



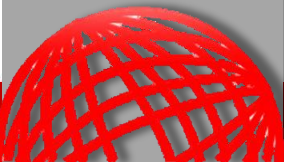
Engagement with the Sabah Government

Pacific Sutera Hotel, Kota Kinabalu, Sabah

Preparation of the Twelfth Malaysia Plan, 2021-2025

26 July 2019

**Ministry of
Economic
Affairs**



Objective of Engagement Session

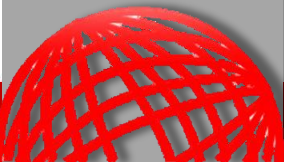
- To present the national development direction for the Twelfth Malaysia Plan, 2021-2025
- To solicit feedback on the state development plan





Outline

- 1 Introduction**
- 2 Post-2020 Considerations**
 - **Looking inwards** : A re-visit
 - Malaysia's current socioeconomic performance
 - Vision 2020 achievements
 - **Looking outwards** : Who do we want to be by 2030?
 - Characteristics of happiest countries in the world
 - Policy support for enhancing happiness
 - **Mega trends**
- 3 Twelfth Malaysia Plan, 2021-2025**
 - **Concept and approach**
 - **Governance structure Proposed Strategy Papers**
- 4 Economic Performance of Sabah: Achievements, Issues and Challenges**



1 Introduction

- *Surat Arahan Penyediaan Pelan Pembangunan Pasca 2020* by YBhg. Datuk Seri KSN: **16 April 2019**
- The Twelfth Malaysia Plan, 2021-2025 (12MP) will be aligned to the **Shared Prosperity Initiative**, which was announced by YAB Prime Minister on 9 May 2019
- The 12MP document is expected to be tabled in Parliament in **second half of 2020**

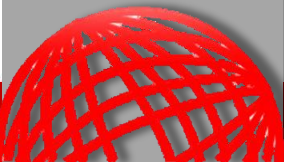




2 Post-2020 Considerations Looking Inwards

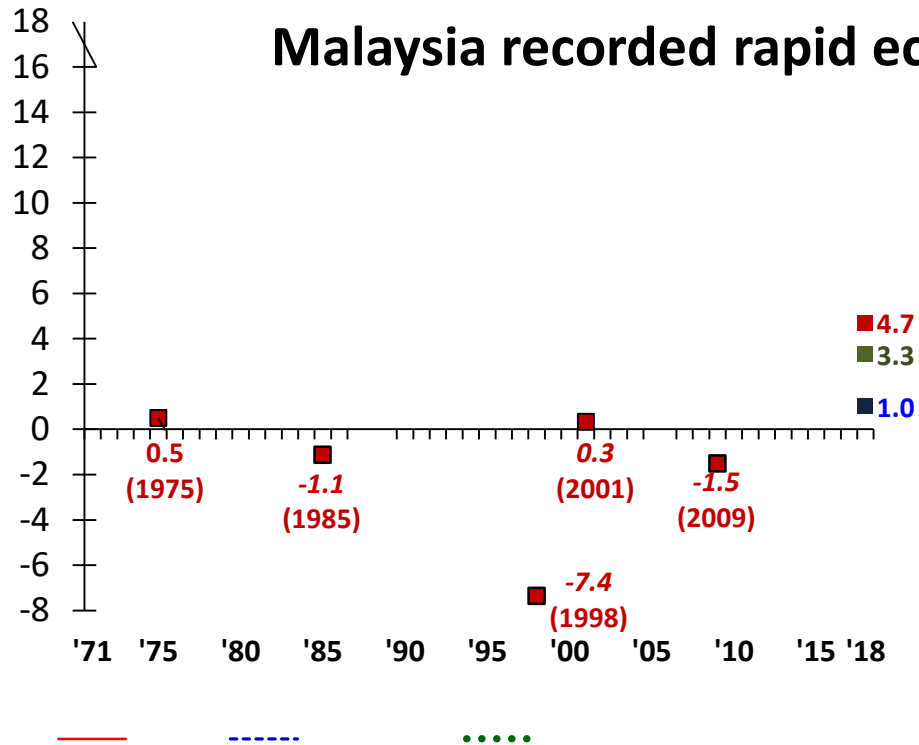
Re-visit

- Malaysia's current socioeconomic performance
- Vision 2020 achievements



A re-visit :

Real GDP, Inflation (% p.a.),
Unemployment (%)



	2017				2018				
GDP									
	5.7				4.7				

At macro level, economic fundamentals remained intact ...

- ✓ GDP growth for 1971-2018 was among the highest in the world
- ✓ Low and stable inflation rate, full employment since 1992
- ✓ Absolute poverty almost eradicated at 0.4% of households in 2016
- ✓ Still one of the top destinations for FDI
- ✓ Considered as a competitive nation : 25th ranking out of 140 nations in the Global Competitiveness Report, 2018

✓ Malaysia, 1971-2018

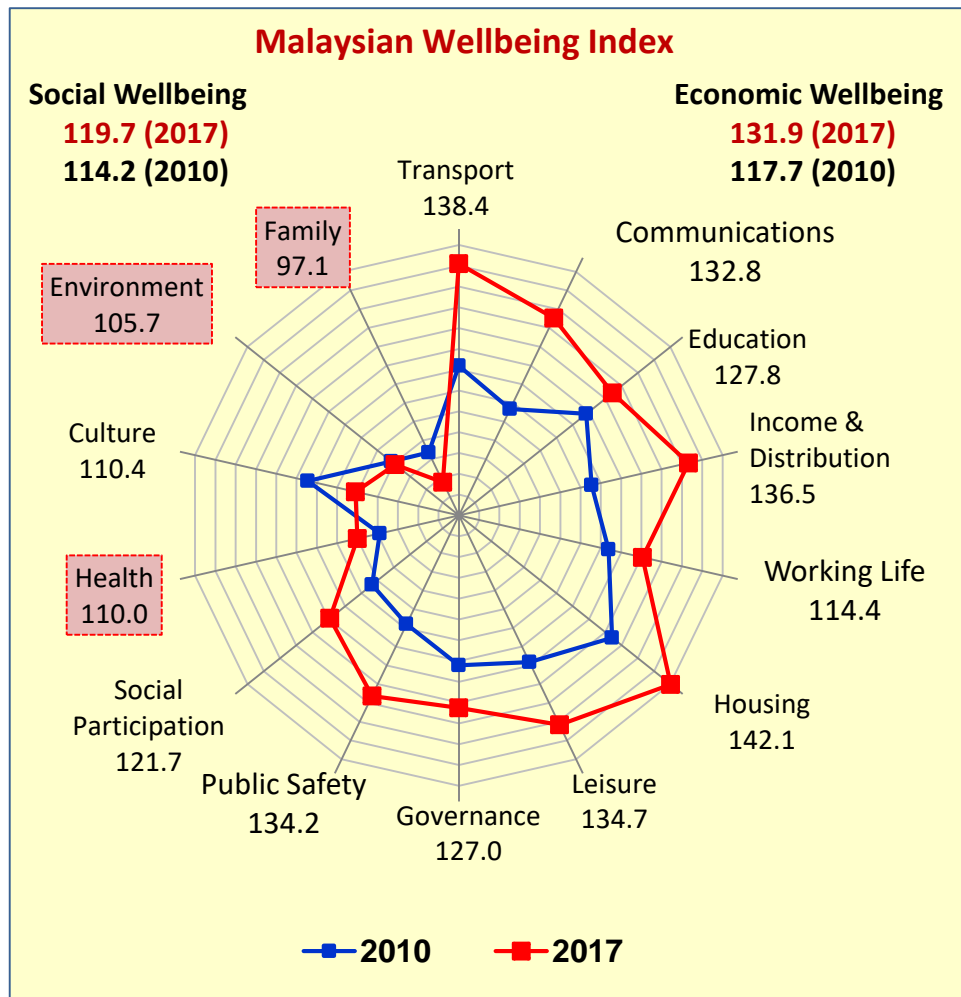
- Malaysia recorded **6.1%** in spite of facing 5 economic crises since 1970
- Malaysia has been able to rebound quickly after each crisis due to its economic resilience

GDP, 1971-2018 (% p.a.)

- World: 3.1
- Advance: 2.6
- Developing: 3.0
- Emerging market: 4.7

Source : IHS

... but social wellbeing is lagging behind economic wellbeing



Deteriorating social wellbeing, particularly for family institution, health and environment

- **Family**

- Aggravating factors include increased divorce rates, domestic violence and juvenile crimes, aggravated by increasing household debt level

- **Health**

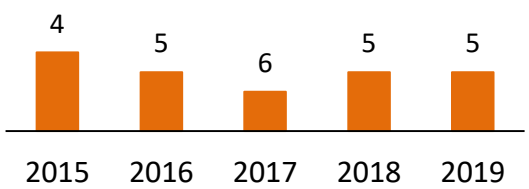
- Improved life expectancy, declining maternal mortality rate and stagnating non-communicable disease cases
- But overall health is affected by increased infant mortality rate and unhealthy modern lifestyle brought by stress, poor eating habits, smoking and physical inactivity

- **Environment**

- Deteriorated mainly due to fall in air pollution index, water quality index, while quantity of scheduled waste generated increased

Source : Malaysian Wellbeing Index, MEA

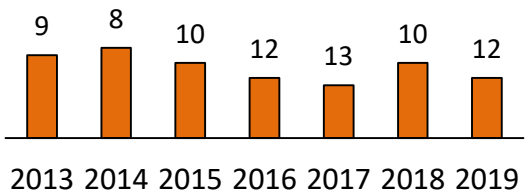
✓ **5th best retirement destination in the world...**



- **International Living 2019** : Malaysia is ranked 5th in the world for best place to retire based on four aspects - finance, health, lifestyle and governance
- 2019 : Healthcare in Malaysia is ranked No. 1 based on its world-class healthcare services and sophisticated infrastructure

Source: International Living

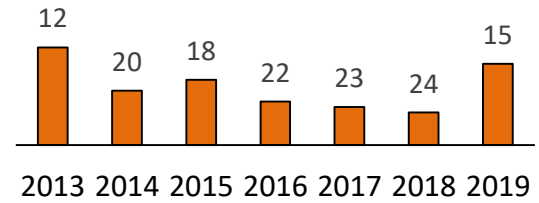
12th most powerful passport in the world...



- **Henly Passport Index 2019** : Malaysia is ranked as the 12th most powerful passport in the world out of 226 countries
- Malaysians can travel visa-free to 179 countries while only 47 other countries require a visa to enter the country

Source: Henley & Partners

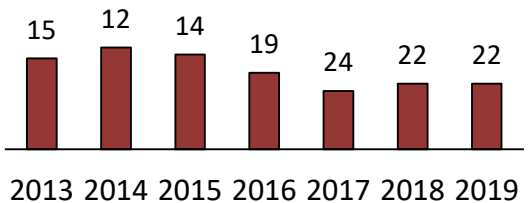
✓ **Among the easiest place to do business in Asia...**



- **Doing Business 2019** : Malaysia improved its rank to 15th out of 190 countries, with being among the top 5 ranked in three indicators - protecting minority investors, construction permits and getting electricity
- Areas for improvement needed in 'starting business' including procedures, time, cost and minimum capital paid to start a limited liability company in the country

Source: World Bank

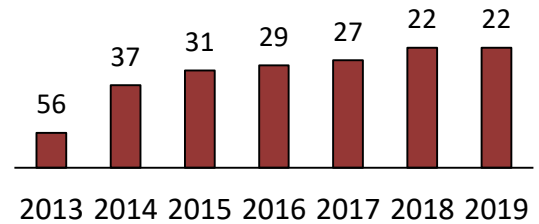
✓ **Malaysia's competitiveness remains resilient...**



- **World Competitiveness 2019** : Malaysia ranked at 22nd out of 63 countries, supported by the improvement in infrastructure factor, attributed by better ranking in all sub-factors, except for education.
- The other factors which are economic performance, business efficiency and government efficiency recorded a slight decline.

Source: Institute for Management Development

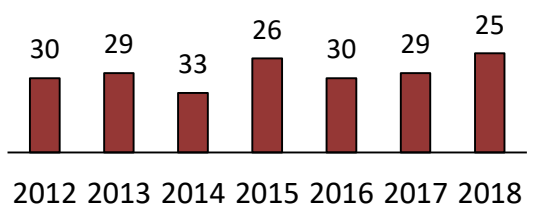
Resource management on capital, goods and investment are improving...



- **Index of Economic Freedom 2019** : Malaysia maintained its rank at 22nd spot, based on improvements in judicial effectiveness, government spending and fiscal health - also outscored the regional and world averages
- Further improvements are required in regulatory efficiency aspects for labor, monetary and trade

Source: The Heritage Foundation

✓ **Still considered among the most peaceful countries in the region...**

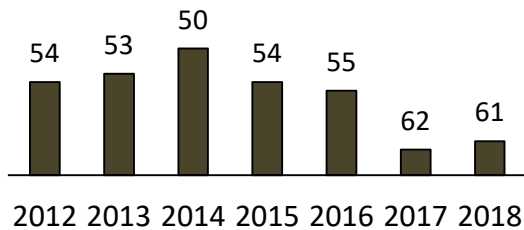


- **Global Peace Index 2018** : Malaysia is 25th out of 163 countries, and remained top 5 regionally and top 30 globally since 2015
- Malaysia's performance has improved in 'ongoing domestic and international conflict' and 'societal safety and security'.
- The 'militarisation' dimension declined, noted by the increase of imported weapons

Source: Institute of Economy and Peace

International Standing : ... the Bad and the Ugly

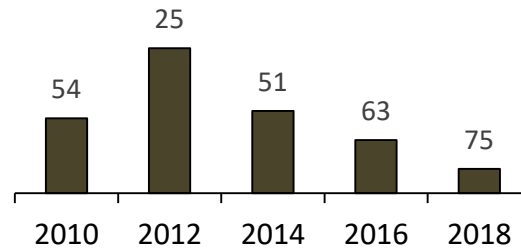
Perceived corruption is worsening ...



- **TI Corruption Perception Index 2018** : Malaysia is ranked at 61 out of 180 countries
- Performance **deteriorated since 2015 due to negative perceptions towards the government** from the public, investors and business community

Source: Transparency International

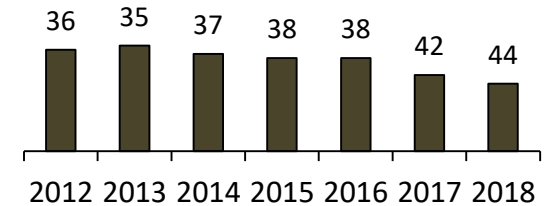
Ranked poorly in terms of environmental management ...



- **Yale Environmental Performance Index 2018** : Malaysia is at 75 out of 180 countries.
- **Malaysia's performance worsened since 2014** due to lower scores in the climate and energy, air pollution and forests pillars

Source: Yale University

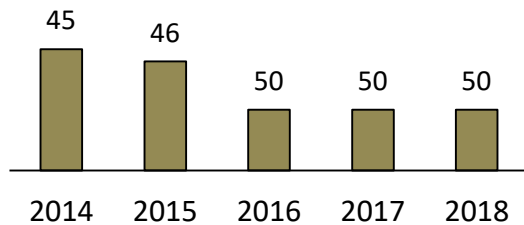
Deterioration in personal freedom, governance, and education ...



- **The Legatum Prosperity Index 2018** : Malaysia is ranked 44 out of 149 countries
- **Scored lower in personal freedom, governance, education, business environment**

Source: Legatum Institute

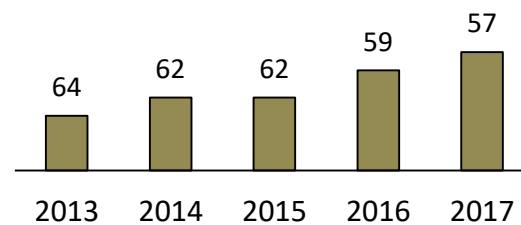
Economic progress has come at the cost of social progress ...



- **Social Progress Index 2018** : Malaysia has shown little progress in the social aspect and **remains stagnated at 50th position since 2016**
- Areas to improve include aspects on personal freedom, access to advance education, personal rights and inclusiveness.

Source: Social Progress Imperative

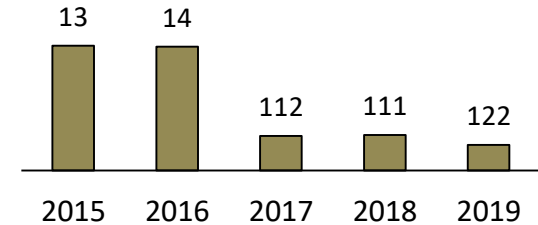
Human development is not progressing as it should be ...



- **UNDP Human Development Index 2018** : Malaysia is ranked at 57 out of 189 countries.
- Although Malaysia's performance has progressed since 2015 with most components continuing to rise (such as life expectancy at birth and GNI per capita), **Malaysia's score is still below the world average**

Source: UNDP

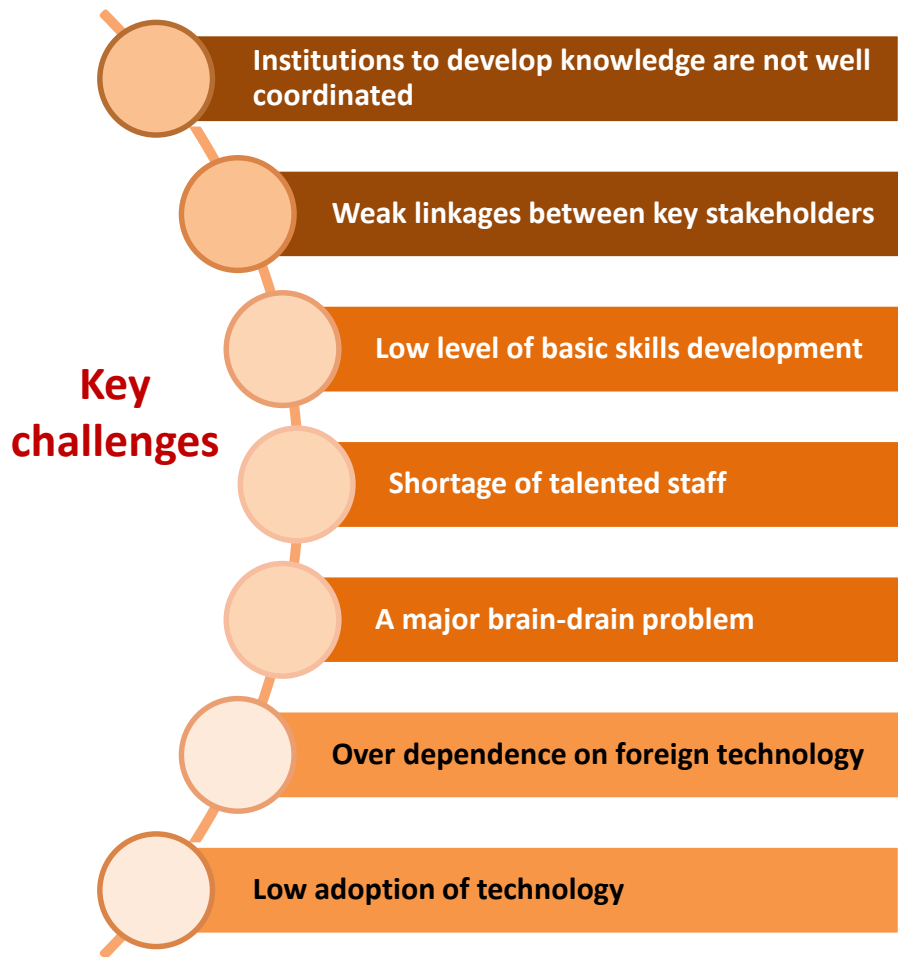
Too many procedures and days taken to start a business in Malaysia ...



