



## **KEYNOTE ADDRESS:**

### **The New Economic Model and The Malaysian Consumer**

by:

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# The Tenth Malaysia Plan will encapsulate all efforts to transform Malaysia into a high income and advanced economy



*1Malaysia – People First, Performance Now*  
**Preservation and Enhancement of Unity in Diversity**

**Government  
Transformation  
Programme (GTP)  
(6 NKRAs)**



**Effective Delivery of  
Government Services**

**Economic  
Transformation  
Programme (ETP)**

**(8 SRIs)**



**New Economic Model  
A High Income, Inclusive  
And Sustainable Nation**



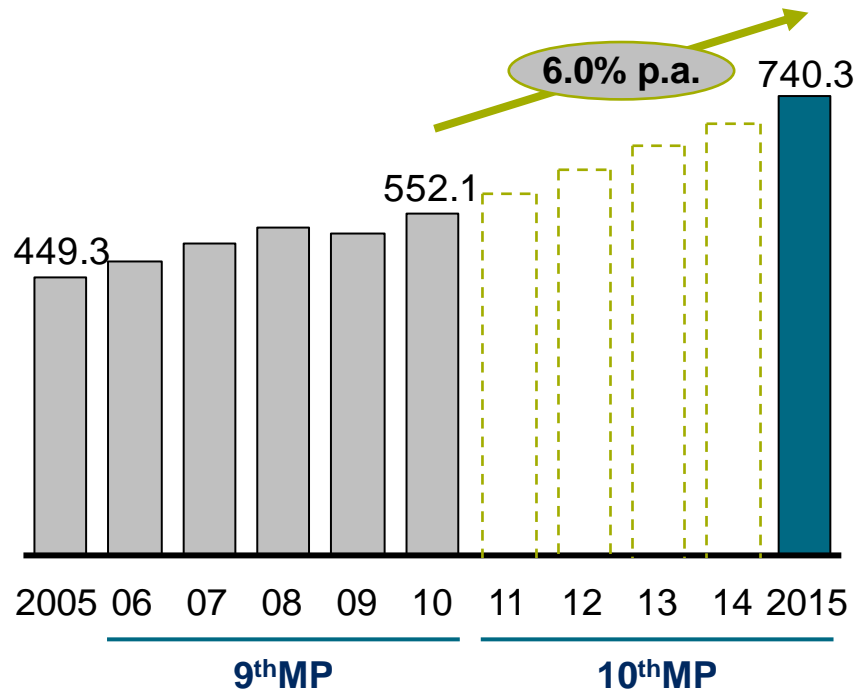
**10<sup>th</sup> & 11<sup>th</sup> Malaysia Plan Roll-Out**

Macroeconomic growth targets & expenditure allocation

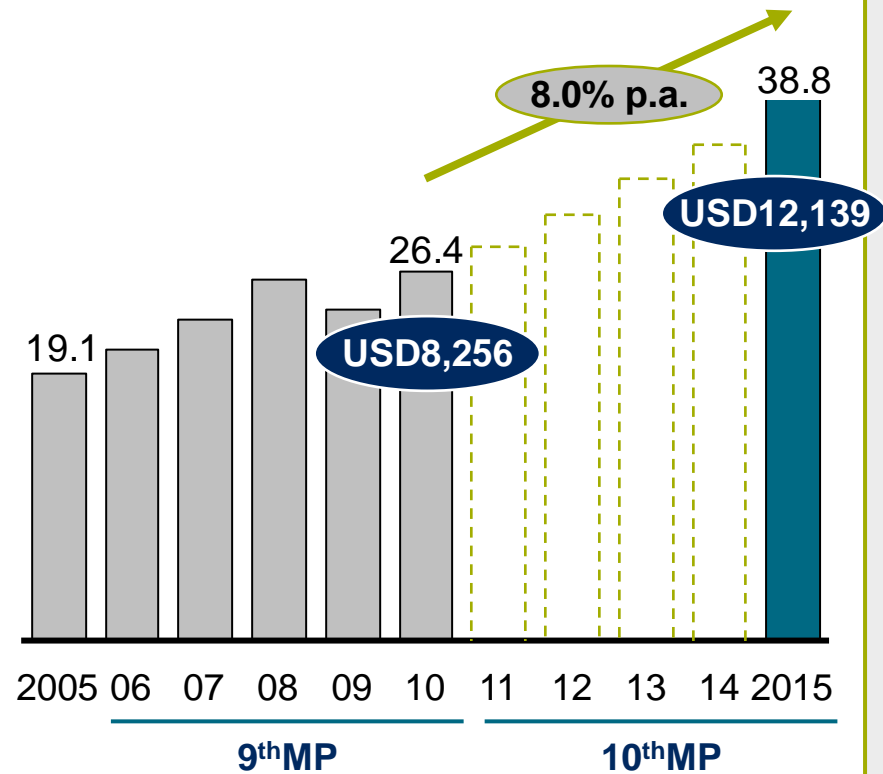
**Implementation of Government's Development Programmes**

