

**BUDGET SPEECH FOR FINANCIAL YEAR 2014/2015 AT THE 1ST MEETING OF THE  
10TH SESSION OF THE LEGISLATIVE COUNCIL**

1. The purpose of the Bill is "To allow the withdrawal of a total of Six Thousand, Six Hundred and Fifty Million Brunei Dollars (B\$6,650,000,000.00) from the Consolidated Fund for the services in Financial Year (FY) 2014/2015, and to allocate for the purposes set out in the Schedule ". In doing so, I will elaborate briefly on current developments; the global and national economic projections; future challenges; and their impact on government revenues and the socio-economy of the country, which are the basis for the preparation of the National Budget for the FY 2014/2015.
2. I will also share the Government's spending priorities, projects and initiatives that will be implemented and the provisions in the budget that will supports the theme of the National Budget theme for FY 2014/2015.
3. Indeed, we are thankful to Allah the Almighty, The Most Gracious, for blessing the country with strong and stable socio-economic conditions, despite global economic uncertainty. Citizens and residents of this country continue to enjoy a high standard of living, with basic goods and services that are affordable and some that are completely funded by the Government, as well as public facilities similarly available in developed countries. With the leadership of His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, Sultan and Yang Di-Pertuan of Brunei Darussalam, the Government could still fund such expenditures, including the subsidies required for the provision of these basic goods and services, so as to safeguard the continued well-being of the country's citizens and residents.
4. From the country's economic aspect, the Non-Oil and Gas Sector in 2013 is expected to continue growing at favourable growth rate of 3.6%, although it is lower than the 4.0% growth recorded in 2012. The 2013 growth is driven by the private sector at 3.8% and the government sector by 3.2%. These developments are somewhat able to offset the decline in the Oil and Gas Sector which is expected to contract by 7.7%, due to the decline in oil and gas mining activities. However, this decline is also offset by increase in liquefied natural gas production which is expected to grow by 2.7%. Overall, the economy is expected to contract by 1.4 % after a 0.9% growth in the previous year. Meanwhile, the consumer price inflation is expected to remain stable at 0.4% in 2013.
5. The growth of Non-Oil and Gas Sector in 2013 will be mainly attributed to growth in the Wholesale and Retail sector at 5%; Business Services Sector at 3.9%; Construction Sector at 3.2%; Communications Sector at 6.0%; Hotel and Restaurant Sector at 13.8%; and Government Services Sector at 3.2%. Business Services Sector will remain as the major contributor to the Non-Oil and Gas Sector Gross Domestic Product in 2013 with a contribution of approximately \$736.3 million; followed by Wholesale and Retail Sector with \$715.7 million. Other main contributors are the Construction Sector; and the Financial Sector, which contributed \$542.0 million and \$517.8 million, respectively. In terms of Gross Domestic Product by expenditure,

economic growth in 2013 is driven by investment (Capital Formation) at 4.5% and Private Consumption at 2.8%.

6. For 2014, the global economy is expected to improve. IMF projected that the global growth is expected to be stronger at 3.7% after a 3.0% growth in 2013. Likewise, world trade is expected to register stronger growth of 4.5%, after a 2.7% growth in the previous year. However, the IMF continues to warn about the downside risks to the global economic growth, caused by factors such as the output gap in the advanced economies generally remain large; Eurozone and the United States debt crisis; fragilities of growth in some emerging economies, including the consequences of U.S. Federal Reserve tapering; as well as geopolitical unrest in the Middle East. Likewise, the International Energy Agency (IEA) expects global oil demand to increase to 92.23 million barrels per day in 2014 from 91.57 million barrels per day in 2013. Meanwhile, global oil supply is expected to increase to 92.5 million barrels per day from 91.2 million barrels a day in the same period.
7. Brunei Darussalam's economic prospects in 2014 will remain to be dependent on several key factors. This include, among others, global economic conditions; global oil demand; the country's oil and gas production level; as well as the expenses and investments of the Government and Private Sector. Taking into account these factors, the Department of Economic Planning and Development (DEPD) forecast that the Brunei's economy will grow at 5.1% in 2014. Activities in the Oil and Gas Sector will be stronger growing at 7.1%. Similarly, the Non-Oil and Gas Sector is expected to expand by 3.7%.
8. Due to the decline in the average oil prices at the back of global economic crisis and the country's lower oil production level in the FY2012/2013, the Government's fiscal balance has been affected in which it has declined to 20.4% of GDP, compared to 26.9% of GDP in the previous financial year. Similar situation is expected in the FY2013/2014 due to factors related to the government revenue from the Oil and Gas Sector and continued increase in Government spending.
9. Taking into account the global and domestic economic outlook; and the oil and gas revenue scenarios, the Government's Revenue Estimates for the FY 2014/2015 is projected to amount to B\$6,591,184,000.00 (Six Thousand Five Hundred and Ninety One Million, One Hundred Eighty Four Thousand Brunei Dollars). This projection takes into account revenues expected from the Oil and Gas Sector which is estimated at \$5,689.65 million (about 86.3%); and the Non-Oil and Gas Sector which is estimated at \$ 901.53 million (only 13.7%).
10. Once again, we are thankful to Allah the Almighty for blessing this country with continued peace, harmony, security, prosperity and well-being. We aspire that all the facilities we are enjoying at the moment can also be enjoyed by the future generations. This can only be achieved with the Government's continued efforts in managing the country's financial resources in a prudent and planned manner. In this regard, the Government needs to maintain a high standard of financial discipline policy, in addition to avoiding wastages. The financial capacity of the Government should always be considered in planning expenditures, and that the expenses

incurred will be worthy of the results or outcomes of the goals. Furthermore, the spending priorities should be directed towards stimulating economic activities to support a sustainable rate of economic growth and to generate more employment opportunities for the locals. Through this focus, the Government intends to accelerate efforts to diversify the country's economic resources, whilst ensuring the well-being and welfare of the citizens and residents are always secured.

