

Malaysia Country Report

18th AsiaConstruct Conference Singapore



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1. Executive Summary

The Malaysian economy recorded a steady, respectable growth of 5.1% in 2011 after a strong showing of 7.2% growth in 2010. The construction sector expanded at a moderate rate of 3.5% in 2011 (2010: 5.1%), due to slower activity in civil engineering and non-residential sub-sectors. The private sector continued its domination, obtaining projects awarded in 2011 worth RM 72.5 billion or 77.1% of the total value of projects for the year. The public sector took a back seat with only RM 21.5 billion or 22.9% of construction projects awarded for the same period. The increase of private projects was driven by the confidence of consumers, which in turn pushed demands for residential and non-residential projects. This is in line with the government's desire to give the private sector a more prominent role in the economy. Prices of most major building materials were gradually increasing towards the end of 2011. Salary and wages of construction personnel too were showing the same upward trend. The number of registered construction workers, as in previous years, steadily increased. For 2012, CIDB estimates that the value of construction projects awarded may increase to approximately RM90.00 billion, after taking into account the forecasted growth of the Malaysian economy at 5.4%, domestic demand which is expected to remain resilient and the more challenging external environment's uncertainties.

2. Macroeconomic Review and Outlook

2.1. Overview of the National Economy

Overview of the Malaysian Economy in 2011

The growth was more moderate in the first half of 2011, particularly in the second quarter, as the economy was affected by the overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain arising from the disaster in Japan. Although there were challenges due to the global economic environment, Malaysia's economic growth improved based on stronger domestic demand of 8.2% (2010: 6.3%). Overall in 2011, Malaysia recorded an economic performance of 5.1% (2010: 7.2%). The balance of trade continued to favour the Malaysian economy at a surplus of RM120.32 billion (2010: RM109.99 billion), while exports and imports rose by 8.8% to RM696.1 billion and 8.2% to RM546.7 billion respectively.

The manufacturing sector continued to expand at a moderate pace by 4.5% (2010: 11.4%), followed by the service sector at 6.8% and the construction sector at 3.5%. The

positive growth was also driven by effective monetary policies by the central bank and the overall positive sentiments on the ground, which was reflected through the increase in foreign direct investment (FDI) of 12.3%. Food, non-alcoholic beverages and the transport category contributed to the increase of inflation to 3.2% [2010: 1.7%]. The unemployment rate stood at 3.1% (2010: 3.3%) and is projected to remain low based on the favourable economic conditions. The monetary policy remained supportive in 2011 with the overnight policy rate (OPR) being raised by 25 basis points in May 2012 from 2.72% to 2.99%. In addition, base lending rate (BLR) increased at an average of 27 points to 6.54% as at end of May 2011. Ringgit ended the year at RM3.18 against the US Dollar, a depreciation of 2.9%. The performance of the Ringgit during the year was influenced by the volatility in the international financial markets arising primarily from external developments.

Table 2.1 Macroeconomic Overview and Outlook Table

	2008	2009	2010	2011
GDP growth by economic activity at 2000 chained price (RM million)				
Agriculture	39,825	40,083	40,916	43,188
Mining	41,831	39,209	39,270	37,032
Manufacturing	153,078	138,784	154,640	161,621
Construction	16,365	17,329	18,220	18,856
Services	293,072	302,045	322,611	344,549
Real GDP	530,683	522,001	559,554	588,297
GDP growth by economic activity at 2000 chained price (%)				
Agriculture	4.3	0.6	2.1	5.6
Mining	-2.4	-6.3	0.2	-5.7
Manufacturing	1.2	-9.3	11.4	4.5
Construction	4.2	5.9	5.1	3.5
Services	7.6	3.1	6.8	6.8
Real GDP Growth	4.8	-1.6	7.2	5.1
Demographic Indicator				
Population (million)	27.5	27.9	28.6	29.0
Labour force ('000 persons)	11,967.5	12,083.0	12,361.3	12,645.7
Unemployment rate (%)	3.3	3.7	3.3	3.1
Financial Indicator				
Inflation rate (%)	5.4	0.6	1.7	3.2
Short term interest rate - 3 months (%)	3.04	2.03	2.74	2.99
Long term interest rate - 12 months (%)	3.50	2.50	2.97	3.22
Exchange rate at end of period (RM against USD)	RM3.46	RM3.42	RM3.08	RM3.18

Source: Central Bank of Malaysia Annual Report 2011.

