

BELANJAWAN 2024 SPEECH

BY

**YAB DATO' SERI ANWAR BIN IBRAHIM
PRIME MINISTER AND MINISTER OF FINANCE**

**INTRODUCING
THE SUPPLY BILL (2024)**

**IN
DEWAN RAKYAT
FRIDAY, 13 OCTOBER 2023**

**THEME:
BELANJAWAN 2024:
ECONOMIC REFORMS, EMPOWERING THE PEOPLE**

Tan Sri Speaker Sir,

I beg to move the Bill intituled “An Act to apply a sum from the Consolidated Fund for the services of the year 2024 and to appropriate that sum for the services of that year” be read a second time.

PREAMBLE

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Sejahtera.

Allah SWT decreed in surah Al-Qasas, verse 77:

وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ ۗ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا ۗ وَأَحْسِنَ ۗ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ ۗ وَلَا تَبْغِ الْفُسَادَ
فِي الْأَرْضِ ۗ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ

“But seek, with the wealth which Allah has bestowed on you, the reward and happiness of the Hereafter. Do not forget your share (of the needs and provision) from this world and be good (to others) as Allah has been good to you (by giving more than what you needed), and do not seek mischief in the land. Allah does not like the mischiefmakers.”

1. This reminder from *Allah SWT* to the human race is indeed meaningful. There must be determination to plan ways to ensure the wellbeing of the people during this chaotic and challenging time as the world is no longer what it used to be.

2. We are now going through an unusually strange epoch, one that is unprecedented in the history of human civilisation. The world has yet to recover from the lethal grip of the COVID-19 pandemic, which has not only debilitated us health-wise, but also weakened entire limb and nodes of a country's core and societal structure.

3. Thus, facing the postnormal era which are characterised by chaos, complexity, and contradiction will help us navigate our way out. The circumstance is further made complex due to multifarious factors which move at alarming speed, scope, scale, and simultaneity. As a result, it victimises the *rakyat*, damages the ecosystems, and disrupts the food supply chain.

4. Therefore, we must reflect and reset by addressing the impediments in the country's economic system. We start by improving governance,

administrative systems, and eradicating corruption. Among the notable examples is the implementation of the broad-based subsidy system that has also benefitted the elites and the super-rich.

5. The economic policy should be geared towards growth and equal distribution of the economy. However, a large amount of subsidies now benefits the rich. It is hoped that by improving this leakage of subsidies, the proceeds can be distributed to the *rakyat*, including in the increase of wages of the working class.

6. Past hastiness in the focus of subsidy issues have also resulted in the country's debt and liabilities reaching 1.5 trillion ringgit or 82 percent of the GDP. Debt service payments alone are expected to register 46.1 billion ringgit or 15.2 percent of revenue in 2023. Only by reducing the deficit and liabilities can the Government restore the country's sustainable fiscal position.

7. The determination to change must begin with the commitment of every citizen, emanating from confidence and conscience. This is as expressed by the Algerian thinker Malik Bennabi as "the inner struggle of conscience," followed by "collective consciousness for renewal" – a shared awareness between the leaders and the *rakyat* towards reform.

8. Therefore, Belanjawan 2024 which I term as the **Second Belanjawan MADANI** demonstrates the commitment and determination of the Unity Government in actualising our intent to elevate the country and *rakyat's* economic stature.

ECONOMIC PERFORMANCE AND CHALLENGES

9. *Alhamdulillah*, as we approach a full year, the Unity Government has strived to restore the strength of our homeland. Malaysia's domestic economy remains strong.

- The **unemployment rate has successfully reduced to 3.4 percent as of August 2023**; comparable to the pre COVID-19 level (3.3 percent).
- Although reliance on imported food remains high, the determination of all parties has successfully reduced inflation gradually every month. **In August 2023, the inflation rate contracted to 2 percent, among the lowest in the region** and even better than some advanced economies.

- Malaysia remains the preferred destination for foreign investors. **For the first half of 2023, we successfully secured approved investments worth 132.6 billion ringgit**, which is 60 percent more than this year's target. This achievement includes foreign direct investment (FDI) valued at 63.3 billion ringgit, involving a total of 2,651 projects and is expected to create more than 51 thousand job opportunities.
- Malaysia also remains a choice tourist destination. As of August 2023, foreign tourist arrivals accounted for nearly 13 million, three times more than last year.
- These indicators are the actual strength of the country. *Insyrah Allah*, with this, the economic performance will continue to recover, albeit faced with challenges from the value of the ringgit.

10. While these achievements prove the country is on track, we should not rest on our laurels and quickly become complacent. We must acknowledge that the crushing global economic situation has dampened our economic performance. **The Gross Domestic Product (GDP) in the second quarter of 2023 recorded a more moderate growth of**

2.9 percent compared to 5.6 percent in the first quarter of 2023. Overall, we achieved a growth of 4.2 percent in the first half of 2023.

11. This achievement reflects the subdued demand in exports as well as the high-base effect in the second quarter of last year. In line with this development, **the GDP growth projection for the year 2023 needs to be revised to approximately 4 percent.**

12. Therefore, existing opportunities need to be capitalised to comprehensively reform our economic structure to restore the nation's status as the champion of Asia.

13. Consequently, **Ekonomi MADANI: Memperkasa Rakyat** was launched as the main framework to address complex immediate and long-term challenges by raising the country's ceiling and floor. The main focus is to reform the economic structure and raise the standards of living of the *rakyat*. The fresh measures under Ekonomi MADANI aims to achieve seven benchmarks as medium-term targets.

14. Ekonomi MADANI also serves as a guide to policies that have been launched, namely the National Energy Transition Roadmap (NETR), the

New Industrial Master Plan 2030 (NIMP 2030), and the Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan).

15. Today, the **Second Belanjawan MADANI** is presented as a **continuation of the Ekonomi MADANI framework**. All efforts will follow the priorities and benchmarks of Ekonomi MADANI, which have been divided into three main focus areas:

First: Good Governance for Service Agility;

Second: Restructuring of the Economy to Boost Growth; and

Third: Raising *Rakyat's* Standard of Living.

I. GOOD GOVERNANCE FOR SERVICE AGILITY

Measure 1: Commitment to Fiscal Reform

16. The Ekonomi MADANI framework has charted a clear goal, which is to improve the *rakyat's* standards of living and to regain our lead as the regional economic champion. For this, the country's financial resources

have to be managed efficiently while also ensuring the national wealth generates prosperity for the *rakyat*.

17. Hence, reforms need to be implemented even though difficult. This includes expanding the revenue base, implementing targeted subsidies, and eradicating all forms of systemic corruption and malpractices. We also need an efficient, outstanding, and agile public service in realising the country's build back better agenda.

First: Fiscal Responsibility

18. The increase in subsidies for 2023 is accommodated through savings and **revenue additions**. **For 2023, the revised estimated revenue is 303.2 billion ringgit compared to the previous 291.5 billion ringgit.** Total deficit remains projected at 5 percent of the GDP.

19. For 2024, **the Government expects GDP to grow between 4 to 5 percent.** The projection by the World Bank and International Monetary Fund (IMF) is for Malaysia's economy to grow at 4.3 percent. With the Ekonomi MADANI reform that will be implemented, the Government is confident of achieving growth nearing 5 percent.

20. The Government's revenue collection is expected to record an increase from 303.2 billion ringgit this year to 307.6 billion ringgit in 2024. Fiscal deficit in 2024 is projected to decrease to 4.3 percent compared to the target of 5 percent this year and 5.6 percent in 2022.

21. In the medium term, we will achieve a 3 percent deficit of the GDP or lower, as set in the Ekonomi MADANI Framework. *Alhamdulillah*, this august House passed the **Public Finance and Fiscal Responsibility Bill 2023** or the Fiscal Responsibility Act (FRA) yesterday. This reinforces the Government's commitment in strengthening governance as well as ensuring transparency and accountability. The FRA increases the accountability of the Minister of Finance to the Parliament

Second: Belanjawan 2024 Estimation

22. The Second Belanjawan MADANI will **allocate 393.8 billion ringgit, the highest budget ever tabled**. From that amount, **303.8 billion ringgit is for operating expenditure, 90 billion ringgit for development expenditure**, and 2 billion ringgit for contingency savings.

23. This expenditure includes an increase in the Twelfth Plan ceiling by an additional 15 billion ringgit, bringing the total to 415 billion ringgit for a

period of five years. This increase demonstrates that the Government is adopting an expansionary fiscal stance while at the same time responsible to gradually reduce the fiscal deficit.

Third: Revenue Base Expansion

Tan Sri Speaker Sir,

24. The country's revenue has to be expanded. **Malaysia is the third highest country in the world for petrol subsidies. The price of our RON95 petrol is among the cheapest in the world** at a rate of 2 ringgit 5 cents per litre, even cheaper than Saudi Arabia, the world's major oil producer (2 ringgit 94 cents). This is in comparison to the prices in regional countries whose incomes are lower than ours: Indonesia at 4 ringgit 45 cents and Thailand at 5 ringgit 99 cents.

Notwithstanding, our tax revenues are among the lowest collected in ASEAN at just 11.8 percent of GDP compared to Singapore (12.6 percent) and Thailand (16.4 percent), for the year 2021.

25. Thus, as a measure to improve the quality of service and assistance to the *rakyat*, the Unity Government is responsible to broaden the revenue

base. Beginning next year, a number of tax reform measures will be implemented to broaden the country's revenue base, without burdening the *rakyat*. This is a difficult decision, but one that is necessary to increase revenue, reduce subsidies, at the same time ensuring the *rakyat* is unburdened.

26. FIRST: The Government plans to increase the Service Tax rate to 8 percent from the current 6 percent. However, in order not to burden the *rakyat*, this increase will not include services such as food and beverage as well as telecommunications. The Government will also expand the scope of taxable services comprising logistics, brokerage, underwriting, and karaoke services.

27. SECOND: Taking into consideration input from various stakeholders during a series of engagements, the Government will enforce the implementation of the Capital Gains Tax on net gain from the disposal of local companies' unlisted shares at the rate of 10 percent beginning 1 March 2024. The Government will also consider exemption of the Capital Gains Tax on the disposal of shares related to certain activities such as approved Initial Public Offering (IPO), internal restructuring, and venture capital companies subject to stipulated conditions.

28. THIRD: The Government will **draft a new legislation to implement the High Value Goods Tax at a rate of 5 to 10 percent on certain high value items such as jewellery and watches based on the threshold value of the goods.** However, to encourage tourism, tourists will be exempted from the tax and regulations will be introduced to allow tourists to claim for tax refund before their departure.

Tan Sri Speaker Sir,

29. Malaysia needs to be in line with international taxation standards especially in curbing the erosion of tax base activities and the transfer of profits to countries with low tax rates. Taking into account feedback from the industry and latest international developments, **the Government is expected to implement the global minimum tax in 2025 and only applicable to companies with a global income of at least 750 million euros.** The Government will also continue to monitor the development of the global minimum tax at the international level.

30. With regards to the implementation of e-invoice by the Inland Revenue Board of Malaysia (IRBM), the Government takes into account the feedback received and to provide ample time to taxpayers:

- As such, the Government has agreed **to enforce e-invoice on a mandatory basis to taxpayers with annual income or sales exceeding 100 million ringgit beginning 1 August 2024.**
- Meanwhile, e-invoice for taxpayers in other income categories will be enforced in phases with a comprehensive implementation beginning 1 July 2025.
- The use of Tax Identification Number (TIN) will be expanded to support the implementation of the e-invoice. This can further increase the number of taxpayers, which in turn will reduce revenue leakages. Such matter will continue to be looked at.

31. Enforcement agencies will continue to intensify joint efforts in addressing revenue leakages. For instance, cigarette smuggling control measures have contributed to a decrease in the percentage of illegal cigarettes in the local market to 56.6 percent in 2022 compared to 63.8 percent in 2020. As the number of illegal cigarettes in the market is still high, inter-agency cooperation will be enhanced, including tightening the control on liquor smuggling.

32. Beginning 1 January 2024, the Government will tighten smuggling control measures and expand it to liquor products.

- Transshipment activities for liquor products will be restricted to certain ports only.
- Bukit Kayu Hitam Immigration, Customs, Quarantine and Security (ICQS) Complex will be used as the sole exit for the northern region.
- Cigarettes import activities for the domestic market to be carried out via a full container load.

33. The Government appreciates the commitment of enforcement agencies such as the Royal Malaysian Police (RMP), the Malaysian Anti-Corruption Commission (MACC), and the Royal Malaysian Customs Department (RMCD) in enhancing enforcement efforts and operations to combat leakages of national revenue. The agility of RMP to combat crime and efforts of MACC to uncover financial syndicates and cartels should be appreciated. As a measure of encouragement, I am pleased to **reward enforcement agencies that demonstrate continued commitment and excellent performance accordingly.**

Fourth: Targeting of Subsidies

Tan Sri Speaker Sir,

34. Belanjawan 2023 allocated 64 billion ringgit for expenditure on subsidies and aid but the need this year is expected to reach 81 billion ringgit, among the highest by any government in the world. There is therefore a need to reassess the agility and execution. Subsidies on goods for the rakyat must be implemented and handled prudently to prevent from an increase in cost of living burdening the rakyat. Nevertheless, as I have previously stressed, the subsidies benefit the rich more and are also enjoyed by more than 3.5 million foreigners. We therefore implore for the Honourable Members of this House and the rakyat to understand the necessity to restrict subsidies intended for the underprivileged from continuously benefitting the super-rich and 3.5 million foreigners.

35. Therefore, beginning next year, the retargeted subsidy approach will be implemented in phases. If we are able to save on subsidy expenditure, *Insyah-Allah* we will increase the allocation of cash assistance to the rakyat, through Sumbangan Tunai Rahmah (STR),

from 8 billion ringgit to 10 billion ringgit benefitting almost 9 million rakyat.

FIRST: Chicken and Egg

36. The egg and chicken subsidies, which were initially introduced only during festive seasons, have been in place since February 2022. The Government has since then incurred a cost of 3.8 billion ringgit for the egg and chicken subsidies. These are also enjoyed by the rich and 3.5 million foreigners.

