



**SPEECH TEXT
YAB DATO' SERI ANWAR IBRAHIM
PRIME MINISTER**

EKONOMI MADANI: MEMPERKASA RAKYAT

27 July 2023 (Thursday) | 9:00 am | Securities Commission

Assalamualaikum Warahmatullahi Wabarakatuh dan Salam Sejahtera.

الْحَمْدُ لِلّٰهِ الَّذِي أَرْسَلَ رَسُولَهُ بِالْهُدَىٰ وَدَبَّنَ الْحَقَّ لِيُظْهِرَهُ عَلَى الْدِينِ كُلِّهِ وَكَفَىٰ بِاللّٰهِ شَهِيدًا
وَأَصْلِي وَأَسْلِمُ عَلَى رَسُولِهِ الْكَرِيمِ وَعَلَىٰ ءَالِهِ وَصَحْبِهِ أَجْمَعِينَ

Salutation

Yang Amat Berhormat Dato' Seri Dr. Ahmad Zahid bin Hamidi
Deputy Prime Minister

Members of the Cabinet

YBhg. Tan Sri Dato' Seri Mohd Zuki bin Ali
Chief Secretary to the Government

My dear fellow Malaysians,

(I) INTRODUCTION

1. The policy framework of EKONOMI MADANI has been explored with economists, planners and civil servants. It gained greater clarity after obtaining the perspectives of workers, farmers, women, settlers, and youth through a series of continuous discourse. Finally, my many meetings held at mosques, warungs, and universities strengthened it.
2. The initiative to be introduced is a new planning involving various sectors and economic aspects. This planning includes steps towards enhancing economic growth, promoting investment, and strengthening the local industries to become more innovative, competitive, and capable of expanding into the global market.
3. The Rakyat's economy caters to every segment of society, from traders and entrepreneurs to public servants, professionals, workers, as well as urban, rural, and inland poor communities. The Government's efforts also aim to provide assistance and support to those in need, ensuring that everyone can enjoy the benefits of the country's economic development comprehensively.
4. I am reminded of my initial call to the Rakyat from the Putrajaya Mosque, urging them to shoulder their responsibilities with complete trust and justice. I am referring to the missive from Saidina Ali AS to the Governor of Egypt, Malik Ashtar.

وَلَى كُنْ أَحَبَّ الْأُمُورِ إِلَى كُوْنَ أَوْسَطُهَا فِي الْحَقِّ، وَأَعْمَهَا فِي الْعَدْلِ، وَأَجْمَعَهَا لِرِضَى الرَّعْيِ، فَإِنْ سُخْطَ الْعَامَّةِ يُجْحَفُ بِرِضَى الْخَاصَّةِ، وَإِنْ سُخْطَ الْخَاصَّةِ يُغْتَفَرُ مَعَ رِضَى الْعَامَّةِ. وَلَى سَأْدٌ مِنَ الرَّعْيِ أَنْقَلَ

عَلَى الْوَالِي مَوْنَةً فِي الرَّخَاءِ، وَأَقْلَى مَعْوَنَةً لَهُ فِي الْبَلَاءِ، وَأَكْرَهَ لِلْإِنْصَافِ، وَأَسْأَلَ بِالْأَلْحَافِ، وَأَقْلَى شُكْرًا
عِنْدَ الْأَعْطَاءِ،

“Maintain justice in administration and impose it on your own self and seek the consent of the Rakyat, for, the discontent of the masses sterilises the contentment of the privileged few and the discontent of the few loses itself in the contentment of the many. Remember the privileged few will not rally round you in moments of difficulty: they will try to side-track justice, they will ask for more than what they deserve and will show no gratitude for favours done to them.”

(Excerpt from Saidina Ali (AS) to the Governor of Egypt, Malik Ashtar)

5. The consensus of Tanah Melayu, Sabah, and Sarawak brought forth the new nation of Malaysia over six decades ago. Therefore, the current generation should revisit the sacred oath of the first Prime Minister, the late Tunku Abdul Rahman Putra Al-Haj.

“Bahawa Malaysia atas izin dan kehendak Allah Rabbil’ Alamin, akan kekal menjadi sebuah Negara demokrasi yang merdeka lagi berdaulat serta berasaskan kebebasan dan keadilan dan senantiasa mempertahankan serta memelihara keamanan dan kesentosaan rakyatnya, dan mengekalkan keamanan antara segala bangsa.”

(Proclamation of Malaysia, 16 September 1963)

6. Fundamental principles such as democracy, freedom, justice, and the security of all races need to be embraced and become the core of our lives. This is the essence of Malaysia MADANI, which aspires to embody that sacred oath.

Our nation's maturity demands that we draw wisdom and guidance from the Madinah Charter, or the Covenant of Madinah, which was signed among diverse tribes - Arabs, Muhajirin, and Ansar, as well as followers of Islam, Christianity, and Judaism, all under the leadership of the Great Prophet, Muhammad SAW.