- **Doing Business 2019** : Starting a Business indicator for Malaysia fell to the rank of 122 out of 190 countries
- There are **9-10 procedures** and **13-14 days** needed to start a business in Malaysia (New Zealand: 1 procedure and 0.5 day)

Source: World Bank

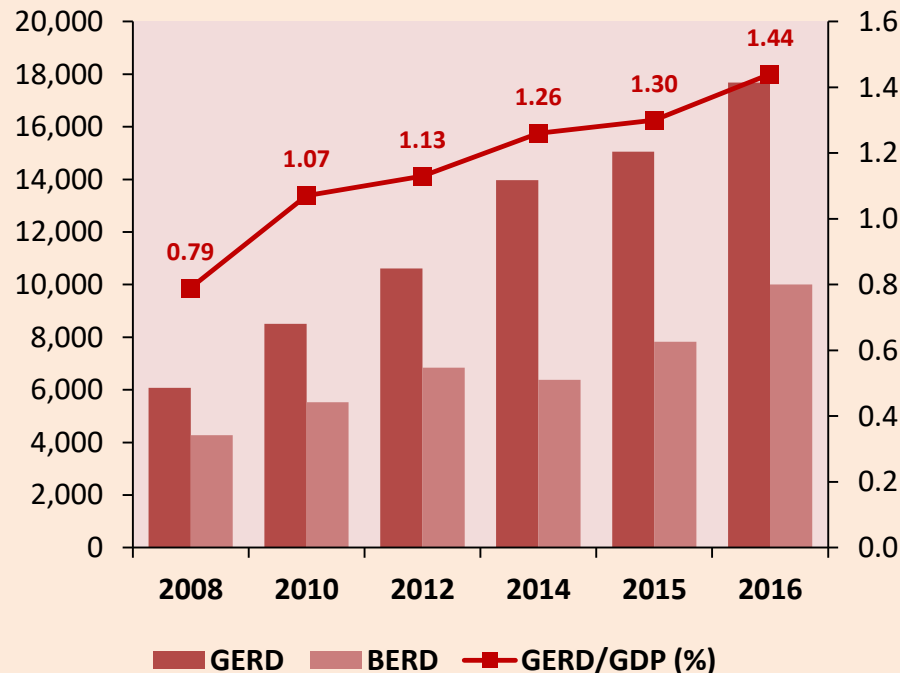
Moving towards a knowledge-based economy : Significant progress made in knowledge ecosystems for certain industries, but **many still lag behind industries in more developed countries**



Malaysia's R&D has increased gradually but is still below the level commensurate with its development level

Expenditure on R&D (RM million)

GERD/GDP (%)



Source: Report on Knowledge Content in Key Economic Sectors in Malaysia

Source: National Survey of R&D 2016



Vision 2020 : To be developed in our own mould - economically, politically, socially, spiritually, psychologically and culturally

Challenges	Rating	Assessment
Establishment of a United Malaysian Nation made up of one Bangsa Malaysia	Low	Evolving very slowly and remain challenging, especially when divisive politics and race-based policies continue to prevail
Creation of a psychologically liberated, secure and developed Malaysian society	Moderate	With a sizeable educated middle class comprising various ethnic groups, there is partial fulfilment of this goal
Fostering and development of a mature democratic society	Low	Increasing calls for greater decentralization and devolution of power to the state and local authorities
Establishment of a moral and ethical society	Moderate	Perceptions of the achievement of this hard-to-measure aspiration are highly variable and mixed
Establishment of a matured, liberal and tolerant society	Low	General perception that ethnic relations have deteriorated in part due to polarization caused by religious extremism and intolerance
Establishment of a scientific and progressive society	Low	Low R&D level and inadequate pool of scientists, engineers, researchers and technologists
Establishment of a fully caring society	Low	Yet to reach a scale or sophistication that suggests a fully caring society and caring culture
Development of an economically just society	Moderate	Income distribution has recorded significant gains over the decades since the implementation of race-based affirmative policies
Establishment of a prosperous society	Moderate	An upper-middle-income country with a well-diversified economy

Source: Prof. Dr. Yeah Kim Leng, Director of Economic Studies Programme at the Jeffrey Cheah Institute on Southeast Asia, Jan 2018

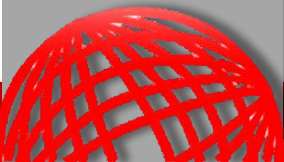




2 Post 2020 Considerations Looking Outwards

Who do we want to be by 2030? Review

- Characteristics of happiest countries in the world
- Policy levers for enhancing happiness
- Megatrends



Characteristics of the happiest countries

- **The happiest countries are not necessarily the richest**
 - The US has doubled its per capita income in the past 40 years, but its ranking has fallen from 13th in 2016 to 19th in 2019
- **Top three happiest countries are Finland, Norway and Denmark**
 - Scored highly in terms of:
 - Income
 - Social support
 - Trust
 - Healthy-life expectancy
 - Freedom
 - Generosity
 - Citizens in these countries pay some of the highest taxes in the world, but there is wide public support for that because people see them as investments in quality of life for all
- **Finland is the happiest country in the world**
 - Ranked as the most stable, the safest and best governed country in the world
 - Free education, generous parental leave, healthy work-life balance
 - Over 80% of Finns trust the country's police, education and health-care systems
 - Progressive taxation and wealth redistribution
 - Widely considered one of the best places in the world to be a mother, and to be a working woman

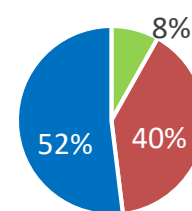
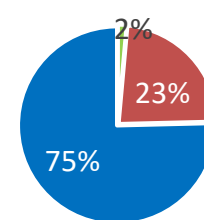
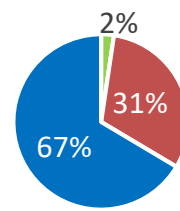
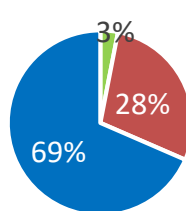
Source: [Statistics Finland](#), [Scientific American Magazine](#), [The Economist](#)



Happiest countries have higher labour productivity, income and compensation of employees

Item	Finland	Norway	Denmark	Malaysia
Real GDP (% p.a.)	2.8	1.9	2.3	5.9
Inflation rate (%)	0.8	1.9	1.1	3.7
Unemployment rate (%)	8.5	4.2	5.7	3.3
Fiscal position (% of GDP)	-0.1	-7.7	0.3	-3.2
Population (million)	5.50	5.29	5.75	32.0
GDP per capita (US\$)	45,927	75,389	56,631	9,755
(PPP, current international \$)	44,866	61,414	51,364	29,449
Labour productivity (US\$ PPP)	96,203	136,747	98,543	67,156
Share of Compensation of Employee to GDP (%)	46.8	47.5	51.5	35.2

Economic structure (% to total real GDP)



■ Agriculture ■ Industry ■ Services

Note: 1 CEIC Global Economic Data

2 Industry comprises of Mining, manufacturing, construction and utilities

Source: IMF World Economic Outlook, World Development Indicators, EIU Country Data, and The Conference Board



Happiest countries have higher tax rates (except Norway) and provide generous social support

Characteristics	Finland	Norway	Denmark	Malaysia
Income tax brackets	5 income tax brackets <ul style="list-style-type: none"> • 0% • 6% • 17.25% • 21.25% • 31.25% 	5 income tax brackets <ul style="list-style-type: none"> • 0% • 1.4% • 3.3% • 12.4% • 15.4% 	3 income tax brackets <ul style="list-style-type: none"> • 8% • 41% • 55% 	11 income tax brackets <ul style="list-style-type: none"> • 0% • 1% • 3% • 8% • 14% • 21% • 24% • 24.5% • 25% • 26% • 28%
Education	Free for the citizens for all 3 levels of education	Free for the citizens for all 3 levels of education	Free for the citizens for all 3 levels of education	Free for the citizens for primary and secondary levels. Tertiary level apply some cost of tuition fee.
Health services	Free of charge with national insurance subscription	Free of charge up to sixteen years citizens	Free of charge of the citizens	RM1 for outpatient fee and some fees for inpatient
Unemployment allowance	EUR32.40 daily for 5 days per week, for 65 days (must have Kela insurance) Allowance is gradually reduced after 65 days	62.4% of previous income (up to 52 to 104 weeks)	EUR2500 or EUR1700 for full and part time insurance member (up to 2 to 3 years)	Employment Insurance System (EIS) : 30% - 80% from the salary up to 6 months
Maternity and paternity leave	Father – max 54 days Mother – max 105 days	Father – 2 weeks Mother – 3 weeks before and 15 weeks after	Father – 2 weeks after Mother – 18 weeks after	Father – 7 days after Mother – 14 days before and 60-90 days after
Trust in the government (2015)	56% confidence in national government	59% confidence in national government	58% confidence in national government	44% confidence in national government

Source: World Health Organization and various sources



Main lessons from countries on policy support for enhancing happiness

- **Inclusive policymaking** – the happiness effects and policy effectiveness were likely to be greater where there was greater engagement by all the actors, as contrasted to cases where the policy interventions were designed in top-down fashion
- **Important to measure subjective wellbeing** – key variables with enough frequency and geographic breakdown to provide subjective wellbeing data at the level of cities and neighbourhoods
- **Need to move beyond GDP**
 - Gradually moving towards subjective wellbeing indicators from peripheral positions to their more natural roles as overall summary indicators of the quality of life
 - Sweden's 15 New Measures of Wellbeing, recently introduced includes three key subjective indicators among its headline items - life satisfaction, self-assessed health status and social trust
- **Institutional framework needs to be flexible to facilitate innovation at the lower levels**
 - Important to account for local circumstances
 - Collaborative local engagement



MEGA TRENDS IN THE HORIZON

Major forces shaping the future

Global

Globalisation and economy



World economic centre of gravity continues to shift towards Asia - Asia Pacific share of global exports expected to **NEARLY DOUBLE** to 40% in 2050

Global GDP growth projected at average 3.1% annually from 2019-2050

RISING Public Debt

By 2050, population aging will drive up health & pension spending
If current trends continue, global levels of net public debt are set to reach staggering



Economic Power Shift, Rise of East and South

Malaysia



GDP will grow from **RM1.4** trillion to **RM10.3** trillion in 2050

&
Household Income will grow to **RM40,000** by 2050

Labour productivity increase to **RM200,000** by 2050



Technology



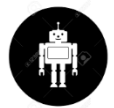
Half the world population will have access to the internet by 2030



Big Data



Artificial Intelligence



New future for manufacturing / Advance Robotics



Cloud Computing



Advance Genomics

Automated economy: heavy on technology, light on labor



New types of jobs emerge

Demand for specialised skills

New type of society



MEGA TRENDS IN THE HORIZON

Major forces shaping the future

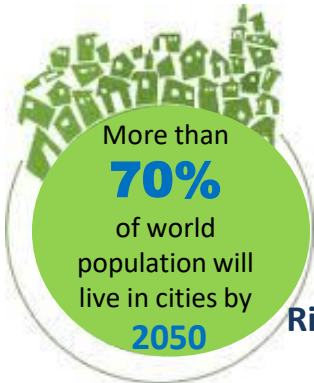
Global

Malaysia

Demographic and social

In 2050 ...

16.7% of population is aged **65+**



Rapid urbanization

Most urban growth will take place in **Africa & Asia**

Rising group of middle income

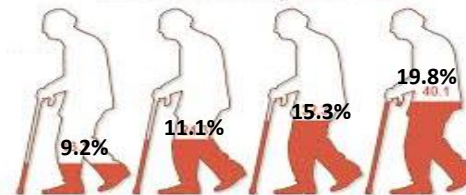


Population will increase to **42 million** in 2040

Urbanisation will grow from **75%** in 2010 to **85%** in 2040

Rapid urbanisation

Ratio of elderly over 60

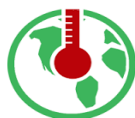


Aged nation by 2030

Resources & Environment



60% ↑ in food production necessary



RAPID CLIMATE CHANGE

50% ↑ in GHG emissions by 2050



55% ↑ in water demand

10% biodiversity loss by 2050

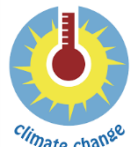


The developing world will have to shoulder **75 – 80%** of adaptation cost (+3 - 4°C) **200m** people could become permanently displaced due to rising sea levels, flooding & droughts



2016: 68 mil tonne

2030: 85 mil tonne **GHG**



Challenge: Decoupling the growth of economy from GHG emissions

As Economy grows:
Natural resources consumed
Waste produced

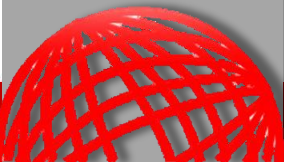
Food Security challenges



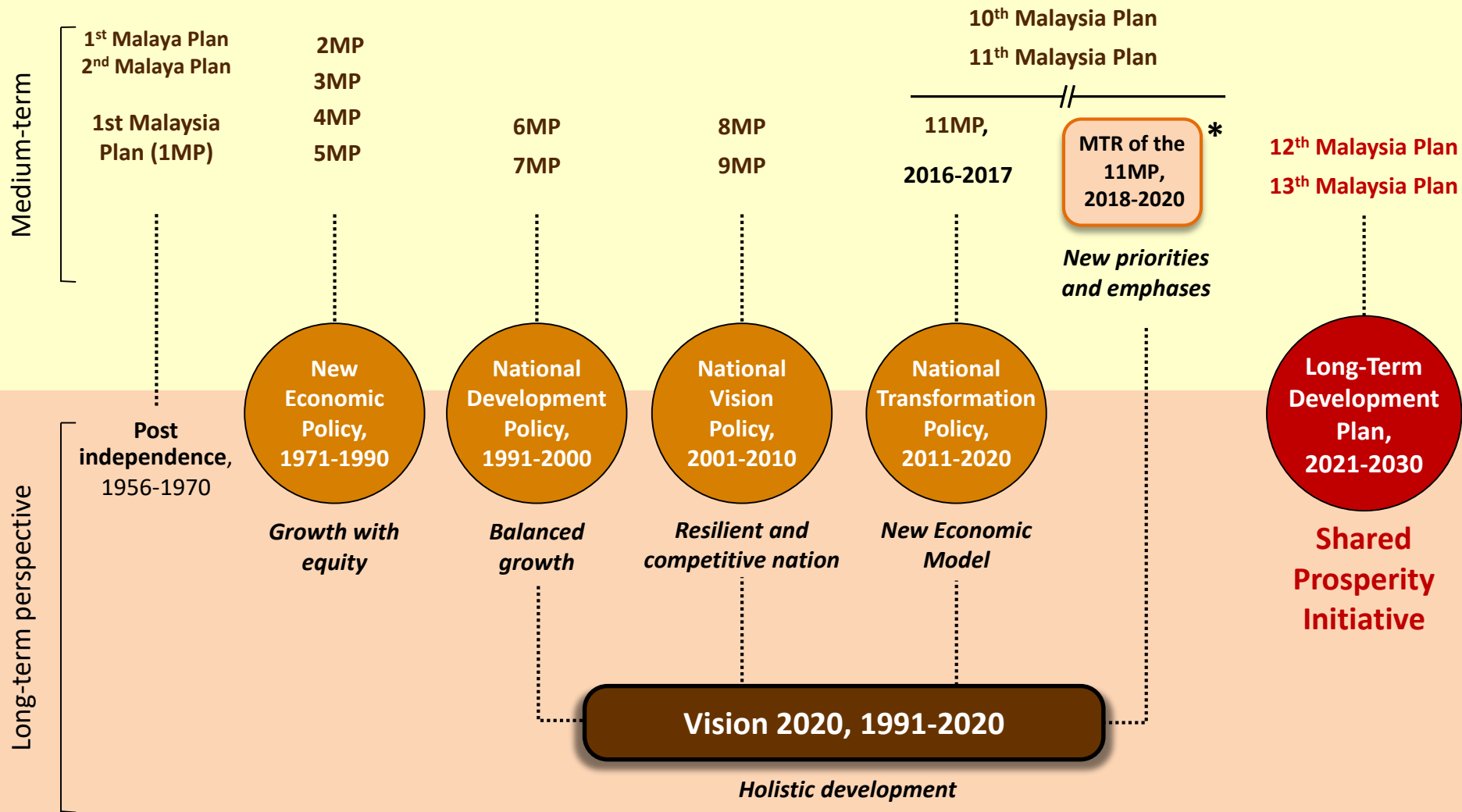


3 The Twelfth Malaysia Plan, 2021-2025 : Approach and Concept

**The first phase of operationalising the
Shared Prosperity Initiative**



Long-Term Development Plan, 2021-2030 is the proposed new long-term policy which is premised on a **shared prosperity initiative**



* Pakatan Harapan Government took over the administration after GE14, 2018 and set new policy priorities



Twelfth Malaysia Plan, 2021-2025 : Development Dimensions

1

Economic Empowerment :
Growth drivers and enablers, ecosystem and imperatives

2

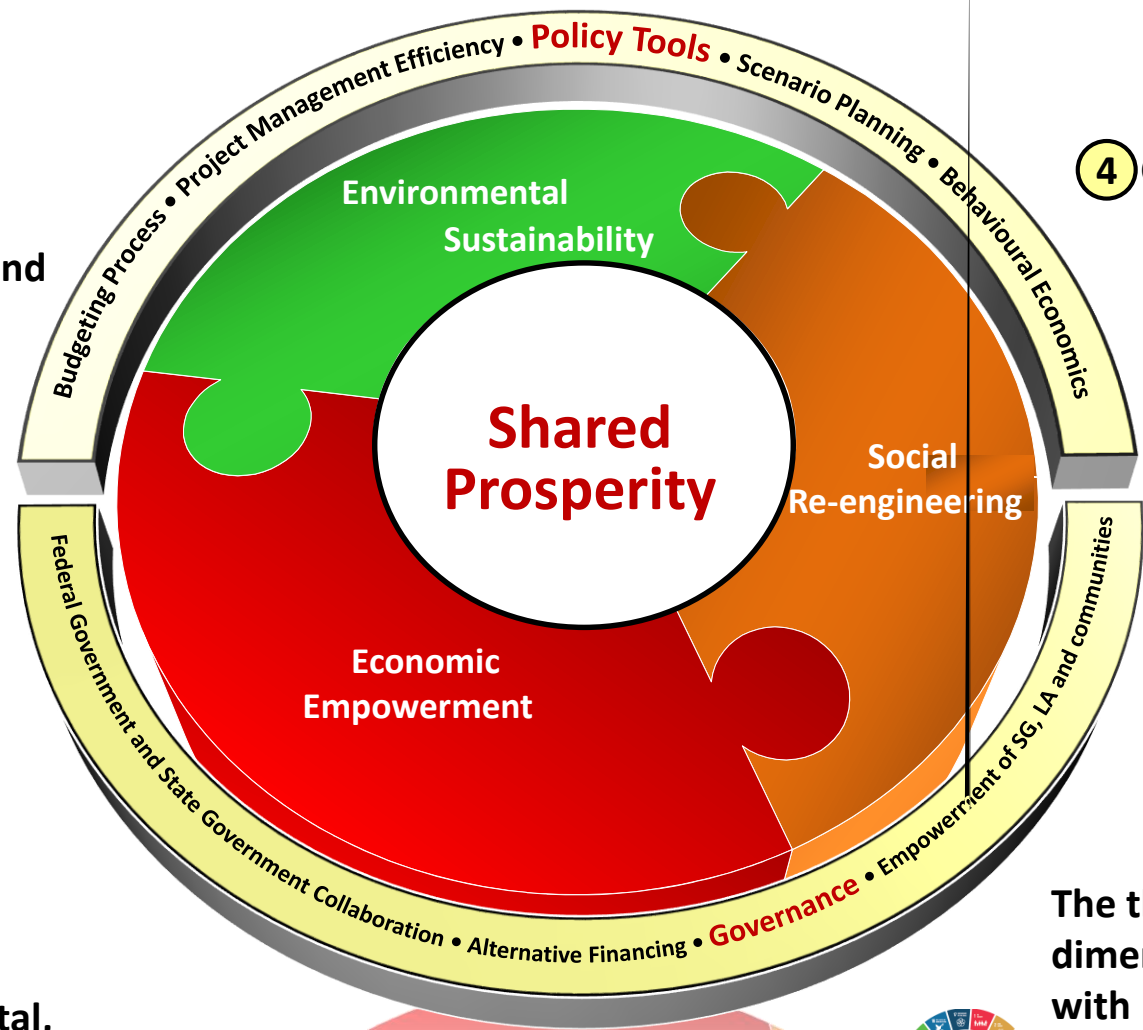
Environmental Sustainability :
Conservation and preservation

3

Social Re-engineering :
Enhancing social capital, inclusivity and social cohesion

4

Governance and Policy Tools



The three development dimensions are aligned with **Sustainable Development Goals (SDGs)**