37. *Alhamdulillah*, current trends indicate that the supply of chicken and egg has started to stabilise, and the current market price is now below the controlled ceiling price. Thus, the Government will consider floating the price of chicken and egg in accordance with the lower market price compared to the price limit set by the Government. This will be announced by the Ministry of Agriculture and Food Security soon, after discussion with suppliers with assurance that there will not be any unreasonable resulting price increase by companies and sellers.

38. Announcements on further concrete measures will be made by the Ministry of Agriculture and Food Security in two weeks' time.

SECOND: Electricity

39. The provision of broad-based electricity subsidies is burdensome and, again, benefits the rich more. I wish to stress that it is unfair to say electricity tariff has increased, because in reality, 90 percent of the *rakyat* is unaffected. For example, in 2022, trends reflected that **10 percent of the consumers with the highest electricity consumption enjoyed 50 percent of the subsidy. It is absurd that the highest 10 percent enjoys 50 percent of the subsidy meant for the poor, the middle and lower class. The Government is therefore determined to cease subsidising the super-rich, while 50 percent of the consumers with the lowest electricity consumption enjoyed only 10 percent of the subsidies provided.**

40. Therefore, beginning this year, the Government has implemented targeted subsidies by lifting a part of the subsidies for the highest 10 percent of electricity consumption, but at the same time, maintaining the same subsidies for 90 percent of consumers. **This targeted approach has saved over 4.6 billion ringgit of the projected electricity subsidies of 20 billion ringgit.** To reiterate, the electricity rate will remain the same for 90 percent of the *rakyat*, and any increase will only affect 10 percent of the consumers with the highest electricity consumption, and not

the other 90 percent. This means that while the electricity subsidies will be continued, it will however be reduced for the upper class. However, the Government still bears 16 billion ringgit in electricity subsidies for 2023 especially for consumers in homes and micro, small, and medium entrepreneurs (MSMEs).

41. The Government will continue to improve the approach of targeted electricity subsidy according to the level of electricity consumption. The Government hopes this decision will send the right signal to consumers to be prudent and practise energy efficiency. Including at Government offices nationwide.

42. The Government agrees to continue providing electricity bill rebates of up to 40 ringgit per month to hardcore poor households with an allocation of 55 million ringgit to further reduce the burden on these households even though the electricity rate and tariff will remain the same. Apart from this, the Government also agrees to waive deposit payment of electricity bill in consumers' own names.

THIRD: Diesel Fuel

43. Diesel fuel also faces serious leakages issues. The current price of subsidised diesel is set at 2 ringgit 15 cents compared to the market price of 3 ringgit 75 cents per litre. This means that the Government has to bear 1 ringgit 60 cents per litre of diesel or around 1.5 billion ringgit in total per month. **According to diesel consumption data, sales of subsidised diesel have increased by 40 percent since 2019 even though the number of vehicles using diesel has only increased by less than 3 percent. This means that there is a possibility of serious smuggling activities due to the cheap price of diesel in Malaysia.**

44. To prevent leakages and smuggling, the Government intends to rationalise diesel prices in phases. Conceptually, the price of subsidised diesel will continue to be enjoyed by selected consumers such as freight transport. Meanwhile, other users will be charged higher prices. This approach can reduce the leakages of subsidies while at the same time reduce the impact on the price of goods for the *rakyat*.

ENFORCEMENT MEASURES

45. To achieve the goal of retargeted subsidy, enforcement needs to be more effective against both the consumers and the sellers. Their honesty will determine whether this goal will be successful or otherwise. Although we do not deny traders' right to make reasonable profits, the abhorrent practice of cartels and price pacts that cause excessive and uncontrolled price increases are against the MADANI principles. The Government will not remain silent if retargeted subsidies are used as an excuse to increase prices recklessly and unreasonably.

46. Therefore, the Government's focus is to eliminate this parasitic practice through strict and comprehensive control measures. This is the duty of the Ministry of Domestic Trade and Cost of Living (KPDN) as well as the Malaysian Competition Commission (MyCC) with an allocation of **10 million ringgit** specifically to perform this duty.

Measure 2: Institutional Reform Agenda

47. The Chinese philosopher Mengzi formulated four fundamental points as pillars of moral strength:

*仁 rén (insaniyah), 义 yì (righteousness),
智 zhì (wisdom) and 礼 lǐ (values, spirituality, ritual propriety).*

48. It is this internal strength that strengthens the Government's determination to implement reforms to end the suffering of the *rakyat*, eradicate systemic corrupt practices, reduce bureaucracy and hasten *rakyat*-oriented projects, as well as to develop a stable political order.

First: Special Task Force on Agency Reform (STAR)

49. We have established the Special Task Force on Agency Reform (STAR), chaired by the Chief Secretary to the Government, which has succeeded in accelerating the implementation of projects, especially those involving the issue of overcrowding in hospitals and refurbishment of dilapidated schools and clinics. Next year, **the STAR Team is entrusted to accelerate implementation in the maintenance of lifts**

with an allocation of 91 million ringgit and Government quarters with an allocation of 170 million ringgit.

A total of 2.4 billion ringgit is allocated to build, maintain, and refurbish quarters for civil servants which are in shameful state due to their dilapidated conditions. We place enormous responsibilities on the police, army, fire department personnel, prison officers, and others, but they are subjected to decrepit and unrepaired basic facilities.

Second: Legislative Reform

50. With the passing of the Public Finance and Fiscal Responsibility Bill 2023, the Unity Government's onward commitment is to **table the Government Procurement Bill in the Parliament next year**, in line with the aim of governance reform.

The Government has allocated 18 million ringgit to facilitate legislative reform. This includes the implementation of the Revision of Sentence of Death and Imprisonment for Natural Life (Temporary Jurisdiction of the Federal Court) Act 2023.

51. The Judiciary must be an independent institution that protects the supremacy of the Federal Constitution and the rule of law. An allocation of 38 million ringgit is allocated to increase the productivity of the country's judicial institutions. This provision includes priority in refurbishing infrastructure as well as upgrading ICT facilities in courts that are obsolete and damaged. This also includes **20 million ringgit to empower the Judicial Academy of Malaysia which has been heavily emphasised by the Right Honourable Chief Justice, and the Syariah Judicial Academy of Malaysia** in training judges of the upper courts in a more planned and effective manner.

Third: Public Institutions Reform

52. Based on several studies carried out to improve revenue sustainability, social protection, governance of Government-Linked Companies (GLCs) and national debt management, received recommendations that will be implemented are as follows:

- **improving the imposition of stamp duty** and coordinating the administration of tax incentives to reduce the leakages of revenue collection;

- **strengthening tax administration** including simplifying tax returns and centralising tax collection efforts;
- **expanding the coverage of the social protection system**, mainly for senior citizens and informal sectors;
- **restructuring development financial institutions (DFIs)** by merging Bank Pembangunan Malaysia Berhad, SME Bank, and Exim Bank; and
- **strengthening the venture capital environment through the centralisation of venture capital agencies** such as Penjana Kapital and MAVCAP under Khazanah Nasional Berhad.

Fourth: Public-Private-Philanthropy Partnership

53. In line with the Ekonomi MADANI Framework, the Government will focus on Public-Private-Philanthropy Partnership (PPPP) in implementing projects for the *rakyat*.

54. In addressing various issues of the *rakyat* on the ground **the Government will allocate 100 million ringgit to continue supporting**

efforts taken by NGOs and civil society organisations including Yayasan Hasanah.

55. To ensure the sources of income of institutions, organisations, and funds approved under **subsection 44(6) of the Income Tax Act 1967** continue to be sustainable and able to support welfare initiatives envisaged by the Government, it is proposed that the **25 percent limit terms of use of the accumulated funds for the purpose of engagement in business be increased to 35 percent.** With this flexibility, cooperation between the Government and NGOs can be strengthened to improve the *rakyat's* quality of life.

Measure 3: Prioritising Services & *Rakyat*-Oriented Projects

56. The Government will continue to defend the fate of the *rakyat* and focus on services and projects which benefit the *rakyat's* wellbeing. Among others, the Government will address the lingering basic problems of the *rakyat*.

First: Managing Rakyat's Difficulties

(a) Repairing Lavatories

57. It is unacceptable that we have allowed our children to attend school with deplorable basic facilities all this time, particularly broken and dilapidated lavatories. I wish to congratulate the Ministry of Education for their success. *Insyah-Allah*, repair works of lavatories in 8,354 schools nationwide is about to be fully completed by the end of this year. Next year, this same determination will be intensified to refurbish public lavatories nationwide. This year, KPKT must monitor the condition of public lavatories. 150 million ringgit is thus allocated to maintain and repair public lavatories in 150 local authorities nationwide.

(b) Road Accidents

58. With more roads, we are also seeing an increase in accidents. Over the past decade, we have recorded an average of over 6,000 deaths due to road accidents. The latest tragic incident that claimed the lives of an entire family of six on Jalan Kuantan-Segamat-Bandar Muadzam had the

whole country in mourning. The Government will continue to prioritise aspects of road safety.

59. *Alhamdulillah*, as of August, more than 4,100 potholes on federal roads have been identified and repaired. Our aim this year is to resolve all the complaints regarding potholes on Federal Roads nationwide. **The Government is committed to ensuring that action is taken within 24 hours after receiving complaints regarding potholes on Federal Roads.**

- **State governments should also make full use of the MARRIS allocation of 5.4 billion ringgit provided by the Federal Government to ensure that state roads are in the best condition to be used by the *rakyat*.**
- Next year, 2.8 billion ringgit is set aside to maintain federal roads and bridges with 300 million ringgit specifically for G1 to G4 contractors.
- The role of District Engineers will be continuously enhanced to expeditiously deal with unexpected and minor complaints involving Federal Roads. **The Government will increase the**

allocation to 200 thousand ringgit from the current 100 thousand ringgit for 115 District Engineers with a total allocation of RM30 million.

- 100 million ringgit is provided to maintain streetlights, including replacing them with LEDs that can save up to 60 percent electricity. 50 million ringgit is also provided for the same purpose to local authorities nationwide.
- Finally, 50 million ringgit is also allocated to treat accident prone areas, which includes upgrading existing traffic lights to smart traffic lights on Federal Roads to resolve traffic congestion.

(c) Justice for the *Rakyat*

60. *Alhamdulillah*, following the increase in the eligibility limit to receive full legal aid to 50 thousand ringgit, the number of civil and shariah cases receiving legal aid has increased to 8,500 cases. Next year, **the function of the Legal Aid Department will be strengthened to ease the plight of the poor in obtaining equitable justice.**

61. This Belanjawan MADANI allocates an additional **10 million ringgit** under the **Kumpulan Wang Amanah Rakyat Malaysia Luar Negeri** to **safeguard our citizens who fall victim to employment fraud syndicates and other welfare cases abroad.**

(d) **Second Chance Policy**

62. As of July 2023, nearly 14 thousand bankruptcy cases with small debts below 50 thousand ringgit have been discharged from bankruptcy. As a result of the implementation of the Second Chance Policy, the Insolvency Act (Amendment) 2023 has also automatically exempted current and past cases that met the requirements from declaring bankruptcy.

63. Next year, the **Second Chance Policy will be extended to young individuals aged 40 and below with debts not exceeding 200 thousand ringgit.**

(e) **Public Service Delivery**

64. *Rakyat* in remote areas also have equal rights to government services. Next year, the Government will intensify the initiatives to deliver

services directly to the *rakyat* with an allocation of 26 million ringgit including:

- Program Menyemai Kasih Rakyat (MEKAR) which offers services from the National Registration Department (JPN);
- **Mobile clinic services by university teaching hospitals to provide basic treatments including early screening for breast cancer;**
- **Mobile dental clinics with expansion of service to new areas in Penampang and Keningau, Sabah;**
- Mobile banks in collaboration with local banks to bring banking services to remote areas; and
- Mobile courts dedicated to handle civil cases.

(f) Online Fraud (Scam)

65. Issues on scam has been on the rise. Since establishment, **the National Scam Response Centre (NSRC) has handled more than**

49 thousand calls and successfully froze up to 60 million ringgit in transactions. Next year, the Government will increase the allocation to the NSRC to 20 million ringgit from the current 10 million ringgit to further improve the functionality of the NSRC to combat scam-related crimes.

66. Bank Negara Malaysia (BNM) in collaboration with the financial sector is **developing the National Fraud Portal (NFP)**, which is expected to be completed by the middle of 2024. With the automated ability to track funds, we hope that this Portal will speed up the time to detect, freeze, and return the funds.

67. At the same time, related agencies are examining the need to amend the law including the Criminal Procedure Code to enable more effective actions to be taken against syndicates and account mules, further expediting the return of money to scam victims.

Second: Development of Sabah & Sarawak

68. Sabah and Sarawak will be given focus as we make up for lagging behind on fulfilling the Malaysia Agreement 1963. Under the Unity

Government, the attempt to honour the agreement achieved by the previous leaders in the Malaysia Agreement 1963 has been realised.

69. FIRST: Next year, the Federal **allocation for the development of Sarawak will increase to 5.8 billion ringgit from 5.6 billion ringgit.** Meanwhile, for **Sabah, the allocation will increase to 6.6 billion ringgit compared to 6.5 billion ringgit.** To increase the effectiveness of the allocation, the Federal Government has also delegated the authority to implement development projects valued under 50 million ringgit to technical agencies in Sabah and Sarawak.

70. SECOND: The Unity Government has increased the interim Special Grants rate for Sarawak and Sabah to 300 million ringgit compared to 16 million ringgit for Sarawak and 125.6 million ringgit for Sabah previously. In Sarawak's case, the amount has not been reviewed since 1969. I wish to highlight this to avoid any confusion. The rate has not been reviewed since 1969, hence the increase to 300 million ringgit. For Sabah, on the other hand, a subsequent review was conducted afterwards.

71. THIRD: The Inland Revenue Board of Malaysia (Amendment) Bill 2023 was passed by the Dewan Rakyat yesterday to include a

representative of the Sabah State Government named as the Chief Minister of Sabah and a representative of the Sarawak State Government named as the Premier of Sarawak in line with the results of the Inter-Governmental Committee (IGC) Report 1963. *Alhamdulillah*, we managed to implement it in 2023.

