



MALAYSIA

**MID-TERM REVIEW
NINTH MALAYSIA PLAN
2006-2010**

**Speech by
Y.A.B. Prime Minister
in the Dewan Rakyat**

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Y.A.B. PRIME MINISTER
DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
INTRODUCING THE MOTION TO TABLE
THE MID-TERM REVIEW
OF THE NINTH MALAYSIA PLAN
26 JUNE 2008
11.30 A.M.

TABLING OF MOTION

Mr. Speaker, Sir,

1. In the name of Allah, the Beneficent, the Merciful. I am honoured to stand in this noble House to table this motion under Meeting Order 27(3) as follows:

“That this House,

realises that Malaysia has registered encouraging economic growth and achieved positive socio-economic objectives during the early implementation of the Ninth Malaysia Plan, despite being faced with various uncertainties, particularly with respect to the surge in global crude oil prices;

endorses the Government’s efforts in implementing the National Mission to achieve the objectives of Vision 2020 in advancing Malaysia towards becoming a developed nation;

approves the Mid-term Review of the Ninth Malaysia Plan to implement strategies and programmes as well as to prepare provisions in order to develop Malaysia into a strong and united nation, as outlined in Order Paper C.M.D. 8 of Year 2008;

That in approving the the Mid-term Review of the Ninth Malaysia Plan, this noble House calls on all Malaysians to be united in efforts to develop Malaysia as a prosperous, progressive, just, resilient and competitive nation.”

2. With your permission, Mr. Speaker, Sir, I now table the Mid-term Review of the Ninth Malaysia Plan for the debate of the Honourable Members of this noble House.

PREFACE

Mr. Speaker, Sir,

3. Over two years ago, on 31 March 2006, I tabled the Ninth Malaysia Plan as a national five year development plan covering the period 2006-2010. This Plan charts the future direction of national development for the first five years in the second phase of the journey towards Vision 2020. *Alhamdulillah*, blessed with the determination and resolve of Malaysians from all walks of life in fulfilling their collective responsibilities, we have not only been able to maintain encouraging economic growth and stability, but also continue to enhance national competitiveness in an effective manner. This achievement is clearly evident through the various accomplishments that we have realised over the last two years. Among others, we have managed to:

Sustain economic growth at an encouraging rate of 6.1 percent per annum;

Enhance the quality of life of Malaysians by increasing per capita income from RM18,840 in 2005 to RM23,066 in 2007;

Reduce the fiscal deficit from 3.6 percent of Gross Domestic Product (GDP) in 2005 to 3.2 percent in 2007 through prudent management of the Government budget;

Cultivate new sources of economic growth and enhance worker productivity levels;

Enhance the quality of and access to the national education system through the implementation of the Education Development Master Plan and the National Higher Education Strategic Plan;

Lower the overall poverty rate from 5.7 percent in 2004 to 3.6 percent in 2007, whereby incidences of absolute poverty was reduced from 1.2 percent to 0.7 percent in 2007;

Reduce inter-ethnic, regional and urban-rural economic divides;

Develop almost 68,000 new entrepreneurs as well as train more than 120,000 existing entrepreneurs through various entrepreneurial development programs;

Ensure better health care services, housing amenities, rural road networks, public transportation and road safety; and

Improve the effectiveness of the public service delivery system, which includes replacing the Certificate of Fitness for Occupation (CFO) issued by local governments with the Certificate of Completion and Compliance (CCC), as well as reduce the cost of doing business through the Special Taskforce to Facilitate Business (PEMUDAH).

4. It is evident that the implementation of the Ninth Malaysia Plan is not confined to planning or limited to mere rhetoric; it has resulted in tangible accomplishments.

5. As such, the tabling of the Mid-term Review of the Ninth Malaysia Plan is important in that it ensures the continuity of the nation's development agenda, especially in light of the challenging economic environment at present. In the absence of effective measures, the sharp rise in oil and commodity prices as well as the continued turbulence in global financial markets could potentially derail our efforts to maintain economic stability and achieve robust growth.

6. Thus, one of the main objectives for the second phase of implementation of the Ninth Malaysia Plan is to ensure that the quality of life of Malaysians is protected. Programmes to increase earnings propensity as well as to provide social safety nets will continue to be implemented and enhanced.

7. At the same time, the Mid-term Review does not ignore the nation's need to enhance capacity and competitiveness. Infrastructure development, human resource improvements and expansion of sectors contributing towards new sources of growth will continue to be pursued, taking into account the long-term developmental needs of the nation.