Operationalising the Twelfth Malaysia Plan, 2021-2025

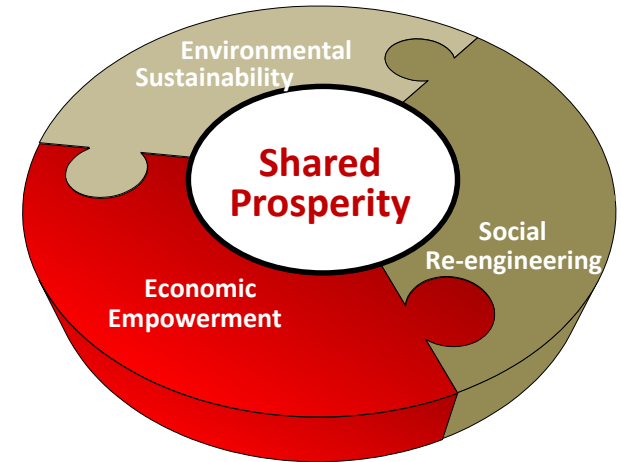
Economic Empowerment

Drivers and enablers

- Fourth Industrial Revolution
- Digital economy
- Target industries and services (aerospace etc)
- Distributive trade
- Collaborative/sharing economy
- Reforming agricultural sector
- Smart construction
- Sustainable energy
- Internationalising oil & gas services and equipment industry (OGSE)
- Greater regional balance
- Cities as growth catalyst
- Revitalising Cyberjaya
- Resilient rural development
- Integrated regional development

Ecosystem

- Infrastructure and transport connectivity
- Public sector efficiency
- Federal-State-Local Authority re-engineering
- Governance/Regulatory framework
- Progressive fiscal and tax structure
- Human capital realignment
- Micro-credential
- Job creation for locals
- Managing foreign workers
- Culture, arts and heritage
- Halal traceability
- Energy market reform
- Regional energy market hub
- International cooperation



Imperatives

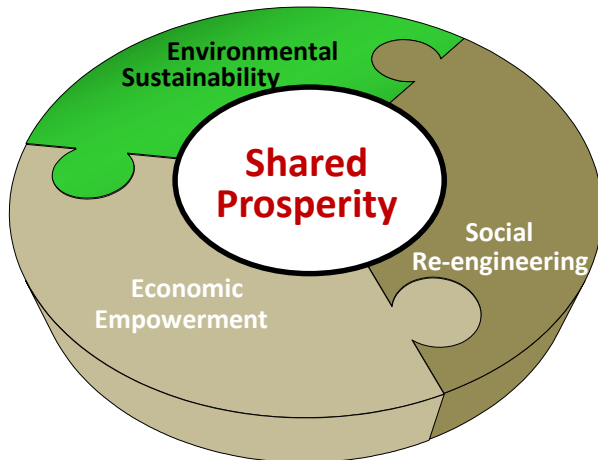
- Raising innovation and productivity to next level
- Boosting trade and private investment
- Review of the 3+2 industries
- Industrialisation vs. deindustrialisation

Operationalising the Twelfth Malaysia Plan, 2021-2025

Environmental Sustainability

Conservation and preservation

- Climate change mitigation and adaptation
- Disaster risk management
- Disaster risk insurance scheme



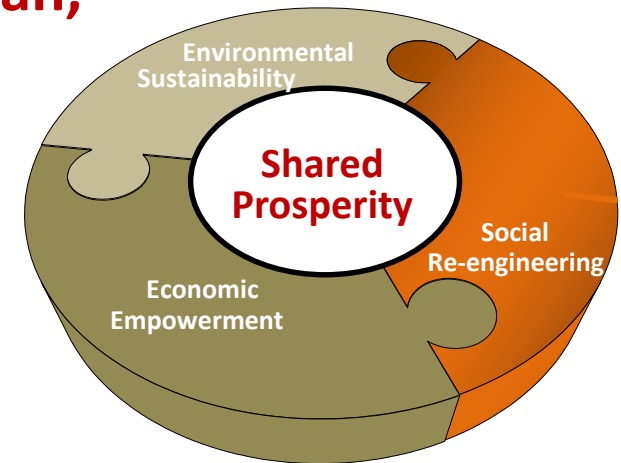
- Green technology
- Management of green and blue economy
- Biodiversity conservation
- Sustainable forest management
- Sustainable Consumption & Production
- Energy efficiency
- Renewable energy
- Integrated water resource management
- Marine litter
- Waste as commodity
- Circular economy – reducing waste and creating value from waste
- Valuing ecosystem services
- Carbon Tax

Operationalising the Twelfth Malaysia Plan, 2021-2025

Social Re-engineering

Enhancing social capital, inclusivity and social cohesion

- Cost of living and purchasing power
- Diversify sources of income
- Towards smart farming/ precision agriculture
- Universal basic income
- Greater income equality with focus on B40 and M40
- Social enterprises
- Improve poverty measurement
- Urban poverty
- Independent Bumiputera
- Optimising Malay reserve land
- Minority groups participation
- National unity and cohesion
- Community development
- Good ethics and moral values



- Affordable housing
- Access to quality healthcare and education services
- Healthy and active lifestyle
- Invigorate healthcare
- Ageing Society
- Early childhood education for all
- Structured financial support system for students
- Regulating industry-academia collaboration in TVET
- Job creation for local
- Managing foreign workers
- Work-life balance
- Secure nation
- Public safety and security

Operationalising the Twelfth Malaysia Plan, 2021-2025

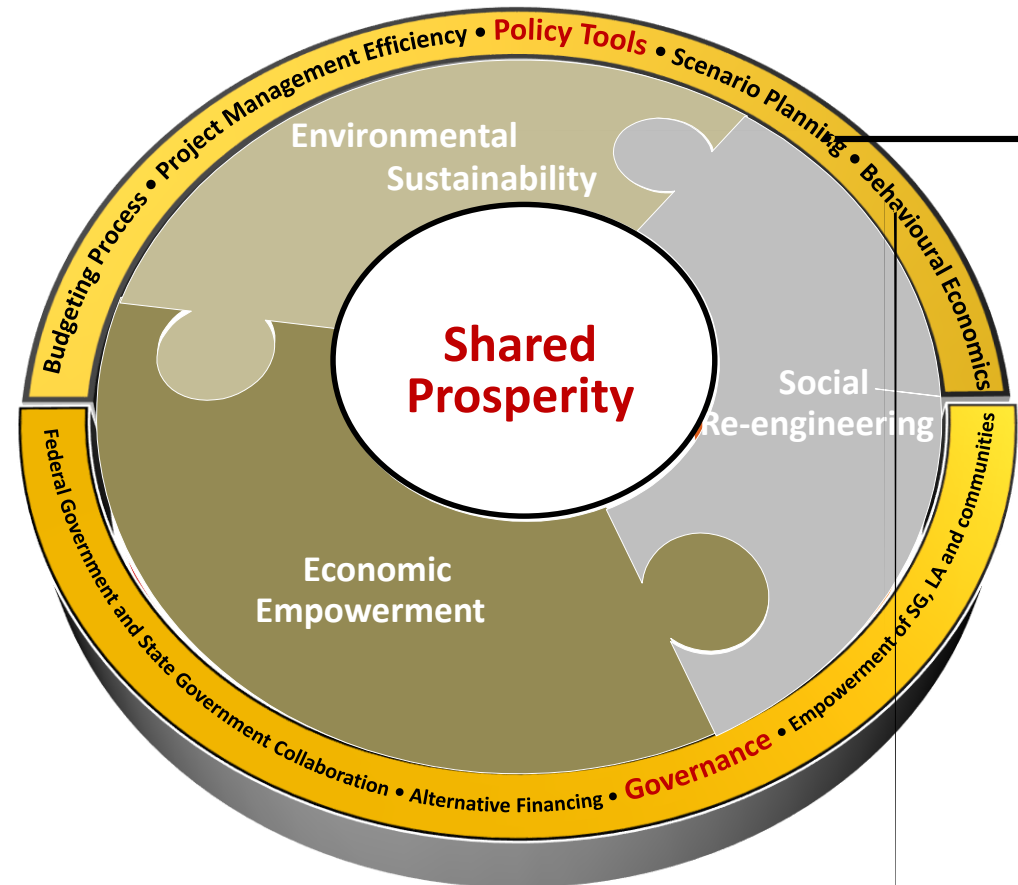
Policy Tools and Governance

Policy Tools

- Budgeting process
- Project management efficiency
- Scenario planning
- Behavioural Economics

Governance

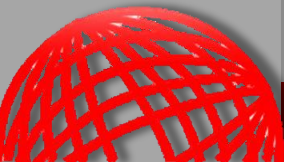
- Federal Government & state government collaboration
- Alternative financing
- Empowerment of state governments, local authorities & communities





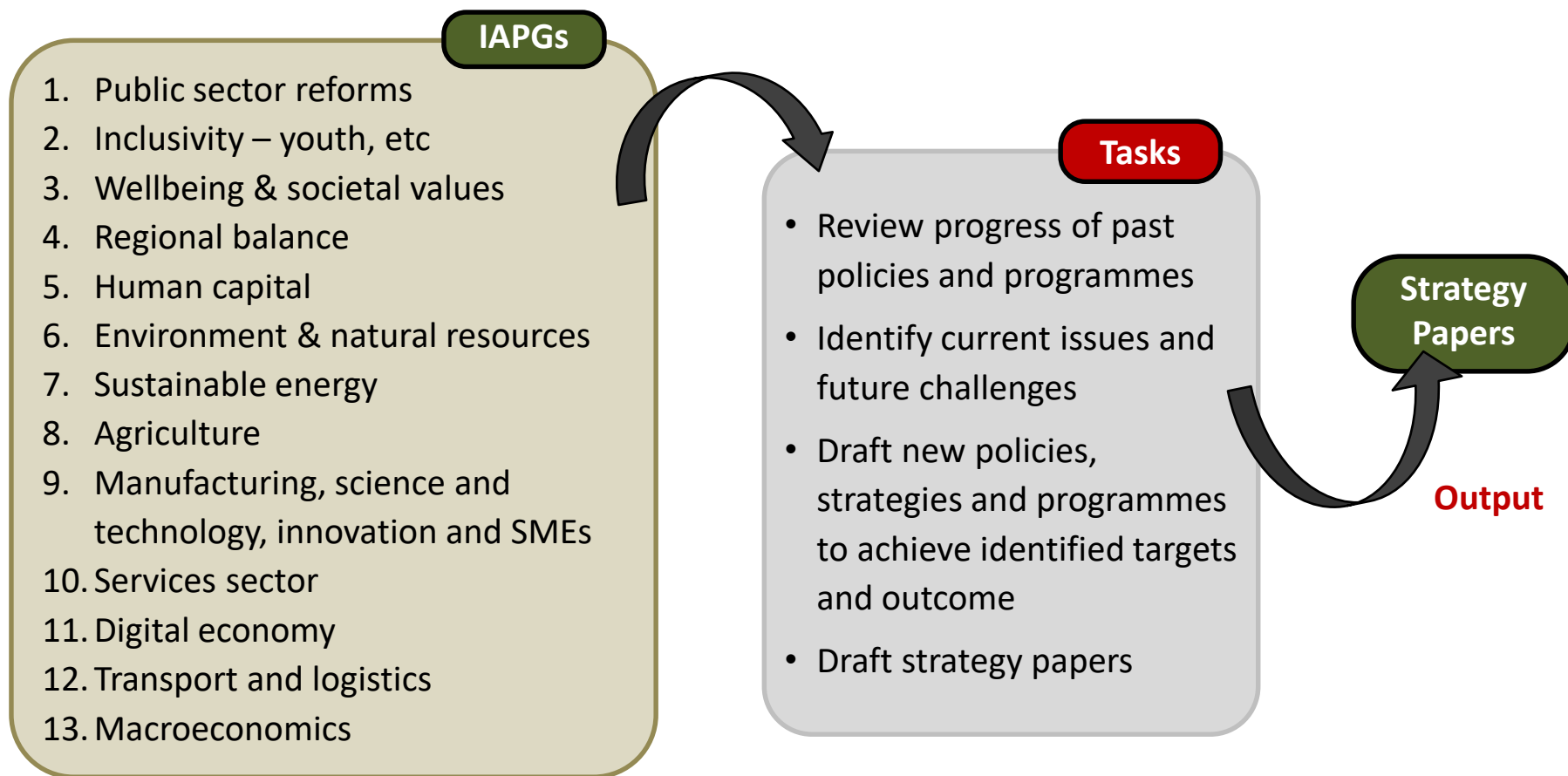
12MP : Structure of governance and work plan

Ministry of
Economic Affairs



Feedback from stakeholders are solicited through various platforms ...

- **13 Inter-Agency Planning Groups (IAPGs)** – Federal and State Governments
- **46 Technical Working Groups (TWGs)** – Public and private sectors
- At least **180 Focus Groups (FGs)** – Public and private sectors, and civil society



... to prepare 32 Strategy Papers in support of the 12MP document

Public Sector Reform and Governance

1. Embedding Behavioral Insight in Designing Policy
2. Reforming State-owned Enterprise Management
3. Reforming Public Private Partnership Towards Reducing Government Roles in Businesses
4. Strengthening Coordination and Cooperation to Support Regional Development
5. Greater Governance
6. Public Service Efficiency

Social Re-engineering

7. Strengthening National Unity
8. Ensuring Sustainability of B40 Household Income
9. Upholding Bumiputera Community Towards a Resilient, Progressive and Bold Society
10. Towards 2030 : Creating Solutions for the Ageing Population in Malaysia
11. Invigorating Healthcare Towards Progressive Nation
12. Ensuring a Safe, Secure and Peaceful Nation
13. Transforming Rural Areas to Uplift Wellbeing of Rural Communities

Environmental Sustainability

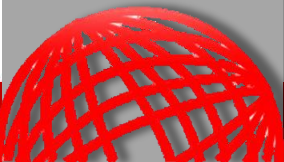
14. Investing in Sustainable and Resilient Growth
15. Valuing Natural Resources for Socioeconomic Development
16. Water Sector Transformation
17. Sustainable Usage of Energy to Support Growth

Economic Empowerment

18. Driving Modernisation in Agro-food
19. Delivering Economic and Social Prosperity Through Agri-Commodity
20. Energising Manufacturing Sector
21. Translating Innovation to Wealth
22. Aerospace
23. Fostering a Robust Services Sector
24. Revitalising Toursim Sector
25. Digitalising Malaysian Economy
26. Making Connections: Seamless Transport System and Logistics
27. Progressing Towards Sustainable Cities
28. Strengthening Technical and Vocational Education and Training (TVET) to Meet Industry Demand
29. Inclusive Labour Market for Prosperous Nation
30. Revitalising Education System
31. Reinvigorating Higher Education System
32. Resilience Small Medium Enterprises



4 Economic Performance of Sabah: Achievements, Issues and Challenges



Initial assessment on Sabah's economy

- **This assessment is not meant as comparison between states**
- **Sabah recorded encouraging socioeconomic performance**
 - Strong economic growth, led by mining and services sectors
 - GDP per capita increased gradually
 - Poverty rate reduced significantly
 - Low inflation rate
- **There are still issues and challenges that need to be addressed**
 - Economic growth spearheaded by the traditional sector
 - Private investment remained low
 - Labour productivity below the national level
 - Low percentage of students completing school and lack of skilled workers
 - High unemployment rate
 - Household monthly income level lower than the national average
 - Income disparity still exist among districts
 - Food component was a major contributor to inflation
 - High house prices affecting home ownership
 - Access to infrastructure slightly lower than the national average
 - Deterioration in the healthcare and environmental components
- **The strength and uniqueness of Sabah should be leveraged towards enhancing the state's economic growth**

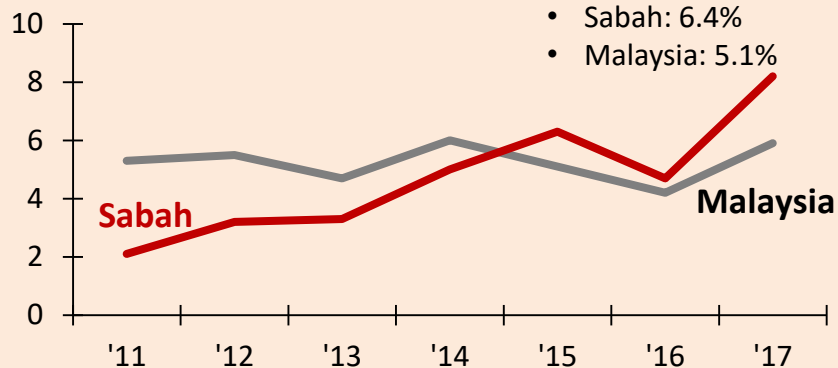


Sabah recorded higher economic growth ...

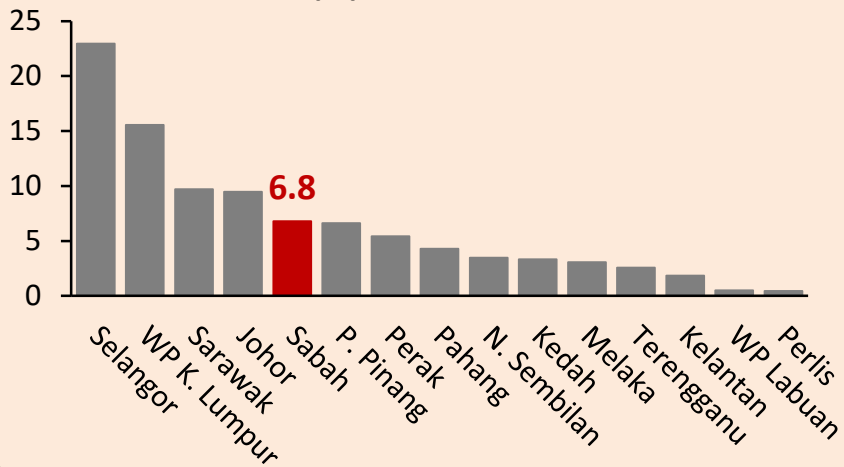
Sabah's GDP expanded by 6.4% per annum, higher than the national level ...

GDP, constant prices 2010

(% p.a.)



Percentage share to national GDP, 2017 (%)

