

Sabah GLCs mostly 'blackholes'

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By: David Thien

Kota Kinabalu: A majority of the 250-odd Sabah GLCs (Government-linked companies) are like "blackholes" sucking away financial resources from Sabah. But there are a few bright stars.

"These statutory bodies and GLCs produced only RM143m dividends to the Sabah Government, of which RM50m was from SMJ Energy. Only a small number can generate dividends for the government. The performance of the rest is pathetic," said Datuk John Lo, a former banker and now in the Sabah Economic Action Council (SEAC).

The other profitable GLCs include Sabah Foundation's subsidiary Innoprise, Sabah Energy Corporation, Sogip, Sogdc, POIC Lahad Datu, Suria Capital, Sabah Credit Corporation and Sawit Kinabalu.

Lo was a guest panel speaker at the NGO Sabar – Kopi Tiam Council podcast on "Oversight & Reform of government-Linked Companies (GLCs) Transparency, accountability & Corruption Prevention session, recently.

"Most are either non-performing or underperforming," Lo said and pointed out that GLCs hold many monopolistic rights for example, cement [Sabah Cement Industries], ports [Suria, POIC Sandakan and POIC Lahad Datu], water [Jetama] and fishing landing rights [Safma].

They have been granted very cheap but extremely prime land, most of them at RM1,000 premium. [Innoprise, SUDC, subsidiary of Sedco, Suria, SICC, Sabah Energy, TAED.].

Others have been vast acreage of valuable agricultural land for free or at nominal premium. [Sawit Kinabalu, KPD, Sabah Softwood.].

Then there are those who have been granted cheap and valuable land for industrial park [KKIP, Sogip, POIC Sandakan and POIC Lahad Datu, Asian Supply Base in Labuan] or granted concession rights in oil and gas, river and sea sand [Sabah Energy, Sabah Gas, SMJ Energy, Sedco].

GLCs are also into hotels, resorts and jungle resorts [Innoprise, Sedco and Sabah Air] or granted exclusive JV preference with Sabahan and non-Sabahan companies.

"Most significantly, many GLCs have become a huge liability and drag on Sabah's economic growth. Allowing GLCs to continue without proper governance will result in serious economic consequences. Sabah can never catch up," he said.

In most cases the political appointments of chairmen, board of directors and senior management have been inappropriate.

“GLCs are still bleeding losses year in year out. Sabahans are subsidising these losses that have easily run into billions the last 35 years. The accumulated losses are staggering,” he said.

What is worse is that some of these GLCs have sold or entered into JVs in many valuable assets like prime commercial and agriculture land, buildings, monopolies and concessions, most of which are lopsided against Sabah.

These GLCs have taken huge loans from the government and banks [especially SDB] that they cannot service or repay, often forcing Sabah taxpayers to bail them out.

“They enter into many lopsided JV agreements against the interests of Sabah. They have the greatest number of failed JV projects that need rescue by ‘white knights’.

“These billions of dividends can be tax free and can transform Sabah’s economic ownership back to Sabahans. The greatest impact is job creation. If each GLC, on average, can create an additional 100 jobs, there will be additional 25,000 jobs!” said Lo.

“This money could have been used for the hard-core poor, repair or investment in infrastructures, health, scholarships or to build two or three universities.

“The GLCs have many JV projects that are suspended or non-start for years.”

“SDB’s revamp is showing encouraging results. Keep an eye on Sabah Energy as it will be the new performing star.”

Lo was pleased that Chief Minister Datuk Seri Hajiji Noor has appointed suitable Sabahans to head some boards and management e.g. SDB, SMJ Energy, Sabah Energy, Sogip, Sogdc and the latest, a new Group GM for Sedco.

Hajiji has appointed advisors on the economy, oil and gas, energy, tourism and international affairs.

Notably, he said state Finance Minister Datuk Seri Masidi Manjun has appointed a task force on GLCs. Masidi has also appointed an oversight committee for GLCs.

“Hopefully, the revamp of GLCs will lead some of them to be listed on Bursa. Bursa will impose demanding and stringent governance requirements on these GLCs.

“GLCs that have independent board of directors and professional management appointed by Hajiji and Masidi are turning around with noticeable improvements.

“It is imperative that future Sabah governments continue to revamp, rationalise the GLCs.

“Focusing on and sorting out the mess in Sabah’s GLCs is a critical economic issue for every Sabahan, especially for the present young generation and their children.

These GLCs are eroding away their future.

“I hope all Sabahans, every man, every woman, every voter, after listening to Sabar’s podcast, will support the reformation, transformation and rationalization of Sabah’s GLCs.

“It is in every Sabahan’s interest to see to it that all GLCs succeed,” Lo stressed.

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"Sabah Voices to Action - Shaping Sabah's Future Together" is a citizen-driven, non-partisan initiative running from March to June 2025, dedicated to amplifying Sabahans' voices, fostering meaningful discussions, and shaping policies on education, healthcare, public infrastructure, and good governance.

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Together, we can build a stronger, more inclusive Sabah!

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From left - Adi, Roger Chin, Lo and Haffisz.

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Call for urgent review of long-overdue GP fee hike

KUALA LUMPUR: The Malaysian Medical Association (MMA) has called for an urgent cabinet review and approval for the long overdue private general practitioner (GP) consultation fees increase.

Its president, Datuk Dr Kalwinder Singh Khaira, said the MMA, together with other GP organisations, had submitted a joint memorandum on the issue of GP consultation fees and other issues to Prime Minister Datuk Seri Anwar Ibrahim following a peaceful assembly on May 6.

He said the Prime Minister's Office (PMO) responded positively, recognising the stagnant GP fees and instructing the Ministry of Health (MOH) to present to the cabinet on this issue.

"MMA and other associations have since met MOH officials and presented a clear, evidence-based case for the consultation fee increase.

"We understand that the quantum of fee increase to be decided by the government will take into consideration the views of all, but we hope that the justification that has been given by MMA is taken into consideration and that the review and approval by the Cabinet be done as soon as possible," he said in a statement.

Dr Kalwinder said the 33-year-old unchanged consultation fees had taken its toll and will only worsen the survival rate of GP clinics. - The Sun