could not develop under Sabah because of the lack of funds but now its development is rapid, he said in August last year.

Indeed, the island has grown tremendously as the IOFC took off, achieving in less than seven years what most other IOFCs took decades to build. It looks like the optimists have been right all along. Labuan has grown from a fishing community with a population of 35,000 and an unemployment rate of over 11 per cent in the late '80s, to a bustling island with about 60,000 people and almost no structural unemployment. It is the base for about 1,000 offshore and support companies, including local and international banks, insurance firms and trust companies. Along with the IOFC's growth, an array of infrastructural facilities have mushroomed to suit the needs of a sophisticated business hub operating round the clock with links to the rest of the world. The Labuan Development Authority (LDA), with Economic Adviser to the Government Tun Daim Zainuddin at the helm, was the prime mover in this aspect. Under the Sixth Malaysia Plan, RM73 million was spent to provide infrastructural facilities on the island.

Under the Seventh Malaysia Plan, RM34 million has been allocated for the provision of infrastructural facilities and beautification of tourist spots. A report last August quoted Daim as saying new and ongoing projects worth RM2.5 billion are set to transform Labuan into a world-class resort and financial centre within the next five years.

The most visible change on the island is the extent of property development. It is estimated that 40 per cent of the land has been developed. Among the biggest projects is the RM360 million Labuan Financial Park, described as the nerve centre of the IOFC.

It was reported some months ago that LDA's subsidiary, LDA Holdings, has signed a joint venture agreement with Time Engineering to develop a RM400 million business park near the waterfront. The project will include the

construction of a hotel and condominiums.

There is also a mixed housing and government office development in Kiamsam, and a low- and medium-cost housing project in Sungai Bedaun. Another mixed development housing project will take shape in Kerupang. These are expected to solve the housing shortage in Labuan. Other facilities include a new hospital, an international school and deluxe hotels.

The development of transport and telecommunications infrastructure is equally impressive. With the commissioning of a RM35 million earth satellite station and a direct link to the RM800 million submarine cable system, Labuan can now offer sophisticated telecommunications services. A new airport terminal worth RM120 million will be constructed soon to cater to bigger airplanes and enable more frequent flights to Labuan. The Works Department has also approved an allocation of RM60 million to upgrade Labuan roads.

Daim was quoted as saying Labuan's excellent port facilities and traditional trading linkages have the potential to make the island a transshipment centre. This could lead to investment opportunities in marine-based industries.

Pengurusan Lantas, a Renong subsidiary, is reportedly studying the feasibility of developing Ranca Ranca into an integrated transitional port.

After a hard day's work, what will Labuan have to offer? The government apparently has high hopes for Labuan's tourism industry. It is clear that Labuan will not only be a place for business, but also a leisure destination. Its close proximity to the wide expanse of the South China Sea offers tremendous opportunity for seaports and underwater diving. Then there is potential in fishing and angling. If that sounds too strenuous, how about just lazing on the beach?

(END)