8. To ensure that Malaysia is able to sustain a positive growth momentum, the national development agenda will continue to be based on the five main thrusts of the National Mission, which are:

First: To move the economy up the value chain;

Second: To raise the capacity for knowledge and innovation and nurture "first class mentality";

Third: To address persistent socio-economic inequalities constructively and productively;

Fourth: To improve the standard and sustainability of quality of life; and

Fifth: To strengthen the institutional and implementation capacity.

MACRO ECONOMIC PERSPECTIVE

Performance, 2006-2007

Mr. Speaker, Sir,

9. During the 2006-2007 period, real GDP expanded by 6.1 percent per annum, exceeding the target of 6.0 percent. Per capita income increased by 10.6 percent per annum to RM23,066. Per capita income adjusted for purchasing power parity increased at a higher rate of 14.2 percent to RM46,478 in 2007. This growth was achieved in an environment of stable prices. Unemployment stood at 3.3 percent in 2007, reflecting the full utilisation of labour resources.

10. External trade continued to show progress, with total trade levels averaging close to RM100 billion per month. Net external reserves also increased to RM335.7 billion, sufficient to finance 8.4 months of retained imports. This commendable level of economic progress was achieved in an environment of prudent fiscal management, which continues to be practised by the Government.

11. The nation's robust economic growth has been spearheaded by the private sector, with private sector investment growing at a rate of 8.6 percent per annum. Foreign direct investment also increased by 39.3 percent to RM29.1 billion in 2007. At the same time, public sector investment grew by 8.9 percent per annum following vigorous implementation of development projects under the Ninth Malaysia Plan.

12. The **services** sector remains the main contributor to economic growth, with a growth rate of 8.5 percent per annum. Growth was led by the financial, insurance, real estate and business services sub-sectors. In addition, contributions from the services sector was bolstered by the solid expansion of wholesale and retail trading, and hospitality and restaurant sub-sectors as well as the transportation sub-sector, which were buoyed by the successful Visit Malaysia Year 2007 program.

13. The **manufacturing** sector recorded moderate growth of 5.1 percent per annum following depressed global demand for electronic products as well as weak domestic demand for transportation vehicles. The **agricultural** sector grew at an average rate of 3.8 percent per annum, the moderate growth attributable to the floods that occurred at the end of 2006 and early 2007, which dampened the sector's performance and contribution to the domestic economy. Nevertheless, the **construction** sector has managed to recover and is further shored up by the implementation of development projects under the Ninth Malaysia Plan.

Prospects, 2008-2010

Mr. Speaker, Sir,

14. For the latter period of the Ninth Malaysia Plan, the Government will continue to manage the macro economy in a prudent manner to ensure that economic fundamentals remain strong. With global economic growth projected to moderate at a rate of 4.1 percent for the

2008-2010 period, the Malaysian economy is forecasted to expand at an average of 6.0 percent per annum.

15. This rate of growth is projected to be buoyed by domestic and external demand, particularly firm demand among countries within the Asia region, specifically China and India. Private consumption is expected to continue to be a main driver of economic growth, where private investment is forecasted to expand by 10.6 percent, with total investments at current prices estimated at RM305.8 billion for the 2008-2010 period.

16. The services, manufacturing and agricultural sectors are expected to continue to be the main contributors towards economic growth. Specifically, the **services** sector is projected to achieve a growth rate of 7.9 percent per annum, which will be led by the financial, insurance, real estate and business services sub-sectors. Meanwhile, the **manufacturing** sector is projected to achieve a more moderate rate of growth of 3.0 percent following the continued weak global demand for electrical and electronic products. Nevertheless, manufacturing industries focused on the domestic market are forecasted to achieve robust expansion, particularly for industries related to construction. Significant emphasis will continue to be placed on the **agricultural** sector, especially in relation to the food produce sub-sector in order to support the National Food Security Policy. This sector is projected to expand by 4.1 percent per annum. The **construction** sector is also projected to register robust growth with an average growth rate of 5.8 percent per annum.

17. Strengthening the financial position of the Government will continue to be given significant emphasis. In this regard, measures will be taken to widen the scope of taxation in order to increase the nation's revenues. The quality and competency of the public services delivery system will be enhanced, while assistance will continue to be extended to low income and other deserving groups.

18. With the measures to strengthen its financial position, the Government is expected to maintain a fiscal deficit of 3.2 percent of GDP in 2010, while ensuring that the nation's finances are managed in a prudent and flexible manner in order to face any uncertainties, including the risk of an economic downturn in the future.