Review of the Malaysian Economy in the First Half of 2012

The Malaysian economy continued to grow by 5.4% in second quarter 2012 (1Q2012: 4.9%). In spite of remaining challenging global economic environment, Malaysian economy was driven by a stronger expansion in domestic demand amid a further moderation in external demand. On the supply side, almost all economic sectors continued to expand further, with growth in the second quarter led by strong performance in the services, manufacturing and construction sectors. The construction sector recorded a strong growth of 22.2% in the second quarter (1Q2012: 15.5%). The growth was mainly supported by major civil engineering projects such as the Second Penang

Bridge, Seremban – Gemas Double Track, Janamanjung Power Plant, Sabah Oil and Gas Terminal and Melaka Regasification Terminal. The services sector registered a growth of 6.3% in the second quarter 2012 (1Q2012: 5.3%), the manufacturing sector increase to 5.6% (1Q2012: 4.4%), the agriculture sector contracted by 4.7% (1Q2012: 2.1%) and the mining sector expanded by 2.3% (1Q2012: 0.3%%). Inflation moderated to 1.7% in the second quarter (1Q2012: 2.3%), reflecting lower inflation in the food and non-alcoholic beverages and transportation categories.

3. Overview of the Construction Industry

3.1. Construction Project Review in 2011

The value of construction projects awarded increased by 6.1% to RM94.1 billion (2010: RM88.6 billion) in 2011, with the private and public sectors' contributions registering at 77.1% and 22.9% respectively from the total value. Private sector projects rose by 5.0% to RM72.5 billion (2010: RM69.1 billion), as the economy continued to grow, more private investment activity took place and developers embarked on new construction projects. This is in line with the government's aim to push the private sector as the main driver of the economy. The public sector projects, showed an increase of 10.2% to RM21.5 billion (2010: RM19.5 billion) as 2011, being the second year of the 10th Malaysia Plan, was seeing government sector projects beginning to be implemented. These projects were at the planning stage in 2010.

Non-residential projects registered a value of RM34.0 billion, followed by infrastructure projects at RM30.2 billion and residential projects at RM23.5 billion. A favourable economic climate has ensured new commercial and industrial investments for non-residential projects. The increase in the infrastructure projects was due to the high-value projects awarded under the sub-category of utilities and transport. Meanwhile, residential projects tendered rose in 2011, mainly driven by strong consumers' confidence and also attributed to the government scheme to encourage home ownership among the young population, *My First Home Scheme*. However, the number of projects decreased due to the award of construction projects with greater value in 2011. The largest construction projects undertaken in 2011 were the Manjung Coal Fired Power Plant Project in Perak (RM5.12 billion), Second Polycrystalline Silicon Plant Project in Sarawak (RM1.83 billion) and the Independent Deepwater Petroleum Terminal in Johor (RM1.56 billion).

Table 3.1 Value and Number of Construction Projects by Sector and Type

Sector and Type of Project	Value (RM billion)				
	2008	2009	2010	2011	1H 2012
Total Private Sector	48.19	42.01	69.09	72.53	23.27
Residential	15.77	12.25	21.59	22.62	8.22
Non-Residential	19.52	16.59	27.39	31.22	9.17
Social Amenity	2.68	1.83	3.07	2.82	0.98
Infrastructure	10.22	11.34	17.04	15.87	4.90
Total Public Sector	38.81	33.29	19.55	21.54	5.76
Residential	2.16	2.00	1.34	0.87	0.39
Non-Residential	5.45	6.22	3.03	2.82	0.96
Social Amenity	16.43	13.73	5.83	3.52	0.76
Infrastructure	14.77	11.34	9.35	14.33	3.65
Grand Total	87.00	75.30	88.64	94.07	29.03

Sector and Type of Project	Number				
	2008	2009	2010	2011	1H 2012
Total Private Sector	3,843	4,041	5,379	5,277	1,590
Residential	1,282	1,530	1,996	1,928	543
Non-Residential	1,623	1,576	2,187	2,162	655
Social Amenity	179	203	265	258	62
Infrastructure	759	732	931	929	330
Total Public Sector	2,704	3,015	1,869	1,837	460
Residential	222	173	119	135	27
Non-Residential	565	521	357	266	84
Social Amenity	1,084	1,304	584	540	167
Infrastructure	833	1,017	809	896	182
Grand Total	6,547	7,056	7,248	7,114	2,050

