



at your service

jottings & musings from
the public service



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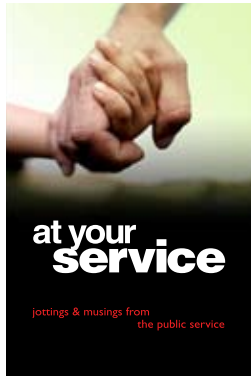


R U K U N N E G A R A

OUR NATION MALAYSIA is dedicated to:

- Achieving a greater unity for all her peoples;
 - Maintaining a democratic way of life;
- Creating a just society in which the wealth of the nation shall be equitably distributed
- Ensuring a liberal approach to her rich and diverse cultural traditions;
- Building a progressive society, oriented towards modern science and technology.

**BELIEF IN GOD
LOYALTY TO KING AND COUNTRY
SUPREMACY OF THE CONSTITUTION
THE RULE OF LAW
GOOD BEHAVIOUR AND MORALITY**



at your service

jottings & musings from
the public service

COVER RATIONALE

The hands of the service does not discriminate. The quality of service is designed by the people it serves. People from all walks of life.

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Message from the Honourable Prime Minister of Malaysia

THERE are some fundamental qualities that make a world class public service - excellent service, value for money and empowerment of the customers it serves. I would argue that the first two are a product of the third – empowerment of our customers.

When we develop a public service that is essentially designed by the people it serves, Malaysia, I would not hesitate to say, would embrace world class.

We can only claim modernity when our society can individually and collectively shape this country. By that I would add, that they shape the quality of service they receive both in the public and private sectors.

With the rising expectations of the people and their ability to articulate these expectations through the many channels of communications, the Government must deliver better than these expectations. It cannot be anything else.

The Public Service of Malaysia must create value through its service delivery. Public officials must serve as they themselves would like to be served. When we are able to anticipate and deliver a service of tomorrow, today, Malaysia will reap its fullest potentials locally and globally. In short, we must deliver the future today every time.

In the final analysis, the strength of a Public Service defines the potency of a nation and the progressiveness of a society. Our service must be augmented by our ability to communicate this to our customers. These, once deemed a choice, form the fundamentals of service delivery today.

I would like to congratulate and thank the Chief Secretary for leading this new culture of communications in the Public Service. Congratulations to all Secretaries General and Directors General for contributing to this book.

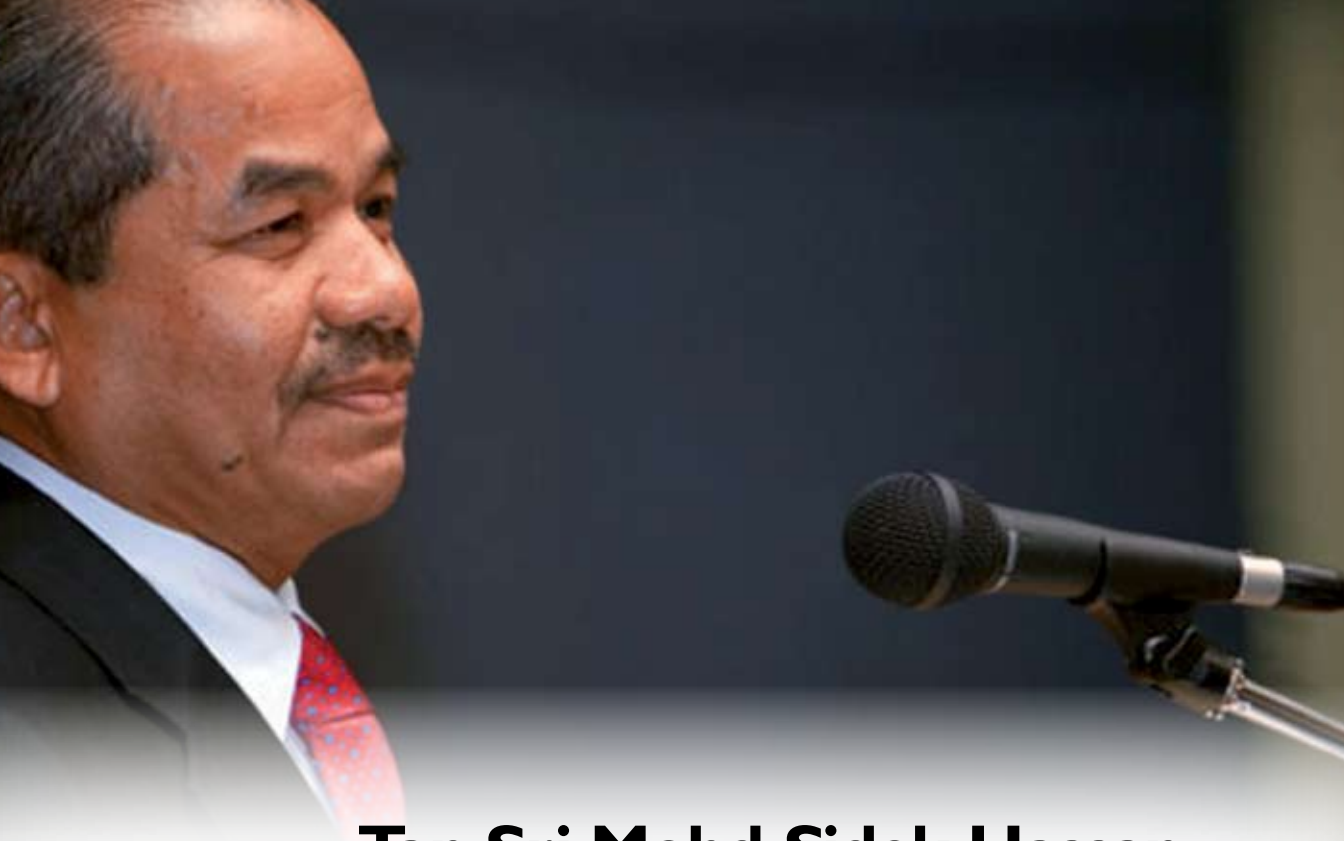
My gratitude to The Star for supporting this work.

I urge public officials to never stop the wheel of communications and engagement with the customers we serve.

May we never put the pen down.

A handwritten signature in black ink, appearing to be 'Najib', written over a horizontal line.

DATO' SRI MOHD NAJIB TUN ABDUL RAZAK



Tan Sri Mohd Sidek Hassan

Chief Secretary to the Government

THE ARTICULATION OF EMPOWERMENT

INFORMATION is power. Communication is influence. Information and communication, when targeted to the right audience, establishes a power to account, an authority to transparency and empowerment.

Since post independence days, the Public Service of Malaysia has worked towards nation building, albeit piece by piece and strength to strength. Each initiative conceived and implemented by the Government of the day, has always focused on developing Malaysia towards its next potential strength, moving it to its next stable of growth.

But all too often these developments are not communicated adeptly. In a manner where all – from college goers to corporate leaders, from the unemployed to a migrant worker, all but all know why we do what we do, its rationale and need for action alike.

With the internet spreading ideas and information in seconds across borders and boundaries, information sharing cannot be moribund. In short the churning reels of information can no longer tolerate a public service that communicates in the traditions of yesteryears.

For far too long the public service operated on a need to know basis; what you don't need to know you simply don't. This applies to those who have served and are still serving the

Public Service. We now, ironically, live in times where you simply need to know all you need to know, failing which you risk falling back, scrambling or merely playing catch up with the world that is fast moving past you in progress and development.

There can be no service without communication and there can be no delivery without empathy. We must demonstrate that our approach both in its values and its strategies is founded and anchored on empowering people so they can shape the services they deliver and receive.

Today, empowerment inclines towards a world that is in need of certainty and predictability. It is imperative therefore that the public service recognises the strength that rests both in bottom up and top down accountabilities. We need to ask ourselves how we can improve things, even the simplest to making it even simpler wherever possible for our customers without compromising the integrity of service delivery. For this to happen we must first be able to empower our own people, regardless of ranks, to find their own solutions. Only when this is done can delivery be made with accountability.

The Honourable Prime Minister, YAB Dato' Sri Najib Tun Razak, has always encouraged public officials to constantly explain their decisions and actions when serving the people. When all is said and done, if we cannot articulate our actions even to ourselves, how can we to the people who matter the most – our customers.

It is my hope that the writings will never stop and this book will be the first of many volumes to come. I urge more to come forth to write of how the Public Service is being improved to better serve the people and the country.

I would like to thank The Star for publishing our writing and in many instances guiding us in how best to position our topics and subjects so it better reaches the people. We thank you.

To the readers, we thank you for your candid feedback to each of our writings.

Our gratitude to the Honourable Prime Minister for his unending support and encouragement of the Public Service and its officials.

Finally, I hope we keep telling the stories we ourselves desperately want to read.

A handwritten signature in black ink, consisting of stylized initials 'MSH' followed by a horizontal line.

TAN SRI MOHD SIDEK HASSAN



Datuk Seri Wong Chun Wai

Chief Editor of The Star

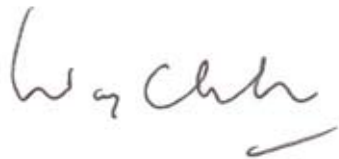
THERE was a time when those who occupied the highest echelons of the Civil Service remained unseen, unheard and unnoticed in public. Although the Civil Service permeates every aspect of the ordinary citizens life, much of the interaction remains at the front line level. Today, we see much improvement in the public delivery service and we find it faster and easier to deal with many government departments. Paying a traffic summons, renewing ones passport, driving licence or identity card is a breeze compared to the past.

It is the government's resolve and the implementation zeal of the top bureaucrats that make all this possible. The idea for a column in The Star featuring the top civil servants came about because of the need to connect these leading bureaucrats directly to the public.

Through this column, readers were not only privy to their views but were also given complete access to them via their personal email. It has always been said that good policies are often ruined by poor implementation.

The column, aptly titled At Your Service, provided a direct line not only for people to file their complaints, but more importantly, for ideas to be channelled to Putrajaya.

As Chief Secretary Tan Sri Mohd Sidek Hassan puts it: Without engagement, we will continue to operate in our own world view an ineffective proposition by any means, not simply for the public service but for the public and country at large, too. Well said. We at The Star are honoured to be part of this venture that seeks to bring the people closer to the people who are to be of service to them.



DATUK SERI WONG CHUN WAI



Make good service a way of life

Tan Sri Mohd Sidek Hassan

Chief Secretary to the Government

13 June 2009

KEEPING the customer satisfied should be the most important consideration for any service provider – be it in the public or private sector. A couple of days ago I received an e-mail from a service provider. They gave me three options to activate my service; do it via e-mail, SMS or by telephone.

I chose to confirm by e-mail, as that would have been the most convenient given my job demands. Lo and behold, I get back an e-mail message asking me to confirm my confirmation via, SMS and telephone.

On another occasion, now as an internal customer, I was invited to a meeting via e-mail only to be told that I had to confirm my attendance in the attached form that was to be faxed back to the organisers. Whether an internal or external customer, I found the complete absurdity of bureaucracy in full action in both instances.

SERVICE MUST MAKE SENSE

Common sense must always prevail in service rendered to us common people. It must serve people of all walks of life, in all income clusters from various histories and family backgrounds, and nationalities.

Service must be time-sensitive and it must be agile to times as well. What may work today may no longer do so tomorrow as priorities change, expectations grow with maturing public and global demands.

This holds true in any country, any service and no less any public service delivery. In each of our defined daily roles — be that of a hawker, a housewife, an unemployed or a student, a CEO or a public official like myself, we each look for one thing and one thing only when we seek a service.

That when we turn up to a point of service, it is delivered as promised by the provider with basic human courtesies extended.

No amount of technology advancement can replace this elementary and essential need we all want from a service — public or private.

I have received many complaints of public service delivery and its officials – not on lack of technology advancement and modernity – but mostly on the run arounds given to the public by our officials. Whilst we must work and hold to

When we have people with the right attitude and character delivering service, their quest for success will be driven by making life as simple and comfortable for customers.

laws inscribed there is nothing stopping anyone from making life comfortable for a customer when he/she visits a foyer with a long waiting queue. Officials could do the "McDonald" for instance where a staff would go down the line to take orders. By the time you are at the counter your order is ready for collection. We could offer refreshments to make the wait less taxing. Even seemingly inconsequential actions such as answering the telephone courteously could calm a somewhat irate customer. Nothing beats the pressure gauge more than to ring a line with no answer or when it is answered, you find that you need to call another number for your problem to be solved.

Recently, when the systems failed at the Immigration Department in Pusat Bandar Damansara (PBD), the whole team decided to compensate the customers – who were kept waiting – by working the next day, a Sunday, at the nearest office to complete the interrupted work.

In its simplest form of service innovation, this action would leave a long term positive emotional impact on a customer.

The fundamental essence of service to me is respecting the sacredness of time itself; sacredness of the customer's time. The customer is the most important person, not the provider.

When we keep people waiting without notice and set expectations in whatever form), it displays total disrespect for that person. Arguably, strength of character is the main denominator to extending "boutique" service. Where there is strength in character, integrity follows. Where there is integrity, what is expected of one in any situation and of any task is delivered and delivered to nothing less than excellence and fineness. When we have people with the right attitude and character delivering service, their quest for success will be driven by making life as simple and comfortable for customers. Even when things break down, technology flounders on a bad day, your customer service remains intact. In the instance of the Immigration service, even when systems failed, the service itself did not break down! How one handles and manages the customer can make a potentially explosive moment into a "it's not a big issue" second.

“Public officials must reach out across the aisles to all our partners and critiques. Every one of them is our customer; even our harshest critiques”



Based on this rule — we make for an environment where officials will always look to innovate, improve, refine the delivery system. Making it simpler, efficient and no doubt satisfying for our customers. The quest for modernity and hardware advancement will be driven by the software needs — i.e. the customer’s convenience and comfort. There is order to the rule. Things are not done in vacuum and on a perceived need any more. When we have these basics of service in our tenets and charter, the public service delivery would move Malaysia to great heights globally, making it a formidable brand

Public officials must reach out across the aisles to all our partners and critiques. Every one of them is our customer; even our harshest critiques.

As service providers we must accept criticisms as a gift, a gift for improvement without which we remain stagnant and torpid. We must work off humility and integrity as our points of reference.

Every public official must have the competency of a “Public’s Complaint Bureau.” Complaints management must be the “problem” of every official.

Engagement with stakeholders, including the media, must be the scorecard of everyone in the service. Without engagement, we will continue to operate in our own world view — an ineffective proposition by any means, not simply for the Public Service but for the public and country at large.

When public officials revert to the basics of real service we inculcate a culture of quality, precision and excellence in the public service of Malaysia. On a day when all is broken, the fineness of our Service Delivery will remain remarkably intact!



Perform to public expectations

Tan Sri Ismail Adam
Director General of Public Service

20 June 2009

THE public service needs to evolve if it is to face an ever-changing environment caused by intense economic, social, technological and competitive pressures. The days of civil servants just pushing files and processing forms are long gone as the people are demanding more.

In order to ensure quality service delivery and client satisfaction, we need a knowledgeable workforce high in thinking and doing.

While high-doing is preferred, it is high-thinking about resolving the people's problems that ensures greater creativity and value addition in service delivery.

The public service requires its workforce to think of new, better and faster ways to deliver the best outcomes for the people.

We should not only find better ways of doing what we are doing but also question whether what we are doing needs to be done in the first place. To ensure this calibre of public servants requires the ability to manage talent.

Attracting and retaining the best talents has become the priority of the public service as it attempts to become a world beater.

Our vision is to make the public service world class, excelling in planning, development and management of human resources based on professionalism, integrity and the state-of-art technology.

But getting the best people is not enough as we have to ensure that they are also the right people for the right jobs. Thus, we have introduced competency identification to match a person's competency with the job requirements.

Accelerated career development for those with higher leadership potential is also just as important. Succession plans have been developed for this purpose. After all, knowing what is one's career path is also a sure way of retaining talented staff.

On top of this, leadership development programmes (with institutions such as Intan, Stanford, Harvard and Oxford) as well as joint training programmes with the Civil Service College Singapore and the Civil Service Institute Brunei Darussalam had been instituted.

Civil servants today can also look towards other continuous learning programmes, the pre-service scholarship programmes, the in-service scholarship programmes, short courses, and attachment programmes with private sector companies.

**The days of civil servants
just pushing files and
processing forms are long
gone as the people are
demanding more.**

However, we also need to have systems in place to manage, reward and recognise performance.

This include the Malaysian Remuneration System, the incorporation of annual work targets, key performance indicators (KPIs), psychological development programmes and even psychological health programmes. The Public Service Excellence Model is an over-arching, non-prescriptive one based on nine elements: one driver, three enablers, and five results.

The driver of this excellence model is the need for exemplary leadership that is coupled with shared vision and value.

It is towards this end that the public service inculcates leadership and high-concept skills of seeing the forest for the trees and seeing “around the corner” among its senior managers. As such, there is a need for continuous review of existing structures, schemes of service and posts as a measure of capacity enhancement.

To enhance the capacity and capability of the talent pool, the Competency Level Assessment (PTK) was introduced.

The PTK seeks to encourage the use of knowledge, skills, creativity, and innovation at work while promoting a culture of teamwork and organisational learning. It also provides due recognition to public servants through salary increment and career advancement.

However, just as important is to shape a high performance work culture through focusing on the inculcation of good ethics and values.



“Our vision is to make the public service world class, excelling in planning, development and management of human resources based on professionalism, integrity and the state-of-art technology”

The public service also dwells on customer-focused services through such channels as multimedia services and one-stop centres, harmonious employer-employee relations and the creation of a conducive work environment. Such a complete system of excellence should enable us to attract and keep top talents so that they can best serve the people.



Weathering the global financial crisis

Tan Sri Dr. Wan Abdul Aziz Wan Abdullah

Secretary General of Treasury, Ministry of Finance

27 June 2009

THE subprime mortgage crisis in the US housing market became apparent in mid-2007 and rapidly escalated into a global financial crisis. While the causality of the crisis is well documented, the depth, breadth and duration of its impact is mired in uncertainty. Despite strong economic fundamentals, Malaysia, being a small, open and globally integrated economy, is not spared from the effects of the global financial crisis.

The domestic economy was affected through trade and investment channels, and contracted significantly in the first quarter of 2009. The impact of the crisis is expected to ease in the fourth quarter with mild recovery next year.

With world trade moderating significantly to about 3% by September 2008, Malaysia's exports recorded double-digit declines in the final quarter of 2008 and the first quarter of 2009. Export-oriented industries, particularly the electrical and electronics, were badly hit.

Consequently, manufacturing output contracted sharply in the fourth quarter of 2008 and the first quarter of 2009. For the first time since 1998, the services sector registered a mild decline in the first quarter of 2009, in line with the lacklustre performance of trade-related activities.

The economic downturn affected labour demand, as reflected in higher retrenchments and lower vacancies. During the first quarter of 2009, total retrenchments rose 74%, largely in the manufacturing sector.

Despite strong economic fundamentals, Malaysia, being a small, open and globally integrated economy, is not spared from the effects of the global financial crisis.

The crisis also affected investor sentiment.

Equity markets worldwide plunged and in tandem, the Kuala Lumpur Composite Index (KLCI) fell to 872.55 points as at end-March 2009, from a high of 1,516.22 points on Jan 11, 2008.

Private consumption fell in line with lower disposable income and cautious spending of households. Weak external and domestic demand also impacted domestic investment sentiment, which saw total investments declining significantly in the first quarter of 2009. We have experience in managing crises. During the 1997/1998 Asian financial crisis, Malaysia's expansionary fiscal and accommodative monetary policies in resolving the economic crisis was viewed with scepticism.

Interestingly today, similar counter cyclical measures are viewed by many as the appropriate approach to reinvigorate their ailing economies. Being a proactive and responsible Government, we introduced a RM7bil stimulus package in November 2008 to mitigate the impact of the global financial crisis. Monetary policy complemented the fiscal stance. Among other measures, the Overnight Policy Rate and the Statutory Reserve Requirement were reduced to lower the cost of financing and financial intermediation.

With most advanced economies in recession and the outlook for emerging and developing economies deteriorating rapidly, the Government introduced a more comprehensive stimulus package amounting to RM60bil in March.

The second package primarily focused on training and job creation, easing the burden of the rakyat, sustaining credit flows to support private sector activities and building capacity for the future. The impact of the stimulus packages is expected to be fully felt in the second half of 2009.

Green shoots have emerged to indicate the possibility of recovery in global demand and with these encouraging signs, there is emerging consensus that the global downturn will stabilise in 2009 and recover next year.

However, given the extent and severity of the decline in global demand since the second quarter of 2008 as well as its lagged impact on the Malaysian economy, growth is expected to contract 4% to 5% in 2009 before registering mild growth in 2010. The Government is mindful of the difficulties faced by the rakyat in these challenging times.

We have provided training opportunities and allowances for retrenched workers. We continue to extend assistance to students, the disabled, the elderly and the poor as well as provide subsidies on basic food items like sugar, flour and bread.

It is often said that we should not waste a crisis as it also opens up opportunities to restructure and move towards a more liberalised and high income economy.

“Building on these inherent strengths and with the implementation of policies consistent with the new economic model, Malaysia will be on a stronger footing to weather the crisis and resume its growth trajectory”



Moving forward, creativity, innovation and high value-added activities will be the key drivers of the new economic model. We will intensify development of niche growth areas such as Islamic finance, halal industry and tourism, while leveraging on green technology. Low-skilled and low-cost labour will be replaced with automation and highly-skilled jobs.

With these measures, the new restructured economy will also see increased contribution of the services sector, from the current 58% to 70% of the gross domestic product. We are committed to fiscal consolidation when the economy recovers. We will continue to ensure value-for-money in government spending, including competitive bidding.

More importantly, the Government will gradually roll back and facilitate the private sector to play a more active role to drive the economy. This requires the private sector to rise to the challenge and seize opportunities available.

At the same time, the Government will not neglect its responsibility to providing a more comprehensive social safety net for the poor and vulnerable groups.

Malaysia's economic fundamentals remain strong. We have a sound banking and financial sector, strong international reserves, high savings and diversified sources of growth.

Building on these inherent strengths and with the implementation of policies consistent with the new economic model, Malaysia will be on a stronger footing to weather the crisis and resume its growth trajectory. Having said this, there is only so much that the Government can do. The private sector and the rakyat too must respond positively. Together, we can make this a reality.



