

The Quest for Prosperity:

SHAPING THE FUTURE OF OUR REGIONS





CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 117,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that influence the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.



About the Legatum Institute Foundation

The word 'legatum' means 'legacy'. The Legatum Institute Foundation is focused on tackling the major challenges of our generation—and seizing the major opportunities—to ensure the legacy we pass on to the next generation is one of increasing prosperity and human flourishing. The Legatum Institute Foundation is an international think tank based in London. Our work focuses on understanding, measuring, and explaining the journey from poverty to prosperity for individuals, communities, and nations.

Our pursuit of prosperity goes beyond the material. We believe that true prosperity is a combination of economic and social wellbeing. Our annual **Legatum Prosperity Index™** uses this broad definition of prosperity to measure and track the performance of 149 countries of the world. For a decade The Prosperity Index has been offering a unique insight into how prosperity is forming and changing across the world. Based on an updated methodology developed over the last 2 years with input from world leading advisers including Nobel Laureate Angus Deaton it measures global prosperity covering a variety of categories: Economic Quality, Business Environment, Governance, Education, Health, Safety & Security, Personal Freedom, Social Capital, and the Natural Environment.

The Prosperity Index is a powerful tool that shows us how prosperity is forming and changing around the world. This provides a greater understanding of those nations that are becoming more prosperous as well as those that are becoming less prosperous and, crucially, what lessons we can draw from them.

Our research work, born out of our metrics, identifies and advocates for policies and practices that move individuals, communities, and nations from poverty to prosperity. Our analysis and our policy solutions are founded on robust evidence.



Copyright © October 2017. Chartered Accountants Australia and New Zealand. All rights reserved.

Disclaimer: This was prepared by Chartered Accountants Australia and New Zealand with the assistance of the Legatum Institute Foundation (LIF). This publication contains general information only, and may not be relied upon; none of LIF, its group companies or affiliates (the 'Legatum Group'), nor Chartered Accountants Australia and New Zealand are, by means of this publication, rendering professional advice or services. No warranty is given to the correctness of the information contained in this publication, or its suitability for use by you, or any other matter. To the fullest extent permitted by law, Chartered Accountants Australia and New Zealand and the Legatum Group expressly disclaim all liability for any statement or opinion, or for any error or omission or for any loss whatsoever sustained by any person who relies on this publication. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

Chartered Accountants Australia and New Zealand. Formed in Australia. Members of the organisation are not liable for the debts and liabilities of the organisation. ABN 50 084 642 571 324

Foreword

Prosperity was once considered purely a measurement of financial success.

Today though, it's a vital indicator of a nation's health across the economy, society and the natural environment.

The quest for prosperity unites all countries – as they strive to improve communities, industries, health outcomes and preserve vital tourism and agricultural assets.

This paper has been prepared by the Legatum Institute in consultation with Chartered Accountants Australia and New Zealand.

It is a data-driven analysis of prosperity across Australia, Hong Kong, Malaysia, New Zealand, Singapore, and the UK – key markets for Chartered Accountants Australia and New Zealand and its members.

The paper examines prosperity across nine pillars – Business Environment, Economic Quality, Health, Safety and Security, Social Capital, Education, Natural Environment, Governance and Personal Freedom.

Overall, it's clear that across these key markets levels of prosperity have been rising since 2007.

Despite its size, New Zealand has ranked first in global prosperity – thanks largely to its business, economic and social conditions. Singapore and Hong Kong also significantly over-performed in economic measurements.

However, it's clear the key markets face challenges to ensure prosperity for all. For example, Australia has dropped six places since 2007, due to Economic Quality and Business Environment.

The challenges faced by each nation are different, but all are united in their quest to build prosperity.

We trust you find this analysis of key markets leads to be thought provoking and it is our hope it leads to further discussion.



Simon Grant FCA

Head of Members

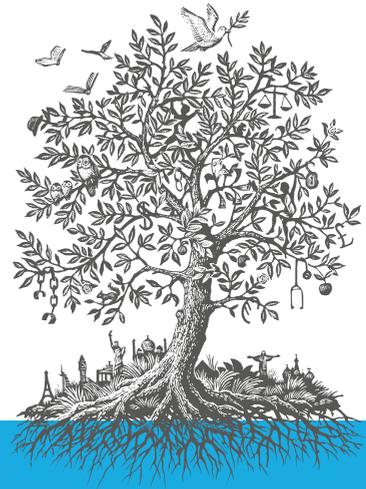
Contents

02
03

| | |
|--------------------------------|-----------|
| Introduction | 6 |
| Key Markets at a Glance | 8 |
| Pillar Analysis | 14 |
| Economic Quality | 16 |
| Business Environment | 19 |
| Governance | 23 |
| Education | 26 |
| Health | 29 |
| Safety & Security | 32 |
| Personal Freedom | 35 |
| Social Capital | 39 |
| Natural Environment | 42 |

04
05

| | |
|---------------------|-----------|
| Conclusion | 45 |
| Appendix | 48 |
| Malaysia Scorecard | 48 |
| Singapore Scorecard | 54 |
| Hong Kong Scorecard | 60 |
| References | 66 |



Introduction

Prosperity is more than just material wealth. Prosperity is a product of both economic and social wellbeing. Prosperity means that citizens are able to have good health, access to quality education, strong and safe communities and opportunities to start a business or get ahead.

This paper has been prepared by the Legatum Institute and Chartered Accountants Australia and New Zealand. It examines prosperity in six key markets:

Australia, Hong Kong, Malaysia, New Zealand, Singapore and the UK (the "key markets"). These countries were chosen because they are where the Chartered Accountants Australia and New Zealand have offices and a significant number of members are based there.



Figure 1 : Pillars of Prosperity

The Legatum Prosperity Index™

For the last decade the Legatum Institute has examined what makes countries prosperous around the world.

In this paper we take a broad view of national success, or more simply, prosperity. We consider national progress through the lens of the *Legatum Prosperity Index™* (the Prosperity Index). The Prosperity Index looks at both economic and social progress in 149 countries globally through nine pillars (see figure 1). It is a powerful means of promoting a discussion about living standards.

Across the nine pillars, it uses both objective and subjective data to capture the full richness of a prosperous life. It is one of the few global indices to reflect both the creation of wealth, and its use.

Some pillars are economic: these relate to the contribution of the economy, businesses and regulation towards national prosperity. Some pillars are institutional: they measure the health of institutions in society that are necessary to manage conflicts, protect freedom, and enable citizens to participate in public life. The final group comprises the social pillars. These pillars are about the outcomes and quality of people's lives. It includes a nation's security and citizens' safety, the opportunity to be educated, the strength of trust and relationships, the health of a population, and the natural environment. All these pillars make up prosperity.

This paper looks at different aspects of prosperity in each of these pillars. It focuses on particular topics or countries to examine features of prosperity within and across the key markets. The key findings for each pillar are as follows:

Economic Quality: The key markets perform very well under this heading in the global rankings. Malaysia has improved the most. However, four out of six key markets have seen scores fall.

Business Environment: Again, this is an area of strong performance for the key markets. Hong Kong and Singapore are strong performers and, although Malaysia's performance is somewhat weaker than the other countries, from a global perspective Malaysia is still a strong performer.

Governance: There is a wide variance of performance on this pillar. Australia, New Zealand and the UK lead the scores. Malaysia comes last. Malaysia and Australia have seen the greatest declines in the last 10 years.

Education: The three top performing countries are Australia, Singapore and the UK. Not only are New Zealand, Hong Kong and Malaysia the weakest performers, their scores have declined over the last ten years.

Health: Singapore is the clear leader in Health; and Malaysia falls much further behind. All key markets have improved since 2007, with the exception of Malaysia.

Safety and Security: With the exception of Malaysia, the key markets all perform very strongly in terms of safety and security. Malaysia has experienced the largest decrease.

Personal Freedom: New Zealand, Australia and the UK show much higher scores than Malaysia, Singapore and Hong Kong. In particular, Hong Kong has seen the most dramatic decline in personal freedoms.

Social Capital: Australia and New Zealand have the strongest social capital; but both have seen declines since 2007. Malaysia has seen the largest increase. Hong Kong and Singapore are both relatively weak and Singapore has seen a decrease over the decade.

Natural Environment: Australia, New Zealand, Singapore and the UK perform strongly on environmental quality and have similar scores. Hong Kong is the furthest behind, but has also seen the greatest increase over the decade, primarily because of increased satisfaction with preservation efforts.

Overall, the key markets perform strongly across a range of pillars. Nevertheless, prosperity can always be improved; and in our conclusion, we identify two major challenges for each country and means of addressing them.

02

Key Markets at a glance





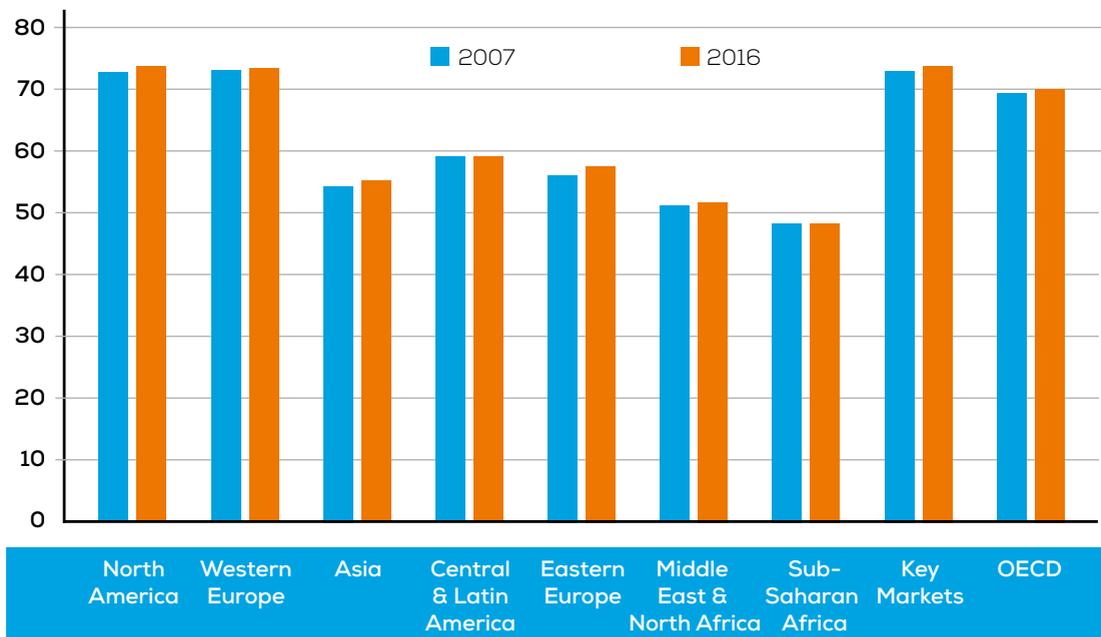


Figure 2: Key Markets compared to other world regions

The key markets as a group

In this first section we look at how the key markets compare against world regions.

Overall, the key markets have a similar level of prosperity to Western Europe and North America. Generally prosperity is slightly higher than it was in 2007; but most of this change occurred between 2007-2013.

There is significant variation between countries across the pillars. Figure 3 shows the global rankings for each country and the ranking by pillar.

New Zealand 1st (no change)

New Zealand has continued to perform well over the decade. It is in the top three countries globally for Business Environment, Economic Quality, Social Capital, Personal Freedom and Governance. However, it is much weaker in the other pillars, particularly Safety and Security.

Looking beyond the rankings, it has seen its underlying prosperity grow, with the largest increase in its Business Environment.

Australia 6th (down 4 places)

Australia has the largest fall down the rankings, from 2nd in 2007. Along with Hong Kong, it sees its total score also decline over the decade. Although, it still remains near the top of the rankings.

While its decline has been largely driven by falls in Economic Quality, Business Environment and Governance, it continues to perform strongly in Business Environment, Social Capital, Education and Health.

United Kingdom 10th (up 1 place)

The UK is the only key market to move up the global rankings in the last ten years. It performs most strongly in the Business Environment and Education Pillars; but Health is a weak point.

The UK has improved its underlying prosperity over the decade, with strong improvement in Education and Safety and Security in particular.

| Country | Global Prosperity | Change in PI Rank since 2007 | Economic Quality | Business Environment | Governance | Education | Health | Safety and Security | Personal Freedom | Social Capital | Natural Environment |
|----------------|-------------------|------------------------------|------------------|----------------------|------------|-----------|--------|---------------------|------------------|----------------|---------------------|
| New Zealand | 1 | - | 1 | 2 | 2 | 15 | 12 | 19 | 3 | 1 | 13 |
| Australia | 6 | -4 | 15 | 7 | 13 | 4 | 8 | 20 | 12 | 2 | 14 |
| United Kingdom | 10 | +1 | 10 | 5 | 11 | 6 | 20 | 13 | 15 | 12 | 10 |
| Singapore | 19 | -1 | 8 | 6 | 18 | 10 | 2 | 1 | 97 | 31 | 11 |
| Hong Kong | 23 | -2 | 20 | 4 | 27 | 21 | 7 | 11 | 45 | 53 | 98 |
| Malaysia | 38 | -2 | 23 | 16 | 40 | 31 | 37 | 58 | 112 | 33 | 49 |

Figure 3: Global rankings for each country and the ranking by pillar

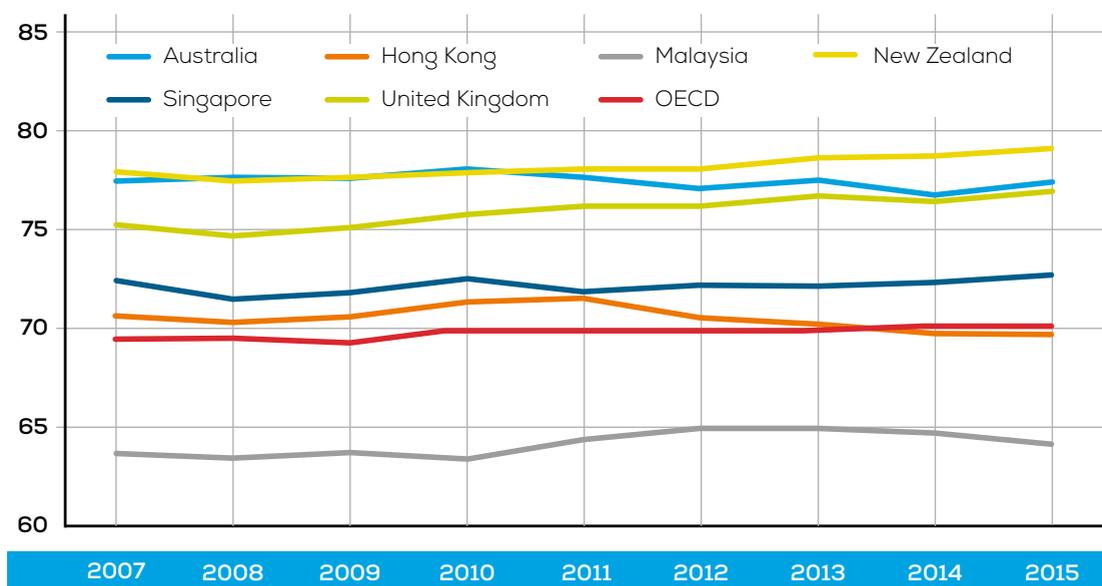


Figure 4: Overall Prosperity Index Score 2007-2015

Singapore 19th (down 1 place)

Singapore has moved one place down the rankings since 2007. It performs very well on Business Environment, Economic Quality, Safety and Security and Health. Personal Freedom is a major outlier for Singapore, where it sits at 97th.

Singapore's prosperity has improved slightly in real terms since 2007. The area with the most significant improvement was Education, followed by Governance. The aspect that has decreased the most in real terms is Business Environment.

Hong Kong 23rd (down 2 places)

Hong Kong has fallen two places down the rankings. It is competitive in Business Environment, Safety and Security, and Health. It is very weak in Natural Environment, but also underperforms in Personal Freedoms and Social Capital.

Like Australia, Hong Kong's underlying prosperity has declined. There was an increase between 2007 and 2011, but it has since decreased. There have been small improvements in Natural Environment, Social Capital and Health. All other aspects of its prosperity have either stayed the same or declined.

Malaysia 38th (down 2 places)

Malaysia sits well behind the other key markets, and has fallen two places in the global rankings since 2007. It significantly outperforms its ranking in Business Environment and Economic Quality. Like Singapore, it massively underperforms on Personal Freedom, while also ranking low on Safety and Security and Natural Environment.

