

PERDANA LEADERSHIP FOUNDATION
PERDANA DISCOURSE SERIES 18



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YAYASAN
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“HOW CAN
MALAYSIAN YOUTH
BEST PREPARE FOR THE
FUTURE?”

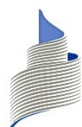
Keynote Address by

Yang Berhormat Senator Dato' Sri Abdul Wahid Omar
Minister in Prime Minister's Department

Perdana Leadership Foundation
Putrajaya



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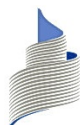


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“How Can Malaysian Youth Best Prepare For The Future?”



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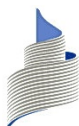
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Minister in Prime Minister's Department

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Mr. Nazril Idrus
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PROLOGUE

PERDANA DISCOURSE SERIES 18: "HOW CAN MALAYSIAN YOUTH BEST PREPARE FOR THE FUTURE?"

Introduction

"The surest way to corrupt a youth is to instruct him to hold in higher esteem those who think alike than those who think differently."
— **Friedrich Nietzsche**, German philosopher

As youth make up nearly half of Malaysia's population, young Malaysians indeed play a crucial role in ensuring that Malaysia achieves its human capital development goal as outlined in the Ninth Malaysia Plan. Not only are youth the future leaders of the country, they are also the future workforce of the country – their minds and energies will shape the country's future in all areas: politics, science, education, arts and literature. Most youth realise this in the abstract but not in terms of the particular skills, outlook and capabilities that are needed to thrive in the 21st century. What do youth need to know, do, and value to ensure they are responsible, active, and contributing citizens? This Discourse, "*How Can Malaysian Youth Best Prepare for the Future?*" aims to shed some light on the matter.

On the policy-side of the coin, policies and views regarding youth need to be changed. Traditional policy makers view youth as not having the expertise, capacity, knowledge and leadership to be involved in any societal process. They see youth as dependents or beneficiaries, but not as active partners. However, today's youth have evolved and need opportunities to participate and contribute to social progress. Therefore, traditional and conventional policy-making structures as well as institutions need to be re-adjusted. There could be a need, as well, to revisit educational curricula to ensure that it meets the needs of today's youth and tomorrow's leaders.

Questions:

- Are Malaysian youth presently able to compete globally for jobs and opportunities?
- Does the Malaysian education system produce youth who are socially aware, articulate, knowledgeable and adaptable?
- What is patriotism to the Malaysian youth? How is this patriotism expressed and how can it be deepened and cemented?
- What are the most important skills that youth need to prepare for the 21st century and beyond?
- How are jobs changing?
- What are the most pressing issues that plague Malaysian youth that prevent them from reaching their fullest potential?
- What will the next five decades look like? What seem to be the important trends shaping the future?

KEYNOTE SPEECH



YB Senator Dato' Sri Abdul Wahid Omar
Minister in Prime Minister's Department

Bismillahirrahmanirrahim
Assalamualaikum warrahmahtullahi wabarakatuh

Good morning and Salam 1Malaysia

Y. Bhg. Tan Sri Dato' Sri Prof Ir Dr Sahol Hamid Abu Bakar, Vice Chancellor,
Universiti Teknologi MARA

YBhg. Tan Sri Nik Mohamed Bin Nik Yaacob, Executive Director, Perdana
Leadership Foundation

Ladies & Gentlemen;

I am honoured to have been invited to speak before you this morning, as a speaker at the 18th Perdana Discourse Series. The topic posed by the Foundation for this morning's discussion and the subject of my talk will be "**How Can Malaysian Youth Best Prepare for the Future**".

Before I begin my talk, I wish to share with the audience this morning Malaysia's GDP which was announced by YBhg. Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Bank Negara Malaysia Governor. The Malaysian economy grew by 6.2% for the first quarter of 2014, far surpassing the growth recorded in quarter four of 2013 of 5.1%. The growth recorded was also broad-based, with strong growth recorded for the Construction (18.9%), Manufacturing (6.8%) and Services (6.6%).

