



**SPEECH BY THE PRIME MINISTER
IN THE DEWAN RAKYAT
11 SEPTEMBER 2023**

MID-TERM REVIEW

TWELFTH MALAYSIA PLAN

2021-2025

**MALAYSIA MADANI: SUSTAINABLE,
PROSPEROUS, HIGH-INCOME**



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YAB Dato' Seri Anwar Ibrahim
Prime Minister Malaysia

**SPEECH BY THE PRIME MINISTER
YAB DATO' SERI ANWAR IBRAHIM**

MOTION PRESENTATION

MID-TERM REVIEW

TWELFTH MALAYSIA PLAN, 2021-2025:

**MALAYSIA MADANI: SUSTAINABLE, PROSPEROUS AND
HIGH-INCOME**

IN DEWAN RAKYAT

ON 11 SEPTEMBER 2023, 10:00 AM

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, Salam Sejahtera dan Salam Malaysia MADANI.

MOTION

Tan Sri Yang di-Pertua,

With great reverence, I stand in this August House to submit the following motion:

“THAT this House,

acknowledges the challenges in maintaining economic stability and achieving sustainable growth taking into account changing global economic trends, financial position of the Federal Government and the achievement during the first two years, 2021-2022, of the Twelfth Malaysia Plan;

endorses the efforts of the Government to plan and implement the sustainable national development agenda in line with the aspirations of the Malaysia MADANI, the Ekonomi MADANI: Memperkasa Rakyat framework and the 2030 Agenda for Sustainable Development;

approves the Mid-Term Review of the Twelfth Malaysia Plan for the period of 2023-2025, which provides new priorities and emphasis on policies, strategies and initiatives for socioeconomic development as well as measures in strengthening governance towards a sustainable, prosperous and high-income nation as set out in the Command Paper CMD.30 of 2023; and

that in approving the Mid-Term Review of the Twelfth Malaysia Plan, this House calls on all Malaysians to work together in ensuring sustainable economic growth as well as for transparent, fair and equitable wealth distribution.”

Tan Sri Yang di-Pertua,

FOREWORD

Allah SWT commands in *al-Qur'an al-Majid*:

إِنَّ اللَّهَ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ
أَنْ تَحْكُمُوا بِالْعَدْلِ

*"Indeed, Allah commands you to render trusts to whom they are due and when you
judge between people to judge with justice."*

(Surah an-Nisa', verse 58)

1. The country is now at a juncture; either maintaining old policies and methods or implementing *islah* (changes). These changes should include a framework for improving governance, making policy shifts, and introducing new methods and approaches based on current demands.
2. **The Mid-Term Review of the Twelfth Malaysia Plan** (hereafter referred to as MTR of the Twelfth Plan) is indeed an unconventional approach to evaluating the implementation of the Twelfth Plan but covering new policies and approaches to address current challenges. The Twelfth Plan launched in 2021 has been implemented with the aim of "Prosperous, Inclusive, Sustainable". Meanwhile, aspiration of the MTR of the Twelfth Plan aims for "Malaysia MADANI: Sustainable, Prosperous and High-Income".
3. It is only apt to inform that political instability along with the impact of the COVID-19 pandemic since the beginning of 2020 has exposed the fragility of the system and the weaknesses of governance. During this period too, the country experienced gloominess as the Movement Control Order (MCO) and emergency orders were enforced between 2020-2021, resulted in the *rakyat* losing their livelihoods, declining in the average economic growth, as well as decreasing of foreign investors. A total of 37,167 lives have been lost to COVID-19 to date.

Rakyat's funds have also been reduced by the withdrawal of their funds, particularly through the EPF, amounting to RM145 billion. The poverty rate increased to 8.4%, with the economic growth at its lowest due to a surge in poverty, while the inequality widened to 0.411, and the unemployment rate increased to 4.5% in 2020.

4. Confronted with such hurdles, the country is demanded to undertake a bold and comprehensive shift. Thus, the Government has formulated the aspiration of **Malaysia MADANI** and subsequently, the **Ekonomi MADANI** framework. The policy framework has been translated into the **National Energy Transition Roadmap (NETR)** and the **New Industrial Master Plan 2030 (NIMP 2030)** as new initiatives to drive Malaysia's socioeconomic growth for the next ten years.
5. Let us reminisce the words of the beloved Prophet Muhammad SAW:

لَا إِيمَانَ لِمَنْ لَا أَمَانَةَ لَهُ

"One who does not fulfil trust obligations has an imperfect faith"

(Hadith sahih narrated by Ahmad)

6. Such was a strong exhortation from the Prophet Muhammad SAW for all who bear responsibilities. All frameworks and policies that seem perfect and effective are meaningless without the leadership of civil servants and society as a whole embracing the principle of trustworthy. Similarly, the trust that is shouldered could be fulfilled in ensuring safety and quality of life of the *rakyat*.
7. It is rather interesting as Kung Fu Tze too expressed the principle of 互惠 (Hùhuì) or reciprocity between a leader who is trustworthy and responsible, and the *rakyat* who also shoulder the trust.

Tan Sri Yang di-Pertua,

LATEST STATUS OF THE TWELFTH MALAYSIA PLAN

8. Passed in the Parliament on 21 October 2021, the Twelfth Plan comprised three themes, four policy enablers and 14 game changers. GDP contracted by 5.5% in 2020, but started to rebound, recorded a growth of 3.3% in 2021. During the first two years of the Twelfth Plan, that was from 2021 to 2022, the country recorded an average GDP growth of 5.9% per annum from the previously very low base. A total of 31% of the 175 selected targets set was achieved, while 59% is as scheduled.
9. The Twelfth Plan allocated RM400 billion to finance ongoing and new development projects for the period of 5 years. **In the first two years, the performance of actual expenditure was 34%.** In 2021, total development expenditure was only RM64.3 billion, while in 2022 was RM71.6 billion.
10. The Twelfth Plan will be realigned with the vision of the Ekonomi MADANI, which aims to strengthen and boost the country's economy for a period of ten years. **The Government is committed to spending at least RM90 billion annually from 2023 to 2025.**
11. This means, the Government will fully spend the RM400 billion allocation under the Twelfth Plan, and will increase the **ceiling by RM15 billion, totalling to RM415 billion.** This increment is to meet the additional requirement to finance the priority areas of the *rakyat* apart from improving the quality of services and retargeting subsidies in meeting the basic needs of the *rakyat*.
12. The new shift starts with ending hardcore poverty, addressing basic amenities issues and the needs of the *rakyat*, including repairing dilapidated schools and clinics, ensuring supply of clean water, as well as spearheading Islamic economy. In ending hardcore poverty, *insya-Allah* we will succeed in forging meaningful achievement before the end of this year.

13. In addition, the MTR of the Twelfth Plan will comprehensively review policies, strategies and targets taking into account the development gaps between urban, rural and remote areas as well as prevailing rich-poor gap, **growing debt**, limited fiscal space and slow economic structural transformation.

MACROECONOMIC PERFORMANCE AND LATEST INDICATORS

14. In a short period of time, various proactive measures were undertaken by the Government to propel Malaysia back to the right growth trajectory. As a result, Malaysia recorded **higher** gross domestic product (GDP) of **4.2%** in the first half of 2023, supported by favourable private sector activities and trade.
15. The performance of the labour market improved with higher productivity rate of 3.7% per annum during the 2021-2022 period, while the **unemployment rate decreased to 3.5% in the second quarter of 2023. The inflation rate in July 2023 dropped to 2%**, which was the lowest record in 24 months. The gross national income (GNI) per capita was higher at RM52,968 (US\$12,035) in 2022 compared to RM42,838 (US\$10,191) in 2020.
16. The benefits of economic progress can also be felt by the *rakyat* as shown in the indicators at the global and domestic levels. Malaysia managed to record an impressive achievement in human development by being ranked at 62nd among 191 countries in the 2021 Human Development Index (HDI). We have set the target for Malaysia to be in the top 25 within 10 years.
17. Meanwhile at the domestic level, the Malaysian Wellbeing Index, which measures the level of economic and social wellbeing of the *rakyat* increased by 1.3% per annum. The income of the *rakyat* has also improved. The average monthly household income increased to RM8,479 in 2022 from RM7,901 in 2019.

