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Insight | 11th Malaysia Plan

2020 vision

With Malaysia only five years away from its Vision 2020 target, the unveiling of the 11th Malaysia Plan charts the last leg of the journey and puts people centre stage





Vision 2020 has been part of the Malaysian consciousness for more than two decades. In 1991, when the government issued the challenge to make Malaysia a fully developed country by 2020, it was a distant goal that few could visualise.

'When it comes to people, it takes two decades to build the skillsets and moral values of future generations'

But 2020 is now only five years away. As prime minister Datuk Seri Najib Tun Razak says in his foreword to the 11th Malaysia Plan (11MP), it is 'the last leg of our momentous journey'.

Covering 2016 to 2020, the plan is meant to steer development efforts so that Malaysia becomes an advanced nation that is inclusive and sustainable.

Going by the principal economic yardstick of gross national income (GNI) per capita, achieving high-income nation status by 2020 seems within reach. Productivity and innovation are important pillars of the plan, but a bit of luck with currency strength is always helpful.

Last year, GNI per capita rose from RM30,809 to RM34,1232. The government expects this to swell to RM54,100 by the time the 11MP has run its course.

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However, the ringgit has since softened significantly. At the exchange rate in early July of RM3.80 per US dollar, RM54,100 is only about US\$14,200.

Considering that there is time for the ringgit to bounce back, some optimism is not out of place.

However, a country cannot rise purely by working the levers of its capital economy. The government itself points out that growth is not measured by economic success alone.

It adds: 'The wellbeing of the rakyat [people], and a commitment to inclusive and sustainable growth, are necessary hallmarks of an advanced nation.' This explains the theme of the 11MP: Anchoring growth on people.

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This means that the plan was formulated with the people as 'the centrepiece of all development efforts'.

Nobody disagrees with this choice of theme. Patrick Tay, executive director of PwC Malaysia and head of its economics practice, welcomes what he sees as a clear and decisive focus on quality of life. In the end, economic and national development ought to be aimed at improving the lives of the people.

'The economy is not a theoretical construct. It is a living system constituting many independent parts, at the heart of which are individuals, whether they are playing the role of labour, owners of capital, regulators, implementers, innovators, etc,' he adds.

KPMG Malaysia managing partner Datuk Johan Idris says: 'Tall buildings, skyscrapers, roads and power plants are impressive features of a country's infrastructure, but education, lifelong learning opportunities, diversity and inclusiveness, and accelerating human capital development are far more likely to shape the destiny of Malaysia beyond 2020.'



Human touch

Datuk Pardip Kumar Kukreja, executive chairman of the Paradise group of travel and hospitality companies and a member of Pernudah (Special Task Force to Facilitate Business), reckons that the theme is long overdue because human capital has been Malaysia's weak spot for several years.

Malaysian Alliance of Corporate Directors president Paul Chan, who is also a council member of the Malaysian Institute of Accountants, is not entirely convinced that five years is enough to develop human capital that can support Vision 2020. It is a long-term process, he argues, that relies on robust policies on education and training.

He cites the target of having 60,000 accountants in Malaysia by 2020. That requires a doubling of registered accountants over the next five years. Chan says the profession's current average annual growth rate is nowhere close. Many other fields face similar challenges, and the brain drain facing Malaysia compounds the problem.

Ernst & Young Malaysia managing partner Datuk Abdul Rauf Rashid shares Chan's view. 'In practice, when it comes to people development, it takes two decades to build the skillsets and moral values of future generations,' he says.

Hope lies in that fact that one of the 11MP's six strategic thrusts is accelerating human capital development for an advanced nation.

The other five are enhancing inclusiveness towards an equitable society, improving wellbeing for all, pursuing green growth for sustainability and resilience, strengthening infrastructure to support economic expansion, and re-engineering economic growth for greater prosperity.

In addition, there are six game-changers, which are described as 'innovative approaches to accelerate Malaysia's development, that, once successfully applied, will fundamentally change the trajectory of the country's growth'.

Game-changers

The game-changers are: unlocking the potential of productivity; uplifting B40 households (the bottom 40% household income group) towards a middle-class society; enabling industry-led technical and vocational education and training; embarking on green growth; translating innovation to wealth; and investing in competitive cities.

Johan believes that these strategic thrusts and game-changers will lead to behavioural change among Malaysians, cost-effective allocation of funds, adoption of innovative technologies, and the delivery of critical long-term planning and services through market-tested leading service providers, alliances and partners.

PwC's Tay likes the 11MP's emphasis on productivity. The shift from a government-led approach to an industry-government joint effort is the right step forward, he says, and if paired with regulatory reforms, it can result in a jump in productivity.

The goal is to drive labour productivity to RM92,300 in 2020 from RM77,100 this year.

One aspect of the plan that jumps out at EY's Abdul Rauf is the intention to move from a public sector that governs for citizens towards more participatory governance by citizens.

'With participatory governance, government bodies will need to be reshaped and to move beyond service provision to become service facilitators instead. This is refreshing and welcomed,' he says.

The changes that need to happen include the government becoming more citizen-centric and focusing on enhancing productivity and efficiency of the civil service. If that indeed happens, people can look forward to the public sector understanding better citizens' preferences and engaging them as partners in service design and delivery.



Enabling environment

If implemented well, says Tay, the 11MP will create an enabling environment for business and finance to prosper. 'Demand conditions will be strong due to economic growth, and the potential to innovate new business models and products will be able to be realised because of a more enabling, business-friendly environment,' he adds.

A nation's development is perennial. In reality, the next five years are not a final lap and 2020 is not a finish line but a checkpoint – albeit an admittedly important one.

The government notes that the 11MP not only marks the culmination of a 30-year journey towards Vision 2020; it also sets the stage for the next horizon of growth.

It states: 'Post-2020, the challenge will be to raise the bar even higher on the country's growth prospects along three dimensions; namely, economy, people and environment.'

Minding the megatrends

Trained to analyse and look ahead, accountants are expected to be good trendspotters. The large accounting firms have woven this into their range of services by publishing reports and providing online information on major changes and future directions in business and the economy. These firms usually have plenty to say about megatrends, which EY defines as 'large, transformative global forces that impact everyone on the planet'.

The 11th Malaysia Plan (11MP) is seen as a validation of these firms' trendspotting prowess because some of the megatrends they have discussed are reflected in the plan. More importantly, this also suggests that Malaysia is on the right track because its development roadmap for the next five years takes into account the big patterns and movements that are shaping business and society.

Datuk Johan Idris of KPMG points out that the plan's key aspects are timely and in line with the nine megatrends highlighted in a 2013 report titled Future State 2030, which was produced by KPMG International in collaboration with the Mowat Centre, an independent public policy think-tank in Canada. 'The identification of the six strategic thrusts and six game-changers are consistent with global megatrends that are impacting governments and citizens alike into 2020 and beyond. The megatrend pressures will necessitate numerous and varied changes,' he says.

The megatrends in the KPMG report are demographics, rise of the individual, enabling technology, economic interconnectedness, public debt, economic power shift, climate change, resource stress and urbanisation.

Similarly, EY's Datuk Abdul Rauf Rashid notes that several of the 11MP's proposed measures run parallel to or connect with some of the megatrends singled out by his firm in its Megatrends 2015 report.

'The 11MP outlines pursuing growth that is based on the concept of sustainability. This ties in closely with EY's "resourceful planet" megatrend, which emphasises effective management of natural resources,' he says.