Healthcare business on the rise

Tan Sri Dato' Seri Dr. Haji Ismail Merican

Director General of Health

4 July 2009

THE future poses challenges which include a changing disease pattern, a well-informed and demanding public, rising costs, new medical technologies, globalisation and liberalisation. The “business of health” is peculiar and it is probably going to be the largest industry in the world today.

The industry offers immense potential for health benefits such as services and products, drugs and vaccines and new technologies.

Access to healthcare and their effectiveness to meet the needs of the population depend on two important factors – how healthcare is organised and delivered and what type of medical technology is used to make the delivery more efficient.

Since the 1980s, our healthcare service has transformed into a two-tiered parallel system with a sizeable and thriving private sector. We plan to make further improvements by making people the priority in healthcare.

The last five years have seen the development of newer tertiary centres with integrated computerised systems and state-of-the-art equipment.

Despite the rapid growth in public and private healthcare expenditures, the Government remains committed to providing equitable, accessible and affordable healthcare for all Malaysians. A comprehensive range of services covering preventive, curative, dental and pharmacy continues to be provided at highly-subsidised rates. Charges for healthcare services have remained nominal even though the total health spending has been increasing steadily.

Careful planning and development efforts have enabled the country to progress through various phases of modernisation, in line with changing demographics, socio-economic and technological challenges. Compared with countries with similar socio-economic status, Malaysia has done remarkably well in providing healthcare while spending only 4.7% of GDP on health.

Since the 1980s, our healthcare service has transformed into a two-tiered parallel system with a sizeable and thriving private sector. We plan to make further improvements by making people the priority in healthcare. The last five years have seen the development of newer tertiary centres with integrated computerised systems and state-of-the-art equipment.

Despite such a low level of national investment on healthcare, we have achieved laudable health outcomes. Imagine what we can achieve if we are able to spend more. Data compiled by the World Health Organisation (WHO) has shown that our overall public health performance is remarkably good.

The future poses challenges which include a changing disease pattern, a well-informed and demanding public, rising costs of healthcare, new medical technologies, globalisation and liberalisation.

We aim to be more people-/focused and competitive and be able to flourish in a global economy. To meet the increasing expectations of customers for quality services, public and private hospitals are continuously being assessed against professionally-determined standards of care.

Many of our hospitals have achieved international accreditation. Health is an indirect investment to the economy of the country. As such, it must now be business unusual in our delivery of services. Patients' safety is another key area of focus for the Ministry of Health.

The increasing complexity of healthcare, coupled with the various types and levels of healthcare providers and the use of complex technologies may occasionally infringe on patient safety. International concerns for patient safety have led to the establishment of the World Alliance for Patient Safety by the WHO, which has called for worldwide action to enhance patient safety. Malaysia is a signatory to the World Alliance for Patient Safety in May 2005 and the ministry is committed to making the Malaysian healthcare system safer. Future health reforms will enhance the seamlessness of care from primary to hospital care.

Currently, consumers have open access to doctors at the level of clinics and hospitals in the public and private sectors. An important factor is the need for integrated medical and health records to ensure continuity of care. The introduction of the Teleprimary Care pilot project in Sarawak, Johor and Perlis has improved

“To reduce bureaucracy and increase efficiency, the ministry has introduced simplified forms, online paperless applications and set up one-stop centres to facilitate transactions”



accessibility to medical care. Through this initiative, villagers can receive specialised care. Today, Malaysians can easily obtain answers to their medical problems by just clicking through the Internet or by making a phone call. The ministry is serious in improving the people's access to care. It is taking bold steps to reduce waiting time at outpatient clinics by monitoring and mobilising current resources and ensuring promptness of care at the accident and emergency departments. Other people-centred services include reducing the waiting time for patients to collect their medication at outpatient pharmacies.

In selected hospitals, the collection of medication at designated counters can be done by making prior arrangements through SMS, the telephone, the facsimile or e-mail. Extending the opening hours of counters have been carried out in some hospitals. A “drive-through” pharmacy aimed at reducing congestion at pharmacy counters is being tested in Penang. In line with strategies outlined in the third industrial master plan, the Government has set up the health industry section under the ministry to nurture the development and promotion of healthcare including health tourism. The ministry will soon launch “Malaysia Healthcare” as part of its branding exercise to promote the country as a choice destination for international medical care. The ministry, in collaboration with several government agencies undertakes programmes and activities to promote the local health industry overseas via specialised marketing missions for healthcare products in targeted countries in ASEAN, the Middle East and Europe. To reduce bureaucracy and increase efficiency, the ministry has introduced simplified forms, online paperless applications and set up one-stop centres to facilitate transactions. These include licensing, permits and approvals. Rising healthcare costs is one reason that has prompted many countries to apply business practices to medicine with the hope of improving efficiency, controlling expenditure and enhancing quality, and in the process, improving competitiveness.

However, the “business mindset” must not compromise healthcare delivery.



Making sense of liberalisation

Tan Sri Abdul Rahman Mamat

Secretary General, Ministry of International Trade and Industry

6 July 2009

THE argument for liberalisation in economic development is that a freer flow of goods, services and people leads to greater efficiency, and efficiency leads to cost reduction and competitiveness.

Liberalisation means different things to different people, not only in application, but also its implications. In the context of economic development, liberalisation means the removal of restrictions to allow “a free flow of goods, services and people across border.”

The argument for liberalisation in economic development is that a freer flow of goods, services and people leads to greater efficiency, and efficiency leads to cost reduction and competitiveness. Competitiveness leads to increased sales/exports which contribute to a bigger economic pie or economic growth. Economic growth creates jobs.

Factors that can impede the drive for efficiency or increase the cost of production include excessive taxes, import restrictions, poorly-trained workforce, bureaucratic delays, licensing or restrictive licensing requirements.

Owners of resources or “factors of production,” usually seek the best place to employ their resources to achieve maximum gain. In today’s “borderless” world, the owners of resources have a greater choice as to where to deploy their resources, not only at home but also abroad.

However, the situation has changed as other countries in the region are also opening up their markets, and with low labour costs, they pose severe competition for Malaysia.

This is evident from the increasing flow of global foreign direct investments (FDIs). To remain globally competitive in producing goods and services or in attracting investors, more and more countries, such as China, Vietnam and India, have pursued the path of economic liberalisation. More options and choices.

Liberalisation, or opening up of the market, gives wider choices of goods or services for consumers which contribute to their satisfaction. The consumer has a choice of whether to buy an expensive but high quality product or service, or a value-for-money product or service that gives satisfaction, without burning a big hole in the pocket, or cheaper goods or services that match the budget.

The entry of foreign goods or producers in the market intensifies competition. Foreign products or producers can generate competition due to better designs

or improved technology. Competition, in turn, leads to further efficiency as it prompts innovation and creativity among other players in the market. Efficient producers who are competitive can create more jobs for a nation, which in turn will stimulate economic growth.

Why have restrictions?

It must be recognised that a free reign of market forces may not be effective in serving the various goals of development. Hence, some restrictions are necessary. Usually, these restrictions are in place to promote certain development objectives, such as protecting infant or strategic industries, creating job opportunities for locals or attainment of certain development goals. Although these objectives are valid, governments all over the world are faced with the difficult choice of putting scarce resources to the most efficient and effective use.

With adequate preparation, liberalisation need not be a disaster. Domestic industries must be assisted and prepared for competition from more established competitors.

However, this protection and assistance cannot be open-ended as it will breed complacency. Some form of competition has to be introduced so that industries can be competitive and consumers can have better choices. Malaysia believes in an orderly form of liberalisation with progressive liberalisation as the key.

Malaysia's measures

Malaysia has benefited from liberalisation measures undertaken in the past. Its liberal and open-market policies in the manufacturing sector have contributed to Malaysia being one of the most attractive destinations for FDIs in the region. Over the past 20 years Malaysia has attracted US\$91 bil in foreign investments in the manufacturing sector. However, the situation has changed as other countries in the region are also opening up their markets, and with low labour costs, they pose severe competition for Malaysia. It is noted that the trend in global FDI flows is

increasingly skewed towards services investment. The United Nations Conference on Trade and Development's World Investment Report 2004 indicated that the structure of FDIs has shifted towards services.

In the early 1970s, the services sector accounted for only 25% of the world FDI stock. In 1990, this share was less than 50%. And by 2002, it had risen to about 60% or an estimated US\$4 trillion and that of manufacturing fell from 42% to 34%. On average, services accounted for 66% of total FDI inflows during 2001-2002, valued at some US\$500bil.

The report also indicated that as service industry players become more transnationalised, there is scope for a further shift towards growth of services FDIs. The recent Government announcement on the liberalisation of 27 services sub-sectors is in line with the strategy of progressive liberalisation. Among the reasons for the liberalisation is to explore an area of new economic growth for the nation. The move to liberalise the sector will attract FDIs and bring technology and technical skills into the country.

The presence of foreign players can help boost the capacity of Malaysia's services industry.

The presence of foreign players can help boost the capacity of Malaysia's services industry. Other benefits attached will be in the areas of employment opportunities, local and foreign partnerships, and the creation of export opportunities. Local services providers are being assisted by the RM100mil Services Sector Capacity Development Fund to better equip them in facing the open market. The fund may be used for training and outreach programmes, enhancement and modernisation, accreditation, and mergers and acquisitions.

They are also being assisted through the Services Export Fund to promote their services overseas. In short, with adequate preparation, the move to liberalise the services sector will be beneficial to the economy and the people at large. Malaysia's industries too need to export, for our market of 27 million cannot consume all the goods and services produced in the country. If we want to sell in other markets with minimum impediments, then producers from those markets expect the same from us.

The calls by leaders for all nations to refrain from protectionist measures at this time of economic slowdown is a clear indication that all parties need to be mindful of their responsibility in contributing towards an open-trading environment. When the global market becomes restrictive, not only will industry be affected but consumers will also suffer from the lack of options.



Help us help you get back on your feet

Dato' R. Segarajah

Secretary General, Ministry of Human Resources

13 July 2009

WHILE lucrative jobs may be getting scarce for average Malaysians, it seems strange that they would turn up their noses at a chance to get training and placement, with an allowance, to boot.

Why is it that Sukardi, a youth from a village in Sumatra, can traverse the breadth of the island and cross the Straits of Malacca to seek employment in Malaysia, whereas the Malaysian youth cocooned in the safety of say, Shah Alam, provided with training to meet new challenges, and given a monthly allowance and a guaranteed job, prefers to remain unemployed, awaiting that elusive ideal job that may never come.

It is true that Malaysia has not been spared the consequences of the global economic slowdown, given its position as one of the world's leading exporters of manufactured products. The global decline in the demand for manufactured products has hit Malaysian exporters hard, with its rippling effect on Malaysian workers, particularly those engaged in the manufacturing sector.

As of July 7, 2009, statistics compiled by the Human Resources Ministry, showed a cumulative figure of 38,732 workers retrenched, due to the prevailing economic crisis. Of this figure, 29,712 were permanently terminated while 9,020 accepted voluntary termination from their employment. In addition, 40,662 workers suffered pay-cuts and 4,112 workers were temporarily laid-off. Given these circumstances, you would expect that these workers would be clamouring for new employment opportunities as soon as possible to enable them maintain their current standard of living.

As of July 7, 2009, statistics compiled by the Human Resources Ministry, showed a cumulative figure of 38,732 workers retrenched, due to the prevailing economic crisis.

The Government, in its determined effort to remain resilient and face the onslaught of spiralling unemployment figures, has been proactive, seizing this negative economic climate as an opportunity to re-skill the affected workforce.

A hefty sum of RM650mil has been allocated under both the Economic Stimulus Packages to enable the ministry to undertake various training and placement programmes to not only reduce unemployment but also to provide employment opportunities for Malaysians. The Train and Place programmes that target youths, unemployed graduates and retrenched workers, are aimed at equipping participants with skills that will increase their employability to meet the challenges of the

new economy. The costs incurred for the duration of the three-to-six-month training is borne by the Government. In addition, throughout the training period, trainees receive monthly allowances that range from RM500 to RM800 from the Government and are guaranteed job placements upon completion of their training. A Community Employment Support Services (CESS) programme has been established primarily to provide counselling services as well as to meet the other needs of job seekers.

The establishment of CESS complements the ministry's strategic plan in realising the Decent Work Agenda, which accords persistent focus on employment and employability for Malaysians.

Counselling officers have been deployed to 80 Labour Department offices and 26 ministry training institutes throughout the nation.

In addition to that, as of July 7, 2009, a total of 11 job placement programmes at state level and 78 mini job fairs at district level had been organised in the country.

These programmes are aimed at bringing the employment services closer to job-seekers in order to facilitate placement directly to suitable places of employment.

In line with the Government's aspiration of branding JobsMalaysia as a major employment hub which caters for both the private and public sectors, it serves as a platform for all employers to inform the public of job vacancies and recruit those who meet their requirements.

As at July 7, 2009, out of 30,513 retrenched local workers, 11,325 workers have been re-employed through various mechanisms provided by the ministry.

Job-seekers, you are urged to register with JobsMalaysia to be selected for the training and job-matching services.

“Malaysian job seekers, especially those retrenched, should be willing to have a positive outlook about acquiring new skills through various courses under the Train and Place Programme being implemented by the ministry through 162 training providers currently approved”



Despite the softening of the Malaysian economy, jobs are still aplenty in certain economic sectors.

Malaysian job seekers, especially those retrenched, should be willing to have a positive outlook about acquiring new skills through various courses under the Train and Place Programme being implemented by the ministry through 162 training providers currently approved.

Such training would provide them the opportunity to secure new skill sets, thus widening their prospect for better employment and employability.

However, to date, only 9,098 have signed up in the past two months for the programmes. The slow response to the Train and Place programmes is indeed puzzling as there appears to be no reasonable justification to explain why.

Malaysian job-seekers, who are either unemployed or retrenched, do not take up the challenge to go for training and accept alternative employment, especially when training facilities are available at their doorstep and job opportunities, maybe only a hop, step and a jump away.

Have we as a nation grown so complacent?



Enforcement success lies with all of us

Dato' Sri Zakaria Bahari
Secretary General, Ministry of Transport

18 July 2009

HAVING police and JPJ officials at every corner is not the answer. We, as road users, must attain the basic civic characteristic of self-regulating our behaviour and not breaking the law, especially when we think we can get away with it.

An express bus driver with multiple summonses drives some 60 passengers to Kulim, Kedah. He breaks all speed limits, as if there is no tomorrow, and crashes, killing the weak and dependent. The driver survives. Who is at fault here?

The driver, who concealed his summonses from his employer? The employer, who did not regularly check on the status of its drivers? Or the lapsed enforcement?

Careless enforcement kills! There are no two ways about it. Enforcement is a deterrent to those who intend to defy the law. It provides security to others who abide by it. The ultimate question in enforcement is – where and with whom does the buck stop?

In the case of express buses, the buck stops with the employer. But take the case of Mat Rempit for example. Speeding and dangerous stunts have become their unwelcome trademark. Most do not even have a valid licence and others have expired licences. Menacing the streets, they have simply rejected the law and decided to ensure disturbance even during weekends. Causing trouble and being a nuisance, they victimise innocent road users.

It is in such instances that if enforcement is not effective, public safety and security will be compromised, and severely, too. But within this enforcement, too, lies the larger debate of social and parental responsibility towards these youths who menace our roads.

It is in such instances that if enforcement is not effective, public safety and security will be compromised, and severely, too. But within this enforcement, too, lies the larger debate of social and parental responsibility towards these youths who menace our roads.

Have we, as a responsible and progressive society, done all we can to eradicate the core of this menace? On our part, the challenge is to ensure continuous and consistent enforcement efforts, never relenting and being firm in implementation. The Road Transport Department (JPJ) enforces the road transport laws in Malaysia. Among others, the JPJ is responsible for the regulation of motor vehicles and traffic on roads.

The success of our enforcement is dependent on our ability to deter road users from potentially being and causing a danger to the safety and security of other members of the public. We have often been criticised for being lackadaisical and sloppy in our enforcement, relenting to onsite settlement of “boleh bincang” and the excruciating queues at JPJ transaction counters.

Today, you can transact with the JPJ from your bedroom outside office hours. We are online for all key services. But like all institutions, the ultimate challenge, and no doubt strength, is in its people and their quality.

The JPJ recently launched its Integrity Plan with the sole aim of enhancing the quality of its most valuable asset, human capital. This plan includes programmes to provide effective public service delivery through human capital integrity development. With regards to enforcement, this plan underlines three major thrusts, underpinned by professionalism, transparency and competency.

The quality of road transport enforcement and policing is imperative to the JPJ. If we achieve the intended quality in our personnel, our enforcement benefits equally – in essence, making our roads safe. To achieve this, we realise that the basic tenet of round-the-clock enforcement is key.

JPJ's enforcement can no longer be an “8-to-5” affair. We can no longer be content with “knee-jerk reactions” to rising issues. With over 16 million registered vehicles plying our roads, omnipresence in enforcement is tantamount to road safety.

Within this, too, lies the responsibilities of the public. The idea that, “There aren't any policemen or JPJ officers around, so it's time to jump the red light. After all, I am the only one waiting at this junction”, needs to stop.

We must attain the basic civic characteristic of self-regulating our behaviour. In the case of the traffic lights, we must inculcate the behaviour of, “A law is still law. I don't mind losing some seconds as long as I arrive home safely”. The JPJ has initiated 24-hour enforcement since 2007, which places visibility of enforcement

“The success gauge is when the public knows they have nothing to fear as our roads and public transport are being monitored effectively. This said, in the final analysis, the responsibility of enforcement lies with all of us”



as a priority. By being ubiquitous, you increase the Perception Of Being Caught (POBC) among our road users.

POBC is a term coined by the Malaysian Institute of Road Safety and Research (MIROS) to study the behaviour of road users to enforcement. In this instance, the behavioural response is to the “perception of enforcement being conducted”.

POBC is now popular in measuring the success of enforcement operations among enforcing authorities. For instance, during Ops Sikap held during festive seasons, POBC levels are up to nearly 40% from the normal 25% level.

Ultimately, enforcement efforts need to “close the loop”. We must reduce road deaths and deter delinquents and touts from flaunting openly.

Today, we undertake daily enforcement to examine both drivers and buses at 22 terminals nationwide. Approximately 589 express buses are inspected daily before they begin their journey. We are bent on eradicating touts cheating the public at KLIA, LCCT and Puduraya. Between August 2008 and May this year, we caught and charged 112 touts. Taxis are another area of concern. As of May 25, a total of 4,242 errant cabbies were issued summonses and 71 taxis were seized for various offences.

The success gauge is when the public knows they have nothing to fear as our roads and public transport are being monitored effectively. This said, in the final analysis, the responsibility of enforcement lies with all of us. It lies in our characters as individuals, whether we beat the traffic lights or wait for them to turn green.



Liberalisation in our historical context

Tan Sri Dr. Sulaiman Mahbob

Chairman of Malaysian Industrial Development Authority

20 July 2009

TO say that we were not exposed to competition and liberalisation is to deny our economic history. Some people may question why so much emphasis is being given to the high-income economic model by the new administration. Others question why we should further liberalise the economy.

There are also a few who think that liberalisation is against the spirit of distribution. It is as though economic and social developments are mutually exclusive.

In fact, social development and economic development complement one another. Economic development provides the wherewithal (income, employment and business opportunities, etc.) for a more rapid social development to take place.

In simplistic terms, an increase in output (as the economic growth is measured) allows the economic pie to be shared by everyone with each having an increased share. This is better than having an increased share but from a smaller pie.

In real life, however, this may not necessarily be the case. The pie may expand but the shares of some groups may diminish, depending on factors such as ownership and distribution of assets and capital, as well as access to education and training facilities.

Herein lies the role of policy intervention. The wealth creation processes predicated upon market efficiency alone cannot ensure an equitable sharing of the benefits of economic growth. If indeed it does, it may take a long time as experienced by many developed countries.

Herein lies the role of policy intervention. The wealth creation processes predicated upon market efficiency alone cannot ensure an equitable sharing of the benefits of economic growth. If indeed it does, it may take a long time as experienced by many developed countries.

In promoting rapid economic growth, the issue of liberalisation and competition cannot be sidelined. We always encounter it. The question is how we manage it. For resources to be translated into productive capital, a liberal environment is essential to mobilise the savings; to allow private entrepreneurship to flourish, be it from domestic sources or from overseas; and to allow free and efficient movement of goods and services as well as of labour and talent. Historically, Malaysia (Malaya then) had benefited from inflows of capital and labour into the rubber and tin

industries. In the distant past, the Malacca Sultanate and its empire was a centre of free trade, and “the natives were not poor then, with each household having a ship (boat perhaps) each”.

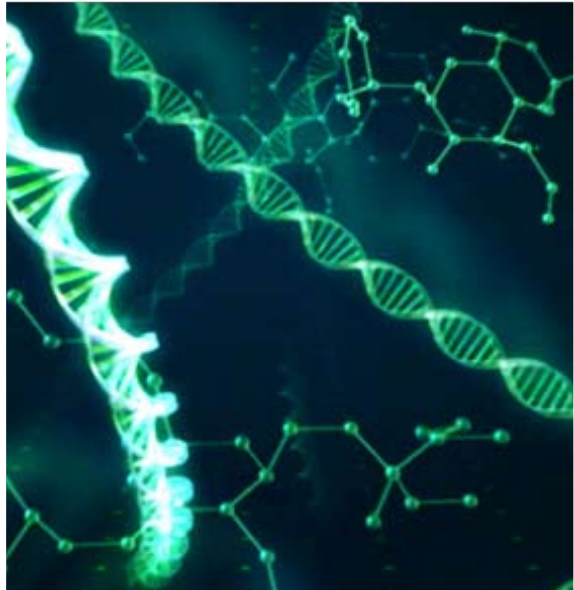
In the more recent past, the Maharaja of Johor and Malay chiefs in Perak imported foreign labour to develop some industries in the states. In recent times, we have benefitted from a liberal environment in terms of enhanced employment opportunities provided by the electrical and electronics industries, which came here in search of cheap locations. We took advantage of the capital inflows to design an industrial policy that reduced unemployment, a concern in the 1970s.