11. To support these efforts, the Government will continue to implement policies that are pro-business and pro-investment, which so far have begun to yield positive results. Based on the World Bank report, the ranking for Brunei Darussalam in the Ease of Doing Business for 2013 has improved from the 79<sup>th</sup> position to the 59<sup>th</sup>. In line with these efforts, policies will be formulated in a holistic approach. Apart from ensuring creation of employment opportunities, the workforce will need to be equipped with specific skills, in line with the anticipated needs of the labour market in this country. Taking into account the aforementioned expenditure priorities, the proposed budget for the FY 2014/2015 is planned with the theme of "Generating Economic Growth, Creating Employment Opportunities". The goal for this theme is clear. It gives emphasis on expenditures to increase efforts towards achieving a more robust and sustainable economic growth. It also aims to generate permanent employment opportunities, especially for the citizens of this country, with the private sector as a catalyst to drive the growth and diversification of the country's economy.
12. Based on the factors presented earlier, Expenditure estimates for the FY 2014/2015 including provisions for the Development Fund, is proposed at a total amount of Six Thousand Six Hundred and Fifty Million Brunei Dollars (\$6,650,000,000.00). This amount is an increase of \$550 million compared to provisions for the FY 2013/2014, or an increase of about \$1.20 billion compared to the approved budget five years ago.
13. To support the budget theme mentioned earlier, the focus and priorities of government spending for the FY 2014/2015 is directed towards the following focuses:
  - i. One, **Strengthening Education and Training**. This focus is intended to give priority to strengthening the education system and learning and training, to produce citizens that are educated and highly skilled, yet virtuous and have strong faith that can contribute towards a sustainable socio-economic growth and development;
  - ii. Secondly, **Stimulating Investment Activity**, to strengthen the private sector as an important contributor to the country's economic and development activities;
  - iii. Thirdly, **Increasing Productivity** in economic and government sectors as the basis for rapid and sustainable growth of the economy; and
  - iv. Fourthly, **Welfare of Citizens and Residents**. This focus demonstrates the continued commitment of the Government of His Majesty in ensuring the

welfare of the citizens will always be given significant attention, given their role as a primary asset and a major contributor to the growth and development of the nation's economy.

14. Please allow me to briefly describe these priorities. First, Strengthening Education and Training.

15. An educated and skilled workforce is considered to be an important asset for a country to grow and sustain itself, taking into account current challenges and global competition. In this regard, priorities will continue to be given in providing more educational and training opportunities to the locals. Through these opportunities, it will enable the youth particularly, to increase their knowledge and develop their skills and abilities to meet the needs of the local labour market. Efforts will also be made to improve facilities, including infrastructure and equipment in educational and training institutions in this country. The FY2014/2015 Budget also places emphasis on increasing the access and absorption of school leavers into technical and vocational education where appropriate. The main objective of this effort is to ensure that the youth entering the labour market will have the necessary technical skills to enable them to contribute towards the country's economic activities.

16. The Government has and will take more initiatives to create more job opportunities, especially for school leavers. Amongst others, these include efforts through the Special Working Committee for Addressing Unemployment Issues and related agencies, such as the Energy Department at the Prime Minister's Office; and the Local Employment Agency and Workforce Development (APTK), the Ministry of Home Affairs. Such initiatives include the following programs:

- i. The launch of the Energy Industry Competency Framework (EICF) in July 2013, which provides skills training programs in specific areas to meet the needs of the industry. So far, 482 students have attended the courses provided, where after completing the course, they will have the opportunity to be employed by certain companies in the Oil and Gas Sector;
- ii. The organisation of the Career Fair for Oil and Gas Sector in 2013, the third job fair since it was first held in 2011. This initiative has been supported by various agencies from the Government and the industry, and since its launch, it has received an overwhelming response. A total of 1,302 and 2,595 people have so far been employed in the oil and gas companies in 2012 and 2013 respectively. For 2014, a total of 3,000 jobs is targeted to be available in this sector.

This initiative is in line with the Local Business Development Framework which aims to increase the employment of locals in the oil and gas sector. It is also consistent with the new directive that commenced in 2012; which as a prerequisite to tender, it is mandatory for all firms in the oil and gas sector to have a 50% composition of local workers. In implementing this framework, these firms are also required to be more transparent in providing a more conducive working environment, such as offering a reasonable salary to local



workers. The 50% quota will be increased to 70% within a period of 5 years in accordance with the target of 80% locals hired by 2035;

- iii. The introduction of two new programs, which are the Incubator Centre and the Energy Business Academy (a Brunei Shell Joint Venture – BSJV), in efforts to build the capacities of the country's small and medium enterprises (SMEs); to increase local content; and thus providing more jobs for locals. These programs are intended to strengthen the capacity of local entrepreneurs to build successful enterprises, leveraging from the existing expertise at BSJV companies;
  - iv. The establishment of the Brunei Maritime Academy (BMA) under the initiatives of both the Energy Department and the Ministry of Education, with the assistance from the Ministry of Communication and collaboration with the Singapore Maritime Academy. Under the BMA, an estimated total of 280 students for the first intake will commence their course in July 2014; and
  - v. Through the Special Working Committee for Addressing Unemployment Issues, appropriate steps have been identified for implementation. These include:
    - Creating an Unemployment Registration System and User Policy for Compulsory Registration by the Village Heads;
    - Putting emphasis for locals to be employed at certain industries, such as wholesale & retail; transportation; hospitality; support services; and mining & quarry;
    - Issuance of a policy that requires local and foreign workers, particularly in technical and tradesman posts, to have accreditation by the authorities concerned;
    - Establishing targets for employment of locals in certain industries; and
    - To provide secondary school leavers more opportunities for entry into Technical and Vocational Schools.
17. The Government also endeavours to add more employment opportunities for locals through the development of Government-Owned Companies (GLCs). However, this intention can only be realised for those GLCs that have stable operations and can generate sufficient income continually in the long term.
18. In line with this objective, several provisions have been made in the Budget FY2014/2015. These included the following items:
- i. To implement the "Strategic Development of Higher Learning Institutions" project, an overall project cost of \$15 million has been provided for;

