MALAYSIA

9

MID - TERM REVIEW OF THE NINTH MALAYSIA PLAN 2006 - 2010

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RUKUNEGARA

DECLARATION

OUR NATION MALAYSIA being dedicated

to achieving a greater unity of all her peoples;

to maintaining a democratic way of life;

to creating a just society in which the wealth of the nation shall be equitably shared;

to ensuring a liberal approach to her rich and diverse cultural traditions;

to building a progressive society which shall be oriented to modern science and technology;

WE, her peoples, pledge our united efforts to attain these ends guided by these principles:

Belief in God

Loyalty to King and Country

Upholding the Constitution

Rule of Law

Good Behaviour and Morality

PRIME MINISTER
MALAYSIA

Foreword

The Mid-Term Review of the Ninth Malaysia Plan takes place amidst an extremely challenging operating environment. Nations the world over are facing a conjunction of challenges, driven by rising global commodity prices. Soaring prices of fuel, metals and food have caused tremendous hardship to populations and governments. The situation is exacerbated by uncertainty in the global financial markets due to the recent credit crisis in the United States and Europe.

Against this backdrop, the Mid-Term Review represents a time to reassess national priorities in order to ensure that lower income groups are protected. It is a time to re-examine policies in order to incorporate changes required by the new challenging environment. The road ahead will test our resilience and as such, efforts must be refocused and multiplied towards overcoming these difficulties. We shall emerge from this period stronger and better able to withstand future trials.

The National Mission remains as the Government's guiding framework. The thrusts of the National Mission ensure that a balance of objectives is kept, between ensuring advancement of the economy up the value chain; improving the country's human capital; reducing poverty and inequality; maintaining a high quality of life; and strengthening the nation's institutions.

The Mid-Term Review shows encouraging progress on all the aforementioned five thrusts. The nation continues to transform into a knowledge-based economy. The private sector continues to be facilitated through various assistance programmes. Measures were taken to improve the business environment, notably via the dedicated Taskforce to Facilitate Business or PEMUDAH. Moving forward, the emphasis will be on encouraging efficiency improvements, particularly energy consumption in the economy.

With respect to the nation's human capital development, two significant plans were launched with the aim of improving our schools and the higher education system. The education sector continues to receive the biggest allocation of development expenditure.

The Mid-Term Review recorded significant progress in reducing poverty, restructuring employment patterns and improving equity ownership. A more equitable distribution of economic opportunities will continue to be a major aim of the remaining 9th Malaysia Plan period; in this direction, the five regional corridors initiative will continue to be pursued to ensure that disparities between parts of the country and the Klang Valley are reduced.

The rakyat's quality of life has become a new area of concern within the current environment of rising oil and commodity prices. Priority will be given to mitigating the impact on low to middle income groups through a variety of measures. Energy conservation and renewable energy will also be a new area of focus in line with current challenges.

Finally, the Government will continue to initiate measures to strengthen the country's institutions such as the judiciary and the civil service. Steps have been taken to set up a Judicial Appointments Commission and a Malaysian Commission on Anti-Corruption. There is now more media openness and more stakeholder engagement by the public sector. The Government will continue to pursue policies and measures to enhance transparency and good governance.

United, we will overcome any adversity and we will achieve our Vision to become a fully developed country by 2020. Let us not falter. Let us move forward together.

DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
Prime Minister, Malaysia

Putrajaya
26 June 2008

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MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

OVERVIEW

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The first two years of the Ninth Malaysia Plan period, 2006-2007, witnessed favourable economic performance with real GDP growth slightly surpassing the target despite a challenging global economic environment. This resulted in a higher per capita income and improved quality of life for all Malaysians. The incidence of poverty declined, and inter and intra ethnic income gaps narrowed. The quality of and accessibility to education, health care, and housing improved. Infrastructure facilities including roads, highways, airports, ports and electricity distribution networks were upgraded and expanded. The structure of the economy became knowledge-based as demonstrated by the increased knowledge readiness across all key industries and services.

The second half of the Ninth Plan period is expected to be challenging with the global economy losing its growth momentum and a new set of issues emerging in the global economic landscape. World economic growth is expected to slow down as a result of a standstill in the growth of the US economy, and its knock-on effects on western Europe and the emerging and developing economies. The possibility of the US subprime mortgage market collapse unfolding into a full blown global credit crunch, and global inflation due to protracted increase in energy, commodity and food prices further dampen the prospects of the world economy.

Despite this scenario, Malaysia's real GDP growth is expected to remain robust at 6% per annum during the remaining Plan period. Malaysia, a very open economy, is not completely insulated from these external shocks. The nation will take proactive measures and remain alert to downside risks from the global economic slowdown and increasing stress on financial markets. The macroeconomic fundamentals remain strong and there are adequate policy levers available to cushion the effects of these external shocks on the domestic economy. Pro-business policies, including further deregulation and liberalisation, will continue to be pursued to provide a conducive environment to increase private sector participation in the economy and drive economic growth. Foreign direct investment will be promoted in high technology- and knowledge-intensive activities.

The priority during the remaining Plan period will be to focus on people-centred projects that bring tangible benefits and improve the quality of life of the people. In line with this, the following initiatives will top the agenda:

- eradicating poverty;
- providing affordable housing to the low and middle income;
- providing access to water and electricity;
- enhancing health care;
- improving the standard of living of marginalised groups;
- narrowing intra and inter ethnic income and wealth gaps;

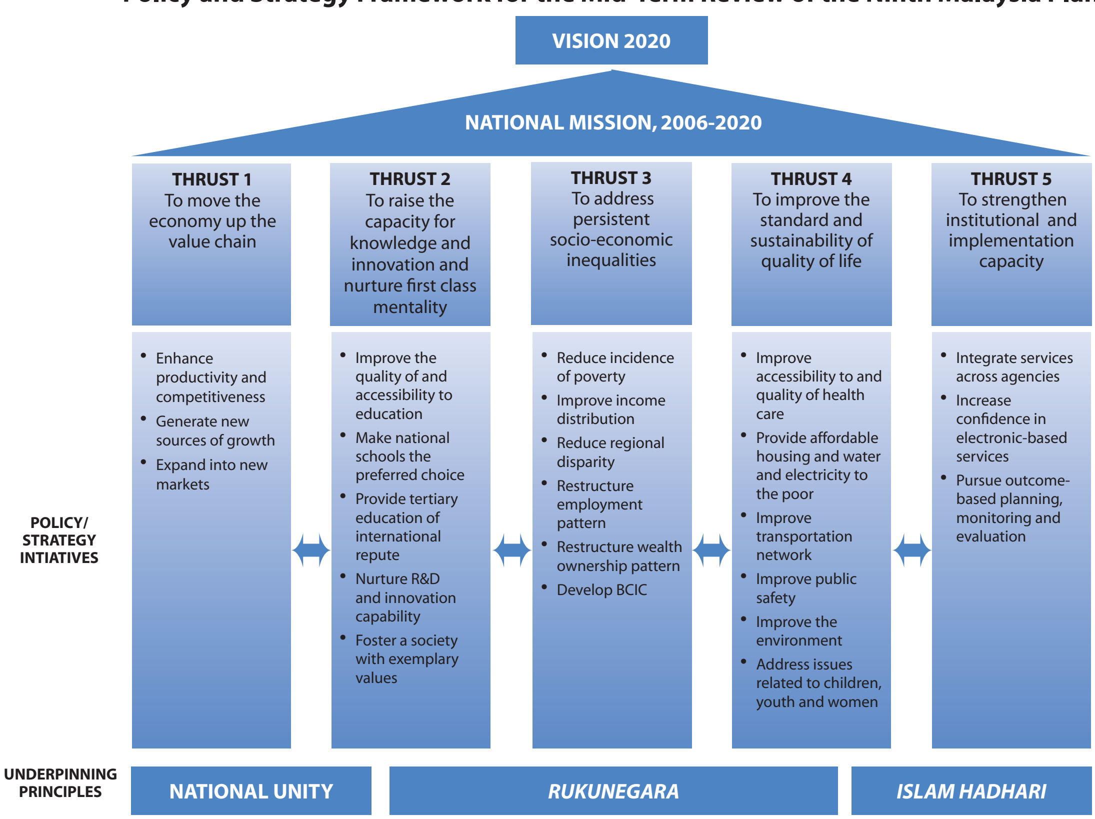
- strengthening human capital;
- upgrading public safety;
- improving environmental management and conservation; and
- developing regional corridors and accelerating development of Sabah and Sarawak.

The Mid-Term Review will also provide a strong response to the protracted increase in the price of oil and food with the main aim of minimising its impact on the people, particularly the poor. While the subsidy on petroleum and gas will be systematically and gradually reduced, a social safety net will be introduced to ensure that the poor and deserving continue to receive some form of support to mitigate its impact. The restructuring of this subsidy is essential in the light of escalating oil prices and to ensure adequate resources are available to undertake essential development projects. To address increasing food prices and short supply, the Government will implement the National Food Security Policy that includes creating a rice stockpile, ensuring sustained import of essential food items and opening up new land to raise food production.

The five thrusts of the National Mission will continue to govern all development efforts during the remaining Plan period to ensure that Malaysia is on track to becoming a developed nation by 2020. National unity will remain fundamental, guided by the universal principles of *Rukunegara* and *Islam Hadhari*.

The Mid-Term Review evaluates all Ninth Plan projects to ensure that their outcomes contribute to the achievement of the National Mission. The review also reprioritises projects in the light of current economic concerns.

Policy and Strategy Framework for the Mid-Term Review of the Ninth Malaysia Plan



To achieve Thrust One, to move the economy up the value chain, the focus will be on three key areas namely to enhance productivity and competitiveness of the nation; generate new sources of growth; and expand into new markets. Initiatives to enhance productivity and competitiveness will include ensuring adequate supply of skilled workforce to meet the needs of promoted industries, focusing research and development in selected areas and facilitating its commercialisation, improving access to financing, liberalising the institutional and regulatory framework, providing high speed broadband infrastructure, improving transportation network and availing sustainable and quality energy supply. The development of new sources of growth in high technology- and knowledge-intensive areas such as biotechnology, new agriculture, health tourism, Islamic financial services, creative multimedia, and shared services and outsourcing will be accelerated by promoting greater private sector participation. The market for Malaysian products and services will be expanded through better branding, upgrading quality of products to international standards, undertaking aggressive market promotion and increasing market access.

To realise Thrust Two, to raise the capacity for knowledge and innovation and nurture first class mentality, five key initiatives will be undertaken, that is, improving the quality of and accessibility to education; making national schools the preferred choice; providing tertiary education of international repute; nurturing R&D and innovation capability; and fostering a society with exemplary values. Improvement in the quality of and accessibility to education will be made by upgrading the quality of teachers and academic staff, providing better amenities and basic facilities to rural schools, and availing skills training opportunities to school drop-outs. The appeal of national schools will be further improved to make it the preferred choice by expediting the roll out of the smart school programme to all 10,000 schools, moving from examinations to continuous assessments, offering Mandarin and Tamil as well as j-QAF in all primary schools, setting up specialised secondary schools for S&T and upgrading educational facilities. Among the measures that will be introduced to elevate tertiary education to match international standards are developing academic programmes similar to that provided by leading universities, improving the capability of the four designated research universities, streaming top students to local universities, and raising the quality of academic staff. R&D and innovation capability will be enhanced by focusing resources in the new growth areas, improving the intellectual property protection regime and nurturing innovation culture through the education system.

To achieve Thrust Three, to address persistent socio-economic inequalities, the focus will be on further reducing the incidence of poverty, improving distribution of income, reducing regional disparities, restructuring employment and wealth ownership, and developing Bumiputera Commercial and Industrial Community (BCIC). Hardcore poverty will be eradicated and incidence of general poverty reduced in line with the Ninth Plan target. Poverty eradication programmes will be tailored to suit the needs of the different target groups namely the rural poor, urban poor, minority groups and unproductive poor, and will include availing housing and basic amenities, creating income generating activities, and providing education and skills training to ensure sustainability. Income distribution will be improved by further reducing income disparities between rural and urban households, between and among ethnic groups and income strata as well as increasing the income share of the bottom 40% of households. The regional corridor development projects will serve as an important means for this purpose. To achieve more equitable ownership of wealth, initiatives will be introduced to raise Bumiputera equity ownership to 20-25% by 2010 and increase their ownership of non-financial assets such as residential and business premises. The share of equity ownership of the Indian community and Bumiputera of Sabah and Sarawak will also be raised. The private sector will drive BCIC development through the cluster approach, franchise and vendor programmes, and by facilitating Bumiputera entrepreneur participation in the regional corridors and new growth areas.

To accomplish Thrust Four, to improve the standard and sustainability of quality of life, accessibility to and quality of health care and other social amenities will be enhanced and environmental management improved. Health care delivery will be strengthened at the primary, secondary and tertiary levels, and the issues of changing disease patterns and urban-rural disparity in health care services will be addressed. The provision of adequate, affordable and quality housing as well as water and electricity to the poor including in the urban areas as well as in Sabah and Sarawak will be a priority. The network of transport facilities will be expanded to integrate the urban and rural areas to provide access to the rural people to markets and urban services. Integrated public transport systems will be expanded to address traffic congestion in major cities and urban centres. Public safety will be improved by increasing the capacity and capability of the police force, use of modern technology and the greater involvement of the local community and NGOs in crime prevention and reduction. Environmental considerations will be mainstreamed in the implementation of all development activities. Air and water quality will be improved and sustainable forest management practices intensified to conserve natural resources and protect biodiversity. Implementation of flood mitigation measures will be given priority.

To attain Thrust Five, to strengthen the institutional and implementation capacity, a customer-focused approach will be adopted by integrating services, increasing confidence in electronic-based services and pursuing outcome-based planning, monitoring and evaluation. Integration of services is aimed at designing services around the citizen and business and will involve re-engineering and streamlining processes across agencies, providing easier access through the creation of virtual one stop centres, promoting the sharing of data among agencies, liberalising the legal and regulatory environment, and moving towards self-regulation. The governance structure will also be improved to achieve greater integrity, transparency and accountability. Increasing confidence in electronic-based services has become crucial to promote the use of ICT to deliver and access services. Towards this end, greater awareness will be created among providers of service and the public, adherence to security standards will be imposed, and a supportive legal and regulatory environment will be promoted. An outcome-based planning, monitoring and evaluation approach will be adopted to maximise gains from Government projects. For this purpose, the organisational structure of ministries and agencies will be adapted, competency in this area will be improved, global best practices will be taken into account and KPI-based rating system will be introduced to assess performance. PEMUDAH, a high level task force to facilitate all aspects of doing business, will continue to further improve work processes, procedures, policies and regulations to improve service delivery and enhance efficiency.

The development expenditure ceiling will be raised to RM230 billion from RM200 billion that was approved under the Ninth Plan. The increased allocation will mainly go towards financing priority projects including the food security programme, construction of rural roads and provision of low cost housing as well as to meet the escalation in cost of building materials for approved infrastructure projects. It will be accompanied by measures to reduce expenditure on subsidies and improve efficiency in expenditure. At this level of expenditure, the Government's fiscal position will continue to remain healthy.

The Government will improve its governance structure to ensure that it gets maximum value for the money spent. For this purpose, projects and procurement will be carried out through an open tender process. Implementation and project management capability will be enhanced to improve efficiency, ensure timely delivery of projects and minimise wastage. The emphasis will be on providing good quality functional facilities and services with the required capacity that achieves the set policy outcomes.

In essence, the Mid-Term Review of the Ninth Plan streamlines policies, strategies and programmes, where necessary, to respond to the emerging trends in the global economic environment while ensuring that the National Mission Thrusts are attained so that Malaysia is on track to become a developed nation by 2020. Towards this end, the private sector will spearhead economic growth while the Government will provide a supportive environment.

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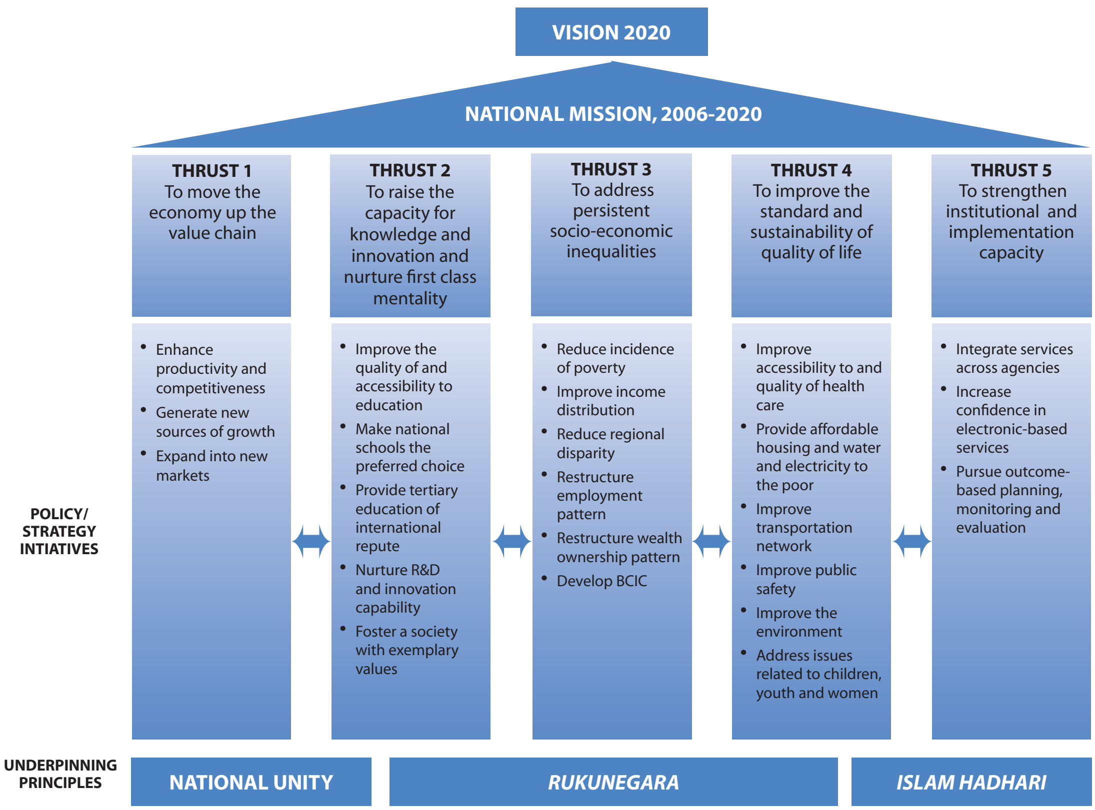

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MACROECONOMIC PERFORMANCE AND PROSPECTS

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I. INTRODUCTION

During the review period, 2006-2007, the Malaysian economy continued its growth momentum, driven by robust domestic demand. The resilience of the economy strengthened with a more diversified economic base and a shift towards a knowledge-based economic structure. The services sector was the main source of growth, mainly from new growth areas in finance, business services and communications, supported by robust domestic demand. The strong economic performance was achieved in an environment of low inflation.

The strong economic performance has promoted greater structural transformation and strengthened the country's macroeconomic fundamentals. Consequently, the economy is in a better position to weather uncertainties and risks arising from the world economic slowdown, global inflation, sub-prime issue and stiffer competition from emerging economies.

The macroeconomic strategies during the remaining Plan period 2008-2010, will focus on managing inflation, enhancing competitiveness and stimulating new sources of growth. The private sector will be the main driver of economic growth. The Government will provide a conducive environment for local and foreign investments.

II. KEY RESULTS, 2006-2007

Domestic Economy

Real GDP growth surpasses target...

Gross domestic product (GDP) in real terms grew at 6.1% per annum surpassing the Ninth Malaysia Plan target of 6.0%. Growth was supported by strong domestic demand, particularly private sector expenditure. Per capita income in current terms increased by 10.6% per annum to RM23,066 or US$6,714 and per capita income in purchasing power parity increased by 14.2% per annum to US$13,529 in 2007.

Productivity

Increased TFP contribution to GDP growth...

The contribution of total factor productivity (TFP) to GDP growth increased to 34.8% during the 2006–2007 period compared with 29.0% achieved during the Eighth Malaysia Plan. Contribution from capital was 36.7% and labour 28.5%. Incremental capital output ratio (ICOR)[1] improved, averaging at 3.7 compared to the Plan target at 4.6. Productivity improvement was contributed by the increased intensity of research and development (R&D) and innovation activities as well as increased utilisation of technology and information and communications technology (ICT).

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[1] Based on a 3-year moving average.

Box M-1

Key Results, 2006-2007

Commitment	Output
▪ Achieving a creditable growth rate while maintaining strong economic fundamentals	▪ Real GDP growth: 6.1% per annum ▪ Inflation rate: 2.8% per annum ▪ Unemployment rate: 3.2% in 2007 ▪ Balance of payments current account surplus increased from RM78.3 billion in 2005 to RM100.5 billion in 2007 ▪ Per capita income increased from RM18,840 in 2005 to RM23,066 in 2007
▪ Strengthening competitiveness	▪ Malaysia's International Rankings: • World competitiveness ranking improved from 26th position out of 55 countries in 2005 to 19th position out of 55 countries in 2008 (*source: IMD World Competitiveness Yearbook 2008*) • Global competitiveness ranking improved from 25th position out of 125 countries in 2005 to 21st position out of 131 countries in 2007 (*source: WEF Global Competitiveness Report 2007-2008*) • Ease of doing business improved from 25th position out of 175 countries in 2006 to 24th position out of 178 countries in 2008 (*source: Doing Business 2008, World Bank*)
▪ Enhancing higher contribution to growth from private sector and government-linked companies (GLCs) and attracting quality foreign direct investment (FDI) to accelerate progress towards higher technology activities and expand market linkages	▪ Share of private investment (nominal) to total investment increased from 50.1% in 2005 to 53.5% in 2007 ▪ Contribution of private investment to GDP increased from 11.3% in 2005 to 11.9% in 2007 ▪ Ministry of International Trade and Industry approved FDI increased from RM17.9 billion in 2005 to RM33.4 billion in 2007
▪ Raising the efficiency of capital, productivity of labour and the contribution of TFP	▪ Contribution of TFP to GDP growth increased from 29.0% during Eighth Malaysia Plan to 34.8% during 2006-2007
▪ Sustaining pragmatic fiscal management	▪ Fiscal deficit reduced from 3.6% to GDP in 2005 to 3.2% to GDP in 2007 ▪ Total debt of Federal Government reduced from 43.8% to GDP in 2005 to 41.6% to GDP in 2007

Progress Towards a Knowledge-Based Economy

The knowledge-based economy development index, which monitors the progress of the economy towards becoming knowledge-based, increased by 227 points from 2,413 in 2000 to 2,640 in 2007. The most significant improvement was in computer infrastructure, which registered an increase of 220.5%; research and development and technology 24.1%; and education and training 6.5%. There was a decline in infostructure due to the reduction in the number of fixed telephone lines. Based on a comparison of 22 selected countries, Malaysia remained at the 17th position in 2007. Nonetheless, Malaysia was among the top five countries that registered the largest progression to a knowledge-based economy since 2000 after the Republic of Korea, the People's Republic of China, Japan and the United Kingdom.

Chart M-1

The Knowledge-Based Economy Development Index: Malaysia, 2000 and 2007

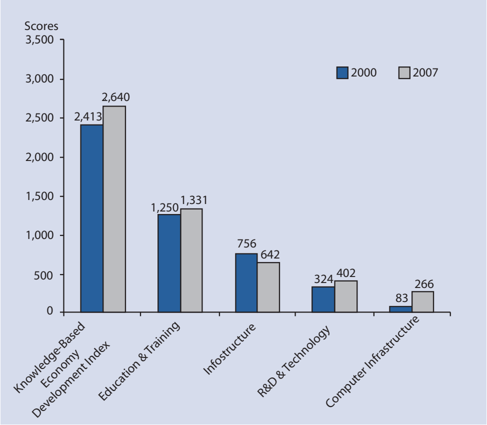
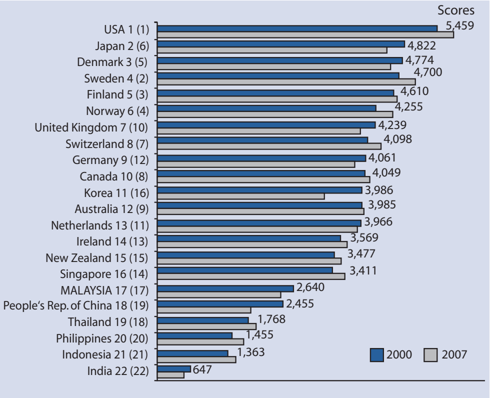


Chart M-2

The Knowledge-Based Economy Development Index by Country, 2000 and 2007



Notes: Numbers in brackets are 2000 rankings

In addition, between 2002 and 2006, improvements have been recorded in all industries in terms of building knowledge competency and capability as well as embarking on some form of knowledge acquisition, generation and sharing activities. Overall, the telecommunications, information technology, chemicals and financial industries led in terms of knowledge readiness.

Aggregate Demand

Private sector led growth...

Private investment grew by 8.6% per annum and its share of total investment increased to 51.1% in 2007. However, it fell short of the target of 11.2%. Increased capital spending was recorded in most economic sectors, particularly in manufacturing and services. Net FDI inflows also increased from RM15.0 billion in 2005 to RM29.1 billion in 2007. The Government continued to support and encourage private sector activities by reducing the cost of doing business and improving the efficiency of the public delivery system. This included reducing the corporate tax rate from 28% in 2006 to 27% in 2007.

Private consumption grew at 8.6% per annum exceeding the Plan target and its share to GDP increased to 50.5% in 2007. The increase in private consumption was attributed to the supportive financial environment, higher disposable income and positive wealth effect from strong commodity prices. In addition, the strong performance of the equity market and positive developments in the labour market further buoyed consumer sentiments.

Public investment grew at 8.9% per annum, higher than the Ninth Plan target of 5.0% per annum, mainly due to the speedier implementation of development projects. *Public consumption* increased by 5.7% per annum due to higher expenditure on emoluments arising from the salary adjustment for civil servants in 2007 as well as supplies and services.

Sectoral Performance

Services sector as major source of growth...

All sectors registered positive growth, led by the *services sector*, which expanded by 8.5% per annum. Robust growth in the services sector was contributed by the finance, insurance, real estate and business services subsector, which grew by 10.8% per annum. Financial and business activities expanded in line with the implementation of the Financial Sector Master Plan and the diversification of financial products, especially Islamic banking and finance as well as shared services and outsourcing. Another major contributor to the expansion of the services sector was the wholesale and retail trade, accommodation and restaurants subsector, which grew by 9.5% per annum due to the rapid expansion in tourism.

The *manufacturing sector* grew at 5.1% per annum, lower than the targeted growth due to sluggish global demand for electronics and weak domestic demand for transport equipment. However, strong performance was recorded by the domestic-oriented industries[2], growing at 6.6% per annum mainly attributed to the construction-related industries such as iron and steel, fabricated metal products and non-metallic mineral products. The overall capacity utilisation rate of the manufacturing sector was sustained at 76% in 2007.

Growth in the *agriculture sector* moderated to 3.8% per annum following the slow growth of 2.1% per annum in the output of industrial crops. Production of palm oil and rubber was affected by floods in early 2007 as well as biological stress. Production of crude palm oil declined by 0.5% in 2007 with average fresh fruit bunches yield per hectare falling by 2.9% to 19 tonnes. Production of rubber also declined by 6.5% in 2007 to 1.2 million tonnes. The food crop subsector grew at 6.3% per annum due to increase in productivity following large scale commercial activities and better agronomic practices.

The *construction sector* recorded an average growth of 2.0% per annum. The growth was mainly attributed to the civil engineering activities related to the implementation of the Plan projects. Demand for housing and commercial buildings also contributed to the growth of the sector.

[2] This comprises construction-related, fabricated metal, food processing, transport equipment, beverages and tobacco, petroleum products, paper products and other manufacturing industries.

The *mining sector* grew marginally at 0.2% per annum, due to a decline in the output of crude oil and gas in 2006. The production was affected by the closure of a number of oil fields for maintenance and the planned upgrading to expand the capacity at the Malaysia Liquefied Natural Gas 2 (MLNG2) plant in Bintulu, Sarawak. Mining activities picked up in 2007 with the coming on-stream of Malaysia's first deep sea oil field in Kikeh, Sabah and the re-opening of the MLNG2 plant.

Federal Government Account

The Federal Government continued to pursue a prudent fiscal policy as reflected by the narrowing of fiscal deficit from 3.6% to GDP in 2005 to 3.2% in 2007. Total revenue recorded strong growth at 14.7% per annum arising from higher revenue, particularly petroleum income tax and returns on investment income. On the other hand, operating expenditure also grew at a higher rate of 12.2% per annum due to salary adjustment for civil servants as well as subsidy payments. The development expenditure was financed by the increasing current surplus and manageable level of borrowings. The Federal Government debt stood at RM266.7 billion or 41.6% to GDP in 2007.

External Sector

Merchandise Trade

Trade surplus averaged RM100 billion a year in spite of a moderate growth of 6.2% per annum for *gross exports* due to the slowdown in the export of electrical and electronics products. Exports were sustained by primary commodities, mainly agriculture products and crude oil. *Gross imports* grew at 8.0% per annum attributed by the increase in demand for capital and intermediate goods that support domestic activities. However, average import intensity declined to 47.3% in 2007 from 48.3% in 2005, indicating the improved capability of local industries in supplying capital and intermediate goods.

Trade surplus of RM100 billion a year...

Balance of Payments

The *overall balance of payments* strengthened to RM45.3 billion or 7.2% of gross national product (GNP) in 2007, attributed to the large surplus in the *current account* arising from sustained surplus in goods, turnaround in services and reduced deficit in the income account. For the first time, the *services account* registered a surplus following lower deficit in transportation services and higher net receipts in the travel account. The deficit in the income account decreased from 4.8% of GNP in 2005 to 2.2% in 2007, mainly due to the inflow of profits and dividends accruing to Malaysian companies operating abroad.

Services account in surplus for the first time...

Resource Balance

Gross national savings remained high, averaging 38.4% to GNP in 2006-2007, enabling Malaysia to finance its economic activities from domestic sources. *Gross national investments*, including change in stocks, stood at 22.0% of GNP. Thus, the resource balance recorded a surplus of 16.4% to GNP.

Price Development

Inflation rate increased by 2.8% per annum in 2006-2007. The increase was mainly due to higher food and energy prices while prices of textile products and telecommunications services declined. Despite world oil prices remaining high in 2007, domestic fuel and gas prices were increased only once in March 2006. Producer prices grew at a faster rate of 5.9% per annum, due largely to buoyant prices of commodity-related products.

III. MOVING FORWARD, 2008-2010

Macroeconomic Strategies

Sustaining macroeconomic stability...

The world economic environment is expected to be more challenging arising from slower growth in the advanced economies, high energy and commodity prices and geopolitical uncertainties as well as increased competition from emerging economies. To ensure that Malaysia moves towards achieving Vision 2020, the macroeconomic strategies, in line with the five thrusts of the National Mission, will be as follows:

- *Managing price stability;*
- *Enhancing competitiveness;*
- *Stimulating new sources of growth;*
- *Raising productivity; and*
- *Maintaining prudent fiscal management.*

International Economic Outlook

The world economy is projected to grow at 4.1% per annum during the 2008-2010 period. Despite moderation in the growth of the United States of America, Europe and Japan, the strong growth in the People's Republic of China, India and emerging Asia is expected to sustain the projected growth. Inflation is projected to remain moderate at 2.2% per annum in the advanced economies and at 5.9% per annum in the emerging markets and developing countries. Global inflation is expected to remain high as a result of protracted increase in oil prices as well as other commodities, including food. World trade is expected to grow at 6.2% per annum, supported by steady demand-driven expansion in global high-tech products and increasing liberalisation.

Malaysian Economy

GDP in real terms is expected to grow at 6.0% per annum during the 2008-2010 period. Growth is expected to be driven by domestic demand, particularly private sector expenditure. On the supply side, the services, manufacturing and agriculture sectors will remain as the main sources of growth. Per capita income in current terms is projected to increase by 8.8% per annum to RM29,711 (US$9,285) and per capita income in purchasing power parity to US$18,439 in 2010.

Total Factor Productivity

During the remaining Plan period, TFP contribution to growth is expected

Chart M-3

Total Factor Productivity, 2006-2010

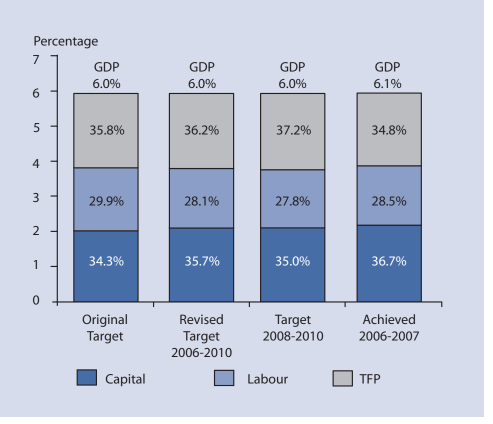


Table M-1

Key Economic Indicators

Item	*9MP Target 2006-2010*	*Achieved 2006-2007*	*Target 2008-2010*	*Revised 9MP Target 2006-2010*
Real GDP (% growth per annum)	*6.0*	*6.1*	*6.0*	*6.0*
Per Capita Income in Current Price (RM)[1]	23,573	23,066	29,711	29,711
Annual Growth Rate (%)	*5.9*	*10.6*	*8.8*	*9.5*
Per Capita Income in Purchasing Power Parity (US$)[1]	13,878	13,529	18,439	18,439
Demand Side, in 2000 Constant Prices (% growth per annum)				
Consumption	*6.5*	*8.0*	*7.4*	*7.6*
Private	*6.9*	*8.6*	*7.6*	*8.0*
Public	*5.3*	*5.7*	*6.6*	*6.2*
Gross Fixed Capital Formation	*7.9*	*8.7*	*8.5*	*8.6*
Private	*11.2*	*8.6*	*10.6*	*9.8*
Public	*5.0*	*8.9*	*6.3*	*7.0*
Exports of Goods and Services	*7.1*	*5.6*	*4.3*	*4.8*
Imports of Goods and Services	*7.9*	*6.9*	*6.0*	*6.4*
Supply Side, in 2000 Constant Prices (% growth per annum)				
Agriculture	*5.0*	*3.8*	*4.4*	*4.1*
Mining and Quarrying	*3.4*	*0.2*	*3.4*	*2.1*
Manufacturing	*6.7*	*5.1*	*3.5*	*4.1*
Construction	*3.5*	*2.0*	*5.8*	*4.3*
Services	*6.5*	*8.5*	*7.9*	*8.2*
External Trade (% growth per annum)				
Gross Exports	*8.5*	*6.2*	*8.1*	*7.4*
Gross Imports	*9.8*	*8.0*	*9.8*	*9.1*
Balance of Payments (RM billion)[2]				
Goods	149.8	127.7	134.1	134.1
Services	-4.5	2.4	3.8	3.8
Income	-39.5	-13.8	-21.4	-21.4
Current Account Balance	91.2	100.5	95.7	95.7
% to GNP	*13.4*	*16.0*	*11.4*	*11.4*
Savings (% to GNP)	*36.2*	*38.4*	*37.2*	*37.6*
Consumer Price Index (% growth per annum)				
Headline	-	*2.8*	*3.0 ~ 4.0*	-
Rural	-	*2.9*	-	-
Urban	-	*2.8*	-	-
Producer Price Index (% growth per annum)				
Domestic Economy	-	*5.9*	-	-
Local Production	-	*7.1*	-	-
Imports	-	*3.5*	-	-

Notes: [1] End period.
[2] End period, net.

Source: Economic Planning Unit and Department of Statistics Malaysia

to increase. TFP contribution will be increased by focusing on enhancing skills and knowledge and providing an enabling environment for creativity and innovation.

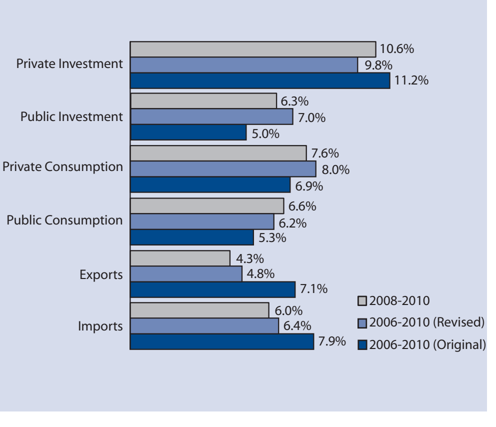
Aggregate Demand

Private sector driving growth...

Private investment is projected to grow at 10.6% per annum. In nominal terms, private investment is estimated to reach RM121.0 billion or 56.4% to total investment in 2010. Total private investment in the remaining Plan period is estimated to be RM305.8 billion. Private investment will be promoted by providing a conducive environment for investment, including enhancing the delivery system, removing regulatory impediments and addressing skills shortages. In addition, dedicated incentive packages will be provided for high technology and knowledge-intensive investments. The privatization programme and private finance initiatives (PFI) will also contribute towards increasing private investments.

Chart M-4

Gross Domestic Product by Expenditure, 2006-2010
(% growth)



Public investment is anticipated to grow at 6.3% per annum, taking into account the expected additional capital expenditure of non-financial public enterprises and the general government. The Government will continue to implement programmes and projects to expand the productive capacity of the economy. Focus will be on people-centred projects such as poverty eradication, reducing disparities and the provision of social and physical infrastructure.

Private consumption will continue to be a major source of growth and is expected to grow at 7.6% per annum with its share to GDP increasing to 52.9% in 2010. Consumer confidence is anticipated to improve further with increasing employment opportunities and higher disposable income. *Public consumption* is expected to grow at 6.6% per annum, reflecting higher expenditure on emoluments to improve the delivery system.

Sectoral Output

The *services sector* is expected to sustain its growth momentum at 7.9% per annum. Growth will be led by the financial and business services subsector growing at 9.8% per annum with Islamic banking, *takaful* and *re-takaful*, shared services and outsourcing as the main contributors. ICT services such as software and content development as well as Internet-based services and e-commerce solutions are expected to gain more prominence.

The wholesale and retail trade, accommodation and restaurants subsector is projected to expand by 8.4% per annum with a robust performance expected from tourism and tourism-related sectors. The transport and communication subsector is projected to expand with further promotion of Port Klang, Selangor and Port of Tanjung Pelepas, Johor as cargo transhipment centres as well as the further development of low-cost carrier services.

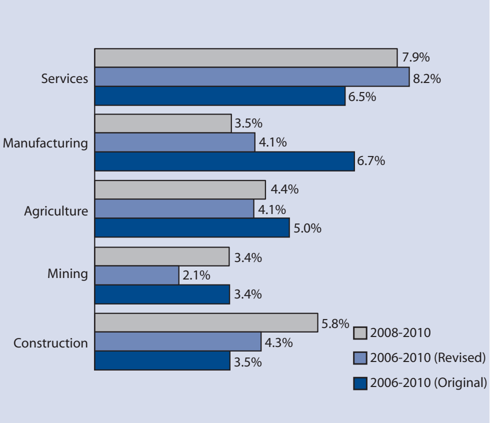
The *manufacturing sector* is expected to record moderate growth at 3.5% per annum, arising from sluggish global demand of electrical and electronics products. Growth will be led by the domestic-oriented industries expanding at 5.5% per annum, mainly the construction-related industries, in line with the expected expansion of construction activities.

The *agriculture sector* is expected to grow at 4.4% per annum with the food crop subsector growing at 6.2% per annum and the industrial crop subsector growing at 3.0% per annum. Emphasis will be given to increasing productivity through replanting activities with new and high-yield clones, land consolidation, good farm management practices as well as maximising the use of technology and mechanisation.

The *mining sector* is expected to grow at 3.4% per annum. The oil and gas subsector will continue to be the main source of growth contributing 98.7% to the sector.

Chart M-5

Gross Domestic Product by Industry Origin, 2006-2010
(% growth)



Construction sector to resume its growth momentum...

The *construction sector* is expected to record a robust growth of 5.8% per annum, contributed mainly by civil engineering activities as well as the residential and commercial property subsector. The implementation of social and physical infrastructure projects will generate growth in this sector. The development of regional growth corridors will further stimulate the expansion of this sector.

Federal Government Account

Sustainable fiscal deficit...

The Government will continue to practise fiscal prudence. The fiscal deficit is expected to be sustained at 3.2% of GDP in 2010. Measures will be taken to enhance the revenue base by reviewing tax incentives and improving tax collection.

During the remaining Plan period, the *operating expenditure* of the Federal Government is targeted to moderate to 6.9% per annum. Subsidy on petroleum products will be reduced gradually as the Government will introduce a fairer system for the benefit of the poor and the lower income group.

People-centred development projects...

Development expenditure ceiling for the Ninth Plan will be increased by RM30 billion to RM230 billion. The additional ceiling is to take into account additional development requirements and the increase in construction-related materials cost. Development projects will also be reprioritised giving priority to people-centred projects. In addition, the privatization program and the PFI will be used to complement public investment to provide better quality services to the public and ensure value for money. Fiscal discipline will be strengthened through competitive bidding and promoting best practices in the implementation of projects.

Table M-2

Federal Government Fiscal Position, 2005-2010

Item	RM billion			% to GDP				
							2006-2010	
	2005	2007	2010	2005	2007	2010	Original	Revised
Revenue	106.3	139.9	179.0	20.3	21.8	20.8	21.9	21.5
Operating Expenditure	97.7	123.1	150.3	18.7	19.2	17.5	19.1	18.4
Current Surplus	8.6	16.8	28.7	1.6	2.6	3.3	2.8	3.1
Net Development Expenditure	27.3	37.5	56.6	5.2	5.8	6.6	6.2	6.3
Overall Deficit	-18.7	-20.7	-27.9	-3.6	-3.2	-3.2	-3.4	-3.2

Source: Economic Planning Unit and Ministry of Finance

External Sector

Merchandise Trade

Gross exports is projected to grow at 8.1% per annum. Malaysian producers and exporters are expected to benefit from the continuing liberalisation of trade in goods and services under the World Trade Organization (WTO) and ASEAN Free Trade Area, regional trade agreements and bilateral free trade agreements.

The exports of manufactures is projected to expand by 8.1% per annum, reflecting the sustained expansion in demand from traditional and new markets. Exports of agricultural and mining commodities are expected to grow by 14.2% and 9.2% per annum respectively, mainly attributed to higher export prices.

Gross imports is projected to grow at 9.8% per annum arising mainly from imports of intermediate and capital goods, which together constitute 85.3% of total imports. This is in line with the sustained demand for imported components with the expansion in the manufacturing sector. Imports of consumption goods is expected to grow at 9.7% per annum. As a result, trade balance is projected to decline from RM100.3 billion in 2007 to RM97.0 billion in 2010.

Balance of Payments

The *overall balance of payments* is expected to remain strong due to high surplus in the goods account as well as the bigger surplus in the services account. The *current account* surplus is projected to reach RM95.7 billion or 11.4% of GNP in 2010, supported by the sustained strong position in the goods account, partly due to better commodity prices and terms of trade. The services account surplus is projected to improve to RM3.8 billion or 0.4% of GNP in 2010, mainly contributed by higher net travel receipts. This is in tandem with the

Government's efforts to position Malaysia as a premier tourist destination and the increase in exports of services such as education, health care and outsourcing.

The *income account* is expected to remain in deficit, mainly due to repatriation of profits and dividends accruing to foreign investors. Gross outflow of profits and dividends is estimated to be RM21.4 billion or 2.6% of GNP in 2010. Foreign investors will continue to be encouraged to reinvest in Malaysia.

Resource Balance

Gross national product in current prices is projected to grow at 10.1% per annum, in line with the expansion in domestic economic activities and strong commodity prices. Despite higher consumption spending growing at 11.0% per annum, gross national savings is expected to expand by 8.9% per annum, constituting 37.2% of GNP. Investment, including changes in stocks is expected to be robust and expand by 15.3% per annum. Consequently, the resource position is expected to be in surplus at RM292.2 billion or 12.8% of GNP during the 2008-2010 period, reflecting the country's capacity to finance domestic investment without relying on foreign borrowings.

Healthy resource position to support investment growth...

Price Development

High world oil and commodity prices will continue to put pressure on domestic

Table M-3

Balance of Payments, 2005-2010

Item	*RM billion*			*% to GNP*		
	2005	*2007*	*2010*	*2005*	*2007*	*2010*
Balance on Goods	128.9	127.7	134.1	*25.9*	*20.3*	*16.0*
Exports	539.4	605.9	765.8	*108.2*	*96.5*	*91.3*
Imports	410.5	478.2	631.7	*82.4*	*76.1*	*75.3*
Balance on Services	-9.6	2.4	3.8	*-1.9*	*0.4*	*0.4*
Transportation	-15.9	-13.2	-13.5	*-3.2*	*-2.1*	*-1.6*
Travel	18.7	29.1	31.7	*3.7*	*4.6*	*3.8*
Others	-12.4	-13.6	-14.4	*-2.5*	*-2.2*	*-1.7*
Balance on Income	-24.0	-13.8	-21.4	*-4.8*	*-2.2*	*-2.6*
Balance on Current Account	78.3	100.5	95.7	*15.7*	*16.0*	*11.4*
Financial and Capital Account	-37.0	-37.2	-	*-7.4*	*-5.9*	-
Overall Balance of Payments	13.6	45.3	-	*2.7*	*7.2*	-

Notes: As at 30 May 2008
Source: Economic Planning Unit and Department of Statistics Malaysia

inflation. To maintain a stable and low price level, efforts will be taken to ensure sufficient supply of essential goods and services to meet the growing demand. This includes measures to increase productivity of the food subsector, the implementation of the National Food Security Policy and better distribution network. The Government will continue to closely monitor price movements, adopt an accommodative monetary stance and encourage consumers to practise prudent spending and avoid wastage. Efforts will also be taken to adopt market-oriented pricing mechanism in the long-term.