In the mid-80s (1986 to be exact) the then Prime Minister Datuk Seri (now Tun) Dr Mahathir Mohamad announced in New York a liberalisation policy of the manufacturing sector that spearheaded an economic recovery that lasted till 1997 with an annual growth of about 8%. Malaysia became a labour-shortage economy then.

Thus, liberalisation is not new in our history. It is part of our economic and social governance as well as our national philosophy. To say that we were not exposed to competition and liberalisation is to deny our economic history.

What is important, as we move forward, is to ensure the content of our liberal policy must be meaningful and suitable to our current economic environment. On this point, it is up to us to organise and take advantage of the many opportunities brought about by liberalisation.

“The “diaspora” can be one avenue to be tapped, but it must be accompanied by genuine efforts to raise wages along with productivity. Finally, the Prime Minister has always argued for a growth model that is propelled by productivity, creativity, and a widespread innovation system and culture”



The investments we made thus far in education, training, and professional manpower development do not put us at “ground zero” in the face of enhanced competition.

However, this is not to say that we need not plan, organise, coordinate, strategise and cooperate among ourselves to face competition from foreign players who may have better institutional experience and networking. Indeed we just have got to do that. To be sure, our people are equally exposed to international experience in Singapore, Hong Kong and elsewhere, and they could be attracted to come back with the new available opportunities, “if the price is right.” This brings us to an important issue: salaries and wages. Malaysia has to raise its wage level to attract quality labour and manpower from overseas and to bring back thousands of Malaysians who are now working overseas.

The “diaspora” can be one avenue to be tapped, but it must be accompanied by genuine efforts to raise wages along with productivity. Finally, the Prime Minister has always argued for a growth model that is propelled by productivity, creativity, and a widespread innovation system and culture.

In other words, the PM is exhorting for a mindset change in how we do things and a transformation in the domestic production and delivery system.

The strident call by the Prime Minister that we should aim for a higher economic growth deserves a strong support by all.



Malaysia needs you back

Dato' Madinah Mohammad

Secretary General, Ministry of Science, Technology and Innovation

25 July 2009

STUDYING overseas has always been a dream for many school children. The number of students sent overseas by the Government has increased significantly. One of them was Jamilah, a very bright student. On returning home, she found that jobs did not abound in Malaysia.

Frustrated, she sought ways to return to Britain to further her studies.

There were a number of scholarships she could take advantage of. She secured a scholarship and pursued a Master's degree. She left for Britain and did not return home. Twenty years on, she is still working in Britain. She has since moved to other companies over the years and is now heavily involved in research and development. She returns home for her yearly pilgrimage to visit her aging parents and family.

Married with children, she even gave up her Malaysian citizenship to enable her to receive all that Britain could offer. But she now wants to return to Malaysia.

This story can be repeated with David, Jane, Muthu, Zamani and many more who leave our shores for better opportunities and quality of life.

This is the classic cycle of how brain drain starts – the quest for better employment, better salaries, better working environment and generally, a better quality of life.

The majority of the Malaysian diaspora reside in Singapore, the United States, Australia, New Zealand, Britain and Canada.

The Government needs Malaysians living abroad back in Malaysia. They can contribute immensely in building up Malaysia for the 21st century and beyond. The Science, Technology and Innovation Ministry has put together several initiatives to encourage Malaysians living and working abroad to return home.

This is to ensure that the skills they have acquired from their years of living and working abroad are used to enhance domestic technology capability and the market. Gaps in skills and expertise at home can be filled by Malaysian scientists and researchers residing abroad. The country requires this for its next stage of growth and development.

The majority of the Malaysian diaspora reside in Singapore, the United States, Australia, New Zealand, Britain and Canada. The Government needs Malaysians living abroad back in Malaysia. They can contribute immensely in building up Malaysia for the 21st century and beyond.

The ministry has introduced flexibility to the Brain Gain programme. They can return for short-stint assignments from two weeks to one year per visit. They will not need to physically uproot their families and relocate back to Malaysia.

What is of importance ultimately, is the transfer of knowledge and technology from Malaysians back to Malaysia. We need our scientists and researchers to come back home.

Those who meet a minimum requirement of five or more years of research experience in any science, technology and engineering discipline are eligible to apply. The quality and innovativeness of their research proposals are equally crucial.

The ministry also gives priority to scientists and researchers who wish to undertake research and development in emerging technologies that serve national needs.

This would include areas like climate change technologies, bioinformatics, alternative or renewal energy, biotechnology (food production), biomass, nanotechnology and cyber security.

Those who return can consider various roles – collaborator, consultant, or adviser – offering their skills and expertise. They can collaborate with local institutions of higher learning, research institutes or industries.

They can identify their own collaborators or seek the help of the ministry if they do not have one.

For their contributions to the country, the programme offers them attractive incentives such as sustenance, return airfare, accommodation and medical insurance during their stay in Malaysia. Furthermore, to enable them to undertake research and development with local researchers, the programme also provides some “top-up” of research expenses.

“What is of importance ultimately, is the transfer of knowledge and technology from Malaysians back to Malaysia. We need our scientists and researchers to come back home”



The main challenge in the implementation of the programme, is the lack of a database on Malaysian scientists and researchers residing abroad.

We have scant data on who and where these brains of ours are located although we know that the majority of them reside in Singapore, the United States, Australia, New Zealand, Britain and Canada.

We have sought the assistance of Malaysian missions overseas to locate and promote the programme to these scientists. In addition, we also seek the assistance of the Malaysian community associations abroad.

Malaysia is on its path to growth as a developed nation. For those who have resided abroad, there is much that you can do in sharing your experience and years overseas, in building your homeland.

The programme is a start. It will not be the only programme. As we bring people back, this programme can be improvised further to serve the needs of our talent abroad. Where there are weaknesses in the programme, we will strengthen further with their assistance. In the final analysis, you are the ones who will make the next phase of Malaysia. Malaysia gains when its brains from abroad return.



Building cities which matter to the people

Dato' Haji Ahmad Phesal Talib

Secretary General, Ministry of Federal Territories and Urban Wellbeing

1 August 2009

TO build a city, the Government has to consider various factors that contribute significantly to the development of sustainable and vibrant cities. Today, in the 21st century, it is becoming increasingly evident to urban dwellers that there is a constant conflict between the importance of socioeconomic development and that of environmental sustainability.

City planners are constantly seeking ways to plan and design cities to balance the needs of its citizens, in terms of social, economic and environmental concerns.

Active citizenship and vibrant urban life are important components of a sustainable city, where good governance is practised and public participation is facilitated.

Citizens should be involved in the planning of their city and encouraged to feel ownership and responsibility in its development.

These factors are reflected in the six strategic thrusts formulated by the Federal Territories Ministry to be adopted by the three federal territories of Kuala Lumpur, Labuan and Putrajaya, namely:

- human capital development;
- economic prosperity;
- added value;
- the efficient and effective use of technology;
- environmental protection and sustainability; and,
- last but by no means least, public participation.

Active citizenship and vibrant urban life are important components of a sustainable city, where good governance is practised and public participation is facilitated. Citizens should be involved in the planning of their city and encouraged to feel ownership and responsibility in its development.

There are various issues being faced by city planners on how to build a city that matters to the public. One common phenomenon is the issue of squatter settlements, which is faced by many large cities, particularly in the developing world.

In order to address this problem, Kuala Lumpur has implemented the relocation of squatters in the city and, to date, the Government has built 29,562 units of public housing to re-house them. The evolution of cities in developing countries is often associated with the unplanned growth of squatter settlements. Squatters

settle wherever they can find vacant land – on hill slopes, in flood-plains, or in other high-risk areas. By setting aside land for squatter relocation, the process of housing squatters can be structured in a way that is consistent with the official development plans of the city, that is, the city structure plan and city local plan.

The People's Housing Programme was an initiative to house squatters and longhouse dwellers officially identified in the 1998 census, in government-built, low-cost high-rise flats. Another major issue is that of transportation. An efficient public transport system would lessen the amount of time that citizens would have to spend on the road.

An automobile-centred urban transport system, however, would add to congestion on the roads, frustration of road users and more carbon dioxide gas being released into the atmosphere. Urban air pollution, often largely due to automobiles, adds to the problems of greenhouse gas emissions and global warming.

The Federal Territories Ministry has organised a series of retreats and round table discussions with Federal Territory residents, professional bodies and non-governmental organisations, in which issues of transportation have been discussed at length.

From the resolutions of these retreats and discussions, the ministry aspires to improve bus and rail services, particularly in Kuala Lumpur and Putrajaya, to increase the use of public transport.

Citizens are encouraged to contribute to this objective by switching from private car use to public transport.

With support and cooperation from citizens, the Government will be in a better position to improve the quality of life in the cities.

“By setting aside land for squatter relocation, the process of housing squatters can be structured in a way that is consistent with the official development plans of the city, that is, the city structure plan and city local plan”



On the one hand, public participation relates to positive approaches adopted by the Government to give citizens the opportunity to be involved in the planning and development of their city.

On the other hand, it also relates to the sense of ownership and responsibility of citizens, that they have an essential role to play in the process of nation-building, in the spirit of cooperation and shared responsibility with the government.

This is in line with the principles of collaboration and partnership of Local Agenda 21, which the ministry has adopted.

The ministry, though a steering committee chaired by the secretary general, oversees and coordinates the implementation of Local Agenda 21 by Kuala Lumpur City Hall, Labuan Corporation and Putrajaya Corporation in their respective cities.

With these principles of public participation, partnership and shared responsibility, the ministry aims to develop these cities in a sustainable manner and continuously improve the quality of life.



Outcome-based budgeting

Tan Sri Dr. Wan Abdul Aziz Wan Abdullah

Secretary General of Treasury, Ministry of Finance

3 August 2009

A WELL-formulated budget will ensure optimal allocation to meet policy Targets In the public sector, budgeting is the key instrument to realise national policy objectives. As such, a well-formulated budget will ensure optimal allocation of scarce resources to meet policy targets.

The annual budgets, therefore, are the building blocks towards achieving the National Mission and Vision 2020 of becoming a developed nation.

In line with the Government's emphasis on outcomes rather than output, we are moving towards outcome-based budgeting (OBB) to ensure effective and efficient spending. This will ensure maximum benefit to the rakyat as well as fulfil their rising expectations.

For instance, the focus on output will generally be on the number of graduates produced by universities or training institutes.

However, in the more holistic outcome-based approach, the emphasis is on quality and employability of the graduates, and ultimately, their contribution to nation building. Similarly, it is not the number of entrepreneurs trained that matters, but rather how successful they are in their business ventures.

Budgeting in the public sector has evolved over the years. After Independence, we started with line-item budgeting that focused on expenditure.

Under this approach, ministries and agencies were assessed on their ability to spend the approved allocation within a given year.

Moreover, it lacked coordinated planning, performance measurements and systematic evaluation.

Subsequently, a more results oriented Programme Performance Budgeting System was adopted in 1969, where the focus shifted to outputs, with resources allocated for specific programmes and activities based on priorities.

Similarly, it is not the number of entrepreneurs trained that matters, but rather how successful they are in their business ventures. Budgeting in the public sector has evolved over the years. After Independence, we started with line-item budgeting that focused on expenditure.

Systemic problems, however, continued to persist. There was lack of accountability, while decision making was highly centralised. To address these problems, the Programme Performance Budgeting System was improved and introduced as the Modified Budgeting System in 1990.

The system expounded the concept of “let managers manage” and held them accountable for their performance.

However, even under this system, the emphasis was still on output, with each ministry and agency focusing on delivering its programmes and projects.

This gave rise to duplication of efforts and resources across ministries. It soon became apparent that there were weak linkages between policy formulation, budgeting process as well as project implementation and evaluation. There was also little or no integration between operating and development budget. More importantly, the system could not meet the dynamics of a rapidly changing economic environment.

For example, although tourism is under the purview of Ministry of Tourism, the promotion of tourism activities cuts across a number of ministries, including Health, Education, Transport as well as International Trade and Industry.

Thus, policies and resource allocation would have to be better coordinated to achieve broad macroeconomic goals.

There is even greater urgency now to adopt a budgeting system that better reflects costs and linkages with emphasis on shared outcomes, in line with the objective of becoming a competitive and high income nation.

Hence, the OBB will be introduced to integrate both development and operating expenditure towards achieving efficient allocation of resources and effective implementation of programmes. This paves the way to link budget allocations with programme outcomes in an integrated manner.

“The emphasis, therefore, is on “doing the right thing and doing the thing right” to meet the expectations of the rakyat. The implementation of OBB will help to realise the deliverables within set time frames and measurable performance targets announced by the Prime Minister to track progress in each of the key result areas”



In addition, programmes that involve more than one ministry or agency can now be strategically linked through the OBB process. Shared outcomes are common in public sector programmes. These outcomes will now be clearly identified through the alignment of a series of national key result areas (NKRAs), in line with the five thrusts of the National Mission.

The key result areas include crime prevention, reducing corruption, improving quality of education, upgrading low income households, expanding rural infrastructure and providing efficient public transportation. Apart from these key result areas, emphasis will continue to be given to enhancing private investment, promoting niche growth areas, improving the business environment and public service delivery to achieve sustainable growth. Outcomes will be measured against key performance indicators to evaluate the effectiveness of programmes and projects implemented by ministries and agencies. Hence, the OBB approach will eliminate redundancies and ensure value for money, while providing flexibility to review programmes and projects that do not contribute to expected outcomes.

The emphasis, therefore, is on “doing the right thing and doing the thing right” to meet the expectations of the rakyat. The implementation of OBB will help to realise the deliverables within set time frames and measurable performance targets announced by the Prime Minister to track progress in each of the key result areas.

Thus, the move towards OBB is timely and crucial to ensure optimal use of scarce resources to achieve national priorities and goals.



Love yourself, love your family

Tan Sri Faizah Mohd Tahir

Secretary General, Ministry of Women, Family and Community Development

8 August 2009

MOTHER Teresa is famed to have answered when asked, “What can you do to promote world peace?” Her answer was, “Go home and love your family.”

The 21st century has brought to our doorsteps the moral question of family and its institutions. The weakening of our social fabric today is seen through the increase in child abuse, domestic violence, juvenile delinquency, rising divorce, breakdown of morality and substance abuse, to name a few societal predicaments.

Unresolved issues in families spill into the larger base of communities, holding in many instances an entire society at ransom of their safety and security, its peace of mind.

Are our family institutions stable anymore? Findings from the nationwide Malaysian Population and Family Survey (MPFS 2004) show that divorce rates are up by 1.8% to 2.2% of the population from 0.7% recorded in 2000.

More than 98% of couples from the same survey still perceived their family relationships as strong and cohesive. Ironically, we are witnessing increasing numbers of divorce and stress in family life which is directly affecting our value systems.

With the ageing population, we are also witnessing increasing numbers of “sandwich generations”; a generation where working adults have to support both their elderly parents and young children.

About 10% of the elderly in Malaysia live alone, according to MPFS 2004, while 1 in 4 claim that they have not received any financial assistance from their children who live away from them.

We are starting to observe an increasing number of children neglecting, abdicating and franchising their responsibilities or even abandoning their parents.

This will become more pervasive as the society ages. It is critical to nip this trend in the bud. It has often been said, “A parent can take care of many children but many children can’t take care of even one parent”.

The role of parents in inculcating values cannot be underscored. It is imperative that parents, as the first and most important teacher to their children and role-

About 10% of the elderly in Malaysia live alone, according to MPFS 2004, while 1 in 4 claim that they have not received any financial assistance from their children who live away from them.

model-in-chief, instill values such as filial piety, responsibility, inter-generational caring and respect amongst family members. Sadly, these values are amiss in our society today. To protect and support the families to be strong and resilient, we must return to basics. We must return to developing family and communal values. The FAMILY is the primary source to developing a comprehensive social system. Family is where we all learn vital and fundamental skills which determine one's character and resilience. While every family is unique, there are some core values that bind us all which cuts across culture, ethnic and religion.

Respect is the recognition that everything and everyone is just as important as we are. Honesty simply means telling the truth.

Responsibility means having a sense of duty and keeping to one's moral obligations and being accountable for one's actions. Caring means the show of humanity, sympathy and/or mercy to our fellow human beings.

Strength of character infused with respect, honesty, responsibility and care defines the backbone to a society. These invaluable values have to be imbued back into our cradles at home.

For the Ministry, developing a caring society built on a strong and resilient family institution remains our core focus, regardless of challenges of the times.

The Family First: Bring Your Heart Home Campaign launched by the Women, Family and Community Development Ministry in 2003 has been instrumental in changes to regulations and incentives.

This include increase in paternity leave from three to seven days, and medical benefits for public sector employees being extended to their parents. It also include three days compassionate leave for death of immediate family members, tax incentives for companies which conduct family related activities, tax relief for children who pay the medical expenses of their parents and increase in the eligibility criteria for financial assistance particularly for vulnerable families such as single mothers, families with disabled persons and elderly. In 2004, we introduced an accessible counselling service for a whole family through the *Kembara Kaunseling* programme. This programme spanned the spectrum for adolescents, adults and couples.

“We cannot as a nation gain development and growth if our own lives are broken. The I Malaysia vision calls on us to be a family in our homes, and in our land. I Malaysia seeks for us to return to the basics of mutual respect, honesty, responsibility and a caring society”



By year end, more comprehensive family counselling services will be made available at all the 53 Nur Sejahtera clinics in the country. In 2006, we started the SMARTSTART course for couples intending to get married and those who have been married for five years or less. The programme, now offered in 4 languages, offers couples tips and skills in areas such as parenthood, managing family stress and conflicts amongst others.

To help Malaysian families cope with contemporary living and lifestyles, Parenting@Work Programme was introduced at the workplace in 2007. Issues such as work-life balance, effective parenting and stress management are emphasised at the workplace.

To address the negative risk taking behaviour amongst the young, kafe@TEEN was set up to provide counselling services, skills building, and reproductive health education for those aged 13 to 24.

Due to its popularity today, with the Education Ministry, we will be up scaling this through five schools in Penang, Kuala Lumpur, Selangor, Pahang and Kelantan.

All these programmes are of no real benefit, if as individuals in our daily roles, we do not focus on ourselves and our families.

We cannot as a nation gain development and growth if our own lives are broken. The I Malaysia vision calls on us to be a family in our homes, and in our land. I Malaysia seeks for us to return to the basics of mutual respect, honesty, responsibility and a caring society. To gain success as a nation, we must define success in our own homes, in our own souls and in our own conscience.



SMART Tunnel- Is the public served?

Dato' Zool Azha Yusof

Secretary General, Ministry of Natural Resources and Environment

15 August 2009

THE mega flood-bypass project, which has won various awards, is a unique piece of engineering built to ensure Kuala Lumpur is flood-free. The rapid pace of development in the last two decades has transformed Kuala Lumpur into a metropolitan city.

It has also stressed its drainage system, which has to cope with the ever-increasing flood discharges during major storms.

Consequently, the people of Kuala Lumpur have been riddled with increasing frequencies of flood occurrences since the mid-1990s. Between 2000 and 2007, the city was hit by six major floods. Besides huge economic losses, the image of Kuala Lumpur as the up-and-rising modern capital city in Asia was somewhat affected.

There were torrents of complaints and anguish from the people, no doubt.

The agencies were highly criticised for the planning, or lack of it.

The Department of Irrigation and Drainage (DID), which is under the Natural Resources and Environment Ministry, after some indepth research and study, put in place a comprehensive Kuala Lumpur Flood Mitigation Project (KLFMP) in 2003 to address the flood issue.

The KLFMP essentially comprised two projects, namely the Stormwater Management and Road Tunnel (SMART), which is a flood-bypass tunnel, and the Batu-Jinjang flood detention ponds.

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These projects were supported by a few other subsidiary projects, all aimed at improving the flood-carrying capacity of Klang River tributaries. The primary function of SMART is to mitigate floods at the heart of Kuala Lumpur.

We had to identify the hotspots that caused the city to come to a halt, which are at and around the vicinity of the Masjid Jamek LRT stations as this is where the overflow of Klang River frequently occurs.

The other is at the Batu-Jinjang Ponds which would effectively handle the overflow at and around the Putra World Trade Centre areas due to over spilling of the Batu and Gombak rivers. The secondary function was to solve the much loathed problem of the city- the traffic congestions.

SMART provides an alternative route to ease traffic congestion between the Kuala Lumpur City Centre around the Kampung Pandan roundabout and the southern gateway at TUDM, Sungei Besi–Seremban Highway. The construction cost of SMART was RM1.93bil. The Government's cost amounted to RM1.31bil, while the remaining RM621mil was borne by the contractor, who has been given a 40-year concessionaire period to collect toll through SMART traffic operations, in lieu of the capital investment. The working principle of SMART is simple. During a heavy downpour, the excess flood water at the confluence of the Ampang River and Klang River at Kampung Berembang will be diverted and detained in the holding pond.

This will then be channelled through the 9.7km tunnel before being discharging and store in the Taman Desa storage pond at the downstream end. Subsequently, the flood water in the storage pond will be released back to the Klang River via the Kerayong River when the downpour subsides. SMART has a flood storage capacity of three million cubic meters. There are four modes of SMART Operations. During modes one and two, traffic in the tunnel is not affected.

When the flood levels rise to a level where modes one and two are not able to cope, mode three operation will kick off and traffic in the tunnel will have to be evacuated.

Two hours after a heavy storm subsides, the tunnel can be re-opened to traffic. However, should the heavy storm persists, then traffic tunnel compartments will be use to channel the excess flood water, this is called 'mode four operation'. When this mode kicks off, the tunnel can be used again only after proper de-watering, cleaning and inspection.

This often causes a four-day closure to the tunnel. The public is notified when this is done. Since SMART began its operations in July 2007, it has handled a total of 79 storm events (50 events in mode two, 28 events in mode three and one event in mode four). The tunnel has protected Kuala Lumpur from seven major storms. Two

“All awards are of no use if the engineering did not fulfil its role – and that role is to serve the people it is built for. The SMART Tunnel was built to serve Kuala Lumpur, Malaysians and foreign visitors. It was built so that when you are in Kuala Lumpur, you will indeed be able to enjoy the beauty of this city flood-free”



such instances were: March 22, 2008, when the SMART diverted 1.2 million cu m of flood water at Kampung Berembang away from Kuala Lumpur City Centre. March 3, when a major storm caused the water levels of Klang River at Masjid Jamek to rise to a very high levels of just 0.2m below the bank. During this critical storm, SMART diverted 700,000 cu m of flood water at Kampung Berembang. As a result, the Masjid Jamek area and its vicinity were spared from the flood impact.