# GDP is required to grow by 6% annually to achieve high-income nation

Real GDP (RM billions)



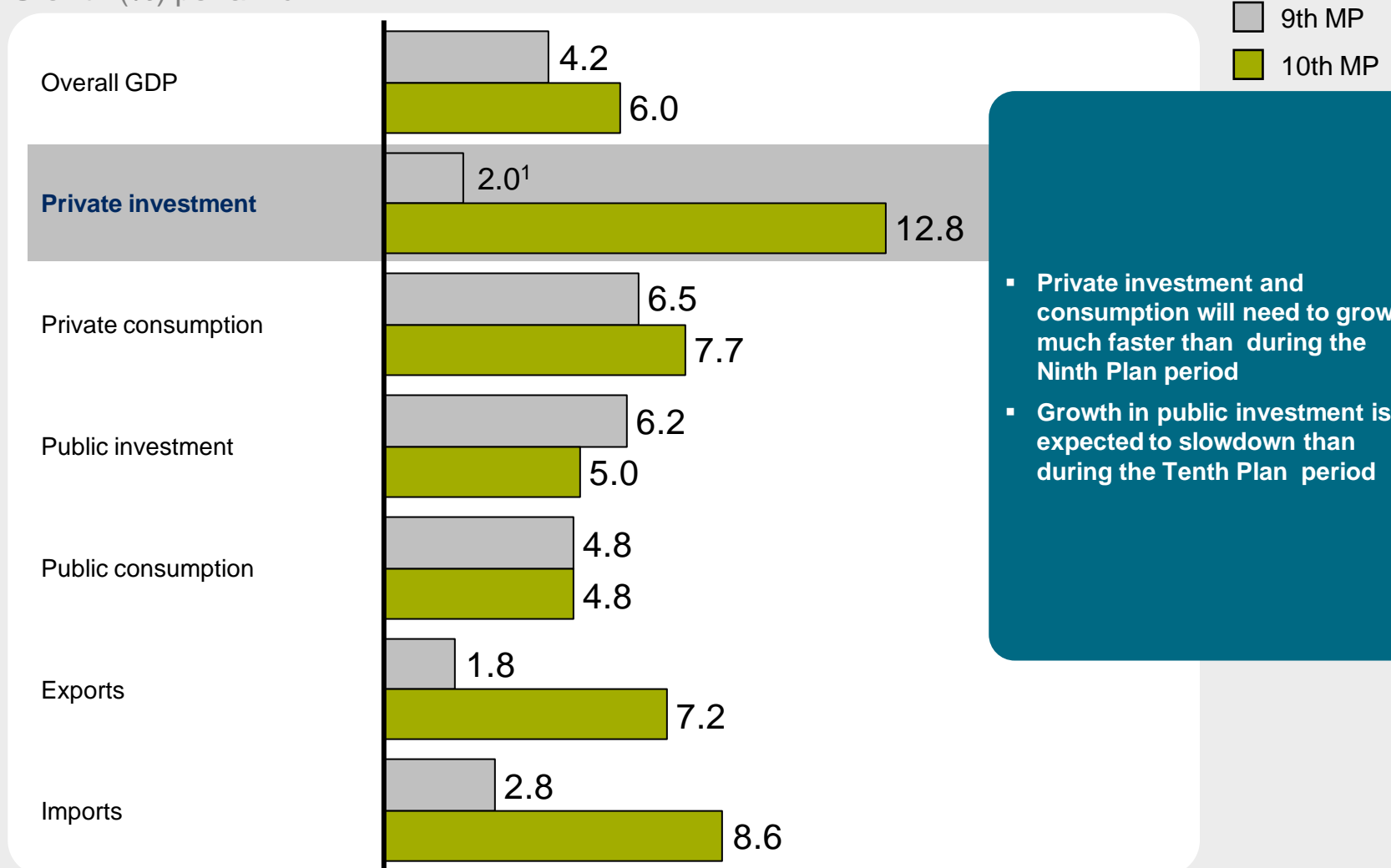
GNI per capita (RM thousands)