7. Therefore, the Rakyat are urged to choose unity, appreciate the spirit of humanity, and be determined to uphold justice for all.

(II) ECONOMIC CHALLENGES OF THE RAKYAT AND NATION

8. Malaysia benefited from the rapid developments in the 1960s where economic growth was averaging above 7% annually (1960 – 1980). During that period, the Rakyat benefited from abundant resources as economic growth and income increase were aligned. However, the Asian Financial Crisis of 1997-1998 widened the gap between economic growth and income, leading to a continuous income disparity.

9. Two decades before and after 1998 witnessed a significant decline in average economic growth. Investment figures dropped compared to the percentage of Gross Domestic Product (GDP). New economic resources that could boost growth did not emerge prominently as the economy still focused on domestic activities without fully capitalising on global market opportunities. The trading sector constituted only a small portion of the economy, with growth more reliant on household and government spending.

10. The fact is that **we are caught in a vicious cycle of high costs, low wages, low profits, and a lack of competitiveness.**

11. As a result of an increase in income that did not match the economic surges, the bottom half of households became burdened with debt. The government also faced the same dilemma. The benefits of growth must be distributed equitably, and rakyat's wages must be commensurate with their work output. The average salary and wage of the workforce is still low at around 35%.

12. As I have often mentioned, the budget deficit has continued since 1998, and with the debt figure expected to reach more than 60% of GDP in 2023, it will severely impact the national economy. The country is burdened with swelling debt, and 16% of the national income is allocated just to repay debt. It is feared that this situation will limit our ability to focus on development that guarantees the well-being of the people, including public investment and the growth of economic capabilities.

13. The Poverty Line Income was revised in 2019, and following the COVID-19 pandemic, the poverty level surged to double digits. This complication has widened the gap and resulted in the emergence of the super-rich, rather than a decrease in the number of people living in poverty with diminishing savings.

14. The 2021 Salaries &Wages Survey report revealed the predicament caused by low wages, particularly concerning the younger age group of 24 years and below. Half of the workers in Malaysia earn less than RM2,250 per month. The youth, especially graduates, deserve to attain meaningful incomes. This situation is undoubtedly worrisome, and a responsible nation must formulate programmes to address it.

15. In reality, what was proclaimed from the aspirations of Vision 2020 and previous lofty promises were not achieved. Taking into account the fractures in the economic structure, coupled with weaknesses in governance and the privilege of the government elite, it demands that we make meaningful changes or shifts.

16. It is deeply regrettable if there are individuals who wish to defend corrupt practices and failed policies that have led the country to slide downwards or almost collapse. I urge all colleagues, political leaders, entrepreneurs, civil servants, workers, and the rakyat to be more honest and courageous in accepting this new reality. We need a comprehensive and fresh economic framework. **We need a new economic paradigm.**

(III) EKONOMI MADANI: MEMPERKASA RAKYAT

My beloved brothers and sisters,

Imagine the future of our homeland, a future driven by complete unity,

*A progressive Malaysia, a Malaysia that rises as a just and equitable society,
a renowned Malaysia as an independent and successful nation.*

17. We learn from positive past experiences that have matured us. Diversity and unity have proven more potent than small groups seeking hostility and division. We have industries that lay the foundation for competing on the global stage, such as palm oil, oil and gas, electronics, and Islamic finance systems.

18. I propose the **Ekonomi MADANI: Memperkasa Rakyat framework as a platform to elevate the dignity and status of our nation** by restructuring the

economy towards making Malaysia a leader in the Southeast Asian region. This will ultimately benefit the people to enjoy a better quality of life.

19. **It is about elevating the dignity and status of our nation with two main focuses: restructuring the economy to make Malaysia a leader in Asian economies to ensure that the enlarged wealth is benefitted equitably by the Rakyat.**

20. This is a **comprehensive and meticulous plan to address various challenges, including:**

- **Long-term issues** related to competitiveness and the country's appeal as an investment destination; and
- **Current issues** that need to be immediately addressed, such as the impact of rising living costs on the people.

21. As everyone knows, various initiatives have already been implemented, especially under the Belanjawan MADANI 2023 and through official announcements since my administration took over the Government.

22. **The Ekonomi MADANI: Memperkasa Rakyat framework will serve as the foundation for several other specific policies that will be announced later, including the National Energy Transition Roadmap, the New Industrial Masterplan 2030, and the Mid-Term Review of the 12th Malaysia Plan.**

23. The **Ekonomi MADANI sets short-term targets that have already been set in motion** to address pressing issues affecting the Rakyat. These includes:

- i. **Accelerating the implementation of projects for schools and dilapidated clinics.** Various efforts have been made, such as increasing allocations, simplifying procurement procedures, and delegating implementation powers to expedite the execution of school and dilapidated clinic projects.
- ii. **Eradicating hardcore poor this year.** Efforts have been launched through the Inisiatif Pendapatan Rakyat (IPR) to provide opportunities for severely poor households to increase their income and not solely rely on direct cash assistance. The Payung RAHMAH Concept has also been introduced and will continue to be strengthened to address the challenges of rising living costs.