- ii. The "Intervention & Remediation To Overcome Students' Literacy Level" and "Literacy & Numeracy" projects have been allocated a budget of \$150,000.00 and \$230,000.00 respectively;
  - iii. \$65.9 million has been provided for Educational Services under the Ministry of Education. This, amongst others, is to finance the recruitment of experts and teachers from abroad to raise the performance of primary and secondary schools students throughout the country. In addition, a provision of \$220 million has already been approved by His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam in FY2013/2014, for the recruitment of teaching experts for a period of three years under the Ministry of Education to improve performance in subjects of English and Mathematics, particularly for primary schools in this country;
  - iv. In improving facilities and infrastructure for schools and higher learning institutions across the country, a provision of \$22.1 million will be provided for the maintenance of assets; and a total of \$25 million will be further allocated for purchase of equipment under the Ministry of Education, which is an increase of \$2.5 million;
  - v. Whereas, under the Ministry of Religious Affairs, a total of \$4 million will continue to be allocated for undertaking maintenance and upgrading works of religious schools and higher learning religious institutions; and a total of \$4.82 million will be provided for purchase of equipment. Furthermore, 51 additional posts have also been provided to support the needs of the religious schools in line with the enforcement of the compulsory religious schooling policy; and
  - vi. Under the National Development Plan (NDP), an overall allocation of \$73.7 million with an overall project cost of \$394.5 million will be provided for the Education Sector. This includes providing infrastructure for Religious Schools & Arabic Preparatory Schools; Primary Schools; Secondary Schools & Sixth Form Centres; Vocational Schools & Technical Colleges; and Higher Education Institutions.
19. The implementation of the Human Resources Fund Program under the NDP will also be enhanced by an increased provision of \$50 million in comparison to the \$28 million provided for in the FY2013/2014. Since the program was launched in 2006, the government has spent a total of \$426.4 million to implement various schemes. Among the programs available and its achievements so far include:
- i. Under the Professional and Experts Development Scheme, a total of 119 people were sent to study at the PhD level, and as many as 483 people at the Masters level;
  - ii. Through the Human Resource Development in the Private Sector Scheme, a total of 391 employees from the private sector have attended various training courses at a cost of approximately \$4.6 million;

- iii. Under the Training and Employment Scheme (TPS), a total of 1,222 locals were able to attend skills training, as well as work exposure and experience;
- iv. Under the Special Scholarship Scheme, a total of 777 students, including 88 students at Master's degree level; and 7 students at the PhD level, have been awarded scholarship to study abroad at higher education institutions, at a cost of \$109.3 million;
- v. Through the Teaching Development Scheme, the Government will allocate a total of \$6 million for the training of teachers, to support the implementation of the National Education System and policies;
- vi. Under the Technical and Vocational Education Scholarship Scheme, a total of \$23.15 million has been spent to fund about 5,735 'O' and 'A' Level school leavers, to continue their studies in private educational institutions in the country;
- vii. The launch of the Internship Student Programme for ICT-Related Education (INSPIRE) Scheme in June 2013, which was intended to provide participants with the opportunity to apply and enhance their knowledge and exposure through work placement (internship) in selected ICT companies in Singapore for 6 months. The target of this scheme are final year students who have excelled at HND level or equivalent, in ICT-related courses; and
- viii. A new scheme called the Training Assistance for Workforce in the Private Sector Scheme, which aims to help defray the cost of training local workers with the skills and knowledge required by the company, specifically for companies that are Foreign Direct Investment orientated (BLTS-FDI Scheme). The scheme is intended to attract more foreign investors to set up their companies in this country and to provide employment opportunities to locals especially youths.

20. We are grateful to Allah the Almighty, and in adherence to the command of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, for Brunei Darussalam to implement in stages the Sharia Law in this country. Therefore, to support its effective implementation, an allocation of \$2.0 million will be provided under Focus Expenditures in the Ministry of Finance to help fund expenses for training and dissemination of information in introducing the Sharia Law to the public.

21. The FY2014/2015 Budget will emphasize increasing access and the absorption of school leavers to technical and vocational education where appropriate; to ensure that the youth entering the labour market will have the necessary technical skills.

22. In this regard, an allocation of \$16.4 million will be made available for the Brunei Polytechnic and \$19.9 million for the Brunei Institute of Technology to increase the opportunities for local youths, including school leavers, to continue their studies in technical and vocational areas.

23. With regards to the Civil Service, provisions are given to increase the capacity of government agencies through training opportunities for government officers and staff. Through this provision, it is hoped to raise the level of productivity, efficiency and effectiveness of government services. The provision includes:

- i. An overall total of \$25.6 million will be provided under Capacity and Skills Enhancement in the Ministries. This does not include specific provisions for in-service training amounting to \$20.5 million, which is made available under the Public Service Department; and
- ii. An allocation of \$1.5 million will be provided under Focus Expenditures for the Ministry of Education to fund the training needs of technical and vocational schools teachers.

24. As a continuous effort to encourage and cultivate the reading culture, especially among the youth and school students, some provisions are provided, which includes:

- i. A total of \$100,000.00 for activities relating to the Promoting Reading Culture Program; and
- ii. A total of \$400,000.00 has been allocated under the Operating Expenses of The Language and Literature Bureau, Ministry of Culture, Youth and Sports specifically to fund the continuous purchase of new books for libraries across the country.

25. Appropriate provisions are also prepared under the Ministry of Finance and the Ministry of Culture, Youth and Sports to support youth development by increasing skills training programs as follows:

- i. An allocation of \$2 million will continue to be provided for the operation of the National Service Program;
- ii. A total of \$800,000.00 is allocated to support programs to produce self-reliant youths. This includes encouraging and assisting the youth to venture into small businesses such as car mechanics and such. Furthermore, a total of \$200,000.00 is allocated for the ASEAN Young Professional Volunteer Corps in promoting a volunteering and caring culture among the youths in this country; and
- iii. An allocation of \$2 million is made available under Focus Expenditures to enable government agencies such as the Centre for Youth Development and Entrepreneurial Development Centre to purchase equipment in order to facilitate and improve the level of training or courses conducted.

