

SPEECH BY THE PRIME MINISTER
IN THE DEWAN RAKYAT
27 SEPTEMBER 2021

TWELFTH MALAYSIA PLAN

2021-2025

KELUARGA MALAYSIA - PROSPEROUS, INCLUSIVE, SUSTAINABLE

YAB DATO' SRI ISMAIL SABRI YAAKOB
Prime Minister of Malaysia



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THE PRIME MINISTER'S MOTION TO TABLE
THE TWELFTH MALAYSIA PLAN, 2021 – 2025:
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IN THE DEWAN RAKYAT
ON 27 SEPTEMBER 2021
11:30 A.M.

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, Salam Sejahtera and *Salam Keluarga Malaysia*.

Mr. Speaker, Sir,

Prime Minister will propose:

"That this House,

realises the challenges to restore and reset the economy in achieving sustainable growth, taking into account the post COVID-19 socioeconomic landscape and achievements of the Eleventh Malaysia Plan, 2016-2020;

endorses the efforts of the Government to plan and implement the sustainable national development agenda in line with the spirit of the *Keluarga Malaysia*, the aspirations of the Shared Prosperity Vision 2030 and the 2030 Agenda for Sustainable Development; and

approves the Twelfth Malaysia Plan for the period of 2021-2025 that sets a strategic direction to achieve the objective of a "Prosperous, Inclusive, Sustainable Malaysia", focusing on efforts to rejuvenate economic growth, ensure the nation's prosperity is distributed more fairly and equitably, as well as maintain environmental sustainability, as set out in the Command Paper CMD. 1 of 2021.

That in approving the Twelfth Malaysia Plan, this august House calls for all Malaysians to work together in full commitment and firm determination in developing the country to achieve sustainable growth to provide a decent standard of living to every member of the *Keluarga Malaysia* regardless of religion, race and ethnicity."

With your permission Mr. Speaker, I hereby table the Twelfth Malaysia Plan, 2021-2025 (Twelfth Plan) to be debated by the Honourable Members of this august House.

Keluarga Malaysia - Prosperous, Inclusive, Sustainable

1. *Alhamdulillah*, thanks to *Allah Subhanahu Wa Ta'ala* with His grace and benevolence, today I am able to table the long-awaited policy document that is the Twelfth Malaysia Plan, 2021-2025 or the Twelfth Plan. I would like to record my utmost appreciation and gratitude to our former Prime Minister, Yang Berhormat Tan Sri Dato' Haji Mohd Mahiaddin bin Haji Mohd Yassin who was involved in the initial preparation of the Twelfth Plan document.

2. The Twelfth Plan was formulated when the world was facing extreme challenges from the COVID-19 pandemic. Many of us, in the ***Keluarga Malaysia,*** have been affected. In this new environment and norms, some have lost their lives and jobs. In order to survive, some of us have to change jobs, while others have to take up a second job. My sincere condolences to those who have lost their family members due to COVID-19. Let us pray that all efforts in curbing the pandemic will be blessed, and that this crisis will be overcome.

3. For almost two years, the country and the whole world have been facing the dual health and economic crises due to the COVID-19 pandemic. During this period, the frontliners have been battling the pandemic tirelessly with high commitment. We are all indebted to the frontliners for carrying out their responsibilities with commitment in combatting this pandemic. My utmost appreciation to all the frontliners, you are the heroes of *Keluarga Malaysia*.

4. The pandemic has also impacted the global economy in 2020 as growth declined by 3.2 per cent compared to a growth of 2.8 per cent in 2019. All sectors were significantly affected, especially services related to tourism and aviation. This has led to an increase in global unemployment and poverty. The World Bank has estimated that there has been an increase in the number of global hardcore poor, with an additional 97 million people falling into poverty in 2020.

5. Malaysia has not been spared by the impact of the pandemic. Looking back at our performance in the Eleventh Plan, from 2016 to 2020, the gross domestic product (GDP) grew at an average rate of 2.7 per cent per annum, lower than the Eleventh Plan target. This was due to a contraction of 5.6 per cent in 2020, despite achieving a higher growth of 4.9 per cent per annum in the first four years of the Eleventh Plan. The gross national income (GNI) per capita reached RM42,500 or US$10,100 in 2020. This is 20 per cent below the income threshold to achieve a high-income nation status.

6. During the Eleventh Plan, the Government has spent RM248.5 billion for development. This comprises expenditure for the economic sector at 58 per cent, social sector 26 per cent, safety and security sector 11 per cent and general administration 5 per cent. The largest expenditure in the economic sector was for the provision of basic utilities and infrastructure. Out of this expenditure, 46 per cent was allocated to six states that needed more attention, namely Kedah, Kelantan, Perlis, Sabah, Sarawak and Terengganu.

7. The COVID-19 pandemic has affected the Government's financial position. The fiscal deficit has widened to 6.2 per cent to GDP in 2020. The Federal Government statutory debt was at 57.9 per cent to GDP.

8. I am aware that *Keluarga Malaysia* places high hopes on the Government to deal with the health and economic crises. The Government has received many suggestions from the public, Members of Parliament and state governments. However, due to an urgent need to protect lives and livelihoods in 2020 and 2021, our fiscal space is very limited. This is expected to continue next year. Hence, development allocations in 2022 will give priority to continuation projects. *Insya-Allah*, the Government's financial position is expected to improve in 2023 when the economy will be on a stronger footing. The Government will allocate RM400 billion to finance continuation projects and new projects during the Twelfth Plan. We believe, as in *Surah Al-Insyirah*, verse five; "So, surely with every difficulty there is relief".

Mr. Speaker, Sir,

9. In the 64 years since independence, the Government has implemented several long-term policies from which we are reaping its benefits today. The New Economic Policy, 1971-1990 significantly reduced poverty and restructured society. Vision 2020, which encompasses the National Development Policy, 1991-2000, National Vision Policy, 2001-2010 and National Transformation Policy, 2010-2020, laid the foundation for Malaysia to be a high-income and advanced nation. Subsequently, *Wawasan Kemakmuran Bersama 2030* (WKB 2030) was launched in October 2019.