*As at 30 June 2012

Source: CIDB Malaysia

3.2. Contractor Registration

The number of contractors registered in 2011 declined slightly to 64,066 (2010: 64,789 contractors). Grade G1 – G3 contractors accounted for 80.2% or 51,376 of the total contractors registered in 2011 while grade G4 – G6 contractors and foreign contractors accounted for the rest. The number of registered contractors experienced a decline in their respective categories except for grade G2, G7 and foreign contractors. The number of registered contractors is expected to be maintained with the implementation of the Continuous Contractor Development (CCD) Programme in which every contractor is obliged to collect a certain number of CCD points based on their registration grade. The

programme which was enforced on 1 January 2010 is to ensure contractors will increase their knowledge and be involved in construction related activities.

Table 3.2 Registration of Contractors

Grade	Bidding Limit	2008	2009	2010	2011	1H 2012
G1	Not exceeding RM200,000	34,060	33,633	32,987	32,752	33,991
G2	Not exceeding RM500,000	7,516	8,095	8,077	8,187	8,780
G3	Not exceeding RM1,000,000	10,963	10,981	10,761	10,437	11,183
G4	Not exceeding RM3,000,000	2,420	2,613	2,766	2,686	2,793
G5	Not exceeding RM5,000,000	3,363	3,673	3,962	3,817	3,930
G6	Not exceeding RM10,000,000	1,206	1,437	1,507	1,398	1,454
G7	Unlimited	4,285	4,326	4,533	4,573	4,773
Foreign	Unlimited	164	166	196	216	226
Total		63,977	64,924	64,789	64,066	67,130

*As at 30 June 2012

Source: CIDB Malaysia

3.3. Construction Personnel

A total of 9,542 consultants were registered in 2011, comprising 6,841 engineers, 1,782 architects and 919 quantity surveyors, while a total of 584,578 construction personnel were registered in 2011. As the previous years, the registration of consultants and construction personnel was balanced and did not greatly vary.

Table 3.3 Registration of Local Consultants by Type

Type of Consultant	2008	2009	2010	2011
Architect ¹	1,697	1,714	1,744	1,782
Engineer ²	2,723	5,578	4,784	6,841
Quantity Surveyor ³	841	862	867	919
Total	5,261	8,154	7,395	9,542

Source:

¹ Board of Architects Malaysia

² Board of Engineers Malaysia

³ Board of Quantity Surveyors Malaysia

Table 3.4 Registered Construction Personnel by Type

Category of Worker	2010		2011	
	Foreign	Local	Foreign	Local
General Worker	267,955	329,728	292,195	366,222
Skilled Construction Worker	7,156	134,739	7,236	136,217
Administration Personnel	1,885	171,984	2,335	199,019
Site Supervisor	922	88,593	1,013	94,304
Construction Manager	3,241	60,472	3,636	66,978
Total	281,159	785,516	306,415	862,740

*As at 30 June 2012

Source: CIDB Malaysia

3.4. Construction Productivity

Value-added per employee in the construction sector rose by 3.2% to RM24,552 per worker in 2011 (2010: RM23,801 per worker). The increase in productivity is expected to continue in the future, as the Industrialised Building System (IBS) is prudently used in the construction projects, the execution of several key projects under the 10th Malaysia Plan and with more mega projects identified under the Entry Point Projects (EPP) initiatives in 2012.

Table 3.5 Value-Added Per Employee

	2008	2009	2010	2011
Construction Sector Value- Added (RM million)	16,365	17,329	18,220	18,856
Construction Sector Employee ('000)	758.4	762.4	765.5	768.0
Value-Added Per Employee (RM)	21,578	22,730	23,801	24,552

Source: Central Bank of Malaysia Annual Report 2011.

3.5. Construction Cost

3.5.1. Tender Price Index

Building construction tender price indices showed an overall increase compared to the base year in 1980 (December 2011 : 411.36 point). In 1H 2008, tender price index showed a significant increase of 3.7% (1H 2007 : 415.44 point, 2H 2007 : 426.13 point). At this point, there was an increase in the price of most building materials, particularly steel and cement due to the increase in oil prices. After 2008,

the prices rose gradually. Since 1999, the average tender price increased by 4.4% per annum.