SOURCE: Economic Planning Unit and Department of Statistics Malaysia

# Growth in private investment and consumption will be much faster than during the Ninth Plan period

Growth (%) per annum



- Private investment and consumption will need to grow much faster than during the Ninth Plan period
- Growth in public investment is expected to slowdown than during the Tenth Plan period

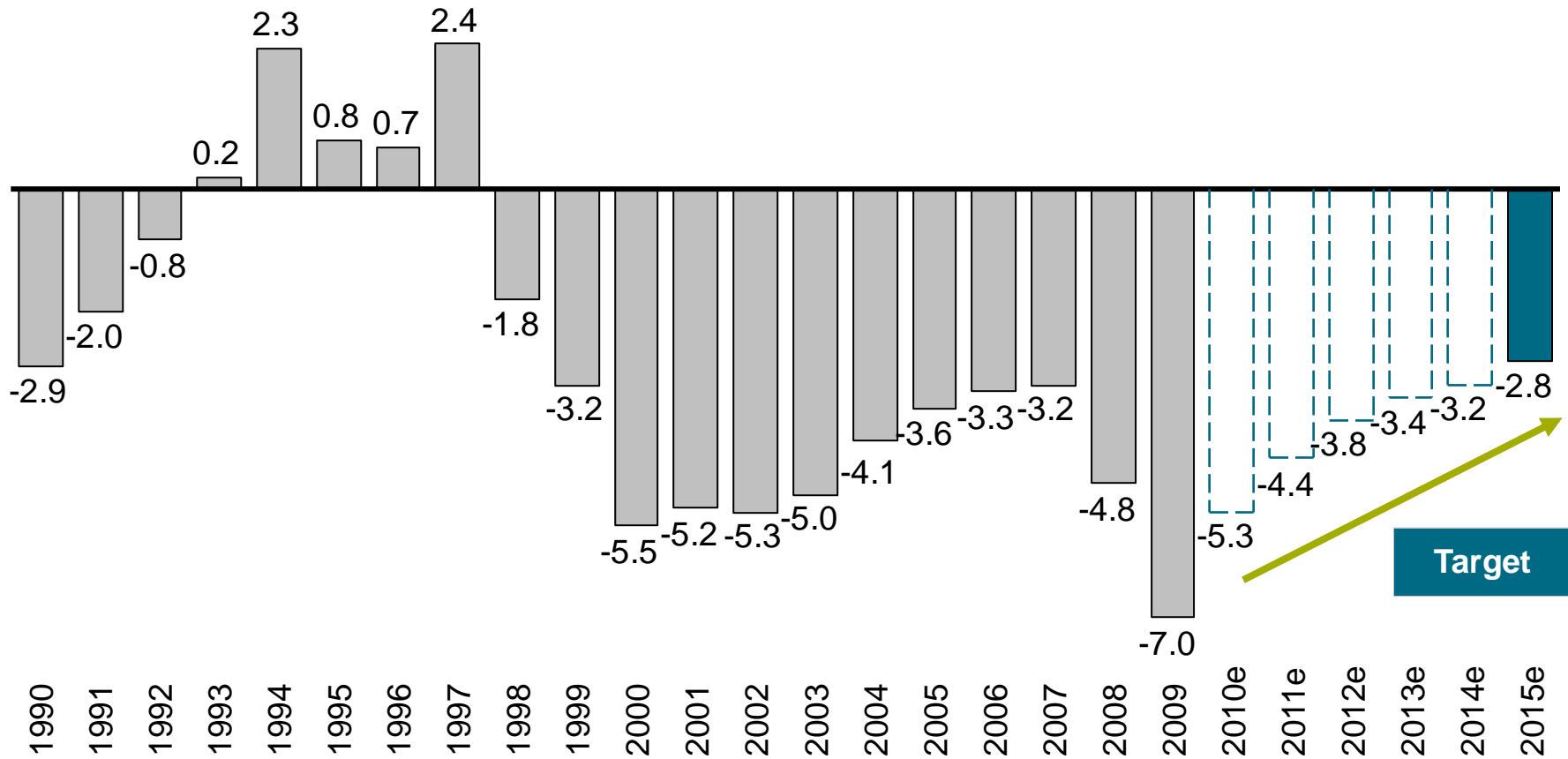
<sup>1</sup> Private investment contracted by 17.2% in 2009

