

**TRANSLATED FROM THE ORIGINAL SPEECH IN BAHASA MALAYSIA
IN CASE OF DISCREPANCY, THE BM VERSION WILL PREVAIL**

**THIRD MADANI
BUDGET 2025
SPEECH**

BY

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PRIME MINISTER AND MINISTER OF FINANCE**

**INTRODUCING
THE SUPPLY BILL (2025)**

IN

**DEWAN RAKYAT
FRIDAY, 18 OCTOBER 2024**

**BELANJAWAN 2025:
REINVIGORATING THE ECONOMY, DRIVING REFORMS, AND
PROSPERING THE *RAKYAT***

Mr Speaker Sir,

I beg to move the Bill intituled “An Act to apply a sum from the Consolidated Fund for the services of the year 2025 and to appropriate that sum for the services of that year” be read a second time.

PREAMBLE

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Sejahtera.

1. I shall open this Budget presentation by invoking the sacred words of Allah Subhanahu Wa Ta'ala, as revealed in Surah Al-Baqarah, verse 22:

الَّذِي جَعَلَ لَكُمُ الْأَرْضَ فِرَاشًا وَالسَّمَاءَ بِنَاءً وَأَنْزَلَ مِنَ السَّمَاءِ مَاءً فَأَخْرَجَ بِهِ مِنَ الثَّمَرَاتِ رِزْقًا لَكُمْ فَلَا
تَجْعَلُوا لِلَّهِ أَنْدَادًا وَأَنْتُمْ تَعْلَمُونَ

“It is He who made for you the earth a bed spread out and the sky a canopy, and sent down from the sky rain and brought forth thereby fruits as provision for you. So do not attribute to Allah equals while you know [that there is nothing similar to Him].”

2. Imam al-Baydawi, in his seminal Quranic interpretational work “*Anwar al-Tanzil wa Asrar al-Ta’wil*”, insists upon the divine authority of Allah SWT in orchestrating the universe with pristine order. The natural laws of the world must be observed, as the cycle of rain from the heavens serves as a crucial prerequisite that nurtures vegetation and bestows countless benefits upon humankind. All of this has been created by Allah SWT so that mankind may observe, reflect, learn, cultivate, and manage it with utmost responsibility. Without the elevation of knowledge, wisdom, and strategic planning, we shall not be able to reap the benefits from this blessed earth.

3. Thus, we must contemplate the profound wisdom of the Quranic guidance. Interwoven with the command to express gratitude for the sustenance bestowed by Allah SWT, the Quran underscores the imperative of cultivating a robust and sustainable ecosystem, along with efficient governance, to manage the wealth of natural resources equitably and justly.

“The virtue of wealth is not to have it but to use it rightly.”

(Aristotle; Nicomachean Ethics, Book IV)

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Mr Speaker Sir,

4. In the moment before presenting the Third MADANI Budget 2025, I wish to take this opportunity to extend my utmost appreciation to all Honourable Members of Parliament who, just yesterday, pledged their unwavering support for an unprecedented decision to amend the Constitution, granting greater clarity and fairness on the matter of Citizenship. First, it proves that when the most pressing matters of the *rakyat* are at stake, unity can be forged across partisan lines. Second, it marks the recognition of the rights of mothers and children, breaking through parochial mindsets.

5. On to the main agenda at hand, with a deep sense of responsibility to the country and the *rakyat*, I stand before this august House to present the Third MADANI Budget 2025. This Budget has been conceived through the toils and wisdom of policymakers, who have carefully assessed the increasingly violent complexities and chaos afflicting the global landscape.

6. The Budget that is set to be unveiled in a matter of moments shall embrace and reflect the noble aspirations of the *rakyat*, who have longed for a system that is efficient, sustainable, and inclusive.

7. Upon crafting this Budget, the Government's inherent focus is trained on enacting reforms that shall foster sustainable growth. As the world debates and scrambles to galvanise growth, it must not turn a blind eye to the deepening issues of poverty and widening inequality.

8. With this in mind, the core structure of this Budget is designed to bring forth invigorating growth for the nation, nourished by the continuous flow of knowledge and development, always moving to meet the demands of modern times. All the while, it remains firmly rooted in the nation's innate commitment to uplift the *rakyat*'s quality of life through education and healthcare. This is the overarching vision of the **Ekonomi MADANI: Memperkasa Rakyat** framework that we have launched, and we strive indefatigably to advance the reform agenda for the nation.

On-ground Engagements with the *Rakyat*

Formulating economic policies, including the Budget, often revolves around expert analysis and engagement with economic managers, as well as dialogue with entrepreneurs, industries, and representatives of small businesses. However, it cannot be denied that many valuable lessons have been gained from my direct engagements with the *rakyat*.

Visits to the grassroots have helped me gain a deeper understanding of the challenges faced by the *rakyat*. In preparing this year's Budget, we

have seen with our own eyes the challenges faced by the *rakyat*, arising from riverbank erosion and floods, access to education and healthcare, or various social issues. When closely examined, these are simply microcosms of broader systemic problems. Ergo, alongside the macroeconomic initiatives crafted in the Budget, the critical question remains: how will robust policies and sophisticated frameworks ensure direct benefits to the *rakyat*?

Lahad Datu, Sabah

9. Two months ago, I visited the FELDA settlement in Lahad Datu. This naturally brought me to Tanduo, a district once scarred by the infamous insurgent attack. Memories from the incident began to resurface; the sacrifices made by our soldiers, and the patience and support emanating from the *rakyat*. Soldiers from Peninsular Malaysia have given their lives defending the nation in Sabah and Sarawak, just as soldiers from Sabah and Sarawak have sacrificed their lives in the Peninsular. Issues regarding native customary land rights were raised, eventually culminating in a resolution for the residents of Tambisan. I also pledged that we would meet the needs of the national primary school there.

Pasar Siti Khadijah, Kelantan

10. I visited Pasar Siti Khadijah to see with my own eyes the market's decrepit condition. The worn roof, unkempt lavatories, and the inadequate supply of electricity and water continued to burden visitors and traders alike, all while they must remain vigilant against the lurking threat of flooding. Yet, the locals remain resilient and spirited. Remarkably, this was the only market where traders expressed that the strengthening of the ringgit had led to lower costs for their goods, as they source supplies from Thailand, whose baht has recently weakened against the ringgit. The Government has since announced an allocation of RM5.5 million to improve the conditions of this iconic market.

Kapit, Sarawak

11. I recently travelled to Kapit to review the progress of various development projects, including the construction of the new Kapit District Police Headquarters (IPD) and improvements to road connectivity in this remote and impoverished district. I was deeply moved by the gesture of a lady from a nearby village who gifted me a vest adorned with beads, which she had woven herself. Equally humbling was the traditional attire presented to me by the head of the local Iban community. This reflects the profound spirit of *Segulai Sejalai* that is firmly embedded within the grassroots. Following the event, I

visited Robert Longhouse in Nanga Sebatu to meet with local leaders, the tuai rumah, and the wider community. A total of RM2 million has been approved for efforts to address the issue of riverbank erosion near the longhouse along the Sungai Rajang.

Alor Setar, Kedah

12. Floods typically devastate crops, and those most affected are often the impoverished families residing along riverbanks. To address this, RM13 million has been allocated for the repair of damaged infrastructure and basic facilities, along with essential aid for those impacted.

13. Thus, to bring Ekonomi MADANI to life, the policy levers that followed were crafted with the clear intention of steering Malaysia onto a stronger and righteous path.

- *We have outlined our economic direction through:*
 - The New Industrial Master Plan 2030 (NIMP 2030);
 - The National Energy Transition Roadmap (NETR);
 - The National Semiconductor Strategy (NSS);
 - The KL20 Action Plan (KL20); and
 - Bumiputera Economic Transformation Plan 2035 (PuTERA35)

- *We are managing our fiscal policy through:*
 - The Public Finance and Fiscal Responsibility Act;
 - The Public-Private Partnership Master Plan 2030; and
 - Targeted subsidies.

- *We are dedicated to upholding governance and integrity through:*
 - The National Anti-Corruption Strategy 2024 – 2028;
 - Amendments to the Audit Act 1957; and
 - Efforts to Reform Bureaucratic Inefficiencies.

14. In the current global economic climate, laden with complexities, the Government shall exert every effort to ensure the nation's economy remains resilient and competitive. At the same time, this will reinforce the country's economic fundamentals, providing a strong foundation to withstand any turbulence that could destabilise the economic system.

15. Additionally, the Bill tabled today shall serve as a starting point to correct course, lest we risk perpetuating systemic poverty and inequality. Should we succeed in addressing this social malady with wisdom and prudence, we shall undoubtedly achieve equity, paving the way for uniting the diverse peoples of this blessed nation.

16. This year, the Nobel Economic Sciences prize was awarded to Daron Acemoglu, Simon Johnson, and James A. Robinson. This triumvirate of scholars was recognised for their success in empirically demonstrating that a country’s success – or failure – is inextricably linked to the strength of its institutions and fealty to the rule of law, or lack thereof. This, in turn, lends further credence to the French economist Thomas Piketty’s argument a decade ago that unchecked inequality could threaten democracy.

17. To reverse this metastasising inequality, the prescription offered by these scholars is simple: reforms – the same clarion call I have exhorted since my first tenure as Finance Minister more than two decades ago. I remain staunchly committed to this cause. While the rich swim in their ever-growing fortunes, the poor continue to sink deeper into the abyss of poverty. Therefore, I extend my deepest gratitude to Acemoglu, Johnson, and Robinson for breaking down this long-standing barrier and underscoring the urgency of reform.

18. Marcus Tullius Cicero, an eminent statesman of ancient Rome, observed that “prosperity demands more prudence and moderation than adversity.” To live up to this maxim, it is crucial for us to adopt prudent fiscal management as the foundation of our efforts to steer the country back onto the right path. Excessive spending has become the norm for

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many former colonies, who have inherited the mindset of their conquerors to “spend big to win big,” with little regard for long-term consequences. As a result, any prosperity they achieve is inevitably fleeting and unsustainable, while the debt burden continues to swell, snowballing in size and gravity as it is passed down from one generation to the next.

19. Consequently, we must have the resolve to turn the spigot off excesses and leakages, while simultaneously ensuring that the *rakyat* do not suffer due to a lack of resources.

20. As it stands, Malaysia is now at a critical crossroad. Though the global economy continues to face relentless challenges, the policies and strategies implemented thus far have positioned Malaysia as a preferred destination for large-scale strategic investments, ensuring long-term prosperity for the nation.

21. In the same spirit, the Government, through this Budget, will place greater emphasis on economic recovery efforts, harnessing innovation, and ensuring a more equitable and fair distribution of wealth. With this focus, it will indirectly strengthen the nation’s resolve to build a green, digital, and resilient future, while continuing to protect the vulnerable and

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destitute, ensuring that no one is left behind in our pursuit of becoming a high-income nation.

22. Upon assuming office, the MADANI Government set a clear trajectory to move forward, leaving behind the irredeemable and indefensible excesses of the past. Ergo, the principles of good governance must take root, be carefully nurtured, and tended to, so they may blossom and flourish.

23. We do not wish for the top leadership, political chieftains, entrepreneurs, civil servants, or the *rakyat* to be seen as detached from a framework that strives solely to elevate the dignity of the people. This is no mere Budget from the Ministry of Finance; it is a Budget dedicated to the *rakyat*. Ergo, I summon the collective strength of the nation, as I have articulated before, for there has never been a better moment than now to outline an agenda for an economic renaissance and to uplift the *rakyat's* dignity. Malaysia must be known for exemplary governance, principled leadership, and an unwavering commitment to integrity, where power and position are never abused to shield vested interests. With utmost humility, I stand before you to present this Budget, aspiring that its purpose and benefits for both the *rakyat* and the nation will be embraced and understood.

ECONOMIC PERFORMANCE AND CHALLENGES

24. Although the incessant geopolitical strife has wreaked further havoc on the global economy, our nation's fundamentals remain relatively resilient and, in fact, continue to gain strength.

- The economic growth in the second quarter of 2024 reached 5.9%, compared to 4.2% in the first quarter.
- As of August 2024, the unemployment rate has decreased to 3.2%, marking the lowest rate since January 2020.
- The inflation rate in August 2024 eased to 1.9% after holding steady at 2% for three consecutive months. Nevertheless, we remain resolute in our commitment to alleviating the burden of rising living costs on the *rakyat*.
- Last year, we set a historic milestone by achieving RM329.5 billion in approved investments, the highest ever recorded. In the first half of 2024, we have secured RM160 billion in approved investments, a notable increase from RM135.6 billion in the corresponding period.

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- The ringgit has been recognised as the best performing currency globally. The concerted efforts of all stakeholders have led the ringgit to strengthen by 14.4% against the US dollar in the third quarter of 2024, representing the most significant rate of appreciation since 1973.
- This year marks a historic milestone as the market capitalisation of domestic equities surpassed RM2 trillion, while the FBM KLCI Index has again exceeded the 1,600-point threshold.
- We have successfully reaffirmed our sovereign credit ratings with Moody's, S&P Global, and Fitch at A3, A-, and BBB+, respectively, with all maintaining their "stable" outlook.
- Leading global investment and brokerage firms have upgraded their outlook on the Malaysian equity market, with JP Morgan and HSBC assigning a 'neutral' rating, Goldman Sachs upgrading Malaysia to 'equal weight', and Nomura, 'overweight'.

25. The Gross Domestic Product (GDP) for 2024 is forecast to be more robust, projected between 4.8% and 5.3%, as opposed to the earlier estimate of 4% to 5%. The World Bank has also revised upwards its growth projection for Malaysia to 4.9%, from the previous 4.3% announced in April.

26. In 2025, we anticipate that Malaysia's real GDP will expand by 4.5% to 5.5%, supported by the measures and strategies of the Third MADANI Budget 2025.

27. It is beyond dispute that our successes hitherto owe much to regional developments and our sound fiscal policies. Yet, we must not be inebriated by this initial wave of success. Should we stray from our commitment to reform, we risk losing the ground we've gained. The culture of complacency must end, and it must end decisively.

28. Ergo, the Third MADANI Budget reinforces our commitment to realise the followings:

- advancing Ekonomi MADANI;
- pursuing more resolute reforms;
- eliminating bureaucratic inefficiencies;
- raising wages and incomes;
- addressing the rising cost of living.

29. Ultimately, the initiatives unveiled today are geared towards achieving each benchmark of the *Ekonomi MADANI*, with three key

focus areas: Reinvigorating the Economy, Driving Reforms, and Prospering the *Rakyat*.

I. DRIVING REFORMS

30. To get reforms to take root, we must ensure that our reform agenda is firmly grounded in the belief that it must be strengthened. The reform agenda is being ramped up, including a more aggressive approach to fiscal reforms, institutional restructuring, and enhancing the efficiency, agility, and quality of public services.

MEASURE 1: FISCAL RESPONSIBILITY & DEBT MANAGEMENT

31. The Public Finance and Fiscal Responsibility Act 2023 (FRA) sets clear objectives for the management of public debt and fiscal deficit.

32. The MADANI Government has inherited a substantial debt burden. As of last year, the overall Federal Government debt stood at RM1.2 trillion, or more than 64% of GDP. When liabilities are included, this amount escalated to nearly RM1.5 trillion, accounting for 80% of GDP. For every ringgit of revenue collected, 16 sen is allocated solely for servicing debt interest, and this does not even include the repayment of the principal.

33. Debt level will remain on an upward trajectory unless the deficit is reduced. In response, the Government has taken firm and gradual measures aimed at consistently lowering the deficit, including:

- from 5.5% (2022);
- to 5% (2023);
- subsequently estimated at 4.3% (2024);
- and a target of 3.8% (2025).

34. In other words, the new are expected to continue decreasing:

- from approximately RM100 billion (2022);
- to more than RM90 billion (2023);
- subsequently estimated at about RM85 billion (2024);
- and a forecast RM80 billion (2025).

35. The gradual reduction of the deficit and new borrowings annually will enable us to reach the FRA's medium-term target of a fiscal deficit at 3.0% and a debt ratio below 60% of GDP.

MEASURE 2: REVENUE COLLECTION

36. Revenue projection for this year has been revised higher to RM322 billion, surpassing the initial budget estimate of RM308 billion. The Government anticipates revenue collection in 2025 to increase further to RM340 billion.

37. We are grateful for the marked increase in revenue collection. However, the revenue base is still low, ranking among the lowest, whereas subsidy expenditure has soared to the highest in Asia.

- There is a crucial need to widen the revenue base, as the country's tax-to-GDP ratio of 12.6% remains significantly lower in 2023 compared to regional peers such as Thailand (16.1%), the Philippines (14.1%), and Singapore (13.7%).

