

INNOVATION
THROUGH
COLLABORATION

HANDBOOK ON REGULATORY REFORM
A Case Study on Dealing with Construction Permits



HANDBOOK ON REGULATORY REFORM

A Case Study on Dealing with Construction Permits

Published by:

MALAYSIA PRODUCTIVITY CORPORATION

Lorong Produktiviti, Off Jalan Sultan
46200 Petaling Jaya Selangor Darul Ehsan, MALAYSIA
Tel : 603 – 7955 7266 / 7955 7050
Fax : 603 – 7957 8068 / 7955 1824
Email : marketing@mpc.gov.my
Website : www.mpc.gov.my

© Malaysia Productivity Corporation 2016

First Edition DECEMBER 2016

All rights reserved @ Dec 2016

No part of this publication may be reproduced, stored in retrieval system or transmitted, in any form or any means, electronics, mechanical, photocopying, recording or otherwise, without prior permission of Malaysia Productivity Corporation.

Disclaimer

This Handbook has been prepared by Malaysia Productivity Corporation from sources believed to be reliable but no responsibility is accepted by Malaysia Productivity Corporation, its employees, consultants, contractors and/ or agents in relation to the authenticity, origin, validity, accuracy or completeness of, or for any errors in or omission from, the information, statements, forecasts, misstatement of facts, opinions and comments contained herein.

ISBN NO. 978-983-2786-35-1

PRODUCTIVITY AND REGULATION

Productivity is the only driver of income growth that is unlimited, as opposed to resource exploitation or increase in population and labour force participation, each of which faces natural limits. The potential for productivity growth to generate higher income for Malaysians makes it a natural and important consideration for decision makers. As such the continuing need to stimulate productivity rightly remains at the forefront of government policies.

Regulation is the lifeblood of a modern, well-functioning economy. Almost all regulations have the potential to impact on productivity, either through the incentives which they provide to businesses to change operating and investment decisions, or more directly through their impacts on compliance costs. It is inconceivable to think of a modern economy functioning without regulation. However, poor regulation can cause frustration and unintended consequences, or simply add red tape that adds nothing useful to the economy, society or the environment.



Quotes

Page 4

Overview

The DCP
Transformation
Journey

Page 6

Chapter 1

Evolution

Page 9

Chapter 2

The Game
has Changed

Page 23



Chapter 3

One Team
One Dream

Page 37

Chapter 4

Better Than
Yesterday

Page 49

Chapter 5

Driving the
Change

Page 65

Chapter 6

Inspire
the Next

Page 85

QUOTES



We are looking at a very challenging world with uncertainties. The post-Vision 2020 discourse must start now and not wait until the year 2020.

The aspects of creativity and innovation are very important dimensions in the discourse. Quantum leap can only be achieved via value-added efforts stressing on innovation and creativity.

Prime Minister,
Dato' Sri Najib Razak
Innovation Awards
(AIPM) 2015.



Chairman MPC,
Tan Sri Azman Hashim
Launching of Productivity Report 2015/2016

M P C continues to support the Government Transformation Programme (GTP) agenda with pursuing Good Regulatory Practice (GRP). Under the Modernising Business Licensing (MBL) initiative, up to date a total of 2,659 licences have been reviewed, re-engineered and reduced to 1,915 composite licences involving 13 states with an estimated compliance cost savings of RM1.7 billion per annum.



Malaysia needs a change in mindset to improve labour productivity as it will boost economic activities and growth in all sectors.

We cannot be complacent and there is a need to focus on addressing challenges like enhancing growth enablers for sustainable economic development.

Challenges remain as the demands from the market remain sophisticated.

International Trade and
Industry Minister,
Dato' Sri Mustapa Mohamed



The government has encouraged private sector-driven and people-centred growth through a variety of initiatives and policies that has been very successful. But maintaining these reforms has led the government to go further, and embark on an agenda for good regulatory practice.

Producing regulations through a more robust process of analysis and stakeholder engagement enhances efficiency and accountability, and also promotes greater participation, inclusiveness and ownership of the end solution or government intervention.

Chief Secretary
to the Government of Malaysia
Tan Sri Dr. Ali Hamsa



The public and private sectors must break out of the silo mentality to increase national productivity. There is a need for a convergence when it comes to initiatives because productivity cuts across both sectors.

Towards achieving an innovation-driven economy, we should focus on three pillars, which include technological readiness, macroeconomic environment and higher education and training.



MPC Director General,
Dato' Mohd Razali Hussain



The PEMUDAH Co-Chair,
Tan Sri Saw Choo Boon

PEMUDAH leads the change initiatives in the government regulatory infrastructure and administration and also in the private sector service delivery in order to inject more efficiency and regulatory quality for better outcomes. Improvements are concomitant with greater competitiveness, lower costs, lesser wastage, more efficient use of valuable resources, higher productivity, a conducive business environment and a more positive investment outlook. PEMUDAH continues to pursue closer collaboration between the relevant government ministries and agencies, local authorities, trade and industry representatives, subject matter experts and also the World Bank Doing Business team and by holding public consultations.



We hope the Modernising Business Regulation (MBR) initiative would not only enhance Malaysia's international competitiveness but also create a conducive business environment for foreign and local investors. MPC will continue to support the National Key Economic Areas

through abolishing irrelevant laws & requirements. MPC has introduced various initiatives to improve regulations in Malaysia along the principles of Good Regulatory Practice.



MPC Deputy Director General,
Dato' Abdul Latif Hj. Abu Seman

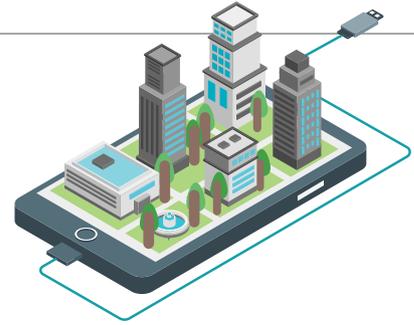
The implementation of great ideas is crucial in efforts to improve the productivity and efficiency of an organisation.

Innovation would help an organisation become more productive and competitive, which in turn, will contribute to the nation's economic growth.

When an organisation carries out an improvement project, it will quantify the impact or calculate the cost-saving that could result from the innovation.



MPC Deputy Director General,
Ab. Rahim Yusoff



A QUICK OVERVIEW: THE DCP TRANSFORMATION JOURNEY

1

Baseline

1. Analyse current situation
2. Everyone on the same page (Business & Regulators)
3. Set the vision

2

Benchmarking

1. Learn from the best
2. 'Cut and paste' - identify fast solutions / quick wins

3

Map Related Regulation

1. Understand the value chain
2. Map all related regulations

4

Identify Pain Points (business perspective)

1. Businesses identify pain points and burdensome procedures
2. Ask suggestions for improvements

5 Prioritise

1. Conduct gap analysis
2. Prioritise

6 Design Regulatory Model

1. Brainstorm and design possible regulatory model
2. Conduct cost benefit analysis

7 Public Consultation

1. Test new regulatory framework
2. Identify potential risk
3. Provide ample time to comment

8 Finalise Regulatory Model

1. Confirm the regulatory model
2. Share the model with stakeholders

9 Pilot Test

1. Test the framework with real project
2. Provide assistance to users
3. Collect all issues
4. Avoid flip flop

10 Redesign Regulatory Model

1. Learn from the best
2. 'Cut and paste' - identify fast solutions / quick wins

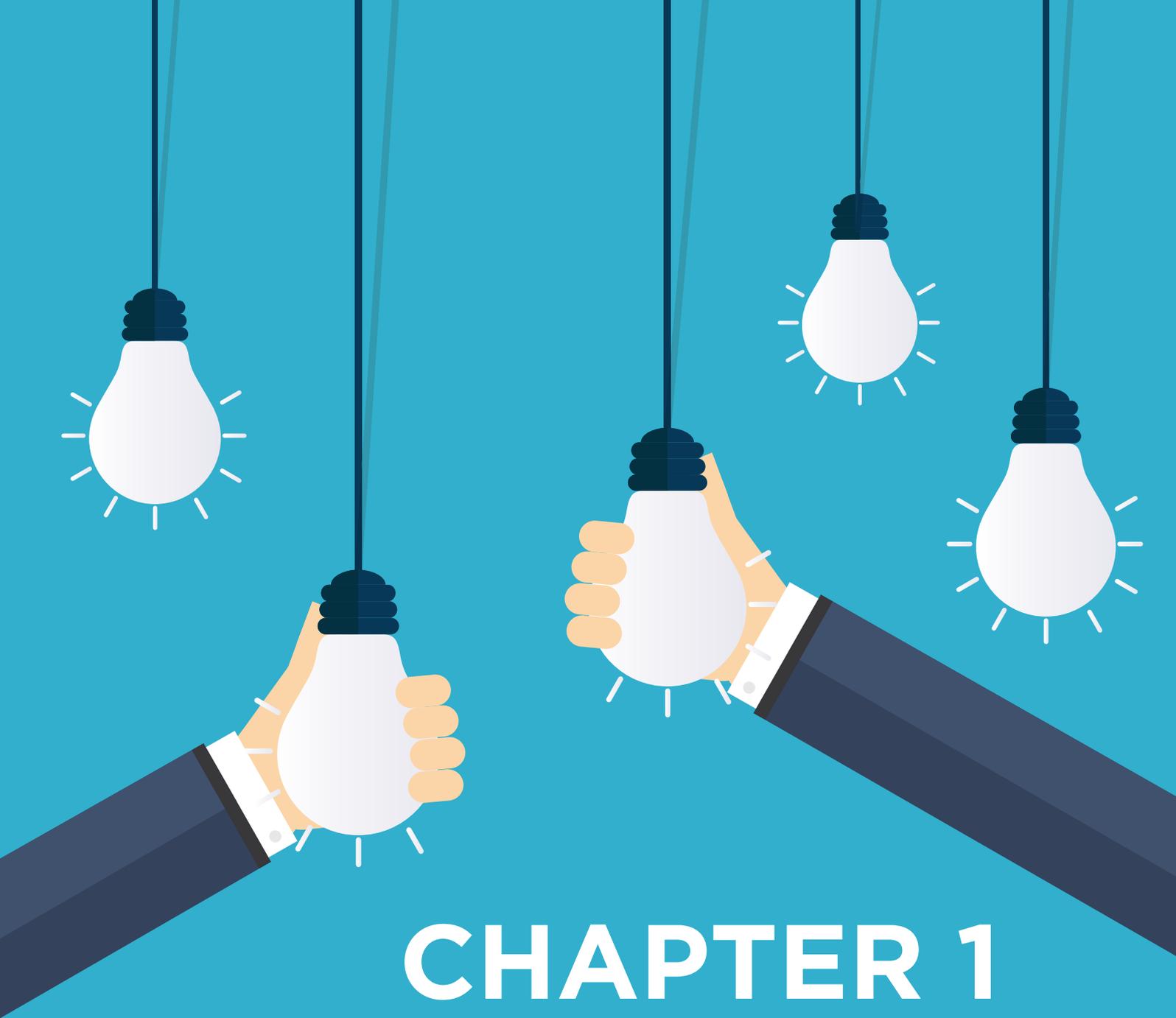
11 Help Desk

1. Provide help desk for regulators and businesses
2. Monitor progress
3. Provide feedback
4. Publish manuals

12 Expand Nationwide

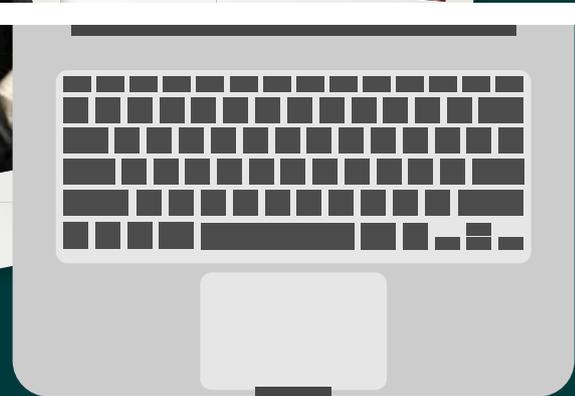
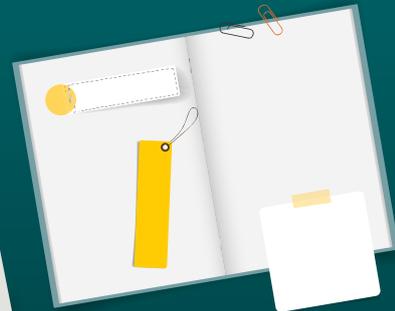
1. Ensure coherency
2. Benchmark and identify best practices

“Each regulatory authority is encouraged to continue to promote collaboration-innovation through strategic engagements with both the public and private stakeholders including professionals and DCP experts to identify issues and challenges, propose winning solutions and implement various improvement initiatives.” -MPC



CHAPTER 1

EVOLUTION



MALAYSIA IS RACING AGAINST THE CLOCK



Growing up, everyone has an **ambition**.

Some of us might remember sitting in a classroom, scribbling on a small piece of paper that we aspire to be a lawyer, a doctor, an engineer or even a writer. At the age of 9, such ambition might sound impossible. Yet the irony is, when you're 9, nothing is impossible.

Regardless of what it may cost you, it is worth it to have an ambition. Because having an ambition tells you of who you are, what you stand for and what you aspire to achieve. **Most importantly, it drives you to get there.** Even countries have national ambition. Indonesia, for example, targets to earn its place as one of the world's developed countries by 2025, while Kenya seeks to improve prosperity of all regions by 2030. Malaysia in particular, aims to be a fully developed nation by the year 2020.



What you might rightly ask, **is a fully developed country?**

A country with full partnership in economic progress with fair distribution with regard to the control, management and ownership of the modern economy.

A wide and vigorous middle class nation with full of opportunities for those in the bottom third to **climb their way out of the pits of relative poverty.**

Most importantly, a country that will continue to drive the private sector and rely on it as the primary engine of growth.

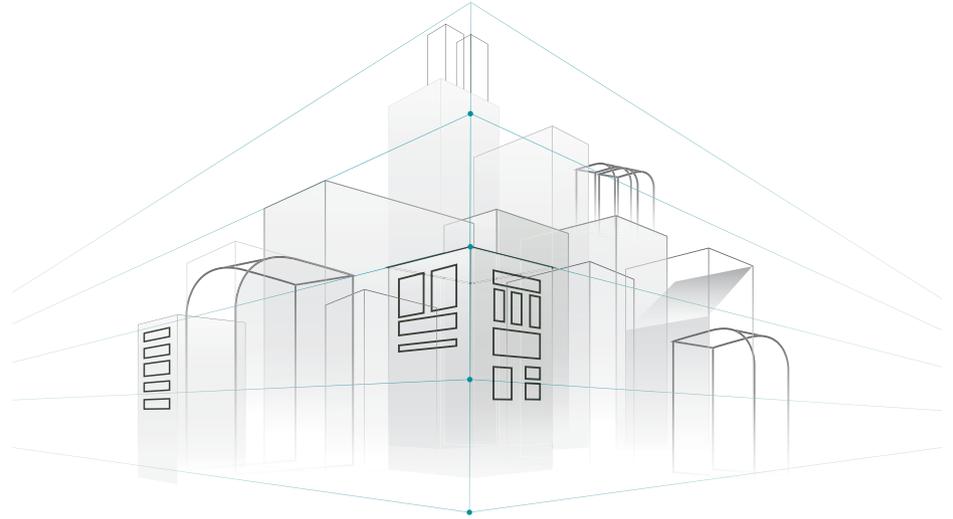
HOWBEIT for us, **time is slowly running out.**

The advent of 2016 would mean that Malaysia would be four years away from achieving our own **Vision 2020**, first unveiled by the then Prime Minister, **Tun Dr Mahathir Mohamad** at the inaugural meeting of the Malaysia Business Council on **February 28, 1991.**



VISION 2020

.....
In 1999, analysts speculated that at the stroke of midnight on January 1st, 2000, the entire computer networks would crash, causing widespread dysfunction for society that's highly dependent on computers, to hold, disseminate and analyse almost everything in our daily lives.
.....



