



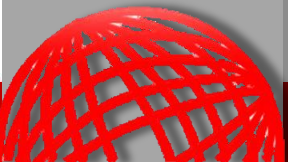
# **Engagement with the Sarawak Government**

Hilton Hotel, Kuching, Sarawak

## **Preparation of the Twelfth Malaysia Plan, 2021-2025**

**27 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 Sarawak: 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 the **second half of 2020**





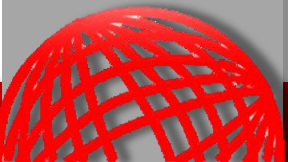
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## **Post-2020 Considerations**

### **Looking Inwards**

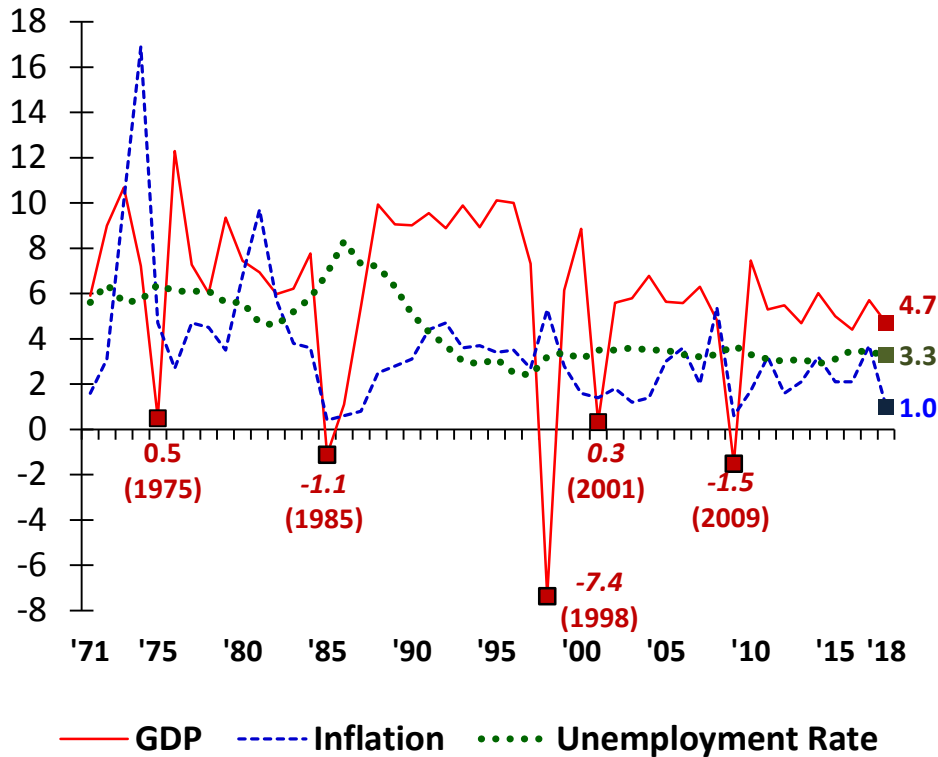
Re-visit

- Malaysia's current socioeconomic performance
- Vision 2020 achievements



# A re-visit : Malaysia recorded rapid economic growth since the 1970s ...

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



% p.a.	2017				2018				'19
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	5.5	5.6	6.1	5.7	5.3	4.5	4.4	4.7	4.5
	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**

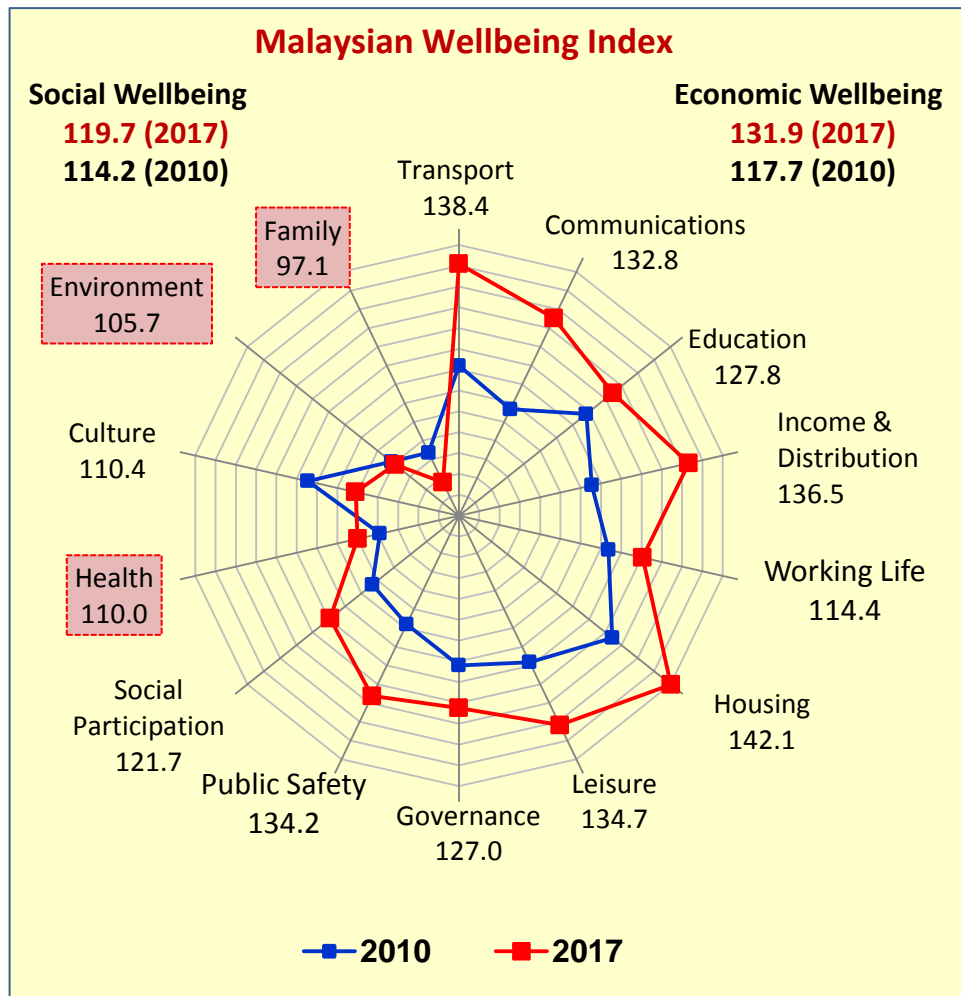
- Malaysia recorded **6.1%** in spite of facing 5 economic crises since 1970
- Malaysia has been able to rebound quickly after each crisis due to its economic resilience

**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**

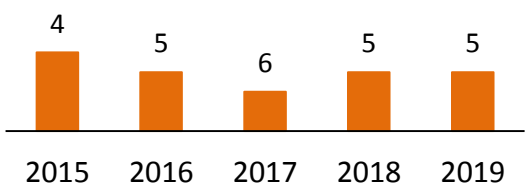
- Improved life expectancy, declining maternal mortality rate and stagnating non-communicable disease cases
- But overall health is affected by increased infant mortality rate and unhealthy modern lifestyle brought by stress, poor eating habits, smoking and physical inactivity

- **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

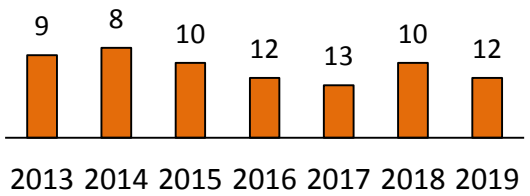
✓ **5<sup>th</sup> best retirement destination in the world...**



- **International Living 2019** : Malaysia is ranked 5<sup>th</sup> 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

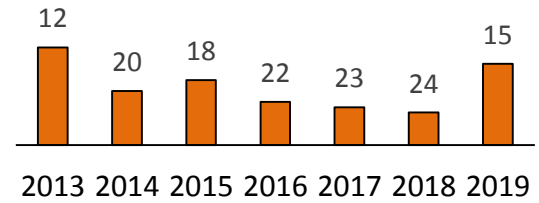
**12<sup>th</sup> most powerful passport in the world...**



- **Henly Passport Index 2019** : Malaysia is ranked as the 12<sup>th</sup> 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

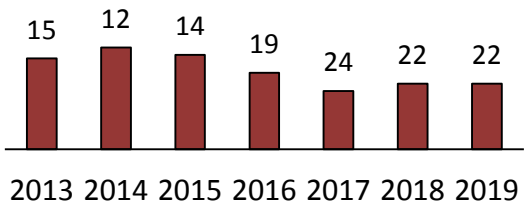
✓ **Among the easiest place to do business in Asia...**



- **Doing Business 2019** : Malaysia improved its rank to 15<sup>th</sup> 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

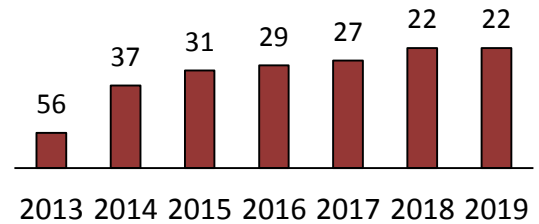
✓ **Malaysia's competitiveness remains resilient...**



- **World Competitiveness 2019** : Malaysia ranked at 22<sup>nd</sup> 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

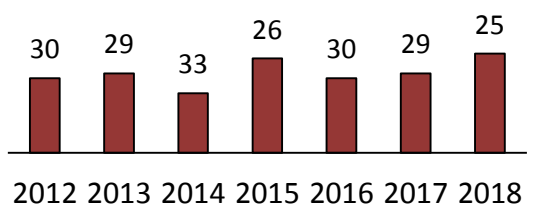
**Resource management on capital, goods and investment are improving...**



- **Index of Economic Freedom 2019** : Malaysia maintained its rank at 22<sup>nd</sup> 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...**



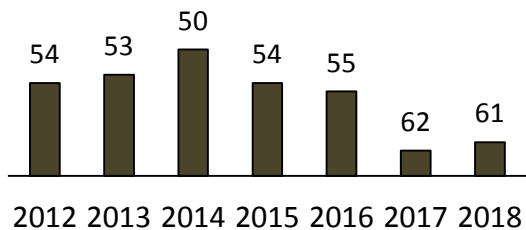
- **Global Peace Index 2018** : Malaysia is 25<sup>th</sup> out of 163 countries, and remained top 5 regionally and top 30 globally since 2015
- Malaysia's performance has improved in 'ongoing domestic and international conflict' and 'societal safety and security'.
- The 'militarisation' dimension declined,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

Source: Institute of Economy and Peace



# International Standing : ... the Bad and the Ugly

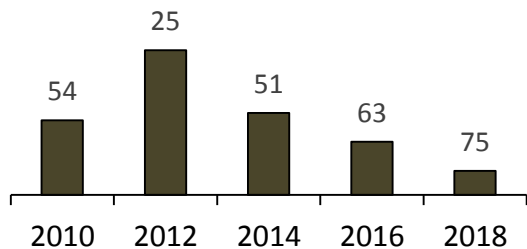
## ✘ Perceived corruption is worsening ...



- **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

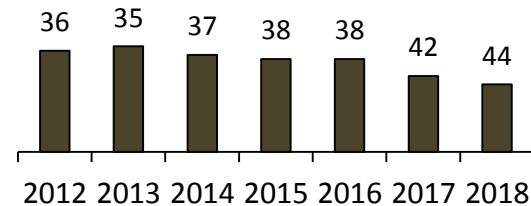
## ✘ Ranked poorly in terms of environmental management ...



- **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

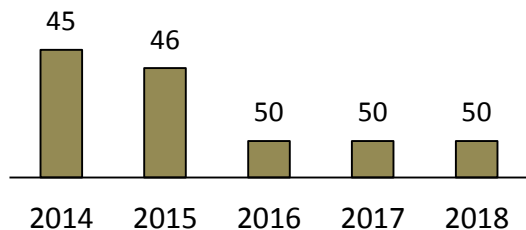
## Deterioration in personal freedom, governance, and education ...



- **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

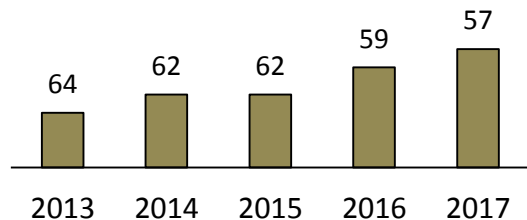
## ✘ Economic progress has come at the cost of social progress ...



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

Source: Social Progress Imperative

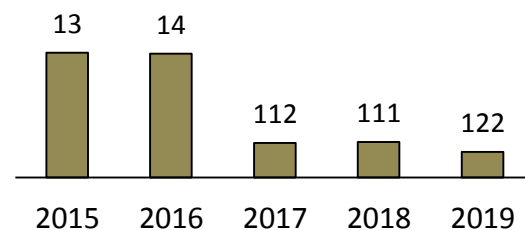
## Human development is not progressing as it should be ...



- **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 capital), **Malaysia's score is still below the world average**

Source: UNDP

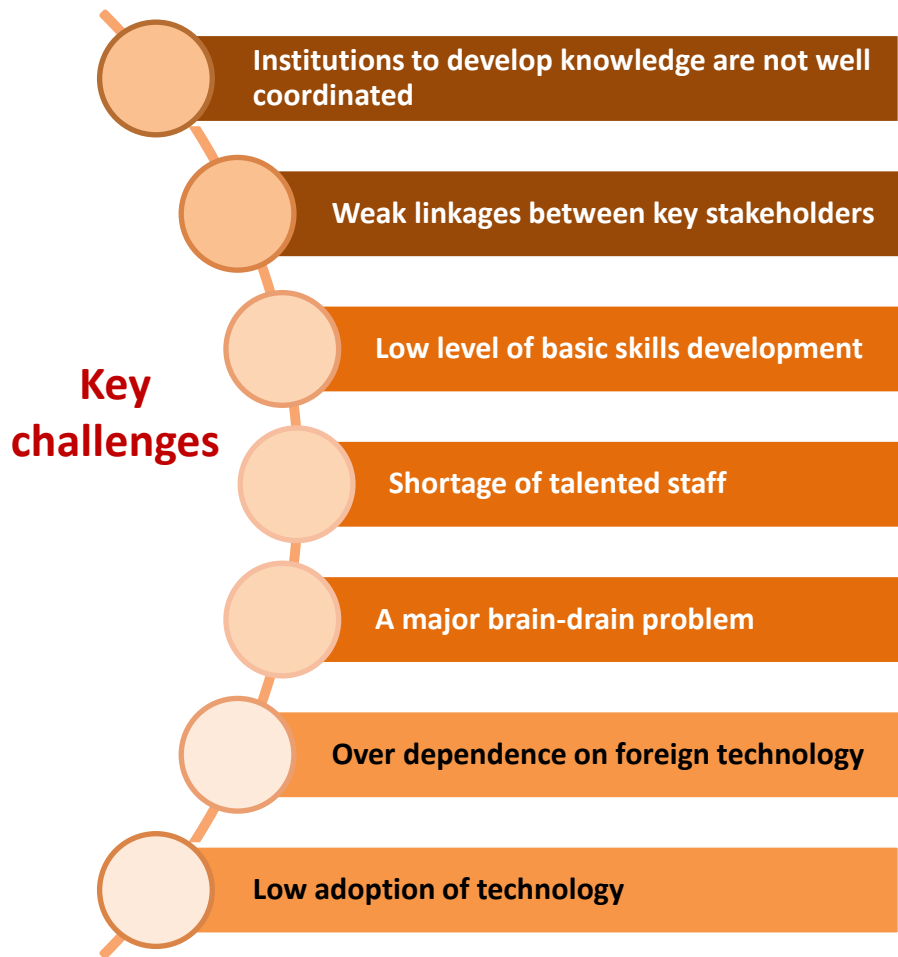
## ✘ Too many procedures and days taken to start a business in Malaysia ...



- **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

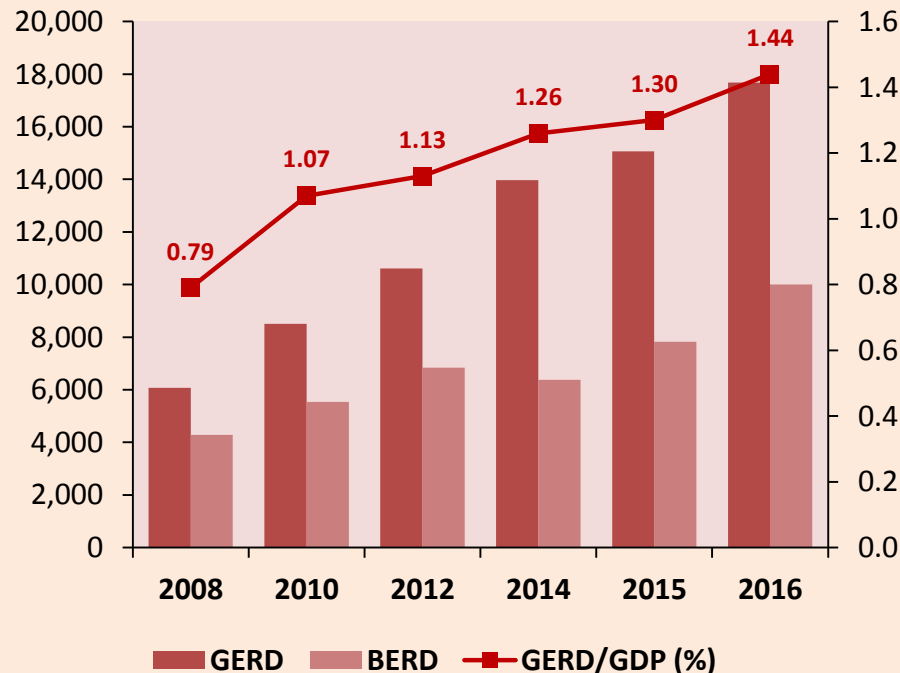
# Moving towards a knowledge-based economy : Significant progress made in knowledge ecosystems for certain industries, but **many still lag behind industries in more developed countries**



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 <b>Bangsa Malaysia</b>	<b>Low</b>	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 <b>Malaysian society</b>	Moderate	With a sizeable educated middle class comprising various ethnic groups, there is partial fulfilment of this goal
Fostering and development of a <b>mature democratic society</b>	<b>Low</b>	Increasing calls for greater decentralization and devolution of power to the state and local authorities
Establishment of a <b>moral and ethical society</b>	Moderate	Perceptions of the achievement of this hard-to-measure aspiration are highly variable and mixed
Establishment of a <b>matured, liberal and tolerant society</b>	<b>Low</b>	General perception that ethnic relations have deteriorated in part due to polarization caused by religious extremism and intolerance
Establishment of a <b>scientific and progressive society</b>	<b>Low</b>	Low R&D level and inadequate pool of scientists, engineers, researchers and technologists
Establishment of a <b>fully caring society</b>	<b>Low</b>	Yet to reach a scale or sophistication that suggests a fully caring society and caring culture
Development of an <b>economically just society</b>	Moderate	Income distribution has recorded significant gains over the decades since the implementation of race-based affirmative policies
Establishment of a <b>prosperous society</b>	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





