

MAXIMISING THE VALUE OF DATA THROUGH GREATER DATA SHARING BETWEEN PUBLIC AND PRIVATE SECTORS

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There is no such thing as 'too much information'

There are numerous issues when it comes to statistics since there is no such thing as 'too much information' – certainly not in this 'Information Age' where lack of information and transparency, as well as poor data integrity, reliability and accuracy is 'taboo'.

In view of the demand for greater flows of information as well as transparent, timely, reliable and accurate data, effective dissemination of statistics as well as greater exchanges and sharing of information between the public sector and the private sector is vital. This holds even greater significance and importance within the context of Malaysia's on-going economic transformation.

Malaysia is on a journey to become a high-income economy from the current upper middle-income levels. To realise this mission within the current decade, the Economic Transformation Programme (ETP) was unveiled and laid out the path to attain Vision 2020. The ultimate goal is to raise the country's Gross National Income (GNI) per capita to at least USD15,000 by 2020 from USD8,351 in 2010 (latest figure is USD9,779 for the period January-September 2012), i.e. 6% p.a. growth in GNI per capita.² Meanwhile, the implied real GDP growth target is 5% p.a., taking cue from the observed official real GDP growth forecasts for 2011, 2012 and 2013 in the Ministry of Finance's Economic Reports and Bank Negara Malaysia's Annual Reports since October 2010 when the ETP was officially launched.

Key to achieving the above GNI per capita and economic growth targets is investment, with private sector being the engine of investment, job creation, economic growth and income. ETP targets RM1.4 trillion new investments in the period 2011-2020, with 92% of this grand total coming from the corporate sector, out of which 73% are domestic direct investment (DDI) and 27% are foreign direct investment (FDI). Furthermore, 43% of the DDI will involve capital expenditures by the government-linked corporations and investment funds (GLCs/GLIFs).³

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² ETP Roadmap, October 2010

³ *Ibid*

In addition to these numerical or quantitative targets, qualitative targets are also set under the ETP, namely 'inclusive' and 'sustainable' growth. Inclusive growth mainly relates to narrowing disparities, raising equality in income/wealth distribution and enhancing economic opportunities among Malaysians, with special attention given to lifting the socio-economic well-being and the quality of life of the bottom 40% of the households. With regard to sustainable growth, the basic tenets are a private sector-led growth to reduce reliance on – and alter the role of – the public sector, underpinned by productivity, efficiency and innovation, to cut the dependence on unsustainable competitive factors such as subsidies and cheap foreign labour, as well as ensuring a well-managed public finance and preserving the environment and natural resources.⁴

Complementing ETP to deliver these outcomes and aspirations are the Government Transformation Programme (GTP) and the Strategic Reform Initiatives (SRIs). These three are the policy manifestations of the New Economic Model (NEM) for Malaysia.

As we need to track whether we are on track

Over the next few years and as we approach the mid-point of this decade of transformation, the key role of statistics is to present evidence whether Malaysia is on track to achieve Vision 2020. Statistics should enable us to gauge and analyse whether the transformation is yielding the intended results and producing the desired outcomes; as well as providing policymakers with the information that facilitate policy recalibration and realignment, if necessary, particularly in relation to the formulation of Eleventh Malaysia Plan (11MP, 2016-2020).

Given the above brief mention on Malaysia's transformation narrative, we therefore need timely, adequate, reliable and accurate statistics to monitor the country's evolution into a high-income economy where growth is investment-driven, inclusive and sustainable. Consequently and immediately, we see the key statistical issues revolving around investment, labour market, income distribution and productivity.

Enhancing information on investment. Given that investment, namely private investment is a critical element for Malaysia's desired growth dynamics in the current decade, a more organised and transparent investment dataset with greater levels of details are highly welcomed.

Currently, the impression or perception among the private sector economists/research analysts, is that there are perhaps too many public sector entities (e.g. Ministries; Department of Statistics Malaysia (DOSM); Bank Negara Malaysia (BNM); Ministry of International Trade

⁴ETP Roadmap, October 2010

and Industry (MITI)/Malaysian Investment Development Authority (MIDA); Performance Management & Delivery Unit (PEMANDU); Economic Planning Unit (EPU); regional development authorities; states' economic planning units, economic development corporations and/or investment promotion agencies) providing the numbers and talking about private investments, resulting in some confusion and doubt as to the real or actual investment statistics due to the duplication in information dissemination as well as questions over the methodological consistency and accuracy in compiling or computing the data.