72. FOURTH: The Federal Government and the Sabah State Government have reached an agreement regarding the transfer of electricity supply regulatory powers, which will come into effect on 3 January 2024. Although the regulatory power will be transferred to the Sabah State Government, the Federal Government will continue to assist the Sabah State Government in strengthening the electricity supply industry in Sabah by providing subsidies to Sabah Electricity Sdn Bhd (SESB) until the SESB Transformation Plan is successfully implemented within seven years, that is by 2030.

73. FIFTH: To ensure stability and reduce electricity supply disruptions in Sabah, especially in the eastern area, the Federal Government will support the implementation of hybrid solar energy generation as well as the construction of a network of electricity transmission lines in southern Sabah.

74. SIXTH: The Federal Government is also **negotiating the handover of Bintulu Port and the operation of the Rural Air Service (RAS) to the State Government.**

Third: Public Sector Digitalisation

75. By the end of the Twelfth Plan, our aim is to be ranked among the top 20 in the Government Efficiency Sub-Index in the Global Competitiveness Report. To further improve the efficiency of public services, **the National Digital Identity (NDI) development will be expedited** as a reliable self-endorsement platform.

76. In empowering the digitisation of public service delivery, the GovTech Nucleus Unit has been created to build internal expertise. This unit will also facilitate the development of the National Digital Identity and other user-friendly applications at optimal cost.

II. RESTRUCTURING THE ECONOMY TO BOOST GROWTH

Measure 4: Revamping the Economic Structure

77. The Ekonomi MADANI Framework is aimed at establishing Malaysia as a regional economic champion. To achieve this goal, the economic structure needs to be restructured and reorganised so that existing potentials can be harnessed. **NIMP targets a total investment of up to 95 billion ringgit and involving 3.3 million job opportunities with median salaries of up to 4,510 ringgit per month by 2030.**

78. The Government will allocate up to 10 percent from the total NIMP investment as a catalyst to accelerate the NIMP mission with a 2024 startup fund amounting to 200 million ringgit.

First: Priority of the HGHV Sector

79. Among structural issues that disrupt the economic system is premature contraction of the industrial sector. The contribution of the manufacturing industry has remained below 25 percent of GDP. To curb

this problem, future investment priorities are focused on high growth and high value (HGHV) areas.

80. The results-based incentive is a new dimension that uses a tiered system in the provision of incentives. This will stimulate companies to generate the economy through investments in HGHV areas and eventually creating new economic clusters, expanding domestic network and establishing a balance between the economy and environment. With this, companies will enjoy incentives based on respective commitments. To begin with, the Government plans to provide a tiered reinvestment tax incentive in the form of investment tax allowance of either 70 percent or 100 percent.

81. To support the high-value activities ecosystem, the Government proposes that the **Pengerang Integrated Petroleum Complex (PIPC)** be turned into a development hub for the chemical and petrochemical sector with a tax incentive package in the form of a special tax rate or investment tax allowance.

Second: Malaysia as an Investment Destination

82. Furthermore, the Government will also continue to intensify efforts to obtain more high-impact investments. In developing Malaysia's advantage as a foreign investment destination, the Government will implement several new policies and directives to introduce ease of business.

- The Industrial Area in Bayan Lepas, Penang and Kulim Hi-Tech Park, Kedah have brought together the world's leading companies in the electronics and electrical (E&E) sector. **To build a wider ecosystem for the E&E cluster in the northern region, the Government will open a high-tech industrial area in Kerian, Northern Perak.**
- **The responsibilities of MITI and MIDA are no longer limited to only the approval of investment incentives but need to be expanded to facilitate FDI and domestic direct investment (DDI) matters from the application stage until the investment is realised.** For this, an Investment and Trade Coordination Action Committee (JTPPP) has been established and is

responsible to report directly to me, as the National Investment Council chairperson.

Third: Internationalisation of Startups

83. The emergence of more local startups is essential to accelerate the restructuring of the country's economy. The Government aims to rank in the top 20 for the Global Startup Ecosystem by 2030, in addition to making Kuala Lumpur as the Southeast Asian region hub for digital industry and startups.

84. In accordance with the decision of the National Digital Economy and Fourth Industrial Revolution Council, 28 million ringgit is provided to develop the MYStartup platform as a single window bringing together startups while simplifying business activities throughout their lifecycle. This initiative will optimise a fund of 200 million ringgit under various funding agencies and venture capitals on a single platform.

85. To internationalise local startups and increase their competitiveness to penetrate the regional markets:

- **GLCs and Government-Linked Investment Companies (GLICs) will provide funds of up to 1.5 billion ringgit to encourage startups, including bumiputera SME entrepreneurs, to venture into HGHV fields such as digital economy, space technology and E&E.**

86. To support capital funding for startups:

First: allocation of 100 million ringgit to MyCIF for a period of 3 years to complement the food security initiatives, environment, the community, and the State Islamic Religious Council to create opportunities to develop waqf assets for health, education, and agro-based enterprises.

Second: tax incentives for individual investors investing in startups through the equity crowdfunding (ECF) platform will also be extended to individual investors through Limited Liability Partnership nominee companies and extended until 31 December 2026.

Third: tax incentive for angel investors extended until 31 December 2026 to encourage capital funding in technology related startups.

Fourth: Global Islamic Economy Leader

87. I have alluded to the approach of the Islamic financial sector in Malaysia which has yet to fulfil the meaning of maqasid shariah based on justice and benefit for all because it uses the same financial instruments as an alternative to conventional banks.

88. **The words of the late Nejatullah Siddiqi should be appreciated. He said, “more than anything else, Islamic banking and finance, a sub-culture of Islamic economics, has been a quest for justice and morality into the ordinary business of life.”**

89. *Alhamdulillah*, the Islamic finance field has presented us with a modern banking method without usury for the past four decades. Nevertheless, this development should not stop here. The direction of the Islamic economy should be determined in order to be able to achieve the wider objectives of Islam, including addressing the gap between economic practices that are in line with the teachings of the al-Quran and Sunnah.

90. The International Conference on Islamic Economics and Finance (ICIEF2023) will be organised in December 2023 to resolve this issue as an effort to pioneer the transition to a more inclusive Islamic financial system.

91. This conference will bring together more than 400 thinkers and technocrats in the field of Islamic finance and involve nearly 100 presentation papers to cover issues and actions that can be taken to dignify Islamic finance.

92. The readjustment of the Islamic financial system is necessary in the effort to strengthen the impact of the Islamic financial sector in order to have the opportunity to provide equality, wellbeing, and prosperity to all levels of the society.

- Through **Value-based Intermediation (VBI)**, Islamic banks and takaful operators can explore impactful innovation through offering various types of capital that meet the needs of all levels of society, especially those who are without access to financial services.

- **BNM and Islamic financial institutions are also advancing an impactful investment pilot programme through a broader Investment Account (IA).** This effort combines elements of risk sharing between investors in Sustainable Development Goals (SDG)-based investments and social investments wherein part of the profits will be channelled for social development such as financing the education of the poor.
- *Alhamdulillah*, Malaysia remains in the pole position in the overall global Islamic Finance Development Indicator (IFDI) for 10 years in a row. **The Malaysia International Islamic Financial Centre (MIFC) will continue to strengthen the country's competitiveness in the Islamic finance field** while highlighting Malaysia as a prime destination for Islamic fund acquisition and investment activities as well as a re-takaful hub.
- In order to delve deeper into the universal values of the Islamic economy and its experience in the current context, the **Government is providing 20 million ringgit to stimulate research as well as creativity and innovation in Islamic economy.** This effort will be led by the International Centre for

Education in Islamic Finance (INCEIF) in collaboration with MIFC and the industry.

93. The Government proposes to **exempt income tax on income derived from Islamic Securities Selling and Buying (ISSB) from the assessment year 2024**. This is to increase the overall volume of securities trading and the liquidity of the shariah-compliant stock market through the involvement of more investors and brokers in ISSB transactions in addition to ensuring equal treatment is given to Securities Borrowing and Lending (SBL) transactions.

94. In order to support the development of the Labuan International Business and Finance Centre (Labuan IBFC) as an Islamic financial and shariah-compliant hub, the Government also proposes to **fully exempt income tax for 5 years for Labuan entities carrying out trading activities related to Islamic finance** such as Islamic digital banking, Islamic digital bourse, ummah-related companies, and Islamic digital token issuers from the assessment year 2024.

95. The organisation of the 19th Malaysia International Halal Showcase last month recorded 3 billion ringgit sales of halal products, which is 24 percent higher than the initial target. The world's largest halal exhibition

matched 469 local companies with 231 international buyers from 44 countries.

- In line with the Halal Industry Master Plan 2030, which sets a benchmark for the halal industry's contribution of 11 percent of GDP by 2030, **9 financial institutions are offering special programmes for halal SMEs on the integrated halal platform which provides access to special funds and capacity building programmes.**
- In addition, the Government will shorten the **halal certificate processing period from 51 to 30 days.** The Halal Development Corporation (HDC) and JAKIM will collaborate to lead efforts to simplify the halal certification process, especially for halal products exporters.

96. The previously launched i-Tekad social finance programme has benefitted nearly 4,000 micro-entrepreneurs with encouraging response from 12 financial institutions. Therefore, the Government is allocating additional funds of up to 25 million ringgit in matching grants with financial institutions to benefit more entrepreneurs.

97. The Government provided 200 million ringgit last April to redevelop waqf lands in Penang through soft loans. Next year, the **Government will increase the funding to 500 million ringgit to provide soft loans to increase the redevelopment of waqf lands nationwide.**

Measure 5: Empowering MSMEs

98. The Second Belanjawan MADANI will continue to support MSMEs in line with the goals of the Ekonomi MADANI Framework. The priority is to support the increase of business capacity and competitiveness in raising the income of the *rakyat* and the country.

First: Business Loan Facility

99. Next year, **the total value of loans and financing guarantees available for the benefit of MSMEs amount to RM44 billion.**

100. Indeed, micro-entrepreneurs and small traders are provided with small loan facilities with funds amounting to RM2.4 billion under agencies such as BNM, BSN and TEKUN.

- **RM1.4 billion under the BSN micro loan** is to help provide business capital, equipment purchases, premises and marketing to hawkers and small entrepreneurs.
- **RM330 million under TEKUN** is to provide financing facilities to small traders such as batik and craft operators, Orang Asli entrepreneurs and Bumiputeras of Sabah and Sarawak. **RM30 million is provided specifically to finance businesses run by the Indian community.**
- From this total, **RM720 million is set aside to encourage women and youth** to venture into business.

101. Under BNM, a total of RM8 billion in loan funds are provided to support SME companies. From this amount, **RM600 million is dedicated to help micro-enterprises and low-income entrepreneurs, small contractors, the application of sustainability practices and food security-related sectors.**

102. For 2024, RM600 million has been allocated under the Dana Impak Khazanah Nasional, with a priority to promote economic growth and

provide more opportunities to rural, semi-urban communities and those with limited access to financial services.

103. So far, the Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) has guaranteed more than 100,000 SMEs including 75 percent non-Bumiputera SMEs and 25 percent Bumiputera SMEs with a total approved value of more than RM75 billion. Next year, **SJPP will guarantee up to 80 percent of SME entrepreneurs' loans, especially to those involved in the green economy, technology and halal fields with the availability of guarantee funds of up to RM20 billion.**

104. Since establishment, Amanah Ikhtiar Malaysia (AIM) has assisted 1 million borrowers, particularly single mothers and the poor, by providing small business capital. AIM has shown excellent performance by recording the lowest non-performing loan (NPL) rate of 0.26 percent in 2022. **To support AIM's function to eradicate poverty, the Unity Government has allocated funding of RM100 million .**

105. Next year, **RM100 million in financing funds will be provided to the cooperative movement through the Revolving Capital Fund under the Malaysian Cooperative Commission, among others, to assist more cooperatives.**

Second: Strengthening Competitiveness of MSMEs

106. MSME entrepreneurs should be quick to adapt to technology and digitise their products and services to penetrate a wider market. The Government will intensify its efforts to encourage MSMEs to increase their level of competitiveness through the transition of business models via automation and digitalisation.

- A total of **RM100 million is provided for digitalisation grants of up to RM5,000 for the benefit of more than 20,000 MSME entrepreneurs.** This grant can be used to upgrade sales, inventory and digital accounting systems.
- **RM900 million loan fund under BNM is provided to encourage SME companies to increase business productivity through automation and digitisation.**
- **RM40 million is provided to implement the Shop Malaysia Online Programme** to encourage small traders, especially in the home-based F&B businesses.

- **The role of the Digital Economy Centre in each state constituency will continued to be enhanced** to support small entrepreneurs selling their products online with an allocation of RM25 million.

107. To support companies to remain competitive, **the Government proposes to shorten the time frame for companies to claim capital allowances on the purchase of ICT equipment and computer software packages to 3 years, instead of 4 years, from assessment year 2024.**

Third: Local Talent Development

108. Today, the complexity of the economy demands highly skilled new talent to constantly adapt to the fast-changing world. Consequently, the development of local talent needs to be done immediately through precise refinement to ensure that it is in line with the requirements of employers and the industry.

109. , **The total allocation for TVET education next year amounts to RM6.8 billion.** The First Belanjawan MADANI has piloted efforts to revamp the country's TVET education through collaboration with GLCs

and private companies. As of 5 October, 17 GLCs and 44 private companies have been involved in the signing of 61 Memorandums of Understanding covering cooperation through curriculum development as well as the provision of equipment and expertise.

