

By : **DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK  
PERDANA MENTERI MALAYSIA**

Venue : **Dewan Utama, Aras G, Blok Tengah, Kementerian Kewangan,  
Putrajaya**

Date : **26/05/2014**

Title : **MAJLIS KONSULTASI BAJET 2015 KEMENTERIAN KEWANGAN**

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh, Salam Sejahtera dan Salam Satu Malaysia

**Yang Berhormat Dato' Seri Ahmad Husni Mohamad Hanadzlah;**

Menteri Kewangan Kedua,

**Yang Berhormat Datuk Haji Ahmad Haji Maslan;**

Timbalan Menteri Kewangan,

**Yang Berhormat Tan Sri Dr. Mohd Irwan Serigar Abdullah;**

Ketua Setiausaha Perbendaharaan,

**Yang Berbahagia Tan Sri Dr. Zeti Akhtar Aziz;**

Gabenor, Bank Negara Malaysia,

Tuan-tuan dan puan-puan sekalian,

1. Selamat datang ke Majlis Konsultasi Bajet 2015. Bersyukur kita ke hadrat Allah SWT kerana dengan izin dan limpah kurniaNya, kita dapat

bersama dalam Majlis yang diadakan setiap tahun ini. Saya ingin mengambil kesempatan ini untuk merakamkan setinggi-tinggi penghargaan kepada semua pihak termasuk para hadirin sekalian serta mereka yang telah mengemukakan memorandum dan cadangan yang bernas dan pragmatik.

Tuan-tuan dan Puan-puan,

2. Pertamanya, saya ingin berkongsi bahawa Kerajaan akan sentiasa mengamalkan sikap terbuka dalam menerima segala pandangan dan cadangan sebagai input bagi penyediaan Bajet 2015. Justeru, Majlis seumpama ini adalah satu platform yang sangat penting bagi kita sebagai rakyat Malaysia. Pandangan dan input daripada setiap pelusuk masyarakat termasuk pertubuhan-pertubuhan industri dan badan-badan bukan Kerajaan akan dapat memberi gambaran yang lebih menyeluruh bagi mengatasi cabaran dan isu-isu semasa dalam memastikan pertumbuhan ekonomi terus kukuh. Kita mahu sebuah Bajet yang menyeluruh, all encompassing.
  
3. Untuk makluman para hadirin sekalian, setiap isu yang dibangkitkan dan cadangan yang dikemukakan akan diberi pertimbangan sewajarnya sebagai input dalam penyediaan Bajet 2015. Bajet 2015 ini dijadual untuk pembentangan di Parlimen pada 10 Oktober 2014.

Ladies and gentlemen,

4. The 2015 Budget is crucial since it is the final budget under the 10th Malaysia Plan (10MP), which will provide allocations for the remaining programmes and projects under the 10MP. It will also help to ensure a

smooth transition to the 11th Malaysia Plan which will provide the final push in transforming the country into an advanced and high income nation by 2020. In this regard, it is timely to re-focus our efforts and energy in the spirit of 1Malaysia to generate greater prosperity and enhance the well-being of the rakyat.

5. I am heartened to note that the Dasar Transformasi Nasional (to be consistent with PM's recent message at ETP/GTP) comprising among others, the Economic Transformation Plan (ETP) and Government Transformation Plan (GTP), has made significant progress towards strengthening the domestic economy, improving public delivery and enhancing the business environment. Efforts under the GTP has exceeded our expectations as the KPI for the seven NKRA's, vetted by an independent firm, recorded an average achievement rate of 104% in 2013.
  
6. I believe we are making progress, only which I feel that it has just not been communicated better to the ground. As a matter of fact, Malaysia has been improving over the years in international and independent global rankings. For example, only recently, our efforts was reflected in Malaysia's improved ranking from 15<sup>th</sup> to 12<sup>th</sup> position as reported in the latest IMD World Competitiveness Yearbook 2014, amongst others.
  
7. Our recent growth numbers also looks solid, making it very promising for us to have a respectable growth in 2014. We recorded a strong growth of 6.2% in the first quarter of 2014 supported by robust domestic economic activities and export. For the whole year, the economy is expected to grow more than 5% despite continued challenges in the global economic and financial environment.

Ladies and gentlemen,

8. As an open economy and a trading nation, we must continue to enhance the exports of goods and services. Export performance is expected to improve in 2014 supported by stronger demand from the recovery in developed countries. However, we are mindful that we are operating in a competitive global environment, particularly competition from emerging economies, who are rapidly catching up with us. Thus, we need to engage in higher value-added activities even faster so that we can retain our comparative advantage and remain ahead. We can achieve this by developing a strong entrepreneurial spirit in fused with the culture of innovation and creativity.
  