At the same time, Non-Financial Public Enterprises (NFPEs) and GLCs/GLIFs are a sizeable block – but also a significant 'black box' – in the country's gross fixed capital formation (GFCF). Based on 2011's consolidated public sector finance that covers Federal, State and Local Governments; Statutory Bodies; and NPFEs, the RM50 billion development spending by NFPEs was 45% of the enlarged public sector development spending. This amount is also equivalent to 60% of the nominal public sector investment and 26% of the nominal GFCF in 2011. Even then, this NFPEs' development spending number reflects only the biggest 30 NFPEs with minimum annual sales of RM100 million.⁵ Despite the significance of NFPEs and GLCs/GLIFs in the Malaysian economy, end-users in the private sector have somewhat limited access to their capital expenditure data, other than the information available from major entities like PETRONAS and large public-listed NFPEs/GLCs (e.g. Telekom Malaysia Berhad, Tenaga Nasional Berhad, Malaysia Airlines System Berhad) that are used as proxies to impute public sector investment, in addition to the Federal Government's development spending.

Another notable block – and 'black box' – in GFCF are investments via Public-Private Partnership (PPP)/Private Finance Initiatives (PFI). PPP/PFI was announced back in March 2006 as part of the Ninth Malaysia Plan (9MP, 2006-2010) to promote and facilitate greater private sector participation in improving the construction and delivery of infrastructure facilities and public service.⁶ PPP/PFI is gaining momentum and importance, especially in providing an alternative to the conventional direct public funding of the development spending in the Federal Government's annual budget in financing and implementing socio-economic infrastructure and development projects. Under the Tenth Malaysia Plan (10MP, 2011-2015), the Government identified 52 PPP/PFI projects worth RM62.7 billion and in addition announced a RM20 billion Facilitation Fund to catalyse and make viable other strategic and high-impact PPP/PFI projects via infrastructure, grants and off-take agreements to attract at least RM200 billion private sector investments during the 10MP period.⁷

⁵ Ministry of Finance's Economic Report 2012/2013, October 2012

⁶ PPP Guidelines, Public-Private Partnership Unit, Prime Minister Department, 2009

⁷ 10MP, June 2010

The prominent role of NPFEs, GLCs/GLIFs and PPP/PFI in driving investment will continue going forward given the recent proliferation of new entities and special purpose vehicles (SPVs) undertaking major investments – within or outside the ETP, and under PPP/PFI – such as the Mass Rapid Transit Corporation Sdn. Bhd. (public transport infrastructure - MRT), 1Malaysia Development Berhad or 1MDB (property/real estate – development of Tun Razak Exchange and Bandar Malaysia; power), EPF wholly-owned subsidiary Kwasa Land Sdn. Bhd. (property/real estate – development of RRIM land in Sungai Buloh), Perumahan Rakyat 1Malaysia or PR1MA (affordable housing) and Turus Pesawat Sdn. Bhd. (financing facilities for Malaysia Airlines System Berhad for the purchase of eight Airbus aircraft consisting of six A380 Super Jumbo, a single A330-200F freighter aircraft and a single A330-300 jetliner).

In addition, MITI/MIDA's statistics on approved investments in the manufacturing and non-financial services sectors should be complemented with statistics on actual investment. This is in view of the time lags between 'applications' to 'approvals' to 'implementation', due to the various processes and procedures involved, and depending on the approved investment types (i.e. expansion/diversification of existing investment or new investment), not to mention the influence of economic conditions and outlook on investors' decisions. Such additional information will definitely enhance the value of data coming from MITI/MIDA with regards to the status of the approved manufacturing and non-financial services investments.

Similarly, we also need constant and consistent updates on the status and progress of the Entry Point Projects (EPPs) that make up the ETP investments. Thus far, the regular announcements are on the number of confirmed EPPs, the value of investment commitments, and the projected GNI and job creation. There were sporadic updates on the status of these announced projects in 2011 (i.e. April, July, September and November 2011) that classified the announced EPPs into three categories – 'work-in-progress', 'commenced' and 'operational'. However, this has stopped in that there were no such progress updates in 2012.

Therefore, an idea for consideration is to have a one-stop information centre that coordinate and consolidate all the information and statistics on investments, especially into a centralised database on investments by the private sector (DDI and FDI) and NPFEs/GLCs/GLIFs, as well as under PPP/PFI. There is no need for the creation of a new entity for this purpose as it can be delegated to existing set up such as MITI, the EPU or PEMANDU.

More comprehensive database on labour market, income and distribution.