- Worse, we incurred subsidies, incentives, and assistance amounting to RM80 billion last year, which also benefited wealthy individuals and foreign nationals

38. Ergo, the fiscal reforms planned for the coming year will be more vigorous and comprehensive. These reforms will include a progressive expansion of tax revenue and targeted subsidies aimed at ensuring support primarily reaches the *rakyat* in need.

MEASURE 3: EXPANDING THE REVENUE BASE

❖ *Enhancements to the Sales and Service Tax*

39. To enhance revenue and broaden the tax base, the Sales and Service Tax (SST) will be implemented in a more progressive manner, to avoid undue burdens on the *rakyat*.

40. Essential food items consumed by the *rakyat* will be exempt from Sales Tax. However, Sales Tax will be imposed on non-essential goods, particularly imported premium products such as salmon and avocados.

41. The scope of the Service Tax will be extended to include commercial services, particularly businesses that operate on a fee-based model.

42. To ensure the continuity of businesses, the Government will conduct engagement sessions with stakeholders and relevant industries prior to finalising the scope of the expansion and the applicable tax rates. The progressive extension of the SST scope will be effective from 1 May 2025. A proportion of the revenue collected will be directed towards enhancing cash assistance for the *rakyat*, as well as improving the quality of education and healthcare services.

❖ *Dividend Taxation*

43. The Government plans to progressively broaden the tax base with the introduction of dividend taxation at a 2% tax on dividend income exceeding RM100,000 received by individual shareholders, effective from the year of assessment 2025. This initiative aims to ensure that the income tax revenue collected does not depend exclusively on contributions from salaried individuals but also encompasses contributions from company owners and individuals with significant equity holdings.

44. Consideration will be given to exempt dividend income from government savings, including the Employees' Provident Fund (EPF), unit trusts under Permodalan Nasional Berhad (PNB), as well as foreign dividend income.

MEASURE 4: TARGETED SUBSIDIES

45. Subsidies, in principle, are akin to charity — and *ipso facto*, should not be exploited by the upper crust of the society. Historically, we have allocated subsidies broadly across various sectors, including fuel, electricity, water, education, healthcare services, and even essential items like chicken. However, we must acknowledge that this approach is imprudent, particularly as our nation grapples with a substantial debt burden and a limited revenue base.

46. As wisely expressed by Confucius in The Analects:

过而不改，是谓过矣 (*Guò ér bù gǎi, shì wèiguò yǐ*)

“If you make a mistake and do not correct it, this is a true mistake.”

47. This fatal mistake, according to Confucius, is what will entrap us in a vicious cycle of, ‘一错再错, or one mistake after another!

48. Thus, the Government has adopted a bold approach, taking the road less travelled by pivoting towards targeted subsidies and moving away from broad-based expenditure. This initiative has generated

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significant savings that can be channelled towards other priorities, including:

- The targeted subsidies for electricity in 2023 generated annual savings of RM4 billion. This initiative affects only customers consuming more than 600 kilowatt-hours, who will pay the full rate without subsidy, while 85% of the population will continue to enjoy subsidised rates.
- Water tariff adjustments have been implemented this year to meet the demands of almost all states, including those led by the Opposition.
- We have fully floated the price of chicken, relieving the Government from the need to spend RM1.2 billion annually on chicken subsidies.
- The implementation of targeted subsidies for diesel is expected to generate savings of up to RM4 billion annually. This approach does not undermine the welfare of the public and smallholders, given that we are offering RM200 in monthly cash assistance through the BUDI MADANI programme. Additionally, selected logistics sectors, fishermen and selected public transportation services will remain eligible for subsidised diesel.

The targeted subsidies of diesel initiative have successfully mitigated leakages stemming from smuggling and misuse by ineligible business

sectors. Since its inception, subsidised diesel sales have dropped by 30%, generating monthly savings of more than RM600 million, while subsidies continue to be offered to public transport, fishermen, and the logistics sector. Additionally, the pump price has been reduced by 40 sen per litre to RM2.95.

49. The Government will not, under any circumstances, disregard the *rakyat* at large. Targeted subsidies aim to address the distortions caused by blanket subsidies, which have previously benefited only a small group of wealthy individuals and foreign nationals.

❖ *RON95 Targeted Subsidies*

50. Wealthy individuals, foreign nationals and businesses, constituting 15% of consumers, disproportionately benefit from 40% of the RON95 subsidy, amounting to RM8 billion. It must be emphasised that the RM8 billion saved from this leakage will be rechannelled towards improving education and healthcare facilities, as well as public transportation.

51. At present, the price of RON95 per litre in Malaysia is RM2.05, compared with neighbouring nations, including Thailand (RM5.85), Indonesia (RM3.38), Singapore (RM9.02), and Saudi Arabia (RM2.66).

This low pricing has placed a significant burden on the Government, with subsidies for RON95 amounting to RM20 billion in 2023.

52. The Government remains committed to providing subsidies for the majority of the *rakyat*. Similar to the targeted approach for electricity, this will ensure that 85% of the population continues to benefit from subsidised prices. To dispel any confusion, I wish to firmly restate that 85% of the population will continue to benefit from subsidies. This means that the price of RON95 will remain at RM2.05 per litre, with around RM12 billion in subsidies allocated to support the majority of the *rakyat*.

53. The Government plans to implement targeted subsidies for RON95 petrol in mid-2025. The savings generated from this will be used to enhance the well-being of the majority of the *rakyat*.

❖ *Targeted Subsidies for Education & Healthcare*

54. The primary objective behind the establishment of full boarding schools (SBP) was to provide top-tier education to academically gifted students from underprivileged and remote areas. Recent trends indicate that 30% of students enrolled are from high-income households, with the Government spending an average of up to RM15,000 annually for each student.

55. Similarly, at the tertiary level, the average annual tuition fee paid by undergraduate pharmacy students is RM3,000, compared to the total cost of their education, which amounts to RM30,000. This subsidy is granted irrespective of the household's income.

56. A phased reduction in education subsidies for the top 15% income earners could allow the Government to reallocate the funds for improving the infrastructure of SBP and public higher education institutions (HEIs), benefiting all students.

57. Similar targeted subsidies will also be extended to public healthcare services. Higher-income individuals should contribute to improving healthcare services at government hospitals. The savings generated can be utilised to fund medical devices for underprivileged patients and upgrade equipment in public hospitals and clinics.

❖ *Enforcement*

58. Between 2022 and September 2024, the Ministry of Domestic Trade and Cost of Living (KPDN) and the Royal Malaysian Customs Department (JKDM) successfully dismantled smuggling syndicates, with confiscations amounting to nearly RM2 billion. KPDN and JKDM have

been allocated RM60 million to continue their efforts in combating the leakage of public funds.

59. As of September 2024, the Malaysia Competition Commission (MyCC) has effectively dismantled cartel dominance and bid rigging, imposing penalties amounting to nearly RM600 million across more than 350 companies. A sum of RM27 million has been allocated to the MyCC to further combat cartel dominance.

MEASURE 5: BUDGET 2025 ESTIMATES

60. The Government continues to adopt an expansionary budget approach while remaining committed to gradually narrowing the fiscal deficit. The Budget estimate 2025, amounting to RM421 billion, is the largest ever tabled, comprising RM335 billion for operating expenditure and RM86 billion for development expenditure, excluding RM2 billion earmarked for contingency reserves.

61. In addition to the development expenditure provided by the Federal Government, a private-finance initiative (PFI) project valued at RM9 billion has also been implemented, together with direct domestic investments by government-linked investment companies (GLICs)

amounting to RM25 billion. As a result, total public investment for the purpose of development in 2025 will amount to RM120 billion.

MEASURE 6: INCLUSIVE DEVELOPMENT

62. Now is not the time to implement mega projects. The focus must be on financing projects that are *rakyat*-centric and the facilities that support the industrial areas according to state priorities. Among them are:

- Perak:**
- (1) Kerian Integrated Green Industrial Park (KIGIP) as the first high-tech green hub in Southeast Asia developed in partnership between SD Guthrie and Permodalan Nasional Berhad (PNB).
 - (2) Raw Water Transfer project from Sungai Perak for the water supply in northern Perak and Penang.
 - (3) Automotive High-Tech Valley (AHTV) in Tanjong Malim as the nation's automotive hub, spearheaded by Proton and Geely.
 - (4) Lumut Maritime Industrial City (LuMIC) as a regional maritime industrial hub.

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Pahang: (1) High-priority flood mitigation projects involving rivers in Pahang.

(2) The construction of the Cameron Highlands Bypass, upgrading the road from McDonald's Roundabout to the Brinchang Junction.

Johor: (1) Third phase of the North-South Expressway (PLUS) expansion, increasing from four to six lanes on the Simpang Renggam-Machap stretch.

(2) The Johor-Singapore RTS project which is expected to be operational in 2027.

(3) The construction project of a riverbank barrage and water reservoir at Sungai Sedili Besar, Kota Tinggi.

Kelantan: (1) Construction of the Machang Water Treatment Plant

(2) Sultan Ismail Petra Airport, Kota Bharu runway extension project.

Melaka: (1) Construction of an elevated U-Turn and a Direct U-Turn from the Pulau Gadong crossroads to the Taman Cheng Perdana crossroads, Melaka Tengah.

(2) Construction of Pasar Besar Melaka Sentral.

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Perlis: (1) Road construction project connecting Jalan Pesisir Pantai to Kuala Sanglang as well as the upgrading of Jalan Persiaran Wawasan, Kangar from two to four lanes.

(2) Upgrade work on the Control Post and construction of a new block at Immigration, Customs, Quarantine and Security (ICQS) Wang Kelian Complex.

Selangor: (1) Rancangan Tebatan Banjir Sungai Langat 2.

(2) The expansion of Port Klang aims to realise the aspiration of becoming one of the world's top 10 ports. The Government will also widen the roads at the Pulau Indah Ring Road and North Port Klang.

Selangor: (1) Flood Mitigation Project, Sungai Langat 2; and
(2) Westports 2, Klang expansion as maritime and global logistics hub.

Kedah: (1) The expansion of Kulim Hi-Tech Park to host semiconductor players such as Infineon Technologies AG.

(2) Construction of an additional block at Hospital Kulim.

Kuala Lumpur: (1) Restore and revitalise Sultan Abdul Samad building, Stesen Kereta Api Kuala Lumpur building and Carcosa Seri Negara by Khazanah.

(2) Istana – Kiara Highway Project (LIKE) from Jalan Duta to Jalan Istana.

Negeri Sembilan: (1) Upgrade of Jalan Bahau-Keratong, Jempol Project.

(2) Upgrade of Kuala Sawah Regional Sewage Treatment Plant.

Pulau Pinang: (1) Penang LRT.

(2) Penang International Airport expansion project.

(3) Batu Kawan Industrial Park 3 (BKIP3) project.

Terengganu: (1) Flood Mitigation Project for Sungai Tepoh and Banggol Air Lilih, Kuala Nerus.

(2) Cypark Solar Hybrid Power Plant, Merchang.

(3) Kenyir Hybrid Hydro-Floating Solar Farm and green hydrogen hub projects.

63. The MADANI Government is sincere in honouring all commitments made by previous leaders under the Malaysia Agreement of 1963. This should not give rise to disputes over the attention given to Sabah and Sarawak, as ideally, there should not be stark disparities in state developments, especially in basic infrastructure like roads, electricity, and clean water. Therefore:

- The development allocation for Sabah dan Sarawak are the highest among the states, which is RM6.7 billion and RM5.9 billion, respectively.
- The special grant to Sarawak had not been reviewed since 1969. Under the MADANI Government, we increased the rate to RM300 million each for Sarawak and Sabah this year, from RM16 million (Sarawak) and RM125.6 million (Sabah). Beginning 2025, the Government has agreed to double the rate of the special grants to Sarawak and Sabah, to RM600 million each.
- Letters of Acceptance (SST) have been issued for 17 work packages of the Pan Borneo Sabah Phase 1B with a combined contract value of RM9.7 billion. These works cover the areas of Kota Belud to

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Kudat; Tawau to Kampung Lot M and Telupid to Ranau. Meanwhile, Pan Borneo Sarawak is expected to be completed by November 2024. In total, the Pan Borneo Sarawak and Sabah Project carries a total cost of RM25.1 billion.

- The Government has finalised four Sabah Sarawak Link-Road (SSLR) Phase 2 work packages valued at RM7.4 billion. Two packages have been awarded, while the remainder is planned for by year-end.

- The Government has agreed to carry out the expansion projects for Tawau Airport, Sabah and Miri Airport, Sarawak costing RM253 million.

- The Federal Government and the Sarawak Government are working together to develop the Sarawak Cancer Centre which is estimated to cost RM1 billion. I applaud Sarawak's readiness in advancing the financing for the project's construction.

MEASURE 7: PUBLIC-PRIVATE PARTNERSHIP

64. The Public-Private Partnership Master Plan or PIKAS 2030 outlines a powerful direction in strengthening the strategic relationship between public and private bodies. Its primary focus is to increase private

investments by RM78 billion and to generate 900,000 employment opportunities by 2030.

65. Development projects will consider the element of ‘user pay’ element to ease the fiscal burden of the Government. The *rakyat*-centric projects using this PPP approach include:

- Hospital Sultanah Aminah 2 in Johor;
- North-South Expressway between Juru and Sungai Dua;
- West Ipoh Span Expressway (WISE) between Gopeng and Kuala Kangsar, Perak;
- Five-season Paddy Planting Over Two Years in Muda Agricultural Development Authority (MADA) areas in Kedah and Perlis; and
- Meanwhile, the West Coast Expressway (WCE) stretch from Banting to Gelang Patah is made a priority in the development planning.

MEASURE 8: COMBATING CORRUPTION

66. Since helming the country, I have made my unwavering stance against corruption clear – for corruption is a seeping carcinogen that has demoralised the *rakyat* and wilted investor confidence. Efforts to set the country’s economic direction and carry out policies would all be for naught if old habits prevail — abuse of power, embezzlement, and

cronyism. The future of the nation hinges on the success of eradicating corruption.

67. The Government has given the Malaysian Anti-Corruption Commission (MACC) the latitude to investigate and take firm action to bring corruption offenders to justice. Figures show that in 2023, there was an increase of more than 20% in arrests and the opening of investigation papers from the previous year.

68. For the upcoming year, the allocation for the MACC has been increased to RM360 million, compared to RM338 million previously.

69. The National Anti-Corruption Strategy (NACS) has been formulated to eliminate all forms of corruption through robust and detailed strategies. Other forthcoming efforts include the Freedom of Information Bill and the Government Procurement Bill, aimed at strengthening governance and enhancing the efficiency of public service.

70. *"Follow the Public Money Audit."* The Audit Act has been amended to empower the Auditor General to review and audit the management of public funds, including companies that receive government guarantees. An allocation of RM200 million has been provided to the National Audit

Department, an increase from RM173 million. This aligns with a larger role to initiate audits on nearly 2,000 companies and entities that receive government allocations and guarantees.

MEASURE 9: PARLIAMENTARY INSTITUTION

71. The MADANI leadership continues to uphold the independence of Parliamentary institution. Budget 2025 increases the allocation for Parliament to RM180 million from RM166 million. Part of this allocation is to strengthen the roles of the Public Accounts Committee, the Special Select Committee of the Dewan Negara, and the Dewan Rakyat as platforms for checks and balances.

72. A total of RM20 million is prepared to support the efforts of All-Party Parliamentary Party Group Malaysia Sustainable Development Goals across all parliamentary constituencies and political parties.

MEASURE 10: LEGISLATIVE REFORMS

73. The allocation for Legal Affairs Division also increases to RM209 million from RM194 million, in accordance with the commitment to legislative and institutional reforms.

74. Over 3,000 archaic laws need to be reviewed. The Government will form a Legislative Reform Taskforce to spearhead the revision of commercial laws, such as the Contracts Act 1950, to align them with contemporary standards.

75. The Government will table the Consumer Credit Bill in the upcoming parliamentary meeting. A Consumer Credit Oversight Board will be established to regulate non-bank credit providers and credit service providers, such as factoring companies, non-bank leasing firms, and entities that offer "Buy Now Pay Later" facilities.

76. The Judicial Institution's role as an independent body continues to be empowered. Over RM60 million is prepared to upgrade judicial infrastructure, including the development of an e-Judicial system that supports the digital agenda.