Mr. Speaker, Sir,

THRUST 1: MOVING THE ECONOMY UP THE VALUE CHAIN

19. The first thrust of the National Mission, moving the economy up the value chain, is a necessary measure in transitioning Malaysia to become a high-income economy. Underlying this measure are three over-arching strategies:

First: To increase the nation's productivity and competitiveness;

Second: To generate new sources of growth; and

Third: To expand markets for the country's goods and services.

Increasing Productivity and Competitiveness

20. The Government recognises the importance of innovation in driving the nation's productivity growth and competitiveness. Consequently, the Government has allocated significant funds for research and development (R & D) as well as technology commercialisation. In this regard, the Government will continue to encourage market-driven research collaborations between the public sector and private sector.

21. The Government will also encourage more private sector involvement in new economic areas, which includes Islamic finance and *takaful*, high-technology manufacturing, health tourism, higher education services and commercial-scale agriculture.

22. The development of these new economic areas require the support of appropriate incentives, including financing. Among others, the Government aims to encourage the growth of the venture capital industry. Development finance institutions, private equity firms and venture capital companies will be encouraged to offer more attractive terms and conditions, along with capacity-building support in the form of skills training and strategic partnerships for their investee companies.

23. Good legislation is critical in providing a conducive market environment. In line with this, a Fair Trade Practices legislation will be introduced. To strengthen protection of intellectual property, the number of intellectual property courts will be increased while the capabilities of intellectual property practitioners will be enhanced.

24. High speed broadband infrastructure is necessary to facilitate the growth of a knowledge-based economy. Through public-private cooperation, the coverage of broadband infrastructure will be expanded with the aim of achieving 50 percent household penetration by 2010.

25. The development of a sustainable energy sector is critical to ensure energy sufficiency for the economy in the long term. Energy efficiency initiatives will be intensified to effect more productive and prudent use of energy resources. The Government will also step up R & D activities in clean and cost-effective renewable energy towards enhancing energy security. Given that the nation's hydro-carbon energy supplies are depleting, and to ensure long-term energy security, the Government will draft a comprehensive National Energy Policy.

Generating New Sources of Growth

26. To push the economy up the value chain, priority areas have been identified to ensure integrated planning and structured implementation.

27. In the services sector, public-private collaboration will be enhanced to reap opportunities from increased regional demand in

higher education services, health tourism and other services. The development of the Islamic financial services industry, particularly *takaful*, will continue. Among others, the Malaysia International Islamic Finance Centre (MIFC) initiative will be further enhanced to promote Malaysia as a world-recognised Islamic financial centre.

28. To harness the potential of biotechnology as a new source of growth and wealth creation, biotechnology companies will be given support and encouragement. Biotechnology applications in agriculture, healthcare and manufacturing will be expanded through technology acquisition, R & D intensification and further adoption of good laboratory practices.

29. The development of new sources of growth within the agriculture sector will continue to be pursued. The focus is on areas of high potential such as kenaf cultivation, deep sea fishing and ornamental fish breeding, amongst others.

30. The development of the halal industry will be spearheaded by the Halal Industry Development Corporation, guided by the Halal Industry Development Master Plan.

31. To maintain Malaysia's status as a multimedia and ICT hub, focus will be placed on areas of high potential such as shared services and outsourcing, multimedia content development and predictive analysis technology.

Expanding Markets for Malaysian Products and Services

32. Market expansion is necessary to promote greater national competitiveness. Consequently, Malaysian products and services will be promoted more intensively in new markets, which include Africa, West and South Asia, as well as EU and ASEAN countries. Trade missions will be increased and new marketing networks strengthened. Marketing information systems under different agencies such as MATRADE, FAMA dan MDeC will be upgraded and integrated to facilitate trading activities. Programmes to strengthen the branding of Malaysia and Malaysian products will be further intensified.

33. Mutual recognition arrangements, free trade agreements and multilateral arrangements will continue to be pursued in order to facilitate access to new markets. Strategic alliances and joint ventures between local companies and established MNCs will be promoted to widen the marketing network for agro-based, manufactured and ICT products and services. Malaysia's halal certification will be further promoted as a globally recognised halal standard.

Mr. Speaker, Sir,

THRUST 2: TO RAISE THE CAPACITY FOR KNOWLEDGE AND INNOVATION AND NURTURE A FIRST-CLASS MENTALITY

34. As part of the second thrust of the National Mission, priority will continue to be given towards efforts to develop high-quality,

knowledgeable and innovative human capital imbued with positive values. To achieve this objective, five key strategies will be implemented:

First: Improving education quality and accessibility;

Second: Making National Schools the school of preferred choice;

Third: Creating tertiary institutions of international standing;

Fourth: Nurturing quality R & D and enhancing scientific and innovative capabilities; and

Fifth: Fostering a society with strong moral and ethical values.