IV. CONCLUSION

During 2006-2007, the Malaysian economy achieved a robust growth, driven by domestic demand. During the remaining Plan period, 2008-2010, macroeconomic strategies will focus on enhancing resilience, productivity and competitiveness to sustain the rate of economic growth. Growth will be accompanied by low inflation and unemployment as well as healthy external balance and sustainable fiscal deficit. The private sector will continue to be the engine of growth while the public sector will provide the enabling environment.

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

MACROECONOMIC PERFORMANCE AND PROSPECTS

MACROECONOMIC PERFORMANCE AND PROSPECTS

I. INTRODUCTION

During the review period, 2006-2007, the Malaysian economy continued its growth momentum, driven by robust domestic demand. The resilience of the economy strengthened with a more diversified economic base and a shift towards a knowledge-based economic structure. The services sector was the main source of growth, mainly from new growth areas in finance, business services and communications, supported by robust domestic demand. The strong economic performance was achieved in an environment of low inflation.

The strong economic performance has promoted greater structural transformation and strengthened the country's macroeconomic fundamentals. Consequently, the economy is in a better position to weather uncertainties and risks arising from the world economic slowdown, global inflation, sub-prime issue and stiffer competition from emerging economies.

The macroeconomic strategies during the remaining Plan period 2008-2010, will focus on managing inflation, enhancing competitiveness and stimulating new sources of growth. The private sector will be the main driver of economic growth. The Government will provide a conducive environment for local and foreign investments.

II. KEY RESULTS, 2006-2007

Domestic Economy

Real GDP growth surpasses target...

Gross domestic product (GDP) in real terms grew at 6.1% per annum surpassing the Ninth Malaysia Plan target of 6.0%. Growth was supported by strong domestic demand, particularly private sector expenditure. Per capita income in current terms increased by 10.6% per annum to RM23,066 or US$6,714 and per capita income in purchasing power parity increased by 14.2% per annum to US$13,529 in 2007.

Productivity

Increased TFP contribution to GDP growth...

The contribution of total factor productivity (TFP) to GDP growth increased to 34.8% during the 2006–2007 period compared with 29.0% achieved during the Eighth Malaysia Plan. Contribution from capital was 36.7% and labour 28.5%. Incremental capital output ratio (ICOR)[1] improved, averaging at 3.7 compared to the Plan target at 4.6. Productivity improvement was contributed by the increased intensity of research and development (R&D) and innovation activities as well as increased utilisation of technology and information and communications technology (ICT).

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[1] Based on a 3-year moving average.

Box M-1

Key Results, 2006-2007

Commitment	Output
▪ Achieving a creditable growth rate while maintaining strong economic fundamentals	▪ Real GDP growth: 6.1% per annum ▪ Inflation rate: 2.8% per annum ▪ Unemployment rate: 3.2% in 2007 ▪ Balance of payments current account surplus increased from RM78.3 billion in 2005 to RM100.5 billion in 2007 ▪ Per capita income increased from RM18,840 in 2005 to RM23,066 in 2007
▪ Strengthening competitiveness	▪ Malaysia's International Rankings: • World competitiveness ranking improved from 26th position out of 55 countries in 2005 to 19th position out of 55 countries in 2008 (*source: IMD World Competitiveness Yearbook 2008*) • Global competitiveness ranking improved from 25th position out of 125 countries in 2005 to 21st position out of 131 countries in 2007 (*source: WEF Global Competitiveness Report 2007-2008*) • Ease of doing business improved from 25th position out of 175 countries in 2006 to 24th position out of 178 countries in 2008 (*source: Doing Business 2008, World Bank*)
▪ Enhancing higher contribution to growth from private sector and government-linked companies (GLCs) and attracting quality foreign direct investment (FDI) to accelerate progress towards higher technology activities and expand market linkages	▪ Share of private investment (nominal) to total investment increased from 50.1% in 2005 to 53.5% in 2007 ▪ Contribution of private investment to GDP increased from 11.3% in 2005 to 11.9% in 2007 ▪ Ministry of International Trade and Industry approved FDI increased from RM17.9 billion in 2005 to RM33.4 billion in 2007
▪ Raising the efficiency of capital, productivity of labour and the contribution of TFP	▪ Contribution of TFP to GDP growth increased from 29.0% during Eighth Malaysia Plan to 34.8% during 2006-2007
▪ Sustaining pragmatic fiscal management	▪ Fiscal deficit reduced from 3.6% to GDP in 2005 to 3.2% to GDP in 2007 ▪ Total debt of Federal Government reduced from 43.8% to GDP in 2005 to 41.6% to GDP in 2007

Progress Towards a Knowledge-Based Economy

The knowledge-based economy development index, which monitors the progress of the economy towards becoming knowledge-based, increased by 227 points from 2,413 in 2000 to 2,640 in 2007. The most significant improvement was in computer infrastructure, which registered an increase of 220.5%; research and development and technology 24.1%; and education and training 6.5%. There was a decline in infostructure due to the reduction in the number of fixed telephone lines. Based on a comparison of 22 selected countries, Malaysia remained at the 17th position in 2007. Nonetheless, Malaysia was among the top five countries that registered the largest progression to a knowledge-based economy since 2000 after the Republic of Korea, the People's Republic of China, Japan and the United Kingdom.

Chart M-1

The Knowledge-Based Economy Development Index: Malaysia, 2000 and 2007

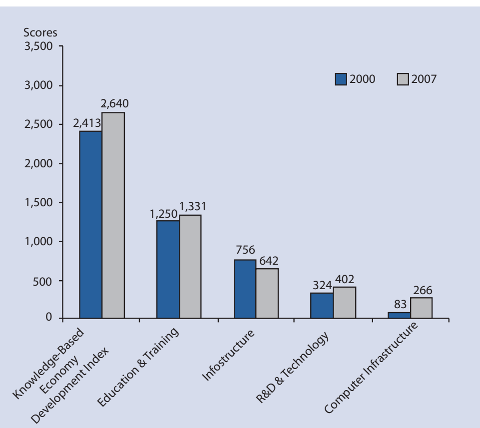
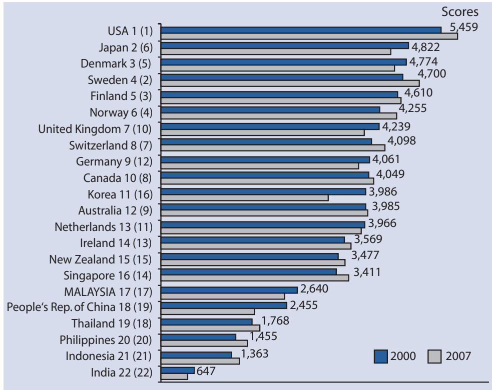


Chart M-2

The Knowledge-Based Economy Development Index by Country, 2000 and 2007



Notes: Numbers in brackets are 2000 rankings

In addition, between 2002 and 2006, improvements have been recorded in all industries in terms of building knowledge competency and capability as well as embarking on some form of knowledge acquisition, generation and sharing activities. Overall, the telecommunications, information technology, chemicals and financial industries led in terms of knowledge readiness.

Aggregate Demand

Private sector led growth...

Private investment grew by 8.6% per annum and its share of total investment increased to 51.1% in 2007. However, it fell short of the target of 11.2%. Increased capital spending was recorded in most economic sectors, particularly in manufacturing and services. Net FDI inflows also increased from RM15.0 billion in 2005 to RM29.1 billion in 2007. The Government continued to support and encourage private sector activities by reducing the cost of doing business and improving the efficiency of the public delivery system. This included reducing the corporate tax rate from 28% in 2006 to 27% in 2007.

Private consumption grew at 8.6% per annum exceeding the Plan target and its share to GDP increased to 50.5% in 2007. The increase in private consumption was attributed to the supportive financial environment, higher disposable income and positive wealth effect from strong commodity prices. In addition, the strong performance of the equity market and positive developments in the labour market further buoyed consumer sentiments.

Public investment grew at 8.9% per annum, higher than the Ninth Plan target of 5.0% per annum, mainly due to the speedier implementation of development projects. *Public consumption* increased by 5.7% per annum due to higher expenditure on emoluments arising from the salary adjustment for civil servants in 2007 as well as supplies and services.

Sectoral Performance

Services sector as major source of growth...

All sectors registered positive growth, led by the *services sector*, which expanded by 8.5% per annum. Robust growth in the services sector was contributed by the finance, insurance, real estate and business services subsector, which grew by 10.8% per annum. Financial and business activities expanded in line with the implementation of the Financial Sector Master Plan and the diversification of financial products, especially Islamic banking and finance as well as shared services and outsourcing. Another major contributor to the expansion of the services sector was the wholesale and retail trade, accommodation and restaurants subsector, which grew by 9.5% per annum due to the rapid expansion in tourism.

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The *mining sector* grew marginally at 0.2% per annum, due to a decline in the output of crude oil and gas in 2006. The production was affected by the closure of a number of oil fields for maintenance and the planned upgrading to expand the capacity at the Malaysia Liquefied Natural Gas 2 (MLNG2) plant in Bintulu, Sarawak. Mining activities picked up in 2007 with the coming on-stream of Malaysia's first deep sea oil field in Kikeh, Sabah and the re-opening of the MLNG2 plant.

Federal Government Account

The Federal Government continued to pursue a prudent fiscal policy as reflected by the narrowing of fiscal deficit from 3.6% to GDP in 2005 to 3.2% in 2007. Total revenue recorded strong growth at 14.7% per annum arising from higher revenue, particularly petroleum income tax and returns on investment income. On the other hand, operating expenditure also grew at a higher rate of 12.2% per annum due to salary adjustment for civil servants as well as subsidy payments. The development expenditure was financed by the increasing current surplus and manageable level of borrowings. The Federal Government debt stood at RM266.7 billion or 41.6% to GDP in 2007.

External Sector

Merchandise Trade

Trade surplus of RM100 billion a year...

Trade surplus averaged RM100 billion a year in spite of a moderate growth of 6.2% per annum for *gross exports* due to the slowdown in the export of electrical and electronics products. Exports were sustained by primary commodities, mainly agriculture products and crude oil. *Gross imports* grew at 8.0% per annum attributed by the increase in demand for capital and intermediate goods that support domestic activities. However, average import intensity declined to 47.3% in 2007 from 48.3% in 2005, indicating the improved capability of local industries in supplying capital and intermediate goods.

Balance of Payments

The *overall balance of payments* strengthened to RM45.3 billion or 7.2% of gross national product (GNP) in 2007, attributed to the large surplus in the *current account* arising from sustained surplus in goods, turnaround in services and reduced deficit in the income account. For the first time, the *services account* registered a surplus following lower deficit in transportation services and higher net receipts in the travel account. The deficit in the income account decreased from 4.8% of GNP in 2005 to 2.2% in 2007, mainly due to the inflow of profits and dividends accruing to Malaysian companies operating abroad.

Services account in surplus for the first time...

Resource Balance

Gross national savings remained high, averaging 38.4% to GNP in 2006-2007, enabling Malaysia to finance its economic activities from domestic sources. *Gross national investments*, including change in stocks, stood at 22.0% of GNP. Thus, the resource balance recorded a surplus of 16.4% to GNP.

Price Development

Inflation rate increased by 2.8% per annum in 2006-2007. The increase was mainly due to higher food and energy prices while prices of textile products and telecommunications services declined. Despite world oil prices remaining high in 2007, domestic fuel and gas prices were increased only once in March 2006. Producer prices grew at a faster rate of 5.9% per annum, due largely to buoyant prices of commodity-related products.

III. MOVING FORWARD, 2008-2010

Macroeconomic Strategies

Sustaining macroeconomic stability...

The world economic environment is expected to be more challenging arising from slower growth in the advanced economies, high energy and commodity prices and geopolitical uncertainties as well as increased competition from emerging economies. To ensure that Malaysia moves towards achieving Vision 2020, the macroeconomic strategies, in line with the five thrusts of the National Mission, will be as follows:

- *Managing price stability;*
- *Enhancing competitiveness;*
- *Stimulating new sources of growth;*
- *Raising productivity; and*
- *Maintaining prudent fiscal management.*

International Economic Outlook

The world economy is projected to grow at 4.1% per annum during the 2008-2010 period. Despite moderation in the growth of the United States of America, Europe and Japan, the strong growth in the People's Republic of China, India and emerging Asia is expected to sustain the projected growth. Inflation is projected to remain moderate at 2.2% per annum in the advanced economies and at 5.9% per annum in the emerging markets and developing countries. Global inflation is expected to remain high as a result of protracted increase in oil prices as well as other commodities, including food. World trade is expected to grow at 6.2% per annum, supported by steady demand-driven expansion in global high-tech products and increasing liberalisation.

Malaysian Economy

GDP in real terms is expected to grow at 6.0% per annum during the 2008-2010 period. Growth is expected to be driven by domestic demand, particularly private sector expenditure. On the supply side, the services, manufacturing and agriculture sectors will remain as the main sources of growth. Per capita income in current terms is projected to increase by 8.8% per annum to RM29,711 (US$9,285) and per capita income in purchasing power parity to US$18,439 in 2010.

Total Factor Productivity

During the remaining Plan period, TFP contribution to growth is expected

Chart M-3

Total Factor Productivity, 2006-2010

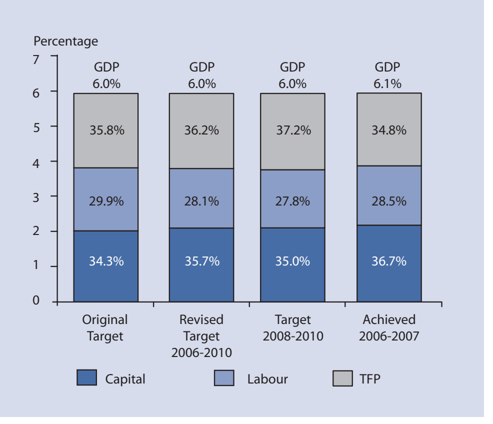


Table M-1

Key Economic Indicators

Item	*9MP Target 2006-2010*	*Achieved 2006-2007*	*Target 2008-2010*	*Revised 9MP Target 2006-2010*
Real GDP (% growth per annum)	*6.0*	*6.1*	*6.0*	*6.0*
Per Capita Income in Current Price (RM)[1]	23,573	23,066	29,711	29,711
Annual Growth Rate (%)	*5.9*	*10.6*	*8.8*	*9.5*
Per Capita Income in Purchasing Power Parity (US$)[1]	13,878	13,529	18,439	18,439
Demand Side, in 2000 Constant Prices (% growth per annum)				
Consumption	*6.5*	*8.0*	*7.4*	*7.6*
Private	*6.9*	*8.6*	*7.6*	*8.0*
Public	*5.3*	*5.7*	*6.6*	*6.2*
Gross Fixed Capital Formation	*7.9*	*8.7*	*8.5*	*8.6*
Private	*11.2*	*8.6*	*10.6*	*9.8*
Public	*5.0*	*8.9*	*6.3*	*7.0*
Exports of Goods and Services	*7.1*	*5.6*	*4.3*	*4.8*
Imports of Goods and Services	*7.9*	*6.9*	*6.0*	*6.4*
Supply Side, in 2000 Constant Prices (% growth per annum)				
Agriculture	*5.0*	*3.8*	*4.4*	*4.1*
Mining and Quarrying	*3.4*	*0.2*	*3.4*	*2.1*
Manufacturing	*6.7*	*5.1*	*3.5*	*4.1*
Construction	*3.5*	*2.0*	*5.8*	*4.3*
Services	*6.5*	*8.5*	*7.9*	*8.2*
External Trade (% growth per annum)				
Gross Exports	*8.5*	*6.2*	*8.1*	*7.4*
Gross Imports	*9.8*	*8.0*	*9.8*	*9.1*
Balance of Payments (RM billion)[2]				
Goods	149.8	127.7	134.1	134.1
Services	-4.5	2.4	3.8	3.8
Income	-39.5	-13.8	-21.4	-21.4
Current Account Balance	91.2	100.5	95.7	95.7
% to GNP	*13.4*	*16.0*	*11.4*	*11.4*
Savings (% to GNP)	*36.2*	*38.4*	*37.2*	*37.6*
Consumer Price Index (% growth per annum)				
Headline	-	*2.8*	*3.0 ~ 4.0*	-
Rural	-	*2.9*	-	-
Urban	-	*2.8*	-	-
Producer Price Index (% growth per annum)				
Domestic Economy	-	*5.9*	-	-
Local Production	-	*7.1*	-	-
Imports	-	*3.5*	-	-

Notes: [1] End period.
[2] End period, net.

Source: Economic Planning Unit and Department of Statistics Malaysia

to increase. TFP contribution will be increased by focusing on enhancing skills and knowledge and providing an enabling environment for creativity and innovation.

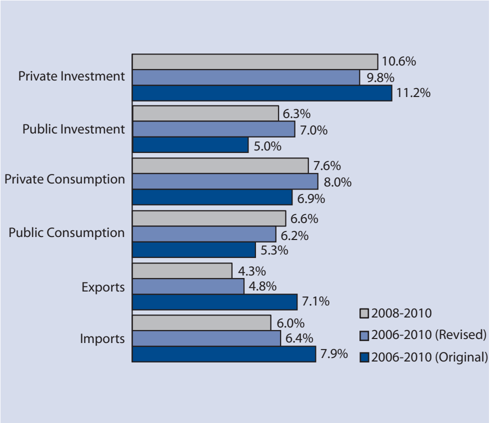
Aggregate Demand

Private sector driving growth...

Private investment is projected to grow at 10.6% per annum. In nominal terms, private investment is estimated to reach RM121.0 billion or 56.4% to total investment in 2010. Total private investment in the remaining Plan period is estimated to be RM305.8 billion. Private investment will be promoted by providing a conducive environment for investment, including enhancing the delivery system, removing regulatory impediments and addressing skills shortages. In addition, dedicated incentive packages will be provided for high technology and knowledge-intensive investments. The privatization programme and private finance initiatives (PFI) will also contribute towards increasing private investments.

Chart M-4

Gross Domestic Product by Expenditure, 2006-2010
(% growth)



Public investment is anticipated to grow at 6.3% per annum, taking into account the expected additional capital expenditure of non-financial public enterprises and the general government. The Government will continue to implement programmes and projects to expand the productive capacity of the economy. Focus will be on people-centred projects such as poverty eradication, reducing disparities and the provision of social and physical infrastructure.

Private consumption will continue to be a major source of growth and is expected to grow at 7.6% per annum with its share to GDP increasing to 52.9% in 2010. Consumer confidence is anticipated to improve further with increasing employment opportunities and higher disposable income. *Public consumption* is expected to grow at 6.6% per annum, reflecting higher expenditure on emoluments to improve the delivery system.

Sectoral Output

The *services sector* is expected to sustain its growth momentum at 7.9% per annum. Growth will be led by the financial and business services subsector growing at 9.8% per annum with Islamic banking, *takaful* and *re-takaful*, shared services and outsourcing as the main contributors. ICT services such as software and content development as well as Internet-based services and e-commerce solutions are expected to gain more prominence.

The wholesale and retail trade, accommodation and restaurants subsector is projected to expand by 8.4% per annum with a robust performance expected from tourism and tourism-related sectors. The transport and communication subsector is projected to expand with further promotion of Port Klang, Selangor and Port of Tanjung Pelepas, Johor as cargo transhipment centres as well as the further development of low-cost carrier services.

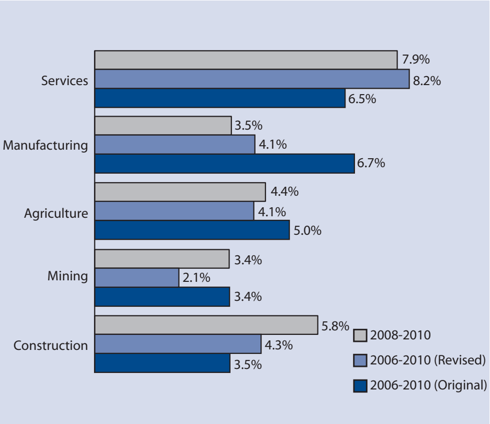
The *manufacturing sector* is expected to record moderate growth at 3.5% per annum, arising from sluggish global demand of electrical and electronics products. Growth will be led by the domestic-oriented industries expanding at 5.5% per annum, mainly the construction-related industries, in line with the expected expansion of construction activities.

The *agriculture sector* is expected to grow at 4.4% per annum with the food crop subsector growing at 6.2% per annum and the industrial crop subsector growing at 3.0% per annum. Emphasis will be given to increasing productivity through replanting activities with new and high-yield clones, land consolidation, good farm management practices as well as maximising the use of technology and mechanisation.

The *mining sector* is expected to grow at 3.4% per annum. The oil and gas subsector will continue to be the main source of growth contributing 98.7% to the sector.

Chart M-5

Gross Domestic Product by Industry Origin, 2006-2010
(% growth)



Construction sector to resume its growth momentum...

The *construction sector* is expected to record a robust growth of 5.8% per annum, contributed mainly by civil engineering activities as well as the residential and commercial property subsector. The implementation of social and physical infrastructure projects will generate growth in this sector. The development of regional growth corridors will further stimulate the expansion of this sector.

Federal Government Account

Sustainable fiscal deficit...

The Government will continue to practise fiscal prudence. The fiscal deficit is expected to be sustained at 3.2% of GDP in 2010. Measures will be taken to enhance the revenue base by reviewing tax incentives and improving tax collection.

During the remaining Plan period, the *operating expenditure* of the Federal Government is targeted to moderate to 6.9% per annum. Subsidy on petroleum products will be reduced gradually as the Government will introduce a fairer system for the benefit of the poor and the lower income group.

People-centred development projects...

Development expenditure ceiling for the Ninth Plan will be increased by RM30 billion to RM230 billion. The additional ceiling is to take into account additional development requirements and the increase in construction-related materials cost. Development projects will also be reprioritised giving priority to people-centred projects. In addition, the privatization program and the PFI will be used to complement public investment to provide better quality services to the public and ensure value for money. Fiscal discipline will be strengthened through competitive bidding and promoting best practices in the implementation of projects.

Table M-2

Federal Government Fiscal Position, 2005-2010

Item	*RM billion*			*% to GDP*				
							2006-2010	
	2005	*2007*	*2010*	*2005*	*2007*	*2010*	*Original*	*Revised*
Revenue	106.3	139.9	179.0	*20.3*	*21.8*	*20.8*	*21.9*	*21.5*
Operating Expenditure	97.7	123.1	150.3	*18.7*	*19.2*	*17.5*	*19.1*	*18.4*
Current Surplus	8.6	16.8	28.7	*1.6*	*2.6*	*3.3*	*2.8*	*3.1*
Net Development Expenditure	27.3	37.5	56.6	*5.2*	*5.8*	*6.6*	*6.2*	*6.3*
Overall Deficit	-18.7	-20.7	-27.9	*-3.6*	*-3.2*	*-3.2*	*-3.4*	*-3.2*

Source: Economic Planning Unit and Ministry of Finance

External Sector

Merchandise Trade

Gross exports is projected to grow at 8.1% per annum. Malaysian producers and exporters are expected to benefit from the continuing liberalisation of trade in goods and services under the World Trade Organization (WTO) and ASEAN Free Trade Area, regional trade agreements and bilateral free trade agreements.

The exports of manufactures is projected to expand by 8.1% per annum, reflecting the sustained expansion in demand from traditional and new markets. Exports of agricultural and mining commodities are expected to grow by 14.2% and 9.2% per annum respectively, mainly attributed to higher export prices.

Gross imports is projected to grow at 9.8% per annum arising mainly from imports of intermediate and capital goods, which together constitute 85.3% of total imports. This is in line with the sustained demand for imported components with the expansion in the manufacturing sector. Imports of consumption goods is expected to grow at 9.7% per annum. As a result, trade balance is projected to decline from RM100.3 billion in 2007 to RM97.0 billion in 2010.

Balance of Payments

The *overall balance of payments* is expected to remain strong due to high surplus in the goods account as well as the bigger surplus in the services account. The *current account* surplus is projected to reach RM95.7 billion or 11.4% of GNP in 2010, supported by the sustained strong position in the goods account, partly due to better commodity prices and terms of trade. The services account surplus is projected to improve to RM3.8 billion or 0.4% of GNP in 2010, mainly contributed by higher net travel receipts. This is in tandem with the

Government's efforts to position Malaysia as a premier tourist destination and the increase in exports of services such as education, health care and outsourcing.

The *income account* is expected to remain in deficit, mainly due to repatriation of profits and dividends accruing to foreign investors. Gross outflow of profits and dividends is estimated to be RM21.4 billion or 2.6% of GNP in 2010. Foreign investors will continue to be encouraged to reinvest in Malaysia.

Resource Balance

Gross national product in current prices is projected to grow at 10.1% per annum, in line with the expansion in domestic economic activities and strong commodity prices. Despite higher consumption spending growing at 11.0% per annum, gross national savings is expected to expand by 8.9% per annum, constituting 37.2% of GNP. Investment, including changes in stocks is expected to be robust and expand by 15.3% per annum. Consequently, the resource position is expected to be in surplus at RM292.2 billion or 12.8% of GNP during the 2008-2010 period, reflecting the country's capacity to finance domestic investment without relying on foreign borrowings.

Healthy resource position to support investment growth...

Price Development

High world oil and commodity prices will continue to put pressure on domestic

Table M-3

Balance of Payments, 2005-2010

Item	*RM billion*			*% to GNP*		
	2005	*2007*	*2010*	*2005*	*2007*	*2010*
Balance on Goods	128.9	127.7	134.1	*25.9*	*20.3*	*16.0*
Exports	539.4	605.9	765.8	*108.2*	*96.5*	*91.3*
Imports	410.5	478.2	631.7	*82.4*	*76.1*	*75.3*
Balance on Services	-9.6	2.4	3.8	*-1.9*	*0.4*	*0.4*
Transportation	-15.9	-13.2	-13.5	*-3.2*	*-2.1*	*-1.6*
Travel	18.7	29.1	31.7	*3.7*	*4.6*	*3.8*
Others	-12.4	-13.6	-14.4	*-2.5*	*-2.2*	*-1.7*
Balance on Income	-24.0	-13.8	-21.4	*-4.8*	*-2.2*	*-2.6*
Balance on Current Account	78.3	100.5	95.7	*15.7*	*16.0*	*11.4*
Financial and Capital Account	-37.0	-37.2	-	*-7.4*	*-5.9*	-
Overall Balance of Payments	13.6	45.3	-	*2.7*	*7.2*	-

Notes: As at 30 May 2008
Source: Economic Planning Unit and Department of Statistics Malaysia

inflation. To maintain a stable and low price level, efforts will be taken to ensure sufficient supply of essential goods and services to meet the growing demand. This includes measures to increase productivity of the food subsector, the implementation of the National Food Security Policy and better distribution network. The Government will continue to closely monitor price movements, adopt an accommodative monetary stance and encourage consumers to practise prudent spending and avoid wastage. Efforts will also be taken to adopt market-oriented pricing mechanism in the long-term.

IV. CONCLUSION

During 2006-2007, the Malaysian economy achieved a robust growth, driven by domestic demand. During the remaining Plan period, 2008-2010, macroeconomic strategies will focus on enhancing resilience, productivity and competitiveness to sustain the rate of economic growth. Growth will be accompanied by low inflation and unemployment as well as healthy external balance and sustainable fiscal deficit. The private sector will continue to be the engine of growth while the public sector will provide the enabling environment.

THRUST

1

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

MOVING THE ECONOMY UP THE VALUE CHAIN

MOVING THE ECONOMY UP THE VALUE CHAIN

I. INTRODUCTION

During the first half of the Ninth Plan period, steady progress was made in moving the economy up the value chain. In the services sector, advancements were made in the new growth areas such as information and communications technology (ICT), telecommunications, tourism, Islamic finance and shared services and outsourcing (SSO). Growth in the manufacturing sector was mainly driven by domestic-oriented industries. The continuous transformation of the sector to capital- and skill-intensive and high-technology activities was supported by research and development (R&D), design and development and good manufacturing practices. Growth in the agriculture sector was contributed mainly by agricultural industrial commodities, particularly palm oil, rubber and sawlogs, and strong growth in the fisheries and livestock subsectors. The adoption of new technologies and good agriculture practices further modernised and increased dynamism and competitiveness of the sector.

In moving forward, the enabling environment will be further improved including through deregulation and liberalisation to increase private sector participation and enhance efficiency across all sectors. This will support and intensify the development of knowledge-intensive activities and adoption of advanced technologies. In addition, the supply of human capital that meets the requirements of industries and new growth activities will be increased, inter-agency coordination improved and utilisation of resources optimised.

II. KEY RESULTS, 2006-2007

Migration to higher value added and knowledge-intensive activities along the value chain was achieved in several industries in the key economic sectors. New growth areas identified under the Ninth Plan were also at various stages of development. The progress achieved in improving productivity, generating new sources of growth and expanding into new markets is as shown in Box 1-1.

Box 1-1

Key Results, 2006-2007

Commitment	Output
Services	
Tourism	
▪ Intensifying marketing and promotion activities	▪ Tourist arrivals reached 21 million with receipts of RM46.1 billion in 2007 compared with 16.4 million tourist arrivals with receipts of RM31.9 billion in 2005 ▪ Tourist per capita expenditure increased from RM1,945 in 2005 to RM2,198 in 2007 ▪ Average occupancy rate of hotels increased to 70.0% in 2007 from 63.5% in 2005
▪ Developing innovative tourism products and services	▪ 637,975 foreign patients sought treatment contributing RM457.5 million to foreign exchange earnings ▪ Enrolment of foreign students at tertiary level totalled 92,318 with foreign exchange earnings of RM1.4 billion ▪ 2.8 million participated in Meetings, Incentives, Conventions and Exhibitions (MICE) with receipts of RM5.9 billion ▪ 1,503 foreigners participated in Malaysia My Second Home Programme in 2007 resulting in RM43.8 million in acquisition of residential properties
Finance	
▪ Building an internationally competitive financial sector	▪ Market presence of 6 domestic banking groups operating overseas increased from 12 countries in 2005 to 19 countries in 2007 ▪ Total assets of domestic banking groups overseas increased from RM88.8 billion in 2005 to RM111.6 billion in 2007 ▪ 16 foreign banks, including 3 Islamic banks, operated in Malaysia in 2007
▪ Promoting competitive domestic financial institutions	▪ Pre-tax profit of the banking institutions increased from RM12.4 billion in 2005 to RM17.7 billion in 2007 ▪ Assets of the banking institutions increased from RM958.8 billion in 2005 to RM1,221.5 billion in 2007 ▪ Productivity measured by pre-tax profit per employee increased from RM130,297 in 2005 to RM168,094 in 2007
▪ Developing Malaysia as an international centre for Islamic banking and finance as well as initiating niche capital market specialisation at regional and global levels	▪ Malaysia secured 27% or US$1.7 billion of global takaful premium in 2006 ▪ 68.9% of the global outstanding sukuk originated in Malaysia at end 2007 ▪ Market capitalisation of Islamic Real Estate Investment Trusts (REITs) increased by 192.7% to RM995.3 million at end 2007

Commitment	Output
Distributive trade	
▪ Strengthening the modes of distribution	▪ Total sales turnover reached RM293.9 billion in 2007 from RM198.1 billion in 2005 ▪ Franchisors increased from 206 in 2005 to 267 in 2007 ▪ Turnover of direct sales increased to RM8.8 billion in 2007 from RM6.6 billion in 2005
▪ Accelerating the growth of e-commerce	▪ Estimated value of e-commerce transactions increased from US$8.8 billion in 2005 to US$20.9 billion in 2007
Professional services	
▪ Promoting cross border investment	▪ As at end 2007: • 111 firms exported services to 33 countries • Malaysian contractors secured 76 projects valued at RM45.1 billion • 333 projects in 23 countries were completed valued at RM23 billion
Manufacturing	
▪ Promoting new sources of industrial growth	▪ 51 companies granted BioNexus status with approved investment of RM1 billion ▪ 65 R&D findings commercialised and 13,732 patents approved ▪ RM2.3 billion spent on R&D in manufacturing activities in 2006 ▪ 10 projects with high-end R&D activities involving RM588.4 million investments were implemented in areas such as integrated wafer fabrication, advanced integrated circuit packaging, and precision test and measurement equipment ▪ 4 new petrochemical projects with investment totalling RM4 billion were implemented
▪ Providing more focused incentives for high value added industries	▪ 66 projects with FDI worth RM33.3 billion were approved, mainly in Electrical and Electronics (E&E), petroleum products, ICT and Machinery and Equipment (M&E) ▪ Capital investment per employee in approved projects increased from RM278,126 in 2005 to RM613,600 in 2007
▪ Developing innovation-driven Small and Medium Enterprises (SMEs)	▪ 532 SMEs registered under the Industrial Linkages Programme linked to multinational companies (MNCs) and large companies in 2006 ▪ 528 SMEs rated under the SMEs Competitive Rating for Enhancement[1] (SCORE) assessment programme

[1] SCORE is an assessment tool to measure the level of growth of enterprises in terms of innovation, technical capabilities, production capacities, financial and business performance, quality systems and management capabilities as well as identify areas of strengths and weaknesses of SMEs.

Commitment	Output
Agriculture	
▪ Venturing into new sources of growth	▪ Increase in production: • Kenaf - from 1,163 metric tonnes (MT) in 2005 to 4,185 MT in 2007 • Deep sea fishing - from 221,228 MT in 2005 to 264,000 MT in 2007 • Ornamental fish - from 458 million tails in 2005 to 679 million tails in 2007 • Livestock - from 1.7 million MT in 2005 to 1.9 million MT in 2007 • Seaweed - from 46,000 MT in 2005 to 68,000 MT in 2007 • Herbs and spices - from 7,098 MT in 2005 to 13,251 MT in 2007
▪ Expanding agro-based processing activities	▪ Investment in food manufacturing totalled RM2 billion ▪ Investment in manufacturing of rubber products totalled RM918 million ▪ Investment in manufacturing of furniture and fixtures totalled RM596 million
▪ Strengthening marketing and global networking	▪ Total export value of agriculture commodities increased from RM37.5 billion in 2005 to RM52.4 billion in 2007 ▪ Total export value of agro-based products increased from RM35.6 billion in 2005 to RM45.3 billion in 2007
ICT	
▪ Enhancing Malaysia's position as a global ICT and multimedia hub	▪ 6 new Multimedia Super Corridor (MSC) cybercentres developed ▪ MSC status companies increased from 1,421 companies in 2005 to 1,994 companies in 2007 ▪ Number of jobs in MSC increased from 33,851 in 2005 to 50,821 jobs in 2006
▪ Expanding communications network	▪ Broadband penetration increased from 11.0% per 100 household in 2005 to 15.5% per 100 household in 2007 ▪ Internet penetration increased from 7.0% per 100 household in 2005 to 19.3% per 100 household in 2007 ▪ Subscription of cellular telephone increased from 74.1 per 100 population in 2005 to 85.1 per 100 population in 2007

Commitment	Output
Energy	
▪ Expanding electricity generation capacity	▪ Coal-based plant in Johor (2,100 megawatts (MW)) was commissioned in 2007 and construction of the Bakun Hydroelectric project in Sarawak (2,400 MW) was continued
▪ Enhancing transmission and distribution system	▪ East-West Interconnection Grid in Sabah was completed ▪ Upgrading of transmission system commenced in Kota Kinabalu, Sandakan and Tawau, Sabah ▪ Rehabilitation of distribution networks in Perak, construction of regional control centres and replacement of substation assets commenced ▪ Reinforcement of distribution system commenced in major towns in Sabah
▪ Enhancing productivity and efficiency of electricity supply system	▪ System Average Interruption Duration Index (minutes/customer/year) improved: • Peninsular Malaysia: 147 in 2005 to 88 in 2007 • Sabah: 4,109 in 2005 to 2,717 in 2007 • Sarawak: 310 in 2005 to 286 in 2007
Infrastructure	
▪ Increasing capacity and improving efficiency of transport infrastructure	▪ A total of 32,964 kilometres (km) of roads upgraded/built including 4,824 km in Sabah and 7,258 km in Sarawak ▪ Butterworth Outer Ring Road (12.1 km) and Kuala Lumpur–Putrajaya Highway (26 km) completed ▪ Rawang-Ipoh electrified double tracking rail project (179 km) completed ▪ Total railway freight traffic increased from 4.0 million tonnes in 2005 to 4.7 million tonnes in 2007 ▪ Total container handled by rail increased from 310,011 twenty-foot equivalent units (TEU) in 2005 to 333,688 TEU in 2007 ▪ Alor Setar airport upgraded and a low-cost carrier terminal at KLIA built ▪ Total container handled at Malaysian ports increased from 12.0 million TEU in 2005 to 15.3 million TEU in 2007

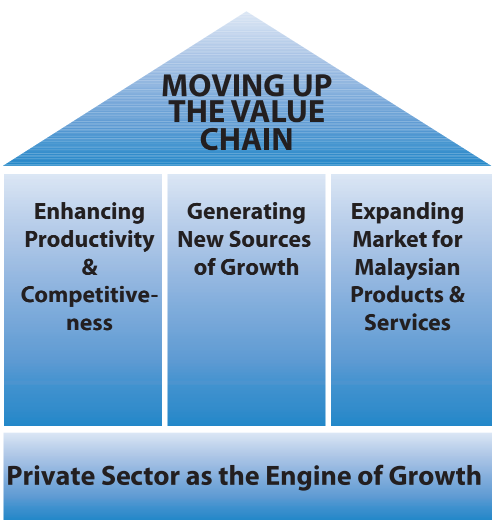
III. MOVING FORWARD, 2008-2010

The wave of globalisation and rapid technological progress, leading to a highly competitive global environment, requires Malaysia to reshape its economic structure and strengthen its productive capacity. Efficient use of resources, particularly in new knowledge-intensive high-technology activities that yields higher value added, is critical in shifting the economy further up the value chain.

Three major pillars underpinning the thrust are enhancing productivity and competitiveness, generating new sources of growth and expanding markets for Malaysian products and services. Efficient allocation and use of resources, focusing on higher value added activities where the nation has comparative advantage as well as adoption of good practices and advanced technology will significantly enhanced productivity and competitiveness. Generation of new sources of growth will enhance and sustain the growth trajectory towards achieving high-income status. This will lead to greater economic dynamism and resilience for Malaysia in facing global challenges. Greater liberalisation of the world economy will lead to expansion of markets for Malaysian products and services. Measures will be introduced to position Malaysia strategically in the global supply chain.

Figure 1-1

Moving the Economy Up the Value Chain



Enhancing Productivity and Competitiveness

Human Capital

The supply of competent workforce with the requisite skills in key sectors of the economy, particularly in Islamic banking and finance, high-end retailing, creative multimedia content development, advanced materials, biotechnology, mechatronics and agriculture will be increased in line with industry demand. The hiring of expatriates in these specialised areas will be facilitated. In addition, the intake into skills training institutes and institutions of higher learning as well as the offering of specialised courses will be expanded. Public-private sector collaboration for example the knowledge workers skills development programme will also be promoted in specific areas. University-industry collaboration and linkages will be enhanced to improve curriculum design to produce graduates with the relevant knowledge and skills required by industry.

In the services sector, industry players and associations will be encouraged to enhance professionalism by providing training for their employees and members in areas such as customer service relations, hospitality and business ethics. For the Islamic financial subsector, the International Centre for Education in Islamic Finance will focus on increasing the supply of qualified workforce. To revitalise interest in agriculture, greater allocation of scholarships and education loans will be provided and the number of courses and training programmes in higher learning institutions will be increased. Awareness of career opportunities in services and agriculture sectors will be enhanced through nationwide campaigns.

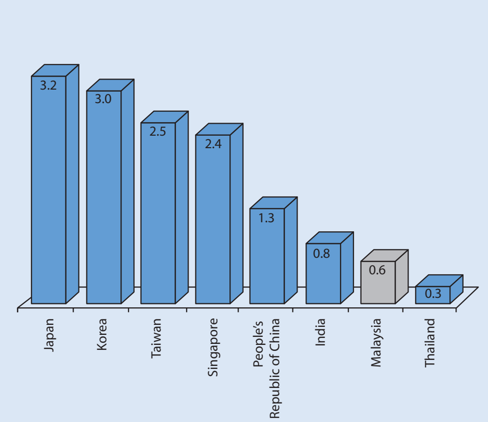
Skills upgrading programmes for SMEs provided by the Small and Medium Industries Development Corporation (SMIDEC) in collaboration with other agencies will be further intensified. Collaboration between multinational and large companies with SMEs will be leveraged to enable these SMEs to become own-design and own-brand manufacturers. Multimedia Development Corporation (MDeC) through its technopreneur development programmes will strengthen business skills and enterprise development of ICT-related SMEs and increase the number of competent ICT professionals and business managers.

Research and Development

Recognising the critical role of R&D, the Government will continue to support fundamental and applied research to enhance productivity and competitiveness.

Chart 1-1

Gross R&D Expenditure, 2007
(% of GDP)



Source: World Competitiveness Yearbook 2007 and National R&D Survey

Potential research areas and next generation technology products for commercial exploitation will be identified and the funds for R&D and commercialisation of its findings will be realigned to ensure the optimal utilisation of resources. The Government will also promote technology acquisition to speed up market-driven innovation.

Market-driven innovation...

Efforts will be undertaken to facilitate the commercialisation of research findings including through public-private sector collaboration in market-driven research. Among the initiatives will be the sharing of facilities and infrastructure, particularly in developing new high value-added products; a strong laboratory-to-market intermediation programme; and strengthening of technology licensing offices in higher learning institutions. In addition, the existing database on research findings with potential for commercialisation will be expanded and made accessible to investors. More technology-foresight studies in selected areas will be undertaken to provide SMEs with the latest information on the best and most appropriate technologies available in various subsectors.

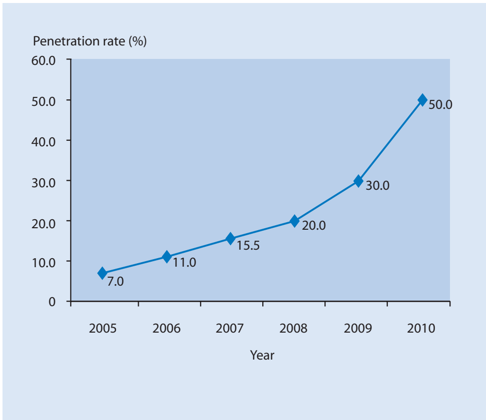
ICT Infrastructure

Accelerating broadband roll-out...

High speed broadband infrastructure, particularly in urban and industrial centres is a key enabler to provide a conducive environment for making Malaysia a preferred choice for private investment and knowledge-intensive activities. The roll-out of broadband infrastructure will be accelerated through a public-private partnership initiative to achieve 50% household penetration by 2010. Demand for broadband will be stimulated by expanding e-Government applications, developing local content and applications with private sector participation and intensifying awareness campaigns. Gradual migration will be made to Internet Protocol version 6 (IPv6) from the current Internet protocol addresses based on the IPv4, which will be exhausted in the next 5-10 years. This is also to support the future requirement of increasing Internet-enabled appliances, applications and electronic devices.

Chart 1-2

Broadband Penetration Rate
(per 100 household)



Source: Malaysian ICT 2007 and Malaysian Communications and Multimedia Commission

Infrastructure Network and Transport System

To accelerate and support growth as well as improve connectivity, efforts will be taken to increase infrastructure network and coverage. In this regard, a transport master plan will be formulated to guide the development of a more comprehensive infrastructure network and integrated multimodal transport system. Additional integrated transport terminals will be developed, particularly in major cities to increase integration between various modes of transport and improve network efficiency. Efforts will also be focused on improving capacity and enhancing efficiency of the infrastructure facilities, including the upgrading of ports and airports, the construction and upgrading of roads and implementation of the Ipoh-Padang Besar and Seremban-Gemas electrified double tracking rail project, to cater for the increasing traffic volume and international trade. Strategic alliances between domestic transport service providers with global partners will be promoted to leverage on their expertise and international networks.

Figure 1-2

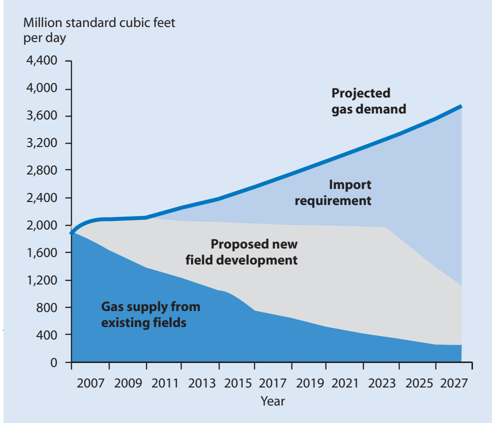
Railway Network

Sustainable Energy Supply

Sustainable and quality supply of energy is critical to ensure Malaysia's competitiveness. This has to be addressed within the context of rising energy prices and the need to conserve depleting energy resources. Sustainable development of the energy sector will be emphasised to ensure long-term energy security. This includes expanding generation capacity as well as strengthening transmission system and distribution networks in Sabah and Sarawak. Energy efficiency (EE) initiatives will be intensified to encourage productive and prudent use of energy resources. Energy pricing and subsidy schemes will be continuously reviewed in the light of depleting energy resources and rising production cost as well as the need to encourage optimal allocation of resources. Efforts will be undertaken to intensify R&D on clean and cost-effective indigenous renewable energy-based (RE) technologies to expedite the development of alternative sources of energy towards enhancing energy security. Studies will also be undertaken to formulate new energy policies and strategies including fuel security, RE and EE.