Overall, prosperity has increased in Malaysia over the decade. However, there has been a slight decline since 2013. Pillars with the largest increases were Business Environment, and Social Capital; while Safety and Security and Health saw significant declines.

03

Pillar Analysis





Economic Quality

The Economic Quality pillar ranks countries on the openness of their economy, macroeconomic indicators, foundations for growth, economic opportunity, and efficiency of the financial sector. Sound and stable economic fundamentals increase both economic wealth and promote social wellbeing. With this in mind, competitive, innovative, and diverse economies are best placed to deliver prosperity to their people.

i. Key Markets Overview

Economic Quality is an area of relative strength for the key markets. New Zealand comes out on top, followed by Singapore.

However, despite their strong performance, and the OECD score increasing, four out of six key markets have seen their scores reverse. Malaysia and Singapore, whose real scores grew,

have been the strongest growers in terms of rank- increasing eleven and eight places respectively. Their rise has been facilitated by other countries in the Prosperity Index declining in this score.

While there has been general decline in most indicators in this pillar, the "Standard of living" sub-pillar has shown an increase over time.

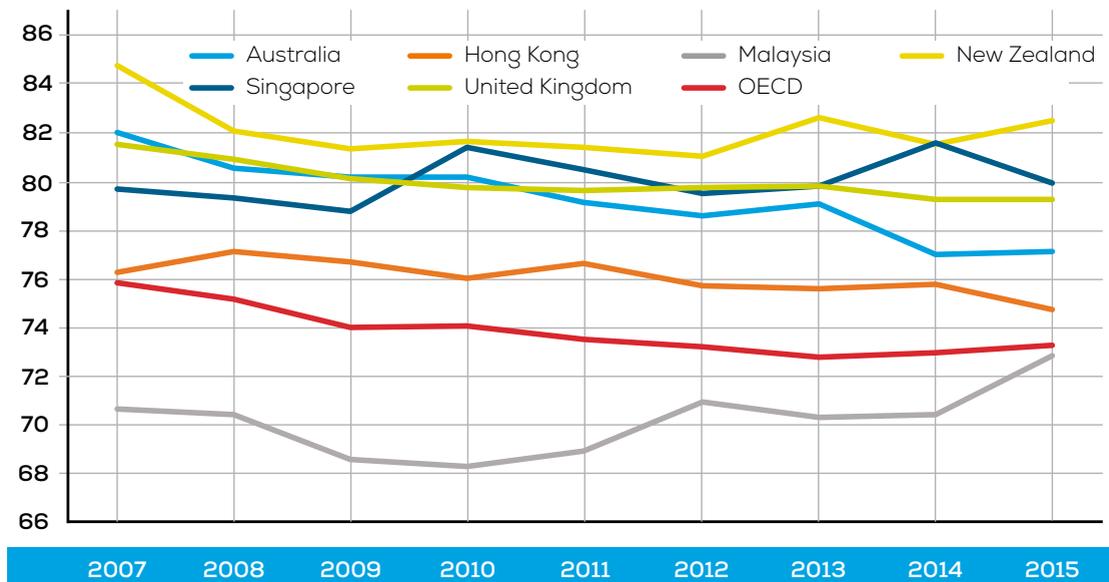


Figure 5: Economic Quality Performance 2007-2015

ii. Ease of trade and anti-monopoly policy

Across the key markets there has been a fall in the anti-monopoly policy score and a fall in the non-tariff barriers to trade score for this pillar. These are both based on World Economic Forum survey questions to business leaders around the world. In terms of rankings, the greatest fall has been Australia, which has fallen by 28 places to 31st on the anti-monopoly score, and 24 places to 45 on the trade barriers score. This is most likely due to increased technical barriers to trade and an outdated competition policy.¹

The greatest positive movers on the anti-monopoly score is Singapore, which moved up 18 places over the decade to 7th, and Malaysia which moved up 12 places to 16th.

On the trade barriers score, Australia has seen its score and rank fall, from 21st in 2007 to 45th in 2016. Malaysia has seen the greatest gain, rising 31 places over the decade to 9th. Other key markets have seen little change. New Zealand, Singapore and Hong Kong remain near the top of the global rankings (at 4th, 3rd and 1st), while the UK has remained at 28th.

Kong remain near the top of the global rankings (at 4th, 3rd and 1st), while the UK has remained at 28th.

iii. Standard of living

The measurement of the standard of living sub-pillar has increased across the world, but has increased nearly twice as much in key markets. In fact it has increased in every key market over the decade. This sub-pillar is based on economic growth over the previous five

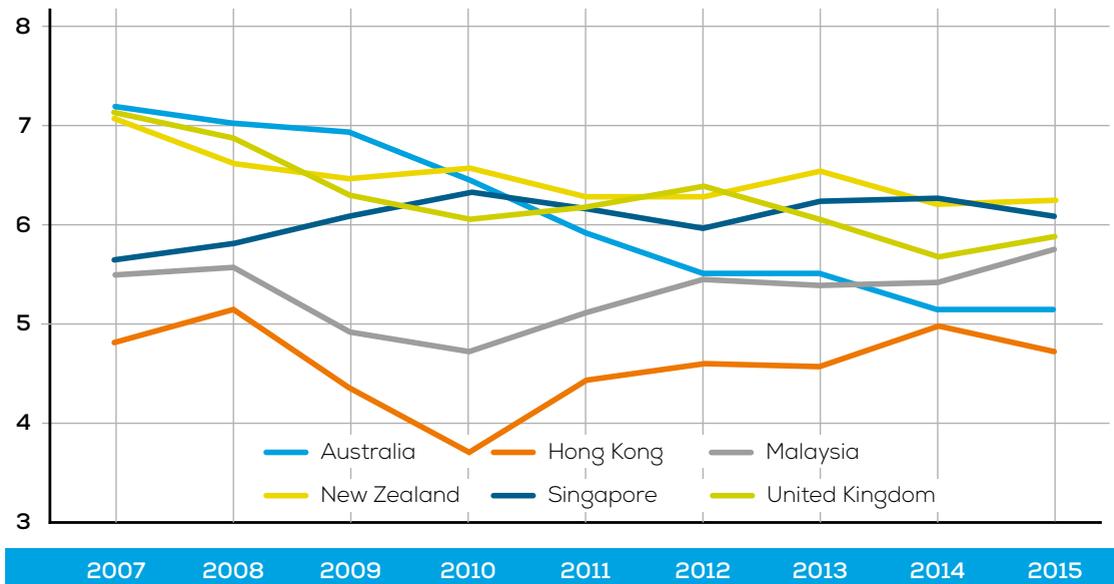


Figure 6: Anti-monopoly policy in key markets

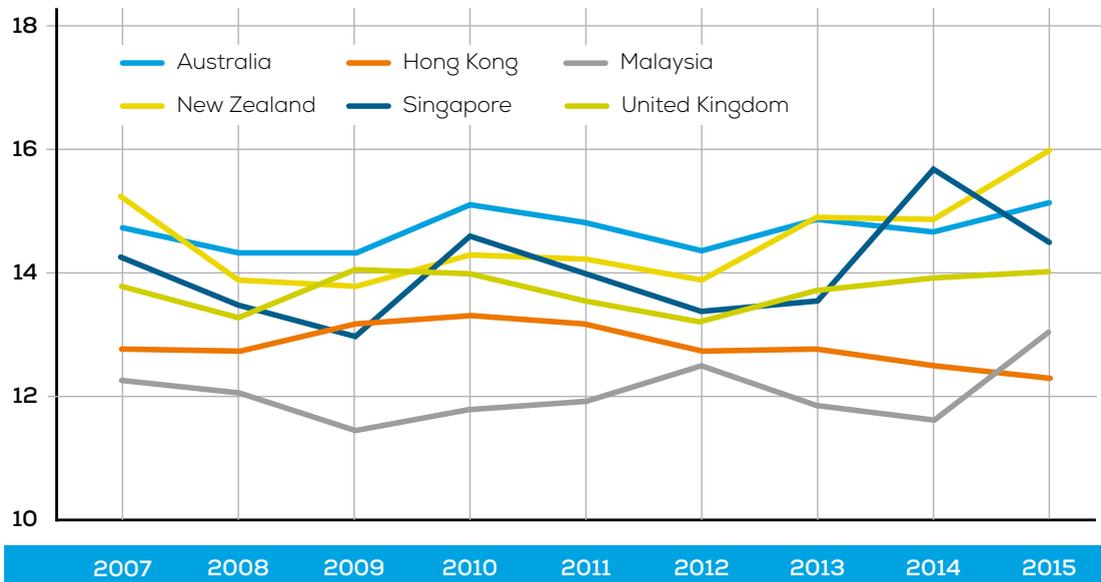


Figure 7: Standard of Living sub-pillar 2007-2015 for Key Markets

years and survey questions about whether household income is sufficient and whether a person is satisfied with their standard of living.

The economic growth indicator has fallen in Singapore and Hong Kong and risen in the other four key markets. Over all key markets, there has been a slight uptick following the effects of the great recession. The world average has fallen. Interestingly, the effect of this on people's responses to survey questions differs.

The only economy where both indicators have increased is in Malaysia. Australia, Hong Kong, New Zealand and Singapore saw household income increase, while the standard of living

survey indicator dropped. In the UK, the standard of living indicator rose, while the household income indicator fell.

Another interesting feature is that many more people are satisfied with their standard of living than those who feel as though their household income is enough. In Malaysia for example, 75% of people are satisfied with their standard of living; although only 25% feel that their household income is enough to support them. This is reflected in other key markets. It shows that, while people are satisfied with their standard of living, there is more that can be done to lift national incomes.

Business Environment

The strength of a nation's business environment is a critical factor in determining its prosperity. The Business Environment pillar measures a country's entrepreneurial environment, its business infrastructure, barriers to innovation, and labour market flexibility. A strong business environment provides an entrepreneurial climate, enabling new ideas and opportunities to be pursued, which lead to more wealth and greater social wellbeing.

i. Key markets overview

Compared to the OECD average, every key market performs strongly on Business Environment. This is the comparatively strongest pillar for the key markets. New Zealand is second in the world, while Malaysia falls significantly behind other key markets, although it has seen improvements over the decade and significantly outperforms its overall ranking.

New Zealand and Malaysia have been the main risers over the decade; although Malaysia has fallen significantly recently, having made progress from 2007 to 2013.

Given the global strengthening of Business Environment, Malaysia's improvements have seen it climb just two places, as many peers have experienced similar progress.

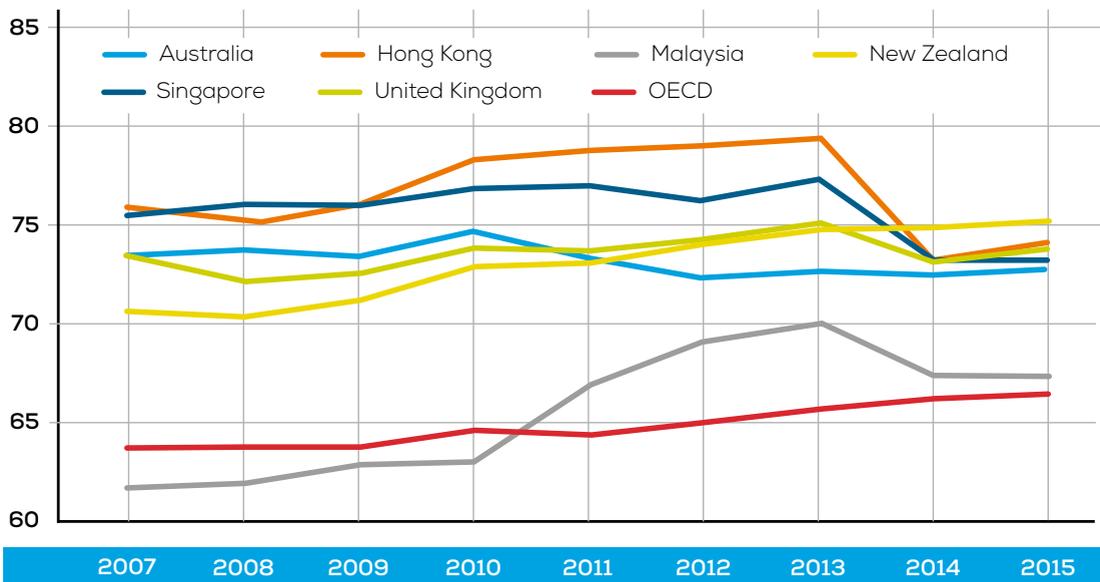


Figure 8: Business Environment performance 2007-2015.

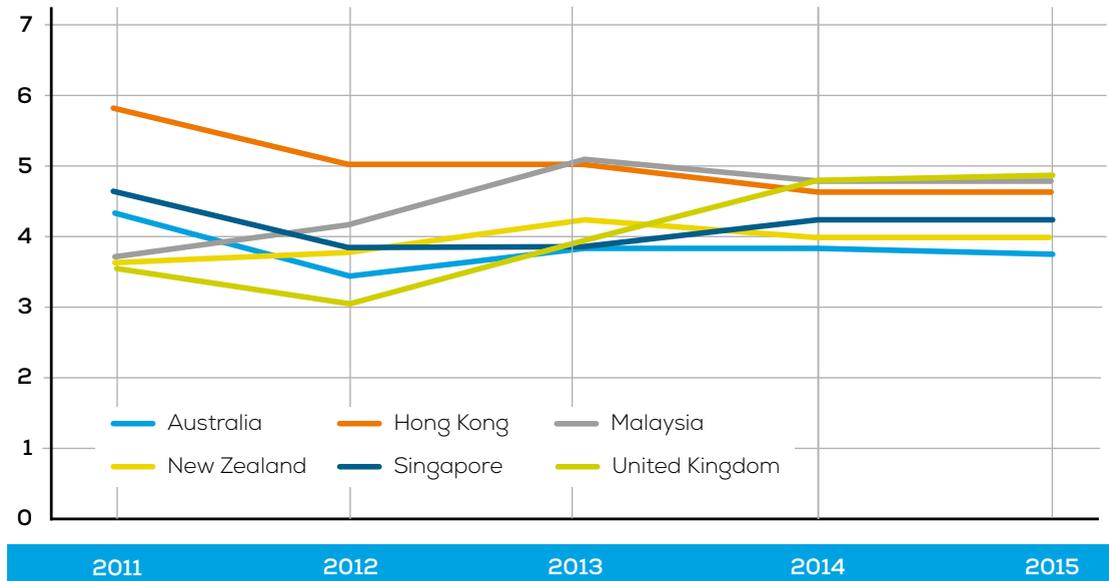


Figure 9: Perception of starting a business in key markets

ii. Key markets entrepreneurial environment

There have been some changes in the entrepreneurial environment. It is made up of three indicators: the perception that working hard gets you ahead, the perception that this is a good place to start a business, and the ease of starting a business. The first two are survey questions the latter is a question based on how easy it is to register a business in a country.

Interestingly the ease of starting a business indicator has seen positive change across all the key markets. This shows an increasing willingness by key markets to remove regulation for business. These reforms include, for example, Hong Kong introducing online electronic services for company and business registration, the UK speeding up tax registration, or Singapore

combining tax registration with business registration on a single online form.² In Malaysia, the ease of starting a business has improved because of a number of changes, including: reducing registration fees for starting a business, and introducing more online services for business start-ups.

Nevertheless, there is a mix of results for survey data. The scores for Australia, Hong Kong and Singapore have fallen for both the perception that working hard gets you ahead and that the country is a good place to start a business. On the other hand, Malaysia, New Zealand and the UK have either increased or stayed level on these scores. This suggests that more than just regulatory reform is needed to foster a strong business environment.

iii. Business Environment in Malaysia, Singapore and Hong Kong

Malaysia has made significant progress in its business environment. Much of it has coincided with the launch of the Economic Transformation Program in 2010. Singapore has declined across the decade, and Hong Kong has also declined. Changes in the entrepreneurial environment were discussed above, but these three key markets have also made significant changes in other areas.

Labour markets have also become more flexible in Malaysia. This is largely due to Malaysia reducing the costs of redundancy from 88 weeks to 23.8 weeks in 2012. Resolving redundancy is now much easier, following their

decision in 2012 to establish dedicated commercial courts to handle foreclosure proceedings.³ In Singapore, redundancy costs reduced from 4 to 3 weeks. It sits at number 5 in the world on this indicator. Hong Kong has also made a lot of progress, reducing redundancy costs from 62 weeks to 6 weeks.