Table 3.6 Building Construction Tender Price Indices (1980 = 100)

Period		Tender Price Indices
2008	1H	441.68
	2H	458.76
2009	1H	427.14
	2H	408.49
2010	1H	410.18
	2H	398.59
2011	1H	408.49
	2H	411.36

Source: Average Cost Per Square Meter Of Building Construction Work by Public Works Department

3.5.2. Average Price of Major Construction Material

Almost all average prices of major construction materials showed an increase in 2011 except for ready mix concrete and aggregate. The increase was particularly higher in both types of steel (MRSB and HDTB), clay brick and diesel. The average price for each of the mentioned items increased by 11.1% to RM2,533.95 per metric tonne (2010: RM2,280.98 per metric tonne), 10.9% to RM2,492.62 metric per tonne (2010: RM2,248.34 metric per tonne), 21.2% to RM0.40 per piece (2010: RM0.33 per piece) and RM3.07 per litre (2010: RM2.67 per litre) respectively.

Table 3.7 Average Prices of Major Construction Materials in Peninsular Malaysia (RM)

Category of Material	Unit	2008	2009	2010	2011	1H 2012
MRSB	MT	3,086.09	1,998.69	2,280.98	2,533.95	2,510.28
HDTB	MT	3,109.48	1,969.72	2,248.34	2,492.62	2,465.96
Ready Mix Concrete	m ³	188.46	211.69	198.31	194.17	196.97
Granite Aggregate 3/4	MT	25.46	22.00	23.83	23.70	23.57
Cement (50 kg)	Bag	13.05	14.25	15.19	16.21	16.36
Sand	MT	29.24	25.09	13.25	13.40	13.37
Clay Brick (Retail)	Piece	0.32	0.29	0.33	0.40	0.41
Bitumen	m ³	1,616.67	1,525.00	1,729.16	1,900.50	2,195.00
Diesel (Industry)	Litre	2.92	2.15	2.67	3.07	3.13

Source: CIDB Malaysia

3.5.3. Construction Industry Salary and Wages

Construction General Worker Wage Rates

The wage rates of construction general workers increased slightly with a little difference in terms of amount compared with the same period last year. A general construction worker who is local and skilled in building and civil work received the lowest daily wage rates, while a general welder received the highest wage rates. The differences in wage rates under the semi-skilled category were negligible.

Table 3.8 Construction General Worker Wage Rates in Peninsular Malaysia (daily) in 2011

Category of Worker	Skilled Worker (RM)				Semi-Skilled Worker (RM)			
	Local		Foreign		Local		Foreign	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
General Construction Worker - Building	40.00	79.00	30.00	66.00	-	-	-	-
Concretor	40.00	156.00	37.00	125.00	35.00	105.00	30.00	100.00
Barbender	53.00	150.00	35.00	98.00	40.00	90.00	30.00	65.00
Carpenter - Formwork	54.00	156.00	38.00	135.00	40.00	105.00	30.00	100.00
Bricklayer	50.00	130.00	38.00	100.00	31.00	95.00	30.00	75.00
Roofer	55.00	175.00	45.00	165.00	40.00	150.00	30.00	145.00
Carpenter - Joinery	60.00	160.00	45.00	152.00	36.00	155.00	30.00	125.00
Steel Structure Fabricator	50.00	195.00	40.00	180.00	40.00	165.00	30.00	150.00
General Welder	50.00	210.00	40.00	130.00	40.00	120.00	30.00	85.00
Plumber - Building & Sanitary	50.00	150.00	40.00	130.00	40.00	125.00	30.00	110.00
Plumber-Reticulation	55.00	135.00	40.00	125.00	40.00	110.00	30.00	100.00
Building Wiring Installer	-	-	-	-	40.00	165.00	35.00	160.00
Scaffolder - Prefabricated	50.00	170.00	40.00	155.00	40.00	130.00	30.00	125.00
Scaffolder - Tubular	60.00	150.00	47.00	115.00	45.00	120.00	35.00	100.00
Plasterer	60.00	180.00	38.00	102.00	40.00	120.00	30.00	96.00
Tiler	65.00	155.00	40.00	120.00	40.00	130.00	32.00	100.00
Painter - Building	55.00	125.00	40.00	110.00	45.00	100.00	35.00	85.00
General Construction Worker - Civil	38.00	80.00	30.00	65.00	-	-	-	-
Electrical Wireman PW2 (RM monthly)	750.00	4,200.00	550.00	2,800.00	-	-	-	-
Electrical Wireman PW4 (RM monthly)	1,100.00	5,600.00	950.00	3,500.00	-	-	-	-

Source: CIDB Malaysia

IBS Installer Wage Rates

IBS installers comprised of only local workers are grouped into six categories under one main IBS Installer Wage Rate Category. This category was introduced in 2010 and is not opened to foreign workers. A skilled and semi skilled IBS roof truss installer earned the highest maximum daily wage in 2011 at RM175.00 and RM160.00 respectively. The other workers' wages were relatively comparable to the construction general worker daily wage rates.