Insyah-Allah the Nation's growth will continue its momentum and allow us to achieve our targets for 2020, and provide a brighter future for Malaysian youths.

Allow me then to outline the subject matter, and present before you three matters with respect to the prerequisites and fundamentals that Malaysian youths need to equip themselves as they embark on their respective journeys:

First, the over-arching principles of the New Economic Model that provide for, among others, a strong economic and social foundation for the future, and nurturing environment for students to excel;

Second, the key components of the New Economic Model and Economic Transformation Programme that allow graduates to thrive and develop in their careers;

Third, the skills and discipline that youths must adopt and hold true within themselves to ensure their own future.

The New Economic Model

The key to preparing Malaysian youth for the future is a strong education that provides the youth with knowledge and skills to enable them to compete in the modern labour market. The other major driver will be for the Government to provide a vibrant, resilient and sustainable economy for their future.

Underlying this strategy and objectives is the immediate and long term goal of the Government – the New Economic Model. The New Economic Model is aimed towards making Malaysia an advanced nation by 2020, with high income, inclusiveness and sustainability.

The first component of the NEM – a high income economy – envisages per capita annual income of **USD15,000** by 2020, from **USD10,000** at present. Malaysia's GNI per capita has increased from **RM24,879** in 2009 to a forecast **RM34,126** for 2014, an increase of **37.2%**.

Malaysia needs to move away from the '**Middle Income Trap**', which saw countries faced with having income levels stagnant at USD1,000 to USD12,000 GNI per capita for decades.

Malaysia needs to remove itself from the Middle Income Trap by implementing strategies to introduce new processes and find new markets to maintain export growth. We will need to increase domestic demand; an expanding middle class will use its increased purchasing power to buy high-quality, innovative products and help drive growth and income.

We are encouraged by the latest available statistics on income contribution to GDP. Employees' share of the national output has been increasing steadily from **29.3%** in 2008 to **32.9%** in 2012.

Towards realising our high income targets, we seek to increase employees' share of GDP from the present **32.9%** to **40%**, on par with our neighbours and developed economies. In this regard, while the Government undertakes the necessary measures, employers must also reward the efforts and productivity of their employees adequately.

On 1 January 2013, the minimum wage order in Malaysia was enforced. The policy is meant to ensure workers can meet their basic needs and create the necessary environment for industries to move up their value chain. **Around 3.2 million Malaysians** benefit from this.

The second key component is **inclusivity**. No groups or segments of Malaysian society will be marginalised or left behind. The divides between young-old, rural-urban, male-female, Peninsular Sabah/Sarawak, and ethnicity will be reduced, in a transparent, effective and market-friendly manner.

According to PwC's 16th Annual Global CEO Survey, workforce Diversity and Inclusion is the top non-financial priority for CEOs after ethical behaviour, with 50% of global CEOs planning to focus on this within the following 12 months. Research has shown that diverse groups, when managed effectively, outperform groups of the highest performing individuals in terms of problem-solving. Inclusivity is good for business.

Likewise, we must also ensure that women are also represented at board and top management levels. Another PwC survey on diversity in the Malaysian workplace within 122 public listed companies showed, in general, that women comprise 38% of total employees, but women are only 8% and 24% respectively in the board and top management.

The same survey shows that the respondents' ethnic composition have a similar pattern to Malaysia's racial mix. However, the percentage of Bumiputera employees is fewer at top management levels.

From 67% Bumiputera employee participation within these PLCs, only 55% are represented in senior and middle management. As we move to top management, the participation drops to 34%. In non-GLCs, this rate is reduced further to 20%.

In addition to gender and race, diversity should also be achieved in terms of age. The PwC survey of PLCs indicated that Malaysian youth comprises 65% of GLC and 72% of other PLC employees compared to national statistics of 61% of labour force.