In the case of labour statistics, those available are essentially the principal data or basic information i.e. the size of labour force, employment and unemployment, labour participation rate and unemployment rate (seasonally and non-seasonally adjusted). The notable improvement in these basic statistics is they are now available on monthly basis, although the time series do not go back that far (i.e. from January 2009 only). There are also the quarterly data on active jobseekers, job vacancies (by sectors and categories) and retrenchments provided by the Ministry of Human Resources and published in BNM's Monthly Statistical Bulletin. Other labour market data such as employment/unemployment by age/ethnic groups, education/skill levels, occupation and industries/sectors are only published on annual basis. These should be made available on quarterly and/or monthly basis. A particularly useful addition to the existing labour database will be detailed and high-frequency statistics on workers' income. Currently, the only available related data is the manufacturing salaries and wages from the Monthly Manufacturing Statistics published by DOSM. At the same time, there is a need to reduce the time lag on household income statistics given the latest available data on this is for the year 2009 from the Household Income/Basic Amenities Survey. Moreover, it is also timely now to consider publishing GDP by income to complement the existing releases of GDP by output and demand. A more comprehensive labour market and income statistics will enable us to determine whether Malaysia's economic transformation is resulting in the desired shift in the labour market and income structures, e.g. higher income jobs, more demand and supply of skilled and knowledge workers, improvements in household income level and general income distribution.

Raising the frequency of – and 'mainstreaming' – productivity statistics.

Measuring the contribution of productivity to economic growth and the detailed breakdown of productivity measures by sectors is currently being undertaken by Malaysia Productivity Corporation (MPC). Of particular interest is total factor productivity (TFP). In the 10-year period between 2002 and 2011, TFP was 1.68% or almost a third of the 5.12% GDP growth during the period.⁸ In its 18th Annual Productivity Report 2010/2011, MPC estimated that TFP needs to grow by an average of 2.3% p.a. until 2020. Against the implied official real GDP growth target of 5% p.a. stated earlier, this means TFP must account for at least 45% of economic growth. Presently, MPC publishes its reports annually, which in some way and to some extent contributes to the low, or lack of, coverage by the private sector economists and research analysts on such important issues and data. We propose for MPC, in collaboration with DOSM, to release productivity data at a more regular interval or higher frequency, at least on a quarterly basis. This can go a long way towards 'mainstreaming' MPC's important work on productivity measures and indicators into Malaysia's list of key statistical releases.

⁸MPC Annual Report 2012

Further deepening and broadening of current statistical base

In writing this paper, we also took the opportunity to engage with our peers, namely economists in the banking sector and the asset management industry. By and large, the comments and remarks revolved around the issue of critical basic statistics that are not available, or even if published, they are at low frequency and aggregated.

The table below and in the next few pages outlines some of the key 'wish list' of the financial market economists. While acknowledging the major improvements in the quality, coverage, dissemination and communication of Malaysia's statistics, the 'wish list' essentially reflects the continuous need for further deepening and broadening of the current database as well as addressing the information gaps.

FINANCIAL MARKET ECONOMISTS' KEY STATISTICAL 'WISH LIST'		
Statistics/ Data	Frequency (Source)	Comments/Remarks
Retail Sales	Quarterly via Distributive Trade Statistics i.e. Wholesale, Retail and Motor Vehicle Sales (DOSM)	This is standard indicator of consumer spending and a vital data to have for Malaysia given that half of the country's GDP (by demand) is private consumption expenditure. It is a better and more comprehensive indicator on consumer spending compared with the likes of passenger car sales, consumer sentiment index and credit card transactions. Many regional countries publish monthly retail sales data (i.e. China, South Korea, Taiwan, Hong Kong, Singapore, Indonesia, Thailand, Vietnam). At the same time, Malaysia's existing quarterly time series on distributive trade statistics only goes back to 1Q 2010.
Core CPI	NA	Currently, core CPI is calculated by private sector economists via a simplistic/crude method of exclusion e.g. stripping Food and Non-Alcoholic Beverages component of CPI. An official core CPI would be a better option given the more detailed breakdown of CPI components at hand, and give confidence for private sector end-users/economists to make proper analysis on the underlying inflation trend.
Foreign Direct Investment (FDI)	Quarterly (DOSM Balance of Payments and BNM Monthly Statistical Bulletin)	<p>More detailed breakdown or disaggregated data on FDI on top of existing classification by sectors and countries / regions e.g. types of FDI such as M&A, new fixed assets (e.g. structures, machinery and equipment), reinvestment of retained profits, inter-company loans.</p> <p>An interesting observation on Malaysia's FDI data from DOSM's quarterly BOP reports is the appearance of offshore financial centres (e.g. like Bermuda, Cayman Island, Mauritius) as top sources of FDI into Malaysia in certain period</p> <p>While this may not be a peculiarity specific to Malaysia, the issue is whether there is a risk of overstating FDI as inflows from these sources could be from special purpose or financing vehicles owned by Malaysian companies rather than that of foreign companies.</p>
Portfolio Capital Flows	Quarterly (DOSM Balance of Payments and BNM Monthly Statistical Bulletin).	More micro or disaggregated data e.g. classification of foreign ownership of domestic equities and bonds/sukuks by types of investors e.g. pension funds, central banks, insurance companies, fund/ asset management companies, hedge funds etc in addition to the current macro or aggregated data on foreign holdings of domestic equities and bonds/sukuks.

