

## **FOMCA's Response to Budget 2013**

### **1. Food Prices and Food Security**

FOMCA looked forward to an improvement in food security but is disappointed that a large chunk of the allocation has gone to improve plantation sector especially and maybe only palm oil industry. A total of 5.8 billion was allocated to the Ministry of Agriculture and Agro-based Industry. However only about RM 105 million is used for actual food yield improvement like rice, vegetables and fruits. About RM 432 million which is about four times more is allocated to improve yield in the palm oil sector.

Although there was mention about the expected output from the increase in paddy acreage but there was no mention on how much it will reduce our dependency on rice imports. Most of the allocation is short term to temporarily offset their current financial shortcomings such as insurance and repairing homes for fishermen. Subsidies for seeds, fertilizers and price is often enjoyed by main distributors and fertilizer manufacturers and not the farmers.

However the Takaful insurance for small holders is welcomed as it is believed that it will soften the impact due to loss of income. BUT the terms and conditions need to be clear and should cover loss of production or income due to natural disasters.

The AZAM Tani project is also a positive move but more youths and young entrepreneurs must be brought into the agriculture sector.

#### **Our concerns**

**The food supply chain should be liberalized to ensure that there are no anti-competitive practices which would result in food price distortion.**

**Allocation for Research and Development to enhance productivity should have been added to ensure that food crop production should a viable and sustainable industry that can attract the young.**

**Efforts need to be made for Land Reform, especially on "idle" land to make agriculture sustainable for investment.**

**Efforts are needed to address concerns with impact of climate change on agriculture productivity. There should be enhanced efforts towards integrated sustainable agriculture approach.**

**FOMCA is concerned with lack of affordable credit expansion to farmers.**

## **2. Social Safety Net**

There were many allocations to address increased cost of living such as the BR1M, allowance for farmers etc.

### **Our Concerns**

**The subsidy report for the poor and marginalized appears to be neglected.**

**In the allocation for any form of financial support, it is crucial that the criteria for selection are transparent and open. A comprehensive data base of the poor and marginalized should be developed to ensure a comprehensive support of services. A comprehensive support would include:**

- **Food stamps**
- **Healthcare**
- **Public transport**
- **Public housing**

**No transparency with regards to source of funds to these payouts. As this is a one off assistance, only surplus fund should be disbursed.**

## **3. Climate Change**

- There was no mention of allocations for urban flash flood mitigation or storm water management strategies. The effects of climate change on coastal areas (e.g. coastal erosion) which adversely affects the livelihood of fishermen and coastal communities for example is not addressed. Conversely prolonged droughts affect the agricultural sector and also as it affects access to water
- Not currently covered is insurance. Insurance coverage should include floods due to the current inconsistency and increased intensity of natural disasters.
- There should also be insurance coverage for health implications arising as a result of climate change issues (vector borne diseases) respiratory ailments, eg asthma, bronchitis.
- Finally there is a severe lack of funding/emphasis on awareness/education on issues of climate change/environmental sustainability.

#### **4. Product Safety/ Monitoring Surveillance**

Lack of:

- Allocation for improvement of lab/testing facilities
- Monitoring, and surveillance
- Human capacity building to address emerging trends in safety ( Nanotech/Biotech)
- R & D into addressing safety issues and concerns.
- Development and implementation of mandatory standards and technical regulations.

#### **5. Access to Water**

- a. 300 million allocations for pipe water and sewerage service system
- b. 500 million for River of Life
- c. Part of 6 billion allocations is for water tank installation and flood mitigation project.
- d. 1.6 billion allocation for water supply project for 24,000 house for rural settlements.
- e. 88 million for water supply project
- f. 100 million for installation of rainwater harvesting system for 40,000 houses in Sabah and Sarawak

**Our concerns:**

- **All stakeholders must be included in this river of life project for example the involvement of civil society organization and non-governmental organizations. River rehabilitation in many cases takes many years (sometimes even up to 20 years with sustained efforts). It is not just testing, cleaning and widening rivers. It takes sustained effort to engage all stakeholders namely industry and the general public. We are not in favor of river cleaning campaigns which are on time off publicity exercise which does not do justice to the role that rivers play in our society as main source of water for treatment , source of food and flood mitigation**
- **Water restructuring process must be done in all states as soon as possible and in a transparent manner instead of focusing on replacing the water and sewerage pipes alone.**
- **More allocation was needed to improve technical capacity of water and sewerage sector regulators to drive water sector reform.**
- **While we applaud the government's efforts to implement rainwater harvesting systems. There is also a question of who will monitor/maintain these systems as clean and safe water supply to rural and indigenous community. In our experience, e.g. in orang asli settlements in Pahang, the tanks have been abandoned and the system is not maintained.**