EKONOMI MADANI

18. Unlike previous economic model approaches, Ekonomi MADANI is based on the philosophy of humanistic economic development and growth based on values, society, civilisation and norms **which was an aspiration for the country** that I once expressed in the book entitled *The Asian Renaissance* around 26 years ago:

“Underpinning a humane economy is a philosophy of development which is holistic, guided by ethical and social concerns and founded upon the principles of justice and virtue – al-’adl wa al-ihsan. Managing such an economy is not only about the allocation of scarce resources to satisfy man’s physical and material needs. It is also about the allocation of those same resources to satisfy man’s spiritual and intellectual wants.”

MTR OF THE TWELFTH PLAN: “MALAYSIA MADANI: SUSTAINABLE, PROSPEROUS AND HIGH-INCOME”

19. Therefore, the Unity Government is now preparing the country to undergo the second phase of the Twelfth Plan that was given the theme of **“Sustainable, Prosperous and High Income”** with three main focuses, namely **strengthening sustainability, building a prosperous society and moving towards a high-income nation.**
20. A total of **17 big bolds and 71 main initiatives** have been introduced towards realisation of the targets set. *Insya-Allah*, the MTR of the Twelfth Plan will further strengthen the development agenda of the nation and the *rakyat* towards achieving the aim of Ekonomi MADANI.

21. In providing a clearer view to this August House, this presentation will be elaborated through **12 *penegasan***, which are the essence of the MTR of the Twelfth Plan and is structured according to **3 main emphasis**.

EMPHASIS 1: TOWARDS BECOMING A HIGH-INCOME NATION

22. In accelerating Malaysia towards becoming a high-income country in line with the goal of being a leader in the Asian economy, the Government is determined to implement four *penegasan*:

PENEGASAN 1: BOOSTING ECONOMIC GROWTH

23. The Government has targeted the economy to grow by at least 5% per annum in the period of the Twelfth Plan with the focus on **two core areas**.
24. **First: enhancing productivity by accelerating the transition to high-value industries and adopting advanced technology as well as increasing the pool of skilled talent.** In addition, the Government will continue to collaborate with the private sector and academicians to improve the country's productivity.
25. The Multifactor Productivity (MFP) on average is expected to contribute 42.8% to GDP growth, with labour productivity expected to record a growth of 3.8% per annum.
26. **Second:** The Government aims for Malaysia to be the main destination of choice for investors by strengthening competitiveness. A key measure is to enhance business environment by improving business regulations including through MyMudah units.

27. This measure will directly invigorate domestic direct investment (DDI) that synergistically will attract more FDIs. Private investment is targeted to grow by 6.4% per annum or an average of RM300 billion per year in the remaining period of the Twelfth Plan.

PENEGASAN 2:

ACCELERATING STRUCTURAL ECONOMIC REFORMS

28. The Government will strengthen sectors and industries with high growth and high value (HGHV) covering **five areas**.
29. **Development of HGHV 1: Energy Transition Based Industries** will be idealised as a big bold to ensure a just energy transition. With the launch of the NETR, the comprehensive implementation of the **National Energy Policy, 2022-2040 (DTN)** will be accelerated. Several initiatives in the six main levers of NETR (energy transition) have been implemented, including the promotion of hybrid and electric vehicles (EVs), and expansion of EV infrastructure as well as exploration of new energy sources from the agriculture sector. The energy efficiency and conservation act (EECA) is being formulated.
30. NETR has identified 10 strategic and high-impact flagship projects with an expected investment worth RM25 billion, creating 23,000 high-quality job opportunities as well as reducing 10,000 gigagrams of carbon dioxide equivalent per year.
31. In meeting the increased demand for liquefied natural gas (LNG) and ensuring security of supply, an additional LNG storage project will be developed at the Regasification Terminal (RGT), Pengerang, Johor. This measure will strengthen the efforts in liberalising the domestic gas market and establishing Malaysia as a regional natural gas market hub.
32. Cross-border trade in renewable energy (RE) will be strengthened in the ASEAN Power Grid initiative. The Government aims to achieve RE installed capacity target of 70% by 2050, thus making Malaysia a regional hub for clean energy trading.

33. **HGHV 2: Technology-Based and Digital Industry** will focus on leveraging advanced technology, which includes artificial intelligence, advanced materials and quantum computing, as the main drivers of industry growth.
34. I once announced the Digital Native Agenda 2023 (DNA23) in an effort to provide exposure and awareness on technology and digital which are critical for the country. My wish is for a more holistic understanding and participation, as well as an emphasis on digital transformation will encompass all levels of society, the poor in the urban, rural and remote areas.
35. As a result, a more inclusive digital policy will be established to develop a conducive infrastructure, review regulations and guidelines to improve the environment in supporting the digital economy development.
36. The Information Technology and Telecommunications main industry players such as Google, Amazon Web Service, Microsoft and IBM as well as start-ups leaders have indicated their interest to support efforts in producing more local high-skilled digital talent.
37. The development of start-ups is critical and pressing in expediting the structural transformation of our nation's economy. Start-ups are more democratic in attracting more talents and youths who are willing to explore relevant fields with all the associated risks.
38. Therefore, the venture capital ecosystem will be strengthened to accelerate the development of technology-based start-ups. Specific initiatives will be introduced to consolidate all resources from various government-linked-companies (GLCs), including Khazanah Nasional Berhad and Kumpulan Wang Persaraan (KWP). Focus will be given on investors and early-stage start-ups, and they will also be empowered so that more local talent emerge as technology creators and developers.
39. The success pioneered by start-ups such as EasyParcel, TheLorry, Swipecy and iStore iSend is worth to be made exemplary. For this purpose, a convention for start-ups will be organised to produce more local technopreneurs in the near

future. The Government also provides **grants amounting to RM266 million** this year to local start-up companies in producing more unicorn companies. To date, a total of RM63.9 million has been disbursed.

40. Focused research, development, commercialisation and innovation (R&D&C&I) activities will be one of the important pillars to accelerate economic structural reforms. The Research Management Unit will be empowered as a single agency to coordinate and manage R&D&C&I activities to be more efficient and effective. The Government targets the Gross Research and Development Expenditure to GDP at 2.5%, while the contribution of the Private Sector Research and Development expenditure to the overall research and development (R&D) expenditure is targeted at 70% in 2025.
41. *Dasar Inovasi Sosial* will be launched this November to encourage innovation at the grassroot level. These efforts are expected to instill passion in science, technology and innovation as well as able to produce world class scientists.
42. Economic structural reforms will be accelerated through **HGHV 3: High Value Electrical and Electronics (E&E) Industry**. The country's E&E industry which accounts for approximately 13% of the world market for chip testing and packaging will be strengthened to move up to the higher value chain.
43. All these while, the development of E&E industry has been concentrating more on the back-end activities which lacked value-add to the manufacturing sector. *Alhamdulillah*, recently high value front-end activities such as integrated circuit design, engineering design and wafer fabrication, will be given priority.
44. The decision of Infineon Technologies, a semiconductor company from Germany to approve additional investment of RM25 billion in Malaysia last August to expand operation, focusing on the largest front-end activities in the world, was a positive sign for the country. The achievement of the industry through Infineon will boost Malaysia as a pioneer in producing Silicon Carbide (SiC) wafer with advanced technology at the global level.