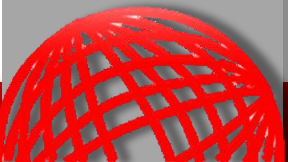
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## Post 2020 Considerations

### 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 13<sup>th</sup> in 2016 to 19<sup>th</sup> 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

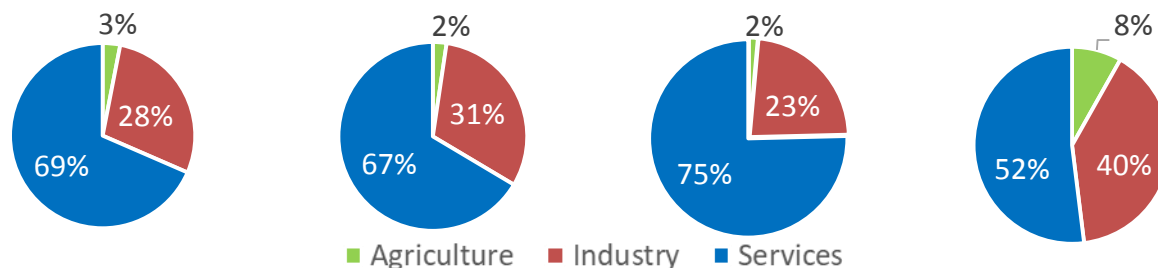
Source: [Statistics Finland](#), [Scientific American Magazine](#), [The Economist](#)



# 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
<b>GDP per capita</b> (US\$)	45,927	75,389	56,631	9,755
(PPP, current international \$)	44,866	61,414	51,364	29,449
<b>Labour productivity</b> (US\$ PPP)	96,203	136,747	98,543	67,156
<b>Share of Compensation of Employee to GDP (%)</b>	46.8	47.5	51.5	35.2

## Economic structure (% to total real GDP)



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
<b>Income tax brackets</b>	<b>5 income tax brackets</b> <ul style="list-style-type: none"> <li>• 0%</li> <li>• 6%</li> <li>• 17.25%</li> <li>• 21.25%</li> <li>• 31.25%</li> </ul>	<b>5 income tax brackets</b> <ul style="list-style-type: none"> <li>• 0%</li> <li>• 1.4%</li> <li>• 3.3%</li> <li>• 12.4%</li> <li>• 15.4%</li> </ul>	<b>3 income tax brackets</b> <ul style="list-style-type: none"> <li>• 8%</li> <li>• 41%</li> <li>• 55%</li> </ul>	<b>11 income tax brackets</b> <ul style="list-style-type: none"> <li>• 0%</li> <li>• 1%</li> <li>• 3%</li> <li>• 8%</li> <li>• 14%</li> <li>• 21%</li> <li>• 24%</li> <li>• 24.5%</li> <li>• 25%</li> <li>• 26%</li> <li>• 28%</li> </ul>
<b>Education</b>	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.
<b>Health services</b>	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
<b>Unemployment allowance</b>	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
<b>Maternity and paternity leave</b>	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
<b>Trust in the government (2015)</b>	56% confidence in national government	59% confidence in national government	58% confidence in national government	<b>44% confidence in national government</b>

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

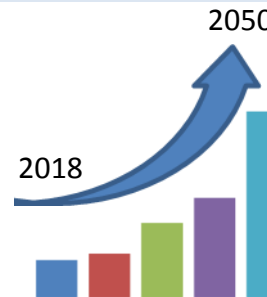
#### RISING Public Debt

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



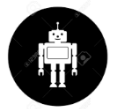
Half the world population will have access to the internet by 2030



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

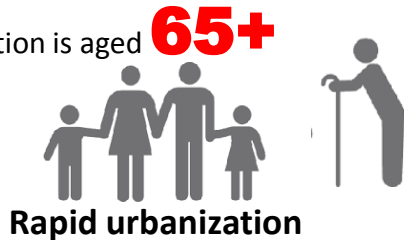
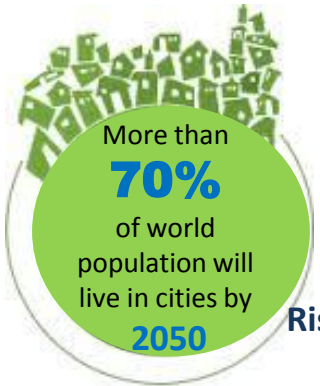
Global

Malaysia

## Demographic and social

In 2050 ...

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



**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



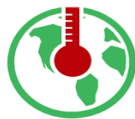
2015 2020 2030 2040

**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



**GHG** climate change

**Challenge:** Decoupling the growth of economy from GHG emissions

As Economy grows:

↑ **Natural resources consumed**

↑ **Waste produced**

**Food Security challenges**



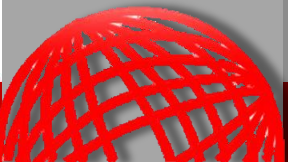


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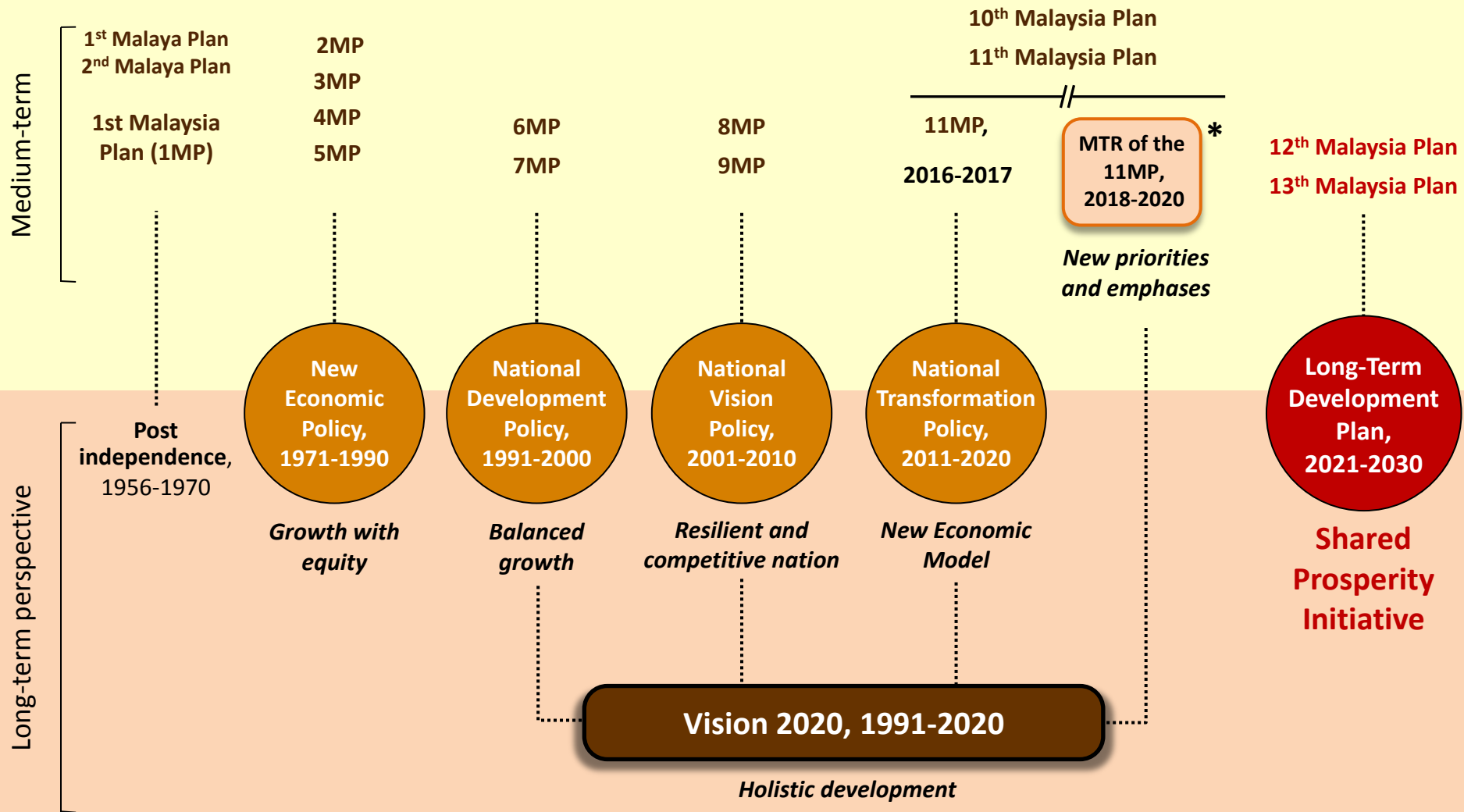
## **The Twelfth Malaysia Plan, 2021-2025 : Approach and Concept**

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

Ministry of  
Economic  
Affairs



# 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

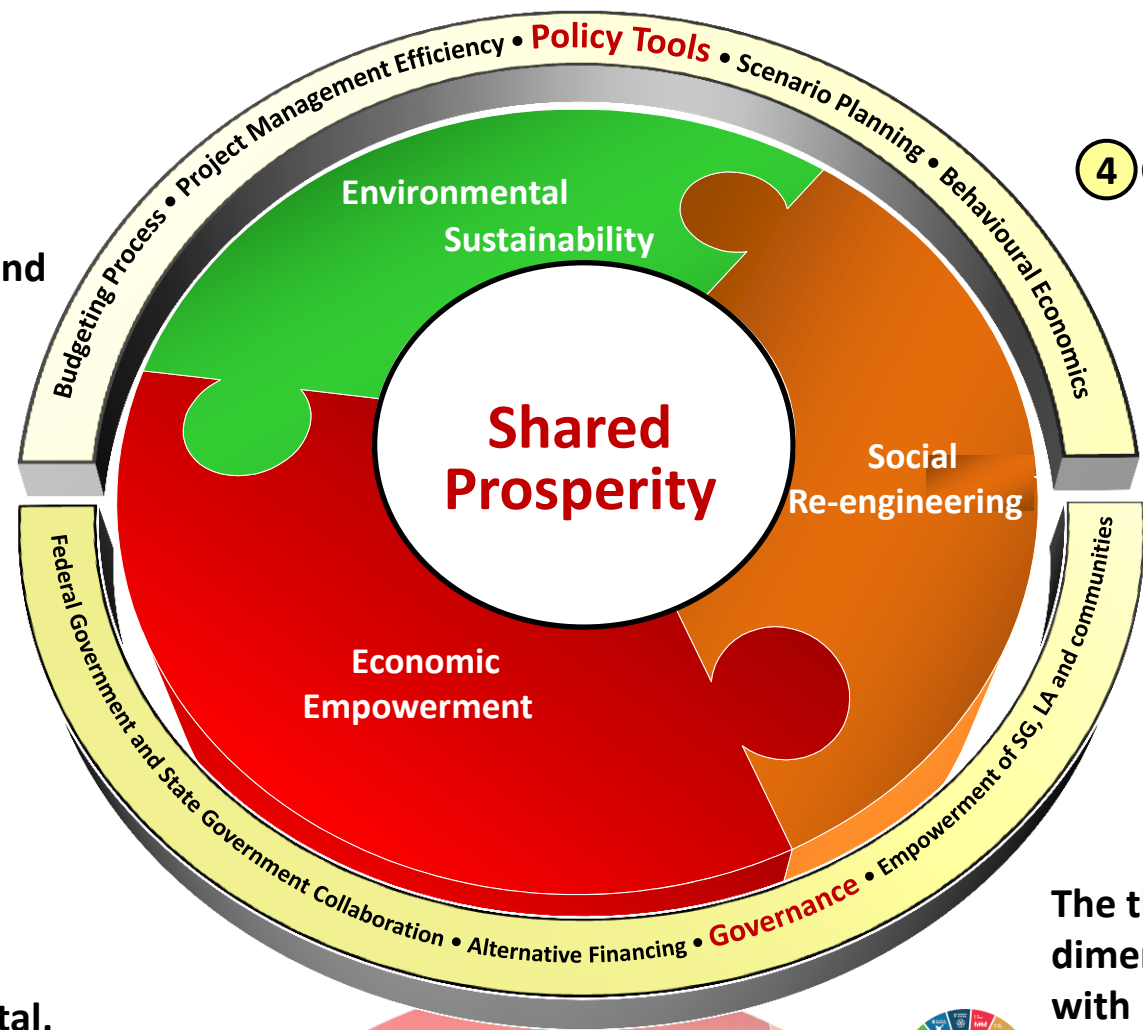
**Environmental Sustainability :**  
Conservation and preservation

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

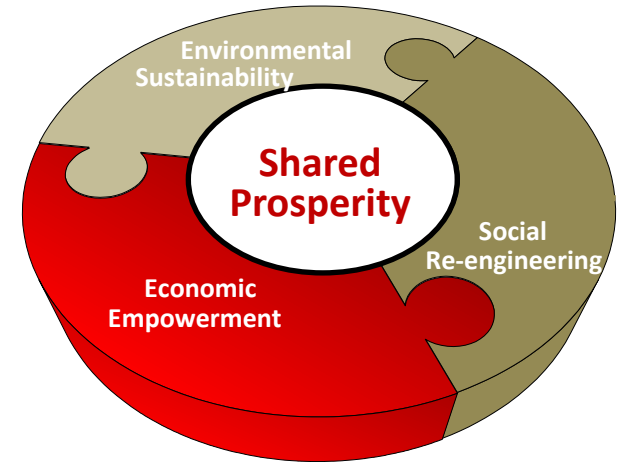
## Economic Empowerment

### 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

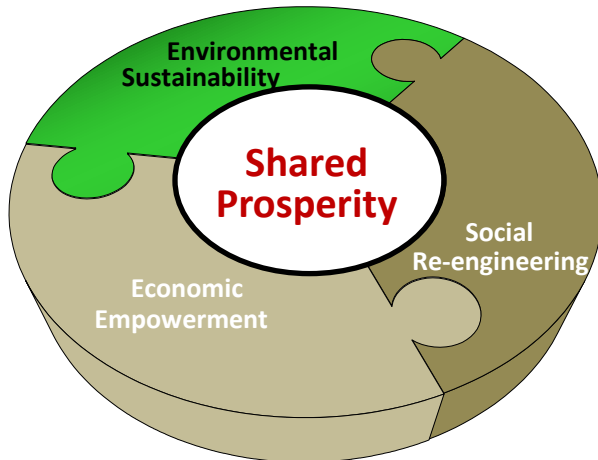
- Raising innovation and productivity to next level
- Boosting trade and private investment
- Review of the 3+2 industries
- Industrialisation vs. deindustrialisation

# Operationalising the Twelfth Malaysia Plan, 2021-2025

## Environmental Sustainability

### Conservation and preservation

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



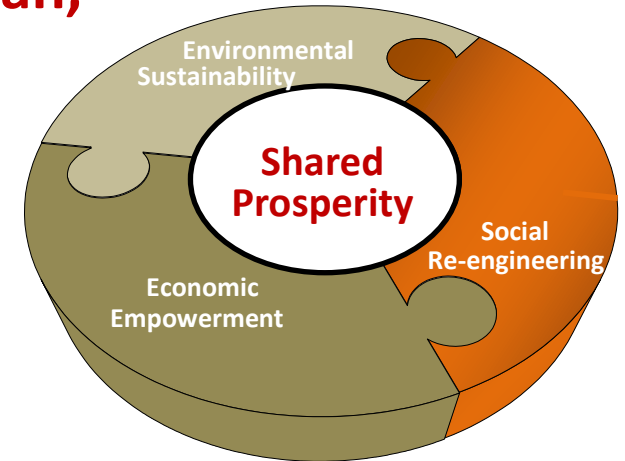
- Green technology
- Management of green and blue economy
- Biodiversity conservation
- Sustainable forest management
- Sustainable Consumption & Production
- Energy efficiency
- Renewable energy
- Integrated water resource management
- Marine litter
- Waste as commodity
- Circular economy – reducing 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

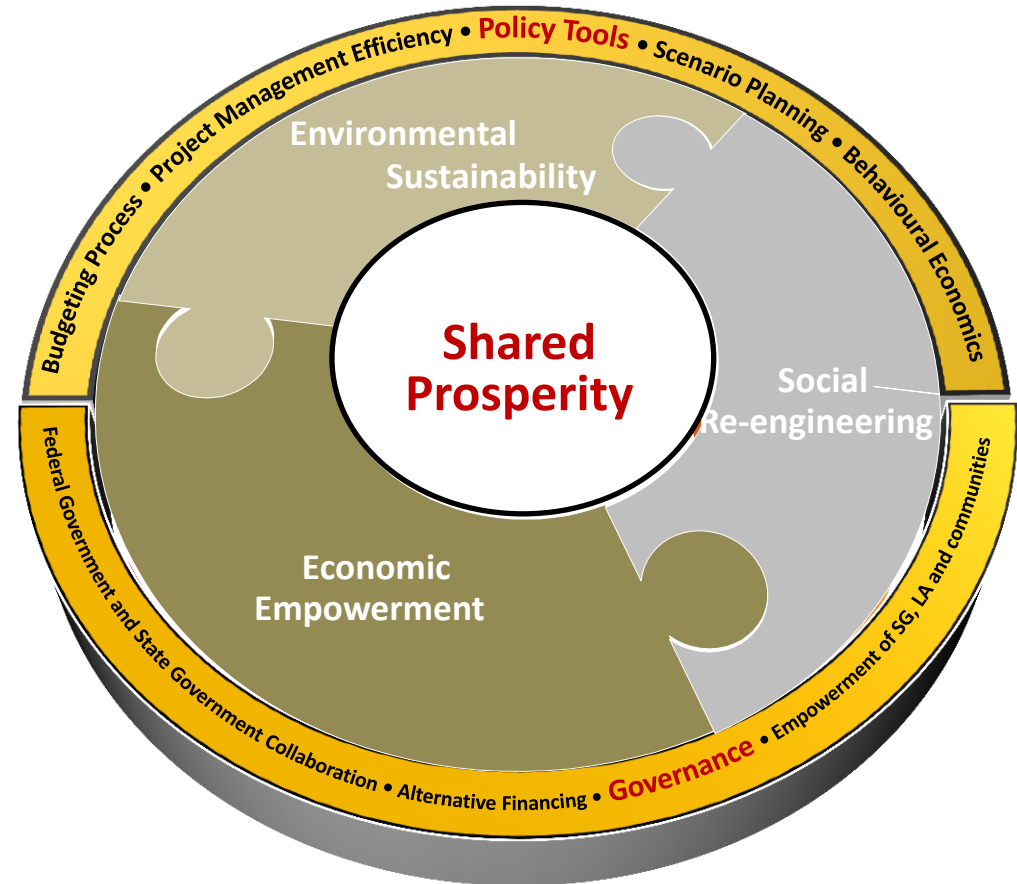
## Policy Tools and Governance

### Policy Tools

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

### Governance

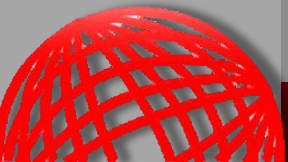
- Federal Government & state government collaboration
- Alternative financing
- Empowerment of state governments, local authorities & communities





