

## FMM Sabah Comments on Sabah Budget 2011

The Federation of Malaysian Manufacturers (FMM) Sabah commends the Sabah State Government on its Budget commitment to financial prudence, transparency and good governance in public administration and human capital development. The State Budget strategies have effectively focused on fundamental factors required to stimulate economic development in Sabah to enable it to join the ranks of developed states in Malaysia, and to achieve high income and performance and the targeted growth of 6 to 6.5% in 2011.

2. Strengthening the public administration by ensuring financial prudence, value for money, greater transparency, diligence, information, innovativeness and good corporate governance will certainly contribute to facilitating investment and economic growth. FMM would further recommend that the State Government set up a State PEMUDAH in line with YAB Chief Minister's call for establishing a smart partnership between the public and private sectors in ensuring an efficient and effective public delivery system.

3. A State PEMUDAH or Taskforce to Facilitate Business is a proven mechanism at the Federal level and in Perak and Selangor. PEMUDAH is a successful public-private sector vehicle for improving public service delivery especially in facilitating and speeding up the approvals by local authorities. Collaboration has also provided effective inputs for the review of procedures and programmes that have contributed to enhancing a business environment conducive to growth and investments.

4. Another proven public-private sector smart partnership is the formation of Industrial Park Management Committees (IPMCs) that have been widely and successfully implemented in many states in Peninsular Malaysia. These IPMCs, which are co-chaired by a representative each from the public and private sectors, could support the State's strategy and efforts to upgrade and improve infrastructure development and basic amenities at industrial estates by working together with the respective local authorities.

5. The State Government has given the right emphasis and priority to infrastructure development, which is necessary to attract investments to the State. However, FMM would like to emphasise to the State Government on the need to provide adequate, cost effective and efficient infrastructure support and amenities to help reduce the cost of doing business for the manufacturing sector and to encourage further industrial development, expansion and diversification of economic activities in the State.

6. It is also important for local authorities to be better managed and closely monitored besides giving them allocation. Local authorities are the third level of government and their performance in terms of efficiency and effectiveness in maintaining roads, utilities and services affects not only manufacturers and investors but also the *rakyat*.

7. FMM fully supports the Budget strategy to enhance good values and to develop human capital that is creative, innovative and dynamic and the State Government's emphasis on the need to produce employable youths who are skilled, competent, proficient and productive and having positive work attitudes. The promotion of skills and entrepreneurship training, including proficiency in English as the language of technical knowledge and international trade would contribute towards meeting the needs of the three key sectors under the State's *Halatuju* namely, agriculture, tourism and manufacturing.

8. We would also like to request the State Government to publicise to all investors the various high impact projects, new business and investment opportunities, especially those relating to the manufacturing sector. FMM anticipates the creation of new business opportunities, especially for SMEs from the multiplier effects of development projects in other economic sectors such as use of modern technology and aquaculture projects in the agricultural sector, tourism promotion and construction projects.

9. The availability of project details would help the industry to plan their own expansion and/or diversification plans in the State to take advantage of the potential opportunities, government support and programmes in the promoted sectors. FMM would also like to reinforce to the State Government on the need to continue to uphold Buy Malaysian in all public projects.

10. It is also critical to have transparent and open tender procedures in the State. Such a move would make the State more efficient and effective in obtaining the best prices for its projects and in line with the State's objective to ensure value for money.

11. The State Government should also implement more public housing projects, particularly for workers and workers quarters in industrial estates. Providing such housing and social facilities would encourage mobility of labour from rural to urban and industrial areas. Local workers would be encouraged to work in industries and manufacturers could reduce their dependence on foreign workers.

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