SMART is truly a unique piece of engineering. As a result, it has won numerous awards, both locally and overseas, such as the Malaysian Construction Industry Excellence Award 2007, the Gold Award from The Association of Consulting Engineering Malaysia in 2008, the Engineering Excellence Awards 2008 from the Association of Consulting Engineers of United Kingdom and British Construction Industry (BCIA) 2008 Awards (International Category). SMART was also screened by two prestigious television networks – the National Geographic Channel in 2007 and Discovery channel in 2006. To date, more than 2,000 visitors, including local and foreign dignitaries, have visited SMART and left impressed by its unique functionality and success.

All awards are of no use if the engineering did not fulfil its role – and that role is to serve the people it is built for. The SMART Tunnel was built to serve Kuala Lumpur, Malaysians and foreign visitors. It was built so that when you are in Kuala Lumpur, you will indeed be able to enjoy the beauty of this city flood-free.



Malaysian firms should seize the opportunities in **ASEAN**

Tan Sri Abdul Rahman Mamat
Secretary General, Ministry of International Trade and Industry

17 August 2009

ASEAN is fast emerging as a significant economic entity for two reasons: global suppliers find it an increasingly attractive production base while investors are lured by its consumer market of half a billion people. Many business opportunities are being created as this transformation takes place, but few Malaysian companies appear to be taking advantage of it. Should this continue, the initiative may well pass on to their more enterprising neighbours.

The formation of ASEAN in the late 60s was motivated primarily by political and security reasons. But today, the pace and direction of its development is dictated largely by economics, by how countries respond to the fast-changing pattern of world trade and cross-border investment.

Over the last 10 years, ASEAN economic regionalism has taken on a new urgency. The 1997-98 Asian financial crisis showed that the economies of South-East Asia were more closely related than previously thought, and it made sense for them to seek to increase intra-regional trade and rely less on exports markets in the United States and Europe.

Two other factors accelerated the drive towards greater ASEAN economic consciousness. ASEAN countries found that they had to compete against regional trading blocs like the North American Free Trade Area and the European Union for foreign direct investment.

They were also in danger of losing out to the emerging economic behemoths of China and India as low-cost producers. Unless they got their acts together, ASEAN countries were going to lose out in the battle for investment.

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As ASEAN entered the new millennium, the strategic direction it had to adopt became clear.

First, a stronger, integrated and more competitive ASEAN was seen as necessary to overcome the preferential treatment some other countries receive.

And second, ASEAN had to sustain economic growth and raise per capita income to transform itself into an attractive consumer market of half a billion people. This would entice producers to locate their operations in the region.

So while they continued to rely on traditional inter-regional trade to sustain their economies, ASEAN leaders realised that they had to look inwards to generate growth. Promoting increased intra-regional trade and investment thus became the core objective of ASEAN economic policy.

Towards this end, ASEAN leaders agreed in 2003 to establish an ASEAN Economic Community. The operational vehicle to achieve this was the ASEAN Free Trade Agreement, a scheme which sought to integrate the economies of member countries through the staged elimination of tariffs on intra-ASEAN imports. The target date for the free movement (i.e. zero tariffs) of goods, services, investment, capital and skilled labour within the group was set for 2020. In 2007, this target date was brought forward. It was decided that tariffs between ASEAN countries were to be completely eliminated by 2010 for ASEAN-6 (Malaysia, Singapore, Thailand, Indonesia, the Philippines and Brunei), and by 2015 for ASEAN-CLMV (Cambodia, Laos, Myanmar and Vietnam).

In practical terms, therefore, this means that by Jan 1, 2010, customs import duties will have been eliminated for almost all products in ASEAN-6. The less developed countries of ASEAN-CLMV will do the same by 2015.

In fact, these latter countries have already substantially reduced their tariffs on imports from ASEAN countries to less than 5%.

Steps have also been taken to facilitate the free flow of investment and services within ASEAN. Restrictions on equity and other barriers are progressively being removed in the sub-sectors of tourism, healthcare, construction, information and communications technology and recreation facilities. As of now, over 65 services sub-sectors have been liberalised for intra-regional trade. These initiatives to create a single large market have contributed to a significant increase in intra-regional trade. Last year, intra-ASEAN trade totalled US\$453bil compared to US\$120bil 10 years ago.



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Malaysia has benefited from this regional initiative. Over 25% of Malaysia’s trade is within the region. Over the last decade, the country’s trade with ASEAN grew by an average 10% annually. In 2008, exports to ASEAN totalled RM171.2bil and imports were RM126.4bil. Several Malaysian companies have participated in this intra-ASEAN growth. A number of autoparts manufacturers are located in Rayong, the automotive hub of Thailand, and in the textiles and garments sectors in Cambodia and Vietnam. Some others are involved in operating airports, hotels, hospitals and recreation facilities in the region, and in the toll roads, ports, hotels and industrial parks. In the larger scheme of things, however, the Malaysian share in crossborder ASEAN businesses is still relatively small.

The business potential in the region is enormous: a population of 587 million people and a combined gross domestic product of US\$1.4 trillion. Companies from outside the region have found it beneficial to invest their money in the region. Malaysian companies should be no less enterprising and should investigate what’s available at their doorstep even as they look elsewhere for investment opportunities.



Turning to total asset management

Dato' Seri Prof Ir Dr. Judin Abdul Karim
Director General of Public Works Department

22 August 2009

PWD is no longer just a government contractor but also the keeper of the value and timeliness of the projects.

THE standard tagline “Jasa Kepada Rakyat” (working for the people) found on the ubiquitous signboards for government projects managed by Jabatan Kerja Raya (JKR) reflects the department’s commitment to serve the people.

Since its formation over more than a century ago, JKR or Public Works Department (PWD) Malaysia has touched many aspects of the nation’s life. As the main technical arm of the government, JKR has successfully implemented development projects that include road infrastructure, airports, government buildings and facilities, public amenities as well as maintaining them over time.

Despite the countless success stories by JKR which include the KLIA, the department does experience several setbacks in terms of breakdowns and defects relating to government facilities. These have obviously received adverse public reactions as their safety and convenience are affected.

We have also come under a lot of criticisms from client departments for a “lack of quality” in the delivered products. The latest in a series of unfortunate incidents that tainted JKR’s reputation include the Terengganu stadium roof collapse and burst pipe at the Kompleks Pejabat Kerajaan Persekutuan Sabah in Kota Kinabalu. Fortunately, no life was lost in these mishaps but there was substantial damage to the properties.

There could be a myriad of reasons why such untoward incidents happened. Among them are design faults, inferior quality of materials used, poor supervision, incompetent supervisors, shoddy workmanship, negligent personnel, and lack of maintenance — most of them are project management issues.

Recognising the implication of poorly managed projects on public safety, convenience, maintenance needs, and last but not least, JKR’s reputation, the department placed much focus on improving service delivery.

Top in the department’s agenda now is the highest quality of delivery, delivery on time and value for money. The fact that JKR’s customers are essentially government

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ministries and departments serving the public, call for the highest attention to quality of service rendered.

Our customer satisfaction journey begins with our due engagement from the onset of a project right to the very end to meet all due expectations. The satisfaction of the public, the ultimate users of public facilities remains our main concern.

Public grievances and complaints on the department's services are now seriously addressed. The department has established a one-stop centre to receive public feedback which can be forwarded to aduan@jkr.gov.my or SMS at DAPAT (32728).

Public complaints directed at JKR are predominantly on issues of safety and quality of public facilities. Where quality is concerned, independent checks at construction sites are conducted by experts to ensure that there is no compromise on quality.

Completed projects will be issued certificate of completion and accepted for use only if they meet a stringent acceptance criteria. Maintenance contractors of public facilities are expected to meet with their KPIs or else penalty will be imposed.

To ensure that we can deliver as promised, both in project and asset management, we need the right people at the right place. This can be achieved by increasing staff competencies continually. One of our initiatives to elevate the competencies of JKR professionals in managing projects is by collaborating with an international body (Australian Institute of Project Management), to train and accredit our professionals as Certified Project Managers.

In addition, technical and management training are continuously held throughout the year where all staff are required to undergo at least a total of seven days training annually. The department has also collaborated with local higher learning institutions to produce experts in asset management. Project delivery on time remains the essence to our delivery with quality. One of the drastic steps taken is to

“Project delivery on time remains the essence to our delivery with quality. One of the drastic steps taken is to terminate the contract which shows poor performance. There is no more impunity for non-performing contractors”



terminate the contract which shows poor performance. There is no more impunity for non-performing contractors. Escalating cost, high public demand and depleting resources are some of the challenges we now have to face. Resource optimisation and value for money measures are much needed to justify any consideration for project implementation.

We now have to also consider the “whole life cycle cost” in the development of our projects. Projects, which eventually become assets of the government upon their completion, not only have to be well conceived during planning, design and construction but we also consider all the needs and costs of maintaining and operating them over their life cycle.

Projects can no longer be based solely on the most economical capital costs with little attention to the consequential operational and maintenance costs. The design and construction of projects require thoughtful review and consideration of how they will best function and endure to provide valuable services over many, many years. As such their service delivery potential can be maximised and that risk and maintenance cost are manageable over their entire life.

As an example, if we plan to build a road by cutting down hills, we destroy the environment and over the long run requiring high cost of maintaining the slopes. Alternatively, if we are to consider building a tunnel through the hill, the initial cost will be higher but the maintenance cost over the entire life is much lower and the environment can also be preserved.

Thus, considering total costs over the life cycle of the asset at the early stage, from initial capital, operation and maintenance to disposal, including the cost of delivering services using these assets, there will be great opportunity for cost saving in the long run. This total asset management approach will result in achieving the best value. This will be the way forward.



PDRM - your service provider

Tan Sri Musa Hassan
Inspector General of Police

29 August 2009

IN facing challenges, the police remain true to their first duty and calling – that of serving one, serving all. But policing today is tougher compared to when the force was first established.

“Please contact your service provider” is the message that constantly appears on any mobile communication device these days when something malfunctions.

So who do you contact when society malfunctions? The nation’s key “public” service provider – the police, of course.

I joined the force in 1969 as a young trainee inspector and to this day, I wear my badge with pride and passion that extend beyond mere sentimentality attached to a shiny piece of metal I wear on my chest. Along with 100,000 others, I am a proud member of the Royal Malaysia Police Force.

Our passion and vocation is one of service – service to the King, the nation and the community. We are the nation’s “Enforcers of Law and Order”.

As with any other service provider, expectations of us are high, criticism is flung at us with abandon, and blame is levelled at us freely and easily. This is not unique to Malaysia as worldwide, law enforcers have borne the brunt of the blame and venom of anger for the problems society faces – a heavy and often unfair burden to bear.

In the face of all these challenges, we remain true to our first duty and calling – that of serving one, serving all. But policing today is tougher compared to when the force was first established.

While new innovations and technology have aided society colossally, they have also made it so much easier for criminals to operate and crimes to be committed.

While our services and operations have evolved in line with current trends, technology and methods, no single law enforcement agency can effectively combat crime working in isolation. We still need

In the face of all these challenges, we remain true to our first duty and calling – that of serving one, serving all. But policing today is tougher compared to when the force was first established. While new innovations and technology have aided society colossally, they have also made it so much easier for criminals to operate and crimes to be committed.

one essential element to help us carry out our duties effectively – the cooperation and support of the community we serve. We have to all come together, work together towards a common aim of eradicating crime and criminal elements in this society.

We have to realise that the fight against crime is a common, shared responsibility. As a community, we are all individually and collectively responsible for our unique roles in fighting crime and social ills. Community involvement in the fight against crime is essential in any civil society.

Law enforcers patrol areas concerned periodically but cannot possibly be everywhere, watching everything, for there are too few of us in numbers at the moment. It is members of the community who can best identify the problems they face, the dangers that lurk in their neighbourhoods, the suspicious characters and the threats to their security.

As law enforcement officers, policemen are public servants first and foremost, but I call on everyone to rise to the challenge of playing their part in the fight against crime from its roots. As members of the community, we each have an individual responsibility to our neighbour – we have to play a part to ensure that our neighbour housing area and our society is safe.

We appeal to you to be our ears, our eyes in instances and situations when we cannot be there.

Provide us with relevant information, report suspicious behaviour, call on us if you feel unsafe, and work with us to enable us to serve you better.

Community policing programmes are in no way novel. In fact, they form the fabric of almost every law enforcement agency in the world.

“As members of the community, we each have an individual responsibility to our neighbour – we have to play a part to ensure that our neighbour housing area and our society is safe”



Malaysia is no different – we started this initiative way back in the 1960s and since then, the platform has evolved over time in response to the changing social and economic situation of our country. Over the years, we have increased our interaction with the community in an effort to reach out to you, and secure greater cooperation and support. Today, you will see more community police stations, more community police beats, meetings with residents associations, educational institutions, traders, etc.

Our Rakancop programme is growing from strength to strength – more and more people are coming forward to assist with investigations, provide us with vital information and work on various platforms from which crime prevention strategies are devised.

However, public involvement is still lagging behind – we have 27 million Malaysians and only 100,000 police personnel – we still need more Malaysians to come forward and participate.

As parents, teachers, siblings and friends, we all have a moral duty to shape the society we live in and shape the society our children will live in one day.

This united effort is the key to tackling issues at the grassroots level. It takes a joint and concerted effort to nurture our future generation to be law-abiding and not only disassociated from all criminal activity but also take an active stand against crime and criminal elements. Let's work together. Let's be united against crime – we are at your service and we need your service.



Setting targets in the public service

Tan Sri Ismail Adam
Director General of Public Service

31 August 2009

WITHOUT execution, challenging goals are only as good as the paper they are printed on. A delivery plan is needed and it must be executed to completion. To make his motto of ‘People First, Performance Now’ a reality, the Prime Minister has implemented a system of key performance indicators (KPIs) for all ministers.

He has also specified national KPIs for lead ministers who have been made responsible for the six national key result areas – crime, corruption, public transport, poverty, rural infrastructure and education. KPIs of secretaries-general and department heads will automatically be aligned to their respective minister’s KPIs.

For example, the reduction of street crime will be very much the KPI of the Inspector-General of Police and that of the Minister of Home Affairs.

Additionally, the Public Service Department (PSD) assesses the performance of these department heads through a further set of KPIs that measure the efficiency and effectiveness of service delivery, quality of consultation, governance and accountability and leadership effectiveness.

The civil service leadership takes charge of delivering not only on its KPIs but also that of its ministers.

KPIs by themselves are insufficient to assess performance. KPIs are yardsticks that identify areas that ministers and their department head will want to know how well they have performed. Only then can the public, minister and agency concerned know whether that agency has lived up to its commitments or whether it has underperformed in a particular area of operations.

This feedback on performance deficit is especially useful for an agency to determine where it had gone off-track and what it has to do to put its operations back on course.

It is in this spirit of accountability and feedback that the Prime Minister has specified performance targets for each KPI of his ministers. These targets are for the short-term — to be achieved by the year’s end; and for the medium-term — to be achieved over the next two to three years as, for example the reduction of street

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crime by 20% by the end of 2010. Similarly, at the start of each year, the PSD sets jointly with department heads one minimum acceptable level of performance and two stretch targets for each of the mutually agreed KPIs.

The annual assessment of department heads at the end of the year is done against those targets. The stretch targets that are set are ambitious yet reasonable. They drive department heads and their staff to perform beyond the minimum acceptable targets of performance. Thereby, these stretch targets seek to take departmental performance to greater heights.

What gets measured gets managed and what gets managed gets done. In the course of meeting the targets, change kicks in and operations improve for the better. Setting performance targets also gives the whole organisation a sense of the quantum and quality of service that needs to be delivered to achieve agency mission.

It also helps an agency to determine the appropriate level of resources that should be shunted to a particular performance area so that the performance target is met.

The department head can then be made accountable for both performance achievement and resource usage.

Target-setting also gives a clear signal to departmental staff as to what is it that they have to achieve. Knowing what to achieve is itself another motivating factor for enhanced service delivery. It is akin to telling our children what is expected of them.

Targets must make a difference to service delivery and citizen satisfaction. Leadership must ensure that everyone in the organization considers the targets doable. Everyone should feel challenged to unleash their creative effort to better their performance. Conservative target setting, on the other hand, merely maintains service delivery to the level that exists now. In setting targets, public service

“Everyone should feel challenged to unleash their creative effort to better their performance. Conservative target setting, on the other hand, merely maintains service delivery to the level that exists now”



leaders consider past performance. They then factor in the potential for better performance through institutional learning and experience (or the learning-curve effect). Public service leaders also benchmark their performance standards against superior performance in other countries. Malaysia has matched, if not bettered, performance overseas in many areas. For example, infant mortality rate (0.5%) is lower than that of the United States of America and comparable to that of the United Kingdom.

We pay a smaller percentage of gross domestic product (4.2%) to get ‘better’ health (our longevity averages 74 years) compared to more affluent countries which spend twice or thrice as much. Notwithstanding, the public service considers that it can always improve when we pitch our performance against world standards. Public service leaders continue to shoulder responsibility for this benchmarking exercise. Performance targets for top civil servants and their ministers should put service delivery on an accelerated track. However, for that to happen, setting KPIs and performance targets alone will not be enough. As in any management initiative, leadership commitment to the achievement of its targets is vital. Such a commitment shows in the development and implementation of an action plan to achieve those targets. It is boldness in target-setting coupled with execution that propels an agency towards more effective service delivery. Without execution, challenging targets, while generating controversy, are only as good as the paper they are printed on.

All efforts at improving public service delivery through bold performance targets will come to nought if leaders do not put in place a delivery plan and execute it to completion.



Why progressive liberalisation?

Tan Sri Dr. Sulaiman Mahbob

Chairman of Malaysian Industrial Development Authority

1 September 2009

THE speed of market opening must be in tandem with the capacity of domestic service providers to compete effectively. IT may not be far fetched to state that public policies in all countries are deeply intertwined with the dictates of national culture, political expectations and the broad political economy of the country.

Invariably, these matters influence investments and business policies of nations and investors' decision-making too. The concerns can also be reflected in our programmes for economic liberalisation.

Malaysia is, therefore, no exception to putting various requirements to businesses and investment as long as they are transparent and consistent with the terms set by the World Trade Organisation (WTO), based on multilateral trade negotiations (MTN).

The fact that MTNs have stalled since the Doha Round does not in any way deprive signatory countries from putting specific requirements for trade and investments between them and other members, so long as they are not inconsistent with their earlier WTO promises.

Since the General Agreement on Tariffs and Trade (GATT) days, Malaysia has contributed to the multilateral processes of trade liberalisation, especially on the goods sectors. However, the last round of trade negotiations took some time to conclude (from 1986 to 1994), in part, due to the need to define comprehensively the multilateral terms of trade in services and the expectations that developing countries make significant offers of liberalisation within the services sectors.

Malaysia is, therefore, no exception to putting various requirements to businesses and investment as long as they are transparent and consistent with the terms set by the World Trade Organisation (WTO), based on multilateral trade negotiations (MTN).

The developing economies were very guarded in making offers in the services in the last trade round, and they were rightly so, for several reasons. First, their engagement in services negotiations was on the basis of progressive liberalisation. Second, they all knew that their services trade was relatively undeveloped and hence accelerated services trade liberalisation would lead to their countries being swamped by service providers from the developed countries, whose services constituted more than 75% of their total output.

Third, they were even more cautious when it came to financial services liberalisation because banking and finance is almost the lifeline of all national economic systems.

Thus one needs to be quite appreciative why services liberalisation has to be staged and done in the spirit of progressive liberalisation, the spirit of which is embedded in the negotiations history at the WTO.

The position for Malaysia vis-a-vis services trade is even more sensitive. Malaysia is graduating from being a favoured destination of labourintensive industries. It therefore needs to strengthen its services sectors, especially in their exports potential. Malaysia had made two important decisions recently – first, to liberalise 27 services sub-sectors, and, second, to do away with the Foreign Investment Committee requirements for mergers and acquisitions, except in areas related to national interest industries such as ports and airports, highways, and defence-related industries.

In preparing for this change and move, the Government has agreed to strengthen the Malaysian Investments Development Authority with powers to promote investment in the services industries such as education, health, tourism and professional services.

Some quarters are not too happy with the Malaysian announcements. Of course they wanted much more. Malaysia is always principle-based. Our offer is based on the need for progressive liberalisation, and our offer will be in line with the state of our services economy.

In other words, we will offer sectors (or sub-sectors) where we can effectively compete, and sectors where we need to strengthen with new investments and capacities. There is no point in liberalising if such liberalisation may lead to the death of local suppliers. This does not mean that the domestic players do not need to strengthen themselves. They have to, especially in view of the increasing

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pressures for more liberalisation in our economy. The concern of foreign investors is quite understandable though. With the current turmoil in the world economy, potential areas of investments are relatively few. That is why the stock markets have, in some cases, led their economic fundamentals. Malaysia is seen as a safe haven for businessmen and investors. However, the experiences of 1997/1998 were still fresh in our mind when we got a big beating on account of being very liberal in our dealings with the short-term capital financial flows. The international regulatory authorities were of not much help then.

In this regard, what is the position of banking and financial services? A quick survey of the sector shows that the foreign presence in the sector is quite significant already. With the advent of information and communication technology, its exposure in the economy in terms of credit and deposit shares is even significant than it appears to be.

On this matter, we have however undertaken liberalisation of the sector along the lines of the national master plan for financial services which is already known to all in the market. Thus, in view of the need to advance its services industries, Malaysia must liberalise its services sectors in stages. The speed of liberalisation must be in tandem with the capacity of domestic service providers to compete effectively, and that our instruments to promote services are well in place. However, we can be liberal in areas where our current capacity is non-existent but we may have the potential to grow the country into a strong business location for such services. In this latter area, we can be very liberal but we need to guide the market players with a transparent plan of action.



Moulding the country's future

Dato' Abu Bakar Abdullah

Secretary General, Ministry of Defence

5 September 2009

THE Defence Ministry will continue to improve the National Service programme, which is designed to develop the country through its youngsters.