With respect to insolvency, Malaysia has seen a dramatic increase. First, from 2011-12 the cost of resolving insolvency fell from 14.5% of the estate to 10%. This is not as low as Hong Kong or Singapore, which in 2016 had recovery rates of 5% and 3% respectively.

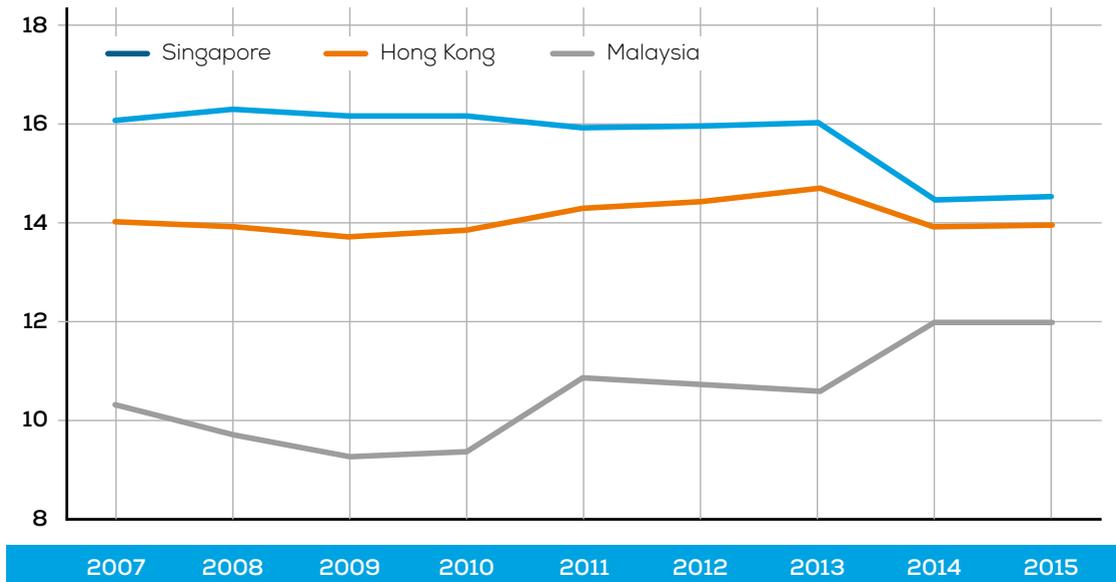


Figure 10: Investor Protections in Malaysia, Singapore and Hong Kong

There was also a change in the recovery rate. From 2011-12 the recovery rate of resolving insolvency for Malaysia improved from 39.8 cents in the dollar to 48.8 cents in the dollar. 2014 to 2015 this increased to 81.3. Singapore outperforms this, with the recovery rate staying constant through the decade at 89.7 cents in the dollar. Hong Kong has increased from 78.9 to 87.2. The recovery rate calculates how many cents in the dollar secured creditors recover from an insolvent firm at the end of insolvency proceedings.

There have been other improvements as well. Malaysia has established dedicated commercial courts to handle foreclosure proceedings. Hong Kong improved its insolvency process by granting more power

to trustees, a change expected to make the liquidation procedure more efficient.

Intellectual property protection has also improved in Hong Kong and Malaysia. This is survey data from the World Economic Forum (WEF) and it recognises progress countries have made. Singapore has not changed significantly. For example, in 2012 Malaysia was removed from a lower level watch list of countries committing violations of Intellectual Property Rights. Malaysia was dropped from the watch list "in recognition of steps it has taken to strengthen protection and enforcement of intellectual property rights and for issuing regulations to protect pharmaceutical test data".⁴

Governance

The Governance pillar measures a country's performance in three areas: effective governance, democracy and political participation, and rule of law. Democratic, accountable government and strong institutions are an important foundation for transforming economic success into prosperity shared by citizens.

i. Key markets overview

In 2016, New Zealand was the strongest performer, with the UK and Australia following. Hong Kong and Malaysia have much weaker governance.

Four of the key markets outperform the OECD average. The best performance is in political participation and the rule of law. There has been a decline

in government performance and government integrity across the key markets.

Singapore, the UK and New Zealand have shown steady growth over 10 years.

Hong Kong reached a nadir in 2012; and although it has recently recovered from some of its earlier declines, it remains

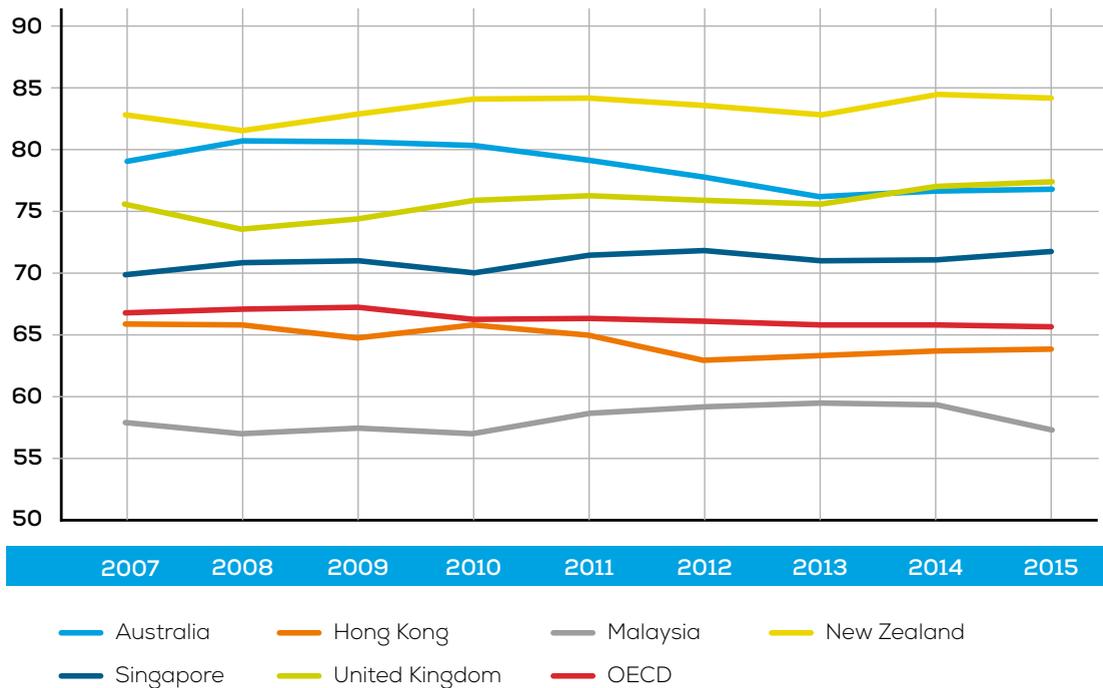


Figure 11: Governance by country

relatively weak. Australia and Malaysia are the two countries with declines. The only change in ranking has been for Australia, which has declined and been overtaken by the UK.

Malaysia's biggest gains have been in political participation and the rule of law. However, it has seen significant decline since 2014.

ii. Political participation

Under political participation, the key markets split into two groups. The first group, made up of Australia, New Zealand and the UK, score very highly; and they have seen modest gains over the last ten years.

The second group is Malaysia, Hong Kong, and Singapore, which all sit much closer to the world average. Malaysia has risen above the world average and then fallen back to it. Singapore has risen up to it. Hong Kong started below the world average, and has declined even further.

The main areas of progress collectively for the key markets have been increases in:

- Voter turnout – especially in Singapore and Malaysia. For example, Malaysia saw increases in its 2013 election to 62% turnout of the voting age population, up from 52% in the previous election.

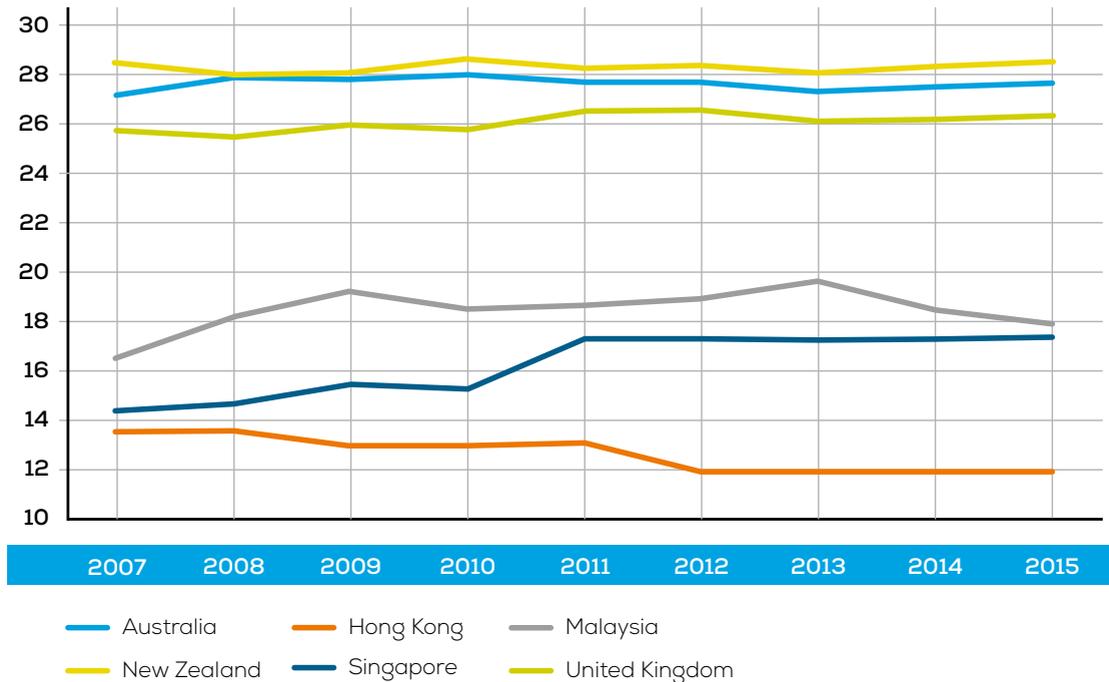


Figure 12: Political participation in the key markets 2007-2015

- Women in national parliaments - in 2016, 31% of New Zealand's Parliament comprised women. In Australia and the UK it was 27% and 23% respectively. Malaysia has just 10%. The increase across the key markets was mainly driven by Australia and the UK. Confidence in the honesty of national elections rose from 2007 to 2012, but fell again in 2016 (although it was still above 2007 level). Hong Kong saw a significant decline from 75% having confidence in the honesty of elections to 46%.
- Democracy levels were constant in all countries except Malaysia, which saw an increase due to fairer 2008 Parliamentary elections, which resulted in a massive increase in votes for the opposition party.

iii. Singapore

Singapore's governance score has improved over the last 10 years. The majority of Singapore's increase in the Governance pillar comes from the Political Participation

sub-pillar. The following indicators have improved Singapore's governance score:

- Voter turnout, which went from 32.17% (the number of votes divided by the entire population) in the 2006 election to 52.95% in the 2011 election. This remained stable in the 2015 election at 52.13%. This is still a long way behind other countries: in 2016 it was 100th for this variable. However, it has moved up 31 places since 2007.
- Political rights: This score increased from 2011 to 2012. This was mainly due to increased political pluralism and participation. This means, for example, that people are more able to be in competing parties, that there is a significant opposition, people's choices are free from domination by other powers, and that minority groups have full political rights and opportunities.

One of the slight falls is in government integrity, driven by a drop in the Corruptions Perception Index score. However, it has only fallen slightly and remains second out of the key markets.

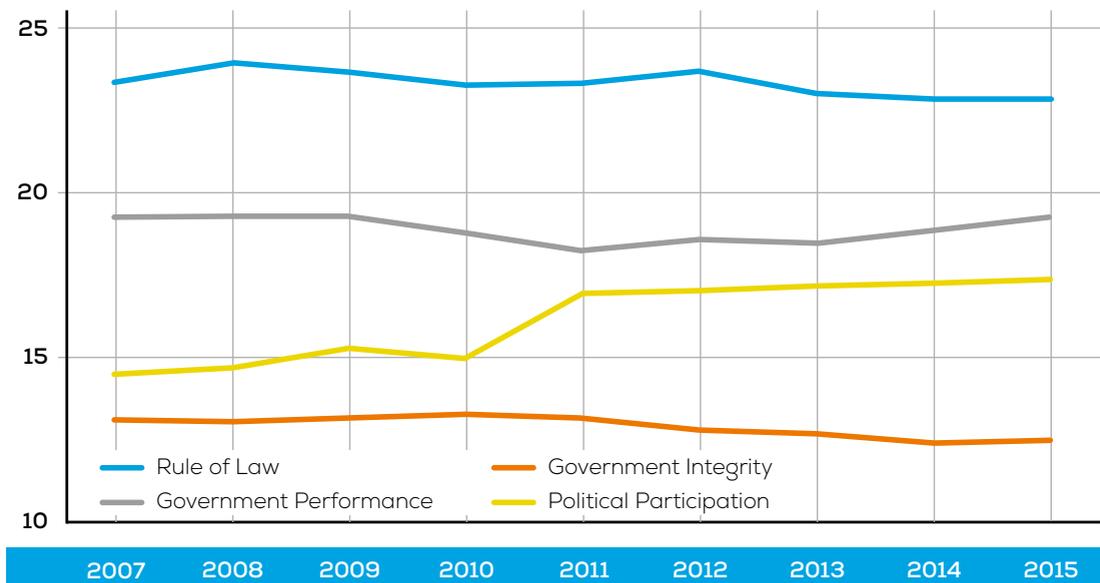


Figure 13: Political participation indicators for Singapore

Education

The Education pillar ranks countries on access to education, quality of education, and human capital. Education, and the skills it gives a country, is an essential part of that country's ability to deliver prosperity. Better-educated workforces can generate greater wealth per head to drive up living standards.

i. Key markets overview

The key markets all perform well above the global average in all areas of education. Australia, the UK and Singapore are the highest performers, while Malaysia is the weakest.

Hong Kong, Malaysia and New Zealand have all declined over the last ten years.

Singapore and the UK have improved at a faster rate than the global average. The greatest overall gains have come in the Human Capital of the workforce,

while there has been a mild setback in access to education.

ii. Tertiary training

There have been a number of movements across the indicators in the key markets.