MEASURE 11: GOVERNMENT INSTITUTIONAL REFORMS

77. Several Government entities with overlapping roles have been consolidated in ensuring the founding mandates are accomplished more effectively. These include mergers of:

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- InvestKL Corporation and Malaysia Investment Development Authority (MIDA);
- The Razak School of Government (RSOG) and the National Institute of Public Administration (INTAN)
- Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE)
- The Malaysian Aviation Commission (MAVCOM) and the Civil Aviation Authority of Malaysia (CAAM). With this merger, operational effectiveness can be enhanced to enable it to operate without Government funding. CAAM is being considered as a statutory body with separate remuneration.

78. On matters related to governance of Federal Statutory Bodies (FSBs):

- The Guidelines on the Management and Governance of Federal Statutory Bodies are now available to ensure that statutory bodies achieve their founding goals without veering off from their original purpose.
- A Secretariat for the Rationalisation of Federal Statutory Bodies is established to analyse the feasibility of various Federal Statutory Bodies, their going concerns, and any potential overlap in functions. A

total of 544 Federal Statutory Bodies will undergo this process, which will also be extended to Companies Limited by Guarantee (CLBG).

MEASURE 12: COMMITMENT TO ADMINISTRATIVE EFFICIENCY

79. The MADANI Government is determined to implement public service reforms that hold true fealty to good governance, driving productivity. The Public Administration Efficiency Commitment Bill will be drafted, encompassing three major shifts: reducing bureaucracy, accelerating processes, and improving efficiency in public service delivery.

80. The Public Service Reform Agenda focuses on five key outcomes, encompassing Values and Governance, Human Capital Development, Organisational Development, Service Delivery, and Strategic Public-Private Synergies.

❖ *The Special Task Force on Agency Reform (STAR)*

81. The Special Task Force on Agency Reform (STAR), led by the Chief Secretary to the Government, is responsible for coordinating efforts to address *rakyat*-centric issues, such as dilapidated schools and

clinics, congestion in hospitals and immigration counters, as well as ease of doing business.

82. Among STAR's most significant of achievements is the reduction of approval processes under the *Reformasi Kerenah Birokrasi*. For example:

- The Kulai Fast Lane initiative has whittled down the approval period for the Certificate of Completion and Compliance (CCC) to 14 days from 30 days, and the approval for operational licences to 1 day from 30 days.
- The Express Construction Permit in Kulim has sped up the process for factories to commence operations within 10 months, compared to 24 months previously.

83. Next year, RM25 million will be allocated to STAR, among others, to collaborate with the Malaysian Productivity Corporation (MPC) to expand the *Reformasi Kerenah Birokrasi* (RKB) to all Government agencies, including reviewing regulations to improve the level of public service delivery to the *rakyat*, businesses, and investors.

❖ *Striving for Service Agility*

84. We recognised that with the new system and the commitment given by the Government, there are positive changes in public service delivery due to the dedication of the majority of civil servants in carrying out their duties.

85. However, there remains a need to improve certain aspects that complicate dealings between the *rakyat* and the Government. In some cases, people have to take leave from work to complete their applications. They often endure long queues, and if the queue numbers run out, they must return another day. Additionally, the *rakyat* are burdened with filling out multiple forms for the same information.

86. The MADANI Government is determined to put an end to these issues. Our commitment is to ensure long queues at Government offices will be a thing of the past, as application processes can be done online. The public will need to visit government offices only to collect approved or renewed documents, with appointments scheduled online.

87. Although the Government has provided various forms of assistance to lessen the burden of the *rakyat*, the application process can sometimes be complicated due to the involvement of multiple ministries and agencies with different criteria. The Government has agreed to establish a centralised channel at the Urban Transformation Centre

(UTC) to assist those in need with applying for aid across various agencies.

88. Government processes involving businesses also need to be re-evaluated, as they remain overly complicated. Why should companies be burdened with separate registrations for EPF, SOCSO, and HRD Corp when they contain the same information? The quicker a company is set up, the sooner new jobs can be generated. The Government is resolute in addressing this matter.

89. To improve the quality of counter services:

- The Road Transport Department (JPJ) has extended its counter operating hours by one hour; and
- A UTC will be established in Seberang Perai, Penang. All UTCs will also be equipped with a Queue Management System (QMS) to enable the *rakyat* to obtain queue numbers online before visiting the centres.
- The MADANI Touch Kiosk initiative will be implemented by gathering various Government service kiosks in high-traffic areas, such

as shopping malls, so that citizens can conduct Government-related matters outside of office hours.

- iPayment, a cashless payment platform developed by the Accountant General's Department, will be accepted at all Government counters starting in 2025.

❖ *Mobile Services*

90. More mobile services will be introduced to better serve underserved rural and remote communities, with RM100 million allocated towards this endeavour. This is to meet the needs of rural and remote communities who otherwise have to travel long distances to access basic public services.

- Expansion of Mobile Community Services in Kampung Pangaraan, Nabawan, Sabah and Pulau Bruit, Sarawak.
- Mammogram screenings provided at Mobile Clinics by the University of Malaya Medical Centre;
- The addition of 9 Mobile Dental Clinics bringing the total to 54 nationwide;

- The Mobile BSN Bank has been increased by 4 more, bringing the total to 16, especially for Sabah and Sarawak, to facilitate the distribution of government aid.
- The services of the National Registration Department, as well as mobile services for the court, are improved.

MEASURE 13: SejaTi MADANI

91. As announced, SejaTi MADANI allocates between RM50,000 and RM100,000 to each rural area, urban poor community, village, remote settlement, and longhouse. This approach marks a shift towards empowering grassroots communities to decide their own economic activities. The government will merely monitor and provide encouragement, while the strength comes from the grassroots themselves.

92. So far, the SejaTi MADANI initiative has successfully fostered more than 6,400 rural economic activities. For example:

- Kampung Tebuk Haji Dollah, Selinsing, Perak has used three drones to spread fertilisers and pesticides across 600 acres of paddy

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fields, shaving the process down to 20 minutes, compared to 90 minutes previously.

- The community in Kuala Bibang Village in Semporna has developed a seafood drying technology that reduces processing time from three days using traditional methods to just three hours. This has increased the residents' income to RM25,000 per month.

- Sayong Pinang Village in Kota Tinggi, Johor, home to the Jakun ethnic group, has implemented a boat rental programme for fishing, kayaking, and ATV activities in their village. This has increased the income of the Orang Asli in Sayong Pinang to reach RM15,000 per month.

- The catfish cage project has successfully increased the income of the Mukim Dusun community in Kota Bharu, Kelantan.

93. Next year, the SejaTi MADANI initiative will be enhanced with broader collaboration. More senior management from departments will be involved to lead *Kampung Angkat* MADANI efforts. Universities and TVET institutions will also participate in providing services at the community level. Mega companies are urged to get involved in

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extending assistance to the needy and those in need. A total allocation of RM1 billion is provided for the SejaTi MADANI initiative, covering:

First: RM600 million to boost the communities' economy in villages, towns, remote areas, and Orang Asli communities, with village committees deciding on economic activities that can generate additional income for their respective communities.

Second: RM200 million to extend the benefits of *Kampung Angkat MADANI* in 200 villages nationwide, led by the top managements of ministries and departments.

Third: RM100 million for public universities to offer services such as health screenings, and technical and vocational education and training (TVET) institutions to provide TVET services such as home repairs and electrical wiring to the community.

Fourth: RM100 million to empower the *Program Perumahan Rakyat* (PPR) community nationwide through various socio-economic programmes.

Fifth: I welcome major palm oil companies such as Kuala Lumpur Kepong Berhad (KLK), IOI Corporation, SD Guthrie, and

United Plantations to adopt palm oil smallholders who own land adjacent to their plantations. These industry leaders will provide assistance to the smallholders by supplying the latest seeds and the best fertilisers, as well as helping them achieve compliance with sustainability standards.

94. Next, the procurement process for projects of public interest will be streamlined:

- The value limit for *gotong-royong* will be increased to RM200,000, up from RM100,000;
- The value limit for quotations related to maintenance and replacement of elevators in public housing and government quarters will be raised to RM1.2 million;
- The value limit for direct negotiation and quotations for all maintenance and minor repair works will also be increased to RM200,000 and RM1 million, respectively, in addition to existing projects for schools, dilapidated clinics, and healthcare facilities.

MEASURE 14: OPTIMAL USE OF RESOURCES

95. The rot of excesses has become an entrenched culture, spread across departments, agencies, and even Government-Linked Companies. We must remind ourselves that the money spent belongs to the *rakyat*, and we are merely its trustees. For this reason, the Government has put its foot down and cancelled a recent trip involving 68 officers to an exhibition in Berlin, Germany. Although the amount may seem small to some, it could have been better utilised for the benefit of the *rakyat*. Some may downplay this issue, but it is something I frequently emphasise to the Cabinet, urging vigilance. This directive must be taken seriously by all Government entities, including ministries, departments, agencies, companies, and statutory bodies.

96. I have also made it clear that resources must be optimised, including a review of the staffing needs at overseas missions and agencies. The Public Service Department (JPA) and Wisma Putra have identified that 64 out of 126 overseas offices are not operating in the same building. Therefore, the Government has decided that their operations will be moved to the Chancery offices or merged with nearby offices to reduce costs and optimise resources.

97. The Government will review all vacant spaces and buildings owned by Government agencies, Government-Linked Investment Companies (GLICs), and Government-Linked Companies (GLCs) to ensure that

these unused resources are repurposed for preschools, childcare centres, and skills training centres. The STAR taskforce will oversee this effort.

98. Digital transformation will be centred on MyDigital ID. Just like a physical identification card, MyDigital ID serves as a unified Government agencies' service provider, including PADU, JPJ, and LHDN. The government continues its efforts to enhance the functionality and user experience of MyDigital ID.

99. Among the policies to optimise Government resources is allocating a portion of the revenue generated from the sale of special licence plate numbers to assist the underprivileged. These initiatives include:

- Covering the cost of obtaining motorcycle licenses for 15,000 underprivileged youths, including secondary school students, university students, and job-seeking young adults.
- Providing financial assistance for flight tickets to 60,000 underprivileged university students, especially those from Sabah and Sarawak, to return home.

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- Distributing free helmets to 67,000 underprivileged families for the safety of their children.

MEASURE 15: CYBERSECURITY

100. Countries that once championed excessive freedom are now taking steps to curb the overreach, including actions that have led to deaths through social media applications. Cyberthreats are increasingly disrupting social order and becoming more concerning. Issues such as scams, child pornography, and cyberbullying on social media, which have resulted in loss of life, are serious matters that must be addressed.

101. Suspicious transactions of more than RM380 million have been successfully intercepted in an effort to clamp down on financial scams in Malaysia. However, scams remain a grave societal concern as the number of cases continues to rise.

- The role of the National Fraud Response Centre continues to be expanded with an allocation of RM20 million.
- A National Fraud Portal has been launched in an effort to combat online fraud. The portal facilitates the automatic detection of suspicious transactions.

- Amendments to Act 574 of the Penal Code and Act 593 of the Criminal Procedure Code will empower enforcement agencies to take more effective action against mule account syndicates.

102. To stamp out the rampant phenomenon of cyberbullying, an Online Safety Bill will be enacted. This legislation will place a clear responsibility on service providers to ensure the safety of users, particularly children.

103. In line with the commitment to strengthen the nation's cybersecurity and the enactment of the Cybersecurity Act 2024, the National Cyber Security Agency (NACSA) will be allocated an additional 100 staff positions, along with an increased budget of RM10 million.

MEASURE 16: CATASTROPHE & DISASTER

104. We are staring at the threat of flash floods that have struck the capital and several other cities. As an immediate step, I have directed the immediate allocation of RM150 million to local authorities and the Department of Irrigation and Drainage (JPS) to commence the cleaning of drains and dredging of rivers in the affected cities.

105. At the same time, national disaster management will continue to be improved, along with the expedited implementation of flood mitigation projects involving cooperation from all contractors.

- An allocation of RM600 million has been set aside for the National Disaster Management Agency (NADMA) in preparation for addressing flood disasters. This includes RM300 million that has been earmarked for readiness in the event of a disaster.
- A matching grant of RM20 million has been allocated immediately to the foundation of GLICs and GLCs to enhance the response and distribution of assistance to victims in flood-affected areas.
- Local authorities and urban residents must work together to ensure that clogged drains and ditches, which cause flash floods, are addressed promptly.
 - A total of RM50 million is allocated for the cleaning and upgrading of drains and ditches.
 - To ensure prompt implementation, JPS and local authorities are permitted to carry out procurement of up to RM1 million through a tender process among registered G1 to G3 contractors.

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- To date, the Government has successfully completed eight Flood Mitigation Plan (RTB) projects worth RM540 million. Additionally, 12 RTB projects with a cost of RM3 billion have been issued Letters of Acceptance (SST) and are progressing on schedule, which include:
 - RTB Sungai Damansara, Selangor;
 - RTB Sungai Likas, Kota Kinabalu, Sabah;
 - RTB Sungai Triang, Bera, Pahang;
 - RTB Sungai Tepoh and Banggol Air Lilih, Kuala Nerus, Terengganu; and
 - Integrated River Basin Management of Sungai Kelantan Fasa 2, Kota Bharu.

106. Recently, incidents of soil slips and landslides became increasingly frequent. These include the heart-wrenching incident that befell an Indian national woman at Masjid India, Kuala Lumpur. To prevent this incident from recurring, several projects will be implemented including:

- More than RM250 million to repair slopes nationwide;
- RM21 million to curb the issue of soil slips in Kerian Laut, Perak, Kedah dan Perlis; and
- RM10 million to carry out Geotechnical Survey of Soil Layer Structure on major roads around the Golden Triangle of Kuala Lumpur.

II. REINVIGORATING THE ECONOMY

107. Malaysia's growth must pick up pace to position herself as a formidable competitor on the global stage. The novel policies and initiatives introduced must be pursued and implemented post-haste. The "Raise the Ceiling" policies signify our unwavering commitment to hoisting the nation's economy to greater heights. Under the framework of *Ekonomi MADANI*, a revitalised and sustainable economy, driven by technology and innovation, will only hold true value when its benefits permeate every segment of the *rakyat*, thereby raising the floor of living standards. This means increasing incomes across the board, from white-collar professionals and blue-collar workers to farmers and fishermen alike.

MEASURE 17: NEW INVESTMENT INCENTIVE FRAMEWORK

108. The country must embark on a new paradigm shift to attract more meaningful investments. We can no longer sustain the outdated approach of offering incentives and support to investors without considering the broader economic benefits. For instance, investments in data centres should not be pursued unless they bring tangible added value to the *rakyat*, such as high-paying job opportunities and knowledge transfer. A fresh shift in focus is now essential, ensuring that the support provided yields a multiplier effect that directly benefits the

rakyat and the nation, rather than merely serving the profit motives of investor companies.

109. The Government has agreed to introduce a New Investment Incentive Framework focusing on high-value activities to improve the existing practice of providing product-centric incentives. The framework is expected to be implemented in the third quarter of 2025:

First: To increase the level of economic complexity in the electrical and electronics (E&E) sector, by way of high value-added activities such as integrated circuit (IC) design services and advanced materials, tax incentives for increasing exports are extended to IC design activities.

Second: To provide high-income jobs to the *rakyat* in the fields of artificial intelligence (AI) and research and development (R&D), special tax deductions are given to private universities and skills training institutes that develop new courses, such as AI, robotics, Internet of Things (IoT) , data sciences, FinTech and sustainable technology.

Third: To strengthen the local supply chain and primary sector ecosystem, a supply chain resilience initiative with the following is introduced with the following incentives:

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- (i) Multinational Enterprises (MNEs) that incur expenses for supply chain resilience initiatives, up to RM2 million annually, will be given a double tax deduction for a period of three consecutive years.
- (ii) MNEs or vendors to MNEs that jointly invest in other local vendors be given income tax deduction on the amount invested in the joint venture initiative.
- (iii) Local vendors participating in this initiative will be provided with an outcome-based tax incentive package; and
- (iv) A matching investment fund of RM100 million will be established through equity crowdfunding platform to finance the development of local vendors especially in E&E, specialty chemicals and medical device industries.

Fourth: To establish economic clusters in line with respective states' advantages, such as renewable energy in Perlis and Sabah, specialised chemical industries in Pahang and Terengganu

Fifth: To narrow the economic gap between regions, income tax incentives at a special rate are offered for investments in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah, and Sarawak, subject to the success of economic spillovers.

Sixth: To encourage more investments that comply with Environmental, Sustainability, and Governance (ESG) standards, tax incentives such as investment tax allowances or income tax exemptions are provided for carbon capture, utilisation, and storage (CCUS) activities.

This New Investment Incentive Framework will continue to be supported by inclusive investment facilitation to stimulate balanced economic growth across the nation. This initiative includes introducing a strategic investment fund amounting to RM1 billion as an effort to enhance local talent capacity and encourage high-value activities in the country.