Payung RAHMAH is known as the idea of the late Salahuddin Ayub. Everyone who knew him was deeply impacted by his passing. His hard work and dedication in addressing the people's cost of living will serve as a driving force for all of us to do our best for beloved Malaysia.

24. At the same time, the **Ekonomi MADANI also sets seven (7) intermediate indicators as medium-term targets** to be achieved within the next 10 years:

First: Malaysia ranked among the Top 30 largest economies in the world;

Second: The Global Competitiveness Index ranks in the top 12 in the world;

Third: The percentage of labour share of income reaches 45% of the total income; (note: the 12th Malaysia Plan target is 40% by 2025)

Fourth: Increase Female Labour Force Participation Rate to 60%;

Fifth: The Human Development Index ranks within the top 25 in the world;

Sixth: Improve Malaysia's position in the Corruption Perceptions Index to Top 25; and

Seventh: Towards fiscal sustainability, targeting a deficit of 3%, or lower.

25. To achieve this aspiration, the following are the initiatives and new policies that will be implemented.

(IV) FOCUS 1: MALAYSIA - LEADING ASIAN ECONOMY

26. **The Ekonomi MADANI aims to make Malaysia the Leader of the Asian Economy. To achieve this aspiration, the economic structure needs to be revamped.**

27. Among the issues plaguing the economic system is the problem of premature industrial contraction. For instance, the manufacturing sector has declined to less than 25% of GDP. The New Industrial Master Plan 2030 (NIMP), to be announced next month, aims to revitalise the industrial sector and drive new economic growth.

28. In the short term, the Mid-Term Review of the 12th Malaysia Plan, which will be presented in Parliament, will provide space for the Government to reassess and prioritise, including striking a balance between moderate-term growth and a more sustainable fiscal policy.

a. A Regional (ASEAN) Agenda

29. Malaysia must learn from the decline of past nations which have risen again nimbly to the front. **Like it or not, we must become a regional economic powerhouse.** We need to think globally and internationalise the economy to generate prosperity. With that, we will be able to achieve the targets set for **the Top 30 largest economies in the world** in the medium term.

30. **If we are just satisfied with the status quo, it is expected that our economic growth will continue to grow between 4 to 5%. However, if we work hard towards implementing reforms aligned with Ekonomi MADANI, we are more than capable to reach 5.5%, and I believe that it is not impossible to reach even up to 6%.**

31. In order to accomplish this significant goal:

- We need to establish greater economic integration with neighbouring countries, especially considering the world is facing supply chain constraints. Therefore, we need to nurture more high-competitive local companies to penetrate the ASEAN regional market.
- Our efforts now need to go beyond Free Trade Agreements. For instance, trade diplomacy and strategic arrangements can enhance bilateral and multilateral market integration and facilitate the movement of goods, capital, skilled workforce, and technology sharing with neighboring countries.
- Until now, our emphasis has been on main sector activities, encompassing Electrical and Electronic (E&E) and chemistry. As we advance, the new industrial mission under NIMP will centre around activities that offer high-added value or economic sophistication. For instance, cluster in Penang focus should be on high-value E&E activities such as Integrated Circuit (IC) design. As for the chemical sector, petrochemical and oleochemical companies should prioritise manufacturing specialty chemicals.
- The Government will **introduce outcome-based tax incentives** to support and reward companies focusing on high-impact activities.

b. Malaysia as an Investment Destination

32. **We must implement reforms so that Malaysia can be ranked among the 12 best economies in terms of competitiveness and ease of doing business.**

Thus, it should be announced to all corners of the world that Malaysia is open and ready to welcome investors and businesses.

33. Alhamdulillah, so far several companies have announced investment commitments including Sumitomo Corporation, Tesla and Rongsheng and Samsung Engineering.