SOURCE: Economic Planning Unit and Department of Statistics Malaysia

# Increasing deficit limits flexibility of Government to stimulate the economy

Fiscal Deficit (Percentage to GDP)

Need for private sector to be the main driver of growth



SOURCE: Economic Planning Unit and Ministry of Finance

# Elevating the livelihoods of the bottom 40%

## Key objectives

### 1 Raising income generation for both rural and urban households

Target to increase mean income from RM1,425 in 2009 to RM2,300 in 2015

### 2 Education attainment for children

### 3 Strengthening the social safety net

### 4 Addressing the needs of special target groups

## Programmes

- For rural households, MARA will lead the support for Bumiputera enterprises by providing technical and entrepreneurship training, funding and supply of critical equipment
  - Employment hubs will be created to link employers in clusters and cities to talent pool in rural areas and provide training
  - Increasing sustainability of income in agriculture sector through contract farming and agropolitan projects
  - Urban households provided with sustainable entrepreneurship models e.g. cluster models, anchor company programs and stronger private sector collaboration through industry specific skill centers
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- Special consideration for placements in boarding schools, matriculation centers and public universities
  - Expanding of boarding schools programmes for standards 5 and 6, which will group rural children and enable them to attend better schools with a more conducive learning environment
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- Provision of income support for special needs groups
  - Assisted housing for poor households which would include home upgrading or subsidized home construction for rural poor
  - Broader healthcare coverage for rural and urban bottom 40% households
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- **Bumiputera in Sabah and Sarawak, especially Bumiputera minority and Orang Asli:** Provision of land development and ownership schemes and product marketing through cooperatives
  - **Chinese New Village residents:** Provision of financial options for renewal of land leasing and credit facilities for businesses
  - **Estate Workers (Indians represent significant numbers):** Provision of basic amenities and facilities e.g. road, electricity, treated water, school facilities, housing and skills retraining programs

# Targets have been set within the Tenth Plan period to ensure that inclusiveness will be addressed from multiple angles

## 1Malaysia perspective

Inclusiveness programmes aim to provide all Malaysians with equitable opportunities to participate in economic growth. The target is to have a more balanced economic composition in high paying jobs and ownership of higher value added businesses

## Income perspective

Inclusiveness programmes will focus on the bottom 40% households to enable their mean income to increase from RM1,440 per month in 2009 to RM2,300 per month in 2015

## Geographic perspective

Regardless of location, citizens will be able to enjoy equitable access to basic infrastructure and services through expanding the provision of electricity services, treated water supply, road infrastructure, education and healthcare services