110. The Government has also expressed its readiness to implement the global minimum tax (GMT) on multinational companies. Although GMT will generate additional revenue, there remains a potential risk to the investment climate. To mitigate the impact of GMT, the Government is committed to streamline existing incentives, introduce new non-tax incentives, and explore the feasibility of the Strategic Investment Tax Credit.

111. To facilitate strategic investors, MIDA will serve as the approving authority for employment passes involving non-citizen graduates from

local universities to meet the human capital needs in sectors under the NIMP.

MEASURE 18: STRATEGIC INVESTMENTS

112. Next year, a total of RM200 million will be allocated, covering the Strategic Co-Investment Fund (CoSIF) and the NIMP Industrial Development Fund (NIDF) to support the growth of SMEs and mid-tier companies, as well as to encourage innovation.

113. Under the Government-linked Enterprises Activation and Reform Programme (GEAR-uP), Government-Linked Investment Companies (GLIC) have collectively pledged to invest RM120 billion in domestic direct investments over the next 5 years, with RM25 billion to be mobilised next year. This encompasses:

- Retirement Fund (Incorporated), or KWAP, through the RM6 billion *Dana Pemacu*, will strengthen domestic private markets across private equity, infrastructure and real estate asset classes. The fund is expected to stimulate the growth and development of local fund managers through its unique co-General Partner model with RM500 million to be invested next year involving sectors such as data centers, energy transition and advanced manufacturing.

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- Khazanah has further earmarked RM1 billion over the next 4 years to lead investments that support the local semiconductor industry.

114. The Government supports the development of domestic local rare earth element (REE) industry through collaboration with countries that have technological capabilities in said areas such as China and Australia. As a first step, the Government plans to amend the Mineral Development Act 1994, in addition to commencing efforts to map out potential REE sources in the country.

MEASURE 19: VENTURE CAPITAL & STARTUP ECOSYSTEM

115. The Government will continue to fully support the expansion of local start-up companies.

(1) Mr. Azarol Faizi Zakaria Ansari, the founder of BateriKu, started with a small business. Benefiting from *Dana Perintis* under KWAP, he has now successfully expanded his business to 1.5 million customers, trained 1,000 gig technicians and produced 100 entrepreneurs under his guidance.

(2) Vitrox began as a small venture by two young engineers from USM. Today, the company has grown into a leading player in the electronics industry, supplying markets in Asia, Europe and the United States.

(3) Greatech Technology Berhad is a local company that has successfully penetrated the global market in the electrical and electronics sector and has been listed as one of Forbes Asia's Best Under A Billion.

116. Next year:

- Khazanah will establish a National Fund-of-Funds (NFOF), scheduled for operations next month, with a total fund allocation of RM1 billion over the next 4 years. The NFOF will support venture capital fund managers to invest in start-up companies, with RM300 million to be allocated for 2025.
- KWAP under *Dana Perintis* will allocate RM1 billion over a period of 4 years to also accelerate the development of local startup ecosystem, with RM200 million allocated for 2025.
- Cradle Fund has been allocated RM65 million to support start-ups with the potential to expand regionally and globally. The Government has also provided matching grants of RM15 million to strengthen the linkages between GLCs and local startups under an Innovation Accelerator programme administered by Cradle.

- To strengthen the venture capital ecosystem and remain competitive in attracting foreign investment, the approval process for cross-border fund flow under the Foreign Exchange Administration Policy has now been streamlined and can be conducted based on the size of the fund mandate.

MEASURE 20: DIGITALISATION & AUTOMATION

117. Malaysia's aggressive digital transformation policy has caught the eyes of global investors from the technological space. The country has secured investments totalling US\$16.9 billion for the period up to 2038 from global technology giants such as Amazon Web Services (AWS), Microsoft, Google and Oracle. This reflects the confidence in Malaysia's potential as a gateway for regional cloud infrastructure.

118. Now is the time for local companies to seize this investment opportunity. These benefits must reach the *rakyat*, which include job opportunities, the development of centres of excellence and the empowerment of community groups.

119. The National Artificial Intelligence Office (NAIO) has allocated nearly RM10 million to enhance efforts to increase the adoption of AI through collaborations with academia and industry.

120. Malaysia has taken a bold step to champion the regional digital economy through the declaration of the establishment of the ASEAN AI Safety Network (ASEAN AI Safe). This initiative includes neighbouring countries to mobilise AI expertise and security in their respective countries.

121. To encourage taxpayers to fully implement e-Invoicing by 1 July 2025, the Government proposes that expenses for purchases of information and communication technology (ICT) equipment, computer software packages, and consultancy fees be given an accelerated capital allowance to be fully claimed within 2 years.

122. The Government plans to implement a multi-tiered levy mechanism from 1 January 2025, to reduce foreign worker dependency. The proceeds from the levy will be channelled back to the industry to engineer business processes towards automation and mechanisation.

123. To enhance MSMEs' business capacity by embracing digitalisation:

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- RM50 million is allocated as the Digital Matching Grant for SMEs and the Digital Grant for Vendors under BSN to help local entrepreneurs remain competitive in the market.
- The Malaysian Communications and Multimedia Commission (MCMC) has allocated RM100 million for a period of 5 years to strengthen the functions of National Information Dissemination Centres (NADI) nationwide as a community platform, which should help individual entrepreneurs increase their incomes through online entrepreneurial activities.

MEASURE 21: JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE

124. The Johor-Singapore Special Economic Zone (JS-SEZ) Memorandum of Understanding (MOU) was signed in January 2024 signifying a significant achievement in economic cooperation between Malaysia and Singapore.

- The Government has approved Forest City as a duty-free island to spur tourism and local economic activities. The Government also announced a tax incentive package for the Forest City Special Financial Zone to stimulate financial service activities for global business services, financial technology and attracting investments.

- The Single Family Office Scheme has been launched for the Forest City Special Financial Zone to promote family fund management. To facilitate the operation of the Family Office, the Securities Commission Malaysia will act as the approving authority for the issuance of Resident Passes and Employment Passes to the respective Family Office Founding Investors and related investment professionals.
- To drive the growth of JSSEZ as a sustainable special economic zone, the Government will also provide special incentives that can attract quality investments and offer high-value jobs. These special incentives will be announced by the end of this year.
- To facilitate investment in JS-SEZ, the Invest Malaysia Facilitation Centre – Johor (IMFC-J) is being established. The centre aims to reduce bureaucracy at various levels by expediting approval process.

MEASURE 22: FACILITATING EXPORT MARKETS

125. The total trade for the period of January to September 2024 surged by 10.2% to RM2.14 trillion. We have recorded a trade surplus for 53 consecutive months since May 2020.

126. The empowerment of SMEs will continue to be enhanced to support local entrepreneurs in penetrating export markets.

- Khazanah will launch the Mid-Tier Company Programme with a fund of RM1 billion aimed at providing financing to support the capacity building of local companies.
- To encourage local exporters to expand their operations into foreign markets, RM750 million has been allocated under the Exporter Sustainability Incentive Scheme by EXIM Bank.
- RM40 million has also been allocated under MATRADE as a reimbursement grant to assist Malaysian exporters in promoting Malaysian-made products and services on the international stage, particularly in exploring new markets in Africa, Latin America, and the Middle East.

127. In driving the logistics sector:

- The Government plans to grant a 60% investment tax allowance for a period of 5 years to logistics companies that engage in smart

logistics complex activities. This is aimed at enhancing the capacity of the logistics industry by adapting to IR4.0 technology.

- The Government has also agreed to construct and upgrade the Pulau Indah Ring Road and North Port Klang in Selangor at a cost of RM107 million.

MEASURE 23: VISIT MALAYSIA 2026

128. Thorough preparations are being made ahead of the Visit Malaysia 2026. Nearly RM550 million is allocated to boost tourism promotions and activities, including:

- Preparation for Visit Malaysia Year 2026;
- Organisation of cultural activities, tourism events and flight access to Malaysia;
- Empowering the local community's economy through the promotion of handicrafts and batik.

129. A total of RM110 million has been allocated to enhance tourist areas, foster ecotourism partnerships, and support UNESCO nominations such as:

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- Improving facilities at Endau Rompin National Park, Johor; Redang Island, Terengganu; and Tusan Beach, Bekenu, Sarawak;
- Establishing ecotourism collaboration with UNDP and Habitat Foundation;
- UNESCO nomination for the Sungai Lembing Tin Mining Site in Pahang, the Chingay procession culture, and lion dance.

130. To uplift Kuala Lumpur as a creative and cultural district, Khazanah Nasional has allocated a total of RM600 million as part of its efforts to rejuvenate Bangunan Sultan Abdul Samad Complex and Carcosa Seri Negara. These includes building a multi-storey bridge that connects the Perdana Botanical Gardens with Carcosa Seri Negara.

MEASURE 24: ASEAN-MALAYSIA 2025 CHAIRMANSHIP

131. The ASEAN 2025 Chairmanship is Malaysia's best opportunity to guide ASEAN in alignment with the ASEAN Community Vision 2045. We are committed to charting a more resilient, inventive and people-centric ASEAN direction. Malaysia remains steadfast in its commitment to a collective approach in shaping the reform agenda across ASEAN, which includes advancing development initiatives in border regions for shared prosperity.

132. Of course we can expect challenges henceforth in delivering this great mandate, what with ASEAN already having to navigate the intensifying competition among the global powers, the ongoing South China Sea dispute, the Myanmar crisis, food security, and climate change. Leveraging its strengths, Malaysia will lead ASEAN into the future with confidence, including strengthening regional economic cooperation through the inaugural ASEAN-GCC + China Summit.

133. Malaysia's ASEAN Chairmanship in 2025 will involve hosting over 270 meetings and activities across all states. I hope this will generate income for entrepreneurs, particularly those in logistics, hospitality, tourism, and the sale of handicrafts.

134. To support local artisans during Malaysia's ASEAN Chairmanship in 2025, the Government has mandated that all ministries and departments involved in organising meetings and activities must procure handicrafts from local producers. This will showcase the finesse, uniqueness, and authenticity of local craftsmanship to all. For instance, the document bag I am using today is a work of songket weaving art by local designer, Adiguru Rasiah Yusoff, from Kampung Tikat Penambang, Kelantan.

MEASURE 25: ENERGY TRANSITION

135. The NETR's plan sets ambitious targets for Malaysia to achieve net-zero emissions by 2050. Next year, over RM300 million will be provided under the National Energy Transition Facilitation (NETF) fund, compared to RM100 million this year.

136. Several projects are entering the implementation phase including:

First: Hybrid Hydro Floating Solar Farms Phase 1 in Chenderoh and Kenyir, Pahang

- This project is envisaged to generate up to 1,000MW of energy, with half of the capacity to be channelled for Terengganu's first green hydrogen hub project, involving a collaboration between PETRONAS and TNB.

Second: Large-Scale Solar (LSS) Programme

- This project aims to develop a utility-scale solar power plant with a quota of 2,000 megawatts. The bidding process has closed, and evaluations are expected to be completed by December 2024 at the latest.

137. To increase access to renewable energy (RE):

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- The Net Energy Metering (NEM) programme will be extended to 30 June 2025 in a bid to encourage residential consumers to adopt solar photovoltaic (PV) systems
- The implementation of the Green Technology Financing Scheme (GTFS) will continue with a total financing of RM1 billion until 2026
- UEM Lestra and Tenaga Nasional Berhad will invest RM16 billion to decarbonise industrial parks, build a strong RE portfolio, and invest in the transmission and distribution network capabilities
- The open grid access initiative will be implemented through the Corporate Renewable Energy Scheme (CRESS) to allow corporate companies to obtain electricity supply from a renewable energy generator of their choice.
- The Government will introduce several programmes that utilises dual-layered systems for RE generation such as the agrivoltaics to mitigate the adverse effects of RE generators on food production
- A specialized programme prioritising the design of dual-function renewable energy generation structures, such as the agrivoltaic

concept, will be introduced to prevent the negative impact of renewable energy power plants on food production

138. Following the enactment of the Energy Efficiency and Conservation Act, efforts to improve energy efficiency will continue to be mobilised:

- e-Rebates of up to RM70 million are provided to encourage consumers and the industry to purchase energy-efficient electrical equipments.
- The Energy Performance Contract will be introduced for use by all Government agencies to achieve savings on electricity bills of up to 10%.
- Solar--powered walkways, spanning 5 kilometres, will be built in Putrajaya for energy conservation, adding to the existing efforts to develop green cities.

139. To support the implementation of CCUS in Malaysia:

- Carbon use activities are expanded as downstream products and tax incentives will be provided in line with the New Investment Incentive Framework which emphasises economic complexity. Further facilities

will also be provided to enhance access to sustainable financing, especially blended financing

- The Government intends to table the CCUS Progressive Regulatory Framework Bill imminently

140. Pertaining to Electric Vehicles (EV):

- The existing EV tax incentive framework has been structured to align with national aspirations to transition to locally assembled completely knocked-down (CKD) EVs. Perusahaan Otomobil Kedua Sdn. Bhd. (PERODUA), for instance, is planning to produce EVs priced below RM100,000 to meet the *rakyat's* growing demand for EVs
- The incentive for the use of locally assembled electric motorcycles (CKD) up to RM2,400 will be continued with an allocation of RM10 million.

141. To support the circular economy, the Government proposes:

- the tax deduction for contributions or sponsorship of Smart Artificial Intelligence–Driven Reverse Vending Machines be extended until 31st December 2026; and

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- the scope of tax relief for the purchase of electric vehicle chargers be expanded to include the purchase of food waste composting machines for household use, until the year of assessment 2027.

142. The Government will introduce a Carbon Tax for the iron and steel industries by 2026, which aims to encourage the adoption of low-carbon technologies. The tax proceeds will be used to research and programmes related to green technology.

MEASURE 26: PRESERVING NATURAL TREASURES

*“Dan dengan sederap rentak dan sesyahdu suara
kita tetap bertekad melindungi rimba terdera.*

*Kau yang pendera usah berhelah atau berpura
kerana sedalam kuburmu rimba akan membela.”*

Excerpt from ‘*Langkah Lestari*’ poem (A. Samad Said)

143. The 2025 Budget is committed to protecting the nation’s natural heritage:

- The Ecological Fiscal Transfer (EFT) fund is increased to RM250 million, from RM200 million this year, to support State Government’

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efforts in conserving forests and wildlife. The EFT distribution criteria have been revised, with 50% of the allocation to be disbursed instead of the current 30%, subject to the State Governments' financial positions.

- The role of Orang Asli and uniformed veterans in conserving forest reserves remains highly appreciated. The Government has increased the appointment of community rangers to 2,500 personnel, instead of 2,000 this year, with an allocation of RM80 million.

- Roughly 4% of rivers are categorised as polluted, among them are Sungai Anak Bukit, Kedah; Sungai Pegalan, Sabah; and Sungai Etanak, Sarawak. *Projek Pembersihan Sungai Bersama Komuniti* will be implemented under the *Program Denai Sungai Kebangsaan* with an allocation of RM10 million.

- The Government has agreed to upgrade nearby sewage treatment plants, and construct a sewage pipeline network along the Sungai Kim Kim, Johor to mitigate water pollution.

144. To safeguard our future generations, the Government plans to amend the National Trust Fund Act 1988 to broaden the sources of contributions to the National Trust Fund (KWAN), as well as reinforce the governance of the fund's withdrawal.

MEASURE 27: FOOD SECURITY

145. One of our significant weaknesses is the high dependence on food imports despite having fertile land and the capability to enhance the nation's food security. Next year:

- RM300 million is allocated to establish cooperations with State Governments for agricultural projects, from RM150 million this year. This is to support onion production in Perak and red tilapia farming in Pahang, as well as paddy yield increment effort in Negeri Sembilan.
- The Government, along with private organisations, will optimise 8,800 acres of idle land under territorial development authorities and agencies to implement agricultural projects such as organic poultry and cattle breeding, as well as cluster crop cultivation.
- Agrobank provides RM200 million in loan facilities to agro-food entrepreneurs in supporting food security and promoting sustainable agriculture.

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- A total of RM27 million is provided as incentives for farmers and breeders to increase the productions of cattle livestock, small ruminants, dairy goats, and sheep and local onion production.

146. In relation to the nation's paddy industry,

- Phase 1 of the Five-Season, Two-Year Paddy Planting Project in the Muda Agricultural Development Authority (MADA) areas commence with a cost of nearly RM1 billion covering 11,000 hectares. The project aims to increase paddy yield by 15% besides boosting the income of 6,100 paddy farmers by 43%.
- The paddy management in Sekinchan, Sabak Bernam, has proven to yield higher harvests of up to 12 tonnes per hectare. The Government will initiate a pilot project to procure fertilisers, including organic fertilisers, tailored to paddy-growing regions through an open tender process.
- A total of RM65 million is allocated to develop irrigation and drainage of paddy fields and to expand the FELCRA paddy estates in Sabah and Sarawak.