10. The five-year development plans began in 1956. The plans detailed out strategies and initiatives in prioritising programmes and projects to be implemented by the Government. The Twelfth Plan which I am tabling today is important in complementing the National Recovery Plan. This plan will restore the economic growth momentum and support long-term development goals.

11. *Alhamdulillah*, the eight economic stimulus packages which were introduced from 27 March 2020 have successfully stabilised the economy. GDP has rebounded by 16.1 per cent in the second quarter of 2021, after contracting for four consecutive quarters.

Mr. Speaker, Sir,

12. The Twelfth Plan, with the goal of **"*Keluarga Malaysia* – Prosperous, Inclusive, Sustainable**", will enable us to enjoy a better standard of living. All the strategies and initiatives in the Plan are aligned with the 2030 Agenda for Sustainable Development that was accepted by all the United Nations member states in 2015.

13. We want to drive *Keluarga Malaysia* towards becoming an advanced and high-income nation, besides being future-proof. However, such an achievement is meaningless if anyone is left behind in the development

process. We want to live happily together, as a family irrespective of income level, religion, race and ethnicity. In our development journey, protecting the environment is a very important agenda to ensure that future generations inherit a sustainable country.

Mr. Speaker, Sir,

14. The Twelfth Plan is a comprehensive development plan that will introduce several reforms to ensure sustainable economic growth with more equitable distribution of opportunities and outcomes. For this purpose, **three Themes and four Policy Enablers** as well as **14 Game Changers** are introduced. The Government will adopt the whole-of-nation approach that involves the entire government machinery and agencies as well as industry and society with a common mission of implementing reforms.

15. These reforms are not merely intended to generate national wealth. Rather, it is meant to address several economic structural challenges, provide a future-ready workforce, enhance the wellbeing of *Keluarga Malaysia* and narrow the gaps in regional development. In addition, it is also to ensure the implementation of a more effective mechanism in delivering services to the *rakyat*.

16. *Insya-Allah*, with these reforms, by 2025, Malaysia will become a high-income nation with better quality of life for the *rakyat*. We also envision Malaysia to be a high-tech nation. Specifically, I wish to share several key goals of the Twelfth Plan:

- First: GDP growth is targeted between 4.5 and 5.5 per cent per annum during the 2021-2025 period;
- Second: Estimated average monthly household income at about RM10,000 by 2025;
- Third: The gap in GDP per capita between the Central region and Sabah to be reduced to 1:2.5, while for Sarawak to 1:1.2 in 2025; and

- Fourth: Reduction in greenhouse gas (GHG) emissions intensity by 45 per cent to GDP by 2030 based on emissions intensity in 2005, in line with the 2015 Paris Agreement.

17. Moving forward, I wish to highlight the **nine focus areas** of the Twelfth Plan as follows:

- **First**: **Revitalising Economic Growth;**
- **Second: Strengthening Growth Enablers;**
- **Third: Increasing the Wellbeing of *Keluarga Malaysia;***
- **Fourth: Enhancing Security and Public Safety;**
- **Fifth: Eradicating Hardcore Poverty and Narrowing Income Gaps;**
- **Sixth: Enhancing the Bumiputera Agenda and *Keluarga Malaysia;***
- **Seventh: Boosting Development in Sabah, Sarawak and Less Developed States;**
- **Eighth: Advancing Green Growth;** and
- **Ninth: Increasing the Efficiency of Public Service Delivery and Ensuring Effective Policy Implementation.**

Mr. Speaker, Sir,

First Focus: Revitalising Economic Growth

18. The first focus centres on restoring the growth momentum of all economic sectors and creating new sources of growth. The growth of several strategic and high-impact industries, namely electrical and electronics, global services, aerospace, halal industry, creative, tourism, biomass and smart agriculture activities will be boosted. The transformation of micro, small and medium enterprises (MSMEs) will also be intensified.

19. The growth of the services sector will be supported by a modernisation strategy for the country to become a regional services hub. In this regard, clear policies and regulations as well as a conducive business environment will be put in place to further attract quality investment. In line with the Fourth Industrial Revolution or known as the Fourth IR (4IR), the manufacturing sector is expected to shift towards producing high value-added products and the industry to become a key player in the global value chain. Growth in the agricultural sector will be intensified by using smart technology to increase productivity and strengthen the nation's food security. The construction sector will be accelerated with the use of advanced technology, including augmented reality and virtual reality, in line with the Construction 4.0 Strategic Plan to further enhance efficiency and productivity. Meanwhile, the mining sector will focus on the production of high value-added processed minerals, sustainable mining activities and the extraction of new minerals.

20. Productivity growth will be boosted through research and innovation as well as the use of advanced technology, while reducing dependency on low-skilled labour. International trade will be strengthened by identifying new markets and products, improving the efficiency of trade facilitation and enhancing the competitiveness of key export industries. In addition, trade cooperation will be encouraged through the ratification of new free trade agreements (FTAs) such as the Regional Comprehensive Economic Partnership (RCEP).

21. The Government would like the private sector to resume playing a bigger role in driving the country's economic growth. In this regard, I would like to give an assurance that the Government will reduce red tape, provide quality and reliable infrastructure, strengthen the ecosystem to support private investment and develop skilled workforce.

22. The National Investment Aspirations (NIA) policy will be the main framework in attracting quality investment and positioning Malaysia as an investment hub in the region. Existing incentives will be reviewed to give

focus on advanced technology-based investments which conform with environmental sustainability. This will support the country's aspiration to accelerate the transition towards an advanced manufacturing-based industry without compromising the environment.

Mr. Speaker, Sir,

23. MSMEs are the backbone of the national economy. At the end of 2020, the number of MSMEs were estimated at 1.2 million, equivalent to 97.2 per cent of total enterprises. However, most MSMEs remain uncompetitive and need to be revitalised as they were adversely affected by the pandemic. The Government is committed to continuously assist and support the recovery of MSMEs. At the same time, MSMEs are encouraged to continue with the digital transformation agenda to drive growth in the post pandemic new norm.

24. I am pleased to inform that the Government has agreed to approve several key programmes and projects to be undertaken in the Twelfth Plan to boost the growth of strategic industries and sectors. These include the establishment of a fund in the form of loans for investment in research and development in the fields of aerospace as well as electrical and electronics; the establishment of a Centre of Excellence for Future Industry; an intellectual property fund. In addition, a soft loan will be provided for digitalisation and technology adoption to support the transition of local companies to embrace advanced technology.

