

# PROJEK PANTAU

Report Card No.1, 2019

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## Introduction

The 14th general election was the most significant in Malaysia's history thus far. Not only did Pakatan Harapan win a decisive victory after six decades of Barisan Nasional in power, their campaign was based on a clear reform agenda, presented through their ambitious manifesto, Buku Harapan. Democratic awareness amongst Malaysians has never been higher, and the government has exhibited willingness to listen to feedback and engagement with civil society organisations regarding their promises.

Projek Pantau is inspired by this spirit of openness in the New Malaysia. The intention is to provide a transparent assessment of the government's performance in delivering its manifesto promises relating to the economy. The Projek will include a series of "report cards" assessing the government's performance to date - of which this is the first. The purpose of this report card is to provide a benchmark in which the Rakyat can evaluate the government's performance in fulfilling their manifesto promises. In addition, this report card is also intended to be a document that the PH government can use as a reference in their ongoing efforts to realise their reform agenda. We are hopeful that the government will view this report card as a constructive evaluation of their performance and will remain open in engaging with civil society throughout their time in office. Ultimately, this report card should serve as a tool for politicians and members of government in carrying out their duties as guardians of the people's trust. We consider this to be a "pilot" report and will welcome feedback on the scope, method and content.

For this Projek we will work closely with the Harapan Tracker, which was established almost immediately after GE14, along with our partners in civil society who are pursuing their own efforts to monitor the government's reform agenda.

## Scope

For this first report, we have chosen to analyse a total of 192 sub-promises, broken down from 23 main promises. We are focusing on promises which relate to the economy, and are therefore considering all promises under Pillar 1 (Reduce the People's Burden) and Pillar 3 (Spur Sustainable and Equitable Economic Growth), alongside three promises from Pillar 2 (Institutional and Political Reforms), that we consider to be critical to the government's economic agenda, specifically the promises relating to Government Linked Companies (GLCs), public procurement and the budget. In future report cards we will consider expanding the number of promises.

For each sub-promise we have scored the government's i) political commitment, ii) policy direction and iii) implementation. Based on these scores we have then given each promise an overall "verdict". To reach these conclusions we have analysed publicly available information such as news reports and government policy documents. We have taken account of any publicly available information up until 31 March 2019. Inevitably, reaching judgements in the government's performance is subjective, so we have engaged other civil society organisations and experts on our scores and provided explanatory notes for our assessments. We welcome feedback on the analysis provided here - our aim is to support and stimulate discussion.

## Indicators

To provide context to the government's performance we will also monitor changes in key variables in the economy during the current government's time in office. These indicators are found in the table opposite. The list of indicators will be expanded in future reports as more data becomes available.

From the performance of these indicators, we can draw the following conclusions about the economy during Pakatan Harapan's time in office so far:



Overall, Malaysia's economic growth remains healthy. The government has not taken major initiatives to stimulate the economy - indeed, infrastructure spending has been reduced - but this strong performance can be attributed to the underlying strength of the Malaysian economy and the current government's effective stewardship to date.



Cost of living was a significant campaign priority for PH, of which prices are of course a central component. However, prices, as measured by CPI, prices have remained broadly stable over the period. This masks a significant decline that appeared during the tax holiday following the zero-rating of GST, but prices quickly recovered following the re-introduction of SST.

















Both trade and investment have risen since the government came into power, although the government has not introduced any radical new policies relating to trade and investment - indeed on CPTPP the government has reversed the trade openness of the previous government. Nevertheless the strong performance suggests a maintenance of current levels of openness to investment and competitiveness of Malaysian firms abroad under the current government.



On the fiscal front, the government increased operational spending in its first Budget, and the ambition to reduce the deficit will be quite challenging as a result

### Projek Pantau: Economic Indicators








Target	Indicator	Baseline (May 2018 or earlier)	Latest (Dec 2018 or later)	Trend
 Economic Growth <sup>1</sup>	GDP	4.5% (2018 Q2)	4.7% (2018 Q4)	
 Cost of Living <sup>1</sup>	CPI	121.1 (Increase 1.8%)	121.1 (Increase 0.2%)	
	\$ / RM	\$1=RM3.96	\$1=RM4.13	
 Trade <sup>1</sup>	Exports	RM 82.1 Billion	RM83.3 Billion	
	Imports	RM 74.0 Billion	RM 72.8 Billion	
 Investment <sup>1</sup>	FDI	RM590.3 billion	RM631.2 billion	
	DIA	RM 481.0 billion	RM492.0 billion	
 Fiscal <sup>2</sup>	Debt to GDP	54.12%	55.1%	
	Deficit	3.7%	3.4%	

**Source:**

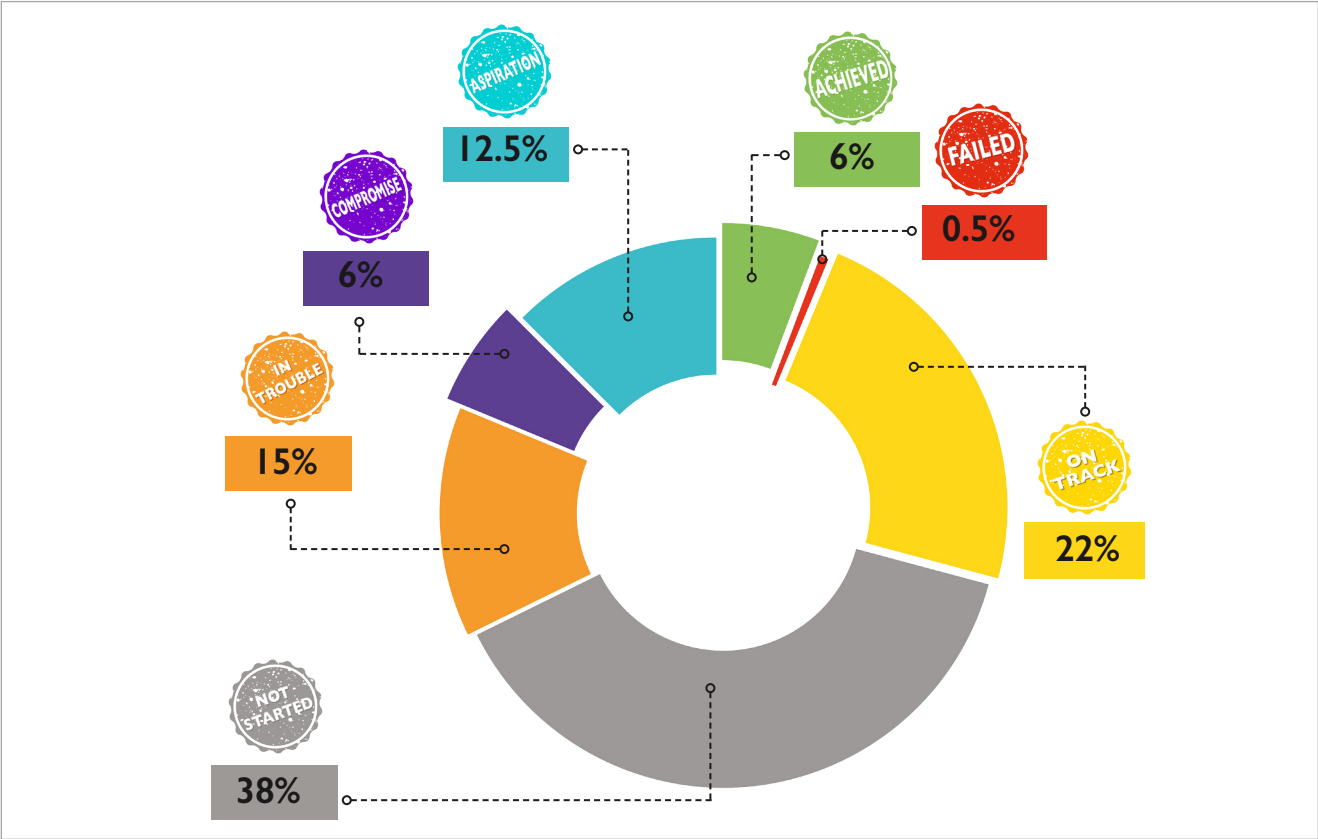
<sup>1</sup> Department of Statistic Malaysia

