

Executive Summary

Overall, we conclude that the government is performing reasonably well in delivering its manifesto commitments. Nearly one year into their first term in office, over 29 per cent of their economic promises are either achieved or on track. There have been a number of notable successes:

- The government moved quickly to implement its signature promises, including abolition of GST;
- The government has allocated significant resources to supporting Small and Medium Sized Enterprises (SMEs) and encouraging technological adoption;
- The government has significantly improved the transparency of the budget and the government's overall financial position;
- The government has laid out an ambitious plan to tackle corruption which includes important reforms of the public procurement system;
- The government is on track to deliver an ambitious programme of labour reforms.

In many of these areas, the real test will be implementation but it is encouraging that the government is on track to deliver these important reforms. The government should maintain momentum in these areas to ensure current progress can be maintained and should ensure these success are communicated clearly to the public to build confidence in the government's performance.

Other areas however, are in more trouble, in particular a number of highly ambitious targets are proving difficult to reach:

- The government has implemented a range of measures to reduce the cost of living, most notably abolishing GST. So far - these measures have focussed on short term measures, such as subsidies and price control, rather than structural reform to different product markets to lower prices more sustainably;
- The government has successfully restructured BRIM into Bantuan Sara Hidup, but it has not been put under the purview of a statutory body which could prevent political misuse;
- In housing, although the government is implementing a detailed strategy we judge that this will be insufficient to achieve the ambitious promise to build one million more affordable homes, given the continued focus on a government-led approach which has failed to deliver in the past;
- In healthcare, the government's increase in the health budget is far below the level needed to reach 4 per cent of GDP. Ultimately the discussion on providing sustainable healthcare need to be elevated;
- Ambitious reform of Government Linked Companies (GLCs), in particular delivering the promise that GLCs will not compete against private companies seems increasingly unlikely as the government has committed itself to no clear strategy;

- Although trade and investment continue to rise, the government has stalled on ratification of the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) and the prospects for an EU Free Trade Agreement also look slim. This links to a wider concern voiced by many that the government needs to frame a clear and compelling trade and industrial policy for Malaysia.







In these areas, we recommend that the government recalibrate its approach to ensure that the ambitious targets of the manifesto can be achieved.

In other areas the government has said and done little or nothing to demonstrate that progress is being made:

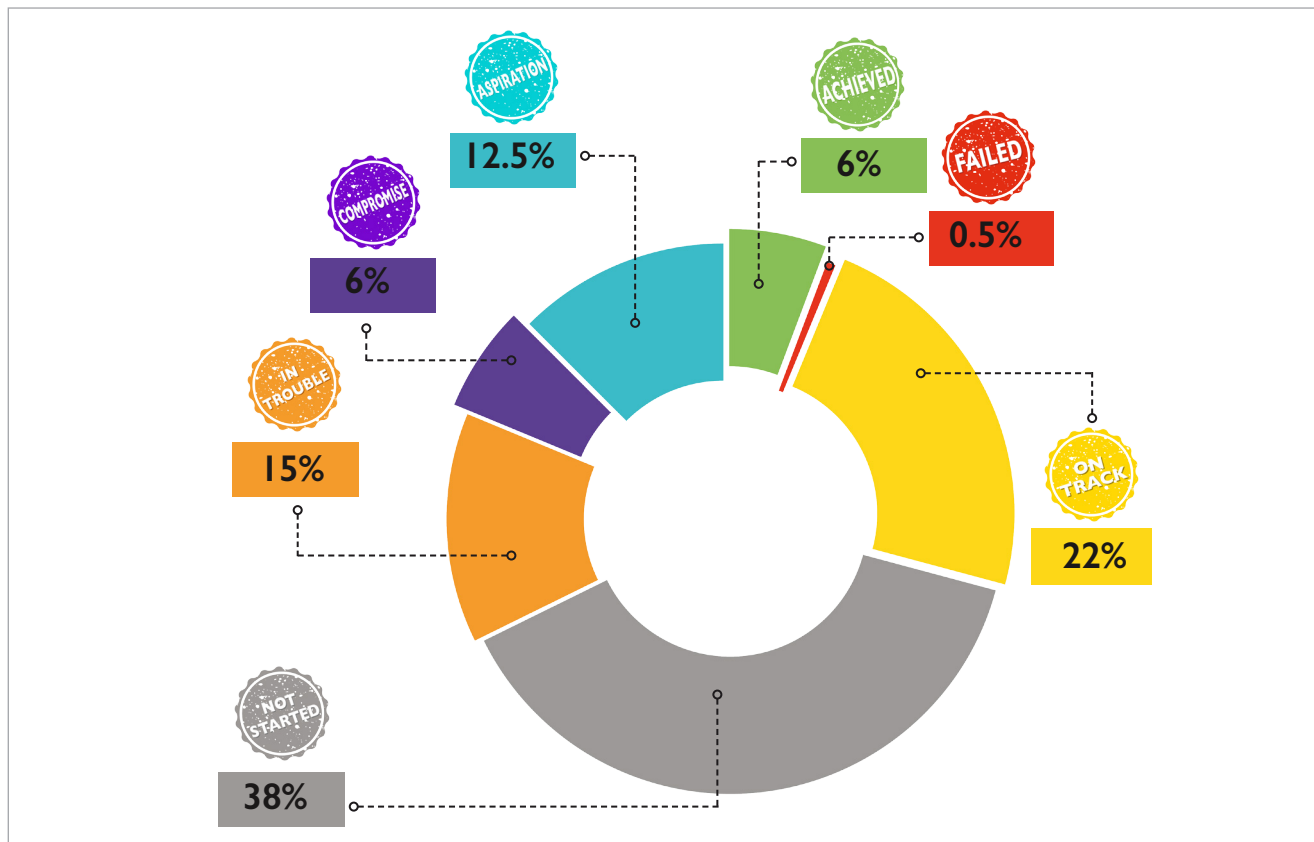
- On tax the government has so far only proposed modest reforms, although the government has formed a Tax Reform Committee it is not clear what direction reform is likely to take, or even what the scope of reform might be. The government will have to balance the competing demands of raising additional revenue to fund public services and sticking to its promise of reducing the tax burden;
- Although the government has set allocated resources to support SMEs in the form of loans, it does not seem to be applying the same attention to reviewing and reducing the regulatory burden on business, and small business in particular;
- The government has allocated significant resources to upgrade infrastructure in Orang Asal communities, but has not set out a comprehensive approach to address the other issues facing these communities - including land rights and education;
- On the important issue of Bumiputera equity the government has not yet brought forward an annual report as stated in the manifesto, which would provide a clear baseline for this discussion;
- Little has been said by the government on refugees and fulfilling the promise of granting refugees in Malaysia the right to work;
- Finally, in terms of fiscal responsibility, although the government has improved transparency, they have not fulfilled the promise to protect the sovereign wealth funds from misuse, and ensure national savings for the country are protected. We hope these issues are addressed in the forthcoming Fiscal responsibility act.