25. With the implementation of the above initiatives in the Twelfth Plan period, I believe we will be able to achieve the average growth target of 5.2 per cent for the services sector, 5.7 per cent for manufacturing, 3.8 per cent for agriculture, 2.6 per cent for mining and quarrying, and 4.2 per cent for construction. The tourism sector that was affected the most by the pandemic is expected to recover with a targeted growth of 3.8 per cent. MSMEs are expected to contribute 45 per cent to the GDP and 25 per cent to total exports in 2025.

Mr. Speaker, Sir,

Second Focus: Strengthening Growth Enablers

26. For Malaysia to become a high-income and high-tech nation, we have no option but to adopt new technologies and strive to create as well as develop our own technology. To catalyse economic growth, we also need to ensure that infrastructure is strengthened while at the same time developing future talent.

27. Measures to accelerate the adoption of technology and innovation will focus on digitalisation and advanced technology, including 4IR technology. Earlier this year, the Government launched the MyDIGITAL agenda and subsequently the National 4IR Policy. Policy planning, implementation as well as monitoring of 4IR and national digitalisation initiatives are coordinated by the National Digital Economy and 4IR Council.

28. The Government is spearheading the digital agenda through the digitalisation of public services and transformation of MSMEs. The provision of digital infrastructure involves investment by the public and private sectors, amounting to RM28 billion to improve the existing 4G network. To expedite the implementation of 5G nationwide, an additional RM15 billion will be invested by the private sector. The National Digital Identity initiative is being developed to establish a secure and reliable identity verification platform and electronic certification.

29. Digital technology has greatly influenced our lives. Our children's education has been disrupted due to the lack of devices and access to technology. In light of these developments, the Government is committed in addressing the many digital divides by enhancing digital infrastructure and services.

30. The implementation of the *Pelan Jalinan Digital Negara* or JENDELA will provide 100 per cent 4G coverage in populated areas and wider 5G coverage as well as fixed line broadband for nine million premises by 2025. As of August 2021, 94 per cent of populated areas have access to 4G coverage. The speed of mobile broadband services has reached 29.1 megabits per second and more than 6,000 premises now have access to fixed line broadband services. The 5G technology network will be launched by the end of 2021. These digitalisation initiatives are expected to support the achievement of the target of 25.5 per cent digital economy contribution to GDP in 2025.

31. The Government realises that the gig economy is an important source of economic growth. The gig economy has provided greater opportunities for the *rakyat* to increase their income. These opportunities include services using digital platforms such as e-hailing and p-hailing. The Government will create an ecosystem that supports the development of the gig economy to encourage the *rakyat* to fully leverage these opportunities.

32. In addition, to enhance global competitiveness, efforts will be intensified to accredit local platforms based on international sharing economy industry standards. A regulatory framework is being developed to ensure platform providers, employees and users are protected. The Government will also ensure compensation arising from job losses, health benefits and retirement savings are enhanced.

33. The Government will narrow the digital divide, especially between rural and urban areas due to the difference in broadband infrastructure, through the provision of digital infrastructure facilities. In this regard, *Pusat Internet*, *Pusat Internet Desa* and *Pusat Komuniti Desa* will be transformed as *Pusat Digital Keluarga Malaysia* to provide better and integrated services. These centres will also be expanded to provide facilities for the local community to participate in eCommerce, skills training, learning and community activities.

Mr. Speaker, Sir,

34. In line with the advancement of technology and innovation, efforts to produce local technology developers and creators will be intensified to generate wealth and economic growth. For this purpose, all research, development, commercialisation, and innovation (R&D&C&I) activities will be aligned to national priorities. Fifty per cent of government research funding will be allocated for experimental research with commercialisation potential. In this regard, the Government has approved the establishment of a one-stop centre for commercialisation and technology transfer as well as the NanoMalaysia Energy Storage Technology Initiative (NESTI) Programme.

35. To coordinate all R&D&C&I activities and ensure that they are aligned to national priorities, the Research Management Unit (RMU) has been established. The role of RMU is to reduce functional overlaps, strengthen collaboration between industry, academia and government, as well as to increase efficiency in utilising existing resources.

36. In addition, alternative financing resources, including venture capital, international funding and endowment funds will be enlarged. By 2025, the percentage of gross expenditure on R&D to GDP is expected to reach 2.5 per cent, as compared with only 1.0 per cent in 2020. The contribution of the private sector is expected to be higher with a two-fold increase to reach 70 per cent of total R&D expenditure.

Mr. Speaker, Sir,

37. Quality and reliable infrastructure and basic utilities such as roads, rail as well as water and electricity supplies are important to stimulate economic growth, bridge the regional development gap and improve the wellbeing of the *rakyat*. Integrated rail and road networks connecting airports and ports with industrial, urban and rural areas will be enhanced. Among the major projects are:

    - The Klang Valley Double Track Phase One connecting Rawang to Salak Selatan is expected to be completed in 2022;

- The Electrified Double Track Gemas to Johor Bahru which is the final stretch of the electrified double track from Padang Besar, Perlis to Johor Bahru, Johor is scheduled for completion in 2023;
- The implementation of the East Coast Rail Link (ECRL) project continues and is expected to be completed in 2026;
- The Rapid Transit System Link (RTS) project which connects Bukit Chagar station, Johor Bahru with Woodlands North station in Singapore will commence construction at the end of 2021;
- The West Coast Expressway which stretches between the states of Selangor and Perak is expected to be completed by 2024;
- The Central Spine Road project from Bentong, Pahang to Kuala Krai, Kelantan is scheduled for full completion in 2025; and
- The Kota Bharu to Kuala Krai Highway is expected to be completed by 2025.

38. A specific facilitation fund for infrastructure projects will be established under the Public Private Partnership (PPP) 3.0 model. The project implementation model will not involve the Government's financial commitment and will instead adopt the Request for Proposal (RFP) method. The implementation of projects under this new model is expected to be announced in mid-2022. A special PPP committee, chaired by the Chief Secretary to the Government will be established to enable PPP project negotiations to be finalised within a year.