<sup>2</sup> Malaysian Budget 2019

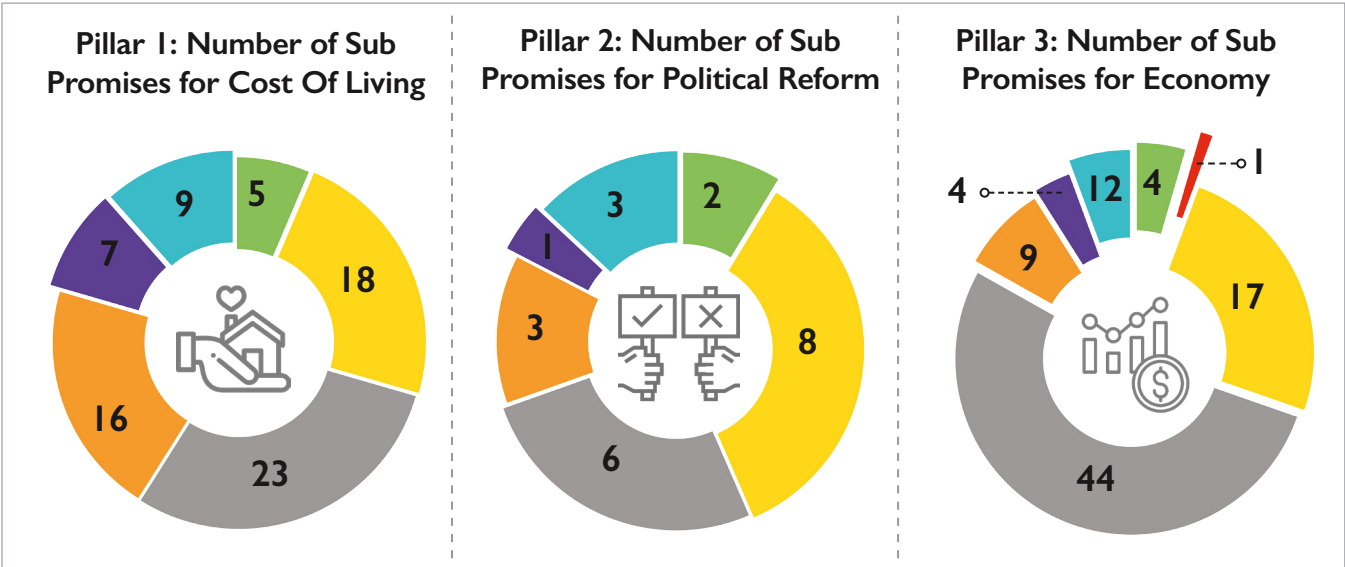
## Score Definition

Score	Definition
	A promise can be considered as <b>“Achieved”</b> if a policy has been successfully implemented according in line with the promise
	A promise is considered as <b>“Failed”</b> if the Government has made a U-turn and not committed to deliver the promise
	A promise is considered as <b>“On track”</b> if the Government has worked towards delivering the promise with a clear policy direction
	A promise is considered as <b>“Not started”</b> if there is no evidence or publicly available information that the Government has worked on the promise
	A promise is considered as <b>“In trouble”</b> if there is some commitment by the Government to deliver the promise but policy direction and implementation has diverted from the original promise
	A promise is considered as <b>“Compromise”</b> if the Government implemented a policy, but it deviates significantly from the original promise.
	A promise is considered as <b>“Aspiration”</b> if the Government has stated the commitment to implement the promise but no policy direction has been set.

### Total Score for 192 Selected Sub Promises



### Summary of Performance for Each Pillar



**Notes**

- Achieved
- Aspiration
- Compromise
- On Track
- Not Started
- In Trouble
- Failed

## Summary of performance

Overall, we conclude that the government is performing reasonably well in delivering its manifesto commitments. Nearly one year into their first term in office, over 29 per cent of their economic promises are either achieved or on track. There have been a number of notable successes:

- The government moved quickly to implement its signature promises, including abolition of GST;
- The government has allocated significant resources to supporting Small and Medium Sized Enterprises (SMEs) and encouraging technological adoption;
- The government has significantly improved the transparency of the budget and the government's overall financial position;
- The government has laid out an ambitious plan to tackle corruption which includes important reforms of the public procurement system;
- The government is on track to deliver an ambitious programme of labour reforms.

In many of these areas, the real test will be implementation but it is encouraging that the government is on track to deliver these important reforms. The government should maintain momentum in these areas to ensure current progress can be maintained and should ensure these success are communicated clearly to the public to build confidence in the government's performance.

Other areas however, are in more trouble, in particular a number of highly ambitious targets are proving difficult to reach:

- The government has implemented a range of measures to reduce the cost of living, most notably abolishing GST. So far - these measures have focussed on short term measures, such as subsidies and price control, rather than structural reform to different product markets to lower prices more sustainably;
- The government has successfully restructured BRIM into Bantuan Sara Hidup, but it has not been put under the purview of a statutory body which could prevent political misuse;
- In housing, although the government is implementing a detailed strategy we judge that this will be insufficient to achieve the ambitious promise to build one million more affordable homes, given the continued focus on a government-led approach which has failed to deliver in the past;
- In healthcare, the government's increase in the health budget is far below the level needed to reach 4 per cent of GDP. Ultimately the discussion on providing sustainable healthcare need to be elevated;
- Ambitious reform of Government Linked Companies (GLCs), in particular delivering the promise that GLCs will not compete against private companies seems increasingly unlikely as the government has committed itself to no clear strategy;

- Although trade and investment continue to rise, the government has stalled on ratification of the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) and the prospects for an EU Free Trade Agreement also look slim. This links to a wider concern voiced by many that the government needs to frame a clear and compelling trade and industrial policy for Malaysia.

In these areas, we recommend that the government recalibrate its approach to ensure that the ambitious targets of the manifesto can be achieved.

In other areas the government has said and done little or nothing to demonstrate that progress is being made:

- On tax the government has so far only proposed modest reforms, although the government has formed a Tax Reform Committee it is not clear what direction reform is likely to take, or even what the scope of reform might be. The government will have to balance the competing demands of raising additional revenue to fund public services and sticking to its promise of reducing the tax burden;
- Although the government has set allocated resources to support SMEs in the form of loans, it does not seem to be applying the same attention to reviewing and reducing the regulatory burden on business, and small business in particular;
- The government has allocated significant resources to upgrade infrastructure in Orang Asal communities, but has not set out a comprehensive approach to address the other issues facing these communities - including land rights and education;
- On the important issue of Bumiputera equity the government has not yet brought forward an annual report as stated in the manifesto, which would provide a clear baseline for this discussion;
- Little has been said by the government on refugees and fulfilling the promise of granting refugees in Malaysia the right to work;
- Finally, in terms of fiscal responsibility, although the government has improved transparency, they have not fulfilled the promise to protect the sovereign wealth funds from misuse, and ensure national savings for the country are protected. We hope these issues are addressed in the forthcoming Fiscal responsibility act.

In these areas we recommend that the government move quickly to set out to reconfirm its political commitment to these promises and set out clear policy direction to achieve them.

## IDEAS Manifesto Scorecard Methodology






For each promise under consideration, a scoring methodology is applied as illustrated below.

### Scoring Template.






Promise – Insert name of promise					
No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
1	<i>Insert sub-promises as detailed in the manifesto</i>	<i>Insert score, based on scoring process below</i>	<i>Insert score, based on scoring process below</i>	<i>Insert score, based on scoring process below</i>	

### Scoring process:






#### Political Commitment:

-  **0** if the government has said nothing about the policy;
-  **1** if government has explicitly stated it will not be pursuing the promise or it is on hold indefinitely;
-  **2** if the government has said it will implement the promise, but in a heavily modified form which deviates significantly from the original promise;
-  **3** if the government has said it will implement the promise, but in a lightly modified form which deviates from the original promise;
-  **4** if the government has said it will implement the promise with little or no modification.

#### Policy Direction:



-  **0** if the government has not set out specific policies to achieve the promise;
-  **1** if the government has set out a policy approach which fails to achieve the stated promise;
-  **2** if the government has set out a policy approach to deliver the promise but entails significant modification from the stated promise;
-  **3** if the government has set out a policy approach to deliver the promise but entails some modification from the stated promise;
-  **4** if the government has set out a policy direction to deliver the promise which entails little or no modification from the stated promise.

## Implementation

-  **0** if the government has not started implementation (including tabling of legislation);
-  **1** if the government has failed to implement the stated promise, according to the stated policy direction;
-  **2** if implementation is complete but subject to significant delay or problems;
-  **3** if implementation is complete with a slight modification from the original promise;
-  **4** if the government has fully implemented the promise with no delays or problems.

## Selected Promises by IDEAS







### Pillar I: Reduce the People's Burden

Promise I – Abolish GST					
No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P01.1	Abolish GST	4	4	4	
P01.2	Reintroduce SST	4	4	4	

#### Summary of Performance:

The government moved quickly to deliver their signature promise, zero-rating GST on 1st June 2018 and subsequently reintroduced SST on 1st September 2018. Although this promise was implemented in line with the government's promise, the impact can be debated – prices quickly recovered following the tax holiday, and the SST is seen by many as an inferior tax as it is more open to abuse and can more complicated from a compliance perspective.

