

Is The ETP Truly Transformative?

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The government of Malaysia has invested a significant amount of resources and energy towards its Economic Transformation Program (ETP) which is currently being led by Idris Jala, CEO of the Performance Management and Delivery Unit (PEMANDU). According to a media report, RM66 million was paid to various consultants to establish PEMANDU. And this agency is not cheap to maintain. It's eight directors have an average salary of RM30,000 a month each while an associate director each receive an average of RM23,300 per month. With this amount of taxpayer's dollars being spent, the Rakyat has a right to know the concrete results which the ETP is supposed to deliver.

More important than how much PEMANDU costs is the ETP's goal to transform Malaysia into a high income country. Here, PEMANDU has set very ambitious goals for itself – RM48,000 GNI per capita, 3.3 million new jobs, RM1.4 trillion in new investments, annual growth rate of 6% per annum, from now until 2020. In the eight ETP Updates announced by PEMANDU from October 2010 to November 2011, its transformation road map seems to be going on very well, with almost all of its targets achieved.

However, when the ETP is examined in greater detail, as was done in an ongoing series entitled "A Critique of the ETP" by the Research for Social Advancement (REFSA), we find that the ETP is not as transformative as it sounds. For example, we would have reached RM48,000 GNI per capita with or without the ETP. And reaching this target does not mean that we will be twice as rich in 2020 as we were in 2009. In addition, many of the Entry Point Projects (EPPs) announced in the ETP Updates have been in the pipeline before the existence of the ETP. How transformative is the ETP when a lot of what it does is to announce the completion or commitment of already pre-existing projects such as the Johor Premium Outlet or the St Regis Hotel?

Even more worrying is the fact that some in the corporate sector seems to be taking advantage of the ETP in order to gain more access to public resources. One such example is the integrated eco-resort in Sabah under the Karambunai group, which ballooned from an initial RM3 billion budget in the 2010 budget to RM6.7 billion in the ETP Roadmap report to RM9.6 billion when it was announced as an EPP in 2011.

Projects such as these are entitled to public funding of up to 10% of development costs under the 10th Malaysian Plan. The higher the expected development costs, the higher the public funding. Is PEMANDU indirectly giving a stamp of approval for this public funding by naming these projects as EPPs? Again, there is very nothing transformative about some elements in the corporate sector making use of public funds for their own private gain.

Finally, the EPPs with high investment values which have been announced thus far are concentrated in a small number of NKEAs, namely Oil, Gas and Energy and the Greater KL/KlangValley NKEAs. Two EPPs, Petronas RAPID project in Pengerang, Johor and the MRT project in KL / Selangor, contribute nearly RM100 billion of the RM177 billion of committed investments announced thus far. Just one NKEA - the Oil, Gas and Energy NKEA - accounts for 53% committed investments. The top 10 EPPs (out of 104 announced) account for 140 billion or 80% of the announced investments. What this means is that a small group of workers and corporations will disproportionately benefit from the ETP.

REFSA has calculated, using PEMANDU's own figures, that only 21% of the output generated from the ETP will go towards the wages of workers while 74% will go into the pockets of corporations. Again, there is nothing very transformative about creating an economy which disproportionately benefits the already well-off and the large corporations. As a high income nation, more of our country's economic output should be distributed in the form of wages to workers, not profits to corporations.

This covers only a small part of many of Pakatan Rakyat's concerns over the Economic Transformation Program (ETP).

We will explain our concerns in greater detail in a public forum entitled: PEMANDU and the ETP: Truly Transformative or Business as Usual?

The details for this forum are as follows:

Date and Time: 8pm, Wednesday, 7 March, 2012

Venue: Auditorium, Kuala Lumpur and Selangor Chinese Assembly Hall (KLSCAH)

Speakers: Dr. Dzulkefly Ahmad, PAS MP for Kuala Selangor

Liew Chin Tong, DAPMP for Bukit Bendera

Razifi Ramli, Head of Strategy, PKR

Teh Chi-Chang, Executive Director, REFSA

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