Firstly, the difference in scores across the tertiary education variable is worth noting. Singapore has 1.35 years of tertiary education per worker. Malaysia

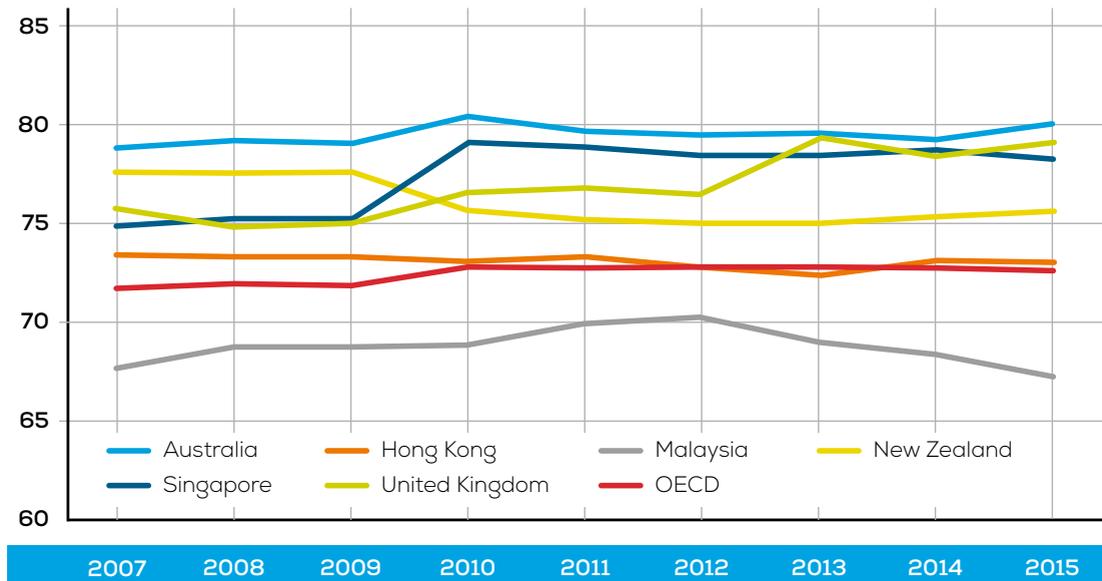


Figure 14: Education performance 2007-2015

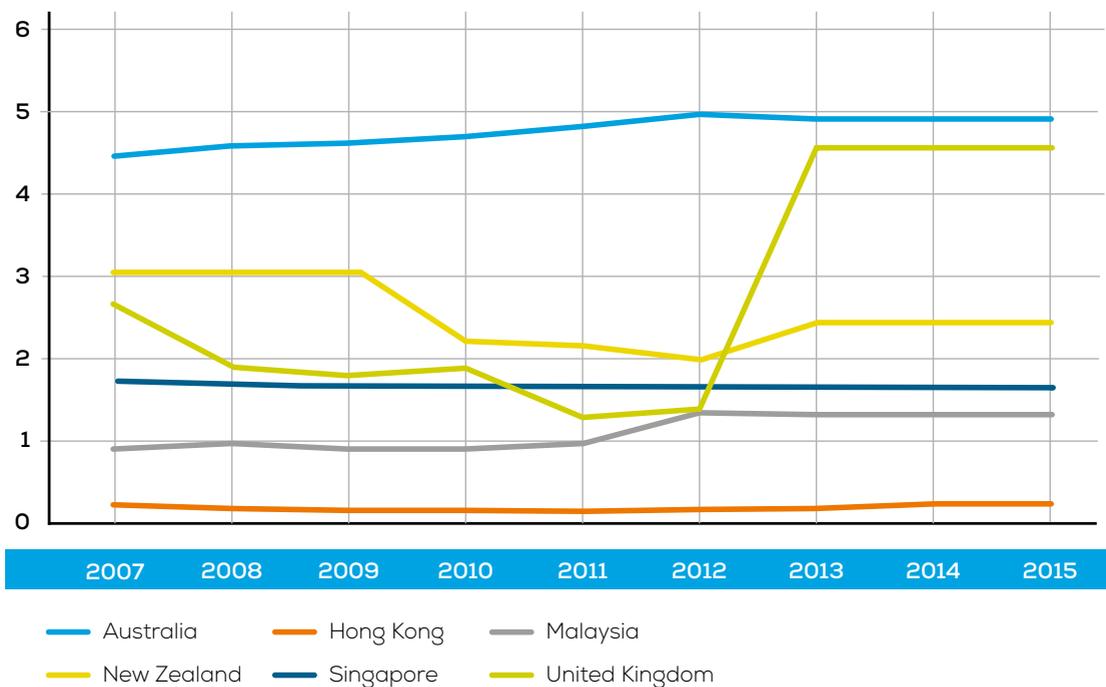


Figure 15: Technical and vocational enrolment in the key markets

has 0.49 years. The UK, in the middle of the group, has 0.82. Apart from New Zealand and Hong Kong, the key markets have seen an overall increase for this variable.

The other noteworthy variable is the technical vocation per worker. The picture is more mixed for this indicator. Australia and the UK lead the key markets, and have seen the greatest improvements over the last ten years. The UK, in particular, has increased enrolment from 18% to 32%. Malaysia has also risen; while Singapore and Hong Kong have stayed mostly flat. New Zealand is the only country to have declined.

Given that advanced training is critical to the key markets' participation in the global economy, it is promising to see a number of key markets improving their scores on these two indicators. Nevertheless there will need to be continued

investment into tertiary education to ensure that the skills required in a global economy are those produced by the key markets' tertiary education systems.

iii. Education in Malaysia

Malaysia's 2016 score for education is similar to what it was in 2007. However, it saw an increase from 2007 to 2012 before falling again to just below 2007 levels.

The primary reasons for this fall are the reduced score in two areas. Malaysians are less satisfied with the educational quality and less convinced that children are learning. A small decline in the adult literacy rate in 2016 also brings the score down.

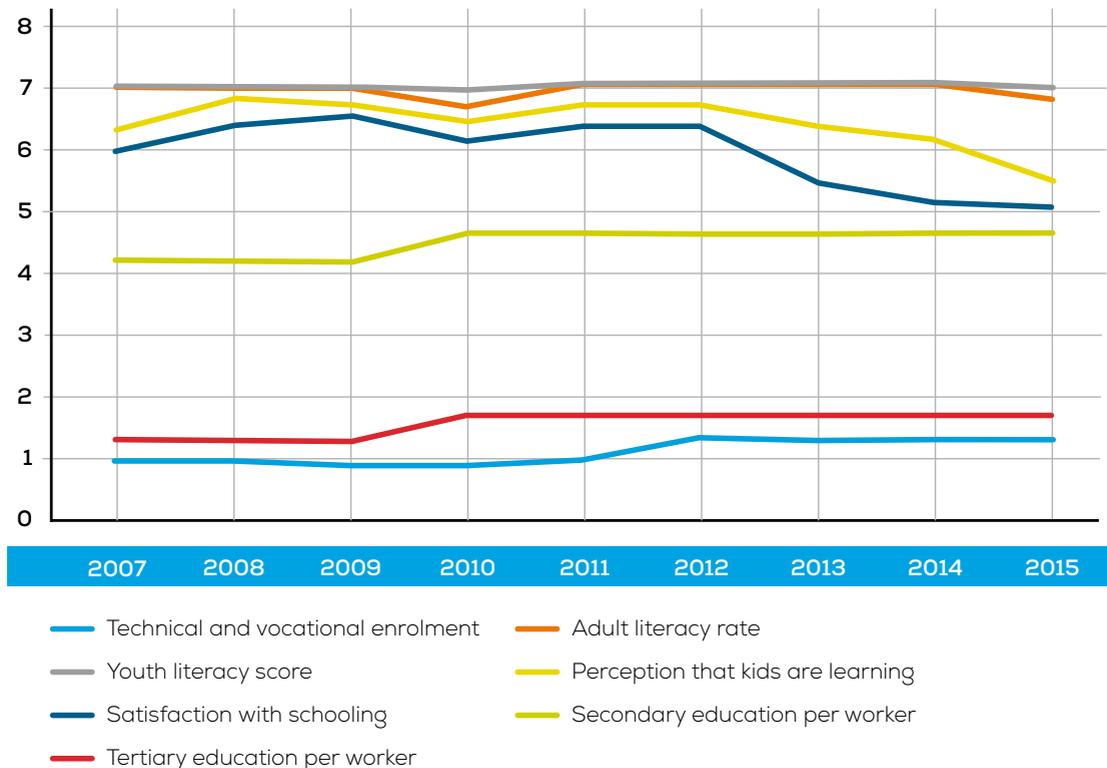


Figure 16: Selected education indicators for Malaysia

Nevertheless, this masks other improvements Malaysia has made. There have been improvements in secondary education per worker, tertiary education per worker and an improvement in the number of technical and vocational enrolments. To choose just one of these indicators, there has been an increase in the enrolment in tertiary and vocational training of 11 to 18 year olds from 6.31% to 9.17%. Secondary education per worker increased from 4.1 years to 4.6 years.

The other indicators stayed steady. The decline in survey questions shows that, despite some objective improvements, the perception of many Malaysians is that the education system has not kept up with their expectations. There is still work to be done to improve the performance of the education system to ensure that it matches education systems in other key markets.

Health

The Health pillar measures a country's performance in three areas: basic physical and mental health, health infrastructure, and preventative care. A population that is healthy, both physically and mentally, is important for both the economic and social development behind rising prosperity.

i. Key markets overview

The key markets all perform well above the world average in health. Singapore is the clear leader of the group. Hong Kong and Australia are also strong. The UK performs comparatively poorly, with Malaysia the poorest performer among the key markets.

Five out of six key markets beat the OECD average for Health performance. Health performance in the key markets peaked in 2011, and have been declining ever since. Over the last ten years, all have improved Health performance, except for Malaysia, which has seen a decline since 2011.

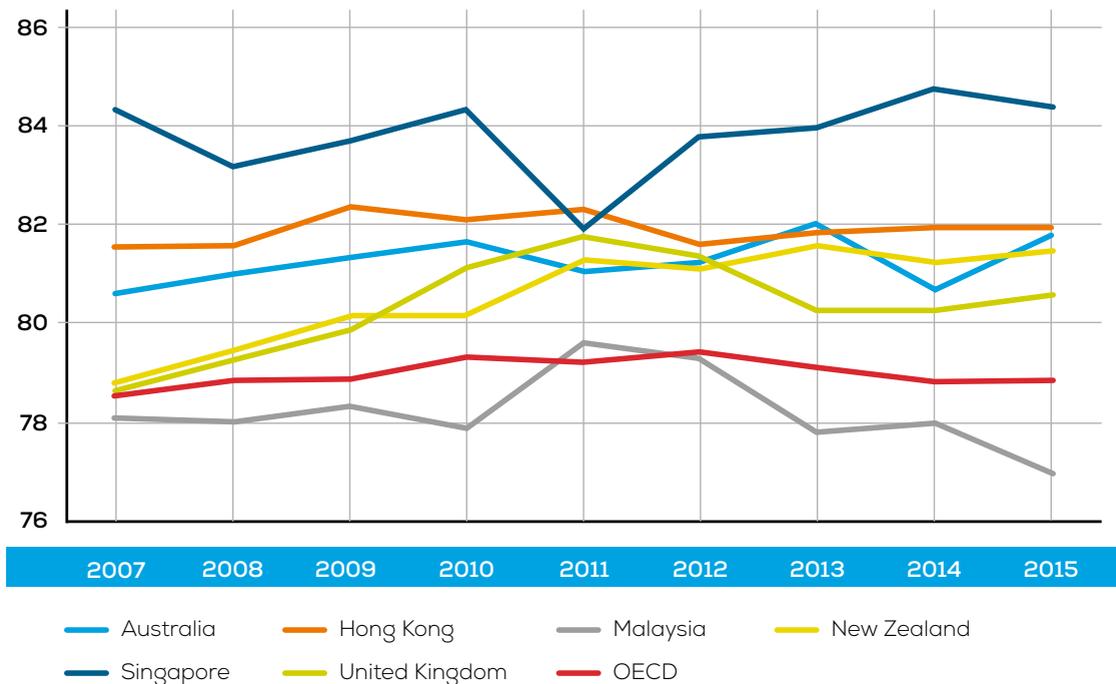


Figure 17: Health performance 2007-2015

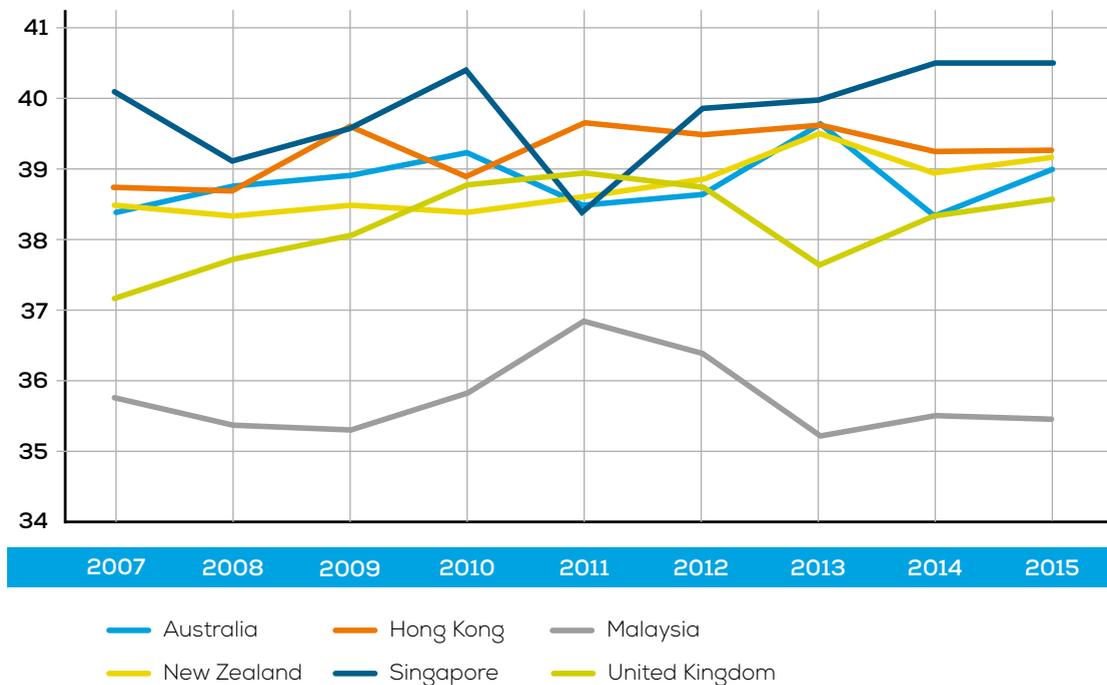


Figure 18: Health outcomes 2007-2015

ii. Health outcomes

Health outcomes are strong for the key markets, with Singapore as the clear leader.

The improvements in health outcomes across the key markets have been marginal – with the life outcomes improving and the wellbeing (joy/sadness) falling back slightly. Sadness has deteriorated most notably in Malaysia. Life expectancy has increased over the decade across all key markets. Hong Kong was the leader with a life expectancy of 84. Malaysia had a life expectancy of 75.

Also, Singapore and Hong Kong saw a fall in the number of people having

health problems that prevented them from doing things they could normally do.

While other countries have improved at a rate comparable to or better than the world average, Malaysia has fallen. It also sits significantly behind other countries. This has been caused primarily by the change in the sadness and worry score. The number of people experiencing worry increased 20% to 36%, and the number of people experiencing sadness increased from 11% to 30%. By contrast Singapore increased from 8% to 10% for worry, and 13% to 21% for sadness. Australia, New Zealand and UK did not change significantly or reduced the number of people sad or worrying.

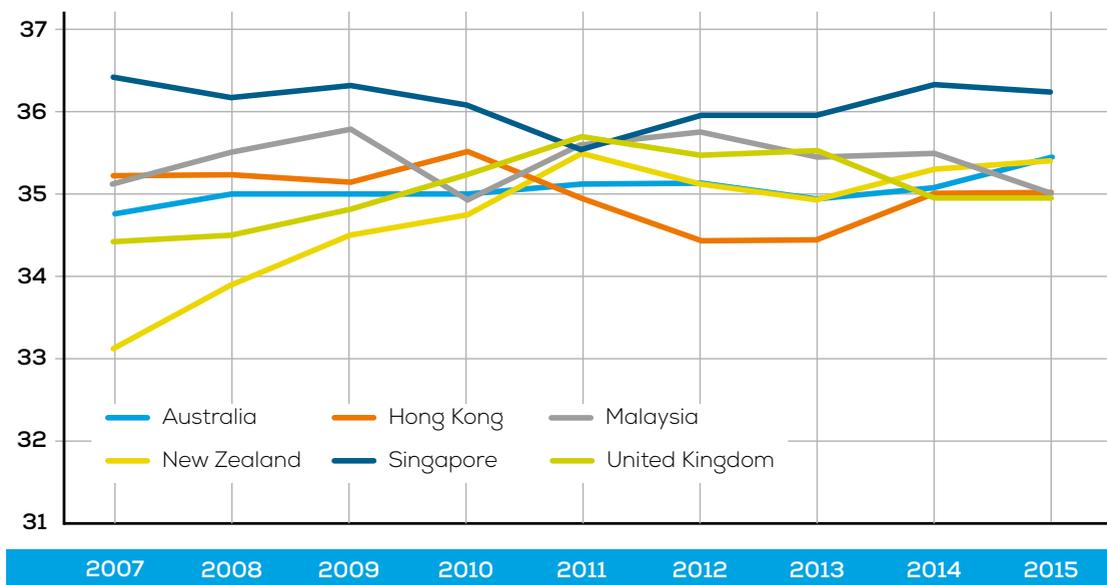


Figure 19: Health system quality 2007-2015

iii. Health system quality

The key markets all have strong health systems – with Singapore leading the pack. The world average for health systems has improved significantly over the last ten years; and of the key markets, only New Zealand has improved more than this world average. Hong Kong’s performance has declined in this time period.

Vaccination rates have improved marginally across the key markets (following world trends) – particularly the

UK and New Zealand, which had been notable laggards. Most notable is New Zealand’s improvement in the measles vaccination rate, which increased from 79% in 2007 to 93% in 2016. However, public satisfaction with healthcare has declined, in particular since 2011, especially in the UK and Hong Kong. In 2016, 77% of people in the UK said they were satisfied with health care, compared with the 2007 response of 84%. In Hong Kong it was 62%, down from 65%.