Table 3.9 IBS Installer Wage Rates in Peninsular Malaysia (daily) in 2011

Category of Worker	Skilled Worker (RM)		Semi-Skilled Worker (RM)	
	Minimum	Maximum	Minimum	Maximum
IBS Precast Concrete Installer	65.00	165.00	35.00	135.00
IBS Lightweight Panel Installer	50.00	155.00	35.00	120.00
Lightweight Blockwall Installer	45.00	150.00	35.00	135.00
System Formwork Installer	55.00	150.00	35.00	105.00
Roof Truss Installer (Timber)	60.00	160.00	40.00	135.00
Roof Truss Installer (Light Gauge Steel)	60.00	175.00	45.00	160.00

Source: CIDB Malaysia

Construction Machine Operator Wage Rates

Both skilled and semi skilled local mobile crane operators earned the highest daily wage at RM200.00 and RM180.00 respectively. Meanwhile, a skilled foreign tower crane operator earned the highest daily wage of RM180.00 and a semi skilled foreign pile rigger earned a daily wage of RM125.00. The lowest wage rates were rather varied for the categories of workers in the minimum scale groups.

Table 3.10 Construction Machine Operator Wage Rates in Peninsular Malaysia (daily) in 2011

Category of Worker	Skilled Worker (RM)				Semi-Skilled Worker (RM)			
	Local		Foreign		Local		Foreign	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Excavator Operator	60.00	150.00	40.00	130.00	-	-	-	-
Pile Rigger	55.00	150.00	45.00	135.00	45.00	130.00	35.00	125.00
Off Road Truck Operator	40.00	140.00	35.00	120.00	40.00	110.00	35.00	90.00
Backhoe Loader Operator	50.00	150.00	40.00	120.00	-	-	-	-
Roller Operator	50.00	150.00	42.00	120.00	40.00	110.00	30.00	90.00
Roller / Compactor Operator	50.00	150.00	40.00	120.00	40.00	110.00	35.00	85.00
Scraper Operator	50.00	140.00	42.00	110.00	40.00	100.00	35.00	85.00
Motor Grader Operator	50.00	150.00	40.00	110.00	-	-	-	-
Wheel Loader Operator	50.00	180.00	40.00	130.00	40.00	110.00	35.00	90.00
Paver Operator	60.00	150.00	45.00	120.00	40.00	100.00	35.00	95.00
Mobile Crane Operator	60.00	200.00	50.00	150.00	40.00	180.00	40.00	95.00
Crawler Crane Operator	70.00	160.00	50.00	120.00	50.00	120.00	40.00	100.00
Tower Crane Operator	74.00	200.00	48.00	180.00	50.00	150.00	40.00	120.00
Forklift Operator	50.00	130.00	45.00	120.00	40.00	115.00	40.00	85.00
Slinger / Dogger	50.00	125.00	40.00	115.00	40.00	100.00	35.00	98.00

Source: CIDB Malaysia

3.6. Export and Import of Construction Work and Consultancy Services

3.6.1. Annual Export and Import of Construction Work

In 2011, Malaysian contractors managed to secure 9 foreign projects worth RM4.0 billion (2010: RM3.4 billion). The value increased by 16.6% but the number decreased by 60.9% because more construction projects with greater value were awarded in 2011. The prospect is expected to be tough in the future amidst the challenging global economic climate. Six out of the nine secured projects came from Asian countries and two projects came from the South-East Asian countries. The largest construction projects undertaken by Malaysian companies in foreign countries were the New 50km Yangshou-Luzhai Expressway, China (RM1.30

billion), the Improvement, Operating and Maintenance of Rehabilitation and Strengthening of Cibitung-Cilincing Tollroad, Indonesia (RM1.13 billion) and the Construction of the Approach Jetty and Ship Berth, Australia (RM1.05 billion).