39. In order to become a high-income nation, human capital development is crucial. Therefore, the education system needs to produce quality and skilled human capital to meet industry demand. Emphasis will be on improving the entire education system and addressing the issue of job market mismatch. To enhance the national education system, the key measures that will be implemented are as follows:

- Science, technology, engineering and mathematics (STEM) education will be strengthened to prepare students for technology changes, including 4IR;

- School environment will be made more conducive through the replacement of 148 dilapidated buildings with a total cost of RM1.6 billion for 2021 and 2022;
- Four school complexes and five new schools will be constructed involving a cost of RM848 million;
- TVET programmes will be improved by enhancing the ecosystem, increasing programme quality through accreditation, recognition and certification by international bodies as well as introducing TVET institutions ranking system;
- A centralised platform for TVET supply and demand data will be developed;
- A more flexible higher education system will be established and collaboration with industry will be enhanced to improve graduates' quality and fulfil industry needs;
- Digital education plans for school and tertiary levels will be introduced to ensure wider access to quality education; and
- Upgrading the facilities of several public universities, among others UiTM, UKM, UM, USM and UUM.

40. In the Twelfth Plan, the Government will ensure that more skilled jobs are created through the implementation of the following initiatives:

- Attracting more new high-tech investment;
- Encouraging the industry to shift to automation and mechanisation;
- Restricting the entry of low-skilled foreign workers; and
- Strengthening collaboration between the industry and academia.

Mr. Speaker, Sir,

41. The Graduate Employability Strategic Plan 2021-2025 will be introduced to address the mismatch issue in the labour market. In addition, the Job Creation Strategic Plan 2021-2023 will be introduced to enable the country to produce a resilient and skilled workforce required by industry. The implementation of these two plans will ensure Malaysians benefit from the creation of new job opportunities.

42. The COVID-19 pandemic has affected several economic sectors which are highly dependent on foreign workers, especially the construction and plantation sectors, due to the freeze on foreign workers intake. To overcome this issue, the industry needs to increase automation and mechanisation in the production process. In the long-term, total foreign workers in the workforce will be capped to not more than 15 per cent. Foreign worker-related enforcement will be strengthened to support this policy.

Mr. Speaker, Sir,

Third Focus: Increasing the Wellbeing of *Keluarga Malaysia*

43. A decent wellbeing is a human right and cannot be denied. I am well aware that in the COVID-19 pandemic situation, the *rakyat* places high hopes on the Government. The Government will continue to find the best measures to ensure the wellbeing of *Keluarga Malaysia* in various aspects, especially in healthcare and the provision of quality housing.

44. The Government remains committed in strengthening the healthcare system to ensure the *rakyat* is healthy and productive. In this regard, the Government will review the effectiveness of the existing healthcare system and a national health policy will be formulated to increase preparedness in handling infectious diseases and any future health crisis. The National

Vaccine Development Roadmap is being finalised to ensure Malaysia has the capacity to produce its own vaccine. This roadmap will also prepare the country to face any pandemic in the future. Meanwhile, the Malaysian Institute of Infectious Diseases will be built in Bandar Enstek, Negeri Sembilan in 2022. The establishment of this institute aims to prevent diseases, morbidity and mortality caused by infectious diseases.

45. The Government has identified proactive measures to increase preparedness of hospitals, to achieve a ratio of 2.06 hospital beds per 1,000 population by 2025. The Government will also develop new health facilities, in addition to the 12 hospitals that are being built nationwide and are expected to be completed during the Twelfth Plan. In addition, medical equipment and supplies, including for the needs in intensive care units (ICU) will be increased. In the effort to narrow the gap between urban and rural health facilities, the Government will build and upgrade health clinics across the nation.

Mr. Speaker, Sir,

46. In line with the National Housing Policy, the Government is committed to ensure the provision of adequate, quality and affordable housing for the wellbeing of *Keluarga Malaysia*. To achieve this, the Government has built more than 282,000 affordable houses in the Eleventh Plan. A total of 500,000 more affordable houses will be built in the Twelfth Plan to provide more opportunities for the B40 and M40 groups to own a house. In addition, financing facilities including the Fund for Affordable Housing, Youth Housing Scheme and Rent-to-Own Program (RTO) will be improved to ensure the B40 and M40 are not burdened by instalment payments.

47. In providing housing assistance to the poor, the Government will allocate RM2.25 billion in the Twelfth Plan. This allocation is to build and repair 85,500 houses under the Housing Assistance Programme, involving 75,000 houses in the rural area and almost 10,500 houses in the urban area. These do not include houses built by the state governments, corporate sector and civil society organisations (CSOs).

48. Wellbeing is meaningless if we are not united. History has taught us the importance of maintaining unity in nation building. In strengthening the cohesion of *Keluarga Malaysia*, inclusive and comprehensive sports and unity programmes will be intensified. Unity among the *rakyat* of different ethnicity, religion and race as well as national integration that cuts across culture and political ideology, are the pillars of our strength as *Keluarga Malaysia*. Let us mobilise all our strength to continue spreading the spirit of patriotism and volunteerism by leveraging digital and other media platforms. The understanding and appreciation of the Federal Constitution and the *Rukun Negara* should continue to be instilled and strengthened among our children and youth.

Mr. Speaker, Sir,

Fourth Focus: Enhancing Security and Public Safety

49. The safety of the *rakyat* and sovereignty of the country are the foundation in ensuring a peaceful and stable Malaysia. Among the initiatives to be implemented include measures in improving preparedness, border control and enforcement, enhancing public safety, strengthening cyber security and cyber defence as well as ensuring the welfare of personnel. I will ensure firm measures will be undertaken to implement a holistic plan and strengthen *Ops Benteng* in curbing illegal immigrants.

50. Among the projects to be implemented, include the Marine Police Sea Monitoring System in five maritime regions, the construction of Air Forces Bare Base Bintulu, Sarawak and Military Hospital Terendak, Melaka as well as the enhancement of maritime assets' capability. In addition, a new military camp in Felda Sahabat, Camp 5 Brigade in Kota Belud and the General Operations Force Camp in Beluran, Sabah will be completed during the Twelfth Plan period. The National Defence and Security Industry Policy will be introduced to provide direction on the development of the local defence and security industry.