Security and Safety

The Safety & Security pillar ranks countries based on national security and personal safety. A secure and stable environment is necessary for attracting investment and sustaining economic growth. People's wellbeing is dependent on having secure living conditions and personal safety.

i. Key markets overview

Four of the five key markets are ahead of the OECD average. Singapore leads the key markets, and is second in the world. It is followed by Hong Kong and the UK. Malaysia is the lowest of the key markets.

Over the last ten years, Malaysia has shown the largest decrease, declining more than the OECD average, and

Hong Kong has also decreased. Meanwhile the UK improved significantly. Singapore, New Zealand and Australia have seen very modest increases.

ii. National security

Of the key markets, only Malaysia scores lower than the OECD average.

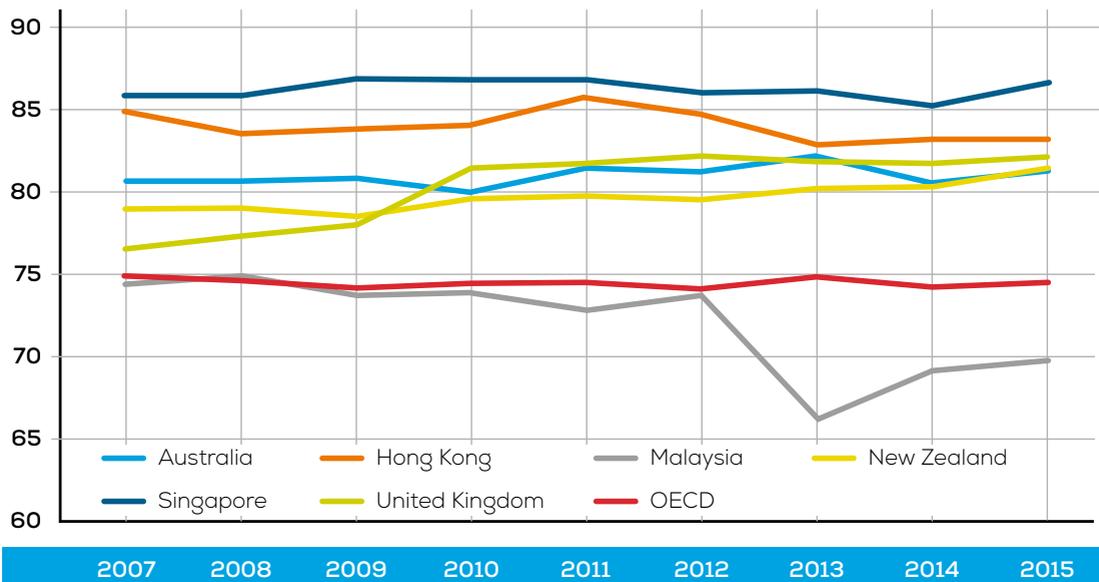


Figure 20: Safety and Security by country

The OECD average for National Security has declined slightly over the decade. Malaysia has seen the largest decline, while others such as Australia, New Zealand and Hong Kong have all experienced small declines.

For the key markets, the number of terrorist deaths has been the main driver of a reduction in national security scores. However, this deterioration due to terrorist deaths (Malaysia and Australia)

is less than the world average. In Australia the most prominent attack was when an armed assailant took 18 people hostage in a Sydney café. The assailant and two hostages were killed.⁵

On the other hand, the key markets have seen an improvement (i.e. a reduction) in departing refugees and political terror, with the exception of Malaysia (discussed below). There have been no civil or ethnic war casualties.

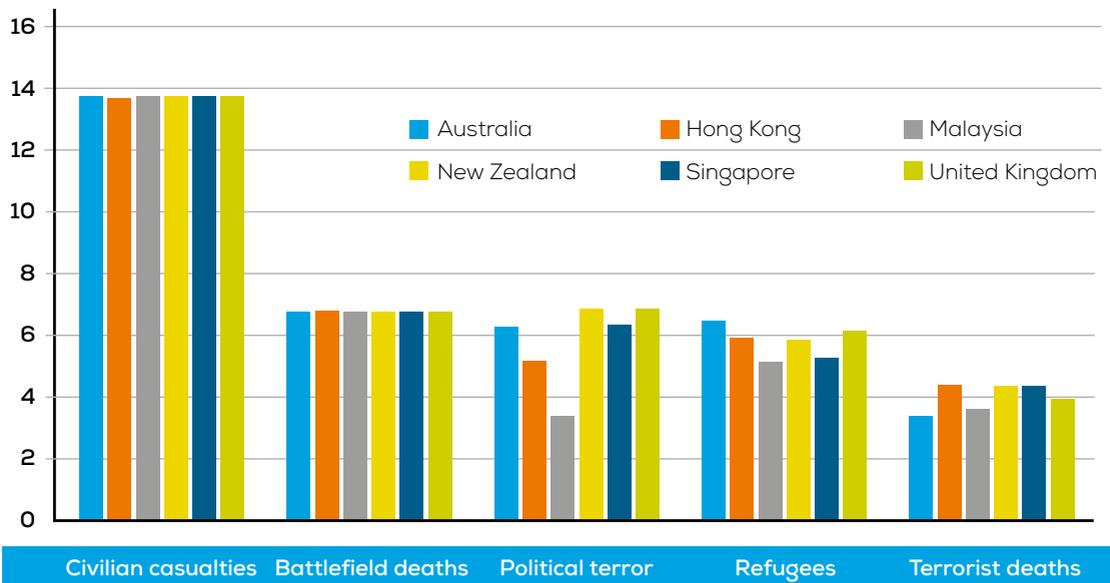


Figure 21: National Security indicators 2015 scores*

iii. Malaysia

Malaysia has seen a decline across a number of indicators. Malaysia's decline is due primarily to the following indicators:

- Terrorist deaths: This is a five-year trailing average. It dropped from 2013 to 2014, meaning that the number of terrorist related deaths

has increased. An example of an attack was when assailants opened fire on Royal Malaysia Police (PDRM) officers at a resort on Pulau Mabul island, Sabah state, Malaysia. At least one officer was killed and another was abducted in the attack.

*The score does not reflect a number of casualties or deaths but relative performance in these measures.

- Political Terror Scale. This is a measure of state restrictions. For example, a 2015 US State Department Human Rights Report says that there were government restrictions on freedom of expression, deaths during police apprehension, laws allowing detention without trial and corruption.⁶
- Under security of living conditions sub-pillar, the number of people saying they did not have enough money to buy food and shelter for themselves or their family rose from 7% for food and 9% for shelter in 2007, to 18% for both in 2016. That is despite relative poverty dropping during the same time.
- More people saying they had property stolen in the previous 12 months, from 13% to 20%.

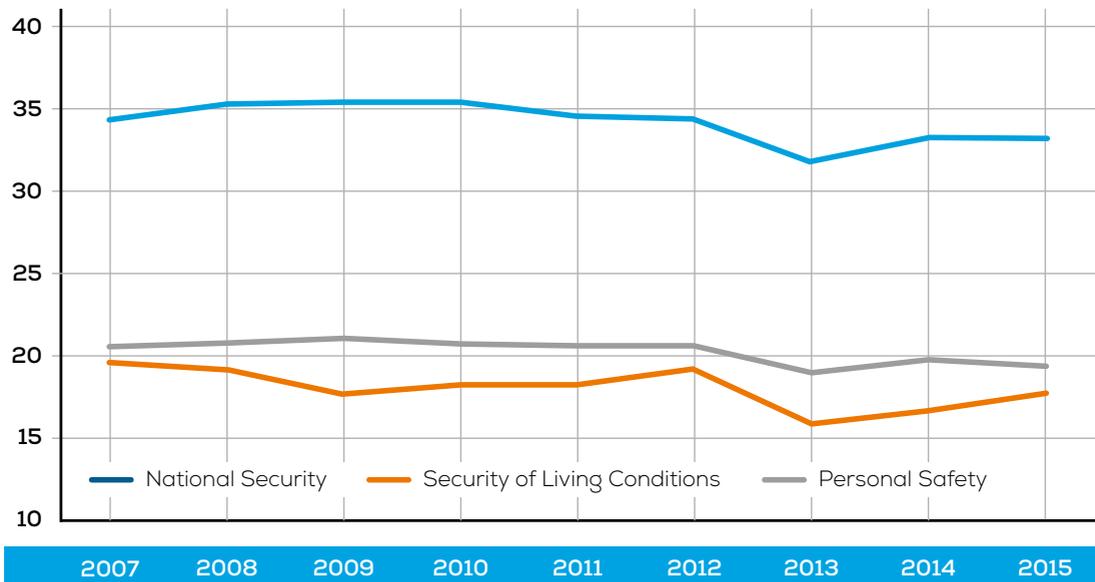


Figure 22: Malaysia safety and security sub-pillars

Personal Freedom

The Personal Freedom pillar measures national progress towards basic legal rights, individual freedoms, and social tolerance. Freedom is important for prosperity, with legal rights allowing individuals to flourish and tolerance being particularly vital if a country is to attract talent from all over the world.

i. Key markets overview

This pillar shows a divergence between the Anglosphere countries (Australia, New Zealand, and the UK), which have all improved, and the other key markets that have declined from a weaker starting point. The most dramatic fall has been the decline of Personal Freedoms in Hong Kong since 2011.

It is particularly notable that Singapore, despite performing strongly on other pillars, is much weaker when it comes to Personal Freedom. Both Singapore and Malaysia sit well below the OECD average. Hong Kong's Personal Freedom is similar to the OECD average. The Anglosphere countries outperform the OECD average.

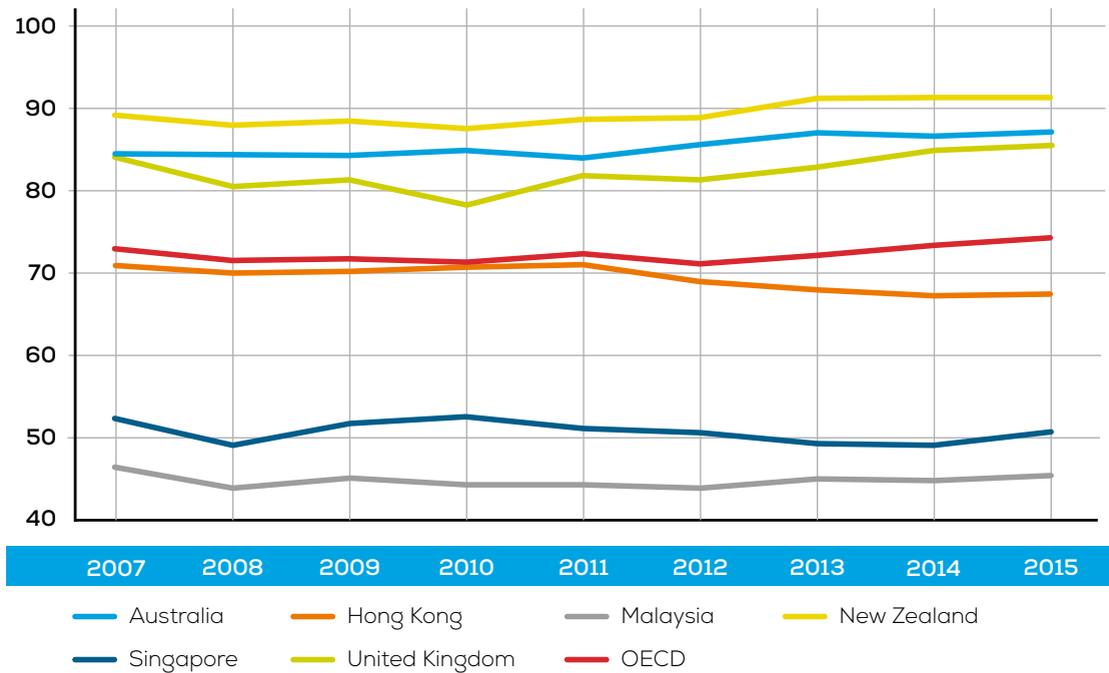


Figure 23: Personal Freedom performance 2007-2015

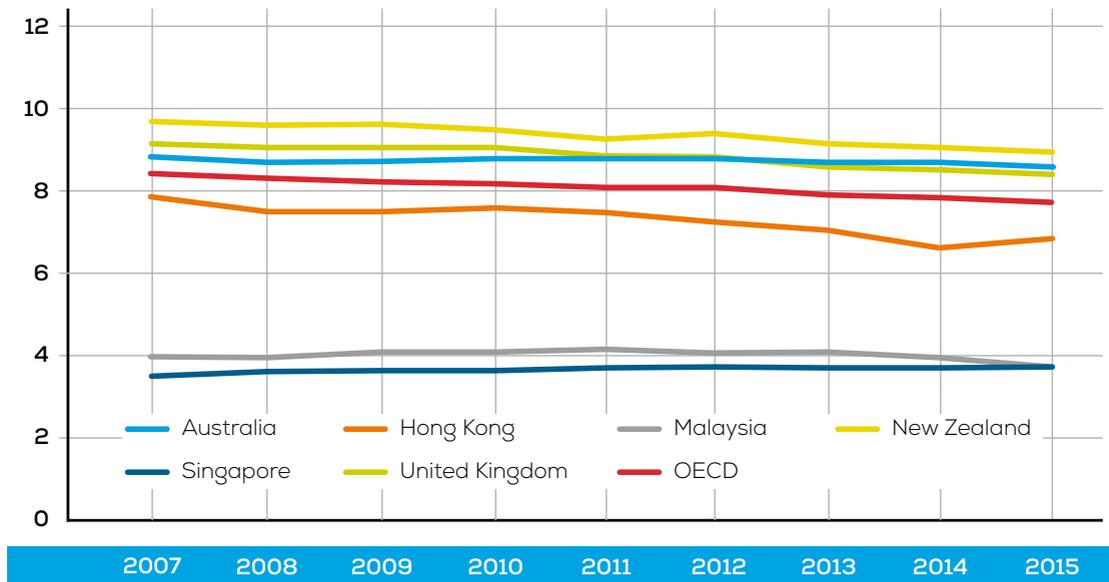


Figure 24: Press Freedom indicator

ii. A reduction in Press Freedom indicator

Basic legal rights is one of the areas where the world has seen a decline over the last ten years. All key markets except Singapore have seen a decline in basic legal rights, with Hong Kong declining the most. Within basic legal rights, it is press freedom that has fallen faster in the key markets than in the world as a whole.

Hong Kong, New Zealand, Malaysia and the UK have all seen decreases over the decade. Singapore has seen a slight increase but is still at a very low score. There are a range of reasons for these trends, they include:⁷

- In Malaysia in 2015, journalists were arrested for being critics of the government; and
- In Singapore there are examples of the use of criminal defamation laws to silence and bankrupt political opponents and critical media outlets.

The UK, Australia and New Zealand perform much better on basic legal rights but there were some issues around the effect of counter-terrorism laws on media freedom.⁸ There were also some isolated incidents of removing media access and state interference with journalists.⁹

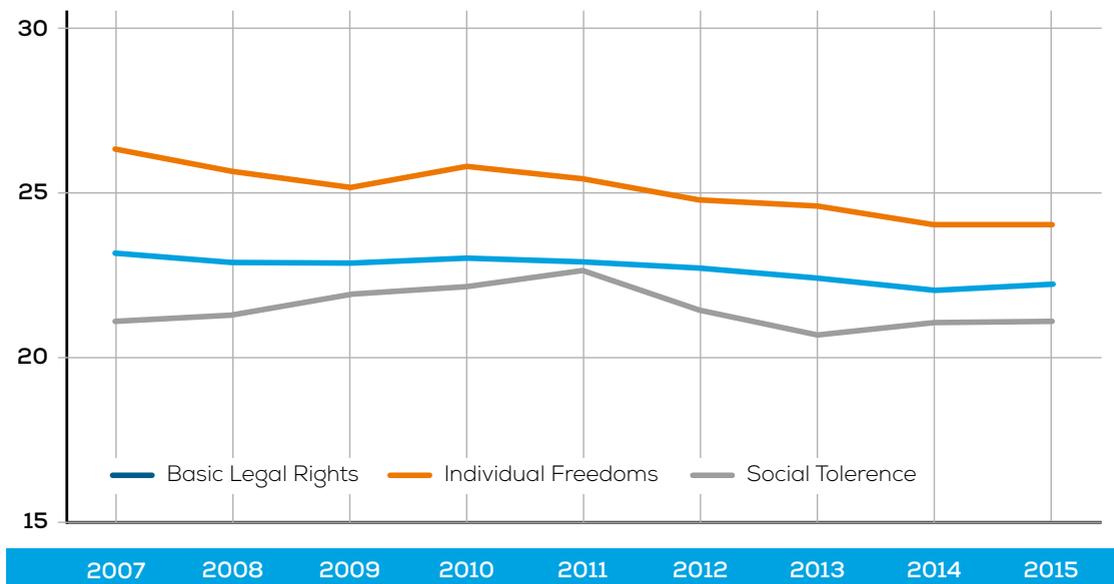


Figure 25: Hong Kong's Personal Freedom sub-pillars

iii. Hong Kong

Hong Kong has seen Personal Freedom decline across all sub-pillars, especially in individual freedoms and basic legal rights. The indicators that are causing this downward trend are falling satisfaction with the freedom to choose what to do with your life, increasing government religious restrictions, and restrictions on press freedoms.