Fast forward 16 years later, that prophecy of doomsday was nothing more but a problem in the coding of computerised systems. It turns out that people are often afraid of the unknown because it is safer to embrace what we know rather than letting go for fear of the unknown.

Had we allowed fear to control our lives, technology won't reach the point it is today, where in today's society, the internet is capable of storing infinite number of resources, provide comprehensive education and developed learning tools, for students all over the world.

The sixth challenge of Wawasan 2020 is to establish a scientific and progressive society, a society that is innovative and forward-looking, one that is not only a consumer of technology but also a contributor to the scientific and technological civilisation of the future.

New global trend has forced us to change our daily lives, like it or not we have to accept this trend! Tun Mahathir had predicted this phenomena last 27 years ago. The **Mega trends are transformative, global forces that define the future world with their far-reaching impacts on businesses, societies, economies, cultures, and personal life.**

DISRUPTIVE TECHNOLOGIES THAT SHAPE THE FUTURE



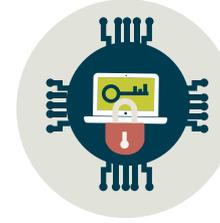
Smart Material



Digital Sensor



Internet of things



Big Data analytics



Robotics



3D printing



Virtual Reality



Bio-Technology

WHAT ARE MEGATRENDS? WHY BOTHER?

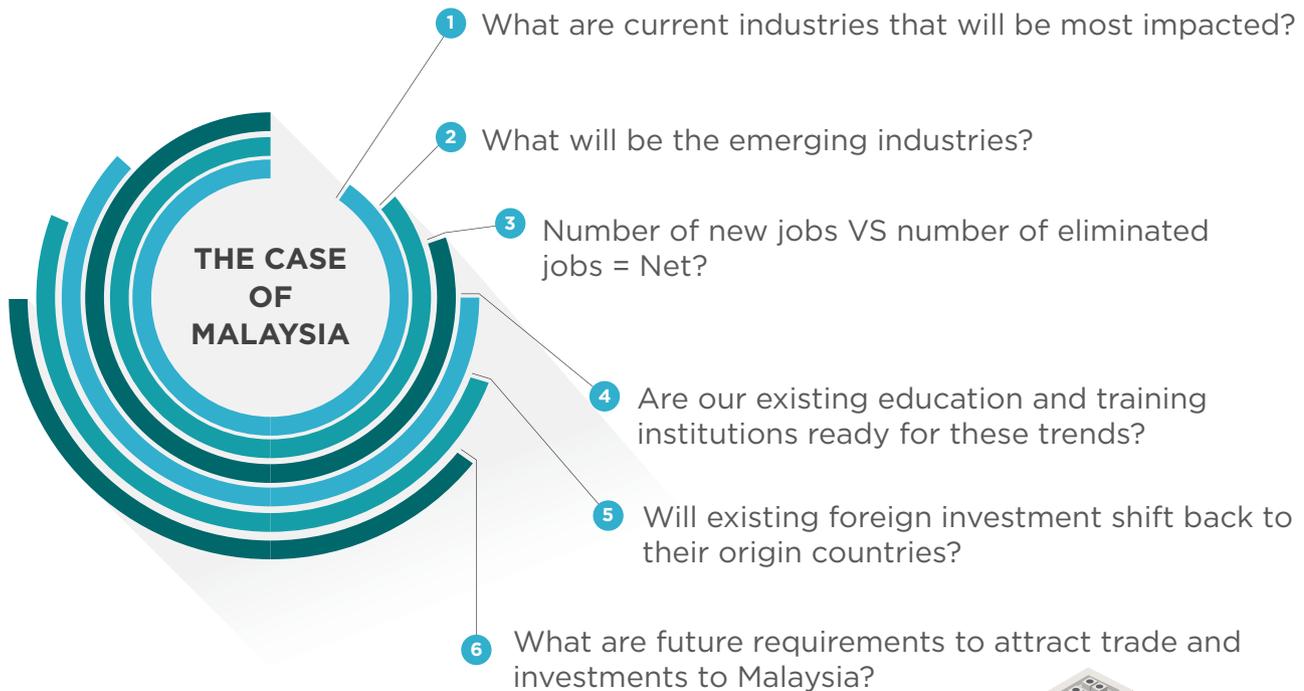
... A **megatrend** is a pattern or a movement which has a major impact on business and society as a whole

Source: PWC

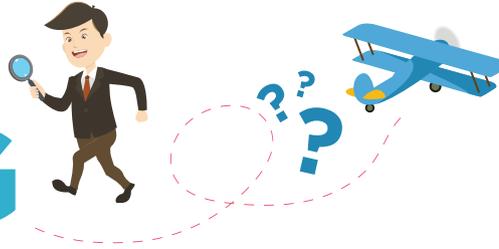
... transformative, global forces that define the future world with their far reaching impact on business, societies, economies, cultures and personal lives. Megatrends have local and regional implications and timing of impact varies geographically

Source: Frost & Sullivan

ARE YOU READY for the megatrends?



WHAT IS THE MISSING QUESTION?



To ensure that we fulfill the six objectives, we should start to address and ask our regulators

.....
“which regulations hinder us to execute the technologies in Malaysia?”

In per capita Gross National Income = RM49,500 by 2020 > GNI RM23,700 in 2016



To become a high-income nation that is both inclusive and sustainable, in which, by the year 2020, Malaysians will be four times richer than they were in 1990.

To drive the private sector and rely on it as the primary engine of growth by making sure that government will **review** and **improve the ineffective regulations** in the field of economic production and business.

To allow privatisation to be an important cornerstone of our national development and national efficiency strategy.

To ensure that our Malaysian society must be information-rich by ensuring computer literacy is a must in order to develop and progress as a nation.

NEW ECONOMIC MODEL (NEM)

Metaphorically, let us imagine Malaysia as a building. Firstly, we need a strong solid roof to help shelter us and one that encompasses all parts of the building. In our case, Malaysia is the roof that we gather under. The Government Transformation Programme (GTP) is one pillar of the building. The next pillar is the Economic Transformation Programme (ETP) which will deliver the New Economic Model. Last but not least, 10th and 11th Malaysia Plans, the basis where all Malaysians will move forward.

In order for this “building” to compete in the market and be one of the best, it needs to join the ranks with the “other building”.

NEM is a strategic reform initiative which enables Malaysia to join the ranks of high-income economies. It aims at greater private initiatives, better skills, more competition, a leaner public sector, a better knowledge base and infrastructure, environmental and fiscal sustainability.

NEM has specific focus on the need to reform / update obsolete regulations. Under NEM, it has been explicitly stated that towards achieving a high income nation status, Malaysia needs to **reform archaic regulatory approaches** and replace them with **more coherent regulations** befitting that of an advanced economy.



10TH MALAYSIA PLAN

Nelson Mandela once wrote:

“ After climbing a great hill, one only finds that there are many more hills to climb ”.

It turns out, the journey towards Vision 2020 is full of challenges and uncertainties, whether locally or globally.

.....
However, in every journey it is important to remember that

whenever we are down, the only way to go is up.



The 10th Malaysia Plan has been formulated with various approaches in order to help Malaysia “go up” and climb its way forward to achieve Vision 2020.

It targeted a Gross Domestic Product (GDP) growth by 6% per annum in the period of five years, led mainly by the private sector and underpinned by the services sector.

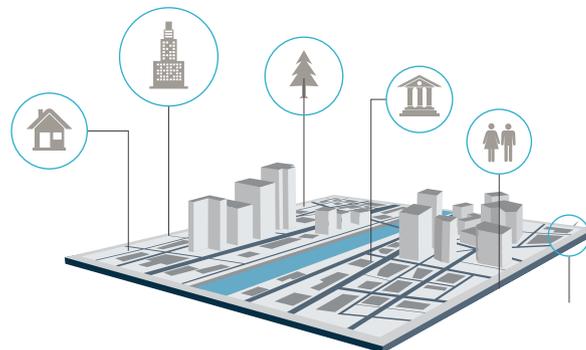
The pivotal main of 10th MP is re-energising the private sector and putting it in a conducive environment by facilitating an economy that provides a more level playing field and relying on the greater use of intellectual capital, skills, innovation and technology.

The regulatory environment has a substantial effect on the behaviour and performance of companies. Private sector participation in the economy and innovation require a regulatory environment that provides the necessary protections and guidelines, while promoting competition. Too often, Malaysian firms face a tangle of regulations that have accumulated over the years and now constrain growth. At the same time, regulations that would promote competition and innovation are absent or insufficiently powerful.

To achieve this goal, the Government will begin with a comprehensive review of business regulations, starting with regulations that impact the NKEAs. Specifically, MPC will review existing regulations with a view to removing unnecessary rules and compliance costs. Regulations affecting NKEAs will be prioritised, a cost-benefit analysis of new policies and regulations will be undertaken to assess the impact on the economy, and recommendations made to the Cabinet on policy and regulatory changes that will enhance productivity.

The Malaysia Productivity Corporation (MPC) was restructured to spearhead a comprehensive review of business regulations, improve processes and procedures to increase productivity and competitiveness of major economic sectors.

“Here in Malaysia, the Government has made GRP a key priority. We are investing more resources to build capacity to implement GRP in policy areas that impact on public service delivery. Decision-makers now require adherence to GRP with a focus on evidence-based decision-making, Regulatory Impact Analysis (RIA) and public consultation, when developing regulatory proposals.” (Welcoming Remarks by YBhg. Tan Sri Dr. Ali Hamsa, Chief Secretary to the Government of Malaysia at the Forum on Regulatory Reform Responses to Economic Challenges, 17 December 2015).



11TH MALAYSIA PLAN

Anchoring a ship is a **very important function**.

It ensures that a ship stays stable in water. When engines are turned off, the anchors are thrown into the sea so that the vessel doesn't drift unnecessarily from its position due to water currents.

.....

The greater the ship, **the larger the anchor must be**.

In our situation, the 11th Malaysia Plan, is the anchor that reaffirms government's commitment towards realising Vision 2020 and building a better Malaysia, for its people.

.....

11th MP is the anchor that focuses on rapid delivery of **high impact outcome to capital economy and society**.

The plan contains new policy direction, strategies and programmes that enable the country to emerge as a high income nation. During the plan period, private investment is projected to grow by 12.8% per annum with investment of RM115 billion.





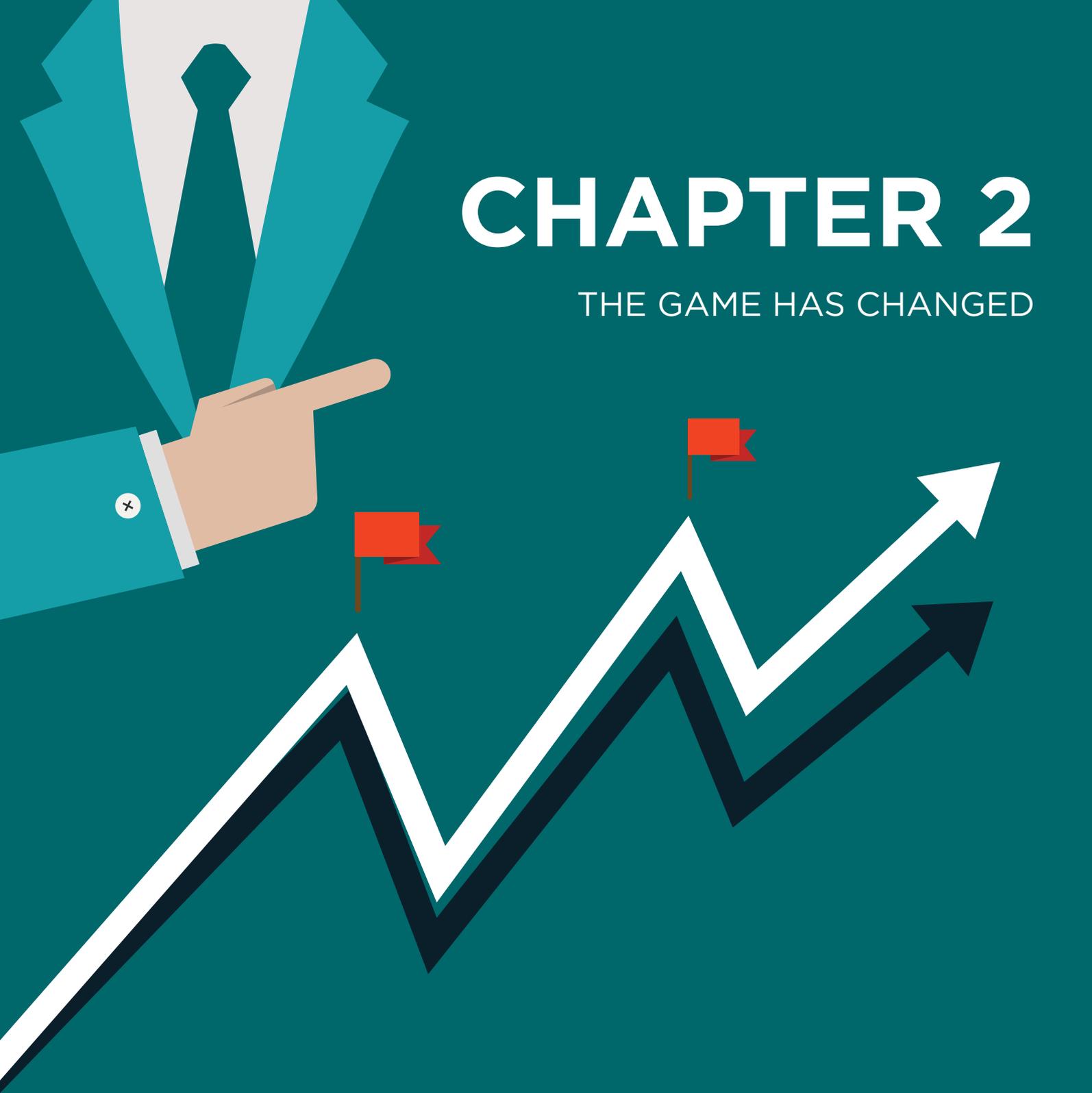
Implementing comprehensive and integrated governance reforms in the Eleventh Plan, coordination and collaboration between ministries, agencies, and other relevant stakeholders will be strengthened to improve their effectiveness and efficiency. This is due to the private sector that normally complies with federal regulations, but when they want to implement, they often face difficulties when dealing with local government and land office. Comprehensive and integrated governance reforms will be pursued to ensure a thriving and competitive environment for the services sector.