147. The welfare of farmers and fishermen remain a focus.

- A total of RM2.78 billion is provided as subsidies, assistance, and incentives for paddy farmers and fishermen, up from RM2.6 billion previously.
- The Government has agreed to increase the ceiling rate of assistance for the construction of new fishermen houses or resettlement to RM84,000 from RM56,000 for those in Peninsular Malaysia, and RM90,000 from RM68,000 for Sabah and Sarawak

Budget 2025 raises the allocation for FELDA, FELCRA and RISDA to RM2.6 billion from RM2.4 billion previously.

MEASURE 28: PLANTATION & COMMODITIES

148. Budget 2025 raises the allocation for FELDA, FELCRA and RISDA to RM2.6 billion compared to RM2.4 billion previously.

149. To strengthen the country's palm oil sector:

- The Government plans to raise the threshold for the imposition of the windfall profit levy on the production of fresh fruit bunches (FFB) to RM3,150 for Peninsular Malaysia and RM3,650 for Sabah and Sarawak. Additionally, the market price range and

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the export duty rates for crude palm oil will be revised starting from 1 November 2024. The current treatment for crude palm oil exports from Sabah and Sarawak will also be maintained.

- Incentives for smallholders to replant oil palm will continue, allowing them to replace ageing oil palm trees that are no longer productive, with an allocation of RM100 million.
- Malaysia, as one of the world's largest palm oil producers, has the potential to produce Sustainable aviation fuel (SAF) from palm oil waste. PETRONAS will collaborate with SD Guthrie and FGV Holdings Berhad to develop SAF from palm oil waste.
- The Government has introduced tax incentives for automation in the manufacturing, services, agriculture, and commodities sectors in the form of an Accelerated Capital Allowance for one year, along with income tax exemptions on same capital expenditures. With these tax incentives, companies can adopt more advanced technologies, such as drones and AI, in their farming operations, thereby reducing their reliance on foreign labor.
- The commitment to defend the palm oil industry is being strengthened to counter misconceptions in Europe and enhance the sustainability of palm oil, with an allocation of RM65 million.

150. In relation to the rubber industry:

- The Rubber Industry Smallholders Development Authority (RISDA) will implement the Latex Production Promotion for Smallholders programme through a matching grant amounting to RM60 million. This is aimed to encourage rubber smallholders to produce latex rubber to meet industry.
- Abandoned privately-owned rubber estates will be revitalized with an allocation of RM20 million. This effort will be implemented through a land leasing approach, where abandoned land will be leased for re-cultivation, and profits will be shared based on agreements among smallholders, implementing agencies, and landowners.
- Pests such as pestalotiopsis fungus, pack worms and sooty moulds have wrought losses worth millions of ringgits to smallholders. A total of RM10 million is allocated to carry out mitigation and disease control efforts to curb infestation

MEASURE 29: ISLAMIC FINANCIAL INNOVATION

151. The 2023 Global Islamic Economic Indicator has placed Malaysia at the top of the rankings for the 10th consecutive year. There is still a lot of room to be explored for the Islamic finance sector, in order for it to be more humane, aligning with *Maqasid Sharia* principles, as well as being able to compete with conventional banking.

152. The Islamic finance sector needs to be driven towards greater creativity. An allocation of RM100 million has been set aside as matching funds to encourage the development of new Islamic financing innovations based on Islamic values, reducing reliance on conventional-like Sharia-compliant products. Among the piloted financing initiatives include those based on the *musharakah* principle, which involves shared risk and fair profit. This facility focuses on climate finance projects, including food security initiatives, and is implemented with matching funds from Islamic banking institutions and private investors.

153. The i-TEKAD programme, offered by 13 banks and 70 implementing partners, has assisted over 8,000 low-income micro-entrepreneurs. Next year, a matching grant of RM20 million will be allocated, with RM5 million specifically dedicated to contributions for insurance or takaful for micro-entrepreneurs. This will be matched by contributions from insurance companies or takaful operators to benefit small traders and vendors, as well as items and food delivery personnel

and participants of People's Income Initiative (IPR) affected by crop damage due to disasters.

154. The Government also supports other social impact investments, including Shariah-compliant P2P financing through public equity crowdfunding platforms under the MyCIF programme, by providing a matching grant of RM40 million.

155. To stimulate research in the field of Islamic economics, an allocation of RM10 million is designated to support the collaboration between the International Islamic University Malaysia and INCEIF University in further enhancing the understanding and application of universal Islamic economic values. The development of research and academic programs will continue to foster the application of Islamic economics in the formulation of current policies that align with the principles of *maqasid Shariah* — fair, inclusive, and sustainable for shared prosperity.

MEASURE 30: HALAL INDUSTRY DEVELOPMENT

156. Almost the whole world recognizes Malaysia's halal certification. The collaboration between JAKIM, HDC, and MATRADE should be

intensified to strengthen the national halal industry and support local halal companies.

- To expedite the issuance of halal certificates, an additional 100 halal auditors from JAKIM will be added. The MYeHALAL system has also been improved to centralise 20 Government agencies and 100 overseas halal certification bodies under one platform.
- Bank Pembangunan Malaysia Berhad (BPMB) and SME Bank are offering special financing to halal-compliant SMEs with nearly RM600 million funds in available.
- Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) is also prepared to provide guarantees of up to 80% of halal SME loans, with a guarantee value of up to RM1 billion.
- MARTRADE is tasked with driving the capacity development of more halal enterprises to be more competitive with an allocation of RM20 million.

MEASURE 31: WAQF LAND DEVELOPMENT

157. UDA Holdings Berhad plays a major role in developing waqf lands. The two main projects, namely Waqf Seetee Aisah and Wakaf Mohd Hashim, have succeeded in providing economic returns to the Penang Islamic Religious Council.

158. Next year, Wakaf MADANI will be strengthened with extensive involvement from Government agencies:

- KWAP will provide a fund of RM300 million to increase the development of waqf land to build independent retirement homes for low-income pensioners
- UDA, with a fund of RM200 million, will continue to focus on the development of affordable housing for the people on wakaf lands.
- LPPSA will provide funding for public servants purchasing homes on wakaf land.
- SJKP will guarantee for the first home buyer loans of up to 500,000 for properties developed on wakaf land.
- As of October 10, 22,000 ASNB unit holders have endowed their investments with a total of 73 million units. The proceeds from the ASNB endowment are allocated to wakaf projects for the benefit of

the community. The government will continue to promote similar investment endowments.

- MARA MADANI Wakaf will continue to strive to attract wakaf contributions from the corporate sector, including figures who have previously benefited from MARA, to achieve its funding target of RM1 billion.

MEASURE 32: BUSINESS ASSISTANCE AND FINANCING

159. In driving a thriving economy, we cannot rely solely on major conglomerates. 90 percent of the economy involves micro, small, and medium enterprises (MSMEs), which employ nearly half of the workforce and contribute 40 percent to the GDP. In light of this, the Government has decided to focus on the development of MSMEs in key areas such as food security, energy transition, and digitalization.

160. Development Financial Institutions and Government agencies play a significant role in nurturing local entrepreneurs at every stage of their business. For example, nearly 40 years ago, Bank Pembangunan was the first institution to provide a loan to Ramly Burger. Today, the Ramly Burger enterprise has flourished, including its recent success in building

a factory through the Industrial Digitalization Transformation Scheme. At the same time, BSN also provides microloans for small-scale Ramly Burger traders.

161. Overall, RM40 billion is provided as loan facilities and business financing guarantees under Government agencies.

- Micro-sized loans amounting to RM3.2 billion are available, including through TEKUN and BSN, to assist small traders, including the OKU community, the Chinese community, and the Bumiputera.
- Bank Pembangunan Malaysia Berhad provides RM6.4 billion in financing funds, among others, to support the financing of infrastructure development, digitalisation, tourism, logistics, transportation, renewable energy, and the energy transition.
- The Government, through SJPP, will continue to guarantee SME financing up to RM20 billion, including a special RM5 billion guarantee for Bumiputera SMEs.
- A RM3.8 billion SME loan fund is provided by BNM to support entrepreneurs transitioning to digitalization and automation, in addition to continuing to assist the agri-food sector and sustainable practices.

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- RM650 million will also be allocated to support women and youth in venturing into entrepreneurship.
- To preserve the human capital, social, and welfare aspects of the Indian community, RM130 million is specifically allocated to implement various programmes, including business financing for the Indian community.

162. The Government proposes that the loan or financing limit under the Micro Financing Scheme for stamp duty exemption purposes be increased from RM50,000 to RM100,000, effective from 1 January 2025.

163. To expand MSMEs' access to alternative loans or financing, the Government proposes full stamp duty exemption on loan or financing agreements executed by MSMEs with investors through the Initial Exchange Offering (IEO) platform from 1 January 2025 to 31 December 2026.

164. The Government continues to support the business activities of cooperatives, including providing working capital. A financing fund of up to RM100 million is made available under the Malaysian Cooperative Commission.

MEASURE 33: HAWKERS AND SMALL TRADERS FACILITIES

165. My stance remains firm that the condition of food stalls, markets, and public spaces must ensure comfort and safety. Next year, RM100 million is allocated for:

- building new stalls and upgrading the infrastructure of public markets under all local authorities (PBT) nationwide.
- providing business spaces for small traders at Tamu Desa in Sabah and Sarawak; and
- upgrading business facilities under DBKL and MARA.

MEASURE 34: BUMIPUTERA ECONOMIC TRANSFORMATION

166. The launch of the Bumiputera Economic Transformation Plan is driven by a commitment to usher in new direction and policies. We can no longer be confined by old ways—managing agencies with poor governance or using them to enrich close associates while neglecting the primary agenda of elevating the dignity and stature of the Bumiputera.

❖ *Bumiputera Entrepreneurs*

167. The centralisation of Pelaburan Hartanah Berhad (PHB) and Ekuinas under Yayasan Pelaburan Bumiputra is aimed at supporting Bumiputera businesses throughout their business lifecycle. For example, Ekuinas will invest in mid-sized companies, and thereafter, successful companies will be listed and receive appropriate investments from PNB.

168. Next year, RM800 million in financing under MARA and PUNB will be made available for more Bumiputera entrepreneurs, including to support local artisans.

169. The Government has agreed to allocate RM1.3 billion to empower G1-G4 contractors, particularly Bumiputera. This provides opportunities for contractors to undertake small and medium projects, such as road construction, as well as the repair and maintenance of public infrastructure.

170. At the same time, a total of RM200 million is allocated for the CAKNA 2 Scheme to support the cash flow of G1-G4 contractors in completing small-scale Government projects worth up to RM1.5 million.

❖ *Malay Reserve Land*

171. For the first time in history, the MADANI Government has agreed to allocate 50 acres of land from the strategic Bandar Malaysia development project as Malay Reserve Land. This is only the beginning in identifying suitable Government land to ensure that development also addresses the long-term socio-economic balance in urban areas.

172. PNB and PHB will continue to strengthen their collaboration in developing Malay Reserve Land for affordable housing projects, student accommodations, and commercial developments.

III. PROSPERING THE RAKYAT

173. The responsibility of leaders and public servants is to serve with full trust and sincerity to free the people from all forms of oppression and bondage, while also elevating the dignity of the nation's administration to a higher and more commendable level. This reminder is in line with the call of the Quranic verse in Surah Al-Balad, which commands the liberation of humanity from all shackles of servitude and oppression in order to achieve true happiness and well-being in life.

وَمَا أَدْرَاكَ مَا الْعَقَبَةُ ۖ فَكُّ رَقَبَةٍ ۖ أَوْ إِطْعَمٌ فِي يَوْمٍ ذِي مَسْغَبَةٍ ۖ يَتِيمًا ذَا
مَقْرَبَةٍ ۖ أَوْ مِسْكِينًا ذَا مَتْرَبَةٍ ۖ ثُمَّ كَانَ مِنَ الَّذِينَ ءَامَنُوا وَتَوَاصَوْا
بِالصَّبْرِ وَتَوَاصَوْا بِالْمَرْحَمَةِ ۖ

And what can make you know what is [breaking through] the difficult pass? It is the freeing of a slave, or feeding on a day of severe hunger an orphan of near relationship, or a needy person in misery, and then being among those who believed and advised one another to patience and advised one another to compassion. (Surah Al-Balad: 12-17)

MEASURE 35: COST OF LIVING OF THE RAKYAT

174. It should be emphasized that the measures taken to improve management, correct inefficiencies, avoid leakages, including targeted subsidy policies and broadening the revenue base, are among other things aimed at enabling more meaningful assistance to the *rakyat*.

175. Therefore, for the year 2025, we will provide the highest increase for the *Sumbangan Tunai Rahmah (STR)* and *Sumbangan Asas Rahmah (SARA)*, amounting to RM13 billion compared to RM10 billion. This increase will continue to benefit 9 million recipients, equivalent to 60 percent of the adult population of the country.

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- Next year, 4.1 million STR recipients in the household categories will receive SARA amounting to RM100 per month, compared to 700,000 recipients this year.
- The SARA assistance will be credited to the recipients' MyKAD starting from April 2025, and it can be used to purchase essential items such as food and beverages, medicines, school supplies, and personal hygiene products at more than 600 supermarkets and retail stores nationwide.
- The STR rate for the single category has been increased to RM600 compared to RM350.
- An additional allocation of RM3 billion allows the maximum amount received by households to increase to RM4,600, compared to RM3,700.
- We acknowledge and hear the complaints about the cost of living. Therefore, we are taking economic measures and policies that include an increase in the allocation and the highest rate of cash assistance ever provided by the Government to address the rising cost of living for the *rakyat*.

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176. This will also be supplemented by an increase in the cash assistance allocation under the Department of Social Welfare (JKM) to RM2.9 billion, compared to RM2.4 billion.

- The monthly welfare assistance rate for the poor will be increased:
 - The rate of assistance for senior citizen will be increased to RM600 per month compared to RM500 per month.
 - The rate of assistance for children from poor families will also be increased as follows:
 - from RM200 to RM250 per child for children aged 6 years and below; and
 - from RM150 to RM200 per child for children aged 7 to 18 years;
 - subject to a maximum rate of RM1,000 per family.
 - For the Federal Territories, the rate of general assistance is increased to RM150 compared to RM100, with a maximum

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rate of RM500 per family per month. I urge all State Governments to also improve the rate of general assistance from states.

177. If the total assistance from STR, SARA, and JKM is calculated:

- A poor household with three children is eligible to receive more than RM13,000 in assistance per year, which is a significant increase compared to RM11,000 currently.
- Poor senior citizens are eligible to receive more than RM10,000 in assistance per year, compared to RM8,000 currently.
- This means that no citizen in Malaysia will have an income of less than RM1,100 per month. And this does not yet take into account assistance from State Governments, Zakat, and Foundations.
- Therefore, it is our responsibility to ensure that no one is left behind. Therefore, the Department of Social Welfare (JKM) and the Implementation Coordination Unit (ICU) under the Prime Minister's Department (JPM) must work together and step up efforts to verify those in poverty.

178. On this occasion, I would like to announce that the payment for STR 2024 Phase 4 will be distributed to recipients starting from 7 November, involving an allocation of RM1.7 billion.

179. The entire Government will be mobilized to harness efforts to control prices and the supply of goods, including dismantling the dominance of cartels that exploit large profits at the expense of the people's money.

180. A total of RM1 billion has been allocated to broaden efforts in addressing the cost of living.

- The cost of living initiatives include a RM300 million allocation for *Payung Rahmah*, up from RM200 million. *Payung RAHMAH* will be stepped up to offer essential goods at affordable prices in all state constituencies (DUN) every month.
- RM700 million is allocated to expand other cost of living programmes to control the prices of goods, including through collaboration with supermarket operators, wholesale markets, retail stores, farmers' markets, cooperatives, and others.

181. In addition, RM250 million is allocated for the distribution of essential goods in rural and remote areas, including expanding to new areas such as Magandai, Kota Marudu and Nanga Pelawan, Bintulu

182. I would like to announce that:

- The individual income tax relief on premium payments of education and medical insurance has been increased to RM4,000.
- The individual income tax relief on medical expenses of up to RM10,000 also covers the portion of medical payments made by taxpayers under insurance and takaful products for medical and health with co-payment features.
- An income tax exemption on incomes derived from foreign sources and already subjected to income tax in the source country and received by individuals in Malaysia, which is currently granted on a periodic basis until 31 December 2026, is proposed extended until 31 December 2036.