The satisfaction with freedom score is based on a Gallup question that asks: "Are you satisfied with your freedom to choose what you do with your life?" In 2007, the response was 90%; whereas in 2016 the response was 83%.

The increasing government religious restrictions is based on the Pew Research Centre's Government Restrictions on Religion Index.

The rise in this score is driven by factors such as:

- Government now asks religious groups to register in a way that clearly discriminates against some religious groups.
- There were instances where the national government did not intervene in cases of discrimination or abuses against religious groups.
- The government in 2013 used force against a religious group that resulted in individuals being killed.

Finally, Freedom House data on press freedom shows that over the decades press freedom has declined due to events such as:¹⁰

- Five Hong Kong residents associated with a local publisher known for producing books that are critical of China's leaders disappeared in late 2015, and were thought to be in the custody of mainland authorities,

raising fears that Beijing had disregarded the territory's laws and autonomy.

- The December acquisition of Hong Kong's leading English-language newspaper by Alibaba, a mainland Chinese company with strong ties to the central government, deepened concerns about Beijing's growing influence over local news media.

Social Capital

The Social Capital pillar measures the strength of personal relationships, social network support, social norms, and civic participation in a country. A strong society is an important part of prosperity. Trust is linked to higher economic growth, and communities that drive social development and improve wellbeing. Strong social capital is also one of the most important aspects of the ability of nations to turn the wealth created by the economy into prosperity for citizens.

i. Key markets overview

New Zealand and Australia are the leading countries in the world for Social Capital. Hong Kong has the weakest score out of the key markets, but still sits above the world average. Australia and New Zealand scores have fallen over 10 years. Malaysia has made the most progress in building Social Capital. Although it reached a peak in 2013, and has fallen somewhat since then.

From a peak in 2010, Hong Kong has declined significantly in Social Capital, and is now the weakest of the Key Markets in this pillar and close to where it was in 2007. Singapore reached a nadir in 2011, but since then has recovered back to a similar score as in 2007. Across the key markets, personal and social relationships have weakened, while social norms and civic participation have strengthened.

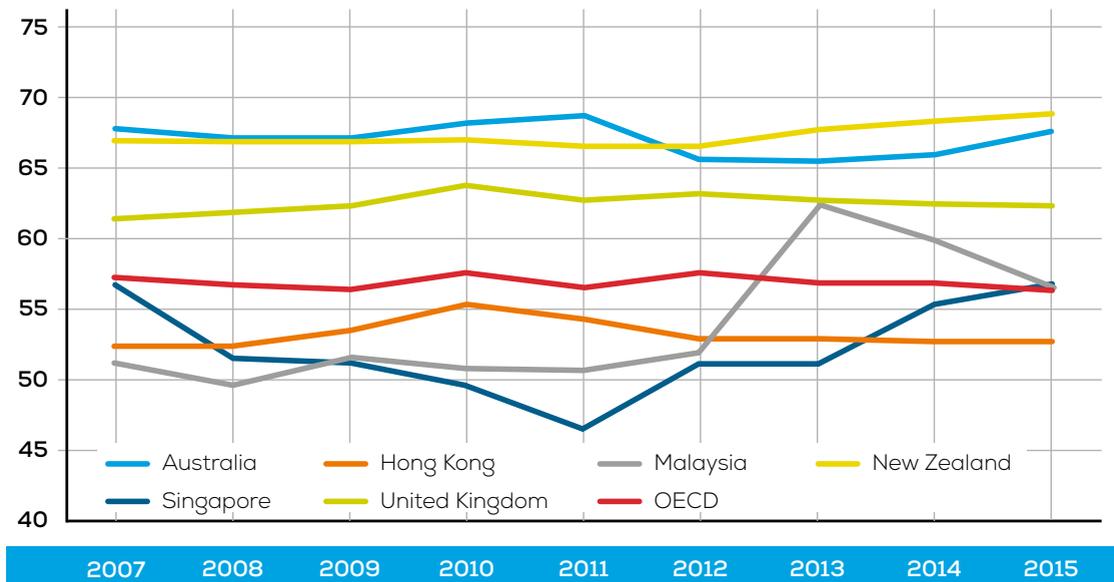


Figure 26: Social Capital by Country

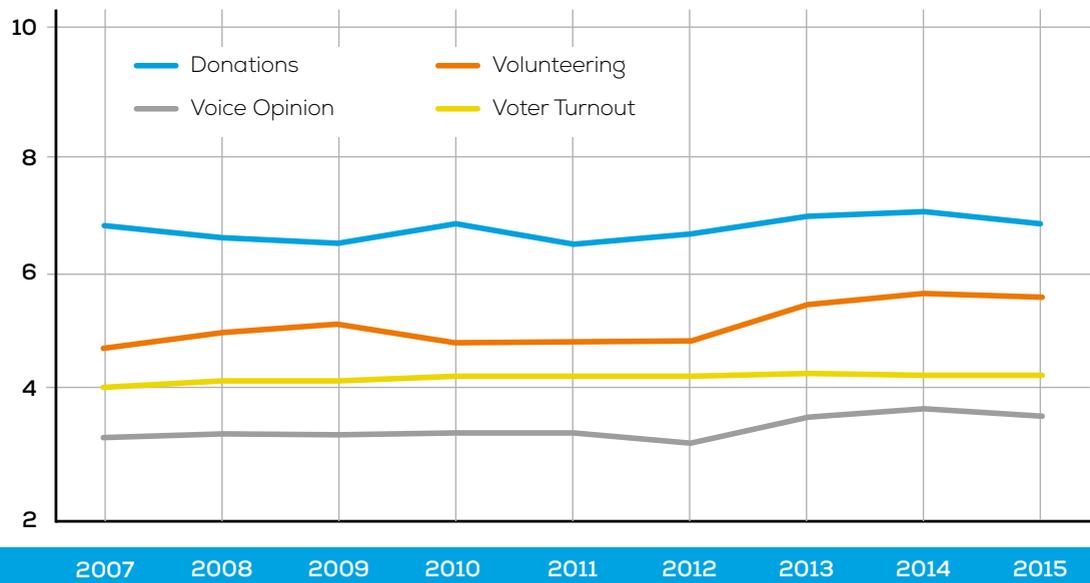


Figure 27: Key Markets Civic Participation Indicators 2007-2015

ii. Trends across countries

Under civic participation there are four indicators: donations, volunteering, voter turnout and voicing an opinion. There have been improvements in voter turnout and voicing opinion. On voicing opinion, there have been significant increases in Hong Kong (2010) and Malaysia (2012), while Singapore decreased especially from 2007-2011.

The volunteering indicator scores have increased for all countries, with Singapore making a particularly strong increase.

Personal and Social Relationships has also seen a big improvement across the world. In the key markets:

- Malaysia saw a large improvement, which was above the world average.

- Singapore and Hong Kong also saw increases.
- Australia, New Zealand and UK all saw substantial decreases.

While the willingness to help a stranger has increased across key markets, other indicators have bucked the positive world trend. Informal help (especially in Australia, New Zealand and the UK) has declined across the key markets.

iii. Social Capital in Singapore and Malaysia

Singapore and Malaysia provide interesting examples in Social Capital. Out of the key markets, they are similar and outperform Hong Kong. However, they are heading in different directions: in the last decade Malaysia has moved up 27 places to 33rd in the global rankings, and Singapore has dropped 7 places to 31st.

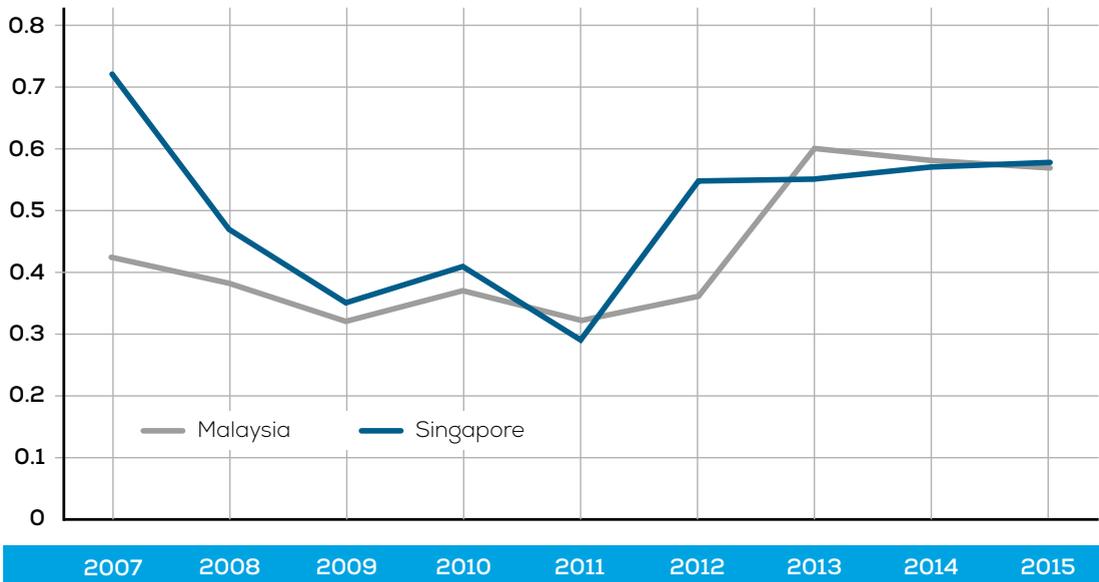


Figure 28: Donations in Singapore and Malaysia

A number of indicators increased significantly from 2012 to 2013 for Malaysia. Volunteering, donations, voicing an opinion, helping a stranger and informal help all increased. The largest of these was the increase in people who had said they had given donations to charity in the last month, which rose to 57% in 2016, up from 42% in 2007. This improvement has been recognised in other rankings. The 2015 World Giving Index stated that Malaysia was one of the fastest improving countries in terms of giving (time and money), and came in tenth in the 2015 rankings (although it has slipped in recent years).¹¹

Interestingly, for Singapore, this has decreased more than any other social capital indicator – from 72% to 58%.

In Malaysia the largest fall has been the number of people saying that they trust local police, which has fallen from 68% to 62%. In Singapore this has also fallen from 97% to 89%. Singapore had its highest increase in the number of people being treated with respect, from 73% to 92%.

Natural Environment

The Natural Environment pillar measures a country's performance in three areas: the quality of the natural environment, environmental pressures, and preservation efforts. A country's ability to secure economic progress without causing environmental harm is critical if that wealth creation is to drive better economic and social outcomes.

i. Key markets overview

Four key markets – New Zealand, Australia, Singapore and UK – all perform strongly on environmental quality, and have similar scores. Hong Kong is the furthest behind, but has also seen the greatest increase over the decade. Malaysia saw the greatest decline over the decade.

Apart from Malaysia, all key markets saw an improvement in preservation efforts over the decade. The majority of the

improvement in the Natural Environment scores for key markets has come from satisfaction with preservation efforts and marine protected areas. However, satisfaction with preservation efforts has weakened in the last five years – primarily because of New Zealand and Australia. Singapore is the strongest at satisfaction with preservation efforts. Australia and UK have been the main drivers for the improvement in Marine Protected Areas (even though both have declined in the overall rankings).

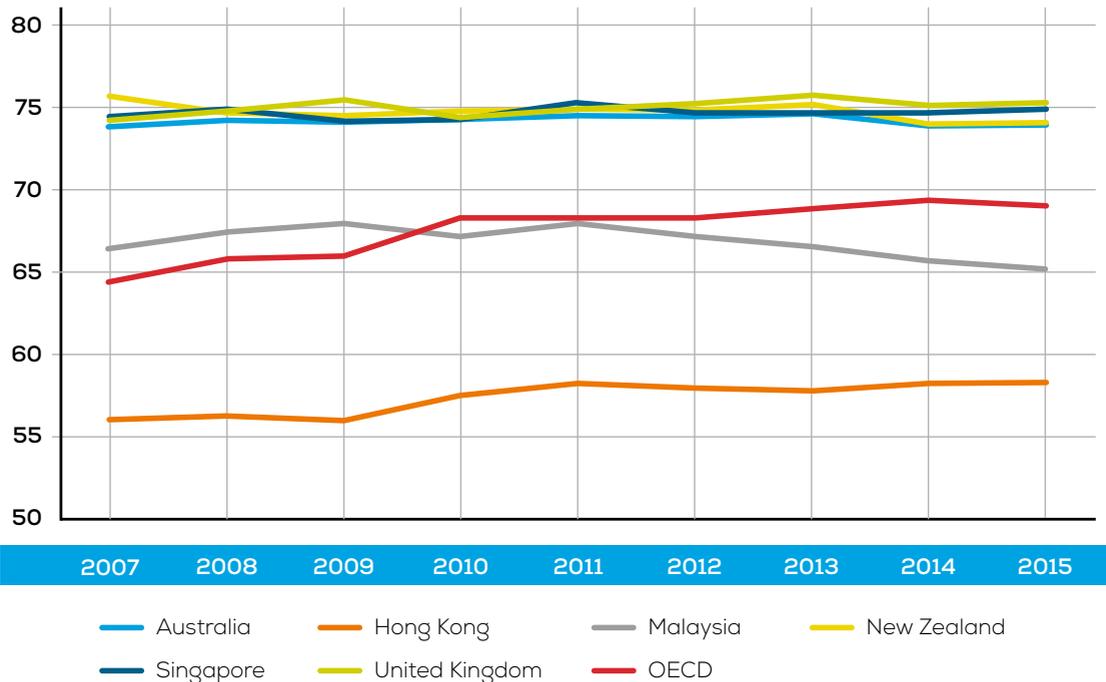


Figure 29: Natural environment performance 2007-2015

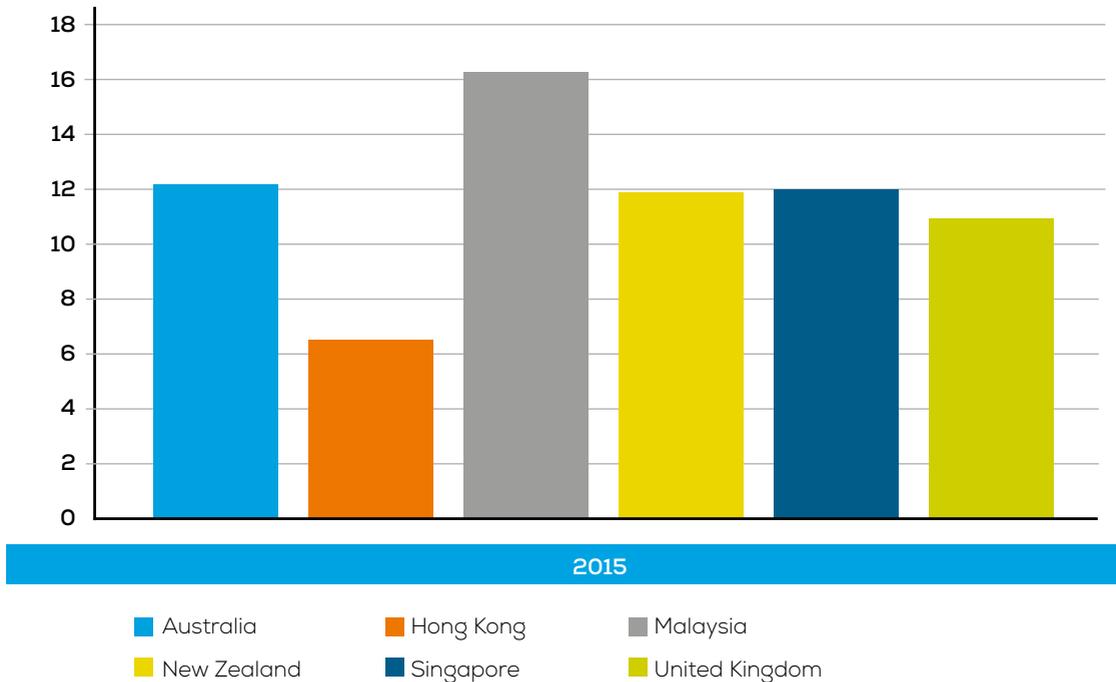


Figure 30: Environmental pressures scores in 2015

ii. Fish stocks and marine protected areas

Malaysia is the strongest performer of the key markets in terms of environmental pressures. The other markets all perform below the world average. Furthermore, no key market has improved over the last ten years, with the UK and Australia exhibiting the greatest decline.