Improving Education Quality And Accessibility

35. The Government will continue to emphasise education as an integral part of its development plans. Among others, greater focus will be given to rural education in order to reduce the wide gap in academic achievement between rural and urban schools. With regard to this, RM13.5 billion will be allocated to improve school infrastructure, provide more ICT facilities as well as encourage more experienced teachers to serve in rural areas. Special emphasis will be given to rural

schools in Sabah and Sarawak. Also, national type Chinese and national type Indian schools will continue to be given aid and upgraded.

36. Focus will also be given to pre-school education. To ensure quality teaching, the Government will standardise the curriculum used in pre-school, so as to ensure that all pupils are able to read and count before beginning formal education at the primary level.

37. The Government will also devote attention towards increasing access to tertiary education. Enrolment in public institutions of higher learning will increase with the completion of the permanent campuses of three new universities, namely Universiti Darul Iman Malaysia, Universiti Malaysia Kelantan and Universiti Pertahanan Nasional Malaysia. Besides this, the implementation of the UiTM franchise programme will also increase student enrolment and contribute towards achieving the target of 200,000 students enrolled by the year 2010.

38. Technical and vocational institutes will continue to be strengthened through the implementation of the Skills Development and Training Blueprint. Student enrolment in the fields of technical and vocational training will also be boosted by utilising existing capacity, allocating funds for students enrolling in private training institutes, as well as increasing the funds available under the Perbadanan Tabung Pembangunan Kemahiran.

39. To provide support for school dropouts, the building of new GiatMARA centres will be expedited, whereby 80 per cent of the

enrolment in these centres will be reserved for school dropouts. In addition, the National Dual Training System programme that emphasises practical industrial training will be made available to school dropouts.

40. In order to encourage life-long learning, access to life-long learning programmes will be widened through the introduction of a more flexible enrolment process which would take work experience into account. To increase the involvement of industry, tax exemptions will be given to companies for expenses incurred in training their employees at diploma level in community colleges. Financial support in the form of monthly allowances and academic fees will also be considered for students enrolled in community colleges.

Making National Schools the School of Preferred Choice

41. In line with the Government's aspiration of making National Schools the school of preferred choice for all races, continuous efforts will be directed toward enhancing teaching quality and facilities in National Schools. Among others, the teaching of Mandarin and Tamil languages in National Schools will be further improved.

Creating Tertiary Institutions of International Standing

42. A rating system will be implemented in public institutions of higher learning as a tool to assess their quality and competitiveness. To enhance international recognition, more renowned experts from foreign universities, industry players and professional bodies will be appointed

to sit on the assessment panel of academic programs offered at public and private institutes of higher learning. A new Malaysian Research Institute will also be established to increase cooperation in research activities with internationally renowned universities.

Nurturing Quality R & D And Enhancing Scientific And Innovation Capacities

43. Science and technology are critical to national development. Therefore, efforts must be undertaken to upgrade science and technology infrastructure and the national innovation system. To increase the number of researchers and inventors in the future, more scholarships will be made available at the postgraduate level. This will contribute towards achieving the target of 50 researchers and engineers per 10,000 members of the workforce. The private sector will also be encouraged to provide scholarships as well as financial aid for the purposes of R&D and technology commercialisation.

Fostering A Society With Strong Moral and Ethical Values

44. Developing human capital with a "first class mentality" requires the creation of a society that is imbued with strong moral and ethical values. Therefore, such efforts, including the implementation of the National Integrity Plan and the implementation of the principles of Islam Hadhari, will continue to be undertaken.

45. In addition, the Anti-Corruption Agency (ACA) is being restructured as the Malaysian Anti-Corruption Commission and its capacity enhanced to increase its effectiveness to combat corruption.

Mr. Speaker, Sir,

THRUST 3: ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES

46. The third thrust of the National Mission re-emphasises the philosophy of "growth with equity" to address persistent socio-economic inequalities between ethnic groups, regions as well as between urban and rural areas. The impact of economic growth and Government efforts to improve socio-economic imbalances through constructive and productive means have successfully created an environment of development based on growth with equitable distribution as well as equitable distribution of quality opportunities for all Malaysians.

47. Moving forward with this agenda, six key strategies will be implemented:

Firstly: Poverty eradication;

Secondly: Improving income distribution;

Thirdly: Ownership restructuring;

Fourthly: Employment restructuring;

Fifthly: Achieving balanced development between regions;
and

Sixthly: Development of the Bumiputera Commercial and
Industrial Community (BCIC).

