

BAHAGIAN | *PART*

4

NOTA TEKNIKAL

TECHNICAL NOTES



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1. SCOPE AND COVERAGE

*The census covered all registered establishments engaged in **Real estate services** which included main activities as follows:*

- i. Real estate activities with own or leased property; and*
- ii. Real estate activities on a fee or contract basis.*

*Overall, coverage of the survey for Real estate services was 35 industries at 5-digit level under the Malaysia Standard Industrial Classification (MSIC), 2008. The complete lists of industries are shown in **Appendix**.*

2. SOURCE OF FRAME

The main source for the establishment statistics frame is from the Malaysia Statistical Business Register (MSBR), while for the Accommodation sub-sector, includes unregistered homestay. MSBR is a list of organisations/ enterprises operating in Malaysia that includes the Register of Companies (ROC), Register of Business (ROB) and Limited Liability Partnership (LLP) registered with the Companies Commission of Malaysia (CCM) as well as organisations registered with local authorities (LA) and professional bodies. The list in MSBR is updated regularly based on surveys and censuses conducted by the Department of Statistics Malaysia (DOSM) and administrative data sources from various agencies. The main source of administrative data is from the CCM.

In addition, DOSM also works together to obtain the latest information from other agencies such as the Employees' Provident Fund (EPF), the Royal Malaysian Customs Department, the Inland Revenue Board (IRB), Social Security Organisation (SOCSSO), LA and professional bodies. The frame is updated by taking into account new establishments and any changes in the status of the establishments such as closed down, not in operation, change in activity and location/ correspondence address so as to ensure that the frame is at the most current status.

3. TYPE OF BUSINESS ACTIVITY

Type of business activity refers to both principal and secondary activities. The principal activity refers to the activity to which the establishment devoted most of its resources or activity which derived most of its income. Secondary activities are defined as those incidental or ancillary to the principal activity. The classification of the industry of the establishment is based on the principal activity and is in accordance with the MSIC 2008 Version 1.0 conforms to the ISIC, Revision 4, United Nations, with modifications to suit local conditions.

4. CONCEPTS AND DEFINITIONS

The definition of **Real estate services** adopted in this publication is based on the recommendations of the Malaysia Standard Industrial Classification (MSIC) 2008 Ver. 1.0:

Real estate services includes acting as lessors, agents and/or brokers in one or more of the following: selling or buying real estate, renting real estate, providing other real estate services such as appraising real estate, property management or acting as real estate escrow agents. Activities in this division may be carried out on own or leased property and may be done on a fee or contract basis. Also included is the building of structures, combined with maintaining ownership of leasing of such structures.

i. Real estate activities with own or leased property

Activities of buying, selling, renting and operating of self-owned or leased real estate; provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis; development of building projects for own operation; renting of space in the buildings; subdividing real estate into lots, without land improvement and operation of residential mobile home sites.

ii. Real estate activities on a fee or contract basis

Activities of real estate agents and brokers for buying, selling and renting of real estate; management, appraisal and valuers of real estate and other real estate activities on a fee or contract basis. These services provided by establishments registered with the Board of Valuers, Appraisers and Estate Agents Malaysia.

5. CENSUS YEAR

Refers to the year in which a census was conducted.

6. REFERENCE YEAR

The reference year of the census was the calendar year 2022. Establishments whose accounting year differed from calendar year were requested to report according to the accounting year or financial year covering at least six (6) months in the reference year.

7. METHOD OF COLLECTION

This census was generally conducted through three (3) methods of data collection, namely:

7.1 Online method through the e-BE portal

This method targets respondents who have used this method for previous routine surveys.

7. METHOD OF COLLECTION (CONT.)

7.2 Data collection method via e-mail, post, fax and telephone

This method targets respondents who have used this method for previous routine surveys. Respondents were given a period of one month to complete and return the questionnaire to the DOSM.

7.3 Face-to-face data collection method

Field work operation is carried out to get feedback from establishments that have not yet given answers from the two methods above and this method also targets establishments that have never been involved in a routine survey of DOSM.