Chart 1-3

Gas Supply and Demand in Peninsular Malaysia



Institutional and Regulatory Framework

The institutional and regulatory framework will be improved to support development of promoted areas. Comprehensive market-driven policies and regulations, including ensuring safety and quality of products and services, will be promoted to facilitate entrepreneurs and service providers market their products effectively. The Federal Agriculture Marketing Authority (FAMA) Act, 1965 will be amended to enable registration of operators engaged in post-harvest handling and marketing of agricultural produce, particularly fruits and vegetables. The Task Force on Services Statistics (TFSS) will undertake a study to develop profiles of the industries in the services sector and improve collection of statistics. Dissemination of up-to-date information to facilitate trade will be enhanced through the Ministry of International Trade and Industry and Agencies Trade and Industry Information Exchange (MATRIIX) system. A Fair Trade Practices Act will be introduced to promote conducive market environment and enhance Malaysia's competitiveness. Progressive liberalisation in areas critical to the development of healthy and fair operations will be continued. To improve IP protection, more IP courts will be established and the capabilities and capacities of IP practitioners will be enhanced.

Private Sector Participation

Greater private sector participation is crucial to push the economy up the value chain. Policies and regulations will be further liberalised to facilitate and attract more private investment in key economic sectors. To enhance domestic market penetration for *takaful* and re-*takaful*, the Malaysia International Islamic Financial Centre (MIFC) will facilitate *takaful* operators to embark on promotional programmes that will increase the size of *takaful* uptake, particularly for mega projects. In addition, private institutions of higher learning and health providers will be encouraged to improve their facilities and services to ensure the success of education and health tourism.

To improve productivity and competitiveness in manufacturing, SMEs will be encouraged to strengthen collaboration with MNCs to become suppliers of parts and components. Knowledge-intensive SMEs targeting at the global market will be nurtured. The various incentive schemes, including grants, will be streamlined and their application processes simplified to attract new investments in high technology and knowledge-based projects. Private sector investment in promoted areas will be encouraged by providing a conducive environment including by improving public safety and social infrastructure and customised incentives. Better support services and speedier patent approvals will also be provided.

Private sector investment in large-scale agriculture ventures, particularly food crops, will be further promoted to support the national food security measures, among others, through the provision of incentives and adequate agricultural infrastructure in the designated food producing areas. Risk management and mitigation measures will also be promoted for selected food crops. In addition, efforts will be undertaken to establish a central information system on suitable land for agriculture with the cooperation of state governments and land owners.

Identifying and Accelerating New Sources of Growth

New sources of growth within the services, manufacturing and agriculture sectors will be identified and resources channelled from laboratory-to-market. In addition, the supporting infrastructure, regulatory regime and appropriate incentives will be provided to accelerate growth of these new activities.

In the services sector, three key areas, namely tourism, Islamic finance and professional services were identified as new sources of growth. Customised tourism packages based on specific products and locations, including for education and health, will be developed and promoted through public-private collaboration. These customised packages will be targeted at the growing middle class in the emerging economies. Islamic financial products and services, particularly *takaful* and re-*takaful*, will be further promoted while the role of the MIFC will be enhanced to promote Malaysia as a world recognised Islamic financial centre. Construction and professional services were identified as potential export earners with the liberalisation of the services sector and the signing of mutual recognition arrangements. Towards this end, services providers will be encouraged to enhance their professional capabilities and expertise to capitalise on these opportunities.

In the manufacturing sector, efforts will be intensified to encourage the development of domestic and regional clusters of industries identified under the Third Industrial Master Plan as new sources of growth such as E&E, medical devices and petrochemicals. Support services utilising advanced technologies such as nanotechnology, photonics, laser and fuel cells will be established to meet the needs of the clusters. Customised incentives will continue to be offered to MNCs to establish and expand their operations in specialised industrial parks in these identified areas.

To harness the potential of biotechnology as a new source of growth and wealth creation, Malaysian biotechnology companies will be encouraged to identify and build upon niche products and services. Biotechnology applications in agriculture, healthcare and industrial use will be expanded through acquisition of platform technology, intensifying R&D and adoption of good laboratory practices to enhance the value added of products.

Development of new sources of growth in agriculture will be undertaken selectively to ensure more focused efforts and efficient allocation of resources. The *Halal*

Industry Development Master Plan will guide the development of Malaysia as a global *halal* hub and a leading country in the development of *halal* products. Customised incentives will be provided to attract private investment in the production of *halal* products including speciality processed food, cosmetics, pharmaceutical and healthcare products. The cultivation of kenaf will be encouraged as an important source of supply for high-end fibre, raw material for biocomposites products and animal feed. Greater support will be provided to promote downstream activities of key agriculture commodities that yield higher value-added such as palm oil-based oleochemical derivatives and advanced rubber materials. Other new sources of growth in agriculture such as deep sea fishing, seaweed, ornamental fish and herbs and spices industries will be further developed and promoted.

To sustain Malaysia's position as a multimedia and ICT hub, three technology areas were identified, namely the wireless sensor network for applications, particularly in agricultural farming and disaster management; predictive analysis technology for software applications, particularly in Islamic financing, retail and logistics industries; and 3-Dimensional Internet technology for development of multimedia digital content, including in education, gaming and entertainment. The Government will continue to promote Malaysia as a preferred destination for SSO activities and attract leading global ICT players and MNCs investment in the new growth areas.

Strategies and initiatives will be undertaken to stimulate private venture capital financing of new growth areas. In addition, development financial institutions will be encouraged to offer more attractive terms and conditions on financing offered, particularly for new agriculture ventures and biotechnology. The financial advisory programme under Bank Negara Malaysia will place greater emphasis on agriculture to facilitate the financing of agriculture ventures. Financial institutions and venture capitalists will be encouraged to enter into strategic partnerships with parties with profound technical and business knowledge to ensure credible evaluation of projects in the new growth areas.

Expanding Markets for Malaysian Products and Services

Greater accessibility into new markets...

Malaysian products and services will be intensively promoted to new markets in Africa, west and south Asia as well as the European Union and ASEAN. Trade missions will be increased and new marketing networks strengthened in these regions. In line with the greater integration of the ASEAN economies, focus will be on unlocking the potentials of cross-border synergies. Marketing information systems under different agencies such as Malaysian External Trade Development Corporation (MATRADE), FAMA and MDeC will be upgraded and integrated to provide easy access to information for traders. Image building programmes on branding Malaysia and Malaysian brand products will be further intensified.

Financial institutions will be encouraged to support Malaysian companies to venture abroad. Assistance will also be provided to members of trade and industry associations to undertake export promotion programmes as well as provide support for logistics and warehousing. Incentives based on outcomes will be provided to the private sector to undertake export promotion activities.

Access of Malaysian products and services into the global market will be facilitated through mutual recognition arrangements, free trade agreements and multilateral arrangements. Strategic alliances and joint-ventures between local companies and established MNCs will be promoted to widen the marketing network for agro-based, manufactured and ICT products and services. In addition, Malaysian standards and technical regulations will be harmonised with internationally recognised standards to ensure greater access into the global market. Malaysia's *halal* certification will be futher promoted as a globally recognised *halal* standard to ensure greater accessibility of Malaysian *halal* products into the international market. In addition, cooperation with the International Halal Integrity Alliance will be initiated to promote *halal* certification based on Malaysian Standards including MS 1500:2004[2]. Pro-market incentives will be expanded to encourage SMEs to undertake quality improvements and adopt advanced technology applications.

IV. OUTCOMES, 2010

The key outcomes for the various sectors are as shown in Box 1-2.

Box 1-2

Expected Outcomes, 2010

Commitment	Outcome
Enhancing Productivity and Competitiveness	
▪ Increasing value added of the services sector by 7.9% to RM948 billion ▪ Increasing share of services sector to GDP to 55.7%	▪ Increased value added and share to GDP of the services sector
▪ Targeting 24.6 million tourist arrivals with receipts of RM59.4 billion ▪ Increasing tourist per capita expenditure to RM2,417	▪ Increased contribution of tourism to foreign exchange earnings
▪ Increasing value added of the manufacturing sector by 3.5% to RM168.9 billion • Targeted value added of major subsectors - E&E RM32.9 billion - M&E RM19.2 billion - Petrochemical RM20.5 billion - Transport equipment RM16.2 billion • Average annual investment level of RM27.5 billion. Target by major subsectors - E&E RM14.0 billion - M&E RM1.7 billion - Petrochemical RM1.7 billion - Transport equipment RM2.1 billion - Medical devices RM0.8 billion	▪ Increased investment and value added in the manufacturing sector

[2] 'Halal Food: Production, Preparation, Handling and Storage - General Guidelines' (MS 1500: 2004).

<table>
<tr><th>Commitment</th><th>Outcome</th></tr>
<tr><td>

- Increasing share of private sector expenditure in R&D to 1.1% of GDP

</td><td>

- Increased private sector expenditure in R&D

</td></tr>
<tr><td>

- Increasing the number of SMEs with 4 star ratings as well as creating SMEs with 5 star ratings under the SCORE programme

</td><td>

- Increased participation of SMEs in the global market

</td></tr>
<tr><td>

- Increasing production and local processing of industrial commodities

<table>
<tr><th></th><th>Production</th><th>Local processing</th></tr>
<tr><td>Palm Oil</td><td>16.5% to 18.4 million MT</td><td>0.1% to 1.5 million MT</td></tr>
<tr><td>Rubber</td><td>8.3% to 1.3 million MT</td><td>3.5% to 437,000 MT</td></tr>
<tr><td>Cocoa</td><td>34.3% to 47,000 MT</td><td>30.4% to 30,000 MT</td></tr>
</table>

</td><td>

- Increased production and local processing of industrial commodities

</td></tr>
<tr><td>

- Increasing food production and self sufficiency level (SSL)

<table>
<tr><th></th><th>Production</th><th>% SSL</th></tr>
<tr><td>Rice</td><td>27.4% to 2.9 million MT</td><td>86</td></tr>
<tr><td>Fisheries</td><td>33.4% to 1.8 million MT</td><td>103</td></tr>
<tr><td>Beef</td><td>31.2% to 45,000 MT</td><td>28</td></tr>
<tr><td>Poultry</td><td>18.2% to 1.3 million MT</td><td>122</td></tr>
</table>

</td><td>

- Increased food production and achieve SSL

</td></tr>
<tr><td>

- Increasing ICT value added to RM30 billion
- Increasing ICT-related jobs to 500,000

</td><td>

- Increased value added and jobs in the ICT sector

</td></tr>
<tr><td>

- Construction of East Coast Expressway Phase II from Kuantan - Kuala Terengganu, Senai-Desaru and Kemuning-Shah Alam highways
- Construction of roads to link resettlement areas with rural industrial areas and estates, particularly in Sabah and Sarawak
- Upgrading of Kuching, Kota Kinabalu, Kuala Terengganu and Labuan airports
- Construction of Seremban-Gemas and Ipoh-Padang Besar electrified double tracking rail projects. The projects are expected to be completed in 2012 and 2013, respectively

</td><td>

- Increased capacity, efficiency and network coverage of transport infrastructure

</td></tr>
<tr><td colspan="2">Generating New Sources of Growth</td></tr>
<tr><td>

- Increasing earnings of health tourism to RM1 billion
- Increasing earnings of education tourism to RM2 billion

</td><td>

- Health and education tourism established as major tourism products

</td></tr>
</table>

<table>
<tr><th>Commitment</th><th>Outcome</th></tr>
<tr><td>▪ Takaful to capture 20% of total assets in the insurance and takaful industry
▪ Islamic banking to capture 20% of total assets in the banking system
▪ Developing International Syariah Research Academy for Islamic Finance to undertake research in muamalat</td><td>▪ Malaysia as Islamic banking and finance hub</td></tr>
<tr><td>▪ Establishing 200 BioNexus status companies</td><td>▪ Achieve targeted number of BioNexus status companies</td></tr>
<tr><td>▪ Increasing production
<table><tr><th>Commodities</th><th>Production target</th></tr><tr><td>Kenaf</td><td>45,000 MT</td></tr><tr><td>Deep sea fishing</td><td>380,800 MT</td></tr><tr><td>Seaweed</td><td>95,000 MT</td></tr><tr><td>Ornamental fish</td><td>860 million tails</td></tr><tr><td>Herbs and spices</td><td>103,000 MT</td></tr></table></td><td>▪ Increased production of new sources of growth</td></tr>
<tr><td>▪ Increasing export from MSC status companies to RM4.9 billion
▪ Increasing number of MSC status companies to 2,500
▪ Increasing ICT global players' investment in high-valued outsourcing</td><td>▪ Malaysia as a multimedia and ICT hub and as an attractive destination for SSO activities</td></tr>
<tr><td colspan="2">Expanding Markets for Malaysian Products and Services</td></tr>
<tr><td>▪ Increasing presence of Malaysian professionals in Africa, West Asia and new emerging economies</td><td>▪ Increased export of professional services</td></tr>
<tr><td>▪ Increasing number of Malaysian Islamic financial products offered to Africa, ASEAN and Asia</td><td>▪ Expanded global presence of Malaysian Islamic finance</td></tr>
<tr><td>▪ Increasing share of tourist arrivals from non-ASEAN market to 30%</td><td>▪ Higher tourist arrivals from non-ASEAN market</td></tr>
<tr><td>▪ Targeting new high growth markets in North East Asia and emerging markets in South Asia, West Asia and Eastern Europe
▪ Increasing export value of selected manufacturing subsectors:
<table><tr><td>• E&E</td><td>RM960.1 billion</td></tr><tr><td>• Chemical products</td><td>RM127.0 billion</td></tr><tr><td>• Metal products</td><td>RM90.3 billion</td></tr><tr><td>• Petroleum products</td><td>RM75.7 billion</td></tr></table></td><td>▪ Increased share of exports to new markets and increased export value</td></tr>
</table>

Commitment	Outcome
▪ Increasing value of agriculture exports to RM72 billion ▪ Increasing export value of agro-based products to RM58.7 billion ▪ Expanding market for frozen food to Australia and the Netherlands ▪ Expanding market for processed food to People's Republic of China, Japan, the Netherlands and Saudi Arabia	▪ Increased exports of agriculture and agro-based products
▪ Penetrating new markets in People's Republic of China, India and West Asia for multimedia digital content for education and entertainment	▪ Secured new markets for ICT products and services

V. CONCLUSION

The growth in key sectors of the economy during the first half of the Ninth Plan was supported by adoption of new technologies and best practices as well as greater R&D. The highly competitive global environment requires Malaysia to reshape its economic structure and strengthen its resilience through concerted efforts with greater private sector participation. To move the economy up the value chain, more synergistic and focused efforts will be undertaken to increase productivity and competitiveness, generate new sources of growth and expand into new markets.

1 THRUST

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

MOVING THE ECONOMY UP THE VALUE CHAIN

MOVING THE ECONOMY UP THE VALUE CHAIN

I. INTRODUCTION

During the first half of the Ninth Plan period, steady progress was made in moving the economy up the value chain. In the services sector, advancements were made in the new growth areas such as information and communications technology (ICT), telecommunications, tourism, Islamic finance and shared services and outsourcing (SSO). Growth in the manufacturing sector was mainly driven by domestic-oriented industries. The continuous transformation of the sector to capital- and skill-intensive and high-technology activities was supported by research and development (R&D), design and development and good manufacturing practices. Growth in the agriculture sector was contributed mainly by agricultural industrial commodities, particularly palm oil, rubber and sawlogs, and strong growth in the fisheries and livestock subsectors. The adoption of new technologies and good agriculture practices further modernised and increased dynamism and competitiveness of the sector.

In moving forward, the enabling environment will be further improved including through deregulation and liberalisation to increase private sector participation and enhance efficiency across all sectors. This will support and intensify the development of knowledge-intensive activities and adoption of advanced technologies. In addition, the supply of human capital that meets the requirements of industries and new growth activities will be increased, inter-agency coordination improved and utilisation of resources optimised.

II. KEY RESULTS, 2006-2007

Migration to higher value added and knowledge-intensive activities along the value chain was achieved in several industries in the key economic sectors. New growth areas identified under the Ninth Plan were also at various stages of development. The progress achieved in improving productivity, generating new sources of growth and expanding into new markets is as shown in Box 1-1.

Box 1-1

Key Results, 2006-2007

Commitment	Output
Services	
Tourism	
▪ Intensifying marketing and promotion activities	▪ Tourist arrivals reached 21 million with receipts of RM46.1 billion in 2007 compared with 16.4 million tourist arrivals with receipts of RM31.9 billion in 2005 ▪ Tourist per capita expenditure increased from RM1,945 in 2005 to RM2,198 in 2007 ▪ Average occupancy rate of hotels increased to 70.0% in 2007 from 63.5% in 2005
▪ Developing innovative tourism products and services	▪ 637,975 foreign patients sought treatment contributing RM457.5 million to foreign exchange earnings ▪ Enrolment of foreign students at tertiary level totalled 92,318 with foreign exchange earnings of RM1.4 billion ▪ 2.8 million participated in Meetings, Incentives, Conventions and Exhibitions (MICE) with receipts of RM5.9 billion ▪ 1,503 foreigners participated in Malaysia My Second Home Programme in 2007 resulting in RM43.8 million in acquisition of residential properties
Finance	
▪ Building an internationally competitive financial sector	▪ Market presence of 6 domestic banking groups operating overseas increased from 12 countries in 2005 to 19 countries in 2007 ▪ Total assets of domestic banking groups overseas increased from RM88.8 billion in 2005 to RM111.6 billion in 2007 ▪ 16 foreign banks, including 3 Islamic banks, operated in Malaysia in 2007
▪ Promoting competitive domestic financial institutions	▪ Pre-tax profit of the banking institutions increased from RM12.4 billion in 2005 to RM17.7 billion in 2007 ▪ Assets of the banking institutions increased from RM958.8 billion in 2005 to RM1,221.5 billion in 2007 ▪ Productivity measured by pre-tax profit per employee increased from RM130,297 in 2005 to RM168,094 in 2007
▪ Developing Malaysia as an international centre for Islamic banking and finance as well as initiating niche capital market specialisation at regional and global levels	▪ Malaysia secured 27% or US$1.7 billion of global takaful premium in 2006 ▪ 68.9% of the global outstanding sukuk originated in Malaysia at end 2007 ▪ Market capitalisation of Islamic Real Estate Investment Trusts (REITs) increased by 192.7% to RM995.3 million at end 2007

Commitment	Output
Distributive trade	
▪ Strengthening the modes of distribution	▪ Total sales turnover reached RM293.9 billion in 2007 from RM198.1 billion in 2005 ▪ Franchisors increased from 206 in 2005 to 267 in 2007 ▪ Turnover of direct sales increased to RM8.8 billion in 2007 from RM6.6 billion in 2005
▪ Accelerating the growth of e-commerce	▪ Estimated value of e-commerce transactions increased from US$8.8 billion in 2005 to US$20.9 billion in 2007
Professional services	
▪ Promoting cross border investment	▪ As at end 2007: • 111 firms exported services to 33 countries • Malaysian contractors secured 76 projects valued at RM45.1 billion • 333 projects in 23 countries were completed valued at RM23 billion
Manufacturing	
▪ Promoting new sources of industrial growth	▪ 51 companies granted BioNexus status with approved investment of RM1 billion ▪ 65 R&D findings commercialised and 13,732 patents approved ▪ RM2.3 billion spent on R&D in manufacturing activities in 2006 ▪ 10 projects with high-end R&D activities involving RM588.4 million investments were implemented in areas such as integrated wafer fabrication, advanced integrated circuit packaging, and precision test and measurement equipment ▪ 4 new petrochemical projects with investment totalling RM4 billion were implemented
▪ Providing more focused incentives for high value added industries	▪ 66 projects with FDI worth RM33.3 billion were approved, mainly in Electrical and Electronics (E&E), petroleum products, ICT and Machinery and Equipment (M&E) ▪ Capital investment per employee in approved projects increased from RM278,126 in 2005 to RM613,600 in 2007
▪ Developing innovation-driven Small and Medium Enterprises (SMEs)	▪ 532 SMEs registered under the Industrial Linkages Programme linked to multinational companies (MNCs) and large companies in 2006 ▪ 528 SMEs rated under the SMEs Competitive Rating for Enhancement[1] (SCORE) assessment programme

[1] SCORE is an assessment tool to measure the level of growth of enterprises in terms of innovation, technical capabilities, production capacities, financial and business performance, quality systems and management capabilities as well as identify areas of strengths and weaknesses of SMEs.

Commitment	Output
Agriculture	
▪ Venturing into new sources of growth	▪ Increase in production: • Kenaf - from 1,163 metric tonnes (MT) in 2005 to 4,185 MT in 2007 • Deep sea fishing - from 221,228 MT in 2005 to 264,000 MT in 2007 • Ornamental fish - from 458 million tails in 2005 to 679 million tails in 2007 • Livestock - from 1.7 million MT in 2005 to 1.9 million MT in 2007 • Seaweed - from 46,000 MT in 2005 to 68,000 MT in 2007 • Herbs and spices - from 7,098 MT in 2005 to 13,251 MT in 2007
▪ Expanding agro-based processing activities	▪ Investment in food manufacturing totalled RM2 billion ▪ Investment in manufacturing of rubber products totalled RM918 million ▪ Investment in manufacturing of furniture and fixtures totalled RM596 million
▪ Strengthening marketing and global networking	▪ Total export value of agriculture commodities increased from RM37.5 billion in 2005 to RM52.4 billion in 2007 ▪ Total export value of agro-based products increased from RM35.6 billion in 2005 to RM45.3 billion in 2007
ICT	
▪ Enhancing Malaysia's position as a global ICT and multimedia hub	▪ 6 new Multimedia Super Corridor (MSC) cybercentres developed ▪ MSC status companies increased from 1,421 companies in 2005 to 1,994 companies in 2007 ▪ Number of jobs in MSC increased from 33,851 in 2005 to 50,821 jobs in 2006
▪ Expanding communications network	▪ Broadband penetration increased from 11.0% per 100 household in 2005 to 15.5% per 100 household in 2007 ▪ Internet penetration increased from 7.0% per 100 household in 2005 to 19.3% per 100 household in 2007 ▪ Subscription of cellular telephone increased from 74.1 per 100 population in 2005 to 85.1 per 100 population in 2007

Commitment	Output
Energy	
▪ Expanding electricity generation capacity	▪ Coal-based plant in Johor (2,100 megawatts (MW)) was commissioned in 2007 and construction of the Bakun Hydroelectric project in Sarawak (2,400 MW) was continued
▪ Enhancing transmission and distribution system	▪ East-West Interconnection Grid in Sabah was completed ▪ Upgrading of transmission system commenced in Kota Kinabalu, Sandakan and Tawau, Sabah ▪ Rehabilitation of distribution networks in Perak, construction of regional control centres and replacement of substation assets commenced ▪ Reinforcement of distribution system commenced in major towns in Sabah
▪ Enhancing productivity and efficiency of electricity supply system	▪ System Average Interruption Duration Index (minutes/customer/year) improved: • Peninsular Malaysia: 147 in 2005 to 88 in 2007 • Sabah: 4,109 in 2005 to 2,717 in 2007 • Sarawak: 310 in 2005 to 286 in 2007
Infrastructure	
▪ Increasing capacity and improving efficiency of transport infrastructure	▪ A total of 32,964 kilometres (km) of roads upgraded/built including 4,824 km in Sabah and 7,258 km in Sarawak ▪ Butterworth Outer Ring Road (12.1 km) and Kuala Lumpur–Putrajaya Highway (26 km) completed ▪ Rawang-Ipoh electrified double tracking rail project (179 km) completed ▪ Total railway freight traffic increased from 4.0 million tonnes in 2005 to 4.7 million tonnes in 2007 ▪ Total container handled by rail increased from 310,011 twenty-foot equivalent units (TEU) in 2005 to 333,688 TEU in 2007 ▪ Alor Setar airport upgraded and a low-cost carrier terminal at KLIA built ▪ Total container handled at Malaysian ports increased from 12.0 million TEU in 2005 to 15.3 million TEU in 2007

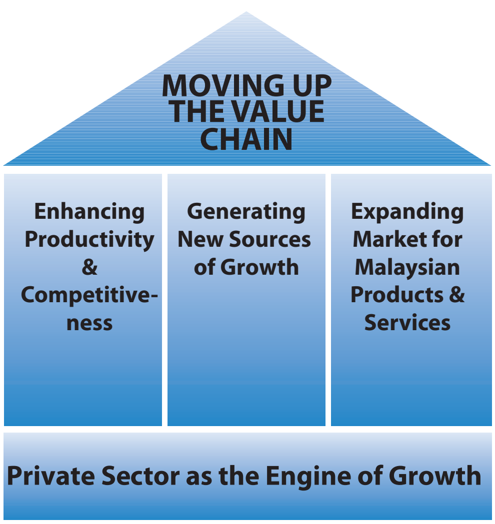
III. MOVING FORWARD, 2008-2010

The wave of globalisation and rapid technological progress, leading to a highly competitive global environment, requires Malaysia to reshape its economic structure and strengthen its productive capacity. Efficient use of resources, particularly in new knowledge-intensive high-technology activities that yields higher value added, is critical in shifting the economy further up the value chain.

Three major pillars underpinning the thrust are enhancing productivity and competitiveness, generating new sources of growth and expanding markets for Malaysian products and services. Efficient allocation and use of resources, focusing on higher value added activities where the nation has comparative advantage as well as adoption of good practices and advanced technology will significantly enhanced productivity and competitiveness. Generation of new sources of growth will enhance and sustain the growth trajectory towards achieving high-income status. This will lead to greater economic dynamism and resilience for Malaysia in facing global challenges. Greater liberalisation of the world economy will lead to expansion of markets for Malaysian products and services. Measures will be introduced to position Malaysia strategically in the global supply chain.

Figure 1-1

Moving the Economy Up the Value Chain



Enhancing Productivity and Competitiveness

Human Capital

The supply of competent workforce with the requisite skills in key sectors of the economy, particularly in Islamic banking and finance, high-end retailing, creative multimedia content development, advanced materials, biotechnology, mechatronics and agriculture will be increased in line with industry demand. The hiring of expatriates in these specialised areas will be facilitated. In addition, the intake into skills training institutes and institutions of higher learning as well as the offering of specialised courses will be expanded. Public-private sector collaboration for example the knowledge workers skills development programme will also be promoted in specific areas. University-industry collaboration and linkages will be enhanced to improve curriculum design to produce graduates with the relevant knowledge and skills required by industry.

In the services sector, industry players and associations will be encouraged to enhance professionalism by providing training for their employees and members in areas such as customer service relations, hospitality and business ethics. For the Islamic financial subsector, the International Centre for Education in Islamic Finance will focus on increasing the supply of qualified workforce. To revitalise interest in agriculture, greater allocation of scholarships and education loans will be provided and the number of courses and training programmes in higher learning institutions will be increased. Awareness of career opportunities in services and agriculture sectors will be enhanced through nationwide campaigns.

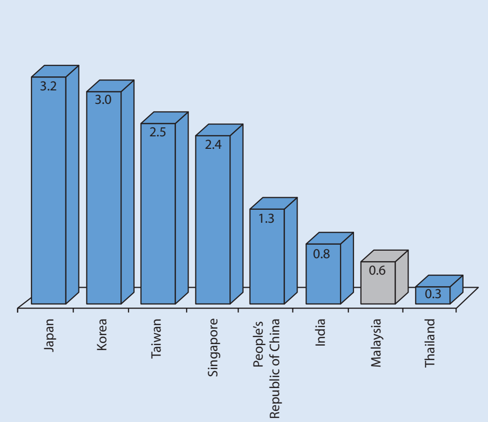
Skills upgrading programmes for SMEs provided by the Small and Medium Industries Development Corporation (SMIDEC) in collaboration with other agencies will be further intensified. Collaboration between multinational and large companies with SMEs will be leveraged to enable these SMEs to become own-design and own-brand manufacturers. Multimedia Development Corporation (MDeC) through its technopreneur development programmes will strengthen business skills and enterprise development of ICT-related SMEs and increase the number of competent ICT professionals and business managers.

Research and Development

Recognising the critical role of R&D, the Government will continue to support fundamental and applied research to enhance productivity and competitiveness.

Chart 1-1

Gross R&D Expenditure, 2007
(% of GDP)



Source: World Competitiveness Yearbook 2007 and National R&D Survey

Potential research areas and next generation technology products for commercial exploitation will be identified and the funds for R&D and commercialisation of its findings will be realigned to ensure the optimal utilisation of resources. The Government will also promote technology acquisition to speed up market-driven innovation.

Market-driven innovation...

Efforts will be undertaken to facilitate the commercialisation of research findings including through public-private sector collaboration in market-driven research. Among the initiatives will be the sharing of facilities and infrastructure, particularly in developing new high value-added products; a strong laboratory-to-market intermediation programme; and strengthening of technology licensing offices in higher learning institutions. In addition, the existing database on research findings with potential for commercialisation will be expanded and made accessible to investors. More technology-foresight studies in selected areas will be undertaken to provide SMEs with the latest information on the best and most appropriate technologies available in various subsectors.

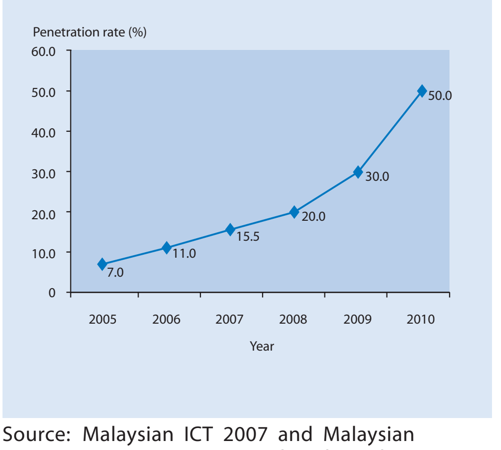
ICT Infrastructure

Accelerating broadband roll-out...

High speed broadband infrastructure, particularly in urban and industrial centres is a key enabler to provide a conducive environment for making Malaysia a preferred choice for private investment and knowledge-intensive activities. The roll-out of broadband infrastructure will be accelerated through a public-private partnership initiative to achieve 50% household penetration by 2010. Demand for broadband will be stimulated by expanding e-Government applications, developing local content and applications with private sector participation and intensifying awareness campaigns. Gradual migration will be made to Internet Protocol version 6 (IPv6) from the current Internet protocol addresses based on the IPv4, which will be exhausted in the next 5-10 years. This is also to support the future requirement of increasing Internet-enabled appliances, applications and electronic devices.

Chart 1-2

Broadband Penetration Rate
(per 100 household)



Source: Malaysian ICT 2007 and Malaysian Communications and Multimedia Commission

Infrastructure Network and Transport System

To accelerate and support growth as well as improve connectivity, efforts will be taken to increase infrastructure network and coverage. In this regard, a transport master plan will be formulated to guide the development of a more comprehensive infrastructure network and integrated multimodal transport system. Additional integrated transport terminals will be developed, particularly in major cities to increase integration between various modes of transport and improve network efficiency. Efforts will also be focused on improving capacity and enhancing efficiency of the infrastructure facilities, including the upgrading of ports and airports, the construction and upgrading of roads and implementation of the Ipoh-Padang Besar and Seremban-Gemas electrified double tracking rail project, to cater for the increasing traffic volume and international trade. Strategic alliances between domestic transport service providers with global partners will be promoted to leverage on their expertise and international networks.

Figure 1-2

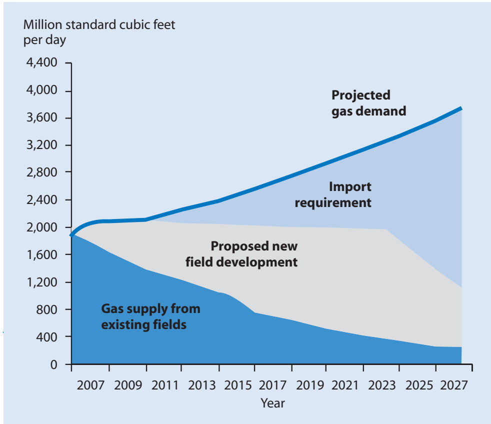
Railway Network

Sustainable Energy Supply

Sustainable and quality supply of energy is critical to ensure Malaysia's competitiveness. This has to be addressed within the context of rising energy prices and the need to conserve depleting energy resources. Sustainable development of the energy sector will be emphasised to ensure long-term energy security. This includes expanding generation capacity as well as strengthening transmission system and distribution networks in Sabah and Sarawak. Energy efficiency (EE) initiatives will be intensified to encourage productive and prudent use of energy resources. Energy pricing and subsidy schemes will be continuously reviewed in the light of depleting energy resources and rising production cost as well as the need to encourage optimal allocation of resources. Efforts will be undertaken to intensify R&D on clean and cost-effective indigenous renewable energy-based (RE) technologies to expedite the development of alternative sources of energy towards enhancing energy security. Studies will also be undertaken to formulate new energy policies and strategies including fuel security, RE and EE.

Chart 1-3

Gas Supply and Demand in Peninsular Malaysia



Institutional and Regulatory Framework

The institutional and regulatory framework will be improved to support development of promoted areas. Comprehensive market-driven policies and regulations, including ensuring safety and quality of products and services, will be promoted to facilitate entrepreneurs and service providers market their products effectively. The Federal Agriculture Marketing Authority (FAMA) Act, 1965 will be amended to enable registration of operators engaged in post-harvest handling and marketing of agricultural produce, particularly fruits and vegetables. The Task Force on Services Statistics (TFSS) will undertake a study to develop profiles of the industries in the services sector and improve collection of statistics. Dissemination of up-to-date information to facilitate trade will be enhanced through the Ministry of International Trade and Industry and Agencies Trade and Industry Information Exchange (MATRIIX) system. A Fair Trade Practices Act will be introduced to promote conducive market environment and enhance Malaysia's competitiveness. Progressive liberalisation in areas critical to the development of healthy and fair operations will be continued. To improve IP protection, more IP courts will be established and the capabilities and capacities of IP practitioners will be enhanced.

Private Sector Participation

Greater private sector participation is crucial to push the economy up the value chain. Policies and regulations will be further liberalised to facilitate and attract more private investment in key economic sectors. To enhance domestic market penetration for *takaful* and re-*takaful*, the Malaysia International Islamic Financial Centre (MIFC) will facilitate *takaful* operators to embark on promotional programmes that will increase the size of *takaful* uptake, particularly for mega projects. In addition, private institutions of higher learning and health providers will be encouraged to improve their facilities and services to ensure the success of education and health tourism.

To improve productivity and competitiveness in manufacturing, SMEs will be encouraged to strengthen collaboration with MNCs to become suppliers of parts and components. Knowledge-intensive SMEs targeting at the global market will be nurtured. The various incentive schemes, including grants, will be streamlined and their application processes simplified to attract new investments in high technology and knowledge-based projects. Private sector investment in promoted areas will be encouraged by providing a conducive environment including by improving public safety and social infrastructure and customised incentives. Better support services and speedier patent approvals will also be provided.

Private sector investment in large-scale agriculture ventures, particularly food crops, will be further promoted to support the national food security measures, among others, through the provision of incentives and adequate agricultural infrastructure in the designated food producing areas. Risk management and mitigation measures will also be promoted for selected food crops. In addition, efforts will be undertaken to establish a central information system on suitable land for agriculture with the cooperation of state governments and land owners.

Identifying and Accelerating New Sources of Growth

New sources of growth within the services, manufacturing and agriculture sectors will be identified and resources channelled from laboratory-to-market. In addition, the supporting infrastructure, regulatory regime and appropriate incentives will be provided to accelerate growth of these new activities.

In the services sector, three key areas, namely tourism, Islamic finance and professional services were identified as new sources of growth. Customised tourism packages based on specific products and locations, including for education and health, will be developed and promoted through public-private collaboration. These customised packages will be targeted at the growing middle class in the emerging economies. Islamic financial products and services, particularly *takaful* and re-*takaful*, will be further promoted while the role of the MIFC will be enhanced to promote Malaysia as a world recognised Islamic financial centre. Construction and professional services were identified as potential export earners with the liberalisation of the services sector and the signing of mutual recognition arrangements. Towards this end, services providers will be encouraged to enhance their professional capabilities and expertise to capitalise on these opportunities.

In the manufacturing sector, efforts will be intensified to encourage the development of domestic and regional clusters of industries identified under the Third Industrial Master Plan as new sources of growth such as E&E, medical devices and petrochemicals. Support services utilising advanced technologies such as nanotechnology, photonics, laser and fuel cells will be established to meet the needs of the clusters. Customised incentives will continue to be offered to MNCs to establish and expand their operations in specialised industrial parks in these identified areas.

To harness the potential of biotechnology as a new source of growth and wealth creation, Malaysian biotechnology companies will be encouraged to identify and build upon niche products and services. Biotechnology applications in agriculture, healthcare and industrial use will be expanded through acquisition of platform technology, intensifying R&D and adoption of good laboratory practices to enhance the value added of products.

Development of new sources of growth in agriculture will be undertaken selectively to ensure more focused efforts and efficient allocation of resources. The *Halal*

Industry Development Master Plan will guide the development of Malaysia as a global *halal* hub and a leading country in the development of *halal* products. Customised incentives will be provided to attract private investment in the production of *halal* products including speciality processed food, cosmetics, pharmaceutical and healthcare products. The cultivation of kenaf will be encouraged as an important source of supply for high-end fibre, raw material for biocomposites products and animal feed. Greater support will be provided to promote downstream activities of key agriculture commodities that yield higher value-added such as palm oil-based oleochemical derivatives and advanced rubber materials. Other new sources of growth in agriculture such as deep sea fishing, seaweed, ornamental fish and herbs and spices industries will be further developed and promoted.

To sustain Malaysia's position as a multimedia and ICT hub, three technology areas were identified, namely the wireless sensor network for applications, particularly in agricultural farming and disaster management; predictive analysis technology for software applications, particularly in Islamic financing, retail and logistics industries; and 3-Dimensional Internet technology for development of multimedia digital content, including in education, gaming and entertainment. The Government will continue to promote Malaysia as a preferred destination for SSO activities and attract leading global ICT players and MNCs investment in the new growth areas.

Strategies and initiatives will be undertaken to stimulate private venture capital financing of new growth areas. In addition, development financial institutions will be encouraged to offer more attractive terms and conditions on financing offered, particularly for new agriculture ventures and biotechnology. The financial advisory programme under Bank Negara Malaysia will place greater emphasis on agriculture to facilitate the financing of agriculture ventures. Financial institutions and venture capitalists will be encouraged to enter into strategic partnerships with parties with profound technical and business knowledge to ensure credible evaluation of projects in the new growth areas.

Expanding Markets for Malaysian Products and Services

Greater accessibility into new markets...

Malaysian products and services will be intensively promoted to new markets in Africa, west and south Asia as well as the European Union and ASEAN. Trade missions will be increased and new marketing networks strengthened in these regions. In line with the greater integration of the ASEAN economies, focus will be on unlocking the potentials of cross-border synergies. Marketing information systems under different agencies such as Malaysian External Trade Development Corporation (MATRADE), FAMA and MDeC will be upgraded and integrated to provide easy access to information for traders. Image building programmes on branding Malaysia and Malaysian brand products will be further intensified.

Financial institutions will be encouraged to support Malaysian companies to venture abroad. Assistance will also be provided to members of trade and industry associations to undertake export promotion programmes as well as provide support for logistics and warehousing. Incentives based on outcomes will be provided to the private sector to undertake export promotion activities.

Access of Malaysian products and services into the global market will be facilitated through mutual recognition arrangements, free trade agreements and multilateral arrangements. Strategic alliances and joint-ventures between local companies and established MNCs will be promoted to widen the marketing network for agro-based, manufactured and ICT products and services. In addition, Malaysian standards and technical regulations will be harmonised with internationally recognised standards to ensure greater access into the global market. Malaysia's *halal* certification will be futher promoted as a globally recognised *halal* standard to ensure greater accessibility of Malaysian *halal* products into the international market. In addition, cooperation with the International Halal Integrity Alliance will be initiated to promote *halal* certification based on Malaysian Standards including MS 1500:2004[2]. Pro-market incentives will be expanded to encourage SMEs to undertake quality improvements and adopt advanced technology applications.

IV. OUTCOMES, 2010

The key outcomes for the various sectors are as shown in Box 1-2.

Box 1-2

Expected Outcomes, 2010

Commitment	Outcome
Enhancing Productivity and Competitiveness	
▪ Increasing value added of the services sector by 7.9% to RM948 billion ▪ Increasing share of services sector to GDP to 55.7%	▪ Increased value added and share to GDP of the services sector
▪ Targeting 24.6 million tourist arrivals with receipts of RM59.4 billion ▪ Increasing tourist per capita expenditure to RM2,417	▪ Increased contribution of tourism to foreign exchange earnings
▪ Increasing value added of the manufacturing sector by 3.5% to RM168.9 billion • Targeted value added of major subsectors - E&E RM32.9 billion - M&E RM19.2 billion - Petrochemical RM20.5 billion - Transport equipment RM16.2 billion • Average annual investment level of RM27.5 billion. Target by major subsectors - E&E RM14.0 billion - M&E RM1.7 billion - Petrochemical RM1.7 billion - Transport equipment RM2.1 billion - Medical devices RM0.8 billion	▪ Increased investment and value added in the manufacturing sector

[2] 'Halal Food: Production, Preparation, Handling and Storage - General Guidelines' (MS 1500: 2004).

Commitment	Outcome
▪ Increasing share of private sector expenditure in R&D to 1.1% of GDP	▪ Increased private sector expenditure in R&D
▪ Increasing the number of SMEs with 4 star ratings as well as creating SMEs with 5 star ratings under the SCORE programme	▪ Increased participation of SMEs in the global market
▪ Increasing production and local processing of industrial commodities | | **Production** | **Local processing** | **Palm Oil** 16.5% to 18.4 million MT; 0.1% to 1.5 million MT **Rubber** 8.3% to 1.3 million MT; 3.5% to 437,000 MT **Cocoa** 34.3% to 47,000 MT; 30.4% to 30,000 MT	▪ Increased production and local processing of industrial commodities
▪ Increasing food production and self sufficiency level (SSL) | | **Production** | **% SSL** | **Rice** 27.4% to 2.9 million MT; *86* **Fisheries** 33.4% to 1.8 million MT; *103* **Beef** 31.2% to 45,000 MT; *28* **Poultry** 18.2% to 1.3 million MT; *122*	▪ Increased food production and achieve SSL
▪ Increasing ICT value added to RM30 billion ▪ Increasing ICT-related jobs to 500,000	▪ Increased value added and jobs in the ICT sector
▪ Construction of East Coast Expressway Phase II from Kuantan - Kuala Terengganu, Senai-Desaru and Kemuning-Shah Alam highways ▪ Construction of roads to link resettlement areas with rural industrial areas and estates, particularly in Sabah and Sarawak ▪ Upgrading of Kuching, Kota Kinabalu, Kuala Terengganu and Labuan airports ▪ Construction of Seremban-Gemas and Ipoh-Padang Besar electrified double tracking rail projects. The projects are expected to be completed in 2012 and 2013, respectively	▪ Increased capacity, efficiency and network coverage of transport infrastructure
Generating New Sources of Growth	
▪ Increasing earnings of health tourism to RM1 billion ▪ Increasing earnings of education tourism to RM2 billion	▪ Health and education tourism established as major tourism products

Commitment	Outcome
▪ *Takaful* to capture 20% of total assets in the insurance and *takaful* industry ▪ Islamic banking to capture 20% of total assets in the banking system ▪ Developing International Syariah Research Academy for Islamic Finance to undertake research in *muamalat*	▪ Malaysia as Islamic banking and finance hub
▪ Establishing 200 BioNexus status companies	▪ Achieve targeted number of BioNexus status companies
▪ Increasing production **Commodities** — **Production target** Kenaf — 45,000 MT Deep sea fishing — 380,800 MT Seaweed — 95,000 MT Ornamental fish — 860 million tails Herbs and spices — 103,000 MT	▪ Increased production of new sources of growth
▪ Increasing export from MSC status companies to RM4.9 billion ▪ Increasing number of MSC status companies to 2,500 ▪ Increasing ICT global players' investment in high-valued outsourcing	▪ Malaysia as a multimedia and ICT hub and as an attractive destination for SSO activities
Expanding Markets for Malaysian Products and Services	
▪ Increasing presence of Malaysian professionals in Africa, West Asia and new emerging economies	▪ Increased export of professional services
▪ Increasing number of Malaysian Islamic financial products offered to Africa, ASEAN and Asia	▪ Expanded global presence of Malaysian Islamic finance
▪ Increasing share of tourist arrivals from non-ASEAN market to 30%	▪ Higher tourist arrivals from non-ASEAN market
▪ Targeting new high growth markets in North East Asia and emerging markets in South Asia, West Asia and Eastern Europe ▪ Increasing export value of selected manufacturing subsectors: • E&E — RM960.1 billion • Chemical products — RM127.0 billion • Metal products — RM90.3 billion • Petroleum products — RM75.7 billion	▪ Increased share of exports to new markets and increased export value

Commitment	Outcome
▪ Increasing value of agriculture exports to RM72 billion ▪ Increasing export value of agro-based products to RM58.7 billion ▪ Expanding market for frozen food to Australia and the Netherlands ▪ Expanding market for processed food to People's Republic of China, Japan, the Netherlands and Saudi Arabia	▪ Increased exports of agriculture and agro-based products
▪ Penetrating new markets in People's Republic of China, India and West Asia for multimedia digital content for education and entertainment	▪ Secured new markets for ICT products and services

V. CONCLUSION

The growth in key sectors of the economy during the first half of the Ninth Plan was supported by adoption of new technologies and best practices as well as greater R&D. The highly competitive global environment requires Malaysia to reshape its economic structure and strengthen its resilience through concerted efforts with greater private sector participation. To move the economy up the value chain, more synergistic and focused efforts will be undertaken to increase productivity and competitiveness, generate new sources of growth and expand into new markets.

