Briefing to IMBA Members

24 August 2016 | Ku Kok Peng

We have entered into our sixth year of Malaysia’s national transformation programme

We stand guided on our 2020 targets in our transformation journey

national transformation programme

Being Inclusive

Building Growth and Resilience

Gaining Confidence and Validation

NTP has touched the lives of many Malaysians

Direct impact examples

- **6 mil** people under rural development
- **3 mil** primary students under education
- **6 mil** GKL population enjoy Urban Public Transport
- **2.9 mil** people out of poverty line due to min. wage
- **6 mil** BR1M recipients
- **293,036** people moved out of poverty

Indirect impact examples

- GNI growth of **50%** between 2009 and 2015
- Jobs under NKEAs: **1.5 mil** out of a total job creation of 1.8 mil
- Increase in investor confidence
- Infrastructural development

national transformation programme

23.3

million Malaysians

6.2 mil Malaysians in rural areas have benefited

Through rural infrastructure projects delivered

5,286
kilometres of rural roads completed

benefiting 3.5 million rural people

334,593
rural houses have access to clean water

benefiting 1.6 million rural people

144,025
rural houses with reliable electricity

benefiting 720,125 rural people

79,137
rural houses built and restored

benefiting 412,360 rural people

293,036 Malaysians have moved out of poverty

Through economic empowerment

	**198,943**	Households participated In the 1AZAM programme
	**76,822**	1AZAM participants Increased their income by RM300 for 3 months
	**85,631**	1AZAM participants in financial literacy programme
	**83**	Number of 1AZAM projects collaborating with not-for-profit / corporate sector

Note: Cumulative figures. Increase in income by RM200 in 2012 and RM300 in 2013, 2014 & 2015. Programme started from 2012 onwards.

Big wins in urban public transportation delivered

Bus

- **Sunway Bus Rapid Transit** in operation
- **470** new RapidKL buses
- **9** Bus Expressway Transit (BET) corridors
- **1,549** new/refurbished bus stops
- 4 GO-KL bus routes
- **5 city bus terminus (HAB)** begin operations
- **58 Passenger Information System (PIS)** has been installed at major bus stops
- Bus Network Revamp for 8 corridors

Rail

- **35 four car-sets** injected into **LRT Kelana Jaya line**. AM Peak headway is **less than 3 minutes**
- **38 six car-sets** injected into **KTM Komuter service**. AM Peak headway is reduced from 30 to 15 minutes
- **35km–long of LRT extension** is completed and commissioned
- **5 of the 12 four-car sets** injected into the **KL Monorail service**

Improved last-mile connectivity

Integration

- **ITT Bandar Tasik Selatan** and **IUTT Pudu Sentral** begin operation
- **9,346 additional parking bays** completed within KL rail network
- **Single-ticket journey** made available between LRT Kelana Jaya / Ampang lines
- **Pedestrian linkages** connecting to rail stations improve the connectivity

Taxi

- **Nearly 9,000 taxis** have attained ASEAN best-in-class standard
- About 1,000 new taxis (Proton Exora) have been launched under the Teksi 1Malaysia scheme (TEKS1M)
- Cabinet approved ride-sharing services e.g. Uber, Grab regulation by SPAD

Almost 100% literacy rates in primary schools

Better literacy and numeracy rates among primary students

NUMERACY RATE

AVERAGE

99.1%

(YEAR 3 STUDENTS, 2015)

LITERACY RATE

(2015)

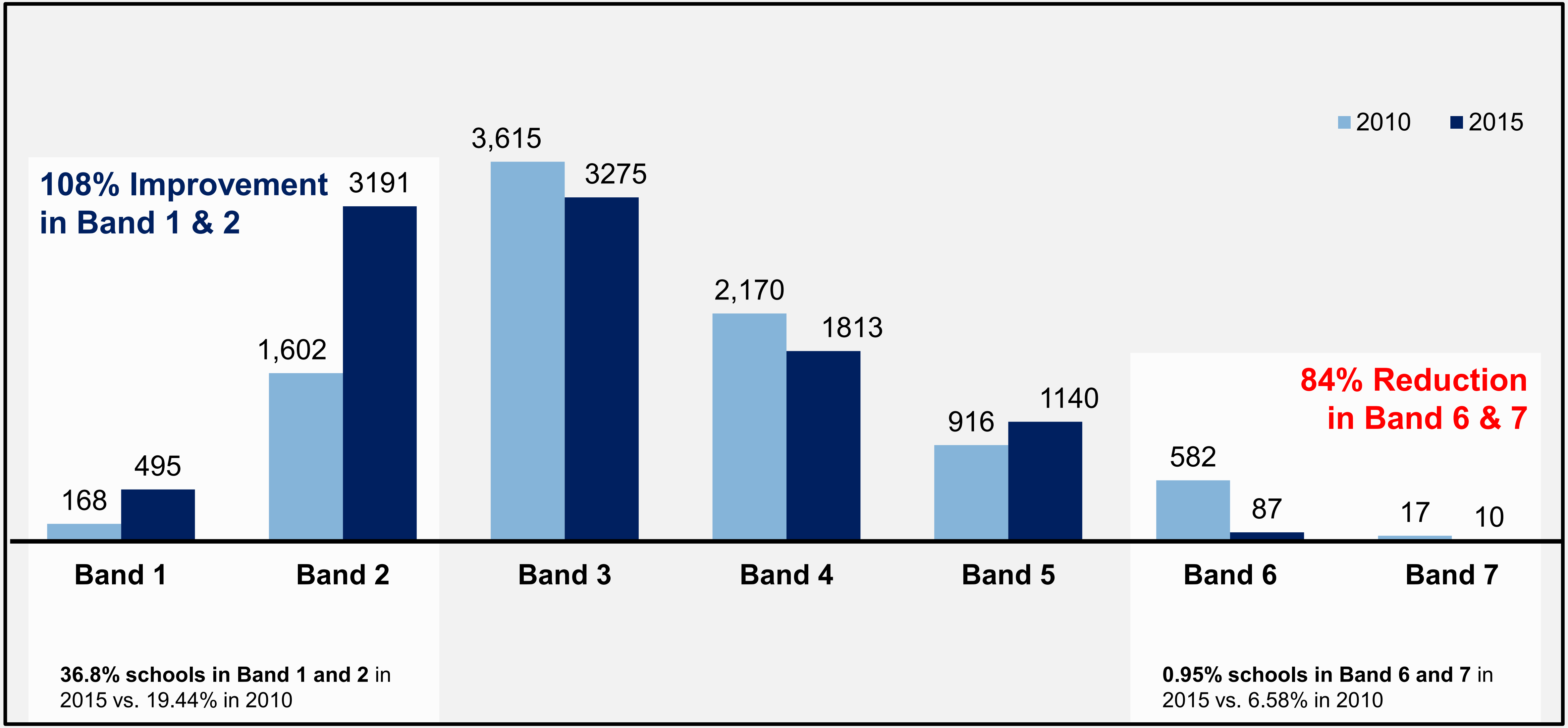
AVERAGE

96%

BM PROFICIENCY FOR YEAR 3 98.6%
ENGLISH PROFICIENCY FOR YEAR 3 94.1%

Note: 2010 banding based on 2009 examinations; 2015 banding based on 2014 examinations

108% improvement in Band 1 & Band 2 schools



Note: 2010 banding based on 2009 examinations; 2015 banding based on 2014 examinations