8. REPORTING UNIT

The reporting unit used in the Economic Census 2023 is the establishment, including unregistered homestay for the Accommodation sub-sector. As establishment is defined as “an economic unit engaged in one activity, under a single legal entity and operating in a single physical location”. Each establishment is assigned an industry classification based on its principal activity and not according to the activities of the parent company.

Thus, each branch of a multi-branch organization at a different location was conceptually treated as a different establishment. The establishment is requested to give separate returns for each activity in terms of value. However, if in practice, the accounts are centrally kept such that it was not possible to obtain separate data for each individual unit or branch. The entity or enterprise is treated as a single reporting unit and allowed to submit a consolidated questionnaire covering all the units or branches.

9. LEGAL STATUS

The legal status of an establishment is defined as follows:

9.1 Individual proprietorship

Refer to a business, owned and operated by one person for his own profit. The owner has the exclusive right to control the operation of the establishment.

9.2 Partnership

Refer to a group of individuals who agree to contract and to carry out a business with the objective of profit making. All shareholders or anyone could manage the business for all parties. A trading partnership must comprise of at least two members and should not exceed a maximum of twenty members.

9. LEGAL STATUS (CONT.)

9.3 Limited liabilities partnership

Refers to business entity regulated under the Limited Liability Partnerships Act 2012. It is featured with the protection of limited liability to its partners similar to the limited liability enjoyed by shareholders of a company coupled with flexibility of internal business regulation through partnership arrangement similar to a conventional partnership.

9.4 Private limited company

A private company established to undertake a business with the objective of making a profit. The shares are closely held by the shareholders of the company who have control over its operation.

Characteristics:

- i. Regulated under the Companies Act 1965 and is a legal entity separate from the owners;*
- ii. Number of its shareholders between 2 - 50 members;*
- iii. Company owners have limited liability;*
- iv. Shareholders who own 51 per cent or more of the total shares shall be entitled to manage the company. The company's shares can be traded but not in the open market;*
- v. Trading of share must be with the consent of the other shareholders;*
- vi. Not listed on the Stock Exchange; and*
- vii. Business life expectancy is longer and can be identified by the words "Sendirian Berhad" (Sdn. Bhd.) at the end of the company name.*

9.5 Public limited company

A public limited company is a company established with limited liability, by a minimum of two persons to operate the business with the objective of making a profit. The shares in a public limited company are openly held and in the case of company listed on the Bursa Malaysia, the shares are freely transferable.

9. LEGAL STATUS (CONT.)

Characteristics:

- i. Regulated under the Companies Act 1965 and is a legal entity separate from the owner;*
- ii. Owned by the shareholders and there is no limit to the shareholder;*
- iii. Management of the company is under the board of director responsibilities as appointed by shareholders; and*
- iv. Listed on Bursa Malaysia.*

9.6 Co-operative

Refer to a voluntary association with unrestricted number of members and registered under the Co-operatives Act 1993. Funds are collectively owned to meet the needs of members.

9.7 Public corporation

Refer to an undertaking set up under a Special Act Parliament or by the State Legislature.

9.8 Private non-profit making organization

Refer to non-stock company set up with limited liability. It comprises mainly welfare, religious, educational, health, cultural, recreational and other organisations providing social and community services to households. These services are provided free of charge or at prices, which do not necessarily or fully cover the cost of providing such services (subsidy). Any profit made is reinvested in the organisation.

10. OWNERSHIP

The ownership of an establishment is classified by the residential status of the owner (s) of the majority (more than 50%) of the paid-up capital and not by their citizenship status. In instances where each party (Malaysian Resident and Non- Malaysian Resident) held equal shares in the business, the establishments were classified as "Joint Ownership".

A Malaysian Resident is any individual, company or other organization ordinarily domiciled in Malaysia for a period of at least one year. Malaysian registered branches and incorporated subsidiaries of foreign based/origins are also regarded as Residents.

A Non-Malaysian Resident is any individual, company or other organization ordinarily domiciled in a country other than Malaysia. Foreign branches and/or subsidiaries abroad owned by Malaysian Residents are also regarded as Non-Residents.