2 THRUST

RAISING THE CAPACITY FOR KNOWLEDGE AND INNOVATION AND NURTURING 'FIRST CLASS MENTALITY'

RAISING THE CAPACITY FOR KNOWLEDGE AND INNOVATION AND NURTURING 'FIRST CLASS MENTALITY'

I. INTRODUCTION

In line with economic growth, employment expanded with contribution mainly from the services and manufacturing sectors. The economy maintained full employment and recorded increasing growth in labour productivity. The quality of the labour force improved with an increasing supply of educated and skilled human capital. Various initiatives were undertaken to increase accessibility and improve the quality of education and training including the formulation of two major education and training blueprints, namely the Education Development Master Plan and the Higher Education Strategic Plan.

The transformation towards a knowledge-based economy and the promotion of new sources of growth and development of regional growth corridors have increased the demand for skilled and knowledge workers, especially managers, professionals and technicians. To meet this increasing demand, public and private training institutions will embark on capacity expansion and improvements in training content through greater collaboration with industries. In addition, efforts will be intensified to produce quality human capital in a holistic manner, not only in matching the demand for human capital but also inculcating a progressive outlook with strong moral values as espoused in *Islam Hadhari*. These efforts are essential in ensuring a smooth transition to a knowledge-based economy that is characterised by higher productivity and competitiveness, as outlined in the National Mission.

II. KEY RESULTS, 2006-2007

Efforts to develop human capital were based on five main strategic thrusts, namely improving education quality and accessibility, making national schools the school of preferred choice, creating tertiary education institutions of international standing, nurturing quality research and development (R&D) and enhancing scientific and innovative capabilities, and fostering a tolerant society with a sense of belonging and patriotism. The outputs of these strategies in developing human capital are shown in Box 2-1.

Box 2-1

Key Results, 2006-2007

Commitment	Output
Improving Education Quality and Accessibility	
▪ Providing greater access to tertiary education[1] - to achieve the target of 40% participation rate of the age group 17-23 years in 2010	▪ Participation rate increased from 17.6% in 2005 to 21.9% in 2007 ▪ Enrolment in public institutions increased from 390,828 in 2005 to 465,094 in 2007, and 258,825 to 364,737 in private institutions
▪ Intensifying the National Dual Training System (NDTS). 2007 target: 400 companies and 2,000 trainees	▪ A total of 574 companies participated in NDTS involving 3,060 trainees ▪ NDTS coverage expanded to include school dropouts
▪ Bridging the gap between rural and urban schools: improving infrastructure in rural schools	▪ Clean water supplied to 300 schools in rural areas benefitting 120,000 pupils ▪ All rural schools in Sarawak and 72% in Sabah provided with adequate electricity supply ▪ Pilot projects for solar energy were completed to complement the existing electricity supply to 12 remote schools in Sabah
▪ Expanding pre-school programme to provide full coverage for children in the five to six years age group	▪ Increased enrolment in public and private pre-school children from 702,897 in 2005 to 753,027 in 2007, increasing coverage from 63.7% in 2005 to 67.8% in 2007
▪ Introducing early childhood development programme for children aged four and below (PERMATA)	▪ 15 PERMATA pilot projects were implemented
Making National Schools the School of Preferred Choice	
▪ Increasing the enrolment rate of Chinese and Indian pupils into national schools	▪ The enrolment rate of Chinese and Indian pupils in national primary schools was 6% and 40% in 2007, respectively
▪ Achieving target of 25% of teachers in primary schools and 100% in secondary schools with degree qualification by 2010	▪ Graduate teachers increased from 6.1% in 2005 to 13.7% in 2007 for primary and 82.4% to 87.1% for the secondary
▪ Making national schools 'smart' through Making All Schools Smart Programme	▪ Established Internet access centres in 40% of all primary schools or 3,025 primary schools
Creating Tertiary Institutions of International Standing	
▪ Achieving 60% of academic staff with Ph.Ds in public universities by 2010	▪ Academic staff with Ph.Ds increased from 26.6% in 2005 to 31.6% in 2007 (*Universiti Putra Malaysia* achieved 64% while *Universiti Malaya* and *Universiti Sains Malaysia* achieved 51% and 50%, respectively in 2007)
▪ Increasing post-graduate enrolment to be 25% of degree enrolment by 2010	▪ Enrolment of post-graduates was 12% in 2007 (post-graduate enrolment in public institutions increased from 36,516 in 2005 to 40,573 in 2007 and in private institutions declined from 5,447 to 5,338)

[1] Refers to public and private universities, university colleges, branch campuses, colleges, polytechnics and community colleges.

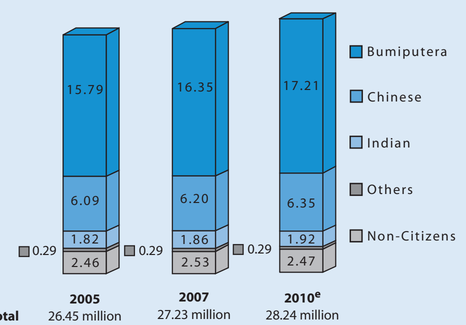
Commitment	Output
Nurturing Quality R&D and Enhancing Scientific and Innovative Capabilities	
▪ Targeting 50 research scientists and engineers (RSEs) per 10,000 labour force by 2010	▪ The ratio of RSEs was 17.9 in 2006
Fostering a Society with Strong Values	
▪ Fostering a tolerant society with a sense of belonging and patriotism	▪ 195,000 youths benefitted from National Service Programme and 1,016,749 participants benefitted from *Biro Tatanegara* programmes

Labour Market and Employment

With the population increasing from 26.45 million in 2005 to 27.23 million in 2007, the labour force increased by 2.1% per annum to 11.8 million. The quality of labour force improved as reflected by the increasing share of labour force with tertiary education from 20.0% in 2005 to 22.5% in 2007 while those with secondary level increased from 57.6% to 58.6%.

Chart 2-1

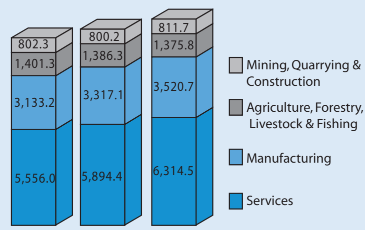
Population by Ethnic Group, 2005-2010
(million persons)



Source: Department of Statistics
Notes: e estimates

Chart 2-2

Employment by Sector, 2005-2010
('000 persons)



Total	2005	2007	2010e
Labour Force	11,290.5	11,775.1	12,406.8
Employment	10,892.8	11,398.0	12,022.7
Unemployment Rate (%)	3.5	3.2	3.1

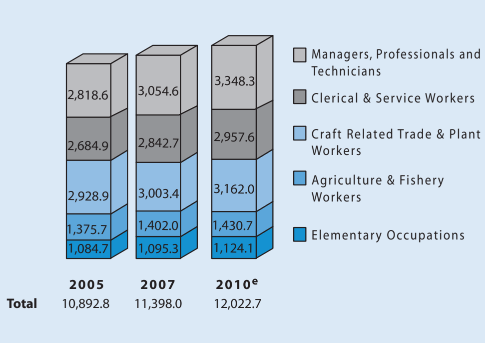
Notes: e estimates

All sectors of the economy generated additional employment with the services sector recording the highest employment growth at 3.0% per annum during the review period. Total employment in the services sector increased from 5.56 million in 2005 to 5.89 million in 2007. A total of 505,100 job opportunities was created, of which 46.7% was for knowledge workers comprising managers, professionals and technicians.

Jobs for knowledge workers...

Chart 2-3

Employment by Major Occupational Group, 2005-2010
('000 persons)



Notes: [e] estimates

The unemployment rate continued to decline from 3.5% in 2005 to 3.2% in 2007, reflecting further tightening of the labour market during this period. In 2006, a total of 785,000 skilled Malaysians worked in various countries, especially in Singapore and developed countries. The employment of foreign labour increased from 1.80 million in 2005 to 2.04 million in 2007.

III. MOVING FORWARD, 2008-2010

Labour Market and Employment

The population is expected to grow at a lower rate of 1.2% per annum in the remaining Plan period to reach 28.24 million in 2010. The population growth rate is expected to further decline in line with the decreasing fertility rate from 2.23 in 2008 to 2.07 in 2010 due to, among others, late marriages and preference for smaller family size.

The labour force will grow at a slower rate of 1.76% per annum and employment is expected to grow marginally higher at 1.79%, thus decreasing further the unemployment rate to 3.1% in 2010. The share of labour force with tertiary education will increase to 26.7% in 2010 while those with secondary level is expected to increase to 60.1%.

For the remaining Plan period, a total of 625,000 new jobs will be created, including in the regional growth corridors. Demand for knowledge workers is expected to grow at an average rate of 3.1% per annum to form 47% of total jobs created. The increasing demand for skilled human capital will be met by expansion in capacity and improvement in quality of education and training at all levels with the emphasis on high performance work culture and positive values.

Various measures will be undertaken to reduce the number of low-skilled foreign labour to 1.80 million in 2010. This will be achieved through a combination of short- and long-term measures including improving foreign labour intake and levy system, capping the number of foreign labour by subsector, revising the wage system, providing better facilities and benefits to retain locals in selected sectors and systematically phasing out labour-intensive industries. In addition, participation of women in labour force will be increased from 46.1% in 2007 to 50.0% in 2010. The Government will review the policy, strategies, labour laws and procedures related to employment of experts and highly skilled foreign labour in specific occupations.

The Brain Gain Programme will be improved to provide a more conducive environment to attract global talents to fill the critical gaps and transfer skills and knowledge. The Malaysian diaspora will be leveraged to forge closer linkages among academia, public and private sectors to facilitate knowledge and technology acquisition.

Education Programmes

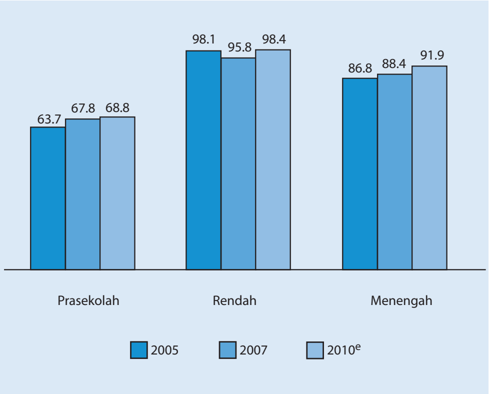
Primary and Secondary Education

The Education Development Master Plan, 2006-2010 provides the framework to further improve the quality and accessibility to education. This plan is focusing on nation building, developing human capital, strengthening national schools, bridging the education gap, enhancing the teaching profession and strengthening educational institutions.

To address the issues of overcrowding in urban schools, additional classrooms will be provided and the educational system will be improved. Enrolment is expected to increase from 3.07 million in 2007 to 3.20 million in 2010 for primary schools and from 2.24 million to 2.38 million for secondary schools.

Chart 2-4

Pupil Enrolment in Education Institutions, 2005-2010
(%)



Source: Ministry of Education

Notes: [e] estimates

Schools have an important role in nurturing and building a strong foundation in science and technology to produce future researchers and innovators. To increase the number of knowledge workers, specialised secondary schools for science and technology will be established. These schools will expose the pupils to a wide range of subjects and enrichment programmes in science and technology. The schools will collaborate with research universities and the private sector in implementing this programme.

There still exists a gap in academic achievement between rural and urban schools, especially in mathematics, science and the English language. This will be addressed through the introduction of incentives and specialised teacher training to increase the number of teachers to serve in rural areas. In addition, to enhance the performance of pupils, implementation of the improved early intervention programme, namely the Remedial Programme for Year 1 and 3R Mastering Programme for Year 4 and Year 6 pupils will be intensified. The provision of electricity for rural schools and computerisation projects will also provide a more conducive learning and teaching environment.

Reducing the performance gap between rural and urban schools…

To increase the enrolment of pupils from the various ethnic groups in national schools, the appeal of these schools will be further enhanced. For this purpose, quality and facilities in national schools will be improved. All national schools will be equipped with adequate ICT facilities through the ongoing Making All Schools Smart Programme, including SchoolNet, Education TV via the Internet and ICT training for teachers. In addition, the teaching of Mandarin and Tamil languages as well as j-QAF will be enhanced by increasing the number of qualified teachers. A new comprehensive assessment system, which gives more emphasis to continuous evaluation and creativity to nurture a culture of innovation will be implemented through a pilot project covering 50 schools.

To reduce the number of school dropouts, the intake into skills and vocational streams will be increased to ensure pupils remain in the school system. Existing skills training and vocational education at technical schools will be reviewed to enhance their appeal to secondary school pupils.

More educational opportunities for children with special needs will be enhanced by providing special classes in regular schools to enable them to adapt to the normal school environment. A total of 96 classes in regular schools will be set up and upgraded for children with special needs in the remaining Plan period.

The facilities for all schools in Sabah and Sarawak will be improved by providing adequate hostels, quarters for teachers, computer labs, Internet access, electricity and other basic utilities. The various educational support programmes, such as the Tuition Voucher Scheme, Food Aid, and Trust Fund for Poor Pupils, will be intensified to assist pupils from low-income families. ICT-based teaching and learning will also be expanded to these schools.

Pre-school Education

National Pre-school Curriculum will be reviewed to enhance the quality of pre-schools by developing a good pre-school curriculum and improving coordination between the agencies involved. In addition, all teachers and assistant teachers will be required to attend standard training programmes. To ensure effective implementation, pre-school programme will be coordinated at federal, state and district levels. In addition, early childhood development programme for children aged four and below (PERMATA) will be rolled-out after an impact assessment is undertaken on the 15 PERMATA pilot projects.

Higher Education

Increasing Accessibility. The Higher Education Strategic Plan, 2020 will provide the long-term direction for quality education and better accessibility. Enrolment in public institutions of higher education will increase, especially with the completion of three new universities, namely *Universiti Darul Iman Malaysia, Universiti Malaysia Kelantan* and *Universiti Pertahanan Nasional Malaysia*. In addition, the construction of branch campuses of *Universiti Teknologi MARA* (UiTM) and the expansion of the UiTM franchise programme will increase student enrolment.

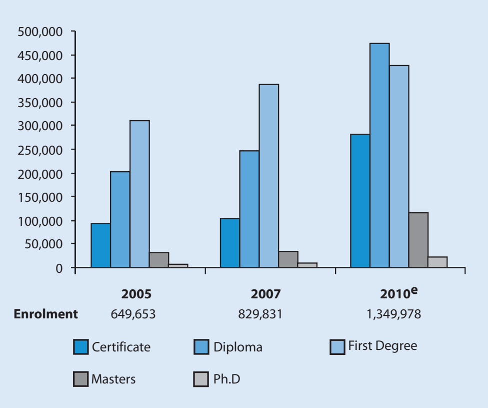
Enrolment in institutions of higher education is expected to increase from 829,831 in 2007 to 1,349,978 in 2010, of which 35% will be at diploma level and 33% at first degree level. With the designation of four research universities, enrolment at post-graduate level particularly Ph.D will increase.

Enhancing Quality. A rating system will be implemented in public institutions of higher education as an instrument to assess their quality and competitiveness. In addition, the Malaysian Qualifications Agency (MQA) will be strengthened to improve the implementation of the Malaysian Qualifications Framework and quality assurance. Public institutions of higher education will strengthen their quality assurance units to conduct self-evaluation and develop high performance culture. The approval for new private institutions of higher education will only be given to those offering courses meeting market requirements. In addition, regular auditing will be carried out to ensure quality education. Private institutions of higher education will be encouraged to consolidate and merge in order for them to be more viable and competitive.

Public institutions of higher education will focus on developing quality content to ensure that academic programmes meet

Chart 2-5

Enrolment in Tertiary Education Institutions[1] by Level of Study, 2005-2010



Source: Ministry of Higher Education

Notes: [1] Refers to public and private universities, university colleges, branch campuses, colleges, polytechnics and community colleges.

[e] estimates

industry needs. Comprehensive market analysis will be made compulsory for all institutions in obtaining approval from the Higher Education Committee for the introduction of new programmes and for reviewing existing programmes. To help gain international recognition, assessors from leading foreign universities, industries and professional bodies will be appointed to evaluate the academic programmes offered by public and private institutions. The Government will only subsidise selected academic programmes in line with current market needs. In addition, top students will be sponsored to pursue their studies at the local universities and follow up tracer studies will be implemented to assess the marketability of graduates and their career path one year after graduation as well as to provide input on the relevancy of the academic programmes.

The implementation of the Academic Training Scheme for Public Institutions of Higher Education will be intensified and new strategies will be formulated to achieve the 60% target of academic staff with Ph.D by 2010. A total of 3,700 academic staff will be awarded scholarships to pursue their Ph.D under this programme and 70% will be in science and technology (S&T). Newly appointed academic staff will be required to pursue their Ph.D within three years as a pre-requisite for their appointment as permanent staff. In addition, academic staff will be required to undergo industrial attachment and internship programmes at multinational companies for the maximum of one semester for every three to five years. As an interim measure to increase qualified academic staff, public institutions of higher education will be allowed to directly recruit experts globally on a contract basis, particularly in critical fields of study. Contract for service and direct appointment will be introduced to encourage those with excellent qualification to join public institutions of higher education.

Improving the quality of academic staff...

To increase the employability of graduates, all public universities will introduce short internship, attachment and finishing programmes in collaboration with multinational, government-linked and large local companies and industry associations. The programmes will be structured and built into the existing curriculum. Entrepreneurial skills will be incorporated into the education curriculum of key technical disciplines with specific targets for researchers, scientists, prototype engineers and designers. Customised programmes will be conducted on entrepreneurship, innovation, risk management and mind-set change.

Improving Capability in Science & Technology. More scholarships will be provided at the post-graduate level to increase number of S&T students and meet the targeted ratio of 50 research scientists and engineers (RSEs) per 10,000 labour force. To address the shortage of R&D personnel, a comprehensive study will be undertaken to identify the S&T area and number of RSEs required. The private sector will be encouraged to provide more scholarships and financial assistance for strategic research and commercialisation.

Post-doctoral fellowships for multi-disciplinary S&T based research projects will be increased. In addition, S&T undergraduates will be encouraged to conduct joint research with faculty members to further develop their research skills. In order to intensify R&D and commercialisation (R&D&C) activities in public institutions of higher education, their capabilities and collaboration with industries will be strengthened. The Malaysian Research Institute will be established to enhance research collaboration with leading international universities.

Developing Regional Centre of Excellence. Efforts will be intensified to develop Malaysia as a regional centre for educational excellence through smart partnership between the private and public institutions of higher education and reputable foreign universities. Private institutions of higher education will be encouraged to have more joint degree and twinning programmes, especially at post-graduate level. The quality of academic programmes in public and private universities must be of international standing. Concerted efforts will be undertaken to attract foreign students through dedicated promotional programmes. In addition, more renowned professors will be employed by local universities and leading foreign universities will be invited to establish branch campuses in Malaysia.

National Higher Education Fund Corporation (PTPTN) will continue to provide loans for students to pursue their tertiary education in public and private institutions. PTPTN will enhance it sustainability and capacity to provide loans through strategic alliances with financial institutions.

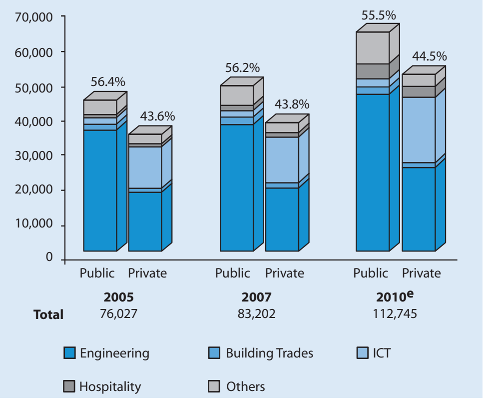
Strengthening the Research Universities. The designated research universities will be strengthened in terms of their governance system, funding mechanism and recruitment of academic staff. These universities will be given more autonomy and flexibility in their management to generate their own source of income. The universities will also be allowed to recruit academic staff, researchers and students from abroad. The proportion of post-graduate students in these universities will be increased to 50% of total enrolment, especially in S&T related courses.

Technical Education and Vocational Training

During the remaining Plan period, 305,930 skilled workers will be trained, meeting 80% of the demand for skilled workforce. Public TEVT institutions will contribute 55.7% while private TEVT institutions will contribute the rest. The TEVT delivery system will be enhanced to keep pace with the changing market demand for skilled workers.

Chart 2-6

Skilled Human Capital, 2005-2010



Source: Ministry of Higher Education, Ministry of Human Resource, Ministry of Youth and Sports, Ministry of Agriculture and Agro-Based Industry, *Majlis Amanah Rakyat* and Construction Industry Development Board

Notes: e estimates

Enhancing Quality. The quality of TEVT will be enhanced by increasing the availability of qualified instructors and expediting recruitment of instructors for newly established institutions. A special scheme of service for instructors will be introduced to attract qualified personnel from industry to join. Flexible promotional posts for instructors will be established to ensure they remain in their field of specialisation. Training agencies will also be empowered to directly recruit contract staff.

The quality of teaching and learning materials will be further improved through standardisation. The quality of the National Occupational Skills Standard (NOSS) will be enhanced through a validation process by employers across industries and by introducing a standard template to provide a clear process and format for developing quality NOSS.

The teaching and learning approach will be strengthened by developing the 'Pro3-Based Learning' programme that constitutes Problem-Based Learning, Project-Based Learning and Production-Based Learning. The development of this approach is expected to be completed in 2009 and will be implemented as a pilot project in the German-Malaysian Institute before being extended to all TEVT institutions.

The implementation of the Skills Development and Training Blueprint, 2008-2020 will provide the direction and strategies for developing TEVT. The blueprint will be supported by a strategic action plan to guide its implementation and will require TEVT agencies to formulate long-term training plans and key performance indicators. Small private TEVT institutions will be consolidated to increase their quality of training, financial and marketing capability as well as ability to attract students. In order to encourage consolidation and introduction of hard-courses, soft-loans will be provided to private TEVT institutions that fulfil the selection criteria such as enrolment capacity, student-teacher ratio and quality of instructors. In addition, the enforcement of the National Skills Development Act, 2006 will be intensified to ensure that the accredited training centres comply with accreditation rules and procedures.

Increasing Accessibility. Efforts will be undertaken to increase accessibility by maximising the capacity utilisation of existing TEVT institutions. The financing of students to attend private training institutions and double-shift programmes at public TEVT institutions will be expanded and intensified. Additional allocation will be provided to the Skills Fund Development Corporation to provide loans to trainees. The intake of trainees, including into polytechnics and community colleges, will also be centralised to enhance the effectiveness and efficiency of the recruitment process.

TEVT institutions will also target and train school dropouts to increase the supply of skilled and semi-skilled workers and to reduce dependence on foreign labour. The existing TEVT institutions accommodate only 10% of the 80,000 annual dropouts from secondary schools. The establishment of new *GiatMARA* Training Centres will be accelerated and 80% intake quota for school dropouts will be introduced.

Implementation of the National Dual Training System will also be intensified and the target groups will be expanded to include school dropouts. This will help increase the intake of school dropouts by 4,000 and Malaysian Certificate of Education school leavers, including workers by 12,000 in 2010.

Lifelong Learning

The National Advisory Council for Education and Training will formulate a comprehensive plan for lifelong learning programmes, which cover distance-learning, part-time courses and skills upgrading being implemented by various ministries and private institutions. The enrolment of students in lifelong learning programmes in public institutions of higher education will be increased by 10%. Flexible entry requirements such as work experience and qualification recognised by the MQA will be introduced. The Human Resource Development Fund which can be accessed for lifelong learning will be expanded to include firms involved in franchising, broadcasting, outsourcing, and motor vehicle repair and maintenance.

Lifelong learning programmes in community colleges will be enhanced through the introduction of e-learning. A total of 584,500 places in short courses will be offered by community colleges during the remaining Plan period. Industry participation will be encouraged by providing them tax exemption for expenditure incurred in training conducted in their companies for students at diploma level.

Developing Strong Moral and Ethical Values

Programmes for enhancing moral and ethical values such as good corporate governance, corporate social responsibility and responsible citizenship in the Malaysian society will continue to be given emphasis in line with the principles of *Islam Hadhari*. The involvement of family, religious, educational and training institutions as well as the workplace and the community will be encouraged to organise programmes to inculcate strong moral and ethical values. The media will also be encouraged to assume more effective role in disseminating and inculcating moral and ethical values among the people by providing more materials and programmes with positive content on behaviour, lifestyle and values. In addition, concerted efforts will be made to identify root cause of social problems in order to provide the right solutions in developing a society with strong moral and ethical values.

Values and ethics will be incorporated into the school curriculum and co-curricular activities. The j-QAF programme will be expanded to Muslim pupils in all primary schools while moral education will continue to be taught to non-Muslim pupils. The teaching of civics and citizenship will be expanded to Year 5 and 6 pupils in primary schools and will be introduced to secondary schools. In the institutions of higher education, Islamic and Asia Civilisation as well as Ethnic Relations will remain as compulsory subjects for all students to improve understanding of different cultures and civilisations and to promote tolerance in multi-racial society.

The implementation of family-friendly programmes for character building and inculcation of family values will be expanded. At the community level, the *Rakan Muda* and National Service Programme will be strengthened. Efforts will be increased to encourage the community to adopt *Rukun Tetangga* programme to promote harmony among the people and the implementation of Courtesy and Noble Values Campaign will be intensified at all levels of the community.

The public sector will conduct more programmes including training towards inculcating positive values and ethics among their personnel. The private sector is also expected to expand their corporate social responsibility for the benefit of wider target groups and the community at large. Companies will also be encouraged to integrate ethical consideration into their business and management processes. Efforts will be intensified to enhance the understanding and knowledge of *Islam Hadhari* among the community. Two indices will be formulated, namely Malaysian *Ummah* Development Index and Just and Trustworthy Government Index to measure the progress of Muslim society and Government trustworthiness.

Enhancing Integrity. The Malaysian Institute of Integrity and other relevant agencies will intensify the implementation of National Integrity Plan. The non-governmental organisations, private sector and the community will be involved in programmes to enhance integrity. Corporate governance and business ethics in the private sector will be strengthened by enhancing compliance with the relevant laws and regulations as well as the Malaysian Code on Corporate Governance and *Rukuniaga Malaysia*.

Addressing Corruption. Efforts to address corruption will be further enhanced by intensifying preventive measures, educational initiatives and rigorous enforcement. In addition, the public service delivery system will be improved to eliminate opportunities for corrupt practices. The Anti-Corruption Agency will be transformed into an independent body to make it more effective.

IV. OUTCOMES, 2010

Box 2-2

Expected Outcomes, 2010

Commitment	Outcome
Improving Education Quality and Accessibility	
▪ Providing greater access to tertiary education[2] - to achieve the target of 40% participation rate of the age group 17-23 years in 2010	▪ Increased education attainment of labour force for better productivity and quality
▪ Intensifying the National Dual Training System (NDTS). 2010 target: 3,200 companies and 16,000 trainees	▪ Increased supply of work force with hands-on training to meet industrial needs ▪ Greater private sector participation in training ▪ Increased skill levels of work force to move jobs quality up the value chain
▪ Bridging the gap between rural and urban schools: improving infrastructure in rural schools	▪ Equal opportunity to quality education
▪ Expanding pre-school education programmes to provide full coverage for children in the five to six years age group	▪ All pupils able to read and write prior to formal education

[2] Refers to public and private universities, university colleges, branch campuses, colleges, polytechnics and community colleges.

Commitment	Outcome
Making National Schools the School of Preferred Choice	
▪ Increasing enrolment rate of Chinese and Indian in national schools	▪ Strengthened national unity
▪ Achieving target of 25% of teachers in primary schools and 100% in secondary schools with degree qualification by 2010	▪ Quality teachers that will increase the appeal of national schools
▪ Making national schools 'smart' through Making All Schools Smart Programme	▪ Improved teaching and learning methods to enhance quality of national schools
Creating Tertiary Institutions of International Standing	
▪ Achieving 60% of academic staff with Ph.Ds by 2010	▪ Malaysia as a regional educational hub ▪ At least one local university ranked in the top 100 ▪ World best academic programmes in Islamic finance, biotechnology, tropical diseases and biodiversity studies
▪ Increasing post-graduate enrolment to be 25% of degree enrolment by 2010	▪ Increased R&D&C capabilities
Nurturing Quality R&D and Enhancing Scientific and Innovation Capabilities	
▪ Targeting 50 research scientists and engineers (RSEs) per 10,000 labour force by 2010	▪ Increased capability for scientific R&D and innovation to move the economy up the value chain
Fostering a Society with Strong Values	
▪ Fostering a tolerant society with a sense of belonging and patriotism	▪ United society with high patriotism ▪ High performance culture work force
▪ Enhancing integrity and eliminating corruption	▪ Society with high integrity

V. CONCLUSION

During the remaining Plan period, education and TEVT delivery systems will continue to emphasise on producing quality human capital needed for the development of the economy. The implementation of the various programmes by public and private sectors is expected to help address the need for knowledge workers in moving the economy up the value chain. The inculcation of strong ethics, positive values and integrity will be given emphasis in developing holistic human capital and enhancing good governance in the public and private sectors. These efforts will assist Malaysia to meet the challenges brought by globalisation and the competitive world market. The availability of quality human capital and good governance system will make Malaysia an attractive destination for investments.

THRUST 2

RAISING THE CAPACITY FOR KNOWLEDGE AND INNOVATION AND NURTURING 'FIRST CLASS MENTALITY'

RAISING THE CAPACITY FOR KNOWLEDGE AND INNOVATION AND NURTURING 'FIRST CLASS MENTALITY'

I. INTRODUCTION

In line with economic growth, employment expanded with contribution mainly from the services and manufacturing sectors. The economy maintained full employment and recorded increasing growth in labour productivity. The quality of the labour force improved with an increasing supply of educated and skilled human capital. Various initiatives were undertaken to increase accessibility and improve the quality of education and training including the formulation of two major education and training blueprints, namely the Education Development Master Plan and the Higher Education Strategic Plan.

The transformation towards a knowledge-based economy and the promotion of new sources of growth and development of regional growth corridors have increased the demand for skilled and knowledge workers, especially managers, professionals and technicians. To meet this increasing demand, public and private training institutions will embark on capacity expansion and improvements in training content through greater collaboration with industries. In addition, efforts will be intensified to produce quality human capital in a holistic manner, not only in matching the demand for human capital but also inculcating a progressive outlook with strong moral values as espoused in *Islam Hadhari*. These efforts are essential in ensuring a smooth transition to a knowledge-based economy that is characterised by higher productivity and competitiveness, as outlined in the National Mission.

II. KEY RESULTS, 2006-2007

Efforts to develop human capital were based on five main strategic thrusts, namely improving education quality and accessibility, making national schools the school of preferred choice, creating tertiary education institutions of international standing, nurturing quality research and development (R&D) and enhancing scientific and innovative capabilities, and fostering a tolerant society with a sense of belonging and patriotism. The outputs of these strategies in developing human capital are shown in Box 2-1.

Box 2-1

Key Results, 2006-2007

Commitment	Output
Improving Education Quality and Accessibility	
▪ Providing greater access to tertiary education[1] - to achieve the target of 40% participation rate of the age group 17-23 years in 2010	▪ Participation rate increased from 17.6% in 2005 to 21.9% in 2007 ▪ Enrolment in public institutions increased from 390,828 in 2005 to 465,094 in 2007, and 258,825 to 364,737 in private institutions
▪ Intensifying the National Dual Training System (NDTS). 2007 target: 400 companies and 2,000 trainees	▪ A total of 574 companies participated in NDTS involving 3,060 trainees ▪ NDTS coverage expanded to include school dropouts
▪ Bridging the gap between rural and urban schools: improving infrastructure in rural schools	▪ Clean water supplied to 300 schools in rural areas benefitting 120,000 pupils ▪ All rural schools in Sarawak and 72% in Sabah provided with adequate electricity supply ▪ Pilot projects for solar energy were completed to complement the existing electricity supply to 12 remote schools in Sabah
▪ Expanding pre-school programme to provide full coverage for children in the five to six years age group	▪ Increased enrolment in public and private pre-school children from 702,897 in 2005 to 753,027 in 2007, increasing coverage from 63.7% in 2005 to 67.8% in 2007
▪ Introducing early childhood development programme for children aged four and below (PERMATA)	▪ 15 PERMATA pilot projects were implemented
Making National Schools the School of Preferred Choice	
▪ Increasing the enrolment rate of Chinese and Indian pupils into national schools	▪ The enrolment rate of Chinese and Indian pupils in national primary schools was 6% and 40% in 2007, respectively
▪ Achieving target of 25% of teachers in primary schools and 100% in secondary schools with degree qualification by 2010	▪ Graduate teachers increased from 6.1% in 2005 to 13.7% in 2007 for primary and 82.4% to 87.1% for the secondary
▪ Making national schools 'smart' through Making All Schools Smart Programme	▪ Established Internet access centres in 40% of all primary schools or 3,025 primary schools
Creating Tertiary Institutions of International Standing	
▪ Achieving 60% of academic staff with Ph.Ds in public universities by 2010	▪ Academic staff with Ph.Ds increased from 26.6% in 2005 to 31.6% in 2007 (*Universiti Putra Malaysia* achieved 64% while *Universiti Malaya* and *Universiti Sains Malaysia* achieved 51% and 50%, respectively in 2007)
▪ Increasing post-graduate enrolment to be 25% of degree enrolment by 2010	▪ Enrolment of post-graduates was 12% in 2007 (post-graduate enrolment in public institutions increased from 36,516 in 2005 to 40,573 in 2007 and in private institutions declined from 5,447 to 5,338)

[1] Refers to public and private universities, university colleges, branch campuses, colleges, polytechnics and community colleges.

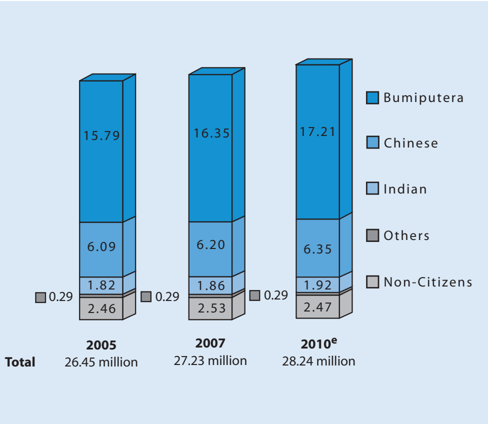
Commitment	Output
Nurturing Quality R&D and Enhancing Scientific and Innovative Capabilities	
▪ Targeting 50 research scientists and engineers (RSEs) per 10,000 labour force by 2010	▪ The ratio of RSEs was 17.9 in 2006
Fostering a Society with Strong Values	
▪ Fostering a tolerant society with a sense of belonging and patriotism	▪ 195,000 youths benefitted from National Service Programme and 1,016,749 participants benefitted from *Biro Tatanegara* programmes

Labour Market and Employment

With the population increasing from 26.45 million in 2005 to 27.23 million in 2007, the labour force increased by 2.1% per annum to 11.8 million. The quality of labour force improved as reflected by the increasing share of labour force with tertiary education from 20.0% in 2005 to 22.5% in 2007 while those with secondary level increased from 57.6% to 58.6%.

Chart 2-1

Population by Ethnic Group, 2005-2010
(million persons)

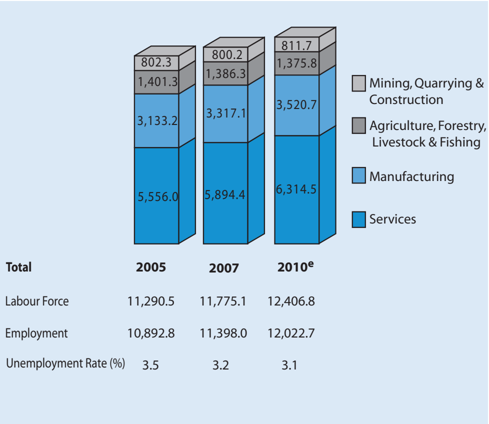


Source: Department of Statistics

Notes: ᵉ estimates

Chart 2-2

Employment by Sector, 2005-2010
('000 persons)



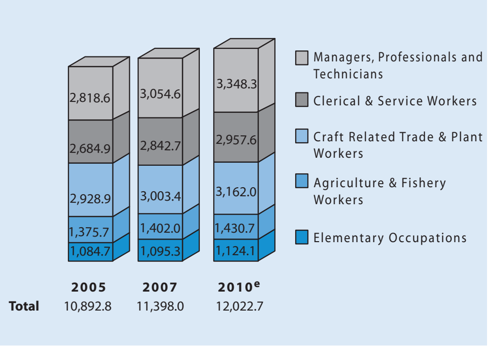
Notes: ᵉ estimates

All sectors of the economy generated additional employment with the services sector recording the highest employment growth at 3.0% per annum during the review period. Total employment in the services sector increased from 5.56 million in 2005 to 5.89 million in 2007. A total of 505,100 job opportunities was created, of which 46.7% was for knowledge workers comprising managers, professionals and technicians.

Jobs for knowledge workers…

Chart 2-3

Employment by Major Occupational Group, 2005-2010
('000 persons)



Notes: e estimates

The unemployment rate continued to decline from 3.5% in 2005 to 3.2% in 2007, reflecting further tightening of the labour market during this period. In 2006, a total of 785,000 skilled Malaysians worked in various countries, especially in Singapore and developed countries. The employment of foreign labour increased from 1.80 million in 2005 to 2.04 million in 2007.

III. MOVING FORWARD, 2008-2010

Labour Market and Employment

The population is expected to grow at a lower rate of 1.2% per annum in the remaining Plan period to reach 28.24 million in 2010. The population growth rate is expected to further decline in line with the decreasing fertility rate from 2.23 in 2008 to 2.07 in 2010 due to, among others, late marriages and preference for smaller family size.

The labour force will grow at a slower rate of 1.76% per annum and employment is expected to grow marginally higher at 1.79%, thus decreasing further the unemployment rate to 3.1% in 2010. The share of labour force with tertiary education will increase to 26.7% in 2010 while those with secondary level is expected to increase to 60.1%.

For the remaining Plan period, a total of 625,000 new jobs will be created, including in the regional growth corridors. Demand for knowledge workers is expected to grow at an average rate of 3.1% per annum to form 47% of total jobs created. The increasing demand for skilled human capital will be met by expansion in capacity and improvement in quality of education and training at all levels with the emphasis on high performance work culture and positive values.

Various measures will be undertaken to reduce the number of low-skilled foreign labour to 1.80 million in 2010. This will be achieved through a combination of short- and long-term measures including improving foreign labour intake and levy system, capping the number of foreign labour by subsector, revising the wage system, providing better facilities and benefits to retain locals in selected sectors and systematically phasing out labour-intensive industries. In addition, participation of women in labour force will be increased from 46.1% in 2007 to 50.0% in 2010. The Government will review the policy, strategies, labour laws and procedures related to employment of experts and highly skilled foreign labour in specific occupations.

The Brain Gain Programme will be improved to provide a more conducive environment to attract global talents to fill the critical gaps and transfer skills and knowledge. The Malaysian diaspora will be leveraged to forge closer linkages among academia, public and private sectors to facilitate knowledge and technology acquisition.

Education Programmes

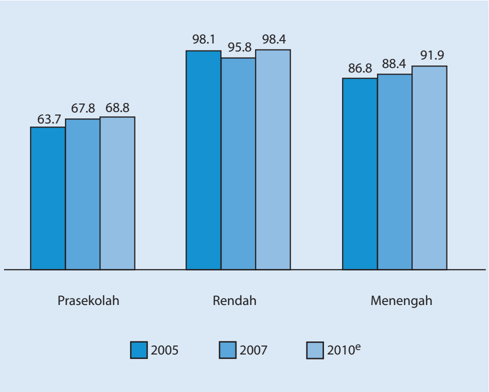
Primary and Secondary Education

The Education Development Master Plan, 2006-2010 provides the framework to further improve the quality and accessibility to education. This plan is focusing on nation building, developing human capital, strengthening national schools, bridging the education gap, enhancing the teaching profession and strengthening educational institutions.

To address the issues of overcrowding in urban schools, additional classrooms will be provided and the educational system will be improved. Enrolment is expected to increase from 3.07 million in 2007 to 3.20 million in 2010 for primary schools and from 2.24 million to 2.38 million for secondary schools.

Chart 2-4

Pupil Enrolment in Education Institutions, 2005-2010
(%)



Source: Ministry of Education
Notes: e estimates

Schools have an important role in nurturing and building a strong foundation in science and technology to produce future researchers and innovators. To increase the number of knowledge workers, specialised secondary schools for science and technology will be established. These schools will expose the pupils to a wide range of subjects and enrichment programmes in science and technology. The schools will collaborate with research universities and the private sector in implementing this programme.

Reducing the performance gap between rural and urban schools…

There still exists a gap in academic achievement between rural and urban schools, especially in mathematics, science and the English language. This will be addressed through the introduction of incentives and specialised teacher training to increase the number of teachers to serve in rural areas. In addition, to enhance the performance of pupils, implementation of the improved early intervention programme, namely the Remedial Programme for Year 1 and 3R Mastering Programme for Year 4 and Year 6 pupils will be intensified. The provision of electricity for rural schools and computerisation projects will also provide a more conducive learning and teaching environment.

To increase the enrolment of pupils from the various ethnic groups in national schools, the appeal of these schools will be further enhanced. For this purpose, quality and facilities in national schools will be improved. All national schools will be equipped with adequate ICT facilities through the ongoing Making All Schools Smart Programme, including SchoolNet, Education TV via the Internet and ICT training for teachers. In addition, the teaching of Mandarin and Tamil languages as well as j-QAF will be enhanced by increasing the number of qualified teachers. A new comprehensive assessment system, which gives more emphasis to continuous evaluation and creativity to nurture a culture of innovation will be implemented through a pilot project covering 50 schools.

To reduce the number of school dropouts, the intake into skills and vocational streams will be increased to ensure pupils remain in the school system. Existing skills training and vocational education at technical schools will be reviewed to enhance their appeal to secondary school pupils.

More educational opportunities for children with special needs will be enhanced by providing special classes in regular schools to enable them to adapt to the normal school environment. A total of 96 classes in regular schools will be set up and upgraded for children with special needs in the remaining Plan period.

The facilities for all schools in Sabah and Sarawak will be improved by providing adequate hostels, quarters for teachers, computer labs, Internet access, electricity and other basic utilities. The various educational support programmes, such as the Tuition Voucher Scheme, Food Aid, and Trust Fund for Poor Pupils, will be intensified to assist pupils from low-income families. ICT-based teaching and learning will also be expanded to these schools.

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Chart 2-5

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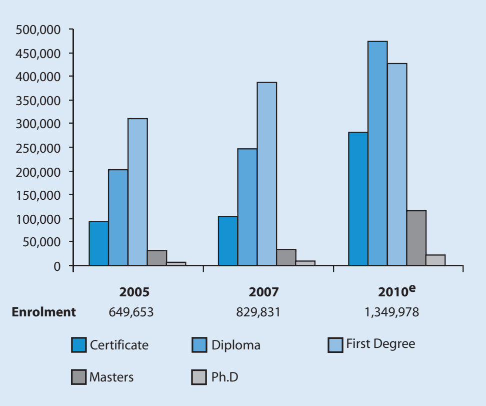

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[e] estimates

industry needs. Comprehensive market analysis will be made compulsory for all institutions in obtaining approval from the Higher Education Committee for the introduction of new programmes and for reviewing existing programmes. To help gain international recognition, assessors from leading foreign universities, industries and professional bodies will be appointed to evaluate the academic programmes offered by public and private institutions. The Government will only subsidise selected academic programmes in line with current market needs. In addition, top students will be sponsored to pursue their studies at the local universities and follow up tracer studies will be implemented to assess the marketability of graduates and their career path one year after graduation as well as to provide input on the relevancy of the academic programmes.

The implementation of the Academic Training Scheme for Public Institutions of Higher Education will be intensified and new strategies will be formulated to achieve the 60% target of academic staff with Ph.D by 2010. A total of 3,700 academic staff will be awarded scholarships to pursue their Ph.D under this programme and 70% will be in science and technology (S&T). Newly appointed academic staff will be required to pursue their Ph.D within three years as a pre-requisite for their appointment as permanent staff. In addition, academic staff will be required to undergo industrial attachment and internship programmes at multinational companies for the maximum of one semester for every three to five years. As an interim measure to increase qualified academic staff, public institutions of higher education will be allowed to directly recruit experts globally on a contract basis, particularly in critical fields of study. Contract for service and direct appointment will be introduced to encourage those with excellent qualification to join public institutions of higher education.

Improving the quality of academic staff…

To increase the employability of graduates, all public universities will introduce short internship, attachment and finishing programmes in collaboration with multinational, government-linked and large local companies and industry associations. The programmes will be structured and built into the existing curriculum. Entrepreneurial skills will be incorporated into the education curriculum of key technical disciplines with specific targets for researchers, scientists, prototype engineers and designers. Customised programmes will be conducted on entrepreneurship, innovation, risk management and mind-set change.