34. We must intensify our efforts to ensure more people choose Malaysia as an investment destination. The focus will be on:

- Strengthen Investment Promotion Agencies under MIDA to attract investment and facilitate investor affairs proactively;
- Reviewing Investment Incentives to focus on encouraging investments that generate high-income jobs and are sourced locally; and
- **Upgrade industrial areas with complete infrastructure** and increase human capital development to meet the needs of investors. This includes the petrochemical sector in Kerteh, Terengganu; the data center in Sedenak, Johor and the downstream rubber industry in Kuala Nerang, Kedah. To start with, **RM100 million is allocated for efforts to complete the infrastructure of the industrial area, focusing on the green concept.**

35. At the same time, **Domestic Direct Investment (DDI) will be set as one of the key performance indicators (KPI)** for the country's investment achievements.

c. *Businesses: Startup Company – MSMEs – Listed Firms*

36. We need to internationalise local startups and SMEs. The Government will focus efforts that support this aspiration. This includes:

First: Spawn more successful companies such as Aerodyne and Les Copaque through encouragement for Bumiputera startups and SMEs to venture into new growth areas. The GLCs and GLICs should continue to drive DDI's investment and support the development of local vendors in strategic sectors, such as E&E, the digital economy, and aerospace; and

Second: To boost export growth, including the Mid-Tier Companies Development Programme (MTCDP) as well as the Market Development Grant (MDG) by MATRADE, additional funding of 20 million ringgit will be allocated.

37. The capital market also needs to be more lively by bringing more company listings and thus giving birth to new local 'unicorns'. The banking system and capital markets have to act quickly to meet business financing needs. **The Securities Commission will develop Financial Market Reform Policies by:**

- **Facilitate the investment of retail investors;**

- **Attract more investors to finance MSMEs as well as the country's new growth activities; and**
- **Increase the level of competitiveness of the capital market at the international level.**

38. Initial steps have been implemented starting this month (July 2023), including reducing stamp duty on stock transactions listed on Bursa Malaysia. Further, this year's measures include making investments more affordable by reducing trading lot sizes and enabling fractional share trading. The Securities Commission will also enable the automatic transition of companies listed on the ACE market to the Main Market Board of Bursa Malaysia.

39. Malaysia ranks 20th globally based on the Global Startup Ecosystem Report 2023, with the value of the Malaysian startup ecosystem reaching US\$46 billion for the first half of 2020 to 2022. As we advance, the Government will:

First: The Government and GLICs will invest RM1 billion of additional funds to match with private funds in order to support local startups and encourage technopreneurs. This includes ensuring the provision of funds for each phase of high-growth companies.

Second: expand the implementation of programs such as Corporate Hackathon and MYHackathon under SUPER 2021-2030 to

bring people and creative startups closer to overcoming their problems; and

Third: allocate an additional RM100 million to intensify the R&D&C&I ecosystem (research, development, commercialisation, and innovation) with a focus on industrial needs, renewable energy, food security, and new growth activities.

This is also part of the effort to achieve a **Gross Domestic Expenditure on R&D (GERD) of 3.5% of GDP by 2030 and to increase our position to the top 20 in the Global Innovation Index (GII) by 2025.**

40. To drive digital economic reforms, the **implementation of Digital ID** will foster the expansion of online businesses and applications. **A matching grant for digitalisation will be increased by RM100 million to assist MSME in accelerating their shift towards a more digital business model.**

d. Leader of the Global Islamic Economy

41. Holistic and MADANI national development efforts can only be achieved with a financial system that is fair, courteous, and based on maqasid sharia. Alhamdulillah, we have a complete Islamic financial system. Since the establishment of Bank Islam 40 years ago and Lembaga Tabung Haji 60 years ago, our Islamic finance has been recognised as the best in the world by independent analysts. Today, the Islamic banking market share of financing is

44.5% (RM974.1 billion). The Islamic capital market remains the main component of the Malaysian capital market, accounting for 64.3% (RM2,322 billion).

42. Even though **Islamic finance has been established for a long time, we need to transition towards something more sustainable and effective. In other words, we should move from not only Halal but beyond that, to embrace Halal and Tayyib principles**. Alhamdulillah, efforts have begun through **BNM and the Securities Commission to draft this Halalan Tayyiban concept to flow through the Malaysia International Islamic Financial Center (MIFC)** in collaboration with the Islamic financial industry and ecosystem, including Zakat and waqf boards, the banking system, and the Islamic stock market and Sukuk.

43. This effort will emphasize equity financing, including venture capital, equity crowdfunding, and the Islamic digital economy; Islamic social finance, including zakat, waqf, and sadaqa, as well as blended finance methods that will use capital and funds from a wider range of sources. Islamic financial reform will also benefit the growing global Environmental, Social and Governance (ESG) funds.

44. Insya-Allah, these efforts will further strengthen Malaysia's Islamic financial system and enhance our position as a leader in the global Islamic economy.

e. *Micro Entrepreneurs and the Informal Sector*

45. About 79% of MSMEs consist of micro-businesses. Although most of them are single owners or inherited family businesses, they have greater potential for

growth and penetrating foreign markets if provided with the necessary encouragement and facilities.

46. Belanjawan MADANI 2023 contains over 70 initiatives for micro and small businesses focused on access to loans and financing guarantees. Much more needs to be done. The Ministry of Economy has initiated the Inisiatif Pendapatan Rakyat Initiative aimed at strengthening the business supply chain.