45. The commitment of internationally acclaimed companies such as Tesla and Samsung Engineering to invest in Malaysia will stimulate economic growth and generate high-income job opportunities for the *rakyat*. Our readiness, driven by Government policies that encourage E&E industry development, has succeeded in increasing confidence among big companies in the technological capabilities of Malaysia.
46. **HGHV 4: Agriculture and Agro-based Industry**, the Government remains committed to strengthening self-sufficiency and food security, and increasing the competitiveness of the agricommodity sector. The self-sufficiency level of local food production will be enhanced through automation and digitalisation to scale-up and be more competitive.
47. The efficiency in managing food production will be improved to optimise agricultural land use. In supporting this effort, the Government encourages private sector participation to intensify smart farming activities. Measures to strengthen sustainable agricultural practices, including developing low-carbon agricultural models, will be pioneered in the paddy subsector before expanding to other subsectors.
48. Food security will continue to be strengthened through the implementation of large-scale modern agricultural production projects. I have launched the five seasons in two years paddy cultivation project in the Muda Agricultural Development Authority (MADA), Kedah granary areas with an investment of RM3 billion.
49. In addition, the implementation of the *Inisiatif Usahawan Tani* (INTAN) project in the *Inisiatif Pendapatan Rakyat* (IPR) programme will be intensified to reduce dependence on food imports, strengthen the food supply chain and encourage the adoption of technology in agriculture, besides eradicating hardcore poverty.
50. In ensuring that the country's rubber industry remains competitive, measures undertaken to transform this industry include promotion of downstream activities. Malaysia's downstream rubber industry, particularly the production of gloves ranked first in the world. Meanwhile, the Government will encourage

the production of high value-added rubber products as well as intensify commercialisation of R&D and technology transfer to strengthen the rubber industry of the country.

51. **HGHV 5: Rare Earths Industry** will emerge as a new source of growth based on non-radioactive rare earths elements that are sustainable and environmentally friendly. These elements are required in the manufacturing of batteries, supermagnets and electronic devices. The rare earths industry is expected to contribute RM9.5 billion to the national GDP in 2025 and create nearly 7,000 job opportunities.
52. To achieve this target, the new National Mineral Policy will be formulated to drive a comprehensive development of the mineral industry based on the principles of sustainability and responsibility. This policy will serve as a guidance in the implementation of mining activities in permanent forest reserves, environmentally sensitive areas and protected areas.
53. Detailed mapping of rare earths element resources and a comprehensive business model integrating the upstream, midstream and downstream industries will be developed to sustain the rare earths value chain in the country. Therefore, the Government will develop a policy that prohibits the export of rare earths raw materials to avoid exploitation and loss of resources, thus ensuring maximum returns to the country. This measure will encourage domestic processing activities and provide additional revenue to the country.

PENEGASAN 3: DRIVING THE COMPETITIVENESS OF SECTORAL AND STRATEGIC INDUSTRIES

54. The New Industrial Master Plan 2030 (NIMP 2030) is an industrial policy framework that targets the inflow of high-value investment into the country such as in aerospace, electrical and electronic, automotive, chemical and pharmaceuticals. NIMP 2030 targets a total of 3.3 million new job opportunities for the *rakyat* with a median salary as high as RM4,510 per month at the end of its implementation.

55. As complementary to NIMP 2030, in the efforts to transform and drive the competitiveness of sectoral and strategic industries, the Government will focus on **eight segments of industry**.
56. **First:** Malaysia will become a **leader in the international halal market** with a halal export value of RM63.1 billion in 2025. The next phase is to be a leader in the "*halalan toyyiban*" market. Malaysia is now recognised as the halal certification body internationally. Therefore, the capability of the country's "*halalan toyyiban*" industry will be continuously expanded together with the certification.
57. Efforts to develop talent, coordinate stakeholders, increase market access as well as adopt technology and digitalisation of "*halalan toyyiban*" products and services will be enhanced in line with the Halal Industry Master Plan 2030. Products that are given focus include pharmaceuticals, medical devices and modest fashion which have high value-added and offer high-paying job opportunities.
58. **Second: Global services** have been identified as a strategic industry. The Government will formulate a comprehensive policy, facilitate ease of doing business and establish a database to attract high quality investment as well as open wide opportunities for local companies to provide support services.
59. Malaysia becomes the host for several reputable global services companies, including Endava PLC from the United Kingdom, Cognizant Technology Solutions US Corp from the United States, Huawei Technologies (Malaysia) Sdn Bhd from China, Ansell Global Trading Center (Malaysia) Sdn Bhd from Australia and Siemens Energy Sdn Bhd from Germany and more global service companies are expected to express interest to operate here in the future.
60. **Third:** Recently, a fractured international architecture is more visible. The practice of current system started to be challenged by renowned economists for allowing lameness, indiscretion and widening gap, as stated by the Oxfam report in 2023 regarding the experience of United States of America, "the richest 1% bag two-thirds of USD42 trillion in new wealth created since 2020".

61. In relation to currency depreciation, in reality it also affected the whole world. Compared to the beginning of this year, the current value of the Renminbi, for example, has depreciated by 6.1% compared to the United States Dollar, while the depreciation in Yen was even bigger at 11.3%, due to the world financial framework that depends on the United States Dollar. Malaysia was also affected by the fall in Ringgit which depreciated by 5.8%.
62. Thus, Malaysia will be more active in proposing solutions based on the principles of *Maqasid Syariah*, starting with discussions with Asian countries on a new approach that is in line with the Principles of Environmental, Social and Governance (ESG) in order to offer an alternative system as a more comprehensive and concrete solution.
63. The banking sector, takaful and Islamic capital market will be further strengthened to face new challenges in solidifying the position of Malaysia as the **global Islamic financial centre**.
64. The development of the Islamic financial sector in Malaysia began as an alternative product to the conventional financial system which is subjected to the banking regulations. This approach, however, has limited the achievement of *Maqasid Shariah*'s intention due to the emphasis given is only confined to the principle of rejection of *riba*, without considering a more comprehensive objectives of Islamic economics, including the enforcement of the principle of justice and broader participation of the *rakyat*.
65. Malaysia should explore policies and introduce new Islamic financial instruments based on the principles that were recited by Imam Abu Ishaq al-Shatibi in al-Muwafaqat as "*al-nazar ilal ma'al*" or expecting the impact resulting from the policies, products, assets and services and their measurements.
66. This principle is put forward so that the Islamic financial system is able to be at par with the conventional financial system, or even able to compete with it. This is also as recommended by Imam al-Izz 'Abd al-Salam as "*tahqiq masalihul 'ibad*," that is, serving the best interests of human beings.

67. In elaborating this important discourse, we have invited Islamic countries and Islamic finance experts to join the 15th International Conference on Islamic Economics and Finance (ICIEF2023) in Kuala Lumpur this December, *insya-Allah*. This conference will be able to analyse these problems as Malaysia is undertaking efforts to pioneer the transition for a more inclusive Islamic financial system.
68. Meanwhile, the Government will intensify the Value Based Intermediation concept as an effort to drive a new focus towards more sustainable and prosperous financial solutions and management. This initiative is to encourage retail and institutional investors to participate in the Islamic fund management industry. This effort will provide more options for investors and the *rakyat* to be involved in Islamic finance.
69. **Fourth: The aerospace industry** is capable to propel Malaysia as a high-tech nation. The development of this industry will be focused on the establishment of integrated aerospace clusters capable of attracting quality investments.
70. We should be proud of the success from the pilot test that utilised sustainable aviation fuel. Subsequently, more efforts will be implemented to develop technologies and ecosystems for production of sustainable aviation fuel.
71. This effort is expected to increase the growth of the industry to achieve the revenue target of RM30 billion in 2025, and most importantly, to be able to offer high-paying skilled jobs to the *rakyat*.
72. **Fifth: The development of the creative industry** will be supported as a high-impact strategic industry. Several measures will be undertaken, including strengthening governance, developing a centralised big data analytics and local creative talent to further boost the creative industry. The Government also provides funds amounting to RM346 million in the Twelfth Plan period to attract the involvement of youths in creative activities offering high income.
73. **Sixth: The tourism industry**, which was severely affected by the MCO enforcement will rebound strongly. The Government will expedite the recovery process of the tourism industry by improving the regulatory framework,

encouraging digitalisation, and promoting sustainable tourism based on nature. This recovery can be seen based on the increase in tourist arrivals to 9.2 million in the second quarter of 2023 and is expected to reach at least 18 million in 2023.

