

THE MINISTERIAL LUNCHEON FOR CORPORATE LEADERS
22/03/2012

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His Excellencies, Distinguished Guests, Ladies and Gentlemen;

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Sejahtera.

1. I am delighted to be here today amidst so many successful and established industry captains, with whom the Government of Malaysia recognized as the backbone of our resilient economic progress. The role played by the Malaysia Institute of Management (MIM) in development and promotion of management leadership and excellence in Malaysia is commendable and it is wonderful to see so many business leaders, some of whom are MIM alumni here today.

2. I cannot overstate the importance and value that our Government places on facilitating the corporate sector. This relationship is one not only of cold, hard economics, but also of warm, personal friendship. It is based on this premise that the Government of Malaysia initiated the Government Transformation Programme (GTP) in January 2010. The GTP forms the very social infrastructure foundation in which Malaysia's economic growth and prosperity will sit on. We saw the need for the Government to be efficient and nimble to meet the corporate sector demands.

3. Malaysia is now on a rapid course to ensure that we have the right and efficient public service delivery to fulfill our ambition of being a developed and high income nation by 2020 – which is some seven years away. This is not very far considering the amount of work we have to do. Improvements and investments in education, health, public safety and quality of life are necessary to ensure that no Malaysians are left behind. Ensuring a stable, transparent and corrupt-free business environment is necessary in order for us to remain globally competitive. All these are important for Malaysia as we double up our efforts to attract investment, drive productivity and innovate.

4. The GTP is essentially formulated to accelerate our performance in these areas, in order to achieve Vision 2020. It is based on the principles of 1Malaysia – People First, Performance Now. Broadly speaking, what it means is that the Government is focused on areas the Rakyat most want and need, while setting a new bar for government transparency and accountability.

Ladies and gentlemen,

5. Before I highlight some of the National Key Result Area (NKRAs) outcomes that the GTP has delivered, allow me to share with you the methodology behind the Government Transformation Programme. The GTP has been phased over 3 periods – Horizon 1 from 2010-2012, Horizon 2 from 2013-2015 and finally Horizon 3 from 2015-2020.

6. In Horizon 1, our immediate objective was to reengineer the 1.4 million civil service personnel to transform and deliver substantial outcomes to the Rakyat very quickly, by setting and achieving Olympic-sized targets within the National Key Result Areas (NKRA). Ministerial efficiency measures to improve government productivity were also implemented via the Ministerial Key Result Areas (MKRAs). Each Minister now keeps a Key Performance Indicators (KPI) scorecard and is subjected to a bi-annual review with the Prime Minister.

7. Speaking of KPIs, for the very first time in 2011, the Government of Malaysia, just like in the private sector, published an Annual Report on the GTP detailing the performance, challenges, shortcomings and outcomes of the work done in 2010. This is an annual commitment of the Government to engage the public and for us to be judged by our actions. This essentially forms the foundation in which we would like to restore the public and business community's confidence towards us, as a responsible Government. We are at the tail-end of Horizon 1 and already reviews as well as surveys are being carried out by PEMANDU on the effectiveness of our programme and to provide recommendation for deliberation and implementation to me, as the Chairperson of the Delivery Taskforce for the NKRA's.

8. By Horizon 2, the change within the government is expected to be more pervasive. The important aspects of daily life should have improved significantly. The economic structure of the economy should have evolved into higher value added sectors, in line with the Economic Transformation Programme, which is running concurrently and aligned towards the New Economic Model. The first shoots of a higher income nation should be emerging. Here I am pleased to add that we have shown strong growth in 2011, where the economy has recorded a 5.1% GDP growth, despite the serious Euro Zone Crisis and the US economic slowdown. So we are on the right track.

9. In Horizon 3, we are expecting the fundamental changes to Malaysian society as envisaged by Vision 2020 to emerge. Central Business Districts in key market centers are expected to have established themselves via the Regional Corridors and Cities Programme. We should be experiencing a new sense of being Malaysian by way of a higher level of prosperity and better public services. It is also expected that the Government would then be more compact, agile and work increasingly in partnership with the private sector to provide public services more efficiently. Innovative and Rakyat-centric models of public service delivery should be in place by then.

10. In fact, it is with this 1Malaysia vision that we have also been very careful to not neglect and leave anyone behind, especially those from the low income households and who live in the rural areas. The Government has been mindful to ensure and establish a robust Rural Basic Infrastructure NKRA to facilitate this. Complementing this is a 21st Century Village programme focusing on improving the rural economy which we hope to roll out in due course.

Ladies and Gentlemen,

11. We cannot solve away our problems in a blink of the eyes. To believe we can do so is a form of escapism. What is required is a willingness to face the situation head on. Failure to do so creates further instability and makes the problem even bigger.

12. Over the course of the last 24 months, although the Government has painstakingly put

evidence of what positive progress the GTP has delivered in the print media, be it in the mainstream media and in the annual report, certain Malaysians remain cynical on the impact of this progress.

13. Our efforts are bearing fruits. In the first year of implementation, the GTP's total achievement was an encouraging 121 percent against its target. I see them in the reduction of crime rates, the improvement in literacy and education, and in the urban transport work that we are doing. I see people's lives being changed for the better. For instance, under the rural basic infrastructure project, we built 997 kilometers of roads and we gave 72,406 households clean treated water to touch the lives of some three million Malaysians, a million more than we had in 2010.

14. We alleviated most of the hardcore poor from a state of impoverishment to a sustainable state via various 1Azam programmes to ensure they do not fall back into the hardcore poverty trap. Such was our concern that we decided to monitor the rising cost of living as a NKRA in July 2011. To that end, the Government decided to bring together all the welfare programmes under this NKRA so that we may be able to review past initiatives, monitor current welfare programmes, modify and implement targeted assistance to those in need.