Improving Capability in Science & Technology. More scholarships will be provided at the post-graduate level to increase number of S&T students and meet the targeted ratio of 50 research scientists and engineers (RSEs) per 10,000 labour force. To address the shortage of R&D personnel, a comprehensive study will be undertaken to identify the S&T area and number of RSEs required. The private sector will be encouraged to provide more scholarships and financial assistance for strategic research and commercialisation.

Post-doctoral fellowships for multi-disciplinary S&T based research projects will be increased. In addition, S&T undergraduates will be encouraged to conduct joint research with faculty members to further develop their research skills. In order to intensify R&D and commercialisation (R&D&C) activities in public institutions of higher education, their capabilities and collaboration with industries will be strengthened. The Malaysian Research Institute will be established to enhance research collaboration with leading international universities.

Developing Regional Centre of Excellence. Efforts will be intensified to develop Malaysia as a regional centre for educational excellence through smart partnership between the private and public institutions of higher education and reputable foreign universities. Private institutions of higher education will be encouraged to have more joint degree and twinning programmes, especially at post-graduate level. The quality of academic programmes in public and private universities must be of international standing. Concerted efforts will be undertaken to attract foreign students through dedicated promotional programmes. In addition, more renowned professors will be employed by local universities and leading foreign universities will be invited to establish branch campuses in Malaysia.

National Higher Education Fund Corporation (PTPTN) will continue to provide loans for students to pursue their tertiary education in public and private institutions. PTPTN will enhance it sustainability and capacity to provide loans through strategic alliances with financial institutions.

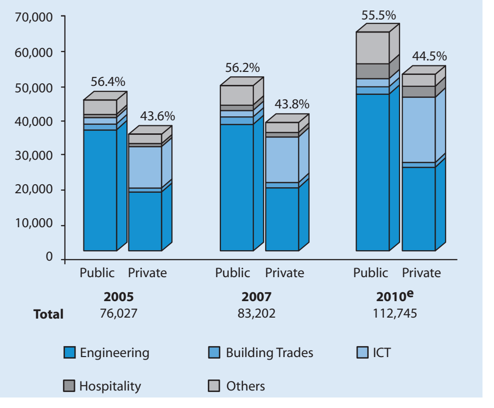
Strengthening the Research Universities. The designated research universities will be strengthened in terms of their governance system, funding mechanism and recruitment of academic staff. These universities will be given more autonomy and flexibility in their management to generate their own source of income. The universities will also be allowed to recruit academic staff, researchers and students from abroad. The proportion of post-graduate students in these universities will be increased to 50% of total enrolment, especially in S&T related courses.

Technical Education and Vocational Training

During the remaining Plan period, 305,930 skilled workers will be trained, meeting 80% of the demand for skilled workforce. Public TEVT institutions will contribute 55.7% while private TEVT institutions will contribute the rest. The TEVT delivery system will be enhanced to keep pace with the changing market demand for skilled workers.

Chart 2-6

Skilled Human Capital, 2005-2010



Source: Ministry of Higher Education, Ministry of Human Resource, Ministry of Youth and Sports, Ministry of Agriculture and Agro-Based Industry, *Majlis Amanah Rakyat* and Construction Industry Development Board

Notes: e estimates

Enhancing Quality. The quality of TEVT will be enhanced by increasing the availability of qualified instructors and expediting recruitment of instructors for newly established institutions. A special scheme of service for instructors will be introduced to attract qualified personnel from industry to join. Flexible promotional posts for instructors will be established to ensure they remain in their field of specialisation. Training agencies will also be empowered to directly recruit contract staff.

The quality of teaching and learning materials will be further improved through standardisation. The quality of the National Occupational Skills Standard (NOSS) will be enhanced through a validation process by employers across industries and by introducing a standard template to provide a clear process and format for developing quality NOSS.

The teaching and learning approach will be strengthened by developing the 'Pro3-Based Learning' programme that constitutes Problem-Based Learning, Project-Based Learning and Production-Based Learning. The development of this approach is expected to be completed in 2009 and will be implemented as a pilot project in the German-Malaysian Institute before being extended to all TEVT institutions.

The implementation of the Skills Development and Training Blueprint, 2008-2020 will provide the direction and strategies for developing TEVT. The blueprint will be supported by a strategic action plan to guide its implementation and will require TEVT agencies to formulate long-term training plans and key performance indicators. Small private TEVT institutions will be consolidated to increase their quality of training, financial and marketing capability as well as ability to attract students. In order to encourage consolidation and introduction of hard-courses, soft-loans will be provided to private TEVT institutions that fulfil the selection criteria such as enrolment capacity, student-teacher ratio and quality of instructors. In addition, the enforcement of the National Skills Development Act, 2006 will be intensified to ensure that the accredited training centres comply with accreditation rules and procedures.

Increasing Accessibility. Efforts will be undertaken to increase accessibility by maximising the capacity utilisation of existing TEVT institutions. The financing of students to attend private training institutions and double-shift programmes at public TEVT institutions will be expanded and intensified. Additional allocation will be provided to the Skills Fund Development Corporation to provide loans to trainees. The intake of trainees, including into polytechnics and community colleges, will also be centralised to enhance the effectiveness and efficiency of the recruitment process.

TEVT institutions will also target and train school dropouts to increase the supply of skilled and semi-skilled workers and to reduce dependence on foreign labour. The existing TEVT institutions accommodate only 10% of the 80,000 annual dropouts from secondary schools. The establishment of new *GiatMARA* Training Centres will be accelerated and 80% intake quota for school dropouts will be introduced.

Implementation of the National Dual Training System will also be intensified and the target groups will be expanded to include school dropouts. This will help increase the intake of school dropouts by 4,000 and Malaysian Certificate of Education school leavers, including workers by 12,000 in 2010.

Lifelong Learning

The National Advisory Council for Education and Training will formulate a comprehensive plan for lifelong learning programmes, which cover distance-learning, part-time courses and skills upgrading being implemented by various ministries and private institutions. The enrolment of students in lifelong learning programmes in public institutions of higher education will be increased by 10%. Flexible entry requirements such as work experience and qualification recognised by the MQA will be introduced. The Human Resource Development Fund which can be accessed for lifelong learning will be expanded to include firms involved in franchising, broadcasting, outsourcing, and motor vehicle repair and maintenance.

Lifelong learning programmes in community colleges will be enhanced through the introduction of e-learning. A total of 584,500 places in short courses will be offered by community colleges during the remaining Plan period. Industry participation will be encouraged by providing them tax exemption for expenditure incurred in training conducted in their companies for students at diploma level.

Developing Strong Moral and Ethical Values

Programmes for enhancing moral and ethical values such as good corporate governance, corporate social responsibility and responsible citizenship in the Malaysian society will continue to be given emphasis in line with the principles of *Islam Hadhari*. The involvement of family, religious, educational and training institutions as well as the workplace and the community will be encouraged to organise programmes to inculcate strong moral and ethical values. The media will also be encouraged to assume more effective role in disseminating and inculcating moral and ethical values among the people by providing more materials and programmes with positive content on behaviour, lifestyle and values. In addition, concerted efforts will be made to identify root cause of social problems in order to provide the right solutions in developing a society with strong moral and ethical values.

Values and ethics will be incorporated into the school curriculum and co-curricular activities. The j-QAF programme will be expanded to Muslim pupils in all primary schools while moral education will continue to be taught to non-Muslim pupils. The teaching of civics and citizenship will be expanded to Year 5 and 6 pupils in primary schools and will be introduced to secondary schools. In the institutions of higher education, Islamic and Asia Civilisation as well as Ethnic Relations will remain as compulsory subjects for all students to improve understanding of different cultures and civilisations and to promote tolerance in multi-racial society.

The implementation of family-friendly programmes for character building and inculcation of family values will be expanded. At the community level, the *Rakan Muda* and National Service Programme will be strengthened. Efforts will be increased to encourage the community to adopt *Rukun Tetangga* programme to promote harmony among the people and the implementation of Courtesy and Noble Values Campaign will be intensified at all levels of the community.

The public sector will conduct more programmes including training towards inculcating positive values and ethics among their personnel. The private sector is also expected to expand their corporate social responsibility for the benefit of wider target groups and the community at large. Companies will also be encouraged to integrate ethical consideration into their business and management processes. Efforts will be intensified to enhance the understanding and knowledge of *Islam Hadhari* among the community. Two indices will be formulated, namely Malaysian *Ummah* Development Index and Just and Trustworthy Government Index to measure the progress of Muslim society and Government trustworthiness.

Enhancing Integrity. The Malaysian Institute of Integrity and other relevant agencies will intensify the implementation of National Integrity Plan. The non-governmental organisations, private sector and the community will be involved in programmes to enhance integrity. Corporate governance and business ethics in the private sector will be strengthened by enhancing compliance with the relevant laws and regulations as well as the Malaysian Code on Corporate Governance and *Rukuniaga Malaysia*.

Addressing Corruption. Efforts to address corruption will be further enhanced by intensifying preventive measures, educational initiatives and rigorous enforcement. In addition, the public service delivery system will be improved to eliminate opportunities for corrupt practices. The Anti-Corruption Agency will be transformed into an independent body to make it more effective.

IV. OUTCOMES, 2010

Box 2-2

Expected Outcomes, 2010

Commitment	Outcome
Improving Education Quality and Accessibility	
▪ Providing greater access to tertiary education[2] - to achieve the target of 40% participation rate of the age group 17-23 years in 2010	▪ Increased education attainment of labour force for better productivity and quality
▪ Intensifying the National Dual Training System (NDTS). 2010 target: 3,200 companies and 16,000 trainees	▪ Increased supply of work force with hands-on training to meet industrial needs ▪ Greater private sector participation in training ▪ Increased skill levels of work force to move jobs quality up the value chain
▪ Bridging the gap between rural and urban schools: improving infrastructure in rural schools	▪ Equal opportunity to quality education
▪ Expanding pre-school education programmes to provide full coverage for children in the five to six years age group	▪ All pupils able to read and write prior to formal education

[2] Refers to public and private universities, university colleges, branch campuses, colleges, polytechnics and community colleges.

Commitment	Outcome
Making National Schools the School of Preferred Choice	
▪ Increasing enrolment rate of Chinese and Indian in national schools	▪ Strengthened national unity
▪ Achieving target of 25% of teachers in primary schools and 100% in secondary schools with degree qualification by 2010	▪ Quality teachers that will increase the appeal of national schools
▪ Making national schools 'smart' through Making All Schools Smart Programme	▪ Improved teaching and learning methods to enhance quality of national schools
Creating Tertiary Institutions of International Standing	
▪ Achieving 60% of academic staff with Ph.Ds by 2010	▪ Malaysia as a regional educational hub ▪ At least one local university ranked in the top 100 ▪ World best academic programmes in Islamic finance, biotechnology, tropical diseases and biodiversity studies
▪ Increasing post-graduate enrolment to be 25% of degree enrolment by 2010	▪ Increased R&D&C capabilities
Nurturing Quality R&D and Enhancing Scientific and Innovation Capabilities	
▪ Targeting 50 research scientists and engineers (RSEs) per 10,000 labour force by 2010	▪ Increased capability for scientific R&D and innovation to move the economy up the value chain
Fostering a Society with Strong Values	
▪ Fostering a tolerant society with a sense of belonging and patriotism	▪ United society with high patriotism ▪ High performance culture work force
▪ Enhancing integrity and eliminating corruption	▪ Society with high integrity

V. CONCLUSION

During the remaining Plan period, education and TEVT delivery systems will continue to emphasise on producing quality human capital needed for the development of the economy. The implementation of the various programmes by public and private sectors is expected to help address the need for knowledge workers in moving the economy up the value chain. The inculcation of strong ethics, positive values and integrity will be given emphasis in developing holistic human capital and enhancing good governance in the public and private sectors. These efforts will assist Malaysia to meet the challenges brought by globalisation and the competitive world market. The availability of quality human capital and good governance system will make Malaysia an attractive destination for investments.

3

THRUST

ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES CONSTRUCTIVELY AND PRODUCTIVELY

ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES

I. INTRODUCTION

The commitment towards a development philosophy emphasising economic growth with distribution was reaffirmed in the National Mission. Persistent socio-economic inequalities in income, employment and ownership will negatively impact growth and threaten national unity and social stability. During the 2006-2007 period, the sound economic growth was accompanied with greater distribution and more economic opportunities for all Malaysians. There was an increase in the mean income of all Malaysians, a decline in the incidence of poverty and an improvement in the restructuring of employment pattern and corporate equity ownership. Development of Bumiputera Commercial and Industrial Community (BCIC) also witnessed greater participation of Bumiputera entrepreneurs and enterprises in various economic activities.

During the remaining Plan period, measures undertaken will be further enhanced to ensure a more equitable distribution of economic and social opportunities with a view towards strengthening the participation of various ethnic groups in the modern economic activities. Poverty eradication efforts will be continued to attain the Plan targets of eradicating hardcore poverty and reducing the incidence of overall poverty to 2.8% by the end of the Plan period. In order to further improve income distribution, rigorous measures will be undertaken to narrow disparities between the rural and urban population as well as regions. Special efforts will be given towards raising the income share of the lowest 40% of households through the enhancement of skills and capabilities. In the context of regional balance, the Government will spearhead corridor development in five regions based on natural resources endowment and economic potentials.

Restructuring of employment and equity ownership will be continued to ensure a fair and balanced participation of all ethnic groups in the economy. With respect to the development of BCIC, efforts will be undertaken to develop more competitive and resilient Bumiputera entrepreneurs and small and medium enterprises through intensified implementation of public and private sector BCIC development initiatives. Taking into account the achievements of distributional objectives thus far as well as its limitations, the Government will undertake studies to review existing instruments for the restructuring of society in line with the current economic challenges and opportunities.

II. KEY RESULTS, 2006-2007

The performance of various strategies and programmes to address socio-economic inequalities are in Box 3-1.

Box 3-1

Key Results, 2006-2007

Commitment	Output
Poverty Eradication	
▪ Eradicating hardcore poverty and reducing overall poverty to 2.8% by 2010	see table below
▪ Improving access to credit facilities	▪ Micro-credit facilities extended to 162,701 by *Amanah Ikhtiar Malaysia* (AIM) and 2,160 by *Yayasan Usaha Maju* (YUM) Sabah
▪ Providing financial assistance and training to Indian youth	▪ Financial assistance extended through *Skim Pembangunan Usahawan Muda India* (YEIDS) under *TEKUN Nasional* amounting to RM3 million ▪ A total of 6,260 Indian youth trained
Income Distribution	
▪ Reducing income gaps among ethnic groups as well as between rural and urban areas	see table below

	2004 (%)	***2007 (%)***
Incidence of Hardcore Poverty		
Peninsular Malaysia	*0.7*	*0.3*
Sabah	*6.5*	*3.7*
Sarawak	*1.1*	*0.7*
Malaysia	***1.2***	***0.7***
Urban	*0.4*	*0.3*
Rural	*2.9*	*1.4*
Incidence of Overall Poverty		
Peninsular Malaysia	*3.6*	*2.3*
Sabah	*23.0*	*16.0*
Sarawak	*7.5*	*4.2*
Malaysia	***5.7***	***3.6***
Urban	*2.5*	*2.0*
Rural	*11.9*	*7.1*

Notes: The average poverty line incomes (PLI) for 2007: RM720 in Peninsular Malaysia, RM960 in Sabah and RM830 in Sarawak. For hardcore poverty, the PLIs were RM430, RM540 and RM520, respectively. Different sets of PLIs were used for urban and rural areas

Malaysia/ Ethnic Group and Strata	***Mean Income (In Current Prices, RM)***		***Growth Rate (% p.a)***
	2004	***2007***	
Bumiputera	2,711	3,156	*5.2*
Chinese	4,437	4,853	*3.0*
Indian	3,456	3,799	*3.2*
Others	2,312	3,651	*15.5*
Malaysia	**3,249**	**3,686**	***4.3***
Urban	3,956	4,356	*3.3*
Rural	1,875	2,283	*6.8*
	Disparity Ratio		
Bumiputera:Chinese	1:1.64	1:1.54	
Bumiputera:Indian	1:1.27	1:1.20	
Rural:Urban	1:2.11	1:1.91	

Commitment	Output

Gini Coefficient

Bumiputera	0.452	0.430
Chinese	0.446	0.432
Indian	0.425	0.414
Others	0.462	0.545
Malaysia	**0.462**	**0.441**
Urban	0.444	0.427
Rural	0.397	0.388

Sabah/Ethnic Group	***Mean Income (RM)***		***Growth Rate (% p.a)***	***Sarawak/ Ethnic Group***	***Mean Income (RM)***		***Growth Rate (% p.a)***
	2004	***2007***			***2004***	***2007***	
Malay	2,779	3,089	*3.6*	Malay	2,717	3,503	*8.8*
Kadazandusun	2,037	2,401	*5.6*	Iban	1,725	2,243	*9.2*
Bajau	1,824	2,250	*7.2*	Bidayuh	1,769	2,723	*15.5*
Murut	1,638	2,063	*8.0*	Melanau	2,341	2,858	*6.9*
Other Bumiputera	1,707	2,259	*9.8*	Other Bumiputera	2,146	2,564	*6.1*
Chinese	4,248	4,745	*3.8*	Chinese	4,254	4,768	*3.9*
Others	3,665	3,133	*-5.1*	Others	2,819	4,996	*21.0*

Ownership Restructuring

- Attaining Bumiputera equity ownership between 20% to 25% by 2010

Ownership Group	***2004***		***2006***	
	RM million	***(%)***	***RM million***	***(%)***
Bumiputera	**100,037.2**	***18.9***	**120,387.6**	***19.4***
Individual	79,449.9	*15.0*	93,982.2	*15.1*
Institution	11,890.7	*2.2*	16,039.6	*2.6*
Trust Agencies	8,696.6	*1.7*	10,365.8	*1.7*
Non-Bumiputera	**214,972.8**	***40.6***	**273,214.4**	***43.9***
Chinese	206,682.9	*39.0*	263,637.8	*42.4*
Indian	6,392.6	*1.2*	6,967.8	*1.1*
Others	1,897.3	*0.4*	2,608.8	*0.4*
Nominee	**42,479.1**	***8.0***	**41,185.7**	***6.6***
Foreigners	**172,279.6**	***32.5***	**187,045.8**	***30.1***
Total	**529,768.7**	***100.0***	**621,833.5**	***100.0***

Notes: The estimation takes into account about 680,000 active companies from Companies Commission of Malaysia (CCM). In estimating the equity ownership, par value was used as it covers all companies, listed and non-listed, registered with CCM as compared to the market value which is available only for listed companies in *Bursa Malaysia*. The Government shares in companies, including Government-linked companies (GLCs), were excluded in the estimation

- Increasing participation in unit trust schemes among Bumiputera in Sabah and Sarawak

	2004		***2007***	
State	***No. of Investors ('000)***	***RM million***	***No. of Investors ('000)***	***RM million***
Sabah	808	3,551.5	861	5,179.0
Sarawak	694	3,862.3	753	5,431.6

Commitment	Output
▪ Providing opportunities to the Indian community to participate in selected unit trust schemes	▪ Investment of the Indian community in *Permodalan Nasional Berhad* (PNB) increased by 128% from RM262.4 million in 2004 to RM598.9 million in 2007
▪ Expanding ownership in non-financial assets	(see table below)

Type of Building	*2007 (%)*				
	Bumiputera	*Chinese*	*Indian*	*Others*	*Total*
Building	15.7	75.7	4.3	4.3	100.0
One Floor	24.9	69.0	3.8	2.3	100.0
Two Floor	13.8	78.5	4.2	3.5	100.0
Three Floor	14.3	75.8	3.6	6.3	100.0
More Than Three Floor	8.6	79.2	5.7	6.5	100.0
Business Complex	29.2	61.9	2.9	6.0	100.0
Industrial Premise	3.5	87.2	1.5	7.8	100.0
Hotel	20.8	54.0	2.7	22.5	100.0
Total	**15.0**	**76.1**	**3.8**	**5.1**	**100.0**

Employment Restructuring

▪ Restructuring of employment pattern to reflect ethnic composition of the population

Profession	*2005 (%)*			*2007 (%)*		
	Bumiputera	*Chinese*	*Indian*	*Bumiputera*	*Chinese*	*Indian*
Accountant	21.5	73.0	4.9	23.5	71.4	4.9
Architect	45.3	53.1	1.4	46.2	52.1	1.5
Doctor	38.1	31.2	27.4	43.8	28.2	20.2
Dentist	44.4	35.3	18.4	46.5	34.5	16.9
Engineer	46.0	47.6	5.4	46.2	46.0	5.3
Lawyer	38.0	37.1	24.1	39.0	36.5	23.5
Surveyor	48.2	47.0	3.2	50.5	44.7	3.2
Veterinary Surgeon	39.0	32.2	24.8	43.3	34.1	22.5

Regional Balance

Commitment	Output
▪ Establishing growth corridors in transborder areas involving two or more states	▪ Five growth corridors established namely Iskandar Malaysia (IM), Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE)
▪ Bridging digital divide	▪ 108 *Medan Info Desa* constructed in rural areas and 19,330 trained on the usage of information and communications technology (ICT) ▪ 387 telecentres established ▪ 42 *Pusat Internet Desa* upgraded

<table>
<tr><th>Commitment</th><th>Output</th></tr>
<tr><td colspan="2">Bumiputera Commercial and Industrial Community</td></tr>
<tr><td>Public Sector Driven Initiatives</td><td></td></tr>
<tr><td>▪ Creating entrepreneurs through various programmes</td><td>▪ 67,533 new entrepreneurs created
• 173 vendors created and 8 anchor companies participated under Vendor Development Programme
• 153 franchisees created and 6 franchisors participated under Franchise Development Programme
• 423 cooperatives created in business related activities
• 304 technopreneurs created
• 358 entrepreneurs developed under the Ministry of Entrepreneur and Cooperative Development Strategic and Target Industry (MESTI) programme
• 886 entrepreneurs developed under Perbadanan Usahawan Nasional Berhad (PUNB) Entrepreneur Programme
• 63 entrepreneurs involved in craft industries</td></tr>
<tr><td>▪ Upgrading and strengthening existing enterprises to higher level</td><td>▪ 10,618 micro, small and medium size enterprises upgraded including under Groom Big programme</td></tr>
<tr><td>▪ Providing new business premises</td><td>▪ 1,524 new business premises provided</td></tr>
<tr><td>▪ Creating micro-businesses</td><td>▪ 24,449 micro-businesses created under TEKUN Nasional</td></tr>
<tr><td>▪ Providing entrepreneurial training and skills to existing and potential entrepreneurs</td><td>▪ 120,720 participants trained</td></tr>
<tr><td>Private Sector Driven Initiatives</td><td></td></tr>
<tr><td>▪ Increasing Bumiputera participation through Cluster Development Initiatives</td><td>▪ 11 clusters established (Building & Construction, ICT & Telecommunications, Defence & Aerospace, Travel & Tourism, Logistics & Transport, Banking & Finance, Automotive Industry, Education & Human Resource, Agribusiness, Biotechnology & Bio-Industry and Oil, Gas & Petrochemical)
▪ Major achievements included:
• Implementation of anchor and tiering system initiative for Bumiputera contractors in various government projects
• Establishment of Malaysian Virtual Trading Corporation (MAVTRAC) as a centralise supplier of core building and construction materials
• Establishment of National Content Development Corporation (NCDC) to spearhead the development of Bumiputera entrepreneurs in the digital content industry
• Establishment of three edupreneur champions under the Collegiate Franchise Model at tertiary level
• Implementation of Management of Government Portal Services (MPS) to provide opportunities for Bumiputera enterprises and unemployed graduates to be technopreneurs</td></tr>
</table>

III. MOVING FORWARD, 2008-2010

The Government will place greater emphasis on addressing the causes of socio-economic inequalities and implementing bold measures to attain distributional objectives under the Plan through the following key strategies as illustrated in Figure 3-1.

Figure 3-1

Key Strategies to Address Socio-Economic Inequalities

Poverty Eradication

Programmes for poverty eradication will be designed based on an integrated approach to enable micro-targeting to increase the coverage of the target group and ensure effectiveness and sustainability of the programme. Programmes will be designed to meet specific needs of household including providing income support and basic amenities with emphasis on education, skills training and income generating activities. To complement Government's efforts in poverty eradication, non-governmental organizations (NGOs) and Government-linked companies (GLCs) will assume a more active role through their corporate social responsibility initiatives.

Income generating activities and the provision of basic amenities particularly housing, will continue to be emphasised as a critical element in poverty eradication programmes. The scope of the housing programme will also incorporate building of longhouses in Sabah and Sarawak to cater to the socio-cultural practice of the local communities. In addition, agropolitan projects, an integrated land development on a smaller scale, will be implemented in Johor, Pahang, Perak, Sabah, Sarawak and Terengganu. These projects aimed at improving the socio-economic position and standard of living of the hardcore poor in the rural areas. The three main components of the projects are the provision of basic infrastructure, income generating projects and the development of human capital.

As for poverty eradication in Sabah, the state will receive a special allocation to implement people-centred projects such as rural roads, electricity and water supply, and other social amenities. In addition, the Federal Land Development Authority (FELDA) will assist in implementing several projects including *Program Pembangunan Masyarakat Setempat* (PPMS), income generating activities and training as well as micro-credit facilities.

The poverty eradication programmes for the minority groups will be designed to take into account the differences in their needs and level of development. A total of 5,000 hectares of land will be developed to benefit more than 10,000 *Orang Asli* families. In addition, emphasis will be given to increase school enrolment and academic achievement among *Orang Asli* students. The standard of living of minority groups such as the Rungus, Suluk, Orang Sungei and Tidong in Sabah, and the Penan, Kenyah, Kajang and Kedayan in Sarawak will be improved by providing better access to education, health and basic amenities.

For the urban poor, the focus will be on creating income generating programmes and providing basic facilities such as housing and social amenities. The coverage of the urban poverty eradication programmes will be expanded to include technical and non-technical training, entrepreneurship development and family support. In addition, a total of 20,000 urban poor and hardcore poor, is expected to benefit from the special share scheme of *Amanah Saham Wawasan* (ASW), worth RM100 million. To further assist the urban poor to secure jobs, a job-matching programme will be implemented.

The Government will also address relative poverty by strengthening the accessibility of economic and education opportunities, increasing home ownership and providing basic social infrastructure, particularly in the urban areas. Measures will be introduced to cushion the impact of higher prices on the lower and middle income groups.

Enhancing the delivery mechanism...

In implementing poverty eradication programmes, efforts will focus on enhancing the effectiveness of the delivery mechanism through the three-tier Focus Group on Poverty at the national, state and district levels. These focus groups will oversee the planning, implementation and monitoring of poverty eradication programmes and projects as well as allocation of funds. For this purpose, the *eKasih* database system will be used as a central reference point providing comprehensive profiling of the poor and hardcore poor groups.

Income Distribution

Reducing income gaps...

Concerted efforts will continue to be undertaken to further reduce income and economic gaps between and among strata and ethnic groups. The rural-urban disparity ratio is targeted to improve to 1:1.7 by 2010. More emphasis will be given to increasing the income share of the lowest 40% of households and creating a larger and more prosperous middle income group. This group, defined as those earning household income between RM2,000 to RM4,000 per month, is expected to increase in size and achieve a more rapid growth in income level.

To reduce inter-ethnic income disparity, emphasis will be on human capital development through skills enhancement and instilling of positive attitude and work culture. These will strengthen the capacity of the people to increase income and create wealth through business, investment and entrepreneurial activities.

The development of BCIC and Bumiputera Science and Technology Community (BSTC) will be enhanced through business integration and linkages as well as greater adoption of knowledge and innovation in order to generate value added businesses. At the same time, employment and ownership restructuring programmes especially for Bumiputera, including Bumiputera of Sabah dan Sarawak, the Indian community and minority groups, will be accelerated to ensure all ethnic groups benefit from the economic growth of the country.

The implementation of various initiatives under the corridor development will contribute directly towards reducing income gaps by strata and region. It will generate employment and wealth-creating opportunities among the local population especially in the less developed areas. In addition, the digital divide will be narrowed through the provision of Internet access to the underserved community, enabling them to gain information on income generating opportunities.

Ownership Restructuring

Efforts will be focused on improving Bumiputera participation including Bumiputera of Sabah and Sarawak and increasing their equity ownership in the corporate sector as well as in non-financial assets to meet the restructuring objectives. Measures will be introduced to ensure long term sustainability of the wealth generated. At the same time, a special package programme will be created to facilitate greater Bumiputera participation in the economy, particularly in the new growth and high value-added sectors. Efforts will also be taken to increase the corporate wealth of the Indian community and to encourage more Indians to venture into business. It is targeted that the ownership of equity by the Indian community will reach 1.5% by the end of 2010.

To enhance Bumiputera participation in the economy, a number of measures will be undertaken during the remaining Plan period. *Firstly*, greater emphasis will be given to ensuring Bumiputera community has controlling stake in private companies. Bumiputera will be encouraged to invest in new growth areas such as information and communications technology (ICT), biotechnology, photonics, nanotechnology, advanced manufacturing and precision engineering. *Secondly*, the role of Bumiputera institutions such as *Permodalan Nasional Berhad* (PNB) and *Tabung Haji* will be strengthened to consolidate the funds of Bumiputera individuals. Pooling of Bumiputera funds via these institutions will enable Bumiputera institutions to have a stronger and sustainable source of funds to undertake bigger projects and to further diversify investments. *Thirdly*, talented Bumiputera graduates with creative and innovative ideas will be provided with capital to commercialise their ideas. For this purpose, a special fund will be set up to assist potential entrepreneurs among Bumiputera graduates to market their products and services. *Fourthly*, a comprehensive database to monitor the performance of Bumiputera in the corporate sector will be set up. Wealth ownership of Bumiputera in the non-financial assets such as ownership of commercial and residential buildings will be used as an additional yardstick to evaluate the performance of Bumiputera.

The existing restructuring instruments to enhance Bumiputera participation in the economy will be reviewed. These will include the Foreign Investment Committee Guidelines, public procurement procedures and the Industrial Coordination Act, 1975.

Development of commercial assets such as hotel and business premises on *wakaf* land will be expanded to increase

Bumiputera ownership of non-financial assets. A strategic plan will be drawn up to ensure that the income generated from the development of *wakaf* land will enable state religious authorities to be more self reliant in developing new *wakaf* land. In addition, Bumiputera ownership of residential and commercial properties will be further improved through agencies such as the Urban Development Authority (UDA), *Yayasan Amanah Hartanah Bumiputera* and *Majlis Amanah Rakyat* (MARA).

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

The involvement of the Indian community in the modern sectors of the economy will be encouraged through training and entrepreneurship development programmes especially among the youth. A total of 3,000 Indian youth is expected to benefit from various skills and business training programmes. In addition, special assistance will be given to the Indian community to raise their equity ownership through unit trust schemes.

Employment Restructuring

Employment imbalances among ethnic groups will be reduced in various sectors and occupations by raising participation of Bumiputera and non-Bumiputera in sectors in which they are under-represented. Education, skills training and technopreneur development will remain as important initiatives to attain the employment restructuring objective. To enlarge the pool of Bumiputera professionals and semi-professionals, enrolment in *Universiti Teknologi MARA* (UiTM) will be increased through the franchise programme with Bumiputera private institutions of higher learning. In addition, *Universiti Kuala Lumpur* (UniKL) will continue to offer courses at diploma and degree levels in science and technology, including computer and medical engineering to complement UiTM's efforts. The quality of the faculty members and facilities will be upgraded to ensure these universities produce quality graduates.

Developing Bumiputera Science and Technology Community...

The development of a viable and innovative BSTC is vital towards attaining a more balanced employment restructuring and equitable distribution of wealth among various ethnic groups. To accelerate the creation of BSTC, a comprehensive development framework will be prepared to outline the strategic action plan.

Measures will be undertaken to ensure the private sector will employ more Bumiputera, Indian and minority communities at professional and managerial levels. For purpose of monitoring, all public listed companies will be required to disclose information of human resources composition by ethnicity at all occupational levels. In addition, more non-Bumiputera will be encouraged to work in the public sector.

Regional Balance

The focus of regional development will continue to emphasise on raising the standard of living as well as attaining balanced socio-economic development across regions and states. Growth centres and growth corridors transcending state boundaries will be developed, the economic base of less developed states modernised and diversified and urban-rural digital divide reduced.

Corridor Development

Corridor development will reduce regional imbalance and bring about equitable growth, investment and employment opportunities to all regions of Malaysia. This new approach aims at creating new sources of growth and ensuring a comprehensive and widespread economic development in a more coordinated and integrated manner. Generation of additional income in the region will further accelerate poverty eradication, restructuring of society and overall wealth creation. The regional corridor authorities will spearhead efforts to facilitate and expedite the implementation of programmes and projects identified in the Master Plan of each growth corridor.

Box 3-2

Regional Growth Corridor

	Iskandar Malaysia	**Northern Corridor Economic Region**	**East Coast Economic Region**	**Sabah Development Corridor**	**Sarawak Corridor of Renewable Energy**
Development Period	2006 - 2025	2007 - 2025	2007 - 2020	2008 - 2025	2008 - 2030
Vision	A Strong and Sustainable Metropolis of International Standing	World-Class Economic Region by 2025	A Developed Region - Distinctive, Dynamic and Competitive	Harnessing Unity in Diversity for Wealth Creation and Social Well Being	Developed and Industrialised State
Area of Coverage	2,216 square kilometres (District of Johor Bahru and partial district of Pontian - *Mukim* Jeram Batu, *Mukim* Sungai Karang, *Mukim* Serkat and Pulau Kukup)	17,816 square kilometres (Penang, Kedah, Perlis and Northern Perak - Districts of Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama)	66,736 square kilometres (Pahang, Kelantan, Terengganu and district of Mersing, Johor)	73,997 square kilometres (Whole of Sabah)	70,708 square kilometres (Tanjung Manis-Similajau and hinterland)
Focus Sector/ Industry	1. Education 2. Financial 3. Health Care 4. ICT and Creative Industries 5. Logistics 6. Tourism	1. Agriculture 2. Human Capital 3. Infrastructure 4. Manufacturing 5. Tourism	1. Agriculture 2. Education 3. Manufacturing 4. Oil, Gas & Petrochemical 5. Tourism	1. Agriculture 2. Environment 3. Human Capital 4. Infrastructure 5. Manufacturing 6. Tourism	1. Aluminium 2. Glass 3. Marine Engineering 4. Metal-Based 5. Petroleum-Based 6. Timber-Based 7. Aquaculture 8. Livestock 9. Palm Oil 10. Tourism

	Iskandar Malaysia	Northern Corridor Economic Region	East Coast Economic Region	Sabah Development Corridor	Sarawak Corridor of Renewable Energy
Corridor Authority	Iskandar Region Development Authority (IRDA)	Northern Corridor Implementation Authority (NCIA)	East Coast Economic Region Development Council (ECERDC)	Sabah Economic Development and Investment Authority (SEDIA)	Regional Corridor Development Authority (RECODA)
Expected Employment[1] (million)	1.4	3.1	1.9	2.1	3.0
Expected Investment[1] (RM billion)	382	178	112	113	334

Notes: [1] By the end of the respective development period.

The participation of private sector is crucial to drive the development of the growth corridors. The Government will promote a more conducive environment to attract greater private sector participation in developing these growth corridors. For this purpose, a competitive package of incentives will be offered. To enhance delivery of services and promote investments, one-stop centres will be established in growth corridors.

Bridging the Digital Divide

Efforts to narrow the digital divide will be further intensified to ensure all Malaysians, particularly the underserved community, share the benefits of the knowledge-based economy. In the rural areas, more *Medan Info Desa* and *Pusat Internet Desa* will continue to be built and upgraded, respectively. To ensure more equitable access to ICT, the Government has set the target to provide at least one telecentre for each *mukim* by 2010. Other efforts that will be undertaken include the provision of affordable personal computers (PCs) and online services to the public. Steps will be taken to introduce best practices and re-model the telecentres to become self-sustainable. The development of content will also be promoted and a community portal that serves the needs and interest of various underserved communities will be developed.

Development of BCIC

In the remaining Plan period, the second phase of BCIC development will be given further emphasis through the implementation of the private sector driven cluster development initiatives. The initiatives will be further intensified to enable Bumiputera entrepreneurs to move from the low-end to high-end economic value chain. Specific programmes will be implemented to spearhead strong Bumiputera sectoral presence across the value chain in areas such as construction, logistics, education, tourism and distributive trade.

The Government will continue to implement various programmes to ensure effective Bumiputera participation in business and economic activities. Implementation of the packaged programmes such as franchise and vendor development, technopreneurs development, 'Groom Big' and retailing in strategic commercial complexes will be further strengthened. Measures will be undertaken to facilitate upward mobility of entrepreneurs such as listing of companies in Bursa Malaysia and converting existing business entities through the adoption of modalities including franchising and retailing. The wider use of competitive bidding will help to develop credible and competent Bumiputera entrepreneurs.

A dedicated BCIC unit will be established in each of the corridor authorities to assist Bumiputera entrepreneurs to capitalise on the economic opportunities created in the corridors. In collaboration with the respective implementing agencies, the corridor authorities will identify potential business opportunities for Bumiputera entrepreneurs to participate as first movers. In addition, the Government will continue to facilitate entry and growth of Bumiputera enterprises in new growth areas, particularly in high technology-based manufacturing, *halal* industry, biotechnology and bio-industries, health and edu-tourism, as well as creative industry.

GLCs will implement their programmes with specific targets more vigorously. To develop, nurture and increase the number of promising Bumiputera entrepreneurs and enterprises in specific niche areas along the value chain, programmes such as Management Buyout (MBO), smart partnership and equity participation will be given further emphasis. In addition, measures will also be taken to discourage GLCs from directly competing with Bumiputera enterprises for business opportunities.

Bumiputera entrepreneurs have to develop global mindset, acquire knowledge and skills, forge international networks and be ICT savvy to cope with the changing economic landscape. Entrepreneurial development programmes will focus on driving mindset change, inculcating positive values and attitudes as well as high performance culture and attracting more Bumiputera professionals to be involved in business.

Public-Private Partnership modality will be strengthened to increase inter and intra collaboration and business networks among Bumiputera enterprises; between Bumiputera and non-Bumiputera; and between enterprises and the Government. Joint venture collaboration and smart partnership between Bumiputera and non-Bumiputera as well as with foreign partners will be emphasized.

The monitoring of BCIC programmes will be intensified to ensure effective implementation and coordination. Implementing agencies will strengthen their monitoring mechanism to ensure their programmes comply with BCIC objectives and targets. The effectiveness of BCIC programmes will be evaluated based on various measurement tools such as performance management system and auditing.

IV. OUTCOMES, 2010

The expected outcomes of the various strategies and programmes to address socio-economic inequalities are in Box 3-3.

Box 3-3

Expected Outcomes, 2010

Commitment	Outcome
Poverty Eradication	
▪ Eradicating hardcore poverty and reducing overall poverty to 2.8%	▪ Hardcore poverty eradicated ▪ Overall poverty reduced to 2.8%
Income Distribution	
▪ Reducing Bumiputera:Chinese income disparity ratio to 1:1.50	▪ Reduced Bumiputera:Chinese income disparity
▪ Reducing Bumiputera:Indian income disparity ratio to 1:1.15	▪ Reduced Bumiputera:Indian income disparity
▪ Reducing rural-urban income disparity ratio to 1:1.70	▪ Reduced rural-urban income disparity
▪ Reducing Gini coefficient to 0.35 by 2020	▪ Improved income distribution
Ownership Restructuring	
▪ Increasing Bumiputera equity ownership to 20%-25%	▪ Improved Bumiputera equity ownership
▪ Increasing Indian equity ownership to 1.5%	▪ Improved Indian equity ownership
Employment Restructuring	
▪ Eliminating ethnic identification by occupation	▪ Towards balanced ethnic employment pattern
Regional Balance	
▪ Reducing regional disparities through corridor development	▪ Towards balanced regional development
Bumiputera Commercial and Industrial Community	
Public Sector Driven Initiatives	
▪ Creating 150,000 entrepreneurs through various programmes, including: • 240 vendors and 15 new anchor companies under Vendor Development Programme • 500 Bumiputera franchisees and 20 franchisors under the Franchise Development Programme • 800 cooperatives in the business sectors • 750 technopreneurs	▪ Greater Bumiputera participation in commercial and industrial sector

Commitment	Outcome
• 800 entrepreneurs in MESTI programme • 1,500 entrepreneurs under the PUNB Entrepreneur Programme ▪ Upgrading and strengthening 25,000 enterprises ▪ Providing 4,900 new business premises ▪ Creating 40,000 micro-businesses through financing by *TEKUN Nasional* ▪ Providing entrepreneurial skills training to 275,000 participants	
Private Sector Driven Initiatives	
▪ Intensifying BCIC cluster development initiatives	▪ Strong Bumiputera sectoral presence across all economic value chain

V. CONCLUSION

Good progress was made during the Review period in reducing poverty, narrowing income imbalances between ethnic groups and increasing Bumiputera participation in key occupations and sectors of the economy. During the remaining Ninth Plan period, distributional strategies will continue to be pursued towards a more balanced participation and equitable distribution of quality opportunities among the various ethnic groups. Emphasis will be on increasing the income share of the lowest 40% of households, creating a bigger middle income group and narrowing ethnic and regional disparities. Measures will also be taken to increase the participation of Bumiputera in the private sector, enhance Bumiputera corporate equity ownership and further develop BCIC and BSTC. The development of less developed states and regions will be accelerated to reduce regional disparities. The implementation of these distributional strategies will contribute positively towards maintaining equitable economic growth, promoting human development and strengthening national unity.

3 THRUST

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES CONSTRUCTIVELY AND PRODUCTIVELY

ADDRESSING PERSISTENT SOCIO-ECONOMIC INEQUALITIES

I. INTRODUCTION

The commitment towards a development philosophy emphasising economic growth with distribution was reaffirmed in the National Mission. Persistent socio-economic inequalities in income, employment and ownership will negatively impact growth and threaten national unity and social stability. During the 2006-2007 period, the sound economic growth was accompanied with greater distribution and more economic opportunities for all Malaysians. There was an increase in the mean income of all Malaysians, a decline in the incidence of poverty and an improvement in the restructuring of employment pattern and corporate equity ownership. Development of Bumiputera Commercial and Industrial Community (BCIC) also witnessed greater participation of Bumiputera entrepreneurs and enterprises in various economic activities.

During the remaining Plan period, measures undertaken will be further enhanced to ensure a more equitable distribution of economic and social opportunities with a view towards strengthening the participation of various ethnic groups in the modern economic activities. Poverty eradication efforts will be continued to attain the Plan targets of eradicating hardcore poverty and reducing the incidence of overall poverty to 2.8% by the end of the Plan period. In order to further improve income distribution, rigorous measures will be undertaken to narrow disparities between the rural and urban population as well as regions. Special efforts will be given towards raising the income share of the lowest 40% of households through the enhancement of skills and capabilities. In the context of regional balance, the Government will spearhead corridor development in five regions based on natural resources endowment and economic potentials.

Restructuring of employment and equity ownership will be continued to ensure a fair and balanced participation of all ethnic groups in the economy. With respect to the development of BCIC, efforts will be undertaken to develop more competitive and resilient Bumiputera entrepreneurs and small and medium enterprises through intensified implementation of public and private sector BCIC development initiatives. Taking into account the achievements of distributional objectives thus far as well as its limitations, the Government will undertake studies to review existing instruments for the restructuring of society in line with the current economic challenges and opportunities.

II. KEY RESULTS, 2006-2007

The performance of various strategies and programmes to address socio-economic inequalities are in Box 3-1.

