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TRANSFORMATION PROGRAMME**

1. Hampir lapan bulan telah berlalu sejak saya malancarkan Program Transformasi Ekonomi pada 25 Oktober 2010. Dalam tempoh yang secara relatifnya agak singkat, perubahan ataupun transformasi ekonomi kita sudah pun mula kelihatan.

2. Jika kita melihat semula prestasi Keluaran Kasar Dalam Negara atau KDNK bagi suku tahun pertama 2011, adalah jelas bahawa ekonomi Malaysia berada di atas landasan yang betul dan stabil. Walaupun pertumbuhan KDNK berada pada tahap sederhana iaitu 4.6 peratus, pertumbuhan perbelanjaan dan pelaburan yang masing masing sebanyak 6.6 dan 6.5 peratus menggambarkan permintaan dalaman yang kukuh dan keyakinan para pengguna dan pelabur yang semakin meningkat.

3. Ini juga dapat dikukuhkan lagi dengan paras Index Sentimen Pengguna (atau Consumer Sentiment Index) yang melepasi tahap 100-mata pada 108.2 mata. Sementara itu, Indeks Keadaan Perniagaan (atau Business Conditions Index) pula meningkat ke 113.3 mata dari 99.5 mata pada suku tahun ke empat 2010, menggambarkan keyakinan golongan peniaga. Dari segi pelaburan, pelaburan swasta pula telah mengatasi pelaburan awam, berdasarkan pembentukan modal kasar tetap (*or gross fixed capital formation*). Berdasarkan prestasi ini, sasaran Kerajaan untuk mencapai pertumbuhan purata sebanyak 6.0 peratus setahun sehingga 2020 bukanlah angan-angan Mat Jenin tetapi satu realiti yang bakal kita rasai bersama.

Ladies and gentlemen,

4. Today, we have reached a new milestone. Including nine all-new initiatives and six recapped initiatives announced today, the Economic Transformation Programme has seen 50 per cent or 65 of its 131 Entry Point Projects taking off, represented by 87 initiatives.

5. Combined, these 15 initiatives within seven National Key Economic Areas (NKEAs) will account for about RM63.88 billion in investment, RM66.31 billion in Gross National Income (GNI) and 63,531 new jobs.

6. On a cumulative basis, the ETP has to date recorded RM170.28 billion in investment, RM220.15 billion in GNI and 362,396 new jobs.

Ladies and gentlemen,

7. Let us look at the all-new projects first, starting with two interesting initiatives under the Education NKEA.

8. The UCSI Group, parent organisation of UCSI University, is developing a 160-acre integrated health education cluster in Bandar Springhill, Port Dickson. The development will

comprise the first private teaching hospital in Malaysia, the 1,000-bed UCSI University Hospital, which will feature Malaysia's only anti-aging, aesthetics and regenerative medicine facility; a new UCSI University campus; the UCSI International School, offering the globally recognised International Baccalaureate catering to those aged three to 19; and a new five-star UCSI Hotel Springhill to provide patients, visitors and guests five-star accommodation and meeting facilities.

9. In addition, the health education cluster aims to become an international destination for medical tourism. The hospital will provide world-class healthcare services, including preventative medicine and rehabilitative medical procedures, while also offering patients a comfortable, resort atmosphere in which to recuperate.

10. The Group is expected to invest RM850 million by 2012, which will generate RM1.3 billion in GNI and 2,000 jobs by 2020.

11. In another initiative, a consortium comprising SEGi Education Group and eight other early childhood care education (ECCE) providers will upgrade qualifications of existing workforce to a minimum of diploma level, provide multiple and accessible training pathways, develop national programme standards for ECCE training as well as recruit new and qualified childcare providers and teachers.

12. In addition, SEGi Education Group will invest in an ECCE education hub in Greater Kuala Lumpur and satellite hubs in other parts of the country. The hubs will have facilities for teaching and learning, childcare and pre-school labs, early childhood simulation rooms, resource centre, research and development facilities, auxiliary services for children and family, spaces for seminars and conferences, hostels, as well as vendors providing ECCE products and services.

13. Fully operational by 2015, this investment is worth RM1.2 billion and will generate RM900 million in GNI and 30,000 jobs by 2020.

Ladies and gentlemen,

14. In the Healthcare NKEA, Sime Darby Healthcare Group is investing in the establishment of two specialist hospitals, Sime Darby Medical Centre Ara Damansara (SDMC AD) and Sime Darby Medical Centre ParkCity (SDMC ParkCity).

15. SMDC AD is a 220-bed specialist hospital dedicated to the management and treatment of heart, brain, spine and joint diseases. It is expected to commence operations in Q3 2011 and will feature three centres of excellence, namely the brain centre, heart centre and the spine and joint centre.

16. Separately, SDMC ParkCity is expected to start operations by the third quarter of 2012. The 300-bed hospital will be positioned as a centre of excellence dedicated to comprehensive women's and children's healthcare with focus on breast oncology, child development and the treatment of chronic diseases such as diabetes.