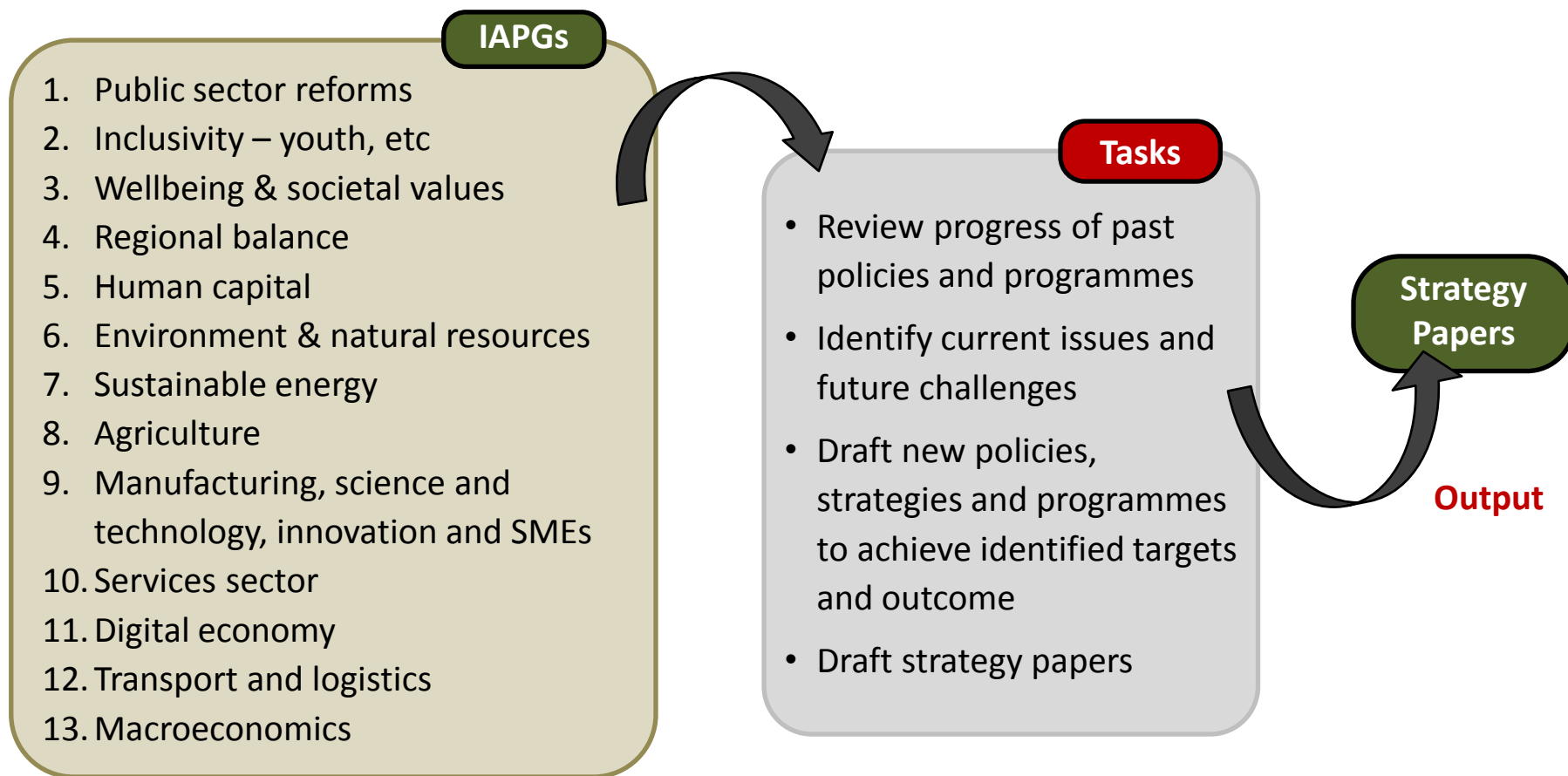
# 12MP : Structure of governance and work plan

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

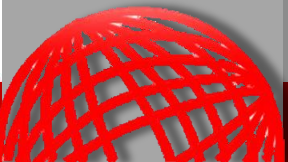
## Economic Empowerment

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 Sarawak : Achievements, Issues and Challenges**

Ministry of  
Economic  
Affairs



# Initial assessment on the Sarawak's economy

- **This assessment is not meant as comparison between states**
- **Sarawak recorded encouraging socioeconomic performance**
  - Third largest contributor to the national GDP
  - Economy structure shifted towards services-based economy
  - GDP per capita was well above the national average
  - Private investment growth was encouraging
  - Labour productivity surpassed national level
  - Poverty rate has been significantly reduced
  - Access to infrastructure was better than the national average
- **There are still issues and challenges that require attention**
  - Growth was still driven by the traditional sector
  - Sarawak ports still operating below maximum capacity
  - Labour productivity in certain sectors were lower than national level
  - Higher dropouts and lower labour participation rate
  - High unemployment rate among youth and graduates
  - Household monthly income level was lower than the national average
  - Income disparity still exists among districts
  - High house prices affecting home ownership
  - Deterioration in the environmental component
- **The strength and uniqueness of Sarawak should be leveraged towards enhancing the state's economic growth**

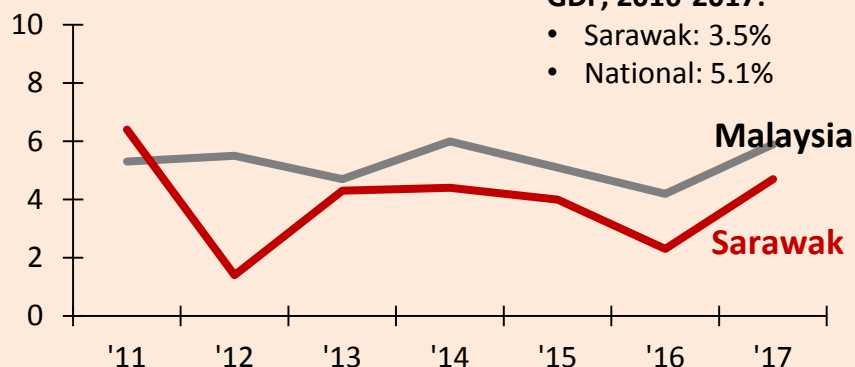


# Sarawak was the third largest contributor to the national GDP ...

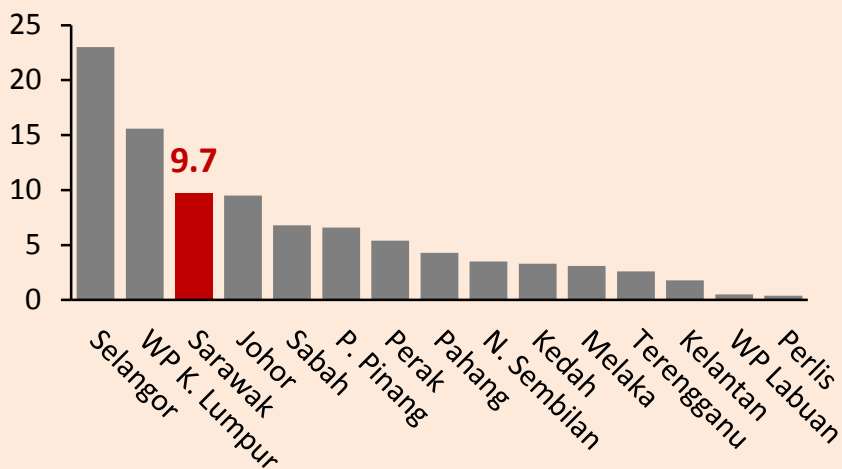
## Sarawak GDP expanded by 3.5% per annum ...

### GDP at constant 2010 price

(% p.a.)



### Contribution to National GDP, 2017 (%)

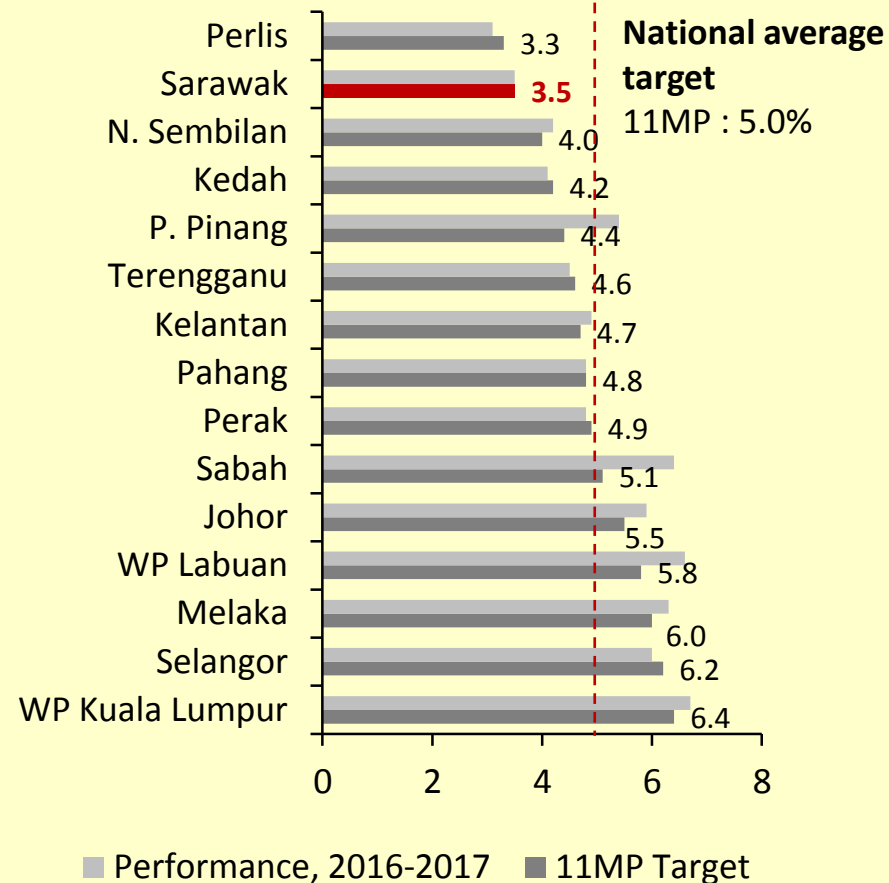


Source: DOSM

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

### GDP by state at constant 2010 price

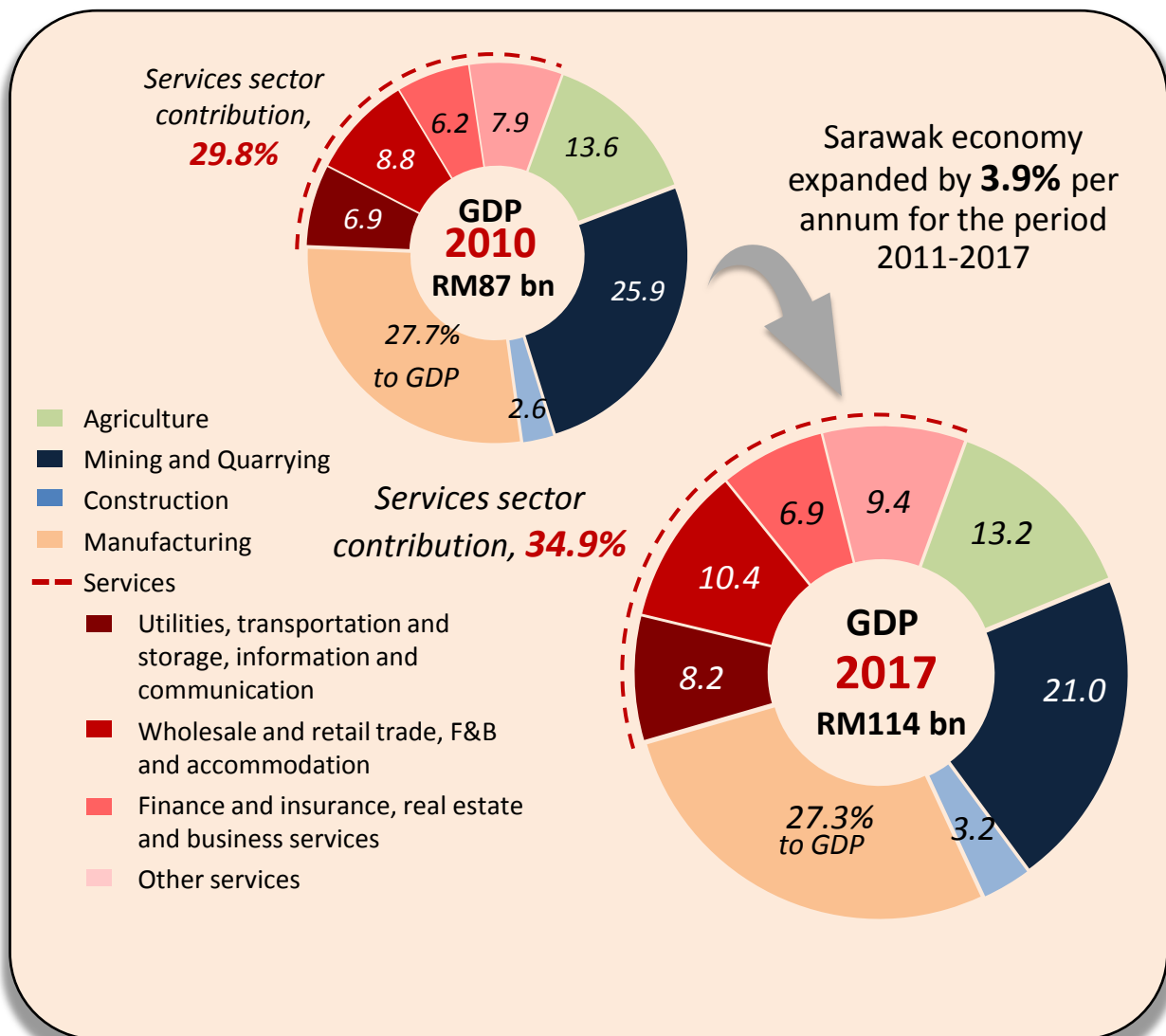
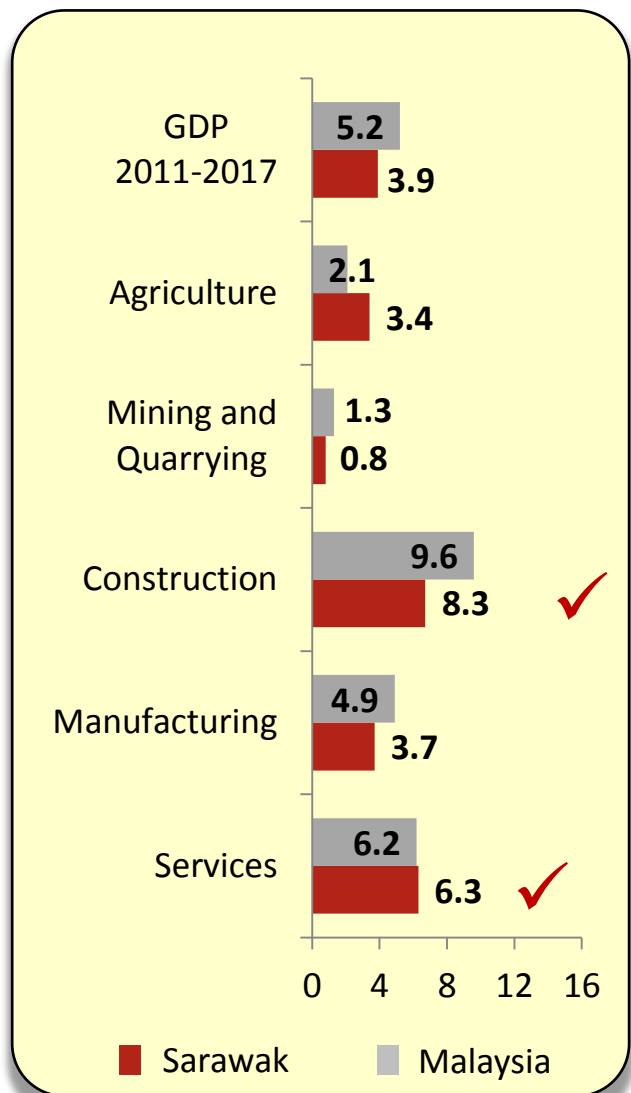
(% p.a.)



# Economy structure shifted towards services-based economy

Growth was mainly driven by construction and services sectors ...

... and contribution of commodity-based sectors reduced from 39.5% of GDP in 2010 to 34.2% in 2017



Source: DOSM

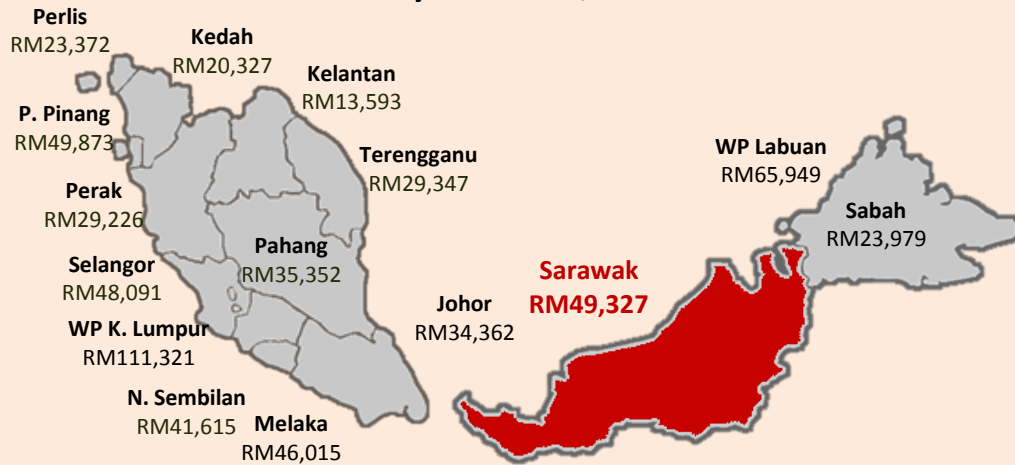


# GDP per capita was well above the national average ...

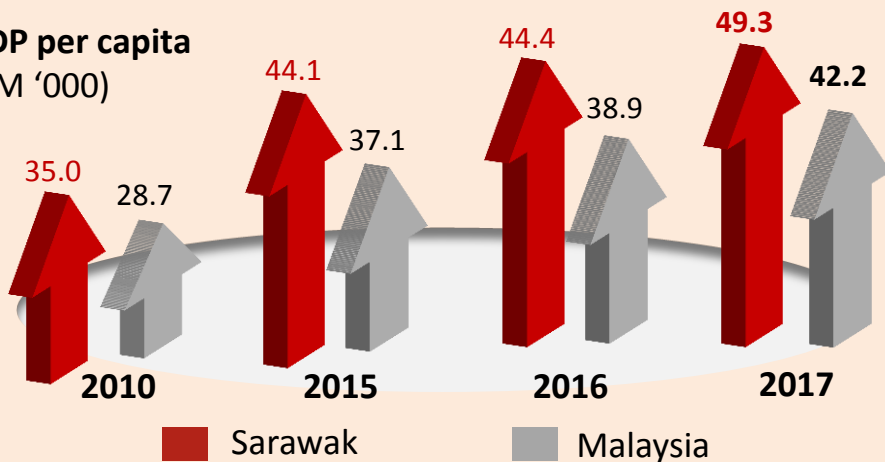
GDP per capita increased by 5.7% per annum for the period 2016-2017 ...