Box 3-1

Key Results, 2006-2007

Commitment	Output
Poverty Eradication	
▪ Eradicating hardcore poverty and reducing overall poverty to 2.8% by 2010	See table below
▪ Improving access to credit facilities	▪ Micro-credit facilities extended to 162,701 by *Amanah Ikhtiar Malaysia* (AIM) and 2,160 by *Yayasan Usaha Maju* (YUM) Sabah
▪ Providing financial assistance and training to Indian youth	▪ Financial assistance extended through *Skim Pembangunan Usahawan Muda India* (YEIDS) under *TEKUN Nasional* amounting to RM3 million ▪ A total of 6,260 Indian youth trained
Income Distribution	
▪ Reducing income gaps among ethnic groups as well as between rural and urban areas	See table below

	2004 (%)	***2007 (%)***
Incidence of Hardcore Poverty		
Peninsular Malaysia	*0.7*	*0.3*
Sabah	*6.5*	*3.7*
Sarawak	*1.1*	*0.7*
Malaysia	***1.2***	***0.7***
Urban	*0.4*	*0.3*
Rural	*2.9*	*1.4*
Incidence of Overall Poverty		
Peninsular Malaysia	*3.6*	*2.3*
Sabah	*23.0*	*16.0*
Sarawak	*7.5*	*4.2*
Malaysia	***5.7***	***3.6***
Urban	*2.5*	*2.0*
Rural	*11.9*	*7.1*

Notes: The average poverty line incomes (PLI) for 2007: RM720 in Peninsular Malaysia, RM960 in Sabah and RM830 in Sarawak. For hardcore poverty, the PLIs were RM430, RM540 and RM520, respectively. Different sets of PLIs were used for urban and rural areas

Malaysia/ Ethnic Group and Strata	***Mean Income (In Current Prices, RM)***		***Growth Rate (% p.a)***
	2004	***2007***	
Bumiputera	2,711	3,156	*5.2*
Chinese	4,437	4,853	*3.0*
Indian	3,456	3,799	*3.2*
Others	2,312	3,651	*15.5*
Malaysia	**3,249**	**3,686**	***4.3***
Urban	3,956	4,356	*3.3*
Rural	1,875	2,283	*6.8*
	Disparity Ratio		
Bumiputera:Chinese	1:1.64	1:1.54	
Bumiputera:Indian	1:1.27	1:1.20	
Rural:Urban	1:2.11	1:1.91	

Commitment	Output

Gini Coefficient

Bumiputera	0.452	0.430
Chinese	0.446	0.432
Indian	0.425	0.414
Others	0.462	0.545
Malaysia	**0.462**	**0.441**
Urban	0.444	0.427
Rural	0.397	0.388

Sabah/Ethnic Group	*Mean Income (RM) 2004*	*Mean Income (RM) 2007*	*Growth Rate (% p.a)*	*Sarawak/ Ethnic Group*	*Mean Income (RM) 2004*	*Mean Income (RM) 2007*	*Growth Rate (% p.a)*
Malay	2,779	3,089	*3.6*	Malay	2,717	3,503	*8.8*
Kadazandusun	2,037	2,401	*5.6*	Iban	1,725	2,243	*9.2*
Bajau	1,824	2,250	*7.2*	Bidayuh	1,769	2,723	*15.5*
Murut	1,638	2,063	*8.0*	Melanau	2,341	2,858	*6.9*
Other Bumiputera	1,707	2,259	*9.8*	Other Bumiputera	2,146	2,564	*6.1*
Chinese	4,248	4,745	*3.8*	Chinese	4,254	4,768	*3.9*
Others	3,665	3,133	*-5.1*	Others	2,819	4,996	*21.0*

Ownership Restructuring

- Attaining Bumiputera equity ownership between 20% to 25% by 2010

Ownership Group	*2004*		*2006*	
	RM million	*(%)*	*RM million*	*(%)*
Bumiputera	**100,037.2**	***18.9***	**120,387.6**	***19.4***
Individual	79,449.9	*15.0*	93,982.2	*15.1*
Institution	11,890.7	*2.2*	16,039.6	*2.6*
Trust Agencies	8,696.6	*1.7*	10,365.8	*1.7*
Non-Bumiputera	**214,972.8**	***40.6***	**273,214.4**	***43.9***
Chinese	206,682.9	*39.0*	263,637.8	*42.4*
Indian	6,392.6	*1.2*	6,967.8	*1.1*
Others	1,897.3	*0.4*	2,608.8	*0.4*
Nominee	**42,479.1**	***8.0***	**41,185.7**	***6.6***
Foreigners	**172,279.6**	***32.5***	**187,045.8**	***30.1***
Total	**529,768.7**	***100.0***	**621,833.5**	***100.0***

Notes: The estimation takes into account about 680,000 active companies from Companies Commission of Malaysia (CCM). In estimating the equity ownership, par value was used as it covers all companies, listed and non-listed, registered with CCM as compared to the market value which is available only for listed companies in *Bursa Malaysia*. The Government shares in companies, including Government-linked companies (GLCs), were excluded in the estimation

- Increasing participation in unit trust schemes among Bumiputera in Sabah and Sarawak

State	*2004*		*2007*	
	No. of Investors ('000)	*RM million*	*No. of Investors ('000)*	*RM million*
Sabah	808	3,551.5	861	5,179.0
Sarawak	694	3,862.3	753	5,431.6

Commitment	Output
▪ Providing opportunities to the Indian community to participate in selected unit trust schemes	▪ Investment of the Indian community in *Permodalan Nasional Berhad* (PNB) increased by 128% from RM262.4 million in 2004 to RM598.9 million in 2007
▪ Expanding ownership in non-financial assets	(see table below)

Type of Building	*2007 (%)*				
	Bumiputera	***Chinese***	***Indian***	***Others***	***Total***
Building	*15.7*	*75.7*	*4.3*	*4.3*	*100.0*
One Floor	*24.9*	*69.0*	*3.8*	*2.3*	*100.0*
Two Floor	*13.8*	*78.5*	*4.2*	*3.5*	*100.0*
Three Floor	*14.3*	*75.8*	*3.6*	*6.3*	*100.0*
More Than Three Floor	*8.6*	*79.2*	*5.7*	*6.5*	*100.0*
Business Complex	*29.2*	*61.9*	*2.9*	*6.0*	*100.0*
Industrial Premise	*3.5*	*87.2*	*1.5*	*7.8*	*100.0*
Hotel	*20.8*	*54.0*	*2.7*	*22.5*	*100.0*
Total	***15.0***	***76.1***	***3.8***	***5.1***	***100.0***

Employment Restructuring

▪ Restructuring of employment pattern to reflect ethnic composition of the population

Profession	*2005 (%)*			*2007 (%)*		
	Bumiputera	***Chinese***	***Indian***	***Bumiputera***	***Chinese***	***Indian***
Accountant	*21.5*	*73.0*	*4.9*	*23.5*	*71.4*	*4.9*
Architect	*45.3*	*53.1*	*1.4*	*46.2*	*52.1*	*1.5*
Doctor	*38.1*	*31.2*	*27.4*	*43.8*	*28.2*	*20.2*
Dentist	*44.4*	*35.3*	*18.4*	*46.5*	*34.5*	*16.9*
Engineer	*46.0*	*47.6*	*5.4*	*46.2*	*46.0*	*5.3*
Lawyer	*38.0*	*37.1*	*24.1*	*39.0*	*36.5*	*23.5*
Surveyor	*48.2*	*47.0*	*3.2*	*50.5*	*44.7*	*3.2*
Veterinary Surgeon	*39.0*	*32.2*	*24.8*	*43.3*	*34.1*	*22.5*

Regional Balance

Commitment	Output
▪ Establishing growth corridors in transborder areas involving two or more states	▪ Five growth corridors established namely Iskandar Malaysia (IM), Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE)
▪ Bridging digital divide	▪ 108 *Medan Info Desa* constructed in rural areas and 19,330 trained on the usage of information and communications technology (ICT) ▪ 387 telecentres established ▪ 42 *Pusat Internet Desa* upgraded

Commitment	Output
Bumiputera Commercial and Industrial Community	
Public Sector Driven Initiatives	
▪ Creating entrepreneurs through various programmes	▪ 67,533 new entrepreneurs created • 173 vendors created and 8 anchor companies participated under Vendor Development Programme • 153 franchisees created and 6 franchisors participated under Franchise Development Programme • 423 cooperatives created in business related activities • 304 technopreneurs created • 358 entrepreneurs developed under the Ministry of Entrepreneur and Cooperative Development Strategic and Target Industry (MESTI) programme • 886 entrepreneurs developed under *Perbadanan Usahawan Nasional Berhad* (PUNB) Entrepreneur Programme • 63 entrepreneurs involved in craft industries
▪ Upgrading and strengthening existing enterprises to higher level	▪ 10,618 micro, small and medium size enterprises upgraded including under Groom Big programme
▪ Providing new business premises	▪ 1,524 new business premises provided
▪ Creating micro-businesses	▪ 24,449 micro-businesses created under *TEKUN Nasional*
▪ Providing entrepreneurial training and skills to existing and potential entrepreneurs	▪ 120,720 participants trained
Private Sector Driven Initiatives	
▪ Increasing Bumiputera participation through Cluster Development Initiatives	▪ 11 clusters established (Building & Construction, ICT & Telecommunications, Defence & Aerospace, Travel & Tourism, Logistics & Transport, Banking & Finance, Automotive Industry, Education & Human Resource, Agribusiness, Biotechnology & Bio-Industry and Oil, Gas & Petrochemical) ▪ Major achievements included: • Implementation of anchor and tiering system initiative for Bumiputera contractors in various government projects • Establishment of Malaysian Virtual Trading Corporation (MAVTRAC) as a centralise supplier of core building and construction materials • Establishment of National Content Development Corporation (NCDC) to spearhead the development of Bumiputera entrepreneurs in the digital content industry • Establishment of three edupreneur champions under the Collegiate Franchise Model at tertiary level • Implementation of Management of Government Portal Services (MPS) to provide opportunities for Bumiputera enterprises and unemployed graduates to be technopreneurs

III. MOVING FORWARD, 2008-2010

The Government will place greater emphasis on addressing the causes of socio-economic inequalities and implementing bold measures to attain distributional objectives under the Plan through the following key strategies as illustrated in Figure 3-1.

Figure 3-1

Key Strategies to Address Socio-Economic Inequalities

Poverty Eradication

Programmes for poverty eradication will be designed based on an integrated approach to enable micro-targeting to increase the coverage of the target group and ensure effectiveness and sustainability of the programme. Programmes will be designed to meet specific needs of household including providing income support and basic amenities with emphasis on education, skills training and income generating activities. To complement Government's efforts in poverty eradication, non-governmental organizations (NGOs) and Government-linked companies (GLCs) will assume a more active role through their corporate social responsibility initiatives.

Income generating activities and the provision of basic amenities particularly housing, will continue to be emphasised as a critical element in poverty eradication programmes. The scope of the housing programme will also incorporate building of longhouses in Sabah and Sarawak to cater to the socio-cultural practice of the local communities. In addition, agropolitan projects, an integrated land development on a smaller scale, will be implemented in Johor, Pahang, Perak, Sabah, Sarawak and Terengganu. These projects aimed at improving the socio-economic position and standard of living of the hardcore poor in the rural areas. The three main components of the projects are the provision of basic infrastructure, income generating projects and the development of human capital.

As for poverty eradication in Sabah, the state will receive a special allocation to implement people-centred projects such as rural roads, electricity and water supply, and other social amenities. In addition, the Federal Land Development Authority (FELDA) will assist in implementing several projects including *Program Pembangunan Masyarakat Setempat* (PPMS), income generating activities and training as well as micro-credit facilities.

The poverty eradication programmes for the minority groups will be designed to take into account the differences in their needs and level of development. A total of 5,000 hectares of land will be developed to benefit more than 10,000 *Orang Asli* families. In addition, emphasis will be given to increase school enrolment and academic achievement among *Orang Asli* students. The standard of living of minority groups such as the Rungus, Suluk, Orang Sungei and Tidong in Sabah, and the Penan, Kenyah, Kajang and Kedayan in Sarawak will be improved by providing better access to education, health and basic amenities.

For the urban poor, the focus will be on creating income generating programmes and providing basic facilities such as housing and social amenities. The coverage of the urban poverty eradication programmes will be expanded to include technical and non-technical training, entrepreneurship development and family support. In addition, a total of 20,000 urban poor and hardcore poor, is expected to benefit from the special share scheme of *Amanah Saham Wawasan* (ASW), worth RM100 million. To further assist the urban poor to secure jobs, a job-matching programme will be implemented.

The Government will also address relative poverty by strengthening the accessibility of economic and education opportunities, increasing home ownership and providing basic social infrastructure, particularly in the urban areas. Measures will be introduced to cushion the impact of higher prices on the lower and middle income groups.

Enhancing the delivery mechanism...

In implementing poverty eradication programmes, efforts will focus on enhancing the effectiveness of the delivery mechanism through the three-tier Focus Group on Poverty at the national, state and district levels. These focus groups will oversee the planning, implementation and monitoring of poverty eradication programmes and projects as well as allocation of funds. For this purpose, the *eKasih* database system will be used as a central reference point providing comprehensive profiling of the poor and hardcore poor groups.

Income Distribution

Reducing income gaps...

Concerted efforts will continue to be undertaken to further reduce income and economic gaps between and among strata and ethnic groups. The rural-urban disparity ratio is targeted to improve to 1:1.7 by 2010. More emphasis will be given to increasing the income share of the lowest 40% of households and creating a larger and more prosperous middle income group. This group, defined as those earning household income between RM2,000 to RM4,000 per month, is expected to increase in size and achieve a more rapid growth in income level.

To reduce inter-ethnic income disparity, emphasis will be on human capital development through skills enhancement and instilling of positive attitude and work culture. These will strengthen the capacity of the people to increase income and create wealth through business, investment and entrepreneurial activities.

The development of BCIC and Bumiputera Science and Technology Community (BSTC) will be enhanced through business integration and linkages as well as greater adoption of knowledge and innovation in order to generate value added businesses. At the same time, employment and ownership restructuring programmes especially for Bumiputera, including Bumiputera of Sabah dan Sarawak, the Indian community and minority groups, will be accelerated to ensure all ethnic groups benefit from the economic growth of the country.

The implementation of various initiatives under the corridor development will contribute directly towards reducing income gaps by strata and region. It will generate employment and wealth-creating opportunities among the local population especially in the less developed areas. In addition, the digital divide will be narrowed through the provision of Internet access to the underserved community, enabling them to gain information on income generating opportunities.

Ownership Restructuring

Efforts will be focused on improving Bumiputera participation including Bumiputera of Sabah and Sarawak and increasing their equity ownership in the corporate sector as well as in non-financial assets to meet the restructuring objectives. Measures will be introduced to ensure long term sustainability of the wealth generated. At the same time, a special package programme will be created to facilitate greater Bumiputera participation in the economy, particularly in the new growth and high value-added sectors. Efforts will also be taken to increase the corporate wealth of the Indian community and to encourage more Indians to venture into business. It is targeted that the ownership of equity by the Indian community will reach 1.5% by the end of 2010.

To enhance Bumiputera participation in the economy, a number of measures will be undertaken during the remaining Plan period. *Firstly*, greater emphasis will be given to ensuring Bumiputera community has controlling stake in private companies. Bumiputera will be encouraged to invest in new growth areas such as information and communications technology (ICT), biotechnology, photonics, nanotechnology, advanced manufacturing and precision engineering. *Secondly*, the role of Bumiputera institutions such as *Permodalan Nasional Berhad* (PNB) and *Tabung Haji* will be strengthened to consolidate the funds of Bumiputera individuals. Pooling of Bumiputera funds via these institutions will enable Bumiputera institutions to have a stronger and sustainable source of funds to undertake bigger projects and to further diversify investments. *Thirdly*, talented Bumiputera graduates with creative and innovative ideas will be provided with capital to commercialise their ideas. For this purpose, a special fund will be set up to assist potential entrepreneurs among Bumiputera graduates to market their products and services. *Fourthly*, a comprehensive database to monitor the performance of Bumiputera in the corporate sector will be set up. Wealth ownership of Bumiputera in the non-financial assets such as ownership of commercial and residential buildings will be used as an additional yardstick to evaluate the performance of Bumiputera.

The existing restructuring instruments to enhance Bumiputera participation in the economy will be reviewed. These will include the Foreign Investment Committee Guidelines, public procurement procedures and the Industrial Coordination Act, 1975.

Development of commercial assets such as hotel and business premises on *wakaf* land will be expanded to increase

Bumiputera ownership of non-financial assets. A strategic plan will be drawn up to ensure that the income generated from the development of *wakaf* land will enable state religious authorities to be more self reliant in developing new *wakaf* land. In addition, Bumiputera ownership of residential and commercial properties will be further improved through agencies such as the Urban Development Authority (UDA), *Yayasan Amanah Hartanah Bumiputera* and *Majlis Amanah Rakyat* (MARA).

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

The involvement of the Indian community in the modern sectors of the economy will be encouraged through training and entrepreneurship development programmes especially among the youth. A total of 3,000 Indian youth is expected to benefit from various skills and business training programmes. In addition, special assistance will be given to the Indian community to raise their equity ownership through unit trust schemes.

Employment Restructuring

Employment imbalances among ethnic groups will be reduced in various sectors and occupations by raising participation of Bumiputera and non-Bumiputera in sectors in which they are under-represented. Education, skills training and technopreneur development will remain as important initiatives to attain the employment restructuring objective. To enlarge the pool of Bumiputera professionals and semi-professionals, enrolment in *Universiti Teknologi MARA* (UiTM) will be increased through the franchise programme with Bumiputera private institutions of higher learning. In addition, *Universiti Kuala Lumpur* (UniKL) will continue to offer courses at diploma and degree levels in science and technology, including computer and medical engineering to complement UiTM's efforts. The quality of the faculty members and facilities will be upgraded to ensure these universities produce quality graduates.

Developing Bumiputera Science and Technology Community...

The development of a viable and innovative BSTC is vital towards attaining a more balanced employment restructuring and equitable distribution of wealth among various ethnic groups. To accelerate the creation of BSTC, a comprehensive development framework will be prepared to outline the strategic action plan.

Measures will be undertaken to ensure the private sector will employ more Bumiputera, Indian and minority communities at professional and managerial levels. For purpose of monitoring, all public listed companies will be required to disclose information of human resources composition by ethnicity at all occupational levels. In addition, more non-Bumiputera will be encouraged to work in the public sector.

Regional Balance

The focus of regional development will continue to emphasise on raising the standard of living as well as attaining balanced socio-economic development across regions and states. Growth centres and growth corridors transcending state boundaries will be developed, the economic base of less developed states modernised and diversified and urban-rural digital divide reduced.

Corridor Development

Corridor development will reduce regional imbalance and bring about equitable growth, investment and employment opportunities to all regions of Malaysia. This new approach aims at creating new sources of growth and ensuring a comprehensive and widespread economic development in a more coordinated and integrated manner. Generation of additional income in the region will further accelerate poverty eradication, restructuring of society and overall wealth creation. The regional corridor authorities will spearhead efforts to facilitate and expedite the implementation of programmes and projects identified in the Master Plan of each growth corridor.

Box 3-2

Regional Growth Corridor

	Iskandar Malaysia	Northern Corridor Economic Region	East Coast Economic Region	Sabah Development Corridor	Sarawak Corridor of Renewable Energy
Development Period	2006 - 2025	2007 - 2025	2007 - 2020	2008 - 2025	2008 - 2030
Vision	A Strong and Sustainable Metropolis of International Standing	World-Class Economic Region by 2025	A Developed Region - Distinctive, Dynamic and Competitive	Harnessing Unity in Diversity for Wealth Creation and Social Well Being	Developed and Industrialised State
Area of Coverage	2,216 square kilometres (District of Johor Bahru and partial district of Pontian - *Mukim* Jeram Batu, *Mukim* Sungai Karang, *Mukim* Serkat and Pulau Kukup)	17,816 square kilometres (Penang, Kedah, Perlis and Northern Perak - Districts of Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama)	66,736 square kilometres (Pahang, Kelantan, Terengganu and district of Mersing, Johor)	73,997 square kilometres (Whole of Sabah)	70,708 square kilometres (Tanjung Manis-Similajau and hinterland)
Focus Sector/ Industry	1. Education 2. Financial 3. Health Care 4. ICT and Creative Industries 5. Logistics 6. Tourism	1. Agriculture 2. Human Capital 3. Infrastructure 4. Manufacturing 5. Tourism	1. Agriculture 2. Education 3. Manufacturing 4. Oil, Gas & Petrochemical 5. Tourism	1. Agriculture 2. Environment 3. Human Capital 4. Infrastructure 5. Manufacturing 6. Tourism	1. Aluminium 2. Glass 3. Marine Engineering 4. Metal-Based 5. Petroleum-Based 6. Timber-Based 7. Aquaculture 8. Livestock 9. Palm Oil 10. Tourism

	Iskandar Malaysia	Northern Corridor Economic Region	East Coast Economic Region	Sabah Development Corridor	Sarawak Corridor of Renewable Energy
Corridor Authority	Iskandar Region Development Authority (IRDA)	Northern Corridor Implementation Authority (NCIA)	East Coast Economic Region Development Council (ECERDC)	Sabah Economic Development and Investment Authority (SEDIA)	Regional Corridor Development Authority (RECODA)
Expected Employment[1] (million)	1.4	3.1	1.9	2.1	3.0
Expected Investment[1] (RM billion)	382	178	112	113	334

Notes: [1] By the end of the respective development period.

The participation of private sector is crucial to drive the development of the growth corridors. The Government will promote a more conducive environment to attract greater private sector participation in developing these growth corridors. For this purpose, a competitive package of incentives will be offered. To enhance delivery of services and promote investments, one-stop centres will be established in growth corridors.

Bridging the Digital Divide

Efforts to narrow the digital divide will be further intensified to ensure all Malaysians, particularly the underserved community, share the benefits of the knowledge-based economy. In the rural areas, more *Medan Info Desa* and *Pusat Internet Desa* will continue to be built and upgraded, respectively. To ensure more equitable access to ICT, the Government has set the target to provide at least one telecentre for each *mukim* by 2010. Other efforts that will be undertaken include the provision of affordable personal computers (PCs) and online services to the public. Steps will be taken to introduce best practices and re-model the telecentres to become self-sustainable. The development of content will also be promoted and a community portal that serves the needs and interest of various underserved communities will be developed.

Development of BCIC

In the remaining Plan period, the second phase of BCIC development will be given further emphasis through the implementation of the private sector driven cluster development initiatives. The initiatives will be further intensified to enable Bumiputera entrepreneurs to move from the low-end to high-end economic value chain. Specific programmes will be implemented to spearhead strong Bumiputera sectoral presence across the value chain in areas such as construction, logistics, education, tourism and distributive trade.

The Government will continue to implement various programmes to ensure effective Bumiputera participation in business and economic activities. Implementation of the packaged programmes such as franchise and vendor development, technopreneurs development, 'Groom Big' and retailing in strategic commercial complexes will be further strengthened. Measures will be undertaken to facilitate upward mobility of entrepreneurs such as listing of companies in Bursa Malaysia and converting existing business entities through the adoption of modalities including franchising and retailing. The wider use of competitive bidding will help to develop credible and competent Bumiputera entrepreneurs.

A dedicated BCIC unit will be established in each of the corridor authorities to assist Bumiputera entrepreneurs to capitalise on the economic opportunities created in the corridors. In collaboration with the respective implementing agencies, the corridor authorities will identify potential business opportunities for Bumiputera entrepreneurs to participate as first movers. In addition, the Government will continue to facilitate entry and growth of Bumiputera enterprises in new growth areas, particularly in high technology-based manufacturing, *halal* industry, biotechnology and bio-industries, health and edu-tourism, as well as creative industry.

GLCs will implement their programmes with specific targets more vigorously. To develop, nurture and increase the number of promising Bumiputera entrepreneurs and enterprises in specific niche areas along the value chain, programmes such as Management Buyout (MBO), smart partnership and equity participation will be given further emphasis. In addition, measures will also be taken to discourage GLCs from directly competing with Bumiputera enterprises for business opportunities.

Bumiputera entrepreneurs have to develop global mindset, acquire knowledge and skills, forge international networks and be ICT savvy to cope with the changing economic landscape. Entrepreneurial development programmes will focus on driving mindset change, inculcating positive values and attitudes as well as high performance culture and attracting more Bumiputera professionals to be involved in business.

Public-Private Partnership modality will be strengthened to increase inter and intra collaboration and business networks among Bumiputera enterprises; between Bumiputera and non-Bumiputera; and between enterprises and the Government. Joint venture collaboration and smart partnership between Bumiputera and non-Bumiputera as well as with foreign partners will be emphasized.

The monitoring of BCIC programmes will be intensified to ensure effective implementation and coordination. Implementing agencies will strengthen their monitoring mechanism to ensure their programmes comply with BCIC objectives and targets. The effectiveness of BCIC programmes will be evaluated based on various measurement tools such as performance management system and auditing.

IV. OUTCOMES, 2010

The expected outcomes of the various strategies and programmes to address socio-economic inequalities are in Box 3-3.

Box 3-3

Expected Outcomes, 2010

Commitment	Outcome
Poverty Eradication	
▪ Eradicating hardcore poverty and reducing overall poverty to 2.8%	▪ Hardcore poverty eradicated ▪ Overall poverty reduced to 2.8%
Income Distribution	
▪ Reducing Bumiputera:Chinese income disparity ratio to 1:1.50	▪ Reduced Bumiputera:Chinese income disparity
▪ Reducing Bumiputera:Indian income disparity ratio to 1:1.15	▪ Reduced Bumiputera:Indian income disparity
▪ Reducing rural-urban income disparity ratio to 1:1.70	▪ Reduced rural-urban income disparity
▪ Reducing Gini coefficient to 0.35 by 2020	▪ Improved income distribution
Ownership Restructuring	
▪ Increasing Bumiputera equity ownership to 20%-25%	▪ Improved Bumiputera equity ownership
▪ Increasing Indian equity ownership to 1.5%	▪ Improved Indian equity ownership
Employment Restructuring	
▪ Eliminating ethnic identification by occupation	▪ Towards balanced ethnic employment pattern
Regional Balance	
▪ Reducing regional disparities through corridor development	▪ Towards balanced regional development
Bumiputera Commercial and Industrial Community	
Public Sector Driven Initiatives	
▪ Creating 150,000 entrepreneurs through various programmes, including: • 240 vendors and 15 new anchor companies under Vendor Development Programme • 500 Bumiputera franchisees and 20 franchisors under the Franchise Development Programme • 800 cooperatives in the business sectors • 750 technopreneurs	▪ Greater Bumiputera participation in commercial and industrial sector

Commitment	Outcome
• 800 entrepreneurs in MESTI programme • 1,500 entrepreneurs under the PUNB Entrepreneur Programme ▪ Upgrading and strengthening 25,000 enterprises ▪ Providing 4,900 new business premises ▪ Creating 40,000 micro-businesses through financing by *TEKUN Nasional* ▪ Providing entrepreneurial skills training to 275,000 participants	
Private Sector Driven Initiatives	
▪ Intensifying BCIC cluster development initiatives	▪ Strong Bumiputera sectoral presence across all economic value chain

V. CONCLUSION

Good progress was made during the Review period in reducing poverty, narrowing income imbalances between ethnic groups and increasing Bumiputera participation in key occupations and sectors of the economy. During the remaining Ninth Plan period, distributional strategies will continue to be pursued towards a more balanced participation and equitable distribution of quality opportunities among the various ethnic groups. Emphasis will be on increasing the income share of the lowest 40% of households, creating a bigger middle income group and narrowing ethnic and regional disparities. Measures will also be taken to increase the participation of Bumiputera in the private sector, enhance Bumiputera corporate equity ownership and further develop BCIC and BSTC. The development of less developed states and regions will be accelerated to reduce regional disparities. The implementation of these distributional strategies will contribute positively towards maintaining equitable economic growth, promoting human development and strengthening national unity.

4 THRUST

IMPROVING THE STANDARD AND SUSTAINABILITY OF QUALITY OF LIFE

IMPROVING THE STANDARD AND SUSTAINABILITY OF QUALITY OF LIFE

I. INTRODUCTION

The Ninth Plan emphasised that economic growth must be accompanied by a rise in the quality of life across the country. For this, the Plan laid down various strategies to ensure better accessibility to health care, utilities and housing; extend roads to rural areas, and improve public transportation and road safety. Measures were also taken to provide a safe and secure environment for the people. Given the challenges of rapid socio-economic development and its impact on the family, various programmes were implemented to build a more caring society and promote community well-being. These included measures to empower women, protect children and enhance the role of youth in society. Sports and recreational activities were enhanced to attract more Malaysians to adopt a healthy lifestyle as well as to achieve excellence in sports at the national and international levels. There were also measures to enhance the role of culture, arts and heritage to promote national identity and unity. The Plan also recognised the need to manage the environment and natural resources in a more holistic and integrated manner as part of raising the quality of life.

The remaining Plan period will see a major push to raise the quality of living of the people across the country through greater accessibility as well as improved quality of health care and other social amenities. Provision of adequate, quality and affordable housing and extending electricity and potable water to the rural areas and the urban poor will be emphasised. An enlarged network of transport facilities will integrate the urban and rural areas. This will help improve accessibility of the rural population to markets and urban services. The development of an integrated public transport system will be undertaken to provide efficient services. Public safety will be further improved with the increase in capacity and capabilities of the police force and greater involvement of the community. Strategic programmes will be implemented to strengthen the family institution to meet the challenges of urbanisation and modern living styles. Sports and recreational activities will be further expanded to promote an active and healthy lifestyle as well as achieve sporting excellence. The appreciation for the nation's culture, arts and heritage will be promoted. Further measures will also be taken to protect the environment and ensure sustainable use of natural resources, including mainstreaming environmental considerations into development planning.

II. KEY RESULTS, 2006-2007

There were concerted efforts to fulfil the needs that are intrinsically linked to improving the quality of life. These included implementation of various initiatives and projects geared towards improving accessibility and quality of health care and basic utilities; providing affordable housing and better urban services; creating a healthy and safe environment; improving transportation; and promoting sustainable management of resources. Together, these initiatives contributed towards improving the well-being of society. In addition, social stability was maintained within a milieu of a caring society that continued to enjoy peace, security and harmony. The output of the various initiatives is shown in Box 4-1.

Box 4-1

Key Results, 2006-2007

Commitment	Output
Health	
▪ Expanding primary care services	▪ 34 health clinics and 72 rural clinics built, bringing the total to 824 health clinics and 2,073 rural clinics
▪ Increasing health promotion and education activities	▪ *MyHealth* portal launched as an Internet-based health education channel. Screening and early detection of risk factors were integrated into services provided at health clinics
▪ Implementing and consolidating the provision of secondary and tertiary care	▪ 21 hospitals completed, bringing the total to 130, while 61 hospitals provided secondary care and tertiary care was provided on a regional basis
▪ Addressing health needs of specific target groups	▪ Health care for the elderly was provided in 600 clinics or 73% of the total, while health care for children with special needs were provided in 214 clinics or 26% of the total
▪ Meeting human resource needs of the medical sector	▪ Number of doctors increased from 15,421 in 2005 to 18,140 in 2007. Number of specialists increased from 2,014 in 2005 to 2,413 in 2007
Housing and Urban Services	
▪ Constructing low-cost houses	▪ 32,000 units of low-cost houses built ▪ 3,702 units built under *Program Perumahan Rakyat (PPR) Dimiliki* with Government subsidy of RM129.6 million
▪ Enhancing management capabilities of local authorities	▪ *e-PBT*, one-stop centres (OSCs) and star rating system implemented
Family Development	
▪ Strengthening family institution	▪ 4,000 participants benefitted from family development programmes, including SMARTSTART and Parenting@Work programmes
▪ Protecting children and improving their welfare	▪ 11,000 children benefitted from crisis and educational support services, child development activities and motivational camps ▪ 13,000 children benefitted from 103 programmes carried out through child welfare committees

Commitment	Output
▪ Moulding dynamic youth	▪ 90,100 youth benefitted from Youth to Youth programmes ▪ 738,000 youth benefitted from *Rakan Muda* programmes ▪ 195,000 youth benefitted from National Service Programme ▪ National Youth Act enacted in 2007 to promote and facilitate youth development ▪ Malaysian Institute for Research in Youth Development established to undertake research on youth issues
▪ Improving the status and well-being of women	▪ 11,000 women trained in information and communications technology (ICT) skills and handicraft ▪ 420 single mothers trained under *Inkubator Kemahiran Ibu Tunggal* (I-KIT) programme
▪ Integrating persons with disabilities (PWDs) into society	▪ 66 rehabilitation centres built, making a total of 379 centres ▪ Persons with Disabilities Act and a national policy on PWDs enacted in 2007 ▪ Database on PWDs developed
▪ Promoting active and productive ageing	▪ 35 mobile Caring Services Units provided ▪ 3 day-care centres built, making a total of 19 centres ▪ Lifelong learning programmes implemented
Electricity Supply	
▪ Expanding rural electricity coverage[1]	| | **2005** | **2007** | Peninsular Malaysia: *98.6%* / *98.7%* Sabah: *72.7%* / *74.7%* Sarawak: *80.8%* / *84.1%* **Malaysia**: ***92.9%*** / ***93.5%*** ▪ Rural electrification programme benefitted 18,300 housing units in Malaysia comprising 4,900 housing units in Peninsular Malaysia, 5,600 in Sabah and 7,800 in Sarawak
Water Supply	
▪ Expanding rural water coverage	| | **2005** | **2007** | Peninsular Malaysia: *92.0%* / *93.6%* Sabah: *61.0%* / *65.0%* Sarawak: *92.0%* / *92.0%* **Malaysia**: ***92.9%*** / ***93.0%*** ▪ Rural water supply programme benefitted 117,465 households in Peninsular Malaysia, 50,925 in Sabah and 9,370 in Sarawak
Sewerage	
▪ Expanding sewerage services	▪ 650,000 new population equivalent (PE) served ▪ 308 existing small sewerage treatment plants (STPs) repaired and upgraded

Electricity coverage:

	2005	2007
Peninsular Malaysia	*98.6%*	*98.7%*
Sabah	*72.7%*	*74.7%*
Sarawak	*80.8%*	*84.1%*
Malaysia	***92.9%***	***93.5%***

Water coverage:

	2005	2007
Peninsular Malaysia	*92.0%*	*93.6%*
Sabah	*61.0%*	*65.0%*
Sarawak	*92.0%*	*92.0%*
Malaysia	***92.9%***	***93.0%***

[1] This refers to rural housing units served as a percentage of total rural housing units. This figure is computed based on Census 2000 data excluding housing units served with private individual generators.

Commitment	Output
Environment	
▪ Improving air quality	▪ Environmental Quality (Control of Petrol and Diesel Properties) Regulations 2007 gazetted on 1 April 2007 to improve quality of fuel
▪ Improving river water quality	▪ 91 out of 143 river basins classified as clean in 2007 as compared to 80 in 2005
▪ Managing toxic and hazardous waste	▪ Environmental Quality Act 1974 amended to provide for mandatory jail sentence for illegal disposal of scheduled waste and to make the chief executive officer liable for the offence committed by the company
▪ Protecting endangered species of wild flora and fauna	▪ International Trade in Endangered Species Act 2008 (Act 686) gazetted to regulate international trade in endangered species of wild flora and fauna
▪ Flood management	▪ River Basin Management Plan on Sungai Kedah completed in 2007 and the Kedah Water Resources Enactment gazetted ▪ SMART Tunnel started operation in 2007
Roads	
▪ Constructing roads to connect resettlement areas to rural industrial areas and estates, particularly in Sabah and Sarawak	▪ 317 km of rural roads constructed/upgraded, including 98 km in Sabah and 60 km in Sarawak
▪ Implementing road safety programmes	▪ 988 accident-prone spots improved ▪ Road accident fatality rate per 10,000 registered vehicles decreased from 4.2 in 2005 to 3.7 in 2007
Urban Transport	
▪ Improving the efficiency and reliability of urban transport services	▪ Kepong Sentral Station completed and 29 *Komuter* stations upgraded ▪ Average passengers per day for urban rail increased from 438,055 in 2005 to 478,300 in 2007 ▪ Rapid Penang bus service in Pulau Pinang commenced in July 2007
Air Transport	
▪ Expanding airport capacity and facilities	▪ One airport upgraded and one terminal for low-cost carrier built ▪ Total passenger traffic increased by 8.6% from 42.8 million in 2005 to 46.5 million in 2007
Rail Transport	
▪ Increasing network coverage/accessibility	▪ Rawang–Ipoh electrified double tracking rail project completed in 2007 ▪ Rehabilitation and upgrading of Tampin and Jerantut stations

Commitment	Output
Public Safety	
▪ Enhancing public safety	▪ An additional 5,202 police personnel recruited in 2006 and 5,342 in 2007 ▪ 162 new police stations established in private premises mainly in Johor, Pulau Pinang, Selangor and Wilayah Persekutuan Kuala Lumpur
Culture, Arts and Heritage	
▪ Inculcating cultural values	▪ 300,000 people benefitted from 8 nationwide campaigns on courtesy and good values
▪ Enhancing culture, arts and heritage	▪ 600,000 people benefitted from 3,215 culture and arts activities ▪ 569 culture and arts trainers received enhanced training ▪ 134 conservation projects implemented
Sports	
▪ Promoting active and healthy lifestyles through sports and recreation	▪ 2 million people benefitted from 800 aerobic and fitness programmes conducted nationwide
▪ Developing a sports culture	▪ 640,000 people benefitted from 1,623 sports and recreational programmes ▪ 2,737 sports associations benefitted from financial aid and other assistance

III. MOVING FORWARD, 2008-2010

Health

Sustaining and raising the health status of all Malaysians is a vital component of national development. The provision of health care services will be further integrated and the quality of care enhanced towards achieving a healthier society. Health care delivery will be improved at the primary, secondary and tertiary levels. The changing disease patterns, rural-urban disparities and rising expectations of the public will be addressed.

Primary health care will continue to be the thrust of the health care system. Although there is an overall improvement in the health status of the population, new challenges have arisen. Communicable diseases such as Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) are on the increase, while malaria and tuberculosis have re-emerged. Non-communicable diseases, such as cardiovascular diseases, cancers, diabetes and mental disorders, are also on the increase. Since non-communicable diseases are preventable, greater investment will be made on health promotion, education and adoption of healthy lifestyle practices. This will include promoting physical activity and extending the healthy living concept to schools and workplace. HIV/AIDS prevention and control programmes will be strengthened, by among others, intensifying cooperation with non-governmental organisations (NGOs) to provide care and support for those infected and affected. Clinical preventive services, which include screening as well as early detection and management of preventable risk factors, will be provided at all health clinics.

Affordable and quality health care...

The delivery of affordable and accessible health care will focus on improving integration between all levels of care through greater collaboration between the public and private sectors and making services more patient-oriented. Existing facilities will be upgraded and new ones built, equipped with modern diagnostic equipment to provide higher quality care in a more conducive environment. Health care to the less accessible groups, such as the *Orang Asli* and minority groups in remote parts of Sabah and Sarawak, will be further enhanced. More mobile clinics, including flying doctor services, will be made available for those in remote areas. Health surveillance and response will be further strengthened to prevent and minimise the impact of disease outbreaks and disasters. The delivery of pre-hospital, emergency and ambulatory care services will be upgraded to reduce the number of admissions and period of hospitalisation. Home care nursing will be expanded with multidisciplinary teams capable of providing pharmaceutical advice as well as palliative and rehabilitative care. Teleconsultation services will be expanded nationwide and the *MyHealth* portal enhanced to allow for interactive health risk assessment.

Secondary and tertiary care services, which focus on curative and rehabilitative care, will continue to be strengthened. Clinical care networks, centres of excellence and regionalisation of tertiary care services will be further developed to improve access. The integration of traditional and complementary medicine (TCM) into the health delivery system will focus on its application in practices such as pain management, nutrition and rehabilitation. Health research will support evidence-based decision-making and improve health outcomes. Registries for diabetes, hypertension, mental illness and injuries will be developed to enable research to provide broad-based interventions to control and prevent these diseases. Quality assurance will be enhanced to improve quality of care and ensure patient safety.

A key challenge facing the health sector is ensuring the availability of adequate health personnel in the public sector. Although the health professionals to population ratios have improved, some disparities still exist. Since human resource remains the central component of the health care delivery system, the capacity of health professionals will be continuously developed to keep abreast with latest advancements to meet the changing health needs of the people. Initiatives to overcome health personnel shortage will include increasing the intake of students into institutions of higher learning and decentralising decisions on human resource deployment. A new benefits package to retain health personnel in the public sector will also be considered.

Table 4-1

Health Personnel: Population Ratio, 2005 and 2007

Type of Personnel	*Number*		*Ratio to Population*	
	2005	*2007*	*2005*	*2007*
Doctors[1]	20,105	23,738	1 : 1,300	1 : 1,145
Dentists[1]	2,751	3,163	1 : 9,497	1 : 8,586
Pharmacists[1]	4,012	5,730	1 : 6,512	1 : 4,742
Nurses[1]	44,120	48,196	1 : 592	1 : 556
Medical Assistants[1]	6,709	7,948	1 : 3,894	1 : 3,419
Dental Technicians[2]	655	684	1 : 39,889	1 : 39,728
Dental Surgery Assistants[2]	2,355	2,632	1 : 11,094	1 : 10,324
Community Nurses[2]	15,618	16,883	1 : 1,673	1 : 1,610
Dental Nurses[2]	2,071	2,319	1 : 12,616	1 : 11,718
Occupational Therapists[2]	301	405	1 : 86,802	1 : 67,096
Physiotherapists[2]	468	576	1 : 55,828	1 : 47,177
Radiographers[2]	1,156	1,375	1 : 22,602	1 : 19,763
Medical Laboratory Technologists[2]	3,302	3,684	1 : 7,913	1 : 7,376

Notes: [1] Includes public and private sectors.
[2] Refers to the ratio in Ministry of Health.

Collaboration between public and private health care providers will be strengthened to ensure efficient and optimal utilisation of resources. Outsourcing of services, leasing of public health facilities to private practitioners and collaborating with private medical institutions in the training of medical and allied health personnel will continue to be undertaken. Private providers will also be encouraged to give greater emphasis to disease prevention and health promotion.

The ever increasing demand for better health services and the changing disease patterns are contributing towards escalating health care costs. Accordingly, the Government will examine options towards meeting the rising cost of health care to ensure that health care remains accessible, affordable and relevant to the people's needs. These efforts will contribute towards achieving better health for all.

Housing and Urban Services

The public sector housing programme will continue to focus on the provision of adequate, quality and affordable houses for all, particularly the low- and low-middle income groups. The implementation of the low-cost housing programme will be expedited with the construction of an additional 18,500 units under the PPR for rental scheme. In addition, 12,300 units of affordable houses under the *Rumah Mampu Milik* programme will be built by 2010. Efforts will also be undertaken to provide low-cost housing areas with adequate facilities and amenities to provide a pleasant living environment. In the case of long houses in Sabah and Sarawak, the PPR scheme will be adapted to produce appropriate house designs, taking into account prevailing ownership practices. Steps will also be taken to promote ownership by expanding rent-to-buy schemes. The identification of qualified applicants for low-cost houses will be improved with the integration of the database for registration and distribution of low-cost houses at the Federal and state levels. Greater efforts will be taken to promote the use of the Industrialised Building System (IBS) in the construction of affordable homes.

Rapid urbanisation continues to increase the demand for housing, public amenities and infrastructure, posing greater challenges to local authorities. In this regard, local authorities will have to depart from the routine provision of services and improve upon the delivery of required services. Measures will continue to be taken to strengthen the capacity and management capability of local authorities. As community involvement is crucial to good governance especially at the local level, the formation of partnerships between local authorities and communities will continue to be encouraged, including through the Local Agenda 21 programme.

The coming into enforcement of the Solid Waste and Public Cleansing Management Act and the Solid Waste and Public Cleansing Management Corporation Act, will enable the Government to implement, among others, more cost-effective and efficient schemes for the collection, transportation and disposal of solid waste. Programmes and activities will be intensified to close dumping sites or upgrade them to sanitary landfills. In addition, solid waste management will be further improved through greater use of material recovery technologies and emphasis on the waste to wealth concept, including the expansion of waste minimisation and recycling schemes. Additional incentives to encourage waste minimisation and promote recycling activities will be introduced.

Electricity Supply

Access to electricity supply, especially in rural areas of Sabah and Sarawak will be expanded to improve the quality of life of rural communities. The increasing cost of supplying electricity to rural areas will be addressed by adopting cost-effective modes of supply, such as solar hybrid, micro-hydro and micro-wind turbine. To enable better planning of the programme and assessment of outcomes, database on the rural community will be improved. Implementation and coordination mechanism will be further strengthened to expedite supply of electricity to rural areas. Community involvement will also be enhanced to ensure sustainability of the programme. By the end of the plan period, rural electricity coverage in Sabah and Sarawak is expected to increase to 82.6% and 93.2%, respectively.

Water Supply and Sewerage

Coverage of water supply in remote areas will be expanded with the implementation of more gravity flows, tube wells and rain water harvesting system through the rural water supply programme. Rural water coverage is expected to increase to 70% in Sabah and 95% in Sarawak by 2010. Water supply services will focus on expanding and upgrading the supply system and rehabilitation programmes to reduce non-revenue water. Emphasis will be placed on raising the quality of water to meet international standards. In line with the restructuring of the water services industry, corporatisation exercise for the remaining states of Kedah, Pahang, Perak, Perlis and WP Labuan will be implemented, while the establishment of the state water regulatory body will be expedited.

The sewerage system in highly populated areas, especially in the Klang Valley, will be improved to enhance public health, safeguard the environment and reduce water pollution. Priority will be given to the rationalisation and centralisation of the sewerage networks, as well as upgrading of treatment plants. The implementation of a joint billing system by *Suruhanjaya Perkhidmatan Air Negara* (SPAN) will be pursued towards improving sewage bill collection.

Transport System and Road Safety

The rural road network will continue to be expanded to meet the inadequate coverage, especially in Sabah and Sarawak. A study is being undertaken to identify additional road requirements to improve the road network and accessibility in these two states. Meanwhile, other road developments will include the East Coast Highway Phase II from Kuantan to Kuala Terengganu and the Senai-Desaru Highway.

Traffic congestion continues to be a challenge in major cities and urban centres. The insufficient road space to cope with the rapidly increasing number of private vehicles and inadequate public transport services will be addressed systematically. Efforts such as increasing coverage of the urban rail transit system and building more integrated transport terminals as well as improving the efficiency of the *Komuter*, bus and taxi services will be undertaken to achieve the target ratio of private vehicles to public transport of 70:30 by 2010, particularly in the Klang Valley. The development of various transport infrastructure will also take into consideration providing greater accessibility and more convenient public transport facilities to PWDs. A public transport commission will be established to plan and coordinate all public transport programmes and initiatives. The commission will also be responsible for regulating the public transport sector and develop a more efficient and integrated public transport system.

Integrated public transport system…

The coverage of the *Komuter* service will be extended with the completion of the Sentul-Batu Caves electrified double tracking rail project, benefitting approximately 8,800 commuters per day. The Light Rail Transit (LRT) Kelana Jaya Line will be extended from Kelana Jaya to Putra Heights while the Ampang Line from Sri Petaling to Putra Heights. Connectivity will be provided at Putra Heights by an interchange station for both lines.