We welcome the move to broaden the diversity disclosure for PLCs to include not only gender diversity at the board level, but to also extend it to ethnicity and age at board and management levels.

Ladies and Gentlemen

The third component of NEM is **sustainability**. Not only in terms of the environment, but also in terms of how we manage our natural resources and the government's finances.

For our oil & gas resources, we have been managing them in a responsible and sustainable manner. The government and PETRONAS ensure that our overall resource replenishment ratio (or ORRR) is maintained at above one, where our current rate, as at January 2014, is 1.94x.

This current ORR ratio ensures that our reserves will continue far into the future. Based on daily production levels of 576,000 barrels of oil and condensates, our oil reserves of 5.79 billion barrels of oil equivalent (BBOE) is sufficient for the next twenty eight (28) years, while our current gas reserves of 16.8 BBOE will be good for the next forty two (42) years.

It is heartening to note that the World Bank's "Malaysia economic monitor report, June 2013: harnessing natural resources" has recognised Malaysia's sustainability efforts as exemplary by stating "Malaysia is a success story of harnessing natural resources for development".

The other primary aspect of sustainability is in terms of the government's finances. Notwithstanding PETRONAS' efforts in maintaining and building further our oil & gas reserves, the government is reducing its dependency on oil revenues by improving collection of other forms of tax revenues, and by broadening the tax base with the coming implementation of the goods & services tax (or GST). This will be implemented in April 2015.

In this regard, we have commenced to diversify the government's revenue sources and strengthened revenue collection. The government's revenues for 2012 were RM207.9 billion, an increase of 12.1% compared to 2011 revenues of RM185.4 billion.

In 2013, revenues increased further to RM213.4 billion. The contribution of oil revenues to the government has reduced from 35.8% in 2011 to 33.7% in 2012, and to 31.2% in 2013.

The government, on its part, has been consistent in its approach to elevate Malaysia to becoming a developed nation, one that provides Malaysians with high income, and policies that are inclusive and sustainable.

Ladies and Gentlemen

Towards sustainability of the government's finances, we have embarked and will continue with our subsidy rationalisation programme. For decades, the government's subsidy bill has been rising. In 2010, we spent 15% of our budget on subsidies and incentives. By 2012, that had reached 21.4% or RM44 billion.

In 2013, the government spent RM46.7 billion in subsidies, incentives and social assistance, with RM24.8 billion allocated for fuel subsidies. As market prices have increased, the cost of subsidies has risen exponentially. The subsidies not only distort the market, but heavily burdens government finances.

A deliberate and phased approach was undertaken. In September 2013, the government reduced subsidies for petrol and diesel by 10-11%. In the following month, subsidies for sugar were removed. In January 2014, electricity tariffs were increased on average by 14.9%. And effective 1 May 2014, gas prices to the non-power sector increased by RM1.50 per mmBtu.

The government will need to ensure fiscal sustainability and move towards reducing fiscal deficit from 3.9% in 2013 to 3.5% in 2014, and eventually to achieve a balanced budget by 2020. The GST to be implemented and the subsidy rationalisation programme will allow Malaysia to meet this target.

The strengthened government finances will allow the government to increase its development expenditure, by building both soft and hard infrastructure for future growth.

We will be able to implement our National Education Blueprint, and build an educational system of international standards, ensure the quality of our teachers and students, and build the necessary infrastructure to deliver these goals.

NEM and the Economic Transformation Programme

These are the macro-economic statistics. The Government will translate these into actual financial and non-financial benefits to the Rakyat. As part of these efforts, the Government has been, for the past 3 years, implementing an Economic Transformation Programme.

The Economic Transformation Programme (or ETP) targets to achieve the high income targets by working with the private sector to spur high quality investments in key economic areas, which in turn will create high income jobs. Since commencement of the ETP in 2010, 196 Entry Point Projects have been launched, accounting for RM219.3 billion in committed investments and provide for 438,000 new jobs.