MEASURE 36: INCOME OF THE RAKYAT

183. The MADANI Government consistently prioritizes the income of the *rakyat*. Economic restructuring is only deemed successful when citizens earn meaningful wages and salaries that enable them to live more comfortably.

184. The Government has agreed to raise the minimum wage from RM1,500 currently to RM1,700 per month, effective 1 February 2025.

185. The Government has also decided that the enforcement of a minimum wage of RM1,700 per month for employers with fewer than five workers will have a grace period of six months, effective 1 August 2025.

186. The Ministry of Human Resources will also publish starting salary guidelines for all employment sectors as a reference for employees. For instance, the starting salary for an Industrial and Production Technician (RM2,290), a Mechanical Engineer (RM3,380), and a Creative Content Design Professional (RM2,985).

187. Additionally, the Progressive Wage Policy is an effort by the MADANI Government to reform the labour market with the aim of increasing workers' income. This policy was piloted in June and will be

fully enforced next year. The Progressive Wage Policy, with an allocation of RM200 million, will benefit 50,000 workers.

188. The People's Income Initiative (IPR) is our effort to eradicate hardcore poverty by increasing the income of the people. Through the IPR INSAN initiative, Normaladiana Mohd Yazal, who is physically disabled (OKU), has helped her husband in business and successfully doubled their family's income. Next year, RM250 million is allocated to increase the participation of more hardcore poor individuals in the IPR programme to boost their income.

MEASURE 37: SOCIAL PROTECTION

189. The social protection agenda will continue to be strengthened to ensure that the majority of the *rakyat* is equipped with reasonable retirement savings and insurance contributions against disasters.

- To encourage more informal workers and those who do not have a regular income to save for retirement, the EPF's i-Saraan matching incentive will be increased to 20%, compared to 15%, subject to a maximum annual matching incentive of RM500 or RM5,000 for life.

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- The i-Suri Programme will continue as a matching incentive through government contributions and active contributions from members.
- The Self-Employment Social Security Scheme will cover up to 70 percent of workers' contributions with an allocation of RM100 million. This is in preparation for the implementation of mandatory contributions as a requirement for renewing vocational licenses for self-employed individuals next year. Operating companies are also urged to cover the remaining contributions as a commitment to safeguarding workers' welfare.
- The social insurance programme, *Skim Perlindungan Tenang*, will continue in collaboration with Bank Negara, the insurance and takaful industry, benefiting up to 2 million STR recipients. They are eligible to claim a voucher worth RM30 to partially cover the cost of purchasing *Perlindungan Tenang* products, which offer protection against death, personal accidents, and general risks such as fire and floods.
- Towards becoming an aging nation, EPF is reviewing its scheme to strengthen the intergenerational transfer approach,

allowing part of a member's EPF savings to be transferred directly into the EPF account of immediate family members.

- The Government plans to extend contributions on individual income tax relief under the *Skim Persaraan Swasta* and deferred annuity premium payments until the year of assessment 2030.
- The Government is committed to providing fair treatment to all employees regardless of nationality in accordance with international standards. The Government has agreed to make it mandatory for all non-citizen employees to contribute to the EPF. This proposal will be implemented in phases.

190. To reduce the cost of surrender and to encourage *hibah* insurance coverage and takaful protection grants to family members, the deed of assignment for life insurance policy and family takaful certificate given by way of love and affection or through a trustee, be subject to stamp duty at a fixed rate ranging from RM10 to RM1,000 based on the value of the transfer.

MEASURE 38: MAINSTREAM EDUCATION

191. One should take a moment to reflect on the verses of W.S. Rendra's *Sajak Anak Muda* (Poem of Youth). A careful reading should stir the mind and heart to yearn for reforms that elevate the quality of education, fostering not only a richer pedagogical experience but also nurturing critical thinking.

*“Kita adalah angkatan gagap
yang diperanakkan oleh angkatan takabur.
kita kurang pendidikan resmi
di dalam hal keadilan,
karena tidak diajarkan berpolitik,
dan tidak diajar dasar ilmu hukum.”*

—

*“Bukan pertukaran pikiran.
ilmu sekolah adalah ilmu hafalan,
dan bukan ilmu latihan menguraikan.
Dasar keadilan di dalam pergaulan.”*

—

*“Lalu akhirnya
Menikmati masa bodoh dan santai.
Di dalam kegagapan,
Kita hanya bisa membeli dan memakai,*

Tanpa bisa mencipta.

(Excerpt from *Sajak Anak Muda* by W.S. Rendra)

192. Education should empower knowledge, instil good values, and shape character. As succinctly encapsulated by the Prophet Muhammad (SAW):

أدبني ربي فأحسن تأديبي

“My Lord nurtured me, and He made my training excellent”

193. The MoE has been allocated RM64.1 billion, surpassing last year’s RM58.7 billion – the highest allocation in our nation’s history.

194. My unwavering priority remains: to provide a conducive, safe, and pristine learning environment where our children can thrive in their pursuit of knowledge.

- RM2 billion is allocated for the upgrade and maintenance of schools nationwide.
 - Of which, RM1 billion is set aside for the maintenance of all types of schools, particularly for upgrading dilapidated

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classrooms. This includes national schools, Chinese and Tamil vernacular schools, religious schools, military camp schools, and schools for Persons with Disabilities' (PWD) special education.

- Meanwhile, RM1 billion is allocated for upgrades of dilapidated infrastructure at 543 schools, especially in Sabah and Sarawak.
- The construction of 44 new schools shall commence next year. Among them:
 - SK Bandar Putra Indah, Batu Pahat, Johor;
 - SMK Bandar Seri Putra (2), Hulu Langat, Selangor;
 - SMK Lok Kawi, Putatan, Sabah;
 - SMK Semeling, Sungai Petani, Kedah; dan
 - SK Dudong, Sibu, Sarawak.
- In the endeavour to expand internet access to schools in villages and remote areas, the Government has agreed to carry out the Fixed-Line Broadband Infrastructure Connectivity to Rural Schools Programme, with an allocation of RM100 million.

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The existing Point of Presence (POP) project will also continue with an allocation of over RM800 million.

- *Alhamdulillah*, thanks to everyone's dedication, we have successfully repaired toilets in over 8,300 schools in a short period. The next focus is to upgrade other facilities, such as canteens and *musolla*, with an allocation of RM100 million.

- Other facilities, such as assembly halls, will also be upgraded through the commitment of private organisations and Government-related companies. I urge private organisations, alumni, and philanthropists to take corporate responsibility by contributing to creating a comfortable school environment for our children.

195. Only the elevation of knowledge shall liberate the *rakyat* from the clutches of crippling poverty. Next year, 17 types of education assistance will continue to be provided with a total allocation of RM5.3 billion.

- Hostel food assistance: RM2 billion.

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- Rancangan Makanan Tambahan (RMT): RM870 million compared to RM784 million previously. RMT shall benefit 860,000 students and provide opportunities to the local food suppliers.
- Nearly RM800 million is earmarked for *Bantuan Awal Persekolahan*, benefiting 5.2 million students in Standard 1 to Form 5, irrespective of their parents' income levels.
- *Kumpulan Wang Amanah Pelajar Miskin* will be increased to RM180 million, compared with RM150 million this year.
- To improve educational access for students from underprivileged families, the Government has agreed that salary or wage payments to educators by institutions and organizations with approved educational objectives under subsection 44(6) of the Income Tax Act 1967 will be allowed as welfare expenditure.

196. The Per Capita Grant (PCG) has not been reviewed since 2002, making it 22 years since the last revision. The PCG is the primary source of funding for schools, and the outdated rate can no longer cover the rising costs of education. Schools in remote areas, with fewer students enrolled, are also subject to the same PCG formula. This means that low enrolment has resulted in limited funding. Ergo:

- The Government has agreed to raise the PCG rate for TVET education by 15%, making the total allocation for PCG more than RM900 million.
- The Government agreed that a special allocation of RM10 million is set aside for Schooling Assistance to all 687 schools in remote locations.

197. Further, the Government has agreed to raise the monthly Living Allowance for student teachers under the Bachelor of Education Programme in Institute of Teachers' Education to RM530, compared with RM430.

MEASURE 39: HIGHER EDUCATION

198. The philosophy of education must continue to be embedded in higher education initiatives. The initial steps taken need to be further strengthened with greater resolve. Among the extended strategies are the enhancement of the Malay language as a language of knowledge, and the mastery of other languages, particularly English. Universities must swiftly introduce new disciplines that open avenues for the exploration of new ideas and technologies. University leadership and

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scholars must be given the latitude and freedom to spearhead reforms aimed at strengthening and improving quality.

199. The Ministry of Higher Education (MoHE) is allocated RM18 billion, compared to RM16.3 billion this year.

200. Among the support measures for youngsters pursuing higher education:

- A total allocation of RM4 billion is provided in the form of scholarships, loans, and education allowances.
- GLICs and GLCs are also committed to ensuring at least 50% of scholarships are reserved for students from low- and middle-income families.
- The Government encourages the corporate sector to be more generous and proactive in providing educational scholarships up to the university level, especially for those from low- and middle-income groups. Such expenditures will be eligible for tax deductions.
- To produce graduates with high employability, in line with industry demands, PTPTN has allocated RM500 million in educational financing

specifically to prioritize students pursuing studies in STEM fields at public HEI (IPTA).

201. To encourage savings for children's higher education:

- The Government proposes that a personal income tax relief for net savings in *Skim Simpanan Pendidikan Nasional* (SSPN) be extended for another three years.
- Under the *Geran Padanan Ihsan* (GAPAI) Initiative, the Government has consented to expand the eligibility criteria for the matching grant, up to RM5,000, for savings in Simpan SSPN accounts for students pursuing higher education at higher education institutions (HEI). This will now apply to families with an income of up to RM6,000, compared to the prevailing limit of RM4,000, for a period of two years.
- Permodalan Nasional Berhad will launch the *Celik MADANI* Programme, which credits RM50 for free to 100,000 students pursuing higher education who open new ASB accounts.

202. The Third MADANI Budget remains resolute in raising HEIs' quality. A total sum of RM635 million is allocated to all public universities

for upgrading infrastructure, replacing outdated equipment, and expanding internet coverage in all public HEIs.

203. UiTM is provided with an additional allocation of RM20 million to produce more E&E engineers, considering the importance of ensuring Bumiputera participation in the semiconductor field, which has been identified as one of the country's high-growth sectors.

MEASURE 40: ARTIFICIAL INTELLIGENCE (AI)

204. We are witnessing positive signs, such as the establishment of the country's first Faculty of Artificial Intelligence at Universiti Teknologi Malaysia in a short span of time. This gives us hope that there are clear indications our educational institutions are moving towards excellence.

205. Next year, AI-related education will be expanded to all research universities with an allocation of RM50 million , a marked increase from the RM20 million allocated this year.

- Universiti Malaya will focus on AI in the medical field to combat life-threatening diseases such as cancer.
- Universiti Putra Malaysia will establish the Malaysian Cryptology Technology and Management Centre in collaboration with NACSA to

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develop quantum computing AI as preparation for addressing complex cybersecurity threats.

- Universiti Sains Malaysia will explore AI in semiconductors, aligning with Malaysia's status as a global semiconductor hub, enhancing collaboration with companies such as Intel and Infineon.
- Universiti Kebangsaan Malaysia will lead in AI for translation, aiming to elevate the Malay language as a language of knowledge.

206. Meanwhile, the Government will continue to nurture research, development, commercialisation, and innovation (R&D&C&I) activities.

- The funding for R&D has been raised to RM600 million, compared to the previous allocation of RM510 million under the Ministry of Higher Education and the Ministry of Science, Technology and Innovation.
- The Malaysia Science Endowment (MSE) trust is allocated a fund of RM170 million. This fund will be utilised to provide matching grants for private sector entities and industries to drive R&D programmes.
- The Malaysia Techlympics programme, with an allocation of RM10 million, will be enhanced to stimulate the development of homegrown talent specialising in the fields of robotics and AI technology.

MEASURE 41: TVET EMPOWERMENT

207. In line with the National TVET Policy, total allocation for TVET is raised to RM7.5 billion, compared to RM6.8 billion this year. Priorities are reserved for:

- enhancing collaboration with the industry;
- providing training opportunities for vulnerable youth, including those from urban poor, marginalised, rural, and *Orang Asli* communities; and
- delivering TVET services for the benefit of the community.

208. The Government welcomes the partnership with PROTON through PROTON Advanced Automotive Technology Institute in Melaka, which provides curriculum development, instructor support, and training requirements. To encourage more such partnerships:

- A matching grant of RM50 million is allocated to attract more industries to participate in the *Anak Angkat ILKA Programme*.
- GLCs will lead the development of new training programmes for their respective industries, such as TNB for energy transition, and SD Guthrie for plantation mechanisation and automation.

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- Companies will receive tax deductions on new machinery and equipment donated to registered ILKA, polytechnics, or vocational colleges in Years of Assessment 2025 to 2027.
- Employers will be allowed to use up to 50% of the HRD Corp fund, compared to 30% currently, for the reimbursement of expenses related to training facilities, including equipment purchases and renovations of training facilities.
- Employers who hire persons with disabilities (PWDs) and former convicts will be granted an incentive of RM600 per month for three months, under the supervision of SOCSO.

209. TVET education and training opportunities will be increased:

- Vocational colleges and technical secondary schools will continue to provide education to 77,000 students, with an allocation of RM1.2 billion.
- PTPK will provide financing of up to RM500 million for the benefit of 20,000 trainees, including RM100 million dedicated to the priority sectors of NIMP 2030, such as MRO, EV, aerospace, and AI.

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- HRD Corp will leverage on a RM3 billion fund to offer 3 million learning opportunities. HRD Corp will also re-allocated a special fund of up to 15% of the total levy collection to implement the MADANI Training Programme specifically for the vulnerable. Employers are also permitted to utilise the levy to finance allowances of up to RM1,000 per year for graduates through HRD Corp, including for skill training.

- Khazanah has allocated RM200 million under the K-Youth Development Programme to develop 11,000 local talents specialising in key sectors, such as the semiconductor.

- GiatMARA and community colleges are allocated RM50 million to empower 6,000 *huffaz* from tahfiz institutions and *pondok* schools with skills training over the next five years.

- GiatMARA will also provide short-term training to over 3,000 gig workers.

- The Government proposes a double deduction on expenses for companies implementing the Structured Internship Programme (MySIP) under TalentCorp to be extended to students undergoing structured training conducted by industry regulatory bodies, with this incentive extended until the Year of Assessment 2030.

- SOCSO will establish a state-of-the-art Rehabilitation Centre in Terengganu, with a cost of nearly RM600 million. This centre will offer comprehensive services, ranging from rehabilitation treatment to return-to-work programmes, thereby strengthening efforts to build a more resilient and inclusive workforce.

MEASURE 42: HEALTHCARE

210. Leaders and Governments' responsibility, as eloquently stated in Thirukkural, reads: உறுபசியும் ஓவாப் பிணியும் செறுபகையும் சேரா தியல்வது நாடு - is to build a nation that is not only committed to uplifting the dignity of the poor and destitute, but also to eradicating the scourge of diseases and destructive enemies. (Thirukural : 734)

191. Post-normal life demands a more complex healthcare system, as well as stronger collaboration between public and private healthcare bodies, in line with the recommendations of The Health White Paper for Malaysia.

211. The Ministry of Health (MoH) receives the second highest funding in Budget 2025, with an allocation of RM45.3 billion, from RM41.2 billion. It is the Ministry's responsibility to carry out essential duties, including

ensuring that public healthcare services are of high quality, comfortable, and people-friendly.

❖ *Maintenance and Upgrade of Healthcare Infrastructure*

212. Next year, a total of RM1.35 billion will be allocated to maintain health infrastructure, including repairing dilapidated hospital toilets and dilapidated patient wards.

213. The Government continues to upgrade dilapidated clinics across the country. Under the MADANI Government, the allocation for upgrade and repair works for dilapidated clinics has been increased annually: RM100 million in 2023, RM200 million in 2024, and RM300 million in 2025.

❖ *War on Sugar*

214. Malaysia has one of the highest obesity rates in Southeast Asia and sugar is unequivocally one of the major culprits behind the rise in non-communicable diseases (NCDs).

215. As a measure to strengthen the War on Sugar movement, the Government is proposing to increase the excise duty rate on sugary

drinks in stages. Starting on 1 January 2025, the duty will be raised by 40 sen per litre.

216. Revenue gained from this additional collection will be used to cover public health expenses, such as:

- Increase the supply of SGLT-2 inhibitors for diabetes treatment.
- Expansion of Peritoneal Dialysis (PD) treatments for End Stage Kidney Disease (ESKD) for more MoH patients nationwide, apart from FELDA which will also improve dialysis centres in FELDA settlements.