110. For example, PETRONAS has collaborated with Institut Kemahiran Belia Negara (IKBN) Bandar Penawar, Johor to provide industrial training services, curriculum development and equipment that meet the specifications of the petrochemical industry in Pengerang. Next year, **RM100 million is allocated to provide industry-recognised professional certification to TVET graduates and as an incentive for the industry to collaborate with public TVET institutions.**

111. Next year, the Human Resources Development Corporation (HRD Corp) will benefit from RM1.6 billion to provide 1.7 million training opportunities. At the same time, **HRD Corp will reallocate a special fund using 15 percent of the total levy collected to implement the Program Latihan MADANI including talent retention and skill improvement programmes for MSME entrepreneurs and vulnerable groups such as former inmates, the disabled, the elderly and retirees.**

112. Efforts to create more future talent who meet the needs of the industry will be streamlined and expanded through close cooperation between Government agencies and industry players.

- In order to address the lack of local talent and skills mismatch, **the Academy in Industry Programme will be implemented to provide on-the-job training for a period of up to 18 months with an allocation of RM70 million.**
- The country's competitiveness for key sectors such as aerospace, medical devices and digital depends on the talent market of skilled and excellent workforce. Therefore, the Government will offer RM30 million as incentive to the industry to train local workforce including to offer their expertise as instructors and to fund new innovations to produce new products.

113. The Government is committed to implement a tiered levy system for foreign workers before the end of 2024. This system is in place to reduce dependency on foreign workers, where a higher levy rate will be imposed on employers with more foreign workers. The additional revenue collected from this tiered levy will be channelled into a special fund to be utilised for the automation or training of local workers.

114. A total of RM17 million is allocated to implement the Tahfiz TVET Programme. This programme will open opportunities for tahfiz students to diversify their skills while continuing their lesson in *Hafazan*.

115. To encourage the *rakyat* to improve their skills and venture into new fields, a tax relief of up to **RM2,000 as payment for skills improvement or self-improvement courses is extended until the assessment year 2026.**

116. The Government will also **expand the scope for lifestyle to include the fees for attending self-improvement courses such as language courses, photography, tailoring classes and others.**

117. A multi-tiered levy system for foreign workers will be implemented before the end of 2024, to reduce dependency on foreign workers where higher levy rates will be imposed for employers with a larger number of foreign workers. Collection of this levy will be channelled for the automation fund to benefit employers in training locals.

Fourth: Economy of the Rakyat

118. The Government will continuously strive to lift and dignify the economy of the *rakyat*. I am determined to see this country be known for its clean, beautiful and safe business facilities and stalls. I assure you that the welfare of hawkers and traders in the markets will continue to be protected to ensure comfort of the business community and visitors.

First: Dilapidated hawker centres and public market infrastructure in 150 local authorities' areas will be repaired and upgraded with an allocation of RM110 million.

Second: The Government aims to beautify and improve the cleanliness of 10,000 stalls with an allocation of RM10 million.

Third: 4,000 units of new streamlined, comfortable and safe business spaces will be built in every local authorities' area with an allocation of RM50 million. The Government has also agreed to waive kiosk rental

fees for the first 6 months for the *rakyat* to operate their business.

Fourth: MARA, Perbadanan Usahawan Nasional Berhad (PUNB), Perbadanan Pembangunan Bandar (UDA) and the Kuala Lumpur City Hall (DBKL) will also upgrade their business facilities.

119. Efforts on the purchase of local products will be intensified through the **Buy Made in Malaysia Goods Campaign and the Use of Goods and Services from Local R&D (MySTI) programme** with an allocation of RM27 million.

120. To date, more than 1,200 business franchises have been registered under KPDM and from this, 720 are owned by local companies with sales value in the country reaching RM30 billion. In fact, well-known local franchise brands such as Marrybrown, Daily Fresh Foods, Secret Recipe, Smart Reader and Laundrybar have been operating in 80 countries. To expand the franchise trade, the Government has provided **RM10 million under the Franchise Strengthening Programme to Increase Exports.**

Measure 6: Supporting Primary Sectors

First: Logistics Sector

121. Focus will also be directed towards the development of the transport and logistics infrastructure, in line with current demands to attract more investors and tourists as well as boost trade activities. To strengthen the ecosystem and efficiency of the country's ports:

- **RM50 million is provided as a matching grant with the Port Klang Authority to maintain Jalan Port Klang** while enforcing the overload limit on heavy vehicles.
- **RM20 million is provided as a matching grant with the Port Authorities to upgrade the Malaysia Maritime Single Window (MMSW) system** to unite trading communities at the port through an integrated digital port with various Government Agencies.
- **The proposed development of a Port in Carey Island** will be realised through Request for Proposal (RFP) to further strengthen the role of Port Klang.

122. To encourage more commitment from investor companies to make Malaysia a global service centre, the Government will introduce a Global Service Hub tax incentive with an income tax rate incentive of 5 percent or 10 percent determined on a success basis for a period of up to 10 years.

123. The Government is committed to upgrade existing airports to enhance operational capabilities to meet the increasing influx of investors, traders and tourists. A total of **RM47 million will be provided to improve passenger facilities at Tioman Airport terminals** and to extend the existing runway to 1,300 metres.

Second: Tourism and Creative Sector

124. The country is rich in culture and heritage besides being home to many invaluable natural treasures. We excel in niche markets in the ecotourism, scuba diving, golf, wedding ceremonies and medical tourism segments. This huge potential should be developed with a thorough framework to revitalise the tourism sector to become an engine of economic growth for the country.

125. Therefore, the **Visit Malaysia Year has been reinstated to the year 2026**, with a target of 26.1 million foreign tourist arrivals and an estimated domestic expenditure of RM97.6 billion.

126. The Government will provide **RM350 million to boost promotion and tourism activities for Malaysia to regain its position as the world's preferred tourist destination**. This provision includes:

- organising 2026 Visit Malaysia Campaign;
- cooperation with the industry for promotional activities and to organise both domestic and international tourism events;
- assistance to more than 200 cultural activists to organise cultural and arts activities;
- charter flight matching grant to improve accessibility of international flights to Malaysia; and
- funds to the Islamic Tourism Centre (ITC) to develop Muslim-friendly tourism industry in Malaysia.

127. Heritage areas, buildings and sites that are tourist attractions will continue to be preserved to maintain their beauty, safety and cleanliness.

- **RM20 million will be provided for the benefit of the state governments to maintain and conserve tourist attractions such as Tasik Timah Tasoh in Perlis, Kenong Rimba Park in Pahang and Pantai Teluk Kemang in Negeri Sembilan.**
- **A total of RM80 million is also provided to preserve and conserve heritage buildings and sites that could potentially be recognised by UNESCO, such as Gua Niah, Sarawak; Lembah Bujang, Kedah and Royal Belum, Perak.**
- RM20 million is also provided to Think City to enhance and conserve the value of Kuala Lumpur as a creative and cultural city.

128. Recognising the significant contribution of the tourism and manufacturing sectors to the development of the country, the Government is committed to **introduce new initiatives under the Malaysian Visa Liberalisation Plan**, involving the following facilities:

First: Facilitate Employment Pass approvals for strategic investors in key sectors;

Second: Introduce Long-Term Social Visit Pass for international students who have graduated to meet industrial skilled personnel needs; and

Third: Improve Visa-On-Arrival facilities, social visit passes and Multiple Entry Visa offers to encourage the entry of tourists and investors, especially from India and China.

129. The Government has also agreed to **ease the existing conditions for the application of Malaysia My Second Home (MM2H)** to increase the arrival of tourists and foreign investors to Malaysia. This improvement to MM2H is expected to increase investment activities in the Malaysian financial market and the country's real estate industry.

Tan Sri Speaker Sir,

130. Local creative talent will continue to be supported to encourage the production of more artistic works in Malaysia as well

as increase their income. The Government will provide RM160 million to implement various initiatives for the benefit of creative artists, among others:

- RM60 million under the Digital Content Fund to promote local works and support content based on national values;
- RM90 under the Film in Malaysia Incentive (FIMI) initiative to further encourage international film production; and
- RM10 million to provide for the MyCreative Matching Grant Scheme to support artists in the production of creative projects.

131. Following the Selangor State’s decision to lower the entertainment duty rate, **the Government also intends to lower the entertainment duty rate for the Federal Territory from 25 percent to new rates as follows:**

- **Full exemption of entertainment duty for stage performances by local artists;**

- **Reduction of entertainment duty to 5 percent for theme parks, family recreation centres, indoor play centres and simulators; and**
- **Reduction to 10 percent entertainment duty for stage performances by international artists and other entertainment events such as film screenings as well as sports and games events.**
- **At this juncture, I also take the opportunity to call on state governments to consider a reduction in entertainment duty, which can support the development of local creative talent as well as boost the country's tourism activities.**

132. I have looked into the input received during the Jelajah Belanjawan MADANI in the State of Johor in relation to the Government's approach in encouraging the entry of foreign film production to Malaysia and further compete against incentives offered by other countries, the Government proposes to set a special income tax rate of between 0 to 10 percent on film production companies, foreign film actors and movie crews who carry out filming in Malaysia.

133. In recognition and appreciation of laureates and arts, cultural and heritage players, the **Government will once again organise the National Art Award annually.**

Third: Technology and Innovation

134. Malaysia needs to emphasise an economic growth model led by research, development, commercialisation and innovation (R&D&C&I) activities. To ensure Malaysia is successfully listed among the top 30 countries in the Global Innovation Index by 2025:

- A total of **RM510 million is allocated as R&D funding under the Ministry of Science, Technology and Innovation as well as the Ministry of Higher Education.** From this, RM50 million is exclusively for a matching grant for public universities to collaborate with the private sector in intensifying research and innovation activities that can be commercialised.
- A total of **RM76 million is also allocated to enhance the R&D&C&I ecosystem** through the provision of a fund to support the commercialisation of products created by business

enterprises, NGOs as well as Government departments and agencies.

- The INNOVATHON programme, which was successfully launched this year, featured many creations by local talent that can be commercialised. **The INNOVATHON programme will be continued to enrich and stimulate innovation among the rakyat.**

135. To inculcate innovation among industry players, **RM10 million will be provided**, involving the E&E technology field under MIMOS, the space sector under MYSA as well as the drone and robotics technology under MRANTI.

Fourth: Plantations and Commodities Sector

136. As of June 2023, the agri-commodity sector has contributed RM38 billion or approximately 5 percent to the GDP and RM77.4 billion or 11 percent to the national export. These commendable achievements are not devoid of various global economic challenges and volatility. These include the impact of the implementation of non-tariff barriers by importing countries such as the European Union Deforestation-free Regulation

(EUDR), the issue of the reliance on foreign labour and adaptation to modern technology.

137. The Government will provide **RM2.4 billion to FELDA, FELCRA and RISDA** to continue boosting agricommodity activities and improve the socioeconomic status of smallholders.

138. By 2027, old palm trees that are more than 25 years are expected to cover an area of more than 560,000 hectares and this will adversely impact the productivity of fresh fruit bunches with losses of up to RM7 billion a year. To curb this problem, the Government will provide the Palm Replanting Programme Incentive with an allocation of RM100 million. This incentive will be offered through a grant and loan to 7,000 private oil palm smallholders.

139. The national palm oil industry needs to continue to be defended against European misconception. The Government will provide **RM70 million to enhance the sustainability level of the palm industry as well as intensify efforts to counter Anti-Palm Oil Campaigns** in the international arena.

140. The Malaysian Rubber Board (LGM) has successfully developed a method of using stimulant gas that can catalyse the production of rubber up to three times as well as to increase the lifespan of rubber trees up to 25 years. RM10 million is provided for the implementation of a pilot project to use stimulant gas for the benefit of rubber smallholders in a 1,000 hectare-wide plantation.

141. The Government will allocate **RM90 million to RISDA and FELCRA to encourage smallholders to optimise the use of production of crops and livestock** such as mushrooms, pineapple, matag coconut, cattle and chicken.

142. To increase the productivity of plantation products and reduce the dependence on foreign labour through mechanisation and automation such as drones and self-driving vehicles, **the scope of automation tax incentives will be expanded to cover the commodities sector under the Ministry of Plantation and Commodities.**

143. In Belanjawan 2023 Budget, I increased the activation pricing level for the Rubber Production Incentive (IPG) from RM2.50 to RM2.70 per kilogramme. Once again, after hearing the grouses of the rubber farmers,

the Government has agreed to increase the IPG activation pricing level to RM3 per kilogramme with an allocation of RM400 million.

Fifth: GLIC and GLC Companies

144. The role of GLICs and GLCs as the driving force of the country's economy is significant. The accumulated investment value of GLCs is estimated to reach RM130 billion this year. Among the focus of investment include DDI, venture capital in high-innovation startups and green growth for climate resilience.

145. Furthermore, GLICs and GLCs have also increased their contribution in the implementation of various programmes for the welfare of the *rakyat* and the country, from RM250 million in 2023 to RM300 million in 2024.

Measure 7: Sustainable Agenda and Energy Transition

146. The launch of the NETR outlines six key drivers of energy transition, including renewable energy, hydrogen, green mobility as well as carbon capture utilisation and storage (CCUS).

First: Towards Net Zero Carbon Emission

147. To realise the NETR aspiration, the Government will provide the Fund to Facilitate National Energy Transition with an accumulated value totalling RM2 billion.

148. Apart from this, financial institutions will also provide financing funds with a total value of RM200 billion to encourage the industry to transition towards a low-carbon economy.

149. To achieve the target of 70 percent renewable energy capacity by 2050, efforts to improve the implementation of the Corporate Green Power Programme will be continued as one of the Third Party Access (TPA) model implementation methods . The Government will continue to explore the TPA model and develop appropriate implementation methods to drive investment in renewable energy capacity.

150. The Government will continue to boost growth in the local electric vehicle (EV) industry and encourage the acceptance of the *rakyat* towards the usage of EVs.

- **The Government welcomes investment of more than RM170 million by leading companies such as TNB, Gentari and Tesla Malaysia to install 180 EV charging stations.**
- **To encourage the use of electric motorcycles, the Government will introduce the Electric Motorcycle Usage Incentive Scheme to the *rakyat* with an annual income of below RM120,000. This scheme will provide up to RM2,400 rebate to buyers.**
- To support the needs of the LRT3 projects, Prasarana Malaysia Berhad has agreed to acquire 150 electric buses and build 3 bus depots at a cost of RM600 million.
- The Government suggests to extend individual income tax relief of up to RM2,500 on expenses for EV charging facilities for a period of 4 years and to extend tax deduction for EV rental costs for a period of 2 years.