Green-light for Dual Language Programme

300

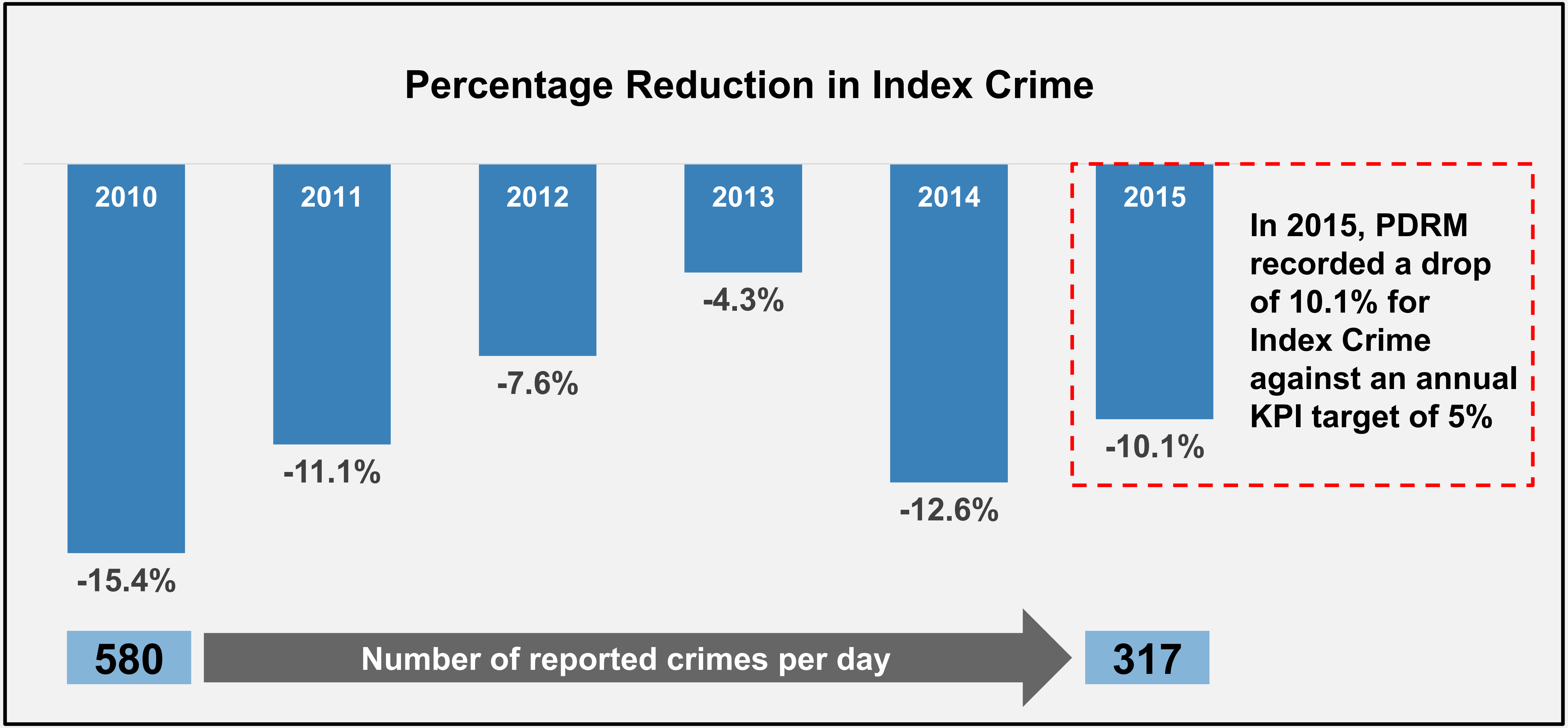
Schools piloting the Dual Language Programmes (DLP)

A serious effort in improving English proficiency and building talent

Schools need to meet **FOUR** main qualifying criteria on DLP:

- Leadership readiness
- Resource readiness
- Parental agreement
- Meet national average pass rate for BM

Index Crime has dropped year-on-year



national transformation programme

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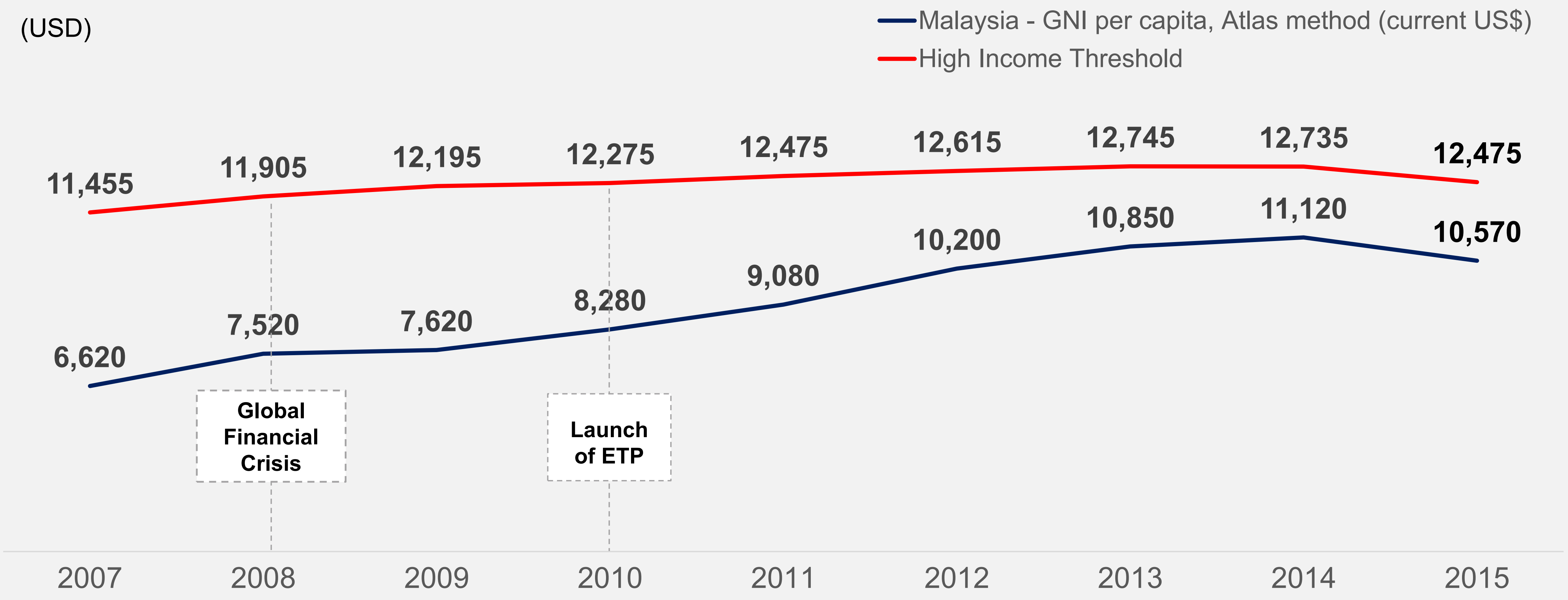
2015 was a hotbed of challenges

Global currency collapse: Value of ringgit affected, just like many other global currencies

Ill effects of the dramatic drop in oil prices and soft commodity market

Shifts in global demand patterns: US, the Eurozone and China worked on strengthening their own economies

On target towards high income status despite 2015 global headwinds



Source: World Bank Atlas Method, PEMANDU estimate based on World Bank's GNI per capita calculation using the Atlas Method.
2015 GNI Capita Estimate has been updated since the printing of the Annual Report.

Government responded quickly

2016 Budget was recalibrated in January

Fiscal Adjustment Measures Announced in the 2016 Budget Recalibration

		RM billion
Expenditure optimisation measures		**9.0***
1	2 – 5% scale down in supplies and services	1.7
2	Rationalisation of grants and transfers	1.0
3	Lower subsidy on LPG and diesel	1.0
4	Delay asset purchase	0.2
5	Reprioritisation of development expenditure	5.0

1. **Implementation of prudent and pre-emptive measures to reprioritise Government spending**
2. **Cost-cutting measures in Government's operating expenditure**
3. **Reprioritisation of development expenditure**
4. **Measures to broaden revenue sources**

Maintained focus on high-impact infrastructure projects

Floating LNG offshore Sabah and Sarawak

Hydroelectric Plant in Ulu Jerai, Pahang

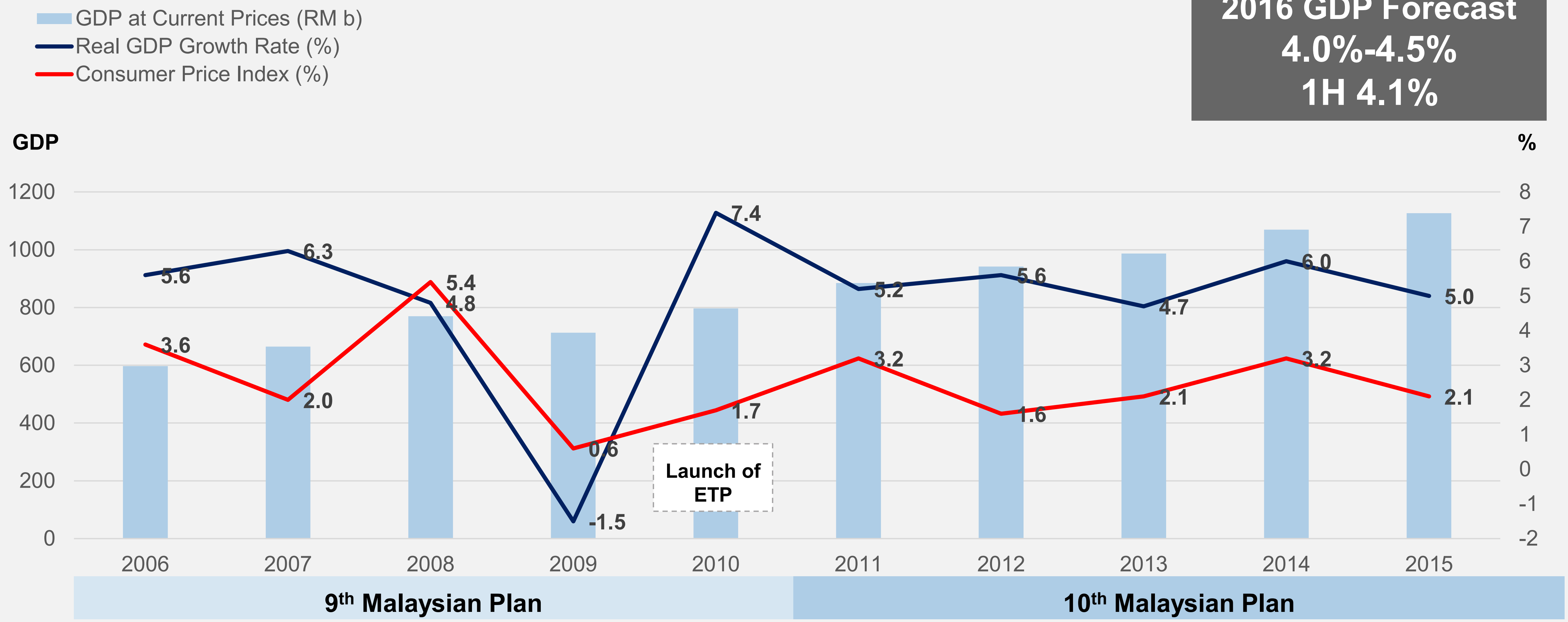
Refinery and petrochemical facilities in Pengerang

