

Chapter 6

Government Initiatives to Promote Tourism

6.1 Institutional Structure and Budget

The Government plays an important role in promoting tourism. In Malaysia, tourism is managed at 3 levels within the government hierarchy, namely Federal (National), State and Local (Town councils / municipalities). At the Federal level, the entity responsible for policy matters is the Ministry of Culture, Arts and Tourism (MOCAT), while promotional activities are undertaken by the Tourism Malaysia (a.k.a. Malaysian Tourism Board). At the State level, the Chief Minister or State EXCO will determine policy issues. In January 2003, MOCAT initiated the formation of State Tourism Action Council (MTPN) with the objective to plan, develop, coordinate, monitor and promote tourism products in a more integrated manner. However, these efforts are still at a very early stage. The Local town councils are responsible for beautification and local transport matters.

Table 6.1 - Development Allocation for Tourism, 1996 – 2005 (RM million)

Programme	7 th Malaysia Plan		8 th Malaysia Plan
	Allocation	Expenditure	Allocation
Preservation of National / Historical Heritage	56.0	42.4	125.0
Accommodation	49.0	34.0	35.5
Beautification and Environmental Protection	89.2	69.5	295.3
Facilities & Infrastructure	335.5	276.2	473.6
Others	75.8	62.1	79.6
	605.5	484.2	1009.0

Source: 8th Malaysia Plan, Chapter 15 'Tourism'

In the 8th Malaysia Plan 2000 – 2005, the Government increased the budget allocation for tourism related projects and investments by almost 100 % relative to the 7th Malaysia Plan. The range of Government initiatives listed above include those undertaken through the

Malaysian Tourism Board, various ministries as well as in partnership with the private sector. Some of the main initiatives include:

- **Infrastructure projects**

These initiatives include providing adequate transport facilities to cater for international tourists and domestic tourists. The Kuala Lumpur International Airport, the KLIA Express, the highways leading to the airport and improvements to the local transport services (Light Rail Transit systems and monorail) all contribute towards the capacity to enter, travel and leave the country with more ease. The construction of medium priced hotels, such as the Hotel Sri Malaysia chain, provides an affordable venue for family holidays, particularly for domestic tourists.

- **Human Resource Development**

Tourism is pre-dominantly a service industry, and highly dependent on what is known as 'People skills'. The right sort of behavior, dressing, mannerism, knowledge and communication skills can make a significant difference to a visitor's experience. The National Tourism Human Resource Development Council (NTHRDC) has conducted research into training requirements, and coordinated training activities for the tourism industry. The National Vocational Training Council (NVTC) has developed national occupational skill standards (NOSS). These standards cover operations, production and management level skills. These initiatives will help develop a pool of talent that is very much needed within the tourism industry of Malaysia.

- **Advertising and Promotion**

The Malaysian Tourist Board (MTB) campaign and theme 'Malaysia Truly Asia' maybe the first attempt to develop a unique image for Malaysia. This theme attempts to reflect a unique proposition, namely the opportunity to experience a multi-cultural society with all the different religions, traditions, festivities and social practices. In order to make its promotion campaigns more effective, MTB has established 30 offices abroad, which provides the capacity to reach out to agencies such as the immigration departments, tour agents, custom officials, travel agents and local advertisers in the countries of origin.

6.2 Weaknesses in Tourism Product Policy

Tourism Product Policy refers to the factors taken into account in developing promotional events and in developing infrastructure to attract tourists. Development of Langkawi, construction of certain large shopping complex sites, renovations to heritage sites, building of budget hotels and tax incentives to tourism industry are all examples of tourism product policies. Policies deal with advertising, budget hotels, international events and international travel regulations.

However, based on various newspaper reports, there are a number of important issues that have not been adequately addressed by the tourism product policies. Examples include:

- Improving the standard of local taxi services in terms of quality, professionalism and standard charge rates.

- Improving the cleanliness standards of public amenities including those at places frequented by travelers, such as railway stations, public bus stops, taxi stations and main bus depots.
- Improving the standard of budget hotels in terms of maintenance, cleanliness and quality of service.
- Improving the availability and safety of pedestrian walkways in cities and towns.
- Improving the quality of sign boards throughout the country.
- Improving the quality of drainage especially in the city area where flash floods continue to occur during the monsoon season.
- Improving the availability of information about tourism products.
- Improving the management of heritage sites, scenic places, historical buildings, monuments and evidence of Malaysia's mixed culture.
- Improve the coordination of promotion done by the federal government (Ministry of Culture, Arts and Tourism) and the state level promotions (State Tourism Action Council).
- Improve the standards of safety by having more 'tourist police' to ensure the tourist hot spots are safe.

6.3 Return On Investment on Government Spending for Tourism

Governments in many countries have increased their allocation for tourism related industries. The WTTC estimated the Return on Investment (ROI) on Total Government Expenditure (Collective and Individual) for 2001 by comparing the receipts generated to each government's Travel and Tourism Expenditure (US\$ million) for the same year. (Note: Since the source for the following data is WTTC, the data may not be directly

comparable to the government budget allocations given under the 7th and 8th Malaysia Plans.)

Table 6.2: Return on Investment for Government Expenditure

Countries	Arrivals (*000)	Receipts (US\$ M)	Govt Exp (US\$ M)	ROI on Tourist
Singapore	6726	5432	901	6.03 %
China	33167	17792	5906	3.01 %
Indonesia	5147	8241	958	8.61 %
Japan	4772	3301	28542	0.12 %
Thailand	10133	6731	386	17.44 %
United Kingdom	22833	16263	7974	2.04 %
Australia	4856	11115	2693	4.13 %
Malaysia	12775	6373	175	36.42 %

Source: World Travel & Tourism Council (2002), 'The Impact of Travel & Tourism on Jobs and the Economy, WTO Highlights, Tourism Malaysia

Malaysia records the highest ROI among the countries included in the study above, earning US\$ 36.4 for every US\$ 1 invested by the government. The high ROI is due to the relatively lower government expenditure, lower cost of providing services in Malaysia and the disproportionately high tourist receipts generated by a single market, namely Singapore, where very little is spent by way of tourist promotions. Another reason is the fact that the private sector contributes the major share of investment capital spending for tourism in Malaysia.

The data suggests that on a relative basis, the Malaysian government can increase its budget allocation for tourism and still achieve a positive ROI. The focus on new investments should be enhancing quality of services and policies, rather in merely attracting more 'mass tourists' to visit Malaysia.

6.4 Conclusion – Government Initiatives

The ROI figures and success in attracting tourists over the past few years is a tribute to the Government's efforts in promoting tourism. However, the long list of 'weaknesses' highlighted by various sources indicates the government needs to focus on 'sustainable tourism', which means spending more resources on creating a better experience for tourists, and in maintaining the environment and infrastructure that supports tourist traffic.