... and is expected to be 14.3% higher than the national average by 2020

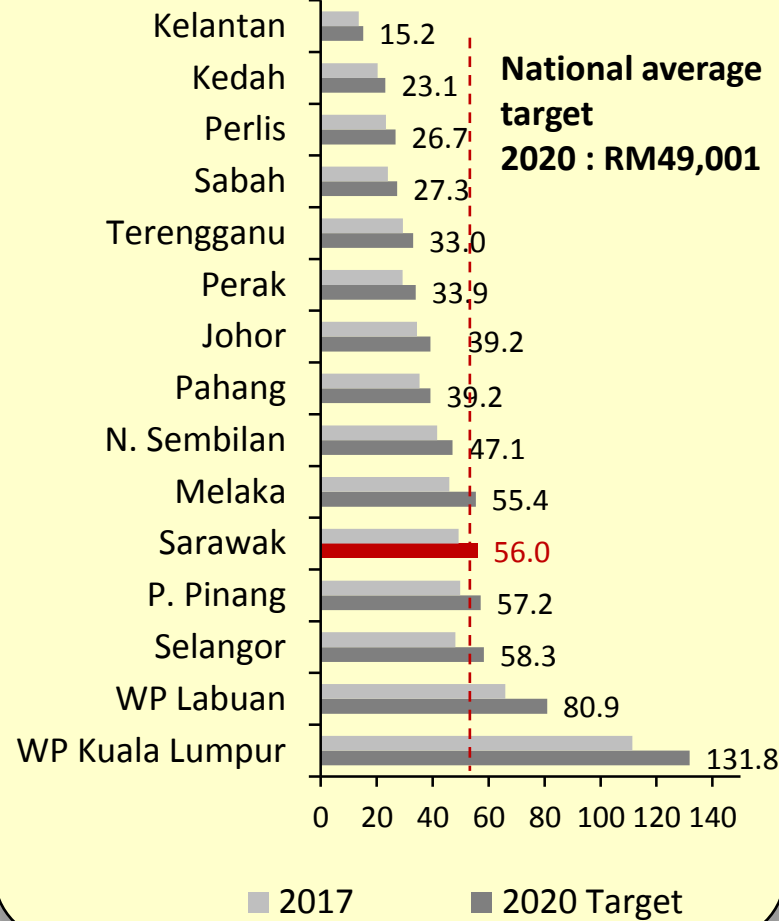
**GDP per capita (at current price) 2017, Malaysia: RM42,228**



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



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



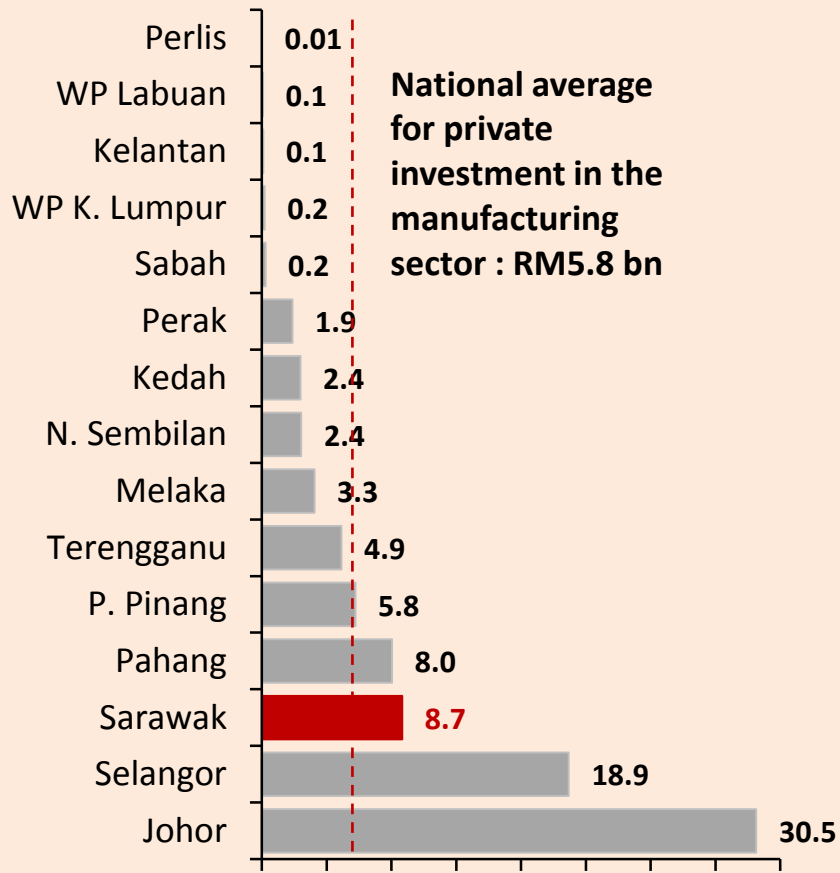
Source: DOSM

## Private investment growth was encouraging ...

Sarawak private investment in the manufacturing sector is among the highest in 2018 ...

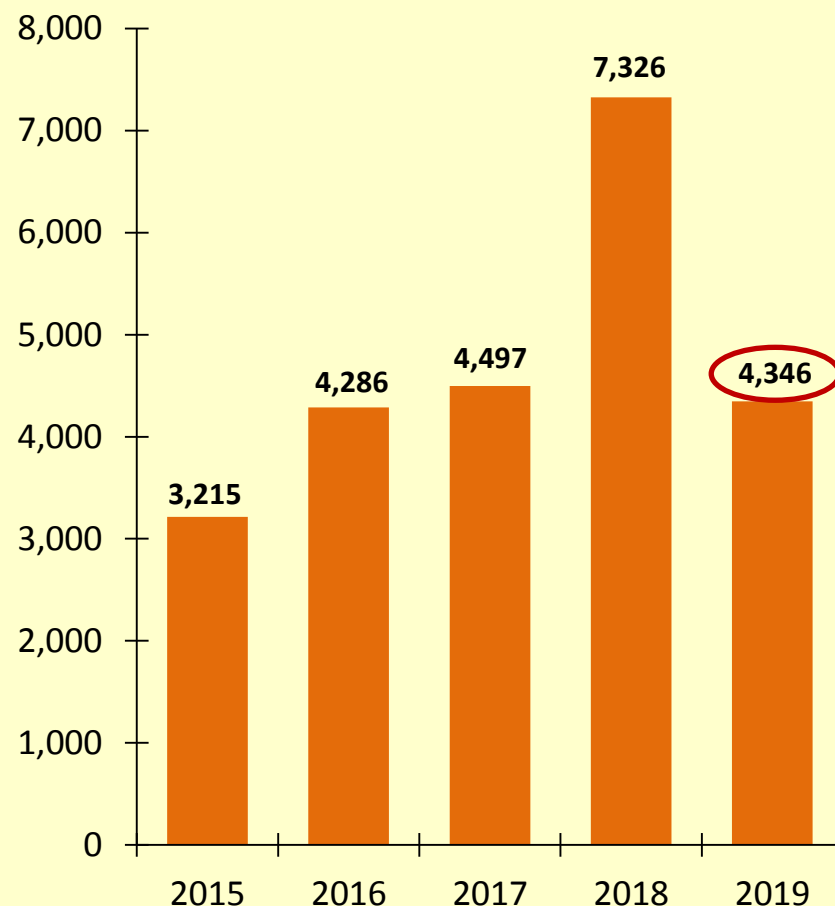
... while the development allocation (DE) approved for Sarawak in 2019 recorded a total of RM4,346 million

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



Source: MITI

Development Allocation (RM mn)

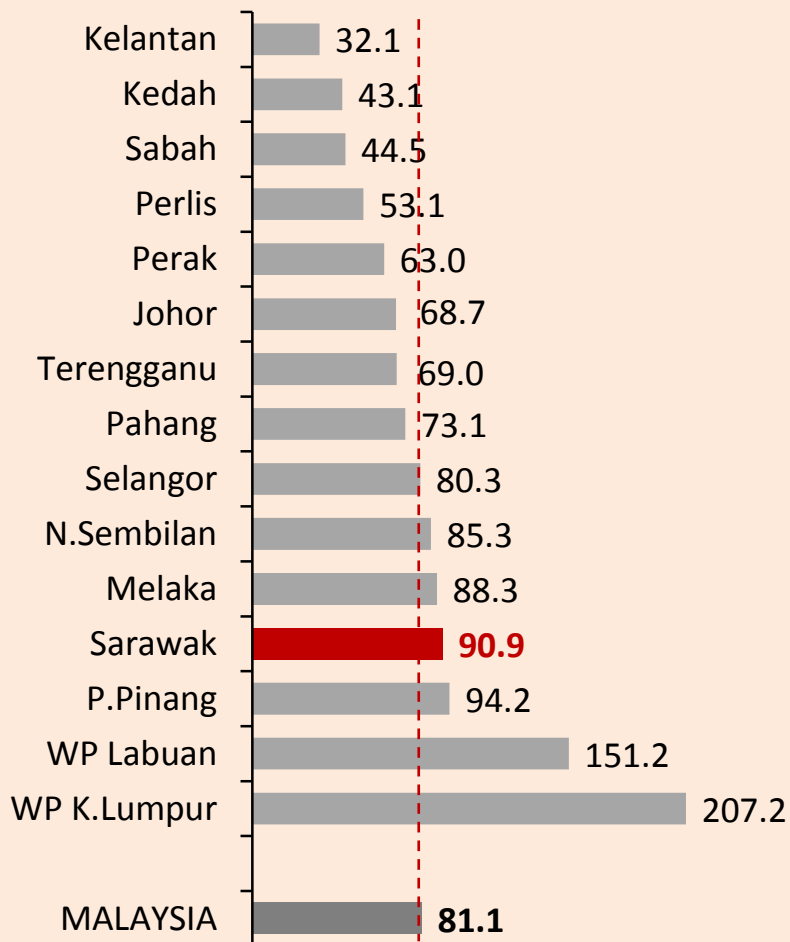


# Labour productivity surpassed national level ...

**Sarawak labour productivity was 12.1% higher than national level ...**

## Labour Productivity, 2017

(RM '000/worker, at constant 2010 price)

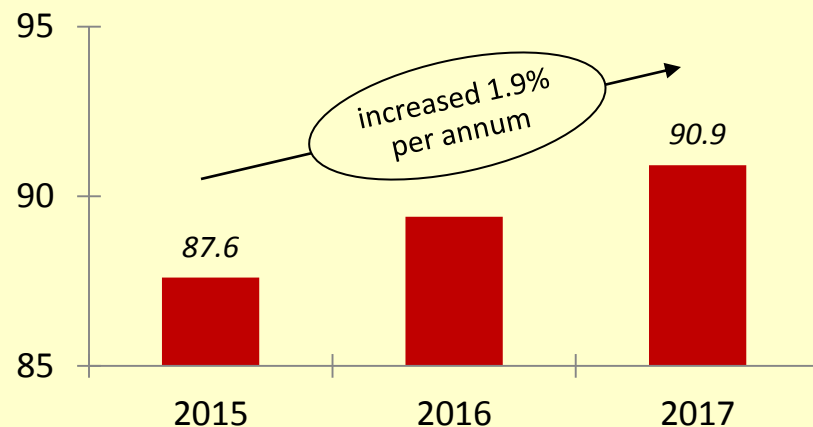


Source: DOSM

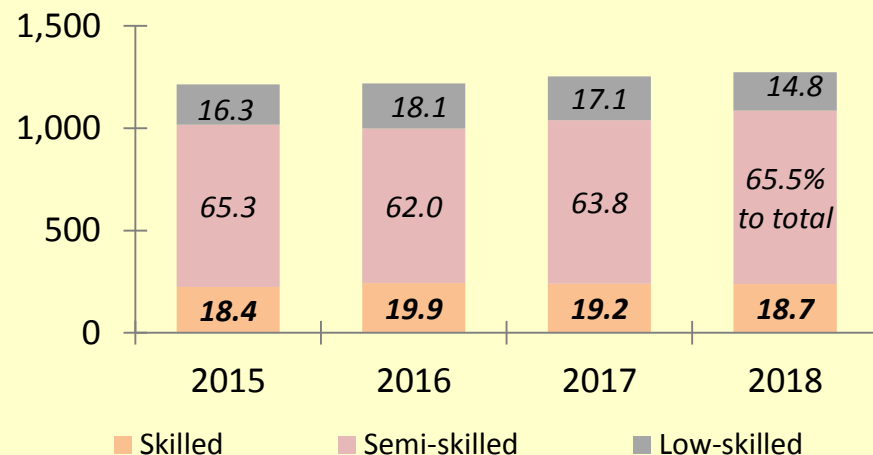
**... hence, increasing number of skilled workers will improve productivity growth momentum**

## Labour productivity, Sarawak

(RM '000/worker, at constant 2010 price)



## Labour force, Sarawak ('000)

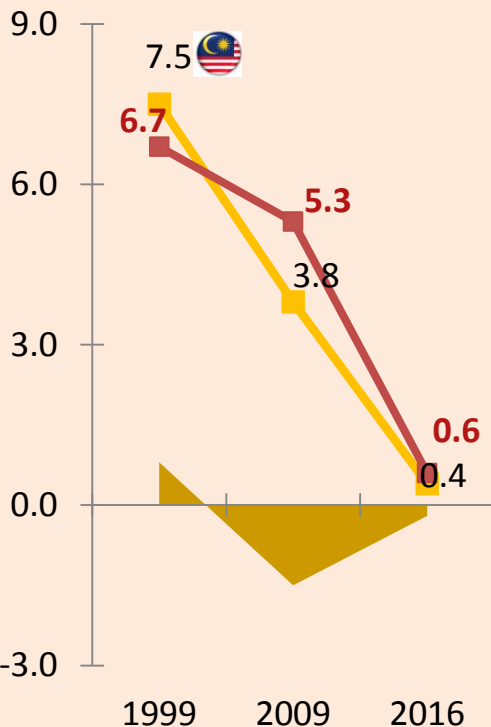


# Poverty rate has been significantly reduced ...

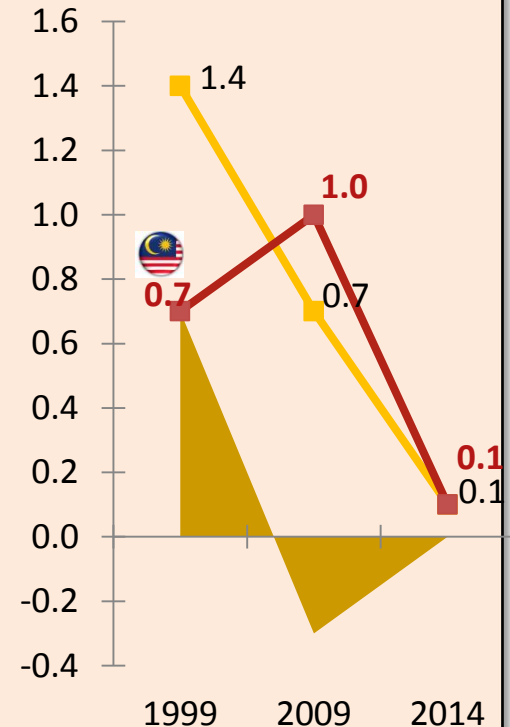
Poverty rate decreased from 5.3% in 2009 to 0.6% in 2016...

