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Abstract

Upon joining the Federation of Malaysia in 1963, Sabah was promised privileges in exchange for protecting the state's interests and rights spelt out in the *20 Points*. However, after 60 years in the Federation of Malaysia, Sabah was frequently unsatisfied due to the federal government's failure to meet the agreement. As a result, an anti-federal sentiment in Sabah emerged, urging the state to quit the Federation of Malaysia. With the use of federalism as an analytical tool, together with primary and secondary sources such as interviews, books, journals and newspapers being research data, this article discusses the issues that persist in the 20 Points. This article contended that the federal government has failed to address five major issues, namely (i) the payment of oil royalties, (ii) the financial allocation and development gap, (iii) the immigration and foreigner issues, (iv) Sabah's constitutional status and (v) Borneonisation, which have resulted in anti-federal sentiment in Sabah. The federal government's failure to address the issues created a substantial economic imbalance between Sabah and other states, an influx of illegal immigrants and the Peninsular Malaysians dominating government offices.

Keywords: 20 Point; Anti-Federal; Malaysian Federation; Oil Royalties; Sabah

Introduction

The foundation of a federal state is governed by an agreement that ensures the central and state government's powers are exercised fairly. One of the primary characteristics of federal states is the presence of a written constitution that divides the jurisdiction of the federal and state governments so that there is no overlap of powers. The Constitution also states that each level of the central and state governments must respect their respective jurisdictions, which cannot be invaded or violated without the other party's approval. Wheare defines federalism as "a method of driving power so that the general and regional governments are each, within a sphere, co-coordinate and independent."¹

Today, many nations have adopted federalism as their political system; each considers the Constitution that was agreed upon at the outset of its existence as the country's supreme law. For example, the United States (Constitution 1787), Canada (Constitution Act 1867), Australia (Australian Constitution Act 1900), India (Constitution of India 1950) and Nigeria (Constitution of Nigeria 1963) all have constitutions as the highest law of their respective countries.

There are five reasons for the significance of the Federal Constitution. First, political stability and an efficient and functional administrative structure must be ensured as the Federal Constitution establishes the system of government, delineates the separation of powers between the federal and state governments, as well as outlines the fundamental principles governing how those powers are exercised. Second, the Federal Constitution ensures people's safety and well-being by establishing fundamental human rights, such as freedom of expression, religion, and property ownership. Third, by establishing legislative, executive and judicial jurisdictions, a country can avoid abuse of government power. Fourth, it assesses the restrictions or undeniable ethnic advantages, making it pertinent for multi-ethnic federal states to exercise the Federal Constitution to avert racial strife. Finally, the Constitution ensures social justice between races, besides promoting national unity and growth.

The Federation of Malaysia was founded as a consequence of an agreement between the Federation of Malaya, North Borneo (Sabah), Sarawak and Singapore via the Malaysia Agreement 1963 (MA63), which was signed in London on July 9, 1963. This agreement consists of 11 articles, followed by annexes that alter the previous Constitution, the 1948 Federal Constitution of Malaya to the 1963 Federal Constitution of Malaysia. Each item in the agreement serves as a directive that must be followed, obeyed and completed by all parties signing it.

This agreement grants Sabah and Sarawak special status and position in several areas. The 20 Points for Sabah and the 18 Points for Sarawak are two of them. The agreement to the 20 Points was established to ensure a sense of safety and security for both states within the Malaysian Federation. Nevertheless, after 60 years, the execution of the 20 Points remains a key issue in the relationship between the central and state governments, resulting in unhappiness and anti-federal attitude among the people of Sabah. The people of Sabah believe that the federal government is dishonest in carrying out MA63, which has caused the state to be left behind compared to other states in Peninsular Malaysia. The people of Sabah and Sarawak are dissatisfied with the federal government's failure to implement Article 20 which resulted in an anti-federal spirit, that focused on five main issues: oil royalty payment, financial allocation and development, immigration, the status of Sabah, and Borneonisation. Thus, this article highlights the challenges that persist in the 20 Points, which have resulted in anti-federal sentiments in Sabah.

Literature Review

Scholars defined federalism as two levels of government that are mutually independent and equal. Each level of government governs the same region, likewise inhabited by the same people. A written constitution guarantees that all units or regions agree to the verified agreement. Then, each level of government should have the power and autonomy in at least one specialised sphere of action to ensure the credibility of each government in exercising power within the constraints set by a federal state's Constitution. The elected leaders must cooperate and tolerate one another to maintain good ties between the national and state governments, suggesting that every government must obey the federalism ideology to implement the federal political system efficiently and meaningfully in a federal system.

However, implementing federalism in multi-ethnic federalism countries is difficult due to the growth of anti-federal attitudes induced by various circumstances. Previous experts have extensively discussed this subject. Hebert and Lapierre, for example, explored the federalist conflict in Canada.² They explained that anti-federal sentiment in Canada began in Quebec in the early 1960s due to ethnonationalism, which stemmed from the language and cultural contrasts between Quebec and the rest of Canada, where 82.8 per cent of Quebecers speak French, while only 10.9 per cent speak English. As most Quebecers speak French as their first language, the people of Quebec rebelled when the federal government only recognised English as Canada's primary language. The reason for this was ethnic discrimination and a veiled endeavour by the central government to destroy the French language and culture practised by Quebecers since their forefathers. As a result, they requested greater autonomy and threatened to leave the Canadian federal government. To express their displeasure, a group of

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Quebecers introduced violence through bombs and robberies to force the central government to meet their demands. As a result, the central government *passed Bill 22, the Official Languages Act*, in 1976, making English and French the Canadian Federation's official languages.