Poverty Eradication

48. Absolute poverty in Malaysia continues to be on the decline. The overall incidence of poverty among Malaysians has been reduced, from 5.7 percent in 2004 to 3.6 percent in 2007. The number of poor households has also declined by 33 percent from 311,300 to 209,000 over the same period. This decline in the incidence and number of poor households is the result of steady economic growth as well as the implementation of various poverty-eradication programs and projects.

49. Poverty has declined in both rural and urban areas. The incidence of urban poverty has been reduced from 2.5 percent in 2004 to 2.0 percent in 2007; whereas in rural areas, the incidence of poverty has been significantly reduced from 11.9 percent to 7.1 percent.

50. Efforts to eradicate poverty have yielded good results, including in Sabah and Sarawak. The incidence of poverty in Sabah has declined from 23.0 percent in 2004 to 16.0 percent in 2007; whereas in Sarawak, the incidence of poverty has declined from 7.5 percent in 2004 to 4.2 percent in 2007.

51. Hardcore poverty has declined from 1.2 percent in 2004 to 0.7 percent in 2007. The number of hardcore poor households has declined by 43 per cent, from 67,300 to 38,400 over the same period. Based on this trend, the Government is confident that the Ninth Malaysia Plan target to eradicate hardcore poverty by 2010 will be achieved.

52. Over the remaining period of the Ninth Malaysia Plan, efforts to eradicate poverty will continue to be strengthened. A more streamlined and coordinated monitoring and assessment mechanism will be implemented at various levels of state and district administration. This effort will be spearheaded by the "Focus Group on Poverty" which is chaired by the Chief Secretary to the Government.

53. Poverty eradication efforts in rural areas will include the provision of basic infrastructure, income generation as well as the development of human capital. The Agropolitan project involving integrated land development to lift the standard of living of poor communities in rural areas of Pahang, Terengganu, Perak, Johor, Sabah and Sarawak will also continue to be implemented.

54. For the urban poor, income generation programmes will be implemented and better housing and social amenities provided to reduce the burden of cost of living increases.

55. Among others, the Social Safety Net scheme that was introduced in 1990 will be improved upon and widened to include various types of

support. This includes aid to children, the aged, those with special needs, patients with chronic diseases and those with artificial limbs. These programs are in addition to existing policies that make education and health services affordable or even free.

56. Poverty eradication programmes for minority groups as well as the non-productive poor will be designed to take into account the differences in their needs and level of development. Land development programmes and efforts to reduce the number of school dropouts among the Orang Asli community will be strengthened. Efforts will also be undertaken to lift the standard of living of minority groups in the interior areas of Sabah and Sarawak, by providing them with better access to educational opportunities, health services and basic amenities.

Improving Income Distribution

Mr. Speaker, Sir,

57. The average household income of Malaysians has continued to rise from RM3,249 in 2004 to RM3,686 in 2007. The increase has largely been the result of positive economic growth, which in turn has generated employment opportunities and raised the income levels of all Malaysians.

58. All ethnic groups registered an increase in household income over this period. In 2007, the average household income of the Bumiputera rose by 5.2 per cent to RM3,156 a month, whereas the average income

of ethnic Chinese households rose by 3.0 per cent a year to RM4,853 while that of ethnic Indian households rose by 3.2 per cent to RM3,799.

59. As a result of the increase in household income among rural households, the rural-urban disparity ratio improved from 1:2.11 in 2004 to 1:1.91 in 2007, surpassing the Ninth Malaysia Plan target of 1:2.0 by 2010.

60. The disparity between the average income of the Bumiputera community and the Chinese community continued to improve with the disparity ratio declining from 1:1.64 in 2004 to 1:1.54 in 2007. Similarly, the disparity with the Indian community also improved, from 1:1.27 to 1:1.20 over the same period.

61. To continue reducing the income gap, more emphasis will be given to human capital development through skills enhancement and the inculcation of positive values. Specific focus will be given towards increasing the income share of the lowest 40 percent of households and thus creating a larger and more prosperous middle-income group.