51. In ensuring the welfare of armed forces and enforcement personnel, close to 10,200 units of army family houses and quarters are being built and will be ready to be occupied in the Twelfth Plan.

Mr. Speaker, Sir,

Fifth Focus: Eradicating Hardcore Poverty and Narrowing Income Gaps

52. The issue of poverty is very close to my heart. As a person born and raised in a rubber tapper family, I truly understand the difficulties and the hardships of the *rakyat*. The COVID-19 pandemic has increased the poverty rate, affecting individual and household incomes, and further pushing our families into poverty. I would like to thank all parties, including CSOs, corporate bodies, individuals and state Islamic religious councils for their continuous care and support to the Government in helping the affected communities throughout the pandemic.

53. In addressing the issue of poverty and income inequality, we need to learn from the achievements of a few other countries. Thus, initiatives to eradicate hardcore poverty to ensure the poor, including the urban poor are assisted, will be implemented through the whole-of-nation approach. Special units at the Federal and district levels will be established. These units will be responsible to coordinate the database in an integrated manner as well as all programmes and initiatives implemented by the Government, corporate sector and CSOs. With a dedicated officer overseeing poverty affairs at the district level, I am confident that hardcore poverty will be eradicated by 2025.

54. Concerted efforts will be implemented to increase income and address the rising cost of living of B40 households as well as vulnerable groups. Targeted assistance such as cash transfers and social protection will continue to be provided to those who are eligible. The *Program Pemerkasaan Ekonomi Komuniti Bandar* and *Skim Pembangunan Kesejahteraan Rakyat di Luar Bandar*, with a cost of RM1.5 billion will be strengthened to increase the employability, wellbeing and purchasing power of B40 families.

55. The Government cannot single-handedly fight this battle. I call upon the corporate sector and individuals to help *Keluarga Malaysia* to escape poverty. No matter how small the assistance, including alternative funding sources such as zakat and waqf, if mobilised, will bring great benefits.

56. At present, poverty is also viewed from multiple dimensions other than finance. In this regard, in terms of education, more students from B40 families will be given priority for admission into high-performing schools and scholarships. In terms of health, access to healthcare will be expanded. The issue of malnutrition among children from B40 families is on the rise. To this end, the issue will be addressed comprehensively among others, by providing nutritious food.

57. To improve the skills, capacity and competitiveness of job seekers among the M40 group, training and reskilling programmes as well as entrepreneurial activities will be enhanced. This group will also be encouraged to subscribe to health and employment insurance at affordable rates. In addition, we will ensure that M40 children have access to quality education at an affordable cost.

Mr. Speaker, Sir,

Sixth Focus: Enhancing the Bumiputera Agenda and *Keluarga Malaysia*

58. *Keluarga Malaysia* encompasses Bumiputera, Orang Asli and Anak Negeri Sabah which consists of 42 ethnic groups and more than 200 sub- groups among others Kadazan, Dusun, Murut, Rungus and Bajau. Also, Bumiputera Sarawak which consists of 27 ethnic groups, among others Iban, Orang Ulu, Melanau and Bidayuh, as well as Chinese, Indian and others. Low-income members of our family as well as targeted and vulnerable groups, who need support and assistance, will be given attention.

59. The Government is aware that a large number of Bumiputera are still in the low-income and poor categories compared with other ethnicities. The median income gap between Bumiputera and Chinese is widening, quadrupling in 2019 compared with the gap in 1989.

60. I would like to assure that the Bumiputera agenda will continue to be enhanced and will not be ignored. This is as in Article 153 of the Federal Constitution which stipulates the rights and privileges of the Malays and natives, which are natives of Sabah and Sarawak, as well as the legitimate interests of other communities. The Government aspires to achieve fair, equitable and inclusive socioeconomic development, in line with the spirit of *Keluarga Malaysia*.

61. This agenda will be incorporated in the implementation of all policies to ensure it becomes a component that will be given priority at all levels and aspects of development. All parties including the Government, government-linked companies (GLCs) and government-linked investment companies as well as the private sector will come together to make this agenda a success.

62. To increase the participation of Bumiputera in economic activities, access and opportunities to education as well as human capital development, including *huffaz*, will be strengthened, among others through the following initiatives:

    - Technical and professional training to become experts in various fields; and
    - Skills for careers of the future such as data analysts and scientists as well as big data experts.

63. The resilience and sustainability of Bumiputera businesses will be enhanced to achieve the target of 15 per cent contribution of Bumiputera MSMEs to GDP by 2025. This will be supported through the provision of financing and implementation of new programmes, which includes:

    - *Dana Kemakmuran Bumiputera* for Bumiputera companies;
    - *Skim Pembiayaan Kontrak Ekspres* by *Majlis Amanah Rakyat* (MARA) for Bumiputera contractors; and
    - Participation of more Bumiputera entrepreneurs in the digital economy as well as industries with high growth potential.

64. In increasing the wealth of Bumiputera, policies and implementation of Bumiputera home ownership quotas will be strengthened through stronger collaboration between the Federal Government, state governments and local authorities. In addition, financial assistance, coaching and mentoring by financial institutions will be expanded to support Bumiputera entrepreneurs.

65. As an initiative to further develop the Islamic economy, the concept of waqf will be expanded as a strategy to diversify financial resources to finance businesses and increase Bumiputera equity. In this regard, more waqf instruments will be introduced, including the creation of a waqf fund at the national level to mobilise more resources for entrepreneurship and in funding socioeconomic development programmes. A National Waqf Master Plan will be introduced to ensure a more efficient waqf management.

Mr. Speaker, Sir,

66. Bumiputera corporate equity ownership has yet to reach the target of at least 30 per cent. Today, I would like to share the status of corporate sector equity ownership based on market value in 2019, as follows:

- Bumiputera ownership is only at 17.2 per cent;
- Non-Bumiputera 25.0 per cent;
- Foreign 45.5 per cent; and
- Nominees 12.3 per cent.

