



ETP and GTP Report Card - Annual Report 2014



28 April 2015: The Prime Minister unveiled the Annual Report 2014 of the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP). He expressed confidence that Malaysia's vision to emerge as an advanced economy as well as sustain a balance budget could be achieved by 2020. The overall performance of the ETP's Key Performance Indicators (KPIs) stood at 110% in 2014 which was higher than the 103% achieved in 2013. All of the NKEAs but one met their KPIs for 2014. The focus on inclusiveness and sustainability will likely be a prelude to the 11th Malaysia Plan (11MP), which is scheduled to be tabled in Parliament on 21 May 2015.

Key indicators that the ETP is on track:

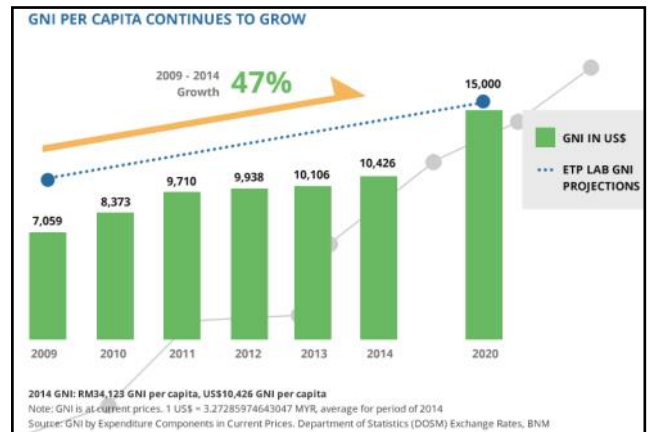
1. Stable economic growth
2. Closing in on high income with NKEAs being main drivers
3. Employment on the rise
4. Growing share of private investment
5. Fiscal consolidation measures on track
6. Government revenue increases

7. Reducing dependence on oil & gas revenue, diversification
8. Robust capital market economy
9. Private consumption on Uptrend
10. Continued global recognition

Closing in High Income with NKEAs being main contributors to GNI

Since the launch of ETP in 2010, GNI per capita has been growing by 47.7% to USD10,426 in 2014. NKEAs contributed to 68% of the total GNI contribution.

We are on track to achieve GNI per capita of USD15,000 by 2020, if not earlier.



Employment on the Rise

Since the launch of ETP, a total of 1.8 million new jobs have been created with 1.5 million jobs coming from NKEAs. Unemployment rate has declined from 3.7% in 2009 to 3.0% as in Dec 2014. Malaysia is on track to achieve the ETP target of 3.3 million of job creation by 2020.

Private Investments Accelerated under ETP

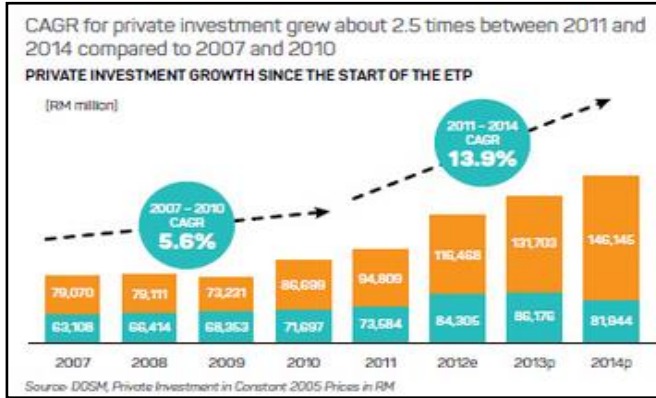
With a compounded annual growth rate (CAGR) at 13.9% for period 2011-2014, private investments outpaced public investments (5.6% CAGR in 2007-2010). In nominal terms,

Malaysia had achieved RM181.5 billion in realised private investments in 2014, (2013: RM160.5 billion) exceeding the RM148 billion average annual target set under the 10MP for four straight years from 2011 to 2014.

Fig 1: National Key Economic Areas (NKEA) – 2014 Key Performance Indicators (KPI) scorecard