Ownership Restructuring

62. Bumiputera equity ownership in the corporate sector has increased from 18.9 percent in 2004 to 19.4 percent in 2006. In order to achieve the target of at least 30 percent Bumiputera equity ownership by 2020, several measures will be undertaken:

First: *Greater emphasis will be given towards ensuring that the Bumiputera community has controlling stakes in private companies. Bumiputera will be encouraged to invest in new growth areas such as information and communications technology (ICT), biotechnology, photonics, nanotechnology, advanced manufacturing and precision engineering;*

Second: *The role of Bumiputera institutions such as Permodalan Nasional Berhad (PNB) and Tabung Haji will be strengthened to consolidate the funds of Bumiputera individuals;*

Third: *Talented Bumiputera graduates with creative and innovative ideas will be provided with capital to commercialise their ideas; and*

Fourth: *A comprehensive database to monitor the performance of Bumiputera in the corporate sector will be set up.*

63. To increase equity ownership among Bumiputera in Sabah and Sarawak, efforts such as unit trust schemes, entrepreneurship development and skills training will be further enhanced. To increase the ownership of non-financial assets of Bumiputera in Sarawak, native and customary land will continue to be developed for commercial purposes.

64. Equity ownership in the corporate sector among the non-Bumiputera has also risen, from 40.6 percent in 2004 to 43.9 percent in 2006. However, the percentage of corporate sector equity ownership decreased slightly from 1.2 percent to 1.1 percent. Nevertheless, in absolute terms, ethnic Indian equity ownership increased from RM575.2 million or 9 percent over the same period.

65. To increase corporate equity ownership among ethnic Indians to 1.5 percent by 2010, efforts will continue to be undertaken to increase access to skills training and entrepreneurship development programmes. In addition, special assistance will be given to the ethnic Indian community to raise the level of their equity ownership through unit trust schemes.

Employment Restructuring

Mr. Speaker, Sir,

66. Measures to restructure the labour force will continue to be undertaken via education programmes, skills training as well as entrepreneurship development. Measures will continue to be undertaken to encourage the private sector to employ more staff from Bumiputera, Indian and minority communities at professional and managerial levels. Furthermore, more non-Bumiputera will be encouraged to work in the public sector.

Achieving Regional Balance

67. The establishment of growth corridors was done to drive economic growth and ensure equitable distribution of quality opportunities to all parts of the nation. We do not want development to be focused only within certain urban areas only. Towards this end, five growth corridors have been launched to date. The development period for these corridors will take between 20 to 30 years, but *Insyah Allah*, the Government will ensure that the people will benefit from these initiatives as soon as possible.

68. The Government plans to attract private sector investors, both foreign and domestic, to invest in the growth corridors. Towards this end, the Government will be offering several incentive packages. Moreover, each corridor development authority will be introducing its own set of specialised initiatives to develop more entrepreneurs, including Bumiputera entrepreneurs, within their respective corridors. In order to ensure that projects are effectively implemented and monitored, I have directed each corridor development authority to deliver a progress report regularly to the Cabinet every three months.

Development of Bumiputera Commercial and Industrial Community (BCIC)

69. The second phase of BCIC development will be given further emphasis through the implementation of the cluster development initiatives, which will be driven by the private sector. This initiative is expected to increase Bumiputera participation in 11 key economic sectors, including construction, logistics and distributive trade. To drive the

development of Bumiputra entrepreneurs, programmes such as franchise development, strategic participation in business networks and the listing of Bumiputera companies on Bursa Malaysia will continue to be undertaken.

Mr. Speaker, Sir,

THRUST 4: IMPROVING THE STANDARD AND SUSTAINABILITY OF QUALITY OF LIFE

70. The Government has consistently stressed that national economic growth has to be accompanied by better quality of life for all Malaysians. To achieve this, the Government will focus on six main strategies:

- First: Increasing healthcare services;
- Second: Meeting housing needs and improving urban services;
- Third: Building basic infrastructure;
- Fourth: Improving transportation facilities;
- Fifth: Ensuring conservation of the environment and sustainable management of resources; and
- Sixth: Generating positive community development.

Increasing healthcare services

71. The provision of healthcare services and improvements in the quality of these services will continue to be given attention. Among others, access to healthcare for Orang Asli dan minority groups in the interior of Sabah and Sarawak will be enhanced. Mobile clinics, including flying doctor services, will be added to serve remote areas.

72. One main challenge that confronts the health sector is the shortage of personnel in public health. To address this, the intake of students into institutes of higher education for critical courses will be increased. The Government will also consider an improved benefits package to retain doctors and health personnel in the public health sector.

Meeting Housing Needs and Improving Urban Services

73. Housing development will focus on adequate, quality and affordable housing for sale or rent, for all Malaysians, especially those in the low and middle income groups. Among others, the implementation of the low cost housing program will be expedited in the final phase of the Ninth Malaysia Plan with the additional construction of 18,500 *Program Perumahan Rakyat (PPR)* units for rent. Furthermore, 12,300 units under the *Rumah Mampu Milik* program will be built by 2010.

