The 12th Malaysia Plan in the context of *Keluarga Malaysia*

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning to

Dr. Suraya Ismail, the moderator for today;

Dr Zunika Mohamed, the Deputy Director General (Macro) at the Economic Planning Unit, Prime Minister's Department;

Tan Sri Dato' Soh Thian Lai, President of the Federation of Malaysian Manufacturers (FMM);

Prof Datuk Dr Denison Jayasooria

Secretariat Head of the All-Party Parliamentary Group on Sustainable Development Goals;

Ladies and gentlemen,

1. Let me welcome everyone to this Zoom meeting. The long-awaited 12th Malaysia Plan will be tabled in Parliament on 27 September 2021. The uncertainties created by Covid-19 have delayed the tabling of the 12th Plan four times. As a prelude of its tabling, the EPU has decided to build up some momentum by encouraging public discussion on the future direction of the Malaysian economy in the next 4-5 years.

2. Like the five-year plans that came before, the 12th Plan will provide an overarching trajectory of the Government's development agenda. It provides a sense of direction to Government agencies, the private sector, investors and the public at large on the overall policy direction of the Malaysian Government.

3. We started the development planning process as early as 1956, when the First Malaya Plan was introduced. The Tunku's plan focussed on agricultural reforms. The

Second Malaysia Plan introduced the game changing New Economic Policy, which aimed at reducing poverty and the wealth gaps between the races in our country. The 12th Malaysia Plan will focus on rebuilding the Malaysian economy in line with the UN's Sustainable Development Goals (SDGs).

4. In preparing the Plan, the EPU has extensively engaged with various stakeholders as early as April 2019. I thank members of the private sector, civil society, MPs, Government ministries and agencies for all their inputs.

Ladies and gentlemen,

5. COVID-19 has resulted in job losses and business closures. Many lives were lost. The pandemic has laid bare a number of economic problems at the root of Malaysia's structural issues. Poverty, income disparities, low productivity are some of the challenges which have been exacerbated by the pandemic.

- On wealth inequality, based on DOSM's estimates, the Gini coefficient rose from 0.407 in 2019 to 0.411 in 2020 – demonstrating a bigger gap between the rich and the poor.
- On poverty, the percentage of Malaysians who live below the poverty line grew from 5.6% in 2019 to 8.4% in 2020. More than 600 thousand households from the M40 group have slipped into the B40 income category.
- Unemployment peaked at 5.3% in May 2020 and remained high at 5.1 percent in the second quarter of 2020.

6. Due to persistently high COVID-19 cases that disrupted economic activities, Bank Negara revised downwards our GDP growth forecast to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

7. In the last 18 months, the Government has announced 8 stimulus packages totalling RM530 billion or 36% of our GDP, to protect lives and livelihoods, as well as to support businesses. These programmes included cash transfers like the Bantuan Prihatin Nasional that benefited close to 11 million people, and wage subsidy programmes aimed to retain jobs that benefited more than 2.5 million workers and more than 300 thousand employers. These packages have been instrumental in supporting income and businesses, as well as helping to arrest a sharper decline in economic growth.

Ladies and gentlemen,

8. As highlighted in the World Bank's Aiming High Report, Malaysia needs to address several issues as we make the transition to a high-income country. These issues include the relatively slower rate of economic growth compared to many countries that achieved high-income status in recent decades. Malaysia has a lower share of employment in high skill jobs and higher levels of inequality compared to many other countries that have already graduated from middle-income status. And, compared to the OECD countries, our tax to GDP ratio is low, our social protection is insufficient, and we perform relatively poorly in terms of measures related to environmental management and corruption.

9. The challenges we have been facing in the last 18 months of course have also presented an opportunity to revisit our policies and strategies. Our priority is to build back better, to rebuild the Malaysian economy, to place Malaysia on a stronger economic footing and to build a more competitive economy. Our priorities in the next 10 years are as follows:

a. Increasing income, eliminating absolute poverty and reducing development gaps between states and regions;

b. Ensuring quality growth which is sustainable i.e. growth which will not compromise the environment;
c. Creating a policy environment that is conducive to private sector, investors both local and foreign;
d. Growth and development which is inclusive and which will result in more unity and cohesion in the context of Keluarga Malaysia; and
e. Ensuring that the Government delivery mechanism is enhanced to meet our developmental goals.

Ladies and gentlemen,

10. In the context of the Keluarga Malaysia concept expounded by the Prime Minister, we have to translate this idea to concrete action plans. To me, the idea of a Malaysian Family means that we put aside all of our differences and strengthen our bonds of friendship. Keluarga Malaysia also invokes the desire to bridge gaps and to promote happiness among our family members. The Malaysian family has to be united in order to achieve progress and stability. This Webinar is also an opportunity for us to come up with some ideas to discuss the parameters of the Keluarga Malaysia concept.

Ladies and gentlemen,

11. In growing the nation's economy, we must also ensure that development is sustainable and environmentally-friendly. We remain committed to ensuring that Government policies always take into account the need to preserve our nation's rich biodiversity for the benefit of our future generations. In our pursuit of increasing growth, we cannot neglect our responsibility to the earth. We want to enjoy our prosperity in a country that has clean rivers, clean air, extensive forest reserves, and a sustainable way of life.

12. Only then can Malaysia make the transition to becoming a sustainable, competitive, and high-income country – and with that, creating a better Keluarga Malaysia for all.

13. On that note, it is with great pleasure that I welcome all of you to the first Webinar on the 12th Malaysia Plan. I wish you a successful and productive conference. Thank you.

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