Suberu spoke about Nigerian federalism.³ He argued that the ethnic conflict in the Nigerian Federation has existed since the country's inception in the 1960s. The cause for this was the disparity in the economic development between regions. Nigeria is a country that relies on oil resources in the Niger Delta, located in the country's south. However, the central government's refusal to fairly distribute funds to ethnic minorities in the Niger Delta, including the Ijaw, Kanuri, Tiv and Ogoni, caused the relationship between the central and state governments to become acrimonious and hostile since the Niger Delta region's development and infrastructure cannot be built due to a lack of financial resources. As a result, in the early 1990s, this ethnic community took up arms and wanted independence. Although the central government was successful in combating anti-federal groups in the Niger Delta, including the Movement for the Survival of the Ogoni People (MOSOP) and the Ijaw Youth Council (IYC), ethnic and political unrest in the region continues to this day, contributing to the suffering of minorities.

In addition, ethnic and religious divides have a role in creating anti-federal attitudes in Nigeria. Nigeria is Africa's most populated country, with 250 ethnic groupings and nearly 500 languages. The primary ethnicities in the northern section are Hausa, Fulani, Yoruba and Igbo, while ethnic minorities in the southern half include Ijaw, Kanuri, Ibibo, Ogoni and Tiv. Regarding religion, Nigeria consists of 50 per cent Muslims concentrated in the north, whereas 40 per cent Christians are concentrated in the south. The religious divisions characterising their separate regions have fuelled animosity between both parties. To keep their places in politics and government, they struggled and manipulated ethnoreligious conflicts. Finally, it instilled fear and hostility among them, leading to the emergence of armed movements that exploited religious feelings, such as Boko Haram, undoubtedly undermining the integrity of Nigeria's federalism.

Simandjuntak, who assessed the key challenges of federalism at its development in 1963, pioneered the study of anti-federal sentiment in Malaysia.⁴According to him, the conflict of federalism occurred as a result of the Constitution's execution, which centralised power to the central government until the state governments became unable and weak, negatively impacting the relationship between the two levels of government and causing issues with citizenship, education, language, competition for state funds, economic development and racial unity. He added that these issues are major difficulties in a pluralistic society, especially when the state government's jurisdiction is encroached on by the federal government.

According to Jomo and Hui, the emergence of anti-federalism in Malaysia was resulted from an uneven distribution of financial resources between the central government and the states.⁵ It was also contended that the central government's control over financial resources has made obtaining financial resources difficult for the state government, particularly with different governing parties; this happened in Sabah, where the state possesses much oil but does not profit from it. As a result, the distribution of economic income among states became imbalanced, resulting in the dissatisfaction of the state government with the central government.

Mohammad Agus highlighted the central government's cooperation with the states of Sabah (1963–1995) and Kelantan (1955–1995), both of which were ruled by a party opposed to the central government.⁶ He claimed that when Kelantan was administered by PAS, a party that opposed the central government, the central government took several actions that enraged the people of Kelantan. First, the central government intervened in the state government's activities in the interests of the central government, such as rejecting the *Hudud bill* adopted by the Kelantan government on the grounds that the bill violated *Article 75 of the Federal Constitution*. Second, financial loans or aid were limited to

destabilise the Kelantan PAS government. Third, private enterprises were discouraged from investing in Kelantan. As a result, several state development projects under the South Kelantan Development Board (KESEDAR) failed to be implemented due to a lack of funding from outside investors. Fourth, Kelantan's Chief Minister was not invited to the Malaysian Development Plan discussion to pressure the state administration. According to Mohammad Agus, the central government's actions do not reflect the true spirit of federalism, which fuels hate for the central government.

According to Mohammad Agus, anti-federal sentiment evolved in Sabah due to the state government's discontentment with the central government's treatment of Sabah's socio-cultural, socio-economic and socio-political development. This sentiment became more tense when Parti Bersatu Sabah (PBS) was in control from 1985 to 1994 due to the central government's unwillingness to recognise Kadazan/Christian leadership in the state government as the nature of the central government favours Muslim USNO and BERJAYA leaders, besides the central government's idleness in addressing the problem of illegal immigration in the state. When the Chief Minister of Sabah was prosecuted by the central government on corruption charges, it fuelled anti-federal sentiment as the government who disagreed with it.

Furthermore, Chin discussed the factors contributing to the emergence of anti-sentiment in Sabah and Sarawak.⁷ Five concerns were identified to have irritated the people of Sabah and Sarawak with the central government. The first involves failing to comply with the 20 Points (Sabah) and 18 Points (Sarawak), among which include oil royalties' distribution, finance and Borneonisation. The central government was accused of violating the 20 Points and the 18 Points by failing to carry out the promise that was agreed upon. The second factor includes the issue of Sabah and Sarawak's standing under MA63. According to MA63, Malaysia comprises three entities: the Federation of Malaya's 11 states, Sabah and Sarawak. Sabah and Sarawak's status in MA63 is as a partner, not as one of Malaysia's 13 states. Thus, they demanded that their status be restored to that of MA63.