## Promise 2 – Reduce the pressures causing burdensome price increases

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P02.1	Take immediate steps to stabilise the prices of essential items and to control the factors that lead to price increases and to control the factors that lead to price increases	4	3	3	
P02.2	Ensure big companies cannot monopolise the market	3	0	0	
P02.3	Ensure the prices of medicine are fair by enforcing fair competition	0	0	0	
P02.4	Work proactively with suppliers to ensure that the supply of goods is always sufficient, especially during festivities	4	3	3	
P02.5	Incentives will be provided so that the supply of daily essential items are ensured	0	0	0	
P02.8	Give the responsibility to Bank Negara Malaysia to devise a strategy to revive the Ringgit value within 3 years, in a more sustainable way	0	0	0	







### Summary of Performance:

The government made the cost of living a central issue in the run up to GE14 and many of their signature policies are designed to address this problem. Most notably, the government abolished GST and has deployed subsidies and price controls in an attempt to ease the burden on the Rakyat. In that sense, implementation of their promises is relatively on track. However, although prices dipped significantly during the tax holiday, they recovered quickly following the introduction of SST. The government's continued focus on controls and subsidies and not addressing systemic issues in supply mean their efforts are unlikely to achieve a sustainable impact on prices. Furthermore, the cost of living debate itself often does not distinguish between rising costs, stagnant wages and changing consumer habits – each of which need to be addressed to manage the cost of living.

**Notes:**

- P02.1: In Budget 2019, the government has allocated RM150 million to stabilise the price of essential items but we judge that this falls short of a strategy that tackles the “factors that lead to price increases” as stated in the promise. The government’s political commitment to tackling the cost of living remains strong.
- P02.2: The government has proposed to end the monopoly by companies such as Telekom Malaysia (TM), Astro and BERNAS but has not set out a comprehensive strategy to achieve this. Furthermore, the strength of the political commitment seems reduced, for example the government now states that ASTRO’s monopoly has already ended.
- P02.3: No publicly available information
- P02.4: The Festive Season Price Control Scheme (SKHMP) was utilised by the government, but we judge that this falls short of the promise as it simply directs suppliers to provide goods at set prices.
- P02.5: No publicly available information
- P02.8: No publicly available information

### Promise 3 – Sharing the nation’s wealth in a targeted and equitable way

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P03.1	Ensure the giving of assistance is not influenced by party politics and not abused by politicians	4	3	0	
P03.2	Improve and restructure BRIM payouts to serve as a targeted welfare programme will function as a universal social safety net for all qualified citizens	4	4	4	
P03.3	Prioritise those with low income living in rural areas, especially in Kedah, Kelantan, and Sabah, as well as FELDA and FELCRA areas	0	0	0	
P03.4	National database will need to be coordinated and updated to ensure accuracy for welfare payouts	4	0	0	
P03.5	Oil and gas-producing states will be given royalty or its appropriate equivalent value	4	4	0	
P03.6	Increase the royalty payment to Sabah and Sarawak, and other oil producing states, to 20 percent or of its value equivalent	4	0	0	

## Summary of Performance:

Although this promise relates to the broader issue of inequality, the specific policies referred to relate to the social security programme BRIM (now BSH). As promised, the government did restructure the welfare programme and the coverage of the new programme is wide and progressive, according to the World Bank. However, its scope still falls below the government's ambitious target of a "social security net" for all. Furthermore, this restructuring of welfare programmes can only have a modest effect on overall levels of inequality in Malaysia. The other component of this promise is the reallocation of the royalties

### Notes:

- P03.1: The government has not put placed the BSH scheme under a separate statutory agency; it is too soon to see if the revised scheme will be free from political influence and abuse
- P03.2: The introduction of Bantuan Sara Hidup (BSH) does provide a broader more targetted welfare programme, but this falls short of a "universal social safety net".
- P03.3: The revised BSH scheme does not specifically target rural areas.
- P03.4: The government is currently using the BRIM database but has confirmed that this will be updated.
- P03.5 The Federal Government has returned some portion of the royalty to Kelantan, Terengganu, Sarawak and Sabah
- P03.6 The government made a statement that they will return the royalty back to the State government (Kelantan, Terengganu, Sabah and Sarawak)

### Promise 4 – Increase the number of affordable housing for purchase and rental

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P04.1	Streamline all housing projects to ensure that they adhere to a build-and-sell concept.	4	3	0	
P04.2	Provision for larger living quarters for the poor under the 12th Malaysia Plan (2021-2025)	0	0	0	
P04.3	Ease the housing loan application process for the lower and middle income groups (B40 and M40 groups).	4	4	0	
P04.4	Widen the rent-to-own scheme nationally, including use by property developers and the secondary market.	4	4	0	
P04.5	Set a time limit within which the companies must complete their constructions	0	0	0	
P04.6	Incentives will be given to the smaller Bumiputera and non-Bumiputera developers	0	0	0	
P04.7	Reform the PRIMA programme	4	4	0	
P04.8	Simplify the processes to build affordable houses on lands owned by state Islamic authorities	4	0	0	
P04.9	Work with state governments to convert land status	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P04.10	The quota for affordable houses will be increased	4	4	0	
P04.11	Tax incentives will be given to companies that focus on affordable housing & technologies	4	3	0	
P04.12	National Affordable Housing Council will be set up	4	4	4	
P04.13	Build one million affordable houses within two terms of our administration	4	2	0	
P04.14	Coordinate a unified and open database on affordable housing that are not yet sold	4	4	0	
P04.15 (A)	Introduce an affordable renting programme for those who qualify, especially the youth	4	3	0	
P04.15 (B)	Coordinate a rent-to-own scheme for the B40 and M40 groups	4	4	0	
P04.16	Coordinate with the banking sector so that access to housing loans for first housing can be widened	4	0	0	
P04.17	Take over the maintenance of low cost houses	0	0	0	










## Summary of Performance:




The government is proceeding with a wide range of measures to increase the supply of affordable housing, captured in the recent National Housing Strategy. The issue in this case is the extent to which these policies will address the underlying issues in Malaysia's housing market, including a persistent over supply (suggesting further falls in prices required); high levels of household debt making further easing of credit risky; and an ongoing hope that the government can "direct" the construction of affordable housing, despite a history of failures with multiple government agencies with overlapping mandates confusing the market. So, although the government is broadly proceeding to implement the policies it committed to, it remains to be seen whether they will be successful in achieving the government's highly ambitious target of one million new homes.

### Notes:

- P04.1: Achieving streamlining of build then sell mentioned in the National Housing Policy 2018 - 2025 but the specific steps not made clear
- P04.2: No publicly available information
- P04.3: In the National Housing Policy 2018 - 2025 the government has committed to introduce new financing schemes for B40 and M40
- P04.4: The government has committed to produce guidelines on rent-to-own in the National Housing Policy 2018 - 2025
- P04.5: No publicly available information
- P04.6: No publicly available information
- P04.7: In the National Housing Policy, the government commits to "refocus" the provision of government housing, including PRIMA, but does not provide detail on how this will be done.
- P04.8: The Minister has mentioned this issue but no specific policy in National Housing Policy 2018 - 2025
- P04.9: No publicly available information
- P04.10: Included in the National Housing Policy 2018 – 2025
- P04.11: Government wants to encourage but has not committed to tax incentives
- P04.12: The Government has formed a National Housing Council
- P04.13: We do not consider that the policies to achieve this target will match the ambition of the promise
- P04.14: Included in the National Housing Policy 2018 – 2025
- P04.15(A): National Housing Policy 2018 - 2025 includes a scheme, but does not specifically mention youth
- P04.15(B): National Housing Policy 2018 - 2025 includes commitment to provide guidelines on rent-to-own
- P04.16: The issue has been mentioned, but we could not find evidence of any specific policy
- P04.17: No publicly available information

### Promise 5 – Reduce the burdens faced by young people

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P05.1	Give priority to young people who qualify to buy or rent affordable houses in Malaysia	0	0	0	
P05.2	Reduce excise duty for imported cars below 1600 cc that are being purchased as the first car	3	0	0	
P05.3 (A)	(PTPTN) Given commensurate discounts or the loan will be forgiven completely	3	3	3	
P05.3 (B)	(PTPTN) The young graduate will only be asked to start repayment when their monthly salaries reach RM4,000 per month	2	2	2	
P05.3 (C)	Restructuring PTPTN repayment & abolishing blacklisting policy	3	3	3	
P05.4	Incentivise marriage using mechanisms employed by Pakatan Harapan government in Selangor	0	0	0	
P05.5	Tax incentives will be introduced to employers who assist in the PTPTN repayment without deducting the employee's salary	4	3	3	
P05.6	To create more high quality and well-paying jobs that are suited to the qualifications of young people	4	4	4	
P05.7	Persuade ASEAN countries to effectively implement graduate mobility into the ASEAN Economic Community agenda	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P05.8 (A)	Support the growth of the digital economy	4	4	0	
P05.8 (B)	Support the growth of the creative economy	4	4	0	
P05.9	To halve the price of broadband internet while doubling its speed	4	3	3	

### Summary of Performance:

The government's promise to support youth includes a mix of different elements. Most controversially the government has been forced to compromise on its commitments in relation to PTPTN student loans, implementing a lower repayment threshold than promised. The government has made broad commitments to support the growth of the digital and creative economy, which have been backed up by a number of policies and investments – how effective these will be addressing stubborn youth and graduate employment rates remains to be seen.