The decline in fish stocks (in Australia, New Zealand and the UK) is the main driver behind the decreased performance. The UK has seen the fraction of fish stocks exploited, as a percentage of the Exclusive Economic Zone, go from 31% in 2007 to 71% in 2016. Malaysia performs the best, with only

19% of fish stocks exploited. Hong Kong and Singapore are unchanged on 29% and 36%.

However, there have also been increases in the Marine Protected Areas Score. The UK and Australia have both seen the largest increases here: the UK increased its protected areas from 6% to 17% from 2007 to 2016, and Australia increased from 28% to 33%. However, both countries were still overtaken in the global rankings as this score increased in a number of countries.

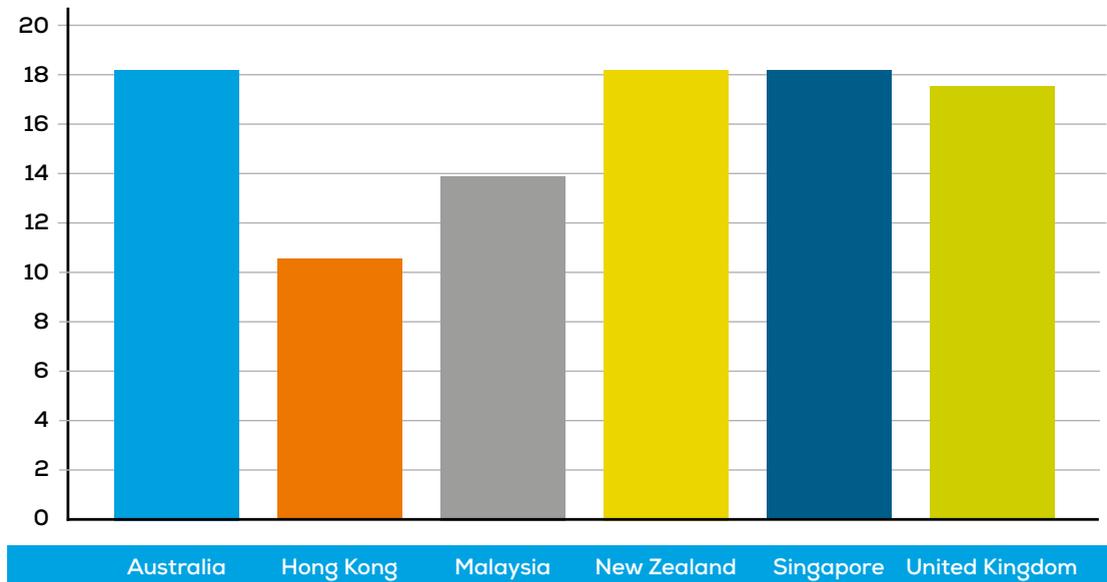
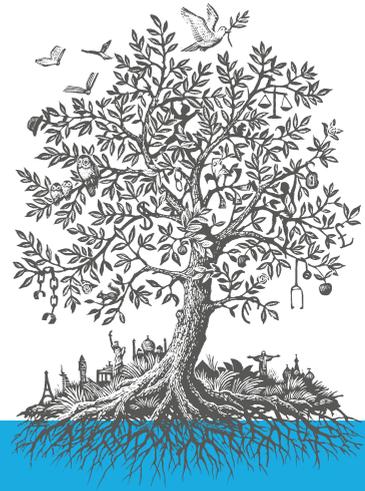


Figure 31: Air quality scores 2015

iii. Explaining Hong Kong's poor performance

Compared to other key markets, Hong Kong underperforms on the Natural Environment pillar. It is 98th in the world for this pillar, which is its lowest ranking but has improved slightly over the past ten years. Hong Kong scores poorly on air pollution, marine protected areas and pesticide regulation. Compared with other key markets, it performs well on fish stocks, protected land areas, wastewater treatment and freshwater withdrawal.

Air pollution is the most prominent issue for Hong Kong, with 42% of the population exposed to pollution above the World Health Organisation thresholds. This level has fallen in the last decade; but air pollution still poses a significant public health risk. The Hong Kong Environment Bureau is implementing a "Clean Air Plan", to ensure that pollution levels in the city are reduced.¹² If successful, this will reduce the detrimental effects that increased pollution will have on the health of Hong Kong's citizens. This will increase prosperity.



Conclusion

The key markets are a diverse group of countries, and show much strength throughout the Prosperity Index. There is much to celebrate. However, countries can never be complacent; and future prosperity needs to be fought for. Each country has unique strengths, and faces different challenges.

Specifically, these are:

New Zealand: New Zealand was the highest performing country in the 2016 Prosperity Index. A major challenge going forward is **tackling the inequalities**, particularly in education, that threaten future prosperity in low income communities, especially as technology changes the nature of work. There needs to be increased investment in the education system, and also more input from businesses and communities on training workers for the workplace of the future.

A second challenge for New Zealand is **housing**. New Zealand has high social capital, but the increasing cost of housing threatens this by undermining the stability of communities. These communities are crucial to New Zealand's prosperity.

Australia: Australia is one of the best performing countries in the Prosperity Index; but, like any other country, it faces a number of challenges. One of the most relevant is that, compared to 10 years ago, Australia's **economy is less open**. In a competitive global environment, this means Australia may miss out on the benefits of a globalised economy, and on the benefits of trade and competition.

Australia also needs to become better at **managing its resources**. There are increased pressures on its environment, and these may continue to increase with population and economic growth. The challenge is to "decouple" this growth from environmental damage, so that Australians can enjoy a healthy natural environment.

United Kingdom: The UK scores highly on the Prosperity Index, and has seen a number of improvements in recent years. For the UK, an important challenge is reversing its **decline in economic quality**. Of particular concern is the rise in the number of trade barriers and the reduced effectiveness of anti-monopoly policy. This trend is occurring across a number of countries. Brexit offers an opportunity for the UK to rethink its barriers to trade and competition policy, to ensure that it encourages competitive markets at home and abroad.

The **declining Social Capital** score for the UK is another challenge to its future prosperity. While the UK has strong Social Capital, this has been declining slowly over the last few years. This is due to a fall in people giving donations and helping others in time of troubles. As the UK enters a new era for trade policy and its role in the world, it needs to ensure that it protects and fosters the most fundamental relationships that underpin the country's prosperity.

Singapore: Singapore is the most prosperous country in South East Asia. Nevertheless, it has some challenges in strengthening some of its institutions. Its Governance has strengthened over time, due to increased political participation. However, there are some concerns. Singapore scores very low on **Personal Freedom**, and ranks 97th in the world. Press freedom for example, needs to be better protected. Singapore also has restrictions on governmental religious restrictions, so more can be done to remove these restrictions.

Singapore's **declining Social Capital** also presents challenges to its future prosperity. Of most concern is the falling donations score. Poorer Social Capital affects wellbeing, because people need support from friends and family. But it also affects economic growth by undermining the trust that is needed for business relations to function well. Therefore, Singapore should focus on correcting this trend.

Hong Kong: Hong Kong should focus on **securing better personal freedoms** for its citizens. Freedom is necessary for prosperity; and Hong Kong has seen a major decline in this score over the decade. Hong Kong is a business hub, and enjoys a high standard of living. However, a reduction in personal freedom may have knock-on effects in other pillars, such as economic quality and business environment. Personal freedoms are part of a stable regime of governance, which is necessary not only to attract and retain business, but also enable wellbeing.

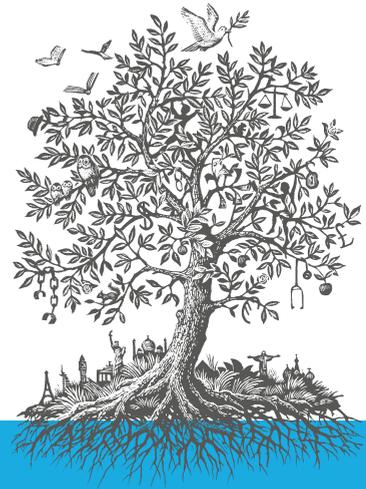
Hong Kong also needs to focus on **lifting its environmental performance**. It has implemented a plan to improve the air quality and this needs to be pursued vigorously. It is important for the health and wellbeing for Hong Kong's citizens. It will lift productivity and the attractiveness of Hong Kong as a place for businesses and skilled migrants who want quality of life.

Malaysia: Malaysia performs reasonably well on education. However, it can undertake reforms to improve the quality of its education system.

Education is one of the strongest means to lift the prosperity of its citizens. In particular, a strong focus on increasing participation in vocational training and in tertiary education would mean that Malaysia could focus on building its human capital. There is a strong need for skills in science, mathematics, engineering and technology. These are all skills needed to compete in the global economy.

A second important factor is the need to **increase personal freedoms** in Malaysia. Prosperity is strengthened when citizens are free. This means that there needs to be strong protections for human rights and respect for the rule of law. This is necessary for Malaysia to continue to increase its prosperity score.

By building on current success and tackling these future challenges, the key markets can strengthen their future prosperity.



Appendix

MALAYSIA scorecard

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|-----------------------------------------|-----------------------------|--------------------------------------------------|
| Economic Quality | 23 (+11) | |
| Economic inclusion | | |
| Absolute poverty | 48 (-47) | |
| Financial engagement | 49 (-) | |
| Relative poverty | 15 (+4) | |
| Economic openness | | |
| Effectiveness of anti-monopoly policy | 16 (+12) | |
| Prevalence of trade barriers | 9 (+31) | |
| Labour force engagement | | |
| Female labour force participation | 119 (-4) | |
| Labour force participation | 120 (-5) | |
| Unemployment | 8 (+11) | |
| Productivity and competitiveness | | |
| Export diversification index | 63 (-3) | |
| Export quality index | 58 (-7) | |

MALAYSIA scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Standard of living | | |
| Average economic growth in previous five years | 34 (+36) |  |
| Feelings about household income | 39 (+4) |  |
| Satisfied with standard of living | 39 (+8) |  |
| Business Environment | 16 (+6) | |
| Access to credit | | |
| Affordability of financial services | 11 (+3) |  |
| Ease of getting credit | 27 (-25) |  |
| Business infrastructure | | |
| Ease of getting electricity | 22 (-2) |  |
| Fixed broadband subscriptions | 66 (-12) |  |
| Logistics performance index | 24 (+2) |  |
| Entrepreneurial environment | | |
| Ease of starting a business | 14 (+50) |  |
| Perception of starting new businesses | 51 (+48) |  |
| Perception of working hard getting one ahead | 37 (+3) |  |
| Investor protections | | |
| Ease of resolving insolvency | 41 (+15) |  |
| Intellectual property protection | 24 (-) |  |
| Labour market flexibility | | |
| Hiring and firing practices | 9 (+36) |  |
| Redundancy costs | 111 (+17) |  |
| Governance | 40 (+3) | |
| Government integrity | | |
| Corruption perceptions index | 50 (-13) |  |
| Transparency of government policymaking | 14 (+2) |  |
| Government performance | | |
| Confidence in national government | 91 (-76) |  |
| Government effectiveness | 27 (-3) |  |
| Regulatory quality | 36 (+8) |  |

MALAYSIA scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Political participation | | |
| Democracy level | 94 (+5) |  |
| Political participation and rights | 87 (-4) |  |
| Voting age population turnout | 62 (+39) |  |
| Women in national parliaments | 126 (-15) |  |
| Confidence in honesty of elections | 66 (-12) |  |
| Rule of law | | |
| Efficiency of legal system in challenging regulation | 13 (+25) |  |
| Judicial independence | 35 (-6) |  |
| Rule of law | 39 (+4) |  |
| Education | 31 (-5) | |
| Access to education | | |
| Adult literacy rate | 72 (-44) |  |
| Education inequality | 63 (+1) |  |
| Girls to boys enrolment ratio | 27 (+6) |  |
| Youth literacy rate | 84 (-79) |  |
| Human capital of the workforce | | |
| Primary completion rate | 1 (+27) |  |
| Technical and vocational education enrolment | 79 (+12) |  |
| Tertiary education per worker | 56 (+10) |  |
| Quality of education | | |
| Education quality score | 56 (-) |  |
| Perception that children are learning in society | 50 (-30) |  |
| Satisfaction with educational quality | 30 (-25) |  |
| Secondary education per worker | 32 (+3) |  |
| Top universities | 24 (0) |  |

MALAYSIA scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Health | 37 (-8) | |
| Health outcomes | | |
| Health problems | 27 (+35) |  |
| Joy | 31 (+7) |  |
| Life expectancy at birth | 62 (-7) |  |
| Mortality rate | 61 (-7) |  |
| Sadness | 92 (-85) |  |
| Health system quality | | |
| Immunisation against DPT | 34 (-4) |  |
| Immunisation against measles | 58 (-6) |  |
| Improved sanitation facilities | 49 (-) |  |
| Satisfaction with healthcare | 22 (-6) |  |
| Illness and risk factors prevalence | | |
| Diabetes prevalence | 147 (-31) |  |
| Obesity prevalence | 51 (-) |  |
| Tuberculosis quality-adjusted life years | 76 (-4) |  |
| Safety & Security | 58 (-19) | |
| National security | | |
| Battlefield deaths | 1 (-) |  |
| Civil and ethnic war casualties | 1 (-) |  |
| Political terror scale | 89 (-30) |  |
| Refugees by country of origin | 44 (-4) |  |
| Terrorist attack casualties in last five years | 96 (-95) |  |
| Personal safety | | |
| Intentional homicides | 54 (-) |  |
| Property stolen | 110 (-52) |  |
| Safe walking alone at night | 128 (-36) |  |
| Security of living conditions | | |
| Availability of adequate food | 42 (-25) |  |
| Availability of adequate shelter | 56 (-33) |  |
| Traffic accident deaths | 109 (-7) |  |

MALAYSIA scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|---------------------------------------------|-----------------------------|--------------------------------------------------|
| Personal Freedom | 112 (-1) | |
| Basic legal rights | | |
| Civil liberties | 80 (+5) | |
| Conscription | 1 (-) | |
| Death penalty | 79 (-10) | |
| Press freedom | 112 (-4) | |
| Individual freedoms | | |
| Governmental religious restrictions | 144 (-2) | |
| LGBT rights | 100 (-3) | |
| Property rights between genders | 1 (-) | |
| Satisfaction with freedom | 100 (-63) | |
| Social tolerance | | |
| Ethnic minorities tolerance | 45 (+24) | |
| Immigrants tolerance | 128 (+20) | |
| LGBT groups tolerance | 72 (+56) | |
| Social religious restrictions | 93 (-28) | |
| Social Capital | 33 (+27) | |
| Civic participation | | |
| Donation | 21 (+12) | |
| Volunteering | 20 (+14) | |
| Voice opinion | 26 (+66) | |
| Voter turnout (adjusted by democracy level) | 42 (+42) | |
| Personal and social relationships | | |
| Help in troubles | 78 (-11) | |
| Informal help | 53 (+46) | |
| Opportunity to make friends | 30 (-6) | |
| Help a stranger | 85 (+23) | |
| Social norms | | |
| Respect | 112 (+15) | |
| Trust in local police | 82 (-24) | |

MALAYSIA scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|--------------------------------|-----------------------------|-------------------------------------------------------------------------------------|
| Natural Environment | 49 (-22) | |
| Environmental pressures | | |
| Fish stocks | 30 (-6) |  |
| Freshwater withdrawal | 39 (-) |  |
| Environmental quality | | |
| Air pollution | 127 (-30) |  |
| Improved drinking water source | 58 (+1) |  |
| Preservation efforts | | |
| Marine protected areas | 119 (-16) |  |
| Pesticide regulation | 89 (-6) |  |
| Preservation efforts | 42 (-16) |  |
| Terrestrial protected areas | 62 (-25) |  |
| Wastewater treatment | 56 (+4) |  |