26. Under the Ministry of Education and Ministry of Religious Affairs, a number of new initiatives will be implemented to support the objective of the 2035 National Vision. These includes:



- i. The introduction of PhD level study programs specifically in Religious Teaching at the Seri Begawan Religious Teachers University College (KUPUSB). This is in line with the policy to produce teachers that are educated, qualified and highly skilled;
  - ii. Signing of a Memorandum of Understanding (MOU) on Education Transformation Agreement (PiL-ETA) between the Brunei Institute of Technology with a multinational company. This MOU is intended to provide a comprehensive public-private partnership program which aims for excellence in learning and towards achieving three main goals, namely Transformation in Learning; More Innovative and Skills Development for the 21st Century; and Employability in the next five years;
  - iii. Establishment of the Brunei Darussalam Qualifications Framework through the National Accreditation Council of Brunei Darussalam. This framework is an instrument that provides guidelines for classifying qualifications that will be based on a set criterion agreed at the National level and benchmarked against International Best Practices; and
  - iv. Launch of Media Inservice Centre, which provides two centres of excellence; namely one for design and learning materials, and the other for professional development training of teachers. This launch is in line with efforts to create highly skilled, dedicated, sincere teachers and to create a learning environment that is active, creative, fun and effective.
27. Besides this, provisions for Scholarships and Student Allowances under the control of the Ministry of Education and Ministry of Religious Affairs have been allocated a total of \$88.8 million, which includes sending students abroad. For the Ministry of Education, this provision is an increase by \$4 million to about \$43 million from the provisions provided in the FY2013/2014.
28. With the provisions provided above, it is hoped that the country's youth will acquire and use the opportunities that are available to enhance their capabilities and achievements in order to produce an educated, skilled, visionary, viable youth with morals and beliefs. These measures is hoped to directly address the issue of unemployment amongst youth and support the target objectives of the 2035 National Vision.
29. The Budget's second priority is to stimulate investment activity. Under this priority, the Government's intention is to increase efforts towards promoting investment and business activities in the country, in line with its policy for diversification of the country's economy and sources of income, so that dependence on the oil and gas can be reduced. Efforts will be intensified to attract foreign and domestic investment to spur economic growth that will have a positive impact on the development of the social sector, in particular creation of employment opportunities for local youth. In addition, special attention will also be given to enhance the role and capacity of SMEs as a contributor to economic growth and provider of permanent and quality employment opportunities.

30. The Government's efforts in generating and creating a conducive and competitive business environment, in line with the "Pro-Business" and "Pro-Investment" policies, has yielded positive results. As I have mentioned earlier, the World Bank report on "Ease of Doing Business" have placed Brunei Darussalam in terms of ranking at the 59<sup>th</sup> position. Brunei Darussalam has been able to improve its position in four out of the ten categories namely Getting Credit, Protecting Investors, Paying Taxes and Trading Across Borders; no change of position in the Getting Electricity category; while positions in five categories have fallen compared to the previous report.
31. Meanwhile, through the Global Competitiveness Report 2013-2014 released by the World Economic Forum, the ranking has also improved by two positions to 26<sup>th</sup> among 148 economies, from the 28<sup>th</sup> position in the previous annual report. This improved position shows the result of efforts of the Government to provide a conducive investment and business environment in order to attract and promote investment and business activities in the country.
32. To support the Government's measures, a number of specific provisions will continue to be provided under the Ministry of Industry and Primary Resources which include:
- i. Provision of \$3million for the Maintenance and Improvement of Infrastructure for Industry Sites;
  - ii. Provision of \$4 million for the Marine Industrial Park Site with overall project cost of approximately \$7.5 million;
  - iii. Provision of \$698,000.00 for the Brunei SME Service Centre Project under the Entrepreneurship Development Centre;
  - iv. Provision of \$1.6 million for accreditation projects in the National Standards Centre; and
  - v. \$1 million for the purchase of Laboratory Equipment in ensuring the products for domestic consumption and imports and exports meet international standards.
33. Additionally, an allocation of \$1 million is provided under the Focus Expenditures to support efforts to promote the growth of SMEs and thus generating economic diversification, including the provision of infrastructure and the appropriate equipment for industries.
34. At the same time, under the NDP, a total of \$118.4 million is allocated to the Industrial and Commercial Sectors. These provisions include:
- i. \$5.0 million with an overall project cost of \$100.0 million for the Development Fund for Small and Medium Enterprises;

- ii. Provision for providing an infrastructure and industrial site services amounting to \$530,000.00 with an overall project cost of \$ 10.0 million for Belait Town Industrial Site; Sungai Bera; and Serembangun, Tutong;
- iii. Overall allocation of \$9.6 million with an overall project cost of \$43.5 million for the agricultural sector and \$2.7 million for the Establishment of Food Processing Incubator; and
- iv. The fisheries sector will be provided a total of \$ 7.4 million with an overall project cost of \$31.5 million. This includes \$5.4 million for the Centres of Import and Export of Regional Fisheries Product, \$6.3 million for the Fisheries Ecotourism Marine Parks; and \$2.0 million to provide basic facilities for Fisheries Industrial Sites.

35. Under the Brunei Economic Development Board, a number of initiatives that will continue to be implemented includes:

- i. Financing programs for Small and Medium Enterprises Development will be provided \$11 million with an overall project cost of \$60 million;
- ii. \$20.0 million provided for the development of Phase 3 Anggerek Desa Technology Park is intended for use by SMEs, startup companies, and other agencies concerned;
- iii. Provision for Financial Aid Scheme which includes:
  - Future Fund with an allocation of \$1.8 million, an investment funding scheme, which is a joint initiative between the Brunei Economic Development Board, The Info-communications Technology Industry Authority (AITI) and DST. The scheme aims to encourage the development of the ICT industry, including local digital media in this country, to create products that have the potential to be commercialized in the international market. So far, the Future Fund has identified 2 potential Start-up companies as early adopters of this investment funds;
  - Enterprise Technical Assistance Scheme [ETAS] uses the concept of cost-sharing, with a budget of \$3.0 million to provide financial aid of up to \$300,000.00, to increase the competence of local companies so that they can expand their business overseas. So far, two local companies has participated in the scheme since it was introduced; and
  - Promising Local Enterprise Development Scheme - PLEDS, with an allocation of \$15 million. The scheme is intended to give an injection of capital funds through equity purchases of potential local companies to enable these companies to explore and compete in the international arena. In this scheme, the target is to inject equity into 1-2 local companies that have the potential to expand abroad each year.