74. **Seventh:** The Government understands that there are still many businesses that have yet to fully recover after the COVID-19 pandemic, particularly the vulnerable **micro enterprises**, which comprise 79% of all MSMEs in Malaysia. A total of 7.25 million MSME workforce have been affected following the impact of this pandemic. The Government also continues to empower MSMEs by scaling up businesses and increasing participation in domestic and global supply chains.
75. The Government will provide RM60 million second chance financing to small and medium enterprises (SMEs) and innovative entrepreneurs in the manufacturing and services sectors to build back from failure and continue contributing to the country's economy.
76. Adoption of technology and digitalisation as well as an increase in R&D activities and innovation will be promoted for MSMEs to improve productivity and remain competitive. MSMEs will be encouraged to comply with ESG requirements to ensure participation in a sustainable global supply chain.
77. **Eight:** The Government will give emphasis on sustainable and resilient **transport and logistics infrastructure development**. The big bold of Strengthening Public Transport Network will provide better accessibility and connectivity. More *rakyat* will enjoy public transport services that are increasingly efficient, reliable, affordable and safe.
78. Among the new transport projects that will be introduced include:
 - i. Expansion of Bus Rapid Transit (BRT) and intracity bus services including in Johor Bahru and Klang Valley;
 - ii. Upgrading of Senai-Desaru Expressway;
 - iii. Upgrading in phases of North-South Expressway (from Yong Peng to Senai Utara);
 - iv. Construction of Sarawak-Sabah Link Road II;

- v. Construction of Sabah Pan Borneo Highway Phase 1B;
 - vi. Light Rapid Transit (LRT) Pulau Pinang Project;
 - vii. Expansion of Penang International Airport;
 - viii. Redevelopment of Sultan Abdul Aziz Shah Airport, Subang;
 - ix. Upgrading of Lebuhraya Timur-Barat from Gerik, Perak to Jeli, Kelantan; and
 - x. Upgrading of road from Tanah Rata to Kea Farm, Cameron Highlands, Pahang.
79. Meanwhile, the development of new port in Pulau Carey, Selangor is expected to strengthen Port Klang as a regional transshipment hub. The Government will also improve maintenance of transport infrastructure to extend the lifespan of roads, rail assets and air navigation equipment.

Tan Sri Yang di-Pertua,

PENEGASAN 4:

ENHANCING REGIONAL ECONOMIC POTENTIAL

80. A more balanced and inclusive regional development is part of the Ekonomi MADANI aspirations. Efforts will be enhanced to optimise the regional economic potential based on **four core areas**.
81. **First:** The potential of regional economy will be enhanced based on local strengths. Industrial policies according to geographical areas will be emphasised, besides providing a better business ecosystem to enhance development in the identified growth areas, including Ladang Air Manis Project in Kulai, Johor and Taman Biopolimer Kertih, Terengganu.
82. **Second:** In the effort to strengthen security and to benefit from cross-border economic development potential, the Government has approved a total of RM1.1 billion development allocation for the period of 2023 to 2025. This is allocated for providing basic infrastructure, improving security facilities and implementing economic activities in border areas of Perak, Perlis, Kelantan, Kedah, Sabah and Sarawak.

83. **Third:** Rural development will not be sidelined. The Government is determined to narrow the income gap ratio between rural and urban, from 0.57 in 2022 and to 0.67 in 2025. In this regard, the Government will expand the provision of infrastructure and services, leverage rural economic potential and strengthen service delivery to ensure the wellbeing of the rural and remote population.
84. Among the new programmes and projects that will be implemented include:
- i. Construction of roads from Kampung Geddes via Sungai Kelai to Felda Palong, Jempol, Negeri Sembilan;
 - ii. Construction of roads from Kuala Linggi to Ayer Molek, Masjid Tanah, Alor Gajah, Melaka;
 - iii. Construction of roads from Kampung Kuala Sungai Udang to Pantai Murni, Yan, Kedah;
 - iv. Construction of Jalan Pintas Bukit Sagu to Bukit Kuin, Kuantan, Pahang;
 - v. Second Phase of Jalan Perhubungan Desa Negeri Perak;
 - vi. Program Sokongan Pengukuhan Keusahawanan Luar Bandar 2.0; and
 - vii. Program Pembangunan Keupayaan Komuniti Luar Bandar.
85. The development of rural entrepreneurs to increase business capacity through various programmes and initiatives in line with the needs of the local industry will be continued. Rural cottage products will continue to be promoted through Pusat Komuniti Desa (PKD), while the use of e-commerce platforms will be increased for better market access.
86. **Fourth:** The development of Sabah and Sarawak regions will continue to be given focus. The Government has proven its commitment in addressing outstanding issues in the Malaysia Agreement 1963 (MA63). Among the commitments materialised include easing of the procurement regulations and handing over of gas supply regulatory power to the Sabah State Government in January 2023, while the handing over of electricity supply regulatory power is expected to be finalised by January 2024. Through these handing over, the Sabah State Government has the right to regulate both gas and electricity supplies based on the interest of Sabah.

87. The project to develop RE systems and upgrade the electricity supply system in Gugusan FELDA Sahabat Sabah will be implemented in improving the reliability of electricity supply in Sabah. The project with a cost of RM195 million will benefit the *rakyat* in that area and the Sabah East Coast Special Security Area (ESSCOM). Sabah has a big potential in RE generation based on solar and biomass in addressing challenges to meet future energy and electricity supply needs.
88. The Sarawak State Government has taken a step forward in energy transition through several initiatives including hydrogen production, carbon capture, utilisation and storage (CCUS) and power generation projects from RE sources. The state of Sarawak's planning success in the management of energy transition should be emulated by other states.
89. In an effort to improve the quality of the education system in Sabah and Sarawak, more reconstruction of dilapidated building projects in schools will be implemented. To date, a total of 64 projects are being implemented in Sarawak and 43 projects in Sabah.
90. In order to improve facilities for a more equitable healthcare services, a regional blood centre will be built in Sabah, while a Public Health Laboratory and Food Safety and Quality Laboratory will be built in Kuching, Sarawak.

Tan Sri Yang di-Pertua,

EMPHASIS 2: BUILDING A PROSPEROUS SOCIETY

91. The development of the *rakyat* should not be measured solely by economic growth, but should take into account the aspects of wellbeing as a whole. For that, the Second Emphasis, is to improve the standard of living of the *rakyat*, the Government is committed in achieving the four *penegasan*:

PENEGASAN 5: NARROWING THE INEQUALITY GAP

92. The wellbeing of the *rakyat* is the ultimate aim of the Government and will continue to be championed along with efforts to boost economic performance. Concerns about the grouses of the *rakyat* are likened to "*condong ditumpil, lemah dianduh*". Thus, **five core areas** have been identified in the effort to narrow the inequality gap.
93. **First:** Expediting measures to eradicate poverty by empowering the vulnerable groups through the creation of various job opportunities and enhancement of social protection. As at 15 August 2023, the Government is striving relentlessly to assist almost 114,000 hardcore poor families from poverty trap.
94. In order to ensure the wellbeing of the *rakyat* as a whole, the Government pledges to end hardcore poverty by this year, regardless of ethnicity or whereabouts in urban, rural or remote areas. A total of RM1.5 billion has been approved for the implementation of programmes and projects capable of generating income for the target groups.
95. The Government has also launched IPR, a two-pronged initiative that focuses on increasing household income and resolving structural economic issues. As at 31 August 2023, a total of 106,492 applications have been received to participate in the IPR programme. Programmes will be evaluated by Amanah Ikhtiar Malaysia, PEKEMAS, TEKUN Nasional, and programmes by the Implementation and Coordination Unit, the Prime Minister's Department.
96. In addition, poverty eradication programmes and initiatives are being continuously implemented. Among others, are Program Pemerkasaan Ekonomi Komuniti Bandar, Skim Pembangunan Kesejahteraan Rakyat for those in rural areas and Program Pembangunan Ekonomi Orang Asli.
97. In the Ekonomi MADANI framework, our approach is indeed cut across all races, whether to end poverty or upgrade dilapidated schools. However, for specific allocation, the Government will implement Program Khas Bumiputera Sarawak

and Program Khas Anak Negeri Sabah to increase income of the local communities. For low-income Chinese and Indian ethnics, several initiatives will continue to be implemented in Kampung Baru Cina and under the Malaysian Indian Blueprint. For this purpose, the Malaysian Indian Transformation Unit (MITRA) will be empowered to support the socioeconomic development of the Indian community in a more coordinated manner.

98. As been expressed, the current priority of the Government is 'raising the floor' by providing a robust social safety net for the less fortunate groups, and 'raising the ceiling' by reforming the country's industries and economic structure despite facing challenges of fiscal constraints.
99. **Second:** The Government will strengthen the provision of social protection through the study of **Social Protection Reform** to improve the efficiency and effectiveness of the Social Protection System. Cash Assistance and the Rahmah programme will be continued and improved to ensure social safety net is further enhanced.
100. **Third:** All planning in the **Bumiputera empowerment agenda** in the past only focused on measuring Bumiputera participation in the economy that was solely based on equity ownership. After five decades, the ownership has yet to achieve the 30% target. Therefore, Ekonomi MADANI through the MTR of the Twelfth Plan, among others will re-evaluate the approach to measure more meaningful level of Bumiputera participation and economic control. A Bumiputera economic congress will be held in January 2024 to set new direction and approach for Bumiputera agenda that are more just, equitable and inclusive.
101. A meaningful effort to empower Bumiputera is a shift from a focus on selected companies to empowerment programmes that involve more entrepreneurs as well as small- and medium-scaled Bumiputera companies. This is to create a middle class Bumiputera that shifts from relying solely on salary to establishing businesses that increase income and add value to the economy.

102. Bumiputera companies will continue to benefit from the overall funds for funding supports allocated by the Government to 16 Bumiputera agencies, including Majlis Amanah Rakyat (MARA), Amanah Ikhtiar Malaysia (AIM), TEKUN Nasional (TEKUN), Ekuiti Nasional Berhad (EKUINAS), Unit Peneraju Agenda Bumiputera (TERAJU) and Permodalan Nasional Berhad (PNB). This funding support reached RM30 billion since three previous Malaysia Plans.
103. Simultaneously, undisclosed nominee ownership continues to show a significant ascending trend. Thus, I would like to inform that the Companies Act 2016 and the Limited Liability Partnership Act 2012 relating to the declaration of beneficial owners are being revised to strengthen the transparency of share ownership, in line with the emphasis on good governance, and therefore the shares will not be transferred secretly to certain supporters.
104. The effectiveness of the role of Bumiputera mandated agencies such as MARA, TERAJU and EKUINAS will be strengthened by realigning strategies and initiatives of the Bumiputera empowerment agenda. Key performance indicators (KPIs) will be established to improve the effectiveness of providing assistance and support to increase participation of Bumiputera in economic activities. Efforts will also be intensified in building the credibility of Bumiputera mandated agencies by strengthening integrity and governance.
105. The competitiveness of Bumiputera companies, especially MSMEs, will be increased through encouragement to leverage digital platforms and financial technology (fintech) for business expansion. Among others, is Program Pendigitalan by MARA with an allocation of RM40 million to enable Bumiputera companies in adapting to technology and digitalisation in business management.
106. A waqf fund will be established through agencies related to Yayasan Wakaf MADANI as a new approach in developing the Islamic economy. In order to ensure the effectiveness of waqf land management nationwide, the Government will introduce several initiatives and establish the National Waqf Land Committee, which are able to contribute to the 20% expansion of the Islamic social finance sector by 2030. The Government will identify abandoned land and explore participation of the *rakyat* in developing these land.

107. **Fourth:** The wellbeing of villagers including settlers and smallholders, will continue to be protected by undertaking a review to strengthen the roles and functions of related agencies, specifically FELDA, FELCRA, RISDA and MARA. The Government introduced a special incentive of Sumbangan Kesihatan Rahmah of RM300 for settlers aged 65 years and above, and will build 12 Hemodialysis Centres in all FELDA areas as well as in the premise of Yayasan FELDA in Kelana Jaya.
108. In FELDA MADANI programme, settlers will continue to have the opportunity to generate better income. This includes the implementation of food security enhancement programmes and drastic measures to assist rubber settlers convert to other commodity crops.
109. **Fifth:** The Government is determined to unleash the potential and **enhance the wellbeing of youth**. In the second quarter of 2023, unemployment rate among youth aged 15 to 24 was at an alarming level of 10.7%. Thus, the National Plan on Youth Economic Empowerment will be launched with a focus to increase the marketability of unemployed youth and those involved in the informal sector.
110. They will be equipped with knowledge and skills to increase their potential involvement in technology-related activities that generate higher income. The Rakan Muda initiative that has been rejuvenated will be intensified to focus on increasing literacy on democracy and motoring activities besides developing the potential of youth who are the future of the country.

Tan Sri Yang di-Pertua,

PENEGASAN 6: ENHANCING WELLBEING AND FOSTERING MADANI SOCIETY

111. The Government intends to ensure the wellbeing of the *rakyat* in its most comprehensive sense. This means, the Government policy not only focuses on economic and income of the *rakyat*, but also includes more comprehensive aspects

of wellbeing to elevate the status and dignity of the *rakyat* and these include aspects of spirituality, health, housing, social cohesion and the empowerment of society, incorporated in **six core areas**.

112. **First:** *Alhamdulillah*, our remarkable economic achievements have contributed to the material development and physical wellbeing of the *rakyat*. However, the Government is also concerned about the spiritual development of the *rakyat* and is always *istiqamah* in supporting efforts that are capable of invoking a sense of remorse and developing commendable personality. The Government is proactive in organising religious discourse with renowned *ulama* and scholars.
113. The big bold of **Fostering MADANI Society** will be implemented based on the understanding of *Maqasid Syariah*, moral and spiritual principles. Fostering culture of MADANI society will include efforts in inculcating values of humanity and personality in public service and education sector as well as institutionalising social research. All programmes and trainings that are conducted will ensure a basic understanding of Islam for Muslims and emphasis on values, culture as well as *akhlak* for all Malaysians.
114. Indeed, the Government is working diligently in invigorating the economy to get the country back on track. However, the spiritual wellbeing of the *rakyat* is equally vital, and for that the Government will never neglect its responsibility in nurturing the conscience of the *rakyat*.
115. **Second:** The Government is determined to improve the quality of health. The Health White Paper that was presented in this August House on 15 June 2023, aims for reforms to be implemented within 15 years through the big bold of **Strengthening of Healthcare Services**.
116. A total of 1,200 dilapidated clinics throughout the country will be upgraded during the period of 2023 to 2025 to ensure quality of service. The Government agreed to expedite the first phase upgrading project of Hospital Sultanah Aminah with an estimated cost of RM500 million, to address the plaguing congestion issue.