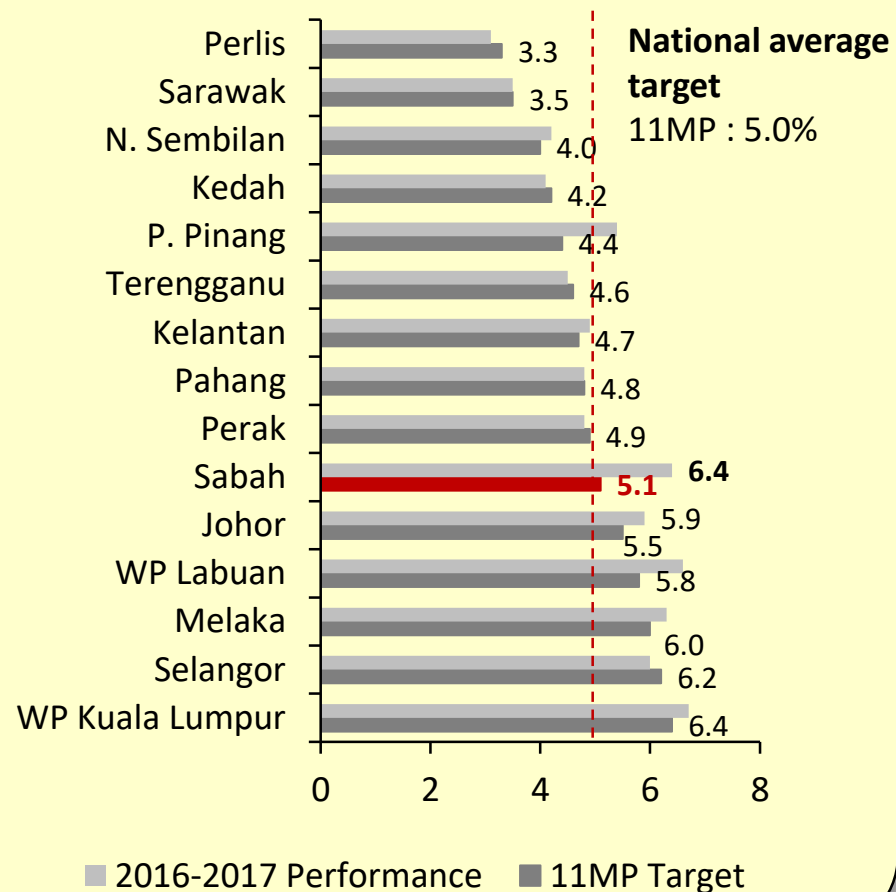


Source: DOSM

... and is expected to moderate in the remaining 11MP period

GDP by states, constant prices 2010

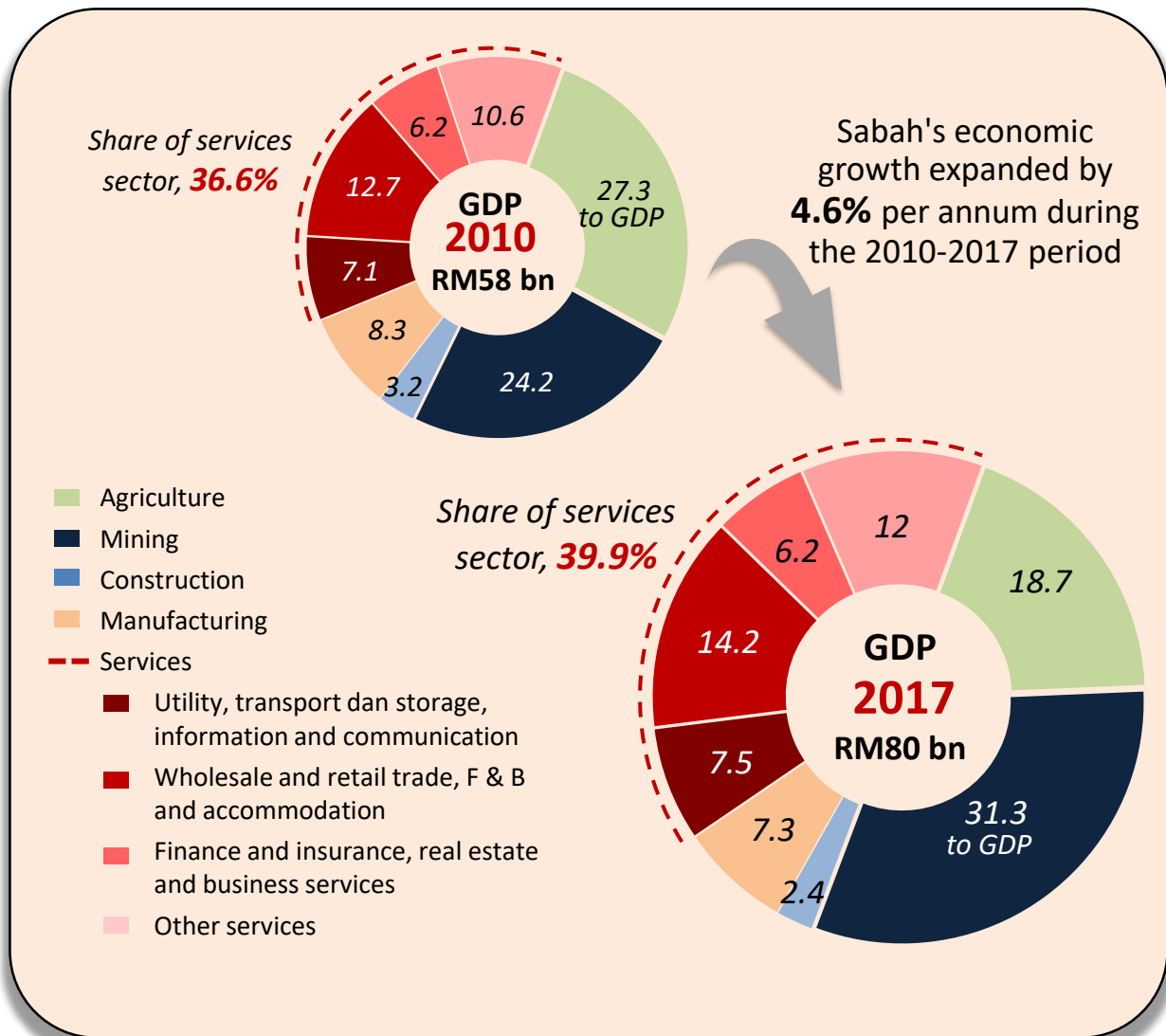
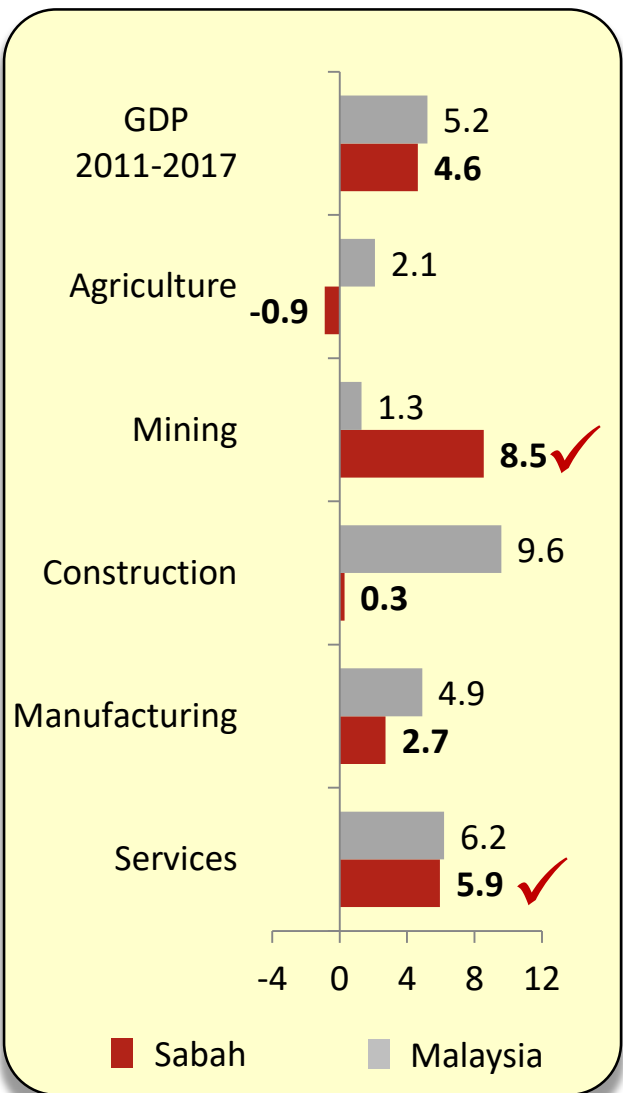
(% p.a.)



The economic structure has changed over the period of 7 years...

Growth was mainly driven by the mining and services sectors ...

... with the mining and services sectors contributing 71.2% to GDP, while the share of the agriculture sector moderated



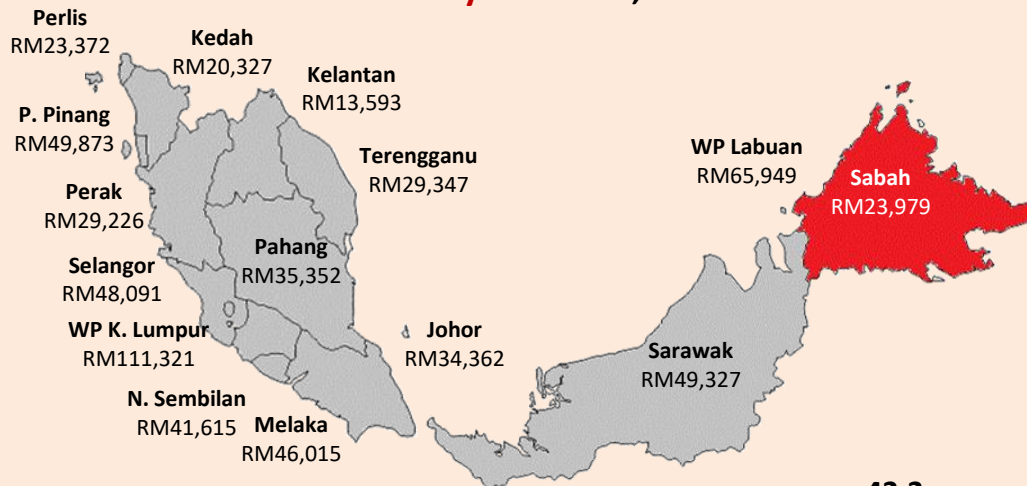
Source: DOSM

GDP per capita increased gradually, but still below the national level ...

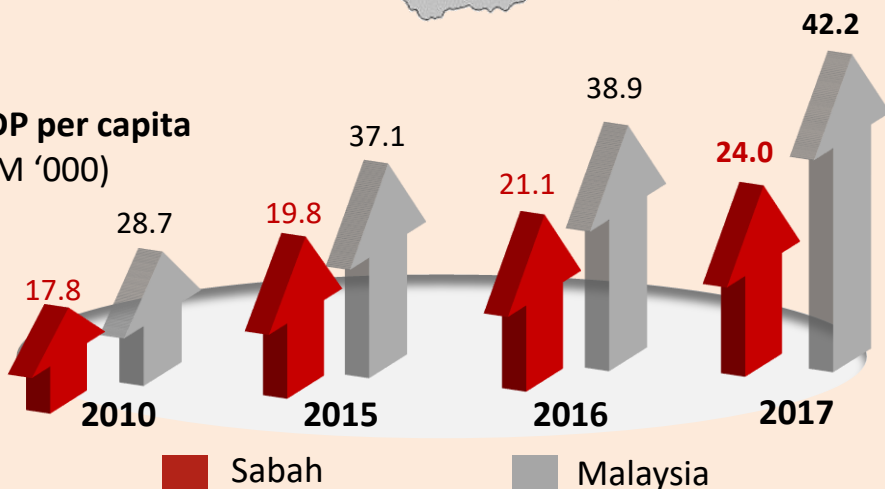
GDP per capita increased by 6.8% per annum for 2016-2017 ...

... and a gap of 44.7% is expected compared to the national average in 2020

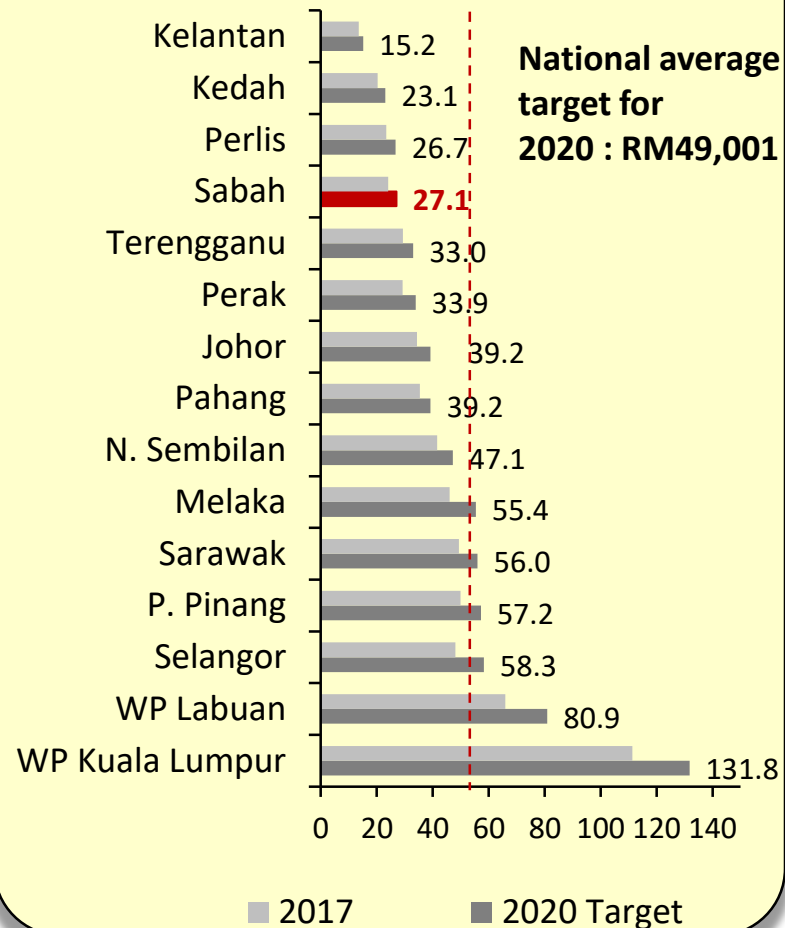
**GDP per capita (current prices) 2017,
Malaysia: RM42,228**



**GDP per capita
(RM '000)**



**GDP per capita
(RM '000)**

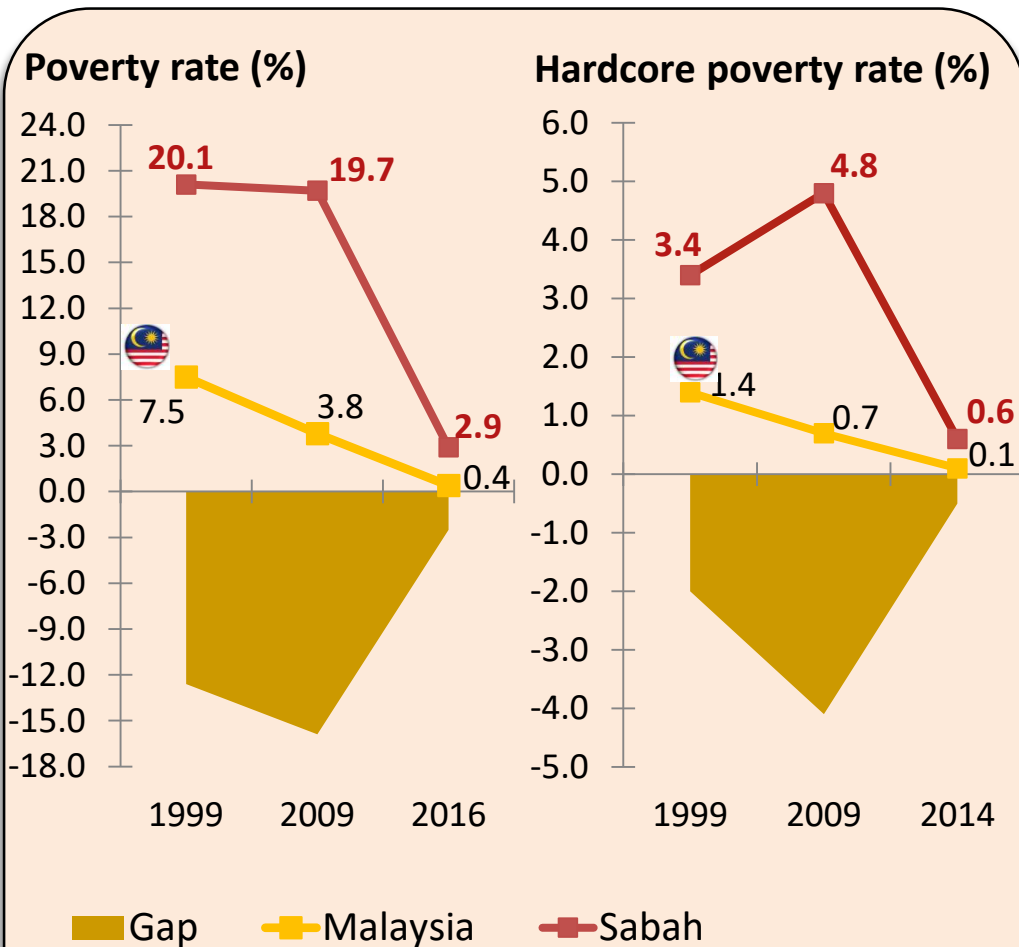


Source: DOSM

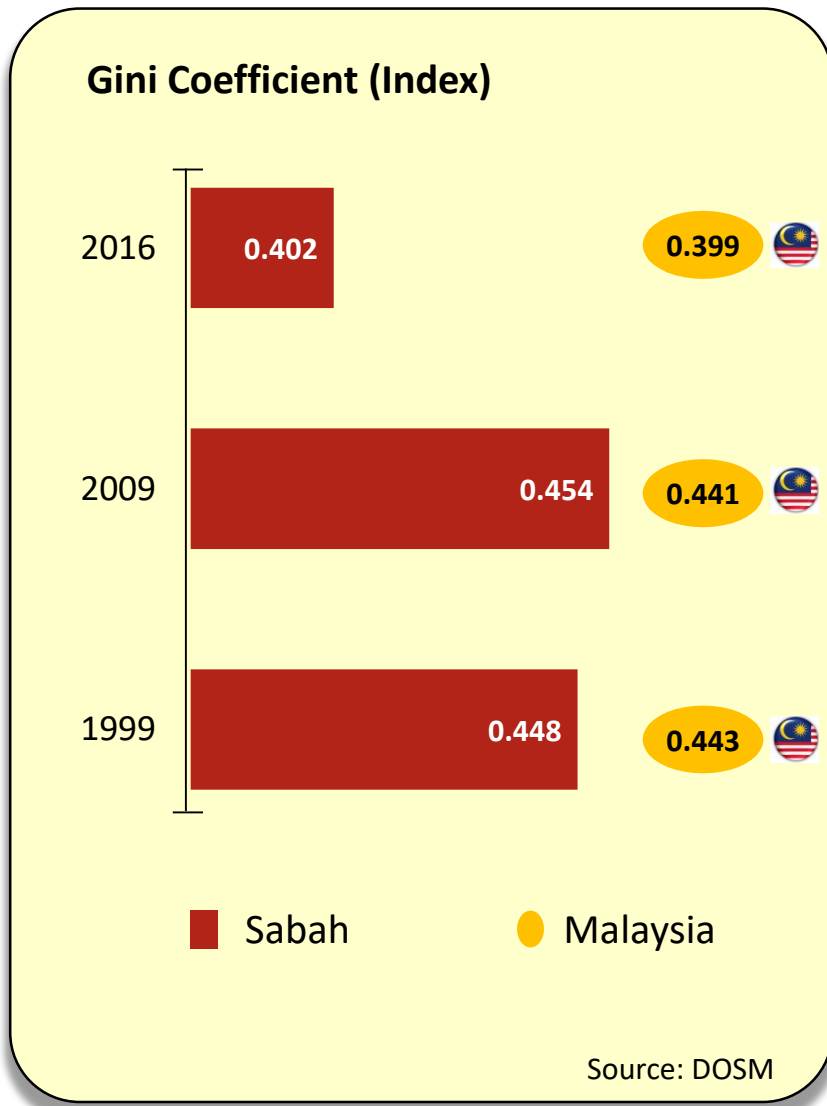
Poverty rate has been significantly reduced ...

Poverty rate decreased from 19.7% in 2009 to 2.9% in 2016 ...