#### Notes:

P05.1: No publicly available information

P05.2: The government has said that a decision on implementing a cut in the excise duty for first time car buyers is pending until publication of a new National Automotive Policy, suggesting a weakening of the political commitment to this promise

P05.3(A): Students from B40 households who have successfully obtained first class honours in their studies will enjoy a discount on their loans. The exemption for students obtaining first-class honours from the lower income B40 group has been extended to those under the middle income M40 group

P05.3(B): The repayment threshold has been set at RM1,000 with a sloping increment thereafter of 2 to 15 per cent

P05.3(C): The government removed debtors from the travel blacklist after GE14, but has not permanently abolished the policy. Furthermore, the government is now reconsidering introducing the travel ban.

P05.4: No publicly available information

P05.5: In Budget 2019, the government introduced tax deduction for companies that help settle the remaining loans of their employees, but only for the year ending 2019

P05.6 The government remains committed to this open ended promise, in practice it will be delivered through economic policies considered under other promises




P05.7: No publicly available information

P05.8(A): The government is pursuing a range of initiatives to support the growth of the digital economy, including the National Viberisation and Connectivity Plan in 2019 (allocation of RM1 billion) and streamlining of VCs and government matching on investment in new economic sectors.

P05.8(B): The government will continue the Film In Malaysia Incentive (FIMI) with an allocation of RM30 million and has allocated RM10 million for esports in Budget 2019

P05.9: Broadband prices were reduced significantly, but not all by 50 per cent following the Mandatory Standard Access Pricing (MSAP)

### Promise 6 – Abolish tolls

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P06.1	Review all highway concession agreements	4	4	0	
P06.2	Provide fair compensation to the affected companies	4	4	0	
P06.3	Renegotiate to obtain the best value for money and take over the concessions with the ultimate view of abolishing tolls gradually	3	3	0	

#### Summary of Performance:

The government has compromised on this promise, whereby on a number of roads tolls will be replaced with a new congestion charge. Although technically, this is consistent with the promise to “gradually” abolish tolls, the government’s clear signal is that this will not happen and we are likely to see further such compromises made incrementally across the wider network of toll roads.



#### Notes:

P06.1: The government is proceeding with its review of highway tolls

P06.2: The government has indicated that toll companies will be compensated, or that current contracts will be allowed to expire

P06.3: The government has admitted full abolishment of tolls will be difficult to achieve, instead for a sub-set of tolls the government is proposing to transition to a congestion charge system.

### Promise 7 – Provide targeted petrol subsidies

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P07.1	Provide targeted petrol subsidies to those who use motorcycle below 125 cc and car below 1300 cc	4	4	0	
P07.2	Devise a mechanism that will enable the targeted subsidy to be allocated using data on the identity cards	0	0	0	









#### Summary of Performance:

The government has introduced petrol subsidies in line with their promise. It is not clear what progress has been made to update the technology for accessing the subsidy. Ultimately, this offers only a short term solution to the issue of transportation costs. The broader strategy of improving public transport to address the need to use private vehicles is covered under another promise.

#### Notes:

P07.1: The government has decided to expand the scheme to cars owner of 1,500cc and below or motorcycle owners of 125cc and below, due to come into force Q2 2019

### Promise 8 – Improving the quality and coverage of public transport

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict:
P08.1	The Pakatan Harapan Government will widen the access and coverage of public transports by incentivising bus companies to operate in semi-urban and rural areas	0	0	0	
P08.2	Encourage new entrepreneurs & technologies to support public transport	4	2	0	
P08.3	Enhance the rights of e-hailing drivers without neglecting the welfare of taxi drivers	4	2	0	
P08.4	Reduce the cost of license fee for school bus permits	0	0	0	
P08.5	Ensure transportation companies compete in a healthy way to obtain concessions, so that we prevent monopolies	4	0	0	
P08.6	Introduce a monthly public transportation pass worth RM100	4	4	4	
P08.7	Ensure there is an increase of 10,000 public buses nationwide in the first term of our administration	0	0	0	
P08.8	Improving economically sustainable public transportation so that owning private vehicles no longer become a burdening need of the people	4	2	0	







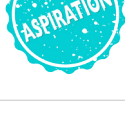

## Summary of Performance:

The government has introduced the RM100 transport pass to provide more access to the public transport infrastructure, which will be a significant boost to those on low incomes where transport costs can be a significant pressure. New funds have been allocated, including for a new Public Transport Loan Fund for bus and taxi operators. However, these measures are unlikely to significantly shift the balance between public transport and private vehicles, particularly as the government continues to subsidise fuel, incentivising private vehicle use.

### Notes:

- P08.2: In Budget 2019, the government established a new RM500 million fund to provide low interest loans to public transport operators, however this did not specifically promote new entrepreneurs or technology
- P08.3: The government's e-hailing regulations do strengthen the rights of the drivers, however they also create significant new barriers to entry for new drivers. The regulations will come into force on 1 June 2019.
- P08.5: The government remains politically committed, policy direction is provided under procurement reform
- P08.6: Achieved in Budget 2019, implemented January 2019
- P08.8: The current policies in which the government is proposing with respect to public transport are unlikely to result in the significant reduction in the use of private vehicles.

### Promise 9 – Improve access to and quality of health services

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P09.1	Ensure that financial allocation for the Ministry of Health is increased to 4 per cent of GDP by the first term of administration	4	2	0	
P09.2	Introduce the healthcare scheme, "Skim Peduli Sihat" to the rest of the country	4	3	0	
P09.3	Pursue closer collaboration between government health centers with private clinics	0	0	0	
P09.4	Increase budget allocation & will provide incentives to tackle rare diseases	4	3	0	
P09.5	Focus on non-communicable diseases	4	4	4	
P09.6	More government resources will be channeled to mental health care	0	0	0	
P09.7	Provide compulsory pneumococcal vaccination for all children under the age of 2 years	4	0	0	
P09.8	Provide incentives for the establishment of the palliative care centers across the country	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P09.9	<p>"Ministry of Health to solve the problems faced by younger doctors or "housemen"</p> <ul style="list-style-type: none"> <li>The Pakatan Harapan Government will direct the Ministry of Health to prepare a detailed plan to solve the problems faced by younger doctors or "housemen" who now have to wait for too long</li> <li>We will review the number of places currently available for the study of medicine so that the number of places as well as the number of scholarships are reflective of the capacity and future needs for medical doctors</li> <li>Sponsorship to study abroad will be given only to students attending universities that meet the appropriate standards."</li> </ul>	4	4	0	
P09.10	Set up an independent Health Advisory Council to advise the ministry on strengthening healthcare delivery.	4	4	4	

### Summary of Performance:

The government has introduced a number of welcome healthcare initiatives, including a greater focus on tackling non-communicable diseases and various initiatives to broaden access both through direct support and insurance schemes targeted at lower incomes. More broadly healthcare in Malaysia remains a significant challenge - on the basis of the current increases, the government is unlikely to reach its 4 per cent of GDP target for healthcare spending. Rising costs of care and a welcome desire to expand inclusion (for example to those with rare diseases) will likely require further resources and - in the longer term - consideration of a financially sustainable public healthcare offer.

**Notes:**

P09.1: Based on the current rate of budget increase, the promise is unlikely to be achieved.

- **Budget 2018 - 2.26% of GDP** allocated for healthcare (RM26.58b out of 2017 GDP, RM1,174.3b)
- **Budget 2019 - 2.35% of GDP** allocated for healthcare (RM29b out of 2018 GDP, RM1,229.8b)
- **Increase of 0.09%**

Data provided by the Department of Statistics Malaysia and Malaysia's Budget 2019 by MoF

P09.2: Budget 2019 - The Ministry of Health will pilot a nationwide health screening programme, Skim Perlindungan Kesihatan (PEKA) for 800,000 individuals aged 50 and above in B40 households at a cost of RM100 million. This is narrower in scope and coverage than the "Skim Peduli Sihat" scheme.

P09.3: No publicly available information.

P09.4: Government has allocated RM50m for rare diseases, but it is not clear how much is ring fenced for rare diseases and does not yet include new incentives.

P09.5: MoH introduced the PeKa B40 to address the increasing prevalence of non-communicable diseases (NCDs).

P09.6: No publicly available information.








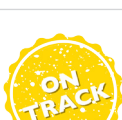

P09.7: The government has repeated its commitment to making vaccinations mandatory, but will require legislative change.





P09.8: No publicly available information.

P09.9: The Cabinet has approved a shorter houseman (doctor) training programme for those who excel to cut down the overall waiting time for medical graduates to get housemanship training.