These projects will spur the economy, but they also have the greater aim in serving the needs and uplifting the well-being of the Rakyat, generate higher income for Malaysians, and help build and develop Malaysian businesses.

The ETP and the various initiatives implemented by the Government has seen continuous growth in investments. In the last 3 years, investments have increased from RM179.8 billion in 2010 to RM264.6 billion in 2013. This will further increase to RM294.0 billion in 2014 (Source: BNM Annual Report 2013).

Our economy's performance and growth prospects continued to support international investors' confidence, leading to significantly higher inward direct investment flows. FDIs have similarly increased in this period, where Malaysia recorded FDIs of RM38.8 billion for 2013, from FDIs of RM29.2 billion in 2010.

Malaysian and foreign investors continue to be favourable on Malaysia's economic performance and its prospects.

The economy grew by 4.7% in 2013, and in a challenging external environment where global growth was 3.7%. In 2014, the Malaysian economy is on a steady growth trajectory of 4.5 – 5.5%. As I mentioned earlier, in the first quarter of 2014, this momentum continued with Malaysia recording GDP growth of 6.2%.

The overall balance of payments remained strong, as the current account surplus more than offset the net outflows in the financial account. In the first half of 2013, the current account recorded a smaller surplus of RM11.2 billion, on account of a smaller trade surplus amid lower services and income deficits.

In the second half of 2013, the current account surplus widened to RM26.1 billion as export growth returned to positive territory, driven by higher demand across both manufactured products and commodities. This was further reinforced by the more favourable prices of CPO and LNG relative to the first half of 2013. This brings total surplus to RM37.3 billion for 2013, representing 3.8% of Malaysia's GDP.

I am pleased to note that Malaysia's current surplus further grew in the first quarter of 2014, where our current surplus for the first 3 months of 2014 was RM19.8 billion.

Overall, Malaysia's external debt remained manageable. Malaysia's external debt amounted to RM318.1 billion (USD95.8 billion), equivalent to 33.5% of GNI. The debt profile continued to be skewed towards a longer maturity structure, with medium- and longer-term debt accounting for 59.7% of total external debt.

Taking into consideration the new definition by Bank Negara Malaysia that includes among others holdings of RM debt by non-residents, these are still within international thresholds. Notwithstanding, our financial institutions have the capacity to absorb disposals by these non-residents.

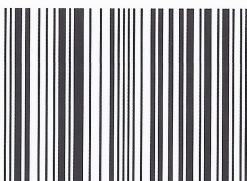
Malaysia's international reserves remain ample at RM427.4 billion (equivalent to USD131.1 billion) as at 15 April 2014. The reserves position is sufficient to finance 9.4 months of retained imports and is 3.3 times the short-term external debt. Based on the redefinition of external debt, such reserves are sufficient to finance 1.3 times, which still within accepted threshold of more than one time.

This book contains the proceedings of the 18th Perdana Discourse Series, “How Can Malaysian Youth Best Prepare for the Future?” which took place on the 26th May 2014. The Discourse featured YB Senator Dato’ Sri Abdul Wahid Omar, Minister in Prime Minister’s Department as Keynote Speaker, Datuk Dr Hamzah Kassim, Co-Founder & Group Managing Director, iA Group Sdn Bhd as Moderator and Panellists Mr. Nazril Idrus, President, LVG Consultant, Ms. Chew Hoong Ling, Director CyberCare & Member, National Consultative Youth Council and Mr. Dzameer Dzulkifli, Co-Founder & Managing Director, Teach For Malaysia.

This Discourse is part of the Perdana Discourse Series, organised by Perdana Leadership Foundation and UiTM. The objectives of the Discourse are to facilitate inter-generational knowledge-sharing and dialogue, as well as to encourage interest in public policy and its impact on nation building.

The entire Perdana Discourse Series is sponsored by PROTON (Holdings) Berhad.

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