67. To ensure sustainable Bumiputera equity ownership, the equity safety net framework will be introduced in order for disposal of Bumiputera shares or companies to only be offered and sold to Bumiputera consortiums, companies or other Bumiputera individuals. In addition, the ownership and disposal by Bumiputera companies will be monitored by the relevant ministries and agencies as the sector regulators.

68. In an effort to coordinate all these initiatives, *Bahagian Kemakmuran Bumiputera* will be re-established with clearer mandates and functions through redeployment of officers in every ministry and Government agency. This measure is to improve the governance of Bumiputera agenda implementation. An action framework on Bumiputera development will be announced by the end of this year. It details out several key initiatives in realising the aspiration to improve the socioeconomic status of Bumiputera.

Mr. Speaker, Sir,

69. The Orang Asli community are among the vulnerable groups whose needs are always a concern to the Government. A majority of Orang Asli households are in the B40 group with a high incidence of poverty, at 33.6 per cent in 2019. This group is a part of *Keluarga Malaysia* that we need to empower to develop together. Hence, a comprehensive Orang Asli socioeconomic development plan is being drafted, encompassing aspects from increasing income and wellbeing to basic infrastructure.

70. Quality education will be the key in accelerating the socioeconomic development of the Orang Asli community. The opportunities for Orang Asli students to pursue education up to form five will be increased. More Comprehensive Special Model School 9 (K9) will be established and some K9 will be upgraded to the Comprehensive Special Model School 11 (K11). The aspects of teaching and learning will be improved, including by enhancing the quality of teachers and facilities in schools.

71. I am aware that there are still low-income Chinese households, specifically in Kampung Baru throughout the country. The Government will also continue to assist this group by increasing access to and improving the *Skim Pinjaman Khas Penduduk Kampung Baru*. This facility is for them to expand their businesses and participate in entrepreneurship. In addition, basic infrastructure and social amenity programmes will be continued to improve the wellbeing of residents in Kampung Baru Cina.

72. Some of the Indian communities also need to be assisted, especially those in the low-income category. Therefore, in achieving inclusive development, their wellbeing will continue to be prioritised, in line with the Malaysian Indian Blueprint. The Government will support the community by providing skills development programmes and targeted financial assistance as well as entrepreneurial opportunities.

Mr. Speaker, Sir,

73. Our youth will become the future leaders of *Keluarga Malaysia*. Hence, they need to be guided and supported in shaping the future of Malaysia together. A national plan on youth economic empowerment is being developed to enhance the role of youth in national development. The capacity and capability of youth will be strengthened to produce skilled workers. The spirit of patriotism and responsibility to the country will also be instilled. The Malaysian Youth Development Academy and several youth and sports complexes will be upgraded, while the first Malaysia regional youth centre will be built to intensify youth activities.

74. Malaysia is expected to become an aged nation by 2030, in which 15 per cent of its population will be 60 years old and above. To ensure the needs of the elderly are taken care of, the Government will increase the support system for them. As of today, 140 *Pusat Warga Emas* have been established, and the Government plans to expand this initiative to all parliamentary constituencies. Malaysia should also establish more aged friendly cities in the future. *Sistem Pendaftaran Warga Emas Nasional* will be enhanced and expanded.

75. The number of registered persons with disabilities (PWDs) has increased by 8 per cent, from 548,000 in 2019 to 593,000 in 2020. This group will continue to be empowered through the implementation of programmes such as Job Coach, Community-based Rehabilitation, Independence Living Centre service, PWDs entrepreneurial programmes and special job carnivals.

76. Efforts to empower gender in development will be continued by increasing women participation in the economy as well as in the decision-making process. Women's participation in the labour market is targeted to reach 59 per cent in 2025. Access and quality of early childhood care and education services, as well as affordable elderly care will be enhanced. This will encourage more women to stay employed or return to work.

77. The economic development of women entrepreneurs will be strengthened by increasing access to financing and skills training activities. Women entrepreneurs will also be encouraged to conduct online business activities to expand their market. A framework for gender mainstreaming will be introduced while civil and sharia laws will be enhanced to address women-related issues.

Mr. Speaker, Sir,

Seventh Focus: Boosting the Development of Sabah, Sarawak and Less Developed States

78. As I have mentioned earlier, I am committed to resolve the issues relating to Sabah and Sarawak claims based on the Malaysia Agreement 1963. This includes basic infrastructure requirements, gas and electricity regulation, digitalisation and security. Hence, the development of Sabah and Sarawak will continue to be given priority in the Twelfth Plan. The provision of basic infrastructure will be extended through the construction of bridges and upgrading of 1,400 km of rural paved roads as well as completion of 1,150 km of the Pan Borneo Highway.

79. Efforts to reduce the economic development gap between states and regions, as well as between urban and rural areas will continue to be given focus. Efforts to boost the growth of the less developed states, especially Sabah and Sarawak will be intensified. It aims to accelerate the GDP growth of Kedah, Kelantan, Perlis, Sabah, Sarawak and Terengganu as well as reduce poverty incidence, especially in Sabah, Kelantan and Sarawak.

80. For this purpose, at least 50 per cent of the total Federal Basic Development Expenditure will be distributed to these states. This allocation will focus on the provision of basic infrastructure, digitalisation, education, healthcare services and economic development. I myself, will monitor its implementation closely.

81. As I have announced on Malaysia Day, an allocation of RM7.7 billion, of which RM3.61 billion to Sabah and RM4.09 billion to Sarawak has been allocated for the implementation of JENDELA during the Twelfth Plan. With this allocation, broadband coverage will be increased through the construction of digital infrastructure, including the construction of

telecommunication towers or transmitters. As of August 2021, a total of 2,645 digital infrastructure were installed in Sabah and 2,117 in Sarawak. To improve electricity supply, a new power plant will be constructed and the Sabah East-West Grid transmission will be upgraded. The Baleh hydroelectric construction project is expected to be completed in 2025.

82. Healthcare services will be enhanced with the completion of Universiti Malaysia Sabah Teaching Hospital and Universiti Malaysia Sarawak Teaching Hospital. The construction of 26 new clinics will improve healthcare services of the community clinics in both states. In addition, the construction of new houses and repair of dilapidated houses under the housing assistance programme will benefit a total of 26,000 poor households in Sabah and Sarawak.