217. To support the *Agenda Nasional Malaysia Sihat*, RM27 million has been allocated to further promote sports and recreational activities for the public, including the organisation of *Hari Sukan Negara*.

218. The Government plans to expand the scope of individual income tax relief on medical expenses to include payments for disease detection tests, the purchase of health screening equipment, and disease detection test kits as a step towards encouraging self-care health practices.

❖ *Resilient Public Healthcare Services*

219. The public health service system and structure need to be strengthened to be more resilient, sustainable and self-reliant.

- The KKM Partner Initiative will be introduced, involving collaboration with GLICs to provide affordable paid healthcare service options for patients. This implementation will start at five KKM hospitals with high demand and suitable infrastructure, such as Cyberjaya Hospital, with an initial allocation of RM25 million.
- The Government is also strengthening collaboration with 91 private hospitals to outsource KKM patients involving services such as cardiology, radiology, and nephrology. This approach indirectly creates a competitive element to obtain the best prices for the Government. This outsourcing is also continued with the National Heart Institute, involving heart patients among Government pensioners aged 65 and above.
- The Government will implement an off-take policy or specific procurement from companies making new domestic investments to manufacture pharmaceutical products and

critical medical devices. This approach not only supports the assurance of drug supply from local sources but also has the potential to reduce costs in the medium term. The Government will also encourage investment in the production of halal vaccines.

❖ *Centre of Excellence in Health*

220. It must be acknowledged that the nation's top health specialists serving in government hospitals should be placed in Centres of Excellence, such as Hospital Serdang for Cardiology and Hospital Selayang for Transplant & Hepatobiliary; The National Cancer Institute, Putrajaya; the Endocrine Institute, Putrajaya; the Institute of Urology and Nephrology, Kuala Lumpur Hospital; and the Women's and Children's Hospital, Kuala Lumpur.

221. To strengthen these identified Centres of Excellence, the government has allocated RM100 million, including for the procurement of the latest equipment. Alongside the existing centres, the Government is also working towards establishing a Cancer Centre in Kuching and a Heart Specialist Hospital in Kota Kinabalu.

❖ *Rare Diseases*

222. The Government has established the Rare Disease Trust Fund (*Tabung Penyakit Jarang Jumpa*). For next year:

- The allocation is increased to RM25 million to cover medical costs for treatment of rare diseases.
- The mySalam scheme has also been expanded to include rare diseases and Rheumatoid Arthritis.
- Donations to Rare Disease Trust Fund is eligible for a tax deduction equivalent to the actual donation amount.

MEASURE 43: RAKYAT RESIDENTIAL HOME

223. The MADANI Government places the utmost priority on ensuring housing is affordable for the *rakyat*:

- Nearly RM900 million is allocated for the development of 48 PPR and 14 Rumah Mesra Rakyat projects, including two new PPRs in Port Dickson and Seberang Perai Tengah. 30 PPRs are estimated to be completed by the end of 2025 which will benefit almost 17,500 new residents.

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- SJKP has approved RM12.8 billion in Government Guarantees to more than 57,000 first-time home buyers. These include Mr. Venukannan Balakrishnan, an e-hailing driver with no fixed income. Through SJKP, he is realising the dream to own a house in Rawang with his beloved wife. The Government will continue to guarantee housing financing up to RM10 billion for the benefit of 20,000 home buyers.
- The Government has agreed to streamline and increase the assistance to build new public houses such as those for PPRT residents, fishermen, Kampung Baru Cina, to a maximum of RM90,000. Ceiling rate for public housing repairs has also been raised to a maximum of RM20,000.

224. PPR housing has been around for decades to benefit the unprivileged. The Government continues to mobilise the effort to ensure a more humane environment for PPR and housing communities.

- Maintenance of low-cost and medium-cost strata public housing, including replacement of dilapidated lifts, with an allocation of almost RM200 million.

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- A total of 48 MADANI Public Parks will be upgraded to include recreational areas with serene and comfortable landscapes for the use of urban and small-town communities, with the allocation of almost RM100 million.
- Kampung Baru Cina shall receive RM84 million for upgrade of basic and social amenities, benefiting the local communities. KPKT has also been mandated to coordinate efforts to cater to the needs of Indian villages.
- *Program Anak Kita* to be further enhanced with an allocation of RM30 million as an integrated effort to address the issue of 80,000 school dropouts. Yayasan Hasanah is also exploring this matter, and has worked on courting these children into TVET programmes.
- Efforts to address malnutrition among children in PPRs in Klang Valley are being intensified through a pilot project co-funded by UNICEF, with an allocation of RM5 million.
- A total of RM5 million is allocated to stimulate economic activities at the *rakyat* level, such as encouraging food

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enterprises to leverage the *Dapur Digital* platform by Pepper Labs and Yayasan Hasanah.

- The Government will install 180 high-definition closed-circuit cameras and 45 emergency buttons in Putrajaya and Labuan.
- The Government will design a community empowerment framework to strengthen the role of residents' associations as facilitators at the community level. Residents' associations will be provided leadership training by Yayasan Sime Darby, non-governmental organisations (NGO), and Government-linked agencies.

225. To support individuals purchasing their first home, the Government is proposing to provide individual tax relief of up to RM7,000 on mortgage interest payments, as follows:

- Tax relief of up to RM7,000 for residential houses valued up to RM500,000.
- Tax relief of up to RM5,000 for residential houses priced valued above RM500,000 to RM700,000.

This relief can be claimed for three consecutive Years of Assessment on sale and purchase agreements completed between 1 January 2025 and 31 December 2027.

MEASURE 44: BASIC RURAL INFRASTRUCTURE

226. Basic infrastructure in rural, village, and remote areas will be further upgraded to provide comfort to the residents with overall allocation of RM2.9 billion.

- Allocation of RM1.8 billion for the construction and repair of village roads like in Kota Belud, Sabah; Pasit Putih, Kelantan and Kuala Lipis, Pahang;
- An allocation of more than RM350 million is earmarked for projects to build and repair bridges at villages, as well as install streetlights;
- To provide water and electricity supply to 5,150 houses in Sabah and Sarawak, an allocation of nearly RM500 million is provided;
- The Government also supports the cooperation of public universities in improving village infrastructure, such as the installation of solar lamps in Pulau Tuba by Universiti Malaysia Perlis.

MEASURE 45: DIGITAL CONNECTIVITY

227. Digital Nasional Berhad (DNB) has been taken over by private entities after the nation's 5G coverage has exceeded 80% of populated areas. Moving forward:

- The Government will announce a second 5G network in an effort to enhance the competitiveness of the ICT sector.
- The Government will continue to promote the use of 5G across 27 industrial areas, as well as showcase 5G case studies by industries ahead of Malaysia's Chairmanship of ASEAN in 2025.

228. With a total fund of RM120 million, the Malaysian Communications and Multimedia Commission (MCMC) has agreed to enhance Internet coverage at public universities, schools, Armed Forces Camps and MARA institutes.

MEASURE 46: PUBLIC TRANSPORT AND ROAD NETWORK

229. The Government will continue to ensure the country's public transport system is efficient, affordable, and comfortable for the benefit of all citizens:

- The Sabah & Sarawak Rural Air Services continues with an allocation of more than RM200 million. This includes opening new routes from Kota Kinabalu to Layang-layang and Miri to Long Banga.
- Prasarana, on the other hand, has procured 250 electric buses this year. The Ministry of Transport has also started the procurement of 12 KTMB passenger train cars for the convenience of passengers. Meanwhile, another 50 train cars will be acquired on lease through a Government-to-Government (G2G) mechanism with China.
- The Government will continue the My50 monthly pass for the benefit of 180,000 Klang Valley residents using Prasarana buses and rail services.
- The stage bus services will continue to be supported with an allocation of over RM270, ensuring that every major city in all states will benefit.

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- To improve bus connectivity in the Klang Valley, RM10 million is allocated to add dedicated bus lanes on three routes, namely Jalan Ipoh, Jalan Cheras and Jalan Gombak, spanning 47 kilometres.

- The Government, in cooperation with GLCs and private entities, will also upgrade 100 bus stops in the Klang Valley to enhance the safety and comfort levels of the users of public bus services.

- Prasarana will provide van services for children to travel to schools from selected train stations for a fare of 50 sen one-way. To kick off this initiative, the participating stations will be LRT Sri Rampai and LRT Melati.

- The Government has also agreed to provide complimentary rides to students of all universities, polytechnics, community colleges, and matriculation colleges across the country who use BAS.MY.

230. Road maintenance aspect remains a priority concern to reduce accident cases due to unsafe road conditions.

- RM2.8 billion is allocated to maintain federal roads:

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- RM1 billion is designated to immediately repair non-main roads such as secondary roads, Felda roads, and industrial roads, as well as roads damaged by flood.
- RM450 million is also designated for G1-G4 contractors, up from RM300 million this year.
- For state roads, RM5.5 billion of MARRIS fund is allocated. Road cleaning work has also been improved to cover drains, water drainage systems, road shoulders, and the surrounding environment to ensure safe usage. The Ministry of Finance has approved the procurement of a temporary Bailey bridge for all state governments, using the MARRIS 2025 allocation as an early preparation for State Governments to address the issue of roads being cut off due to flood.
- RM178 million to install new street lamps and smart traffic lights at federal roads across the country.
- RM30 million is allocated to continue empowering 115 District Engineers as the frontline to expedite the paving of pothole-ridden federal roads.

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- The Government has agreed to install High-Speed Weight in Motion at selected locations to prevent more accidents caused by overloaded vehicles.

MEASURE 47: WOMEN

231. As at 10 October, the average representation of women on the boards of the top 100 companies listed on Bursa Malaysia stood at 32.2%. While we have achieved the target of 30% women's participation, it is imperative to note that 39 companies have yet to meet this benchmark within their boards. The government emphatically urges all companies to fulfil this target by the close of 2027.

232. The Government will continue to encourage women to return to work:

- *Program Perantisan Kepimpinan Wanita (PERANTIS)* led by the Ministry of Women, Family, and Community Development is a testament to our effort in producing more female leaders and corporate figures.
- The Returnship programme will be piloted to encourage women to return to work in the financial sector. The programme, organised by BNM

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and the SC, will provide training facilities and then connect with suitable prospective employers.

- The Government is proposing to provide an additional income tax exemption of 50% for employers who hire women returning to work for a duration of 12 months.
- A total of RM470 million is allocated by SME Bank, BSN, Bank Rakyat, and MARA to support female PMKS entrepreneurs in obtaining working capital and financing for asset purchases, thereby enhancing their business capacity to greater heights.

233. Regarding the cultivation of a work-life culture while supporting the economic agenda of care for employees, the Government proposes tax incentives to employers as follows:

- An additional 50% tax deduction on the cost of capacity building and software procurement incurred by employers in implementing flexible working arrangements; and
- An additional 50% tax deduction for the employer's paid supplementary care facility for up to 12 months for employees who are caring for a sick or disabled child or family member.

MEASURE 48: YOUTH

234. The National Service Training Programme 3.0 (PLKN 3.0) pilot project will be launched as a new concept, with RM50 million allocated for this initiative to the Ministry of Defence for school cadet graduates. PDRM and other uniformed agencies are also involved in the success of PLKN 3.0 using existing infrastructure in collaboration with the *Akademi Kenegaraan Malaysia*.

235. A total of RM25 million is allocated for the *Rakan Muda* programme to continue serving as a platform for developing the youth's potential and identity.

236. The Step-Up Financing Scheme under SKJP was introduced as a Government guarantee of up to RM5 billion specifically for youngsters seeking to purchase their first home. This scheme offers a lower repayment rate for the first five years of the mortgage term.

237. The Government, through TalentCorp, is providing a Matching Grant of RM10 million under the *Latihan Industri Untuk Perusahaan Kecil dan Sederhana* (LiKES) programme to encourage companies to provide industrial training to graduates.

238. The *Tunas Usahawan Belia Bumiputera* (TUBE) has been allocated RM20 million to continue its efforts in pushing the youth to leap into the world of entrepreneurship.

MEASURE 49: CHILDREN

239. Newborns are at high risk of contracting Hepatitis B, which must be addressed urgently. The Government is allocating RM5 million to implement First 1,000 Days of Life initiative. This effort is to initiate universal Hepatitis B screening for 420,000 pregnant women for early detection and treatment of the disease in an effort to give birth to a healthy and productive generation.

240. This year, 122,000 Year 1 students still have not mastered literacy and numeracy. Early education is crucial because this is the period when brain development is at its fastest, and thus, children need to be nurtured and educated from an early age. Next year, the Government will build new preschools to support early childhood education, among other initiatives:

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- 34 new preschools, including at SK Pakatan Jaya, Kinta Utara, Perak, and SK FELDA Palong 1, Jempol, Negeri Sembilan; and
- 16 TASKA and TABIKA KEMAS centres, with some located in Gopeng, Segamat, Rompin, and Kota Samarahan.

241. To continue assisting parents in accessing early education and childcare services, the individual income tax relief for payments made towards TASKA and TADIKAs fees is extended until the Year of Assessment 2027.

242. The Government is committed and will ensure that the welfare and education of autistic children are at the highest level:

- Establishing 11 new PERMATA Centres across various states to uplift the early education of autistic children. This includes Kelantan, Terengganu, Sabah and Sarawak.
- Two new schools for students with special needs have also been built in Tuaran, Sabah, and Johor Bahru at a cost

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of RM300 million. The school in Johor Bahru will be the first school to focus entirely on education for students with autism.

- The Special Needs Student Allowance of RM150 per month will continue to be provided to over 110,000 PWD students, with an allocation of RM200 million.
- The Autism Learning Fee Assistance is provided to ease the burden on eligible parents. This will benefit 30,000 children with autism, with an allocation of RM15 million.
- To ensure a comfortable and inclusive learning environment, RM10 million has been allocated to assist registered private autism schools with the Ministry of Education in enhancing their learning facilities.
- Autism Service Centers are also being established, which will benefit the autism community, with an allocation of RM5 million.
- The tax relief limit for treatment and rehabilitation expenses for children with autism will be increased to RM6,000, up from RM4,000.

MEASURE 50: SENIOR CITIZENS

243. The allocation for the welfare of senior citizens is raised to RM1 billion. This will fund cash assistance, allowances for Senior Citizens Care Institutions, and activity centres.

244. The Government plans to review individual income tax relief related to sports activities and healthcare to safeguard the welfare and ensure the care of senior citizens.

First: tax relief for full medical check-up expenses for parents will be expanded to include vaccination costs;

Second: tax relief for sports equipment and activities expenses will be extended to cover parents;

Third: tax relief for medical treatment expenses for parents will also include grandparents;

Fourth: individual income tax exemption on childcare allowances will be extended to include care for the elderly, namely parents and grandparents; as well as

Fifth: additional tax deductions for employers who pay childcare allowances will also be extended to include care for the elderly, namely parents and grandparents.

MEASURE 51: PERSONS WITH DISABILITIES (PWD)

245. The well-being of the community of persons with disabilities (PWD) continues to be protected:

- Allocation for assistance for PWDs under JKM is increased to RM1.3 billion from RM1.2 billion.
- The salary eligibility requirement to receive the Incentive Allowance for Disabled Workers will be increased to RM1,700 from RM1,500.
- PWD-friendly facilities throughout HEIs will be improved while continuing to implement the Community-Based Rehabilitation Programme for the PWDs with an allocation of RM30 million.
- Financing facilities through Skim Sinar BSN are provided with a fund of RM50 million for PWDs to venture into business.

246. The Government will ease the burden of PWD taxpayers with the following recommendations:

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First: additional tax relief for PWDs to be increased to RM7,000;

Second: additional tax relief for PWDs' spouses to be increased to RM6,000; and

Third: tax relief for taxpayers who have unmarried children with disabilities to be increased to RM8,000.

247. To ensure that the public delivery system is more inclusive, the MyGCC Government Contact Centre will provide specific services to meet the needs of PWD callers, such as offering video call with sign language.

MEASURE 52: ORANG ASLI

248. The Orang Asli community continues to be protected under the MADANI Budget, with the allocation increased to RM380 million from RM330 million. This includes allocation to improve the Orang Asli's living standards, including through the Orang Asli farm redevelopment project nationwide.

249. A total of RM10 million is provided for NGOs and JAKOA to collaborate in building houses under the EPIC Homes programme, which will also provide electricity and clean water to the Orang Asli more economically and quickly.

250. Frequent landslides also has a major impact on Orang Asli villages. The Government will develop the profile and mapping of high-risk slope areas in Orang Asli villages with a cost of RM18 million. This will serve as an early preventive action in case there are villages that require immediate attention.

