

Selangor to fight for more federal allocations
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The Selangor government will step up its efforts to ask for more federal allocations for the industrial state, which contributes the bulk of tax earnings for the country.

"States that give more should get more," Menteri Besar Khalid Ibrahim told the state legislature during Question Time today.

He related that despite contributing an estimated RM10 billion to federal coffers annually, the state only garnered about RM567 million in federal allocations this year.

Khalid explained that while the Internal Revenue Board had refused to give the state access to data on its taxpayers' contribution, they estimated the total by averaging the number of employed Selangor residents and their income level, as a baseline to calculate the projected tax income.

However, while he believes that states that give more tax revenue should be able to get more money from the federal government, the MB understands that a portion of the tax must go to the federal government for education and other functions on the federal list, as well as the need to give lower-income states more money to boost their economy.

Khalid repeated his proposal for a council where the federal government and states can sit on to discuss what he termed the "income equalisation scheme", both sides discussing how to best distribute revenue, as opposed to the current arbitrary allocation from the federal treasury.

"The federal government controls all the state governments, the states have to follow its way. If you talk (question) too much you may get a smaller allocation.

"For example, during Dr Mahathir Mohamad's tenure as PM, Kedah and even the island of Langkawi received so much allocation, but no one dared to question it".

However, Khalid said that he is ready to speak out and ask for it.

The issue of federal allocations to states controlled by the opposition has been the bone of contention for states like Kelantan, the longest state to be under opposition rule, and for years development was seen to have slowed in the state.

The common perception has been that the federal government has been either withholding allocations or channeling them through alternate channels, like via 'coordinators' or federal bodies that overlap with state functions, as a way to punish the states or to make sure federal funds are seen as a federal boon to voters.

In newly-Pakatan-ruled states like Selangor and Penang as well, the same allegations have surfaced, prompting the Pakatan-led state governments to openly complain.