P09.10: The Health Advisory Council has been set up with seven members to advise the Health Ministry on strengthening healthcare delivery.

### Promise 10 – Guarantee people’s basic food needs and taking care of the welfare of farmers

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
PI0.1	Re-evaluate Malaysia’s Food Security Policy and create a better policy that makes full use of modern agricultural technology	4	4	0	
PI0.2	To ensure Malaysia becomes a country that can guarantee self-sufficiency even in times of crisis	4	2	0	
PI0.3	The monopoly granted by UMNO and Barisan Nasional to BERNAS will be removed	4	0	0	
PI0.4	Ensure the maximization of the country's rice supply and that our stocks will give priority to local rice	4	4	0	
PI0.5 (A)	Will control the influx of imported rice	0	0	0	
PI0.5 (B)	Take stern action against rice smuggling	4	3	0	
PI0.6	Establish a complaint mechanism of in the Agriculture Ministry	4	4	0	
PI0.7	The mechanism of payment and the rate of subsidies for paddy prices will be revised to ensure a fairer system	4	4	0	
PI0.8	Government grants will be made in cash to the eligible farmers to enable them to choose their own fertilizers and seeds that are appropriate to their needs	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
PI0.9	Introduction of a Takaful scheme to protect the welfare of farmers, livestock breeders and fishermen	0	0	0	
PI0.10	Provide assistance to guarantee the income of farmers, livestock breeders and fishermen during disasters	3	0	0	
PI0.11	Rubber buffer stock will be created to ensure stability in the market	0	0	0	
PI0.12	Eliminate manipulation of middlemen on farmers, livestock breeders and fishermen	4	0	0	

### Summary of Performance:

The government's promise on food production touches on several issues. On the issue of self-sufficiency, it is unlikely that this target can be achieved in its purest sense. On the broader question of security of food security, the government is taking various measures to increase the productivity of the domestic food sector but here implementation will be crucial to overall success. The other important question is the future of BERNAS and its monopoly on imported rice - the government is currently considering what to do when the monopoly terminates. The government will need to balance the need to liberalise imports of rice to reduce the price faced by consumers and its desire to support domestic production.

#### Notes:

PI0.1: Budget 2019

- RM47 million for R&D to increase the productivity of our seeds, grains and fruits
- RM18 million to promote automation of the agrofood industry
- RM52 million to implement entrepreneurship and training programs in agriculture, including to encourage the participation of youths in the agrofood industry

PI0.2: The government continues to maintain the goal of food self sufficiency but the current policies are unlikely to achieve this ambitious goal

PI0.3: The government is currently considering how to manage the removal of the monopoly; new details have not been confirmed

PI0.4: The MoA Strategy and Priorities for 2019-2020 includes various measures to promote local rice, including developing hybrid varieties

PI0.5(A): No publicly available Information

PI0.5(B): The government has banned transshipment to reduce the scope for smuggling but no evidence of significant "beefing up" of border controls

PI0.6: The MoA established E-Sart for complaints on bribery and misconduct

PI0.7: The government mentioned that they will increase the Padi Price Subsidy Scheme (SSHP) rate to RM360 per metric tonne of paddy production but not included in the Budget 2019

PI0.8: No publicly available Information







PI0.9: No publicly available Information


PI0.10: The Government has not yet proposed a specific scheme or policy to provide relief to farmers and fisherman, and has reduced the direct support previously offered.

PI0.11: No publicly available Information

## Pillar 2: Institutional and Political Reform

### Promise 22 – Make the governance of our GLCs world class at par with international standards

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P22.1	GLCs will operate in sectors that suffer from market failure, and not to compete against private companies.	2	0	0	
P22.2	GLCs will be instructed to galvanize the efforts to increase Bumiputera equity holding in the country	4	0	0	
P22.3	Ensure the appointment of state and national GLC Board members will be made based on merit and professionalism, not based on politics	3	0	0	
P22.4	The amount of allowances received by Board members of national and state GLCs will be published annually in a format that can easily be checked by the public	0	0	0	
P22.5	All GLCs will be required to create a Bumiputera vendor development programs	0	0	0	
P22.6	Adopt international standards, such as the OECD Guidelines on Corporate Governance of State-Owned Enterprises, to improve the overall governance of our GLCs	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P22.7	A Parliamentary Committee will be set up to receive regular reports from the Government Investment Division at the Ministry of Finance on the performance of our GLCs	<b>2</b>	<b>0</b>	<b>0</b>	







### Summary of Performance:




The prospects for significant reform of Malaysia’s Government Linked Companies (GLCs) seem limited. Despite frequently stating that “the business of government is not to be in business” there has been no strategy put forward to reduce the influence of GLCs in the economy or even seriously review their role. In terms of governance, the government has restated its aspiration that GLCs be freed from political influence, but the Prime Minister continues to be the Chairman of Khazanah and politically connected figures remain in senior positions at various GLCs. Real change to the huge presence of GLCs in the Malaysian economy will require a step-change in the government’s current approach.

### Notes:

- P22.1: The government committed in Budget 2019 to reduce its stake in non-strategic assets, but specific decisions have yet to be announced
- P22.2: The government restated its commitment to the role of GLCs in enhancing Bumiputera equity in the Mid Term Review of the 11th Malaysia Plan
- P22.3: The government has stated its commitment to this promise on a number of occasions (including NACP), but no concrete steps have been taken to achieve permanent change and a number of politicians currently occupy senior positions within GLCs
- P22.4: No publicly available information
- P22.5: No publicly available information
- P22.6: No publicly available information
- P22.7: Parliamentary Committees have been established, but none providing oversight of GLCs, suggesting the government is not committed to implementing this promise.

### Promise 23 – Ensure government Procurement produces the best value for taxpayers money

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P23.1	Reform the public procurement system and the way contracts are awarded	4	4	0	
P23.2	Ensure that the open tendering is used extensively and transparently, particularly for large projects	4	4	0	
P23.3	Ministry of Finance will be instructed to review all giant infrastructure projects with foreign countries so that its benefits can be shared by Bumiputera and all Malaysians fairly	4	4	0	
P23.4	Review the practice of government procurement and tendering system, as well as the processes to issue public-private partnership contracts by the Public-Private Partnership Unit (UKAS)	4	4	0	
P23.5	Restructure UKAS and move from Prime Minister's Department to Ministry of Finance, all contracting procedures will be revamped	4	4	4	
P23.6	The use of information technology and online systems will be widened so that individual and political influences in decision-making can be eliminated	4	4	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P23.7	Information about contracts that have been awarded will be posted online so that the public and civil society can check them	4	4	0	
P23.8	Small and medium enterprises, including Bumiputera SMEs, will be given help to access information on government tenders, so that they have equal opportunity to bid for suitable contracts	0	0	0	
P23.9	Public Officials are not allowed to hold more than 5 positions across different companies to prevent conflicts of interest in rewarding contracts	4	4	0	

### Summary of Performance:


The government has made a clear political commitment to improve procurement and ensure contracts are based on open tender not direct negotiation. The Ministry of Finance has reported a number of success in negotiating lower project costs. The government has set out a series of reforms as part of the wider National Anti Corruption Plan which relate to promises made in the manifesto, many of which will be introduced in the forthcoming Government Procurement Act. The policy direction is positive, but the major question will be one of implementation. In theory, Malaysia's current policies require open tender and meet many international best practices - meaningful reform will therefore depend on the government's political will to deliver deep systemic and cultural change.

### Notes:

- P23.1: The government has set out a policy roadmap in the National Anti Corruption Plan to reform procurement
- P23.2 The government has set out a policy roadmap in the National Anti Corruption Plan to reform procurement
- P23.3: The government has reviewed all major infrastructure projects, but some decisions, in particular on ECRL have not been finalised.
- P23.4 The government has set out a policy roadmap in the National Anti Corruption Plan to reform procurement
- P23.5 UKAS is now under Ministry of Finance
- P23.6 The NACP includes measures to improve publication of information on procurement, including an E-work system to improve monitoring of procurement process
- P23.8 No publicly available Information
- P23.9 The NACP includes a framework for public appointments including limits on number of appointments

## Promise 29 – Enhance the transparency and integrity of the budget and budgeting process

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P29.1	Improve the transparency of Malaysia's financial administration	4	4	4	
P29.2	Implement a more responsible budget	4	0	0	
P29.3	The Ministry of Finance will be instructed to prepare mid-term reports to enable Members of Parliament to assess the country's financial performance	4	0	0	
P29.4	Implement accrual accounting system so that government expenditure can be better managed	4	4	0	
P29.5	Conduct a comprehensive audit forensics so that we can have full information of the real financial situation of the country. This information will be made public.	4	3	2	
P29.6	National Statistics Department will be directed to publish important socio-economic data regularly	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P29.7	A panel of respected experts will be formed to assure the veracity of the data from National Statistical Department	0	0	0	

### Summary of Performance:


The government has made significant strides in improving the transparency of the federal budget, which have already been felt. Further strengthening of the overall responsibility of fiscal management will depend on longer term reforms, including introducing a mid-term review which the government recently restated its commitment to - but the early signs are encouraging.