Third, the central government's intervention in the state government's administration. For instance, he asserted that the Kadazan Dusun ethnic community in Sabah was dissatisfied with the central government as the policies discriminated against the state government governed by PBS. The central government was accused of purposely weakening PBS by bringing UMNO into Sabah to destabilise the PBS government. Fourth, the Islamic and Malay supremacy. Chin remarked that while Islam is the official religion of Malaysia, the rule does not apply in Sabah and Sarawak. However, since the 1970s and 1980s, the federal government has amended the Constitution to make Malay the official language of Sabah and Islam the state's official religion.

Scholars agreed on significant commonalities in a federal country that can lead to the rise of anti-federal attitudes. Among them include power concentration, language, culture, ethnicity, religion and politics. Previous research in Malaysia indicated that the variables that drove anti-federal views are regional imbalance, the structure of central-state government relations, violations of constitutional requirements and central government intrusion. However, most Malaysian studies have not explored the 20 Points and anti-federalism concerning Sabah's economic, political and social factors.

Research Methodology

A qualitative research design was employed in this study owing to the fact that qualitative research necessitates an interpretation procedure that is suited to this topic. Furthermore, the method allowed this study to examine the 20 Points and the variables contributing to the emergence of anti-federal sentiment in Sabah. Dr Maximus Ongkili (the Minister of the Prime Minister's Department (Sabah and Sarawak Affairs) and Salleh Said Keruak (Usukan State Assemblyman) provided primary data,

which was deemed noteworthy and useful since they have served in the cabinet and were familiar with Sabah politics. Meanwhile, books, journals, theses, newspapers and electronic media portals acted as secondary data sources. These statistics were descriptively studied to identify the issues in the 20 Points, which have resulted in anti-federal sentiments in Sabah.

Issues of the 20 Points and Anti-Federal Sentiment

Following the signing of MA63, the relationship between the federal government and Sabah has gone through ups and downs, hence fostering anti-federal feelings in the state, with the 20 Points being among the elements driving the tension. Political leaders in Sabah frequently argued that the federal government has failed to meet the 20 Points, the basis for Sabah's membership in the Malaysian Federation. As a result, the state government continued to press the federal government, increasing anti-federal sentiments within the state.

Looking back in time, the 20 Points arose after the formation of the IGC on August 1, 1962, when the leaders of the five newly formed parties, namely UNKO, USNO, United Party, Parti Demokratik and UPMO, met and submitted a memorandum to the Inter-Governmental Committee (IGC) as a condition for North Borneo to join the Federation of Malaysia.⁸ The 20 Points was the name given to the conditions, which was eventually included in the committee's report. Twenty issues, including religion, language, immigration, Borneonisation, citizenship, tariffs and finance, special Bumiputera rights, education, constitutional protection, representatives in the federal parliament, land, forests and local government, among others, are included in the IGC report.

According to Pandikar, no party raised the 20 Points seriously since the time Sabah gained its independence from Malaysia in 1963 until January 1987.⁹ However, following that, Dr Jeffrey Kitingan, the Chairman of the Sabah Development Studies Institute at the time, began to address the issue of the 20 Points. In his New Year's address in 1987, he claimed that one of the key reasons for Sabah's displeasure with the federal government was its failure to comply with the 20 Points, which was the basis for Sabah's membership in the Federation of Malaysia. After Dr Jeffrey highlighted the 20 Points in 1987, the subject got increasingly heated, resulting in anti-federal sentiment in Sabah.¹⁰This article analyses the five primary points in the 20 Points that fuelled anti-federal sentiments: (i) oil royalty payments, (ii) budgetary allocations and development gaps, (iii) immigration and outsiders, (iv) Sabah's constitutional standing and (v) Borneonisation.

Payment of Oil Royalties

The 20 Points does not specify the amount of oil royalties to be acquired by the state of Sabah, but it does specify land. The land is defined as (i) the surface of the earth and all things that make up the surface of the earth, (ii) the land below the surface of the earth and all things contained therein, (iii) all vegetation, whether natural or planted, whether above or below the earth's surface and (iv) all things attached to the earth's surface, or permanently attached to anything attached to the earth's surface, whether above or below the earth's surface, whether above or below the earth's surface.¹¹Item 20 specifies that 'the provisions of the Federal Constitution, particularly those concerning the power of the National Land Council, should not apply in North Borneo.' This item then became the topic of conflict between Sabah and the federal government, as the state government should fully own land power. Moreover, the Ninth Schedule of the Federal Constitution states that lands are under the state legislative's jurisdiction. Since the state is not subject to the authority of the National Land Council, oil likewise becomes state property.

After the federal government passed the Continental Shelf Act in 1966, it began receiving oil and gas payments from states. The federal government then made royalty payments to the state of Sabah in 1973 after Sabah Shell Berhad and Exxon became involved in oil and gas production.¹²According to Table 1, the federal government collected USD62 million to USD63.4 million from the oil and gas income from Sabah and Sarawak in 1975, while both state governments received only USD52.9 million in royalties. The federal government then passed another act, the Petroleum Development Act 1974, which resulted in the foundation of Petronas. Petronas was given complete ownership of petroleum, alongside rights, powers, freedoms and exclusive privileges to petroleum. This act regulates petroleum usage and development operations in Malaysian waters. With the passage of this act, the power of oil and gas mining in Malaysia has now been solely in the hands of Petronas, and the state no longer has the authority to designate other corporations to carry out any oil and gas mining activities in Malaysia. However, the states that engage in oil and gas mining would receive a royalty of five per cent of the proceeds from the sale of the oil and gas.¹³