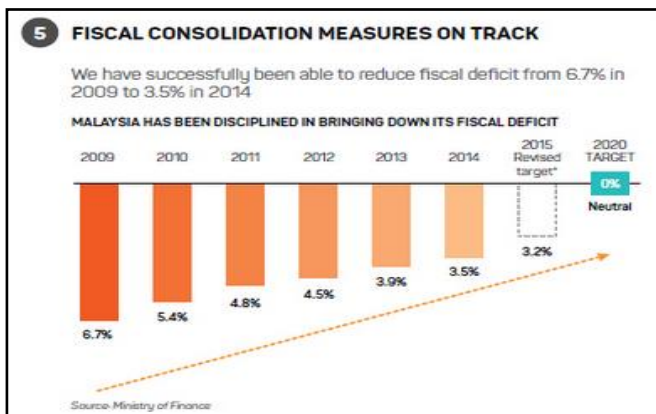
No.	NKEA	2011 (%)	2012 (%)	2013 (%)	2014 (%)
1	Greater Kuala Lumpur/Klang Valley	151	108	98	103
2	Oil, Gas & Energy	109	119	97	108
3	Financial Services	101	111	117	121
4	Wholesale and Retail	141	156	124	104
5	Palm Oil and Rubber	98	101	78	106
6	Tourism	118	117	115	126
7	Electrical & Electronics	108	95	105	104
8	Business Services	138	114	102	96
9	Communications Content & Infrastructure	170	153	101	110
10	Education	120	121	102	116
11	Agriculture	119	130	98	120
12	Healthcare	103	103	103	105
Overall Composite Scoring		123	119	103	110

ETP and GTP Report Card (cont.)



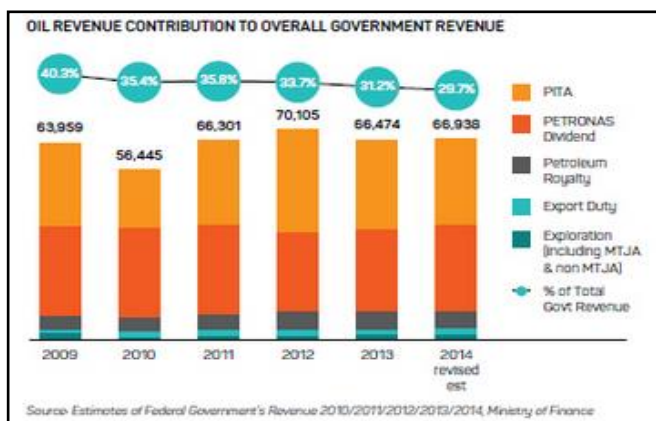
Fiscal Consolidation Measures on Track

Malaysia is committed to reducing its fiscal deficit and have successfully been able to reduce fiscal deficit from 6.7% in 2009 to 3.5% in 2014. The target of 3.0% for 2015 has been revised to 3.2% taking into consideration the falling oil prices. Further, sugar subsidies were removed in Oct 2013 and Government begun the implementation of the managed float pricing mechanism for RON95 and diesel fuel.



Reducing Dependence on Oil & Gas Revenue, Diversification of Economy

The ETP focuses on developing competitiveness in the 12 top sectors of the economy. The contribution of the oil and gas industry to the Government's revenue has also been steadily decreasing from 40.3% in 2009 to an estimated 29.7% in 2014.



‘ Our deficit is falling, our reserves are strong, we have trusted financial institutions, low unemployment and record levels of foreign investments.

I am confident that we are on the right track to meet the targets set for 2020.’

YAB Dato' Sri Mohd Najib Tun Hj Abdul Razak



Narrowing Disparity/ Poverty Eradication

According to the latest preliminary data from the Department of Statistics Malaysia (DOSM), only one per cent of our population was in poverty as at 2014, compared with 3.8 per cent in 2009.

In the Strategic Reform Initiative, various programmes led by TERAJU have been undertaken with RM47.07 billion worth of business and financing opportunities created for the Bumiputera community to-date.



RM47.07 billion
worth of business and financing opportunities created for the Bumiputera business community to date

RM10.2 billion
worth of opportunities created from various projects by The Carve Out and Compete initiative

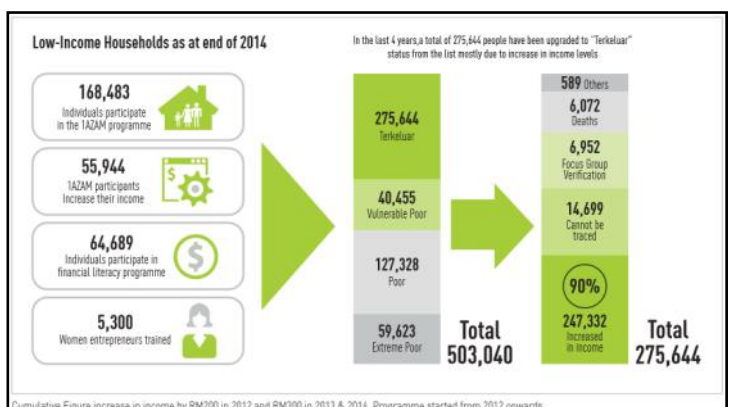
Some key highlights are:

- 25 new Bumiputera Corporation Champions identified to leverage on MITI's Vendor Development Programme
- 413 new Teras companies and 76 venturing overseas
- RM475 billion under Bumiputera Expansion Fund created to assist Bumiputera technology companies
- RM2.24 billion Teras Fund raised . Todate, 908 Bumiputera companies have enrolled under the programme.
- RM23.52 billion worth of 11 large iconic projects (RM500 million and above) awarded for Carve Out & Compete programme since 2012. RM10.2 billion projects in 2014.