74. The quality of solid waste management in urban areas will be enhanced via the implementation of a collection, transportation and

disposal scheme for solid waste that is more efficient and cost-effective. At the same time, the implementation of various solid waste management initiatives, including solid waste minimisation and recycling activities, will be enhanced.

Building Basic Infrastructure

75. The Government remains committed towards ensuring that all Malaysians enjoy the basic infrastructure needed for day-to-day life, particularly with regards to the provision of potable water and electricity. The use of modern technology such as solar power generators, wind turbines and rainwater harvesting systems will be enhanced, especially for areas in the interior.

76. In highly populated areas such as the Klang Valley, the quality of water supply and sewerage systems will be enhanced with the establishment of the National Water Services Commission (SPAN).

Improving Transportation Facilities

77. Improving the public transportation system continues to be a Government priority, especially following the recent restructuring of oil and gas subsidies. In this regard, the coverage of the urban rail transit system will be extended while more integrated public transportation terminals will be built. Furthermore, the efficiency of commuter train, bus and taxi services will be enhanced in order to reduce the usage of individual vehicles compared to the usage of public transport,

particularly in the Klang Valley. To ensure that future development of the transportation sector will proceed in a smooth and orderly manner, the Government will set up a Public Transportation Commission and draft a Transportation Master Plan.

78. In order to address inadequate road coverage, especially in Sabah and Sarawak, rural road networks will be further extended. These efforts are expected to further encourage economic growth for areas in the interior.

Ensuring Conservation of the Environment and Sustainable Management of Resources

79. The Government remains concerned over the effects of rapid development on the environment. Specifically, focus will be given towards efforts to continually improve air and water quality as well as initiatives to reduce contamination of water and land resources as a result of the illegal discharge of solid waste as well as toxic and hazardous substances.

80. At the same time, the phenomenon of climate change will be given due attention. Focus will be given towards promoting energy efficiency and renewable energy, as well as in improving the public transportation system. Preventive measures such as flood mitigation programmes will also be implemented so as to ensure that the impact of climate change can be dealt with effectively.

Generating Positive Community Development

81. The generation of positive community development, among others, covers the development of family, youth, sports, culture, arts and heritage.

82. To strengthen the family institution in a holistic manner, a National Family Policy will be formulated. This initiative will involve various services including counselling, parenting skills training as well as reproductive health services.

83. Our youth will become the future leaders of our nation and must therefore be equipped with the requisite skills. Towards this end, youth development programs will focus on socialisation, leadership and education aspects, where the involvement of the private sector, NGOs and youth organisations are emphasised.

84. In ongoing efforts to develop sports, attention will be given to healthy and active lifestyle aspects, while also nurturing sporting talent towards excellence. Among others, the capability of sports organisations will be enhanced to ensure significant achievements in the sporting arena.

85. Development in the fields of culture, arts and heritage will revolve around the building of positive values as well as instilling understanding and appreciation for cultural diversity. Efforts to encourage artistic

talent will be further improved through quality cultural programs, exhibitions and events.

THRUST 5: STRENGTHENING INSTITUTIONAL AND IMPLEMENTATION CAPACITY

Mr. Speaker, Sir,

86. The Government remains committed towards strengthening the public service delivery system. With the formation of the Special Taskforce to Facilitate Business (PEMUDAH), several procedures and practices have been assessed and improved. The transformation of the public services delivery system will continue under the following three strategies:

First: Integrating service delivery across agencies;

Second: Increasing confidence in electronic-based services;
and

Third: Implementing outcome-based planning, monitoring
and evaluation.

Integrating Service Delivery Across Agencies

87. In order to be more client-focused, services across all agencies need to be consolidated and delivered in user-friendly ways. Progress in

this area has been encouraging, particularly through the e-Government initiative. A notable example of the initiative is the e-KL project which centralises all public services related to the Klang Valley through one internet portal.

88. In order to improve complaints monitoring and resolution, a "One Number Call Centre, No Wrong Door" online complaints management system for the public sector will be established. This integrated and centralised system will encompass all ministries, agencies, state agencies and local authorities. In addition, a consolidated National Registry System will be set up to allow for sharing of data across relevant agencies and to reduce data errors or duplication.

Increasing Confidence in Electronic-Based Services

89. Usage of computers and information networks has contributed to the nation's competitiveness and improved public service delivery. However, more needs to be done to increase the use of electronic-based services. To increase understanding of and confidence in issues such as cyber security, particularly in protecting private information, more awareness programs will be provided to users of electronic public services. In addition, a Personal Data Protection Bill is currently being drafted. To further strengthen cyber security, official guidelines on electronic banking will be introduced to reduce risks in internet banking.