11. VALUE OF GROSS OUTPUT

The value of gross output of **Real estate services** is defined to include the following items:

- + Commissions and brokerage received on sales from land, residential, non-residential and other properties
- + Commissions and brokerage received on rental / lease transaction from land, residential, non-residential and other properties
- + Rental income received from land, residential, non-residential and other properties
- + Sale income received from land, residential, non-residential and other properties
- + Income received from valuers / appraiser of real estate
- + Income received from property management
- + Income received from management services
- + Other operating income
- + Inhouse research and development expenditure
- Development cost of residential, non-residential buildings and land

12. VALUE OF INTERMEDIATE INPUT

The value of intermediate input of **Real estate services** is defined to include the following items:

- + Cost of material used includes materials for repairs and maintenance
- + Telecommunication, printing cost and advertising, promotion and data processing
- + Expenditure for electricity, water, fuel, lubricants, gas, stationery, office supplies and others
- + Payment for repairs and maintenance work done by others
- + Payment for security services and warranty claim
- + Operation expenditure and operational lease
- + Royalties paid to non-government organisations / corporate sponsorship
- + Fees paid to non-working directors for their attendance at Board of Directors' meetings
- + Value of free wearing apparel provided and staff training cost
- + GST on net purchases are non-claimable as input tax
- + Other operating expenditure

13. VALUE ADDED

Value added is the difference between the value of gross output and intermediate input. It is approximately equivalent to commercial profit, salaries and wages, depreciation and indirect taxes; plus, interest paid less interest received.

14. NUMBER OF PERSONS ENGAGED

Labour force statistics employ various terminologies to explain the labour market, depending on the definition, scope, and coverage of the published statistics.

*The term number of **employed persons** in the statistics published by DOSM through the Labour Force Survey (LFS) refers to all persons aged 15 to 64 years who, at any time during the reference week, worked at least one hour for pay, profit, or family gain (as an employer, employee, own-account worker, or unpaid family worker).*

*On the other hand, the number of **filled jobs** in the Employment Statistics refers to the persons employed at the end of each reference quarter, including full-time and part-time employees, permanent, short-term or seasonal employees, employees paid with monthly salaries or based on hours worked, employees on short vacation such as sick leave or annual leave, and newly hired employees to fill the vacancy in the current quarter. These statistics exclude proprietors and partners of unincorporated businesses, unpaid family workers, employees on strike during the quarter, employees on unpaid leave during the entire quarter, and employees provided by other agencies such as subcontractors and consultants.*

*Meanwhile, the number of **formal employees** in Employee Wages Statistics is refer to the person who works under a contract of service or apprenticeship with the employer and receives remuneration for the work completed. Formal employees do not include those who fall under non-standard employment, including self-employed, gig-workers, own-account workers, unpaid family workers, etc.*

In the Economic Census 2023 publication, the number of persons engaged refers to all working persons who worked for the establishments which has been censused; in December or the last pay period of the reference year. The number of persons engaged was classified under the following categories:

14.1 Working proprietors and active business partners

i. Working proprietors and active business partners

This category refers to all individual proprietors and partners (full-time or part-time) who are actively engaged in the work of the establishment. It therefore, excludes silent and inactive partners; and

ii. Unpaid family workers

Include all household members (full-time or part-time) to the owners of the establishment who perform a specified job and work for a minimum of one third of the normal working time for the establishment, but do not receive regular payment either in cash or in kind for the work done. Such workers generally receive food, shelter and other support as part of the household of an owner but this would continue whether they worked in the establishment or not.

14.2 Paid full-time employees

Refer to all paid workers (full-time) who work for at least six hours a day and/or 20 days a month. All such employees are to be categorised according to Malaysia Standard Classification of Occupations 2020 (MASCO) as follows:

i. Manager, professional and researcher included:

a. Manager

Refer to those who devise, analyse, formulate, direct and advise on government policy, and make, amend and repeal laws, public rules and regulations, and represent and act on behalf of the government, and oversee the interpretation and implementation of policies and government legislation, or carry out similar tasks on behalf of special interest organisations, or plan, organise, lead, control and coordinate the policies and activities of enterprises, organisations, departments or the internal section; and

b. Professional

Refer to those responsible for increase the existing stock of knowledge, apply scientific or artistic concepts and theories, teach about the foregoing in a systematic manner, or engage in any combination of these three activities.