The people of Sabah were outraged about oil royalties when Harris Salleh signed the handover of 95 per cent of Sabah's oil sales income to the central government-owned Petronas firm on June 14, 1976.¹⁴ The outrage was participated by a total of 14 people of Sabah due to Harris' actions resulted in Sabah losing funding allocations to develop its people's socioeconomics. In an interview, Usukan assemblyman Salleh Said Keruak stated:

"When Harris signed this agreement, the people of Sabah were furious as it only allocated 5 per cent of oil revenues to Sabah. Second, land ownership is a state right, as stated in the 20 Points of the Federal Constitution. As a result, the act of signing contradicts both issues."15

The oil payment of 5% is considered quite low in comparison to the amount received by the federal government. Since 2005 to 2020, the federal government earned more than RM30 billion to more than RM50 billion, as shown in Table 1. However, Sabah and Sawarak received approximately RM1 billion to RM2 billion over the same time period. This substantial disparity has exasperated the leaders the leaders of Sabah and Sarawak, who argued that the amount of oil royalties received is insufficient.

Years		Total Royalties Receive	d
	Federal	Sabah	Sarawak
2005	30,888	276	1,1,67
2010	55,358	825	1,720
2015	43,690	961	2,249
2020	50,900	1,136	1,668

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Sources: Bhattacharya & Hutchinson¹⁶; Jabatan Audit Negara.¹⁷

Sabah's political leaders then turned the provision of a 5 per cent oil royalty into a political issue to attract public support and sow anti-federal feelings in the state. For example, in the Sabah State Election (PRN) 1990, the PBS manifesto demanded that the amount of oil royalties earned by Sabah be increased from 5 per cent to 50 per cent.¹⁸ The PBS manifesto successfully gained the support of the people of Sabah, winning 36 of the 48 seats up for grabs, while the USNO only won 12. Meanwhile, the BERJAYA party lost every seat it ran for in the election.¹⁹ According to Mohammad Agus, one of the reasons for the defeat of USNO and BERJAYA in the state election was that the

people of Sabah were dissatisfied with the implementation of the 20 Points and felt that the central government had been treating them unfairly, particularly in terms of oil royalties and finance, leading to the state's backwardness in development²⁰ when these two parties are considered greater allies of the Kuala Lumpur-based federal government.

PBS brought up the subject of oil royalties in the Sabah 1994 PRN. Previously, PBS demanded an increase in oil royalties ranging from 5 per cent to 50 per cent, but in this election, the party only demanded a 15 per cent increase.²¹ Despite the heated battle, PBS won the election by receiving 25 seats, while Barisan Nasional (BN) obtained 23 seats. However, there was a political squabble less than a month after the election when 20 PBS assemblymen switched parties, leaving the party with only five seats.²² The dispute led to the establishment of the BN government and the strengthening of the BN's hegemony in the state.

The BN then consolidated its grip on Sabah in the Sabah PRN from 1999 to 2013, winning both elections handily. This event was exacerbated by PBS's re-entry into BN in 2002, which enhanced the coalition's influence in Sabah. As a result, the subject of oil royalty claims was no longer being addressed, particularly given that the state and federal governments are governed by the same coalition. However, following the 12th General Election (GE-12), the country's changing political dynamics resulted in a renewed demand for the oil royalty issue. BN's power was challenged in the election when it failed to secure a two-thirds majority in parliament, prompting political leaders in Borneo to seize the chance to reclaim their state rights. According to Loh, the emphasis that arose since Borneo accounted for 54 of the 140 seats obtained by the BN in parliament.²³ The BN government could not govern at the federal level without the support of the seats in Borneo.

The demand for oil royalties grew in 2014 when the political elites of Sabah and Sarawak wanted a 20 per cent increase in oil royalties. Sarawak Chief Minister at the time, Adenan Satem, slammed the federal government after Prime Minister at the time, Najib Razak, stated that he would not alter oil and gas royalties just days before the Sarawak PRN 2016.²⁴The Sarawak government responded by imposing a freeze on the issuance of new work licenses involving the recruitment of non-citizen Petronas personnel. Najib was subsequently forced to interfere, causing the prohibition to be eventually lifted.²⁵ Sarawak was awarded a seat on the Petronas board in exchange for ensuring the state's interests in future decisions. Unlike Sarawak, Sabah lacks a vocal and influential leader like Adenan to bargain with the federal government, particularly on oil royalty claims.²⁶

The situation was altered in 2015 when a UMNO leader, Shafie Apdal, left the party to form Parti Warisan Sabah (WARISAN). Shafie had constantly asked that the federal government award Sabah a 20 per cent royalty since Sabah's due under MA63.²⁷ WARISAN's major agenda in the 2018 general election was a 20 per cent oil royalty. When WARISAN took over the leadership of the Sabah state government from BN, the allegation succeeded in influencing the people of Sabah. WARISAN and BN were initially tied with 29 seats; however, six UPKO and UMNO assemblymen defected and joined forces with PH and WARISAN to create the state governance.²⁸

Despite the two parties' established collaboration, the federal government has yet to fulfil its promise to provide Sabah with a 20 per cent royalty, sowing discontent among the people of Sabah and leading to the formation of anti-federal sentiments.

Financial Allocation Issues and the Development Gap

Anti-federal sentiments in Sabah stemmed from the people of Sabah's dissatisfaction with the inequitable distribution of resources, which caused Sabah to lag significantly behind other Malaysian states. Despite its autonomy, Sabah claimed the central government had grabbed the state's territory without properly returning it. The state of Sabah has suffered significant losses due to the need to

divide the state's wealth, including oil, iron, nickel and timber, with the national government. As a result, the Sabah state government has to rely on federal government budgetary allocations while being wealthy in land output.