117. The Government will also consider leasing option to ensure the best quality of health treatment for the *rakyat* using the advanced and high-tech equipment. The implementation of Electronic Medical Records in hospitals and health clinics will be expanded nationwide to ensure a seamless and systematic sharing of medical records.
118. Health protection coverage will be increased through the expansion of the Skim Perubatan MADANI to manifest the Government's sincere intention to help the underprivileged. The increasing prevalence of mental health issues has become a priority. The Government decided to establish a Mental Health Institute in ensuring concerted efforts among government, the private sector and civil society organisations.
119. **Third:** Our country transitioned into the status of an ageing nation in 2021 when the percentage of citizens aged 65 years and above reached 7% of the total population based on the United Nations' (UN) definition. In another two decades, the country is expected to transition into an aged nation when the same age cohort reaches 14% of the total population. This transition will certainly weigh on the country's socioeconomic development and fiscal position. The most significant impacts are the downward trend in the working population and productivity as well as increased financial commitment of the Government in providing care services for older persons.
120. In facing these impacts and challenges, the Government is developing the National Ageing Blueprint. I would like to call upon all parties to mobilise efforts and adapt the planning so that this policy could be implemented holistically for the development of the nation that is sustainable.
121. New Geriatric centres will be established to provide quality healthcare services for older persons. The Private Aged Healthcare Facilities and Service Act 2018 is being reviewed and expected to be enforced in 2025.
122. **Fourth:** Housing; the Government cares and makes it an uncompromised main agenda. Rising house prices and rental rates have burdened the *rakyat*. With the involvement of the public and private sectors, our target to build 500,000 units

of Affordable Houses during the Twelfth Plan, which is still at a slow pace will be enhanced. By the end of 2022, only 108,373 units of Affordable Houses completed.

123. In order to facilitate the *rakyat* for a safe and comfortable place to live, the big bold **Housing for the Rakyat** will continue to be improved through the transition from the concept of ownership to shelter. Thus, the Rent-to-Own Scheme will be expanded to allow more target groups to own a house. Initiative to provide rented shelter for the underprivileged in main cities that has been implemented in few places in Johor and Selangor will be further increased.
124. The Perumahan Inklusif MADANI pilot project will be developed for target groups in major cities such as the Federal Territory of Kuala Lumpur, Selangor and Pulau Pinang. This project involves the constructions of 800 units of houses with various sizes of floor area to meet the needs of different target groups. Focus will also be given to explore the potential of inclusive retirement villages.
125. **Fifth:** The spirit of unity should be sown and nurtured based on the *ihsan* and *rahmah* principles. Various additional efforts including the appreciation of the spirit of Rukun Negara, the flagship programme Kembara Perpaduan and youth unity activities will be increased. Kompleks Perpaduan Perlis will be built as a hub of unity in the northern zone that houses unity programmes and machinery, including the operation of community mediators and *rukun tetangga* areas as well as *taman bimbingan dan asuhan kanak-kanak*. Several unity activity centres throughout the country will be upgraded to boost unity and community activities.
126. **Sixth:** Measures are formulated to foster better social harmony as well as a safe and healthy life for the *rakyat*. Sports have proven to successfully cultivated unity and built an active and healthy society. Subsequently, the Government will implement more sports programmes at the community level with an additional allocation of RM40 million to registered community sports associations to organise sports events, and further intensify efforts in preparing the national athletes team to achieve the Road to Gold mission in the Paris 2024 and Los Angeles 2028 Olympic Games.

Tan Sri Yang di-Pertua,

PENEGASAN 7: ENHANCING FUTURE-READY TALENT

127. Efforts will be intensified to restructure the labour market and strengthen the education system to provide future-ready talent. A big bold of **Future-Ready Talent** will be implemented in relation to salary, foreign workers levy as well as continuous skilling. Focus is on **seven core areas**.
128. **First:** Skills mismatch, low wages and slow productivity growth are key issues that have hindered Malaysia's ability to transition to a high-income economy.
129. The Government has announced several bold moves to introduce a **progressive wage model** that benefits not only the workers but also employers. This policy involves increasing wages, skills and productivity of workers, while benefitting employers through increased productivity, employee loyalty and company competitiveness.
130. **Second:** To ensure employment opportunities for local citizens and the transition to automation and mechanisation, the policy to limit foreign workers to not more than 15% of the total workforce will be continued. The Government will implement a multi-tier levy in the near future.
131. **Third:** The Government will intensify efforts to ensure female labour force participation rate achieve the target of 60% within 10 years. Measures to encourage women to retain or return to work will be intensified by providing necessary facilities and support, such as childcare, financial incentives and flexible working hours. These initiatives include MamaCare, incentive for affordable childcare centres, Career Come Back Programme and subsidised *taska* fees at the work place.
132. The role of women in the care economy will also be recognised as an effort to increase their participation in the labour market. This effort could also address the challenge of shrinking labour force impacted by the country's ageing trend.

Commitment from all parties, including the private sector and civil society, through the whole-of-nation approach is vital to achieve this goal.

133. **Fourth:** Empowering persons with disabilities (PWDs) in improving access to job opportunities will be emphasised. Information on job seekers among PWDs will be integrated in the MyFutureJobs portal, while a standard operating procedures on the recruitment of PWDs in the public service will be further improved to achieve the 1% target of PWDs in the public service.
134. **Fifth:** The Government is committed in improving the country's education system in order to produce future-ready talent. Character education (*sahsiah*) that supports the concept of *karamah insaniah* will be introduced through a systemic and holistic approach. This is expected to develop self-identity of students towards becoming a global talent equipped with knowledge, ethics and noble character.
135. The holistic development of humanity-based education (*karamah insaniah*) will be supported with the formation of human capital who are knowledgeable and skilful in the area of Science, Technology, Engineering & Mathematics (STEM). Form 6 education will be further enhanced by rebranding it as Pre-University College. The Government will continue to uphold Bahasa Melayu as the national language in the education system in accordance with its position in the Federal Constitution, besides improving the proficiency in foreign languages as a means for building civilisation.
136. Special model schools such as the Comprehensive Special Model School 9 (K9) and the Comprehensive Special Model School 11 (K11) will be increased to provide opportunities for children among the indigenous and Orang Asli community as well as to those in remote areas and isolated islands to have access to education. The *Sekolah Bimbingan Jalinan Kasih* initiative for marginalised and undocumented children will also be expanded. The Government is also concerned about student dropout issues in the education system. This issue will be handled effectively through the development of *Sistem Pengesanan Murid Cidir Bersepadu*.

137. In improving the quality of national education, *Dasar Pendidikan Digital* (DPD) will be launched to produce students with digital skills in the Fourth Industrial Revolution era. The objective of the DPD is to produce competitive digital-savvy students through the enhancement in knowledge, skills and values. Among the main initiatives of the DPD are the implementation of training programmes to improve the competency in digital education and its curriculum as well as establishing the digital education expert team.
138. **Sixth:** The Government is committed to empowering Technical and Vocational Education and Training (TVET). In this regard, TVET instructors will be encouraged to undergo upskilling and reskilling to equip them with the knowledge that is in line with the development of emerging technologies.
139. In order to increase collaboration between the Government with GLCs and private companies in the transformation of the TVET programme, initiatives to encourage industry involvement in the implementation of the TVET programme have been given priority. As of July this year, 43 memorandums of understanding have been signed between the Government and 14 GLCs and 29 private companies, involving 12 ministries related to TVET. This memorandum covers the scope of collaboration such as contribution of expertise, equipment, curriculum development and training sponsorship.
140. The Government provides an allocation of RM40 million for the *Bina Kerjaya* programme, which is an upskilling programme for informal workers, including gig workers with SPM qualifications and lower. The Government believes that the decision to review salary increment for TVET graduates will change the public's perception towards TVET as a career path.
141. Realising that almost 50% of SPM leavers did not further their education, the Government has provided opportunities for these young people to start venturing early in the manufacturing sector as skilled workers with reasonable salary. The Government, through the Academy in Industry initiative will provide

a special fund amounting to RM209 million for this effort including the provision of placement allowance incentives. A total of 50,000 of our young people are targeted to be employed as skilled workers equipped with Malaysian Skills Certification at the end of the Twelfth Plan.