Comparatively, a total of 57 foreign contractors from 15 countries secured 114 construction projects in Malaysia worth RM17.4 billion (2010: 49 foreign contractors, 13 countries). Contractors from China and Japan are the most involved at 29.0% and 22.0%, respectively. Among the largest construction projects awarded to foreign contractors in 2011 were Manjung Coal Fired Power Plant Project At Teluk Penchalang, Manjung (RM5.1 billion), Engineering, Construction Of The Second Polycrystalline Silicon Plant at Sarawak (RM1.8 billion) and Sabah Ammonia Urea (SAMUR) Project (RM1.4 billion).

Table 3.11 Value and Number of Export of Construction Services

Sector and Type of Project	Value (RM million)			
	2008	2009	2010	2011
Residential	1,855.33	2,415.52	1,792.56	81.68
Non-Residential	1,406.32	1,466.36	1,254.30	-
Social Amenity	213.92	387.97	145.01	-
Infrastructure	5,222.80	1,727.78	216.72	3,892.58
Grand Total	8,698.37	5,997.63	3,408.59	3,974.26

Sector and Type of Project	Number			
	2008	2009	2010	2011
Residential	6	2	5	2
Non-Residential	16	12	7	-
Social Amenity	6	5	1	-
Infrastructure	28	12	10	7
Grand Total	56	31	23	9

*As at 30 June 2012
Source: CIDB Malaysia

Table 3.12 Value and Number of Import of Construction Services

Sector and Type of Project	Value (RM million)				
	2008	2009	2010	2011	1H 2012
Total Private Sector	2,917.98	1,869.66	8,721.28	15,791.37	524.58
Residential	612.06	31.10	838.35	651.55	0.83
Non-Residential	1,527.62	1,026.02	4,622.34	7,976.18	356.46
Social Amenity	620.29	467.25	0.66	9.32	-
Infrastructure	158.01	345.29	3,259.93	7,154.32	167.29
Total Public Sector	4,851.82	1,313.99	316.22	1,610.73	144.86
Residential	-	-	-	-	-
Non-Residential	28.09	-	-	-	144.86
Social Amenity	-	-	-	-	-
Infrastructure	4,823.73	1,313.99	316.22	1,610.73	-
Grand Total	7,769.80	3,183.65	9,037.50	17,402.10	669.44

Sector and Type of Project	Number				
	2008	2009	2010	2011	1H 2012
Total Private Sector	73	51	108	108	25
Residential	8	3	8	6	1
Non-Residential	58	38	81	85	17
Social Amenity	3	4	1	3	-
Infrastructure	4	6	18	14	7
Total Public Sector	5	1	1	6	1
Residential	-	-	-	-	-
Non-Residential	2	-	-	-	1
Social Amenity	-	-	-	-	-
Infrastructure	3	1	1	6	-
Grand Total	78	52	109	114	26

*As at 30 June 2012
Source: CIDB Malaysia

Table 3.13 5 Major Project Secured by Malaysian Contractors in Foreign Market in 2011

	Country	Type of Project	Value (RM million)
1.	China	Infrastructure	1,302.85
2.	Indonesia	Infrastructure	1,129.14
3.	Australia	Infrastructure	1,049.99
4.	India	Infrastructure	237.12
5.	Bangladesh	Infrastructure	82.29

*As at 30 June 2012
Source: CIDB Malaysia

Table 3.14 5 Major Projects Secured by Foreign Contractors in Malaysia in 2011

	Country	Type of Project	Value (RM million)
1.	China	Infrastructure	5,123.90
2.	Japan	Non-Residential	1,827.46
3.	Japan	Non-Residential	1,378.75
4.	Taiwan	Infrastructure	1,015.14
5.	Hong Kong	Infrastructure	983.24

*As at 30 June 2012
Source: CIDB Malaysia

3.6.2. Annual Export and Import of Consultancy Services

Local contractors undertaking overseas projects and foreign contractors awarded with projects in Malaysia are required to register with CIDB Malaysia. Normally, they will use consultancy services from their own country in the implementation of the projects. A total of 22 foreign architects involved in implementing projects in Malaysia were registered in 2011. Meanwhile, 11 quantity surveyors who were implementing projects overseas were also registered.