151. Encouraging the installation of solar panels will also be intensified.

- The Government will extend the offer period for the Net Energy Metering (NEM) programme until 31 December 2024 to encourage the installation of panels in residential premises.
- The Government is also developing a roof solar buyback programme with minimal cost implications to the system.
- At the same time, the Government is encouraging companies to offer a “Zero Capital Cost” subscription model, as will be offered by Gentari, for the residential housing category.

152. Putrajaya will be modelled as Malaysia’s low-carbon city. The Government will begin installing solar panels on the roof of Government buildings in collaboration with TNB and Gentari. The Federal Administration will also begin using electric vehicles as official vehicles.

153. The Government will continue to support Sustainable and Responsible Investment (SRI). The Government plans to extend the tax exemption to fund management companies that manage SRI

funds as well as tax deductions on the cost of issuing SRI sukuk until the assessment year 2027.

154. To encourage more involvement from companies to join the carbon market voluntarily, the Government is proposing an additional tax deduction up to RM300,000 to be given to companies spending on Measurement, Reporting and Verification (MRV) related to the development of carbon projects. These expenses can be deducted from the income from carbon credit sales traded at the Bursa Carbon Exchange (BCX).

155. The Government will ensure the Petroleum (Income Tax) Act 1967 remains relevant with the current upstream oil and gas industry needs, while increasing the interest of foreign investors. The Petroleum (Income Tax) Act 1967 Review Committee comprising the Ministry of Finance, IRBM and PETRONAS is reviewing and drafting tax incentives for CCUS and Hydrogen Sulphide projects. *Insyah-Allah*, this study will be finalised by the end of the year.

Second: Preservation of Natural Treasures

156. The Government will continue to support the state governments' efforts in increasing the percentage of protected forest areas and protecting endangered wildlife. Next year, **the allocation for Ecological Fiscal Transfer for Biodiversity Conservation (EFT) will be increased to RM200 million, instead of RM150 million this year.**

157. The role of community rangers has been successful in combating invasion, logging and illegal mining as well as killing of wildlife. **The Government will increase the number of community rangers to 2,000 personnel, instead of 1,000 this year to increase the enforcement of permanent forest reserves. RM60 million is allocated with a focus on appointing rangers from among veterans from the Malaysian Armed Forces, the RMP, Orang Asli and local communities.**

158. For the period 2018 to 2022, more than 46,000 complaints have been received involving human-wildlife conflicts such as elephants, tigers and tapirs that damage property and agricultural crops with an estimated loss of RM43 million. **A total of RM10 million is provided to help ease the burden of losses incurred by the *rakyat* affected by human-wildlife conflicts.**

159. The Federal Government will **pioneer the issuance of biodiversity sukuk of up to RM1 billion** involving the replanting of degraded forests that will in turn generate carbon credit. This replanting initiative will be undertaken in collaboration with interested state governments and will potentially benefit from some of the carbon credit generated.

160. The Government has prepared various forms of tax deductions for preservation and conservation activities. To encourage more involvement from the private sector through charity or community projects, the Government will provide **tax deductions to entities that sponsor tree planting activities or environmental preservation and conservation awareness projects certified by the Forest Research Institute Malaysia (FRIM).**

161. In addition, to support the social enterprise movement in producing positive environmental and social impacts, in line with the pillars of sustainability and wellbeing under Malaysia MADANI, **the Government will extend the tax exemption application period on all social enterprise income until 2025.**

Third: Readiness to Face Disasters

162. The Twelfth Plan has allocated a significant amount to fund flood mitigation projects, reaching RM22 billion. This long-term high-impact project is essential to ensure the *rakyat's* wellbeing and curb more losses of life and belongings. Nevertheless, the Government remains firm in its stance on procurement, wherein it should be implemented on a tender basis to avoid wasting the *rakyat's* money.

163. Next year, the implementation of **a total of 33 High Priority Flood Mitigation Projects will be undertaken at a cost of RM11.8 billion.**

Among the projects involved include Flood Mitigation Plans at:

- Sungai Pahang Basin, Pahang;
- Sungai Langat Phase 2, Selangor;
- Sungai Jelai, Kuala Pilah, Negeri Sembilan;
- Sungai Likas, Kota Kinabalu, Sabah;

- Kuching Phase 2; Sarawak;
- Baling Phase 2, Kedah; and
- Integrated River Basin Development, Sungai Kelantan Phase 2, Kelantan.

164. Letters of Acceptance (SST) for 24 projects are expected to be issued this year beginning October 2023 involving a total cost of RM5.1 billion. The remaining projects will be issued SSTs in the first quarter of 2024.

165. Meanwhile, to reduce the risk of stagnant water and flash floods, **RM20 million is provided to 150 local authorities to carry out repair works on damaged sewers and drains.**

166. To curb landslide tragedies similar to the one in Batang Kali, Selangor late last year, the Government has provided **RM563 million for slope repairs nationwide including for monitoring, prevention and reporting programmes as well as early warnings involving more than 2,000 high-risk slopes.**

Tan Sri Speaker Sir,

167. Overall, the **National Disaster Management Agency (NADMA)** as the main agency for flood preparations has been allocated **RM300 million**.

- This includes **RM100 million which will be channelled immediately after this Presentation** using the 2023 allocation to ensure smooth flood preparedness later this year.
- The Government has agreed to **increase the allocation under the National Disaster Relief Fund next year to RM200 million** instead of RM100 million this year.
- **NADMA will also enhance the comfort levels at evacuation centres to ensure the welfare of the victims.** Among them are providing nine Permanent Evacuation Centres, refurbishing lavatories, bathrooms and stores at 1,500 Temporary Evacuation Centres as well as renting mobile lavatories.
- At all times, the Government is willing to increase the allocation if needed to ensure best management of disasters.

168. We must all remember Blake, a member of the K9 Detection Unit of the Fire and Rescue Department who left us after rendering tremendous service to the country. **The Government will improve the medical facilities and treatment for K9 dogs of the Fire and Rescue Department as well as increase the number of K9 detection dogs for the Fire and Rescue Department, RMP and RMCD with an allocation of RM5 million.**

Fourth: Food Security

169. The disruption of the global food supply chain has had a direct impact on the local essential items market. The increase in rice prices is not only happening in Malaysia due to the decision of 19 countries to limit the export of rice to support their own domestic consumption. Last month, the Government decided on four urgent measures to ease the *rakyat's* concerns regarding the price hike of imported white rice and the increase in demand for local white rice.

170. The Government will continue to intensify efforts to ensure the sustainability of the country's agro-food industry self-sufficiency level.

- **The Second Belanjawan MADANI will provide RM2.6 billion to provide various forms of subsidies and incentives to farmers and fishermen.** This allocation has increased to RM600 million compared to this year, in line with the Government's decision to increase the rate of the Paddy Price Subsidy Scheme from RM360 to RM500 per metric tonne.
- I have heard the grouses of paddy farmers when the purchase price by manufacturers was lowered to a minimum of RM1,200 per metric tonne, whereas the purchase price by manufacturers was much higher previously. The Government has set the floor price at RM1,200 since 2014. It gives me great pleasure to announce **the Government has decided to increase the floor price of paddy to RM1,300 per metric tonne to help the income of farmers.**
- The Government has **embarked on a five-season paddy cultivation pilot effort in 2 years in several areas such as Bota Kiri, Perak; Kangar, Perlis and Kota Sarang Semut, Kedah.** This is in line with efforts to upgrade the irrigation infrastructure in Muda Agricultural Development Authority

(MADA) area in Perlis and Kedah to increase rice production with an investment worth RM3 billion.

- The Government has also agreed to increase the allocation of hill paddy or huma paddy subsidies from RM40 million to RM50 million and this, among others, will be able to expand the hill paddy planting area from 43,000 hectares.
- For the benefit of fishermen, the Government will maintain the diesel subsidy at the lowest price of RM1.65 per litre to selected classes of fishermen, with a quota of 840 million litres per annum. Fishermen are also provided a monthly subsistence allowance of up to RM300 per month and the Fishermen Catch Incentive of up to RM1,000 per month. The Government will provide RM10 million for the purpose of building new and refurbishing dilapidated fishermen's houses.
- Next year, **RM400 million will be allocated to implement the Food Security Strengthening Programme.** Particular focus will be on increasing the production of local food crops that are still dependent on external imports.

- Among others, **RM150 million to cooperate with state governments** in optimising land use to increase crop and livestock production.
- **RM50 million to implement the new method of fertiliser procurement through an open tender basis to provide farmers the option of fertiliser to be used.** This project will be carried out on a pilot basis in a 90,000-hectare area, including in Perak, Selangor, Terengganu and Penang.
- **RM50 million to supply 50,000 farmers with bio-organic fertilisers** to increase soil fertility.
- To support the increase in production capacity of agricultural products and the competitiveness of young agropreneuers, **Agrobank provides loan facilities** to agro-food entrepreneurs with the availability of funds of up to RM430 million.
- The Government will protect farmers, breeders and fishermen hit by natural disasters, which destroy their crops and livestock.

- **RM50 million is provided under the Agricultural Disaster Fund as compensation of up to 50 percent of the value of losses due to disasters.**
- **RM50 million has also been allocated as startup funds under Skim Takaful Tanaman Padi for the benefit of more than 240,000 rice farmers.**

171. In essence, I call for the involvement and cooperation of the private sector in embracing all their strengths and expertise to work together to increase local food production to reduce reliance on imported supplies.

III. RAISING RAKYAT'S STANDARD OF LIVING

172. As expressed in Thirukkural:

**இயற்றலும் ஈட்டலுங் காத்தலும் காத்த வகுத்தலும்
வல்ல தரசு**

**(Iyatralum Eettalum Kaatthalum Kaattha
Vaguthalum Vallathu Arasu)**

The person, capable of advancing (wealth from various sources of income), gathering (wealth from that income in a centre), protecting (the accumulated wealth) and managing the expenditure of that protected wealth (in advantageous ways),
is the King.

173. The increase in national revenue from economic and fiscal restructuring will be fully utilised to elevate the standard of living for the *rakyat* to a more meaningful level. Particular emphasis is given to the channelling of cash assistance directly to the underprivileged as well as providing education, health and basic infrastructure for all.

Measure 8: Protecting the Welfare of the *Rakyat*

174. For 2024, a total of **RM58.1 billion is provided to finance various forms of Government assistance to the *rakyat*** including subsidies, incentives and aid. Almost 50 percent of this allocation is to control the price of goods and services to benefit the *rakyat*.

175. For example, **RM225 million is allocated to finance the cost of distribution of essential goods** such as petrol, LPG, flour and cooking

oil to rural and remote areas under the Community Drumming Programme. The programme will be expanded to new areas including the Abai district, Sandakan, Sabah and Engkerebai, Mukah, Sarawak.

First: Payung Rahmah Programme

176. The Payung Rahmah Programme is a manifestation of the Government's concern with the plight of the *rakyat*. The battle against dealing with the rising cost of living, which was initiated by the late Datuk Seri Salahuddin Ayub shall not be stopped and will be further enhanced.

177. The Government has allocated **RM200 million to continue the implementation of the Payung Rahmah Programme.**

- For example, **the Jualan Rahmah Programme**, which offers essential items priced up to 30 percent lower, will be expanded to more state constituencies nationwide.
- **The Pasar Rahmah Programme, which offers incentives to 1.2 million entrepreneurs of wholesale markets, night markets and farmers markets** will continue to reduce the cost of doing business, thereby lowering sale prices.

Sumbangan Tunai Rahmah (STR) & Sumbangan Asas Rahmah (SARA)

178. I have heard the grievances of the *rakyat* who faced challenges of the cost of living and the rising price of goods. This issue has always been the Government's priority in ensuring that low-income households continue to be given appropriate assistance.

179. The wisdom of retargeting subsidies will enable the Government to improve and increase cash assistance to the *rakyat* through the STR. Next year:

- **The STR will benefit 9 million recipients or 60 percent of Malaysia's adult population.**
- **The STR allocation will increase by RM2 billion or 25 percent from RM8 billion to RM10 billion.**
- **The maximum STR will increase from RM3,100 to RM3,700.**

- The minimum STR rate for singles will also increase from RM350 to RM500.
- The first STR payment for households is usually RM300. For STR 2024, the first STR payment is increased to RM500 which will be distributed before Ramadan, *Insyah-Allah*.
- This year, we have introduced SARA by crediting into the MyKad of 200,000 STR recipients RM100 per month for a period of six months. Through SARA, the recipient only needs to present their myKad to retail outlets to buy basic necessities. Taking into account the excellent feedback, the Government has decided to extend the SARA benefit to 700,000 STR recipients who will receive RM100 per month for a period of 12 months.
- STR 2024 will adopt a different approach wherein the Government will accept new applications as early as November 2023 and this application period will be opened throughout the year compared to just once a year previously. *Insyah-Allah*, the first payment up to RM500 will be made in February 2024.

Second: Meaningful Income

180. The People's Income Initiative (IPR) launched this year has managed to increase the monthly income of more than 2,000 participants. Under the INSAN programme, the participants managed to earn an average sales revenue of up to RM14,000 per month. **Next year, RM500 million will be provided to increase the participation of more hardcore poor in the IPR programme to increase their income..**

181. Based on the latest data, efforts to tackle hardcore poverty continue to reflect progress, with hardcore poverty rate falling from an estimated 1 percent in 2020 to 0.2 percent or 18,000 households at present. For all the efforts in place, the Government is confident that hardcore poverty can be put to an end.

182. The Government agrees to enable the **skills improvement programme under the MyFutureJobs platform accessible to all MySTEP appointments.** This platform will provide matching jobs that will build their future career and generate higher income. This initiative will offer 50,000 jobs opportunities on contract basis in the public sector and GLCs starting January 2024.

183. The Government will continue to encourage the vulnerable people such as the disabled, former inmates and senior citizens to secure jobs with meaningful salaries.

