

Pakatan wants better way to allocate states' funds
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By Yow Hong Chieh

SHAH ALAM, Oct 6 — Federal allocations to states must be decentralised to allow for fairer distribution of grants devoid of politicking, PKR strategic director Rafizi Ramli said last night.

He said at the moment there were “only two or three” compulsory payments to states and this had led to the Barisan Nasional (BN) government to hoard the rest, to be dished out at its discretion.

Rafizi explained that the most important of these, capitation grants, mandated by the Constitution, was capped and did not take into consideration specific needs of each state.

“The problem with capitation grants now is that they’re in absolute terms,” he told The Malaysian Insider after the Pakatan Rakyat (PR) Alternative Budget Forum here.

“So it decides, for example, the first 100,000 population, RM72 (per person). The next 100,000 is RM10.20. It’s not proportional at all.”

A new law should be enacted requiring capitation grants to be calculated based on states’ social needs, economic contribution, developmental level and poverty levels, Rafizi said.

He said this was especially important as the “(new) political reality” after Election 2008 meant individual states may not be governed by the same party controlling Putrajaya.

“When you do this... you inject more democratic rights to society because they do not have to fear that, if I vote for a certain party, I will be penalised financially,” he said.

Rafizi added that this would also help trim fat from the civil service at federal level, and help train state civil servants to be more efficient.

Fiscal decentralisation is a component of the PR alternative Budget announced by opposition leader Datuk Seri Anwar Ibrahim on Tuesday.

The opposition coalition believes it can cap government expenditure at RM220 billion and boost earnings by nine per cent to RM181 billion without new taxes, resulting in a 4.4 per cent deficit.

The alternative budget expects to raise RM15.5 billion through auctions of approved permits (APs), higher oil prices and by reintroducing import tax on 200 luxury items that was lifted by BN last year.

PR has also proposed Putrajaya set aside RM22 billion for subsidies and another RM5.9 billion to raise the wages of 1.3 million civil servants, citing rising cost of living.

But BN lawmakers are not convinced PR can cap national expenditure, claiming the opposition has failed to do so in states it controls.

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