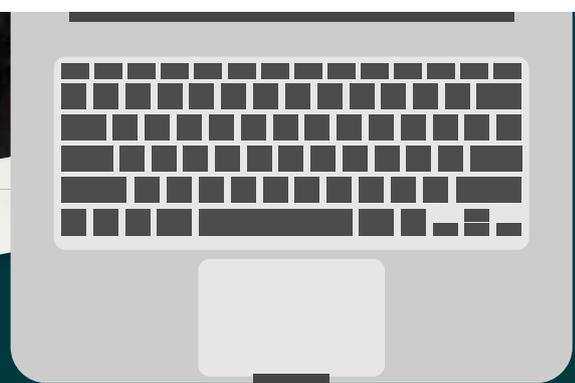
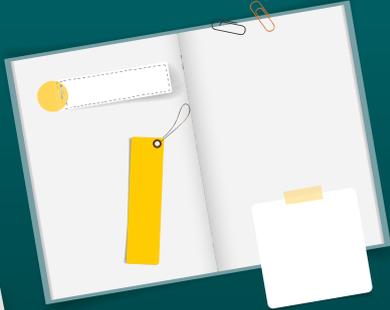
The National Policy on the Development and Implementation of Regulations (NPDIR) to modernise the current regulatory regime will be fully implemented to include states and local governments. The capacity of regulatory coordinators in ministries and agencies will be strengthened to ensure adherence to the NPDIR.



CHAPTER 2

THE GAME HAS CHANGED





BUSINESS AS USUAL IS NOT ENOUGH



Let the Private Sector Continue to Run the Show

Extraordinary and beyond imagination of business model appeared lately like UBER, GRAB, Airbnb to name a few. Looking at this new services business model, it seems there is no regulation controlling these business activities. How is the reaction of the public or the customer? Most of them love the services, cheaper but at premium services. It tells us clearly when the business is not “intervened” by the government and totally left to the market forces, the price of the product or services rendered is 40-50% lower than the price controlled by the government. To travel to KLIA from Puncak Alam by normal taxi will cost a passenger RM 110. But with GRAB transport service, it only costs the passenger RM 65. The passengers feel more secured and the service is accommodative with introduction of mobile apps to allow tracking, able to make evaluation of the driver or vice-versa . Competition will benefit the citizen and improve service delivery. Protecting or giving exclusive right can destroy the economy. In this case, yes and agreed. It is time for government to do some reflections to allow the market to run by itself. For sure, regulation leads to higher compliance cost.

INTERNATIONAL PARTICIPATION TO BOOST OUR ECONOMY



During MPC's early years of implementing modernising business regulation, there is always a common perception that businesses would agree on removing unnecessary domestic regulations so that the business can prosper and improve their productivity. Actually there are situations where incumbent players are seeking help from the government to introduce additional regulations to safeguard their business from new players.

Late 2011, when the government announced 18 autonomous liberalisation of service sectors, many local firms especially the professionals were not in favour and some strongly opposed the plan. The liberalisation idea was to bring more talented professionals and quality investment to boost the economy.

The Ministry of International Trade and Industry (MITI) together with MPC had conducted a baseline study to uncover regulations that potentially hindered the implementation. Most of the regulations were related to equity and establishment restriction policy set by the ministries and professional boards. The ultimate goal to open up the market is to bring high quality specialists to support the industry and to attract MNCs to invest in Malaysia. The opening up of the selected services sector was to bring widespread opportunities to the Malaysian economy.

COMPETING IN A BIGGER MARKET

We are just a small nation. The size of the cake is shrinking. The controversial participation in Trans-Pacific Partnership (TPP) Agreement affects future Malaysian economy. The uproar was because the agreement was done in contradiction with GRP which promotes sufficient engagement during the design of the agreement. In the TPP, it has 29 chapters and covers issues that are beyond most free trade agreements. The new rules that are negotiated will determine how TPP member countries approach competition, labour, environment, government procurement and intellectual property rights.



To certain groups, it is likely to affect them but they still have the chance to change their business model from exclusive right to be able to compete in the bigger market and be able to face greater competition. Before we can achieve that the government needs to streamline all regulations without conflicting with the agreement. In conclusion, Malaysia is expected to gain US 41 bil in exports and have access to 800 mil population.

EPITOME OF PUBLIC-PRIVATE RELATIONSHIP: PEMUDAH



“Regulatory Reforms in Dealing with Construction Permits require National Blue Ocean Strategy”

Civil servants can foster better ties with private sector in the face of government uncertainty, in order to spur economic growth.

While the government had begun carrying out strategies to collaborate with the private sector, there is a need to come up with new and improved relationship between the two parties.

Today,
businesses operate in an increasingly demanding environment.

Therefore, for businesses in Malaysia particularly, the challenge of global competition is compounded by the need to be more knowledge-driven and to move up the value chain. In facing these challenges, businesses must be empowered and enabled in order to sustain the health of entrepreneurship, employment and the economy of the country. Correspondingly, the regulatory role of the Government and the public service must also move with the times.

Working together closely, both parties could combine their vast experiences towards the shared goal of improving Malaysia's competitiveness.

The challenge for the Public Service now is to review processes, actively engage in dialogues and consultations, implement standards in service delivery and ensure that these standards are enforced and maintained.

Challenges remain yet oneness of purpose and a shared sense of direction through PEMUDAH will ensure that the public and private sectors remain viable and effective partners in moving Malaysia forward.

“The essence is; One Service, One Delivery and No Wrong Door.”



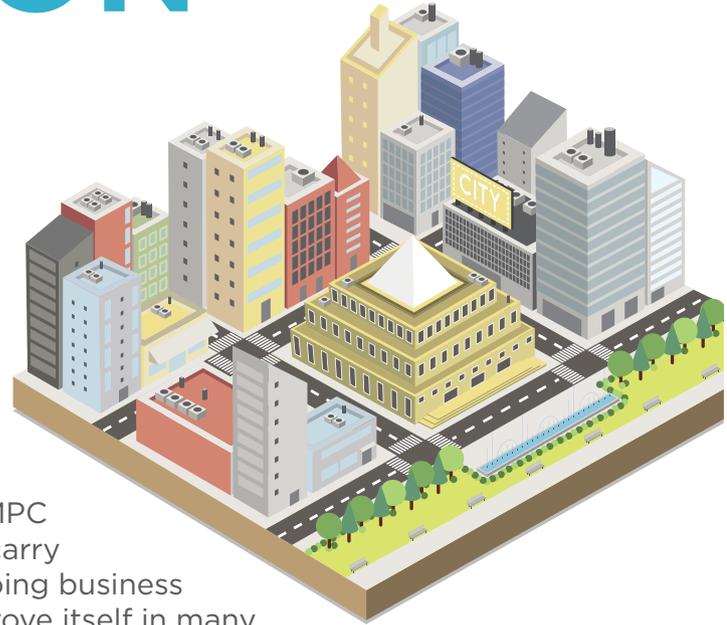
THE BEACON OF HOPE

Even for Malaysia, all is not lost.
There is hope.

Slowly, we are making progress and opening up door to new possibilities. In many ways, Malaysia can count public service improvements as its success stories.

Since the establishment of PEMUDAH and with MPC being mandated under the 10th Malaysia Plan to carry out regulatory reviews to facilitate the ease of doing business in Malaysia, the public service has sought to improve itself in many ways through cutting off red tape and focusing on productivity improvements.

MPC has come up with a new way of improving the ecosystem by reviewing the structure of government delivery.



1 PRIVATE SECTOR KNOWS HOW TO REMAIN COMPETITIVE

Embracing self-service technology to remain competitive:TESCO



Tesco has introduced self-check out counter to keep operational cost lower- an example of the private sector's ability to innovate and provide better services to their customers and remain competitive.



AirAsia SELF CHECK-IN: “SELF BAG-DROP” AND “HOME TAG” SERVICE HAVE FURTHER ENHANCED THE TRAVEL EXPERIENCE FOR ALL AIRASIA GUESTS

AirAsia is constantly innovating new ways to make things easier and convenient for their guests. With Self Bag Tag, you can now self print your bag tags for a seamless airport experience.

You can choose to print your bag tags at home or at the kiosk:



Print at Home



Print at Kiosk



1 Check in for your flights via web



2 Select the number of bags to check in



3 Print your boarding pass and bag tags



4 Head to the baggage drop counters to check in your bags and you're ready to fly!

[Download web guide](#)



1 Check in for your flights



2 Scan the 2D barcode



3 Print your boarding pass



4 Select 'Print Baggage Tag' and print your bag tags



5 Head to the baggage drop counters to check in your bags and you're ready to fly!

[Download kiosk guide](#)

The average time needed to check-in at the airport counter, including queueing time is about 5 minutes; but with the introduction of the complete Self-Service options, including the latest Self Bag-Drop feature, it takes only up to 2 minutes and 35 seconds on average to complete the whole check-in process.

The above two innovations serve to demonstrate that the private sector is capable to make change within their capabilities to be better than its competitors at national level. But they need "SOS" from government to be more competitive at international level, in most cases being regulations which limit their innovation.

2 PUBLIC SECTOR INITIATIVES

MALAYSIAN CORPORATE IDENTITY NUMBER (MYCOID)

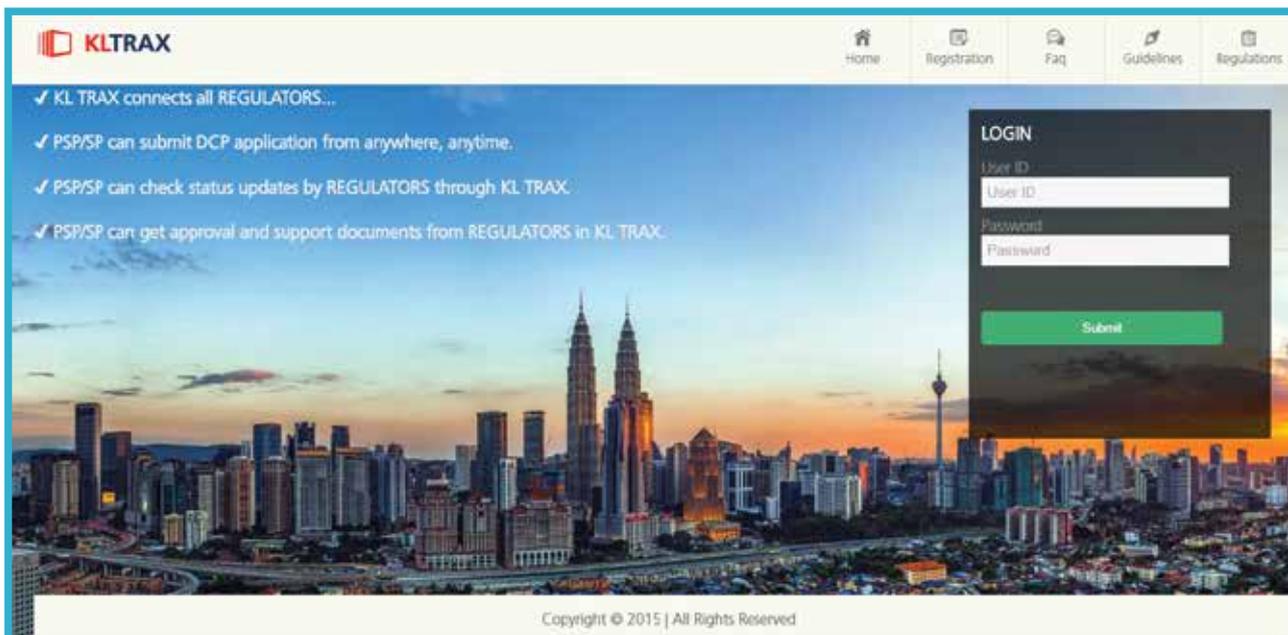
Some of the government improvement initiatives to facilitate start up business. It is just the beginning but more changes are expected by the private sector to enhance their operational efficiency e.g. import-export of raw materials at border, construction of new building for services sector, interstate business expansion, and application of technology in Malaysia. Slow down in productivity could be attributed to many irrelevant regulations which do not keep pace with current scenario.



Introduced by Companies Commission of Malaysia (CCM) in April 2010.

- A reform initiative to significantly improve the way business is conducted in this country.
- Allows name search and approval, submission of incorporation documents, stamping of (M&A), purchase of post-incorporation items, registration by various agencies to be completed through a single submission.

ONLINE TRACKING



- An online system to enhance delivery and status update for both private sector and local authorities.
- Monitor construction permit applications from date of submission until issuance of Certificate of Completion and Compliance (CCC).
- To enable online submission by 'Principal Submitting Person (PSP) or Submitting Person' (SP) 24 hours 7 days per week, in order to facilitate efficient and transparent management of development
- Benefits are; Less handling cost, fast approvals and simplified procedures.

E-PAYMENT (IRB, EPF)

The screenshot shows the ByrHASIL website header with the LHDN Malaysia logo and the URL <https://byrhasil.hasil.gov.my>. It features logos for VISA, MasterCard, and AMERICAN EXPRESS, along with the text "Bayar Cukai Menggunakan Kad Kredit Mulai 2 Mac 2015". The main content area is titled "ByrHASIL melalui FPX" and includes an announcement from Malaysia Trustmark regarding browser support for the FPX service. Below this is a login form titled "Masukkan Maklumat Pengenalan" with fields for "Jenis Pengenalan", "No. Pengenalan", and "Kod Keselamatan".

ByrHASIL melalui FPX

Khidmat ini menggunakan FPX sebagai Gateway untuk pengguna membayar cukai.

Pengguna perlu mempunyai akaun perbankan internet dengan mana-mana bank yang menyertai FPX. Sila klik pautan berikut bagi senarai bank yang terlibat:
<http://www.myclear.org.my/fpx/banks-tpa.html>

Bayaran Cukai Secara Online Melalui Bank-Bank Ejen
[Klik disini untuk dapatkan maklumat lanjut](#)

Nota : Sila pastikan anda tidak mengaktifkan "Pop-up Blocker".
[Sila klik di sini untuk Panduan Pengguna](#)

ANNOUNCEMENT
 Effective from 7 July 2015, the MyClear FPX service will no longer support Internet Explorer 6 (IE6) and lower versions. FPX will continue to support Internet Explorer 7 and above as well as latest versions of other popular web browsers such as Google Chrome, Mozilla Firefox and Apple Safari.

Masukkan Maklumat Pengenalan

* Ruangan wajib diisi

Jenis Pengenalan *

No. Pengenalan *
No.Kad Pengenalan Baru : 600101045050
 No SSM Syarikat : 000336T

Kod Keselamatan * 
Sila masukkan abjad/nombor yang kelihatan

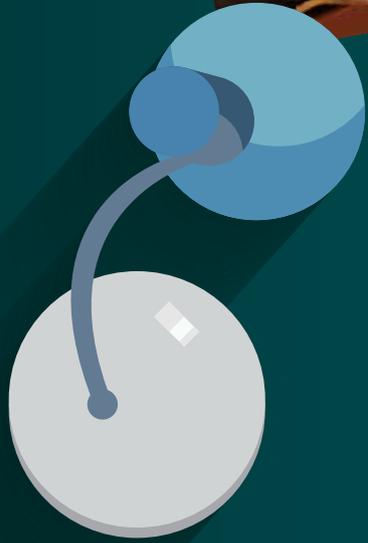
Nota: Untuk Bukan Warganegara dan Penggunaan No. Rujukan Cukai klik di [SINI](#)

- In its efforts to achieve a more efficient and simpler work system, Inland Revenue Board (IRB) has embarked efforts to simplify e-filing system as well as increase the existing ByrHASIL under e-Payment facilities.
- e-Caruman introduced by EPF and simplification of tax returns by IRB would also result in reduction of time taken to pay taxes and help to improve paying taxes ranking.
- RM1.8 billion has been allocated for the implementation of coverage for e-Payment option, which benefited 2.8 million households.



CHAPTER 3

ONE TEAM ONE DREAM



TWO IS BETTER THAN ONE



Two people are better than one because they have a good reward for their labour. For if they fall, the one will lift up his fellow

– John Steinback.

A flock has a greater flying range in formation than a single bird would have on its own. During the winter, geese head south by flying along in V formation.