47. The Government welcomes Malaysian start-up companies like PolicyStreet, Droepp, Lapasar, and Funding Societies, which can act as catalysts of change in the MSME sector by offering alternative financing options, such as equity crowdfunding.

48. MSME entrepreneurs rely on domestic demand to increase revenue. The successful implementation of the eBeliaRahmah (eBR) Programme not only benefits 2 million youths but also helps the business sector generate income while building a cashless society.

49. Recognising the success and significant impact of the e-cash program on the community, **the Government has decided to provide an e-cash credit of RM100 to all Malaysians with an annual income of RM100,000 or below.**

50. **The number of eligible recipients is estimated to exceed 10 million people, including the B40 and M40 groups, with funds totaling RM1 billion.**

f. Green Growth for Climate Resilience

51. Low-carbon development is essential to change the economic landscape to a more sustainable one. Insya-Allah, this afternoon the Malaysia's National Energy Transition Roadmap (NETR) will be launched. The goal is to accelerate energy transition and change the way energy is generated in Malaysia in order to improve climate resilience.

52. Among the main efforts are increasing renewable energy generation capacity, installing solar panels on Government buildings, and implementing renewable energy trading policies through the electricity market system. We should also take inspiration from Sarawak's pioneering efforts in the bus project that utilises hydrogen energy and CCUS (Carbon Capture, Utilisation & Storage). To promote these new green growth activities, the government plans to provide specific incentives.

g. Land Use & Food Security

53. Malaysia is rich in natural treasures and has the world's oldest forest. The plantation sector and downstream industries are essential contributors to the economy, but we need to reassess our approach to land use. As of now, 5.7 million hectares of land in Malaysia are used for palm oil cultivation, and almost another 2 million hectares are dedicated to rubber plantations.

54. One of the efforts is to **create biodiversity assets** in the carbon trading market through conservation and reforestation efforts.

55. To **improve the Self-Sufficiency Level (SSL) and enhance food security**, the Government will focus on:

- increasing the area of crops but **optimising the use of existing plantation lands**;
- increasing the resilience of the agro-food sector through the **application of agricultural technology** to increase productivity for the benefit of small farmers. This includes regenerative agriculture approaches, climate-resistant crops, and the use of AI technology;
- The government has announced its commitment to improve the **irrigation infrastructure in the MADA areas of Kedah & Perlis to increase paddy production productivity to 5 seasons within a 2-year period**, involving infrastructure worth RM3 billion; and
- To provide support to the local food **industry and increase production, a total of RM200 million is allocated under Agrobank to help provide financing facilities, particularly for modern agricultural technology applications**.

(V) FOCUS 2: ELEVATING QUALITY OF LIFE FOR THE RAKYAT

Ladies and gentlemen,

56. **With the higher returns from the country's economic targets, the second focus of the Government is to improve the lives of all Malaysians**.

This includes the need for social protection for all, employment with meaningful wages, and wealth-sharing to build a more equitable and prosperous society.

57. Taking into account the income and wealth of the country that has been concentrated among the top group or the wealthy elite, it is important that the increased national income in the future is also distributed fairly to the low and middle-income groups.

a. *Job Opportunities with Meaningful Wages*

58. **The success of economic structural reforms should be assessed in terms of how far it can create more jobs with meaningful wages for all Malaysians.**

59. The wage and salary rate compared to the total income in Malaysia is 32.4% for the year 2022. **To achieve a more balanced economic sharing, the Government will implement policies that support increasing wages relative to GDP to reach the level of 45% in line with more advanced countries.**

60. Efforts include a **review of the minimum wage level and the introduction of laws that guarantee** a safe and comfortable **working environment**. In addition to implementing the minimum wage, the **Ministry of Economy and the Ministry of Human Resources are exploring a progressive wage model** towards achieving more comprehensive income growth. Increasing income in line with productivity is critical to ensuring a meaningful quality of life in addressing the challenges of the cost of living.

61. We also need to **reduce dependence on low-skilled foreign labour**, which contributes to the overall low wage levels. This also reduces the morale and incentive for employers to innovate and improve competitiveness. The

Government aims to implement tiered foreign worker levies, where part of the levy increase will be allocated to automation and training programs for local workers.

b. Equal Opportunities

62. We acknowledge that the majority of the poorest citizens are the Malays and Bumiputeras; they need our assistance. However, we also have a small group of other communities who are facing difficulties. Therefore, every Malaysian, regardless of gender, race, or background, should have equal opportunities to achieve meaningful success in their careers or businesses. We want every individual in Malaysia to have the potential to access equal opportunities from the nation's prosperity.

63. On the principle of social justice, we need to provide equal opportunities, especially through giving more assistance to marginalised groups. In line with that, scholarships and full boarding school education will prioritise low-income groups. My experience as the Minister of Education in the past was in creating a hostel in Cheras to assist underprivileged students. I firmly believe that only through quality education can we uplift the Rakyat from the cocoon of poverty.