17. SMDC AD and Parkcity will cost RM240 million and RM40 million respectively, creating 1,539 new jobs by 2020.

18. The Agriculture NKEA initiatives this round will feature two star products, premium shrimps and swiftlet nests.

19. JEFI Aquatech Resources Sdn Bhd is spearheading an initiative to develop Malaysia as a leading shrimp producer for the global and halal market by developing agro-entrepreneurs in the rural areas of the country. The three main components of this project are the establishment of the Jefi Aquatech Centre and Jefi Aquatech Farm, which includes the development of Agro-Entrepreneur Programme.

20. JEFI Aquatech Centre is the processing plant which runs at capacity of 30 metric tonnes per day while the frozen warehouse is able to house 1,000 metric tonne worth of storage capacity. JEFI Aquatech Farm comprises a high-tech shrimp farm equipped with latest shrimp farming technologies and equipment, standard operating systems, intensive training and guidance on the operation and monitoring system. For the Agro-Entrepreneur Programme, local farmers will be given the priority to participate as contract farmers. Each farmer will be provided with ponds to cultivate shrimps under the management of JEFI, guided with appropriate operating procedures, best practices, supervision and training. JEFI will provide long-term entrepreneur contracts and guaranteed buy-back contracts at current market price.

21. The initiative will require RM375 million in investment, generating RM9.5 billion and 2,800 new jobs by 2020.

22. In another initiative, Yanming Resources Sdn Bhd is investing RM5 million to increase its edible bird's nest production capabilities. Yanming will increase mechanisation in the processing line, up to 60 per cent from the current 10 per cent.

23. The focus on automation will allow Yanming to tap into the global market for swiftlet nests worth RM10.2 billion annually, of which Malaysia is the second largest producer with RM1.5 billion in sales. Increased automation will also allow Malaysian producers to maintain their 20 per cent premium in the global market relative to Indonesia, the world's largest producer, due to consistent quality.

24. It is expected to create RM88.7 billion and 103 new jobs by 2020.

25. Moving on to the Communications Content and Infrastructure NKEA, VADS Berhad and Cisco has signed a collaborative agreement to build the first TelePresence Exchange infrastructure in Malaysia to offer Managed TelePresence Services to the private and public sectors in Malaysia and the region.

26. TelePresence is the next generation in video conferencing technology that allows virtual meetings to be conducted using life-size, high-definition video and spatial discrete audio. It enables real-time, face-to-face interactions that create an immersive collaboration experience.

27. This investment is worth RM11.3 million and 153 new jobs when it becomes operational in Q3 2011.

Ladies and gentlemen,

28. Currently, Tourism Malaysia organises three main annual sale events. To create stronger growth for the retail sector, the Unified Malaysia Sale will unite the three main sale events into one central, coordinated event. This year, the 1Malaysia Unified Sale will be introduced for the first time from 15 June 2011 till 31 August 2011.

29. It will offer discounts, incentives or added services in all sectors of the economy, including the service-orientated sectors. This will create greater spill-over effect, increase tourist arrival and spending, create more jobs and most importantly, increased business profitability.

30. The Ministry of Domestic Trade Cooperatives and Consumerism (MDTCC) is working closely with the Ministry of Tourism to ensure successful implementation of this project. In addition, the Ministries have engaged chambers of commerce and trade associations to ensure the participation of all sectors of the economy.

31. This effort is expected to create an annual incremental GNI of RM1.78 billion.

32. On average, based on findings from the ETP labs, Malaysia is 34 per cent more energy-intensive than peer countries. While we have ensured that the supply-side is stable and support sustained economic growth, we must re-examine the demand-side to make Malaysia more energy-efficient.

33. SAVE or Sustainability Achieved via Energy Efficiency, is a programme spearheaded by the Ministry of Energy, Green Technology and Water, to improve energy efficiency in Malaysia through five initiatives. The pilot initiative to stimulate sales of energy-efficient appliances by providing rebates for refrigerators, air-conditioners and chillers to qualified consumers, will be launched next month. This Government-funded initiative will cost RM50.2 million in 2011 and is expected to generate RM5.1 billion in GNI by 2020.

Ladies and gentlemen,

34. I would also take this opportunity to recap six initiatives that have been unveiled independently by the project owners since the last ETP update in April 2011.

35. First on the list is the Refinery and Petrochemical Integrated Development or RAPID spearheaded by PETRONAS, which I launched recently. Still at the detailed feasibility study stage, RAPID will have a refining capacity of 300,000 barrels per day and will be the largest green-field investment for PETRONAS in the downstream sector in Malaysia and in the Asia Pacific region. The recommended site at Pengerang, Johor is strategically located to access regional demand centres, international shipping lanes and deepwater port facilities.

36. The project involved an estimated investment of RM60 billion to generate an estimated RM45 billion in GNI by 2020. 20,000 jobs will be created during the construction stage with a further 4,000 jobs when it commences operations in 2016.