The key initiatives under Poverty Eradication are provided under the 1 AZAM (Akhiri Zaman Miskin) Programme.

In Iskandar Malaysia, the TERAJU@Iskandar together with IRDA spearhead the TERAJU initiatives with special fund allocation for high performing Bumiputera companies in Iskandar Malaysia.

Under IRDA's Social Inclusiveness programmes through 1AZAM, Kawan Iskandar Malaysia, amongst others are progressing ahead to increase the income level of the low income households in Iskandar Malaysia.





ETP and GTP Report Card (cont.)

BizWatch

Snapshot of the activities and achievement of each NKEA.

Oil, Gas & Energy

EPP4 Building Regional Storage and Trading Hub

-Pengerang Independent Terminals Sdn Bhd commenced operations in April 2014.

EPP8 Attracting MNCs to set up in Malaysia

-Johor Corp's Tanjung Langsat Port Sdn Bhd in collaboration with Dubai Oilfields Supply Centre Ltd

EPP13 Increasing petrochemical outputs

-Petronas Board approved Final Investment Decision for Pengerang Integrated Complex comprising of the Refinery and Petrochemical Integrated Development (RAPID) project. Investment direct costs: USD16 billion Investment for associated facilities: RM11 billion

Tourism

EPP3 Establishing Premium Outlets

-Johor Premium Outlets celebrated 3rd year of operations with 130 brand name outlet stores and serves consistently high volumes of international and domestic shoppers.

EPP12 Improving rates, mix and quality of hotels

-4,039 new 4-star and 5-star hotels completed. Notable project completions include the 335-room Double Tree by Hilton Hotels in Johor Bahru.

Business Services

-In shared services and outsourcing (SSO), the 2014 AT Kearney Global Location Services Index ranked Malaysia in third, a position that Malaysia has maintained for the past 10 years.

EPP2 Building Globally Competitive Shared Services

-Goldbury Global IT Automotive Outsourcing Hub, located in Medini Iskandar, Nusajaya will support automotive companies using SAP's automotive solutions and expected to service 100,000 SAP users globally. Investments of RM4.2 million, it will generate GNI of RM113 million and create 450 highly skilled jobs.

EPP3 World Class Data Centre Hub

-Malaysia hosted the South East Asia Data Centre and Cloud Congress in Iskandar Malaysia in March 2014.

Communications, Contents and Infrastructure

EPP1 Nurturing Malaysia's Creative Content

-Film in Malaysia Incentive (FIMI) attracted 21 productions with potentially up to RM335 million of production to be spent in Malaysia. The launch of Pinewood Iskandar Malaysia Studios also signaled Malaysia's ambition and capacity to attract international quality productions such as the blockbuster 'Marco Polo'.



Kuala Lumpur ranked 70th on Liveability Ranking

Mass Rapid Transit (MRT) Entry Point Project progressing as scheduled and on target

14 MNCs invested in GKL in 2014



10 Potential enhanced oil recovery (EOR) identified by PETRONAS

Commencement of Dialog Bhd's Pengerang Independent Terminals Sdn Bhd

Kuala Lumpur has been recognised as a World Energy City by the World Energy Cities Partnership



ASEAN Banking Integration Framework reached its final stage of completion

Bursa Malaysia has also emerged as the leading fundraising market in ASEAN

Securities Commission has developed a draft conceptual regulatory framework for equity crowdfunding



1,920

sundry shops across the country since its launch in 2011

Provide innovative retail offerings with the establishment of Makan Bazaars



240,000 MT metathesis bio-refinery for olefins and other specialty chemical built in Sabah

8 New cooperatives to deliver fresh fruit bunches (FFB) to palm oil mills

Sime Darby & Verdezynne initiated plans to establish the world's first processing plant



6.7%

growth of tourism arrivals

152

business events secured by MyCEB & industry partners



17%

Rise of high-value jobs in the industry during the period from January-July 2014.

SANDISK CORPORATION to establish a manufacturing and R&D facility in Malaysia



Third in shared services and outsourcing

2 Second in the ASEAN in terms of market share in the aerospace industry

LAUNCHED PROJECT "Building globally competitive shared services and outsourcers"



23%

LTE Penetration

FASTER CONNECTION connection to the global network with an international bandwidth capacity of 3.2Tbps



117,000

international students were enrolled

18,269

enrolments at private Higher Education Institutions in the hospitality and tourism programmes



8 products undergoing pre-clinical trials

FIRST planting of the MD2 pineapple

2 new companies were appointed as anchor companies



15.9%

increase on pharmaceutical exports (surpassing the year's target of 5% growth)

COMPLETED a syllabus for training Elderly Care Centre Operation, Elder Care Centre Administration and Elderly Care Centre Management

Education

EPP11 EduCity@Iskandar

-EduCity has seen a 63% increase from 1,733 students in 2013 to 2,822 students in 2014. In 2014, MMU commenced its Cinematic Arts Programme. The University of Southampton Malaysia campus entered its third year with 75 students and is scheduled to start Meng Aeronautics programme in Sept 2015.