15. The financial assistance that we provided through the Cost of Living initiatives are aimed to reduce the impact of rising food prices and possible economic downturn that is affecting not only Malaysia but on a global scale. The aim of this newest NKRA is simply to provide immediate relief to the Rakyat through quick measures, while formulating long-term strategies to address the rising cost of living.

16. Even prior to the roll out of this seventh NKRA, the government had already been playing a proactive role in countering the rising cost of living. From 2010 to July 2011 alone, we spent a total of RM36.7 billion on cash handouts, food and petrol subsidies and other forms of assistance to the Rakyat. Follow-on initiatives such as the 1Malaysia generic products, eKasih programmes, rural basic infrastructure improvements and government hospital subsidies, as well as a host of initiatives covered by other NKRA's all helped ease the Rakyat's burden.

17. In the urban area, we recognize that public transportation and public safety is an important issue. To that end, the Government through the Urban Public Transport NKRA has strived to ensure we meet the public demands. I have personally launched the first of 38 six car set (SES) for the KTM Komuter service early this month to alleviate passenger congestion. We are also decongesting the central business district in Kuala Lumpur by building new bus terminals in Bandar Tasik Selatan and in Gombak. Puduraya has also undergone extensive renovation. Let's not discount the fact that the MRT project is also underway.

18. To be economically sound and for Malaysia to be attractive to investment, we must be able to demonstrate our ability to arrest the incidences of crime. Prior to the Crime NKRA being initiated as part of the GTP programme in 2010, the crime incidences in Malaysia was on the rise between 2006 and 2009. Using those benchmarks and taking in consideration what we have done over the last 2 years, overall index crime has dropped by an average of 13 percent, while street crime dropped by an average of 37 percent. Having said that, please allow me to qualify, reduction in crime rate does not mean zero crime. We have to and we should remain diligent as crime involves the psyche of individuals or groups, something

beyond our control. What we can do is to ensure that the public is made aware and that the law enforcers do all things possible to ensure safety and security. As a whole, Malaysia is a safe country and this is acknowledged globally. The Global Peace Index cited Malaysia as being the safest and most peaceful in South East Asia, the 4th in Asia Pacific and number 19th globally. More detailed achievement of the GTP performance in 2011 will once again be announced by our PM on April 2nd.

Ladies and Gentlemen,

19. What I have shared with all of you are just but some of the many robust initiatives that the Government of Malaysia is implementing. These initiatives are not mere rhetoric but clear outcomes. Outcomes of which however only the targeted Malaysians would feel. For instance, if you're not a kampong dweller, you will not appreciate what is being done through our rural basic infrastructure. If you're not a daily public transport commuter, you may not recognize the improvements made. If you do not have children requiring pre-schooling, you will not appreciate the efforts being made to elevate the literacy and numeracy amongst the children in our country.

20. The business community meanwhile will benefit from an increase in ease and transparency in dealing with the Government. There will be more efficient infrastructure to do business and a higher quality workforce. The Government and the corporate sector are human constructs. They are energetic, dynamic forces but they need to be contained within a safe and effective system of control and regulation. If they are not, it can cause immense damage to economies and to the lives of real people as the previous Financial Crisis in the United States showed.

21. This is the evident reason for the being of the GTP Roadmaps. We are guided by them. However there will always be adversities, be it socio economic or fiscal. How do we overcome it? A good government needs to deliver; it needs to monitor trends and needs; it needs to be supported by a civil service moving in unison that is hard working, possessing self-confidence and a positive attitude. Central to any recovery must be a determination to restore the finances of this country to a sound footing. Many are concerned with the impact of the weakening global economy and the Eurozone debt crisis on Malaysia on the whole and the GTP in particular. I believe Malaysia has relatively exercise better fiscal discipline. Hence, among the 51 Strategic Reform Initiatives (SRI) under the GTP is one called the Public Finance SRI. The aim of this policy is to maximize revenue generation and cost savings over a period of five years. This will allow the government to manage contingencies, pay its debts and invest for the future.

22. We have to be honest with ourselves. We are not in a place we desire to be yet. There is an urgent and compelling need to bridge the gap between spending and revenue. This is why the government is undertaking a comprehensive review of all government spending and the need to rationalize subsidies. We must ensure that every ringgit we spend is spent wisely and delivers positive outcomes to the public and business community at large.

23. I think we all need to reflect on what has happened to our economy in recent years and draw the necessary lessons. But what we have succeeded from an economic standpoint is commendable and I attribute it in no small part to all of you here today. Many economic indicators have also illustrated that our country is moving in the right direction. For example, Trade hit a record high of RM1.27 trillion in 2011; Foreign Direct Investment grew by 12.3

percent to RM32.9 billion in 2011; Private Investment grew by 17.3 percent to RM75.9 billion in 2011.

24. Globally, Malaysia is recognized by various organizations such as the World Economic Forum Global Competitiveness Report and World Bank Ease of Doing Business Report as having improved in our global ranking. The A.T. Kearney Global FDI Confidence Index also cited we rose to 10th position, up 11 spots.

Ladies and Gentlemen,

25. When we started the Transformation journey, Malaysia was at a crossroad. We made a conscious decision to transform. We didn't think it was going to be easy. It will not get any easier. There will be tough decisions and a lot of hard work ahead. But we take comfort that the progress are being made. Slowly but surely the people and the business community are feeling the positive changes over the last 24 months.

26. I want to conclude by stating that persistence and determination are omnipotent. The term "press on" has solved and will always solve the problems we may face. I would like to think that this is what modern governance is about – pressing on, finding practical solutions to real problems. And more importantly to press on in the face of adversity and uncertainties. Thank you.