- Water borne disease is on the rise but no allocations are available for the protection of the water catchment areas and river water quality improvement.
- Large scale developments ( i.e. TRX, RAPID (Pengerang), LAMP) are being planned as indicated in the budget, however no allocations /considerations are being given to :
  - Adequacy of current treated water supply to cater for these developments.
  - Whether the existing infrastructure can sustain these developments
- No/ Lack of initiatives on water saving/water demand management/conservation program and public education program on water usage.
- Lack of allocations and incentives for installation of rainwater harvesting system in urban areas and existing building.

## **6. Climate Change Mitigation and Adaptation and the Environment**

We support that part of the 6 billion ringgit allocation is for flood mitigation project.

### **Our concerns**

- Government aid for the Johor deluge in 2006 alone, was a RM 1 billion. In 2010 the same amount was spent for aid as well. However, these amounts only indicate government provided aid, the actual cost/impact on those affected is unknown.
- Last year there was a RM10 million allocation to the Small and Medium Enterprises to fund for natural disaster mitigation BUT this year there was no mention of climate change mitigation and adaptation measures anywhere in the budget be it for research and development, infrastructure improvement and to promote sustainable consumption and production – eco-labeling, energy efficiency and use of renewable and clean energy.
- Not currently covered is insurance. Insurance coverage should include floods due to the current inconsistency and increased intensity of natural disasters.
- There should also be insurance coverage for health implications arising as a result of climate change issues (vector borne diseases) respiratory ailments, eg asthma, bronchitis.
- Adaptation/mitigation allocation mentioned only for flood management. The effect of climate change on coastal areas (e.g. coastal erosion) which

**adversely affects the livelihood of fishermen and coastal communities for example is not addressed.**

- **Conversely prolonged droughts affect the agricultural sector and also affects access to water**
- **Finally there is a severe lack of funding/emphasis on awareness/education on issues of climate change/environmental sustainability.**
- **Replanting of palm oil and the addition of new paddy field is a plausible move in order to provide additional food supply to our nation.**
- **However, we foresee that the additional of agriculture activities will cause more pollution to the land and river water quality. Therefore, more allocation need to be allocated for the protection of surrounding environment.**

## **7. Energy Consumption**

Lack of/No incentives:

- To increase demand among consumers and the facilitation of the usage of renewable energy technology for electricity supply e.g. solar panels.
- Allocation to improve technical capacity and improve transparency and governance in Sustainable Energy Development Agency to develop, implement and further improve *Feed In Tariff* mechanism and energy efficiency.
- Lack of incentives for industries involved in green energy development, e.g. renewable energy, solar, wind, biodiesel/biogas.
- Lack in allocation to increase application of green technology for energy consumption and generation for energy intensive industries especially such as, coal fired plants, power generation and distribution, smelters/ pallet production plants, palm oil related industries etc.
- Incentives to mainstream use of Energy Efficient appliances and equipment are missing.
- Lack of allocation for Energy Conservation awareness and education programs.

## **8. Hybrid Cars and Electric Cars**

- No allocation for improvements of infrastructure to support use of vehicles using green energy sources.
- Discontinuation of the incentives for hybrid cars and electric cars will slow down the uptake of green automobile among consumers.

## **9. Green Economy**

We applaud the extension and further allocation of 2 billion ringgit for the Green Technology Financing Scheme.

### **Our Concerns**

- **Lack of/No allocation/incentives to promote human resource capacity building to support green technology development, skills, knowledge, research, continuous learning, and innovation.**
- **Lack of Promotion of sustainable consumption:**
  - a. **Development of standards for Green Certification of products and services**
  - b. **Incentives to increase affordability of green products**
  - c. **Testing facilities/labs for green product certification.**
  - d. **R & D into green products/services.**

## **10. Public Transport**

Although the allocations to reduce fares such as discounts for senior citizens and those earning less than RM3000.00 and below are positive steps however, it will not address crux of the problems plaguing commuters in Malaysia.