SINGAPORE scorecard

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|--------------------------------------------------|
| Economic Quality | 8 (+8) | |
| Economic inclusion | | |
| Absolute poverty | 55 (+1) | |
| Financial engagement | 8 (-) | |
| Relative poverty | 24 (-2) | |
| Economic openness | | |
| Effectiveness of anti-monopoly policy | 7 (+18) | |
| Prevalence of trade barriers | 3 (-1) | |
| Labour force engagement | | |
| Female labour force participation | 60 (+7) | |
| Labour force participation | 47 (+8) | |
| Unemployment | 14 (+3) | |
| Productivity and competitiveness | | |
| Export diversification index | 60 (+4) | |
| Export quality index | 2 (-) | |
| Standard of living | | |
| Average economic growth in previous five years | 79 (-12) | |
| Feelings about household income | 14 (+20) | |
| Satisfied with standard of living | 16 (-7) | |
| Business Environment | 6 (-4) | |
| Access to credit | | |
| Affordability of financial services | 7 (-3) | |
| Ease of getting credit | 18 (-7) | |
| Business infrastructure | | |
| Ease of getting electricity | 14 (+4) | |
| Fixed broadband subscriptions | 30 (-8) | |
| Logistics performance index | 5 (-4) | |

SINGAPORE scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Entrepreneurial environment | | |
| Ease of starting a business | 10 (-4) |  |
| Perception of starting new businesses | 88 (-29) |  |
| Perception of working hard getting one ahead | 88 (-19) |  |
| Investor protections | | |
| Ease of resolving insolvency | 25 (-22) |  |
| Intellectual property protection | 2 (+3) |  |
| Labour market flexibility | | |
| Hiring and firing practices | 3 (-2) |  |
| Redundancy costs | 5 (-) |  |
| Governance | 18 (-) | |
| Government integrity | | |
| Corruption perceptions index | 8 (-4) |  |
| Transparency of government policymaking | 1 (-) |  |
| Government performance | | |
| Confidence in national government | 1 (-) |  |
| Government effectiveness | 1 (-) |  |
| Regulatory quality | 1 (+4) |  |
| Political participation | | |
| Democracy level | 120 (-6) |  |
| Political participation and rights | 87 (+10) |  |
| Voting age population turnout | 100 (+31) |  |
| Women in national parliaments | 53 (-19) |  |
| Confidence in honesty of elections | 6 (+5) |  |
| Rule of Law | | |
| Efficiency of legal system in challenging regulation | 20 (-16) |  |
| Judicial independence | 20 (-2) |  |
| Rule of law | 11 (+5) |  |

SINGAPORE scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|--------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Education | 10 (+5) | |
| Access to education | | |
| Adult literacy rate | 64 (-61) |  |
| Education inequality | 83 (-) |  |
| Girls to boys enrolment ratio | 89 (-3) |  |
| Youth literacy rate | 6 (-4) |  |
| Human capital of the workforce | | |
| Primary completion rate | 44 (-20) |  |
| Technical and vocational education enrolment | 70 (-5) |  |
| Tertiary education per worker | 4 (+31) |  |
| Quality of education | | |
| Education quality score | 1 (-) |  |
| Perception that children are learning in society | 1 (-) |  |
| Satisfaction with educational quality | 7 (-6) |  |
| Secondary education per worker | 36 (+28) |  |
| Top universities | 11 (+1) |  |
| Health | 2 (-1) | |
| Health outcomes | | |
| Health problems | 13 (-12) |  |
| Joy | 21 (+38) |  |
| Life expectancy at birth | 4 (+8) |  |
| Mortality rate | 6 (+10) |  |
| Sadness | 1 (-) |  |
| Health system quality | | |
| Immunisation against DPT | 34 (+5) |  |
| Immunisation against measles | 50 (+2) |  |
| Improved sanitation facilities | 1 (-) |  |
| Satisfaction with healthcare | 6 (-2) |  |

SINGAPORE scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Illness and risk factors prevalence | | |
| Diabetes prevalence | 133 (-13) |  |
| Obesity prevalence | 23 (+1) |  |
| Tuberculosis quality-adjusted life years | 44 (+10) |  |
| Safety & Security 1 (-) | | |
| National security | | |
| Battlefield deaths | 1 (-) |  |
| Civil and ethnic war casualties | 1 (-) |  |
| Political terror scale | 27 (-8) |  |
| Refugees by country of origin | 37 (+5) |  |
| Terrorist attack casualties in last five years | 1 (-) |  |
| Personal safety | | |
| Intentional homicides | 4 (-2) |  |
| Property stolen | 2 (-1) |  |
| Safe walking alone at night | 1 (-) |  |
| Security of living conditions | | |
| Availability of adequate food | 3 (-) |  |
| Availability of adequate shelter | 3 (-2) |  |
| Traffic accident deaths | 8 (+5) |  |
| Personal Freedom 97 (-7) | | |
| Basic legal rights | | |
| Civil liberties | 80 (+5) |  |
| Conscription | 128 (-1) |  |
| Death penalty | 79 (-10) |  |
| Press freedom | 112 (+7) |  |
| Individual freedoms | | |
| Governmental religious restrictions | 137 (-17) |  |
| LGBT rights | 100 (-3) |  |
| Property rights between genders | 1 (-) |  |
| Satisfaction with freedom | 30 (-3) |  |

SINGAPORE scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|---------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Social tolerance | | |
| Ethnic minorities tolerance | 1 (+4) |  |
| Immigrants tolerance | 45 (-20) |  |
| LGBT groups tolerance | 67 (-7) |  |
| Social religious restrictions | 42 (-16) |  |
| Social Capital | 31 (-7) | |
| Civic participation | | |
| Donation | 19 (-13) |  |
| Volunteering | 51 (+42) |  |
| Voice opinion | 133 (-55) |  |
| Voter turnout (adjusted by democracy level) | 100 (-6) |  |
| Personal and social relationships | | |
| Help in troubles | 58 (-32) |  |
| Informal help | 72 (+31) |  |
| Opportunity to make friends | 17 (-15) |  |
| Help a stranger | 79 (+36) |  |
| Social norms | | |
| Respect | 30 (+94) |  |
| Trust in local police | 10 (-9) |  |
| Natural Environment | 11 (-8) | |
| Environmental pressures | | |
| Fish stocks | 95 (+2) |  |
| Freshwater withdrawal | 112 (-) |  |
| Environmental quality | | |
| Air pollution | 1 (-) |  |
| Improved drinking water source | 1 (-) |  |

SINGAPORE scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|-----------------------------|-----------------------------|-------------------------------------------------------------------------------------|
| Preservation efforts | | |
| Marine protected areas | 130 (-17) |  |
| Pesticide regulation | 1 (-) |  |
| Preservation efforts | 6 (-2) |  |
| Terrestrial protected areas | 123 (-12) |  |
| Wastewater treatment | 1 (-) |  |

HONG KONG scorecard

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|--------------------------------------------------|
| Economic Quality | 20 (-) | |
| Economic inclusion | | |
| Absolute poverty | 57 (+1) | |
| Financial engagement | 27 (-) | |
| Relative poverty | 32 (-4) | |
| Economic openness | | |
| Effectiveness of anti-monopoly policy | 47 (-8) | |
| Prevalence of trade barriers | 1 (+3) | |
| Labour force engagement | | |
| Female labour force participation | 78 (-11) | |
| Labour force participation | 81 (-17) | |
| Unemployment | 18 (+15) | |
| Productivity and competitiveness | | |
| Export diversification index | 39 (+4) | |
| Export quality index | 12 (-6) | |
| Standard of living | | |
| Average economic growth in previous five years | 72 (-13) | |
| Feelings about household income | 59 (-) | |
| Satisfied with standard of living | 39 (-9) | |
| Business Environment | 4 (-3) | |
| Access to credit | | |
| Affordability of financial services | 4 (-2) | |
| Ease of getting credit | 18 (-16) | |
| Business infrastructure | | |
| Ease of getting electricity | 2 (-) | |
| Fixed broadband subscriptions | 16 (-6) | |
| Logistics performance index | 15 (-7) | |

HONG KONG scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Entrepreneurial environment | | |
| Ease of starting a business | 4 (+9) |  |
| Perception of starting new businesses | 60 (-54) |  |
| Perception of working hard getting one ahead | 123 (-39) |  |
| Investor Protections | | |
| Ease of resolving insolvency | 24 (-8) |  |
| Intellectual property protection | 9 (+11) |  |
| Labour market flexibility | | |
| Hiring and firing practices | 1 (+6) |  |
| Redundancy costs | 14 (+98) |  |
| Governance | 27 (+2) | |
| Government integrity | | |
| Corruption perceptions index | 18 (-4) |  |
| Transparency of government policymaking | 4 (+1) |  |
| Government performance | | |
| Confidence in national government | 82 (-54) |  |
| Government effectiveness | 5 (+2) |  |
| Regulatory quality | 2 (-1) |  |
| Political participation | | |
| Democracy level | 135 (-5) |  |
| Political participation and rights | 102 (-5) |  |
| Voting age population turnout | 99 (-1) |  |
| Women in national parliaments | 97 (-28) |  |
| Confidence in honesty of elections | 66 (-53) |  |
| Rule of law | | |
| Efficiency of legal system in challenging regulation | 3 (+2) |  |
| Judicial independence | 5 (+11) |  |
| Rule of law | 14 (+5) |  |

HONG KONG scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|--------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Education | 21 (-4) | |
| Access to education | | |
| Adult literacy rate | 27 (-13) |  |
| Education inequality | 80 (+4) |  |
| Girls to boys enrolment ratio | 79 (-37) |  |
| Youth literacy rate | 5 (-2) |  |
| Human capital of the workforce | | |
| Primary completion rate | 52 (-51) |  |
| Technical and vocational education enrolment | 129 (+3) |  |
| Tertiary education per worker | 39 (-27) |  |
| Quality of education | | |
| Education quality score | 4 (-) |  |
| Perception that children are learning in society | 11 (-7) |  |
| Satisfaction with educational quality | 120 (-8) |  |
| Secondary education per worker | 16 (-) |  |
| Top universities | 3 (-1) |  |
| Health | 7 (-1) | |
| Health outcomes | | |
| Health problems | 36 (-28) |  |
| Joy | 69(+1) |  |
| Life expectancy at birth | 1 (+1) |  |
| Mortality rate | 3 (+1) |  |
| Sadness | 40(+46) |  |
| Health system quality | | |
| Immunisation against DPT | 1 (-) |  |
| Immunisation against measles | 1 (-) |  |
| Improved sanitation facilities | 1 (-) |  |
| Satisfaction with healthcare | 53 (-4) |  |

HONG KONG scorecard *continued*

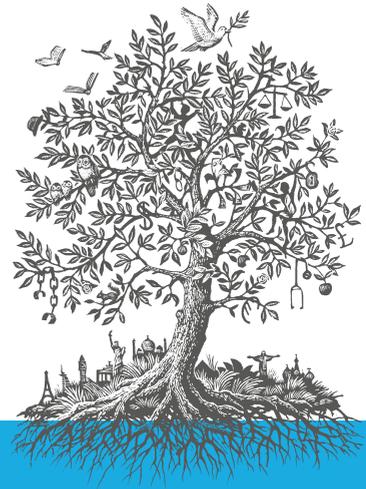
| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Illness and risk factors prevalence | | |
| Diabetes prevalence | 115 (+4) |  |
| Obesity prevalence | 3 (+5) |  |
| Tuberculosis quality-adjusted life years | 51 (+3) |  |
| Safety & Security 11 (-9) | | |
| National security | | |
| Battlefield deaths | 1 (-) |  |
| Civil and ethnic war casualties | 122 (+3) |  |
| Political terror scale | 40 (-11) |  |
| Refugees by country of origin | 20 (-13) |  |
| Terrorist attack casualties in last five years | 1 (-) |  |
| Personal safety | | |
| Intentional homicides | 21 (-20) |  |
| Property stolen | 2 (+3) |  |
| Safe walking alone at night | 3 (+8) |  |
| Security of living conditions | | |
| Availability of adequate food | 11 (+6) |  |
| Availability of adequate shelter | 33 (+9) |  |
| Traffic accident deaths | 3 (-) |  |
| Personal Freedom 45 (-11) | | |
| Basic legal rights | | |
| Civil liberties | 104 (+6) |  |
| Conscription | 1 (-) |  |
| Death penalty | 1 (-) |  |
| Press freedom | 50 (-7) |  |
| Individual freedoms | | |
| Governmental religious restrictions | 74 (-40) |  |
| LGBT rights | 40 (-27) |  |
| Property rights between genders | 1 (-) |  |
| Satisfaction with freedom | 42 (-33) |  |

HONG KONG scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|---------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| Social tolerance | | |
| Ethnic minorities tolerance | 50 (+1) |  |
| Immigrants tolerance | 23 (-) |  |
| LGBT groups tolerance | 27 (-4) |  |
| Social religious restrictions | 78 (-26) |  |
| Social Capital | 53 (-6) | |
| Civic participation | | |
| Donation | 11 (-4) |  |
| Volunteering | 99 (+15) |  |
| Voice opinion | 113 (+35) |  |
| Voter turnout (adjusted by democracy level) | 137 (-) |  |
| Personal and social relationships | | |
| Help in troubles | 68 (+6) |  |
| Informal help | 64 (-13) |  |
| Opportunity to make friends | 37 (+10) |  |
| Help a stranger | 48 (+11) |  |
| Social norms | | |
| Respect | 85 (-9) |  |
| Trust in local police | 37 (-24) |  |
| Natural Environment | 98 (-5) | |
| Environmental pressures | | |
| Fish stocks | 51 (-) |  |
| Freshwater withdrawal | 131 (-1) |  |
| Environmental quality | | |
| Air pollution | 142 (-2) |  |
| Improved drinking water source | 39 (-9) |  |

HONG KONG scorecard *continued*

| Variable | Rank (change since 2007) | Progress (change in real score since 2007) |
|-----------------------------|-----------------------------|-------------------------------------------------------------------------------------|
| Preservation efforts | | |
| Marine protected areas | 137 (-14) |  |
| Pesticide regulation | 114 (-) |  |
| Preservation efforts | 78 (+13) |  |
| Terrestrial protected areas | 5 (-2) |  |
| Wastewater treatment | 14 (-5) |  |



References

- 1 Chartered Accountants Australia and New Zealand (2017). *The Quest for Prosperity: Shaping Australia's future*. From www.charteredaccountantsanz.com/futureinc.
- 2 World Bank (2017). *Doing Business: Business Reform Summaries*. From <http://www.doingbusiness.org/reforms>
- 3 World Bank (2017). *Doing Business: Business Reforms in Malaysia*. From <http://www.doingbusiness.org/Reforms/Overview/Economy/malaysia>
- 4 Malaysia Economic Transformation Programme (2012). Malaysia Removed From Lower Level IPR Piracy U.S. Watch List. From http://etp.pemandu.gov.my/Related_Stories-@-Malaysia_Removed_From_Lower_Level_IPR_Piracy_U@S@_Watch_List.aspx
- 5 University of Maryland (2017). *Global terrorism database*. From <https://www.start.umd.edu/gtd/>
- 6 US State Department (2015). *2015 Human Rights Report*. From <https://www.state.gov/j/drl/rls/hrrpt/2015humanrightsreport/index.htm#wrapper>
- 7 Freedom House (2015). *Freedom of the Press 2015: Singapore*. From <https://freedomhouse.org/report/freedom-press/2015/singapore>
- 8 Freedom House (2015). *Freedom of the Press 2015: Australia, United Kingdom*. From <https://freedomhouse.org/report/freedom-press/2015/australia>.
- 9 Freedom House (2015). *Freedom of the Press 2015: New Zealand*. From <https://freedomhouse.org/report/freedom-press/2016/new-zealand>
- 10 Freedom House (2015). *Freedom of the Press 2015: Hong Kong*. From <https://freedomhouse.org/report/freedom-press/2016/hong-kong>
- 11 Charities Aid Foundation (2015). *World Giving Index 2015*. From <https://www.cafonline.org/about-us/publications/2015-publications/world-giving-index-2015>
- 12 Environmental Protection Department Hong Kong (2017). From <http://www.epd.gov.hk/epd/english/top.html>

future [inc]™

PERSPECTIVES ON PROSPERITY