For example, Table 2 demonstrates that Sabah earned the biggest development allocation in every Malaysian Plan (RMK) announced, almost as much as Selangor, Malaysia's most progressed state. From RMK-6 to RMK-9, the development allocation between Sabah and Selangor was not significantly different from the amount received.

State		Year		
	RMK-6 (1991- 1995)	RMK-7 (1996-2000)	RMK-8 (2001- 2005)	RMK-9 (2006- 2010)
Johor	3,344	3,613	5,937	10,200
Kedah	3,208	3,341	5,179	7,817
Kelantan	1,527	1,850	2,905	6,651
Melaka	1,009	1,191	2,464	3,686
Negeri Sembilan	1,325	1,801	5,221	5,884
Pahang	2,734	3,090	3,820	9,853
Perak	2,321	3,216	4,848	7,614
Perlis	614	953	1,581	2,201
Pulau Pinang	1,672	1,968	4,040	6,152
Sabah	2,595	4,495	7,989	15,658
Sarawak	3,133	4,548	8,676	13,437
Selangor	4,345	4,296	7,847	15,539
Terengganu	2,096	2,553	2,443	5,806

Table 2: Development Allocation to Each State, RMK-6 To RMK-9 (RM Million)

Sources: Abdul Rahim²⁹; Unit Perancang Ekonomi³⁰; Unit Perancang Ekonomi.³¹

Although Sabah has been receiving the most development allocation in each RMK, distributing these funds was problematic. This issue can be observed throughout the PBS administration from 1985 to 1994. When PBS disagreed with the central government, development funds were transferred to the federal office in Sabah rather than the state administration. As a result, Sabah's infrastructure was constructed late and lagged behind that of other states. In addition, Sabah was regarded as backward, particularly in terms of basic human infrastructure. First, regarding water supply, Sabah is Malaysia's second-lowest state in terms of coverage. Table 3 reveals that until 2019, Sabah had only 84.7 per cent water coverage, which is in contrast to the other states in Peninsular Malaysia, except for Kelantan and Sarawak, where rural water supply coverage exceeded 90 per cent in the same year.

State			Year		
-	2000	2010	2013	2017	2019
Johor	98	99.5	99.5	99.8	99.9
Kedah	97	96.3	96.5	98.3	98.3
Kelantan	46	55.2	63.4	68.0	71.7
Melaka	99	100	100	100	100
Negeri Sembilan	99	99.5	99.8	99.9	99.9
Pahang	89	96.0	96.0	98.0	98.0

Table 3: State Coverage for Rural Water Supplies, 2000-2019 (%)

Perak	100	98.0	99.2	99.6	99.6
Perlis	90	99.0	99.0	99.5	99.5
Pulau Pinang	100	99.7	99.7	99.9	99.9
Sabah	45	58.6	73.1	n/a	84.7
Sarawak	88	61.7	76.0	n/a	86.4
Selangor	97	99.0	99.5	99.8	99.8
Terengganu	89	92.7	92.9	96.0	96.0

Sources: Unit Perancang Ekonomi³²; Unit Perancang Ekonomi³³; Suruhanjaya Perkhidmatan Air Negara.34

Second, Sabah also falls behind Peninsular Malaysia's states regarding energy supply coverage. Table 4 revealed that the energy supply in Sabah was only fully operational in 2019, even though the states of Peninsular Malaysia have had about 100 per cent coverage since 2014. This finding demonstrates that Peninsular Malaysia, Sabah and Sarawak have different levels of electrical supply coverage.

State	Year				
	2009	2014	2019		
Semenanjung Malaysia	99.5	99.8	n/a		
Sabah	77.0	94.1	99.7		
Sarawak	67.0	91.0	99.8		

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Sourses: Unit Perancang Ekonomi³⁵; Jabatan Perangkaan Malaysia.³⁶

With infrastructure development lags behind other states, Sabah's per capita GDP rate became the second lowest in Malaysia. Sabah's GDP per capita in 2020 was only RM21,706, compared to the GDP of other Peninsular Malaysia states, especially Penang (RM54,830), Selangor (RM52,106) and Melaka (RM45,924). Sabah was also the second-lowest state in terms of monthly gross family income. Table 5 reveals that Sabah's monthly gross household income in 2019 was only RM4,235 compared to RM8,210 in Selangor, RM6,427 in Johor, RM6,169 in Penang and RM6,054 in Melaka. Kelantan had the lowest monthly gross household income in 2019, with RM3,563.

State	Year						
-	2004	2007	2009	2013	2014	2016	2019
Johor	2,325	2,726	2,958	3,650	5,197	5,652	6,427
Kedah	1,607	1,756	1,966	2,633	3,451	3,811	4,325
Kelantan	1,258	1,510	1,713	2,276	2,716	3,079	3,563
Melaka	2,308	2,717	3,005	3,923	5,029	5,588	6,054
Negeri	2,288	2,556	2,711	3,575	4,128	4,579	5,005
Sembilan							
Pahang	1,783	2,235	2,479	3,067	3,389	3,979	4,440
Perak	1,732	1,905	2,094	2,665	3,451	4,006	4,273
Perlis	1,459	1,746	1,832	2,387	3,500	4,204	4,594
Pulau Pinang	2,650	2,902	3,200	4,039	4,702	5,409	6,169
Sabah	1,606	1,189	2,066	2,860	3,745	4,110	4,235
Sarawak	1,804	2,250	2,394	3,047	3,778	4,163	4,544
Selangor	3,588	4,046	4,306	5,353	6,214	7,225	8,210