AN Italian proverb reads: "Wealth conquered Rome after Rome had conquered the world". Rome was not built in a day. It was built on a foundation to last, to inspire, to conquer. We know this from those who have visited it. We know it from the many movies made of and in Rome. We also know this from literature written about Rome. It took hundreds of years before a shining kingdom was built. Like Rome, Malaysia needs to go through its motions to build its strength, substance and durable brand.

The essence to our strength is in our unity. Unity drives national development as well as development of future leaders. Unity imbues the spirit of patriotism in us. It is based on this vision that the Government started the National Service (NS) programme.

It was conceived from a vision to strengthen the spirit of patriotism and unity in the hearts and minds of Malaysian youth.

A continuation of our 11 years of schooling, the three-month intensive programme is designed to institute the will to make it, irrespective of colour, race, religion, gender, creed and the odds.

In facing the fast and furious lanes of globalisation, Malaysia needs its generations Y and Z to stand sentinel to the nation's sovereignty and safety. It is thus incumbent upon the country to prepare our youth to face the moving targets of globalisation.

It is our moral duty to strengthen our future leaders with the tools of resilience and perseverance. This thus became the basis of National Service's virtues.

Our youth constitute 60% of the Malaysian population today. Their talents and energies thus are pivotal and integral to the future of Malaysia. In the final analysis, NS is envisioned to develop young patriotic leaders able to assimilate and integrate in a multi-racial society locally and globally. The training drives the integration of the various races and their essential and unique roles in nation-building. NS focuses and

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stresses on the building of tangible and intangible traits that make the character of a good leader unflagging in patriotism, emphasising racial harmony and moulding strength in individuals to face challenges under all circumstances. The programme was custom-made for 18-year-olds awaiting their exam results.

In the past, most of these students would opt for other activities such as short-term employment. Some well-to-do parents would in this time register their children to attend short courses or send them on a vacation. But in this time, too, some fall prey to social ills and/or anti-establishment activities.

NS is not a military-intensive training programme. It is not a recruitment programme for our military in times of war. It has been designed to ensure our youth are versatile in any given environment. It has also been designed to ensure we develop and imbue character in our leaders of tomorrow.

It was designed to develop the future of Malaysia through its young. PLKN has four modules conducted over three weeks each — physical training, nation-building, character-building and community service. All four modules are designed to inculcate good communication skills on a variety of issues.

It also helps participants to engage with people they may not have met. The NS trainees are also paid a monthly incentive for participating in the programme.

The training focuses on qualities like leadership skills, working in a team and decision-making.

These are qualities often expected by prospective employers when seeking employment. The training also focuses on physical training, a modified military drill aimed at building resilience. No doubt PLKN has received much criticism. It has had several mishaps. We need to improve where we could have done better.

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The vision of the programme remains — the essence for what will contribute to the makings of a stronger Malaysia. The ministry is working hard on enhancing the quality of the programme each year. Through NS, Malaysia hopes to mould future leaders of high self-esteem who would be well-exposed and rounded.

Academic qualifications alone will not determine success. They must be augmented with strength of character, resilience and versatility. The Government places much focus and hope on our young.

The quality of human capital today is not just defined by qualification but by character, skills, talents, ingenuity, oratory, emotional quotient and intelligence, to name a few.

The great arise out of small things that are honoured and cared for. The paradox is that the foundation for greatness is the honouring of small things today instead of pursuing ideas of greatness.

In the instance of a nation, its greatness lies in honouring its youth, in equipping its children for tomorrow's realities. Like Rome, the greatness of Malaysia will be defined by how much we invest today in our youth. Only when we gain strength in our nation, will prosperity ensue.



Modernising the public sector

Datuk Normah Md Yusof

Director General of Malaysian Administrative
Modernisation and Management Planning Unit

12 September 2009

MODERNISING is a journey with no end. Each era, each year, something new becomes vogue. Expectations rise. This then, becomes a demand to supply towards. This cycle is no different in any business, no less the service industry.

For the public service of Malaysia, the journey began from the onset of our independence in 1957. It has been tasked with different roles throughout these years in meeting the evolution of customer needs and demands of the day.

This has included administering and providing essential public services and safeguarding national security in the 1960s; planning and implementing socio-economic programmes designed to support the New Economic Policy in the 1970s; and facilitating and regulating economic activities during the years of rapid industrialisation in the 1990s. In modernising for the 20th century, the public sector rode the quality wave of 1980s and 1990s.

Today, the public sector finds that it has to re-invent itself yet again for a globalised world market, through competitiveness, high value, creativity and innovation. Given the modernisation demands of the 21st century, business can no longer be as usual. It is no more a supplier-dominated era, but of demand instead.

We are faced with a whole new generation, one that is socially heterogeneous and less tolerant of the one-size-fits-all stereotype of public service delivery.

Even as the single largest provider of goods and services, the public sector can no longer dictate the terms and parameters of service to citizens and consumers alike.

We are faced with a whole new generation, one that is socially heterogeneous and less tolerant of the one-size-fits-all stereotype of public service delivery.

Central to this also is the keenness amongst public sector officials to get off the verandah to engage the thinking and changing demography. Our citizens and customers demand quality without mediocrity, both in terms of service rendered and of the officials serving them. They demand integrity and transparency in decision-making.

They seek fast, responsive and efficient service. Today, they demand more than just service. They seek the right to service with a personal touch. They expect results and insist that policies and programmes translate into tangible outcomes. This is the new reality of a public sector in the 21st century. MAMPU, as a central agency

entrusted to spearhead public sector modernisation, has started to implement a comprehensive approach with other agencies to transform the way we think, operate and offer our services.

They encompass initiatives in five strategic areas. We expect agencies to have good-to-great customer insight to ensure we deliver impactful customised service. In short, service can no longer be seen and offered through a blinkered world view.

In driving the culture of service, we have placed importance in monitoring customer satisfaction and evaluating outcome levels. A key measure here is to encourage customer feedback and complaints using a wide range of tools, including e-mail, media comments, surveys and focus groups.

This ensures agencies have precise and measurable standards in their client's charters and take measures to monitor key standards and performance targets. The public service has placed much importance in customer-focused measures.

In the area of customer complaints, for instance, no less than the deputy secretary-general of a ministry or deputy director-general of a department is tasked to oversee the management of public complaints. Government agencies need to start sharing performance standards with their customers.

They must state their commitment to meeting customer needs, and deliver on their promises on timeliness and quality of customer service. This ultimately is the test to service rendered.

Agencies have begun publishing the performance of service standards on their websites. In evaluating service performance, plans are under way to implement e-rating to enable customers to provide an immediate assessment of the quality of frontline services.

“The public sector will need to embrace a new mindset if it is to navigate this road to transformation. With the Prime Minister’s recent announcement of National Key Result Areas and the development of Key Performance Indicators for each of these Key Result Areas, MAMPU will now focus its monitoring efforts to ensure that public sector initiatives are geared towards achieving these targets”



The public sector will need to embrace a new mindset if it is to navigate this road to transformation. With the Prime Minister’s recent announcement of National Key Result Areas and the development of Key Performance Indicators for each of these Key Result Areas, MAMPU will now focus its monitoring efforts to ensure that public sector initiatives are geared towards achieving these targets.

Public sector agencies will also need to make innovation integral to enhancing service delivery. We are currently taking measures to ensure agencies constantly innovate their current practices and approaches, to provide better services to citizens and customers. Modernisation is not led by modern technology alone. It encompasses much more.

A connected, customer-centric, innovative and values-based public sector is required for public sector modernisation. It is also essential in realising 1Malaysia – People First. Performance Now.



Redefining Malaysia's growth model

Tan Sri Dr. Wan Abdul Aziz Wan Abdullah
Secretary General of Treasury, Ministry of Finance

14 September 2009

WHY are some countries rich while others remain poor? Why are some countries converging and some diverging from the richer nations? More ink has been spilt on these issues than any other in development economics.

The Washington Consensus has long deliberated on these issues but to date has not reached a common consensus to explain the divergence and suggest viable policy prescriptions. For analytical convenience, economists have come up with growth models, a simplified representation of an economy, which helps one understand how the economy functions. These models provide insights into issues that remain uppermost in the minds of policy makers when formulating growth strategies.

Malaysia has evolved from a low- to medium-income economy. Post independence, the economy was heavily dependent on primary commodities, namely rubber and tin. Between 1957 and 1960, agriculture was the largest sector, providing employment for about 58% of the labour force and accounting for about 47% of total output.

Rubber alone accounted for over 25% of national income, nearly 30% of employment and about 60% of exports. During the same period, the mining sector, predominantly tin, employed 3% of the labour force and accounted for 25% of exports. With rubber and tin accounting for 85% of total exports, the entire economy was extremely vulnerable to fluctuations in commodity prices. During the commodity-driven phase between 1957 and 1970, per capital gross national income in nominal terms increased at a low annual rate of 2.4% from RM788 to RM1,070. In addition, there was wide disparity in income and poverty was prevalent.

Thus, the Government felt strongly for the need to diversify the economy and reduce dependence on rubber and tin to enhance income and wealth generation. The emphasis was, therefore, on developing other suitable agricultural crops and embarking on downstream manufacturing activities.

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That started the industrialisation process in Malaysia beginning in the early 1970s. To promote industrial expansion, special assistance and incentives were provided to new and expanding industrial establishments. To provide a new dimension and intensify the structural shift, the Government introduced the First Industrial Master Plan (IMP, 1986-1995), Malaysia's first industrial blueprint.

This plan put together a coherent and structured framework for industrial development with specific targets and timelines. Over the years, concerted efforts were taken to promote and accelerate the expansion of the manufacturing sector. This was also the time when the Government embarked on an aggressive privatisation strategy with the ultimate aim of reducing the burden on Government in financing development. During the period between 1970 and 1987, per capita gross national income in nominal terms grew rapidly at 8.9% per year increasing from RM1,070 to RM4,537.

In 1988, for the first time, the manufacturing sector became the leading growth sector, when its share of gross domestic product rose to 21.1%, surpassing that of agriculture at 18.6%. This signalled a structural shift from agriculture to a manufacturing based economy.

With the successful implementation of the First IMP, the Second IMP (1996-2005) was introduced to bring about a transformation from assembly-intensive manufacturing to an integrated, industry-wide approach encompassing both manufacturing and related services.

To further propel manufacturing and modern services into higher value added and technology driven sectors, the Third IMP (2006-2020) was introduced in 2006. During the period between 1987 and 2008, per capita gross national income increased further by 8.6% per year from RM4,537 to RM25,784. As a result, Malaysia emerged as one of the most dynamic and vibrant economies in the world. Between 1971 and 2008, Malaysia was among the fastest growing countries in the

“Now, we are at a critical juncture in our economic development path. While the input driven model was successful in transforming the Malaysian economy, there are now signs that export value-added is stagnating and investment by and large, is not contributing to the widening nor deepening of the product mix”



Asean-5 economies. Malaysia's growth rate during this period was more than that of the world economy, even surpassing the advanced economies. Notably, growth was accompanied by low unemployment and inflation. The input driven model, focusing on the intensification of investments, enabled the economy to leap frog from a low-income to a middle-income nation. We got it right then. We had a winning formula with the right ingredients and we were ahead of the curve among countries in the Asean region.

Now, we are at a critical juncture in our economic development path. While the input driven model was successful in transforming the Malaysian economy, there are now signs that export value-added is stagnating and investment by and large, is not contributing to the widening nor deepening of the product mix.

Depending too heavily on the external sector now is no longer an option. It is also not serving to increase domestic value-added through backward and forward linkages. Furthermore, investment is not building research capacity and domestic innovation capability. In addition, companies operating in Malaysia are too dependent on cheap and low-skilled foreign labour, especially in the manufacturing and services sectors. Private companies are still reluctant to innovate and invest in labour saving technology and new production techniques. These conditions have led the our economy into the middle-income trap.

We need to get the economy out of this impasse. We have to re-examine our growth model and adopt one that will enable us to double our per capita income in the next phase of development and join the ranks of high-income economies. Recent growth theories postulate that policies, which embrace openness, competition, change and innovation, will promote growth. Growth strategies formulated under the new economic model must take cognisance of this view. The world is now more open and integrated. With a small population of 27.7 million, Malaysia's domestic demand is rather limited and our companies must strive to make the world their market. This will enable our companies to benefit from the economies of scale and in turn enable the rakyat to consume quality products and services at lower prices.

At the same time, policies need to be put in place to encourage more Malaysian companies to embrace and adopt new ideas, technologies and know-how from the rest of the world. This will enable us to optimise output from existing resources of land, labour and capital. There is no doubt that competition is a vital part of a vibrant economy. Towards this, strategies under the new model must be designed to attract the entry of new firms and encourage the emergence of new industries. Countries that have elevated themselves from middle- to high-income have relied on change and innovation.

Towards this, we need to focus on R&D and applied technology development in niche areas. This will create critical masses of research talent in centres of excellence and generate findings that give rise to technological spillovers for industry.

The private sector should complement and supplement efforts of the public sector and subsequently play a pivotal role in generating economic activities and be the engine of growth. We are into this together. The role of the Government shall be limited to facilitating private sector initiatives and in those areas where market conditions fail.

“This is the challenge for the education institutions in Malaysia. Our schools, skills centres, polytechnics and universities must play a proactive role and expose our students to the state of the art technologies. In addition, our students should be inculcated with good working habits, suitable soft skills and the yearn for continuous improvement. This long-standing issue must be addressed immediately”



The new economy also requires our companies to re-examine their business models. In conventional models, maximisation of shareholder wealth is seen to be the ultimate. Men's insatiable wants have resulted in companies pursuing wealth at the expense of benefits and well being of the people.

Companies should be held responsible for their own actions and/or inactions without Government interference. Such responsible companies will create lasting relationship with customers and stakeholders. Ethics and integrity should be their guiding principles. Human capital is the key ingredient in the new growth model. As we progress in the new economy, there will be a greater demand for high skilled jobs and if the supply is not available domestically we have to source and pay for such talents elsewhere.

This is the challenge for the education institutions in Malaysia. Our schools, skills centres, polytechnics and universities must play a proactive role and expose our students to the state of the art technologies. In addition, our students should be inculcated with good working habits, suitable soft skills and the yearn for continuous improvement. This long-standing issue must be addressed immediately.

In the new model, the services sector will have to play a more prominent and aggressive role in generating economic activities. We have comparative advantage in various services sub-sectors. For example, we are at the forefront of Islamic finance. We are also at the forefront in tourism. Therefore, every effort should be taken to further strengthen and elevate our position.

We have the advantage in many other sub-sectors such as education, information and communications technology, and professional services to name a few. If we are successful, the services sector will account for 70% of the nation's gross domestic product as in many developed economies. We must also bear in mind that we have a responsibility to hand over a healthy and environmentally sustainable Malaysia to our future generation. This is the legacy that we have to fulfil.

In this context, the new model should promote those activities that meet the needs of the society without endangering or depleting our natural resources. This requires a high level of consciousness and awareness among economic players to adopt and adapt green technology in their production processes and daily activities.

Having said all these, the architecture of the new model must be structured on the two pillars of Malaysia's inherent strengths, namely political stability and racial unity. The political stability that we continue to enjoy enables us to plan ahead with greater certainty and enhances investors' confidence, both domestic and foreign. We must also continue to build on something that is very dear to us, and that is racial unity. In this respect, the 1Malaysia concept initiated by our Prime Minister is an avenue through which we can further strengthen solidarity among all Malaysians, irrespective of race, religion or culture. We have to capitalize on these basic fundamental strengths to our full advantage.

“The private sector should complement and supplement efforts of the public sector and subsequently play a pivotal role in generating economic activities and be the engine of growth. We are into this together. The role of the Government shall be limited to facilitating private sector initiatives and in those areas where market conditions fail”



The transformation of the above thoughts into its physical dimension requires a paradigm shift and a change in mindset. The only constant in life is change and change we must. Again, to quote our Prime Minister: “It is not that we must choose to change – we have no choice but to change”.

We have a vision to be a fully developed nation and join the ranks of high-income economies by 2020. We don't have the luxury of time. We need to act fast. When we eventually arrive at our destination, the rakyat including our children and grandchildren will be able to share the fruit of our labour. The onus is on us to make it a reality for a better tomorrow.



Knowledge content in key economic sectors

Datuk Noriyah Ahmad

Director General of Economic Planning Unit

22 September 2009

MALAYSIA'S transformation towards a knowledge-based economy since the mid-1990s has seen encouraging achievements but more needs to be done.

The Malaysian economy registered a gross domestic product (GDP) growth of 4.6% in 2008. Total factor productivity (TFP), encompasses enhancing efficiency of all factors of production including the development of human capital through knowledge-based activities, inculcating a creative and innovative mindset as well as adopting new technologies and innovation to accelerate productivity growth, is a relevant measure. TFP grew by 2% for the period 1999-2008 where all economic sectors registered TFP growth ranging from 1% (agriculture) to 2.3% (manufacturing).

The economy is targeted to achieve a TFP growth of 2.2% during the Ninth Malaysia Plan (2006-2010) and 2.8% in the 2011-2020 period. The study on knowledge content in key economic sectors done by Economic Planning Unit, Prime Minister's Department, in 2007 measured the level of knowledge content and readiness of the Malaysian industries. The study encompasses a stratified random survey of 2,433 firms from 21 industries, comprising agriculture, manufacturing, services, and wholesale and retail trade sectors.

ICT is the enabling tool in a knowledge-based economy whereby regular use of ICT as part of an employee's job is associated with higher productivity in industries.

The study defines knowledge content as the sum of human capabilities, leadership assets and experience, technology and information capital, collaborative relationships, intellectual property, information stocks and capabilities for shared learning and utilisation that can be used to create wealth and foster economic competitiveness.

The knowledge content measurement framework identifies four knowledge enablers and four knowledge actions with innovation and economic performance as outcomes.

Knowledge content was highest in the telecommunications, IT and chemicals industries whereas the agriculture, wood and construction industries reported the lagging industries. The gaps between the large firms and SMEs, that of foreign and domestic firms, have narrowed as compared with a similar study done in 2003, highlighting opportunities to promote knowledge exchange and learning between leading and lagging industries.

Human capabilities, technology and infostructure

Overall, all industries did well in technology and infostructure, particularly finance, IT and education services. However, the performance in human capabilities was on the average low, implying that soft aspects in supporting a knowledge-based economy must be given greater focus with training programmes refined and integrated to enable sharing of knowledge. ICT is the enabling tool in a knowledge-based economy whereby regular use of ICT as part of an employee's job is associated with higher productivity in industries.

Knowledge leadership and environment

Government assistance in the form of information, advice and technical assistance has significant impact on the level of knowledge content across industries.

However, of concern is the declining rate of collaboration between firms and the ministries, agencies, state and local governments, universities and public research institutes, suggesting a greater need for industries to collaborate with public organisations.

Knowledge generation, acquisition, sharing and utilization

Research and development engagement, patent and copyright application was low among industries despite continuous provision of funds and infrastructure support. The capacity to absorb and utilise knowledge is critical to enable the development of new knowledge and innovation, thus enhancing competitive advantage. It is observed that knowledge intensity in biotechnology firms is higher than others.

The business services, machinery, IT services and agriculture industries were found to serve as hubs for the creation and diffusion of knowledge to other industries.

Knowledge-driven outcomes

Knowledge acquisition and development activities, knowledge exchange with foreign firms and regular use of ICT were significantly associated with higher productivity.

These firms received higher returns from knowledge activities which translated into improved products, processes and organisation through innovation and enhanced economic performance.

“The capacity to absorb and utilise knowledge is critical to enable the development of new knowledge and innovation, thus enhancing competitive advantage. It is observed that knowledge intensity in biotechnology firms is higher than others”



Conclusion

Industries identified lack of funds and English-speaking workers as well as inadequate skills as constraints in improving knowledge content, worker skill and ICT utilisation. Industries have significantly increased their extent of preparedness to become knowledge intensive with variations in the knowledge content dimensions.

Findings of the study will form a valuable input for the upcoming 10th Malaysia Plan. The Government will play its facilitator role by creating a more conducive environment to support innovation, human capital development and the pervasive use of technology while the private sector is expected to lead as the engine of growth.

The private sector must be willing to invest in the development of its human resource, which is key to innovation, and increase its collaboration with other players within and outside of the industry that may be a part of its supply or marketing value chain. We must become more focused on areas of opportunity for Malaysia, not by driving down wages, but through creativity and innovation in developing products and services that meet global standards.

In today's era of convergence, we will see a move into cross-sectoral fields of economic activities, which include healthcare, agro and industrial biotechnology. ICT will continue to play a dual developmental role which is as an industry and as an enabler in driving the growth of our economy.



Towards a path of excellence

Datuk Dr. Zulkefli A. Hassan
Secretary General, Ministry of Higher Education

26 September 2009

EDUCATION as a tool is the only resource that provides a level playing field. It ensures one's ability to compete in an arena which is not clouded by economics, race, colour, creed or gender. That is the strength of education, once acquired.

Dynamic changes in higher education worldwide, alongside Malaysia's transition from a product-based to a knowledge-based economy, necessitate a drastic transformation in the country's higher education institutions (HEIs), whether private or public.

The Government has placed great priority and much investment in ensuring Malaysia fulfils its aspirations as an international hub for educational excellence.

The 2007 National Higher Education Strategic Plan is focused on transforming our HEIs into world-class institutions.

That would be a significant milestone for the country. The plan demands great synergy from among the major players in the higher education "ecosystem" - universities, university colleges, polytechnics, community colleges and, indeed, the ministry itself, with all its agencies. Tightly bound to the country's National Mission (2006), our HEIs will play a pivotal role in responding to the needs spelt out in the plan, which sets out seven strategic thrusts.

The five critical outcomes of this plan are governance, leadership, academia, teaching and learning, and research and development. In short, the plan calls for a rejuvenated and transformed higher education system.

They include widening access and increasing equity, improving the quality of teaching and learning, enhancing research and innovation, strengthening HEIs, intensifying internationalisation, enshrining lifelong learning, and reinforcing the delivery systems of the Higher Education Ministry. This plan is to be delivered in four stages from 2007 until 2020 and beyond.