- To encourage private employers to employ the vulnerable, **SOCSSO will provide a special incentive of RM1,500 per month for the period of six months to support the entry of more than 3,300 job seekers** with an allocation of RM30 million.
- **The One Percent Policy on Employment Opportunities for the disabled will be extended to former inmates and senior citizens via the MYFutureJobs job-matching and MySTEP programme.** Vulnerable group participating in the MySTEP programme will be offered contractual placements with an allowance of RM1,500 for a period of six months in various ministries, GLICs and GLCs as well as Government's strategic partners.

184. The Government will continue the Career Building Programme through SOCSSO to ensure informal workers, especially in the gig economy, are given the opportunity to participate in career development

and microcredential skills training programmes. **RM35 million will be provided to bear the cost of training fees and income replacement incentives for 9,000 gig workers to attend training programmes.**

Third: Channelling of Cash Assistance

185. For 2024, the assistance channelled by the Department of Social Welfare (JKM) is worth more than RM2.4 billion. The assistance is expected to benefit more than 450,000 *rakyat*, especially hardcore poor households, senior citizens, children and the disabled. I am pleased to share that eligibility requirements have been expanded in line with the increase in the 2023 Food Poverty Line Income (PGK) that is RM1,198 per month.

186. A portion of the income generated from the sales of special licence plate numbers will be utilised to ease the burden of the underprivileged.

First: The Government agrees to continue **bearing the driving test fees for the B2 motorcycle licence category, e-hailing and taxis for the benefit of more than 40,000 youths** from underprivileged families.

Second: A total of 10,000 **helmets including for children will be freely distributed** to underprivileged families.

Third: The FLYsiswa initiative is introduced as a subsidy aid to purchase flight tickets to reduce the financial burden of students who wish to return to their hometowns. Next year, **the FLYsiswa initiative will continue to benefit nearly 60,000 students** from underprivileged families.

Fourth: Social Protection

187. The Government is improving social protection programmes to ensure that the focus group continues to receive the appropriate protection.

First: **The Government's contribution under the Self-Employment Social Security Scheme (SKSPS) will be increased to 90 percent with an allocation of RM100 million.** On behalf of the gig workers, I would like to urge the operating company to cover the remaining 10 percent of the contribution. I am sure

platform operating companies are very attentive of their workers' welfare .

Second: The Government's matching contribution limit under the EPF's i-Saraan programme will be increased to RM500 per year, limited to RM5,000 for life.

Third: The Government's matching contribution limit under the EPF's i-Suri programme will be increased to RM300 per year, limited to RM3,000 for life.

Fourth: The Housewives' Social Security Scheme will be continued with an allocation of RM50 million involving more than 400,000 housewives registered under e-Kasih.

Fifth: On the basis of love and care, the EPF's i-Sayang programme will be expanded to allow wives to transfer 2 percent of their EPF contributions to their husbands.

188. Furthermore, the Government **will increase the monthly salary ceiling for SOSCO contributions from RM5,000 to RM6,000.** This increment will expand cash benefits at a rate of 20.2 percent to benefit 1.45 million workers and their dependents.

189. The accounts of EPF members will be restructured to strengthen retirement savings. **The new EPF Flexible Account will be introduced to allow accessibility to members at any time.**

Measure 9: Empowering the Government Focus Group

190. In line with the inclusive development, efforts will continue to be intensified to ensure equality of opportunity among the *rakyat* and provide specific assistance for certain groups, especially the vulnerable and those in need of assistance.

First: Bumiputera Agenda

191. We have to take heed from past mistakes that led to the dereliction and negligence which has resulted in the detriment of Bumiputera agencies:

- The main institutions of the country cannot deviate from the initial goals of its establishment. Past mismanagement has also forced the Government to incur losses in Tabung Haji (RM20 billion), FELDA (RM10 billion) and LTAT (RM2 billion). In facing problems, it is highly inappropriate for main institutions to make settlements by selling strategic assets. Therefore, in the interests of stakeholders, the management of main institutions should be responsible in managing their institutions in a prudent and professional manner to realise long-term investment potential.
- Moving forward, Bumiputera investment institutions will be centralised under Yayasan Pelaburan Bumiputera (YPB). Pelaburan Hartanah Berhad (PHB) will be merged under PNB and strengthened through the provision of the Government's strategic lands especially in Kuala Lumpur for housing development projects. Ekuinas will also be placed under the umbrella of YPB to strengthen Bumiputera business expansion in collaboration with PNB and PUNB.
- Education institutions under MARA including UiTM should focus on training and upskilling new Bumiputera talent in high-growth

areas such as Islamic economy, aerospace and creative industries.

- Next year, RM1.6 billion worth of loan facilities and guarantees will be provided specifically for Bumiputera MSME entrepreneurs to increase capacity and competitiveness including the provision of venture capital financing to Bumiputera startups.
- The Government will provide the CAKNA 2 Scheme special fund amounting to RM2.4 billion to assist small G1 to G4 Bumiputera contractors to complete Government small-scale projects. The CAKNA 1 scheme, with a non-debt feature to assist Government vendors, is extended for the implementation of all Government agencies.

Second: Women and Children

192. The Ekonomi MADANI Framework sets a benchmark to increase the participation rate for women in the labour force to 60 percent. To further encourage women to return to work, **tax incentives for women returning to work are extended until 31 December 2027.**

193. The Government is **proposing that the income tax exemption limit on childcare allowances received by employees or paid directly by employers to childcare centres be increased from RM2,400 to RM3,000.**

194. Immigration detention centres are not meant for children. There is no need to refer to international conventions to be aware of the matter; we need to have empathy. The Government has pioneered the Baitul Mahabbah programme under the Immigration Department of Malaysia to provide temporary placement for these children. For 2024, **the Government will expand this programme to three more temporary settlement centres, namely Sabah, Sarawak and Peninsular with an allocation of RM10 million.**

195. Attention will continue to be given to early childhood education. For next year, **KEMAS is allocated RM586 million.**

- **A total of 10 new TABIKA and TASKA at a cost of RM31 million will be built,** among them, in Kampung Paya Berenjut, Kemaman, Terengganu; Felda Jelai 1, Tampin Negeri Sembilan and Taman Kota Masai, Johor Bahru, Johor.

- A total of RM20 million is also provided to upgrade the **KEMAS Early Childhood Education premises.**

196. For next year, 26 new preschools under the Ministry of Education will be built involving a cost of RM82 million. This includes the construction of preschool buildings in:

- Sekolah Kebangsaan Abang Kadir Gedong, Simunjan, Sarawak;
- Sekolah Kebangsaan Bunut Rendang, Kuantan, Pahang; and
- Sekolah Jenis Kebangsaan Cina Chabau, Melaka.

197. The inculcation of Islamic education and the knowledge of the Quran will continue to be strengthened from an early age. **The Government will implement the KEMAS Pre-Tahfiz Programme with an allocation of RM20 million, targeting to produce 100,000 young hufaz by 2026.**

Second: Youths

198. To inculcate the spirit of volunteerism among youths aged 18 to 20 years, the Government will implement the “pay it forward” concept. **A**

RM500 reward will provided to youths who have successfully participated in volunteerism activities with organisations recognised by the Government.

199. In addition, the Rakan Muda Programme has been given a new lease of life to mould the identity and personality of young Malaysians. **The Government has allocated RM20 million to Rakan Muda to enhance the content of youth programmes.**

200. Since inception, the **Tunas Usahawan Belia Bumiputera** Programme (TUBE) has produced more than 7,000 Bumiputera youth entrepreneurs and created nearly 14,000 job opportunities. This programme will continue next year with an allocation of RM20 million. The TEKUN Belia Mobilepreneur scheme will be continued with an allocation of RM10 million as capital for young people to venture into delivery services using motorcycles.

201. To promote Malaysia as an e-sports industry development hub, a total of RM30 million is allocated to encourage companies or international video game studios to invest in Malaysia in the development of their digital products together with local talent..

Third: Key Communities

a) Orang Asli

202. The Orang Asli communities are allocated RM333 million in 2024 compared to RM305 million this year. This allocation includes the implementation of socio-economic development and infrastructure projects in Orang Asli villages as well as the provision of social assistance.

203. For example, a total of RM28 million is allocated to intensify the development programme of Orang Asli entrepreneurs and the replantation of Orang Asli plantations such as at Batang Padang, Perak and Hulu Langat, Selangor.

b) Persons with Disabilities (OKU)

204. The Government will continue to protect the wellbeing and empower the OKU to be self-sufficient.

- A total of **RM1.2 billion** is provided to channel various forms of assistance such as caregiving to chronically ill bedridden

OKU, OKU who are unable to work and allowances for OKU workers.

- Next year, **the allowance rate for OKU trainees who participate in the Community Recovery Programme will be increased to RM300 per month compared to RM150 per month.** This increase is expected to benefit more than 18,000 OKU trainees with an additional allocation of RM30 million.
- BSN will provide RM50 million as a special financing facility to benefit OKU micro entrepreneurs.

c) Senior Citizens

205. For 2024, a total of **RM1 billion is allocated to protect the wellbeing of senior citizens.** This includes providing cash assistance and channelling of the fund to senior citizens' care institutions and activity centres.

206. The Government proposes for the **Industrial Building Allowance to be given to the Senior Citizens Private Nursing Homes** approved by the Ministry of Health at the rate of 10 percent of the cost of buildings

to be built or purchased, including renovation costs for each year of assessment. This allowance is given for eligible expenses incurred from 1 January 2024 to 31 December 2026.

d) Inmates and Refugees

207. The PEKA (Your Second Chance) Programme under the Prisons Department has successfully provided employment opportunities for selected inmates who are ending their sentence. Next year, apart from continuing to work with companies to ensure the success of the PEKA Programme, **a total of RM10 million is also provided for the implementation of the PEKA TVET Programme to provide CIDB-accredited competency training to inmates.**

208. In the spirit of second chances, the Government will also table **amendments to the Drug Dependants (Treatments and Rehabilitation) Act 1983** to enable drug addicts to receive treatment and rehabilitation without being admitted to prison institutions.

209. Malaysia is no exception to spillover effects from the humanitarian crisis in regional countries. Most of the refugees and asylum seekers in Malaysia are those who are oppressed in Myanmar. The Government is

willing to **consider providing controlled access to basic needs including jobs, services and education.**

Measure 10: Providing Excellent Basic Facilities

“Without education and liberty, that soil and the sun of mankind, no reform is possible, no measure can give the result desired.”

(Jose Rizal)

210. The Ekonomi MADANI Framework sets the benchmark for Malaysia to be among the top 25 in the United Nations Human Development Index (HDI). Among the criteria to measure HDI include the education and health levels of the citizens.

First: Education and Higher Education

(a) Mainstream Education

211. Education remains the main component that receives the highest allocation in the Second Belanjawan MADANI. **The Ministry of Education, specifically, will be allocated RM58.7 billion compared to RM55.2 billion in 2023.**

212. Next year, an allocation of **RM1.9 billion** will be allocated to **upgrade and maintain schools nationwide.**

- This includes RM930 million **for the upgrading of dilapidated buildings and infrastructure in 450 schools, comprising 185 projects in Sarawak and 155 projects in Sabah.**
- A total of RM1 billion is allocated for **the maintenance of all types of schools such as national, religious and vernacular schools,** including special education schools with a focus on the needs of students with autism.

213. Next year, **the construction of 26 new schools will begin with a total cost of RM2.5 billion, including:**

- **SMK Laya-Laya, Tuaran Sabah;**
- **SMK Baie, Bintulu, Sarawak;**
- **SMK Seri Melati, Kuantan, Pahang;**

- **SMK Bandar Universiti, Bandar Seri Iskandar, Perak;** and
- **SMK Binjai, Kota Bharu, Kelantan.**

214. Beginning next year, the Government **has agreed to expand the parents' income criteria in the application of the Federal Small Scholarship (BKP) according to the PGK rate of RM2,589 compared to the previous RM1,500.** The extension of this requirement will benefit an additional 35,000 children from underprivileged families.

215. To ensure the children from poor families do not drop out of school, the Government has agreed to **expand the provision of assistance under the Kumpulan Wang Amanah Pelajar Miskin to Form Three students** compared to Form One students previously. In total, over 1 million students will receive benefits with an allocation RM150 million.

216. The Ministry of Education recorded a decrease in the participation of upper secondary students in the Science, Technology, Engineering and Mathematics (STEM) stream to 40.94 percent in 2022 compared to 45.2 percent in 2017.

- To strengthen the STEM field, a **Special STEM Committee across ministries will be established** to set targets and measures to increase STEM field participation among secondary school students.
- The Government will provide **RM100 million to maintain and upgrade school computer labs and acquire new equipment for STEM learning**. Industry representatives will also be involved as instructors and provide equipment to increase the interest of students in STEM.

217. The Government will continue to empower and protect the wellbeing of students with special needs.

- Next year, **18 new special education blocks will be built with a total cost of RM180 million**. This includes SMK Kubang Rotan, Kedah; SK Bandar Baru Perda, Pulau Pinang and SMK Dato' Ali Ahmad, Perlis.
- A total of **RM30 million is also provided for special educational support equipment and disabled-friendly infrastructure** to facilitate students and teachers in school.

218. The application of *Karamah Insaniah* among school students will be enhanced to implement student character-building programmes that focus on the values of leadership, personality, manners and integrity.

219. Malaysia recorded the highest school closures compared to regional countries during the COVID-19 pandemic. Pursuant to this, there are still students who drop out and require further guidance. **To this end, RM100 million is provided to implement a holistic approach involving all parties to help these affected students.**

220. To ensure the suggestions and concerns of parents, educators and the industry are factored in the currently drafted National Education Blueprint, the Ministry of Education will carry out the Future of National Education Tour.

(b) Higher Education

221. The excellence of higher education is measured by the number of successful young talents produced. Universities, as knowledge hubs, need to be ready to supply graduates with the necessary skills and

knowledge of the job market. For this purpose, the **Ministry of Higher Education is allocated RM16.3 billion compared to RM15.3 billion this year.**

222. Lagging internet access in universities is one of the highest complaints that I have received in my Siri Temu sessions with students. This should be dealt with utmost urgency. **The Second Belanjawan MADANI will provide RM250 million to replace and extend the coverage of WIFI in all public universities.** This also includes RM5 million for the digitalisation project of the University Teaching Hospitals.