... and the income gap narrowed, better than national level

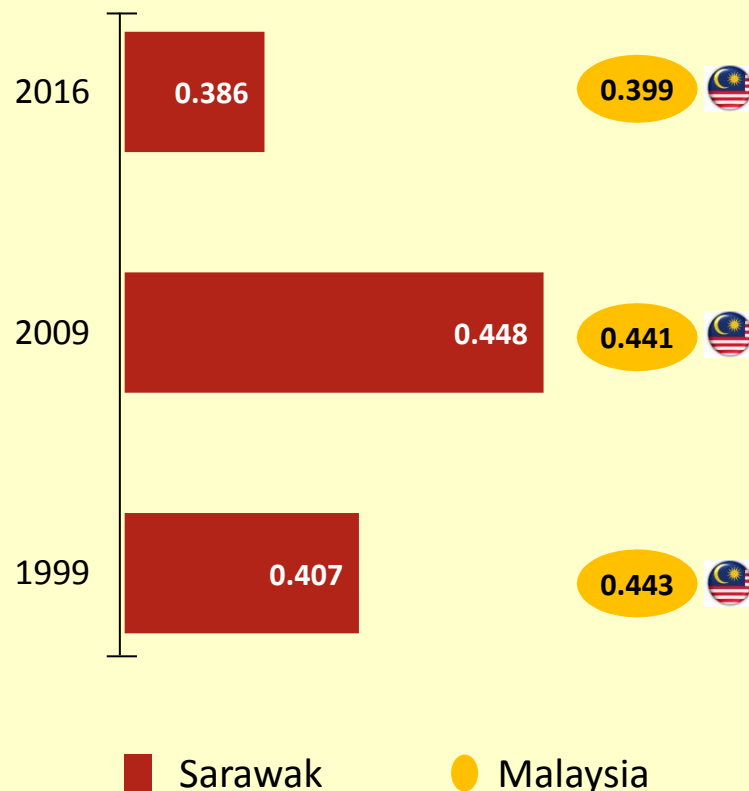
Poverty rate (%)



Hardcore poverty rate (%)



Gini Coefficient (Index)

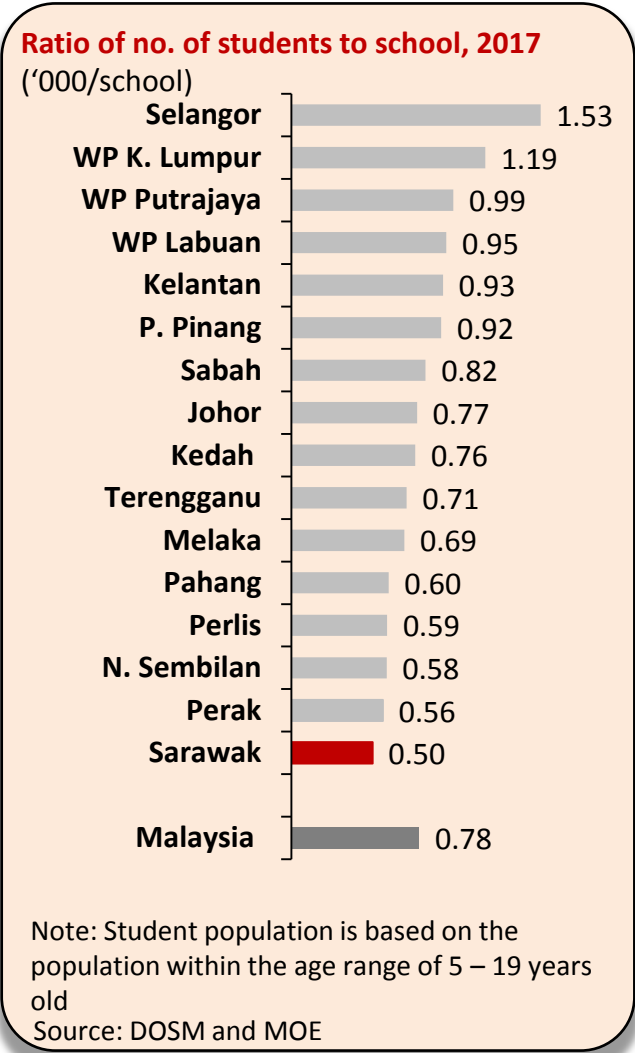


Note: Based on eKasih data as of 30 June 2019, there are still 40,573 poor households, including 18,208 hardcore poor

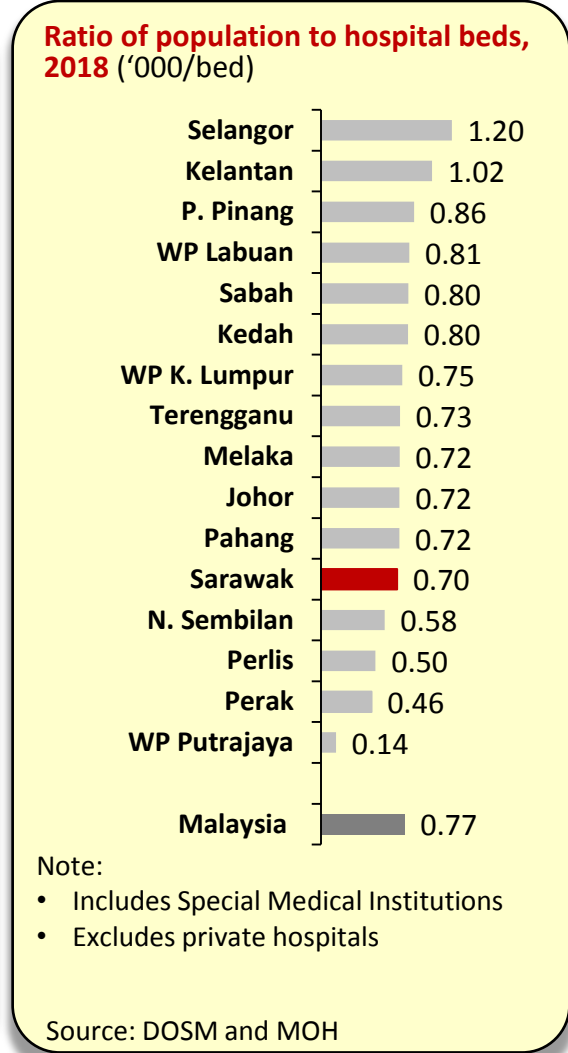
Source: DOSM

# Access to infrastructure in Sarawak was better than the national average...

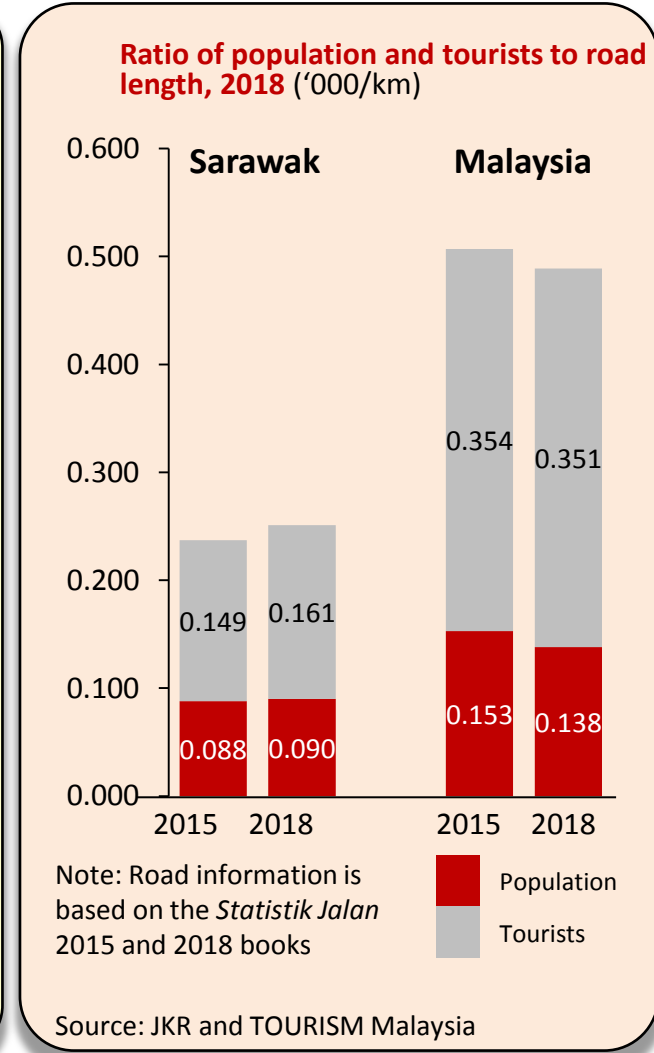
Lowest ratio of students to school ...



... ratio of population to hospital beds is among the lowest ...



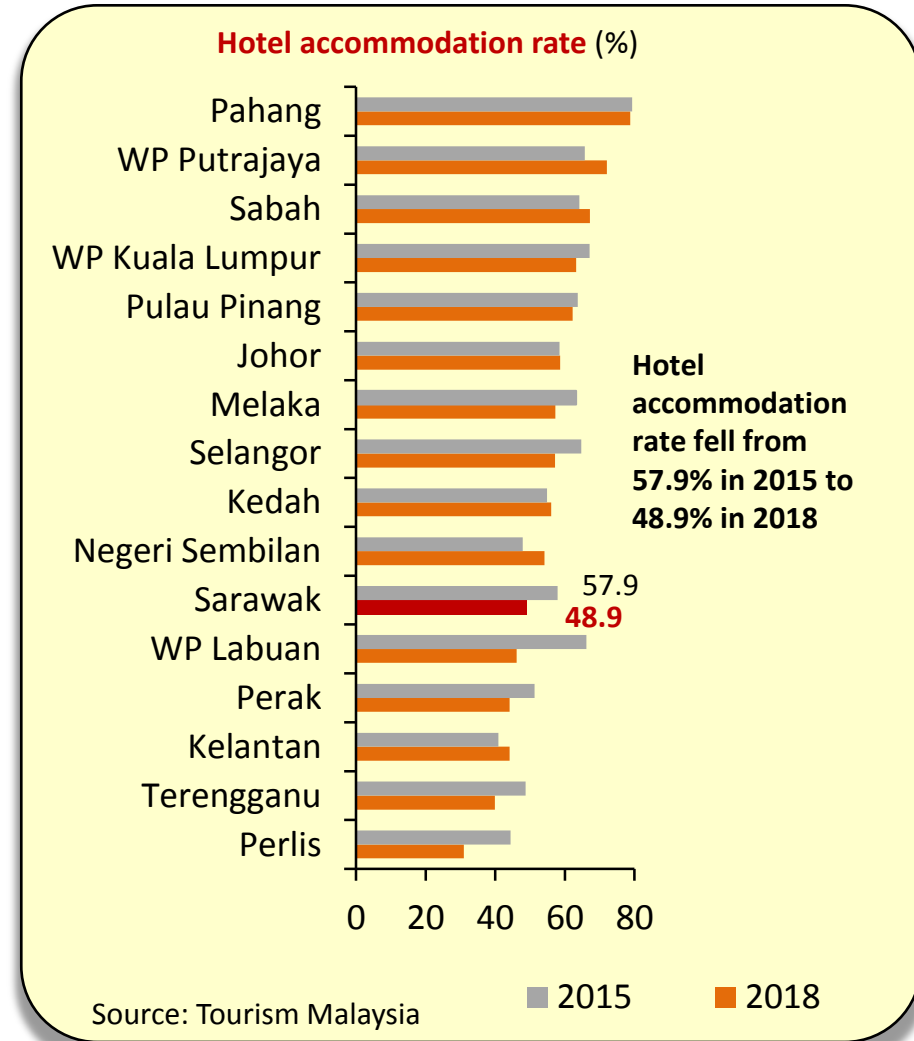
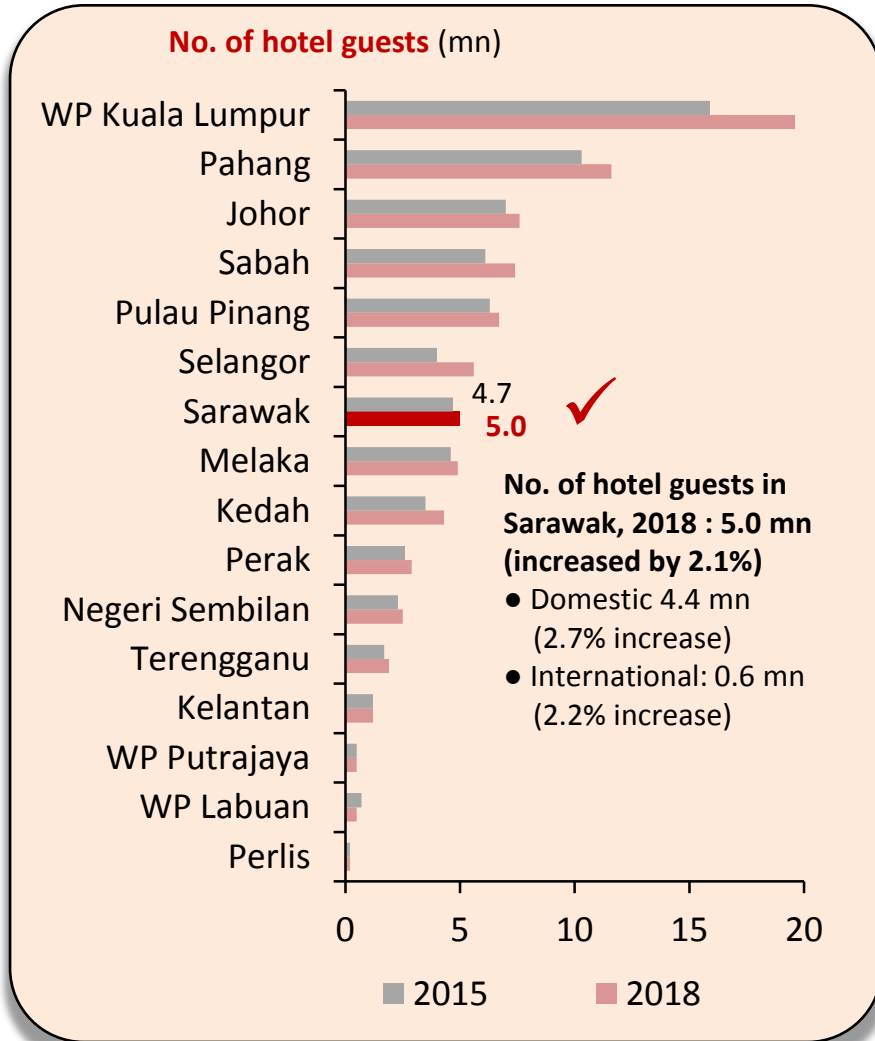
... and ratio of road users to road length is better than the national average



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

The number of domestic hotel guests increased higher than the number of international guests ...

... however, hotel accommodation rate fell by 9.0% throughout 2015 to 2018



Source: Tourism Malaysia

# Sarawak ports still operating below maximum capacity ...

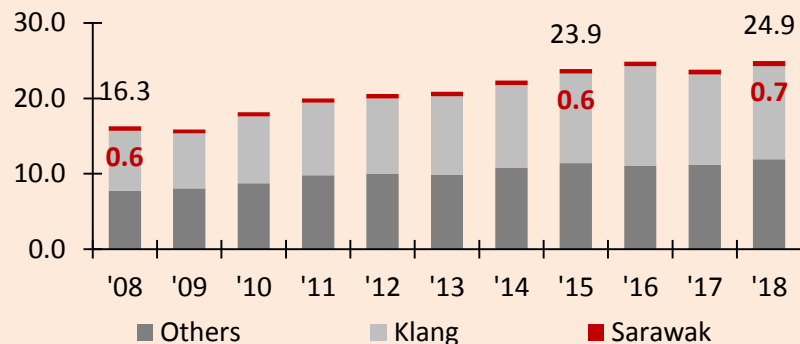
**Sarawak ports comprised about 3% of container handling services in Malaysia ...**

**... but container handling in Sarawak ports were 45% below maximum capacity utilisation**

**Container handling performance, 2016-2018:**

- Sarawak ports: **6.7% p.a.**
- Malaysia: **1.5% p.a.**

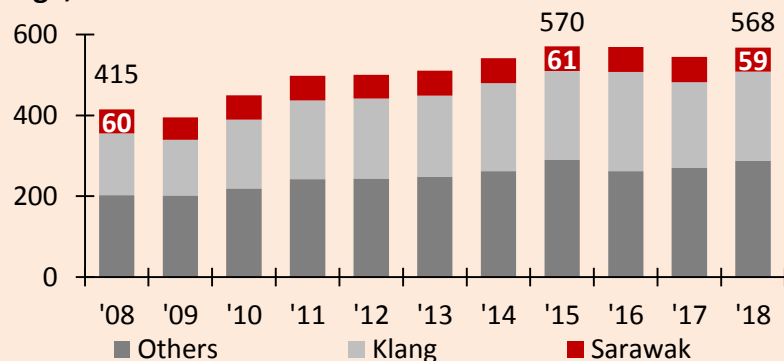
**Container, mn TEUs**



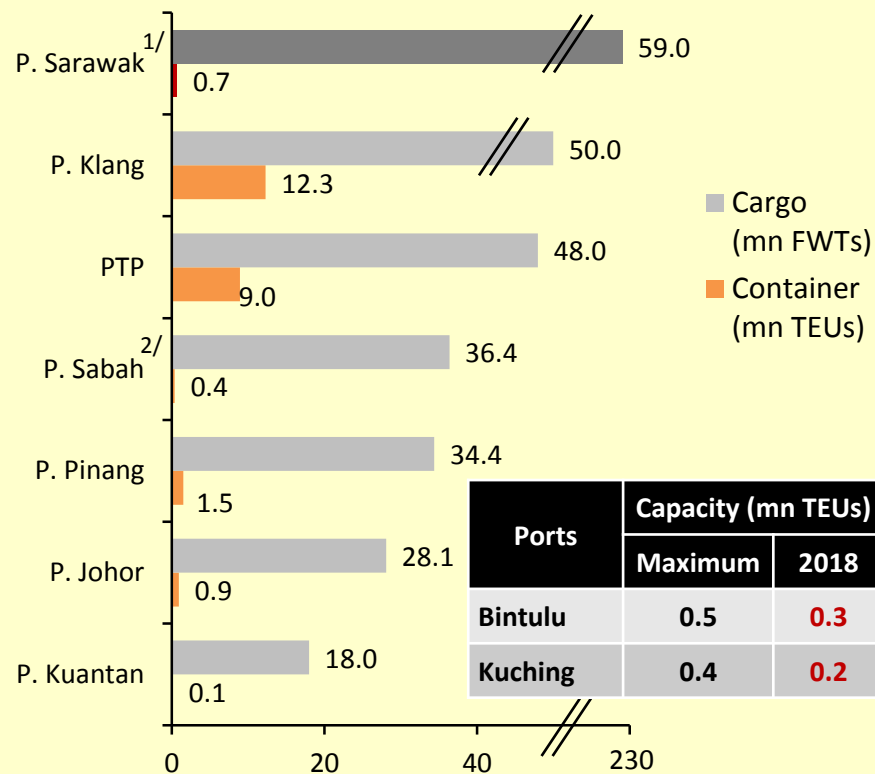
**Cargo handling performance, 2016-2018:**