The five critical outcomes of this plan are governance, leadership, academia, teaching and learning, and research and development. In short, the plan calls for a rejuvenated and transformed higher education system. At the core of successful higher education is enhancement of the quality of our human capital.

The final outcome must be nothing short of a first-class mentality, which the country needs to remain relevant and competitive globally. One key area for improvement is ensuring sufficient funds are available to those in need, and appropriate funding

mechanisms are well in place. Of equal importance is the quality of our HEIs: an often-debated subject is whether they are globally competitive.

The Malaysian Qualifications Agency (MQA) has been tasked with ensuring and safeguarding the quality of Malaysia's HEIs. The internationally benchmarked areas are curriculum, student intake and management, and staff competency and development. Another key area is graduate employability. Collegial and aggressive efforts are taken to ensure Malaysia's graduate employability rates are high and remain so. Efforts to increase industry involvement with academia are encouraged through the curriculum and efforts at collaboration. The impact of globalisation today has made the internationalisation of our HEIs nothing short of imperative. Not only has it become necessary for us to attract international students and staff, but of equal importance is making the HEIs competitive globally. To enhance competitiveness and strengthen Malaysia's position, the country needs to adopt and implement best-in-class practices. This would include internationalization programmes such as exchange of academics, students and courses, collaborative research and networking links with renowned universities.

The enrolment of international students from more than 150 countries in Malaysian HEIs has increased significantly from 18,242 in 2001 to 72,000 in June 2009. The Government aims to increase the number to 80,000 by 2010. Research and development (R&D) remains one area that has not seen its fullest potential.

Our R&D must be relevant to industry needs; it must bring commercial value to our market and economy. It cannot be isolated from the nation's growth. R&D must be in sync with industry to ensure we are able to cut through new edges and find new innovations. An increase in the number of researchers, scientists and engineers in the country will boost our position in the global innovation capacity index.

“Our continued investment in higher education is founded on the core belief that everyone has a right to education. It is every nation’s moral duty to ensure education reaches the remotest of places”



By 2020, we aim to have at least six research universities, along with 20 international research centres of excellence, and a high proportion of our R&D products commercialised. The Government is moving towards making our HEIs autonomous, which will provide greater freedom for HEIs to grow. However, it also means that greater accountability is expected of them. While it may be premature to provide total autonomy to all, gradual movement towards this has nevertheless taken place.

For instance, University Sains Malaysia (USM) has full autonomy in its student selection due to its apex status. With such autonomy, the University is made accountable for its input, output and outcome. The Government wants to see more universities accorded such autonomy. However, this must be done cautiously as autonomy needs to deliver the quality and standards required in making our HEIs internationally competitive. To ensure this transformation of our higher education succeeds, the ministry itself must see drastic transformation. We need to strengthen our own delivery system to ensure excellence is delivered through our HEIs.

If we as the main driver do not change, we cannot expect the HEIs to embrace drastic transformation. Efforts are under way to transform the ministry from a regulator to a facilitator and driver of change. The Government has raised the development allocation under the Ninth Malaysia Plan to RM18.4bil, an increase of 35.3% from the Eighth Malaysian Plan.

Our continued investment in higher education is founded on the core belief that everyone has a right to education. It is every nation’s moral duty to ensure education reaches the remotest of places. Education defines a person, sets the path of a society, and directs the success of a nation and a civilisation. Abraham Lincoln once said, “Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people may be engaged in.”



Bringing smiles to hardcore poor

Datuk Abd Jabar Che Nai

Secretary General, Ministry of Rural and Regional Development

3 October 2009

MALAYSIA cannot fully prosper if parts of it remain in poverty. The Rural and Regional Development Ministry is embarking on projects to increase the income of the hardcore poor.

HAZIM Abdul Rahman was excited, and not only because he was in his best clothes. The 10-year-old was grinning ear-to-ear as his family was moving into their new home, a three-bedroom house with electricity and running water.

It was something he had to get accustomed to from the wooden shed with no amenities, where he and his family had lived previously. With his belongings in his schoolbag, which doubled up most of the time as his travelling bag, he was now ready to take the big step into a brand new world, make new friends and begin a new life, at a place called Agropolitan Gahai or simply “Gahai”, located some 20km away from Kuala Lipis in the interior of Pahang.

Gahai is the second such project implemented by the Rural and Regional Development Ministry, through its agency, the Rubber Smallholders Development Authority (RISDA), since 2008.

The first, Projek Agropolitan Pulau Banggi, off Kudat in Sabah, was undertaken by the Federal Land Consolidation and Rehabilitation Authority (FELCRA), another agency under the ministry. Hazim’s was among the 80 families of Agropolitan Gahai relocated from their original villages.

Gahai is the second such project implemented by the Rural and Regional Development Ministry, through its agency, the Rubber Smallholders Development Authority (RISDA), since 2008.

Participants were not only given new houses but also promised a new hope for a better tomorrow, with a stable source of income. From being a population in the backwaters, they are now the mainstream. The families moved into Gahai a year ago. The project opened its gates to participants with the primary objective of elevating hardcore poverty among the rural folks in the interiors of Malaysia, especially those marginalised by development.

They were not forgotten, but simply left behind. In most societies, they remain forgotten, if not marginalised. The ministry is working hard to alleviate poverty, especially in Sarawak and Sabah. Our work with Gahai has set the pace for further eradication of poverty in Malaysia. Efforts are in place to set the poor free from the shackles of indigence altogether.

Since the corresponding period last year, 50 of the heads of these families have been making a steady and decent living. They have fixed salaries ranging from RM350 to RM700 monthly, from their work in rubber estates, pineapple plantations, and also as tailors, van drivers and kindergarten handlers. About 40% are now enjoying income of more than RM700 a month, on track with the poverty eradication programmes envisioned by the Government.

In administering their own destinies, the communities formed committees to meet to discuss issues, and bounce ideas on how to elevate their social well-being. This ranges from venturing into new economic activities while waiting for the right time to tap and harvest rubber and pineapple respectively. The 50 heads of family are the inhabitants of the Housing Aid Programme while the remaining 30, who are often old and no longer able to actively earn an income, are shareholders of the scheme. This, essentially, is the primary role of the ministry – to provide houses, roads, electricity and clean water to the hard-core poor through such projects.

We have also instituted projects to increase the income of the rural folks. Among the projects introduced are the Skills and Career Enhancement Programme and the Human Capital Development programmes. Ten years ago, these projects were pipedreams to the marginalised. Half a century ago, the ministry set out to combat poverty with a commitment to help the almost “forgotten community” in our country. Now, they have hope for a promised future, no longer darting from hand-to-mouth and eking out a living from unproductive practices.

The bottom line of the agropolitan project is to enable the participants of Gahai to obtain incomes ranging from RM1,050 to RM1,200, so they can break free from abject poverty by 2010. We are on track to achieve this vision.

The RM8.5mil Agropolitan project was launched by former Prime Minister Tun Abdullah Ahmad Badawi on July 31, 2008. In a nutshell, an agropolitan project is an agriculture township developed through various agricultural activities and agricultural-related businesses. Its two objectives - to eradicate hardcore poverty

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through economic upliftment and elevate them from the poverty line. Fast-tracking development in rural, remote and neglected areas are the pillars of the agropolitan project. To date, we have been developing several agropolitan projects, namely, Chemomoi in Pahang, Kampung Gana in Sabah, and Batang Sadong and Batang Lupar in Sarawak. We have also identified new sites such as Sedili in Johor and Kedaya Telang Usan in Sarawak. The latest is Beris Jaya in Sik, Kedah.

The poor recruited into the projects will have their livelihood enhanced under the various poverty-eradication programmes. Malaysia cannot fully prosper if parts of it remain in poverty. The Government has placed much priority and effort in eradicating poverty. It is, by and large, seen as a role model amongst its regional peers, in poverty eradication. The not-so-shy Hazim managed a “terima kasih” to the ministry officials, again grinning ear-to-ear, his best clothes already partly soaked with sweat after queuing up with the rest in the community hall, where the ceremony to hand over the keys was held.

Hazim finally stepped into his new home, having outrun his siblings to choose which of the three rooms of the RM33,000 house would be his. He smiled, saying softly “Now I have my own room”, something he could only dream about five years ago. Malaysia is working hard to put more smiles on the faces of our marginalised.



Breaking down the walls

Datuk Dr. Tam Weng Wah
Director General of Public Complaints Bureau

24 October 2009

PUBLIC complaints are now handled by the second most senior person in an agency. And the journey to government agencies need no longer be a dreaded voyage for the public.

Mohandas K. Gandhi once said that the best way to find yourself is to lose yourself in the service of others. This in essence summarises the public service.

When the strength of a public service is defined by the people, the society is empowered.

Key to this ownership is complaints and in how the Public Service manages and responds to demands and complaints of the nation. How we react will have its corresponding effect on national competitiveness. Vital to any national competitiveness is government efficiency and its ability to act quickly to the rapidly changing global environment. If the government machinery is perceived as inefficient and indifferent to the changing global profiles and trends, investors will very quickly place their investments elsewhere.

The function of complaints management in governments is unique. It must be equipped to address not only issues relating to government, but also areas in private sector which if not addressed, would and could have direct impact on national competitiveness.

In the past, handling of public complaints was seen as mundane and unimportant. In many organisations, both private and public, the handling of customer complaints is seen as a highly unpleasant and unenviable task. In short, a non-glamorous one. As a result it was often delegated to the lower echelons who haven't the authority to resolve the complaints. Who is ever energised to deal with a highly unhappy and frustrated customer?

With rising competition in the private sector for market segmentation and space, as well as a national competitiveness race for investors' fund, the effectiveness of how complaints are managed and resolved has moved from the back burners of priority to very much the front and centre agenda in the public and private sectors.

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For us in the public service, the role, function and even scope of public complaints has been redefined in its breadth, depth and importance. Today, the second most senior person in the agencies and ministries is assigned responsibility of public complaints. In essence, the deputy secretaries-general, deputy directors-general and deputy state secretaries are now responsible for ensuring a speedy resolution of public complaints lodged against their respective agencies. This is a leapfrog change for the service; a change instituted to ensure Malaysia does not lose pace in its relevance globally. The responsibility of handling complaints is no longer confined only to specific agencies, but to everyone. This culture is being driven and instituted in the Service through the 'No Wrong Door Policy'.

The Chief Secretary to the Government reiterated this point in his column recently, stating — “Every public official must have the competency of a Public Complaints Bureau” and “Complaints management must be the ‘problem’ of every official.” (*The Star*, Saturday, June 13, 2009).

The journey to government agencies is often seen as a dreaded voyage for most. The perception has always been – they will not be served and complaints will fall on deaf ears and filed into a big black hole.

Many accounts of horror stories have been written of the expedition from one agency to another, being treated like a child by government officials, treated indifferently and/or rudely by the “I know it all” counter staff with the “don’t question me” attitude and not to mention the endless long waiting period without a firm decision for an application.

These perceptions and anecdotes, whilst having its justifications for its criticisms, cannot afford to continue. The basic question for the service – how do we effectively manage complaints in public sector agencies? Fundamentally, the public sector needs to take charge and adopt a more proactive approach in engaging the media and responding to issues raised promptly. As the saying goes, “reality lags perception.” If we fail to respond to the daily complaints raised in the media, the public will rightly assume what was reported is the gospel truth. This reflects adversely on the government’s performance and the markets’ responsiveness,

“Our records show an increase in the number of complaints received from 5,347 in 2007 to 8,066 in 2008. This does not necessarily mean that the performance of government agencies and departments have deteriorated but rather the public now have confidence that their grievances, brought about through the complaints, will be attended to accordingly by the agencies”



hence affecting competitiveness at large. The rule for the service today is that all letters are responded to within three working days. Not all responses are published immediately by the media due to space constraints. To address this, the Public Complaints Bureau (PCB) will post a copy of the response on the PCB website. Often termed the “postman to complaints”, PCB has redefined its role to lead in resolution of complaints. In keeping pace with change, we have gone “high tech, high touch” by providing “24/7” access through our website (<http://www.pcb.gov.my>) which allows complainants to submit their complaints “anytime, anywhere” and at their convenience using the i-Aduan complaints management system. We will be implementing i-SPAAA (Integrated Public Agencies Complaints Monitoring System) for all ministries by year end. This system will also allow the public to check the status of their complaints electronically.

i-SPAAA allows us to conduct a more holistic analysis of the recurrent complaints to determine their root causes and propose remedial measures and preventive actions by the respective agencies. Ministries will also be posting answers to frequently asked questions on the system to cut back on time taken both for the complainant and the officials on recurring complaints. Our records show an increase in the number of complaints received from 5,347 in 2007 to 8,066 in 2008. This does not necessarily mean that the performance of government agencies and departments have deteriorated but rather the public now have confidence that their grievances, brought about through the complaints, will be attended to accordingly by the agencies. It also reflects a more open and vocal society, maturing towards a developed nation. Ultimately, the best way to defining Malaysia, is through Malaysians taking part in Malaysia.



Need to strike the right balance

Dato' Mohd Mokhtar Ismail

Secretary General, Ministry of Agriculture and Agro-based Industries

31 October 2009

MALAYSIA must increase its competitiveness in food production to ensure long-term food security for its people. To do this, it must innovate.

The world experienced dramatic increases in food prices in late 2007 and early 2008. This gave rise to serious concerns on possible adverse socio-economic impacts of food security, especially on poor and developing countries. Although global food prices have fallen in recent months, the current financial crisis has continued to fuel food insecurity in many developing countries.

The Food and Agriculture Organisation states that “Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.”

The definition indicates that food security has three main elements: food must be available, people have economic means to purchase food and the food must be able to meet their nutritional requirements. Therefore, ensuring food security requires a co-ordinated and interministerial approach. However, as the ministry responsible for food production, the Agriculture and Agro-based Industries Ministry plays a central role in ensuring the availability of food in the country.

“Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.”

Global trade plays a crucial role in determining Malaysia's food security. As with other countries, Malaysia cannot produce all the food that is required. The rigours of globalisation postulate that we should only produce goods that we have a comparative advantage in and import goods we cannot produce competitively. Under normal circumstances, this economic principle makes good sense and global trade will enhance our food security.

However, an undue reliance on global trade may adversely affect national food security, as observed during the 2008 food crisis. For example, when prices started to rise in the second half of 2008, some major rice exporting countries began restricting exports or imposed quotas. Some even imposed a complete ban on rice exports. Had we been highly dependent on imports of rice, our country could

have suffered adverse socio-economic implications as the global demand of rice outstripped supply, causing its price to escalate to double its normal level. Malaysia's current self sufficiency level for rice is 70%. This means we import the remaining 30%, amounting to approximately 800,000 tonnes annually. This dependency on the global market for rice gave us no option but to purchase rice at high prices in the midst of the crisis in order to secure sufficient supply. Therefore, in order to ensure food security and efficient resource utilisation, we must strike the right balance between domestic production and imports by taking into consideration issues on competitiveness as well as supply availability, employment and income levels. Malaysia is fairly dependant on imports. In 2008, we imported RM27.9bil worth of food items, compared with our food exports of RM17.8bil. Our average trade deficit in food items is approximately RM9bil to RM10bil per year and steadily increasing. Therefore, our strategy to reduce dependency on imports is to produce locally at competitive prices.

To address food security, the Agriculture and Agro-based Industries Ministry implemented the Food Security Policy in the middle of 2008 and put in place specific short- and medium-term measures to ensure the availability of food, especially staple food. Without these support programmes, domestic food prices in 2008 would have escalated much higher in tandem with international prices.

As rice is the staple food for Malaysians, a major emphasis of the policy addresses the issue of rice availability, both in physical and economic terms. This requires that rice is made available throughout the country at affordable prices.

The immediate concern of the Government is to increase paddy productivity. This is achieved by improving and upgrading infrastructure, increasing the use of farm machinery, modernising farm management and promoting the use of quality inputs, including fertilisers and seeds. The ministry also intends to establish new paddy granary areas in Pahang, Sabah and Sarawak. In addition, the Government takes a bold step by increasing the quantity of the national rice stockpile. Purchases of

“We need to innovate to increase productivity, practise better farming technologies, use input more effectively and judiciously, and increase mechanisation and value-added activities to operate in a highly competitive business environment”



rice are made to ensure that the varieties and grades of rice stocked can meet the demands of the domestic market. Furthermore, the production of food crops has been given greater prominence. Increased allocation is given for the production of fruits and vegetables through the development of Permanent Food Production Parks, Aquaculture Industry Zones, and also for the rearing of cattle and goats. In addition, incentives are also provided to ensure farmers obtain fair returns for their produce. The marketing and distribution system is also improved through the development of new distribution and collection centres, as well as making available more direct-marketing channels such as farmers' markets.

We also embarked on a programme to identify and develop idle land and ponds for crop cultivation and fish rearing. All of us can play a significant part in ensuring food security. Under the Food Security Policy, the public is encouraged to plant vegetables for their own consumption while the excess can be sold. The Government provides seeds to interested households. Interested parties are also encouraged to rear edible fish such as the catfish in their home compound. Maintaining food security also requires us to think long-term and build an agriculture system that lasts. It is in our interest to promote sustainable agriculture, which integrates environmental health, economic profitability, and social and economic equity. In summary, to ensure long-term food and nutritional security, the only viable alternative is for Malaysia to increase its competitiveness in food production. For the industry to remain relevant and competitive in the midst of the global environment, transformation from a routine-oriented to a creativity-oriented sector must occur. We need to innovate to increase productivity, practise better farming technologies, use input more effectively and judiciously, and increase mechanisation and value-added activities to operate in a highly competitive business environment.



Private investments vital for income growth

Tan Sri Dr. Sulaiman Mahbob
Chairman of Malaysian Industrial Development Authority

2 November 2009

PPRIVATE investment, an important component of aggregate demand, is critical to the welfare of the society because it ensures a steady flow of future income and output while ensuring replacement of depreciated assets within the society. Unlike in closed communities where investments are from domestic savings, funds move now between countries in search of better return to investments.

Thus there is a lot of competition to attract private investments. Although a variety of incentives is used to attract these investment flows, in the final analysis, political stability and quality of infrastructure reign supreme.

Two types of investment flows are often identified. The first is foreign direct investment (FDI), which is long term in nature and is embedded in the social capital of the country once it is incurred.

The other is portfolio flows or short term capital which comes in and goes out to take advantages of the movements in the stock market, interest rates (especially overnight rates) and exchange rates.

In business terms, purchases of assets through mergers and acquisition are often considered investments too. Economists define investments as net new expenditure in assets, such as plants and machinery, and infrastructure.

Hyundai Motor workers at a plant of the company in Ulsan, 410 km south-east of Seoul. South Korea relies heavily on domestic savings as a source of investment.

Malaysia has promoted private investments as sources of output, employment, export earnings and technology, thus facilitating our structural transformation. These changes have made our economy more diversified.

There is no doubt we have to continue to promote private investments from both offshore and domestic sources. While FDI are good catalysts in the short and medium term, they have a tendency for subsequent outflows in the form of repatriation of dividends and profit. Malaysia relies a lot on FDI, while in contrast, South Korea relies heavily on domestic savings as a source of investments. Malaysians are now also involved in crossborder investments. As our economy experiences

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rising income and savings, we can rely more on domestic investments. The limitation for this is that technology, outside construction and plantation, is relatively lacking among the local entrepreneurs. However, technology and management skills can be bought from the marketplace or acquired through joint ventures.

Malaysia has moved from import substitution industrialisation to export-oriented manufacturing. A major criticism for the reliance on export-oriented industries is the perception that we are a low cost producer and we have enough supply of labour.

In addition, our experience in electronics indicates that the value-added contribution is not too significant given its high import content. Further, this recession which got transmitted into our economy through the external sector, teaches us to increasingly rely on domestic sources of growth.

In reality, we are already facing a serious shortage of labour and Malaysia is no longer a low cost producer. Industries with high labour content therefore have two choices: either they move overseas or they install a plan for upgrading with greater automation, computerisation and increasing use of robotics.

To be sure, the demand for a liberal services sector within the Asean region in 2011 and the changing economics of automobile industries worldwide, and especially within Asean, as well as the entry of low cost players in China and India, demand that our industrial structure rise in the value chain by ensuring that the products we generate are embedded with the contribution of high skill, knowledge and technology and significant services content.

They must as far as possible, be in the nature of final products and no longer components to be exported for further value addition elsewhere. The total value chain has to rise fast to generate more value and high income in the economy, not only to compensate for the direct and hidden costs that we help meet, but



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more so to provide high skill jobs and high income to Malaysian workers, many of whom have acquired tertiary education.

In this regard, the wage level has to rise, consistent with productivity improvements and high skills that the workers have. Additionally, a parallel action has to be undertaken to significantly reduce the reliance on foreign labour especially in manufacturing and services sectors.

Moving forward we need to engineer immediately a smooth transition towards a high income and high technology industrialisation. For this purpose, public policies and the fiscal incentives have to be reset to orchestrate this transition towards the next decade of industrialisation.

Bearing in mind the importance of this matter, it may be inexcusable if this concern is not sufficiently deliberated in the policy calculus of the 10th Malaysia Plan.



Initiatives to think and act tourism

Dato' Dr. Ong Hong Peng
Secretary General, Ministry of Tourism

7 November 2009

WHEN the going gets tough, the tough get going. This saying applies to everyone, especially those in the industry. One may wonder how tough can the tourism landscape get? To fathom, imagine how policy makers and industry players jostled to tackle the issues confronting the travel industry today. This is the first time in history that the industry was faced with the global economic slowdown, an infectious disease pandemic and high fuel prices.

In addressing these challenges, the Government has set up a tourism crisis management committee comprising industry players, non-governmental associations and relevant stakeholders to undertake swift and proactive measures.

Numerous initiatives which entail reassurance and promotion missions, tactical marketing campaigns, service delivery enhancements and industry collaboration programmes are being implemented. These initiatives are to mitigate concerns about security and health as well as portray Malaysia as a value-for-money destination. The tourism industry has received encouraging responses from these initiatives.

The statistics for August indicated that international arrivals surpassed the milestone of two million tourists in a month, an increase of 10.4% compared with the same period last year. Tourist arrivals from January to August stood at 15.38 million, an increase of 4.4% compared with 14.73 million for the same period last year. The strong performance demonstrates that Malaysia's tourism industry is indeed resilient, healthy and thriving.