36. In this regard, developments under the Government initiatives to attract Foreign Direct Investment into the country among others include:

- i. The Construction of a Factory for Halal Medicines and Nutritional Products Manufacturer with investments of about US\$18.5 million at the 2 hectares Salambigar Industrial Site, which was completed in the third quarter of 2013. With extensive experience in the pharmaceutical industry, the investors will provide skills development programs and new technology training for locals, in stages. The investors concerned will be the first company to use the Brunei Halal label on products marketed to the Muslim community, including in the Middle East countries, with exports scheduled to begin this year; and
- ii. The Construction of a Factory for Animal Food Manufacturing with a total investment value of US\$5.0 million, which was completed on a 2.7 hectares land at the Serasa Industrial Sites, for the production of animal food products to be exported, which had begun its operations in December 2013.

37. At the same time, the Government has implemented several new initiatives as continuing efforts to encourage foreign and domestic investment. This includes:

- i. Signing of an agreement of Brunei Research Incentive Scheme which is intended to attract foreign investors to conduct research and development in this country. This initiative, encourages intellectual property with long-term plans to expand its business through trade in research findings;
- ii. Signing of Memorandum of Understanding (MOU) for the provision of Oil Country Tubular Goods. This includes setting up a threading plant in this country. This initiative is intended to meet the national business development policy in the Oil and Gas sector towards increased local content and local jobs, while opening up the potential spin-offs either directly or indirectly in various sectors such as construction, transportation, supplies, education and others.
- iii. The Ministry of Development has also published a book entitled "PWD Quality Supervision Manual" Second Edition 2013 towards improving the quality of construction in the country in order to meet the industry's standard.
- iv. Transfer of Trademark Registration to Brunei Economic Development Board has come into effect from June 2013 in line with the establishment of the Intellectual Property Office of Brunei (BrulPO) under the Brunei Economic Development Board. Through the initiatives that have been implemented, Brunei Darussalam has received recognition and has been removed from the 301 Watchlist on Intellectual Property in May 2013. In addition, Brunei Darussalam has also been recognized in the Asia-Pacific Economic Cooperation Business Advisory Council Report 2013 as a nation with the legal protection of intellectual property and sound enforcement.



38. In stepping up efforts to strengthen the private sector in this country, as well as to attract more quality foreign investment to expand economic and entrepreneurial activities, the Government through the Strategic Capital Development (SDC) at the Ministry of Finance have co-invested with several foreign investors. Through these joint investments, it is hoped that the Government's willingness to share the investment risks will boost the confidence of foreign investors. It is also hoped that the success of investments made through SDC will accelerate private sector growth; hence leading the economy and offsetting the government sector as well as creating more quality employment opportunities for locals.
39. To cater for increased investment activity in the country, His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam has consented to the provision of a 3,000 hectares land area in Telisai, Tutong to support large-scale investment activities for the industry sector.
40. Meanwhile, to address the issue of delays in payment by government agencies, the Invoice Tracking System under the purview of the Treasury Department has been rolled out fully to all Ministries in August last year. Based on the information obtained from this system, an average of 32,395 invoices were received monthly and 25,881 (80%) were paid within 30 days, as per the target set in the Clients' Charter. The percentage for outstanding invoices of more than 30 days was reduced from 8.6% in June 2013, to 6.8% in December 2013. Hopefully, this rate will continue to be further reduced with the cooperation of all agencies.
41. Several programs and projects have been and will continue to be implemented to foster and encourage a culture of entrepreneurship and innovation among the youth. These programs and projects are included under the operations of the Brunei Economic Development Board in collaboration with the Ministry of Education. They are also in line with the Ministry of Education's efforts to introduce entrepreneurship in the National Education System SPN 21. Examples of programs and projects include:
- i. Youth Entrepreneurship Development Programme which aims to help youths to find jobs or start their own business, by providing micro-business grants up to a maximum of \$2,000.00 per person. So far, a total of 102 micro-businesses have received assistance totalling nearly \$240,000 of which some have been able to generate a monthly income between \$1,000 to \$3,000 and is also capable of generating up to \$6,000 per month;
  - ii. Renovation of Youth Entrepreneurship Centre in Kampong Jaya Setia Mukim Berakas which is expected to be completed in 2014. This renovation is intended to provide business space for the local youth who have ventured into entrepreneurship and also to encourage the development of micro-entrepreneurs in this country;
  - iii. The Student Entrepreneurship Development Expo (SEDEX) which had been participated by 62 primary schools, 22 secondary schools, a technical

education institution and three private schools. The Expo is designed to give students early exposure to entrepreneurship in a real business context;

- iv. The Entrepreneurship@Campus (E@C) project, which is the Brunei Economic Development Board's project in collaboration with the University of Brunei Darussalam and supported by the iCentre, aims to increase the interest of students in Higher Education Institutions to become entrepreneurs. Since its introduction in the first quarter of 2013, nearly 300 students from several institutions has participated;
- v. The Junior Achievement Pilot Project, which is a joint collaboration between the Brunei Economic Development Board and Junior Achievement Worldwide, aims to introduce the concept of entrepreneurship and financial literacy amongst students as initial preparations to succeed in the global economy. Since its introduction in the third quarter of 2012, the project was participated by 250 students from 12 schools;
- vi. The Brunei Entrepreneurship Education Scheme is a joint venture between the Ministry of Education and the Brunei Shell Petroleum Company Sdn Bhd. This scheme is an innovative program that supports the objectives of the SPN 21 that is to introduce entrepreneurial skills into the classroom. So far, at least 66 trainees and mentors have been involved in training the first cohort, which consisted of 381 students from 17 secondary schools, whilst the introduction to the remaining secondary schools is scheduled for 2015; and
- vii. The JumpStart Program under the Ministry of Education's initiative seeks to inculcate entrepreneurial skills at technical and vocational education level. So far, for the first cohort, 20 companies were registered to conduct businesses involving 72 students. Meanwhile, a second cohort consisting of 78 students, have set up 29 companies.

42. Additionally, provisions shall be made to continue the implementation of major infrastructure projects to support the business and trade sector besides facilitating access to public communications. Some of the projects include:

- i. A total of \$400 million will be provided for the construction of the Temburong to Brunei-Muara District Bridge to continue the work carried out earlier;
- ii. Projects to upgrade the Brunei International Airport will be provided \$86 million with an overall project cost of about \$196 million;
- iii. For the FY2014/2015, construction of bridges from Sungai Kebun to Residency Road will be provided a sum of \$38.7 million; and
- iv. The Seria Bypass Second-Lane Construction Project has been allocated \$3.3 million with an overall project cost of approximately \$31 million.

