

Claim of holes in Bumi equity figures

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KUALA LUMPUR: How many shares do Bumiputeras actually own?

Economist Datuk Dr Zainal Aznam Yusof is unhappy with the 45 per cent cited by the Asian Strategy and Leadership Institute, saying the government's 18.9 per cent was the accurate figure.

And the primary flaw in Asli's assessment? The think-tank did not spread the net far enough to exact precise details.

Zainal Aznam says the government used a whole gamut of information from the Registrar of Companies and the Companies Commission while Asli used sources like the UBS Equity Research Malaysia 2005 Report.

He argues that Asli used 1,000-odd companies listed on Bursa Malaysia to substantiate

its findings while the government used information from over 600,000 companies nationwide.

"Which do you think is more reliable? That is one major weakness of the Asli study. It is a small sub-sample of the total number of companies in Malaysia."

Another weakness in the Asli study is the fact that it considered government-linked companies as predominantly Bumiputera while the govern-

ment removed GLCs from its figures.

A third flaw was Asli's use of market capitalisation while the government used the par value, or nominal value, and the number of units of shares a person held.

"All this is important as I am sceptical of Asli's view that Bumiputera equity is up to 45 per cent. I feel it should be viewed with caution," Zainal, who is also the adviser to the National Implementation Task Force

for the Ninth Malaysia Plan, said.

He said the public should be aware of the differences in approach used to measure Bumiputera equity ownership.

The debate over Bumiputera equity came about after Asli published a report earlier this year that the New Economic Policy target of 30 per cent had been exceeded.

Its report "Corporate Equity Distribution — Past Trends and Future Policy" also dis-

puted 9MP statistics that Bumiputera ownership remained stagnant at 18.9 per cent, and that the continued promotion of affirmative action should be reviewed.

Zainal Aznam said there were important technical issues when it came to measurements, such as par value versus market capitalisation, the latter used by Asli.

There was also the issue of the need for a clear distinction between ownership and control.

"What I am trying to say is they mixed these nominal and par values when it suited them to show the high figure. Because when you value shares, and of course if you're counting (shares of) Tenaga Nasional Berhad for example, the figures will be very high.

"And then you go on to say that all of Tenaga is basically Bumiputera," he said.

He said these were some of

the reasons which could have contributed to the "exaggeration of Bumiputera ownership" by Asli.

"I also think Asli included everything, lock, stock and barrel ownership by GLCs, as Bumiputera."

He said this was not the case as GLCs like Malaysia Airlines, Tenaga and Petronas were set up in the national interest and were not Bumiputera entities.

"Asli's assumption is that all these GLCs can be termed Bumiputera.

"So, we should not be surprised that they have inflated equity to 45 per cent

Zainal Aznam said the government system of measuring Bumiputera equity ownership had been consistent from the 1970s.

He feels the Government should come out with a more accurate calculation on ownership and total wealth, including non-financial wealth.