223. To increase the level of comfort and safety in institutes of higher education (IPT), **RM300 million is provided to maintain and repair infrastructure as well as replace dilapidated equipment.** This includes RM50 million for the procurement of equipment at four technical universities in Malaysia.

224. The Government will continue to promote knowledge by **encouraging vulnerable communities, including OKU, Orang Asli, single mothers and senior citizens to participate in the Lifelong Learning Programme in community colleges. A total of RM5 million**

is provided for the benefit of 5,000 focused communities in 105 community colleges nationwide.

225. To improve the socio-economic level and empower local entrepreneurs, the Government has provided **RM1 million to each public university to intensify the implementation of the Program Pengupayaan Komuniti MADANI and the OKU Community Rehabilitation Programme.**

226. Malaysia needs to move quickly to lead the thrust of the future in line with the booming global digital transformation. Innovation and digital talent need to be strengthened, especially in the artificial intelligence (AI), to support sustainable economic growth in the country. To intensify the exploration of cross-disciplinary AI, **I am pleased to announce the establishment of the country's first AI study centre, the Faculty of Artificial Intelligence (AI) at Universiti Teknologi Malaysia with an initial allocation of RM20 million.**

227. Debts must be paid. To build a responsible attitude among borrowers, the Government has agreed to provide **a discount on PTPTN loan repayment from 14 October 2023 until 31 March 2024 with the following rates:**

First: 10 percent discount on the balance of debt for full settlement of the loan;

Second: 10 percent discount on payment of at least 50 percent of the remaining debt in a single payment; and

Third: 15 percent discount on payment by salary deduction or scheduled direct debit.

228. Lastly, I would like to emphasise on the welfare of university students. I will not, under any circumstances, allow students, especially those from underprivileged families, to be denied access to public universities or have their rights to enrol denied simply because they cannot afford the enrolment fees. Not having the money to pay the fees cannot be used as a reason to prevent students from sitting for exams.

- Starting from January 2024, **the registration fees for admission to public universities will be capped at RM1,500.**

This is in line with the value of the National Higher Education Fund Corporation (PTPTN) Advance Loan (WPP), which amounts to RM1,500 for all eligible prospective students.

- At the same time, **existing students who cannot afford to pay their tuition fees will not be blocked from registering for subjects each semester** and payments can be settled after subject registration. Any payment regulations set by universities should take into consideration the welfare of students.
- Moving forward, the university Student Affairs Division, in collaboration with PTPTN or other relevant bodies, should play a role in simplifying the process and assisting students and prospective students facing issues in tuition payment.

Second: Health Services

Tan Sri Speaker Sir,

229. The Health White Paper, which was presented in this August House last June has outlined some of the key challenges of the nation's health system that needs to be addressed, including integrating the public and private health sectors that have been dichotomised for a long time. The Second Belanjawan MADANI will lay the framework to achieve the four pillars of the national health reform strategy.

230. Next year, **the Ministry of Health Malaysia will be allocated RM41.2 billion** compared to RM36.3 billion this year, making it the largest increase among ministries. A total of RM5.5 billion of this allocation is for procuring medicines, consumables, reagents and vaccines. This includes purchasing medication from the ASEAN region at reasonable prices and to ensure quality while reducing dependence on medicines from Western countries.

231. Malaysia has yet to meet the ratio of one doctor to 400 patients. To this end, the accessibility to health facilities will continue to be increased to minimise congestion.

- Next year, **several new development projects will begin to be implemented** including:
 - Universiti Sains Islam Malaysia Teaching Hospital Complex (USIM) Phase 1 in Kota Tinggi, Johor at a cost of RM938 million;
 - Preliminary work for the construction of Hospital Sultanah Aminah 2, Johor Bahru, Johor;

- Additional Pathology Block at Hospital Raja Perempuan Zainab II, Kelantan at a cost of RM175 million;
- Additional building for the Emergency and Trauma Department at Hospital Sultan Abdul Aziz Shah, Universiti Putra Malaysia, Serdang, Selangor; and
- Five new health clinics including Rantau, Negeri Sembilan; Kuala Tahan, Jerantut, Pahang; Kuala Jengal, Dungun, Terengganu; and Pulau Mantanani, Kota Belud, Sabah at a cost of RM150 million.
- The Government also supports Sarawak's intention to develop a Cancer Institute in Sarawak.
- To control congestion in MOH hospitals, the Government will also continue to enhance cooperation by **outsourcing patients to other hospitals** including military, university and private hospitals with an allocation of RM200 million.

232. The commitment of the Unity Government to refurbish dilapidated clinics will be intensified. A total of **RM300 million is allocated to refurbish 400 rundown clinics** with wooden structures and dilapidated wiring.

233. A total of **RM766 million is also allocated for the procurement of medical equipment at MOH hospitals** to replace equipment that has reached Beyond Economic Repair (BER) and to meet the needs of various new service disciplines. This includes **RM200 million for ambulance procurement** to ensure healthcare service readiness in responding to emergency calls.

234. Only 3 percent of national health clinics are equipped with digital health records. Digital records are crucial in establishing quick patient data access that can be shared across all Government healthcare facilities. The Government has **allocated RM150 million for the maintenance of ICT systems** under the Ministry of Health, including providing **Clinic Management System Subscription (CCMS) to 100 government health clinics.**

235. To protect the *rakyat* and ensure their wellbeing, healthcare services should shift from treating patients to disease prevention activities

and the Agenda Nasional Malaysia Sihat (ANMS), RM130 million has been allocated for this purpose, including health screening, early screening for new-borns and providing vaccines to pregnant women.

236. At the same time, as a measure to mitigate health risks, the following steps will be implemented:

- **Imposing an excise duty on chewed tobacco products at a rate of 5 percent on top of RM27 per kilogramme**, similar to the excise duty levied on snuff tobacco.
- **The current excise duty rate for sugary drinks will be increased from 40 cents to 50 cents per litre.** The revenue from this excise duty will be specifically allocated for addressing and treating diabetes, including support for dialysis centres.

237. The Skim Perubatan MADANI will be expanded nationwide with an allocation of RM100 million, benefitting 700,000 *rakyat*, and the mySalam scheme will be continued for two more years. RM50 million will be allocated for medical device expenses claims such as heart stents.

Third: Rural Development

238. The Belanjawan 2024 speech that I am holding today was placed in a bag produced by the local craft community. I believe that we can indeed uplift the economic dignity of the local community to generate meaningful income for them.

239. In support of the efforts to uplift the community's economy, the Government will introduce the Program Komuniti MADANI under the auspices of the ICU, Prime Minister's Department. This programme aims to boost community-level economic activities, involving five key sectors, that is agriculture and food, sewing and handicrafts, herbs and health, tourism and hospitality as well as green and recycling activities.

240. Every community, whether in rural or urban areas, will be given the freedom to deliberate and decide on their chosen focus sectors. The Government will allocate RM1 billion under the Dana Komuniti MADANI (DKM) to provide grants ranging from RM50,000 to RM100,000 to communities to facilitate the Program Komuniti MADANI success.

241. To bridge the gap between regions, the improvement of rural infrastructure will continue to be a top priority.

First: **RM1.63 billion has been allocated for the construction and upgrading of roads in villages and rural areas** including in Bachok, Kelantan, Tambun Tulang, Perlis; and Chuah, Port Dickson, Negeri Sembilan.

Second: A total of RM939 million has been allocated to provide water supply to 5,150 households and electricity supply to 2,200 households.

Third: **RM134 million is allocated for the installation of 60,000 units of village streetlights and the maintenance of over 500,000 units of village streetlights.**

Fourth: **RM57 million for the implementation of 115 projects, including 54 new projects to upgrade of deteriorated bridges and construct new bridges.**

Fifth: RM100 million is allocated for the upgrading, construction and repair of basic facilities such as community halls, town halls, paved walkways and covered pathways in villages and rural areas under the Social Amenities Project.

242. The Unity Government pledges to address the issue of clean water supply, especially in Kelantan, Sabah and the Federal Territory of Labuan. **A total of RM1.1 billion has been allocated, to implement solutions for water supply issues.**

- For the State of Kelantan, **the construction project of the Machang Water Treatment Plant Phase 1 with a capacity of 250 million litres** per day will be implemented to enhance the water supply reserve. **Asbestos cement pipes will also be replaced** to reduce water loss rates and disruptions in water supply due to pipe leaks. While waiting for the project to be completed, **the number of rented tankers and static tanks will be increased** to ensure those in Kelantan receive immediate water supply in case of disruptions.

- To address the water supply issue, especially in Kota Kinabalu, Sabah, the focus will be on **restoring and replacing infrastructure and equipment to enhance the capacity of water treatment plants.**
- For the Federal Territory of Labuan, efforts are directed towards replacing dilapidated pipes and repairing existing infrastructure.

243. The Government agrees to introduce the Program Kampung Angkat MADANI. This programme will focus on providing basic facilities, including internet access in remote rural areas. To ensure government agencies work together effectively and avoid working in silos, I direct all Chief Secretaries and Heads of Services to pool their resources across ministries and collaborate with GLCs, GLICs and private organisations to make this programme a success.

Fourth: Digital Connectivity

244. As of September 2023, Digital Nasional Berhad (DNB) has successfully developed a 5G network with coverage in populated areas at 70.2 percent. As promised, the 5G network is expected to reach approximately 80 percent coverage in populated areas by the end of this

year. Citizens can now enjoy high-quality 5G services offered by all telecommunications companies. To boost 5G adoption, concerted efforts will be intensified through collaboration with telecommunication companies to ensure that more consumers and businesses can benefit from this.

245. At the same time, **CyberSecurity will develop a 5G Cybersecurity Testing Framework and Local Expertise in 5G Technology** to enhance preparedness against cyber threats. RM60 million is allocated for this purpose.

Fifth: Road Network & Public Transportation

246. A well-connected road network facilitates the movement of the *rakyat* while streamlining the activities of traders and boosts the local economy. Major road infrastructure projects will continue to be intensified.

- ***Insya-Allah*, the Sarawak Pan Borneo Highway will be fully completed next year. Meanwhile, the tender process for the 19 packages of work for Phase 1b of the Pan Borneo Sabah project, spanning 366 kilometres with a cost of RM15.7 billion, will be completed by November this year.**

- **The Sarawak-Sabah Link Road (SSLR) Phase 2 project, spanning over 320 kilometres, involving a cost of nearly RM7.4 billion, will also commence at the end of this year.**
- **Taking into account the increased number of vehicles, the expansion project of the North-South Expressway (PLUS) from four to six lanes is extended from Sedenak to Simpang Renggam at a cost of RM931 million.**

247. Public transportation subsidies such as buses, trains and air services will continue to be provided to ensure continuity of best services for the *rakyat*.

- **A total of RM96 million in Stage Bus Support Fund is allocated to help cover the daily operating costs of operators providing bus services on low-passenger routes in rural areas.**
- **RM150 million is allocated to continue the Stage Bus Service Transformation, including expanding its services to benefit three new locations, namely Kota Bharu, Kuantan and Kota Setar.**

- **The Government will continue to subsidise air transportation with an amount of RM209 million for the benefit of residents in the rural and remote areas of Sabah and Sarawak.**
- **For over 180,000 residents of the Klang Valley who rely on PRASARANA's bus and rail services for their daily commutes, the monthly My50 pass benefits will be continued.**

248. The Government has agreed to resume the previous proposal to construct five LRT3 stations that were previously cancelled. These stations are Tropicana, Raja Muda, Temasya, Bukit Raja and Bandar Botanik. The retention of these stations is expected to complement and enhance the public transportation network in the Klang Valley, benefitting around 2 million residents, with a cost of RM4.7 billion.

249. The initial estimate for the Penang LRT to Seberang Perai, as planned by the State Government, amounts to RM10 billion through the public-private partnership (PPP) approach.

Sixth: Housing

250. This year, the Government has mobilised a special team under the Ministry of Local Government Development (KPKT) to address issues on delayed, sick and abandoned private housing projects that have burdened homebuyers. **As of August 2023, 256 sick projects involving over 28,000 housing units have been restored**, with a Gross Development Value of RM23.37 billion.

251. Overall, a total of **RM2.47 billion is allocated to implement housing projects for the *rakyat*** in 2024.

- A special guarantee fund of RM1 billion has been allocated to encourage reputable developers to revive identified abandoned projects;
- A total of **RM546 million is allocated for continuing the implementation of 36 Program Perumahan Rakyat (PPR)**, including a new project in Kluang, Johor. *Insya-Allah*, 15 PPR projects are expected to be completed next year to benefit 5,100 potential new residents.

- **14 Program Rumah Mesra Rakyat** continue to be constructed with **3,500** housing units with an allocation of **RM358 million**.
- The Government has allocated **RM460 million** to aid approximately **65,000** impoverished rural residents for the construction of new homes or the renovation of their existing dilapidated houses.
- A sum of **RM100 million** is allocated for the maintenance of **low- and medium-cost public and private strata housing projects** nationwide. This includes repairing water tanks, roofs and electrical systems, as well as installing closed-circuit television cameras.

252. The Government will provide guarantees of up to **RM10 billion** for the **Housing Credit Guarantee Scheme (HCGS)** to benefit **40,000** borrowers.

253. The Unity Government appreciates the efforts of the Pahang State Government in rescuing the abandoned New Generation FELDA Housing

project, involving 1,840 housing units across 10 project sites throughout Pahang since 2014. This noble effort should serve as an example to other state governments in assisting FELDA to complete abandoned housing projects.

254. To facilitate the redevelopment of strata schemes, the residents' **approval threshold for en-bloc sales will be reduced from 100 percent to a level consistent with international practices, such as in Singapore.** This change aims to encourage urban renewal and promote the redevelopment of ageing buildings in the city.