Despite the increased number of road safety campaigns, road accidents and fatalities remain high. Measures will be undertaken to reduce road fatality rates from 3.7 in 2007 to 3.0 per 10,000 registered vehicles by 2010. Among others, these will include rehabilitation of accident-prone spots and increasing safety features of roads.

The growth of low-cost air services has enhanced air travel opportunities as well as fostered greater travel between different parts of the country. The upgrading of the low-cost carrier (LCC) terminal at the KL International Airport will increase its capacity and enhance the efficiency of low-cost air services. Rural air services will be expanded to improve access to remote areas in Sabah and Sarawak.

Further improvement of the LCC terminals will enable expansion of facilities and provide greater access to low-cost travel to a larger segment of the population.

Inland water transport is an alternative, cost effective and environmentally sustainable mode of transport in remote areas. To expand the riverine and coastal transport system in Sarawak, a master plan will be drawn up. Meanwhile, construction of new jetties and upgrading of existing ones will be undertaken to enhance mobility of the rural population.

Family Development

Resilient families...

The family institution needs to be strengthened to effectively nurture and instill moral and ethical values in the young to cope with rapid socio-economic development and changing lifestyles. Strong family units will also be necessary to provide care and support for the sick, disabled and the elderly. A conducive family environment will provide for a strong foundation that is crucial for societal well-being. The National Family Policy will be formulated to integrate actions to strengthen the family institution. The shrinking family size and rising number of older persons will require formal institutions to complement traditional family responsibilities. More one-stop family service centres will be established to provide the necessary support services, including counselling, parenting skills training and reproductive health services. The private sector will be encouraged to implement programmes to assist families and individuals in need as part of their corporate social responsibility initiatives.

Child safety remains a priority. An early childhood care and education policy will be formulated to provide the framework for the development of children from birth to four years. In addition, the provision of quality child care and a child-safe environment is essential towards improving and safeguarding the well-being of children. The amended Child Care Centre Act 1984, which among others, enables the authorities to seal premises not in compliance with the Act, will be enforced to enhance the quality of child care centres. The establishment of child care facilities in the workplace will be encouraged. The role of child protection teams, child welfare committees, advisors to courts for children and child-witness support service will continue to be strengthened. Communities will be encouraged to assume a greater role in ensuring child safety in their areas as well as in reducing violence against children. More community child care centres will be set-up to benefit low-income households.

Youth must be equipped with the requisite skills and engaged as partners in development. Programmes will be directed at empowering youth with knowledge, qualities and attitudes to become responsible citizens and to be prime movers in development as well as contribute towards enhancing national unity. The National Service Programme will be made more attractive to participants and to receive wider acceptance by parents, among others, by enhancing the modules on social and living skills. *Rakan Muda* programmes will be enhanced to encourage participation, develop positive values as well as promote a healthy lifestyle among youth. Leadership training programmes will be strengthened and expanded to reach more youth. Collaborative efforts will also be undertaken with the private sector and NGOs to organise and implement programmes for the benefit of youth. In addition, youth organisations will be empowered to ensure that they are managed in a more efficient and professional manner and able to contribute significantly to youth development. Studies on issues pertaining to youth, such as on socialisation, leadership and education as well as on the effectiveness of existing programmes will be undertaken to further enhance youth development.

The changing roles and responsibilities of women in the family and society require specific strategies to help them cope with new challenges. An action plan to enable women to occupy at least 30% of decision-making positions will be put in place. More training and skills upgrading programmes in areas such as information and communications technology and entrepreneurship will be implemented to facilitate greater self-employment and participation of women in the economy. A strategic plan covering economic, education and training programmes will be formulated to assist single mothers improve their employability. The *I-KIT* programme will continue to be implemented to enable more single mothers to be involved in income generating activities. Affordable child care services will be expanded and flexible working arrangements promoted, including working from home.

Programmes will be implemented to create awareness on the importance of the well-being of women. The relevant laws and regulations will be reviewed and amended to improve the status and well-being of women. Better access to adequate social protection, particularly in facing illness, invalidity and old age will be provided to women. Various programmes for improving women's health will be implemented to ensure that women are healthy throughout their life span. The mammogram programme will be intensified and more mobile clinics provided to increase accessibility to basic health services for women.

Integrating PWDs into the mainstream of society and economy will enable them to be more independent as well as contribute towards national development. Measures will be undertaken to improve access to education and vocational training, employment as well as in providing a barrier-free environment to enable PWDs to be mobile, self-reliant and financially independent. Efforts will be undertaken to promote employment opportunities for PWDs in the public and private sectors, while self-employment among PWDs will be further encouraged. The National Council for Persons with Disabilities will spearhead efforts to strengthen the partnership between the public and private sectors as well as NGOs to ensure a more coordinated approach in implementing policies and programmes. Additional community-based rehabilitation centres and one-stop service centres will be built and existing ones further developed to provide more comprehensive services. Efforts to register PWDs will be intensified to facilitate the planning of programmes and facilities as well as to ensure that they gain access to benefits and grants available.

The provision of adequate quality care and services for older persons is an important emerging challenge as Malaysia moves towards becoming an ageing society by 2035 when 15% of the population is expected to be above 60 years. In this regard, steps will be taken to assess the socio-economic consequences of an ageing population covering the provision of health care, income security and housing. The national policy and action plans on ageing will be reviewed to facilitate and implement programmes to enable older persons lead healthy and productive lives.

Public Safety

Safety in towns and cities will be enhanced through the safe city programme. A total of 23 crucial measures have been identified for implementation by various local authorities and property developers to address vandalism and petty crimes. Guidelines on Crime Prevention through Environmental Design will also be formulated to supplement efforts to enhance safety in towns and cities.

Towards safer communities...

Recruitment of additional police personnel will be expedited to reach 60,000 by 2012. The People's Volunteer Corps (RELA) and Neighbourhood Watch *(Rukun Tetangga)* will also be engaged in crime prevention efforts. The effectiveness and efficiency of policing operations will be improved through the use of modern communications technology and an integrated ICT management framework.

Greater involvement of the local community and NGOs to create a safe environment will be promoted. More awareness programmes will be carried out in schools to inculcate positive values among school children to become responsible citizens. The community will continue to be encouraged to join the *Rakan Cop* programme in promoting public safety.

Environment

Clean and healthy environment...

Environmental and natural resource management will continue to focus on sustaining a clean and healthy living environment, while simultaneously fulfilling economic development needs. Implementation of the existing programmes will be further strengthened through enhanced multi-stakeholders approach to improve coordination between the planning and implementing agencies. At the same time, enforcement measures will be intensified to ensure compliance with environmental standards, particularly by the industries. Greater emphasis will also be placed on increasing the level of public awareness as the responsibility of protecting the environment rests with each and every citizen.

The development planning process will incorporate environmental issues in a holistic and integrated manner. In this regard, wider usage of environmental planning tools such as the Strategic Environmental Assessment and Sustainability Assessment will be encouraged. This is crucial as sustainable management of natural resources and biodiversity will enable optimal resource utilisation and ensure long-term sustainability. Land-use planning for development will be improved in line with the National Physical Plan. The development of regional corridors will give due attention to environmental and biodiversity protection.

Measures will be implemented to reduce pollution and conserve the nation's natural resources. Specific attention will be given to continuous improvement of air and water quality and to reduce contamination of water and land resources from illegal discharge of solid waste, toxic and hazardous substances. Guidelines will also be formulated for proper management and disposal of electrical and electronic waste.

The protection of biodiversity and critical habitats will be intensified. Programmes on *in-situ* and *ex-situ* conservation, propagation, breeding, and rehabilitation of degraded forest areas will be further expanded to reduce pressure on flora and fauna in its natural habitat. Two conservation initiatives, namely the Central Forest Spine in Peninsular Malaysia and the Heart of Borneo in Sabah and Sarawak will be carried out to improve connectivity of forests for wildlife mobility, biodiversity reservoir, protection of watershed areas and create a destination for eco-tourism.

The Centre of Excellence for Biodiversity Law will be established to enhance the capability in addressing legal issues pertaining to biodiversity, biotechnology and biosafety. The import, export and use of living modified organisms and products of such organisms, and trade in endangered flora and fauna will be better managed with the enforcement of Biosafety Act 2007 and the International Trade in Endangered Species Act 2008, respectively.

Flood mitigation programmes will be intensified to ensure that effective measures are put in place to deal with recurrence of floods. In urban areas, the drainage system will be upgraded to address flash floods. A comprehensive master plan based on integrated river basin management will be formulated to cover major flood-prone river basins. The master plan will encompass proper land-use planning and zoning and stormwater management to reduce the likelihood and impact of floods and developing emergency response to floods.

Efforts will continue to address the effects of climate change on various sectors of the economy and society. Mitigating measures will focus on promoting energy efficiency and renewable resources and improvements in public transport while adaptation measures will be promoted in development projects.

Culture, Arts and Heritage

The inculcation of positive values will continue to be emphasised through courtesy and integrity campaigns. Traditional culture and values will be preserved by maintaining and encouraging their practice in the daily lives of Malaysians to promote a sense of shared ownership and nationhood. At the same time, the fostering of cross-cultural understanding and appreciation of cultural diversity will continue to be an important agenda in building a united and harmonious nation. Participation in the arts to cultivate talent and instill appreciation for local culture and arts will be further improved through quality cultural programmes, exhibitions and events.

Sports

Efforts will focus on promoting an active and healthy lifestyle through sports and recreation as well as nurturing talent towards excellence. The Government will continue to promote participation in mass and high performance sports. More instructors and facilitators in mass sports will be trained to ensure effective implementation of sports programmes.

Active lifestyles...

The professionalism and efficiency of the national sports associations will be continuously improved to ensure delivery and consistency of results. Promising athletes will be trained and coached systematically to enable them to excel in competitions. The talent identification programme will be expanded and the application of sports science strengthened to improve performance. In addition, the number of coaches and experienced technical officers will be increased, including through the recruitment of retired national athletes to become qualified coaches and making it their profession. The private sector will be encouraged to promote sports and recreational activities.

IV. OUTCOMES, 2010

Based on the programmes and strategies outlined in the remaining Plan period, the expected outcomes are shown in Box 4-2.

Box 4-2

Expected Outcomes, 2010

Commitment	Outcome
Health	
▪ Reducing infant mortality rate to 4.9 per 1,000 live births ▪ Reducing maternal mortality rate to 2.5 per 100,000 live births ▪ Reducing incidence of TB to 59 per 100,000 population ▪ Reducing incidence of malaria to 19 per 100,000 population ▪ Improving doctor:population ratio to 1:763 ▪ Improving dentist:population ratio to 1:6,855 ▪ Improving pharmacist:population ratio to 1:3,267	▪ Improved health status
Housing and Urban Services	
▪ Constructing 70,000 units of low-cost houses ▪ Expanding OSCs and Local Agenda 21 Programme to all 144 local authorities ▪ Integrated solid waste management	▪ Adequate, quality and affordable houses ▪ Improved urban services
Family Development	
▪ Conducting family development programmes for 60,000 participants ▪ Implementing *Rakan Muda* programmes for 1,750,000 youth ▪ Conducting National Service Programme for 766,000 youth	▪ Improved family well-being ▪ Empowered youth with positive attitudes
Electricity supply	
▪ Expected rural electricity coverage: **2010** Peninsular Malaysia *98.4%* Sabah *82.6%* Sarawak *93.2%* **Malaysia** ***95.5%*** ▪ Rural electrification programme is expected to benefit an additional 61,700 housing units in the Plan period	▪ Expanded rural electricity coverage

Commitment	Outcome
Rural Water Supply	
▪ Expected rural water coverage: **2010** Peninsular Malaysia *96.0%* Sabah *70.0%* Sarawak *95.0%* **Malaysia** ***95.2%***	▪ Expanded rural water coverage
▪ By 2010, the rural water supply programme is expected to benefit 546,870 households in Peninsular Malaysia, 164,200 in Sabah and 167,170 in Sarawak	
▪ Corporatisation of water services authority in the states of Kedah, Pahang, Perak, Perlis and WP Labuan as well as the formation of state water regulatory body	▪ Increased efficiency of water services management
Sewerage	
▪ Construction of 11 new STPs to serve 2,859,000 PE ▪ Decommissioning of small and scattered STPs ▪ Introduction of a revolving fund to increase connection of sewerage system at individual premises to the centralised STPs ▪ A joint billing system will be pursued by SPAN to ensure consumers pay for the sewerage services	▪ Increased efficiency of sewerage services
Roads	
▪ Review of the Highway Network Development Plan (HNDP) for Sabah and Sarawak to be completed ▪ Construct roads to connect resettlement areas to rural industrial areas and estates, particularly in Sabah and Sarawak	▪ Expanded road network coverage especially in Sabah and Sarawak
Air Transport	
▪ Upgrading of airports and the LCC terminal at KLIA	▪ Increased capacity and efficiency of air transport services
Urban Transport	
▪ Extend *Komuter* service to Tanjung Malim ▪ Extend LRT Ampang Line by 16 km from Sri Petaling to Putra Heights ▪ Extend LRT Kelana Jaya Line by 16 km from Kelana Jaya to Putra Heights ▪ Completion of Sentul-Batu Caves electrified double tracking rail project ▪ Construction of integrated transport terminal at Bandar Tasik Selatan	▪ Increased urban public transport network coverage and facilities

Commitment	Outcome
Rail Transport	
▪ Construction of Ipoh-Padang Besar electrified double tracking rail project, expected to be completed in 2013. ▪ Construction of Seremban-Gemas electrified double tracking rail project, expected to be completed in 2012. ▪ Refurbishment and procurement of rolling stocks ▪ Rehabilitation of railway infrastructure in Sabah ▪ Commence rapid intercity train service between Kuala Lumpur and Ipoh	▪ Increased efficiency and reliability of intercity rail transport services
Environment	
▪ Sulphur content to be reduced in diesel from 3,000 ppm to 500 ppm while petrol from 1,500 ppm to 500 ppm	▪ Improved air quality
▪ Polluted river basins to be upgraded from Class III category to Class II category through the Pollution Prevention and River Water Quality Upgrading Programme	▪ Improved river water quality
▪ A database on Malaysia's biodiversity to be established ▪ Capability in legal issues regarding biodiversity, biotechnology and biosafety in Malaysia to be enhanced	▪ Better management of biodiversity
▪ Master plans based on integrated and holistic approach to be drawn up as long-term solution for flood incidences especially in the flood-prone areas	▪ Reduced incidences of floods
Culture, Arts and Heritage	
▪ Implementing 150 nationwide courtesy campaigns, involving 300,000 participants ▪ Implementing 4,500 culture and arts activities ▪ Producing 1,500 *Akademi Seni Budaya dan Warisan Kebangsaan* (ASWARA) graduates	▪ Tolerant and harmonious society ▪ Enhanced appreciation of culture, arts and heritage
Sports	
▪ 2.5 million people participating in mass sports programmes ▪ Training 24,000 coaches ▪ Developing 14,570 athletes through talent identification programme	▪ Active and healthy lifestyles ▪ Better sporting excellence

V. CONCLUSION

The continued implementation of programmes towards improving the quality of life will ensure that the population has access to better quality health care, housing, utilities and other urban services. Efforts to strengthen the family institution and protect vulnerable members of society will contribute to a more caring society. Sports and recreational activities will be promoted to enhance the well-being of the community. Public safety will be improved. Mainstreaming environmental considerations in development will be emphasised for environmental protection and sustainable use of natural resources. The promotion and preservation of culture, arts and heritage will contribute to building national identity and unity.

4

THRUST

IMPROVING THE STANDARD AND SUSTAINABILITY OF QUALITY OF LIFE

IMPROVING THE STANDARD AND SUSTAINABILITY OF QUALITY OF LIFE

I. INTRODUCTION

The Ninth Plan emphasised that economic growth must be accompanied by a rise in the quality of life across the country. For this, the Plan laid down various strategies to ensure better accessibility to health care, utilities and housing; extend roads to rural areas, and improve public transportation and road safety. Measures were also taken to provide a safe and secure environment for the people. Given the challenges of rapid socio-economic development and its impact on the family, various programmes were implemented to build a more caring society and promote community well-being. These included measures to empower women, protect children and enhance the role of youth in society. Sports and recreational activities were enhanced to attract more Malaysians to adopt a healthy lifestyle as well as to achieve excellence in sports at the national and international levels. There were also measures to enhance the role of culture, arts and heritage to promote national identity and unity. The Plan also recognised the need to manage the environment and natural resources in a more holistic and integrated manner as part of raising the quality of life.

The remaining Plan period will see a major push to raise the quality of living of the people across the country through greater accessibility as well as improved quality of health care and other social amenities. Provision of adequate, quality and affordable housing and extending electricity and potable water to the rural areas and the urban poor will be emphasised. An enlarged network of transport facilities will integrate the urban and rural areas. This will help improve accessibility of the rural population to markets and urban services. The development of an integrated public transport system will be undertaken to provide efficient services. Public safety will be further improved with the increase in capacity and capabilities of the police force and greater involvement of the community. Strategic programmes will be implemented to strengthen the family institution to meet the challenges of urbanisation and modern living styles. Sports and recreational activities will be further expanded to promote an active and healthy lifestyle as well as achieve sporting excellence. The appreciation for the nation's culture, arts and heritage will be promoted. Further measures will also be taken to protect the environment and ensure sustainable use of natural resources, including mainstreaming environmental considerations into development planning.

II. KEY RESULTS, 2006-2007

There were concerted efforts to fulfil the needs that are intrinsically linked to improving the quality of life. These included implementation of various initiatives and projects geared towards improving accessibility and quality of health care and basic utilities; providing affordable housing and better urban services; creating a healthy and safe environment; improving transportation; and promoting sustainable management of resources. Together, these initiatives contributed towards improving the well-being of society. In addition, social stability was maintained within a milieu of a caring society that continued to enjoy peace, security and harmony. The output of the various initiatives is shown in Box 4-1.

Box 4-1

Key Results, 2006-2007

Commitment	Output
Health	
▪ Expanding primary care services	▪ 34 health clinics and 72 rural clinics built, bringing the total to 824 health clinics and 2,073 rural clinics
▪ Increasing health promotion and education activities	▪ *MyHealth* portal launched as an Internet-based health education channel. Screening and early detection of risk factors were integrated into services provided at health clinics
▪ Implementing and consolidating the provision of secondary and tertiary care	▪ 21 hospitals completed, bringing the total to 130, while 61 hospitals provided secondary care and tertiary care was provided on a regional basis
▪ Addressing health needs of specific target groups	▪ Health care for the elderly was provided in 600 clinics or 73% of the total, while health care for children with special needs were provided in 214 clinics or 26% of the total
▪ Meeting human resource needs of the medical sector	▪ Number of doctors increased from 15,421 in 2005 to 18,140 in 2007. Number of specialists increased from 2,014 in 2005 to 2,413 in 2007
Housing and Urban Services	
▪ Constructing low-cost houses	▪ 32,000 units of low-cost houses built ▪ 3,702 units built under *Program Perumahan Rakyat (PPR) Dimiliki* with Government subsidy of RM129.6 million
▪ Enhancing management capabilities of local authorities	▪ *e-PBT*, one-stop centres (OSCs) and star rating system implemented
Family Development	
▪ Strengthening family institution	▪ 4,000 participants benefitted from family development programmes, including SMARTSTART and Parenting@Work programmes
▪ Protecting children and improving their welfare	▪ 11,000 children benefitted from crisis and educational support services, child development activities and motivational camps ▪ 13,000 children benefitted from 103 programmes carried out through child welfare committees

Commitment	Output
▪ Moulding dynamic youth	▪ 90,100 youth benefitted from Youth to Youth programmes ▪ 738,000 youth benefitted from *Rakan Muda* programmes ▪ 195,000 youth benefitted from National Service Programme ▪ National Youth Act enacted in 2007 to promote and facilitate youth development ▪ Malaysian Institute for Research in Youth Development established to undertake research on youth issues
▪ Improving the status and well-being of women	▪ 11,000 women trained in information and communications technology (ICT) skills and handicraft ▪ 420 single mothers trained under *Inkubator Kemahiran Ibu Tunggal* (I-KIT) programme
▪ Integrating persons with disabilities (PWDs) into society	▪ 66 rehabilitation centres built, making a total of 379 centres ▪ Persons with Disabilities Act and a national policy on PWDs enacted in 2007 ▪ Database on PWDs developed
▪ Promoting active and productive ageing	▪ 35 mobile Caring Services Units provided ▪ 3 day-care centres built, making a total of 19 centres ▪ Lifelong learning programmes implemented
Electricity Supply	
▪ Expanding rural electricity coverage[1]	**2005** / **2007** Peninsular Malaysia: *98.6%* / *98.7%* Sabah: *72.7%* / *74.7%* Sarawak: *80.8%* / *84.1%* **Malaysia**: ***92.9%*** / ***93.5%*** ▪ Rural electrification programme benefitted 18,300 housing units in Malaysia comprising 4,900 housing units in Peninsular Malaysia, 5,600 in Sabah and 7,800 in Sarawak
Water Supply	
▪ Expanding rural water coverage	**2005** / **2007** Peninsular Malaysia: *92.0%* / *93.6%* Sabah: *61.0%* / *65.0%* Sarawak: *92.0%* / *92.0%* **Malaysia**: ***92.9%*** / ***93.0%*** ▪ Rural water supply programme benefitted 117,465 households in Peninsular Malaysia, 50,925 in Sabah and 9,370 in Sarawak
Sewerage	
▪ Expanding sewerage services	▪ 650,000 new population equivalent (PE) served ▪ 308 existing small sewerage treatment plants (STPs) repaired and upgraded

[1] This refers to rural housing units served as a percentage of total rural housing units. This figure is computed based on Census 2000 data excluding housing units served with private individual generators.

Commitment	Output
Environment	
▪ Improving air quality	▪ Environmental Quality (Control of Petrol and Diesel Properties) Regulations 2007 gazetted on 1 April 2007 to improve quality of fuel
▪ Improving river water quality	▪ 91 out of 143 river basins classified as clean in 2007 as compared to 80 in 2005
▪ Managing toxic and hazardous waste	▪ Environmental Quality Act 1974 amended to provide for mandatory jail sentence for illegal disposal of scheduled waste and to make the chief executive officer liable for the offence committed by the company
▪ Protecting endangered species of wild flora and fauna	▪ International Trade in Endangered Species Act 2008 (Act 686) gazetted to regulate international trade in endangered species of wild flora and fauna
▪ Flood management	▪ River Basin Management Plan on Sungai Kedah completed in 2007 and the Kedah Water Resources Enactment gazetted ▪ SMART Tunnel started operation in 2007
Roads	
▪ Constructing roads to connect resettlement areas to rural industrial areas and estates, particularly in Sabah and Sarawak	▪ 317 km of rural roads constructed/upgraded, including 98 km in Sabah and 60 km in Sarawak
▪ Implementing road safety programmes	▪ 988 accident-prone spots improved ▪ Road accident fatality rate per 10,000 registered vehicles decreased from 4.2 in 2005 to 3.7 in 2007
Urban Transport	
▪ Improving the efficiency and reliability of urban transport services	▪ Kepong Sentral Station completed and 29 *Komuter* stations upgraded ▪ Average passengers per day for urban rail increased from 438,055 in 2005 to 478,300 in 2007 ▪ Rapid Penang bus service in Pulau Pinang commenced in July 2007
Air Transport	
▪ Expanding airport capacity and facilities	▪ One airport upgraded and one terminal for low-cost carrier built ▪ Total passenger traffic increased by 8.6% from 42.8 million in 2005 to 46.5 million in 2007
Rail Transport	
▪ Increasing network coverage/ accessibility	▪ Rawang–Ipoh electrified double tracking rail project completed in 2007 ▪ Rehabilitation and upgrading of Tampin and Jerantut stations

Commitment	Output
Public Safety	
▪ Enhancing public safety	▪ An additional 5,202 police personnel recruited in 2006 and 5,342 in 2007 ▪ 162 new police stations established in private premises mainly in Johor, Pulau Pinang, Selangor and Wilayah Persekutuan Kuala Lumpur
Culture, Arts and Heritage	
▪ Inculcating cultural values	▪ 300,000 people benefitted from 8 nationwide campaigns on courtesy and good values
▪ Enhancing culture, arts and heritage	▪ 600,000 people benefitted from 3,215 culture and arts activities ▪ 569 culture and arts trainers received enhanced training ▪ 134 conservation projects implemented
Sports	
▪ Promoting active and healthy lifestyles through sports and recreation	▪ 2 million people benefitted from 800 aerobic and fitness programmes conducted nationwide
▪ Developing a sports culture	▪ 640,000 people benefitted from 1,623 sports and recreational programmes ▪ 2,737 sports associations benefitted from financial aid and other assistance

III. MOVING FORWARD, 2008-2010

Health

Sustaining and raising the health status of all Malaysians is a vital component of national development. The provision of health care services will be further integrated and the quality of care enhanced towards achieving a healthier society. Health care delivery will be improved at the primary, secondary and tertiary levels. The changing disease patterns, rural-urban disparities and rising expectations of the public will be addressed.

Primary health care will continue to be the thrust of the health care system. Although there is an overall improvement in the health status of the population, new challenges have arisen. Communicable diseases such as Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) are on the increase, while malaria and tuberculosis have re-emerged. Non-communicable diseases, such as cardiovascular diseases, cancers, diabetes and mental disorders, are also on the increase. Since non-communicable diseases are preventable, greater investment will be made on health promotion, education and adoption of healthy lifestyle practices. This will include promoting physical activity and extending the healthy living concept to schools and workplace. HIV/AIDS prevention and control programmes will be strengthened, by among others, intensifying cooperation with non-governmental organisations (NGOs) to provide care and support for those infected and affected. Clinical preventive services, which include screening as well as early detection and management of preventable risk factors, will be provided at all health clinics.

Affordable and quality health care...

The delivery of affordable and accessible health care will focus on improving integration between all levels of care through greater collaboration between the public and private sectors and making services more patient-oriented. Existing facilities will be upgraded and new ones built, equipped with modern diagnostic equipment to provide higher quality care in a more conducive environment. Health care to the less accessible groups, such as the *Orang Asli* and minority groups in remote parts of Sabah and Sarawak, will be further enhanced. More mobile clinics, including flying doctor services, will be made available for those in remote areas. Health surveillance and response will be further strengthened to prevent and minimise the impact of disease outbreaks and disasters. The delivery of pre-hospital, emergency and ambulatory care services will be upgraded to reduce the number of admissions and period of hospitalisation. Home care nursing will be expanded with multidisciplinary teams capable of providing pharmaceutical advice as well as palliative and rehabilitative care. Teleconsultation services will be expanded nationwide and the *MyHealth* portal enhanced to allow for interactive health risk assessment.

Secondary and tertiary care services, which focus on curative and rehabilitative care, will continue to be strengthened. Clinical care networks, centres of excellence and regionalisation of tertiary care services will be further developed to improve access. The integration of traditional and complementary medicine (TCM) into the health delivery system will focus on its application in practices such as pain management, nutrition and rehabilitation. Health research will support evidence-based decision-making and improve health outcomes. Registries for diabetes, hypertension, mental illness and injuries will be developed to enable research to provide broad-based interventions to control and prevent these diseases. Quality assurance will be enhanced to improve quality of care and ensure patient safety.

A key challenge facing the health sector is ensuring the availability of adequate health personnel in the public sector. Although the health professionals to population ratios have improved, some disparities still exist. Since human resource remains the central component of the health care delivery system, the capacity of health professionals will be continuously developed to keep abreast with latest advancements to meet the changing health needs of the people. Initiatives to overcome health personnel shortage will include increasing the intake of students into institutions of higher learning and decentralising decisions on human resource deployment. A new benefits package to retain health personnel in the public sector will also be considered.

Table 4-1

Health Personnel: Population Ratio, 2005 and 2007

Type of Personnel	*Number*		*Ratio to Population*	
	2005	*2007*	*2005*	*2007*
Doctors[1]	20,105	23,738	1 : 1,300	1 : 1,145
Dentists[1]	2,751	3,163	1 : 9,497	1 : 8,586
Pharmacists[1]	4,012	5,730	1 : 6,512	1 : 4,742
Nurses[1]	44,120	48,196	1 : 592	1 : 556
Medical Assistants[1]	6,709	7,948	1 : 3,894	1 : 3,419
Dental Technicians[2]	655	684	1 : 39,889	1 : 39,728
Dental Surgery Assistants[2]	2,355	2,632	1 : 11,094	1 : 10,324
Community Nurses[2]	15,618	16,883	1 : 1,673	1 : 1,610
Dental Nurses[2]	2,071	2,319	1 : 12,616	1 : 11,718
Occupational Therapists[2]	301	405	1 : 86,802	1 : 67,096
Physiotherapists[2]	468	576	1 : 55,828	1 : 47,177
Radiographers[2]	1,156	1,375	1 : 22,602	1 : 19,763
Medical Laboratory Technologists[2]	3,302	3,684	1 : 7,913	1 : 7,376

Notes: [1] Includes public and private sectors.
[2] Refers to the ratio in Ministry of Health.

Collaboration between public and private health care providers will be strengthened to ensure efficient and optimal utilisation of resources. Outsourcing of services, leasing of public health facilities to private practitioners and collaborating with private medical institutions in the training of medical and allied health personnel will continue to be undertaken. Private providers will also be encouraged to give greater emphasis to disease prevention and health promotion.

The ever increasing demand for better health services and the changing disease patterns are contributing towards escalating health care costs. Accordingly, the Government will examine options towards meeting the rising cost of health care to ensure that health care remains accessible, affordable and relevant to the people's needs. These efforts will contribute towards achieving better health for all.

Housing and Urban Services

The public sector housing programme will continue to focus on the provision of adequate, quality and affordable houses for all, particularly the low- and low-middle income groups. The implementation of the low-cost housing programme will be expedited with the construction of an additional 18,500 units under the PPR for rental scheme. In addition, 12,300 units of affordable houses under the *Rumah Mampu Milik* programme will be built by 2010. Efforts will also be undertaken to provide low-cost housing areas with adequate facilities and amenities to provide a pleasant living environment. In the case of long houses in Sabah and Sarawak, the PPR scheme will be adapted to produce appropriate house designs, taking into account prevailing ownership practices. Steps will also be taken to promote ownership by expanding rent-to-buy schemes. The identification of qualified applicants for low-cost houses will be improved with the integration of the database for registration and distribution of low-cost houses at the Federal and state levels. Greater efforts will be taken to promote the use of the Industrialised Building System (IBS) in the construction of affordable homes.

Rapid urbanisation continues to increase the demand for housing, public amenities and infrastructure, posing greater challenges to local authorities. In this regard, local authorities will have to depart from the routine provision of services and improve upon the delivery of required services. Measures will continue to be taken to strengthen the capacity and management capability of local authorities. As community involvement is crucial to good governance especially at the local level, the formation of partnerships between local authorities and communities will continue to be encouraged, including through the Local Agenda 21 programme.

The coming into enforcement of the Solid Waste and Public Cleansing Management Act and the Solid Waste and Public Cleansing Management Corporation Act, will enable the Government to implement, among others, more cost-effective and efficient schemes for the collection, transportation and disposal of solid waste. Programmes and activities will be intensified to close dumping sites or upgrade them to sanitary landfills. In addition, solid waste management will be further improved through greater use of material recovery technologies and emphasis on the waste to wealth concept, including the expansion of waste minimisation and recycling schemes. Additional incentives to encourage waste minimisation and promote recycling activities will be introduced.

Electricity Supply

Access to electricity supply, especially in rural areas of Sabah and Sarawak will be expanded to improve the quality of life of rural communities. The increasing cost of supplying electricity to rural areas will be addressed by adopting cost-effective modes of supply, such as solar hybrid, micro-hydro and micro-wind turbine. To enable better planning of the programme and assessment of outcomes, database on the rural community will be improved. Implementation and coordination mechanism will be further strengthened to expedite supply of electricity to rural areas. Community involvement will also be enhanced to ensure sustainability of the programme. By the end of the plan period, rural electricity coverage in Sabah and Sarawak is expected to increase to 82.6% and 93.2%, respectively.

Water Supply and Sewerage

Coverage of water supply in remote areas will be expanded with the implementation of more gravity flows, tube wells and rain water harvesting system through the rural water supply programme. Rural water coverage is expected to increase to 70% in Sabah and 95% in Sarawak by 2010. Water supply services will focus on expanding and upgrading the supply system and rehabilitation programmes to reduce non-revenue water. Emphasis will be placed on raising the quality of water to meet international standards. In line with the restructuring of the water services industry, corporatisation exercise for the remaining states of Kedah, Pahang, Perak, Perlis and WP Labuan will be implemented, while the establishment of the state water regulatory body will be expedited.

The sewerage system in highly populated areas, especially in the Klang Valley, will be improved to enhance public health, safeguard the environment and reduce water pollution. Priority will be given to the rationalisation and centralisation of the sewerage networks, as well as upgrading of treatment plants. The implementation of a joint billing system by *Suruhanjaya Perkhidmatan Air Negara* (SPAN) will be pursued towards improving sewage bill collection.

Transport System and Road Safety

The rural road network will continue to be expanded to meet the inadequate coverage, especially in Sabah and Sarawak. A study is being undertaken to identify additional road requirements to improve the road network and accessibility in these two states. Meanwhile, other road developments will include the East Coast Highway Phase II from Kuantan to Kuala Terengganu and the Senai-Desaru Highway.

Traffic congestion continues to be a challenge in major cities and urban centres. The insufficient road space to cope with the rapidly increasing number of private vehicles and inadequate public transport services will be addressed systematically. Efforts such as increasing coverage of the urban rail transit system and building more integrated transport terminals as well as improving the efficiency of the *Komuter*, bus and taxi services will be undertaken to achieve the target ratio of private vehicles to public transport of 70:30 by 2010, particularly in the Klang Valley. The development of various transport infrastructure will also take into consideration providing greater accessibility and more convenient public transport facilities to PWDs. A public transport commission will be established to plan and coordinate all public transport programmes and initiatives. The commission will also be responsible for regulating the public transport sector and develop a more efficient and integrated public transport system.

Integrated public transport system…

The coverage of the *Komuter* service will be extended with the completion of the Sentul-Batu Caves electrified double tracking rail project, benefitting approximately 8,800 commuters per day. The Light Rail Transit (LRT) Kelana Jaya Line will be extended from Kelana Jaya to Putra Heights while the Ampang Line from Sri Petaling to Putra Heights. Connectivity will be provided at Putra Heights by an interchange station for both lines.

Despite the increased number of road safety campaigns, road accidents and fatalities remain high. Measures will be undertaken to reduce road fatality rates from 3.7 in 2007 to 3.0 per 10,000 registered vehicles by 2010. Among others, these will include rehabilitation of accident-prone spots and increasing safety features of roads.

The growth of low-cost air services has enhanced air travel opportunities as well as fostered greater travel between different parts of the country. The upgrading of the low-cost carrier (LCC) terminal at the KL International Airport will increase its capacity and enhance the efficiency of low-cost air services. Rural air services will be expanded to improve access to remote areas in Sabah and Sarawak.

Further improvement of the LCC terminals will enable expansion of facilities and provide greater access to low-cost travel to a larger segment of the population.

Inland water transport is an alternative, cost effective and environmentally sustainable mode of transport in remote areas. To expand the riverine and coastal transport system in Sarawak, a master plan will be drawn up. Meanwhile, construction of new jetties and upgrading of existing ones will be undertaken to enhance mobility of the rural population.

Family Development

Resilient families...

The family institution needs to be strengthened to effectively nurture and instill moral and ethical values in the young to cope with rapid socio-economic development and changing lifestyles. Strong family units will also be necessary to provide care and support for the sick, disabled and the elderly. A conducive family environment will provide for a strong foundation that is crucial for societal well-being. The National Family Policy will be formulated to integrate actions to strengthen the family institution. The shrinking family size and rising number of older persons will require formal institutions to complement traditional family responsibilities. More one-stop family service centres will be established to provide the necessary support services, including counselling, parenting skills training and reproductive health services. The private sector will be encouraged to implement programmes to assist families and individuals in need as part of their corporate social responsibility initiatives.

Child safety remains a priority. An early childhood care and education policy will be formulated to provide the framework for the development of children from birth to four years. In addition, the provision of quality child care and a child-safe environment is essential towards improving and safeguarding the well-being of children. The amended Child Care Centre Act 1984, which among others, enables the authorities to seal premises not in compliance with the Act, will be enforced to enhance the quality of child care centres. The establishment of child care facilities in the workplace will be encouraged. The role of child protection teams, child welfare committees, advisors to courts for children and child-witness support service will continue to be strengthened. Communities will be encouraged to assume a greater role in ensuring child safety in their areas as well as in reducing violence against children. More community child care centres will be set-up to benefit low-income households.

Youth must be equipped with the requisite skills and engaged as partners in development. Programmes will be directed at empowering youth with knowledge, qualities and attitudes to become responsible citizens and to be prime movers in development as well as contribute towards enhancing national unity. The National Service Programme will be made more attractive to participants and to receive wider acceptance by parents, among others, by enhancing the modules on social and living skills. *Rakan Muda* programmes will be enhanced to encourage participation, develop positive values as well as promote a healthy lifestyle among youth. Leadership training programmes will be strengthened and expanded to reach more youth. Collaborative efforts will also be undertaken with the private sector and NGOs to organise and implement programmes for the benefit of youth. In addition, youth organisations will be empowered to ensure that they are managed in a more efficient and professional manner and able to contribute significantly to youth development. Studies on issues pertaining to youth, such as on socialisation, leadership and education as well as on the effectiveness of existing programmes will be undertaken to further enhance youth development.

The changing roles and responsibilities of women in the family and society require specific strategies to help them cope with new challenges. An action plan to enable women to occupy at least 30% of decision-making positions will be put in place. More training and skills upgrading programmes in areas such as information and communications technology and entrepreneurship will be implemented to facilitate greater self-employment and participation of women in the economy. A strategic plan covering economic, education and training programmes will be formulated to assist single mothers improve their employability. The *I-KIT* programme will continue to be implemented to enable more single mothers to be involved in income generating activities. Affordable child care services will be expanded and flexible working arrangements promoted, including working from home.

Programmes will be implemented to create awareness on the importance of the well-being of women. The relevant laws and regulations will be reviewed and amended to improve the status and well-being of women. Better access to adequate social protection, particularly in facing illness, invalidity and old age will be provided to women. Various programmes for improving women's health will be implemented to ensure that women are healthy throughout their life span. The mammogram programme will be intensified and more mobile clinics provided to increase accessibility to basic health services for women.

Integrating PWDs into the mainstream of society and economy will enable them to be more independent as well as contribute towards national development. Measures will be undertaken to improve access to education and vocational training, employment as well as in providing a barrier-free environment to enable PWDs to be mobile, self-reliant and financially independent. Efforts will be undertaken to promote employment opportunities for PWDs in the public and private sectors, while self-employment among PWDs will be further encouraged. The National Council for Persons with Disabilities will spearhead efforts to strengthen the partnership between the public and private sectors as well as NGOs to ensure a more coordinated approach in implementing policies and programmes. Additional community-based rehabilitation centres and one-stop service centres will be built and existing ones further developed to provide more comprehensive services. Efforts to register PWDs will be intensified to facilitate the planning of programmes and facilities as well as to ensure that they gain access to benefits and grants available.

The provision of adequate quality care and services for older persons is an important emerging challenge as Malaysia moves towards becoming an ageing society by 2035 when 15% of the population is expected to be above 60 years. In this regard, steps will be taken to assess the socio-economic consequences of an ageing population covering the provision of health care, income security and housing. The national policy and action plans on ageing will be reviewed to facilitate and implement programmes to enable older persons lead healthy and productive lives.

Public Safety

Towards safer communities...

Safety in towns and cities will be enhanced through the safe city programme. A total of 23 crucial measures have been identified for implementation by various local authorities and property developers to address vandalism and petty crimes. Guidelines on Crime Prevention through Environmental Design will also be formulated to supplement efforts to enhance safety in towns and cities.

Recruitment of additional police personnel will be expedited to reach 60,000 by 2012. The People's Volunteer Corps (RELA) and Neighbourhood Watch *(Rukun Tetangga)* will also be engaged in crime prevention efforts. The effectiveness and efficiency of policing operations will be improved through the use of modern communications technology and an integrated ICT management framework.

Greater involvement of the local community and NGOs to create a safe environment will be promoted. More awareness programmes will be carried out in schools to inculcate positive values among school children to become responsible citizens. The community will continue to be encouraged to join the *Rakan Cop* programme in promoting public safety.

Environment

Clean and healthy environment...

Environmental and natural resource management will continue to focus on sustaining a clean and healthy living environment, while simultaneously fulfilling economic development needs. Implementation of the existing programmes will be further strengthened through enhanced multi-stakeholders approach to improve coordination between the planning and implementing agencies. At the same time, enforcement measures will be intensified to ensure compliance with environmental standards, particularly by the industries. Greater emphasis will also be placed on increasing the level of public awareness as the responsibility of protecting the environment rests with each and every citizen.

The development planning process will incorporate environmental issues in a holistic and integrated manner. In this regard, wider usage of environmental planning tools such as the Strategic Environmental Assessment and Sustainability Assessment will be encouraged. This is crucial as sustainable management of natural resources and biodiversity will enable optimal resource utilisation and ensure long-term sustainability. Land-use planning for development will be improved in line with the National Physical Plan. The development of regional corridors will give due attention to environmental and biodiversity protection.

Measures will be implemented to reduce pollution and conserve the nation's natural resources. Specific attention will be given to continuous improvement of air and water quality and to reduce contamination of water and land resources from illegal discharge of solid waste, toxic and hazardous substances. Guidelines will also be formulated for proper management and disposal of electrical and electronic waste.

The protection of biodiversity and critical habitats will be intensified. Programmes on *in-situ* and *ex-situ* conservation, propagation, breeding, and rehabilitation of degraded forest areas will be further expanded to reduce pressure on flora and fauna in its natural habitat. Two conservation initiatives, namely the Central Forest Spine in Peninsular Malaysia and the Heart of Borneo in Sabah and Sarawak will be carried out to improve connectivity of forests for wildlife mobility, biodiversity reservoir, protection of watershed areas and create a destination for eco-tourism.

The Centre of Excellence for Biodiversity Law will be established to enhance the capability in addressing legal issues pertaining to biodiversity, biotechnology and biosafety. The import, export and use of living modified organisms and products of such organisms, and trade in endangered flora and fauna will be better managed with the enforcement of Biosafety Act 2007 and the International Trade in Endangered Species Act 2008, respectively.

Flood mitigation programmes will be intensified to ensure that effective measures are put in place to deal with recurrence of floods. In urban areas, the drainage system will be upgraded to address flash floods. A comprehensive master plan based on integrated river basin management will be formulated to cover major flood-prone river basins. The master plan will encompass proper land-use planning and zoning and stormwater management to reduce the likelihood and impact of floods and developing emergency response to floods.

Efforts will continue to address the effects of climate change on various sectors of the economy and society. Mitigating measures will focus on promoting energy efficiency and renewable resources and improvements in public transport while adaptation measures will be promoted in development projects.

Culture, Arts and Heritage

The inculcation of positive values will continue to be emphasised through courtesy and integrity campaigns. Traditional culture and values will be preserved by maintaining and encouraging their practice in the daily lives of Malaysians to promote a sense of shared ownership and nationhood. At the same time, the fostering of cross-cultural understanding and appreciation of cultural diversity will continue to be an important agenda in building a united and harmonious nation. Participation in the arts to cultivate talent and instill appreciation for local culture and arts will be further improved through quality cultural programmes, exhibitions and events.

Sports

Efforts will focus on promoting an active and healthy lifestyle through sports and recreation as well as nurturing talent towards excellence. The Government will continue to promote participation in mass and high performance sports. More instructors and facilitators in mass sports will be trained to ensure effective implementation of sports programmes.

Active lifestyles...

The professionalism and efficiency of the national sports associations will be continuously improved to ensure delivery and consistency of results. Promising athletes will be trained and coached systematically to enable them to excel in competitions. The talent identification programme will be expanded and the application of sports science strengthened to improve performance. In addition, the number of coaches and experienced technical officers will be increased, including through the recruitment of retired national athletes to become qualified coaches and making it their profession. The private sector will be encouraged to promote sports and recreational activities.

IV. OUTCOMES, 2010

Based on the programmes and strategies outlined in the remaining Plan period, the expected outcomes are shown in Box 4-2.