43. In addition, under the NDP10, an allocation of \$61.6 million with an overall project cost of \$350 million will be provided for the development of Pulau Muara Besar (including Brunei Bay) to support the planned investment activities. The project is also expected to provide employment opportunities to locals, technology transfers and spill-over effects (spin-off) to local businesses. Furthermore, a total of \$1.7 million with an overall project cost of \$9.0 million is also provided for the Sungai Liang Industrial Park to continue the implementation of the Second Phase of Petrochemicals Factory Project.
44. During previous Budget speeches, I have reported the changes in corporate tax policies for this country. Among these policies include the reduction of the corporate tax rate of up to 20% currently; introduction of the tax threshold for chargeable income to not exceed \$250,000.00; tax credit for investment in new technologies to improve the efficiency of a company's operations; tax credit for the employment and training of locals; and others. Based on the data collected, these measures have had a positive impact, including an increase to the amount of taxable profits of non-oil and gas companies by 11% in 2013 assessment year compared to previous years; as well as increased claims for tax credit for incentives introduced at a total of approximately \$3.5 million.
45. In this regard, to further stimulate investment and economic activities in this country, His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam has consented for the corporate income tax rate to be further reduced to 18.5% effective from the 2015 assessment year. Additionally, to enhance the competitiveness of local firms participating in Government tenders, His Majesty also consented for the rates for a Bankers Guarantee and Performance Bond to be revised and reduced as follows:
- i. For construction or service contracts with a value not exceeding \$1 million, no Bankers Guarantee or Performance Bond will be required;
  - ii. For construction or service contracts valued between \$1 million up to less than \$5 million, a Bankers Guarantee or Performance Bond will be required at a rate not exceeding 3%; and
  - iii. As for construction contracts or purchases valued at more than \$5 million, a Bankers Guarantee or Performance Bond will be required at a rate not exceeding 5%.
46. With various facilities and initiatives provided by the Government, the private sector, especially companies and local entrepreneurs, should intensify their efforts to improve competitiveness and expand their businesses, in order to support the Government's efforts to increase the private sector's contribution towards the economy and national income. Through increased private sector activities, it is aspired that the private sector will offset the Government's role as the engine of growth in the short and medium term. With an integrated initiative, coordination and planning, increased private sector contribution to the national economic development can be enhanced and at the same time will create more job opportunities for the

locals. This is in line with His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam's aspirations, in conjunction with the 2014 New Year, when His Majesty emphasized that:

*"The Government through the Ministry of Education ... actively aligning technical and vocational training so that there is a compatibility between employment opportunities and the skills required .... At the same time, the business community should support the Government's efforts and collectively giving priority to the locals by providing affordable yet reasonable salaries and benefits"*

47. The third Budget priority is to Increase Productivity. This priority is intended to improve the country's productivity which acts as a catalyst for the development of a high-income economy, based on innovation, in economic sectors as well as the government sector. With increased productivity, costs can be reduced, quality of work improved and continuous revenue increases. Efforts that are geared towards strengthening human resources; skills upgrading; investment in research and innovation; and promoting the use of the latest technology, will be enhanced to increase country's productivity. For this purpose, some provision has been made such as:

- i. A total of \$500,000.00 with an overall project cost of approximately \$2.5 million to expand the use of Government Employees Management System (GEMS); and the replacement of GEMS hardware and software;
- ii. An increase in provisions under Information Technology at Ministries by \$3.5 million to \$88.3 million;
- iii. Under the NDP, the following provisions have been allocated:
  - A total of \$31.5 million with an overall project cost of about \$299 million for Information Technology and Info-Communications needs. This includes the implementation of E-Payment Gateway Project, which was launched in last January; and
  - Provision of the Bio Diversity Innovation Corridor Development of \$5.0 million with an overall project cost of \$116 million to improve the productivity of the production of agricultural products, through the use of technology and innovation in order to remain competitive and significant in relation to economic growth.

48. Meanwhile, a number of initiatives have been introduced to strengthen human resources and skills upgrade. These include:

- i. Launch of the Implementation of Succession Plan in Civil Service Guideline by the Prime Minister's Office. Succession planning is a method to produce a professional human resource that are productive with knowledge, skills, potential and have leadership qualities; and
- ii. The Prime Minister's Office also launched the 'Department of Public Service Competency Model' book which emphasizes and informs the public sector of



the need to shift human resource management towards competency-based management.

49. Research and Development [R & D] activities will continue to be given emphasis. Among the provisions and initiatives provided to increase R & D activities in line with the practice in developed countries include:

- i. Under NDP10, a total of \$15.7 million with the overall project cost of \$209 million is provided for the Science & Technology; Research & Development; and Innovation sectors. Among the research that has and will be conducted are Science and Technology Research; Social and Economic Research; Research in Recognition of Quality Management Systems; Quality Management Research (PBD ISO 9001-2000); and Research in Primary Resources;
- ii. Provision of \$360,000.00 for R & D provided under the Ministry of Education, amongst others for Research Funds under the Department of Planning and Development and Research; and to fund R & D in the Islamic University of Sultan Sharif Ali;
- iii. Provision of \$166,000.00 for R & D under the Ministry of Culture, Youth and Sports, as a continuation of allocation from FY 2013/2014 of \$146,000.00;
- iv. Provisions of \$200,000.00 for R & D under the Department of Agriculture and Agrifood at the Ministry of Industry and Primary Resources, as a continuation of allocation of \$200,000.00 in the previous year;
- v. In addition, through the initiative of the Brunei Economic Development Board, a number of schemes have been introduced to support and promote the development of creativity and innovation especially for the local youth. Among them are:
  - Under the Brunei Research Incentive Scheme, an allocation of \$5 million is made available to attract international R & D companies to develop the capacity of local private companies in R & D. To date, the research that has been identified includes medicinal plants, food and pharmaceutical products; and halal rennet production from plants resources in the cheese and yogurt production. In addition to increasing productivity of related sectors, such research work will also have the potential to provide opportunities for training and employment as a researcher for local graduates, in addition to the commercialization potential;
  - Local Enterprise Applications and Product Scheme (LEAP), which provides financial grants of up to \$150,000.00, to encourage and assist the development of local products that have elements of innovation and commercial value. Since its inception in 2010, a total of 23 companies have received the grants, with the production of various innovative products and providing employment for youth;

- Provision of a Creative Arts Facilities (CRAFT) through the establishment of the Office of Creative Art Facilities is intended to create an eco-system that fosters the development of the country's multimedia with the use of sophisticated infrastructure. Since its inception in the first quarter of 2013, the program has hosted 156 classes and trained 150 participants using the Autodesk software technology and Side Effects;
- Introduction of the Hackathon Program with the objective of gathering various talents in generating new ideas of producing innovative solutions and products; and
- Provision of \$5 million for the Accel-X Fund to provide financial assistance to new companies, particularly in the field of ICT, technology and engineering.