When a goose falls out of formation, it takes advantage of the lifting power of the bird in front. When a goose gets sick and falls out of formation, two other geese will fall out of formation in order to follow it down to help and protect. They will stay with each other until the injured goose is able to fly or die. Only then, do they launch out on their own or with another formation, to catch up with their flock.

The same theory applies to individual and organisations who share a common direction and sense of community. By staying in formation, organisations are able to reach a goal quickly and easily, because there is a chance to lead and an opportunity to rest. In essence, working together will help achieve common goals.

HISTORY OF REGULATORY REFORM IN MALAYSIA

1960 - 2010

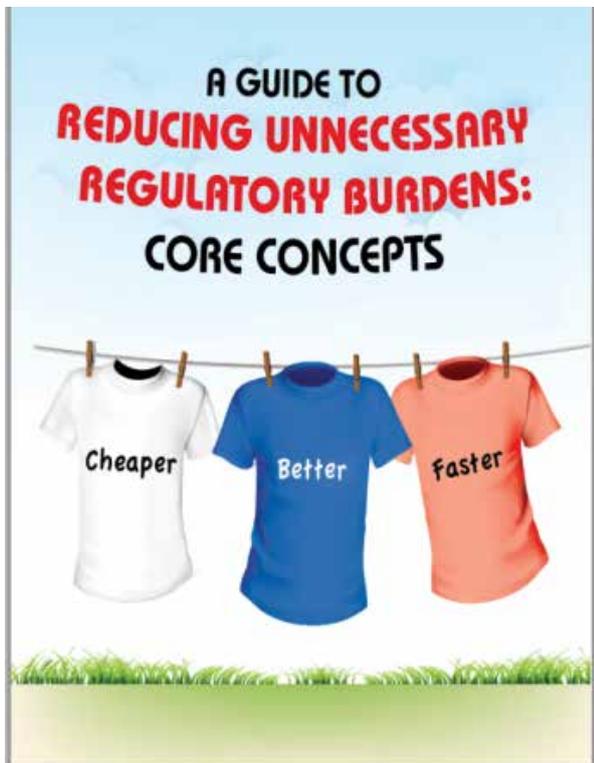
- Before 2010, bureaucratic issues were handled and solved on a piece-meal basis.
- Trade and service associations write to the ministry concerned-bring up at dialogue sessions to solve issues.
- Lack of study and deep diving into the root causes of problem, no impact study on the repercussions on introduction of new regulations, nor trying to understand burdens, barriers and constraints.
- Implementation of regulatory reform by ministries or agencies was vertically (silo). The consultations between regulators and private sector were insufficient, lacking of cost benefit analysis. In some cases, the introduction of certain regulations were done in a rush and had surprised the business community.

2011 onwards

- MPC expanded its role by looking into the business environment as companies no longer able to increase efficiency without government's facilitation.
- Companies need to enhance their competitiveness, but if regulations pose a burden and hindrance they cannot grow as desired. To implement Just-In-Time (JIT) Programme requires Two to Tango, even if the company is able to implement JIT to save time and be more productive but if the Permit-Issuance-Agencies are not efficient then the Malaysian companies remain inefficient and unproductive.
- Enhancing Business Environment Through Better Regulations. MPC to spearhead a comprehensive review of business regulations and improve processes and procedures to increase productivity and competitiveness of major economic sectors.



- MPC continues to review and recommend changes of existing regulations and policies from the product or services value chain perspective. Eliminating the unnecessary rules will reduce compliance costs and ultimately will improve the speed and ease of delivery. Premised upon a strong partnership between public - private sectors with government
- facilitating businesses by ensuring that procedures and regulations support business friendly environment of regulatory review to reduce regulatory burden to businesses. The modernising of business regulations were done through the national blue ocean
- strategy; looks towards more of reviewing structure of government delivery. Introduction of National Policy on the Development and Implementation of Regulations (NPDIR) has alerted the regulators to exercise Regulatory Impact Analysis (RIA) before introducing new regulation. MPC also has taken more steps by introducing Reducing Unnecessary Regulatory Burden (RURB) methodology to review the unfriendly existing regulations to support the Good Regulatory Practice in Malaysia.



MPC continuously undertakes regulatory review mandate by working closely with other government ministries and agencies to spearhead the adoption of Good Regulatory Practices (GRP).

It is also tasked to continuously monitor Malaysia's competitiveness performance through constant engagements, strategic collaboration and information sharing in prioritised areas.



We need Smart Regulations...

Regulations must be efficient, accessible, cost effective and simple for businesses and industries to implement.

Under the 10th Malaysia Plan, MPC was given the mandate to carry out regulatory review in view of making it easy to do business in Malaysia.

By reducing regulatory burdens, Malaysia is able to save a lot of unproductive money, which can be channeled to improve efficiency in delivering products and services to clients by businesses.

Ultimately this would spur Malaysia's productivity growth as well as competitiveness towards achieving a developed and high-income nation status by 2020.

AN EXAMPLE OF RURB PROJECT

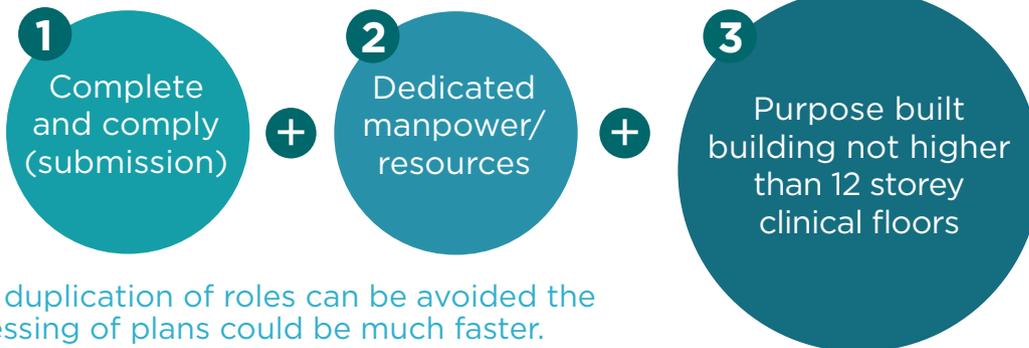
Ministry of Health, Ministry of Urban Wellbeing, Housing and Local Government together with MPC are currently addressing issue on the long time taken to give development approval of private hospital in Malaysia. The team is conducting comprehensive study to understand the root causes and measure every option given. At the end of the day, the benefits will outweigh the cost- much cheaper to comply.

The development of private hospital in Malaysia requires two main key regulators namely Local Government (LG) and Ministry of Health (MOH). LG is accountable to approve the private hospital building on condition that it is constructed on the right zoning and the building is fit for use. The second regulator which is MOH is accountable to ensure the establishment of private hospital is located on the approved zoning and the building is safe for patients and the medical staffs. From the public point of view, why should there be two agencies needed? Should the government streamline the approval procedures? Can the two regulations be amalgamated?

TOTAL TIME TAKEN

PROCESSES	CASE STUDY	MOH Client Charter
MOH Zoning + PBT DO Submission	395 days	124 days
MOH Loaded Dwg + PBT BP&KJ	208 days	210 days
Notice of Commencement & Inspections (Technical Agencies)	117 days	64 days
Operating Licence Inspection (MOH)	42 days	38 days
Total number of days	762 days	436 days

MOH Condition:



If the duplication of roles can be avoided the processing of plans could be much faster.

Comparison of Time required by the Regulators to Approve Private Hospital Development



OPTIONS TO FURTHER REDUCE TIME TAKEN (350 DAYS) AND TO SOLVE INSUFFICIENT STAFFING AT MOH

OPTIONS	DESCRIPTION	ACTION
Training and workshop	Short courses to certify the checker	Short-term action <ul style="list-style-type: none"> • FGDCP to organise capacity building programmes for professionals to be held in October, November and December 2016. • Sharing by MOH on Common Mistakes made by Medical Planner to highlight on critical areas to be included in the submission • Developing Guide Book (similar to Manual on Submission of DO to OSC)
Outsource	<ul style="list-style-type: none"> • Third party • Costly 	Long-term consideration (need to study the new concept of third party assessment)
Independent Checker	Example : BOMBA (Performance-based)	Long-term consideration (need to study the new concept of performance-based assessment).

Recommendations Made by the Group Members (Public and Private)

Key challenge to overcome multiple regulators involved in the construction process-through comprehensive brainstorming to come out with proposed solutions to ease compliance involved with formalities in setting up private hospital (at design phase, construction phase and completion and operational phase).

ANOTHER EXAMPLE OF REGULATORY ISSUES: RED TAPE A TURN-OFF

I WRITE as an executive of a company who, due to business expansion, has plans to invest in additional production and warehouse facilities in both Malaysia and Thailand. My experience in undertaking these plans have been starkly different in both countries.

The experience in Malaysia has been a tortuous journey in unravelling state authority and local town council red tape while the experience in Thailand has been one of speedy efficiency, much to my surprise and dismay, speaking as a Malaysian. Since acquiring a plot of industrial land, it is now 12 months and we have yet to receive our building plan approval.

Along the way, we have had to deal with various red tape and mix-ups between the state authority and town council, and differing conditions to meet in order to obtain the building permit.

The so-called One-Stop Centre or OSC, is only in name, and we have had to address various conditions across a range of departments. In this process, the ground rules and timelines for approvals are not clear. This is very frustrating to an investor, for whom efficiency and clear guidelines and timelines are important for investment decisions.

After all, we are investing almost RM100mil and providing direct employment opportunities for more than 500 people. I started on the process of investing in a similar facility in Thailand with a similar investment and employment scale as the one in Malaysia, and the experience has been starkly contrasting in terms of efficiency.

Land title transfer only took two hours compared to three months here. Obtaining a building permit took only three months from design to piling. Despite commencing planning nine months later in Thailand, we are now ready to commence construction while we are still having to unravel the bureaucracy in Malaysia.

It is no wonder then that we are losing out on investment opportunities in Malaysia, despite our government officials patting themselves on the back for increased FDI. Our process is mired in bureaucracy and unclear ground rules, with little napoleons in various state authorities, town councils and departments adding to the confusion.

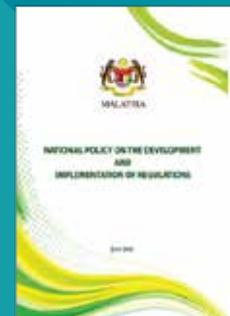
I am both a corporate and a personal taxpayer and I am dismayed by the quality of state and town council work. I write as a concerned executive managing investment plans and also a born-bred Malaysian.

I would not hesitate to invest in a foreign country with greater efficiency and clearer ground rules in future if this is the state of our local authority efficiency.

DISMAYED INVESTOR,
Petaling Jaya.

RIGHT REGULATION AT FIRST TIME

Reflecting the desire to improve the rule-making process, the Government will introduce a new policy to transform rule-making in Government. It is the government's intention to ensure that cumbersome regulations that create unnecessary burdens to society and business, discourage competition and innovation or alienate stakeholders are reduced or avoided. MPC has launched the National Policy on the Development and Implementation of Regulations (NPDIR) in July 2013. The policy introduces the use of Regulatory Impact Analysis (RIA) in decision making to enhance the transparency, accountability and credibility of regulatory changes.



GOOD REGULATORY PRACTICES AND REGULATORY IMPACT ASSESSMENT



National Policy on the Development and Implementation of Regulations

Provides a systematic guideline based on best practices adopted from other countries

Best Practice Regulation Handbook

Tool to facilitate the implementation of Best Practice Regulation system and provides detailed guidance for the implementation.



Chief Secretary to the Government Circular dated July 2013



- Sound analysis
- Informed decision making
- Transparency



Regulatory Impact Assessment

The process of examining the likely impacts of a proposed regulation and range of alternative options which could meet the government's policy objectives

HAND IN HAND



In a nutshell, MPC and PEMUDAH share a common goal to carry out regulatory reviews to facilitate the ease of doing business in Malaysia.

PEMUDAH, in which the secretariat is now **WITH MPC**, has proven to be a platform for public and private sectors to collaborate and create a sense of urgency in improving public service delivery.

Dealing with government agencies is now easier following review of existing regulations with a view to remove unnecessary outdated rules.

Collaboration between MPC and PEMUDAH, is living proof that by working together to achieve a common goal, they are able to improve national outcome and enhance overall productivity and competitiveness in Malaysia.

**Coming together
is a beginning,
staying together
is progress, and
working together
is success.**

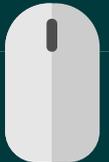
- Henry Ford -





CHAPTER 4

BETTER THAN YESTERDAY



RANKING IS NOT JUST A NUMBER!!!



What's in a ranking?

Ranking is not just a number, it is the total sum of government and business decision making, and it is **POWERFUL**.

.....
It is also a tool of social pressure and a national indicator on country's policies.
.....

Ranking implies assessment and involves observing and checking the progress or quality of behaviours over time. At the end of the day, ranking implies systematic review that is routinised.

Individuals and countries tend to rearrange their priorities to meet external expectations when they are aware of being observed.

To understand ranking, it is important to remember that the world is governed not by force, but rather by information. Information is a powerful tool that moves markets, impinges national security, affects individual and also corporate reputations.

In today's world,

over 200 global rating systems, rank everything from economic wealth to societies' happiness in order to influence policies and exercise power across the nation.

By ranking a country according to a specific criterion, it attempts to define goals and set it in competition with one another to achieve them. Ranking systems are potential game changers. Under certain circumstances, it could make or break a country and encourage them to undertake policy actions.

Canada,
for example
ranked
9165
out of
countries in
the world



Corruption Index for 2015

Thus, forcing Canada to maintain and keep the country's public sector in check at all times.

Therefore, ranking is more than just a number. It is the innate feeling to make countries feel watched, judged and publicly compared with their peers.

WORLD BANK: DOING BUSINESS (DB) REPORT



Every year, the World Bank's Doing Business report sparks media and policy attention, mainly due to the fact that the authority and resources of World Bank have the potential to be accepted as an indicator of the true underlying business environment.

The report is an attempt to assess the **BURDEN OF REGULATION** as seen from the private sector's point of view. It is designed to be an inventory for action.

The report even influences on-going bureaucratic operations and capacities. It prompts the government to comb through records, assign data collection task and forge connections with the private sector and thus shaping the cognitive framework of policy making.

What's more interesting, through this report, bureaucrats are adept at learning what it takes to improve country's ranking **by consulting policy advice that will improve ratings**. Throughout the years, **more than 50 countries** have formed reform committees as one input for improving the business environment.

What Doing Business measures - 11 areas of business regulation

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the cost of electricity consumption
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations
Trading across Borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labour market regulation	Flexibility in employment regulation and aspects of job quality



The World Bank (WB) and International Financial Corporation (IFC) publish annual reports to objectively measure business regulations on domestic firms by focusing on well-defined transactions, laws and institutions rather than generic, perception-based questions on business environments.



Since its launch in 2003, DB report has inspired hundreds of regulatory reforms worldwide. In 2003, it took an average 51 days worldwide to start a business; by 2015 this number had been more than halved, to 20 days.



In the past 12 years, more than 2,600 reforms have been recorded globally in the areas measured by the report. DB publishes methodology used in the development of each indicator and disaggregated data online.



This allows users to apply their own judgement on how to analyse the data, including constructing alternative rankings using a different set of weights for the individual indicators.