255. Under the Unity Administration, the Government has taken over **the development of Bandar Malaysia to ensure that strategically located lands are optimally utilised for rakyat-oriented projects** based on MADANI values. This includes affordable housing projects for veterans, considering the interests of Bumiputera communities in the Federal Territories, as well as the provision of parks and green spaces that can be enjoyed by all residents in the Klang Valley.

256. The Government will allocate RM100 million to the Chinese New Village to provide basic infrastructure and social facilities to ensure the wellbeing of the residents.

257. As a measure to control property prices, the Government intends to impose a flat rate stamp duty of 4 percent on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.

258. Meanwhile, beginning 2024, the Government also intends to propose that **property transfer documents involving beneficiaries relinquishing their rights to eligible beneficiaries as per will, inheritance or the Distribution Act 1958 will only be subject to a stamp duty of RM10**, instead of the previous ad-valorem rate.

Measure 11: Strengthening Unity and Security

259. The Kembara Kenali Borneo by His Majesty Yang di-Pertuan Agong and Her Majesty the Permaisuri received enthusiastic national reception from the *rakyat* of Sabah and Sarawak. It is undeniable that the true face of Malaysia is vividly portrayed by the *rakyat* of Sabah and Sarawak.

First: National Security and Defence

260. Recently, our national borders have faced threats from external elements attempting to disrupt our security. The nation's security is challenged by issues related to race, religion and royalty being used as sources of provocation. The defence of our land is essential to ensure our security. Internal security must be preserved to maintain harmony.

For the coming year, the Ministry of Defence is allocated RM19.7 billion, an increase of RM2 billion compared to this year. Meanwhile, the Ministry of Home Affairs (KDN) is allocated RM19 billion, an increase of RM500 million compared to this year and the allocation will be utilised towards enhancing our capabilities in maintaining and procuring urgent defence assets in a transparent manner and in accordance with the current policies that are in force.

261. To strengthen the level of national defence readiness and security, the Government will **initiate the procurement process for new assets.**

This includes:

- The acquisition of 12 new helicopters for the Royal Malaysian Air Force;
- The procurement of key assets for the Royal Malaysian Army, including 60 infantry fighting vehicles, 50 High Mobility Light Tactical Vehicles (HMLTVs), 6 Hovercraft Integrated Fast Interceptors and 733 various types of support vehicles;
- The refurbishment of 2 submarine assets, in addition to continuing the acquisition of three Royal Malaysian Navy Littoral Mission Ships (LMS); and
- The acquisition to replace old assets with 7 twin-engine aircraft and 5 light helicopters for RMP.

262. The tense situation in the South China Sea needs to be addressed through peaceful dialogue. Malaysia reiterates its commitment to a peaceful resolution through the Declaration on the Conduct of Parties in the South China Sea (DOC) regarding issues in the South China Sea. However, this does not mean that we can compromise our sovereignty.

263. The **security of the country's borders and waters will continue to be upheld while improving the efficiency and effectiveness of controls at international entry points.** For the upcoming year:

- The Government will **increase maritime assets**, including the acquisition of 45 units of various types of Army boats and 9 new generation patrol ships and Malaysian Maritime Enforcement Agency (APMM) interceptor boats.
- The Government will also **build seven balance posts** in Melikin and Pa' Daleh, Sarawak, **one security post** in Sungai Desa Aji Kuning, Pulau Sebatik, Sabah as well as **preliminary work on the construction of two ICQS** in Nabawan and Kalabakan, Sabah.
- The Government will **establish a single border agency (SBA)** to enhance the management of the country's borders. RM20 million is provided for the maintenance, improvement and procurement of assets at international entry points nationwide.

264. The wellbeing of uniformed members and retirees will continue to be preserved.

- **RM400 million is provided for the maintenance and refurbishment of all Armed Forces Family Homes.**
- **Upgrading of the army camp sewerage system in phases with a provision of RM20 million;**
- The Government will continue to intensify the PROTEGE-RTW initiative, which involves job training placements in collaboration with companies awarded government contracts. The scope of this initiative will also be expanded to include veterans from the Armed Forces under contracts signed by the Ministry of Defence.
- In order to protect the welfare and socio-economic development of veteran members, the Government will ensure that every government programme has a specific quota for veterans. This includes entrepreneurship programmes, training programmes, employment opportunities and financing facilities.

Second: Syiar Islam

265. Next year, the Government is allocating RM1.9 billion for the management and development of Islamic affairs.

266. In the forthcoming year, Islamic education will continue to flourish and be embraced by the entire Muslim community in Malaysia:

- Two Islamic education institutions will be constructed next year, with a cost of RM220 million, namely the complex of **Kompleks Sekolah Menengah Integrasi Sains Tahfiz, Bukit Jalil, Kuala Lumpur** and the **Sekolah Menengah Kebangsaan Agama Jempol, Negeri Sembilan**.
- A total of RM150 million is allocated to JAKIM for the maintenance and upgrading of the infrastructure of Islamic education institutions, including public religious schools, registered *pondok* institutions and *tahfiz* schools.
- *Insyallah*, the organisation of knowledge-sharing events by Islamic scholars and intellectuals nationwide, especially at the Seri Perdana Complex, will be continued and expanded to

enhance the understanding and appreciation of religious knowledge among the Muslim community.

- **In appreciation of the significant contributions and roles played by over 70,000 takmir teachers, KAFA teachers, imams, bilal, siak, noja and marbut at the community level, the Government has agreed to provide a special contribution of RM700, which will be channelled directly to them, with a total allocation of over RM50 million.**

267. Since 2003, the Government had stopped per capita assistance to Sekolah Agama Rakyat, citing deviations in the approach to Islamic education. The Unity Government has decided to reinstate a grant of RM20,000 to all Sekolah Agama Rakyat registered under JAKIM. This provision is expected to support the role of Sekolah Agama Rakyat in nurturing a new generation of Muslims with a balance between worldly and hereafter knowledge.

Third: Sports and Culture as a Means of Unity

(a) Sports

268. Besides promoting an active and healthy lifestyle, sports also serve as a crucial arena for fostering unity among Malaysians. Despite different races and religions, our diversity does not in the least bit diminish the excitement of sportsmanship.

269. Tomorrow is National Sports Day. The Government will continue **to expand sports and recreational programmes for the people**, including:

- Program Kemahiran Sukan Renang for children, OKU and senior citizens from underprivileged families;
- The organisation of sports and recreational activities to develop active and healthy senior citizens; and
- Program Perkhemahan Keluarga, aims to utilise camping facilities provided by the Ministry of Youth and Sports at a

nominal fee in six Kem Wawasan Negara, including in Ulu Sepri, Rembau, Negeri Sembilan and Ulu Kenas, Kuala Kangsar, Perak.

270. The Government proposes to **provide a special tax exemption for lifestyle related purchases of sports equipment and activities, limited to RM1,000. This exemption will also be extended to cover expenses related to sports training fees.**

271. We celebrate the success of our national heroes who have brought honour to Malaysia at the Asian Games in Hangzhou by winning 32 medals. Next year, the Government will allocate **RM72 million to strengthen the podium athlete ecosystem. This includes RM20 million under the Road to Gold initiative as preparation to achieve the first gold medal** at the Paris 2024 Olympics.

272. I am certain that everyone has witnessed the inspirational tale of Aqil Naufal, a student at Felda Lepar Utara 1 in Pahang, who exhibited a strong passion for sports despite facing adversities. Aqil's aspiration to play soccer has come to fruition with the help of the Government and the encouragement from the Malaysian Amputee Football Association (MAFA).

273. To strengthen the para-athlete ecosystem, **RM12 million is allocated to the National Sports Council for training and preparation programmes for athletes heading to international para-sports events.**

274. A total of **RM50 million is provided for the maintenance and upgrading of youth and sports facilities nationwide, especially for dilapidated infrastructure.**

275. Following the encouraging response this year, the Government will continue to provide a **matching grant fund of RM50 million to encourage the organisation of high-performance sports events by sports association and the private sector.**

276. To cultivate a well-informed, proficient and sports-talented future generation, **the Government has consented to offer tax incentives of up to 10 percent of total income to individuals or businesses that contributes to institutions, organisations, or funds approved under subsection 44(6) of the Income Tax Act 1967, which supports educational programmes, including sports education.**

(b) Culture, Language and Literature

277. Literature has the power to ignite the reader's imagination and foster a patriotic love for the country while instilling moral inspiration and noble values in the nation's soul. To elevate the arts, culture, language and national literature, **the Government hereby allocates RM50 million to agencies with the potential to showcase the nation's artistic and literary works, enhance heritage theatre performances and promote the interest in reading great works among the youth.**

278. The Government has **allocated RM10 million to collaborate with state governments**, including for:

- intensifying cultural activities in Sabah and Sarawak;
- preserving the languages of minority communities such as the Siam ethnic group;
- establishing the Ethnic and Cultural Centre in Perak; as well as
- rehabilitating the Songket Weaving Centre at the Tuanku Nur Zahirah Complex, Kuala Terengganu, and the Wood Carving Village in Besut, Terengganu;

279. To support local handicraft, the **Government will provide special exemption for the acquisition of up to RM200,000 for each order received by handicraft entrepreneurs registered with the Malaysian Handicraft Development Corporation (Kraftangan Malaysia).**

280. To promote unity and cohesion within the community, **RM20 million is allocated to strengthen the role of Kawasan Rukun Tetangga (KRT)** as the social point in disseminating information and providing community services. The Government also provides **RM20 million as Geran Pertubuhan MADANI** for the benefit of locals to implement volunteer and unity programmes as well as activities related to crime prevention and disaster preparedness.

281. A total of **RM50 million is also allocated as financial assistance for renovation and maintenance works of registered non-Islamic places of worship.**

Measure 12: Wellbeing of Civil Servants

Tan Sri Speaker Sir,

282. In an effort to encourage the production of high-quality Malaysian batik, **the Government agrees to expand the Official Ceremony Attire Facility to include Malaysian batik attire for all eligible civil servants.**

283. To ensure the welfare of civil servants, **the Government agrees to enhance the Ex-Gratia Work Disaster Scheme by raising the salary ceiling from RM4,000 to RM6,000**, in line with the amendment to the SOCSO Scheme for the private sector. This increase in the salary ceiling allows for a 50 percent increase in benefit payments under the Ex-Gratia Work Disaster Scheme, totalling approximately RM1.6 million. In other words, civil servants or their beneficiaries will enjoy higher compensation claims in the event of accidents that occur while on duty.

284. Finally, the Government is currently reviewing the remuneration scheme for civil servants, the last of which was reviewed in 2012. The study of the Public Service Remuneration System (SSPA) will examine

the needs of all service schemes and is expected to be finalised by the end of the next year.

285. While awaiting the completion of this study, it is a pleasure to announce that the Government agrees to provide an Early Incentive Payment of the Public Service Remuneration System Review, amounting to RM2,000 to all civil servants grade 56 and below, including contract appointees and RM1,000 to all Jawatan Utama Sektor Awam including police, firefighters, soldiers, armed forces and all uniformed personnel.

286. Incentive of RM1,000 will also be extended to all government retirees, including pensioned veterans and non-pensioned veterans. This payment will be disbursed in a lump sum at the end of February 2024 to ease the burden of preparing for their children's schooling and preparations for the month of Ramadan and Syawal.

287. The Government suggests that private sector employers also consider reviewing the adequacy of salaries and rewards for employees, taking into account the challenges of the cost of living. Next year, the Government will intensify engagement sessions. I call upon the private

sector to provide incentives, particularly to companies with reasonable profits.

288. Recent developments in the Gaza Strip have become increasingly critical as Israel has imposed a harsh and cruel blockade on Gaza's residents and has been forcefully attempting to displace them to the southern part of the peninsula. Malaysia will launch a humanitarian fund to support and assist the Palestinian people with a fund of RM10 million and we urge companies and the public to participate in the name of justice and humanity.

CLOSING

Tan Sri Speaker Sir,

289. Thus, a significant responsibility in crafting the budget for the *rakyat's* benefit has been fulfilled. Since the beginning of my tenure in this role, I have often reminded myself and my team that *wa la tashrif*, responsibility is not a privilege. The nation has to be brought back on track to ensure the peace and wellbeing of the *rakyat*.

290. Certainly, an interesting story between Caliph Umar Abdul Aziz and his son Abdul Malik, highlights the importance of being tactful and cautious when implementing changes. When Abdul Malik urged his father to act more decisively and swiftly with a stern reprimand, saying, "Father, why not implement the changes faster? By God, I am ready, even if both of us have to sacrifice ourselves to uphold the truth!" Caliph Umar Abdul Aziz responded:

لا تعجل يا بني. فإن الله ذم الخمر في القرآن مرتين وحرمها في الثالثة. وإنني أخاف أن أحمل

الحق على الناس جملة، في دفعوه جملة، ويكون من ذا فتنة

Oh, my child, do not be hasty. Allah criticises alcohol twice in the Quran and forbids it only on the third mention. I fear that if I were to force all the truths upon people (at once), they would reject them altogether, (and) this would mean that I would become the cause of even greater corruption. (This is the statement attributed to Caliph Umar Abdul Aziz, as quoted by Imam al-Shatibi in his book “al-Muwafaqat.”)

291. This Budget is a statement of the Government’s resolve to revitalise the economy in these challenging times. The Government is open to hearing feedback and criticism from all quarters, but it does not mean unfettered slander is acceptable. Combined with the global economic and geopolitical challenges that are unsettling, this attitude hinders our nation’s progress.

292. Therefore, I call upon everyone to return to constructive politics, fostering *segulai sejalai* in rebuilding our nation. **We all love this country.** Malaysia has tremendous potential, abundant resources, a skilled workforce, professionals and competitive citizens who can position us strategically as a leader in the Asian economy as we aspired.

293. Therefore, I call upon us to prioritise the future of our nation. Unity among the people, grounded in generosity and mutual respect, will bring stability to our country and this is essential for the Government to generate prosperity for all. After six decades as a sovereign nation, it is time for us to set things right and ensure that every citizen can experience happiness and a dignified life in this country without ever feeling marginalised.

Wassalamualaikum Warahmatullahi Wabarakatuh.

Tan Sri Speaker Sir, I beg to propose.