50. The Government will continue to plan and deliver programs that will further promote the use of technology to ease the public and private sector in dealing with the Government, to support economic and investment activity in the country.

51. The fourth priority of the Budget is for the Welfare of Citizens and Residents. As in previous years, the Government will continue to give attention to the well-being of the citizens and residents as it is fundamental to an inclusive and sustainable development of the country. Accordingly, the Government Expenditure plans to ensure the basic needs of the citizens and residents can be provided optimally. This includes providing opportunities and access to education and good medical services both locally and overseas; continue providing subsidies for basic necessities such as rice, electricity, fuel, housing, communications infrastructure and others. All of this requires a reasonable yet prudent budget planning so that citizens and residents will be able to continually enjoy the facilities and benefits available.

52. For this purpose, several provisions have been made in the Health Sector which includes the following:

- A net increase of 117 personnel posts for the Ministry of Health and the Departments under it, including positions for specialists, medical officers, and various positions for the new Women's and Children's Block;
- Provisions under Other Charges Annual Recurrent of the Ministry of Health are provided as follows:
  - Allocation of \$55 million for the purchase of medicines which includes an increase of \$500,000.00 for the Renal Department;
  - Provision of \$30.8 million for Medical Supply and Services, which is an increase of \$2.6 million from the previous financial year;
  - \$10 million provision under the Ministry of Health to finance the cost of sending patients for treatment abroad; and a total of \$20 million

under the Ministry of Finance for the payment of services provided by the Jerudong Park Medical Centre (JPMC); and

- An allocation of \$700,000.00, specifically for health promotion activities.

iii. A total of \$7.4 million is allocated for the purchase of tools and equipment for hospitals, health centres, dental services and others;

iv. Under the NDP, a total of \$30.8 million is available with an overall project cost of \$112.5 million for the medical and health needs.

53. Provisions of \$11 million in total will continue to be made available to tackle natural disasters and outbreaks of infectious diseases for the Ministry of Health [\$5 million], Ministry of Home Affairs [\$3 million] and Ministry of Finance [\$3 million].

54. Towards the creation of an integrated and dynamic society, some provision has been made to generate healthy activities amongst the community and youth as well as to support the Government's efforts to strengthen family institutions. This includes:

i. A provision of \$5 million with an overall project cost of approximately \$12 million for the NGOs Building for People with Special Needs Project. In addition, the Government is also allocating \$300,000.00 to assist the operating expenses needs of the NGOs;

ii. A provision of \$2 million is provided under Focus Expenditures specifically for the promotion and activities for insightful and independent youths, as well as for strengthening family institution program. This provision is intended for use by relevant agencies in gearing towards conducting the activities mentioned above.

iii. An increase of \$176,000.00 in the provision for teaching allowance (making it a total of \$200,000.00) for Religious Classes for Adults and Advanced Religious Classes that are provided for local communities. This effort is to support the country's aspirations in becoming a country of 'zikir'; as well as be able to strengthen community cohesion, at the district and village level.

iv. A total of \$400,000.00 is allocated for Strengthening Families Institution Program; and

v. Provision of \$600,000.00 for the Village Advisory Council will continue to be available.

55. To continually improve basic infrastructures and public facilities in the country, several provisions have been made, as follows:

i. Provision of Infrastructure and Public Facilities is allocated \$50 million under the operations of the Public Works Department;

- ii. Provision of \$4.9 million under Special Expenditure is made available for the maintenance and landscaping works at Housing Areas with an overall project cost of \$25.1 million; \$9.3 million for the Upgrading of Water Supply System with an overall project cost of \$52.2 million; \$11.9 million for Road Safety and Congestion Management with an overall project cost of \$38.6 million;
  - iii. In addition, under the NDP, provisions are provided for Sewerage Project of approximately \$40 million with an overall project cost of approximately \$87 million; \$88 million for Water Supply with an overall project cost of about \$280 million; and \$21 million for the Environment and Public Utilities with an overall project cost of approximately \$131 million; and
  - iv. For flood prevention, provisions under Special Expenditure are provided for the Upgrading of Drainage and Sewerage System Project amounting to \$17.5 million with an overall project cost of \$63.2 million; and \$24.2 million under the provisions of the NDP with an overall project cost of \$75.7 million. A sum of \$500,000.00 with an overall project cost of \$1.5 million price plan is also available for the Feasibility Study for Flood Prevention.
56. With respect to the damage to properties and basic amenities caused by flooding and landslides which occurred last January due to heavy rains, His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam has consented to an additional allocation of \$103 million, for the implementation of flood prevention projects with an overall project cost at an estimated \$68 million. This includes the construction of 11 flood prevention reservoirs to reduce the incidence of flooding in areas that are often affected; while \$35 million is available to finance the needs for repairs and rehabilitation due to the aftermath of the floods and landslides.
57. To improve access to home ownership, the provisions of \$129 million for National Housing will be provided under the NDP with an overall project cost of \$715 million. So far, a total of 37,974 homes were provided. To implement the National Housing Plan, the Government has spent a total of \$169 million in FY 2012/2013; and a total of \$136 million is expected to be spent in the FY 2013/2014.
58. For 2014, the National Housing Plan aims to provide a total of 6,258 houses for the country. In addition, the Brunei Economic Development Board under the provisions of the NDP will be allocated a total of \$20 million with an overall project cost of \$433 million to continue the construction of 1,500 houses for the Tutong National Housing Project; 4,000 houses for the Mengkubau National Housing Project; and 2,000 houses for the Kampong Pandan National Housing Project. In the FY2012/2013, actual expenditure recorded was at \$221 million; whilst a total of \$104 million is expected to be spent for the FY2013/2014.
59. To upgrade the electrical power supply system, provisions will be provided including:
- i. A total of \$2.8 million, for Power Generation System Maintenance, as well as an allocation of \$9 million for the Electricity Supply Systems Maintenance;



