

3.0 STATEMENT OF NEED

3.1 Introduction

As part of Malaysia’s growth plan towards high income status, tourism was selected as one of the National Key Economic Areas (NKEA) under the National Transformation Programme (NTP) in 2010. It was envisaged to be a quick win in terms of drawing in tourist spending.

Since the inception of NTP, the tourism industry has been expanding at a tremendous pace. It has opened up new opportunities and benefited Malaysians by bringing in RM19.4 billion of investment and contributing 1.77 million jobs (13% of total employment) in 2014 alone. In 2015, tourism was the second highest private investment contributor at RM24.5 billion and the third largest GNI contributor at RM69.1 billion. As for last year, the tourist receipts were more than RM82 billion and the number of tourist arrival achieved 26 million.

Malaysia is now expecting more a bigger market from China and India besides the usual target of travelers from Singapore, Thailand, Indonesia and Brunei. The government is aiming to attract 31 million tourists with tourists’ receipts of RM114 billion in 2017.

3.2 Tourism Sector Development Trend in the State of Melaka

Melaka is seen as one of Malaysia’s premier tourist destinations with unique heritage, multitude of museums and delicious foods. Heritage tourism is one of Melaka’s most valuable asset in generating the growth of tourism industry. Melaka’s heritage tourism has also been internationally recognized, particularly by UNESCO. Hence, by enhancing other tourism elements such as education, agro-tourism, medical, sports, conventions, shopping and food, this will continue to ensure that Melaka remains as top tourism destination in the region.

According to the statistic data provided by Melaka Tourism Promotion Divison, the State received an approximately 13.7 million of tourists in Year 2012. With an average annual growth of 17.45% (from Year 2000 to Year 2012), it is projected the number of tourist will exceed 20 million by Year 2020 as shown in **Table 3-1**.

Table 3-1 Number of Tourists Arrival in Melaka from Year 2000 to Year 2012

Year	No. of Tourists			Annual Growth Rate (%)
	Domestic	Foreign	Total	
2000	1,129,467	1,040,520	2,169,987	26.72
2001	1,528,971	1,039,627	2,568,598	18.37
2002	1,842,336	1,133,851	2,976,187	15.87
2003	2,860,336	742,612	3,602,948	21.06
2004	2,987,310	1,017,728	4,005,038	11.16

Year	No. of Tourists			Annual Growth Rate (%)
	Domestic	Foreign	Total	
2005	3,719,292	976,470	4,695,762	17.25
2006	3,964,477	1,133,355	5,097,832	8.56
2007	4,857,248	1,366,063	6,223,311	22.08
2008	6,004,105	1,201,387	7,205,492	15.78
2009	7,293,762	1,611,511	8,905,273	23.59
2010	8,177,869	2,176,792	10,354,661	16.28
2011	9,070,901	3,094,965	12,165,866	17.49
2012	10,198,855	3,512,279	13,711,134	12.70
2020	-	-	20,000,000*	-
Average Annual Growth Rate (1999-2012)				17.45
<i>Note:</i> * Number of Tourist Projection provided by Melaka Tourism Promotion Division, Melaka Chief Minister Department				

Source: Melaka Tourism Promotion Division, Melaka Chief Minister Department

Meanwhile, according to the Melaka Chief Minister Department, the number of tourist visited Melaka in 2015, was about 15.7 million while this number rose by 4.3% to 12.74 million from January to October 2016 compared with the corresponding period in 2015. Out of the total, 8.48 million were domestic tourists while the rest were foreigners. Tourist arrivals from China were the highest at 1.14 million, followed by Singapore (1.08 million), Indonesia (563,941), Taiwan (128,504) and Japan (96,917). The number of Chinese tourist arrivals increased by about 60% in 2016 compared with 711,800 in the corresponding period in 2015.

Increased of the number of tourist has caused a tremendous rise of demand for hotel, resort, chalet and other accommodation facilities. In order to fulfill this requirement, additional land banks for the development associated with the tourism industry are needed.

Development by reclamation is one of the strategic project developments identified in the Melaka Draft Structure Plan 2000-2020. In particular, coastal reclamation have been emphasized by the state government as a new economic driver. Under this strategic, development by reclamation needs to be developed by integrating it with the existing development with consideration for the environment. Projects proposed should also have a clear direction in development with specific concepts and themes.

3.3 The Need of the Project

The proposed project involves reclamation and construction of water chalets (without reclamation). The need of the project is based on the following rationale:

3.3.1 Supports Government's Development Plans and Strategies

Generally, the project is consistent with most of the Government Development Plans as described below and is compatible with the existing and proposed land uses of the surrounding area. The reclamation and development of water chalets not only will indirectly enhance tourism elements within the coast of Melaka, but also will help in achieving the following targets and objectives, which have been identified as important criteria in the formation of the state's tourism strategy by 2035:

- To increase the number of tourists and visitors to 25 million by 2035
- To increase tourists stay more than three days
- To increase the number of tourist spending to increase state revenue
- To improve the tourism infrastructure
- To reinforcing the Melaka status and image through tourism

3.3.2 Promote Tourism in Klebang

The project is situated strategically along the seafront of Klebang Beach. It has the potential for tourism development as it is a viable location to welcome visitor to explore the area. The project is not only accessible easily via the available road network system but is also located within mere minutes away from other tourism hotspots like Submarine Museum, *Padang Pasir Klebang* and etc. With the development of new infrastructures and accommodation facilities, it is anticipated more tourists and visitors will be attracted to visit the Klebang area.

3.3.3 Create New Jobs and Business Opportunities

The proposed project not only will create additional land banks to cater for accommodation facilities but will also help in promoting other developments associated with the tourism industry. This is due to the project will result in new jobs from the early phase until the completion of the project. On top of that, it will also create new business opportunities that will benefit to the local during the operational of the water chalets.

Indirectly, higher income to the State of Melaka derived from the tax on the tourism industry can also be expected due to the implementation of the proposed project.