... and the income gap narrowed, closer to the national level



Note: Based on eKasih data as at 30 June 2019, there are still 38,273 poor households, including 17,171 hardcore poor

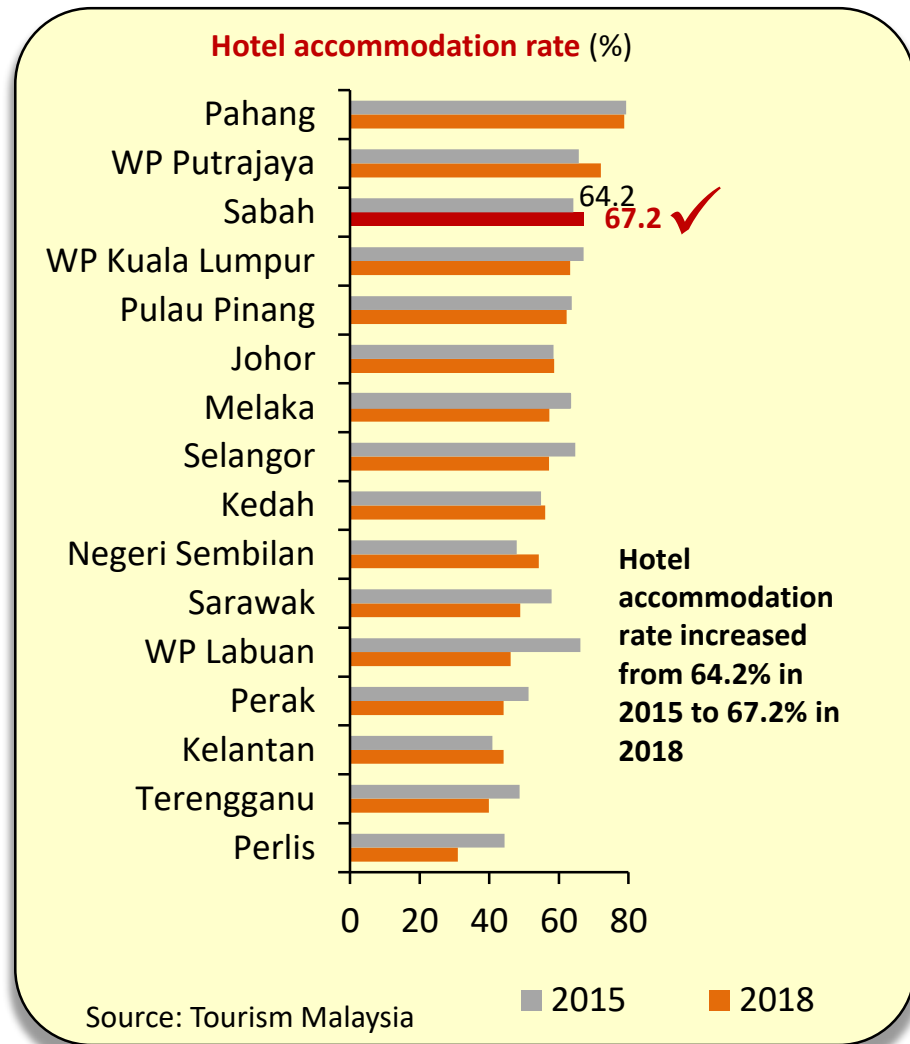
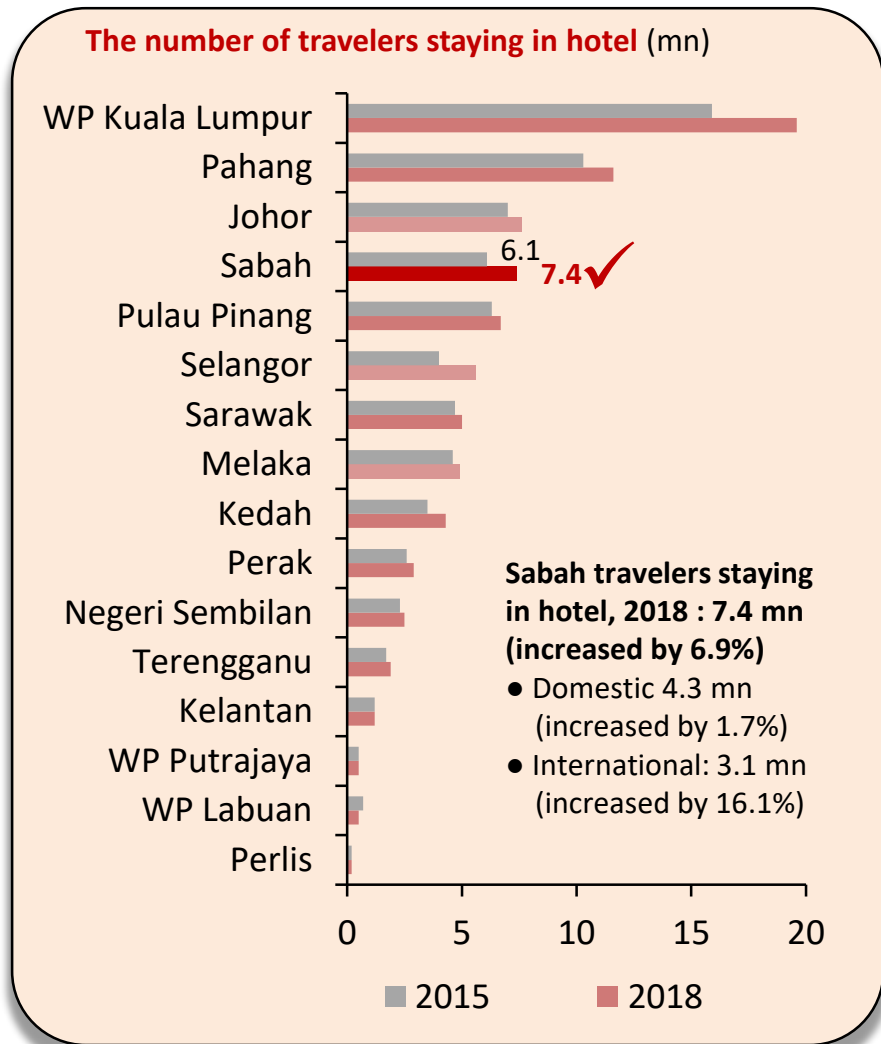


Source: DOSM

Economic growth was still driven by the traditional sector, especially tourism ...

The number of international hotel guests increased significantly compared to that of domestic ...

... hotel accommodation rate increased by 3% from 2015 to 2018



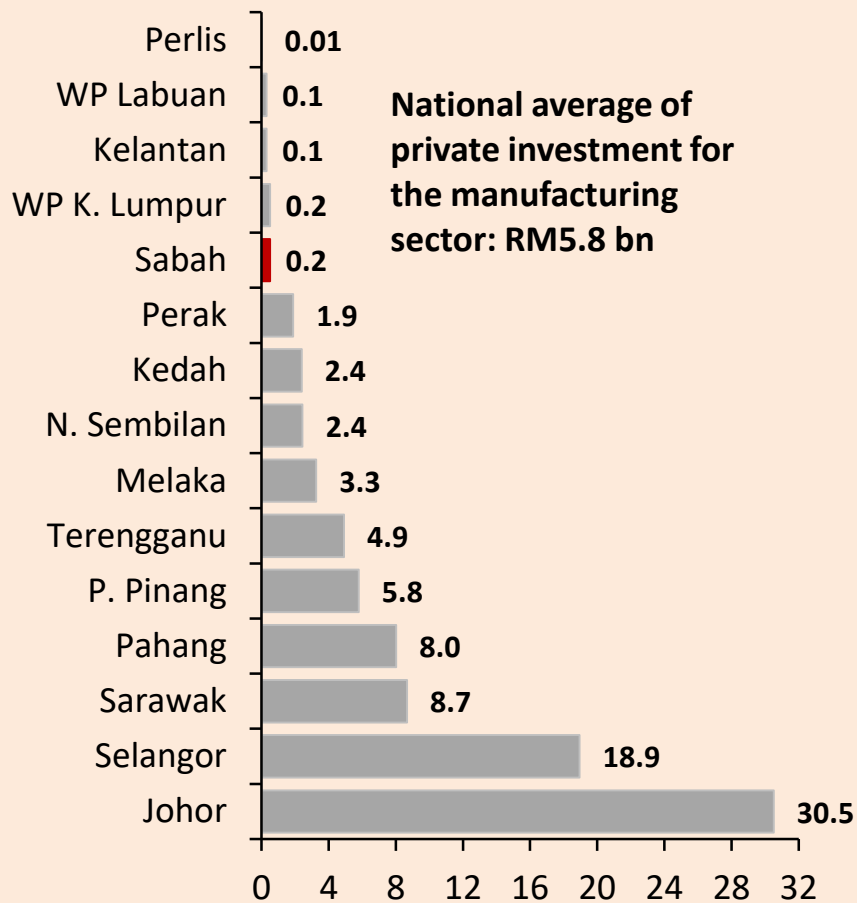
Source: Tourism Malaysia

Private investment remained low ...

Private investment in the manufacturing sector was among the lowest ...

... while the development allocation (DE) approved for Sabah recorded a total of RM5.0 bn in 2019

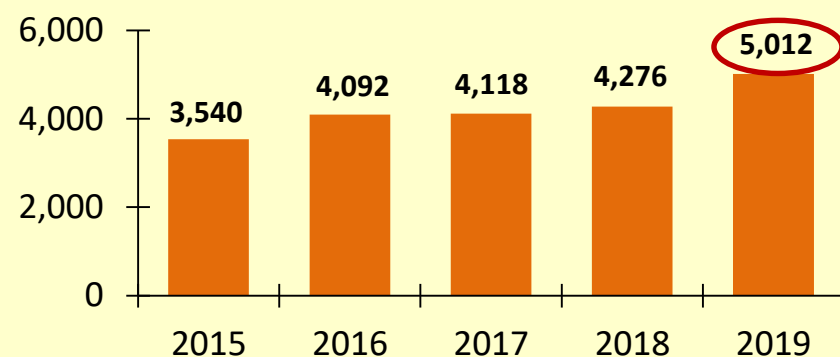
Private investment in the manufacturing sector (RM bn), 2018



Source: MITI

Development allocation

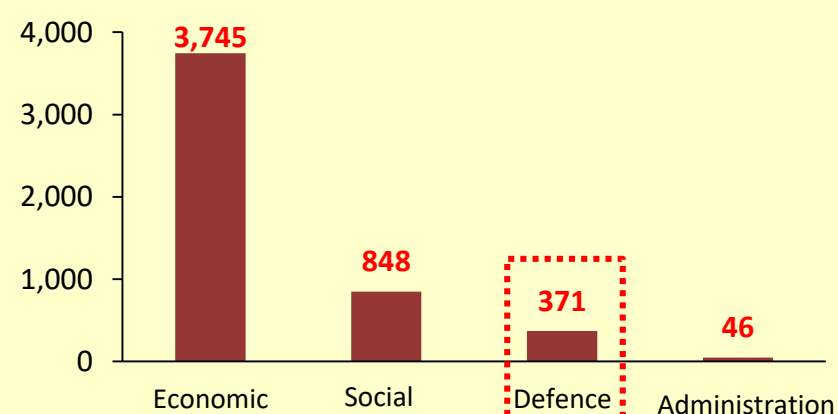
(RM mn)



... with 7.4% of the total DE in 2019 is for defence sector

Development allocation by sector, 2019

(RM mn)



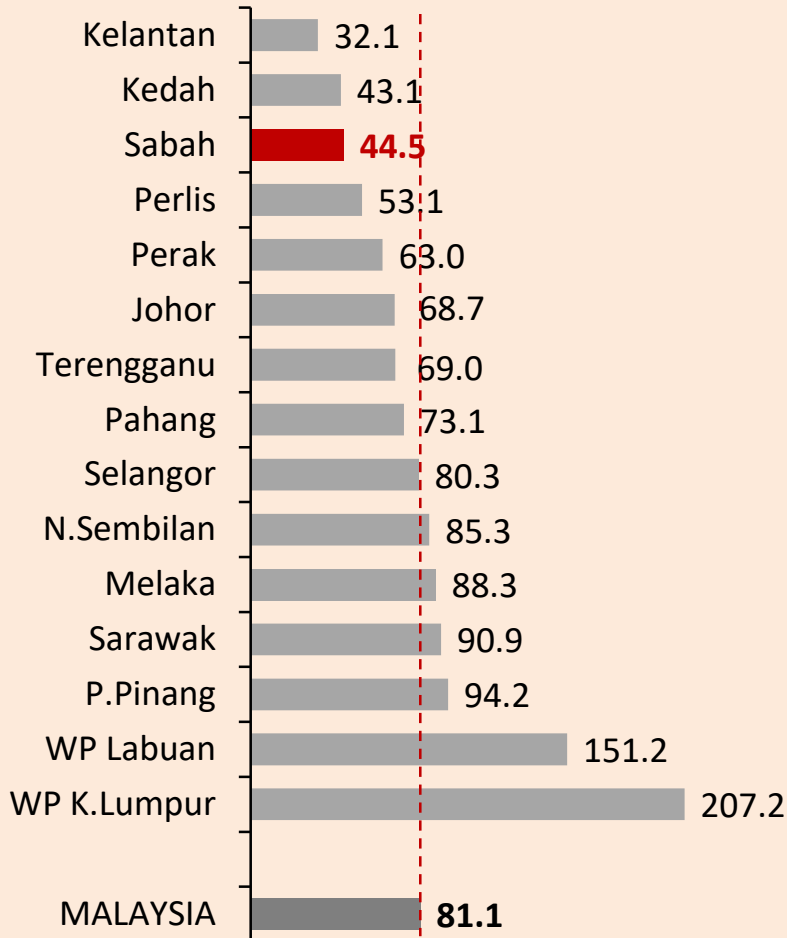
Labour productivity below the national level ...

Labour productivity was 45.1% lower than national level ...

... hence, increasing number of skilled workers will improve productivity growth momentum

Labour productivity, 2017

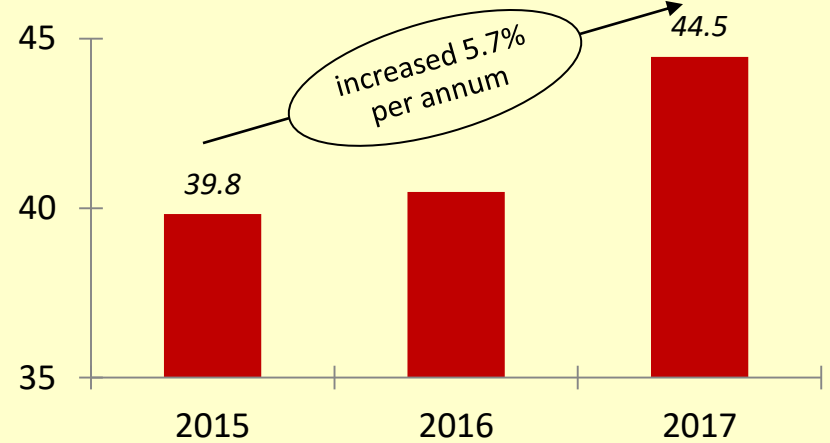
(RM '000/worker, in constant prices 2010)



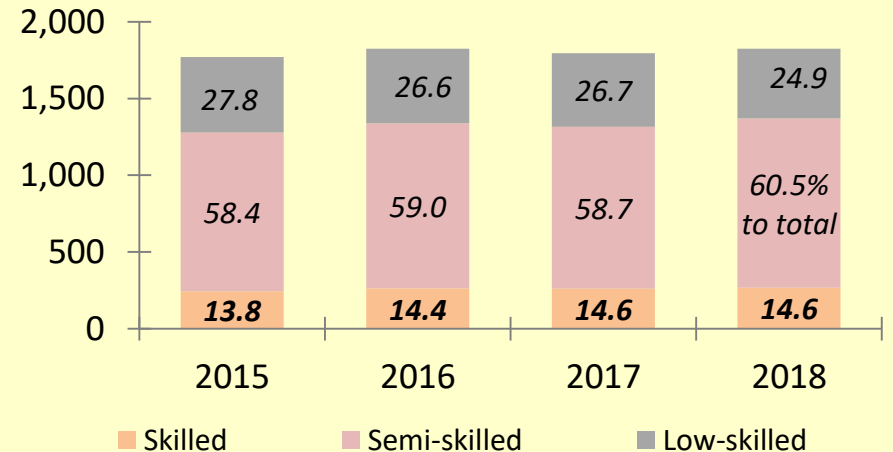
Source: DOSM

Labour productivity, Sabah

(RM '000/worker, in constant prices 2010)

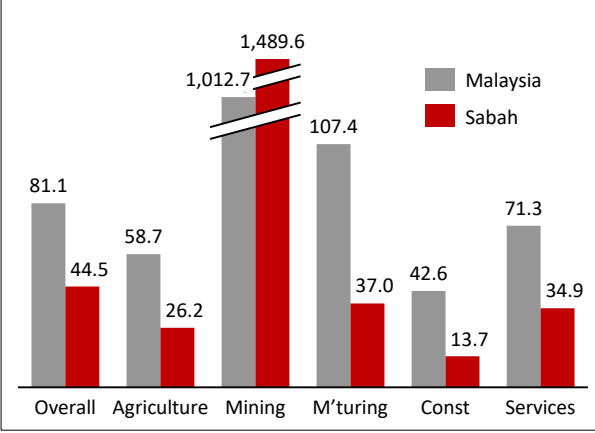


Labour force, Sabah ('000)

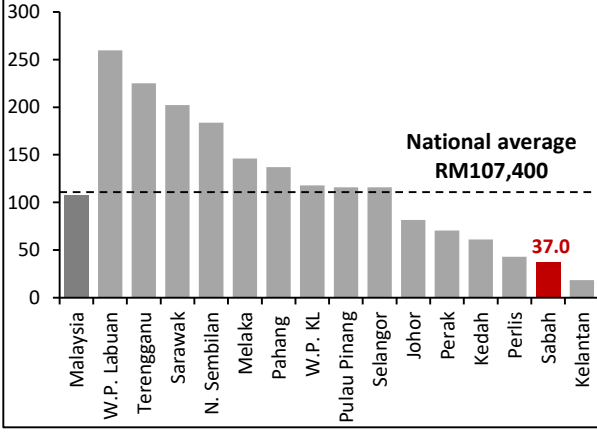


Labour productivity in all sectors, except mining, were lower than the national average ...

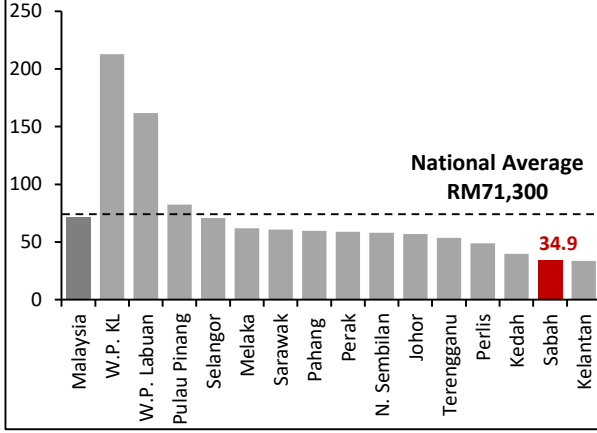
Labour productivity by major economic sectors, 2017 (RM'000/worker, in constant prices 2010)



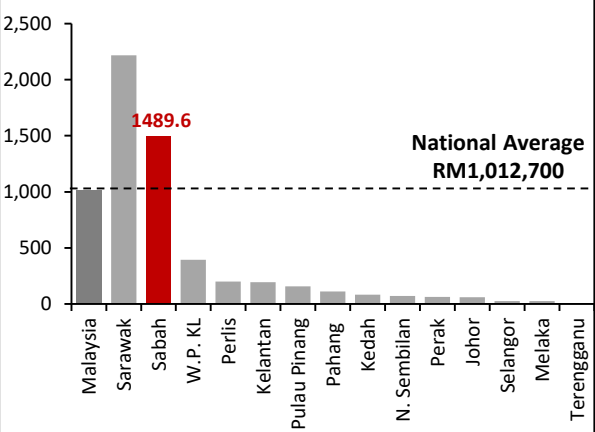
Labour Productivity of Manufacturing sector, 2017 (RM'000/worker, in constant prices 2010)



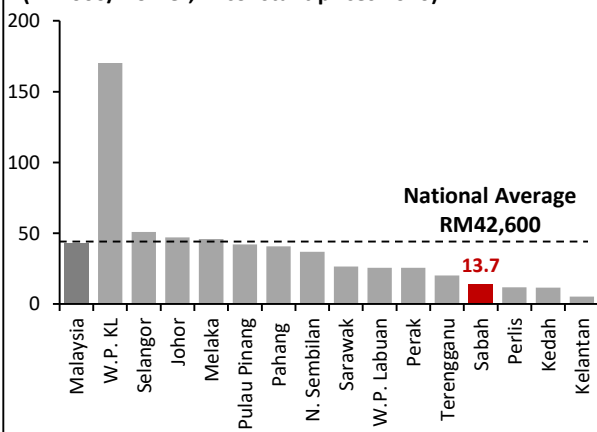
Labour Productivity of Services sector, 2017 (RM'000/worker, in constant prices 2010)



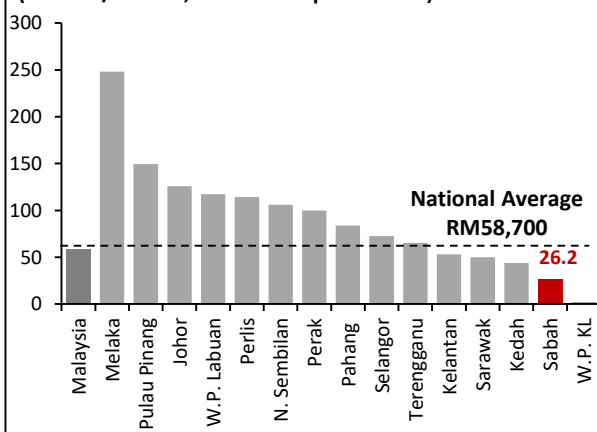
Labour Productivity of Mining sector, 2017 (RM'000/worker, in constant prices 2010)



Labour Productivity of Construction sector, 2017 (RM'000/worker, in constant prices 2010)



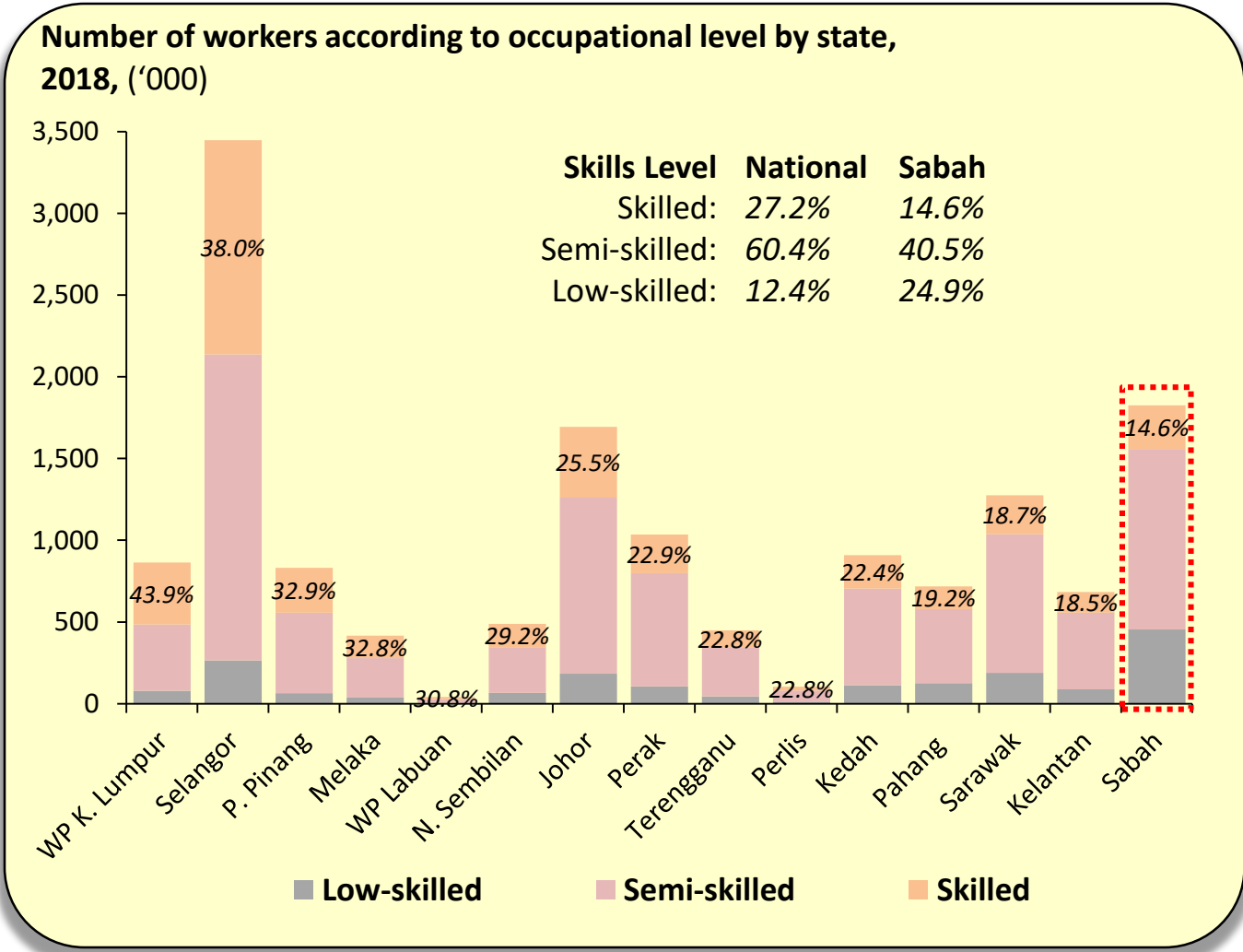
Labour Productivity of Agriculture sector, 2017 (RM'000/worker, in constant prices 2010)



Source : DOSM & MEA

Low percentage of students completing secondary education and the lack of skilled workers ...

