

Sabah industries hit hard by workers' exodus - FSM

By Ripin Mintow

KOTA KINABALU: The Indonesian foreign workers' exodus from Sabah to take up jobs in their country's booming oil palm industry in Kalimantan had badly affected the state, according to Federation of Sabah Manufacturers (FSM) president Datuk Seri Panglima Wong Khen Thau.

He said the small and medium industries (SMIs) and the small and medium enterprises (SMEs) were the most hard-hit and face closure if no expeditious solutions are forthcoming.

"External factors negatively affecting the industries are beyond the control of the industrialists and should be viewed with serious concerns and not be allowed to escalate as they could potentially cripple the industry," Wong said yesterday.

Inconsistent labour supply along with land lease extension and high cost of doing business were among a host of problems that plagued the manufacturing sector over the decades, impeding the state's industrial growth, he said at the FSM's 27th annual dinner

gathering here yesterday.

Wong noted that given the choice, Sabah manufacturers preferred to give priority in employment to locals over foreign labour to lower the cost of recruitment and avoid the tedious procedures.

"However, employers faces the problem of recruiting and retaining locals, as locals perceive factory work as demeaning - dirty, dusty and dangerous. In terms of workers' productivity and skills level, employers could testify that foreign workers outshine the locals," he added.

Wong said FSM was all for the Government's call to reduce the number of foreign workers but the move must ensure that the local labour market is sufficient to meet the industry needs, both in numbers and in the level of productivity that is comparable to global standard.

In this regard, he indicated FSM readiness to work together with the government to formulate the mechanism to lure locals for the local job market, including the training and development aspects that meet the industry and global standards.

On the land lease extension issue, Wong said industrial landowners faced a decade-long wait for approval of application for extension, adding that there were no clear and transparent guidelines for approval nor was the premium rate and the formula used.

"The government imposes significantly higher premium on industrial lands than agricultural land when the returns from industrial activities outweigh those of agricultural lands.

"The 99-year industrial leases were reduced to 99 years upon conversion of land use on the basis which was unclear, while in Peninsular Malaysia 'freehold' leases exist," he said.

On the high business costs, Wong



Wong Khen Thau

pointed out that the manufacturing sector was burdened by one of the highest levies at RM960, besides accommodation for the workers and their dependents.

He urged that the government gives serious consideration to the proposed standard levy of RM360 across all

industries.

He said logistics and transportation costs were excessive and singled out freight costs as the major contributor as Sabah shippers were forced to absorb the cost of a two-way journey for imports from the peninsula because ship owners claimed that vessels returned empty.

Wong reckoned that the government brought freight costs to a more competitive and affordable level for Sabah shippers through full liberalisation of the shipping routes between the peninsula and East Malaysia.

Manufacturing plants located in flood-prone areas where the drainage system was poor such as in Lok Kawi and Kolombong, among others, suffered heavy losses when forced to halt production leaving machines and manpower idle.

Inconsistent electricity supply had cost industrialists to the tune of millions both in financial losses and damage to machinery and equipment, with no compensation to affected manufacturing plant owners, he added.