### **Our Concerns**

**Emphasis should not only be on Klang Valley and Big Projects like KOMUTER and MRT but the fundamental bus system and also in small systems:**

**The issue of Public Transport, a key basic need, of consumers has not been adequately addressed adequately. Key issues that need to be addressed include:**

1. **Integrated system of LRT, Buses and Taxis**
2. **Limited number of companies – regulated competition**
3. **Bus lanes and other facilities**
4. **Safety and comfort**
5. **Proper information**

- 6. More buses and train carriages – better organized**
- 7. Affordable and reasonable fares**
- 8. Management in low demand areas**
- 9. Bus shelters and covered pedestrian walkways – connectivity**
- 10. Effective Feeder bus system**

**Secondly, Public Transport is a national problem, not a Klang Valley problem. It should not just be about bus upgrading but an adequate total system in place.**

**Thirdly, there is no allocation for access to public transport for people with disabilities or in other words universal design.**

**With relation to taxis, the quality of service needs to be addressed.**

## **11. Healthcare**

We welcome the increase in the number of Klinik Kesihatan.

**Our concerns;**

- 1. There needs to be more hospitals, for greater access for healthcare for all. Staff numbers should also be increased for better quality services.**
- 2. FOMCA is against Privatization and Corporatization of healthcare. Health is RIGHT for ALL.**
- 3. More specialists are needed for government hospitals. Their salaries and terms of conditions need to be upgraded.**
- 4. Health tourism should not neglect access to healthcare for Malaysian consumers.**
- 5. Access to affordable drugs (generic) to all consumers.**
- 6. Surplus of nurses should be addressed as their ability to secure employment in the relevant sector is greatly affected. Allocation should be used to train higher quality nurses and not focused on the quantity.**

## **12. Housing**

The increase of the number of housing units for middle-income is positive and the tax incentive for abandoned housing projects is good.

### **Our concerns:**

- 1. BUILD AND SELL should be for all houses and should be mandatory. The developer should be held responsible for “hidden defects”.**
- 2. Allocation of public housing to consumers should be open and transparent.**
- 3. For abandoned projects, bank continues to deduct payments. Needs to be addressed for consumers benefit.**
- 4. Increase of access to purchase of houses is below RM 5,000 enables greater access to housing, but can consumers afford the payments?**
- 5. Consumers need financial education to understand how to manage debts.**
- 6. Lack of/No incentives to promote green building /housing initiatives among developers and purchasers in order to create a demand for green housing.**
- 7. Lack of allocation promotion of Green Building Index/ Green Townships /Sustainable Cities**

## **13. Crime**

We welcome the increase of police force including volunteers, patrols and CCTVs to improve security.

### **Our Concerns**

**There was no mention of allocation to:**

- 1. Improve logistics**
- 2. Increase community policing**
- 3. Enhance investigation workflow**
- 4. Address safety of car parks in business complexes and housing areas**
- 5. Improve forensics technology to enhance effectiveness of investigation**

**The allocation of RM95 million for RELA uniform should instead be channeled towards better equipment and training for RELA personnel.**

#### **14. Subsidy**

We welcome the reduction of the sugar subsidy.

##### **Our Concerns**

**The savings should be channeled to improve agriculture output and also for consumer education on healthy lifestyle.**

**The same should have been done to cooking oil, and ensure that cooking oil are safe for human consumption. Tests by consumer organizations have shown that recycled cooking oil are used for human consumption. The savings can be used to promote recycling of used cooking as biodiesel which can contribute to the reduction of dependency on fossil fuel and on virgin palm oil for biodiesel. The savings can also be used for consumer education on healthy lifestyle**

#### **15. Consumer Education and Financial Education for all**

The Government has failed to recognize the importance of consumer and financial education. The Government should introduce consumer and financial education in the formal school system.

For informal consumer and financial education, the government should partner with Consumer NGOs to **facilitate consumer and financial education.**

#### **16. Commerce**

We welcome the allocation of incentives to encourage entrepreneurship through the TEKUN program

##### **Our Concerns**

**We strongly disagree with disbursement of funds under the TEKUN Program via political parties. A government agency should manage this fund in a non-partisan, transparent and accountable manner.**

## **17. Rural Development**

We acknowledge the funds allocated for the development of rural infrastructure and amenities.

### **Our concerns**

**Disbursement of the allocation should be more transparent. Jabatan Orang Asli (JaKOA) should be more accountable for the money allocated through them. Accessibility to basic social and economic needs must be increased.**

## **18. Conclusion: Role of NGOs**

The role and contributions of NGOs have not been adequately addressed. NGOs are keen partners in human development.

FOMCA strongly believes that civil society should play a stronger role in consumer protection and consumer welfare. Their ability in terms of reach, effectiveness and costs means that the government needs to spend less but have more effective programs.

We strongly believe that the Complaints Redressal and the Consumer Education programs should be outsourced to FOMCA. The government can then monitor and evaluate program efficiency and program effectiveness.