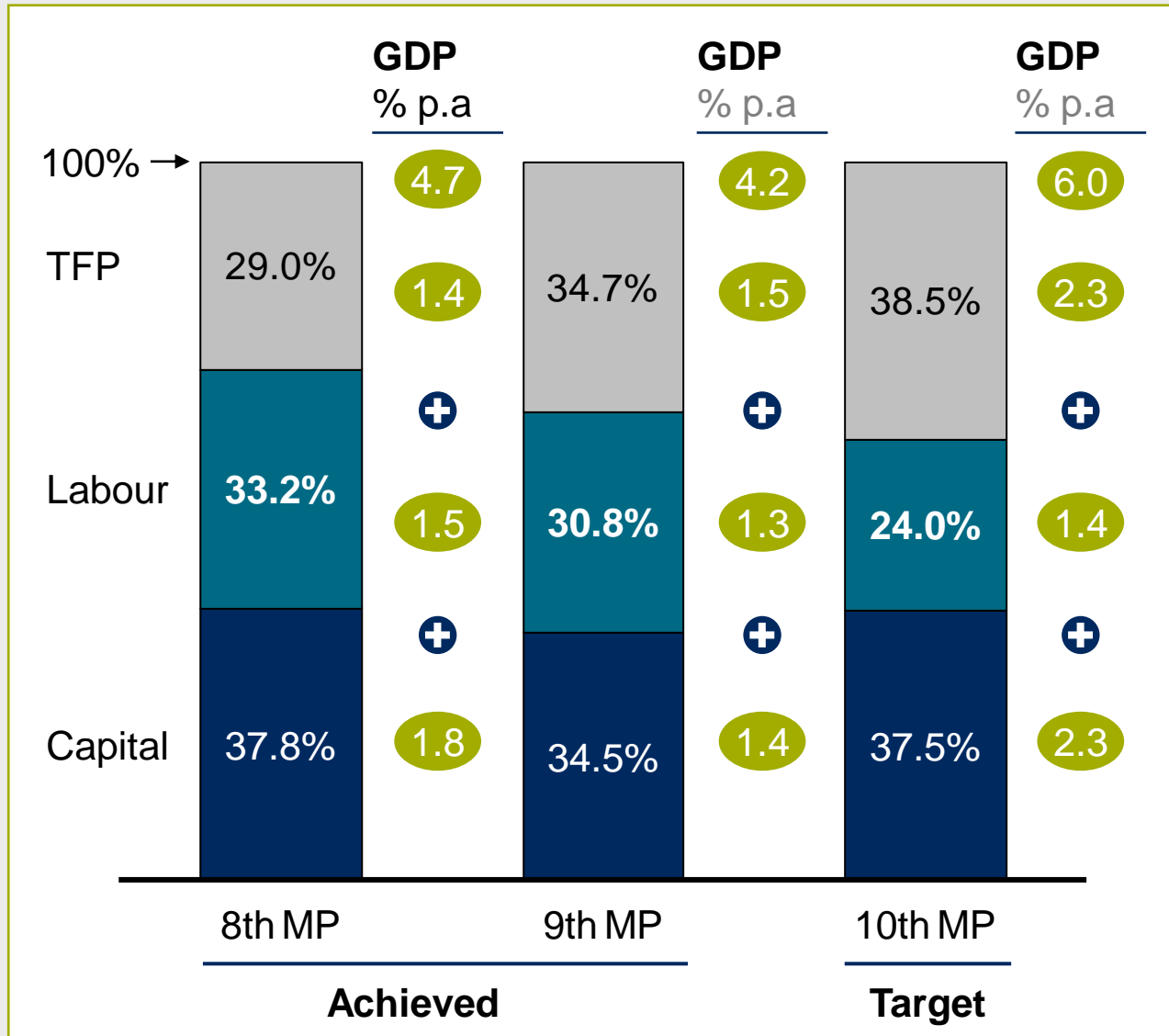


Inclusive  
Development

## Social perspective

Inclusiveness programmes will ensure that disadvantaged groups such as the disabled are supported to be valued participants in society and where necessary, adequately assisted to raise their quality of life. The target is to achieve a labour force participation rate of disadvantaged groups in line with international benchmarks