64. To support entrepreneurial opportunities, training and financing programs will be intensified for specific groups, including women and youth. It is with great pleasure to announce that the Government will allocate an additional RM400 million for micro-loans under agencies such as SME Corp, TEKUN, MARA, and Teraju.

65. **To reduce the development gap between regions as well as between developed and less developed states, the Government will implement an industrial policy according to geography through specialised activities and investment by region** that is aligned to the comparative advantage and level of development of the respective region. For example, strengthening the downstream oil and gas industry in Sabah and Terengganu or increasing electronic value-added activities in Kulim and Bayan Lepas.

66. The Klang Valley will continue to be developed to enhance its competitiveness as one of the major urban centres in Asia. Emphasis will be given to **raising liveability and urban sustainability, enabling it to function as a hub for leading companies in the ASEAN region**. As part of the Kuala Lumpur rejuvenation, the **rebuilding of the Sultan Abdul Samad Building** and its surroundings will be aligned with the Kuala Lumpur Strategic Master Plan for Creative and Cultural Districts, leveraging its historical heritage to create modern tourism attractions.

67. The Government will continue to strengthen the **development of Iskandar Malaysia in Johor through the establishment of a competitive special financial zone** to attract international investors and knowledgeable workers to settle in Malaysia. Facilities offered to eligible companies and individuals will include **special tax incentives, a 15% tax rate for knowledgeable workers, and fast-track immigration facilities to ease the entry of skilled professionals from abroad**.

68. There is also a need to narrow the gender gap in the labour market. We cannot ignore the fact that the female labour participation rate is still low at 55.5% compared to 80.9% for males. Therefore, we must spare no effort to put into place legislative and regulatory measures as well as supporting programmes to encourage mothers to return to work.

69. This includes addressing systemic issues such as unpaid care work, gender discrimination, and family support policies. As part of the Care-Economy initiative, immediate efforts include establishing affordable childcare centres to increase women's workforce participation. The Government will streamline the registration process and expand the childcare centre and nursery whitelisting programme nationwide with an allocation of RM10 million.

70. Much more needs to be done to ensure higher participation levels of women in the workforce. The goal is to increase the female labour force participation rate to reach 60%, making it more comparable with the regional economy.

c. Social Protection for All

71. I assure you that all Malaysians will be protected whenever they are in need. The Government will expand the social protection network to cover everyone and safeguard the Rakyat in unforeseen circumstances. Small children may lose their parents unexpectedly. Adults, as do senior citizens, may face unemployment, disabilities, or debilitating illnesses.

72. The three pillars of comprehensive Social Protection Program include:

a) **Prevention through Social Insurance.** The Government has allocated RM100 million for the year 2023 to provide an 80% grant to fund SOCSO contributions for gig workers. However, according to EPF data, more than 40% of the workforce does not have proper retirement savings protection, especially among informal workers. Therefore, as a starting point to ensure protection for all citizens, the Government will **gradually expand the coverage of EPF and SOCSO to the working-age population in phases.**

b) **Sustainable Retirement Savings.** Improvements will be made to ensure that the level of retirement savings is sufficient for Malaysians in their retirement days.

c) **Protection through Social Assistance.** Various **cash assistance programmes and Rahmah Programme have been announced to provide a higher social protection floor.**

73. The Government will continue to strengthen the employment insurance system and retraining programs to provide job opportunities for the unemployed. This approach is aligned with the transition from protecting jobs to protecting the worker in the context of a rapidly changing economy.

d. Healthcare Service Reforms

74. **Access to quality healthcare and education is the Government's top priority, and allocations will be increased** in line with the Government's financial capacity. In line with this, **the Government aims to improve Malaysia's ranking**

to the 25th position in the UN Human Development Index, which takes into account health and education achievements. The sustainability of the healthcare system is crucial to ensure the genuine well-being of the people. As suggested in the Healthcare White Paper, the Government is committed to achieving a **target of 5% of GDP for healthcare expenditure by optimising the public and private healthcare systems.**

75. The Ministry of Health recently released the **Health White Paper**, which encompasses a 15-year strategy aimed at creating a more sustainable, resilient, and quality healthcare system to improve the well-being of the Rakyat and provide universal access to healthcare. Among the approaches to be taken is a whole-of-society primary healthcare approach.

76. The provision of quality healthcare access is manifested through the construction of the National Disease Control Centre with a project cost of RM305 million in Negeri Sembilan. It serves not only as a disease reference centre but also as a facility to prepare the country for any potential pandemics in the future.

