

Budget 2013 sweet but short on substance, say watchdogs
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By The Malaysian Insider team

KUALA LUMPUR, Oct 1 — The Barisan Nasional (BN) government's Budget 2013 is a crowd-pleaser but the country's key education, employer and consumer watchdogs say the proposed initiatives are mostly short-term measures designed to win it electoral support rather than calculated to boost Malaysia's future economic prowess.

Prime Minister Datuk Seri Najib Razak had announced a slew of cash handouts and tax cuts across the board in the last Budget before Malaysia goes to the polls that must be held by next April in what political and market observers have described as an "election Budget".

An election Budget can be a double-edged sword for the country, Shamsuddin Bardan, executive director of the Malaysian Employers Federation (MEF), appeared to suggest.

He lauded the government's initiative to cater for health examinations and Social Security Organisation (SOCSO) financial aid for worker welfare which, he said, is very important because healthy workers generally boost productivity.

"Even though it is an election budget, there are long-term aspects that can give benefits. As an example, the allocation for skills development that is capable of raising productivity and worker capabilities especially," he told The Malaysian Insider.

But he was leery of the government's "one-off payments" which, he noted, had increased in the countdown to the 13th general election.

Marimuthu said last Friday's Budget fell short of expectations.

"One-off handouts do not give good results, besides they do not reduce the people's burden. The handouts are not to scale but one-time only — how can it help the people?" Shamsuddin wondered.

He also cast doubt on the government's wisdom in doling out tax cuts and focus on providing for low-cost housing, pointing out that the plan did not appear to have been thought out in depth and was not comprehensive enough to cover the large number of house buyers who now include middle-income wage earners that are caught up in funding their first homes.

"The government also announced about low-cost housing and I do not deny it is a good move. Nonetheless, it is not still not really comprehensive and many home buyers still face financial problems because they lack money," he said.

"The funding aspect introduced by the government needs further scrutiny and study to ensure it is really beneficial to the masses," he said.

Datuk Marimuthu Nadason, president of umbrella consumer rights group, the Federation of Malaysian Consumers Associations (FOMCA), shared similar sentiments with Shamsuddin, remarking that last Friday's anticipated Budget appeared to fall short of expectations.

"It's a normal election budget," he said.

He noted that Putrajaya appeared to have paid attention to key consumer concerns the group had highlighted previously, notably the increasing prices of food and other essential goods and raised the allocation to fund agricultural and educational programmes, which should be viewed in a positive manner.

"We requested education and agricultural funds to be increased and we got it. Overall it's a good move. And it's good for Sabah and Sarawak where they can buy things at the same price as peninsula," he said.

"But we need more long-term measures, not just BR1M or any goodies which is for the short term only," he told The Malaysian Insider, referring to the second round of RM500 handouts under the Bantuan Rakyat 1 Malaysia (BR1M) scheme that will be given to households earning less than RM3,000 monthly.

The scheme was also expanded to give RM250 to singles aged 21 and earning less than RM2,000. A schooling assistance of RM100 was given to all primary and secondary school students, while a further assistance of book vouchers worth RM200 was provided to students in public and private institutions of higher learning as well as matriculation and Form Six students.

FOMCA had earlier this year released the findings of a national survey that noted the chief concern of all consumers is the increasing prices of food and essential goods. The second biggest concern is public transport.

The country-wide survey was carried out from 2009 to 2010 with over 30,000 participants from both the rural and urban areas.

To counter rising food prices, FOMCA suggested that the government routes more money into the farming industry and free up the food supply chain. Consumers want a government "committed to" making the public transport system more reliable and cheaper, FOMCA said then.

However, the government's response to public transport grouses in the Budget has been limited to extending the current 50 per cent discount for KTM Komuter train fares to Malaysians earning RM3,000 and under monthly.

"I wonder how he plans to implement the 50 per cent discount for commuters earning a monthly income of RM3,000 and below as announced," said Rajiv Rishyakaran, adviser to the Association for the Improvement of Mass Transit (Transit), which is Malaysia's sole public transport watchdog.

"Unlike retirees, students or the disabled who have a card to prove their status, those who earn below that level don't. It would be interesting to see how they do it," he remarked.

Noor Azimah said the allocation for R&D was generous but felt it would be better if children were learning it in English.

Rajiv said a better initiative that would cater to all the different social groups would have been for the government to introduce a single ticketing system that calculates a fare price from point of origin to destination based on per kilometre travel regardless of the mode of transport, which has been done in neighbouring Singapore.

"It would have been better for him to focus on integrating the fare system among the different modes of transport — buses and trains. Right now, the system penalises the commuter for switching between different buses or from bus to train," he said.

He welcomed news that the government would launch more buses under state-owned transport firm Syarikat Prasarana Nasional Berhad (Prasarana) which runs the Rapid series nationwide in growing urban centres such as Ipoh, Seremban, Kuching and Kota Kinabalu, but expressed concern that the move may result in unnecessary competition that could kill off other bus companies.

"Having more public buses is always good news. I just hope it will be a move that complements the existing bus services in these towns rather than serve to compete or cannibalise them."

He also urged the government to increase the deployment of public buses in the Klang Valley, the country's densest population region, to at least 5,000.

"Singapore is one-third the size of the Klang valley but it has 3,000 buses on the roads," Rajiv said.

He pointed out that increasing the number of buses on the road can only boost economic productivity as commuters can also work while on the go, especially if Internet connectivity services are made available on these mass transports.

While the government had set aside more cash to aid parents of school-going children and those with special education needs, political analyst Wan Saiful Wan Jan said the federal budget for education seems to have been cut from RM50 billion to RM37 billion — which means between RM12 billion and RM13 billion less in funds.

"And this cut is occurring when we have just seen the release of the national education blueprint. This is very worrying because if the cut was used to fund the handouts, it is at the expense of education," said the chief executive of think-tank Institute for Democracy and Economic Affairs (IDEAS).

Weighing in further on the impact to education was Datin Noor Azimah Abdul Rahim, chairman of the Parent Action Group for Education (PAGE) which has been lobbying the government to review its decision to cut out learning maths and science subjects in the English language starting this year.

"Well, as usual it is generous, especially the funding for research and development in the nanotechnology, biotechnology, automotive and aeronautic sectors, but we have to ensure that the younger generation is ready for this," she said.

"If these kids are learning in Bahasa Malaysia, the transfer of technology will be slow in these sectors as all of it is coming from the US, thus everything's in English," she added.

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