9. Towards this end, on the part of the Government, we have launched the 1Malaysia Entrepreneur (1MeT) last year to inspire, catalyse and cultivate the next generation of youth entrepreneurs to enable them to achieve breakthrough success in their respective ventures. In addition, we recently established the Malaysian Global Innovation and Creative Centre (MaGIC) as a one-stop centre, which will provide the necessary facilities for budding entrepreneurs. But as we all know, the Governments role would not be enough- it is the private sector that usually acts as the real catalyst and multiplier in sectors that require innovation and creativity. All in all, I hope these efforts will spur greater entrepreneurial activity and enhance Small and Medium Enterprises (SMEs) productivity, thus increasing its contribution from 32.7% currently to 41% of GDP by 2020.

Ladies and gentlemen,

10. While we are increasing our efforts to ensure that the economy continues to grow, we are also committed to see that our agenda for fiscal reforms does not get side-tracked. I will continue to be expansionary but not at the expense of our deficit. We expect to reduce the fiscal deficit to

3.5% this year and achieve a balanced budget by 2020. In this respect, the Fiscal Policy Committee (FPC) which oversees all aspects of fiscal management in the country has met several times since its inception in June of 2013. The FPC has extensively deliberated on several fiscal measures, which include the implementation of GST and subsidy rationalisation. In addition, the FPC plans to come up with a Medium Term Fiscal Framework which would spell out the strategies to ensure medium and long term fiscal sustainability.

11. In addition, we are also paying serious attention to the Auditor General's recommendation on improving efficiency in Government spending. In this regard, we are taking a holistic approach in order to ensure prudent financial management. Any malpractices, and shortcomings in Government administration will also be addressed effectively.
12. Notwithstanding the ongoing subsidy rationalisation, we recognise the difficulties faced by the rakyat in coping with the rising cost of living. In this regard, we have implemented various measures to help the lower and middle-income groups manage the situation and will continue to do so from time to time, accordingly.
13. To further address this issue, we are also looking into various measures under the 2015 Budget, which include increasing food production levels as well as curbing profiteering by the middlemen and speculative activities. The Ministry of Domestic Trade, Co-operatives and Consumerism will continue to step up enforcement and monitor prices more closely. In the longer term, we are also looking into ways of how the rakyat can be empowered through better education outcomes and continuous upskilling to increase productivity and earn higher real wages.

Ladies and gentlemen,

14. It is imperative that our policies and subsequently our growth does not marginalise any group. I have mentioned before that the sum of all individuals is greater than one. I recently just came back from a booming and progressive Kazakhstan; and while the country has a few years to go to catch up with us, its equality levels are respectable, in fact better than Malaysia. We must look at how our economy can be more inclusive, more equitable.

15. As you are also probably aware, the youth forms the largest portion of our population. These are the generation with technologies in their hands and with an array of education opportunities surrounding them. In driving this growth, we must acknowledge the importance of youth in playing their roles to build this nation. With the strength of 13.6 million youth or more than 48% of our total population, youth will inevitably, if not already, be the main force of our economy.

16. I also would like to take this opportunity to emphasise the importance of driving a balance between company profits and wages. Currently for Malaysia, wages as a percentage of GDP stands at 32.9% and this is considerably lower than the levels of developed nations, at an average of 40%. To sustainably attract, develop and retain the talent pipeline in our businesses, the private sector must continue to be increasingly inclusive in the sharing of the economic pie and our success, in line with productivity.

Ladies and gentlemen,

17. I would like to thank all of you again today for being here and to those who have submitted their input, covering macro, sectoral and social issues.

Today's consultation is part of a continuous process towards preparing for Budget 2015, and will be followed by a series of focus group meetings in the coming months to delve deeper into some of the issues raised and proposed recommendations.

18. Taking into consideration where we are now, I am glad to announce that the theme for this year's Budget Consultation - "**Accelerating Growth, Ensuring Fiscal Sustainability, Prospering the Rakyat**" or "**Merencanakan Pertumbuhan, Memastikan Kemapanan Fiskal, Mensejahterakan Rakyat**". Let us continue to work together for the betterment of the rakyat and the nation.

19. I look forward to a frank and productive discussion this afternoon. Lets together make Malaysia a success story.

Thank you.