High-Speed Broadband Phase 2

LRT Extension & New Lines

MRT Line 2

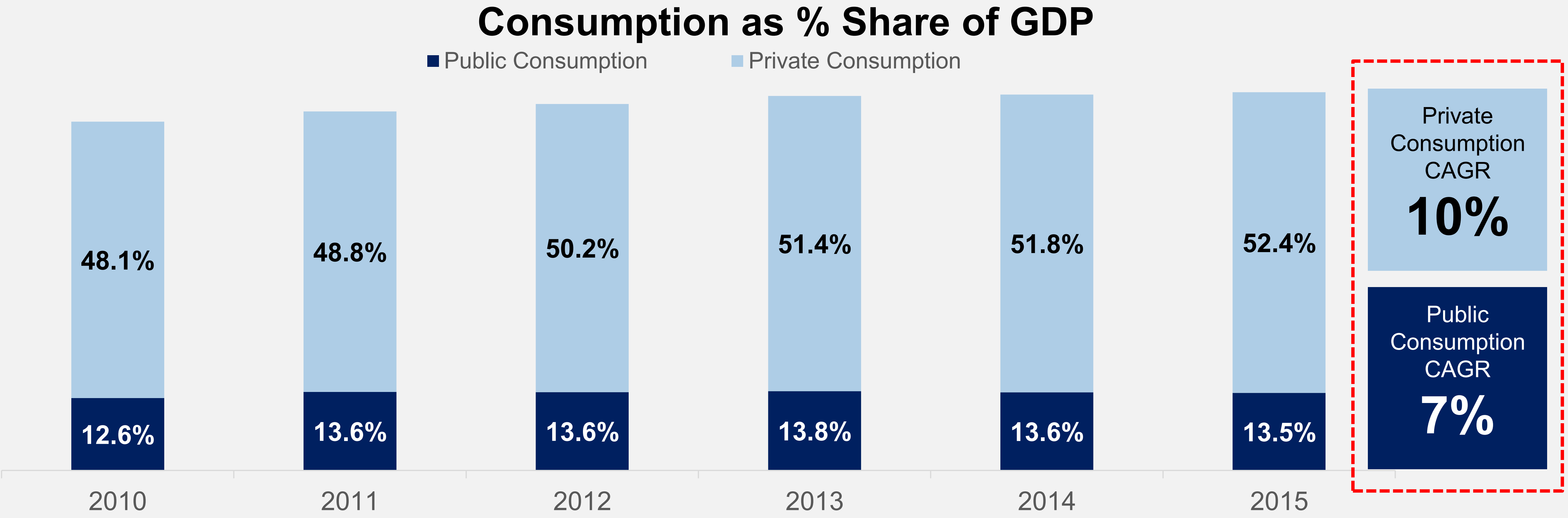
Growth sustained at 5% in 2015



2016 GDP Forecast
4.0%-4.5%
1H 4.1%

Source: Department of Statistics Malaysia using current Prices

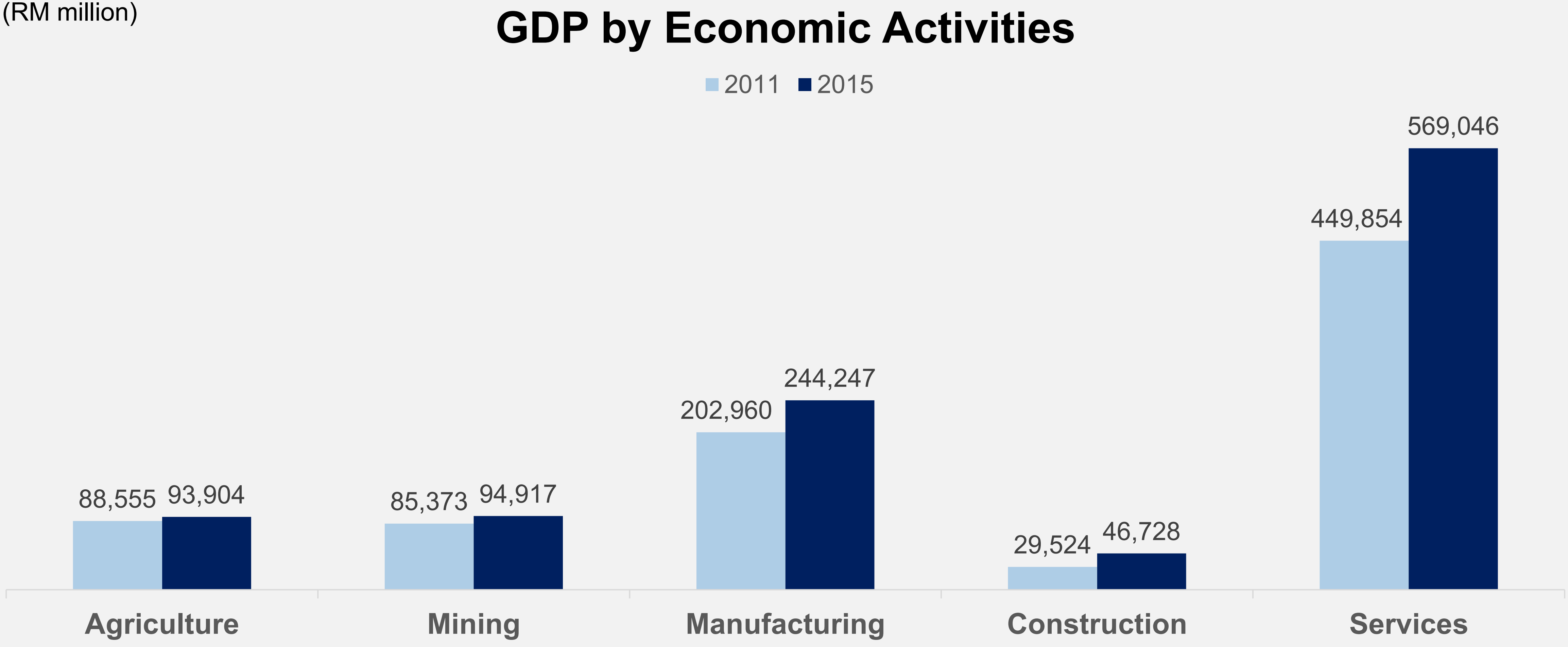
Private consumption is growing faster than public consumption



Note: Figures used are in constant prices // Source: BNM

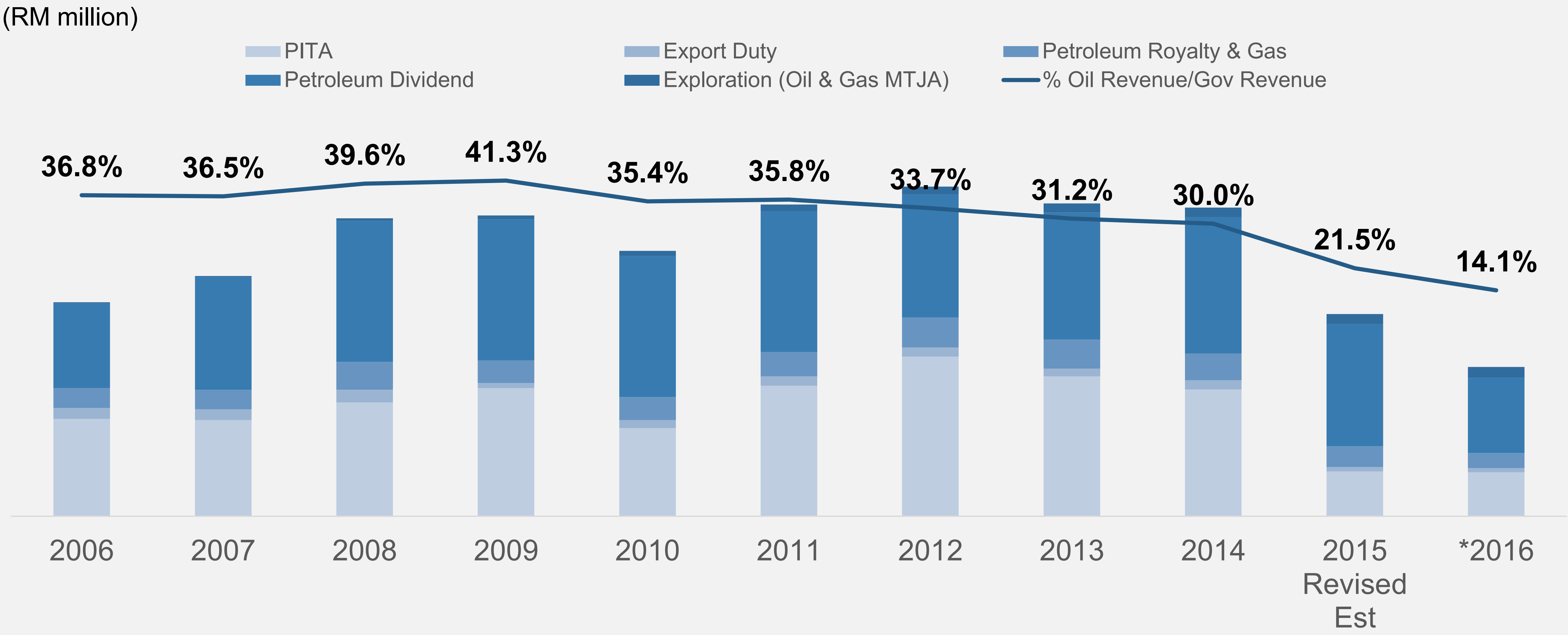
Strong growth in services and manufacturing cushions weaknesses in commodities

