

S'wak polls results will help determine GE timing: PM
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Prime Minister Najib Abdul Razak said today he had not ruled out an early election and he needed no mandate at the polls to proceed with key reforms, such as the introduction of a goods and services tax (GST).

Najib, whose BN coalition suffered record losses to the opposition in a 2008 election, has pledged to restore investor confidence in Malaysia by pursuing reforms, including introducing the twice-delayed tax.

In an interview, Najib said a good showing in a forthcoming election in the politically important state of Sarawak would help assess the public mood and perhaps provide a pointer to calling an early general election before one is due in 2013.

The BN holds 63 of 71 Sarawak state legislature seats.

"It's a question of the assessment on the ground, how people are feeling towards the government, whether we can have a feel-good factor and people have confidence in the government and the position of the opposition," he said in his first comments on the political significance of the Sarawak elections.

"I would not rule out anything. It could be early or it could be later. I am still assessing the situation. Sarawak will be part of the assessment, certainly," he told Reuters during a visit to Australia.

Since taking office in the aftermath of the government's 2008 general election losses, Najib has delivered measures such as approving new bank licences and cut Malaysia's budget deficit which hit a 20-year high of seven percent in 2009.

He also said he was ready to ease bank ownership rules and that he was open to Australia & New Zealand banking Group doubling its stake in Malaysian lender AMMB Holdings

Despite his pledges, Najib has postponed the implementation of the GST, slowed down a rollback of fuel subsidies and softened his stance on a controversial affirmative action policy for the country's majority ethnic Malays, wary of upsetting voters.

Analysts say Najib may be willing to push through reforms such as the GST if he obtains a strong mandate in the general election, which is not due until 2013 but which could be held as early as late this year on the back of economic growth following a contraction of 1.7 percent in 2009.

Najib, however, said that the GST would not require a general election mandate.

"I don't see GST as a single-issue that I would have to go to the people (on), solely on that, but I will be going to the people when the timing is right," said Najib.

'So far it looks good'

Najib said he believed the GST, aimed at widening Malaysia's narrow tax base, could be introduced "slightly later" than this year, but no time had been established.

The GST, which would have replaced an existing sales tax from 2011 and generated about RM8.8 billion in revenues annually.

He referred to the BN's wins in four out of five recent by-elections against the Pakatan Rakyat opposition led by former deputy prime minister Anwar Ibrahim, who is beset by new charges of sodomy that have kept him in court.

Anwar has labelled the charge a repeat of accusations that led to his ouster as deputy prime minister in 1998, and six years in jail.

"So far it looks good. So far the reports on the ground are quite encouraging but we cannot take the threat lightly that the opposition will be more determined this time to try to make inroads in Sarawak."

"These are all building blocks toward a general sense of confidence heading towards the next general election, but I am also mindful of the fact that by-elections and state elections are not everything in terms of the final outcome with respect to a general election."

A general election is likely to be held after Najib tables the country's 2012 budget some time during the third quarter of this year.

But it is the coming state assembly election in resource-rich Sarawak, which is expected to be held by late April, that will be Najib's biggest political test for now.

While the opposition is seen as having no chance of winning, unhappiness among ethnic minority Chinese voters towards the long-serving state chief minister could, in a worst-case scenario for Najib, lead to the government failing to retain its two-third majority in the state assembly.

"If the opposition were to deny the government its two-thirds majority in Sarawak, Najib will obviously have second thoughts about calling a general election quickly and would postpone it," said political analyst Ong Kian Ming.

- Reuters

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