What Doing Business Report continues to cover

- Procedures, time, cost and paid-in minimum capital to start a business
- Procedures, time and cost to complete all formalities to build a warehouse
- Procedures, time and cost to get connected to the electrical grid
- Procedures, time and cost to transfer a property
- Movable collateral laws and credit information systems
- Minority shareholders' rights in related-party transactions and in corporate governance
- Payments, time and total tax rate for a firm to comply with all tax regulations
- Time and cost to resolve a commercial dispute
- Time, cost, outcome and recovery rate for a commercial insolvency and strength of the legal framework for insolvency

What Doing Business Report adds and changes

Additions

- Quality of building regulation and its implementation
- Reliability of electricity supply, transparency of tariffs and price of electricity
- Quality of the land administration system
- Quality of judicial processes

Changes

- Time and cost to export the product of comparative advantage and import auto parts

A SNAPSHOT: MALAYSIA'S PERFORMANCE IN DB



Malaysia is no exception to the report. In fact, Malaysia, for the first time ever, has set the frontier in regulatory quality and efficiency of Getting Electricity in ease of doing business.

.....
For our reliability of supply and transparency indicator, Malaysia was recognised by the World Bank as one of the frontier economies, ever since the new methodology was introduced last year.

.....
SCORING A PERFECT 8, on the index of 0-8.

The World Bank has acknowledged Malaysia's significant improvements made in the area of regulation with regards to ease of doing business, placing it among the top 20 economies with the most business-friendly regulation.

HIGHLIGHTS OF MALAYSIA'S PERFORMANCE IN DB 2017

01

With the release of the recent Doing Business (DB) Report 2017 by The World Bank, Malaysia ranked at 23rd position among 190 countries. Down one notch from the 22nd position the previous year.

Comparing DB 2016 and 2017, Malaysia's Distance to Frontier (DTF) score declined from 79.18 to 78.11.

02

03

However, based on the report, at 23rd position, Malaysia is ahead of advanced economies such as France (29th), Switzerland (31st) and Japan (34th).

In the Association of Southeast Asian Countries (ASEAN), Malaysia is second after Singapore and fifth in Asia.

04

05

In general, Malaysia improved its performance in Getting Electricity and Dealing with Construction Permits.

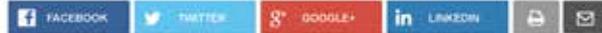
Marginal declines were registered in other indicators; Trading across borders, Starting a business, Registering property and Resolving Insolvency. In essence, with vast improvements, Malaysia can be in the top 10 position soon.

06

Wednesday, 26 October 2016 | MYT 7:43 PM

Malaysia ranked 23rd by World Bank for ease of doing business

BY AL HAFIZ MAHJAN



Malaysia Productivity Corp director general Datuk Mohd Razlan Hussain holding the Doing Business Report 2017 released by the World Bank.

KUALA LUMPUR: Malaysia fell one notch to 23rd place in the World Bank's *Doing Business Report 2017* (DB 2017) released on Wednesday, with a score of 78.11 among the 190 economies surveyed from 78.18 last year.

The International Trade and Industry Ministry (Mit) said in a statement that the country was initially ranked 18th in DB 2016, but the ranking for that year was revised to 22nd taking into account some changes in methodology.

Overall, the report ranks New Zealand as the most business friendly in the world, ahead of Singapore and Denmark ([click here](#) for story).

"Within Asean, Malaysia was ranked second after Singapore and ahead of economies such as Thailand (46th), Indonesia (91st), Japan (34th), China (78th), France (29th), Switzerland (31st) and India (130th)," Miti said.

The *Doing Business* study measures regulations affecting 11 areas of the life of a business. The DTF score measures the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005.

The slight decline in Malaysia's distance to frontier (DTF) score from 78.18 to 78.11 is mainly due to drop in performance in the Starting A Business and Paying Taxes indicators.

The DTF score for Starting A Business fell from 89.31 to 83.67, with the number of procedures to legally start and formally operate a company increasing from six to 8.5 procedures and the number of days increasing from seven to 18.5 days.

"Malaysia made starting a business more difficult by requiring that companies with an annual revenue of more than RM500,000 register as a GST payer," the World Bank remarked in its *Doing Business* portal.

For Paying Taxes, the DTF score slid from 79.31 to 79.2 as the time taken per year to prepare, file returns and file taxes increased from 118 hours to 164 hours.

"Malaysia made paying taxes easier by introducing an online system for filing and paying the goods and services tax (GST) while also making it more complex by replacing sales tax with GST," the World Bank said.

On the other hand, Miti noted that Malaysia recorded improvements, among others, in the following indicators and sub-indicators in DB 2017: Getting Electricity (DTF score rose from 94.33 to 94.34), Getting Credit (score improved from 70 to 75), Starting a Business - cost (percentage of income per capita) (reduced from 6.7 to 6.2), Paying Taxes - number of payments per year (slashed from 13 to nine), and Trading Across Borders - cost to export (fell from US\$321.20 to US\$321) and cost to import (reduced from US\$321.20 to US\$321).

Malaysia to address weaknesses, says Mustapa

Miti said Pemudah, the public-private sector Special Task Force to facilitate business, through its Focus Group on Starting a Business (which consists of private sector players and representatives from the Malaysian Administrative Modernisation and Management Planning Unit (Mampu), Companies Commission of Malaysia and Inland Revenue Department), will identify the necessary areas for further improvement.

The new Companies Act 2016, recently passed by Dewan Rakyat, once implemented, will bring about improvements in the business registration process, Miti said.

"This new act will simplify the incorporation process by dispensing multiple forms, common seals, memorandum & articles of association as well as appointment of company secretary at the point of incorporation becomes optional, hence reducing time and cost for starting a business. We believe this will further improve the ease of doing business in Malaysia," the ministry said.

Likewise, the Focus Group on Paying Taxes, is engaging with the World Bank to understand further on the components of the time taken for Paying Taxes, and to identify, learn and adopt from best practices to improve Malaysia's performance in this indicator, it added.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said: "We take note of the areas mentioned where improvements are needed, and we will continue to work to the best of our ability to be better. The Good Regulatory Practice initiative through the National Policy on the Development and Implementation of Regulations undertaken by Pemudah has seen positive outcomes since its launch in 2013. As at September 2016, a total of 154 regulatory proposals were received from ministries and agencies for MPC's (Malaysia Productivity Corp) assessment."

He said Malaysia continued to be recognised for its business-friendly policy and competitive economy.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said: "We take note of the areas mentioned where improvements are needed, and we will continue to work to the best of our ability to be better. The Good Regulatory Practice initiative through the National Policy on the Development and Implementation of Regulations undertaken by Pemudah has seen positive outcomes since its launch in 2013. As at September 2016, a total of 154 regulatory proposals were received from ministries and agencies for MPC's (Malaysia Productivity Corp) assessment."

He said Malaysia continued to be recognised for its business-friendly policy and competitive economy.

"The weaknesses pointed in this year's report will be addressed accordingly and hopefully through greater public-private collaboration we will be able to improve our ranking in the upcoming *Doing Business Report*," he added.

COMPARISON OF MALAYSIA'S RANKING VS TOP 10

Economy	Overall DB Ranking	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
New Zealand	1	1	1	34	1	1	1	11	55	13	34
Singapore	2	6	10	10	19	20	1	8	41	2	29
Denmark	3	24	6	14	12	32	19	7	1	24	8
Hong Kong SAR, China	4	3	5	3	61	20	3	3	42	21	28
Korea Rep	5	11	31	1	39	44	13	23	32	1	4
Norway	6	21	43	12	14	75	9	26	22	4	6
United Kingdom	7	16	17	17	47	20	6	10	28	31	13
United States	8	51	39	36	36	2	41	36	35	20	5
Sweden	9	15	25	6	10	75	19	28	18	22	19
Macedonia, FYR	10	4	11	29	48	16	13	9	27	36	32
Malaysia	23	112	13	8	40	20	3	61	60	42	46

DON'T CELEBRATE JUST YET: THERE'S ROOM FOR IMPROVEMENTS



Malaysia has made giant strides in improving its business environment.

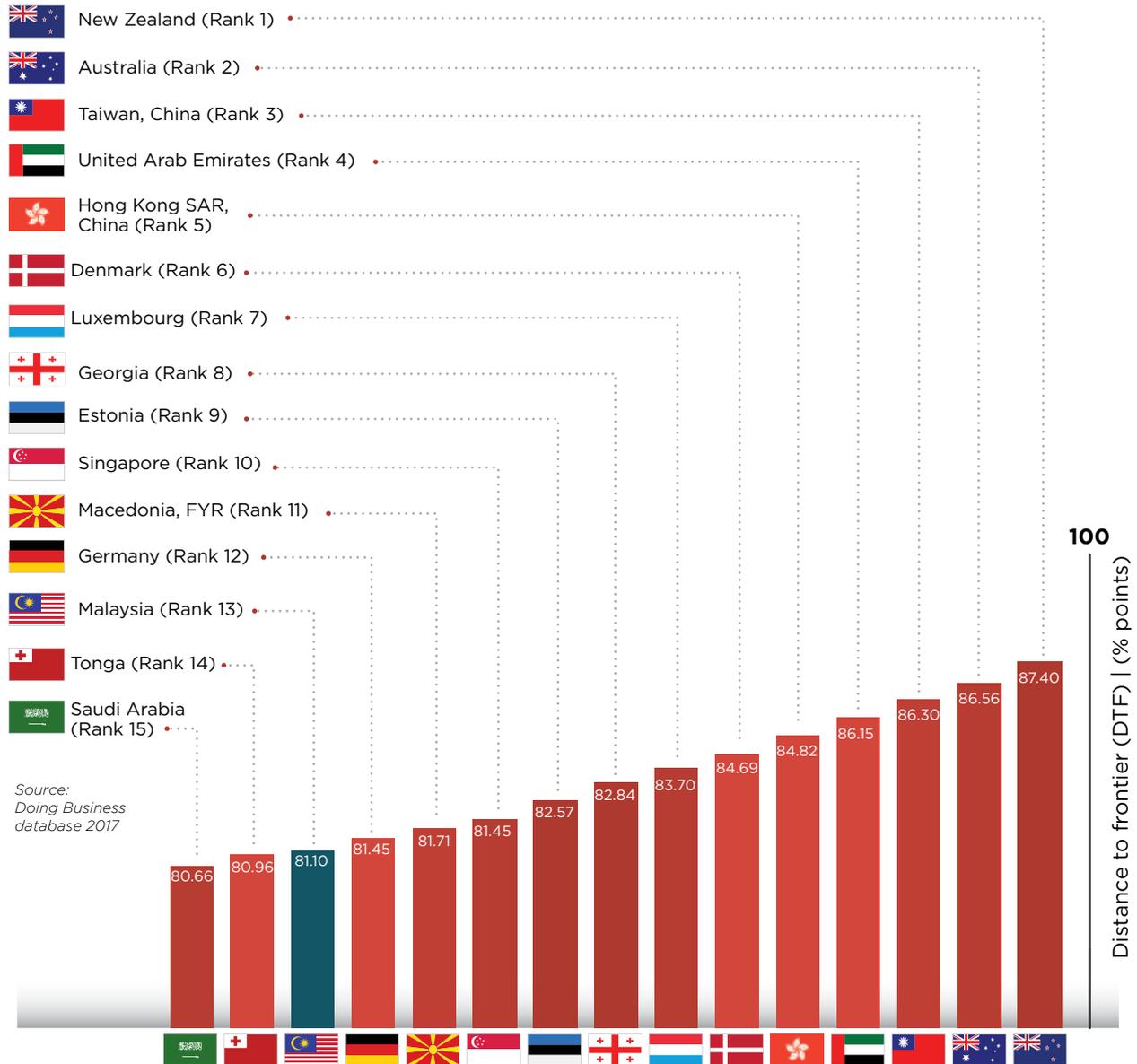
However, we shouldn't throw in the towel just yet, because for the past decade, Malaysia's lowest ranking across 10 indicators is for Dealing with Construction Permits (DCP).

Malaysia currently lags behind Singapore, which only takes **26 days** to deal with construction permits.

At hand, the current model implemented in Kuala Lumpur has issues such as too many procedures between business and authorities; long processing time in issuing permits and high fees charged by authorities.

However, it is worth to note that, while there is room for improvements, special attention was given to this area. The introduction of One-Stop-Centre (OSC) in 2007 to facilitate building approvals has now been taken to another level with the launch of OSC1 submission, which only requires **15 procedures** and takes **less than 79 days** to process.

How Malaysia and comparator economies rank on the ease of dealing with construction permits



GOOD PRACTICES IN DEALING WITH CONSTRUCTION PERMITS



Building Codes

Set of building regulations and standards to ensure building safety.

MALAYSIA

AUSTRALIA

SINGAPORE

Establishing a one-stop-shop

Integrating relevant departments and agencies in a single point of service.

MALAYSIA

BRUNEI DARUSSALAM

TAIWAN, CHINA

Risk-based approvals

Categorisation of projects based on their complexity and level of risks.

AUSTRALIA

INDONESIA

NEW ZEALAND

Electronic platforms or online services

Submission and follow up of applications online ; optimisation of internal processes.

SINGAPORE

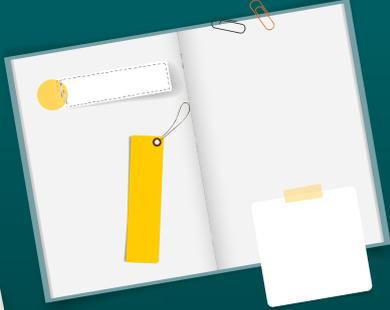
CHINA

HONG KONG SAR, CHINA

CHAPTER 5

DRIVING THE CHANGE





PANDANGAN ARAH RADAPAN
CADANGAN MEMBINA SEBUAH STESIN MINYAK L DINGKAT DINGK
DI KILOMETER 2.95 PENCHALA LINK (PHEST BOUNDI PLAZA TOL PH
KAYAH PERSEKUTUAN KUALA LUMPUR



MALAYSIA, WE HAVE A PROBLEM!!!



“To build and operate a warehouse in Kuala Lumpur, a Submitting Person would have to go through 37 procedures that required 140 days to secure various construction permits from several technical agencies.”

- Doing Business Report 2013 of World Bank



As a developing country, Malaysia recorded a growth of **3.5 percent (%)** to **RM18.9 billion in 2011**. The volume of growth was projected to rise by

30 to 50 percent

with the commencement of 7 Entry Point Projects (EPP) under the Economic Transformation Programme (ETP).

Can we cope with the increasing number of projects using the existing regulatory framework?

Note:
GNI per capita
Malaysia is
USD7,900.00 or
RM24,490.00 as
of 2012

 Source: World Bank
 Doing Business 2012

Indicator	Doing Business (DB) of World Bank 2012					
	Malaysia	Australia	United Kingdom	Hong Kong	New Zealand	Singapore
Procedures	22	15	9	6	6	11
Time (Days)	260	147	99	67	64	26
Cost (% of GNI)	7.1	9.9	63.8	17.8	34.4	18.1

Figure 5.1: The average procedures, time and cost for Dealing with Construction Permits

What FGDCP has done to achieve this far. All started at the end of 2011 where Cabinet was not happy with the performance of DCP

.....

According to studies reported in Doing Business 2012, Figure 5.1 shows that Malaysia recorded the highest number of procedures with a total of 22 compared to **Australia (15), United Kingdom (9), Singapore (11)**, while **Hong Kong** and **New Zealand** ranked the lowest with only six (6) procedures.

Malaysia also recorded the longest time period of 260 days for construction permit approvals followed by Australia (147), United Kingdom (99), Hong Kong (67), New Zealand (64) while Singapore recorded the shortest period with 26 days.

However, statistics showed that Malaysia recorded the lowest cost with a record of 7.1% of Gross National Income (GNI) followed by **Australia (9.9%), Hong Kong (17.8%), Singapore (18.1%), New Zealand (34.4%)** while **United Kingdom held the highest record of 63.8%**.