37. In a related development within the Oil, Gas and Energy NKEA, Bureau Veritas, a global leader in conformity assessment and certification services, has acquired Scientige Sdn Bhd, a Malaysian-based company specialising in asset integrity management services and risk and safety related services to oil and gas companies operating in Malaysia.

38. Through this acquisition, Bureau Veritas will strengthen its local presence by enhancing technology and knowledge transfers. The new organisation will also serve as the heart of its technical operations in Southeast Asia, providing services to Singapore, Thailand, Vietnam, Brunei and Indonesia.

39. Already in operations, the acquisition is worth RM24 million and will create RM111 million in GNI and 550 new jobs by 2020.

40. The Business Services NKEA received a further boost when AMD inaugurated a new global services centre in Cyberjaya. It is the first and only global services centre for AMD, and the company's third location in Malaysia, supporting business processes as well as finance, accounting and IT services for AMD worldwide.

41. This initiative involves an investment of approximately RM500 million and will create 616 jobs when it starts operations in Q4 2013.

42. In the healthcare space, Biocon is investing in a facility at BioXcell, a custom-built biotechnology park and ecosystem in Iskandar Malaysia, Johor. This will be the first manufacturing and development facility for Biocon outside India. The facility, which will be operational by 2014, will focus on developing and manufacturing biopharmaceutical products including recombinant proteins, human insulin and insulin analogues and other sterile drug products and their delivery devices.

43. Involving an investment of RM500 million, the initiative is expected to generate RM1.97 billion in GNI and 450 jobs by 2020.

Ladies and gentlemen,

44. The Malaysian Communications and Multimedia Commission (MCMC) and the Department of Veterinary Services Department of the Ministry of Agriculture and Agro-Based Industry, will develop, test and implement a new system and standards for detecting and tracking the delivery of swiftlet nests to the global market.

45. Using radio frequency identification (RFID) technology, swiftlet nests can now be traced throughout the entire supply chain to ensure consumer confidence, especially in China which is the largest market for the product.

46. Involving a government investment of RM45 million, this initiative is expected to create RM561 million in GNI and 100 jobs by 2020.

47. Last but not least, Konsortium Rangkaian Serantau Sdn Bhd, a consortium comprising 24 telecommunications companies, is working to lower the wholesale cost of international and domestic bandwidth capacity in order to reduce the price of broadband and improve the service quality of internet access to end customers.

48. The consortium has a two-stage approach. The first stage is to buy bandwidth capacity from existing bandwidth capacity suppliers in bulk and passing the savings back to the consortium members while the second stage is to build submarine cable systems for the members of the consortium.

49. The initial investment of RM240,000 from all members goes towards the paid-up capital of the consortium. The initiative is expected to create 1,220 jobs by 2020.

Ladies and gentlemen,

50. The Economic Transformation Programme has two critical components. The first are the 12 NKEAs that bring the much needed focus to our economic development. By focusing and investing in areas where Malaysia has significant competitive advantages, we aim to generate greater return on our investments in terms of GNI and incremental jobs. As you can see from the various initiatives announced so far, this part of the economic transformation is well on its way.

51. The Government also recognised that for Malaysia to sustain its competitiveness, policy reforms must be initiated. In this respect, the National Economic Advisory Council or NEAC, presented the Concluding Part of their New Economic Model or NEM, in December 2010.

52. 51 policy measures recommended under the NEM will be now be executed by PEMANDU in stages. This is the second component of the ETP. 14 of these policy measures have been placed under existing NKEAs and National Key Result Areas or NKRAAs, while the remaining 37 policy measures have been grouped in six Strategic Reform Initiative clusters, or SRIs: Public Service Delivery, Public Finance, Human Capital Development, International Standards and Liberalisation, Government's Role in Business and Narrowing Disparities.

53. These 37 policy measures have also undergone the lab process, which ended in April, to develop a detailed implementation programme. Many successful methods deployed by the NKEAs such as the entry point approach, performance indicator setting and governance structure will also be replicated for the SRIs. Further details on the execution of the SRIs of the NEM will be disclosed at the ETP Progress Update #7 next month.

Ladies and gentlemen,

54. With the SRI in place, the framework of Malaysia's economic transformation agenda is now in place. I have complete belief and confidence that the powerful combination of focus and competitiveness through the NKEAs and SRIs respectively will enable us to achieve our high-income nation target in an inclusive and sustainable manner by 2020, taking Malaysia into the club of developed nations.

55. We recognise that project-driven initiatives and investments cannot operate effectively without the necessary cross-cutting fundamental reforms. The execution of the SRIs will not only signal our resolve to truly reform economic policies but also bring about real changes that matter to businesses and ultimately, the *rakyat*, and all these will be done in the philosophy and spirit of 1Malaysia, People First, Performance Now.

In closing, I thank you for continued trust and support and I wish you all a pleasant afternoon ahead.

Thank you.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.