... percentage of skilled workers in Sabah was lower than national level and the industries were more dependent on semi-skilled workers



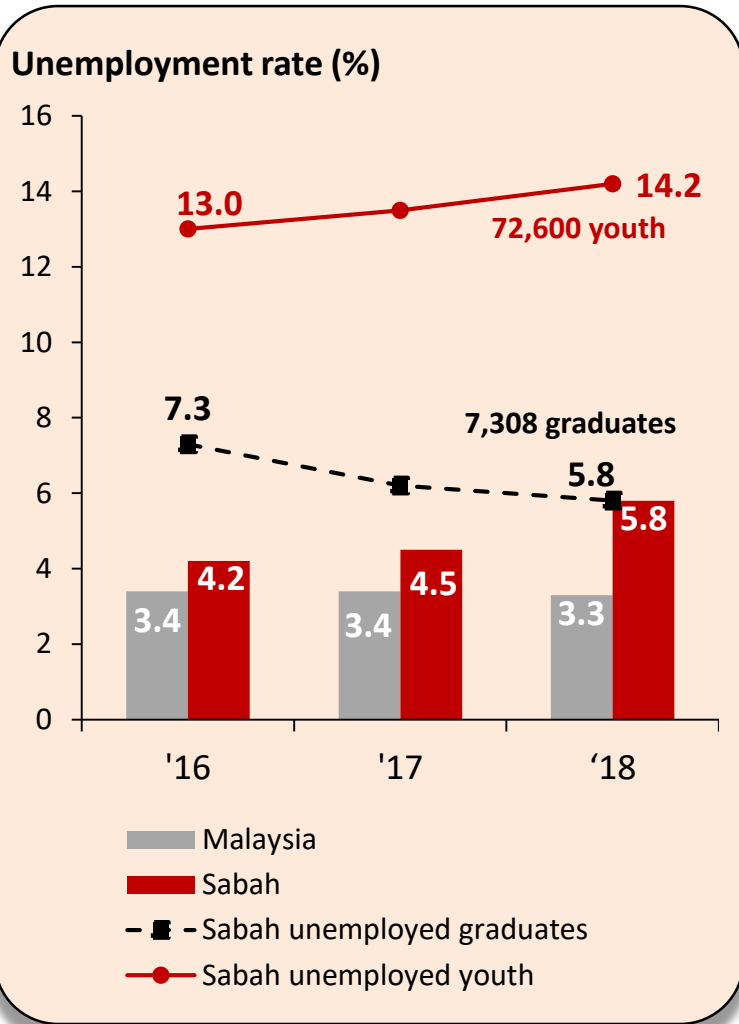
Main issue

- **Secondary education enrollment (87.0%) and completion rates (82.3%) were below national average at 91.1% and 83.5% respectively**
- **Labour force with tertiary qualifications (16.9%) was below national average (28.9%)**

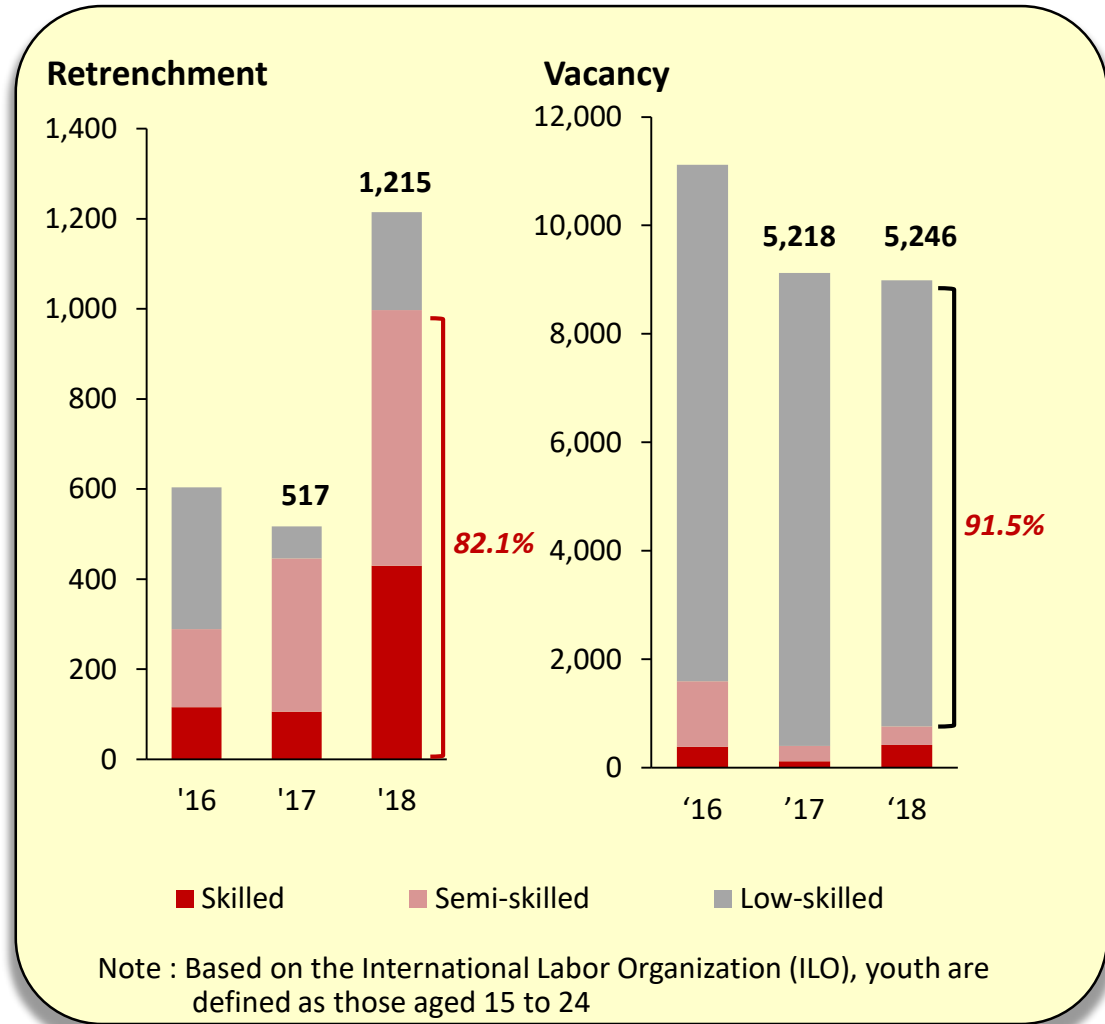
Source: DOSM

High unemployment rate ...

The unemployment rate among youth and graduates were still high ...



... retrenchment was mainly concentrated in the skilled and semi-skilled jobs, while vacancies were from low-skilled jobs



Note : Based on the International Labor Organization (ILO), youth are defined as those aged 15 to 24

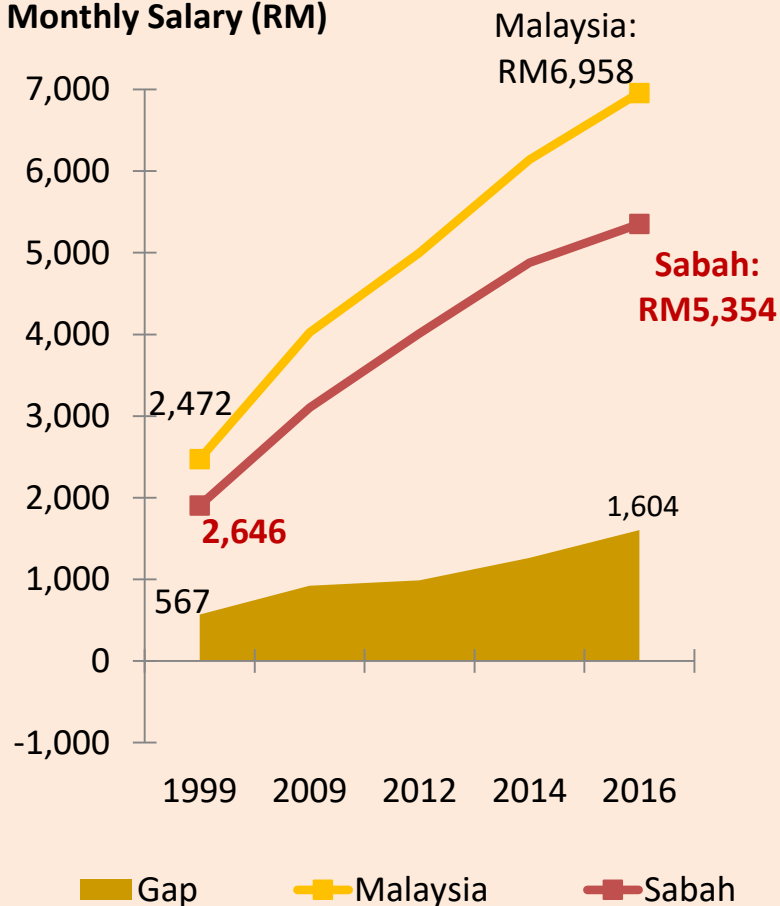
Source: DOSM and MOHR

Household monthly income was lower than the national average ...

Sabah's monthly household income grew by 6.3% per annum ...

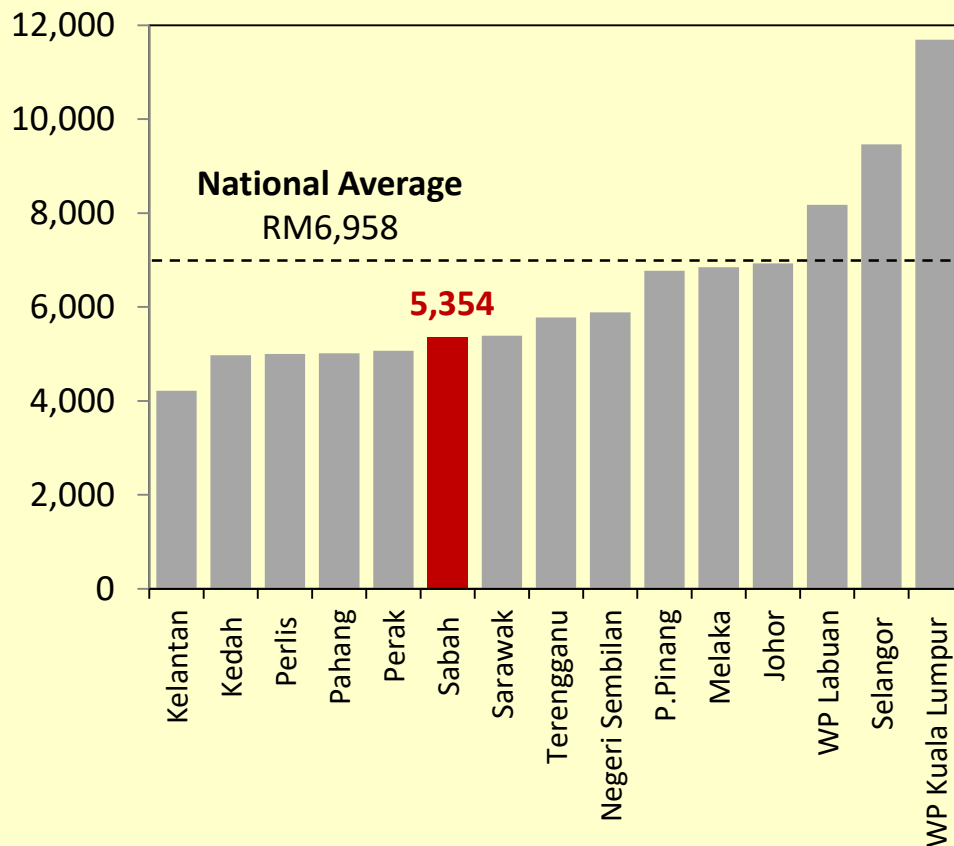
... however, the income gap compared to national average was 23.1%

Average Household Monthly Salary (RM)



Source: DOSM

Monthly Household Gross Income (RM), 2016

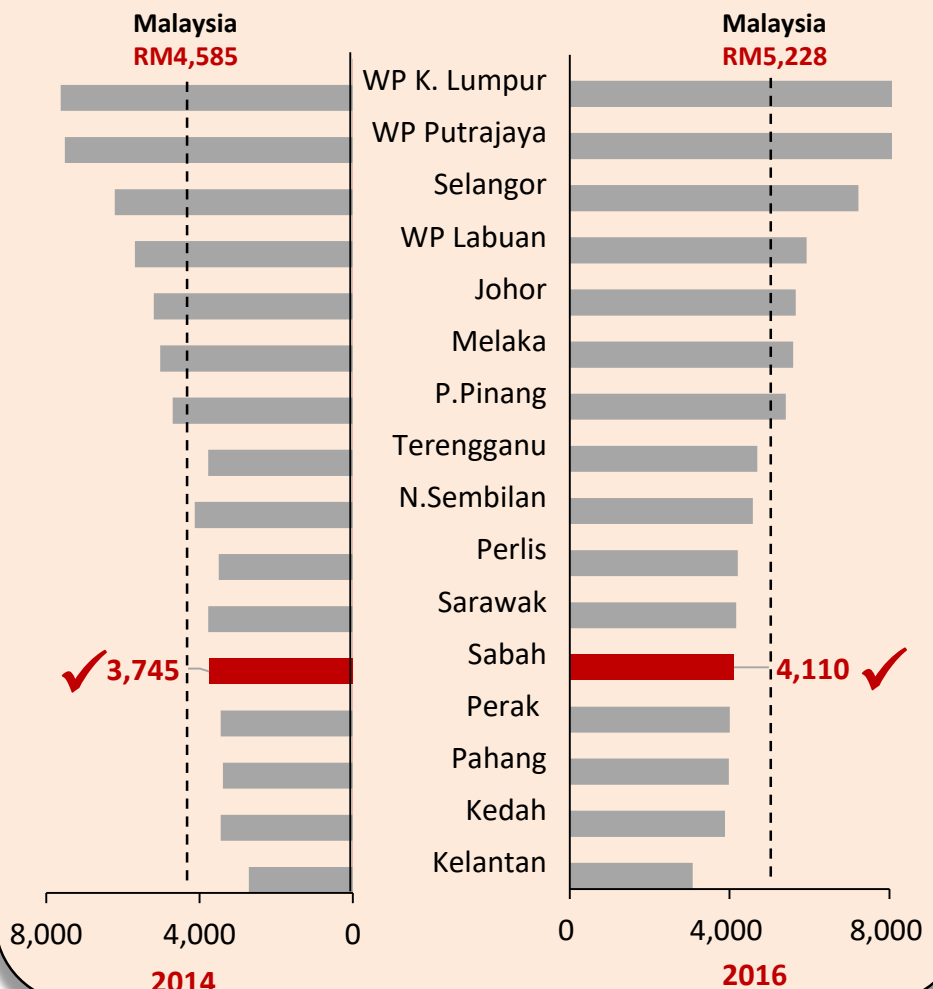


Gap in monthly household income between Sabah and national level has been widening ...

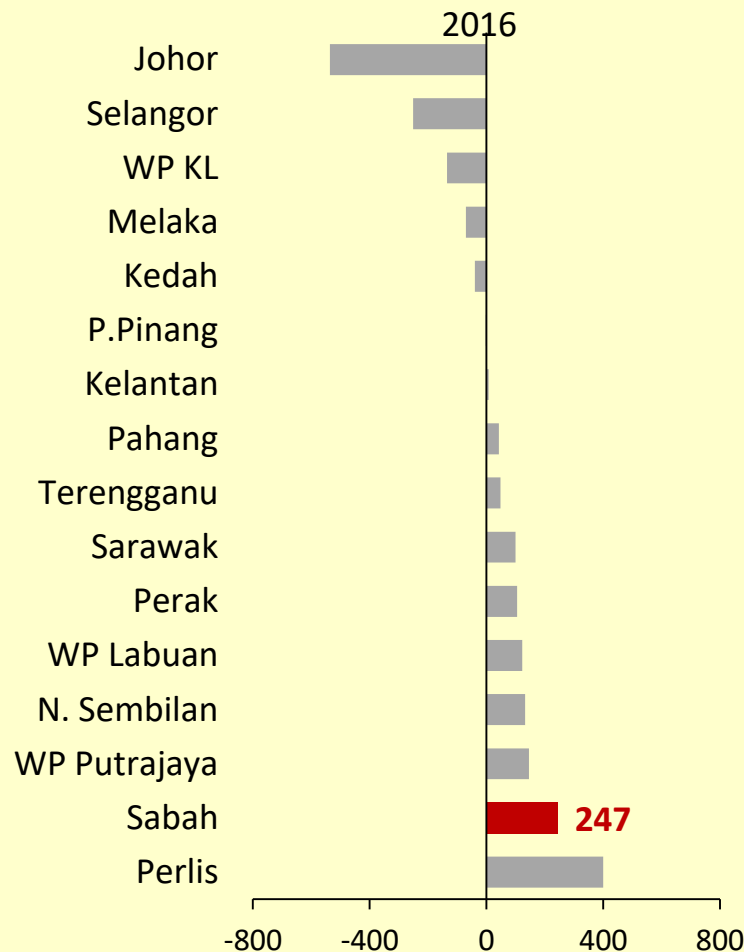
Median income was 21.4% lower than national level ...