ii. Technicians and associate professionals

Refer to those who perform technical and related tasks connected with research and the application of scientific or artistic concepts and operational methods, and government or business regulations.

iii. Clerical, services & sales workers, craft workers, plant & machine operators and related occupations includes:**a. Clerical support workers**

Refer to those who record, organise, store and retrieve related information and perform clerical duties especially in connection with administrative operations, handling of money, travel arrangements and requests for information and appointments;

b. Service and sales workers

Refer to those who provide personal services related to travel, housekeeping, catering, personal care, or protection against fire and unlawful acts, or demonstrate and sell goods in wholesale or retail shops and similar establishments as well as at stalls and markets;

c. Craft and related trades workers

Refer to those who apply their specific knowledge and skills in the fields of mining and construction, metal forming, and erect metal structures, make, fit, maintain and repair machinery, equipment or tools, carry out printing work as well as produce or process foodstuffs, textiles, or wooden, metal and other articles including handicraft goods; and

d. Plant & machine operators, and assemblers

Refer to those who operate and monitor industrial and agricultural machinery and equipment, drive and operate trains, motor vehicles and mobile machinery and equipment, or assemble product component parts according to strict specifications and procedures.

iv. Elementary occupations

Refer to those who perform simple, routine and non-systematic tasks which mainly require the use of handheld tools or with the assistance of simple machines, and in some cases considerable physical effort.

14.3 Paid part-time employees

Refer to all paid workers (part-time) who work less than six hours a day and/ or 20 days a month.

15. CATEGORY OF SKILLS

Category of skills has been categorized according to MASCO 2020 as follow:

i. High-skilled workers

Managers; Professionals; Technician & associate professionals;

ii. Semi-skilled workers

Clerical support workers; Service & sales workers; Skilled agricultural, forestry, livestock & fishery workers; Craft & related trades workers; Plant & machine operators and assemblers; and

iii. Low-skilled workers

Elementary occupations.

16. SALARIES & WAGES

All payments (salaries, wages, bonuses, commissions, overtime pay and cash allowances including cost of living, housing, car, food, etc.) made throughout the reference year to all paid employees in each category. For all directly employed workers, total payments made before deductions for income tax and employees' contributions to EPF/ SOCSO/ Other provident/ Retirement Funds Incorporated (KWAP). The Employer's contribution to such funds as mentioned above should be excluded.

17. VALUE OF FIXED ASSETS

Fixed assets cover all goods, new or used, tangible or intangible, which have a normal economics life span of more than one year. For instance land, building & structure, transport equipment, computer, machinery & equipment, furniture & fittings and other assets. Other assets also include biological assets namely trees/ crops (except for logging trees that intended for logging), livestock and aquaculture fisheries which can produce products repeatedly and have a life expectancy of more than one year.

Value of assets as at the beginning and end of 2022 was based on net book value. Purchases alterations and major repairs or capital expenditure during the year were valued at actual costs incurred. Value of assets sold during the year refers to the actual value.

18. WOMEN-OWNED ESTABLISHMENT

Women-owned establishment refers to a minimum of 51 per cent of the equity held by a women OR the biggest shareholders are women and the establishment is managed by a women OR the Chief Executive Officer or Managing Director is women that owns at least 10 per cent of the equity.

19. ROUNDING

The sum of the component figures may not tally with the sub-total or total figures due to rounding.

20. COMPOUND ANNUAL GROWTH RATE (CAGR)

The calculation of compound annual growth rate (r) is based on the following formula:

$$Y_t = Y_o (1 + r)^t$$

Where r,

$$r = \left[e^{\frac{1}{t} \ln \left(\frac{Y_t}{Y_o} \right)} - 1 \right] \times 100$$

Where,

Y_t = Value at current year

Y_o = Value at previous year

t = Number of years, $Y_t - Y_o$

r = Annual growth rate

21. SYMBOLS AND ABBREVIATIONS

0	: less than 500
&	: and
%	: per cent
<	: less than
}	: combined
b	: billion
etc.	: ec cetera
CAGR	: compound annual growth rate
RM	: Ringgit Malaysia
n.e.c	: not elsewhere classified
W.P.	: Federal Territory