### Notes:

- P29.1: The government has adopted a new approach to the disclosure of its overall liabilities and commitments.
- P29.2: Setting aside transparency, we do not judge that Budget 2019 can be called "more responsible" as it increases operational spending by 10 per cent and relies on contributions from Petronas. However, the government is proposing to table a Fiscal Responsibility Act by 2021, but the specifics have not been revealed
- P29.3: The government has announced it will prepare mid-term reviews, but the process has not yet been announced
- P29.4: The government has committed to transition to accrual accounting by 2021
- P29.5: We understand that the government has undertaken a comprehensive review of the financial situation but the full details have not been made public.
- P29.6: No publicly available information
- P29.7: No publicly available information

## Pillar 3 : Spur Sustainable and Equitable Economic Growth

### Promise 30 – Support the economic growth of Bumiputera and all citizens in the country

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P30.1	Give continuous support to qualified SMEs run by Bumiputera and all citizens. Those who are able to expand to other countries will be given assistance in capital and technology for them to do so.	4	4	0	
P30.2	Guarantee the welfare of SME operators in all international trade agreements, and not just the interests of large companies and cronies.	0	0	0	
P30.3	Produce a comprehensive annual report on the total Bumiputera equity holding as the right benchmark in order to achieve increased equity in the market	0	0	0	
P30.4	Elevate the status of nongovernmental organizations working on Malay and Bumiputera socioeconomic such as the Majlis Perundingan Melayu and other bodies, making them as the Government's official dialogue partners"	0	0	0	







## Summary of Performance:







This promise is broad in its scope, but the specific promises relate to supporting SMEs and Bumiputera. On SMEs, the government has launched a range of initiatives, including significant financial support, targeted at SMEs. It is too soon to tell what effect these initiatives will have but the government is clearly allocating significant priority to supporting SMEs. On the Bumiputera agenda, the government has demonstrated clear political commitment to its promises but there has not been a comprehensive policy set out.

### Notes:



- P30.1: In Budget 2019, RM2 billion was made available under the Business Financing Guaranteed Scheme to enable SMEs to invest in automation and modernisation. The Government also allocated RM210 million from 2019 to 2021 to support the transition and migration to Industry 4.0. The Malaysia Productivity Corporation will carry out Readiness Assessments to assist up to 500 Small Medium Enterprises (SMEs) to migrate to Industry 4.0 technologies.
- P30.2: The only trade deal that the government is actively pursuing is RCEP. There is no information on the specific approach that the government is taking with respect to SME in RCEP.
- P30.3: No information on progress available
- P30.4: No information on progress available

### Promise 3 I – Spur investment and simplify business processes and trade

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P3I.1 (A)	Strategize Malaysia's participation in the regional value and product chains such as in...				
P3I.1 (B)	...ASEAN	4	4	0	
P3I.1 (C)	...the Regional Comprehensive Economic Partnership (RCEP)	4	4	0	
P3I.1 (D)	...other bilateral and multilateral agreements	3	0	0	
P3I.2	Pursue bilateral negotiations with the European Union and other countries	3	3	0	
P3I.3 (A)	Encourage continued investment from China and other Asian countries that are high quality and will benefit Malaysians, especially Bumiputera and other SME contractors of all backgrounds (Public Sector)	3	2	0	
P3I.3 (B)	Encourage continued investment from China and other Asian countries that are high quality and will benefit Malaysians, especially Bumiputera and other SME contractors of all backgrounds. (Private sector)	4	4	4	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P31.4	Chambers of commerce, business associations and business networks will be given direct access to the relevant ministries and agencies so that they can facilitate meetings between their members with investors and lenders in all sectors	4	3	2	
P31.5	The Malaysia Productivity Corporation (MPC) will be given the funds and authority to enable them to expand Good Regulatory Practices (GRP) and reduce the burden of unnecessary regulations in all aspects	0	0	0	
P31.6	"MPC's capacity to act as a secretariat for PEMUDAH will be enhanced and they will be given provision to conduct a comprehensive study on the regulatory burden that have been introduced by the UMNO and Barisan Nasional	0	0	0	
P31.7 (A)	Encourage the growth of the new and sharing economy	4	2	2	
P31.7 (B)	Encourage the growth of research and development	4	4	0	
P31.7 (C)	Strengthen intellectual property protection so that companies can invest more in innovation activities.	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P31.8 (A)	Improve our education system and skills training	4	4	0	
P31.8 (B)	Encourage innovation and the commercialization of intellectual property	0	0	0	
P31.8 (C)	Help companies adopt new technologies, automation and the latest IT system	4	4	0	
P31.9 (A)	Ensure our competition policy framework is robust, combined with a labor policy that ensures profits are shared fairly.	0	0	0	
P31.9 (B)	A labour policy that ensures profits are shared fairly	4	0	0	
P31.10	Simplify the regulatory framework for SMEs and other businesses so that the cost of doing business can be reduced.	0	0	0	
P31.11	Coordinate our international relations policy with our economic development policy so that Malaysia can use economic diplomacy to help our entrepreneurs succeed regionally and internationally.	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P3I.12	Support businesses that need help to improve their technology and innovation, including by way of ensuring our investment policies encourage the entry of new technologies into the country.	4	4	0	
P3I.13	Ensure women can reach the height of their careers without restrictions: (A) Promote flexible working hours for mothers who need to take care of their children. (B) Provide incentives to Companies that provide support to their female employees.	4	0	0	







**Summary of Performance:**


Another very broad promise which, perhaps inevitably, results in mixed performance. In terms of efforts on the trade front, the government has restated its commitment to ASEAN Economic Integration and the Regional Comprehensive and Economic Partnership (RCEP), however both these processes are progressing very slowly. On the other hand the government has stalled on ratification of the Comprehensive and Progressive Trans Pacific Partnership and trade negotiations with the EU have deteriorated, largely as a result of disputes over palm oil. against this backdrop, the Prime Minister has expressed concern more broadly against “imbalanced” trade agreements. In this context, the prospects for significant liberalisation in trade or investment - through trade deals or otherwise, seems unlikely. Despite this, inward investment into Malaysia is performing strongly, boosted by strong increases from China. This has not extended to the so-called mega projects, most notably the ECRL, which continue to be in a state of uncertainty. In terms of boosting the competitiveness of the domestic economy, the government has launched a range of initiatives aimed at upgrading the technologies and transitioning to 4IR. This support often takes the form of subsidised loan, so the success will depend on the capacity of industry to identify sensible investments and make good use of this credit. The government has had less focus on reducing the regulatory burden of business or on strengthening Intellectual Property (IP) protections. Overall economic growth has been healthy under the government, but there is concern that current efforts to boost competitiveness do not amount to a holistic vision for the economy.

**Notes:**

- P31.1(A): The government has stated ongoing support for AEC
- P31.1(C): The government is committed to the negotiation process but progress is very slow
- P31.1(D): The government has shown increasing doubt on their commitment
- P31.2 Negotiations with the EU are effectively on hold due to the EU's policy on palm oil imports.
- P31.3 (A) The government has not set out a clear policy for how China public investment projects (e.g. ECRL) will be taken forward.
- P31.3 (B) China's FDI has increased significantly under the current government
- P31.4: The government is open to receiving representations from business groups, but securing appointments can be difficult
- P31.5: No publicly available information
- P31.6: No publicly available information
- P31.7(A): The government has provided a legal framework for e-hailing; but in practice this creates new barriers to entry for e-hailing firms and drivers.
- P31.7(B): We interpret this promise as focusing on R&D within the higher education sector. In Budget 2019 RM400 million was allocated to public institutions of higher learning (IPTA) for research activities.
- P31.7(C): No publicly available information
- P31.8(A): The government is taking various measures to promote Technical and Vocational Education and Training (TVET), including introducing a RM30 million Technical and Vocational Education and Training (TVET) Contestable Fund
- P31.8(B): No publicly available information
- P31.8(C): The government is introducing RM3 billion fund to support transition to 4IR
- P31.9(A): No publicly available information
- P31.9(B): The government has reiterated its desire to see profits share more extensively with workers
- P31.10: No publicly available information
- P31.11: No publicly available information
- P31.12: The government is supporting technological adoption of domestic firms as noted above; in terms of investment, the government is reviewing investment incentives.
- P31.13: The government has restated its political commitment but has not committed to specific policies. In Budget 2019 the government reiterated the commitment to incentivising the private sector to promote female employment but did not specify any new measures.

