

Sabah afflicted with 'BMW' in 2013 budget

MalaysiaKini.com

2 Oktober, 2012

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COMMENT Budget 2013 as unveiled by Prime Minister Najib Abdul Razak last Friday is bad news for Sabah. The state remains afflicted with the 'BMW' curse – Broken Promises, Marginalisation and Wrong Initiatives or Incentives.

And this, despite Budget 2013 having the cut as a vote-buying budget, promising bagfuls of goodies in the form of outright cash handouts to tax cuts and incentives.

The RM251.6 billion budget will have RM201.9 billion as operating expenditure and a small RM49.7 billion as development expenditure. Sabah will not have much of the funds and the budget is not likely to woo support for the Barisan Nasional in the Land Below the Wind.

The three BMW curses afflicting Sabah can be elaborated as:

1. Broken promises

DAP Sabah kicked off a state-wide series of 'Janji Ditepati' (Promises Fulfilled) public hearings in September to seek feedback from the people as to whether the promises made by Umno/BN have indeed been fulfilled.

The public hearings confirmed the rampant broken promises of the BN, starting from Umno's famous 100-day promises of 1994 to turn Sabah into 'Sabah Baru', eradicate poverty and illegal immigrants and provide housing for all.

Bad infrastructure, such as roads, electricity and water supply, are among the failings of the Umno/BN government in Sabah. The so-called investment hotspot, the Palm Oil Industrial Cluster (POIC) in Lahad Datu, looks quiet and abandoned.

In short, the BN has failed to fulfil its promises of bringing development to Sabah to be on par with that in Peninsular Malaysia.

Najib's Budget 2013 continues to fail to address these issues and therefore the unfulfilled promises will remain unfulfilled. For example:

Upgrading Sandakan Airport to an international airport, as pledged by the BN during the Batu Sapi by-election in 2010. This is omitted in the budget and the Transport Ministry will instead focus on the Kota Kinabalu and Labuan airports in Sabah and the Kuching, Miri, Sibu, Mukah and Bario airports in Sarawak;

Developing the downstream palm oil industry. The budget allocates RM432 million for upstream activities such as oil palm replanting programmes. The federal government is

spending less on transforming the downstream industry, such as the development of high value oleo derivatives (RM127 million).

A sum of RM72.5 million is allocated by Plantations and Commodities Ministry for the building of POIC facilities. This funding cannot really help POIC since the root cause of the failure is not under-developed facilities in the site, but is more related to encouraging crude palm oil export, rather than the export of downstream products. Sadly, no assistance is offered in this budget to those over-taxed planters and the losing oil refineries; and

Providing basic infrastructure in Sabah. This state has been allocated just RM400 million for electricity and RM190 million for water projects. This is nothing spectacular, rather a routine allocation announced in the annual budget. It is not wrong to say that the BN government has no political will to resolve the basic infrastructure problems in Sabah once and for all.

A five-year development fund for infrastructure is what Sabah needs, not piecemeal funding announced annually. Malaysians are aware that tarred roads make up only 35 percent of the Sabah road network, but yet we still receive RM594.6 million for roads and bridges project as compared with the RM2,724 million allocated for the same purpose in Peninsular Malaysia.

2. Marginalisation

The proportion of the budget expenditure allocated for development has been reduced from 31.5 percent in 2003 to 27.1 percent in 2007 and to 21.3 percent in 2012.

Sadly, the worrying sliding trend continues in 2013, with the development expenditure further reduced to only 18.6 percent, a record low in Malaysia's history.

This represents lower investment by the BN government with its current revenue, which will only result in lower returns to the economy in future years.

How much is the government going to spend for Sabah's development?

When tabulated, the estimated development projects dedicated directly to Sabah make up only 6.5 percent of the RM49.7 billion. It means that out of the RM251.6 billion budget, only 1.2 percent is allocated for Sabah's development.

The economic growth in Sabah is basically driven by the flagship regional economic project, which is the Sabah Development Corridor (SDC). Five regional growth corridors have been launched since 2007 to leverage the comparative advantage of different regions.

Besides the SDC, there are Iskandar Malaysia, Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER) and Sarawak Corridor of Renewable Energy (SCORE).

Sabah's position can be appreciated when the budget allocation is analysed for these five Regional growth Corridors.

It is noteworthy to know that Sedia, the agency that facilitates SDC, only receives 6.5 percent of the operational expenditure provided by federal government over the 21.2 percent of development expenditure spent in 2012. The gross imbalance is seen with Iskandar receiving about half of the total operational expenditure budgeted for regional development.

For that matter, Johor, which does not have any oil and gas reserves, has been chosen as the site for downstream petrochemicals industries. However, on Sept 30, 2012, a huge crowd was seen at Kg Sungai Rengit in Johor, protesting against the RM60 billion petrochemical project that will see thousands of villagers lose their homes and livelihoods.

The BN, for reasons only known to it, has sidelined Sabah in the petrochemical projects, even though Sabah is an oil and gas producing state. Sabah's contribution to the national coffers is huge and coupled with its underdeveloped status, it should gain more from the budget, especially under development expenditure.

3. Wrong initiatives/incentives

There are some good things coming out of Budget 2013. A good example is the "price uniformity programme". However, this so-called price uniformity programme is "conditional", whereby the programme is only applicable to Kedai Rakyat 1Malaysia (KR1M) stores in Sabah, Sarawak and Labuan. In short, this is a monopoly.

The more than 57 KR1M stores to be set up in East Malaysia will, in fact, create a non-level playing field, resulting in genuine local stores losing out on price differentials. The local stores have been selling at higher prices because of the dreadful cabotage policy and the government's inability to manage and control the rising prices of consumer goods.

While the quality is questionable, KR1M stores can offer lower-priced goods through direct government aid, and managed by the giant grocery wholesaler called Mydin, this will slowly but surely cripple the businesses of many local genuine Sabahans.

Budget 2013 therefore reflects on its proponent's ideology. BMW – Broken Promises, Marginalisation and Wrong Initiatives/Incentives have plagued and kept Sabah backward, regardless of how many goodies are distributed to make the voters happy.

On the other hand, the Pakatan Rakyat's alternative 2013 budget pledges a New Deal for Sabah and Sarawak, which includes an increase in the petroleum royalty, from five percent to 20 percent.

Umno/BN will surely take advantage as the government of the day to spend the taxpayers' money and revenue from our natural resources to face the 13th general election, which must be called by May 2013.

Such irresponsible spending by Umno/BN in Budget 2013 will surely increase the national

debt to a level that will propel Malaysia into the direction of a failed state.

Let us Ubah (change) before it's too late.

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Source: <http://www.malysiakini.com/news/210500>