

## **11MP far from a game changer**

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MP SPEAKS I am completely underwhelmed by the recently tabled 11th Malaysia Plan (11MP).

I was expecting a document that would chart a new course to the status of a developed nation and beyond.

What was tabled was a document that is divorced from current political and economic reality, is totally not transparent, and is far from being a game changer.

One of the key economic challenges facing the country in 2015 and 2016 is the impact of low oil and gas prices on public finances.

The unexpected and rapid fall in the price of oil to below US\$40 per barrel at the end of 2014 forced the prime minister to announce some expenditure revisions at the beginning of the year.

With the expectation of oil prices hovering below US\$100 per barrel and low gas prices as a result of the increased production of shale gas in the United States, the revenue which the government derives from oil-related sources – the petroleum tax, the income tax, and the special dividend from Petronas – is expected to take a significant hit.

Without a significant revision of long-term government spending and without an increase in the recently introduced Goods and Service Tax (GST), I don't see how the government can realistically expect to eradicate the budget deficit and the government debt to GDP ratio to below 45 percent by 2020.

If government spending has not been adjusted to face the new economic realities of a low-priced oil and gas regime, what more the other aspects of this plan?

### **Complete picture of expenditure**

In my 11MP wish list, published yesterday[1], I noted the importance of giving an honest picture of the country's public expenditure and the need to highlight off-budget expenditure items, as well as projected expenditure under public-private partnership projects.

I also asked for the full list of new development and infrastructure projects and the expected costs of each project in the 11MP to be made available online. Sadly, no such list was produced.

So we remain in the dark as to the number and location of new hospitals, schools,

universities, and technical and technical institutions which will be built under the 11MP.

The lack of transparency is all the more disappointing given that the Treasury is able to produce yearly estimates of budget expenditure by ministry during each budget session but the Economic Planning Unit (EPU) is not able to do the same in the 11MP.

In addition, I have received parliamentary replies in the previous sessions which have stated new projects and budget allocations that are specified to be under the 11th MP such as road upgrading projects. So much for more transparent government expenditure.

### **Business as usual**

Finally, the thrusts which are introduced as game changers in the 11MP are not too far from business as usual.

For example, the plan talks about 'investing in competitive cities' as a game changer but fails to outline specific proposals to give more power and financing to the local and city councils to achieve this aim.

The plan talks about 'uplifting B40 households towards a middle-class society' but says nothing substantive about reducing our dependence on foreign labour which continues to drag down the wages and job opportunities for low-income Malaysians.

The only positive point that is consistent with my wish list is the commitment to publish a multidimensional poverty index in order to have a more comprehensive definition of poverty.

But this is scant consolation in a context where all of the other wish list items have been ignored.