The statistics for August indicated that international arrivals surpassed the milestone of two million tourists in a month, an increase of 10.4% compared with the same period last year.

On reflection, this notable achievement is mainly due to Malaysia being a tourism-friendly nation. This is based on the character and charm of Malaysia. Our resilience as a nation and our hospitality enabled us to weather the storm and to achieve greater heights.

The Malaysia Welcomes the World (MWW) campaign, which was introduced by the Tourism Ministry in 2007, has prepared the country to receive tourists.

Conceived to transform Malaysia into a more tourist-friendly nation, its objectives were to change the mindsets of Malaysians to not only think tourism but more importantly, act tourism.

Through the MWW programme, more than 20,000 front-liners were trained on how to become gracious hosts. In essence, all facets of the community make the real front-liners in the tourism industry.

Tourism is the second largest foreign exchange earner, bringing in RM49.6bil last year. In addition, it is a multi-sectored industry which consists of transportation, accommodation, restaurants, recreation, entertainment, retailers, handicraft and tour agencies.

The multitude of industry linkages brings significant benefits in terms of employment and income creation.

In 2007, the tourism industry provided employment for almost one million people, generating a total output or revenue of RM103bil. Tourism also provides a platform for realising socio-economic and distributive benefit policies.

Community-based tourism principles are applied in the implementation of homestay and eco-tourism programmes. Community-based tourism strengthens the ability of rural communities to manage tourism resources, earn their own income while ensuring local participation.

The homestay concept offers tourists an experience to learn firsthand the culture, heritage and lifestyle of Malaysia. This programme involves the participation of the rural community in providing experiential learning activities such as rubber tapping, traditional songs, dance and crafts as well as serving local dishes. Currently, there are 140 homestay programmes, participated by 3,287 operators.

In the first half of the year, an additional income of RM5mil was generated from these homestay operators. The operators have been trained to attend to guests, learn the basics of several foreign languages, meal preparation methods and housekeeping. Welcoming tourists to our nature and eco-sites has also been given due importance. Towards this end, ecotourism has been developed as a niche tourism product. It produces income and employment for the local communities while encouraging



““Malaysia Welcomes the World” is a tagline that applies not only to international tourists but also domestic tourists. Due priority is accorded to expanding our domestic tourism base. Domestic tourists provide the critical mass of demand to support a vibrant tourism industry”

conservation and sustainable tourism development. The Indigenous Community Tourism Packages were formed based on the ecotourism concept. In the first six months of the year, 3,446 packages were sold generating a revenue of RM165,000. This mainly benefited the orang asli community.

“Malaysia Welcomes the World” is a tagline that applies not only to international tourists but also domestic tourists. Due priority is accorded to expanding our domestic tourism base. Domestic tourists provide the critical mass of demand to support a vibrant tourism industry. Cuti-cuti 1Malaysia campaigns and travel fairs are organised to raise awareness of our amazing domestic destinations.

Malaysia offers a unique blend of multi-cultural and multi-ethnic groups. No matter the winds of change and storms of competition, our own unique selling proposition in the business of tourism lies within us and in the makings of our society as Malaysians to think and act tourism. Bottomline, the prosperity of the tourism industry is anchored in the prosperity of our market, our culture and our oneness in embracing and making Malaysia a great nation.



Shaping a modern society

Datuk Wira Kamaruddin Siaraf

Secretary General, Ministry of Information, Communication and Culture

14 November 2009

NEW ways of communication such as blogging promises to revolutionalise the way we receive and perceive information. Malcom X once said - “The media is the most powerful entity on earth. They have the power to make the innocent guilty and to make the guilty innocent, and that’s power. Because they control the minds of the masses.”

The advent of the new media has placed doubts in the minds of those who once felt the traditional media offered the gospel truth. Once the only source of news, it no longer appeals to the new demographic.

We live in an era of speed and haste where we want the news before it becomes news. Often, there is a struggle between veracity and rumour. With the the prevalence of cable networks and real time reporting, the credibility of information demands attention.

The Ministry of Information, Communication and Culture (MOICC), as the main proponent of information and communications for the Government, has had to redefine its own views and practices of information management.

The advent of new media has raised the issue of how communications must be handled.

For every 10 households, roughly three will have broadband access. But today the question does not lie in access, but in the service delivery and the speed in which a person gets connected.

Our struggle is no different from the challenges facing any media organisations globally – moving from the traditional or what we have known to the new yet popular unknown.

The credibility of any responsible media and information organisation hinges on the accuracy of facts in the dissemination of news. For this to happen, there must not only be depth but also reach - i.e. how far the news is able to go. There is an urban-rural digital divide in our country’s broadband connectivity (6:1, urban:rural). Even though there are some 29.6 million subscriptions of cellular phones (as at end of Q3 2009), household broadband penetration is at 27%.

For every 10 households, roughly three will have broadband access. But today the question does not lie in access, but in the service delivery and the speed in which a person gets connected. We are working to increase Internet penetration to all Malaysians with telcos.

Bloggers have the ability to persuade strangers to become friends and to believe in a credo with utter conviction. This is done without spending millions of ringgit. It is akin to the word of mouth equivalent of yesteryear.

Topics in the blogs evolve from the everyday needs of the people. This is then turned into an ethos which resonates, creating an emotive bond that binds and connects with people.

Both bloggers and their followers form very powerful and credible networks of authority. Globally, people seek this new medium for information to make informed decisions.

The advent of Facebook and Twitter have further accentuated the role of new media in information flow and sharing.

But with freedom there must be responsibility.

As citizens, such expressions must be done with a communal and social responsibility to communicate values and uphold tenets of nation building. Furthermore, with increasing Internet use, there is the concern of security, privacy and safety.

The recently announced Data Protection Act seeks to protect Malaysians from unsavoury and inappropriate content as well as crimes such as identity theft.

The law and our Constitution seek to uphold, protect and provide for the benefit of Malaysians.



“The advent of Facebook and Twitter have further accentuated the role of new media in information flow and sharing. But with freedom there must be responsibility”

The ministry is working towards the migration of terrestrial-based analog broadcast data to that of digital broadcast data.

This will see the transformation of Malaysian broadcast players as well as quality and quantity. It will enable Malaysian contents to be shared with the world and Malaysians will have access to many more channels of information and entertainment.

This project, to be completed in four years, is taken up entirely by the Government. Other private broadcast companies are expected to ride on the platform.

Malaysians will be among the firsts in the region to reap the benefits of technology brought about by a Government that puts its people first. When we use the mass media professionally, it can shape our society – a society that is progressive and will better serve the new world order.



Making a name in international sports

Dato' Mohd Yasin Mohd Salleh

Secretary General, Ministry of Sport and Youth

21 November 2009

SUCCESS in sports is more than medals and wins. It is about making the nation proud, carving a global place of prominence for Malaysia and about inner growth through endurance and strength.

Over the years, sports has maintained its attraction alongside world issues such as the economic downturn and the war against terrorism. It has been said that sports does not build character but instead reveals it. It is thus an important element in the formation of our youths as future leaders.

Malaysia has used sports as a tool to establish rapport with the various cultures, races and religions that make up our society.

In Malaysia, sports is key in the nation-building process. Thus, how we do in sports will reflect the state and health of our society.

Before independence, development in sports was mainly led by vernacular and mission schools. During this period, sports development funds were limited and sports activities were usually funded by the community, philanthropists, supporters and the athletes themselves.

The first prime minister of independent Malaya, Tunku Abdul Rahman, had a great passion and love for sports, especially football.

In Malaysia, sports is key in the nation-building process. Thus, how we do in sports will reflect the state and health of our society.

To spur sports development, he proposed that the Merdeka Football Tournament be held as part of the Merdeka celebrations. It soon became one of the most prestigious football tournaments in Asia.

Undoubtedly, the tournament improved Malaysian football tremendously during the 1950s to 1970s. Since then, we seem to have lost the glory. There has been much criticism of our football team. But our focus in excelling in sports must include football and much more.

Realising this, the Government has taken a holistic approach to ensure sports continues to play a vital role — not only by regaining our past glory but making sure that it remains a part of life for all Malaysians. The Government's vision is to develop Malaysian youths as the prime movers to achieve Vision 2020.

The Youth and Sports Ministry is responsible for moulding an active and healthy society through sports and recreational activities. This includes developing high-performance athletes for national and international events.

The ministry has initiated some community sports-related programmes such as Rakan Muda, Community Sports Centres, Talent Identification Programmes, National Women's Games, National Sports and Fitness Convention, and Community Sports League.

The establishment of the Cabinet Committee for Sports chaired by Deputy Prime Minister Tan Sri Muhyiddin Yassin, which involves 10 ministries, underlines the Government's seriousness in developing sports. The current focus is in the eight core sports — football, hockey, badminton, squash, bowling, gymnastics, aquatics and athletics. We are reaching out to all bases to seek a large pool of athletes in all sports.

The Road to London 2012 programme will focus on a few selected sports namely badminton, cycling, diving and archery. Our athletes are training hard to achieve Malaysia's first gold in the Olympics. This would be history in the making for us.

Malaysia has excelled in sports in the past. No doubt we can do better but we must acknowledge those who have trained and worked hard in making Malaysia proud. Malaysian contingents have been participating in the Olympic Games since 1956. In Athens in 2004, Malaysia participated in 11 types of sports. In Beijing 2008, the Malaysian contingent won a silver medal in badminton through Datuk Lee Chong Wei.

Malaysia has made great strides in the Asian Games as well. In the Doha 2006 Asian Games, Malaysia achieved a total of 42 medals, surpassing its achievement in Busan in 2002. It was our best showing in the Asian Games since 1966.

In the 1994 Commonwealth Games, through weightlifting and badminton, the Malaysian team made the nation proud by winning seven medals comprising two golds, three silvers and two bronzes. Six of the medals were from badminton and one from weightlifting. The Kuala Lumpur 1998 Commonwealth Games created history when Malaysia finished fourth out of 68 participating countries. Malaysia won 10 gold medals and 36 medals in total. The South-East Asia Games held every

“Malaysia has excelled in sports in the past. No doubt we can do better but we must acknowledge those who have trained and worked hard in making Malaysia proud”



two years saw Malaysia leading in 1989 with 67 gold medals. We improved further with 111 gold medals in 2001.

Datuk Nicol Ann David created history by becoming the first player to retain the gold medal in squash in the 2009 World Championship in Kaoshiung, Taiwan, on July 24 this year. She was also the winner in the CIMB Malaysia Open Championships for five consecutive years.

Athletes like Lee (badminton), Nur Suryani Taibi (shooting), Leong Mun Yee (diving), Yeoh Ken Nee (diving) and Amirul Hamizan Ibrahim (weightlifting) have succeeded in their fields as predicted.

These achievements show that we have made the cut and we can make it with the will and spirit to make our country proud each time we hit the tracks, pools and courts. That will and pride need to be instilled in the youth and in our schools.

But it is not only about the medals and the wins. It cannot be only about the glory. It is about making 27 million people proud. It is about carving a place of prominence for Malaysia globally. It is also about our own inner growth through the endurance and strength demanded by sports. This responsibility does not lie with the Government and schools alone. It lies with all those who want to be part of Malaysia and its future. If we have this in our minds, we will ensure that we train our children to be good sportsmen and women. Malaysia will, in that instance, regain its glory again.



ICT in local council for better delivery

Dato' Ahmad Kabit

Secretary General, Ministry of Housing and Local Authority

30 November 2009

AS the country moves towards enhancing national governance, the dynamics of ICT will also influence the governance framework at the local councils as well. The responsibilities of local governments are no longer confined to their traditional roles of providing waste disposal services and addressing land matters at service counters.

The needs of the people today are much more than basic counter service. The demands are that local governments make easy and simple all transactions with the Government through the use of information communications technology (ICT).

The evolution and metamorphosis in the quality of delivery of services to the public by the Government is much pronounced in recent years with the advent of e-government. They want service delivered to their homes, without having to leave their homes.

E-government essentially brings a new revolution in the quality of service delivered to the citizens. It has ushered in transparency in the governing process; saving time due to the provisions of services through a single window. It provides certainty and consistency in delivery, something customers expect and demand in this age.

As the use of ICT grows globally and in all aspects of service, be that public or private sector, it is imperative that local governments do not develop their strategies for ICT in vacuum and in isolation of the needs of global demographic and customer use trends.

As Malaysia moves towards enhancing national governance, these dynamics will naturally influence the governance framework at the local level as well.

We must also acknowledge a more inclusive and participatory approach in an increasingly ICT savvy generation. This generation will spur a more pervasive demand from the local government.

We now see children as young as three years old using computers and seven using the Internet as part of their daily activities. People are more connected through the cyber networks. ICT has made a difference to our lives through the use of e-mails, and the Internet is now a source of information, communication, education,

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news and entertainment. In the recent Multimedia Super Corridor (MSC) Malaysia Implementation Meeting, Datuk Seri Najib Tun Razak urged ministries to take pro-active actions to maximise the use of ICT in the delivery of public services. Towards this end, the Housing and Local Government Ministry has initiated few measures to introduce information technology in local council workings.

In 2008, e-PBT online was introduced. Through e-PBT, the public is able to check their bills, renew licences and make payment of taxes online. This system has enabled cost-savings, achieved by increasing the speed of the transactions, reduction in the number of personal necessary to complete a task, and improving the consistency of outcomes.

The introduction of One-Stop-Centre (OSC) has helped in introducing a web-based development control system. It has not only helped in reducing the time consumed in processing development proposal applications but also significantly improved the process of approvals.

The introduction of OSC online has brought about a revolution in the quality of service delivered to the citizen. It enabled time and cost-saving in submission and processing of development proposals which is done online. No more queues. No more waiting time.

Since its introduction, OSC has been doing exceptionally well. This system offers fast-track approval of development proposals for high impact projects, government projects, foreign investment projects and Build and Then Sell projects. We have received 77,336 applications since its implementation. OSC is based on the single window and no wrong door policy. One only needs to submit any of the 32 types of applications to OSC and are able to check the status application online. Communication G2G and G2C on application is also available online. Fast track approval is done within four months when in most instances, it takes six months. The recently-launched “Bridging Digital Divide (BDD)” is intended to facilitate computerisation in the sub-urban areas. BDD is an effort to build knowledge-based community. Some of the implementation objectives of BDD are to reduce

“The once seemingly IT illiterate community is today IT savvy. With the increasing need and constant demand to be innovative, cutting-edge and different, the use of ICT as a service delivery tool is today a necessity not an option”



the digital divide between rural poor and urban affluent groups. It is also done to develop ICT literacy among the urban poor so that they could benefit from the digital opportunities available.

Today, the community in Kampung Pekan Nenas, Johor, are enjoying the fruits of BDD. It has enabled them to access all e-community, e-learning and e-business information related to scheduled religious activities at the local mosque, activities at its hypermedia library, schools and other information. The project has received excellent response from the community. The once seemingly IT illiterate community is today IT savvy. With the increasing need and constant demand to be innovative, cutting-edge and different, the use of ICT as a service delivery tool is today a necessity not an option. This said, though we have invested heavily in ICT, we are also focused on investing in our human resources to ensure excellent service delivered.

We are also looking for more initiatives to benefit the public and to improve the quality of life. The best ICT would mean nothing if people do not use it optimally.



Getting to the heart of diplomacy

Tan Sri Rastam Mohd Isa

Secretary General, Ministry of Foreign Affairs

5 December 2009

In this era of challenging global dynamics, Wisma Putra is tasked with ensuring that the needs of the country in the field of diplomacy and international relations are well looked after. The Ministry of Foreign Affairs, also known as Wisma Putra, has been at the forefront of promoting and defending Malaysia's interests abroad.

Over the years, the functions and responsibilities of the ministry have evolved considerably in keeping with the demands of the nation and the constantly changing global environment. The broadening of Malaysia's interests, covering many areas, has necessitated a non-traditional foreign policy implementation through innovative means.

Today, Wisma Putra operates from Putrajaya and through 105 Malaysian diplomatic and consular missions abroad. We also rely on the services of honorary consuls around the world.

The ministry's Strategic Plan outlines the way forward for Wisma Putra for 2009-2015. Among others, it focuses on the advancement of Malaysia's political, economic and strategic interests by engaging with several key countries.

The success of Prime Minister Datuk Seri Najib Tun Razak's visit to China earlier this year followed a series of successful visits to several ASEAN, Asian and European countries.

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Several foreign leaders including from Indonesia, Brunei, China, Australia, Thailand and New Zealand have also visited Malaysia since he took office in April 2009.

These exchange of visits constitute an important component of Malaysia's relations and cooperation with foreign countries. Wisma Putra facilitates and coordinates the follow-up and implementation of their outcome with other relevant ministries and agencies.

Mechanisms such as the Annual Consultations between the Prime Minister and leaders of our close neighbours, joint commissions headed by the Foreign Minister, and other forms of bilateral consultations provide the vehicle for dialogue and consultation with other countries. Fourteen key performance indicators (KPIs) have been identified to measure the performance of the ministry. These include the enhancement of bilateral relations and cooperation with our immediate

neighbours and strategic partners; strengthening regional cooperation through ASEAN; advancing Malaysia's interests at the United Nations and other regional organisations; and providing efficient and effective consular services. As the country develops and prospers, and with more Malaysians travelling abroad for tourism, employment, business, educational and other purposes, the demand for more efficient and effective consular services has risen considerably. Wisma Putra and our missions assist in furnishing Certificates of Good Conduct, attesting important documents and providing answers to various consular related enquiries. Travellers who lose their passports, money and belongings can seek assistance from Malaysian missions.

Assistance is also provided for the increasing number of Malaysians imprisoned in foreign countries or killed and injured in accidents abroad. Wisma Putra has reduced the time taken to issue a Certificate of Good Conduct from four to six weeks down to less than two days since March 2008.

Our officers and staff have responded fast and efficiently to the calls to help a Malaysian stranded in a remote village in Nepal, to assist our businessmen who run into difficulties in Africa, or to organise the evacuation of our citizens from disaster or conflict areas.

In all these situations, the selfless dedication and commitment remains behind the scenes and is seldom raised or publicised, whether during the airport siege in Bangkok, terrorist attack in Mumbai or earthquake in Padang.

The work of our missions is complemented by dedicated honorary consuls who are prominent personalities established and known to the authorities and societies in their cities or regions. They provide valuable consular assistance, actively promoting Malaysia through cultural, tourism, sports, investment and through their business activities. They maintain good contact with Malaysians and locals in their areas, be it in Basle, Madrid, Hamburg, Bali, Adelaide or Beirut.

Wisma Putra also provides support and services for the diplomatic community in Malaysia. Our Protocol Department attends to questions relating to privileges

“Malaysia continues to play a key role in the Organisation of the Islamic Conference (OIC) which we consider important for promoting cooperation among the Islamic countries”



and immunities of foreign diplomats as well as their needs, safety and security, in liaison and coordination with other relevant ministries and agencies. Recently, a new smart identity card for foreign diplomats was introduced in cooperation with the Immigration Department. In order to develop greater efficiency and responsiveness to the public and the diplomatic corps, the Ministry has obtained MS ISO 9001:2008 certificates for both the Protocol Department and Consular Division since June 2009.

Efforts are constantly undertaken to ensure that Wisma Putra officers are adequately trained in protocol and ceremony as well as other areas within the Ministry's competency.

Such training is regularly conducted at the Institute of Diplomacy and Foreign Relations (IDFR) which is part of Wisma Putra. Malaysia remains an important and active founding member of ASEAN. We will make concerted efforts to work with other ASEAN member countries and ASEAN's partners to realise the ASEAN Community by 2015.

The Malaysian ASEAN National Secretariat resides in Wisma Putra. It coordinates the various ASEAN activities with other ministries and agencies as well as with the ASEAN Secretariat in Jakarta and the national secretariats of other member countries. Malaysia continues to play a key role in the Organisation of the Islamic Conference (OIC) which we consider important for promoting cooperation among the Islamic countries.

In November, Malaysia hosted and chaired the D-8 Ministerial Meeting where Foreign Ministers mapped out further initiatives to promote greater economic cooperation between the member states first outlined and agreed at the D-8.



Should Malaysia pursue free trade agreements?

Tan Sri Abdul Rahman Mamat
Secretary General, Ministry of International Trade and Industry

7 December 2009

MALAYSIA is a trading nation and its basic trade policy is to promote the development of a liberal and fair global trading environment. At the international level, this work is done largely through the World Trade Organisation.

But progress on this front has been slow. So, like many other countries, Malaysia has resorted to concluding regional and bilateral free trade agreements (FTAs) to complement its efforts at the multilateral level.

FTAs provide quicker and higher levels of market access between signatories. Traditionally confined to trade in goods, FTAs nowadays include trade in services. They also address issues relating to investment, intellectual property rights, competition policy and industry standards.

The establishment of the Asean Free Trade Area (AFTA) in 1993 was the first such initiative undertaken by Malaysia. The ASEAN Economic Community will come into being in 2015 and AFTA will facilitate the free movement of goods, services, investment, skilled labour and a freer flow of capital, among member countries.

To date, Malaysia has concluded bilateral FTAs with Japan, Pakistan and New Zealand, and is actively negotiating with Chile, India and Australia. Together with other ASEAN members, Malaysia has concluded regional FTAs with China, South Korea, Japan, India and Australia-New Zealand. Negotiations between ASEAN and the European Union (EU) are paused, pending resolution of the EU's position on Myanmar.

The record shows that Malaysia's trade performance with its FTA partners has improved following the conclusion of these agreements. Exports to China, for instance, increased from RM42.7bil in 2006 to RM63.2bil in 2008, while trade with Pakistan expanded from RM4.3bil in 2007 to M5.7bil in 2008.

In the case of Japan, there has been an improvement in the terms of trade, with Malaysia recording a trade surplus for the first time in a decade. In 2008, the

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surplus totalled RM6.7bil, as exports increased by 42.2% to RM71.8bil in 2008 from RM50.5bil in 2005. Malaysian exporters are beginning to realise the importance of FTAs and the benefits they bestow. But this has not assuaged critics who argue that domestic industries and service providers face increased competition from the concessions accorded to countries under such agreements.