- Sarawak ports: **-1.0% p.a.**
- Malaysia: **-0.2% p.a.**

**Cargo, mn FWTs**



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



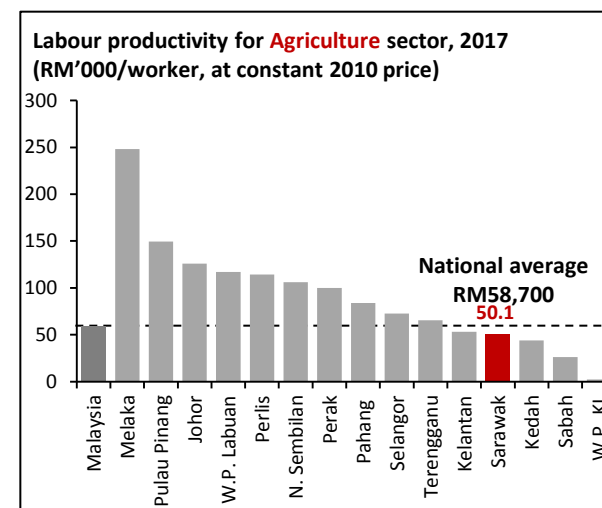
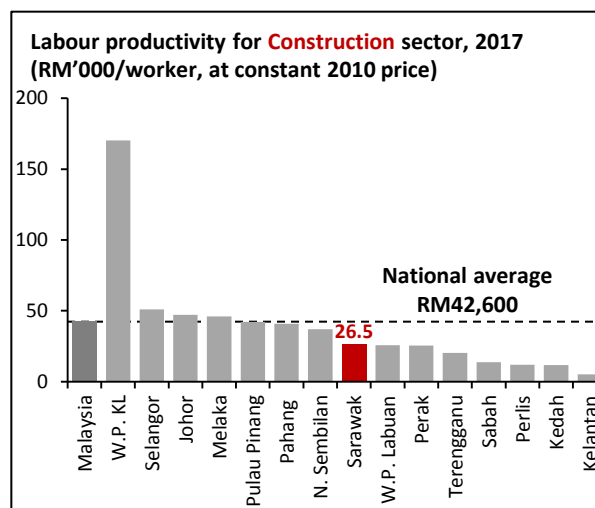
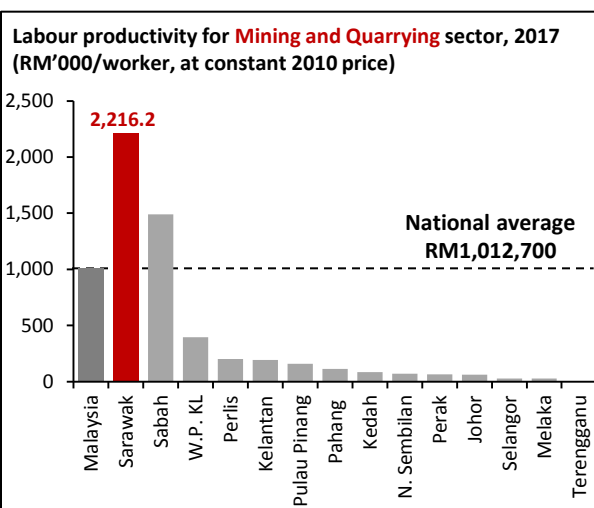
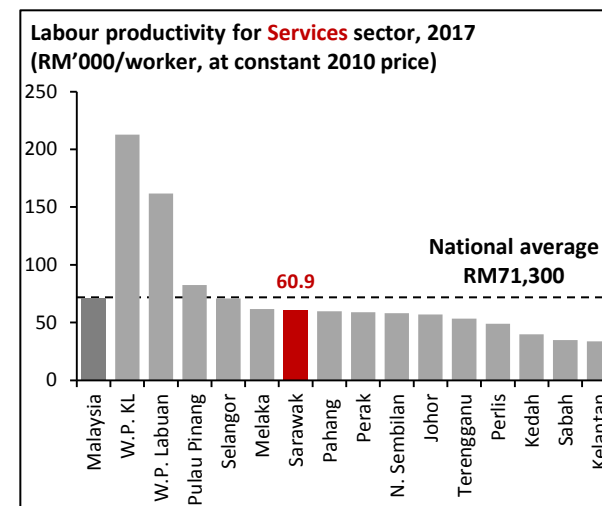
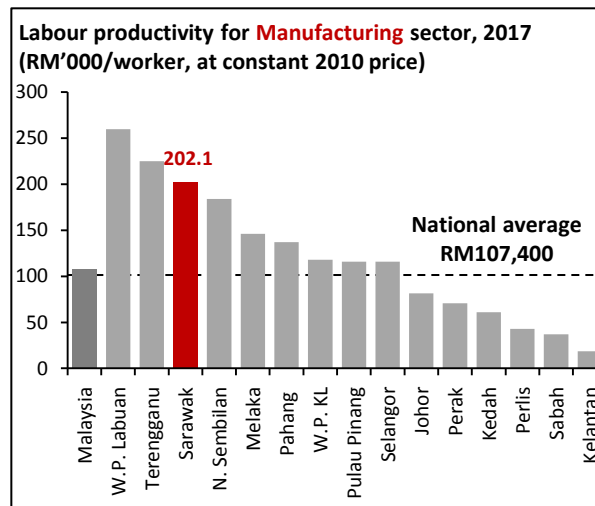
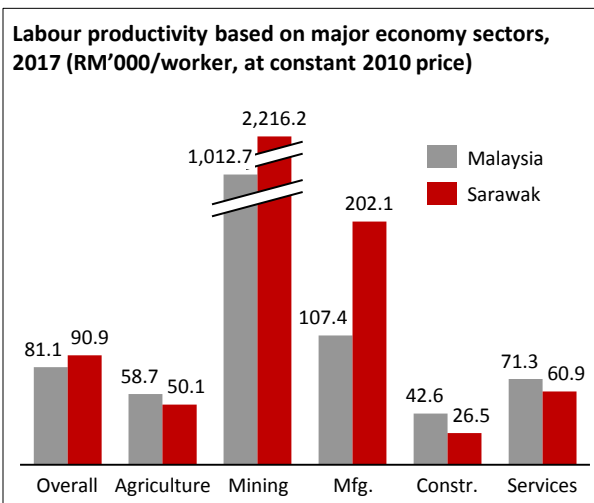
Note:

<sup>1</sup> Includes Bintulu, Rajang, Kuching and Miri

<sup>2</sup> Includes Teluk Sepanggar, Labuan, Lahad Datu, Sandakan, Tawau and Kota Kinabalu

Source: MOT

# Labour productivity in agriculture, construction and services sectors were lower than national level

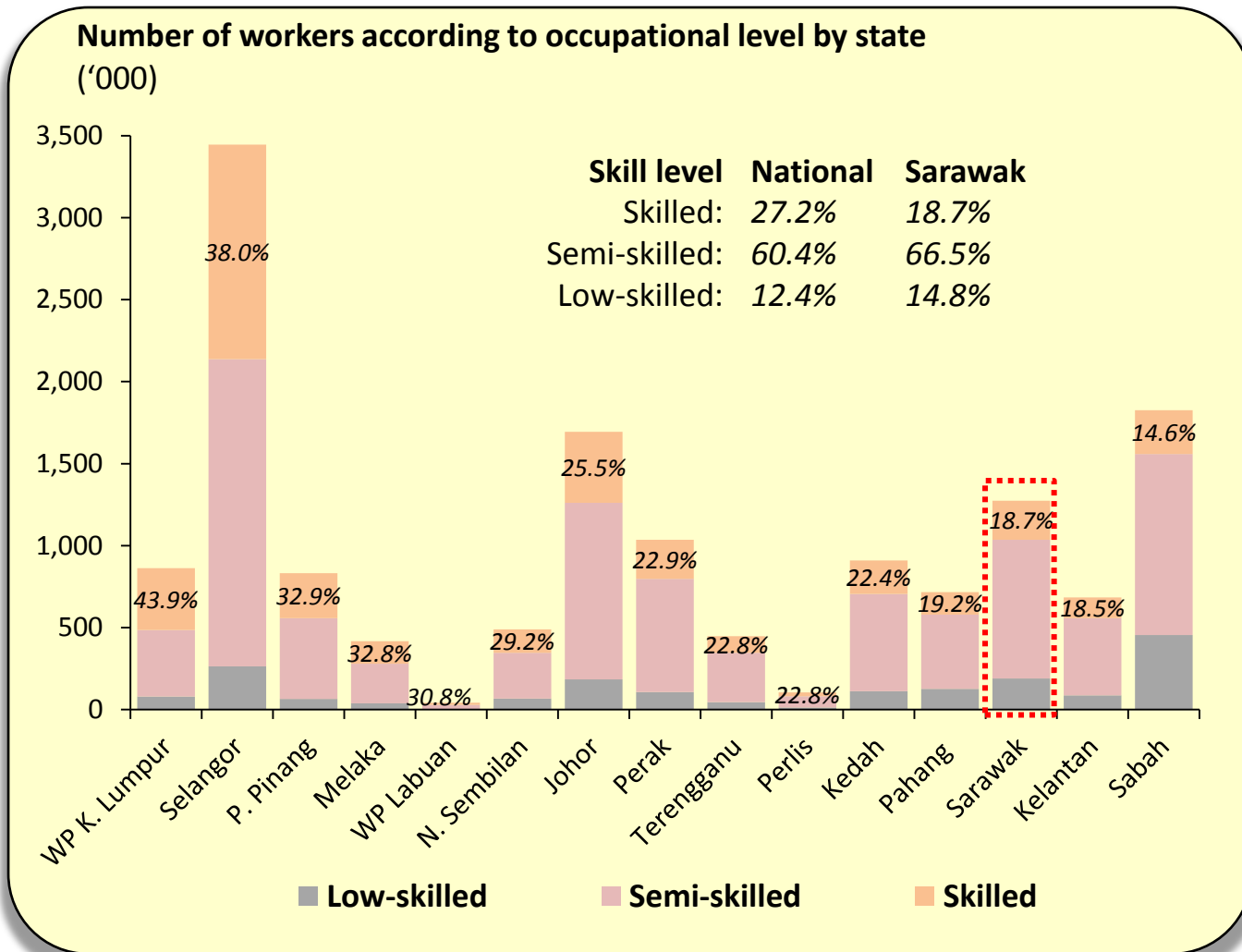


Source : DOSM and MEA



# Higher dropouts and lower labour participation rate ...

... percentage of skilled workers in Sarawak was lower than the national level, while the industries were more dependent on semi-skilled workers



## Main issue

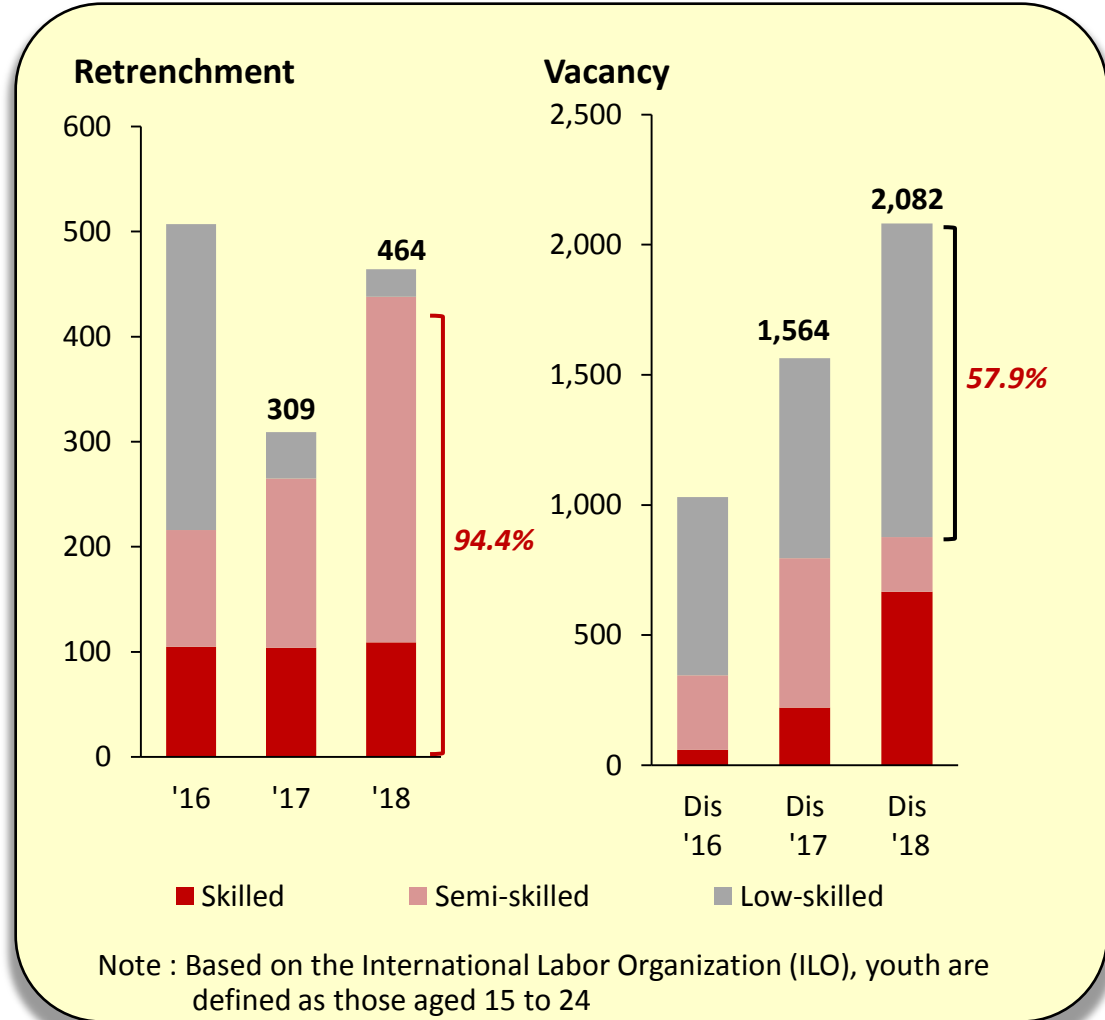
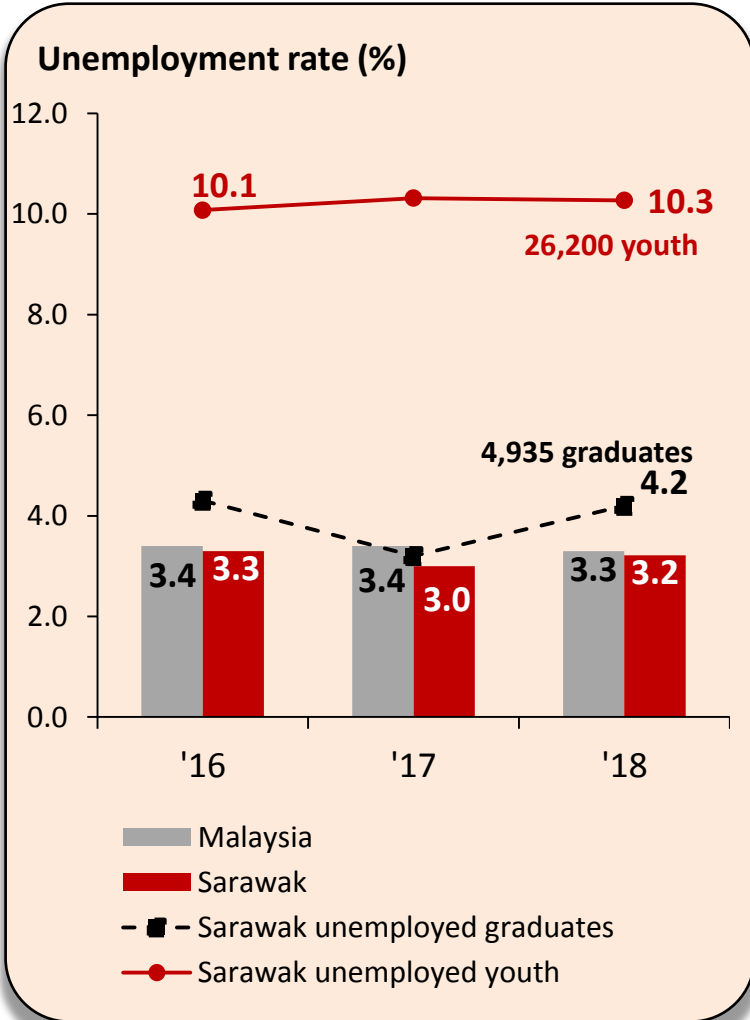
- **Secondary education participation (88.9%) and completion (77.9%) rates were below** national average at 91.1% and 83.5% respectively
- **Labour participation rate** in Sarawak at 67.9% **was slightly below** the national average at 68.3%

Source: DOSM

# Unemployment rate among youth and graduates were still high ...

... the unemployment rate among youth was 10.3% and graduates was 4.2% in 2018 ...

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



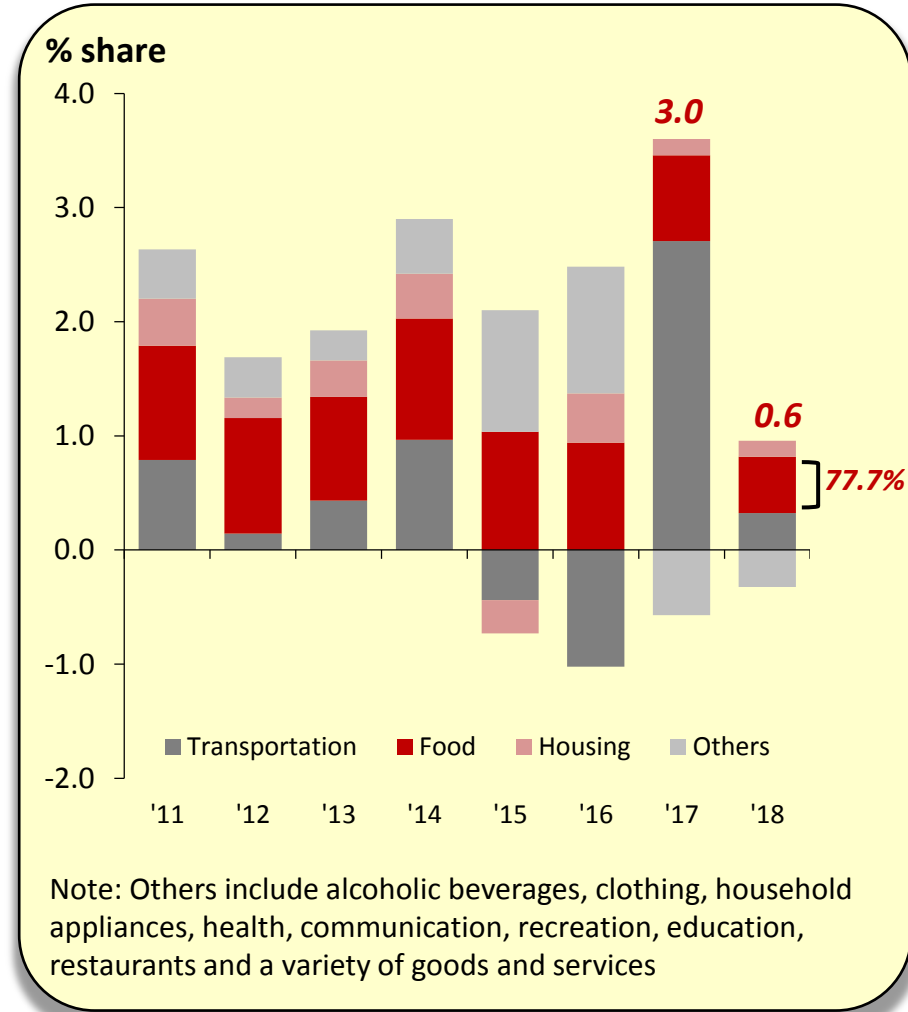
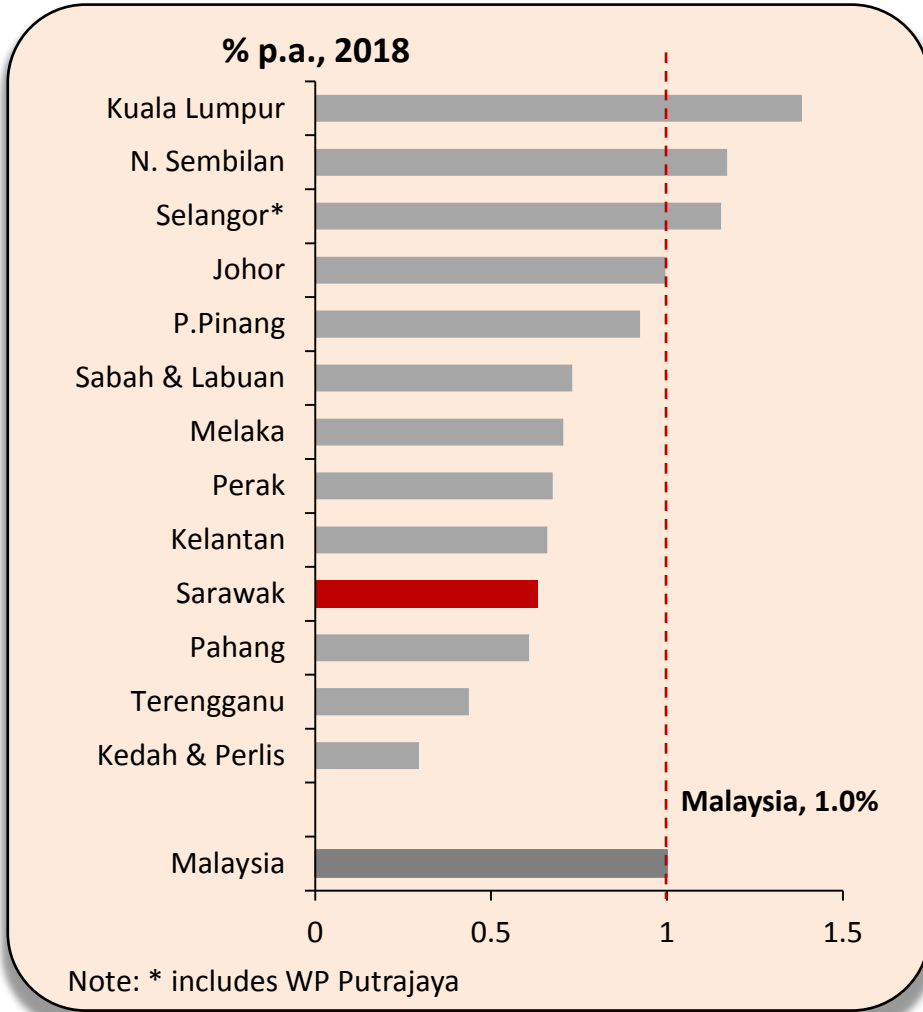
Note : Based on the International Labor Organization (ILO), youth are defined as those aged 15 to 24

