

Gov't decides who lives, who dies with GST

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COMMENT Solutions to the federal government introduced the Goods and Services Tax (GST) must address economic, geographical, ethical, moral and emotional concerns and issues.

The state is a regulator, provider and protector. The state is bound by a social contract that binds the state to guarantee the provision of basic goods and services which are essential for human survival.

Prime Minister Najib Abdul Razak has said that the GST will increase the cost of living.

According to Penang Chief Minister Lim Guan Eng, "The GST will be regressive; it will not only burden the low and middleincome groups, but will also affect the poor who live from handtomouth. This tax will further burden them."

Thus, Lim has asked the PM to defer the implementation of the GST.

The GST introduced by the federal government is to be implemented on April 1 this year.

Socially concerned members of Parliament, activists and thinktanks have warned of GST-caused inflationary pressures and its impact upon lowerincome groups. Lim has pointed out that "the GST haunts petty traders, including sundry and traditional medicine shop owners who felt they are unable to comply with the GST requirements."

According to the Penang Institute, it is a regressive tax "that takes a larger percentage of income from low income groups than from high income groups".

A study by the Penang Institute showed middle income households will "suffer cash outflows of up to RM1,123 per year because of GST payments exceeding income tax savings".

But the worst hit households are those earning about RM2,500 a month, including technicians, clerks, services workers, farmers and fishermen. They are expected to pay 2.67 percent of their income in GST.

Some analysts point out that when the tax comes into effect on April 1, single person households are expected to bear a bigger brunt of the tax at 6 percent.

Basic needs affected

Basic needs is more than mere survival needs. Human consumption and societal integration today requires the following needs:

Survival: Food, water, healthcare, sanitation, shelter, and clothing.

Capabilities: Education, energy, transport, communication, security, and resources.

Civic: Access to rights development, freedoms like information and political participation.

The GST affects every component of these basic needs.

Food, water, healthcare and shelter are vital for survival. A decrease in any of these areas will affect those most vulnerable. For instance, the lack of access to adequate food will lead to malnutrition in children and all its negative consequences for generations to come.

The second tier relates to education, communications, securities and resources, which facilitate integration with society and provide opportunities to improve the people's quality of life. Recent media reports have highlighted that parents are struggling to meet payments for books and various forms of fees for the start of the school year in 2015.

With the introduction of the GST, costs of education and communications are likely to increase, adding to risks of children dropping out of school.

On another note, the rights paradigm is absolutely necessary for citizens to participate in government affairs that affect them such as policy making. The rights paradigm enables us to reform structures and institutions that hinder full access to information.

A literate society with diverse capabilities is critical for the development of sound policies, which should not be left to bureaucrats.

Quality of life compromised

The GST compromises all the components of the three tiers. Increases in costs of food, water and healthcare will as many have highlighted have adverse effects on the quality of life of Malaysians and the millions of migrants who work here.

The impact of higher costs of basic needs would be greater for rural communities particularly those in Sabah and Sarawak due to distances, fewer retailers and higher fuel costs. In the areas of healthcare, increases in costs of healthcare such as medicines could be devastating for these rural areas.

Hospitals and clinics are not close to villages and are not easily accessible. Medicines and treatments are not at the corner of the street like in the cities and towns. Those most vulnerable are the ones who suffer from long term illnesses.

For example, the government offers free dialysis treatments for kidney patients in urban centres, yet the cost of transport alone monthly from a longhouse in Sarawak to the nearest

hospital for dialysis treatments is currently about RM2,000/. This does not include the costs of meals and overnight stays.

The increasing costs of medicines and healthcare particularly for long term illnesses have major social and economic consequences for families, individuals and the nation. Due to a lack of social safety nets in the country, financially vulnerable parents, single parents and those who are ill, are being looked after by their children.

Currently, the import of cheaper generic medicines from India is assisting in reducing the costs of medicines for long term illnesses.

Meanwhile, pharmaceutical companies in the United States are lobbying for President Barack Obama and American politicians to hinder the production of cheap generic medicines from India that keep many people including Malaysians alive.

This is a threat that the GST will not address keeping the cost of medicines affordable.

It is the federal government that decided on the introduction of the GST, and it will be the government that decides on who lives and dies.

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