Note:
 GNI per capita
 Malaysia is
**USD7,900.00 or
 RM24,490.00 as
 of 2012**

 Source:
 World Bank
 Doing Business 2012

Indicator	Doing Business (DB) of World Bank 2013					
	Malaysia	Australia	United Kingdom	Hong Kong	New Zealand	Singapore
Procedures	37	11	9	6	6	11
Time (Days)	140	112	99	67	89	26
Cost (% of GNI)	17.5	13.4	62.4	16.3	29.8	16.7

Figure 5.2: Kuala Lumpur's Current Model of Construction Permits

Based on **Doing Business 2013**, Figure 5.2, Kuala Lumpur's Current Model of Construction Permits recorded a total of 37 procedures with a time period of 140 days at a cost of 17.5% of our Gross National Income (GNI). Such figures set alarm bells ringing and serve as a strong indicator that drastic measures had to be taken.



IT'S TIME TO GO THE EXTRA MILE & SET THE TARGET!!!

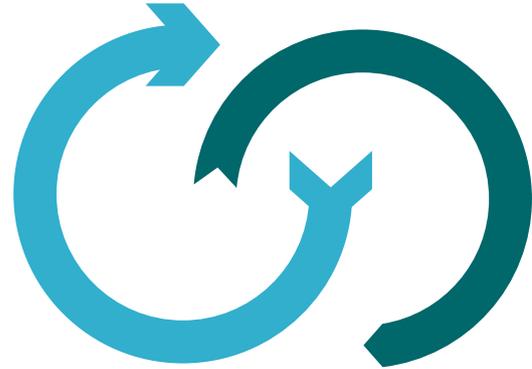
Time for an adjustment attitude, but first, everyone must come together and work as a team. Therefore, government and various stakeholders must get together in order to collaborate and improve the efficiency of DCP. Furthermore, important remedial steps must also be taken as part of the process to enhance Malaysia's construction industry. Such steps include:

- 1 **Improving efficiency**
- 2 **Establishing focus groups**
- 3 **Public consultation**
- 4 **Special engagement**
- 5 **Developing risk clarification criteria**
- 6 **Engaging on benchmarking mission**

In light of making reforms, MPC has carried out initiatives to make drastic and progressive changes in DCP. An OSC Committee was established and Planning Committee & Building Plan Committee was disbanded. With the establishment of the OSC Committee, relevant technical agencies are integrated and coordinated through one entity. Processes and procedures have been restructured and realigned by implementing Business Process Re-engineering (BPR). BPR has helped replaced out-dated regulations with transparent, clear and innovative procedures.

With the implementation of OSC, applications can be submitted instantly with land matters submissions being processed concurrently such as Planning Permission, Building Plans and Engineering Plans and approved in less than four (4) months.

CHANGE IS INEVITABLE CHANGE IS CONSTANT



Change is daunting, we've all been there. New faces, new set of rules, new dos and don'ts. It's all too much to take and learn in just one day.

But let's ask ourselves, how many of us hold a job for too long that we no longer feel the need to explore new possibilities or take on new roles and responsibility because we feel safe, secure and **COMPLACENT**.

And what if, one day we woke up and realised that the world is leaving us behind with its changing technologies and revolution, will it all be too late by then?

As scary as it may be, change is necessary, especially when we are comfortable with what we know and not wanting to learn more. At the end of the day, the industry changes at an exponential rate, thus, in order to remain relevant, organisations must continuously evolve.

In the words of Rumi:

“ Yesterday I was clever,
so I wanted to change the
world. Today I am wise,
so I am changing myself ”



CHARTERING RADICAL CHANGE



Over the years, Dealing with Construction Permits (DCP) in Malaysia marked far-reaching and progressively significant improvements as shown in the table below:

Evolution in Malaysia's Ranking		Dealing With Construction Permits	
Doing Business		Ranking	
2017	13		
2016	15		
2015	28		
2014	39		
2013	96		
2012	113		
2011	108		
2010	109		

Figure 5.3: Malaysia's Rankings in Doing Business from 2010-2017

Since its inception in 2003, the Doing Business (DB) Report has become one of the world's most influential

policy publications by publishing annual quantitative data on the main regulatory constraints affecting domestic small and medium-size enterprises throughout their life cycle.

The previous indicator set on DCP measures the procedures, time and cost to comply with the formalities to build a warehouse including obtaining necessary licences and permits, completing required notifications and inspections, and obtaining utility connections.

However, DB 2016 has added the building quality control index. It also expands the coverage to encompass good practices in construction regulation.

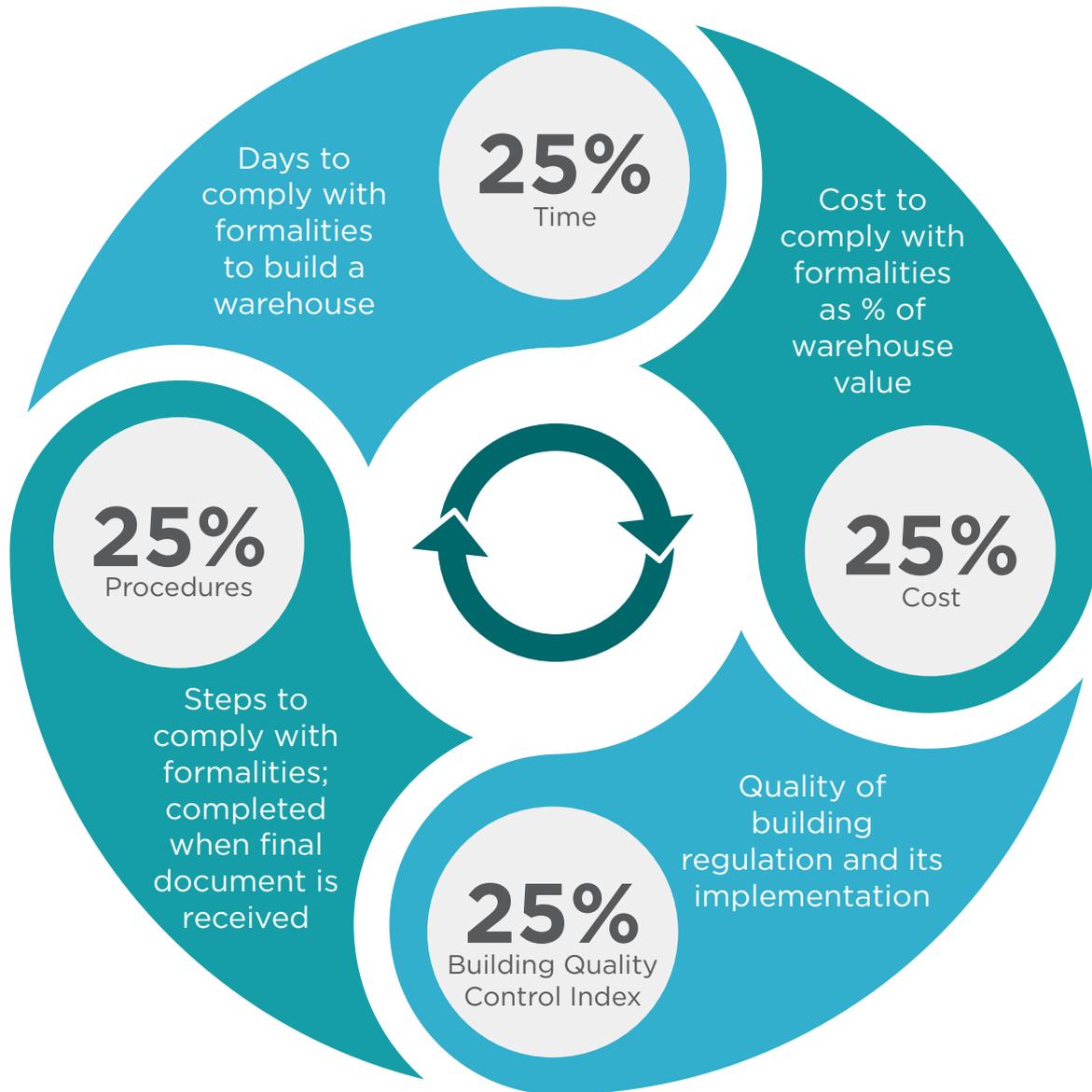


Figure 5.4:
Four indicators to measure the Effectiveness of Dealing with
Construction Permits introduced by Doing Business 2016

This new indicator is part of the distance to frontier score and therefore affects the ease of DB ranking, which looks at important issues facing the building community.

The report also continues to measure efficiency in construction permits while also adding a measure of quality. The building quality control index assesses both quality and safety mechanisms across 189 economies in six (6) main areas as shown below:



Figure 5.5: Six main areas of the Building Quality Index

The first area is the need for clarity in the rules to ensure that regulation of construction can fulfil the vital function of helping to protect the public from faulty building practices.

To assess this characteristic, the indicator examines how clearly the building code or building regulations specify the requirements for obtaining a building permit and how easily accessible the regulations are. Beyond measuring the clarity and accessibility of regulations, the building quality control index assesses the effectiveness of inspection systems. Good inspection systems are critical to ensuring public safety, they can ensure that buildings comply with proper safety standards, thus reducing the chances of structural faults. Good inspection also encompasses the requirements of technical experts having to review proposed plans before construction even begins which can significantly reduce the risk of structural failures later on.

The second, third and fourth indicators cover quality control at three stages: before, during and after construction. A measure of quality control before construction looks at one point: whether a licensed engineer or architect must verify that the architectural plans and drawings comply with the building regulations.

Meanwhile, measures of quality control during construction examine two points: what types of inspections (if any) are required by law during construction; and whether inspections required by law are actually carried out (or, if not required by law, commonly occurs in practice).

Measures of quality control after construction also examine two points: whether a final inspection is required by law to verify that the building was built in accordance with the approved plans and the building regulations; and whether the final inspection required by law is actually carried out (or, if not required by law, commonly occurs in practice). The professionals who conduct the inspections play a vital part in ensuring that buildings meet safety standards. So it is important that these professionals be certified and that they have the necessary technical qualifications.

If safety violations or construction flaws occur despite their efforts, it is important to have a well-defined liability and insurance structure to cover losses resulting from any structural faults.

The building quality control index covers several points relating to these issues:
- Qualification requirements of the professionals responsible for reviewing and approving the architectural plans and for those authorised to supervise or inspect the construction;

1

Which parties are legally liable for construction flaws or problems affecting the structural safety of the building once occupied; and

2

Which parties are required by law to obtain an insurance policy to cover possible flaws or problems affecting the structural safety of the building once occupied?

The new index accounts for a quarter of the distance to frontier score (DTF) for DCP and the distance to frontier scores under the old and new methodologies are significantly correlated. DB 2016 completes a two-year effort to expand benchmarks that measure the quality of regulation, as well as efficiency of the business regulatory framework in order to better capture ground realities. With significant reforms carried out since 2012, Malaysia has made noteworthy improvements between 2015 and 2016.

ONE STOP CENTRE (OSC)

OSC is a platform for centralised submission of development documents (plans and relevant details) to accelerate the approval of construction permits in a single window.

Once the development approvals are completed, the OSC will liaise with the applicants to disseminate all the approved documents. This concept has been transpired to all municipalities but the implementation went off on the tangent! The applicants suffered, they had to do all the chases to gather all the approvals. Imagine to collect 12-15 approvals from different internal/external agencies located at different floors and areas! For a small development, it is estimated RM 20,000 compliance cost had to be allocated to pay extra travelling allowance, toll fares, parking fares and overtime payments.

Total number of days lost to this inefficiency was escalated to 180 days.

1st June
2012

OSC1 Submission established on 1 June 2012, a special approval lane to speed up development approval for small scale commercial development covers concurrent submissions of planning permission plans, building plans, engineering plans, fire safety plans and utility plans which requires only 10 procedures and takes 100 days to obtain approval.

During OSC1 Submission pilot project for the construction of the new Petronas station at Penchala Link, the new OSC1 Submission scheme showed that procedures are made faster and easier, while cost-savings were realised.

Role of OSC strengthened to process OSC1 Submission application:

1

To receive all development applications simultaneously that meet the requirements based on small scale non-residential projects

2

To distribute development applications to technical departments (internal and external technical agencies) for processing and technical comments.

3

To determine agendas for OSC meeting, to coordinate and monitor paper of recommendation from internal technical departments for OSC technical committee.

4

To coordinate and arrange OSC technical committee and OSC full board meetings.

5

To receive notification forms to start work.

6

To receive and coordinate inspections by technical agencies.

7

To receive F Form (Certificate of Completion and Compliance) from Building Department and Board of Engineers / Board of Architects.

CRITERIA OF OSC 1 SUBMISSION

Small Scale Non-Residential Project :

- 1.1 A building with not more than 1 acre of land such as fast food outlet, showroom, factory/warehouse/storage, kindergarten & club house
- 1.2 A community building with not more than 1.5 acres of land such as multi-purpose hall, public facilities & house of worship
- 1.3 A petrol station with not more than 1.5 acres of land
- 1.4 'Infill development' for a unit of shoptlot not exceeding 3 storeys.
- 1.5 A TNB Substation not exceeding 3 storeys with not more than 1.5 acres of land

1

2



In compliance with **KUALA LUMPUR CITY PLAN 2020**

3



Conform with the expressed conditions in the land title

4



No Surrender of land for road and drain reserves

5



Development on flat land (Class 1 Slope)

6



Outside Heritage Zone

7



Consumes less than 10,000 liters of water per day and the distance from a public water pipe network less than 30m with pipe diameter up to 150mm

8



The required electricity power supply less than 1000kVA and distance less than 500m from the source (validation of the data is for 3 months)

9



Public sewerage network is available; or to provide own Septic tank (150 PE)

10



Telecommunication Infrastructure/network is available

JUST A CLICK AWAY: KL TRAX

KL TRAX, launched in 2015 is an online system to monitor construction permit application from the date of submission until issuance of Certificate of Completion and Compliance (CCC) including updating and checking application status for both parties (local authority/agencies and private sector).

The objective of KL TRAX is to provide monitoring mechanism for all stages of development approval. Stages of construction are as follows:

Phase 1: Data Gathering

Phase 2: Development Approval Submission

Phase 3: Start Construction

Phase 4: Interim Inspection

Phase 5: Final Inspection

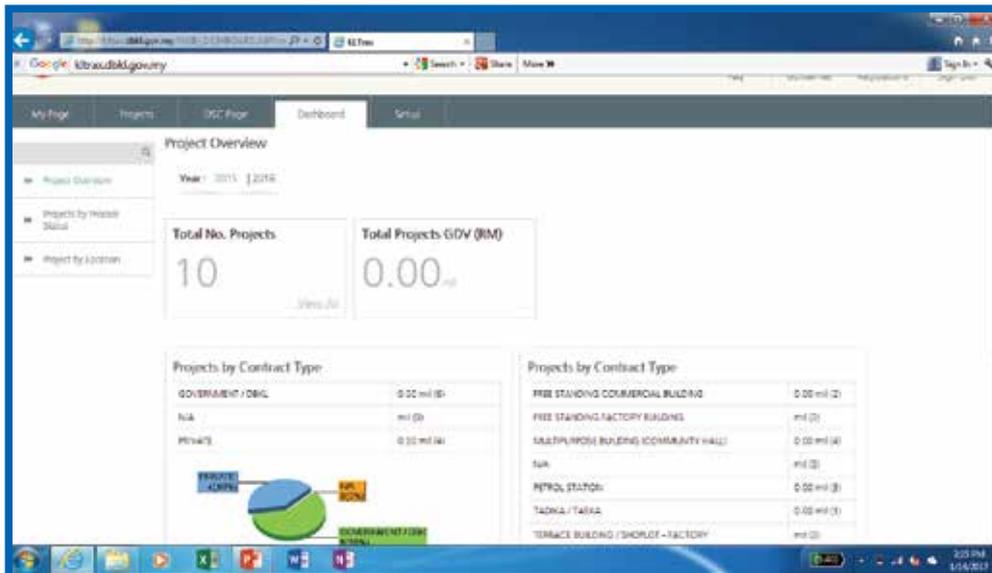


Since the establishment of the system in 2015, it has enhanced productivity, reduced time and integrated all agencies and businesses on a single transparent platform. All the technical agencies and DBKL can communicate and post comments for each document submitted. The applicants are now able to submit, track and receive results of their submission from anywhere and anytime of the day. Owner like Petronas is able to see the progress of the approval and identify issues regarding their applications. Through KL TRAX, not just for the applicants and owners but other third party stakeholders like FGDCP, PEMUDAH can view the implementation, enabling more transparency and ability to study the pattern of DCP from all angles.