**Promise 32 – Introduce a Tax system that is people friendly and business friendly**

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P32.1	Review the national taxation system holistically, with the goal of making the rate of our income tax, corporate tax and other taxes, competitive compared to other ASEAN countries.	4	0	0	
P32.2	Review the rate of corporate tax and taxes on small business owners and part-time employees with the goal of reducing the burden of them	4	3	3	
P32.3 (A)	Help increase the income of the majority of Malaysians and expand the reach of business owners by creating a tax system that is friendly to SMEs, online traders, part time employees, and those working in the sharing economy				
P32.3 (B)	Create a tax system that is friendly to SMEs	4	0	0	
P32.3 (C)	Create a tax system that is friendly to online traders	3	3	3	
P32.3 (D)	Create a tax system that is friendly to part time employees	0	0	0	
P32.3 (E)	Create a tax system that is friendly to the Sharing economy	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P32.4	Review the personal income tax rate so that the burden towards the middle 40 per cent (M40) can be reduced	0	0	0	


### Summary of Performance:

The government's tax reforms to date - beyond reintroduction of SST - are relatively modest. When it comes to tax, the Malaysian government faces two competing demands: on the one hand increasing revenues to manage rising demand for public services and on the other keeping the tax system competitive. Malaysia's income tax rates - while low - are among the highest in ASEAN. The government has made a modest (1 per cent) decrease in the corporate rate for SME. We await the findings of the Tax Reform Committee to see whether we will see more comprehensive reform - and in which direction.

### Notes:

- P32.1: The government has established a tax reform committee, but there is no policy direction provided on reform to the taxation system
- P32.2: In Budget 2019 there was a modest reduction in the SME corporate tax rate from 18% to 17%. Further reforms are presumably pending the wider tax review
- P32.3(B): So far, the only change is a modest decrease in the corporate tax rate. Implementation is an issue, along with rates therefore we judge this promise remains an aspiration
- P32.3(C): The government has introduced a new digital tax (online transaction) that will likely increase the price of services, but also puts local companies on the same footing as foreign entities. In force for B2B from January 2019, for B2C from January 2020
- P32.3(D): No publicly available information
- P32.3(E): The government has not introduced any sharing economy specific tax policies
- P32.4: No publicly available information; presumably pending wider review of tax system



**Promise 33 – Set up equal opportunity commission**





No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P33	Set up Equal Opportunity Commission	0	0	0	

**Notes:**

P33 No publicly available information

### Promise 34 – Enhance the income of the majority

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P34.1	Raise the minimum wage in Sabah and Sarawak to be equal to that in the Peninsular	4	4	4	
P34.2	Raise the minimum wage to RM1,500 per month nationwide in the first term of the Pakatan Harapan Government, and review this rate every 2 years	4	0	0	
P34.3	Share 50 percent of the due to the raise in minimum wage. This means that when the minimum wage is raised from RM1,000 to RM1,500, the Pakatan Harapan Government will share the cost difference of RM500 with the employer equally	1	0	0	
P34.4	Reduce the number of foreign workers from 6 million to 4 million in the first term of our administration.	4	2	0	
P34.5	Increase incentive packages for small and medium sized companies as well as for those living in villages and in FELDA schemes throughout the country.	0	0	0	
P34.6	Assist the Islamic Religious Councils and the Islamic Religious Departments to channel the aid of zakat and charity to the less fortunate more effectively, efficiently and quickly	4	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P34.7	Share information on household income and the needs of the poorest with the state government and local authorities, without overriding the state's power and jurisdiction over religious affairs.	0	0	0	
P34.8 (A)	Establish a special agency to take over BRIM management and introduce a structured cash transfer scheme. This scheme will be free from the influence or interference of political parties and politicians.	2	2	0	
P34.8 (B)	The agency will take immediate action to study the welfare benefits mechanism in developed countries and introduce appropriate schemes using local resources and Malaysia's capabilities, as well as encourage the private sector and charitable organisations to contribute.	2	0	0	
P34.9	Enhance the involvement of welfare charities and social enterprises to assist those in need. Assistance will be provided to approved bodies.	4	4	0	

## Summary of Performance:

The government has successfully equalised the level of minimum wage across Malaysia, and made the first step in increasing the rate to its ambitious target of RM1,500. However the government has not kept its promise of sharing the cost of this increase with employers. Partly to reduce competition for wages, the government has set a highly ambitious target for the reduction foreign works, but to date we have only seen piecemeal initiatives to achieve this reduction.

### Notes:

P34.1: Minimum wage was increased to RM1100 and equalized across Malaysia

P34.2: The government maintains the ambition to increase minimum wage over the course of its first term

P34.3: The recent increase in minimum wage has not been subsidised by government, and therefore this promise is considered broken.

P34.4: The government remains committed to this target but has only set our piecemeal policy initiatives, such as a new minimum threshold for expatriats, not a comprehensive policy. We judge the current policies are insufficient to achieve this ambitious goals promise as aspirational.

P34.5: No publicly available information

P34.6: The government has reiterated its commitment to distributing the zakat more efficiently, but there is not been a new policy introduced to achieve this.

P34.7: No publicly available information

P34.8(A): BRIM has been restructured but not put under the purview of a special agency

P34.8(B): As above

P34.9: In Budget 2019, the government allocated RM10 million to working with NGOs, for example procuring envelopes from disabled groups

### Promise 35 – Raising the dignity of workers and creating more quality jobs

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P35.1 (A)	Strengthen the rights of workers to establish trade unions and to select which union to join at their respective workplaces. Employees must have right to form trade unions, and their freedom to voluntarily join a union will be protected.	4	4	0	
P35.1 (B)	Protect and advance employees' right to negotiate via collective bargaining	4	4	0	
P35.2	Ensure protection of workers' rights is at par with international standards and which adhere to conventions established by the International Labour Organization (ILO)	4	4	0	
P35.3	Create 1 million quality jobs to ensure social mobility of our citizens to increase the middle class.	4	0	0	
P35.4	Boost investments in STEM sector so that Malaysia remains competitive globally	0	0	0	
P35.5	Raise minimum wage to RM1,500, and at the same time introduce policies and regulations so that local workers are prioritised and not side-lined by their employers.	4	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P35.6	Gradually reduce the number of foreign workers and ban our Ministers from issuing support letters to hire foreign workers	4	0	0	
P35.7	Retrain the unemployed free in new sectors, especially in the technology sector, in order to prepare Malaysian workers to face the challenges of Industrial Revolution 4.0	0	0	0	
P35.8	Legitimise more than 150,000 refugees', including Rohingyas and Syrians, status by providing them with UNHCR cards and ensuring their legal right to work. Their labour rights will be at par with locals.	0	0	0	
P35.9 (A)	Ensure that child care services are available for all children up to 12 years of age. This service will be subsidised for all government servants.	4	4	0	
P35.9 (B)	Private companies will be given incentives to provide the child care services.	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P35.10	Coordinate the provision of childcare services with employers of SME companies so that employees from several companies located in the same area can avail those services. The services of social entrepreneurship sector and non-profit organisations will also be enlisted to achieve this goal.	0	0	0	

**Summary of Performance:**

This promise includes a number of elements. First, is the strengthening of labour rights, for which the government is currently consulting of a range of far reaching reforms. There has been concern from labour rights advocates that the reforms do not go far enough, and the opposite reaction from others in the business community. The scope of these reforms is such that broad consultation is necessary. The other major reform promised is the reduction in foreign workers - the scale of task is very significant, particularly if the economic impact is to be minimised, making it an important issue to manage carefully. On the issue of granting refugees the right to work it seems that no progress is being made.

**Notes:**

P35.1 (A): The government has proposed a series of labour law reforms

P35.1 (B): The government has proposed modest reforms to the 1967 Industrial Relations Act which will strengthen collective bargaining

P35.2: The government is preparing reforms to the 1955 Employment Act

P35.3: No specific policy

P35.5: Refer to other promise

P35.6: Refer to other promise

P35.7: No publicly available information

P35.8: No publicly available information

P35.9(A): The government has allocated RM150m for child care centres in ministries, but there remain three ministries without services available

P35.9(B): No publicly available information

P35.10: No publicly available information

### Promise 36 – Introducing EPF contribution for housewives

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P36.1	A nominal 2% contributions from their husbands' EPF will be diverted for this purpose	4	4	0	
P36.2	RM50 monthly will be contributed by Pakatan Harapan Government to the housewives' EPF scheme	4	4	0	

#### Summary of Performance:

The government has introduced a scheme for housewives based on a contribution by husbands combined with an RM40 contribution from the government, which the government is proposing to increase by a further RM10. Although this does not match the letter of the manifesto promise, it does deliver the objective of providing housewives with added financial security. It will be crucial to monitor during implementation the uptake by husbands to ensure that protection is being provided widely.


#### Notes:

P36.1: The government has introduced a framework under which husbands will be free to make contribution; above RM5 will receive government contribution.