Source: DOSM and MOHR

# Food component was a major contributor to inflation ...

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

... however, food component contributed 77.7% to the inflation rate



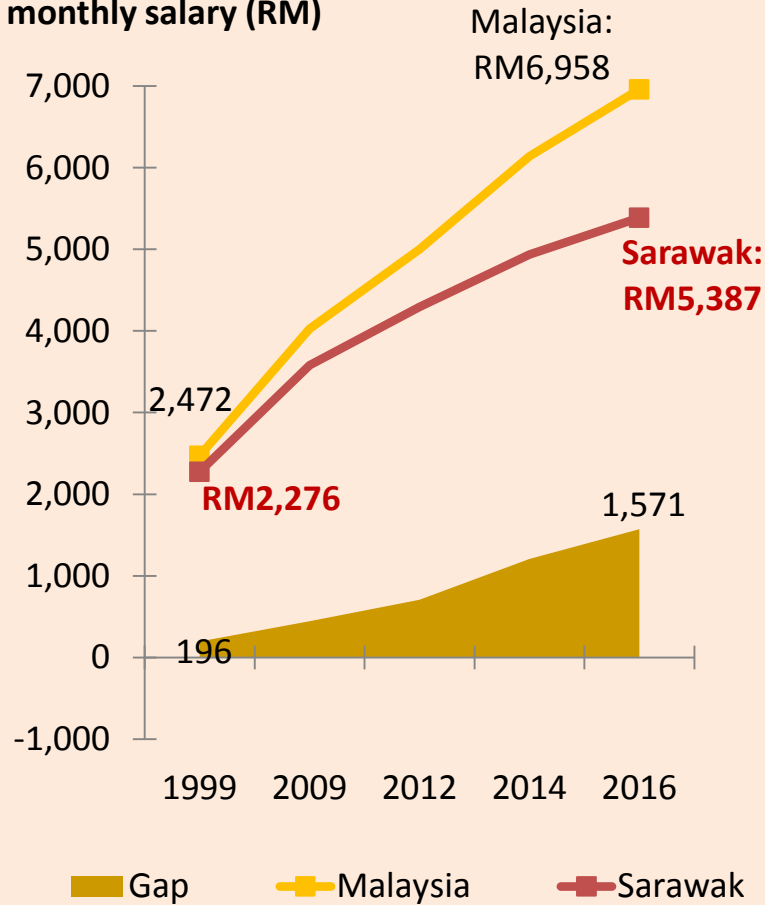
Source: DOSM

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

**Sarawak's monthly household income grew by 5.2% per annum ...**

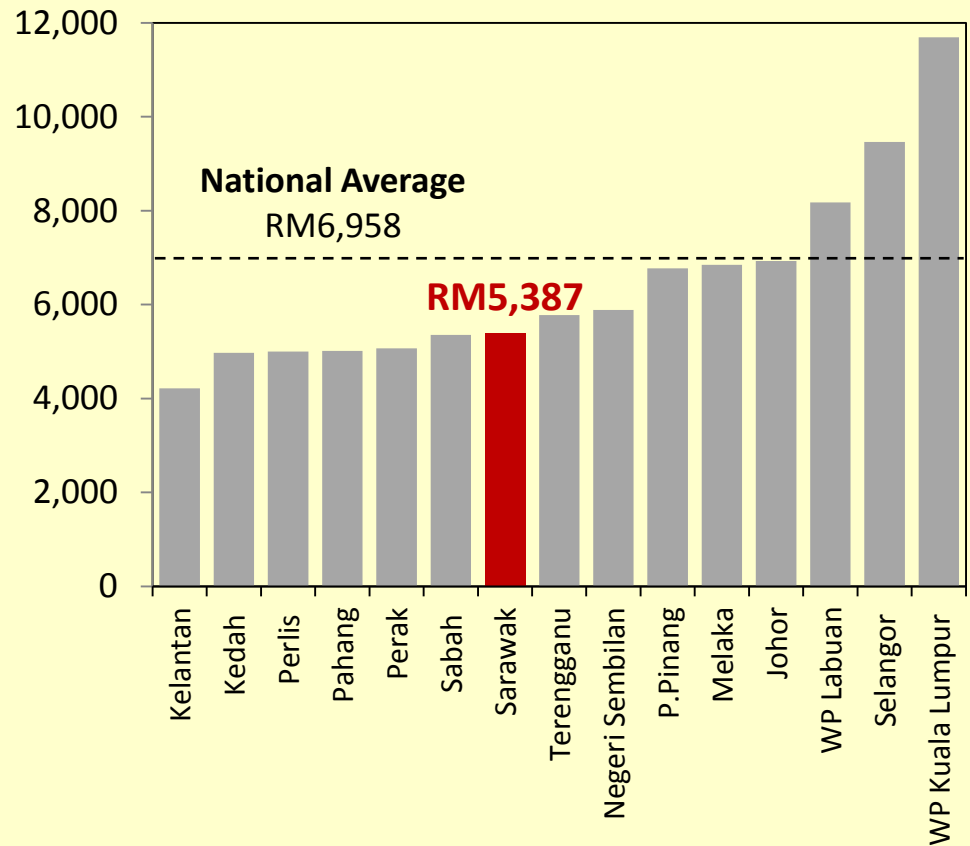
**... however, the income gap compared to national average was 22.6%**

**Average household monthly salary (RM)**



Source: DOSM

**Monthly household gross income (RM), 2016**

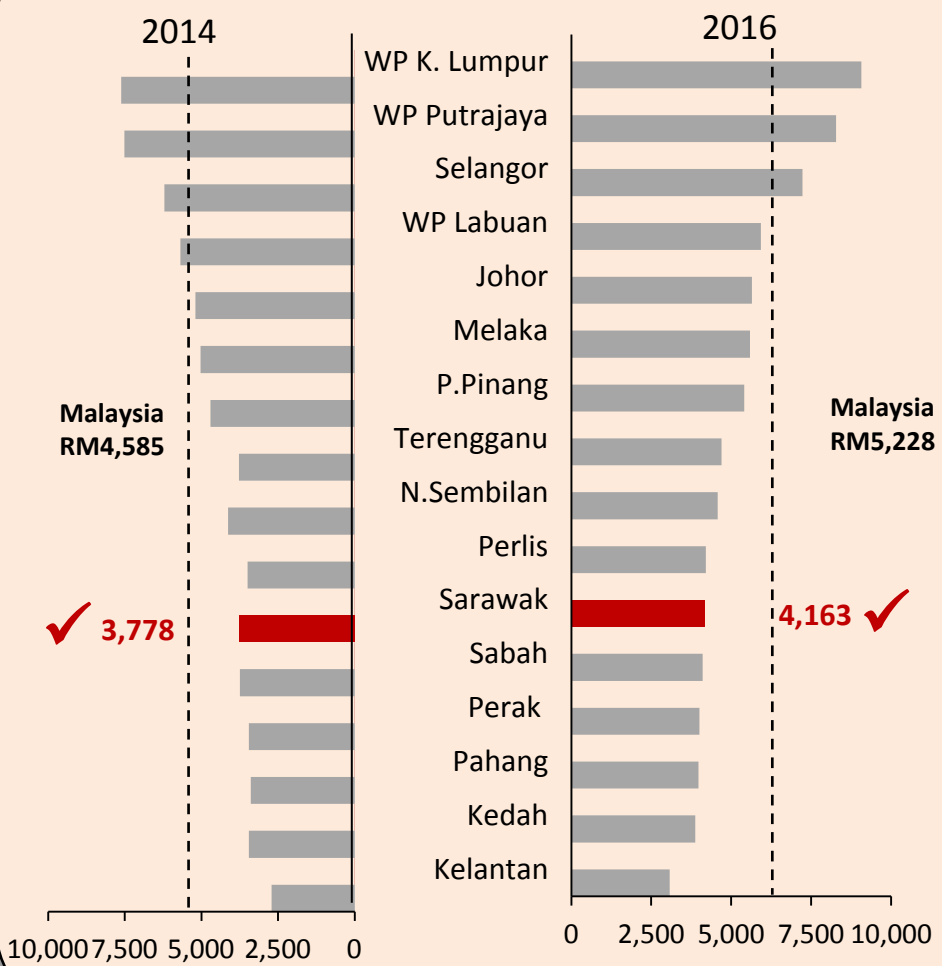


# Gap in monthly household income between Sarawak and national level has been widening ...

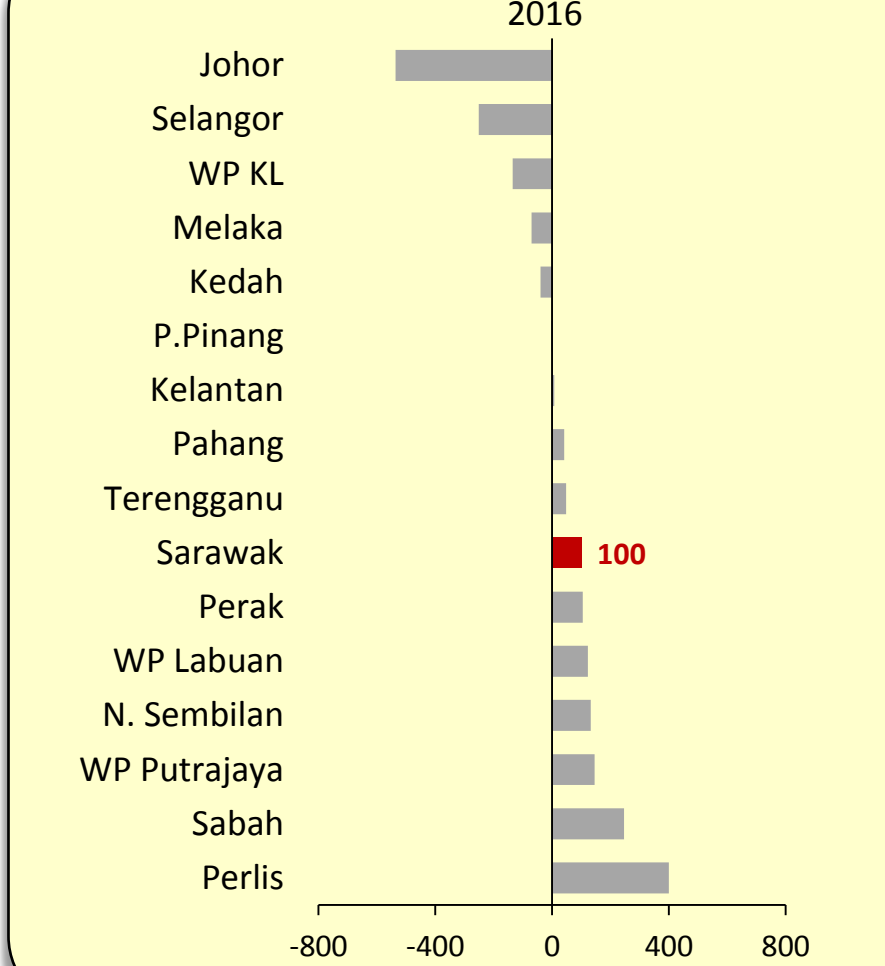
Median income was 20.4% lower than national level in 2016 ...

... however, there was a small 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 Sarawak ...

Median household income in Simunjan and Daro were lower than other districts ...

... and the income gap in Lawas was the largest in Sarawak

**Maradong**  
 Median: RM2,752  
 Mean: RM3,641  
 Inc. of poverty: 1.8%  
 Gini coefficient: 0.395

**Daro**  
 Median: RM2,422  
 Mean: RM3,311  
 Inc. of poverty: 2.2%  
 Gini coefficient: 0.379

**Mukah**  
 Median: RM3,379  
 Mean: RM4,297  
 Inc. of poverty: 0.4%  
 Gini coefficient: 0.379

**Bintulu**  
 Median: RM5,966  
 Mean: RM7,125  
 Inc. of poverty: 0.0%  
 Gini coefficient: 0.349

**Miri**  
 Median: RM5,208  
 Mean: RM6,525  
 Inc. of poverty: 0.1%  
 Gini coefficient: 0.354

**Betong**  
 Median: RM2,624  
 Mean: RM3,495  
 Inc. of poverty: 0.8%  
 Gini coefficient: 0.352

**Julau**  
 Median: RM2,731  
 Mean: RM3,344  
 Inc. of poverty: 1.0%  
 Gini coefficient: 0.322

**Lundu**  
 Median: RM3,207  
 Mean: RM4,107  
 Inc. of poverty: 0.6%  
 Gini coefficient: 0.360

**Asajaya**  
 Median: RM2,946  
 Mean: RM3,933  
 Inc. of poverty: 2.3%  
 Gini coefficient: 0.388

**Simunjan**  
 Median: RM2,414  
 Mean: RM3,156  
 Inc. of poverty: 2.4%  
 Gini coefficient: 0.372

**Kuching**  
 Median: RM4,968  
 Mean: RM6,281  
 Inc. of poverty: 0.5%  
 Gini coefficient: 0.367



**Serian**  
 Median: RM3,177  
 Mean: RM4,159  
 Inc. of poverty: 2.9%  
 Gini coefficient: 0.388

**Song**  
 Median: RM2,899  
 Mean: RM3,116  
 Inc. of poverty: 0.0%  
 Gini coefficient: 0.285

**Lubok Antu**  
 Median: RM2,743  
 Mean: RM3,086  
 Inc. of poverty: 0.9%  
 Gini coefficient: 0.305

**Lawas**  
 Median: RM3,572  
 Mean: RM4,949  
 Inc. of poverty: 1.6%  
 Gini coefficient: 0.455

**Marudi**  
 Median: RM3,389  
 Mean: RM4,179  
 Inc. of poverty: 0.6%  
 Gini coefficient: 0.346

**Belaga**  
 Median: RM3,361  
 Mean: RM3,909  
 Inc. of poverty: 0.9%  
 Gini coefficient: 0.354


**Tatau**  
 Median: RM4,128  
 Mean: RM4,314  
 Inc. of poverty: 2.7%  
 Gini coefficient: 0.245

**Kanowit**  
 Median: RM2,590  
 Mean: RM3,147  
 Inc. of poverty: 1.1%  
 Gini coefficient: 0.364

**Kapit**  
 Median: RM3,119  
 Mean: RM3,707  
 Inc. of poverty: 0.4%  
 Gini coefficient: 0.303

Gini Coefficient			
District	Gini	District	Gini
Lawas	0.455	Belaga	0.354
Maradong	0.395	Miri	0.354
Daro	0.393	Betong	0.352
Asajaya	0.388	Bintulu	0.349
Serian	0.388	Marudi	0.346
Mukah	0.379	Julau	0.322
Simunjan	0.372	Lubok Antu	0.305
Kuching	0.367	Kapita	0.303
Kanowit	0.364	Song	0.285
Lundu	0.36	Tatau	0.245

	<b>SARAWAK</b>
	Median: RM4,163 (4.9%)
	Mean: RM5,387 (4.4%)
	Incidence of poverty: 0.6%
	<b>Gini coefficient: 0.386</b>

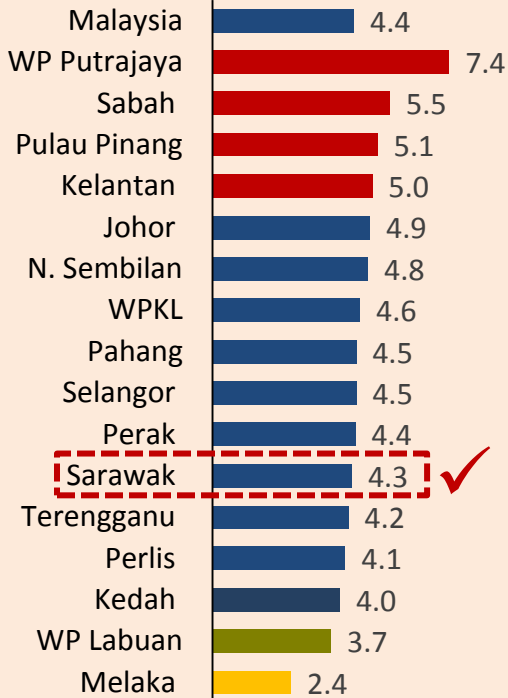
Source: DOSM

# High house prices affecting home ownership ...

**serious housing unaffordability in Sarawak ...**

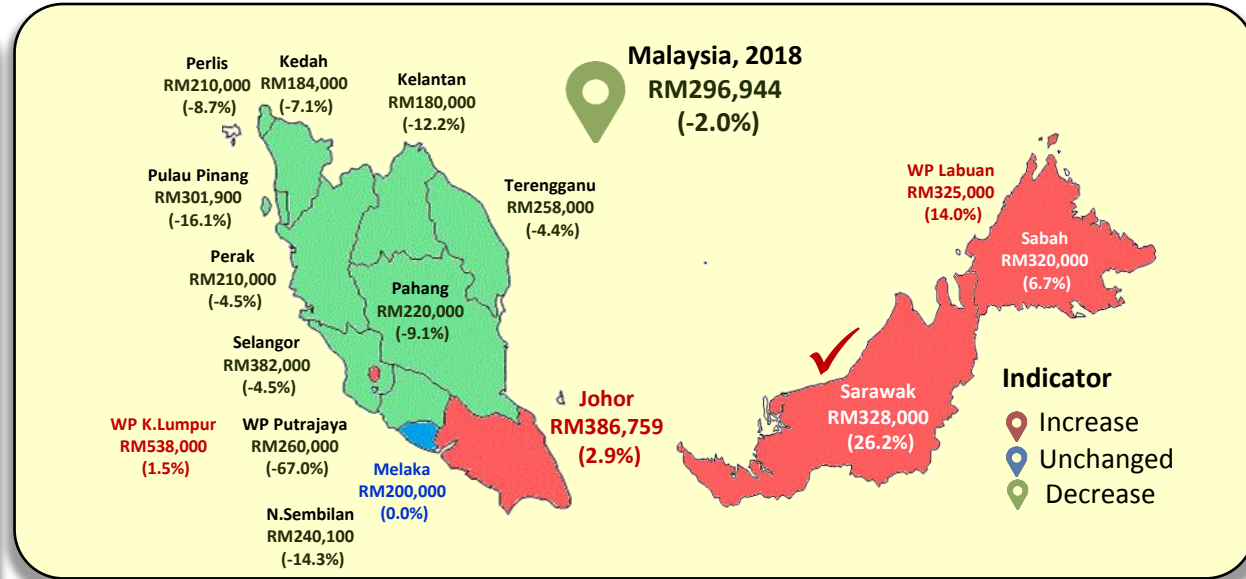
**... due to the increase in median house prices**