EPP12 Championing Malaysia's Education Brand

-Education Malaysia Global Services (EMGS) will establish two new processing centres in the northern and southern region in Q2 and Q3 in 2015.

Healthcare

EPP7 Reinvigorating Healthcare Travel

-The number of hospitals registered with the Malaysia Healthcare Travel Council (MHTC) grew to 74 from the initial 34. This include six hospitals under the KPJ Group.

EPP16 Institutional Aged Care

-Econ Medicare Centre which already has a medicare centre in Taman Perling Johor will develop a unique retirement village-cum nursing home facility in Cheras.



Invest Malaysia, the flagship of the Malaysian corporate conference was held on 23rd - 24th April 2015 at the Mandarin Oriental, Kuala Lumpur.

More than 1,800 participants attended the two days conference. The keynote address has been addressed by the Prime Minister, Dato' Sri Najib Tun Razak.

The key highlights of Dato' Sri Najib speech during his keynote address are:

- Malaysia has come a long way in increasing national prosperity, more importantly, is to ensure inclusiveness and sustainability. These will be the core values of the 11th Malaysia Plan (11MP) to be tabled at Parliament on 21 May 2015.
- Since the launch of the Economic Transformation Programme (ETP) in 2010, 1.8 million additional jobs have been created. Malaysia is on track to achieve its projected growth of 4.5% to 5.5% for 2015 as well as its goal to attain high income nation status by 2020.
- Reforms identified in the ETP aimed are important to ensure the sustainability of the nation.
- Key fiscal reforms such as the implementation of 6% GST and managed float pricing mechanism for petrol and diesel will paved the way for more public resources to be spend on development and infrastructure.
- The implementation of the GST is expected to increase GDP by 0.3% and exports by 0.5%.
- Government Linked Companies (GLC) will be "graduating" this year as we approach the final year of the 10 year transformation programme. A GLC Open Day would be held in early August 2015.
- The Securities Commission (SC) is developing a comprehensive blueprint for Malaysia's Islamic Fund and Wealth Management Industry which would chart the medium and long term strategic direction for the industry as well as map out strategies and recommendations to strengthen the country's competitive edge in this segment. Malaysia's Islamic fund management industry held 22% of the global US\$73bn Islamic assets under management as of last year.
- EPF contributors will retain the right to withdraw their retirement funds at the age of 55. EPF would ensure that any new enhancement or proposals will only apply to new contributors, if the members decide to work beyond the age of 55.
- EPF has embarked on a new initiative to offer Shariah-compliant investment options for its members, starting from 2017.

Amongst others who made presentations during the conference were Tan Sri Dr Zeti Akhtar Aziz, Bank Negara Governor, Dato' Sri Abdul Wahid Omar, Minister in the Prime Minister's Department and Khazanah Nasional Managing Director, Tan Sri Azman Mokhtar.

IM BizWatch

There are opportunities in the EPPs identified in the various NKEAs of which there are already strategic projects in Iskandar Malaysia.

Some strategic projects which can leverage on the policies and development under the EPPs are:

Tourism

EPP1 Duty Free Shopping Destination
Johor Bahru City Centre (JBCC) which opened last year with the Angry Birds Themepark is set to change the shopping landscape. Together with City Square and Johor Premium Outlets, they will be the 'anchor' for new shopping experience for visitors to Johor.

EPP4 Establishing Malaysia Mega Biodiversity Hub (MMBH)

There are opportunities to set up MMBH in Sg Pulai as part of the rejuvenation exercise in Sg Pulai.

Business Services

EPP3 World Class Data Centre Hub
The announcement by YBhg Dato Sri Ahmad Shabery Cheek, Minister of Communications and Multimedia on 8 April during the Data Cloud Southeast Asia Conference 2015 at Nusajaya will pave the way for catalytic investments in datacenter in Iskandar Malaysia.

Education

EPP3 & 5 Scaling up International Schools and Private Skills Training Provision
With the growing investments in the manufacturing sector, there is a need to grow the supply of talent in the technical and vocational segment. IRDA will work closely with the Ministry of Education and Ministry of Human Resources together with the investors to develop and identify the talent pipeline.

Healthcare

EPP 16 & 17 Institutional Aged Care and Retirement Villages

We look forward to the announcement of the Aged Private Healthcare Facilities and Services Act which we hope can better guide investors investing in this emerging segment of healthcare.

Editorial

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