(RM million)



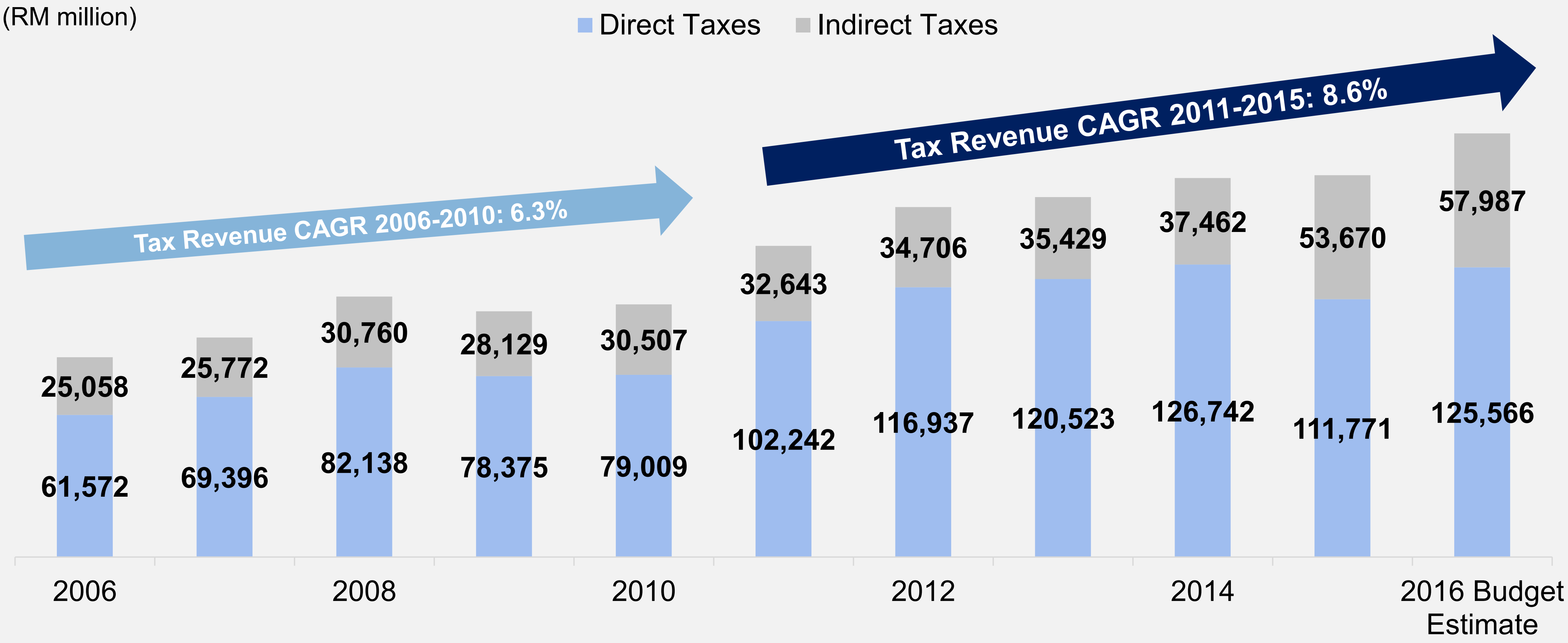
Source: Ministry of Finance, in Constant 2010 Prices

Government less dependent on oil revenue



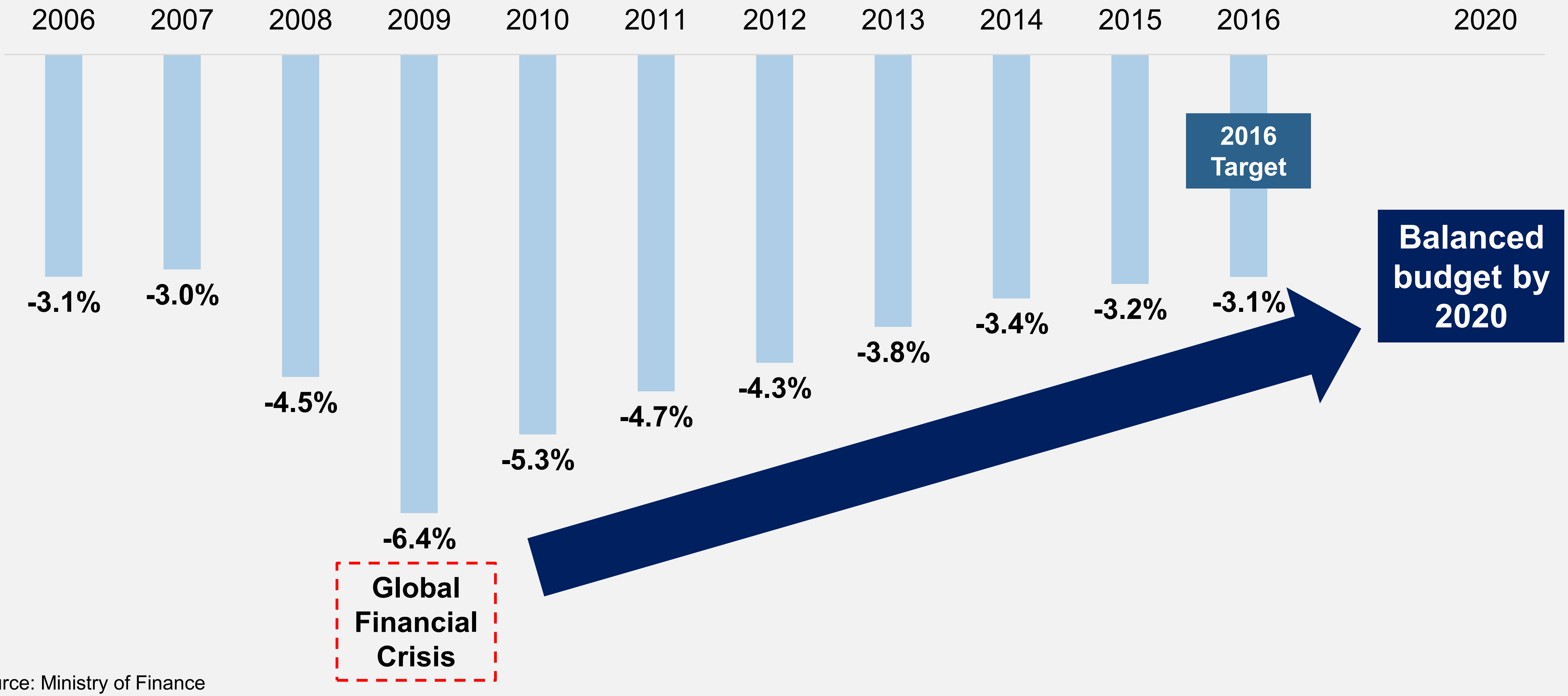
Source: Ministry of Finance // *Budget Estimate