83. In ensuring security and enhancing economic relations with Kalimantan, Indonesia, new border control posts in Manalunan, Simanggaris and Kalabakan, Sabah, will be constructed, while the ICQS Complex in Tebedu and Serikin, Sarawak will be upgraded. In addition, the construction of *Projek Jalan dari Sempadan Ba'kelalan/ Kompleks CIQ Menghala ke Lawas* will commence in 2022.

84. With the implementation of strategies and initiatives in accelerating the development of Sabah and Sarawak, the average annual GDP growth of Sabah is expected to increase to 6.5 per cent and Sarawak to 5.3 per cent during the period from 2021 to 2025. I am confident that these two states have the resources and capacity to fully optimise them. The actual rate of growth may therefore exceed these targets.

Mr. Speaker, Sir,

85. In the efforts to transform rural areas, high value-added economic activities will be intensified through e-commerce platforms, smart farming and rural industry. Rural infrastructure will be improved by constructing and upgrading 2,800 km of paved roads, among others:

- *Jalan Nanga Tulie* to *Rumah Bujah*, *Nanga Pelagus* in Kapit, Sarawak, at a cost of RM280 million;
- *Jalan Dudar* to *Taburan* to *Mendawang* in Kota Belud, Sabah, at a cost of RM101 million;
- A rural road from *Simpang FELCRA Ulu Kerut* to *Kampung Orang Asli Bot-Bot* to *FELDA Jengka 7* to *Jalan Kilang Sawit Jengka 18* in Maran, Pahang, at a cost of RM135.3 million; and
- A new road from *Kampung Gagu* to *Ulu Beranang* in Negeri Sembilan, at a cost of RM179.2 million.

86. In addition, efforts will also be enhanced to ensure access to clean water supply reaches 98 per cent of the population and electricity supply 99 per cent. In order to intensify local socioeconomic activities, small rural projects will continue to be implemented such as *Program Ameniti Sosial* with an allocation of RM310 million and the construction of *Jalan Perhubungan Desa* with the cost of RM1.6 billion. These efforts are expected to narrow the income gap between rural and urban areas.

87. I appreciate every drop of sweat and the tireless efforts of farmers, livestock rearers and fishermen. They are also an important component of rural development. These family members of ours should not be left behind in the economic transformation.

88. The government is actively implementing the FELDA Recovery Plan to reinstate the important role of this agency in enhancing the welfare of the *rakyat*. This recovery involves the financial restructuring of FELDA and strengthening the socioeconomic status of settlers. The Government aspires for FELDA to become a leader in smart farming and food production in the country. We want FELDA to be a role model in transforming the rural areas into modern and progressive communities.

89. The issue of housing for second-generation settlers will be addressed by reintroducing the housing development model based on the self-build concept. Through this model, second generation settlers will be offered housing sites and standard designs by the Government.

Mr. Speaker, Sir,

Eighth Focus: Advancing Green Growth

90. Economic development should not jeopardise the environment, while green area coverage should be protected. Efforts to accelerate green growth, enhance energy sustainability and transform the water sector should remain a pillar for national socioeconomic development.

91. In this regard, Government will take into consideration the environmental, social and governance (ESG) principles in our decision-making process. Although Malaysia only contributes 0.7 per cent of GHG emissions, the Government will continue to fulfil its commitment to reduce the GHG intensity to GDP up to 45 per cent by 2030, based on emission intensity in 2005, in line with the aspiration towards becoming a low-carbon nation.

92. I welcome the initiatives by the private sector that have taken a step forward to pledge their commitments in achieving net zero carbon emissions by 2050. This includes GLCs and GLICs such as PETRONAS, Tenaga Nasional Berhad, Employees Provident Fund and Sarawak Energy Berhad. I urge other companies to follow suit by expressing similar commitments. This step is becoming increasingly important as trading partners, capital markets and financial institutions impose conditions of compliance with the ESG principles in their investment and production decisions.

Mr. Speaker, Sir,

93. The Government will work together with the private sector to achieve this goal. We are committed to be a carbon neutral country at the earliest in 2050. In supporting this effort, economic instruments such as carbon pricing and carbon tax will be introduced. Details of other measures in carbon reduction will be announced after a study on the long-term low emissions development strategies is completed at the end of 2022. In this connection, the Government has given its commitment not to build any new coal-fired power plants.

94. I am aware this requires concerted efforts as well as greater commitments and higher green investments. However, I am confident, with the participation of *Keluarga Malaysia*, this aspiration is not just wishful thinking. This commitment will ensure Malaysia is in line with the efforts of other countries to achieve global goals in combating climate change and enhancing the country's competitiveness.

95. In achieving sustainable development goals, the Government recognises CSOs as development partners. For this purpose, the role of CSOs will be institutionalised in various governance mechanisms, especially in the implementation and monitoring of development programmes at the grassroots level to achieve the 2030 Agenda.

96. A comprehensive National Energy Policy will be introduced to provide strategic long-term direction in line with the nation's carbon neutral aspiration. Cleaner power generation will be implemented through the operation of several gas power plants in Peninsular Malaysia to replace coal-fired power plants.

97. An act on energy efficiency and conservation will be introduced to regulate energy consumption by high intensity consumers in the commercial and industrial sector. Renewable energy generation from solar, biomass and biogas are targeted to reach 31 per cent of the total installed capacity in 2025.

98. The circular economy model will be implemented in the Twelfth Plan to reduce pollution, waste generation and natural resources dependency. The concept of producer responsibility will be intensified to enhance the implementation of sustainable consumption and production. In addition, more green investment will be encouraged, including public-private partnership projects as well as GLCs.

Mr. Speaker, Sir,

99. The development of resilient green cities will continue to be intensified. A total of 120 cities are targeted to achieve sustainable city status. In order to do this, the Green City Action Plan initiatives will be implemented and multidimensional big data analytics system will be introduced. The Government will also give priority to the development of energy efficient vehicles (EEV) production to support environmentally friendly mobility.

100. In ensuring coordinated and comprehensive climate change mitigation and adaptation actions, a roadmap to reduce GHG emissions and a national adaptation plan will be introduced. In addition, the government green procurement initiative will be expanded to state governments and local authorities. Through these initiatives, government green procurement is targeted to increase to 25 per cent by 2025.