142. **Seventh:** Efforts to strengthen the acculturation of the community and the development of MADANI human capital through the inculcation of the concept of *karamah insaniah* among the society will be expanded. This concept will emphasise the aspects of behavioral and self development. This is to form a self-identity and to produce a generation that is resilient and competitive.

Tan Sri Yang di-Pertua,

PENEGASAN 8: STRENGTHENING NATIONAL SECURITY AND DEFENCE

143. National security and sovereignty will be continuously protected to guarantee peace and wellbeing of the *rakyat* and nation. The Government will focus on **three core areas** to strengthen the national front.
144. **First:** The big bold **Strengthening National Security and Defence** stipulates that leakages in asset procurement must be addressed immediately in ensuring the preparedness of national defence. The Government will continue the efforts in crime prevention and rehabilitation to improve Malaysia's ranking in the Global Peace Index.
145. The Government will intensify efforts in further strengthening and modernising the Malaysian Armed Forces (ATM) that serve as the national defence fortress. The Government agrees to strengthen defence readiness through the acquisition of additional assets such as armored vehicles, drones, Littoral Mission Ships, helicopters and light combat aircrafts.

146. The entire procurement system has been revamped to stipulate that the required supply of weapons be decided by military-related experts, avoid leakages, and in most cases will be carried out through a G2G approach with respective countries and not through agents.
147. **Second:** optimising border security surveillance through several projects:
- i. Upgrading of the Malaysia Maritime Enforcement Agency's maritime operation control centre and construction of new operation base;
 - ii. Upgrading of the Maritime Sea Surveillance System and remote sensor sites;
 - iii. Upgrading and developing new Immigration, Custom, Quarantine and Security complexes at selected entry points;
 - iv. Construction of new ATM security posts along the borders of Sabah and Sarawak with Indonesia; and
 - v. Development of a new naval base in Bintulu, Sarawak.
148. **Third:** The Government will continue to combat cybercrime, which is becoming more prevalent. Almost 55,000 cybercrime cases, with losses reaching RM1.8 billion were reported between 2021 and July 2023 period. The Government will amend existing laws to improve the effectiveness in combating cybercrime activities.

EMPHASIS 3: STRENGTHENING SUSTAINABILITY AND GOVERNANCE

149. In an effort to raise the nation's dignity, the Government is committed to strengthening the country's sustainability and governance to restore confidence through four *penegasan*:

PENEGASAN 9: ACCELERATING THE TRANSITION TO A FUTURE- PROOF ECONOMY

150. The trust borne today to ensure environmental balance, conserve natural resources, address challenges of natural disasters and ensure the sustainability of flora and fauna is ingrained in the first pillar of Malaysia MADANI.
151. Thus, as an initial step, Malaysia is determined to ensure net-zero Greenhouse Gas emissions as early as 2050 to reduce the negative impact of climate change. In this context, emphasis is given on the need to support the principle of a just transition towards a green, fair and inclusive economy. In order to expedite the transition to a future-proof economy, the Government is focusing on **seven core areas**.
152. **First:** Implementing low carbon, clean and resilient development, managing natural resources efficiently and strengthening enablers to advance sustainability. Initiatives that will be implemented include the drafting of legislation on climate change to regulate policy implementation in fulfilling the country's obligations on climate change.
153. A comprehensive framework will be developed to accelerate the transition to circular economy, assuring a long-term economic sustainability. The Government is conducting a study on carbon pricing to assess the country's readiness in implementing carbon tax and carbon trading system.
154. **Second:** The importance of managing biomass efficiently, is not only to address the issue of climate change, but also to be leveraged as a new economic source. The Government will facilitate the development of biomass feedstock hubs as well as access to financing.

155. **Third:** Water is a basic resource in life, as mentioned in the al-Quran:

وَجَعَلْنَا مِنَ الْمَاءِ كُلَّ شَيْءٍ حَيٍّ أَفَلَا يُؤْمِنُونَ

"And We created from water every living thing. Will they not then believe?"

(Surah al-Anbiya', verse 30)

156. In the spirit of the lesson learnt, the Government will not delay action to resolve the water supply disruptions faced by the *rakyat*. As the adage says "*condong yang akan menongkat, rebah yang akan menegakkan*". This is proven through the latest measure by the Government that approved the immediate disbursement of RM800 million fund which is part of the overall cost reaching RM5 billion in overcoming water supply disruptions in Kelantan and Sabah.

157. The Government will initiate steps to reform the water industry model nationwide to be more sustainable and holistic. Issues pertaining to non-revenue water (NRW) which persist in several states is a challenge to the provision of efficient water supply to the *rakyat*. This is further exacerbated by the huge cost needed in mitigating the flood problem.

158. In the Twelfth Plan, the Government has given commitment to finance flood mitigation projects with a cost reaching RM22 billion. The need for such large allocation to solve the *rakyat's* woes justifies for the Government to manage water and flood issues in a holistic and integrated manner.

159. Therefore, the Government will continue to explore the abstraction of groundwater through the construction of more tube wells and underground dams in suitable areas. Efforts will be intensified to provide adequate supply of raw water through the Off River Storage project. The exploration of new water source and construction of water infrastructure will ensure the security of clean and safe water supply in line with the Water Sector Transformation Agenda 2040.

160. **Fourth:** Irresponsible actions of some parties who release polluted waste into the river have jeopardised sustainability and affected the food chain as well as threatened the health of the residents. Water cleanup and restoration efforts will be time consuming and incur high cost. Therefore, the act related to the pollution of water resources and the water services industry will be reviewed so that fair punishment could be imposed on polluters. This effort is to ensure the sustainability of water resources and clean water services.
161. **Fifth:** The Government is concerned with the frequent occurrence of floods and landslides, and efforts to safeguard the *rakyat* will be continued. In monitoring the level of effectiveness of early warning systems for disasters such as tsunami, floods and landslides, a National Geological Disaster Centre will be established at the end of this year. The establishment of this centre also aims to increase the efficiency of responses to disaster in order to ensure the safety of the *rakyat*.
162. The National Disaster Management Policy under the purview of the National Disaster Management Agency (NADMA) will be revised to strengthen preparedness and increase capacity in disaster management.
163. **Sixth:** Specific efforts to protect the currently endangered Malayan Tiger species (*panthera tigris jacksoni*) will be enhanced. Malaysia is the only habitat in the world where the Malayan Tiger lives. Therefore, this initiative is important to ensure a balanced ecosystem to warrant the nature's sustainability.
164. Enforcement in addressing poaching, expanding protected areas as well as empowering local communities will be intensified, this include protecting elephants, orang utans, turtles, gaurs and tapirs.
165. **Seventh:** The Government will increase efforts to enhance the implementation of the Sustainable Development Goals (SDGs) at local level and empower state governments, local authorities and local communities. ESG principles that encompass policies and regulatory frameworks as well as support services will be developed to encourage businesses, particularly SMEs to adopt sustainable business practices.