Government revenue increasing



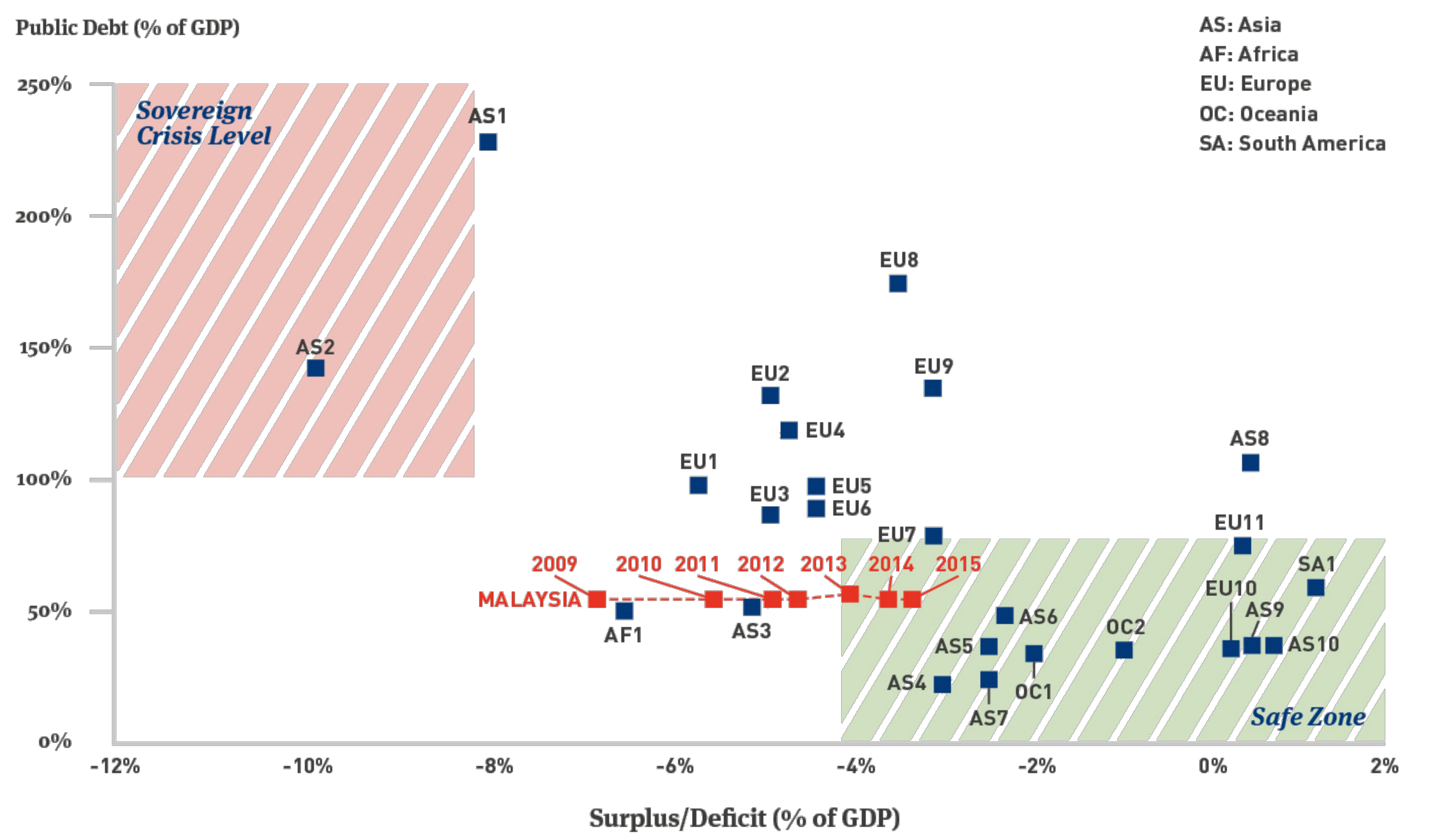
Source: Ministry of Finance

Fiscal position continues to improve



Source: Ministry of Finance

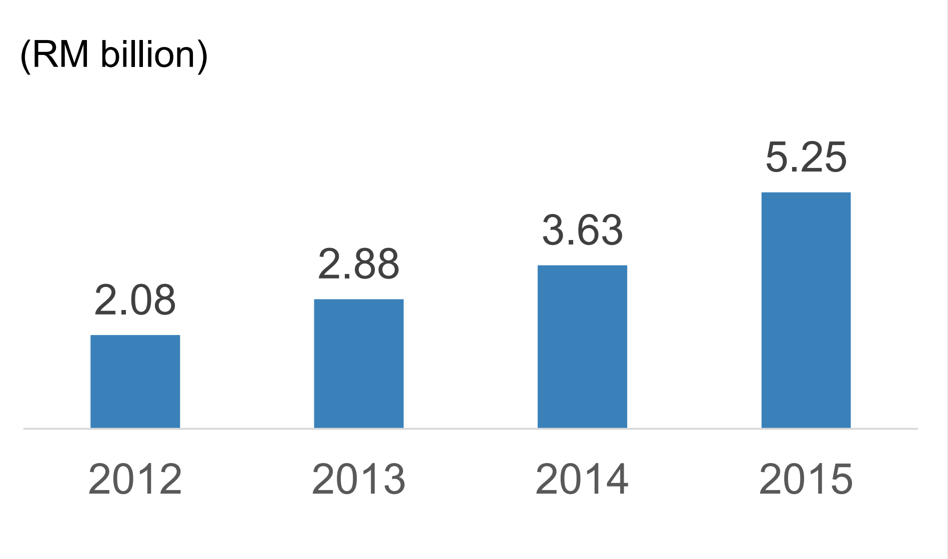
Malaysia in the "Safe Zone"



Note: All figures are as of 2015 est. // Countries markers are masked and coded for confidentiality
Source: MOF; BNM; CIA World Factbook; PEMANDU Analysis

BR1M has targeted assistance for low-income households

Higher Bantuan Rakyat 1Malaysia (BR1M) cash transfers

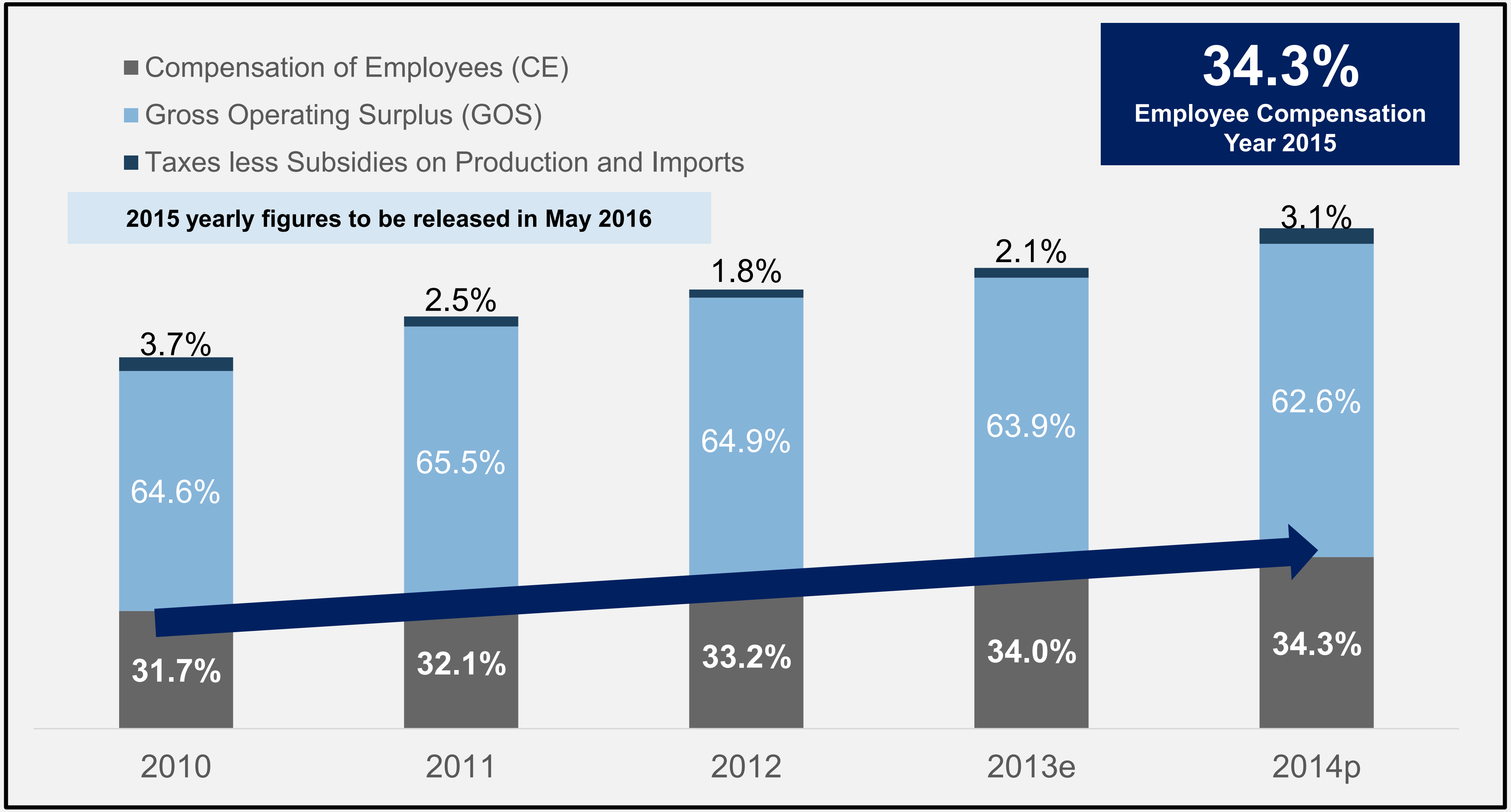


7 MILLION recipients (households & singles) received BR1M since 2011

2011+ 2012	RM500 for households earning <RM3,000
2013	Extended to singles aged >21 earning <RM2,000
2014	Extended to households earning between RM3,000 - RM4,000
2015	• RM950 for households earning <RM3,000 + Family Bereavement Scheme (FBS) • RM750 for households earning between RM3,000 & RM4,000 monthly + FBS • RM350 for singles age >21 earning <RM2,000 monthly