- ii. A total of \$5.9 million with an overall project cost \$31.3 million for the Improvement of Electricity Supply Systems, whilst a total of \$18 million with an overall project cost of \$131.5 million is allocated for the Long Term Service Agreement (LTSA) for the Maintenance of Gas Turbine Generator at the Department of Electrical Services Power Stations. This project aims to ensure the stability and strengthening of the electricity supply network in the country; and
  - iii. Under the NDP, a total of \$115 million is made available with an overall project cost of \$239.7 million for the implementation of projects under the Electricity Sector.
60. An allocation of \$3.1 million has been provided for the newly established Meteorology Department. It is hoped that this new department can provide meteorological services to the public in an effective and comprehensive manner, so that the country can continue to improve its readiness and preparedness in facing any possibilities.
61. A provision of \$14.5 million for the Padi Cultivation Project will continue to be available to strengthen the issue of food security. In addition, a sum of \$3.6 million with an overall project cost of \$12.6 million is also available under the NDP for Padi Production Development Scheme which is hoped to increase rice production in order to achieve self-sufficiency targets.
62. A total of \$10 million has been allocated for the needs of the participants of the TAP Housing Savings Scheme, which is a government initiative to encourage and help the citizens of this country, especially from the lower income group, to own a home. This amount takes into account the estimated eligible applicants for this scheme.
63. To safeguard the well-being and ensure the safety of Brunei students currently studying in Egypt, an additional provision was provided to fund the cost of rental of their residential buildings.
64. In addition, measures will be undertaken by the Government to ensure that poverty issues are addressed effectively. These include capacity building, providing opportunities and access to education and extensive training and so on. In this regard, a number of specific provisions continue to be provided which includes:
- i. A provision of \$3 million for assistance to children from low-income families in pursuing their education, including religious schools;
  - ii. An allocation of \$14 million for bus rentals to provide transportation for students who needs it;
  - iii. A provision of \$334,000.00 for Skills Training Programme to empower recipients of financial aid in the effort to tackle poverty issues.

- iv. Provision of \$2.7 million for Assistance Program specifically for the Youth Development Centre including for hiring additional skilled trainers, as well as in conducting programmes that will enhance youth skills. For example, the Ministry of Culture, Youth and Sports had provided trailer driver training to 12 locals, of which 9 of them found employment after completing their training; and
  - v. An increase of \$128,000.00 for Allowance (making it a total of \$138,000.00) for the Department of Community Development to fund lecturers and vocational instructors allowances at the Welfare Home Complex and 'Bahagia' Centres in all four districts.
65. Additionally, a provision of \$16 million is made available to fund expenditures that are geared towards the Budget Focus, which was introduced in past Financial Years. In addition, a sum of \$12.5 million is provided for miscellaneous projects under the Ministry of Finance, for the purpose of funding unforeseen needs.
66. Moreover, in efforts to provide equality for educational opportunity in this country, the Ministry of Education will launch a Tuition Class Pilot Project (PRKT) which is a free tuition program specifically for students that are offered education assistance through the Naja'ah Mifta'ahun Scheme, which means "Key to Success".
67. To implement the identified priorities effectively, the Government will continue to provide appropriate provisions to ensure the achievement of the set goals. To this end, His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam has consented for the project cost for the 10th National Development Plan, to be increased by \$1.65 billion, thus totalling \$8.15 billion. In line with this, the Government has also approved an additional allocation of \$350 million for the FY2013/2014, to finance the implementation of planned NDP projects.
68. In the National Budget proposals for the FY2014/2015, the Government will continue its main objectives as outlined in the Budget for the FY2013/2014. Through these objectives, the Government of His Majesty, God Willing, will continue to give emphasis for a sound, stable and sustainable financial system. With challenges of increased spending from year to year, coupled with increasing socio-economic needs of the country, efforts will continue to ensure that the spending plans are based on prudent use of resources yet achieving a more efficient, effective and productive expenditure; stimulates economic growth; value for money ; and avoiding wastage. In line with this, the budget planning policy is based on the principles of 'Fiscal Sustainability', in order to ensure prolonged financial stability and well-being, especially when the Government needs to fund mega projects as well as providing for unexpected needs given the unpredictable global economic conditions.
69. In this regard, Government agencies will continue to review and ensure that the expenditures are made in accordance with the approved budget based on priorities that have been set, in addition to improving accountability and governance in financial management. This includes ensuring that projects run smoothly and on time and that payments made are in order. Through the provisions provided, it is hoped

that the Government will be able to generate or achieve the targeted outputs and national outcomes.

70. Generating a stable economic growth can be achieved through increased productivity. Economic development is needed to help generate job opportunities for locals; assisting the private sector, especially small and medium enterprises; and increase government revenue. With this basis, the workforce from both the public and private sectors need to co-operate, work hard and committed to jointly support efforts towards the development and diversification of the economy that is intended for this country. This was also mentioned by His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in Celebrating New Year's Day 2014, in which he commanded that:

***"Efforts to boost economic growth also require us all to increase productivity levels respectively in both the public and private sectors. This is in keeping with the theme of the 10th National Development Plan which reads: Knowledge and Innovation, Improve Productivity, Accelerating Economic Growth. "***

71. It is our hope that all initiatives and efforts planned by the government will bear fruit with the support of all parties. Towards that, the government needs to continue to practice prudence in spending and expenditure plans focused on supporting the priorities, with the goal of generating economic growth and creating more job opportunities for the locals. Therefore, it is important that the Bill that is laid before us is supported.
72. With God's Will, the programs that have been planned, will meet the objectives and targets set and uphold our aspirations to make this country a peaceful nation. With this, I request for this law to be passed.