Table 3.15 Import and Export of Consultant Services

Type of Consultant	Import		Export	
	2010	2011	2010	2011
Architect ¹	22	22	N.A	N.A
Engineer ²	N.A	N.A	N.A	N.A
Quantity Surveyor ³	N.A	N.A	19	11

Note : N.A – Not Available

Source:

¹ Board of Architects Malaysia

² Board of Engineers Malaysia

³ Board of Quantity Surveyors Malaysia

3.7. Construction Industry Outlook for 2012 / 2013

The five-year economic plan, the Tenth Malaysia Plan (10MP), has allocated a financial budget of RM230.0 billion for its five-year implementation (2011 – 2015). A large portion of the allocation is to finance the development of the economic (55%) and the social (30%) sectors. For the first time, the government is introducing a two-year spending method (*Rolling Plan*)³ to provide more flexibility in the coordination of the allocation in the event of change in the global economic environment. Under this two-year *Rolling Plan*, a total of RM103.6 billion has been allocated for 2011 – 2012 expenditure, with RM51.2

billion allocated for 2011 which includes contingency reserves (RM2.0 billion) and the remaining RM52.4 billion allocated for 2012.

The Malaysian economy is projected to grow at a steady pace by 5.4% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth. However, there may be a downside impact on domestic demand growth due to several risks which include an escalation in the eurozone sovereign debt crisis and a much slower growth in Malaysia's major trading partners. It should be noted that the authorities have sufficient policy flexibility to support the domestic growth economy and respond to global developments. The growth of both private consumption and investment will be supported by continued investment by domestic-oriented industries and the ongoing implementation of projects under the Economic Transformation Programme (ETP). The implementation of the Specific Stimulus Package through Private Financing Initiatives that was announced in the 2012 Budget would provide further impetus to real activity during the year. On the supply side, most sectors will continue to expand in 2012. In 2012, the agriculture sector is projected to grow at 3.8%, the mining sector at 0.6%, the manufacturing sector at 3.9%, the services sector at 5.1% and the construction sector at 6.6%.

Table 3.16 Expenditure and Allocation for Five-Year Malaysia Development Plans

Sector	8MP Expenditure (2000 – 2005) (RM billion)	9MP Expenditure (2006 – 2010) (RM billion)	10MP		
			Plan Allocation (RM billion)	2011 Development Expenditure (RM billion)	2012 Development Budget (RM billion)
Economic sector	64.9	112.4	126.5	28.2	29.8
Social sector	69.8	74.7	69.0	15.8	13.6
Security sector	22.6	24.2	23.0	4.4	4.4
Public administration sector	12.7	11.5	11.5	1.0	1.4
Total	169.9	222.8	230.0	49.31	49.2

Source: 2011/ 2012 Ministry of Finance Economic Report
Central Bank of Malaysia Annual Report 2011

The construction sector is projected to grow by 6.6% in 2012, mostly driven by the civil engineering sub-sector. The launch of a key infrastructure project; the Sungai Buloh – Kajang MRT and the continuous progress in existing projects such as the Second Penang Bridge, Ipoh – Padang Besar Double Track, Kuala Lumpur International Airport

2 (KLIA 2) and the extension of the Kelana Jaya and Ampang LRT lines will lend further support to growth.

In the 2012 Budget, a total of RM49.2 billion has been allocated for development expenditure from the total budget of RM230.8 billion. From this amount, RM29.8 billion has been given to the economic sector, RM13.6 billion to the social sector, RM4.4 billion to the security sector and the balance of RM1.4 billion to general administration. Among the projects identified under the 2012 Budget are the Public-Private Partnership (PPP) projects (RM2.8 billion), water supply project to rural areas (RM2.1 billion), development of schools (RM1.9 billion), Rural Road Programme and Village Link Road Project (RM1.8 billion) and the upgrading and construction of new hospitals (RM1.8 billion).

CIDB estimates that the value of construction projects awarded may increase approximately to RM90.0 billion for 2012, while the value of construction projects for 2013 is estimated to increase to RM91.3 billion. These figures are arrived at after taking into account the forecasted growth rate and the uncertainties regarding the global economy that may adversely affect Malaysia. Private projects are expected to feature prominently in 2012 and 2013 as public projects assume a secondary role, consistent with the government's aspiration for the private sector to be the engine of growth for the economy. Demand for residential properties is expected to stabilise in 2012. In the Budget 2012, the Government has targeted construction of approximately 33,000 housing units estimated to be worth RM2.0 billion. Until March 2012, the Ministry of Housing and Local Government of Malaysia has approved the construction of 47,609 units of houses of different categories. 159,642 residential units were built in 2011 while 120,801 units in 2010. Growth in the non-residential sub-sector is expected to be sustained, owing to public sector expenditure on hospitals and schools.