PENEGASAN 10: ENHANCING FISCAL SUSTAINABILITY

166. Fiscal reform is needed to ensure a more effective and sustainable financial management of the country. The Government assumes full responsibility in restrengthening fiscal sustainability through the big bold of the Fiscal Sustainability and the Financial System. Focus will be given on **five core areas**.
167. **First:** Expanding the tax base, diversifying tax sources, and improving taxation administration through technology adoption. Among the new taxes being formulated for implementation in 2024 is Capital Gains Tax.
168. However, it must be affirmed that the Government serves the *rakyat* and will never ever burden them with tax impositions beyond their means. The principle that we uphold is fair economic distribution for the wellbeing of the *rakyat* as a whole.
169. **Second:** Among the principles of *Maqasid Shariah* in governance is to ensure that procurement is carried out thoroughly with transparent conditions without obscurity. Hasty approvals without proper due diligence will only result in loss to the country and waste *rakyat's* money.
170. For example, the Government has succeeded in saving more than RM2 billion of expenditure for flood management projects through implementation of tenders compared to direct negotiation previously. Therefore, the Government's procurement policy will continue to emphasise the open tender approach in ensuring the best value and quality as well as transparent project procurement.
171. **Third:** The Government is concerned about the worries of some quarters of the *rakyat* who are burdened by the pressing cost of living. The delivery mechanism of Targeted Subsidy as one of the big bolds in the Ekonomi MADANI will be continued. The Government bears the trust to protect the *rakyat* under its administration, especially those who lack financial ability. Thus, the targeted subsidy mechanism is intended to ensure that the wellbeing of these groups is safeguarded and that they receive benefits from the assistance provided.

172. The restructuring of electricity, diesel and petrol subsidies and other social assistance will be undertaken to ensure more prudent fiscal management and reduce economic distortions. Assurance is given that protection of less fortunate *rakyat* will remain as the priority of the Government, and continue to be assisted and will not be affected by these changes.
173. The targeted distribution of subsidies and assistance to the *rakyat* will be coordinated through *Pangkalan Data Utama* (PADU) that is based on the household data repository to improve the efficiency and monitoring of the Government's assistance. Savings from more targeted subsidies will be redistributed for the purpose of development projects and programmes for the *rakyat*.
174. **Fourth:** Efforts should be intensified to improve debt and liability management towards achieving the fiscal deficit target of up to 3.5% to GDP or better, *insya-Allah* in 2025. The Public Finance and Fiscal Responsibility Act will be tabled in the Parliament session next month.
175. **Fifth:** In strengthening fiscal sustainability, the Government is studying the national development plan including reviewing the public private partnership (PPP) policy to ensure the implementation of projects benefits the *rakyat* and the country, encourage private investments as well as contain the financial impact to the Government. A clear and transparent PPP policy on land swap method will be introduced.

PENEGASAN 11:

ENHANCING EFFICIENCY OF PUBLIC SERVICE DELIVERY

176. When the world was hit by economic crisis, that was The Great Depression, John Maynard Keynes wrote about "magneto [alternator] trouble" in his book, *Essays in Persuasion*. He says, "no matter how powerful the economic engine is, it will not perform well as long as one crucial part is malfunctioning."

177. The main engine is the government machinery that is responsible for public services, must function optimally. All the fine visions and directions that we have outlined in the NIMP 2030, NETR and ekonomi MADANI will not be able to be translated if the public service remains the same. Thus, the efficiency of delivery must be improved, while all issues involving governance and coordination are resolved immediately, in line with the commandment of Allah SWT in the call for reform:

۞ إِنَّا أُرِيدُ إِلَّا الْإِصْلَاحَ مَا اسْتَطَعْتُ وَمَا تَوْفِيقِي إِلَّا بِاللَّهِ عَلَيْهِ
 تَوَكَّلْتُ وَإِلَيْهِ أُنِيبُ

"I seek only to do the best I can, and I will not be successful except with the help of Allah. In Allah, I have put my trust, and to Him I shall return"
 (Surah Hud, verse 88)

178. The Government's resolve to implement *islah* in the public service will be framed into **four core areas**.
179. **First:** Introducing the two big bolds, which are **Governance and Institutional Framework**, and **Legislations related to Corruption**. The Government is committed to reviving Malaysia's image internationally whilst uplifting the nation's status as a dignified and corrupt-free country.
180. For this purpose, **Public Service Governance Act and Integrity Plan will be introduced as a guideline for corrupt-free governance for all entities**, be it in the public or private sector. The Government, *insya-Allah* aims for Malaysia to **be ranked among the top 25 countries in the global Corruption Perceptions Index within a period of 10 years**.
181. **Second:** As an improvement to the legislation and enforcement aspects, the Government also emphasises strengthening the self-identity and moral values of every citizen. It is important to expand **anti-corruption awareness education** for all age groups. In addition, the agenda to promote and educate society on moral values in order to nurture commendable personality will be continuously engineered.

182. **Third:** In streamlining the public service machinery, the **Public Sector Reform Special Task Force (STAR) was established** to help in resolving pending matters and expediting project implementation as well as service delivery to the *rakyat*.
183. STAR has successfully implemented a pilot project to reduce congestion and patient waiting time in the Green Zone of the Emergency and Trauma Department, Tengku Ampuan Rahimah Hospital, Klang, Selangor and will be expanded to other hospitals. The expatriate pass approval period has been reduced from 87 days to just five days for companies that meet the criteria, while cashless payment will be expanded to address corruption.
184. **Fourth:** *Alhamdulillah*, Malaysia continues to excel as one of the highly competitive Asian countries globally. The Government will continuously target for Malaysia to be ranked among the top 20 countries in the Government Efficiency Subindex of the IMD World Competitiveness Yearbook by the end of the Twelfth Plan period.
185. In expanding public service access to the *rakyat*, the Government has shifted to **digitalisation of services** known as Government Technology (GovTech), under the big bold of **Digital- and Technology-Based Industry**. This initiative is expected to reduce cost, time and energy of the *rakyat*, and has shown positive responses as well as recorded progress in delivery.
186. *Inisiatif Kemudahan Rakyat* (IKR) for example enables online direct application by the *rakyat*. A total of 3,776 IKR applications were received as at 31 August 2023. The National Digital Identity (ID) pilot project for identity verification that is safe and secured is expected to be launched in 2025.
187. The newly launched MYJalan application has made it easier for the *rakyat* to lodge complaints on road damages to the Government. This application has received more than 1,000 complaints. This is a positive sign, that the proactive involvement of the *rakyat* in joint efforts with the Government will result in a safer and better quality road network.

PENEGASAN 12: ENHANCING THE EFFICIENCY OF IMPLEMENTATION AND MONITORING

188. This Government as an efficient and agile government must work to fulfill the expectations of the *rakyat*, meeting the characteristics of *al-Qawiy al-Amin* (competitive and with integrity) and *Hafizun Alim* (trustworthy and knowledgeable protector). *Insya-Allah*, the Unity Government will implement all the strategies and initiatives outlined in the MTR of the Twelfth Plan in an orderly, systematic and responsible manner. **Three core areas** will be given attention.
189. **First:** Together with the Cabinet members to monitor the implementation of the Twelfth Plan projects so that the *rakyat* can enjoy the benefits without further delay. A plan for monitoring the policy implementation of the MTR of the Twelfth Plan will be provided as a guideline for all ministries and agencies. A part of the MTR of the Twelfth Plan targets will be the KPI of the ministries. A Special Monitoring Committee of the MTR of the Twelfth Plan will be established.
190. **Second:** For projects that have been long approved, including projects under the previous Malaysia Plans, but yet to commence within a reasonable period will be cancelled. This is intended to give priority to more urgent projects for the *rakyat*.
191. **Third:** I call upon all members of the Government, including members of the administration and Heads of Departments, together to carry out responsibilities with honesty and trustworthiness. This is to ensure that occurrence of misconduct and audit reprimands that have been reported in the Auditor General's Report will not recur.


CLOSING

Tan Sri Yang di-Pertua and Ahli-Ahli Yang Berhormat,

192. *Insya-Allah*, we will continue to actively listen and engage with the *rakyat*, accepting comments so that the implementation of the Twelfth Plan can be carried out satisfactorily and assist us in drafting the Thirteenth Plan. We have recently celebrated the Independence day, 31 August National day, and in just a few more days all of us in the Peninsular Malaysia, Sabah and Sarawak together will celebrate the Malaysia day. May the spirit of nation building, driving economic growth could be collectively undertaken for the benefit of the country and *rakyat*.

Tan Sri Yang di-Pertua,

I hereby propose.



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