Box 4-2

Expected Outcomes, 2010

Commitment	Outcome
Health	
▪ Reducing infant mortality rate to 4.9 per 1,000 live births ▪ Reducing maternal mortality rate to 2.5 per 100,000 live births ▪ Reducing incidence of TB to 59 per 100,000 population ▪ Reducing incidence of malaria to 19 per 100,000 population ▪ Improving doctor:population ratio to 1:763 ▪ Improving dentist:population ratio to 1:6,855 ▪ Improving pharmacist:population ratio to 1:3,267	▪ Improved health status
Housing and Urban Services	
▪ Constructing 70,000 units of low-cost houses ▪ Expanding OSCs and Local Agenda 21 Programme to all 144 local authorities ▪ Integrated solid waste management	▪ Adequate, quality and affordable houses ▪ Improved urban services
Family Development	
▪ Conducting family development programmes for 60,000 participants ▪ Implementing *Rakan Muda* programmes for 1,750,000 youth ▪ Conducting National Service Programme for 766,000 youth	▪ Improved family well-being ▪ Empowered youth with positive attitudes
Electricity supply	
▪ Expected rural electricity coverage: **2010** Peninsular Malaysia *98.4%* Sabah *82.6%* Sarawak *93.2%* **Malaysia** ***95.5%*** ▪ Rural electrification programme is expected to benefit an additional 61,700 housing units in the Plan period	▪ Expanded rural electricity coverage

Commitment	Outcome
Rural Water Supply	
▪ Expected rural water coverage: **2010** Peninsular Malaysia *96.0%* Sabah *70.0%* Sarawak *95.0%* **Malaysia** ***95.2%***	▪ Expanded rural water coverage
▪ By 2010, the rural water supply programme is expected to benefit 546,870 households in Peninsular Malaysia, 164,200 in Sabah and 167,170 in Sarawak	
▪ Corporatisation of water services authority in the states of Kedah, Pahang, Perak, Perlis and WP Labuan as well as the formation of state water regulatory body	▪ Increased efficiency of water services management
Sewerage	
▪ Construction of 11 new STPs to serve 2,859,000 PE ▪ Decommissioning of small and scattered STPs ▪ Introduction of a revolving fund to increase connection of sewerage system at individual premises to the centralised STPs ▪ A joint billing system will be pursued by SPAN to ensure consumers pay for the sewerage services	▪ Increased efficiency of sewerage services
Roads	
▪ Review of the Highway Network Development Plan (HNDP) for Sabah and Sarawak to be completed ▪ Construct roads to connect resettlement areas to rural industrial areas and estates, particularly in Sabah and Sarawak	▪ Expanded road network coverage especially in Sabah and Sarawak
Air Transport	
▪ Upgrading of airports and the LCC terminal at KLIA	▪ Increased capacity and efficiency of air transport services
Urban Transport	
▪ Extend *Komuter* service to Tanjung Malim ▪ Extend LRT Ampang Line by 16 km from Sri Petaling to Putra Heights ▪ Extend LRT Kelana Jaya Line by 16 km from Kelana Jaya to Putra Heights ▪ Completion of Sentul-Batu Caves electrified double tracking rail project ▪ Construction of integrated transport terminal at Bandar Tasik Selatan	▪ Increased urban public transport network coverage and facilities

Commitment	Outcome
Rail Transport	
▪ Construction of Ipoh-Padang Besar electrified double tracking rail project, expected to be completed in 2013. ▪ Construction of Seremban-Gemas electrified double tracking rail project, expected to be completed in 2012. ▪ Refurbishment and procurement of rolling stocks ▪ Rehabilitation of railway infrastructure in Sabah ▪ Commence rapid intercity train service between Kuala Lumpur and Ipoh	▪ Increased efficiency and reliability of intercity rail transport services
Environment	
▪ Sulphur content to be reduced in diesel from 3,000 ppm to 500 ppm while petrol from 1,500 ppm to 500 ppm	▪ Improved air quality
▪ Polluted river basins to be upgraded from Class III category to Class II category through the Pollution Prevention and River Water Quality Upgrading Programme	▪ Improved river water quality
▪ A database on Malaysia's biodiversity to be established ▪ Capability in legal issues regarding biodiversity, biotechnology and biosafety in Malaysia to be enhanced	▪ Better management of biodiversity
▪ Master plans based on integrated and holistic approach to be drawn up as long-term solution for flood incidences especially in the flood-prone areas	▪ Reduced incidences of floods
Culture, Arts and Heritage	
▪ Implementing 150 nationwide courtesy campaigns, involving 300,000 participants ▪ Implementing 4,500 culture and arts activities ▪ Producing 1,500 *Akademi Seni Budaya dan Warisan Kebangsaan* (ASWARA) graduates	▪ Tolerant and harmonious society ▪ Enhanced appreciation of culture, arts and heritage
Sports	
▪ 2.5 million people participating in mass sports programmes ▪ Training 24,000 coaches ▪ Developing 14,570 athletes through talent identification programme	▪ Active and healthy lifestyles ▪ Better sporting excellence

V. CONCLUSION

The continued implementation of programmes towards improving the quality of life will ensure that the population has access to better quality health care, housing, utilities and other urban services. Efforts to strengthen the family institution and protect vulnerable members of society will contribute to a more caring society. Sports and recreational activities will be promoted to enhance the well-being of the community. Public safety will be improved. Mainstreaming environmental considerations in development will be emphasised for environmental protection and sustainable use of natural resources. The promotion and preservation of culture, arts and heritage will contribute to building national identity and unity.

THRUST 5

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

STRENGTHENING THE INSTITUTIONAL AND IMPLEMENTATION CAPACITY

STRENGTHENING THE INSTITUTIONAL AND IMPLEMENTATION CAPACITY

I. INTRODUCTION

The nation's commitment to enhance its competitiveness demands that significant improvements be made to the service delivery system in all sectors of the economy. Efforts were therefore instituted to put in place e-government, improve administrative processes, reduce bureaucratic procedures and measure performance. Initiatives were also undertaken to enhance service delivery in the public and private sectors through development of competencies, inculcation of positive values and work ethics, introduction of relevant legislation and computerisation programmes as well as use of appropriate technology. These initiatives have brought about improved services and increased responsiveness to the needs of clients.

During the remaining Plan period, service delivery will be further enhanced. It will be customer-focused and integrated to provide seamlessness across agencies, leading to shorter response time, better governance and overall efficiency. Consumer confidence in electronic-based transactions will be increased through further strengthening the legislative framework as well as increasing awareness on information security and privacy. An outcome-based approach for planning, monitoring and evaluation of policies, programmes and projects will be adopted to maximise gains to the target population.

II. KEY RESULTS, 2006–2007

During the Ninth Plan period, the Government is committed to improving public service delivery with special focus on enhancing services at the district and local government levels, streamlining regulatory procedures, managing public complaints, deploying information and communications technology (ICT) applications and infrastructure as support systems and expediting the implementation of high impact projects (HIPs).

Success through collaboration...

A Special Task Force to Facilitate Business (PEMUDAH), comprising high-level officials from both public and private sectors was established to facilitate all aspects of doing business by improving work processes and procedures as well as policies and regulations. The National Implementation Task Force (NITF) was formed to expedite the implementation of HIPs and the second phase of Bumiputra Commercial and Industrial Community initiatives. The Government implemented several HIPs selected based on their significant direct impact on growth and distribution, strong multiplier effect to the economy, high visibility and quick impact with strong socio-economic emphasis. These initiatives undertaken during the Review period led to a number of significant achievements, as shown in Box 5-1.

Box 5-1

Key Results, 2006-2007

Commitment	Output
▪ Enhancing public service delivery with focus on district and local government level	▪ Time taken to process concurrent submission of development proposal from 357 days to a maximum of 120 days with the setting up of One-stop Centres (OSCs) and OSC Committee ▪ Cost of doing business reduced with the replacement of Certificate of Fitness for Occupation (CFO) by Certificate of Completion and Compliance (CCC), facilitates investors and developers and increases the credibility of the industry
▪ Simplifying systems and work procedures	▪ Time taken for automatic tax refund reduced from 1 year to between 14 and 30 days for submissions through *e-Filing* ▪ 47 provisions under the National Land Code amended to improve land management ▪ Processing of passports within 1 to 24 hours ▪ Processing of expatriate employment pass applications within 7 days ▪ Registration of new business reduced from 3 days to 1 hour ▪ Renewal of business registration reduced from 1 day to 15 minutes ▪ Duration for approval of preliminary Environmental Impact Assessment Report reduced from 3 months to 5 weeks ▪ A one nation one number through the 999 Emergency Call Service initiative introduced providing the public easier access to all emergency services for assistance in the Klang Valley
▪ Streamlining regulatory procedures	▪ Electronic transactions given legal recognition with enactment of Electronic Government Activities Act, 2007, Electronic Commerce Act, 2006 and amended Consumer Protection Act, 1999 ▪ National Cyber Security Policy introduced to promote a culture of security among the public and compliance to minimum security standards among critical service providers
▪ Managing public complaints for better service delivery	▪ Speedier resolution of complaints with the establishment of *iAduan* ▪ Mobile Complaint Counters and Integrated Mobile Complaint Counters introduced extending outreach to the population
▪ Deploying ICT applications and infrastructure to improve service delivery	▪ Government Public Service Portal *(myGovernment)* set up as a single gateway to a wide range of services and information offered by agencies. Until 2007: • 3,749 downloadable forms, 1,174 online services and 80 services via SMS • RM2 billion transaction value through *e-Procurement* • 300,834 job seekers, 1,544,881 vacancies and 823,430 job matches provided through Electronic Labour Exchange (ELX)

Commitment	Output
	▪ Data sharing on geospatial information among provider and user agencies made available by the Malaysian Geospatial Data Infrastructure (MyGDI) ▪ Business licensing processes made easier with Business Licensing Electronic Support System (BLESS), which also enables applicants to track their applications online ▪ Electronic submission of income tax returns through *e-Filing* ▪ Growth in e-payment channels: • Real-time Electronic Transfer of Funds and Securities (RENTAS) system handled an average of RM124.5 billion daily in 2007, an increase of 23.6% compared with 2006 • Interbank GIRO (IBG) grew from RM26.3 billion in 2005 to RM67.0 billion in 2007 • Internet banking subscribers surged from 2.5 million in 2005 to 4.5 million in 2007 • mobile banking subscribers increased from 127.6 thousands in 2005 to 345.7 thousands in 2007 ▪ Establishment of 495 new government telecentres provided more channels of access to electronic services to the underserved communities
▪ Expediting HIPs through NITF	▪ HIPs include: • Agro-based Industry Entrepreneur • Agropolitan Development • Rebranding of Community Colleges • Quantum Leap in Rural Education • Corridor development initiatives

III. MOVING FORWARD, 2008-2010

In order to meet current user demands and to sustain competitiveness, public service delivery must transform to be more client-focused by integrating services, increasing confidence in electronic-based services and adopting an outcome-based approach to planning, monitoring and evaluation of programmes and projects.

Integrating Services

Integrating services by consolidating processes and procedures across agencies will be done by re-engineering service delivery, creating virtual one-stop centres, promoting information and infrastructure sharing, reviewing legal and regulatory frameworks, moving towards self-regulation, improving governance and developing competencies.

Customer-focused service delivery...

Re-engineering Service Delivery

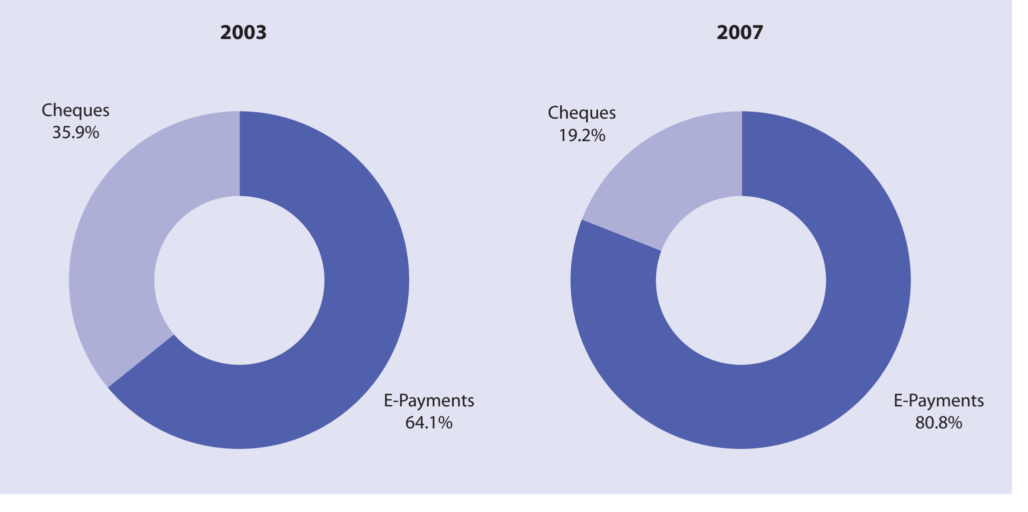
For services that involve multiple agencies, work processes will be reviewed, re-engineered and streamlined to ensure efficient delivery. The processes will be designed around client needs where the adoption of a shared services culture, involving information and infrastructure will be promoted. Appropriate technology will be deployed to support the workflow of these re-engineered processes.

Integrated services by consolidating processes and procedures across agencies will be offered through the *e-KL* initiative in the Klang Valley. This initiative includes job applications, provision of a single point of access for loans and grants, enrolment of international students, speedy approval for billboard advertisements, single-window access for ICT companies to start operations as well as a standardised complaints management system. These efforts will provide better access to a wide range of integrated, online services including electronic submissions, payments, communications and complaints. In addition, the introduction of *eForms* will reduce processing time and cost as well as improve customer convenience.

To accelerate migration to e-payments, the Government will continue to implement strategies outlined in the roadmap, including removing barriers to allow for greater efficiency and innovation in the market. Further improvements will be made in the retail payment systems to reduce the use of cash and cheques as well as to leverage on the Internet and mobile phones as pervasive and low-cost delivery channels for banking and payment services.

Chart 5-1

Share of Non-Cash Retail Payments by Volume



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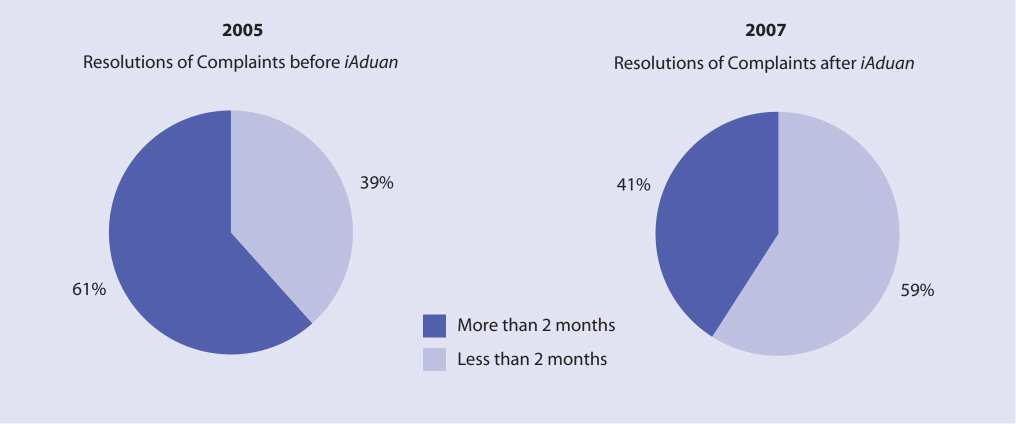
All in one place...

Chart 5-2

Resolutions of Complaints with *iAduan*



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The 999 Emergency Call Services will continue into the next phase, which involves the development and upgrading of application systems and the 999 Call Centre as well as Agency Despatch Centres to provide better response. Training and awareness programmes will be conducted continuously to ensure quality of service delivery is sustained.

Single provision, multiple usage...

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The Government Integrated Telecommunications Network (GITN) developed to provide a single network infrastructure linking all government departments will be expanded to cover all locations. Putrajaya Campus Network (PCN), which links all government agencies located in the Federal Government Administrative Centre in Putrajaya will be upgraded, including the setting up of a new gateway for Internet access to improve performance, reliability and security. This shared and managed network to be completed by 2010 will reduce costs, enhance information sharing and improve service delivery. In addition, information, services and applications on e-government, e-commerce, e-banking, e-education and e-health will be disseminated through telecentres to the underserved communities. The *KomunitiKita* portal will also be set up to facilitate outreach of other customised services and applications to these communities which include the disabled, poor, elderly, women and indigenous.

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Legal and regulatory requirements pertaining to service delivery will continue to be reviewed to improve ease to customers. The Strata Titles Act 1985, Licensed Land Surveyors Act 1958, Licensed Land Surveyors Ordinance 1958, Licensed Land Surveyors Regulations 1959, Cadastral Survey Regulations 2002 and the State Land Rules will be reviewed to enable improvements in land administration and management. The Government will continue consultations with the private sector regarding legal and regulatory procedures that affect service delivery.

Moving Towards Greater Self Regulation

The Government will continue to encourage self-regulation and disclosure-based approaches for compliance in relevant areas towards enhancing the efficiency and effectiveness of service delivery. The Malaysian Technical Standards Forum, Content Forum, Consumer Forum and Access Forum set up under the Communications and Multimedia Act, 1998, will be further promoted. These Industry Forums collaboratively formulate voluntary industry codes as a guide for the industry.

Improving Governance

There will be a stronger emphasis on good governance in the public and private sectors to enhance transparency and efficiency towards making Malaysia a more competitive and attractive location for investment. This will include awarding projects through competitive bidding, further improving response time of service delivery, enhancing accountability and closer monitoring of project implementation. A culture of high performance with integrity will be promoted through assessment of public and private service delivery standards linked to performance indicators and benchmarked against service delivery best practices.

Developing Competency

Towards raising competency in the public service, training programmes will be conducted to strengthen leadership capabilities as well as strategic, risk and project management skills to ensure continuous efficient delivery of public services. This will include conducting training programmes in collaboration with top business schools. In addition, the planning and development of human capital will be continually upgraded through a central competency board for human resource management. Training programmes will also be conducted by agencies in order to keep abreast with current trends and developments in line with their core businesses. Training programmes on customer relations will be further emphasised by agencies dealing directly with customers.

Increasing Confidence in Electronic-based Services

Increasing confidence in electronic-based services is imperative to encourage greater uptake of electronic transactions and increase participation of the public and businesses in the digital economy. Measures will be intensified to improve security and privacy to protect the confidentiality of information, assure that information is not altered without authorisation and be available when needed. This requires that service providers and users of such services understand risks to security and privacy as well as good security practices that must be put in place to enable safe and secure use of electronic services.

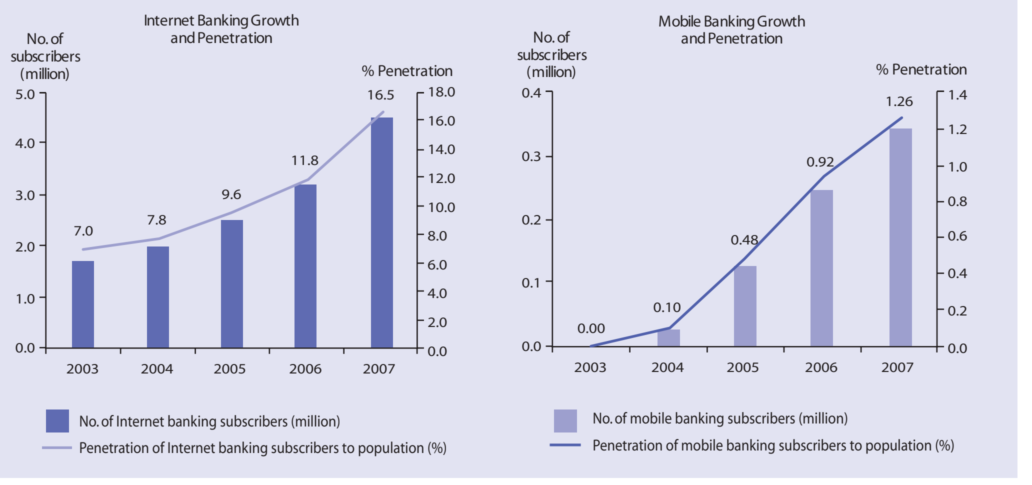
Promoting customer confidence...

Awareness programmes will be targeted at the public to enable them to understand the requirements of good security practices in the cyber environment. Service providers will be encouraged to comply with the Information Security Management System (ISMS) MS ISO/IEC 27001:2006 to adhere to basic security guidelines to ensure secure and reliable service delivery. Regular checks and audits will be carried out to help agencies assess their level of compliance and strengthen security implementation towards self-compliance or attaining certification of compliance to increase user confidence.

Existing laws related to information security will be reviewed to determine their adequacy and relevance. As personal data has become a valuable commodity that can be traded, used and reused, the Personal Data Protection (PDP) Bill will be formulated to regulate the collection, usage and disclosure of personal data. The Electronic Government Activities Act, 2007 will be further applied to include more tasks and transactions across government agencies. An E-Commerce Activities Roadmap will provide for information dissemination and confidence building among citizens and businesses. A guideline on electronic banking will be introduced to manage risks, threats and vulnerabilities that may emerge from the use of Internet banking.

Chart 5-3

Internet and Mobile Banking Growth



Source: Bank Negara Malaysia

Outcome-based Planning, Monitoring and Evaluation

Maximise benefits, optimise costs...

An outcome-based planning, monitoring and evaluation approach will be adopted to ensure that projects implemented achieve the desired objectives. This will involve strengthening the competency and capability of implementing agencies, improving systems and work processes as well as adapting organisational structures in ministries and agencies.

These initiatives will introduce good project management practices, improve coordination within and between agencies as well as between policy and project implementation. Successful project management methodologies implemented in pilot ministries and agencies will be replicated to improve project planning and implementation. Training will continue to be offered and updated to develop better understanding of the processes, approaches and techniques in project management based on guidelines and international standards. In addition to the monitoring of physical and financial progress, the existing project monitoring system, SPP II will be expanded to incorporate an outcome-based approach.

IV. OUTCOMES, 2010

The key outcomes expected by 2010 with improvements in institutional and implementation capacity are, as shown in Box 5-2.

Box 5-2

Expected Outcomes, 2010

Commitment	Outcome
▪ Integrating services across agencies	▪ Customer-focused services across agencies ▪ Easy access through virtual one-stop centres ▪ Convenience to the public by one-time data provision enabled through data sharing among agencies ▪ Simplified submissions and transactions through *eForms* and e-payment ▪ Better outreach of services for the underserved communities through telecentres ▪ Effective management of complaints through a single, centralised platform for public complaints
▪ Increasing confidence in electronic-based services	▪ Favourable environment for setting up businesses ▪ Easy access and convenience to customers through increased usage of electronic services ▪ Personal data protected with implementation of PDP Act
▪ Implementing outcome-based planning, monitoring and evaluation	▪ Benefits of programmes to target population maximised through efficient planning and management of programmes and projects

V. CONCLUSION

Significant improvements were made in strengthening institutional and implementation capacity during the Review period. Moving forward, further improvements will be made particularly with respect to service delivery by being more customer-focused. This will include measures to integrate systems and services across agencies so as to provide quality service with greater ease to public and businesses as well as to increase confidence in electronic-based services towards promoting its wider acceptance and usage. In addition, an outcome-based approach to planning, monitoring and evaluation of programmes and projects will be implemented to maximise benefits to the people. Together with the cooperation and collaboration of the private sector, the Government will strive towards achieving service delivery excellence, with greater transparency, integrity and professionalism.

5 THRUST

MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

STRENGTHENING THE INSTITUTIONAL AND IMPLEMENTATION CAPACITY

STRENGTHENING THE INSTITUTIONAL AND IMPLEMENTATION CAPACITY

I. INTRODUCTION

The nation's commitment to enhance its competitiveness demands that significant improvements be made to the service delivery system in all sectors of the economy. Efforts were therefore instituted to put in place e-government, improve administrative processes, reduce bureaucratic procedures and measure performance. Initiatives were also undertaken to enhance service delivery in the public and private sectors through development of competencies, inculcation of positive values and work ethics, introduction of relevant legislation and computerisation programmes as well as use of appropriate technology. These initiatives have brought about improved services and increased responsiveness to the needs of clients.

During the remaining Plan period, service delivery will be further enhanced. It will be customer-focused and integrated to provide seamlessness across agencies, leading to shorter response time, better governance and overall efficiency. Consumer confidence in electronic-based transactions will be increased through further strengthening the legislative framework as well as increasing awareness on information security and privacy. An outcome-based approach for planning, monitoring and evaluation of policies, programmes and projects will be adopted to maximise gains to the target population.

II. KEY RESULTS, 2006–2007

During the Ninth Plan period, the Government is committed to improving public service delivery with special focus on enhancing services at the district and local government levels, streamlining regulatory procedures, managing public complaints, deploying information and communications technology (ICT) applications and infrastructure as support systems and expediting the implementation of high impact projects (HIPs).

Success through collaboration...

A Special Task Force to Facilitate Business (PEMUDAH), comprising high-level officials from both public and private sectors was established to facilitate all aspects of doing business by improving work processes and procedures as well as policies and regulations. The National Implementation Task Force (NITF) was formed to expedite the implementation of HIPs and the second phase of Bumiputra Commercial and Industrial Community initiatives. The Government implemented several HIPs selected based on their significant direct impact on growth and distribution, strong multiplier effect to the economy, high visibility and quick impact with strong socio-economic emphasis. These initiatives undertaken during the Review period led to a number of significant achievements, as shown in Box 5-1.

Box 5-1

Key Results, 2006-2007

Commitment	Output
▪ Enhancing public service delivery with focus on district and local government level	▪ Time taken to process concurrent submission of development proposal from 357 days to a maximum of 120 days with the setting up of One-stop Centres (OSCs) and OSC Committee ▪ Cost of doing business reduced with the replacement of Certificate of Fitness for Occupation (CFO) by Certificate of Completion and Compliance (CCC), facilitates investors and developers and increases the credibility of the industry
▪ Simplifying systems and work procedures	▪ Time taken for automatic tax refund reduced from 1 year to between 14 and 30 days for submissions through *e-Filing* ▪ 47 provisions under the National Land Code amended to improve land management ▪ Processing of passports within 1 to 24 hours ▪ Processing of expatriate employment pass applications within 7 days ▪ Registration of new business reduced from 3 days to 1 hour ▪ Renewal of business registration reduced from 1 day to 15 minutes ▪ Duration for approval of preliminary Environmental Impact Assessment Report reduced from 3 months to 5 weeks ▪ A one nation one number through the 999 Emergency Call Service initiative introduced providing the public easier access to all emergency services for assistance in the Klang Valley
▪ Streamlining regulatory procedures	▪ Electronic transactions given legal recognition with enactment of Electronic Government Activities Act, 2007, Electronic Commerce Act, 2006 and amended Consumer Protection Act, 1999 ▪ National Cyber Security Policy introduced to promote a culture of security among the public and compliance to minimum security standards among critical service providers
▪ Managing public complaints for better service delivery	▪ Speedier resolution of complaints with the establishment of *iAduan* ▪ Mobile Complaint Counters and Integrated Mobile Complaint Counters introduced extending outreach to the population
▪ Deploying ICT applications and infrastructure to improve service delivery	▪ Government Public Service Portal *(myGovernment)* set up as a single gateway to a wide range of services and information offered by agencies. Until 2007: • 3,749 downloadable forms, 1,174 online services and 80 services via SMS • RM2 billion transaction value through *e-Procurement* • 300,834 job seekers, 1,544,881 vacancies and 823,430 job matches provided through Electronic Labour Exchange (ELX)

Commitment	Output
	▪ Data sharing on geospatial information among provider and user agencies made available by the Malaysian Geospatial Data Infrastructure (MyGDI) ▪ Business licensing processes made easier with Business Licensing Electronic Support System (BLESS), which also enables applicants to track their applications online ▪ Electronic submission of income tax returns through *e-Filing* ▪ Growth in e-payment channels: • Real-time Electronic Transfer of Funds and Securities (RENTAS) system handled an average of RM124.5 billion daily in 2007, an increase of 23.6% compared with 2006 • Interbank GIRO (IBG) grew from RM26.3 billion in 2005 to RM67.0 billion in 2007 • Internet banking subscribers surged from 2.5 million in 2005 to 4.5 million in 2007 • mobile banking subscribers increased from 127.6 thousands in 2005 to 345.7 thousands in 2007 ▪ Establishment of 495 new government telecentres provided more channels of access to electronic services to the underserved communities
▪ Expediting HIPs through NITF	▪ HIPs include: • Agro-based Industry Entrepreneur • Agropolitan Development • Rebranding of Community Colleges • Quantum Leap in Rural Education • Corridor development initiatives

III. MOVING FORWARD, 2008-2010

In order to meet current user demands and to sustain competitiveness, public service delivery must transform to be more client-focused by integrating services, increasing confidence in electronic-based services and adopting an outcome-based approach to planning, monitoring and evaluation of programmes and projects.

Integrating Services

Integrating services by consolidating processes and procedures across agencies will be done by re-engineering service delivery, creating virtual one-stop centres, promoting information and infrastructure sharing, reviewing legal and regulatory frameworks, moving towards self-regulation, improving governance and developing competencies.

Customer-focused service delivery...

Re-engineering Service Delivery

For services that involve multiple agencies, work processes will be reviewed, re-engineered and streamlined to ensure efficient delivery. The processes will be designed around client needs where the adoption of a shared services culture, involving information and infrastructure will be promoted. Appropriate technology will be deployed to support the workflow of these re-engineered processes.

Integrated services by consolidating processes and procedures across agencies will be offered through the *e-KL* initiative in the Klang Valley. This initiative includes job applications, provision of a single point of access for loans and grants, enrolment of international students, speedy approval for billboard advertisements, single-window access for ICT companies to start operations as well as a standardised complaints management system. These efforts will provide better access to a wide range of integrated, online services including electronic submissions, payments, communications and complaints. In addition, the introduction of *eForms* will reduce processing time and cost as well as improve customer convenience.

To accelerate migration to e-payments, the Government will continue to implement strategies outlined in the roadmap, including removing barriers to allow for greater efficiency and innovation in the market. Further improvements will be made in the retail payment systems to reduce the use of cash and cheques as well as to leverage on the Internet and mobile phones as pervasive and low-cost delivery channels for banking and payment services.

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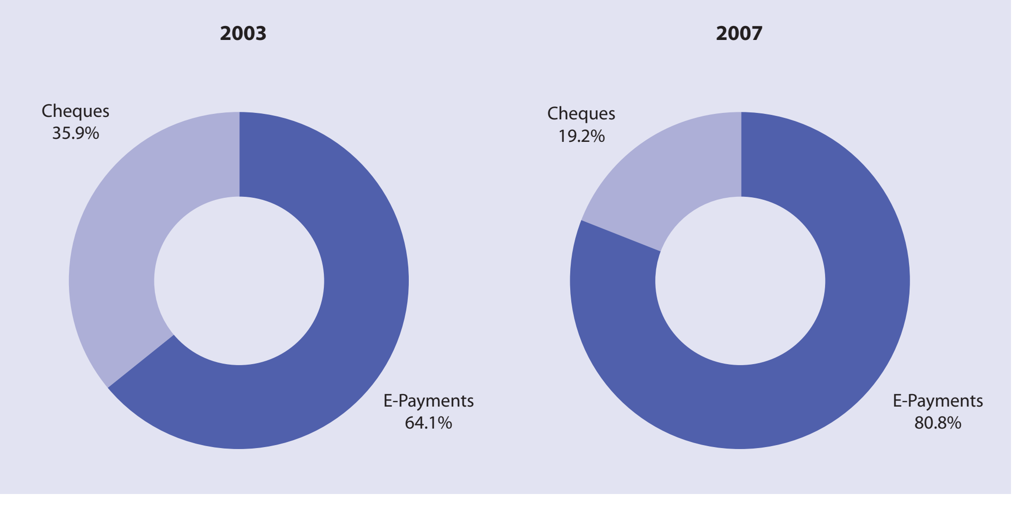
Share of Non-Cash Retail Payments by Volume



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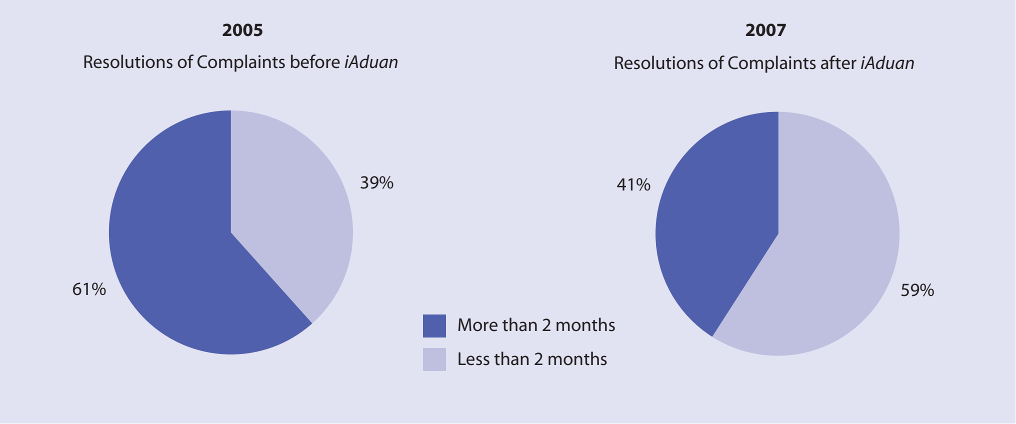

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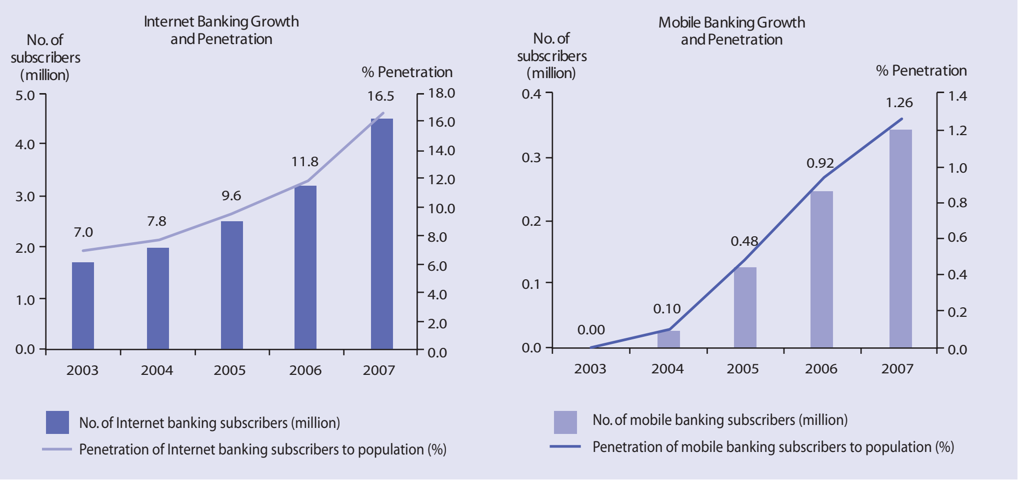

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MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

FEDERAL GOVERNMENT DEVELOPMENT ALLOCATION

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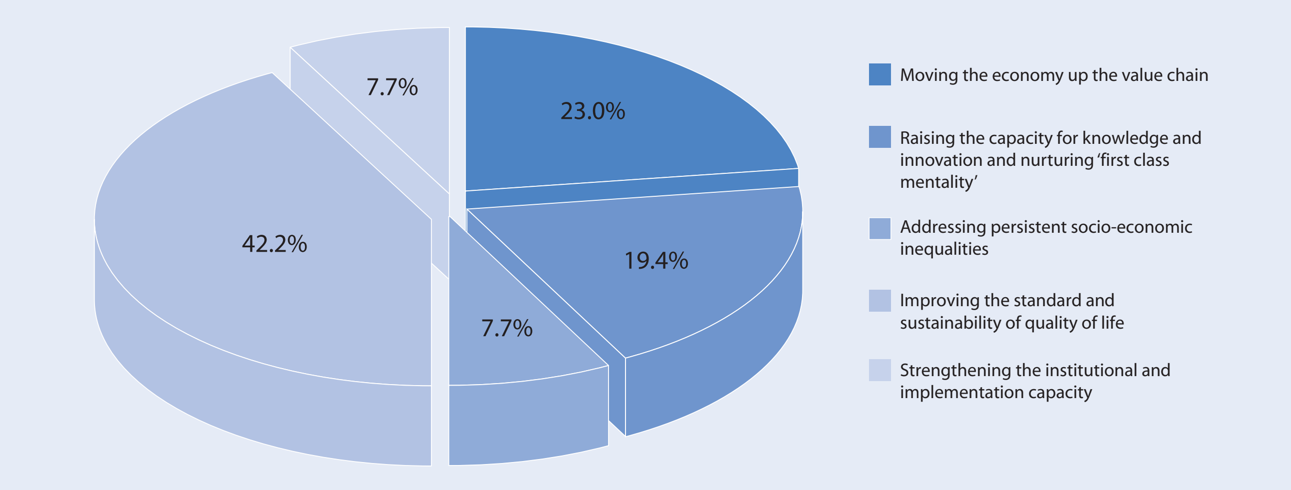
Federal Government Development Allocation of the Ninth Malaysia Plan by Thrust



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No.	Thrust	Allocation 2006-2010 (RM million)	% of Total	Expenditure 2006-2007 (RM million)	% of Allocation	Balance 2008-2010 (RM million)	% of Total
1	Moving the Economy Up the Value Chain	52,837	*23.0*	18,934	*35.8*	33,903	*21.2*
2	Raising the Capacity for Knowledge and Innovation and Nurturing 'First Class Mentality'	44,636	*19.4*	8,842	*19.8*	35,794	*22.4*
3	Addressing Persistent Socio-Economic Inequalities	17,607	*7.7*	3,565	*20.2*	14,042	*8.8*
4	Improving the Standard and Sustainability of Quality of Life	97,018	*42.2*	31,542	*32.5*	65,476	*40.9*
5	Strengthening the Institutional and Implementation Capacity	17,902	*7.7*	7,122	*39.8*	10,780	*6.7*
	Total	**230,000**	***100.0***	**70,005**	***30.4***	**159,995**	***100.0***

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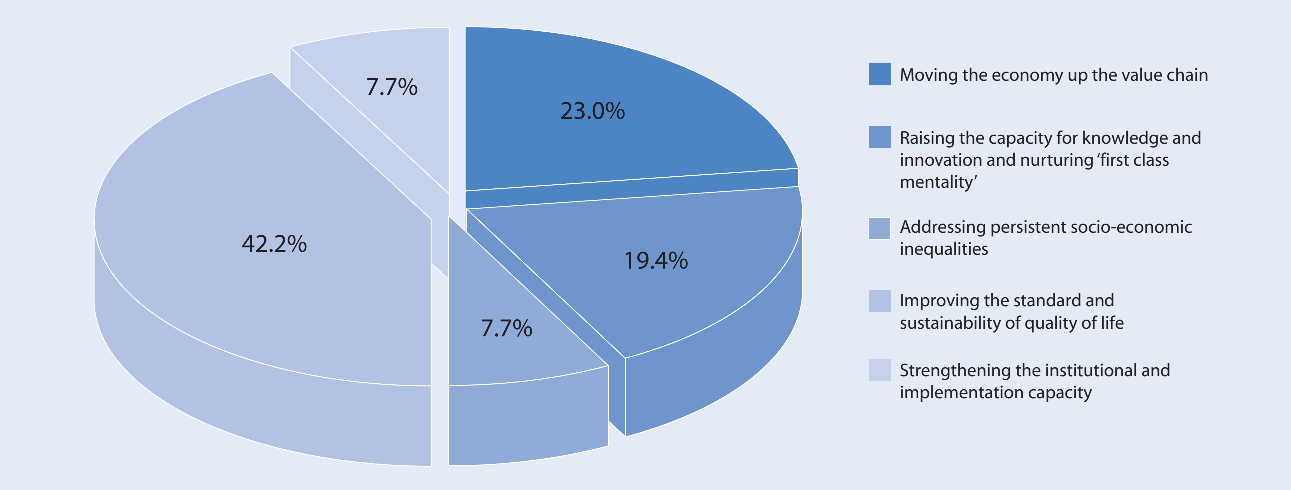

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MID-TERM REVIEW OF THE NINTH MALAYSIA PLAN, 2006-2010

GLOSSARY OF ACRONYMS

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AIM	=	*Amanah Ikhtiar Malaysia*
ASEAN	=	Association of Southeast Asian Nations
ASW	=	*Amanah Saham Wawasan*
ASWARA	=	National Arts, Culture and Heritage Academy (*Akademi Seni Budaya dan Warisan Kebangsaan)*
BALB	=	Rural Water Supply *(Bekalan Air Luar Bandar)*
BCIC	=	Bumiputera Commercial and Industrial Community
BLESS	=	Business Licensing Electronic Support System
BSTC	=	Bumiputera Science and Technology Community
CCC	=	Certificate of Completion and Compliance
CCM	=	Companies Commission of Malaysia
CFO	=	Certificate of Fitness for Occupation
E&E	=	Electrical and Electronics
ECER	=	East Coast Economic Region
ECERDC	=	East Coast Economic Region Development Council
EE	=	Energy Efficiency
ELX	=	Electronic Labour Exchange
e-PBT	=	ICT Application for Local Authority *(Sistem Aplikasi ICT untuk Pihak Berkuasa Tempatan)*
FAMA	=	Federal Agriculture Marketing Authority
FDI	=	Foreign Direct Investment
FELDA	=	Federal Land Development Authority
GDP	=	Gross Domestic Product
GITN	=	Government Integrated Telecommunications Network
GLCs	=	Government-linked Companies
GNP	=	Gross National Product
HIPs	=	High Impact Projects
HIV/AIDS	=	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrom
IBG	=	Interbank GIRO

IBS	=	Industrialised Building System
ICOR	=	Incremental Capital Output Ratio
ICT	=	Information and Communications Technology
I-KIT	=	Incubator for Single Mothers' Skills *(Inkubator Kemahiran Ibu Tunggal)*
IM	=	Iskandar Malaysia
IPv4	=	Internet Protocol version 4
IPv6	=	Internet Protocol version 6
IRDA	=	Iskandar Region Development Authority
ISMS	=	Information Security Management System
IWRM	=	Integrated Water Resources Management
j-QAF	=	*Program Jawi, Al-Quran, Bahasa Arab dan Fardhu Ain*
KLIA	=	KL International Airport
km	=	kilometre
M&E	=	Machinery and Equipment
MARA	=	*Majlis Amanah Rakyat*
MATRADE	=	Malaysian External Trade Development Corporation
MATRIIX	=	MITI and Agencies Trade and Industry Information Exchange
MAVTRAC	=	Malaysian Virtual Trading Corporation
MBO	=	Management Buyout
MDeC	=	Multimedia Development Corporation
MESTI	=	Ministry of Entrepreneur and Cooperative Development Strategic and Target Industry Programme
MICE	=	Meetings, Incentives, Conventions and Exhibitions
MIFC	=	Malaysia International Islamic Financial Centre
MLNG2	=	Malaysia Liquefied Natural Gas Project 2
MNCs	=	Multinational Companies
MPS	=	Management of Government Portal Services
MQA	=	Malaysian Qualifications Agency
MQF	=	Malaysian Qualifications Framework
MSC	=	Multimedia Super Corridor
MT	=	Metric Tonnes

MW	=	Megawatt
MyGDI	=	Malaysian Geospatial Data Infrastructure
NCDC	=	National Content Development Corporation
NCER	=	Northern Corridor Economic Region
NCIA	=	Northern Corridor Implementation Authority
NDTS	=	National Dual Training System
NGOs	=	Non-Governmental Organisations
NITF	=	National Implementation Task Force
NOSS	=	National Occupational Skills Standard
NRS	=	National Registry System
OSCs	=	One-stop Centres
PCN	=	Putrajaya Campus Network
PCs	=	Personal Computers
PDP	=	Personal Data Protection
PE	=	Population Equivalent
PEMUDAH	=	Special Task Force to Facilitate Business *(Pasukan Petugas Khas Pemudahcara Perniagaan)*
PERMATA	=	*Program Permata Negara*
PFI	=	Private Finance Initiatives
PNB	=	*Permodalan Nasional Berhad*
PPMS	=	*Program Pembangunan Masyarakat Setempat*
PPR	=	People's Housing Programme *(Program Perumahan Rakyat)*
PTPTN	=	National Higher Education Fund Corporation *(Perbadanan Tabung Pendidikan Tinggi Nasional)*
PUNB	=	*Perbadanan Usahawan Nasional Berhad*
PWDs	=	Persons with Disabilities
R&D	=	Research and Development
R&D&C	=	Research and Development and Commercialisation
RE	=	Renewable Energy
RECODA	=	Regional Corridor Development Authority
REITs	=	Real Estate Investment Trusts

RELA	=	People's Volunteer Corps *(Ikatan Relawan Rakyat Malaysia)*
RENTAS	=	Real-time Electronic Transfer of Funds and Securities
RSEs	=	Research Scientists and Engineers
S&T	=	Science and Technology
SCORE	=	SMEs Competitive Rating for Enhancement
SCORE	=	Sarawak Corridor of Renewable Energy
SDC	=	Sabah Development Corridor
SEDIA	=	Sabah Economic Development and Investment Authority
SMEs	=	Small and Medium Enterprises
SMIDEC	=	Small and Medium Industries Development Corporation
SMS	=	Short Messaging Services
SPAN	=	National Water Services Commisssion *(Suruhanjaya Perkhidmatan Air Negara)*
SPP	=	Project Monitoring System *(Sistem Pemantauan Projek)*
SSL	=	Self Sufficiency Level
SSO	=	Shared Services and Outsourcing
STPs	=	Sewerage Treatment Plants
TCM	=	Traditional and Complementary Medicine
TEKUN Nasional	=	*Tabung Ekonomi Kumpulan Usaha Niaga Nasional*
TEU	=	Twenty-foot Equivalent Units
TEVT	=	Technical Education and Vocational Training
TFP	=	Total Factor Productivity
TFSS	=	Task Force on Services Statistics
UDA	=	Urban Development Authority
UiTM	=	MARA University of Technology *(Universiti Teknologi MARA)*
UniKL	=	*Universiti Kuala Lumpur*
WTO	=	World Trade Organization
YEIDS	=	Youth Entrepreneur Indian Development Scheme
YUM	=	*Yayasan Usaha Maju*

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