Table 5: Monthly Gross Household Income by State, 2004-2019 (RM)

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Terengganu	1,353	1,796	2,096	3,034	3,777	4,694	5,545

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Source: Unit Perancang Ekonomi.37

In terms of absolute poverty, Sabah has the highest poverty rate in Malaysia. From Table 6, it can be seen that Sabah had the highest poverty rate in 2019, at 19.5 per cent, followed by Kelantan (12.4 per cent) and Sarawak (9.0 per cent). In the same year, Selangor had the lowest poverty rate in Malaysia, at 1.2 per cent, followed by Penang at 1.9 per cent and Johor, Melaka and Perlis at 3.9 per cent. The finding suggests that Malaysia's imbalanced development has left Sabah as the poorest state in the country.

State				Year			
	2004	2007	2009	2013	2014	2016	2019
Johor	2.0	1.5	1.3	0.9	0.0	6.2	3.9
Kedah	7.0	3.1	5.3	1.7	0.3	14.3	8.8
Kelantan	10.6	7.2	4.8	2.7	0.9	19.5	12.4
Melaka	1.8	1.8	0.5	0.1	0.1	2.6	3.9
Negeri	1.4	1.3	0.7	0.5	0.4	6.4	4.3
Sembilan							
Pahang	4.0	1.7	2.1	1.3	0.7	9.2	4.3
Perak	4.9	3.4	3.5	1.5	0.7	8.2	7.3
Perlis	6.3	6.8	6.0	1.9	0.2	7.2	3.9
Pulau Pinang	0.3	1.4	1.2	0.6	0.3	2.2	1.9
Sabah	24.2	16.4	19.7	8.1	4.0	23.9	19.5
Sarawak	7.5	4.2	5.3	2.4	0.9	11.9	9.0
Selangor	1.0	0.7	0.7	0.4	0.2	0.8	1.2
Terengganu	15.4	6.4	4.0	1.7	0.6	6.8	6.1

Table 6: Rate of Absolute Poverty by State, 2004-2019 (%)

Source: Unit Perancang Ekonomi.³⁸

The central government's actions, which route development allocations via federal agencies in the state rather than directly to the state government, have resulted in a development gap between Sabah and the other states in Peninsular Malaysia. In reality, the vitality of people's lives is profoundly affected when poverty and unemployment rates in a region significantly surpass those in other states, and it is this disparity that fosters sentiments of discontent and disillusionment among the populace of Sabah.

Immigrant and Immigration Issues

Sabah has relied extensively on foreign workers since colonial times. Plantation firms such as Felda, Sime Darby and IOI Corporation have stated that foreigners make up more than 90 per cent of their employment.³⁹ Due to the rivalry for job prospects, the flood of immigrants has made the people of Sabah uncomfortable. Furthermore, the people of Sabah were compelled to share public amenities such as hospitals, schools and government services with foreigners. Since they believed immigrants were usurping their privileges as a result of this rivalry, it generated the impression that the people of Sabah were isolated within their own state.

According to Sina, illegal immigrants have begun flooding into Sabah in huge numbers during the tenure of Chief Minister Mustapha Harun and Harris Salleh.⁴⁰ During the Mindanao conflict, which lasted from 1970 to 1977, the government discreetly allowed Filipino immigrants to

enter Sabah in large numbers, followed by Project M or Project IC. According to Chin, Project M had a huge impact on Sabah's demography, with more than 500,000 illegal immigrants reportedly receiving authentic identity cards that allow them to enjoy all the benefits of citizenship, including the opportunity to vote.⁴¹ The uncontrolled migration of foreigners in the 1990s substantially altered Sabah's ethnic composition. Non-Muslim Bumiputera in Sabah claimed that Project M is a code term for a hidden political scheme to bring about a demographic shift in Sabah politics. The local Kadazandusun indigenous population and other indigenous groups lose power as most Muslim Suluk from the Southern Philippines and Muslim Bugis from Indonesia come to Sabah as a result of the central government's failure to control the entry of foreign immigrants into the state of Sabah. As stated in the 20 Points, Sabah should have control over anybody who enters its territory, although the central government has the jurisdiction in terms of security. The issue arose when the federal government granted these immigrants citizenship, allowing them to roam free in the state.

The Sabah people's claim is consistent with the Immigration (Transition Provisions) Act 1963, enacted during Malaysia's creation.⁴² This act specifies the scope of immigration control under Sabah and Sarawak privileges as follows: (i) Malayan immigration inspection for citizens wishing to enter Sabah and Sarawak; (ii) the use of passports for Malayan citizens; and (iii) the power of the Sabah and Sarawak governments to refuse entry of Malayan citizens for any reason. Although the inhabitants of Sabah are Malayans, the entry of immigrants, especially those from the Peninsular states, is controlled and limited by this act to preserve the interests of the indigenous population.

Although the Sabah government has complete control over all entrances to its territory, the state's security still lies on the national government. The federal government supervises and directs the country's key security apparatus, including the army, the Royal Malaysian Police, immigration and the Malaysian Prisons Department.⁴³ The influx of illegal immigrants and foreigners who can register as citizens through the issuance of fraudulent identification cards has triggered outrage from Sabah's people since the federal government is responsible for controlling the state boundaries and ensuring their protection.