... however, there was a surplus for upper B40 income group

Median Monthly Household Income



Upper B40 (≤ RM 3,000 - RM4,359)

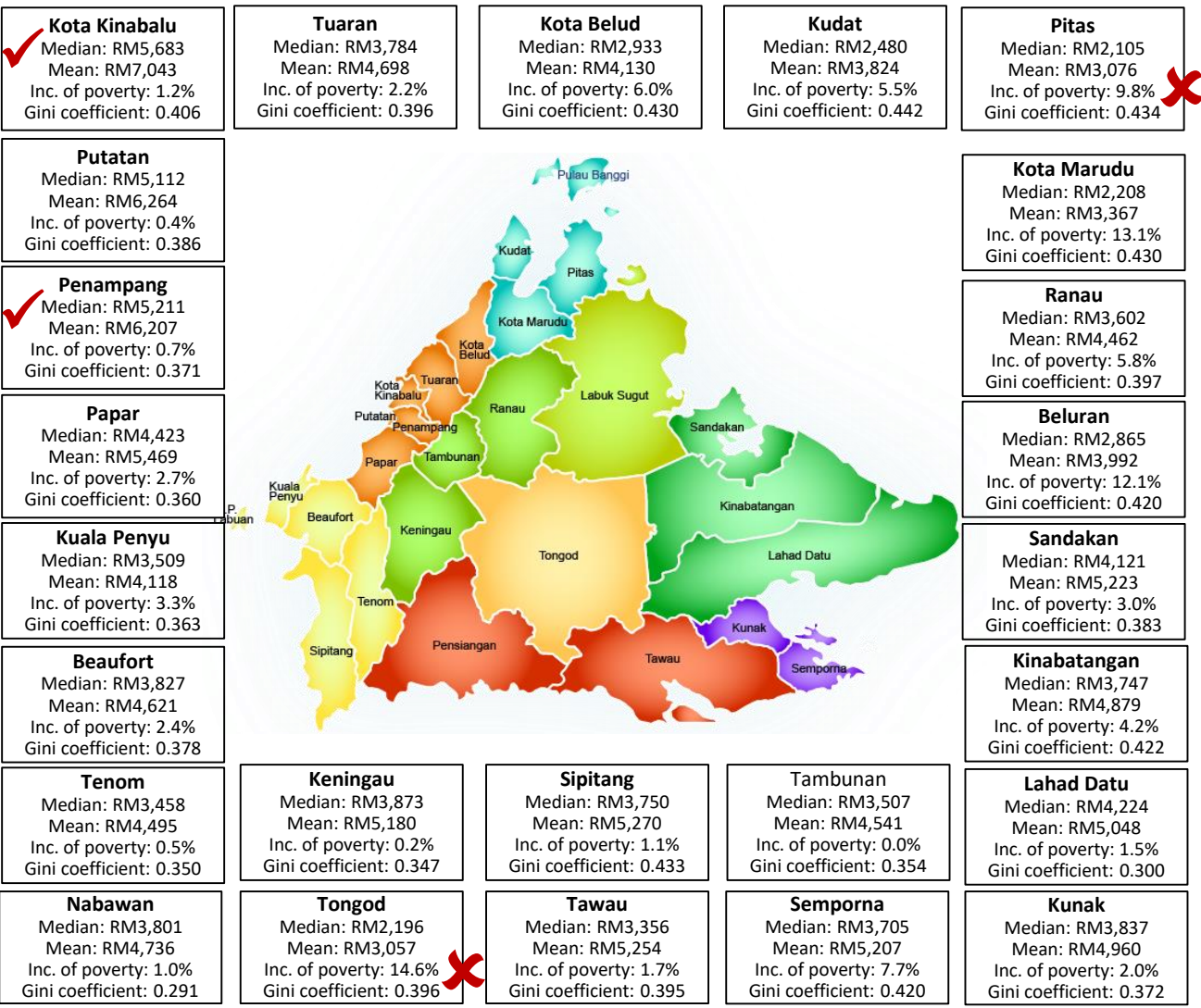


Source: DOSM and MEA estimates

Income disparity still exists among districts in Sabah ...

Median household income in Pitas and Tongod were lower than other districts...

... and the income gap in Kudat was the largest in Sabah



Gini Coefficient			
District	Gini	District	Gini
Kudat	0.442	Putatan	0.386
Pitas	0.434	Sandakan	0.383
Sipitang	0.433	Beaufort	0.378
K. Belud	0.430	Kunak	0.372
K. Marudu	0.430	Penampang	0.371
K'batangan	0.422	K. Penyu	0.363
Beluran	0.420	Papar	0.360
Semporna	0.420	Tambunan	0.354
K. Kinabalu	0.406	Tenom	0.350
Ranau	0.397	Keningau	0.347
Tongod	0.396	Lahad Datu	0.300
Tuaran	0.396	Nabawan	0.291
Tawau	0.395		

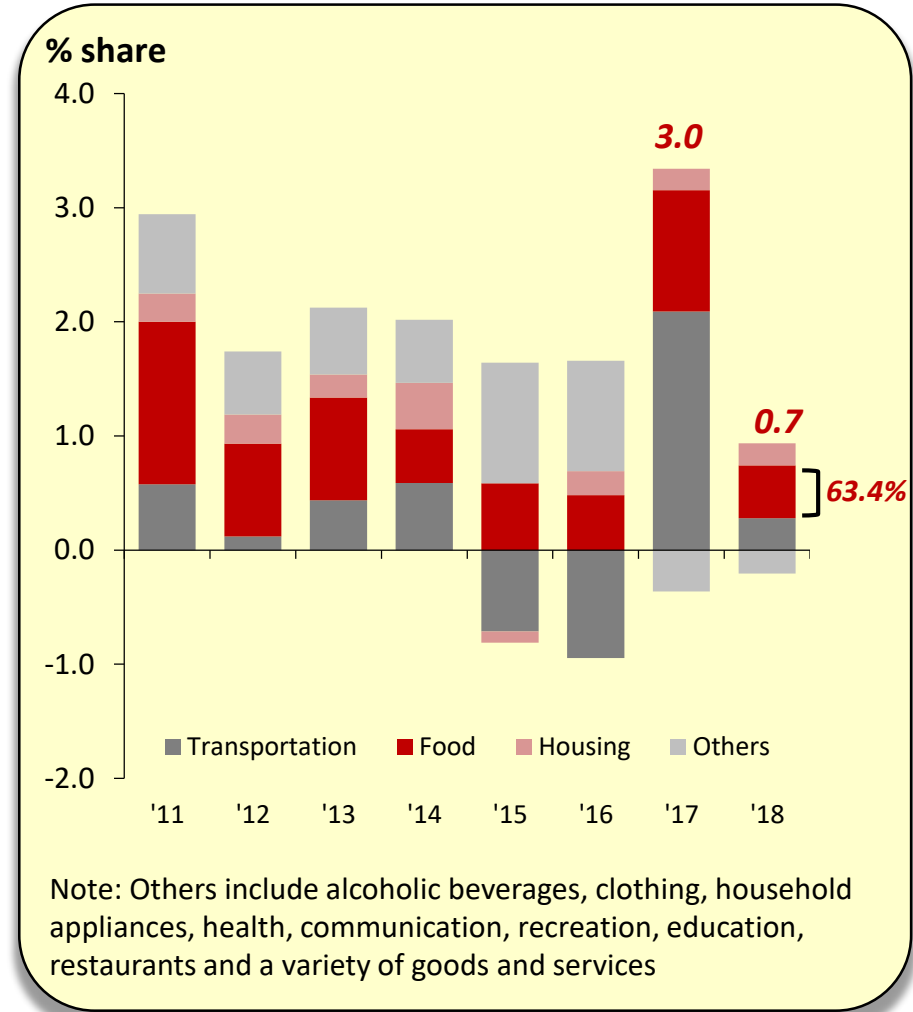
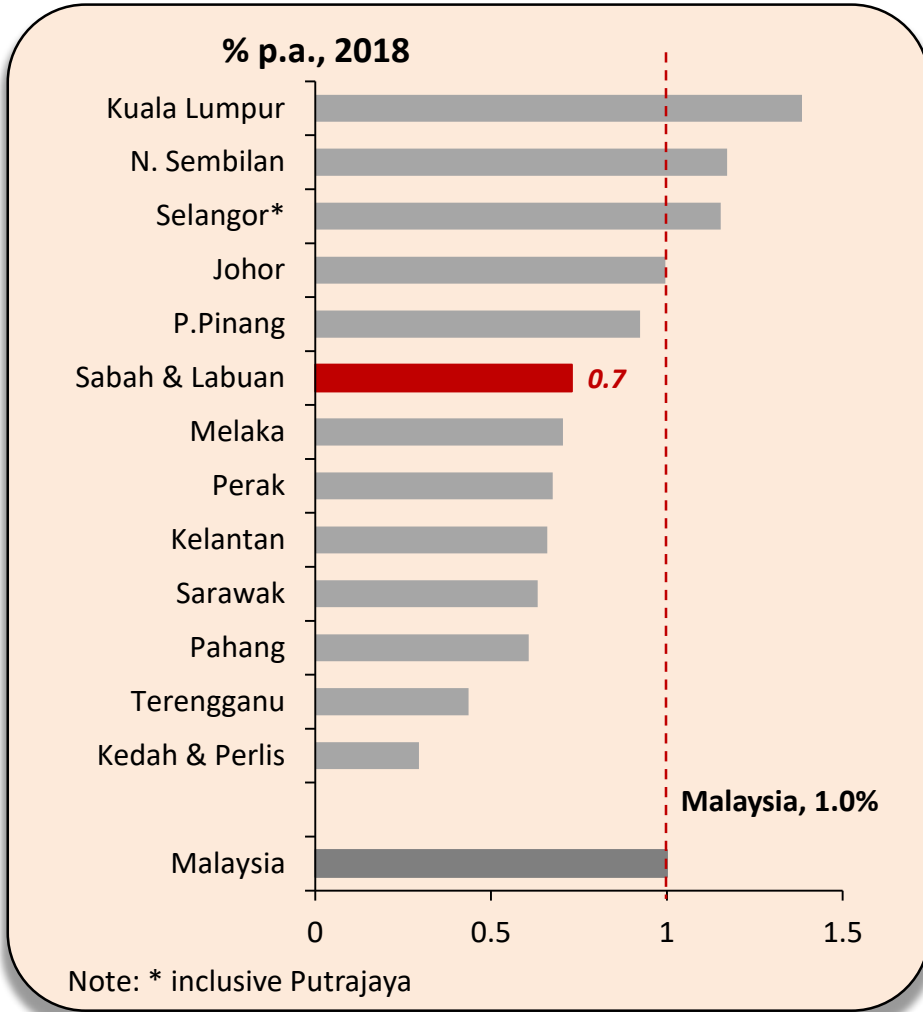
<p>SABAH Median: RM4,110 (4.7%) Mean: RM5,354 (4.6%) Incidence of poverty: 2.9 Gini coefficient: 0.402</p>

Source: DOSM

Although inflation was low, food component contributed more to inflation ...

The inflation rate in Sabah was lower than the national level ...

... however, food and transportation components were major contributor to the inflation rate



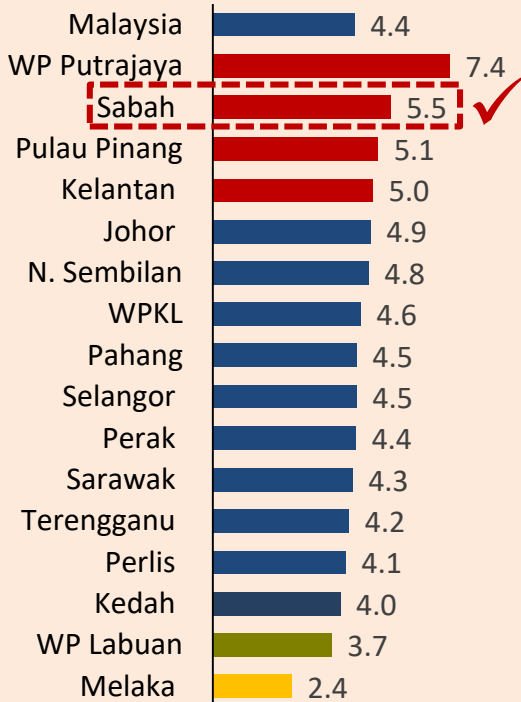
Source: DOSM

High house prices affecting home ownership ...

severe housing unaffordability in Sabah ...

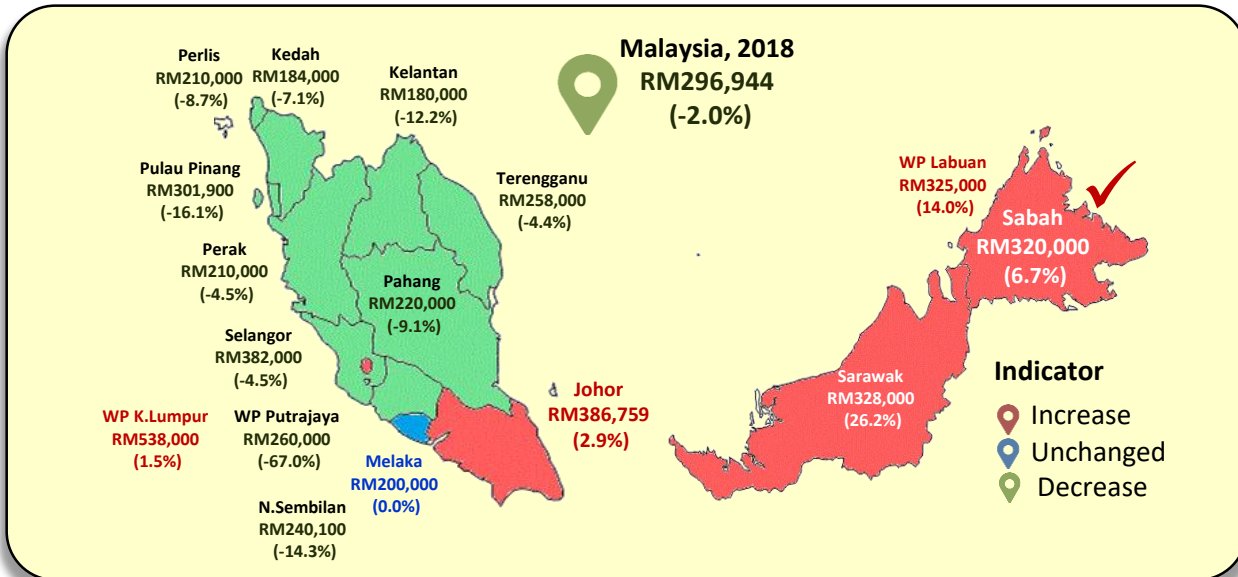
... due to the increase in median house prices

Housing Affordability Index¹, 2017

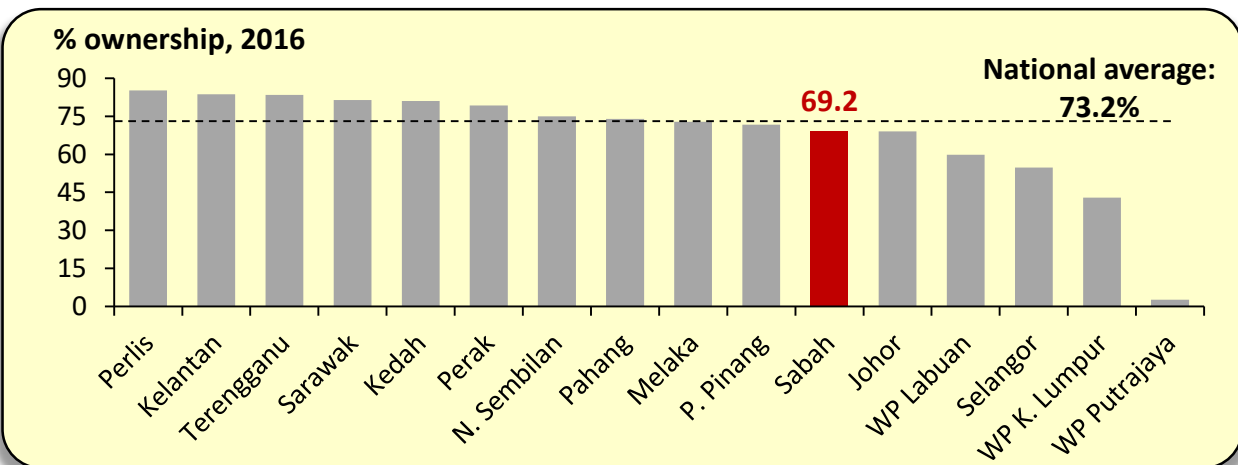


¹ Based on the multiple median indicator model by the World Bank and the United Nations

Sources: MEA, DOSM and NAPIC



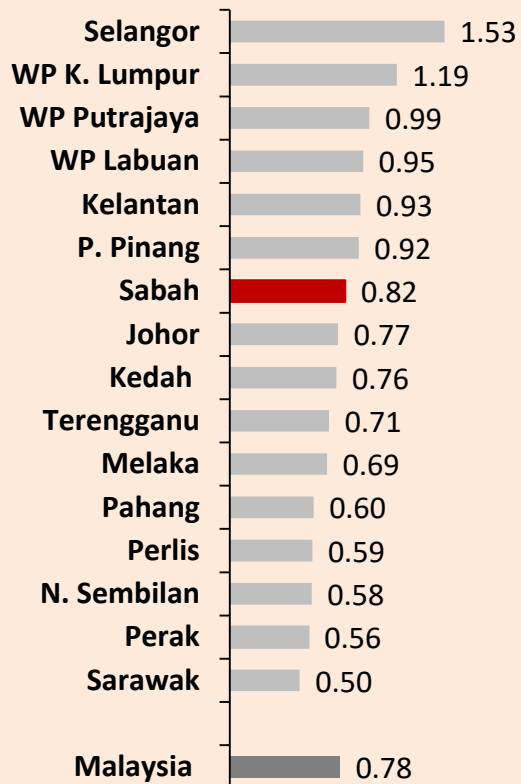
... home ownership of B40 income group in Sabah was 4.0% below the national average



Access to infrastructure in Sabah was slightly below national average ...

Educational facilities need to be improved ...

Number of students ratio to school, 2017 ('000/school)

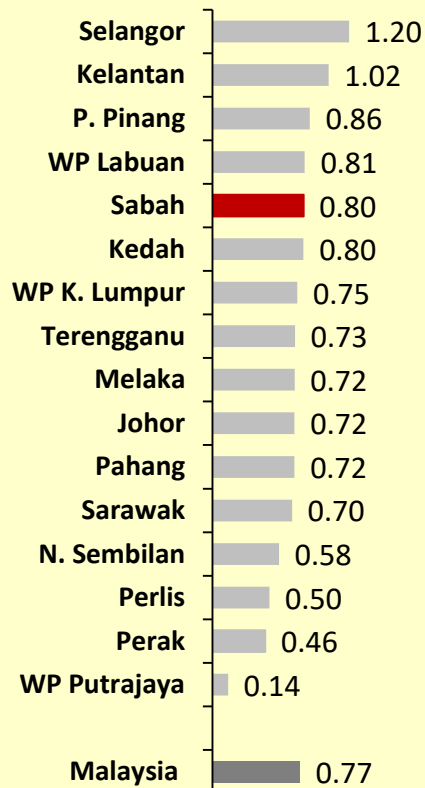


Note: The student population is based on the population in the range of 5 - 19 years old

Source: DOSM and MOE

... as well as health facilities

Population ratio to hospital beds, 2018 ('000/bed)



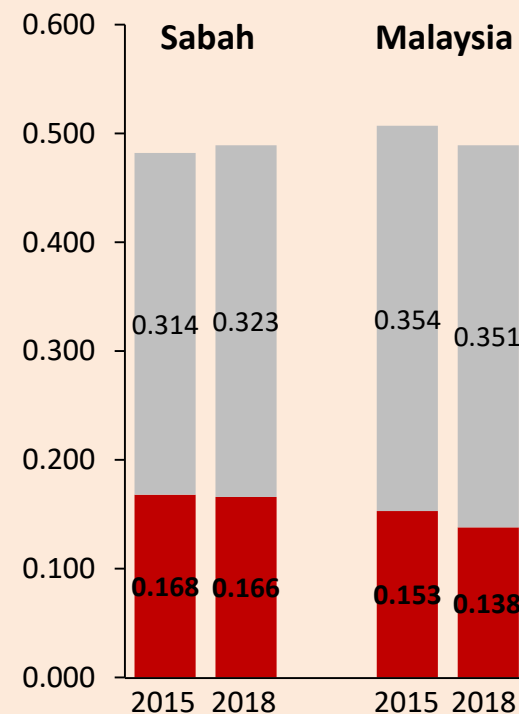
Note:

- Includes **Special Medical Institutions**
- Excludes **private hospitals**

Source: DOSM and MOH

... and roads access

Population and tourist ratios to roads, 2018 ('000/km)



Note: Road information is based on **Statistik Jalan 2015** and **2018**

Population (Red)
Tourist (Grey)

Source: JKR and TOURISM Malaysia



Sabah ports still operating below maximum capacity ...