**Housing Affordability Index<sup>1</sup>, 2017**

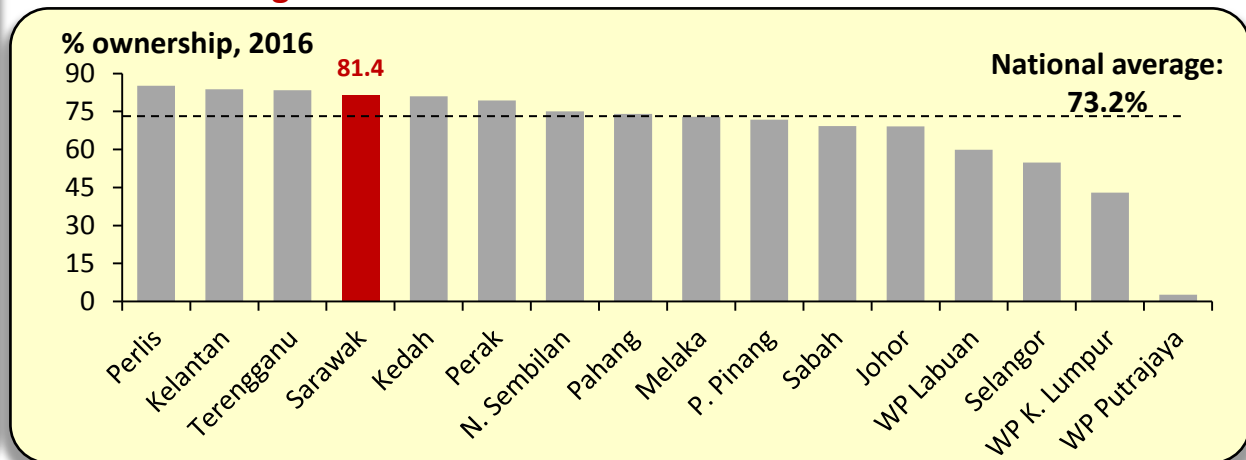


<sup>1</sup> Based on the multiple median indicator model by the World Bank and the United Nations

Source: MEA, DOSM and NAPIC

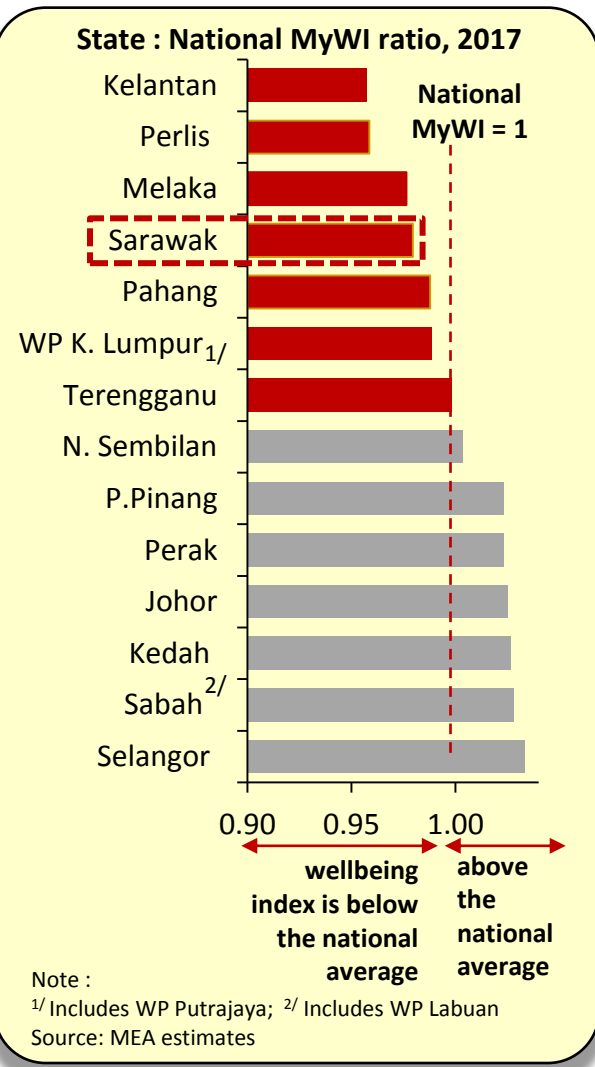


**... however, home ownership for B40 income group was 8.2% above the national average**

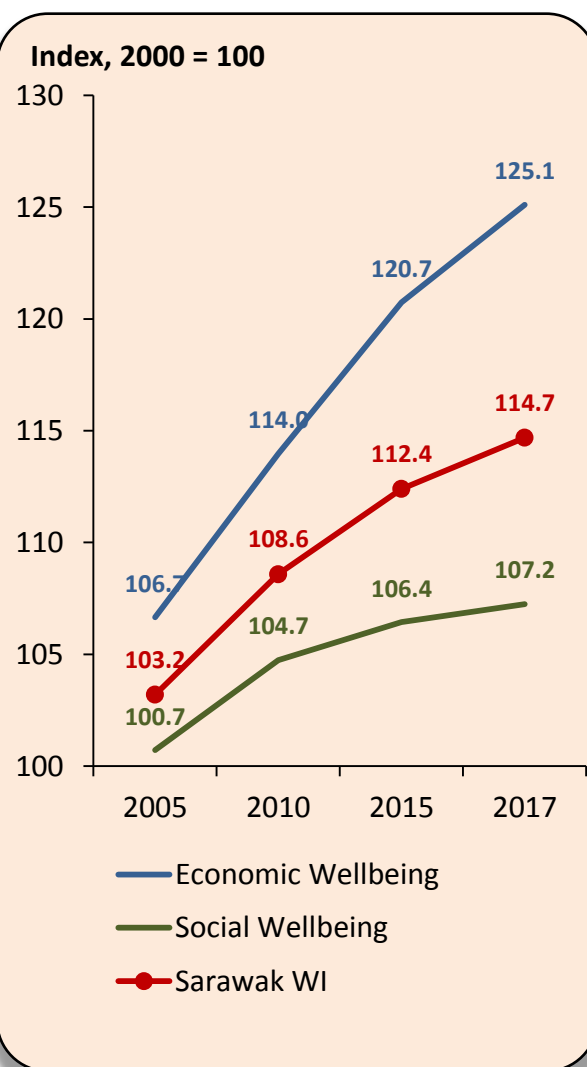


# Deterioration in the environmental component ...

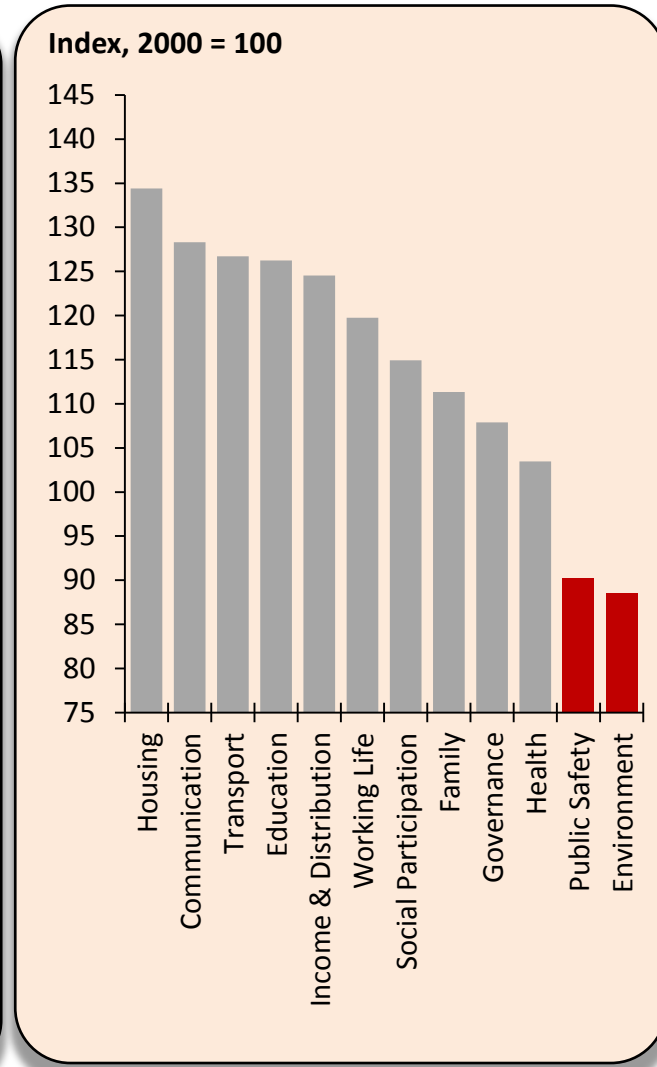
The wellbeing index in Sarawak was lower than national average ...



... and the gap between social and economic wellbeing continued to widen ...



... environmental and public safety issues need to be addressed

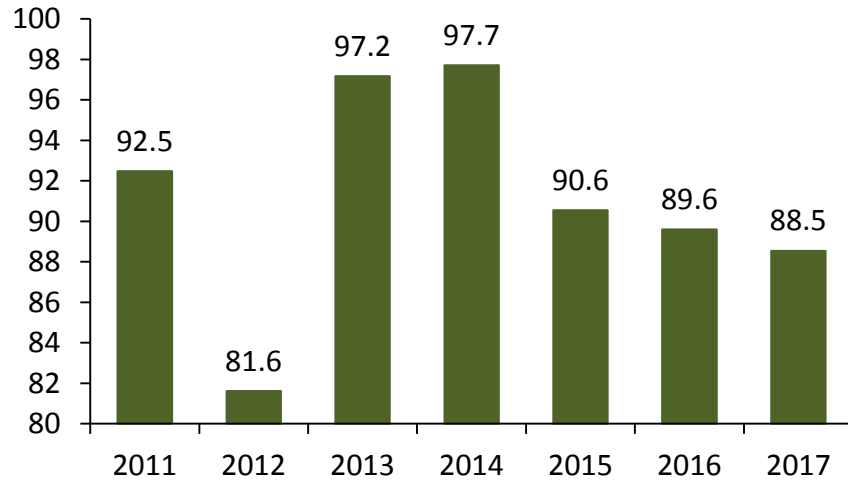




# Environmental component declined due to the increase in average maximum temperature and quantity of scheduled waste ...

**Index of environment component declined by 4.0 percentage point**

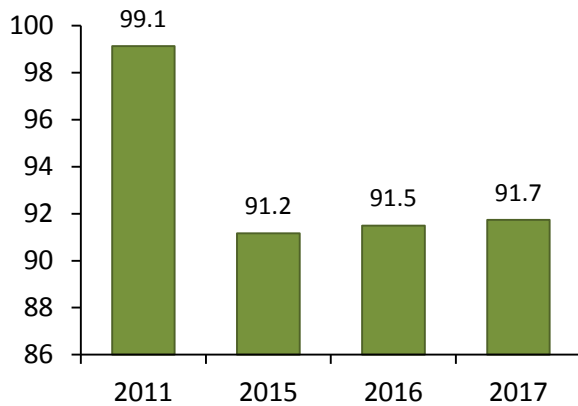
**Environment index**



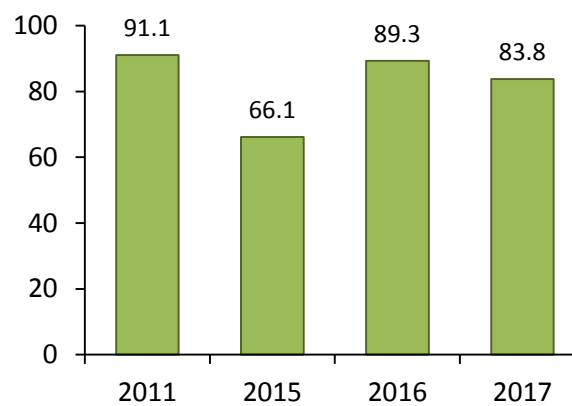
## Causes of environmental decline :

- Scheduled waste quantity sub-index decreased from 99.1 in 2011 to 91.7 in 2017
- Air pollution sub-index reduced from 91.1 in 2011 to 83.8 in 2017
- Average maximum temperature sub-index worsened from 98.8 in 2011 to 78.4 in 2017

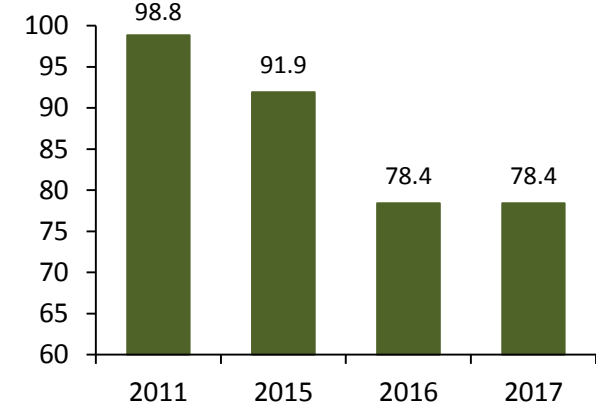
**Scheduled waste quantity sub-index**



**Air pollution sub-index**



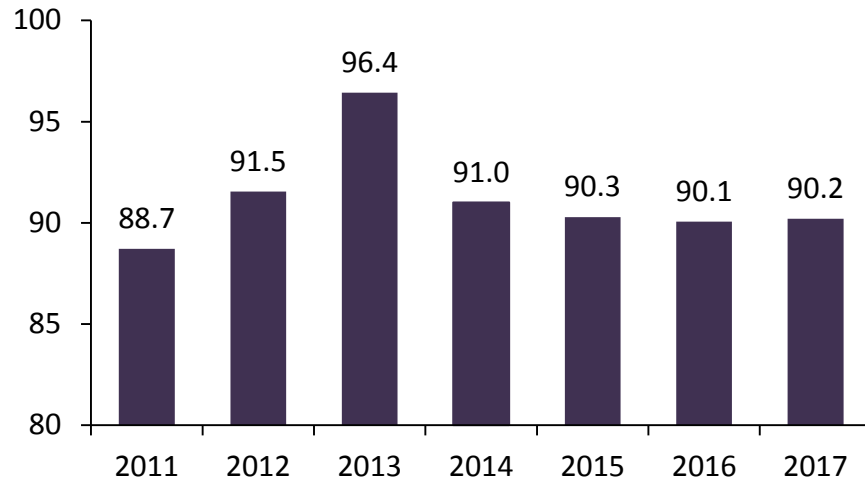
**Average maximum temperature sub-index**



# Public safety component declined following the increase in number of road accidents ...

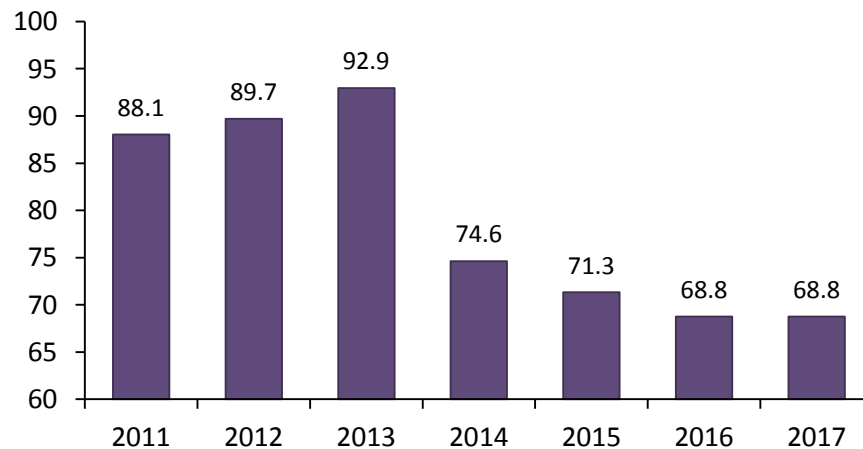
## Index of public safety component rose by 1.5 percentage point

### Public safety index

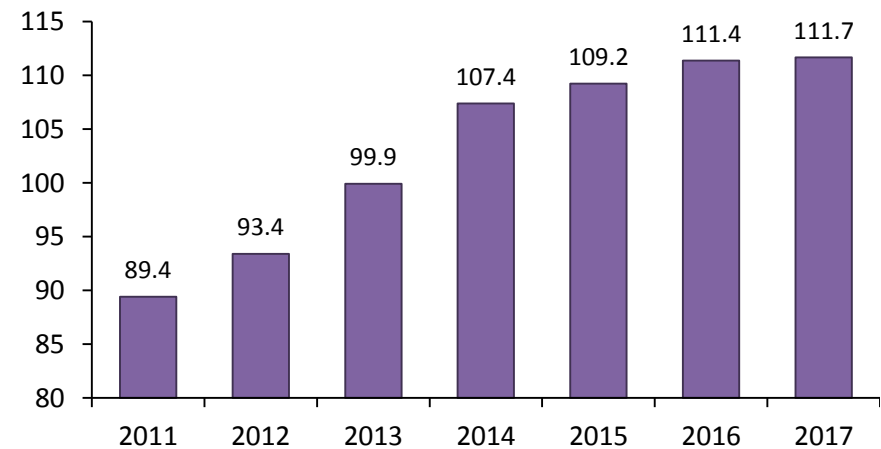


- **Public safety declined due to road accidents sub-index which worsened from 88.1 in 2011 to 68.8 in 2017**
- However, crime rate sub-index increased from 89.4 in 2011 to 111.7 in 2017

### Road accidents sub-index



### Crime rate 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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