# Total Factor Productivity is expected to increase

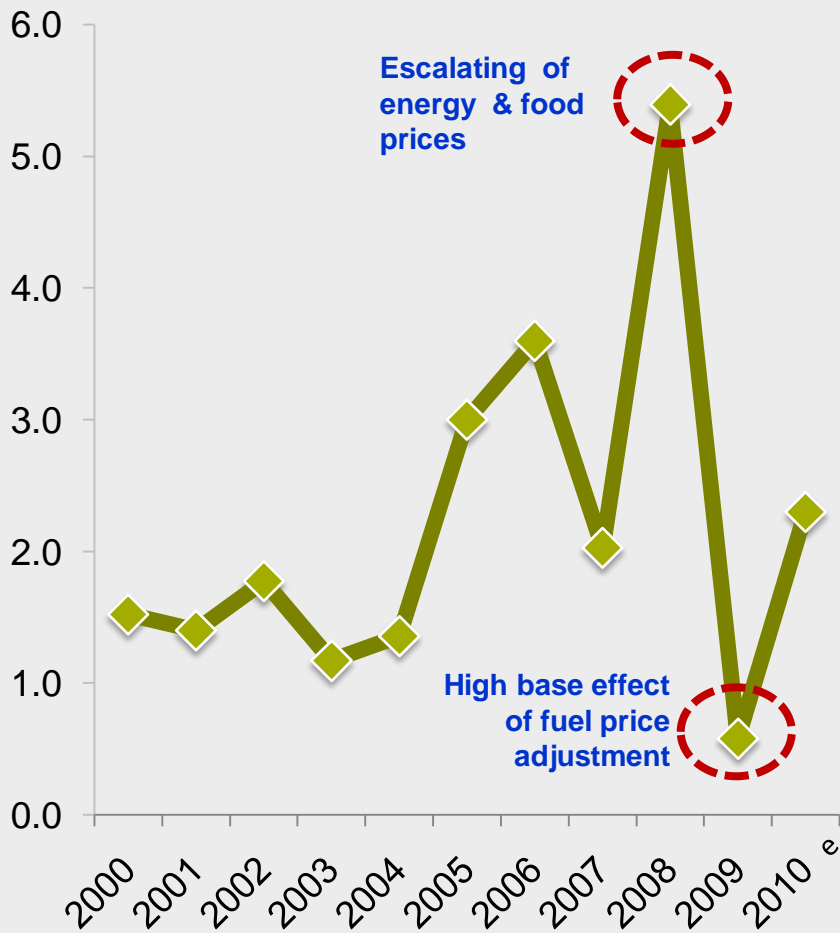


SOURCE: Economic Planning Unit

# Inflation is relatively low in Malaysia

## CONSUMER PRICE INDEX (2005=100)

% change



<sup>e</sup> Estimate

SOURCE: Economic Planning Unit and Department of Statistics

Component	% Growth (YoY)		
	2008	2009	Jan-Apr 2010
Total	5.4	0.6	1.3
Food & non-alcoholic bev.	8.8	4.1	1.6
Alcoholic bev. & tobacco	7.3	6.1	3.0
Clothing & footwear	-0.5	-0.9	-1.5
Housing, water, electricity, gas & other fuels	1.6	1.4	1.0
Furnishings, household equip. & household maintenance	3.0	3.0	0.7
Health	2.2	2.2	1.5
Transport	8.8	-9.4	0.8
Communication	-0.6	-0.5	-0.4
Recreation svcs. & culture	1.8	1.6	2.7
Education	2.3	2.3	1.7
Restaurants & hotels	6.6	2.9	1.6
Misc. goods & services	3.3	3.7	2.9