77. In addition, the new paradigm shift includes a transition towards **treating patients with a disease prevention concept**, where individuals' self-reliance will be strengthened to maintain, protect, and improve their own health.

e. *Reforming Education and Human Resource*

78. **Education is the fundamental right of every citizen.** Efforts must be undertaken to address the rising number of children dropping out of the education

system. Emphasising basic skills such as reading, writing, counting, and reasoning is crucial to ensure our children are not left behind.

79. The Government will continue to provide a conducive school environment and the best facilities for children. Various efforts have been made: particularly increasing allocations, streamlining procurement procedures, and decentralising implementation authority to accelerate school projects and improve dilapidated schools. At the same time, the JENDELA project will be continued to ensure that all schools are equipped with internet.

80. For a long time, education has been supply-driven. To better meet the needs of development, the country's education system needs to be more demand-driven, especially in strengthening cooperation with industries and employers, particularly in the implementation of TVET, as practiced in institutions like PSDC.

81. Recognising the fact that we now live in a constantly changing and challenging global economy, there is a need for a more progressive lifelong learning approach for all Malaysians. We need to provide lifelong learning pathways in whatever skills the Rakyat want to learn, whether it's in universities, TVET institutions, or through necessary micro credentials.

82. For this purpose, the Government through SOCSO has allocated RM42 million for the Bina Kerjaya Programme, which includes upskilling programs for informal workers, including gig workers with qualifications of SPM and below.

f. Infrastructure and Public Transportation

83. The integration of land public transportation management aims to optimise all existing assets by focusing on efforts to build a better public transportation network between and within cities; **as well as improving last-mile connectivity through cost-effective methods, including the use of electric buses.**

84. To improve air connectivity network for Rakyat and tourists, **the Government has announced plans to expand the Penang and Subang airports.** The Government is also committed to improving transport infrastructure in major cities, including the **implementation of Bus Rapid Transport in Johor Bahru and LRT in Penang. The implementation of MRT3 in the Klang Valley will also proceed after ensuring reasonable project cost for the Government.**

g. Basic Facilities

85. The Government **pledges to ensure that all Rakyat enjoy universal access to basic infrastructure, be it water or electricity supply.** Rakyat in rural areas deserve world-class basic services. As of 2022, 97% of Malaysia's population has access to treated water supply.

86. However, some of the residents in Kelantan and Sabah do not have access to consistent and quality water supply. **The Unity Government is committed to addressing this issue and agreed to allocate an additional total of RM800 million for short-term solutions in both states.**

87. Furthermore, the Government will expedite the implementation of flood mitigation projects, such as those in Kelantan, Pahang, Selangor, and Johor, in order to protect the local communities from being affected by flood disasters.

h. Affordable Housing for All

88. Housing is also a basic need that must be given attention. There is a mismatch between the supply of new homes and the affordability level in terms of demand.

89. The Ministry of Local Government Development is working on the National Housing Action Plan, which includes the provision of housing supply based on metrics such as the ratio of the median house price to median income. The development of public housing is also being continued, along with boosting the rental market as an effort to meet housing needs.

90. The Government has heard the grievances of the Rakyat regarding the postponement of their desire to own their first home due to the inability to provide a house purchase deposit. Therefore, the Government is enhancing the loan scheme under the Housing Credit Guarantee Corporation (HCGS) by providing financing guarantees of up to 120% of the house price, valued up to RM300,000. The 120% guarantee will cover all homeownership costs through the loan, including the principal financing amount, legal fees, valuation fees, insurance, furniture purchase, and renovation costs. In this regard, the Government guarantee of up to RM5 billion will be provided.

(VI) GOOD GOVERNANCE TO RESTORE CONFIDENCE

91. This framework only works with the support and trust of all parties towards the Government. Only through good governance and an efficient service delivery system can this aspiration be realised. Immediate reforms to the structure, systems, and institutions are necessary as they will drive Malaysia towards its desired goals.

92. The first peaceful transition of the Federal Government in history after 61 years in 2018 could not have been achieved without institutional maturity. When we formed the Unity Government after the 15th General Election, it marked a crucial moment in demonstrating the maturity in enlivening democracy.

93. **Parliamentary reform efforts that have been initiated since 2018 will be enhanced.** The Dewan Rakyat needs to be given a broader role - evaluating the performance of the executive branch and the accountability of statutory bodies funded by public funds. **A Special Parliamentary Select Committee has been formed, and its role in legislation and oversight will be determined through amendments to the Standing Orders.** The Government has also introduced the Prime Minister's Question Session to allow direct interaction between the Prime Minister and Honourable Members of Parliament from both the Government and Opposition.

94. The Government will continue to cooperate with Parliament, including the proposal to repeal any act that may have served its purpose in the past but is now outdated and conflicts with Malaysia MADANI aspirations.

95. To ensure transparency, **media freedom should also be uplifted and empowered**. This is crucial as an effort to provide the Rakyat with fair and accurate news and information, while addressing all forms of malicious deception and fake news that can sow division and mistrust.