This fact is proven by the 2019 Auditor General's Report, which found flaws and inefficiencies in the state's recruitment of foreign workers. The research discovered inefficiencies in Exit Check Out Memo (COM) records and the issuing of Temporary Employment Passes (PLKS), as well as the intrusion of the Malaysian Immigration System (MyIMMs) in Sabah run by the Immigration Department of Malaysia (IDM). IDM Sabah issued 24,880 COMs in 2019, but only 14,481 migrant workers filled COMs were recorded to have departed Malaysia, while another 10,399 had no record of departing the country.⁴⁴The report also revealed that, despite the collection of RM421.71 million in revenue from the recruitment and employment of foreign workers in Sabah during the period in question, up to 1.5 per cent of the 1,911 foreign workers in Sabah failed the health examination required for the approval and issuance by PLKS.⁴⁵

This lack of control has three consequences. First, it resulted in an increased number of immigrants entering Sabah, particularly from Indonesia and the southern Philippines. According to Tuaran Member of Parliament Wilfred Madius Tangau, the number of foreigners in Sabah has already reached 1.2 million.⁴⁶ Table 7 depicts the increase in the number of non-citizens in Sabah from 2010 to 2020. The population of non-citizens in Sabah was just 425,175 in 1991, but reached 867,190 in 2010 and then significantly reduced to 810,443 in 2020.

Year	Total
1991	425,175
2000	552,967
2010	867,190
2020	810,443
) -

Table 7: Total Number of Non-Citizens in Sabah, 1991-2020

Source: Jabatan Perangkaan Malaysia.47

The second issue is a rise in pirate activities in Sabah waterways, which endangers the local population and tourism activities. For example, two local natives were kidnapped at gunpoint by foreigners in Sandakan and taken to the south of the Philippines.⁴⁸ Also, on February 11, 2013, 235 Filipinos, some of whom were armed, invaded Kg. Tanduo, Lahad Datu, Sabah.⁴⁹ The detachment known as the Royal Security Force of the Sultanate of Sulu and North Borneo was sent by Jamalul Kiram III, one of the Sultanate of Sulu's claimants to the throne. Kiram explained his goal to recapture their unclaimed territory in the eastern part of Sabah.⁵⁰ This occurrence has made the people of Sabah feel unsafe since it threatens their safety and lives, resulting in growing anti-federalism due to the federal government's unwillingness to solve the state's security and defence concerns.

Third, the crime rate in Sabah has also increased. For instance, the number of violence and property crimes in Sabah is increasing yearly from 580 in 2018 to 639 in 2019. Property crime also increased significantly from 4,403 cases in 2015 to 5,571 cases in 2018.⁵¹Despite a minor reduction in 2018 (5,106 cases), the number of property crimes in the state remained high and exceeded 5,000 cases.

The findings demonstrate that while Sabah has the authority to grant immigration privileges under the 20 Points, the right to protect the security of its territory still falls on the federal government as the principal enforcement agencies, such as PDRM and immigration, are under the federal government's control. Therefore, the federal government's failure to prevent the flood of foreign immigrants in the state has given rise to anti-federal feelings.

Sabah's Constitutional Status

Another source of discontent among Sabah residents is the state's status as a state on par with the other states in the peninsula. This status conflicts with Article 1(2) of the Federal Constitution and MA63, which designates Sabah as an associate member of the Malaysian Federation. However, on August 27, 1976, an amendment was passed to reduce the status of Sabah and Sarawak from two affiliates with the same status as the Malay Peninsula to the position of a state solely, similar to the other 11 states in the Malay Peninsula.

In 1976, Constitutional Amendment 1(2) was approved in the parliament with the support of 130 members of the House of Representatives.⁵² The parliamentary handbook noted that no members of parliament from Sarawak or Sabah opposed this proposal. However, there was no opposition from Sarawak or Sabah as members of parliament owing to the fragility of both states' leaders and the fear of confronting the federal authority. However, the constitutional change did not receive the governor's approval as required by MA63. Thus, Item 16 of the 20 Points on Constitutional Protection was violated, which specifies that 'no amendment, modification or withdrawal of the special protection afforded to North Borneo by the Central Government should be made without the positive consent of the State Government of North Borneo.' The right to alter the North Borneo State Constitution should be reserved only for the people of the state.

The fundamental reason for the constitutional amendment was the disagreements on the meaning of the phrase 'participating' or 'forming' in the founding of the Federation of Malaysia.⁵³ While the central leader claimed that Sabah and Sarawak had joined the Federation of Malaysia, the leaders of Sabah and Sarawak insisted on forming the Federation of Malaysia alongside Malaya and Singapore. They believed Sabah should be classified as a 'three in one' rather than a 'one in thirteen' (after Singapore was excluded). As a result, political leaders in Sabah denounced the amendment and exploited Sabah's anti-federal feelings in the 1990s. They believe that Sabah does not 'join' Malaysia but contributes to 'create' Malaysia.