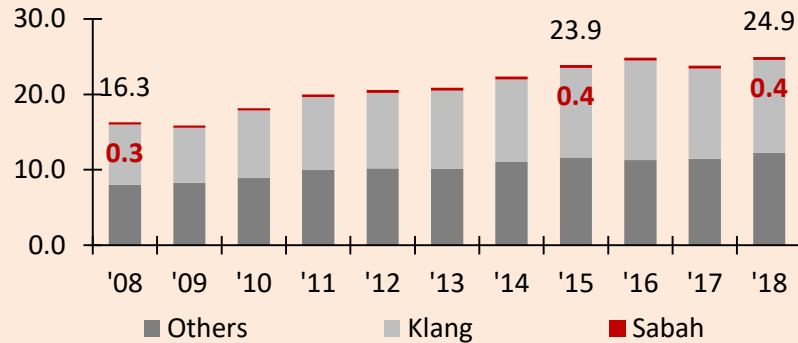
Container handling services in Sabah was stagnating despite better performance of cargo handling ...

... hence, container handling in Sabah ports were 30% below maximum capacity utilisation

Container handling performance, 2016-2018:

- Sabah ports: **1.0% p.a.**
- Malaysia: **1.5% p.a.**

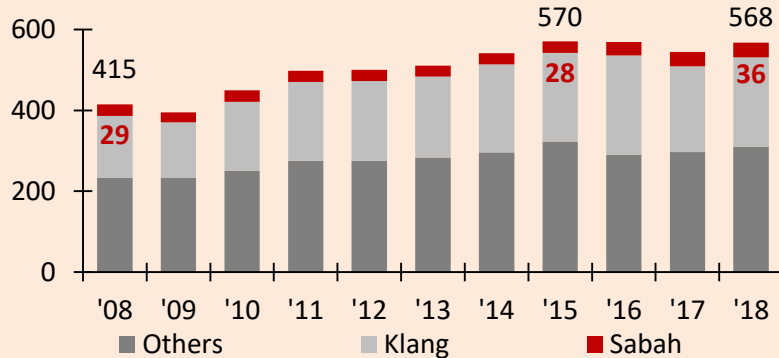
Container, mn TEUs



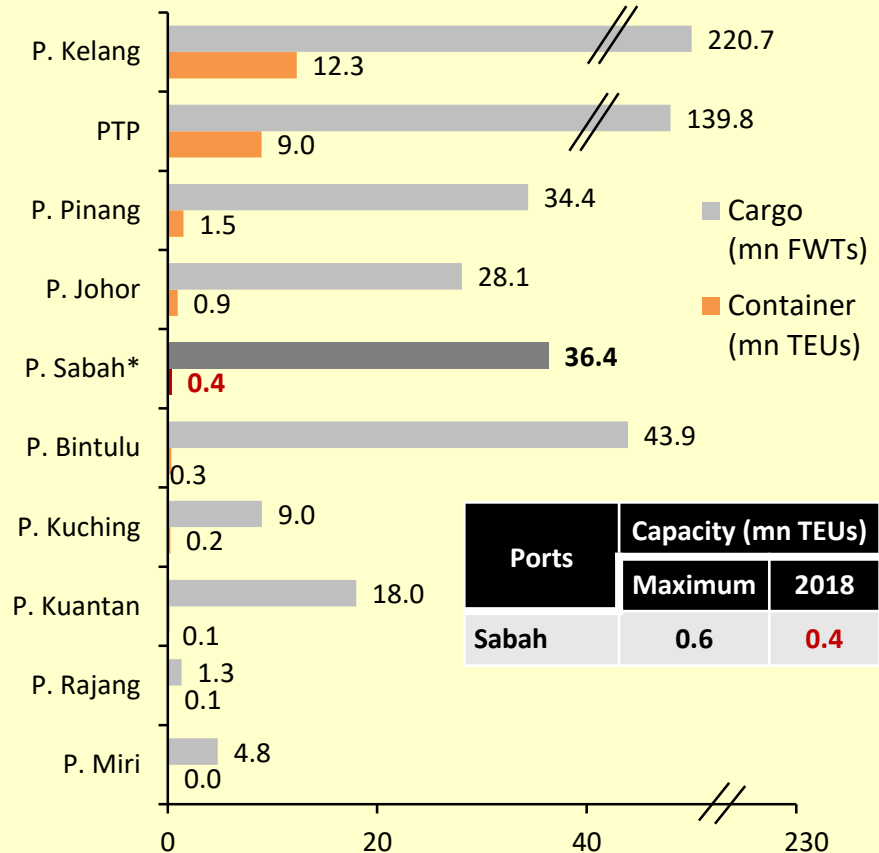
Cargo handling performance, 2016-2018:

- Sabah ports: **9.3% p.a.**
- Malaysia: **-0.2% p.a.**

Cargo, mn FWTs



Container (mn TEUs) and Cargo (mn FWTs) by ports, 2018

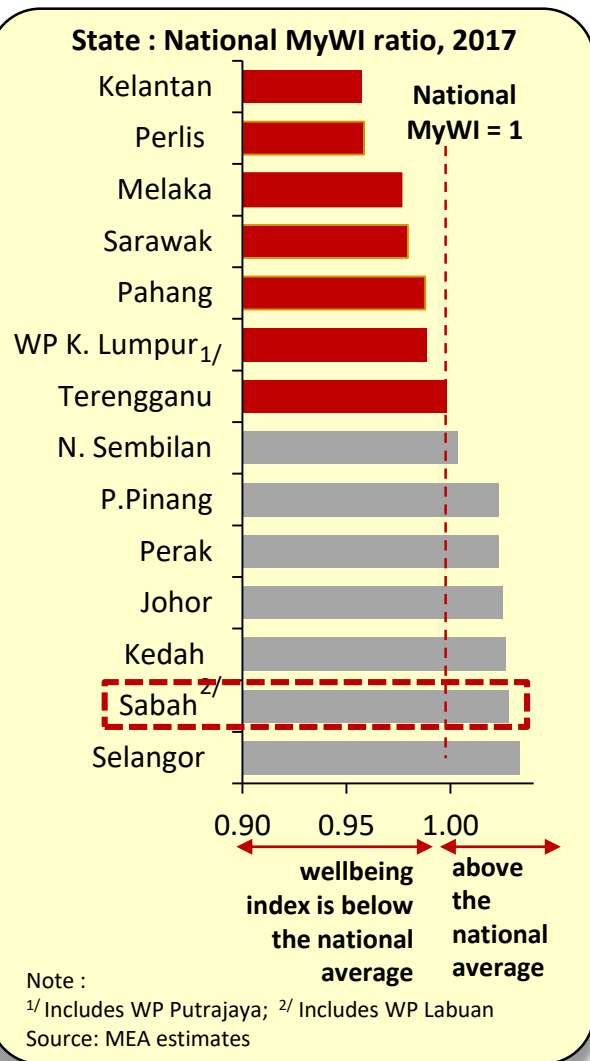


Note: * Includes Teluk Sepanggar, Labuan, Lahad Datu, Sandakan, Tawau and Kota Kinabalu

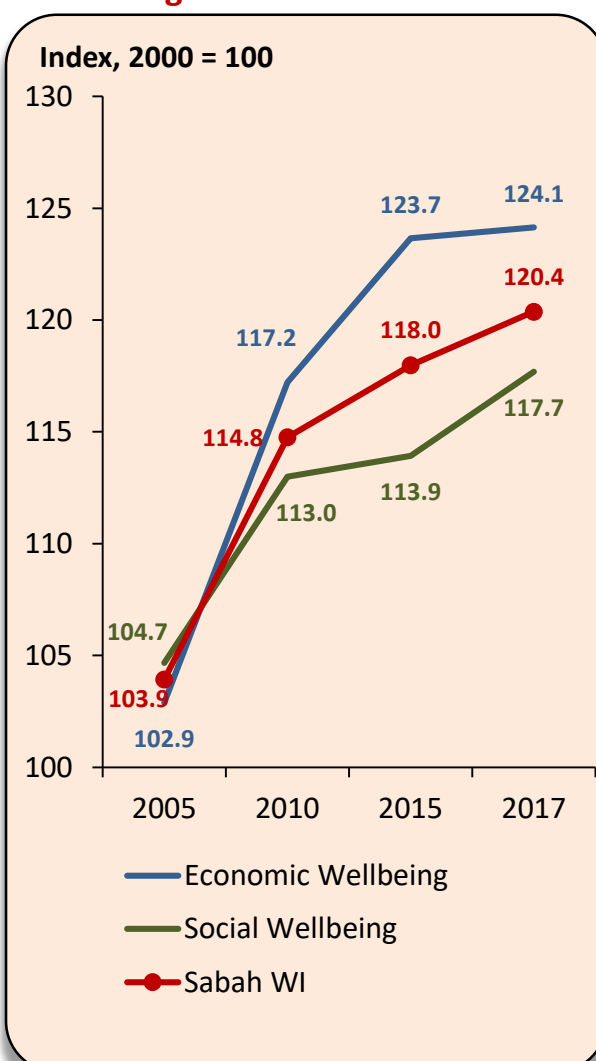
Source: Ministry of Transport

Deterioration in the environmental component is a major issue for wellbeing ...

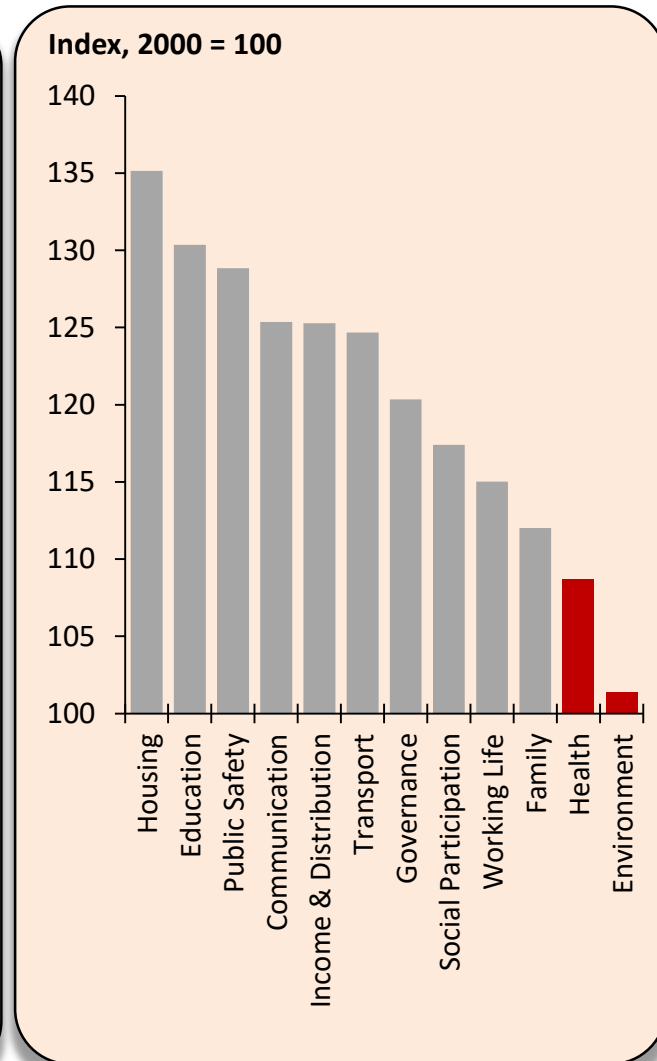
The wellbeing index in Sabah was better than national average ...



... but the gap between social and economic wellbeing has been widening ...



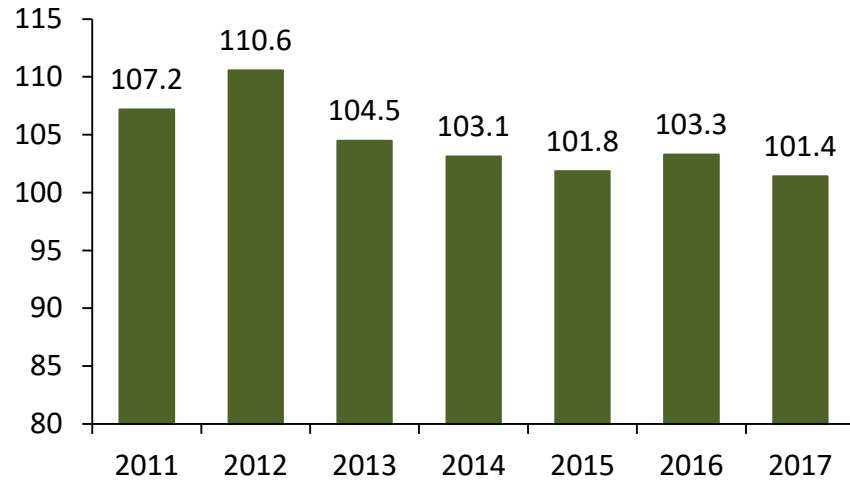
... environmental and health components should be addressed



Environmental component in Sabah declined due to low water quality and increase in air pollution ...

Index of environmental component declined by 5.8 percentage point

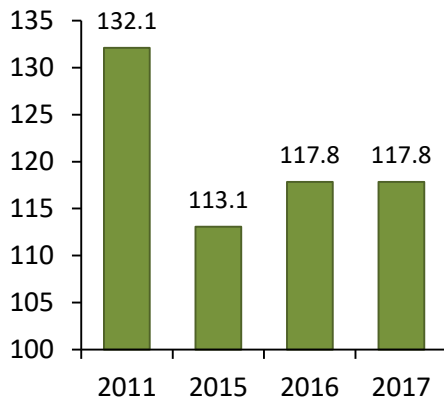
Environment index



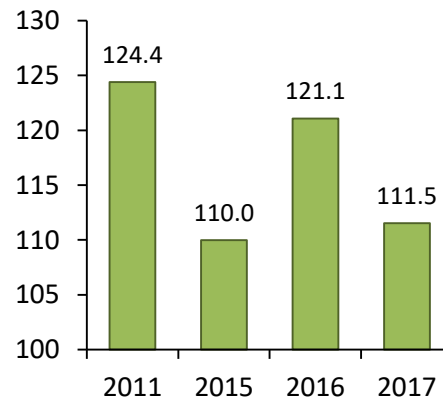
Causes of environmental decline :

- Water quality sub-index decreased from 132.1 in 2011 to 117.8 in 2017
- Air pollution sub-index reduced from 124.4 in 2011 to 111.5 in 2017
- Scheduled waste quantity sub-index declined from 107.7 in 2011 to 107.3 in 2017
- Average maximum temperature sub-index worsened from 92.1 in 2011 to 69.3 in 2017

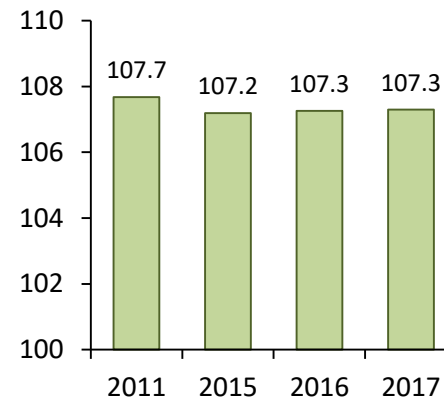
Water quality sub-index



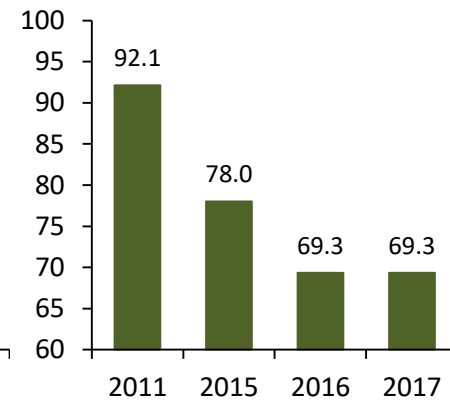
Air pollution sub-index



Scheduled waste quantity sub-index



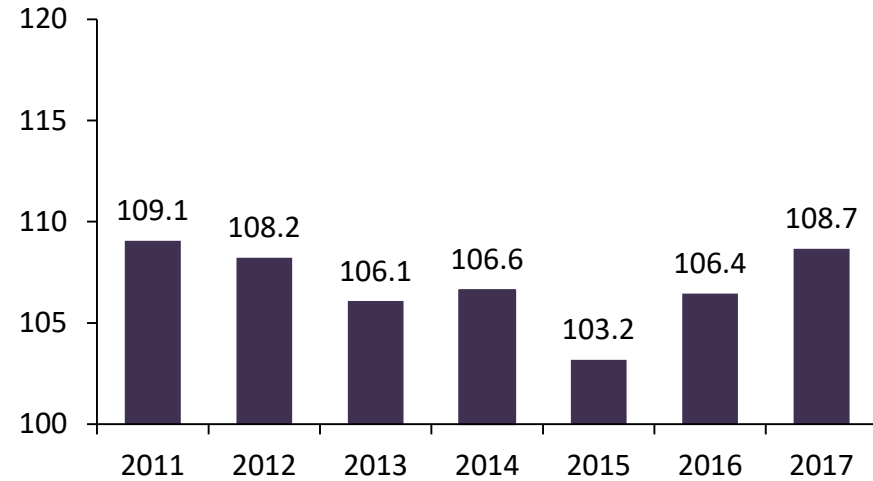
Average maximum temperature sub-index



Health component in Sabah declined due to increased maternal mortality ratio and non-communicable disease cases ...

Index of health component decreased by 0.4 percentage point

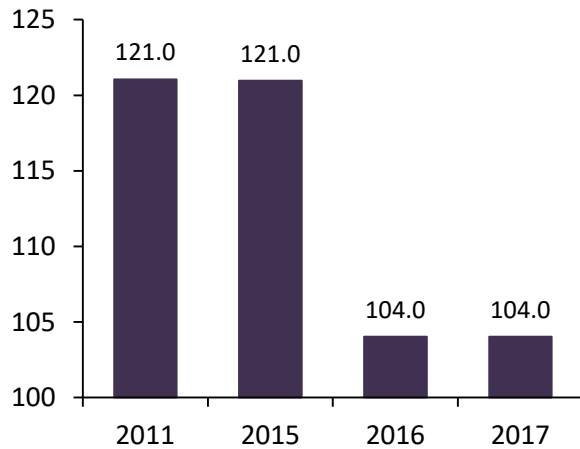
Health index



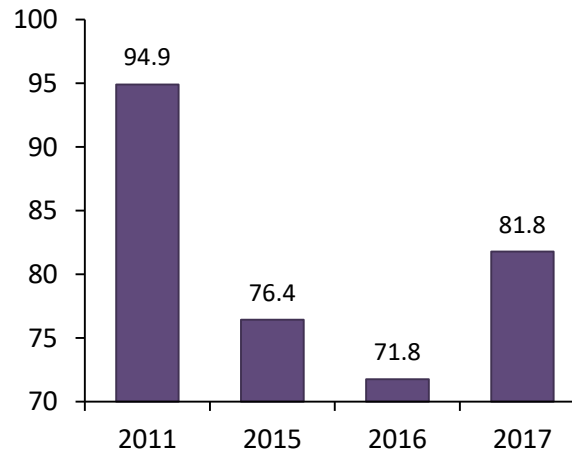
Causes of health decline :

- Maternal mortality ratio sub-index worsened from 121.0 in 2011 to 104.0 in 2017
- Non-communicable diseases cases sub-index decreased from 94.9 in 2011 to 81.8 in 2017
- Number of beds in hospitals sub-index reduced from 118.2 in 2011 to 107.6 in 2017

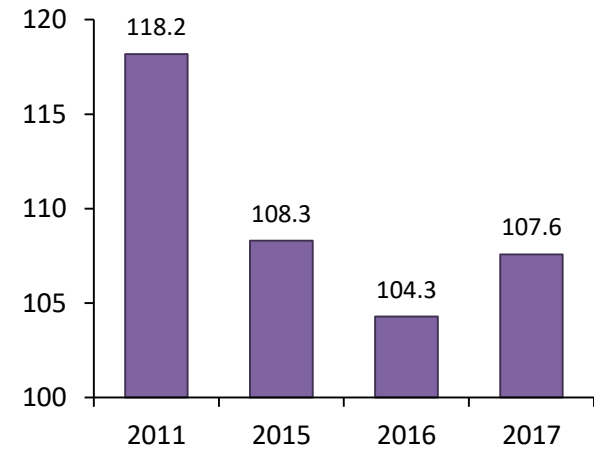
Maternal mortality ratio sub-index



Non-communicable diseases cases sub-index



Number of beds in hospitals sub-index



Conclusion

- The priority of national development policy is based on the three dimensions, namely economic empowerment, environmental sustainability and social re-engineering
- State development plan should be aligned with the 12MP towards achieving the national goals
- The proposed development projects should take into account the three dimensions of the 12MP for considerations





Thank You

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