In these areas we recommend that the government move quickly to set out to reconfirm its political commitment to these promises and set out clear policy direction to achieve them.

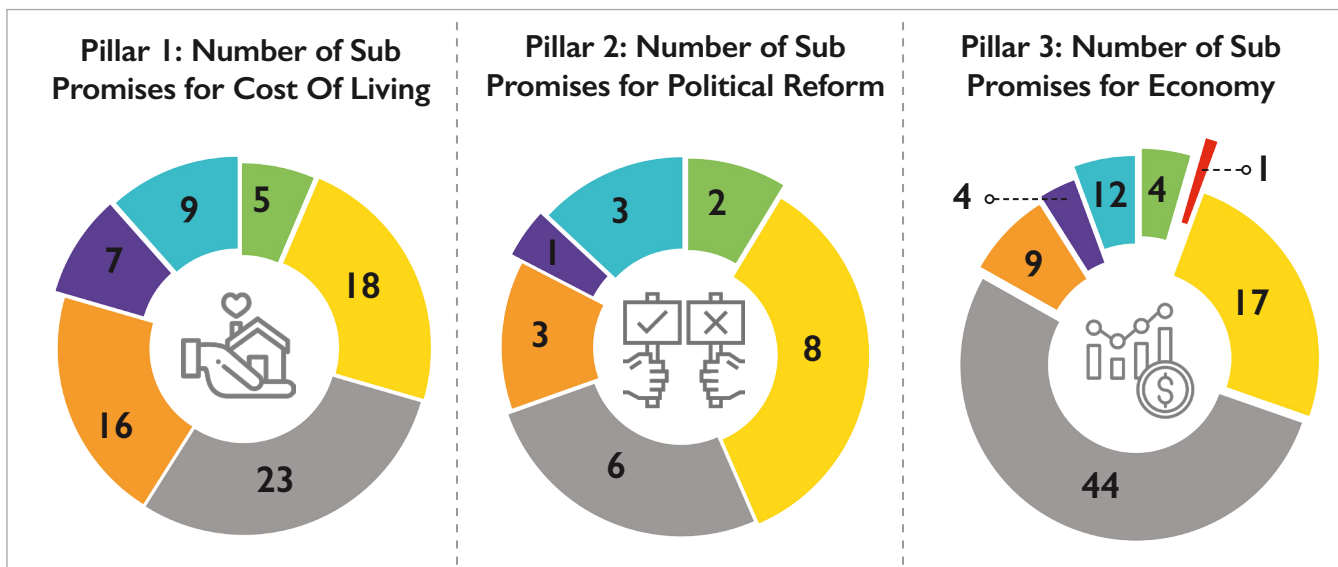
Score Definition

Score	Definition
	A promise can be considered as “Achieved” if a policy has been successfully implemented according in line with the promise
	A promise is considered as “Failed” if the Government has made a U-turn and not committed to deliver the promise
	A promise is considered as “On track” if the Government has worked towards delivering the promise with a clear policy direction
	A promise is considered as “Not started” if there is no evidence or publicly available information that the Government has worked on the promise
	A promise is considered as “In trouble” if there is some commitment by the Government to deliver the promise but policy direction and implementation has diverted from the original promise
	A promise is considered as “Compromise” if the Government implemented a policy, but it deviates significantly from the original promise.
	A promise is considered as “Aspiration” if the Government has stated the commitment to implement the promise but no policy direction has been set.

Total Score for 192 Selected Sub Promises



Summary of Performance for Each Pillar



Notes

- Achieved
- Aspiration
- Compromise
- On Track
- Not Started
- In Trouble
- Failed