However, after BN took control of Sabah in 1995, the question of Sabah's constitutional status was no longer discussed as the national and state governments were headed by the same party. However, when WARISAN won the state government of Sabah in 2018, the issue of Sabah's constitutional status revived. In the Dewan Rakyat session, the party vehemently requested a revision to Article 1(2) of the Federal Constitution to make Sabah and Sarawak partners with equal status to the Peninsular.⁵⁴ The goal of this amendment was also to allow the state of Sabah to obtain the status of a 'region' to get greater allocations comparable to the states in the Peninsula since their position in the Federation was not previously translated effectively. As a result of WARISAN's persistence, the prime minister at that time, Mahathir Mohamad, stated in his speech commemorating Malaysia Day 2018 that the central government was prepared to restore Sabah and Sarawak's status as allies, as enshrined in the Malaysian Constitution 1963, following the principles and spirit of MA63.⁵⁵

As a result, the PH government proposed a constitutional modification at the federal level in 2019 to amend Clause (2) Article 1 of the Federal Constitution, restoring the state's position to the way Malaysia was created in 1963. However, the constitutional reform did not pass since it was only backed by 138 members of parliament, while 59 abstained. However, by the end of 2021, this constitutional change was eventually carried out effectively during the BN administration when the Constitution (change) Bill 2021 linked to MA63 was accepted by a majority of more than two-thirds. After this amendment, anti-federal sentiment has not completely faded as people want to see it being implemented so that Sabah truly regains its rights under the 20 Points and MA63.⁵⁶

Borneonisation

Borneonisation is listed in the *20 Points* (Item 8) as a criterion for Sabah to join the Federation of Malaysia under MA63. This criterion is part of Sabah's aim to ensure that its people are prioritised when filling public sector positions. Tunku Abdul Rahman mentioned Borneonisation in his speech on October 16 1961, when he invited Sabah and Sarawak to join the Malaysian project. Tunku stated in his speech:

"... in our future constitutional arrangements, the Borneo people can have a big say in matters on which they feel very strongly, such as immigration, customs, Borneaonisation and control of their State franchise rights."⁵⁷

The IGC guaranteed in its 1962 Report that Borneonisation would be Sabah and Sarawak's top priority but did not assure that Malays would not nominate federal positions in the two Borneo states. However, the execution of Borneonisation in Sabah did not meet expectations, as it became clear during Harris Salleh's tenure as Chief Minister of Sabah. Only 19 departments were under the supervision of the Sabah's state government in the early 1980s, while the number of departments under federal control expanded from 13 in 1963 to 51 in 1981.⁵⁸According to the Sabah's Public Service Department, around 23,000 people from Peninsular Malaysia served in Sabah in 1989, accounting for roughly half of the 46,780 employees employed in federal civil service offices.⁵⁹

In 1989, the Sabah Development Research Institute surveyed federal institutions in Sabah and discovered that about 85 per cent of the 64 federal government entities were led by individuals from Peninsular Malaysia.⁶⁰The Chief, however, disputed these figures. Except for education, medicine and health, the Secretary of State asserted that the people of Sabah comprise most Group A officials in federal departments and agencies in Sabah.⁶¹ This circumstance has caused discontent among Sabah's political leaders. Pairin Kitingan, shortly after becoming Chief Minister in 1985, claimed that 'Sabah people ... often complain that they have been overrun by people from the other side (of Peninsular Malaysia).'⁶² In reality, Dr Maximus Ongkili, Minister in the Prime Minister's Department (Sabah and Sarawak Affairs), confessed in an interview that the Borneonisation process in Sabah has yet to be successful. He stated:

'Borneonisation in Sabah has not been as successful as we had planned. To date, 54 of the 109 federal department heads in Sabah are Sabahans, 39 are from the Peninsular, and two are from Sarawak. This means that over half of the population on the peninsula is still in charge of the federal department in Sabah.'⁶³

However, according to the data, the federal government has attempted to increase the number of Sabahans appointed as civil officials and serving in the state. For example, the Malaysian Ministry of Education reported that from 2018 to 2021, 4,014 people from Sabah and Sarawak were put in primary and secondary schools in their home states out of 17,718 new teachers hired permanently.⁶⁴ To meet the choice criteria in the two states, only 840 teachers from the peninsula were placed in Sabah and Sarawak during the period. Furthermore, the figure for Malaysian Ministry of Health (MoH) workers in Sabah showed that 24,385 of the 29,434 staff in Sabah were born in Sabah and 646 in Sarawak,⁶⁵ meaning that Sabahans hold 82 per cent of MoH positions.

The people of Sabah were dissatisfied with the federal government due to the delayed implementation of Borneonisation, evidenced by the number of the highest posts in the federal government's ministries held by Peninsular Malaysians. Nonetheless, the federal government has made steps to implement Borneonisation by hiring more Sabahans to fill posts in the state government organisations. Sabah authorities later argued that the Borneonisation process was insufficient as many people from the Peninsular continued to work in government agencies in Sabah. As a result, the people of Sabah developed an anti-federal stance towards the central government.

Conclusion

The preceding discussion highlighted three points. First, in 1963, Sabah agreed to form Malaysia based on the 20 Points. Second, the 20 Points is frequently cited as the root source of all disagreements between the two levels of government. Third, during election campaigns, the 20 Points has always been the major topic of political debates. As a result, the topic of the 20 Points becomes crucial in Sabah politics since it guarantees the people of Sabah's interests after entering Malaysia.

According to the discussion findings, the breach of the 20 Points implementation has prompted the unhappiness of the people of Sabah since they feel misled. As a result, the people of Sabah have developed an anti-federal mentality toward the central government. Suppose the central government does nothing to alleviate the people's dissatisfaction in Sabah. In that case, the situation will worsen when anti-federal groups emerge, fighting for Sabah's rights for the 20 Points to be restored. What is concerning is that the growth of these anti-federal organisations would call for Sabah's independence from the Federation of Malaysia.

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