Front page of KL TRAX



Brief Statement of KL TRAX Submissions



Listings of OSC 1 Submission Development Applications in Kuala Lumpur

The screenshot shows the KLTRAX web application interface. The main content area displays a 'Project Listing - 10 Projects' table. The table columns include Project Profile, Submission Process, Project Stage, OSC Reference No., Title, Estimated QDV (RM), P2 Submission Date, OSC Result Date, DO Issued Date, P3 Form B Submission Date, PA Inspection Date, and PS CCC Issued Date. Two projects are visible in the table.

Project Profile	Submission Process	Project Stage	OSC Reference No.	Title	Estimated QDV (RM)	P2 Submission Date	OSC Result Date	DO Issued Date	P3 Form B Submission Date	PA Inspection Date	PS CCC Issued Date
View Edit	Start Processing	P3	DBKL ONE (S) 407 S2 180601+005#1-1	CADANGAN MENEBINA 'GELANGGANG PETANQUE' YANG MENGGANDUNGI 11 24 BELANGSANG BERBUNUNG @ 8 BELANGSANG TERBUKA DI ATAS SEBAGIAN LOT 58460, TAJAMAN REKREAS PUDU LELU, CHERAS, KUALA LUMPUR	0	02/06/2016	10/06/2016	20/06/2016	07/10/2016		
View Edit	Start Processing	P5	DBKL ONE (S) 407 L2 140314+016#1-1	CADANGAN MENEBINA DAN MENYIAPKAN SEBUAH STESEN MINYAK PETRONAS BESERTA KEDAI SERBANEKA DAN KEMUDAHAN SETINGKAT DI ATAS LOT 30217 DAN SEBAGIAN LOT 30504, MUKIM SETAPAK, BATU 5, GOMBAK, WILAYAH PERSEKUTUAN KUALA LUMPUR.	0	17/03/2014	29/04/2016	04/04/2014	10/05/2015	14/01/2016	27/01/2016

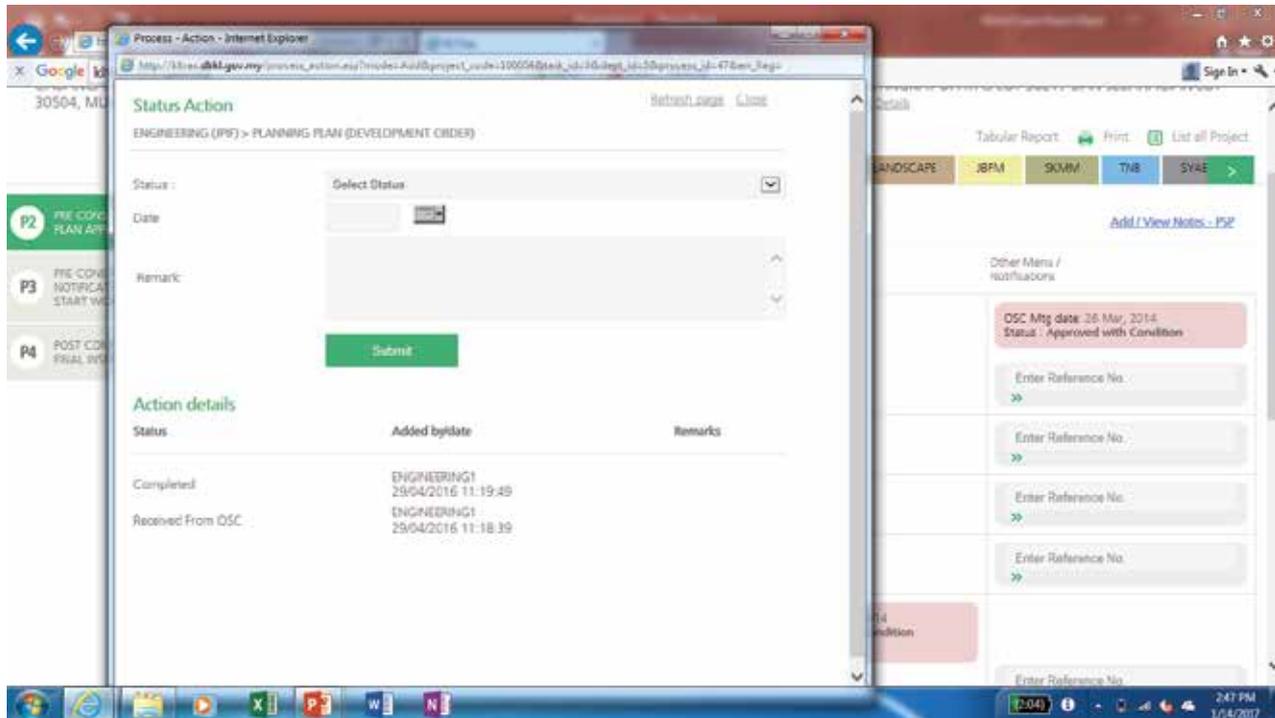
Furthermore, applicants can submit DCP applications from anywhere and anytime without having to come to the regulator's offices at no cost at all. It records the date and time of every process and records are easily accessible by applicants. KL TRAX also serves as platform for daily updates by providing an online diary for applicants to view updates on their application processes. The usage of colour coding provides a user-friendly interface which allows users to be easily notified of their application updates.

Colour coding in KL TRAX to reflect regulator's and applicant's performances



Results will be automatically emailed to the applicants' seconds after a regulator has made its decision and also generates instant reports on approvals and supporting documents if requested by the applicant. With KL TRAX, stakeholders are able to monitor the development of applications. It provides a transparent platform in the application process where all applicants are allowed to see updates on the status of their application which is updated 24/7 and accessible anywhere.

Stakeholders able to retrieve and process the documents 24/7



Results will be automatically emailed to the applicants' seconds after a regulator has made its decision and also generates instant reports on approvals and supporting documents if requested by the applicant. With KL TRAX, stakeholders are able to monitor the development of applications. It provides a transparent platform in the application process where all applicants are allowed to see updates on the status of their application which is updated 24/7 and accessible anywhere.

MAKING COMPLIANCE EASY AND ACCESSIBLE

In need of coherent and transparent rules, efficient processes and adequate allocation of resources are especially important in the construction industry where safety is at stake. With the introduction of OSC1 Submission and KL TRAX, standards are met while online tracking systems make compliance easy and accessible to all.

In an effort to ensure building safety while keeping compliance costs reasonable, governments around the world including Malaysia have worked on consolidating permitting requirements.

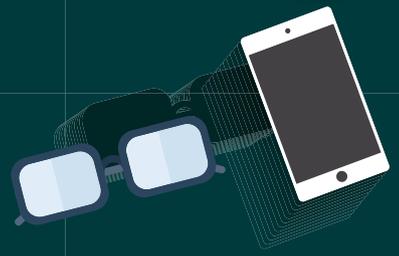
Despite moving in a technologically advanced era, only 37 economies on a global scale have a one-stop shop for construction permitting.





CHAPTER 6

INSPIRE THE NEXT



IN PURSUIT OF ACTIVE ENGAGEMENT

.....
“If you’ve watched The League of Justice, you’d know that every character has a superpower. But superpowers are not only limited to fictional characters. We all have superpowers.”
.....

A **Unique Strength** within us that we’re especially good at or abilities that make us feel most productive when doing something.



“ A journalist perhaps might be really good at writing.
For software engineers, it’s writing code. ”

Building the best team, meant combining the best people. In Silicon Valley, software engineers are encouraged to work together, because studies show that groups tend to innovate faster, spot mistakes quickly and find better solution to a problem. Within companies and conglomerates, as well in government agencies, teams are fundamental unit of organisation.

Furthermore, if a company wants to outstrip its competitors, it needs to influence not only how people work, but also how they work together.

Therefore, the engagement of private and public sectors will provide a comprehensive view of all best-practice elements of the building control environment.

Such engagement is designed to deliver both an immediate impact and a longer-term growth advantage. Administrative solutions that are implemented are as follows:



Figure 6.1: Administrative solutions for immediate impact and long term-growth

The engagement with regulators and industry will enable government to:



By involving all parties in regulation development it is also effective in increasing trust and engagement with stakeholders.

This engagement:



One of the Public - Private engagements organised by FGDCP to understand construction value-chain

MORE INNOVATION FOR BETTERMENT OF KUALA LUMPUR DEVELOPMENT APPROVALS

After
4
Years

of **OSC1 Submission** implementation by **Kuala Lumpur City Hall (DBKL)**, there was marked improvement in the ranking of Dealing with Construction Permits **from 48th position to 28th in 2015** and subsequently **to 13th in 2017 out of 190 economies**.

To ensure Kuala Lumpur continues to be competitive with other countries participating in the World Bank Ease of Doing Business under the indicator "**Dealing with Construction Permits**", Malaysia Productivity Corporation, Ministry of Federal Territories, Ministry of Urban Wellbeing, Housing and Local Government and DBKL in collaboration with the private sector have designed improvement activities for 2016-One-Year programme to reduce unnecessary regulatory burdens in the construction industry to further streamline the existing OSC1 Submission procedures for the final approval stage.

FGDCP has improved the **OSC1 Submission procedures in 2016** by simplifying procedures through Joint Inspection for the final inspection stage. This Joint Inspection is applicable only for OSC1 Submission of small-scale non-residential development.



Previously, during the final inspection stage at the site, it involved 10 procedures and time taken was 51 days. This is because the final inspection involved two stages (Final Inspection 1 (Engineering Department, SYABAS, TNB and NFP) and Final Inspection 2 (JBPM, IWK) to ensure development has been completed and ready to be handed over to the respective agency.

Through the 'Joint Inspection' starting from application of final inspection until the installation of water meter, the OSC authority acts as the coordinator to ensure all departments / technical agencies involved will conduct the final inspection concurrently and issue the clearance letter for CCC on the same day of the inspection itself. This new procedure has led to a reduction from 10 procedures to 3 procedures and reduction in time taken from 51 days to 11 days.

Joint inspection by the Engineering Department and Fire Department



TNB officers conducting testing and inspection



IMPACT OF REDUCING PROCEDURE

Final Utilities **Joint Inspection** (Process 5)

What is **Joint Inspection**?

Technical departments and Utility providers (**Engineering Department, Fire and Rescue Department BOMBA, SYABAS, IWK and TNB**) will inspect and issue Certificate of Completion and Compliance (CCC) on the same day.



Benefits		
Faster issuance of Letter of Completion and Compliance	Reduce holding cost; Savings up to RM 190,000 per project (cost of financing and operating including consultants)	Save Waiting Time: 30-60 days



This 'Joint Inspection' was first conducted on 1 June 2015 for the proposed construction of a "surau" in PPR Kg. Muhibbah, followed by the "Joint Inspection" for Stesen Minyak Petronas Batu 5, Gombak.

WHY JOINT-INSPECTION?



Request for Inspection separately (5 days)



30-60 Days



Request for Inspection same day (1 day)
IWK-the inspection is not required for single connection

Actual Inspection (1 day)



REPLICATING SUCCESS STORY: MAJLIS PERBANDARAN MANJUNG

“Innovation in partnerships will break down silos, remove bottlenecks and focus efforts on results that matter to their businesses.”

The Manjung Municipal Council or Majlis Perbandaran Manjung (MPM) has set itself as the model for local authority outside Kuala Lumpur for continuously re-engineering and improving its public service delivery through the implementation of OSC 3.0. MPM has accepted the challenge to be the first local government to adopt joint-inspection, which was previously successfully implemented in Kuala Lumpur.

Prior to the implementation of joint-inspection, applicants had to go through sequential procedure from 6 technical agencies to undergo series of inspections before the premise is fit for occupancy.

With the new innovative solution, the applicants potentially could save cost up to RM 20,000 because all agencies jointly conduct inspection in one day. OSC in MPM is now able to monitor the whole construction permits value chain and make necessary intervention if there are technical agencies which delay and hinder the development.





Puan Aminah Abd Rahman, Head of Consultant Development Control, one of FGDCP members sharing the benefits of Joint Inspection to the media.

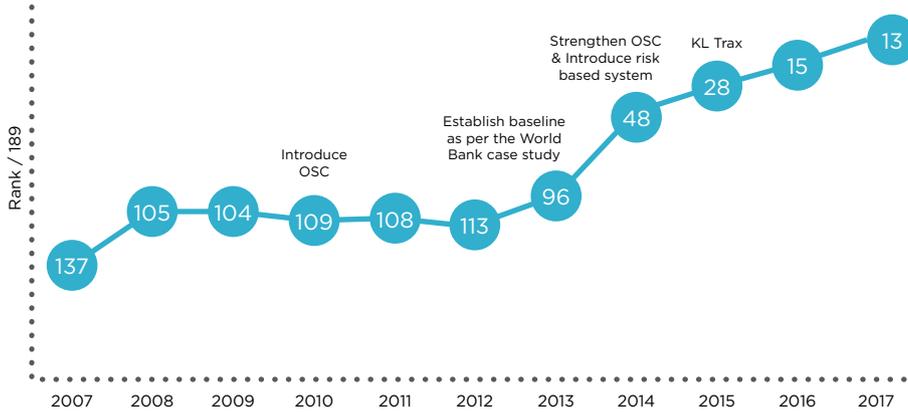


Live inspection by Fire and Rescue Department and witnessed by JKT, MPM, Consultants and the media to understand the Joint-Inspection on site.



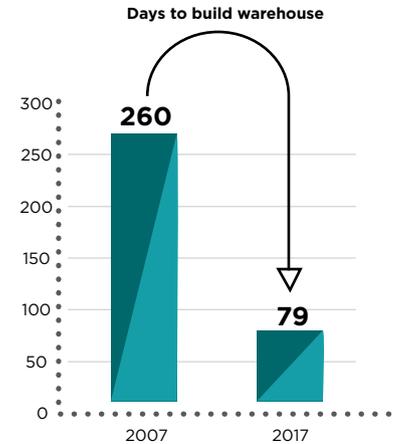
Sharing the News Invite others to enjoy the fast lane model.