P36.2: The government will contribute RM40 per month - the government has indicated this will be supplemented with a RM10 contribution under SOCSO

**Promise 37 – Ensuring the long term prosperity of the rakyat**

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P37.1	Review, list and publish all the BN's government debts so that the public can access the information.	4	4	4	
P37.2	Introduce an Act that would prevent the government from dipping into people's trust funds such as Lembaga Tabung Haji (TH), Employees Provident Fund (EPF), Retirement Trust Fund (KWAP) and Armed Forces Fund Board (LTAT) to finance government expenditures.	0	0	0	
P37.3	Revamp the National Trust Fund Act 1988 to enable KWAN (Kumpulan Wang Amanah Negara) to be the state's financial guarantor.	0	0	0	
P37.4	Channel a fixed percentage of profits from Petronas, with a minimum of RM10 billion a year, and the profits of other government-owned companies to KWAN, which will function as a long-term national savings fund.	0	0	0	
P37.5 (A)	Provide a fixed allocation of RM 60 million a year in the first term of administration for Chinese rural areas and new villages.	0	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P37.5 (B)	Provide low interest lending rate to help small businesses that are the main employment generators in these (Chinese) villages. These loans are expected to attract entrepreneurs who want to invest in in these historical and cultural villages.	0	0	0	

### Summary of Performance:

The government has taken steps to significantly improve financial transparency. Beyond this, the government has committed to a Fiscal Responsibility Act to ensure that the country cannot be taken into “huge debts”. Whether this Act will include the other promises, including safeguarding sovereign wealth funds, remains to be seen. As for the management of the Budget itself, the government has committed to various improvements including a shift to accrual accounting and a mid-year review, but these are pending implementation.

### Notes:

P37.1: The government revealed the extent of public sector debt, including contingent liabilities; but did not publish the full details.

P37.2: No publicly available information, possibly included in Fiscal Responsibility Act







P37.3: No publicly available information, possibly included in Fiscal Responsibility Act

P37.4: No publicly available information, possibly included in Fiscal Responsibility Act

P37.5(A): No publicly available information

P37.5(B): No publicly available information

### Promise 38 – Advancing the interests of Orang Asli in Peninsular Malaysia

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P38.1 (A)	Overhaul the Orang Asli Development Department (JAKOA) so that the Orang Asli are given the skills and independence to improve their lives and socio-economic conditions rather than being controlled by the department.	0	0	0	
P38.1 (B)	Take the necessary steps in order for the Director General of JAKOA to be from the indigenous community.	0	0	0	
P38.2	Implement proposals from the National Inquiry Report on Indigenous Land Rights prepared by SUHAKAM in 2013.	0	0	0	
P38.3	Ensure that the Orang Asli get better protection in land development schemes such as FELCRA and RISDA. Any unfair deals or agreements concerning the Orang Asli will be revamped.	0	0	0	
P38.4	Enable the indigenous customary land to be properly recognised by allocating funds to carry out a complete study that can accurately identify the boundaries of customary land.	0	0	0	
P38.5	Allocate more resources to upgrade the infrastructure of the Orang Asli villages, including paved roads, 24-hour electricity grid, treated water supply and stable communication networks so that the Orang Asli communities are no longer marginalised.	4	4	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P38.6 (A)	Increase the number of schools in Orang Asli villages and equip them with good facility to ensure their children receive quality education.	0	0	0	
P38.6 (B)	Include a curriculum in schools that will factor the Sociology of the Origin of Indigenous Peoples.	0	0	0	
P38.7 (A)	Provide allocations to preserve the Indigenous peoples' culture and heritage.	0	0	0	
P38.7 (B)	Implement relevant programmes to promote the culture and heritage of Orang Asli locally and internationally.	0	0	0	

### Summary of Performance:

In respect of the Orang Asal, there has not been significant progress in a range of areas, or at least not that has been made available to the public. The government is proposing to hold a National Convention (in April, at the time of writing) to address the multiple issues including land rights and education. In Budget 2019, the government allocated additional budget to improving infrastructure in Orang Asal communities, the question now is whether this additional budget can be spent effectively to meaningfully support these communities.

### Notes:

P38.1 (A): No publicly available information

P38.1 (B): We interpret this promise as ensuring that the DG must be from the indigenous community. The DG of JAKOA has been elected from the indigenous community by the previous government on 1 May 2018.

P38.2: No publicly available information

P38.3: No publicly available information

P38.4: No publicly available information

P38.5: The government allocated RM100 m in Budget 2019


P38.6(A): No publicly available information





P38.6(B): No publicly available information

P38.7(A): No publicly available information

P38.7(B): No publicly available information

### Promise 39 – Balancing economic growth with environmental protection

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P39.1	Govern the country based on principles of sustainability and sustainable development.	4	0	0	
P39.2	Regularly review environmental policies and regulations and benchmark against International Best Practices	0	0	0	
P39.3	Review approved or ongoing controversial projects to ensure that they comply with established standards. All development projects must comply with international environmental protection standards before being granted approval.	4	3	0	
P39.4	Enforce the logging quota strictly so that our forests are conserved.	0	0	0	
P39.5 (A)	Streamline and implement regulations to protect marine life, wildlife and nature, and take punitive action against poachers and illegal loggers.	0	0	0	
P39.5 (B)	Take punitive action against poachers	4	4	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P39.5 (C)	Take punitive action against illegal loggers	0	0	0	
P39.6	Support the United Nation's Sustainable Development Goals (SDG) goal of reducing 40 percent carbon emissions by 2020.	3	0	0	
P39.7	Increase renewable energy through renewable resources from the current 2 per cent to 20 per cent by 2025.	3	0	0	
P39.8	Reduce the dependence on coal power plants which is one of the power generation methods that has a serious impact on CO2 emissions.	0	0	0	
P39.9	Re-evaluate investment policy to give priority to high technology industries and to use energy from renewable resources	4	4	0	
P39.10	Revise all laws and regulations pertaining to environmental management and protection so that proper governance structures can be created, in line with the increasingly demanding modern times.	0	0	0	
P39.11	Enforce strict rules to ensure that foreign companies in Malaysia do not contribute to pollution	4	0	0	

No	Sub-Promise	Political Commitment	Policy Direction	Implementation	IDEAS Verdict
P39.12	Set up a "National Coordination Council for Climate Adaptation and Mitigation" that will coordinate the actions of the federal, state and local governments to address the challenges of climate change.	0	0	0	
P39.13	Accelerate adaptation work so that both the infrastructure and the people are ready to deal with climate changes that are taking place.	0	0	0	
P39.14	Stop UMNO and Barisan Nasional's efforts to build nuclear power plants.	4	4	4	
P39.15	Make protection of biodiversity a top priority which will also contribute to the country's sources of income.	0	0	0	
P39.16	Have at least two more of our country's National Parks, recognised as a UNESCO World Heritage Site ("World Heritage Site").	4	0	0	

### Summary of Performance:

This promise covers a range of different aspects. On the domestic energy market, the government has delayed the date for target emissions to 2030, but achieving this target will require a stronger role for renewables and - crucially - a significantly reduced reliance of coal in favour of gas as the most abundant alternative. This will require discipline to remove distortions in the gas market in the coming years. In terms of sustainability and broader environment protection, the focus has been on certifying palm oil producers as sustainable but a number of other steps have also been taken, including increasing the allocation to state governments.

**Notes:**

- P39.1: No publicly available information
- P39.2: No publicly available information
- P39.4: The government has committed to maintain at least 50 per cent forest cover, but no publicly available information was found on implementing this commitment through enforcement of logging quota
- P39.5(A): The Government has allocated RM60 million to State Governments to protect and expand existing natural forest reserves and protected marine areas, but no publicly available information on specific actions to streamline regulations.
- P39.5(B): The government has “declared war” on poachers, including establishing a Tiger Protection and Patrolling Programme
- P39.5(C): No publicly available information
- P39.6: The government has reiterated its political commitment to reduce emissions by 35 per cent by 2030, significantly lower than the manifesto target
- P39.7: The government has stated that it will continue to pursue the goal but that 2025 is unlikely and 2030 is a more realistic target date. We await further policy detail.
- P39.8: No publicly available information
- P39.9: The Government introduced various incentives in Budget 2019 to promote green investment, including a RM2 billion Green Technology Financing Scheme (GTFS)
- P39.10: No publicly available information
- P39.11: The government has reiterated its political commitment to preventing foreign companies from polluting, for example in the case over Lynas, but there is no publicly available detail on specific policy steps the government is taking to achieve this goal.
- P39.12: No publicly available information
- P39.13: No publicly available information
- P39.14: The government has confirmed that nuclear power plants will not be used in Malaysia.
- P39.15: No publicly available information
- P39.16: The Government will take steps to list the Forest Research Institute Malaysia (FRIM) Forest Park in Selangor, and Royal Belum Perak as UNESCO World Heritage Sites

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We consider this a “pilot” report and welcome feedback on the content, methodology or approach. Please e-mail to us at [projekpantau@ideas.org.my](mailto:projekpantau@ideas.org.my) should there be any comment and feedback





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