Implementing Outcome-Based Planning, Monitoring and Evaluation

90. An outcome-based planning, monitoring and evaluation approach will be adopted to ensure that projects implemented achieve the desired objectives.

91. Emphasis will be given on three main areas, which are human capital, systems and organisational structure, towards capacity building for ministries and agencies. The structure for project delivery will be rearranged to take into account planning, monitoring and evaluation elements.

DEVELOPMENT ALLOCATION

Mr. Speaker, Sir,

92. Under the Mid-Term Review of the Ninth Malaysia Plan, it is proposed that the overall ceiling for development allocation for the Ninth Malaysia Plan be increased from RM200 billion to RM230 billion. This increase is required in order to cater for the rising cost of implementing existing projects as a result of the rising prices of building materials, as well to account for new priorities such as the regional corridor developments and adequate food production for the nation.

93. Also, privatisation and the private financing initiative (PFI) will be used to complement public investment towards providing quality public service. The Government will enhance its fiscal discipline by implementing Government procurement via tenders to ensure “value for

money” as well as to reduce leakages and wastage, and by cultivating best practices in project implementation.

94. Development projects under the Ninth Malaysia Plan are planned and implemented to improve the prosperity of the people and develop the national economy. I would like to emphasise that the Federal Government will continue to implement the Ninth Malaysia Plan development project in all states. Priority will be given to people-centric projects – projects which provide basic amenities and which impart direct benefit to the people, such as water supply, electricity, health facilities, education, low cost public housing, poverty eradication and public safety.

CONCLUSION

Mr. Speaker, Sir,

95. Various efforts have been implemented and harnessed towards ensuring that the fundamentals of the national economy remain strong and competitive. We are currently implementing the development plan for the period 2006-2010, and have identified areas that need to be updated for the latter period of the Ninth Malaysia Plan. *Alhamdulillah*, up to now, the development outcomes, with the National Mission at their core, have succeeded in raising the people’s quality of life and forging a society that is more open and confident. I believe that we are on the right track towards achieving Vision 2020.

96. Nevertheless, as we come to the second half of the Ninth Malaysia Plan, we are faced with various challenges which will test our ability to maintain the course of the nation's development agenda.

97. The greatest challenge confronting our economy is the rise in global oil prices – a global phenomenon which is affecting all nations, and is caused by various factors.

98. One of the key factors which has led to the extreme rise in oil prices at this moment in time is geopolitical uncertainty. The invasion of Iraq by the United States of America in 2003 has crippled one of the world's key oil producing nations, and has resulted in a state of unrest in the Middle East which remains unresolved. The earlier military action in Afghanistan and most recently, Israel's threat to attack Iran further exacerbated geopolitical tensions.

99. High demand from countries such as China and India, along with the refusal of OPEC countries to substantially increase their production of oil, have also contributed to higher oil prices.

100. The situation is made worse by the actions of speculators in the oil markets of international financial centres such as New York and London..

101. Apart from the extreme rise in oil prices, our economy is also affected by the state of global financial markets, which have yet to recover from the sub-prime crisis. In fact, many economic experts expect

that this crisis may lead to a global recession, which would surely adversely impact on our own economic prospects.

102. The reality is that our nation faces difficult challenges, caused by external factors which are outside of our control. In the face of these difficulties, the Government must have the courage to make decisions and initiate changes that will preserve public prosperity and national interest in the long term.

103. This includes the recent decision to restructure oil and gas subsidies, which the Government realises will increase the cost of living. Nevertheless, the Government was compelled to act decisively, since the rise in global oil prices has put strained the nation's finances. At the same time, the move was necessary to ensure that subsidies would go directly to those who need them most. In addition, by restructuring subsidies, we will have greater flexibility to navigate the risks of a global recession, should one occur in the near future.

104. Rising oil prices and uncertainty caused by external factors makes it difficult for any nation to fully shield its citizens from hardship. Nevertheless, the Government remains committed towards doing everything within its power to lighten the burden of the people and preserve their quality of life.

105. Therefore, in order to continue our path towards development while addressing the challenges of the present, let us give our undivided commitment towards ensuring the success of our National Mission.

Insha Allah, with collective resolve and a unified sense of purpose, our aspirations to build a secure, peaceful and prosperous nation can be achieved.

106. *Ya Allah*, the Most Just and Most Wise Lord, we pray to You so that You may bless our efforts; give us strength and guidance; increase our commitment; strengthen our resolve; so that we may achieve our aspiration and objective – success in this world, and Your acceptance in the everlasting hereafter.

Mr. Speaker, Sir,

I move the motion.