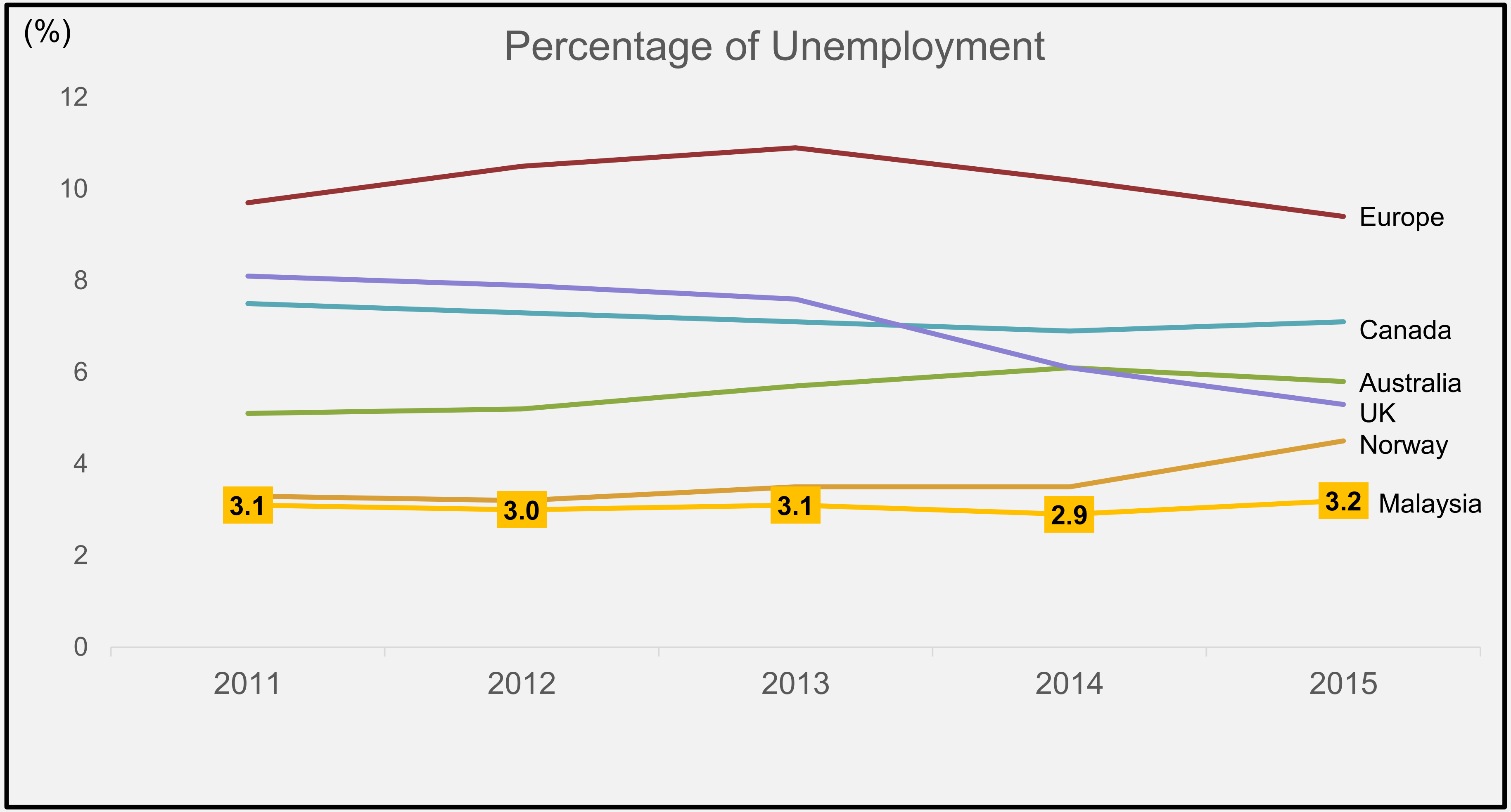
Earnings denoted as monthly income

Employee compensation gradually rising



Source: DOSM at Current Prices, Organisation for Economic Co-Operation and Development, Department of Statistics Singapore.

1.8 mil job opportunities were created



Malaysia Labour Participation Rate (% of working-age population)	
2011	64.4
2012	65.5
2013	67.0
2014	67.5
2015	67.6

Source: RMK11, DOSM, Eurostat, ILO // Unemployment rates are seasonally adjusted

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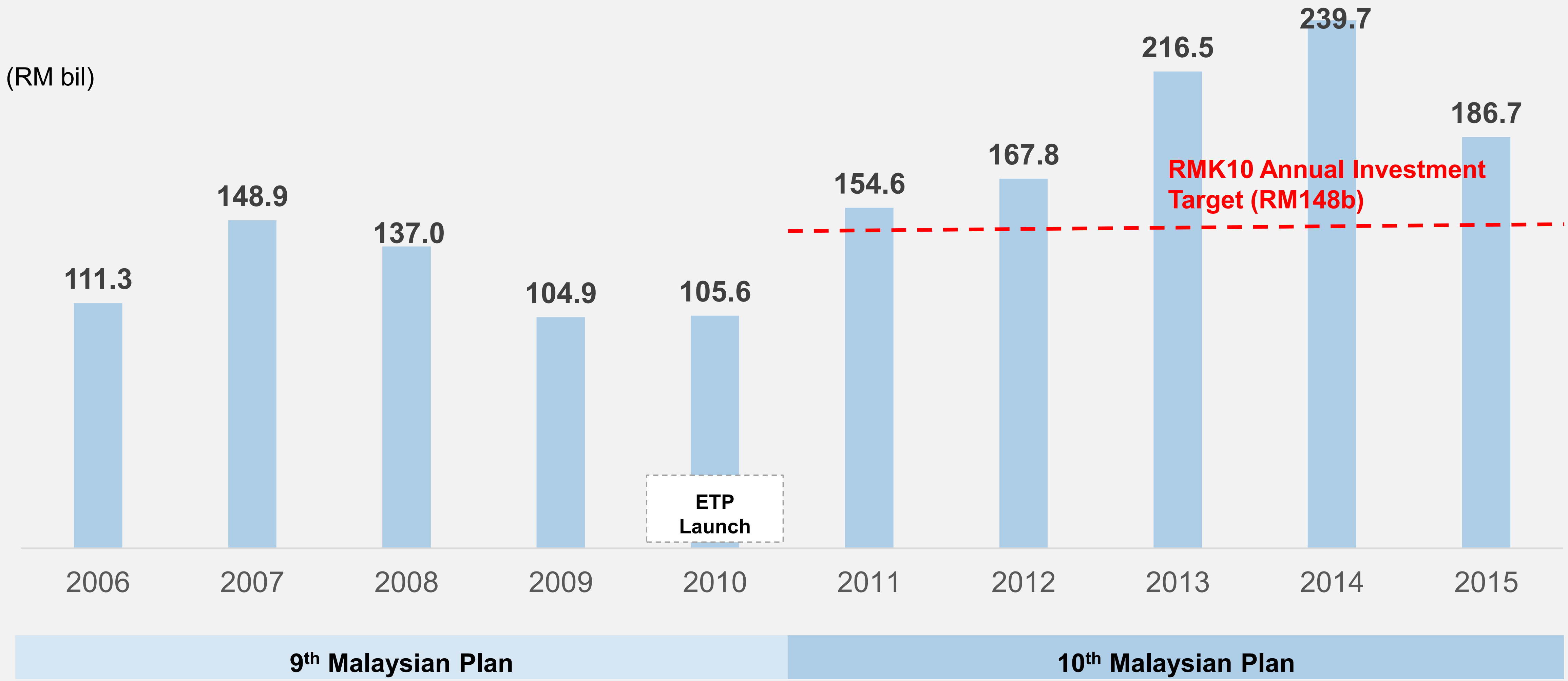
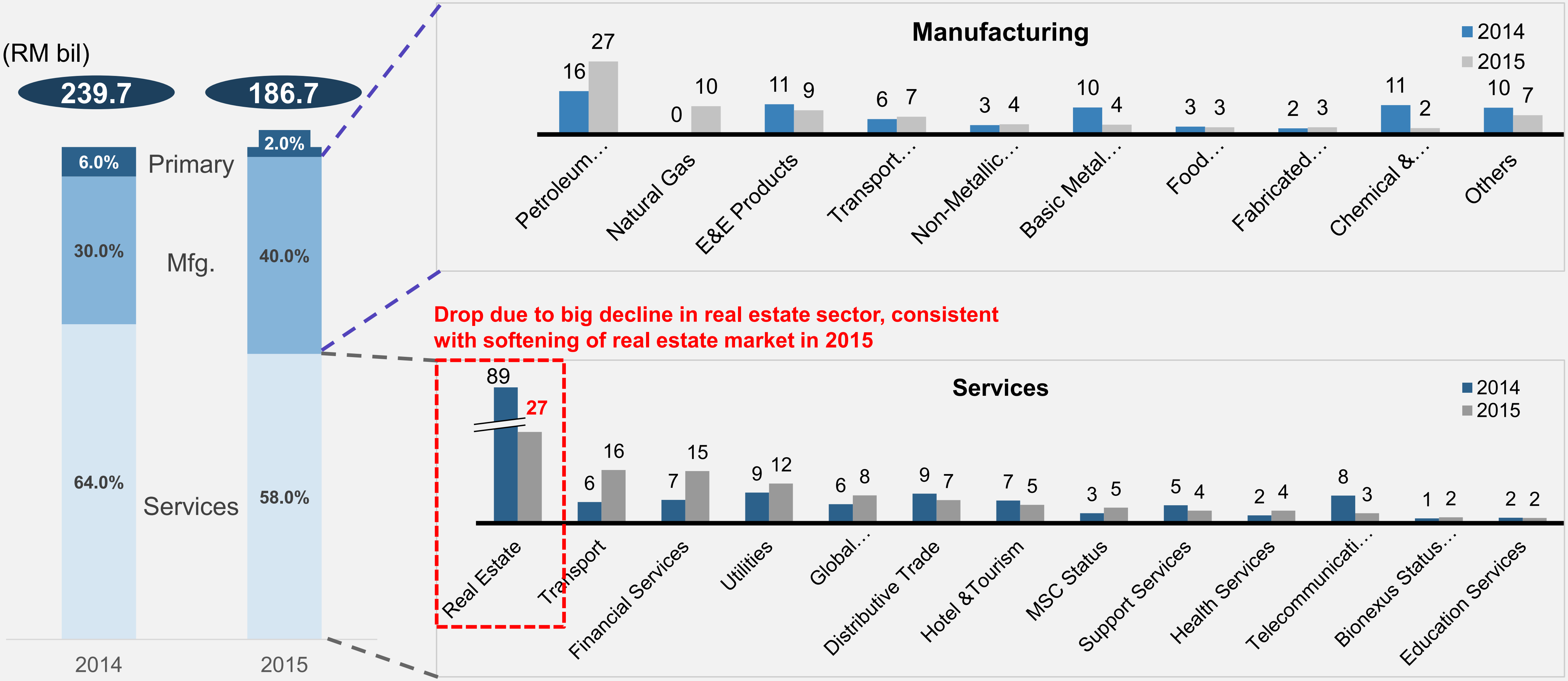
Approved investments have exceeded targets