There is no doubt, however, that properly-negotiated FTAs benefit participating countries over the longer term. In the short term, some companies may find that they have to work harder and become more efficient to stay competitive. But this is an acceptable challenge, given that concessions accorded under FTAs are normally granted in stages over a period of time, sometimes as long as 10 years. This gives domestic producers ample time to adapt their production processes to meet the increased competition in the domestic market.

The end result – low tariffs for both exporters and importers – is a win-win outcome for all parties. Exporters will have improved access to the markets of Malaysia's FTA partners, and local producers will find that their lower cost structure will make them more competitive in the international market.

FTAs also aim to create a conducive environment for investments by providing protection to investment and enhancing Malaysia's standing as an attractive investment destination.

They also provide a platform to address technical regulations and standards such as those applied on agricultural products for health and safety reasons. The need to



“Malaysia will continue to use the FTA mechanism to explore opportunities to expand market access and boost business opportunities for exporters”

meet these standards will also encourage Malaysians to upgrade themselves through better training, information sharing and the use of more modern technologies. For instance, the cooperation and collaboration being effected through the Malaysia-Japan Automotive Industry Cooperation (MAJAICO) programme is an important example of this kind of cooperation. One of the programmes undertaken by Majaico seeks to upgrade standards at the Components and Parts Testing Centre in Malaysia. This, in turn, will help local parts and components manufacturers meet Japanese standards.

Malaysia will continue to use the FTA mechanism to explore opportunities to expand market access and boost business opportunities for exporters. Among the regions it is exploring are new and emerging markets, such as those in the Middle East. This region has in recent years become an increasingly thriving and lucrative market, and is also an important source of investments. The potential for increased trade and investment opportunities with these new potential partners should not be underestimated.



School sports for nation-building

Tan Sri Alimuddin Mohd Dom

Director General of Education

13 December 2009

SPORTS in school are not necessarily about winning. It can also be used as a social tool to produce balanced individuals.

Sports Day in schools was something the whole town would get involved in. It was such a big event with our parents also showing up to lend their support — these are the words of the Education Minister Tan Sri Muhyiddin Yassin at an event recently.

Now, the situation is far from that.

I certainly agree with Tan Sri Muhyiddin's statement. Looking back, I particularly enjoyed the Annual Sports Days. In my time, Sports Day was an event eagerly awaited by almost all in the school.

It was a colourful event which was made more vibrant with t-shirts of the different house colours and the huge nylon parachute-shaped tents. Everyone got free snack coupons and the thirst-quenching iced Milo - a luxury and treat only to be savoured once a year.

Today, Sports Day is still an annual event, but the passion and its charm do not have as much an impact as it used to.

While schools strive to produce well-rounded holistic individuals, academic excellence will always be regarded by many as the main agenda in education. This has, and unjustifiably so, pushed excellence in sports and games to a secondary importance.

The Education Minister said that sports should once again be given serious emphasis in schools to produce students who are well-rounded.

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Schools provide a platform of co-curricular activities for people to progress; from having fun to being healthy to instilling endurance in competition. It provides a curriculum that builds a balanced individual as well as addressing a variety of issues from social integration, health, community regeneration and social inclusion.

Today, we have dedicated sports schools in Bukit Jalil and Bandar Penawar. It is heartening to watch players who give their more senior club-level counterparts a run for their money. The sports schools have been a success; a number of Olympians have been produced in particular individual events. Certainly, there are plans to expand the establishment of such schools, and when this materialises, the sports

schools can be more focused in targeting to develop particular sport respectively. The sports schools were established to produce outstanding sportsmen and sportswomen. They will only cater to the highly talented few. When we consider education for all, we must also look into providing sport opportunities for all as well. Not all students are inclined to participate in competitive sports since not all are athletically-endowed. Schools therefore should focus on participation rather than competition. Intra and inter school sports is an example where opportunities for those not participating in recognised sport could contribute and those with talents could shine.

For such opportunities to flourish there must be emphasis in sports for all. School can be the vehicle to promote fun and enjoyment that enable students to develop the necessary skills to participate in sports and physical activities.

However, inadequate resources and facilities can impact sports programme for schools. As a result, students are less likely to participate in sports activities due to these barriers and the lack of fun or enjoyment. Literature suggests that school sports programmes that are linked to a broader community engagement are more likely to encourage continuing participation into adulthood. On 1 June 2009, the Ministry of Education set up a Sports Development Committee for Schools. Among its committee members are the Youth and Sports Ministry, National Sports Association, National Olympic Council and the National Sports Institute. This collaborative effort is not new. Over the years the Ministry has always received support from these agencies.

However, the School Sports Development Committee is set up to promote a comprehensive, flexible and coordinated sports programme across the entire school environment. We realised that in order to make “sports for all” a success, cooperation from all quarters is an important factor. Local authorities that manage sport venues and centres can play their part to allow students to fully utilise their facilities. Sports organisations and state associations can operate in tandem with schools to be actively involved at school level.

“The benefits of sports must be utilised not just as a healthy physical pursuit but also as a social tool towards producing a balanced individual”



Even committee members in local residential areas can play a part in organising teams and leagues, outside the school system, to provide means for continuous sport involvement. The ministry believes that the involvement of other agencies including private sector and non-governmental bodies is crucial, specifically in identifying talent, preparing students in overcoming challenges and sharing the best or current practice with teachers. These agencies are able to recognise the diversity of interests within a school community, the different needs and range of abilities for students. Furthermore, involvement from these agencies may help to encourage the sharing of resources, builds the capacity of small sport and district sports clubs to include students and families in their activities.

In return, school and community partnerships are strengthened. For the school to be the place to promote sports, leadership is important to facilitate cultural change in the school with regards to sports and providing opportunities for students to actively participate. Parents need to be supportive in their children's participation in sports. The spirit of competitiveness in school should be on a broader scope, not only focusing on those with academic prowess but those who excel in other fields. I have always been interested in sports and was active in sports activities in school. As a young teacher, I was a football coach and a qualified football referee.

Although the rules have evolved over the years, my involvement in football in school has allowed me to view football matches differently than the average supporter. I always believe that an enjoyable experience in sports as a youth could lead to a lifetime participation in sports and to an active lifestyle as an adult. Sports in school are not necessarily about producing world beaters. Sports in school too are not just about tournaments and competitions with the victors and the vanquished. Sports for all is about “enculturation” and strengthening programmes that are inclusive yet diverse to cater for different non-competitive interests. The benefits of sports must be utilised not just as a healthy physical pursuit but also as a social tool towards producing a balanced individual.



Making safety and security our priority

Dato' Sri Mahmood Adam
Secretary General, Ministry of Home Affairs

20 December 2009

It requires collective responsibility and the Government is committed to maintaining peace and harmony in the country. Safety and security is the right to claim for all citizens. The freedom of each individual can only be the freedom of all.

Every democracy aims to fulfil this vision both in spirit and in action. Malaysia aspires for nothing less than this for each and every one who lives and visits the country. The Government of Malaysia has always been uncompromising, no less unyielding in its commitment to securing and maintaining peace and harmony.

The unique facet of the Malaysian society and the strength of its people lie in their similarities and differences alike.

Malaysia prides itself as a plural society, reflected upon by its multiracial, multicultural and multireligious composition.

Since independence, Malaysia has prospered as a nation, bound by the mutual acceptance and tolerance of our own uniqueness.

This arguably establishes the very foundation of Malaysia's distinctiveness. Given this, our sovereignty is defined by our collective ability to preserve the uniqueness that couches the safety and security of our country.

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This preservation not only lies in tolerance alone, but also of acceptance, assimilation, integration and respect of all that is different and same. It is embedded in our recognition and respect of basic human ideals and values. As a vibrant democratic country, Malaysia can be a fertile breeding ground for radicalism, extremism and intolerance left to be exploited by irresponsible parties.

History and recent events in the region have manifested the need for Malaysia to be perseverant and wary of the lingering internal and external threats that could potentially destroy our national fabric. This responsibility to preserve safety and security is, however, not exclusive to the Government alone, but also of civil society and the public at large.

The jurisdiction of the Ministry of Home Affairs (MOHA) covers vital areas concerning Security and Public Order, Prisons and Correctional, Drug Abuse and Rehabilitation, Humanitarian Assistance, as well as National Registration and Immigration. With a total of 24 divisions and 7 departments, the overall strength of

the ministry amounts to about 100,000 civilians and uniformed staff focused in the coordination, management and enforcement of law and order of the country.

The ministry plays an important role in facilitating public interests ranging from the issuance of permits and licenses to approving citizenship. Therefore, an efficient public delivery system is important, which not only serves to ensure prompt action, but also fulfils the concept of 1Malaysia; People First, Performance Now where public interests is of utmost priority.

To achieve this, all departments in the ministry have identified “touch points” which focuses on a specific service that could serve the needs of the people.

The Immigration and National Registration departments are major public service agencies in the ministry, which diligently serves the greater needs of the people, including to facilitate identification and security passages, and processing backlog cases for citizenship and permanent residence, late registration applications and MyKad issuances.

To further realise the 1Malaysia concept, the Government has identified six National Key Result Areas (NKRA), whereby the Home Affairs Ministry has been entrusted to reduce crimes with emphasis on street crimes.

The government has targeted that by the end of 2010, there will be a reduction of 20% of street crimes and 5% of index crimes. Towards this end, the ministry has taken affirmative action to encourage public participation through volunteerism within the police, Civil Defence and Rela.

Ownership of the public on the common effort to preserve national security and public order has been enhanced through the incorporation of the first batches of Civil Defence and Rela recruits into the Police Volunteer Reserve to aid in the policing of crime hotspots through the “feet on street” approach.

To date, a total of 658 personnel from the Civil Defence Department and Rela have been trained and deployed in 50 hotspot areas situated in the four most crime-prone states, namely Kuala Lumpur, Selangor, Johor and Penang.



“To further realise the 1Malaysia concept, the Government has identified six National Key Result Areas (NKRA), whereby the Home Affairs Ministry has been entrusted to reduce crimes with emphasis on street crimes”

Such public involvement is important to establish a sense of identity and loyalty to the cause of preserving safety and security. The Government is placing emphasis on strategies with regard to the achievements of the six NKRA's. In this ministry, a dedicated Crime Lab to Reduce Crime was set up to evaluate and strategise initiatives to address crime, including investigation, prosecution and punishment relating to street crime and public perception.

One of the ministry's business models is in its smart partnership with the private sector. This Inter-sectoral Collaboration has been included in the ministry's strategic plan to reduce crime. GLCs and the private sector have pledged to participate and pool their resources into a coordinated and planned strategy towards curbing street crime. I believe that these noble endeavours would produce the desired results to ensure that public security and safety is continuously preserved. I am also confident that these efforts would fulfil the needs and interests of the public, who consider safety and security as the most important elements for their personal well-being.

I am proud to be part of this great journey to help build and consolidate the blocks of stability towards a greater Malaysia.



Energy solution is right here

Dato' Dr. Halim Man

Secretary General, Ministry of Energy, Green Technology and Water

25 December 2009

In view of the depleting conventional energy sources, global warming and climate change issues are becoming a serious global concern. The Ministry of Energy, Green Technology and Water has been tasked to provide sustainable and long term national solutions to address the challenges.

Malaysia has been very fortunate to be blessed with fossil fuel energy resources. With the fast depletion of current fossil fuel resources and the urgency of climate change issues, our Ministry has been tasked with the responsibility of securing new alternative energy sources.

The main objectives of Malaysia's National Energy Policy is to ensure the provision of adequate, secure, and cost-effective energy supplies through developing indigenous energy resources; both non-renewable and renewable energy resources from within and outside the country.

The fossil fuel which the world relies on heavily today generates harmful Carbon Dioxide (CO₂) and other Green House Gases (GHGs) which have resulted in extreme changes in global climate. As a result, today, we are now observing extreme weather conditions such as drought, flash floods as well as food and water shortage in some parts of the world.

These disasters can harm the lives of many people and destroy the economies of many countries. We need to essentially ensure that future energy sources are environmentally-friendly.

The true cost and therein solution of fuel needs to internalise the cost of these externalities. We need to be in control of the alternative fuel sources such as indigenous renewable sources without relying on others for supply.

We need to be in control of the alternative fuel sources such as indigenous renewable sources without relying on others for supply. Any new and alternative sources of fuel must provide us with energy autonomy as well as spur new socio-economic growth in the country.

Any new and alternative sources of fuel must provide us with energy autonomy as well as spur new socio-economic growth in the country. In addition, there must be distributed wealth creation for the people through creation of new job opportunities, development of vibrant green economic activities and a healthier

place for society to live in. This in short has to be the mantra for Malaysia's blueprint of alternative energy sources

Renewable Energy (RE) has been recognised as clean and sustainable form of energy source. While many have been concerned with the high investment cost for green energy, the good news is-- market demand to an alternative sustainable source will drive the price down. According to a research report published by the International Energy Agency, it is estimated that as the renewable energy market doubles, the price of RE will be reduced by at least 20%. As the cost of conventional fuel is projected to rise, there will be a point in time when both the price of RE and conventional fuel i.e. gas or coal are equal. When this happens, the country is said to have attained grid-parity. Countries currently racing close to grid parities are Japan, Korea and some Southern European countries.

Thus, using renewables in place of fossil fuel resources to generate electricity would be a preferred choice as it is environmentally friendly. However, until we attain grid parity, Malaysia would need comprehensive and holistic policy instruments in place to generate the market for green energy or RE.

In July 2009, the Honourable Prime Minister launched the Green Technology Policy which is a catalyst for green technology development for Malaysia. In line with the policy, our Ministry has also established Renewable Energy Policy and Action Plan (REAP) where we are now ready for the implementation stage, pending the approval from the Cabinet.

The source of RE identified under this policy and action plan are biomass, biogas, municipal solid waste, solar and mini-hydro. Under the REAP, we have also set the medium and long targets of RE growth.

By 2015, the estimated potential for electricity from sources such as biomass and biogas is 330 MW and 100 MW, respectively. For the same period of time, mini-hydro is estimated to have a power generation capacity of 290 MW while that of solid waste is approximately 200 MW. Solar Photovoltaic (PV) is estimated to have a cumulative capacity of 55 MW in 2015. Beyond 2020, it is predicted that

“The Feed-in Tariff is a mechanism that allows electricity that is produced from renewable energy sources to be sold to power utilities at a premium price for a specific term. This principle has been adopted in more than 40 countries worldwide”



solar energy will surpass all other forms of renewable energies for Malaysia. This is very feasible given that solar energy is the only renewable technology which does not require land area (example, PV in buildings applications) and is suitable for urban applications.

In November 2009, Dr. Hermann Scheer, the German Parliamentarian who pioneered the Feed-in Tariff programme in Germany was invited to Kuala Lumpur to share his experiences with us on his involvement in driving national policies on renewable energies. The Feed-in Tariff is a mechanism that allows electricity that is produced from renewable energy sources to be sold to power utilities at a premium price for a specific term. This principle has been adopted in more than 40 countries worldwide. Germany is a world leader in RE for power generation and today the country has the highest grid-connected renewable energy in the world (34 GW by 2008) while to-date, Malaysia has managed to generate a little more than 40 MW of RE. Feed-in Tariff (FIT) is seen as the most effective mechanism to drive renewable energy development aggressively. For this mechanism to be effectively implemented there is a need for an effective legal instrument to be in place. Therefore, there is a need for us to put in place the Renewable Energy Act. This Act will pave the way for a new era for renewable energy development in the country.

As Renewable Energy is relatively new in the power generation sector, the Government must provide the necessary support and legal tools for it to grow exponentially and achieve our vision of sustainable development and a low-carbon economy for Malaysia. The people must equally embrace this non-traditional ways of consuming power for a greener world, and a more diverse source of energy for Malaysia.



The character of doing the right thing

Tan Sri Mohd Sidek Hassan

Chief Secretary to the Government

2 January 2010

Passe' babyboomers?

As adults we have grown up believing, and naively so, I would add, that the young in our societies are minimalist and insignificant to the goings-on in an adult world. We have been conditioned to believing only grownups make earth-moving, life changing, pinnacle decisions. No one else can manage this seemingly gruelling charge.

The exponential growth and progress globally, in the last decade alone, has proved this theory, Oh so wrong! The momentum to change has altered the dynamics of decision making; crushing the assumptions the world traditionally operated from.

When it once took us centuries to get from dye print press to print and then decades to telephone, it now only takes months to get from personal computers to palm top gadgets. Singular pen drives can today store the knowledge that could run nations and markets.

The emergence of friendsters, chatline, messengers, facebook, and twitter demonstrates that the young have embraced these revolutionary changes faster than baby boomers. That the young have been more adaptable to the market revolutions, they have been able to effect and impact change through these mediums much more effectively than us baby boomers.

The impatience of the young to yesterday's theories and the "used to be-s" is fast defining the growth of technology and economies. Their haste to answers, I must add, is also directly changing the face of socio political environment in markets; developed and otherwise.

I am convinced that it is the strength of education and knowledge that will have you shine as individuals in a noisy room of talents. By talents I don't mean the listing of A's, but that, and much more.

The learning never stops

This said, I often take cognisance that in an environment driven by fast changing external demands, one that is often out of our direct control, the proverbial question of doing the right thing at the right time emerges. The struggle nonetheless is - what constitutes the right thing? Is the right thing for the moment, the right decision that would endure the times?

The most important thing I have learnt is - the characteristics that make us are the sum of the many individual decisions we take in our lives. It begins and ends with the sum of all the choices and actions we bear in our journey.

I have found that the essence to a rich learning is one that is driven by purpose. In such an instance every small action taken each day and everyday is cast back to a purpose we each choose for our journeys. It is these small actions and decisions that culminate to making US and the future we build for ourselves. It cultivates the character and attitude we will each sow in our own unique and individual paths.

No matter what we choose to do, we require knowledge and education in a form and fashion. Be that medicine, law, drama and arts, journalism or even taking up public service. It is this knowledge and learning that provides the much needed common sense in our daily choices. Common sense comes with much knowledge, learning and exposure.

When we choose a purpose-driven path of seeking knowledge, learning becomes a culture and a habit. The excellence we aim in education no longer intimidates. It is within our reaches and grabs. The world before us becomes a globe filled with learning opportunities no matter the difficulties.

I am convinced that it is the strength of education and knowledge that will have you shine as individuals in a noisy room of talents. By talents I don't mean the listing of A's, but that, and much more. That you stand out as individuals aware of global happenings. You are well read and you have honour as a human being. You exude maturity and wisdom, regardless of age, in your decision makings. This is reflected in how you treat yourselves and others, especially the weakest amongst us. You are able to handle differences maturely and accept criticisms positively as a tool to growth. You are well adapted and adjusted to serve and shine wherever you travel in the world.

“Character is built from a decision made within us. It comes from the heart of wanting to make a difference in the time we are here. Where there is strength in character, you will execute the same sound actions whether being watched by many, by one or by no one”



The subject of character

In reminiscing our lives and choices we make, we will find that the one thing evident every time in all situations is our character. In each and every situation we participate in, our character is always mirrored in that situation.

I cannot overemphasise how important this period of your life is. The learning of good morals and setting of crystal clear boundaries of rights and wrongs will define the path and pattern you will set for your own journeys and how that journey shall impact the world around you.

It has been said – “Good character is more to be praised than outstanding talent. Most talents are to some extent a gift. Good character, by contrast, is not given to us. We have to build it piece by piece - by thought, choice, courage and determination.”

Character is built from a decision made within us. It comes from the heart of wanting to make a difference in the time we are here. Where there is strength in character, you will execute the same sound actions whether being watched by many, by one or by no one. It will not matter whether your parents are watching over you, your teachers and lecturers are grading you, your peers judging you or your bosses checking on you. You will act and deliver to form, with or without an eye over you. This is the fundamental to being true to yourself; it is the crux of good character-building – it is doing the right thing, every time.

In the final analysis, it is your day-to-day decisions that will reveal your true self and potentials to the world. It is this Self that will beckon opportunities and open doors. It is this Self that will attract sustainable success and senior investments of trust by many in you. It is this strength in character that will stay long after you are gone. The work and deeds that you leave behind will speak louder than your own voices. That is what our places of education must imbue and instil in our young and youth. Individuals with the strength in character of doing the right thing!

Heartbeat of nation's future

Youth are the heartbeat of Malaysia's future. As its heartbeat, you must each build and focus on good character building. Higher learning institutions must concentrate, motivate and reward good character building in all their curriculums. A character that will have you excel as individuals in your studies, excel in being a good child and a parent in time to your own children, a character that contributes to the building of our nation, its society and its future. A character that will brave times and situations because the core is founded with strength and substance of knowledge! No matter the teachers who have stood to inspire you or the leaders who have influenced your ideas and views of life, the responsibility of your lives lies with you.

Governments can set standards of achievements, society can offer moral support in your quest of knowledge and lecturers can demand excellence through teachings and assessments of you.

But even with the most devoted parents, the most dedicated government policies and actions, the most encouraging educators and the best universities - none matters if you don't decide the fundamental questions for yourselves - the life you wish to lead, the character you wish to carry and the responsibilities you want to fulfill as individuals given the blessings to experience this life.

The responsibility of your life starts with you. What you make of your education today will decide the future of this country. As inconsequential as you may think it

“It is our duty to ensure that the young who make over 35% of our population are blessed with good knowledge and education”



is, decisions you make for yourselves today, may in fact alter the face of Malaysia directly. How you see education and respond to the learning of life will determine whether as a nation we can meet our greatest challenges set by the future.

The future in your hands

These are times when what seemed impossible a few years ago is now passé. We can barely fathom the waves of change that are to be. We could redefine medical, science and technology landscapes to heights not known to the minds today. But none of these achievements and conquests will come to serve well if in your youth today, you do not set the stage for what you wish to be remembered for. You do not set the purpose to your own lives here and beyond.

The exposure, knowledge and discipline you build in your youth will serve an immeasurable asset in your adult life. It is this asset that will define and decide your own impact on yourself, your families, the society and nation.

Lasting success, I am convinced, always knock on the doors of those who choose knowledge, responsibility, fairness and humility as their partners. It is our duty to ensure that the young who make over 35% of our population are blessed with good knowledge and education.

It is my hope that the topic of character will be placed rigorously in panel sessions on KPI, KRA for Nation Building. That KPIs and KRAs are built based on the essence of good character – one that will always have them do the right thing each time, every time. One that will have you go to bed a better person than the one who woke up that morning.



**may the
writings continue**