96. I am thrilled to announce that the Government has initiated a digital revolution. The Government will **streamline service delivery and fully maximise the digitalisation agenda to its highest level**.

97. Daily affairs will be easy and at your fingertips, whether it's paying bills, filing taxes, or renewing passports and licenses, all will be done online. To strengthen this effort, **the Government will establish GovTech Malaysia by enhancing the Government's capabilities** to lead efforts in improve the quality of public data, public innovation, and public services.

98. To achieve the objectives of the Ekonomi MADANI: Memperkasa Rakyat, **the main key to success is implementation**. In this regard, to strengthen and implement the reform of the public service delivery system, emphasis will be given to:

- i. **Strengthening monitoring and resolving emerging issues;**
- ii. **Efficient implementation in executing reforms; and**
- iii. **Best governance practices without compromising implementation efficiency.**

99. The STAR task force, led by Tan Sri KSN, has already implemented solutions to issues such as hospital congestion and delays in repairing dilapidated schools. The "Think Big, Start Small, Scale Fast" approach will continue to be applied to accelerate the adoption of new approaches and expand successful ones.

100. Towards supporting economic growth, the delivery of Government services will continue to be streamlined. Among them, immigration processes will be eased, including relaxing the MM2H requirements and facilitating tourist entry through Visa on Arrival (VOA).

101. The Government remains committed to aligning the salaries of civil servants with the Government's financial capacity. Therefore, while the salary and allowance study is being detailed, the Government will provide a special appreciation assistance of RM300 to civil servants grade 56 and below, and RM200 to Government retirees, including pensioners, issued pension recipients, EPF retirees, optional retirees, and those who have not received a pension, pensioned veterans, as well as non-pensioned veterans. This special aid will benefit 1.3 million civil servants, including contract appointees, and over one million retirees. With this initial assistance, it is hoped that civil servants will continue to strive diligently in supporting the aspiration of implementing the Ekonomi MADANI reform, providing the best services while assisting the Government's fiscal space to realise the Government's aspiration for the new civil service salary to become a reality.

102. CSO can no longer be considered merely providers of social services, but they can also be involved in commercial activities and economic development.

There are many social enterprise models that produce products that generate income for the community.

103. Moving forward, **more incentives and tax services** will be offered to develop the social enterprise sector into a meaningful economic sector. We also need to reassess the existing concept of Public-Private Partnerships (PPP) to become **Philanthropic-Public-Private Partnerships (PPPP)**.

a. *Fiscal and Governance Reforms*

104. My top priority in the near term is to rebuild the country's fiscal capacity. We are aware of our debt figures. If no reforms are undertaken, we will be facing a very serious crisis that could affect the nation's structure.

105. Tax revenues unable to cover operating expenses, and we need to borrow for development expenditure. The percentage of tax revenue to GDP has declined, standing at 12%, the lowest among regional countries.

106. We also spend a significant amount of money on various subsidies, and most of these subsidies benefit those who are not the target group. We need more efficient and targeted subsidy mechanisms so that the limited income is allocated to those who need it most.

107. Despite the need for fiscal reforms, **the Government guarantees that it will never ignore the plight of the Rakyat in facing the challenges of the cost of living and will continue to provide assistance to those in need.**

(VII) CLOSING

108. The framework of the MADANI Economy is to Empower the People. The Government, non-governmental organisations, the Rakyat, and the private sector; we all need to embrace all the strength and effort to make this endeavour successful.

109. Starting today, each ministry will announce more specific initiatives to welcome the launch of the **Ekonomi MADANI: Memperkasa Rakyat**.

110. At the same time, the efforts to empower the nation's economy and the economy of the Rakyat will continue and be further improved. **The voices of all Malaysians are warmly welcomed at all times.**

111. The economy also needs to have a cultural identity and a commitment to humanity by way of upholding a moral economy. The economy cannot be developed solely by institutions, technology, and infrastructure. It needs to be anchored by a strong work ethos, motivational values, and a great morale. Moreover, the economy needs a strong sense of spirituality to envelop the conventional economic management's discourse, for a strong sense of morality and spirituality shall reward us with blessings in this world and the hereafter, as inspired through Malaysia MADANI.

112. In conclusion, allow me to share an excerpt from Shihāb al-Dīn al-Nuwayrī's, The Ultimate Ambition in the Arts of Erudition.

“The leader must spread out a carpet of justice for his Rakyat, erect a tent of security, and fly the banners of forbearance with their fluttering tassels. He must pour out rivers of charity for them, restraining the hands of iniquity from reaching them, while showering them with the rain clouds of noble deeds. The most important of all the aforementioned qualities is justice.”

113. I am pleased to launch EKONOMI MADANI: MEMPERKASA RAKYAT

Thank you.