101. The preservation and conservation of the country's diverse natural resources will be further enhanced. The ecological fiscal transfer mechanism will be improved in supporting state government efforts to conserve forest areas. Sanctuaries for increasingly endangered wildlife such as tigers, tapirs and elephants will be upgraded for conservation purposes. A blue economy blueprint will be introduced to provide direction for sustainable development of coastal and marine areas.

102. Every year, *rakyat* across the country are hit by floods and landslides. These disasters have resulted in property losses, loss of lives and incomes. Recently, the country was struck by disasters such as the water surge

phenomenon in the Yan and Kuala Muda districts in Kedah, the flood in Penampang, Sabah as well as the landslide in Kemensah Heights, Selangor. Hence, environmental protection is important to safeguard lives and reduce property losses. In this regard, during the Twelfth and Thirteenth Plan, a number of projects with a cost of RM16 billion will be implemented under flood mitigation programmes, integrated river basin management and coastal erosion control as well as flood forecasting and warning programmes.

103. The water sector should be transformed holistically to ensure secure and sustainable water supply. The Water Sector Transformation 2040 agenda will be introduced in the Twelfth Plan to enhance management efficiency, optimise potential to generate wealth as well as create new job opportunities. The implementation of the agenda will encompass four phases and the first phase Accelerating the Adoption of Integrated Water Resources Management will be implemented at the Federal, state and district levels. Gazettement and conservation of water catchment areas will be expedited to improve water resources management and integrated waste water treatment plants will be constructed to control pollution.

104. The governance of water management will be enhanced by empowering the role and participation of *rakyat*, strengthening enforcement activities and reviewing legislation. In addition, an innovative financing mechanism will be explored, while sustainable infrastructure will be provided and the non-revenue water (NRW) programme will be continued. The implementation of these initiatives will reduce the NRW level to 25 per cent in 2025. The Government has allocated RM25.8 billion for water infrastructure development to enhance coverage and water services.

Mr. Speaker, Sir,

Ninth Focus: Increasing the Efficiency of Public Service Delivery and Ensuring Effective Policy Implementation

105. I would like to give my commitment that the civil service, the pulse of national administration, will continue to be strengthened to improve transparency and efficiency. Towards this end, the public service will be transformed through the whole-of-government approach, taking into account that the successful implementation of initiatives, will require the involvement from all levels of government. An effective service delivery is crucial in ensuring that *Keluarga Malaysia* truly benefits from development.

106. The structures and functions of ministries and agencies will be streamlined to establish a flatter organisation and reduce bureaucracy. The mechanism of selecting and recruiting professional and managerial officers under various schemes will also be strengthened to attract the best talent. A public service act will be introduced to enable the implementation of a clear demarcation of powers and responsibilities between Members of the Administration and civil servants.

107. In addition, digitalisation of the public service will be further enhanced. The newly launched Public Sector Digitalisation Strategic Plan (PSDSP) 2021-2025 outlines the strategic direction for the implementation of the public sector digitalisation to drive a sustainable Digital Government agenda towards creating a digital society. The Government aims to increase the end-to-end online services to 80 per cent by 2025. A national data governance framework will be developed to encourage greater data sharing among the public and private sectors.

108. I realise that today's youth are keen in expressing their intentions and views to develop the nation together through the practice of democracy. In realising this dream, the Government will ensure the constitutional amendment, allowing citizens aged 18 to vote (Undi18), will be implemented in the near future.

109. I pledge to make this Government a high performing Government that meets the expectation of the *rakyat*. This is in line with the royal address by His Majesty Seri Paduka Baginda Yang di-Pertuan Agong on 13 September 2021 to continue upholding the implementation of the National Anti-Corruption Plan and Organisation Anti-Corruption Plan towards Malaysia becoming a corruption-free nation. I would like to further assure that all strategies and initiatives under the Twelfth Plan will be implemented in a structured manner with full integrity and responsibility. The Malaysian Governance Index will be introduced to measure the performance of the Government machinery in delivering services to the *rakyat*.

110. For that purpose, the Twelfth Plan's *Pelan Pelaksanaan Dasar* will serve as a guideline for ministries and agencies in leading and implementing all the policies. I want all Ministers and ministries to work together with me in implementing and monitoring the achievement of the Twelfth Plan targets.

Closing

Mr. Speaker, Sir,

111. The nation witnessed its economic growth negatively affected by global economic uncertainties and the COVID-19 pandemic at the end of the Eleventh Plan period. In the past 18 months, we have focused our efforts on protecting the lives and livelihoods of *Keluarga Malaysia*. Now, it is time for us to focus on the agenda of restructuring and restoring the nation's economic strength and competitiveness.

112. The Twelfth Plan was drafted bearing in mind current changes in the global and domestic economic landscape as well as the need to address current issues for the brighter future of *Keluarga Malaysia*. With the objective of **'*Keluarga Malaysia* - Prosperous, Inclusive, Sustainable'**, the Twelfth Plan outlines a comprehensive strategic plan to enable Malaysia to become a high-income and high-tech nation with a skilled workforce, towards achieving inclusive growth without compromising the environment. At the same time, the Government will work earnestly to improve the wellbeing of the *rakyat* and ensuring that no one is left behind.

113. Indeed, this crisis has united us all. This crisis has also opened up opportunities for us to transform. On 13th September, we have created history. For the first time, the Government and Pakatan Harapan signed a Memorandum of Understanding for Political Transformation and Stability. This is a manifestation of an inclusive Government policy. I hope, this understanding will enable us to focus on the efforts to combat the pandemic and place the country on a stronger growth foundation.

114. In the spirit of *Keluarga Malaysia*, we will put aside all our differences, work together to build a competitive, resilient and an enduring Malaysia. Let us pull all our energy, expertise and experience from both sides of the house, in realising the Twelfth Plan's objectives. We must closely embrace the principle of working with the *rakyat* for *Keluarga Malaysia*.

115. I am confident, with the blessing and grace of *Allah Subhanahu Wa Ta'ala*, with this five-year plan, Malaysia will be able to rise again and *Insya-Allah*, we can forge a better future.

Mr. Speaker, Sir,

I beg to propose.

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