The City of Adelaide – July Trade Mission to Malaysia
Health, Aged Care and Senior Living Opportunities

“As elderly population dynamics change, there is a shift in the way the future elderly will live. While Asia traditionally tends to be a care at home aged care dynamic, retirement villages and elderly care centres are increasing in Thailand and Malaysia specifically. In Malaysia, Penang and Johor Bahru are expected to see more development, with partnerships between Malaysian and foreign companies with experience in aged care services (such as those from Australia and Japan) enabling developments with a range of services positioning Malaysia as a favourable location for aged care services.”

Industry Profile

<table>
<thead>
<tr>
<th>Population</th>
<th>29 Million (Penang 1.65 Million)</th>
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</thead>
<tbody>
<tr>
<td>Gross National Income per Capita (PPP International $US)</td>
<td>US$15,650 (Penang US$10,005)</td>
</tr>
<tr>
<td>Life expectancy at Birth Male/Female (years)</td>
<td>72/76</td>
</tr>
<tr>
<td>Probability of dying under five (per 1000 live births)</td>
<td>9</td>
</tr>
<tr>
<td>Probability of dying between 15 and 60 years Male/Female (per 1000 population)</td>
<td>174/90</td>
</tr>
<tr>
<td>Total expenditure on health per capita (SUS 2011)</td>
<td>$616</td>
</tr>
<tr>
<td>Total expenditure on Health as % of GDP (2011)</td>
<td>3.8%</td>
</tr>
<tr>
<td>Health and Primary Education (Global ranking from 1 Best - 148 Worst)</td>
<td>33</td>
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</tbody>
</table>

- The relatively small population of Malaysia (29 million) is reflected in the number of health facilities. Malaysia has 362 general hospitals comprising both public and private run facilities, and 11,067 medical clinics throughout the country.
- The Malaysian government has a focus on developing industrial zones or corridors that specialise in different industry sectors including ‘medical cities’. The objective is to develop entire medical and health industry value chains in regions of Malaysia, and to be positioned as a centre for the development of biotechnology in bio-medical, bio-pharmaceutical and nutraceutical industries.
- Malaysia, as one of Asia’s most recognised developing countries, has immense potential in medical tourism, especially in Penang. Healthcare in Malaysia has an efficient system of health care, operating a two-tier health care system consisting of both a government-run universal healthcare system and a co-existing private healthcare system.

Key Industry Trends

- The Malaysian government has maintained healthcare as a priority focus for the government, and changing demographics are creating new opportunities in aged care and seniors living, aged care treatments, and positively addressing middle class ailments such as cardiovascular disease and diabetes.
- The government is seeking to use the healthcare sector to further transform the Malaysian economy, through extending the productive life of the workforce, and generating new jobs across the services and product development sector.
- Demand for healthcare services is continuously expanding due to projected demographic shifts, including the increasing aging population, life expectancy and lifestyle diseases.
- Retirement homes in the country are mostly owned and run by private companies or charitable organisations.
- 3.4 million people, amounting to 9.9 per cent of the population in Malaysia, are forecast to be above the age of 60 by 2020. By 2035, Malaysia is expected to have ‘achieved’ the status of an ageing society with 15 per cent of the population above the age of 60.
- MM2H (Malaysia My Second Home) program is heavily promoted by the government as a national agenda to encourage more foreigners to retire in Malaysia.
- The ageing population in Malaysia is likely to create a strong demand in the market for aged care facilities, services and expertise by the general public, and private and public sectors.
- Malaysia is heavily reliant on imports in the key categories of:
  - Healthcare products such as health supplements
  - High tech medical equipment
  - Training and development in healthcare services
- Multinational companies are encouraged to set up in Malaysia and the country is promoted as a distribution hub for other ASEAN countries. Multinational companies in Malaysia include:
  - Ansell (Australia)
  - B. Braun (Germany)
  - Johnson & Johnson (America), are some of the major players in the country.

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1 Frost & Sullivan, Medical Tourism and Aged Care to Drive Malaysian Private Healthcare Industry, Jan 27, 2016
The growth in the South East Asian medical tourism market has seen the private health sector in Malaysia seek to gain an increasing share of this market. In 2012 annual medical tourist numbers were approaching 700,000. This shows the increasing growth of the sector and could provide a good opportunity for some South Australian health industry companies.

Leading Malaysian property developers are currently planning for major urban and retirement living projects in Penang.

**Major Industry Participants**

The major private healthcare players in Malaysia include:

- IHH - the healthcare arm of Malaysia’s state investor, Khazanah Nasional Bhd.
- KPJ Healthcare
- Sime Darby Healthcare
- HSC Medical Centre
- Prince Court Medical Centre
- Sunway Medical Centre

Major pharmaceutical companies include:

- Pharmaniaga
- Chemical Company Malaysia
- Prime Pharmaceutical
- Hovid Pharmaceutical

Major multinational pharmaceutical companies that have presence in Malaysia include:

- GlaxoSmithKline
- Pfizer
- Merck & Co
- Sanofi
- Novartis.

Key private sector organisations involved in the development of medical cities and aged care/seniors living precincts include:

- Gamuda and Gamuda Land
- Desa ParkCity
- Country Gardens Pacificview (Forest City)
- UEM Group
- UEM Sunrise
- KFM
- SP Setia

Some Australian organisations already engaged in the Malaysian health, aged care and seniors living industry include:

- Tectura Architects
- Professor
- Optimum Aged Care Services
- Village Care
- Jeta Care
- Professor Hok Tan (Women’s and Children’s Hospital)

**Market Entry Considerations**

- Malaysia has a more liberal regulatory system than many of its neighbours in the ASEAN region. This is part of the competitive advantage through which Malaysia is positioning, in order to attract trade and investment through Malaysia and into the region. Indeed, the World Bank report “Doing Business 2013: Malaysia” has identified the liberalisation of regulations in Malaysia as moving faster to de-regulate particularly in the length of time required to start a business than any of Malaysia’s South East Asian neighbours.

- The recently ratified Malaysia Australia Free Trade Agreement (MAFTA) will result in the elimination of tariffs from 98.6% of tariff lines by 2016, which is an improvement from the commitments in the AANZFTA, in terms of both tariff lines and also timeline for removal. This removal of tariff lines provides increased incentives for companies to export to Malaysia, and gain access to the market opportunities. The accelerated reduction in tariff barriers to trade has resulted in Malaysia now having one of the most open markets for Australian exporters and investors. MAFTA has identified some positive trade related outcomes that will affect companies seeking to market their technology, products and services to Malaysia.

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3 Source: Austrade Industry Profile, www.austrade.gov.au