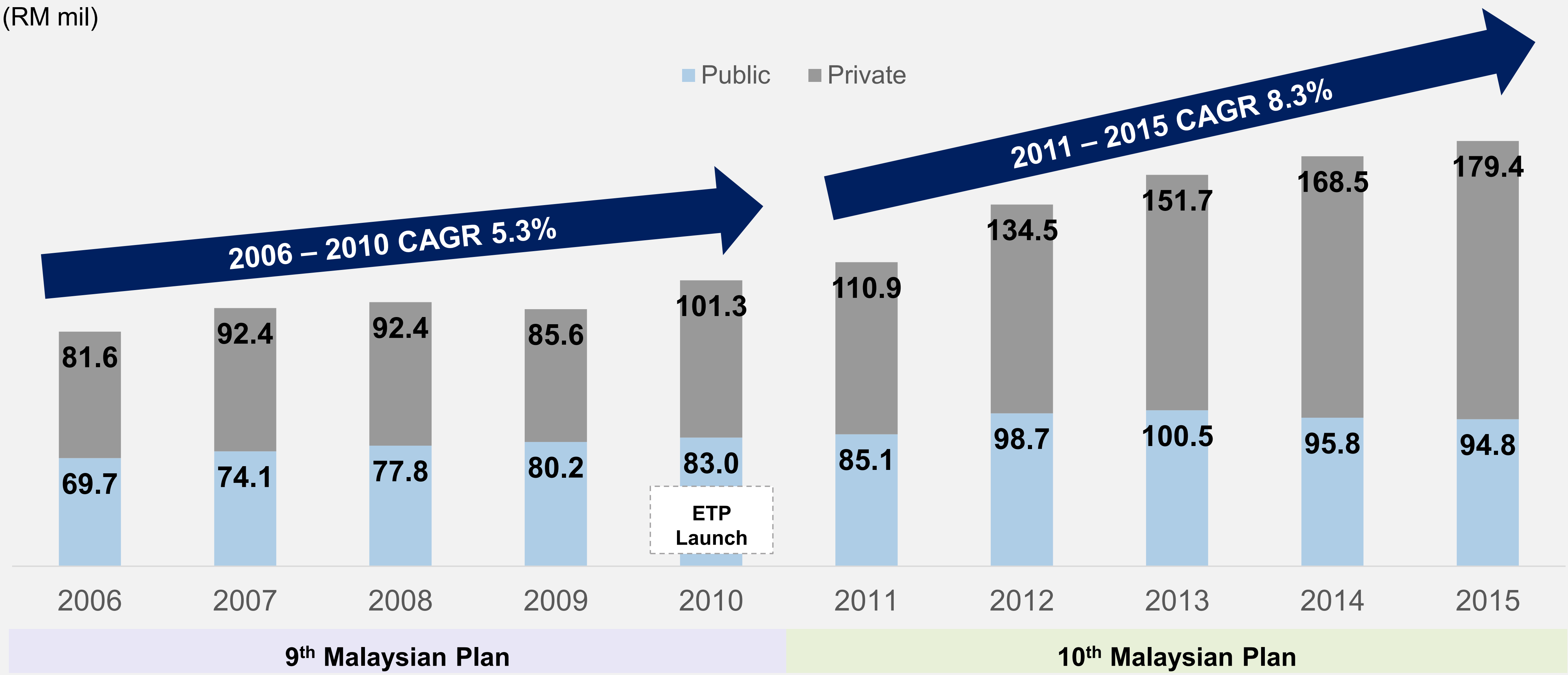
Source: MIDA

Non-Real Estate investments continue to be robust



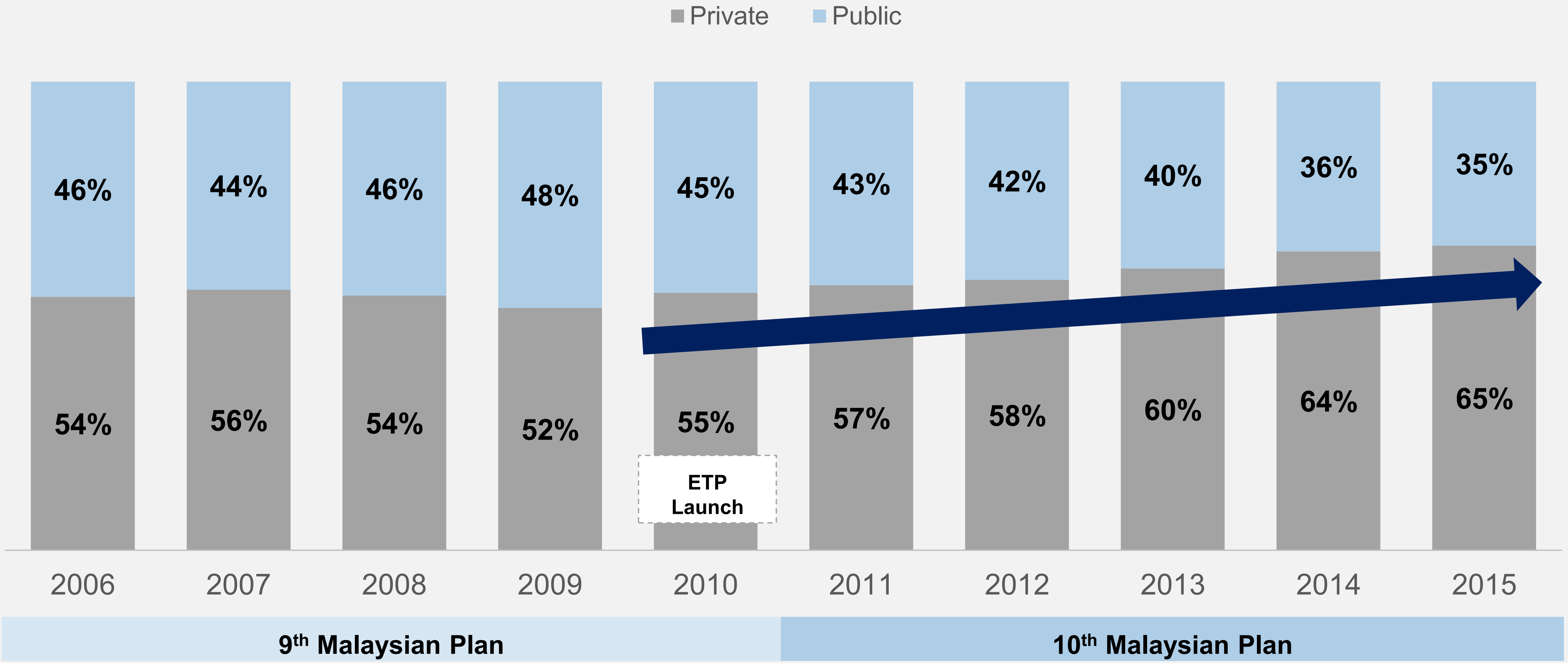
Source: MIDA

Realised investment accelerated post-ETP, private sector driven



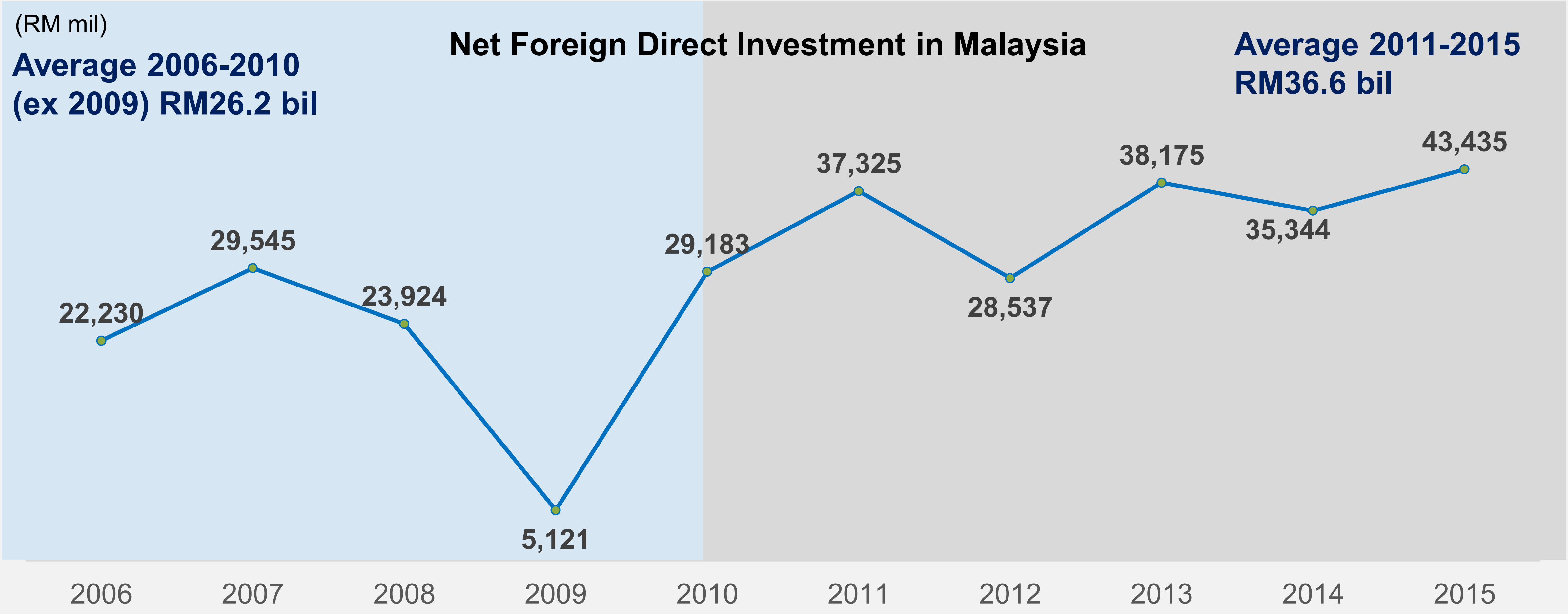
Source: Department of Statistics and EPU estimates (Constant 2010 Prices)

Approved investments increasingly driven by Private Sector



Source: Department of Statistics and EPU estimates (Constant 2010 prices)

FDI post-ETP is higher



Source: BNM, *preliminary figures from Department of Statistics

NKEA Sectors attracted strategic investments

Business Services

Rolls-Royce and UMW

RM830m

UMW to manufacture and assemble aeroengine fan cases for Rolls-Royce's Trent 1000 engines which power the Boeing 787 Dreamliner

E&E

Osram Opto Semiconductors

RM4.67b

Largest and latest six-inch LED chip production site in the world

Wholesale & Retail

Abu Dhabi's Lulu Group

RM885m

To set up 10 hypermarkets across Malaysia in five years partnering with FELDA and aims to capture 20% of the retail market share

2015 NKRA Achievement

98%
Addressing the Rising Cost of Living

107%
Improving Rural Development

93%
Fighting Corruption

97%
Raising Living Standards of Low Income Households

94%
Education

114%
Reducing Crime

72%
Improving Urban Public Transport

120%
Public Service Delivery

2015 NKEA Achievement

- **107%** Oil, Gas and Energy
- **101%** Healthcare
- **116%** Electrical & Electronics
- **109%** Education
- **111%** Palm Oil & Rubber
- **122%** Wholesale & Retail
- **111%** Greater Kuala Lumpur
- **103%** Financial Services
- **109%** Business Services
- **104%** Agriculture
- **97%** Tourism
- **123%** Communications Content & Infrastructure

2015 SRI Achievement

110%
Competition, Standards & Liberalisation