FINANCIAL MARKET ECONOMISTS' KEY STATISTICAL 'WISH LIST'		
Statistics/ Data	Frequency (Source)	Comments/Remarks
Government Finance (Revenue, Expenditure, Budget Balance, Debts)	Quarterly, Annually (BNM Monthly Statistical Bulletin and MOF Economic Report)	Request for data on monthly basis. In addition, there are also indications of need for more details and regular updates on the Government's asset-liability position, including contingent liability.
Minutes of BNM's Monetary Policy Committee (MPC) Meetings	NA	Currently, BNM issues Monetary Policy Statement (MPS) after the MPC meetings. Release of minutes of MPC meetings can help private sector economists to analyse the dynamics of how monetary policy is being discussed among the committee members, and provides more guidance on the economic conditions and outlook as well as the issues and risks.
Household Debt (including Debt Service and Asset-Liability Ratios) and Income	Annually (BNM Annual Report / BNM Financial Stability and Payment Systems Report)	Given the high-profile issue of household debt, there is demand for these statistics to be made available on a more regular basis or at a higher frequency, at least quarterly, for close monitoring of the situation.
National Property/ House Price Index; Property Market Report (Stocks, Incoming Supplies, Transactions)	Quarterly, Half-Yearly (NAPIC/ Department of Valuation and Property Services)	Increase data frequency to monthly and reduce time lag, especially for large cities/urban areas like Klang Valley, Penang and Johor Baharu. A more frequent and timely database is deemed critical in monitoring and analysing the property/real estate market amid policy issues such as rising property prices, supply of affordable housing, and the impact of major property/real estate developments in government lands.

And some 'housekeeping' issues

Timing of high-frequency data releases. This is probably a common grouse among private sector end-users. From our quick run through on the timing of the official releases of high-frequency statistics (i.e. quarterly real GDP; monthly industrial output; monthly external trade; monthly CPI) by Malaysia and its regional peers, almost 60% of these data are released in the morning or during the first half of the financial market's trading hours. Presently, Malaysia's high-frequency economic data are released at noon (i.e. monthly industrial production, monthly external trade) or late-afternoon/early-evening (i.e. quarterly GDP,

monthly CPI), with the late-afternoon/early-evening releases referring to 5pm-6pm. We also noted that countries like Taiwan and Vietnam have shifted some of their key statistical releases to morning from afternoon. For the sample of developed countries that we looked at (i.e. US, EU, UK, Japan, Canada, Australia), the high-frequency statistics are invariably released early in the day. We believe earlier releases of these high-frequency data will enable private sector economists/research analysts to do justice to the data by having more time to go through the figures and all stakeholders – from data publishers to financial markets – will benefit from more in-depth analysis and commentaries. Early releases of these important high-frequency statistics can also profile Malaysia's economic news in international real-time electronic business media (e.g. Bloomberg, Reuters, CNBC), especially during the trading hours of the East Asian financial markets.

Asia: Timing of High-Frequency Data Releases, Jan – Sep 2012										
Key Indicator	China	India	Korea	Taiwan	HKSAR	Singapore	Malaysia	Indonesia	Thailand	Vietnam
GDP	AM	AM	AM	AM/PM	AM/PM	AM	PM	AM	AM	AM/PM
IPI	AM/NOON	AM	AM	PM	-	NOON	NOON	-	NOON/PM	AM
CPI	AM	AM	AM	AM/PM	PM	NOON	PM	AM	AM/NOON	AM
Trade	AM	AM/NOON	AM	PM	PM	AM	NOON	AM	AM/NOON	AM/PM

Source: Bloomberg

Developed Countries: Timing of High-Frequency Data Releases, Jan – Sep 2012						
Key Indicator	US	EU	Japan	UK	Canada	Australia
GDP	AM	AM/NOON	AM	AM	AM	AM/NOON
IPI	AM	AM/NOON	AM	AM	AM	-
CPI	AM	AM/NOON	AM	AM	AM	AM/NOON
Trade	AM	AM/NOON	AM	AM	AM	AM/NOON

Source: Bloomberg

Elevate the status of DOSM. The Government should explore the possibility of turning DOSM into an independent statutory body/national agency from its current position as a department under the Prime Minister's Office, with a bigger budget especially for human capital and ICT infrastructure, which DOSM, in its Strategic Plan 2010-2014, has identified as among the main issues and key challenges in meeting its Mission, Objectives and Client's Charter. In addition, this change in the organisational structure will enhance DOSM's independence, which includes greater discretion and flexibility to publish and 'monetise' its products and services. To note, this is not really a new idea – we understand that there was a proposal and subsequent discussion to corporatise DOSM in the early-90s, although this was not pursued.