MEASURE 53: SECOND CHANCE

251. The Second Chance Policy has benefited almost 170,000 *rakyat* who were declared bankrupt to rebuild their lives. Moving forward, the Second Chance Policy will be extended to insolvent companies.

252. *Program Peluang Kedua* (PEKA) by the Prison Department will continue to reintegrate inmates back into society. The National Anti-Drugs Agency is also involved in accordance with the agreed decisions to decriminalise drug addicts. RM10 million is allocated to implement the PEKA programme.

253. *The Baitul Mahabbah* Programme will be continued by the Immigration Department in collaboration with NGOs and relevant international organisations. This is to ensure that foreign children receive protection in suitable temporary shelters, apart from the Immigration Detention Depot.

254. *The Government* will draft a new act to allow home detention as an alternative for certain offenses, where offenders are required to stay in appropriate detention locations such as residences, care homes, worker dormitories and others throughout the detention period under specified conditions and will be monitored and supervised by prison officers.

MEASURE 54: ISLAMIC PRINCIPLES

255. Divergent thoughts and movements that stray from the true teachings of Islam based on *Ahli Sunnah Wal Jamaah* are increasingly concerning. Concerted efforts are actively being undertaken to curb all activities that distort faith, which are spreading and causing unrest among the Malaysian populace.

256. Following the ongoing Ops Global, the Government will allocate an additional RM25 million to the Ministry of Women, Family and

Community Development in managing abused children as well as implementing faith rehabilitation programmes.

257. For next year, a total of RM2 billion is allocated for Islamic affairs. Part of the allocation will be utilised to empower Islamic educational institutions:

- RM150 million is allocated for the maintenance of Islamic education infrastructure under JAKIM, such as pondok schools, tahfiz schools, and sekolah agama *rakyat*.
- The Government has agreed to increase the quota of KAFA teachers by 1,500 people, aligning with the demand for fardu ain education for children.
- To help students at the Institut Pengajian Islam dan Dakwah Sabah (IPDAS), Institut Kemahiran Islam Malaysia Sarawak (IKMAS) and Darul Quran JAKIM, the Government has agreed to increase the students' allowance by RM100.

258. The incident of burning the Quran in Sweden and the opposition against Islam stem from deep-seated ignorance. To cultivate awareness of Islam, the Government will launch an initiative for Quran endowment with the intention of printing one million copies of the Quran to be

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distributed worldwide, along with translations in various languages, including English, Spanish, Mandarin, and Swedish. This effort will be implemented by JAKIM in collaboration with organizations such as Yayasan Restu.

259. As a sign of brotherhood, the Government has taken steps to bring more than 40 Palestinians in need of medical treatment to Malaysia. In efforts to mobilise assistance on the basis of shared responsibility, the Government proposes that the scope of tax relief for charities under Section 44(6) of the Income Tax Act be expanded to include contributions to affected non-citizens.

260. In appreciation of the huge contribution of more than 70,000 KAFA teachers, guru takmir, imams, bilals, tok siaks, noja and marbut, the Government has agreed to channel a special contribution of RM500 with an allocation of RM35 million.

MEASURE 55: SPORTS DEVELOPMENT

261. We extend our congratulations to all athletes who have done their utmost to bring glory to the country at the Paris Olympics and Paralympics. This includes the achievements of Saudara Cheah Liek Hou and Saudara Bonnie Bunyau Gustin who won gold medals. The

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development of national sports will continue to be intensified through an allocation of more than RM230 million. These includes:

- the podium programme, athlete training, and the Road to Gold initiative;
- Preparations of para athletes ahead of the World Para Games, including the Deaflympics Tokyo 2025;
- Maintenance and repair of youth and sports facilities across the country; as well as
- Sports matching grant to encourage the organisation of sports competitions by associations and NGOs.

262. To support the development of football, RM15 million is allocated to the Harimau Malaya Team, Under-18 Team and Under-13 Team in collaboration with FAM to get the best coaches, attend the best training sessions and rewarded appropriately to the players.

263. We are proud of the achievements of our national badminton team, including the women's doubles team of Saudari Pearly and Saudari Thinaah, as well as the men's doubles team of Saudara Sze Fei and Saudara Izzuddin, who have brought honor to the country in various international tournaments. I see them as reflecting the spirit of unity and

the strength of our multi-cultural and multi-religious society, showing that we can fight together and achieve success.

264. Following the warm reception during my recent visits to India, Pakistan, and Bangladesh, I feel compelled to announce an allocation of RM1 million for the development of cricket sports.

265. Recently, the Selangor Red Giants were crowned world champions at the e-Sports World Cup, and this certainly serves as an inspiration to local e-sports players. The Government has agreed to provide RM20 million to strengthen the e-sports ecosystem, which includes talent development and the upgrading of e-sports arenas.

266. The Government proposes that income tax exemption be given on sports victory cash prize rewards received by individual athletes and teams through the Skim Hadiah Kemenangan Sukan (SHAKAM) given by the Government through National Sports Council of Malaysia (MSN).

MEASURE 56: VOLUNTEERISM

267. In shaping noble personalities and overcoming differences among communities of various ethnic groups, the organisation of programmes to foster the spirit of unity and national identity will be increased with an allocation of RM50 million.

268. Community programmes that nurture the spirit of volunteerism will continue to be strengthened with an allocation of RM150 million. This includes collaborating with the GLICs/GLCs Foundation and NGOs to address public issues, as well as organising PIBG *gotong-royong* activities in all schools nationwide.

269. In the same context, assistance funds of RM50 million has been allocated for repair works and maintenance of registered non-Islamic houses of worship nationwide.

MEASURE 57: LANGUAGE AND CREATIVE WORKS

270. I have often emphasised, in the context of the Asian Renaissance, that economic development must be accompanied by the nurturing of culture and values. Our linguistic and literary heritage must be preserved, ensuring it remains vibrant and enduring. To elevate the stature of language and literature, the government is allocating RM50 million for Dewan Bahasa dan Pustaka to collaborate with linguists and literary practitioners to intensify language and literary activities, particularly among the youth. This initiative includes translating renowned literary works, organising theatrical performances, and

preserving the languages of minority communities, such as the Thai ethnic group.

271. The Government continues to support the development of the arts and creative industries:

- The allocation for the Digital Content Fund is increased to RM65 million to promote creative works, especially those that embody the spirit of nationalism.
- around RM40 million is provided under the Film Incentive in Malaysia (FIMI) to support international film production in Malaysia.
- MyCreative Ventures is allocated RM25 million to support the creative industry through equity injections into high-potential companies and to provide financing for creative social entrepreneurs.
- The MADANI Creative Youth Programme will be organised with an allocation of RM30 million to attract around 16,000 youths to venture into the field of arts. The programme will include activities such as videography skills workshops for creative

content, film community development, and short film competitions.

MEASURE 58: NATIONAL SECURITY & DEFENCE

272. The dignity and sovereignty of the nation must be continuously safeguarded from any threats. The harmony that has been achieved so far must not be disrupted. The unity of the *rakyat* from various ethnicities and religions that has been built over time must be preserved.

273. The Ministry of Home Affairs (KDN) is allocated RM19.5 billion, an increase of RM500 million.

274. More than RM2.12 billion is allocated for specialised assets for the Royal Malaysia Police (RMP) and uniformed agencies under KDN to ensure national security through concerted efforts to curb the rising crime rates and prevent any divisive elements that threaten national unity.

275. Several new police stations are set to be constructed next year at a cost of RM2.1 billion. Among the projects are:

- Ibu Pejabat Polis Kontinjen Pahang;

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- Ibu Pejabat Polis Daerah Wangsa Maju;
- Ibu Pejabat Polis Daerah Petaling Jaya; and
- Balai Polis Tanjung Minyak, Melaka.

276. The Ministry of Defense (MINDEF) receives an allocation of RM21.2 billion, an increase of RM1.4 billion.

277. The Government will continue to ensure the full readiness of the Malaysian Armed Forces (ATM), with RM5.8 billion allocated for maintenance and repair work as well as the procurement of new military assets.

278. To capitalised maintenance contracts, the new PROTEGE – Veteran programme will be introduced, specifically mandating contractors to offer job opportunities for ATM veterans, particularly those with TVET qualifications.

279. Special emphasis is also given to developing the local defense industry through technology transfer from military asset suppliers and encouraging local industry players to penetrate the export market. For example, Aerodyne, a local company has emerged as a leading global drone service provider, should be supported in exporting border security applications.

MEASURE 59: NATIONAL BORDERS

280. As often emphasised, the South China Sea dispute must be resolved at the negotiation table. We remain firm in our stance that this can be addressed peacefully, although this does not mean we will tolerate any compromise on the nation's rights and sovereignty.

281. Maritime assets will be increased and maintained. This includes new procurement under the Malaysian Maritime Enforcement Agency (APMM), namely:

- Six vessels under the Phase 2 Ship Life Extension Programme;
- One Multi-Purpose Mission Ship; and
- Two New Generation Patrol Vessels.

282. A total of RM560 million is provided to strengthen country borders. Among them are for:

- Construct new and upgrading of ICQS in Rantau Panjang and Bukit Berapit;
- Construct two new border posts in Bantul and Serudung, Sabah; and

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- Equip enforcement agencies with drone technology and AI to enhance monitoring capabilities.

283. In addition, the development of bordering towns with Kalimantan, Indonesia, and Southern Thailand will be prioritised, including the provision of basic infrastructure, with an allocation of approximately RM1 billion. This includes the construction of bridges from Rantau Panjang to Golok and from Pengkalan Kubor to Tumpat, costing over RM50 million.

284. In response to water supply constraints in the Eastern Sabah Security Zone (ESS ZONE), RM5 million will be allocated to provide clean water through a hybrid system using rainwater and groundwater.

285. With regards to the management of border entry and exit:

- The Malaysian Border Control and Protection Agency (MCBA) has been established to enhance border management.
- Travellers from 63 countries have utilised the automated gate system at Kuala Lumpur International Airport (KLIA).
- QR code method has been implemented to inspect bus passengers and motorcycle users at the main southern entry points of the country, reducing inspection times by up to 40%. RM20 million will be allocated to further strengthen the control of national entry points.

MEASURE 60: CIVIL SERVANTS

286. At the same opportunity, I would like to invite the entire civil servants to embrace a new work culture in order to embody the spirit of transformation and improve service efficiency to the *rakyat*. There is no meaning, after all, if the policies we propose are not supported by the efficiency of civil servants. Therefore, we must foster agility and enhance our service to the *rakyat*.

287. The well-being of civil servants continues to be preserved:

- The Ministry of Health will implement a new targeted work system in hospitals and health clinics. For healthcare facilities adopting this system, the Government has agreed to raise the On-Call Duty Allowance from RM55 to RM65 for Medical Officers and Dental Officers, based on their respective service areas and departments.
- In line with the lifelong learning policy, the Government is introducing the APEL.Q Programme under the management of INTAN. Through this programme, the Government will cover 50% of the tuition fees, or a maximum of RM15,000 for public

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servants who have served for more than 15 years to pursue higher education.

- Over RM1.8 bilion is allocated to build, maintain and refurbish civil servants' quarters, encompassing teachers, doctors, the police, firefighters, prisons, and the Armed Forces Family Housing.
- *Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)* will introduce the *Skim Pembiayaan Perumahan Muda* for the benefit of young civil servants who wish to apply for home financing for a period of up to 40 years.
- The tragic memories of the attack at Ulu Tiram Police Station, which claimed the lives of two police officers - Allahyarham Lance Corporal Ahmad Azza Fahmi Azhar and Allahyarham Lance Corporal Muhamad Syafiq Ahmad Said — remain vivid. Additionally, Sergeant Mohd Hasif Roslan was injured in the shooting. In response to this tragedy and to strengthen social protection for all public servants, the Ex-Gratia Work Disaster Scheme will be improved.

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- For members of the security forces and enforcement agencies who suffer permanent disability while on duty, an Ex-Gratia Operational benefit of up to RM50,000 will be granted.
- In cases of death due to work-related disasters, a lump-sum Ex-Gratia benefit of RM20,000 will be provided in addition to the survivor's pension and periodic benefit payments to the next of kin.
- *Kadar Elaun Layanan Sentiasa* will be increased to RM1,500 from RM500, effective 1 January 2025, including for existing recipients.

288. The well-being of pensioners and military veterans is not neglected:

- The Government has agreed to increase the Cost of Living Assistance for non-pensioned ATM veterans to RM500 per month, compared to RM300 currently.
- The Government has also agreed to extend the Special Appreciation Payment to pensioners and derivative pension recipients from January to December 2025.

289. I am deeply touched by the sincerity of civil servants who selflessly contribute their time, energy, and resources:

- The story of Cikgu Azam from SK Klang is also very inspiring. He created Caballus RAFVI through his own initiative and funding to provide a wonderful experience for his visually impaired students to participate in a running event with their peers.
- Ustaz Wan, a teacher at SK Nami in Gulau Sik, Kedah, has creatively established a bowling area in the school's porch for students to engage in recreational activities during their break.
- The Government sincerely appreciates the contributions of the MALBATT team in their mission in Lebanon. We are proud of the SMART team's achievement, recognised as the second-best special forces team in Southeast Asia by the UN.

To encourage civil servants to provide the best service to the *rakyat*, including promoting a culture of innovation, the Government will organise the Anugerah Perkhidmatan Awam MADANI to acknowledge their contributions with suitable incentives.

290. The Government has restructured the salary scheme for civil servants to *Sistem Saraan Perkhidmatan Awam* (SSPA) in phases, effective from December 1, 2024. This reform involves a salary adjustment of 15 percent for the Executive Group and the Management and Professional Group, as well as 7 percent for the Top Management Group. With the new SSPA, civil servants will receive a minimum monthly income of RM2,115. Phase 1 of the SSPA will involve an additional expenditure of RM10 billion for the year 2025.

291. In line with the SSPA, pension adjustments will also be implemented in phases based on a percentage adjustment of the final salary of pensioners according to their respective service groups, including pensioners from the Malaysian Armed Forces (ATM).

292. I am pleased to announce that the Government has agreed to provide a *Bantuan Khas Kewangan* of RM500 to all civil servants in grade 56 and below, including contract appointments. This *Bantuan Khas Kewangan* of RM250 will also be provided to all Government pensioners, including pensioned and non-pensioned veterans. This assistance will be distributed in February 2025.

293. In light of concerns about the *rakyat's* problems and the increasing fiscal challenges, I would like to express my gratitude to Tan Sri KSN

and Tan Sri KPPA for their leadership. The Top Management of *Gred Utama* TURUS has set an example and voluntarily decided to return the 7 percent salary adjustment offered under the SSPA.

294. Meanwhile, the ministers and political appointees will continue to make a 20 percent salary reduction, and I myself will not be receiving a salary.

CLOSING

Mr Speaker Sir,

295. In closing, we extend our deepest gratitude to the Lord Almighty for the nation's clear trajectory and strengthening progress, which are becoming ever more evident. Robust growth, convincing investment figures, reinforced governance through steadfast enforcement and institutional reforms, and a culture of championing the *rakyat* are now more palpable. These are clear indicators of the nation's transformation towards embodying the MADANI values we have long aspired to. Such achievements stem from the unity and collaboration of all, from leadership and government machinery to entrepreneurs, employees, and the *rakyat* at large. Indeed, the peace and stability we enjoy must be further fortified, fostering a spirit of unity across all ethnicities and

states, radiating Muhibbah and unconditional love throughout Malaysia. The *rakyat* can only be truly uplifted and protected when we sow seeds of compassion, love, and continually seek the blessings of the Almighty.

296. Let us reflect on the verses of the following poem:

Kepada Cinta aku bertanya: “Mengapa benci marak di sini?”

Kepada Doa aku bertanya: “Mengapa dusta laris di sini?”

Kepada Berita aku berkata: “Mengapa fakta dikhianati?”

“Kepada Sastra aku bercerita tentang kata-kata yang berubah arti..

—

Banyak orang bicara cinta sambil menyebarkan bara benci

Banyak nian para pendusta berlagak kawan sejati

Banyak orang menghafal doa tapi mereka tidak mengerti

Banyak orang berbuat dosa tapi berlagak suci..”

—

Kepada Cinta aku berkata: “Padamkan benci di banyak diri...”

Kepada Doa aku bisikkan: “Tetaplah murni jangan tercemari!”

Kepada Rindu aku kisahkan: “Doa dan cinta kekal abadi..”

Kepada Allah aku memohon: “Teguhkan aku di semua sepi..”

Excerpt from ‘Kepada Cinta’ (Teguh Esha)

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Wassalamualaikum Warahmatullahi Wabarakatuh.

Mr. Speaker Sir, I beg to propose.