120%
Narrowing Disparity

95%
Public Finance Reform

108%
Human Capital Development

Malaysia's Position in Competitiveness Rankings

Doing Business 2016	World Competitiveness Yearbook	Global Competitiveness Report
THE WORLD BANK	IMD REAL WORLD. REAL LEARNING	WORLD ECONOMIC FORUM
18/189	**14/61**	**18/140**
17/189 (2015)	12/60 (2014)	20/144 (2014)
20 (6*)/189 (2014)	15/60 (2013)	24/144 (2013)

* Change in methodology to 'Distance to frontier'

Credit ratings and outlooks: Reflect sustainable GDP growth

Country		S&P	Moody's	Fitch	GDP Growth*	Fiscal Balance (% of GDP)*	Current Account (% of GDP)*
MALAYSIA		**A- Stable**	**A3 Stable**	**A- Stable**	**4.4%**	**-3.3%**	**2.3%**
Indonesia		BB+ Positive	Baa3 Stable	BBB- Stable	4.9%	-2.7%	-2.6%
Thailand		BBB+ Stable	Baa1 Stable	BBB+ Stable	3.0%	-0.4%	8.0%
Philippines		BBB Stable	Baa2 Stable	BBB- Positive	2.5%	-2.4%	-3.6%
Cambodia		B Stable	B2 Stable	NA	7.0%	-2.7%	-8.3%
Singapore		AAA Stable	Aaa Stable	AAA Stable	1.8%	2.0%	21.2%
Vietnam		BB- Negative	B1 Negative	BB- Stable	6.3%	-6.4%	0.6%

Source: IMF World Economic Outlook Data (April 2016 Edition) // *IMF Estimates for 2016, GDP Growth is in constant prices

Other governments want to adopt Malaysia's model of transformation

INDIA

State Government of Maharashtra

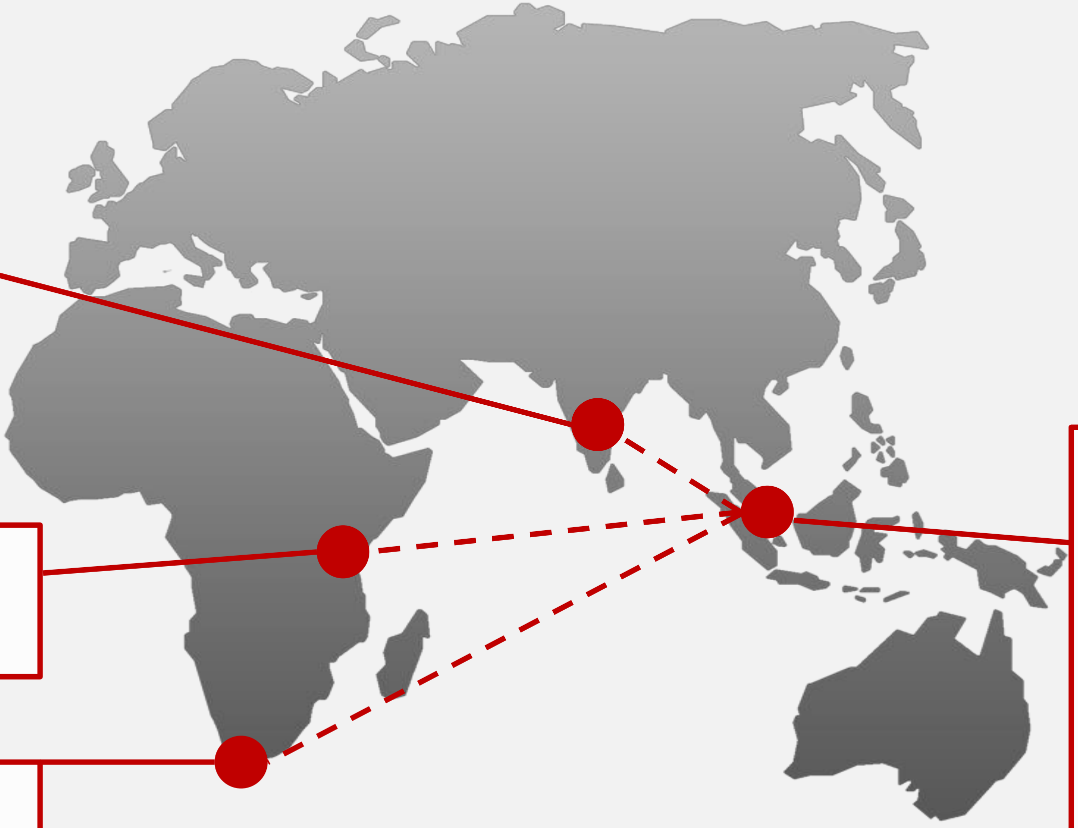
Andhra Pradesh State Government

TANZANIA

Tanzania Development Vision 2025
BIG RESULTS NOW!
tekeleza kwa matokeo makubwa sasa

SOUTH AFRICA

OPERATION PHAKISA



BFR
BIG FAST RESULTS

MALAYSIA

national transformation programme
ntp

Malaysia played host to the inaugural

GLOBAL TRANSFORMATION FORUM

3,000	5	70
delegates	continents	countries

Transformational experiences from personal, organisational and national perspectives

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