LEAP FROG in the World Bank: Dealing with Construction Permits



Doing Business Report, World Bank

Dealing with Construction Permits process now takes 30% of the time it did a decade ago



A four-year review of Malaysia's performance is shown in the table below:

Indicator	Malaysia	Malaysia	Malaysia	Malaysia	Best Performer	Best Performer
	DB 2017	DB 2016	DB 2015	DB 2014	DB 2017 (N. Zealand)	DB 2016 (Singapore)
Dealing With Construction Permits (Rank/DTF Score)	13 (81.10)	15 (81.10)	28 (82.49)	39 (79.55)	1 (92.92)	1 (92.97)
Procedures (Number)	15	15	13	13	10	10
Time (Days)	79	79	74	105	93	26
Cost (% of Warehouse Value)	1.4	1.4	1.3	1.3	2.2	0.1
Building Quality Control Index (0-15)	13	13	-	-	15	14.0

CONTINUOUS LEARNING

In a continuous process to initiating reform and address typical challenges, a Malaysian delegation of 12 participants from FGDCP comprising of members from Malaysia Productivity Corporation (MPC), Ministry of Urban Wellbeing, Housing and Local Government (KPKT), Energy Commission (ST), Kuala Lumpur City Hall (DBKL), Iskandar Regional Development Authority (IRDA), Tenaga Nasional Berhad (TNB), Professional Architect and Engineer participated in the Asian Productivity Organisation (APO), Individual Country Observational Study Mission (I-OSM) on Best Practices Regulation in Taiwan. Members of FGDCP team visited Taiwan to explore how Taiwan managed to leap-frog from 76th place to 9th place in the dealing with construction permits sub-index as reported in Doing Business 2013.



Lauding Taiwan for exemplary progress made in DCP, delegates gained useful insights, experiences and acknowledged that Taiwan's success of OSC was attributed to good coordination among all agencies involved, overarching legislation that ensures information sharing and mechanism to minimise cases of non-compliance as building approvals tend to require technical oversight by multiple agencies.

The team also learned that Taiwan has introduced a risk-based processing, self-regulatory inspection system and improved operational features of the one-stop centre for building permits.





March 2015:

Members of the Malaysian delegation from the implementing agencies, professional companies and policy makers aimed to study and observe recent developments and best practices in particular areas of interest, that of Dealing Construction Permits (DCP) and Registering Property (RP) methodology frameworks in Georgia.



PUBLIC SERVICE HALL EVERYTHING IN ONE SPACE



How the idea of the Public Service Hall of Georgia originated

Prior to the formation of the Public Service Hall, the ordinary citizen has an idea of the state structures and their functioning as of huge bureaucratic apparatus whose functioning was dependent on the actions of different agencies, and their coordinated work were too complicated. Citizens wishing to obtain an identity card, passport, birth certificate, marriage certificate, to register a property or business, had to go to different agencies to obtain appropriate services.

More than 300 types of services were united in the same space, within a period of 2 years were opened 13 Public Service Halls. As for the atmosphere, it is oriented exclusively at ease and comfort. To achieve the above, the space of the Public Service Hall was divided into 3 different areas, in order to minimise the waiting time, and simplify the management of a stream of people. The introduction of more types of services, creation of better atmosphere, the growing professionalism of the staff, the development of technological progress and its implementation have brought success to the concept of the Public Service Hall.

DEALING WITH CONSTRUCTION PERMITS (DCP)

According to World Bank report, the construction industry accounts for almost a third of gross capital formation globally or 5 - 7% of GDP in most countries.

Yet, the enforcement of construction permits continues to be complex, unclear and overly complicated with more agencies and units were established to cater to numerous specialised procedures. An easy example is the 'Development of slope areas in Kuala Lumpur'.



Besides being defined as Class 3 and 4 developments, it requires additional attention and numerous technical documents to be submitted. Furthermore, technical agencies took a step further by introducing several requirements in order to ensure that the environment is protected and to control the movement or circulation of people within high rise building, just to a name a few.

Therefore, it is important to strike the right balance between safety and cost. Currently, Kuala Lumpur has the opportunity to filter new proposal by deliberating exhaustively at FGDCP forums and meetings. Through these forums and meetings, FGDCP adopted simple Regulatory Impact Assessment (RIA), selected proposals with possible options of cost-benefit-analysis and later to present the most recommended option at the FGDCP meeting.

FGDCP also conducted ex-post RIA.

GOOD REGULATORY PRACTICE (GRP)

“For Better Quality”

1 PROBLEM STATEMENT

RIA should clearly identify the problem(s) that need to be addressed.



SEVEN ELEMENTS OF REGULATORY IMPACT ANALYSIS (RIA)

2 OBJECTIVES

The “objectives” element should state the intent of the proposed regulatory action in concrete terms and relate this to the broader policy of the agency and government.



3 OPTIONS

This element describes the range of regulatory and non-regulatory options to be considered in addressing the issue or risk identified including the proposed regulatory action and the key differences between the options.



4 IMPACT ANALYSIS

To conduct a comprehensive assessment of the expected impact (costs and benefits) of each feasible option.



5 CONSULTATION

Any proposed new regulation or changes to regulation, will involve consultation with relevant stakeholders, including the main parties affected by the proposal: Business, Non-Government Organisations (NGOs), the community, regulators and other government agencies.



6 CONCLUSION & RECOMMENDATION

Should include a clear statement identifying the preferred option based on the impact analysis. The recommendation for the selection of this option must be supported by the preceding analysis and a comparison with other options provided.



7 STRATEGY FOR IMPLEMENTATION

It is necessary to consider how the option will be implemented and enforced, and to establish a review strategy that will allow the option to be evaluated after it has been in place for sometime.





RIS Portal : ris.mpc.gov.my | Email : regulatoryreview@mpc.gov.my
Transformation • Innovation • Partnership





ISSUES

1

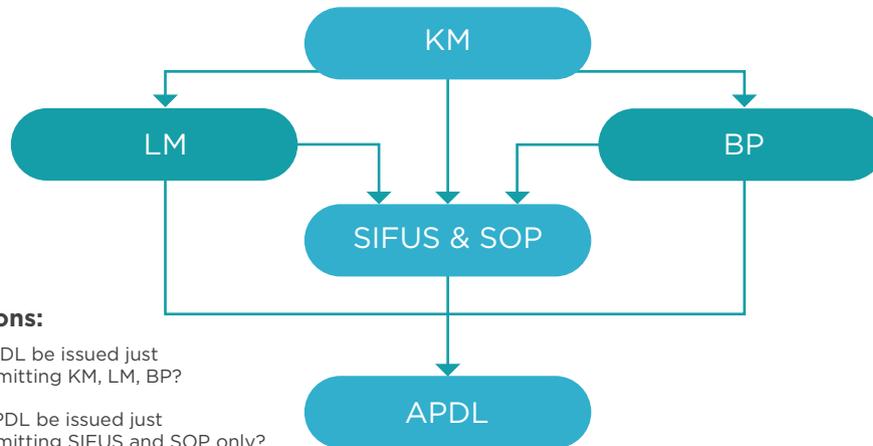
Some planning permission, building plan and commencement of work require SIFUS and schedule of parcels;

2

Housing Development Act does not recognise partial CCC (Form 1) as vacant possession (VP);

3

Unnecessary requirement to submit SIFUS and SOP for applying advertisement permit and developer licence.



4

Burdensome requirement for amendment of building plan after issuance of SIFUS and SOP

5

Disagreement on Super Structure Stage (SSS) definition

MORE ISSUES.... NEW EXCAVATION PERMIT ANNOUNCEMENT BY DBKL



“Proposed Milling and Resurfacing (Paving) of holes dug by the utility company around the Federal Territory of Kuala Lumpur . The aim of this procedure sets out the procedure for processing applications of permits for excavation work in the area of road reserves in the Federal Territory of Kuala Lumpur under the conditions and regulations set with effect from 15 March 2016. This procedure is used in the Civil Engineering and Urban Transportation Department, Kuala Lumpur City Hall for processing permit applications starting from receipt of the application until the refund of deposit.”

ACTION BEFORE / AFTER TRENCHING WORK BY THE COMPANY

Joint Inspection (Before Mill & Pave Work)

DBKL Representative/
Utility Company
Representative (PSP)/
DBKL Contractor
Representative

Ensure BACKFILLING
work by PSP complies
with specifications

Monitoring of
BACKFILLING by PSP
and CBR Test by
IKRAM

Ascertain the areas
that need to be milled
& paved

Joint Inspection (After Mill & Pave Work)

DBKL Representative/
Utility Company
Representative (PSP)/
DBKL Contractor
Representative

Joint measurement of
location to be milled
and paved

Ensure Mill & Pave
works comply with
specifications

Coring Test post Mill &
pave works by IKRAM



DBKL has announced new procedure for excavation permit in KL. Nevertheless RIA is recommended to ensure that the new procedure does not create more burden than before.



WAY FORWARD

Dealing with Construction Permits will be a continuous challenge for Malaysia

Hence, stakeholders must keep abreast with regulatory trends and focus on implementing long term plans such as administrative solutions for a more cost-effective, simpler and efficient way in the building approval process.

Currently, a **Construction Industry Transformation Plan (CITP)** 2016-2020 is being mooted in order to commit various major stakeholders, from both the public and private sectors, within the industry ecosystem to support transformational initiatives.

Furthermore, MPC will also continue to promote collaboration-innovation through strategic engagements with both the public and private stakeholders including building professionals and experts to identify issues and challenges, propose winning solutions and implement various improvement initiatives.

Malaysia must continue to strengthen OSC for all construction permits by enhancing the current online submission to lower the risk of unnecessary delays at any stage of the approval process and by allowing for a very transparent electronic tracking and monitoring system.

“ The government must also explore public-private partnerships by pursuing proactive, inclusive and professional stakeholder engagements. In the proposed partnership, technical agencies must consider devolving partial processing responsibility to a licensed private party to increase the efficiency of processing and to accelerate the approval of construction permits.”

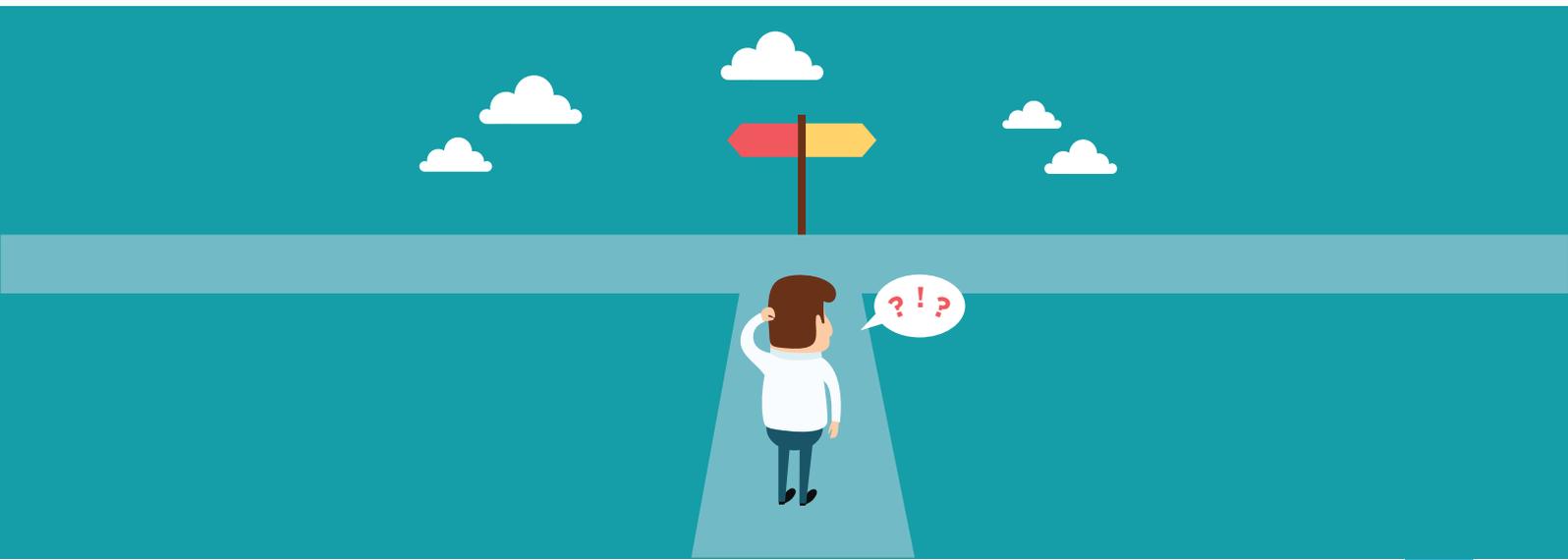
A tribunal for construction permit must be set up to dispute resolution. In the event of any disputes in dealing with construction permits and approvals, either due to different interpretation of regulations or where regulations are unclear, it is recommended that a tribunal be considered as a recourse for regulatory appeals or disputes.

The tribunal can resolve disputes between regulators and industry on a case-by-case basis. It will help to resolve cases where there may have been a misapplication of regulations. In cases of outdated or ineffective application of regulations, the tribunal can call for a review of regulations.

The decisions made by the tribunal will establish precedents that will eliminate future concerns or ambiguity and remove delays and added costs to industry. This model has been successfully employed by several developed economies, such as Australia and can be considered for Malaysia.

Under 11th Malaysia Plan, the government must continuously expand Good Regulatory Practices to the states and local government through National Policy on the Development and Implementation of Regulations which aims to include good regulatory practice elements.

This initiative encourages all regulators to engage the affected stakeholders in the designing and implementing of future regulations, thereby forestalling any element of surprise when dealing with local government regulations.



FUTURE LONG TERM PLAN



Figure 6.2: Long Term Plans

With the commitment of industry players and regulatory authorities at the forefront, Malaysia will be able to materialise and deliver the desired impact to the construction industry.

Working Group and Stakeholder Advocacy Activities, Deepening the Sense of Ownership and Broadening the Network of Institutions will continue to enhance the capacity to engage in constructive dialogue on issues of strategic importance to identify bottlenecks and provide good suggestions to improve the processes.

The construction industry in Malaysia can expect to see greater conducive improvements in its regulatory environment with the roll-out of more initiatives with the implementation of more effective strategies in capturing expectations from the private sector, stakeholders and trade associations to seek alignment in construction regulation reforms.

.....

“Doing Business 2016 reported that Malaysia remained in the 18th spot out of 189 economies, taking the 15th spot in the sub-indicator on Dealing with Construction Permits. Making such great strides reaffirms Malaysia is well placed to improve and achieve its aim to be in the top 10.”

.....



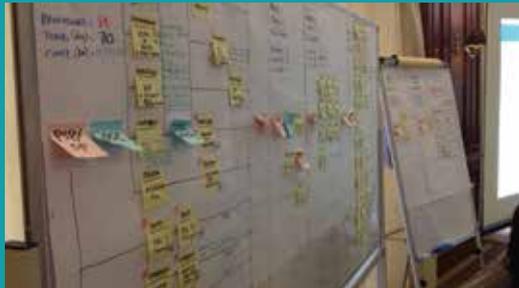
In summary, this is how we do it, **‘STEPS FOR REGULATORY REFORM’**



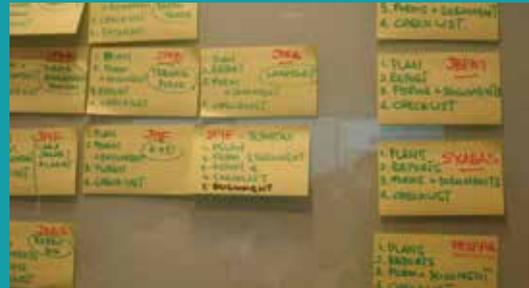
Setting Target , Good Champion Supported by Strong Secretariat
"KSU KWP Committed to achieve 12 Procedures and 100 days"



Gathering Stakeholders for Change
"5 Ministries and 15 Agencies gathered to make reforms"



Mapping Existing Procedures
"Private Sector & Regulators detailed out the DCP Procedures, Time and Cost from Planning Permission to Building Occupation Stages."



Mapping Existing Procedures
"3 feet level of existing approval processes"



Everyone on the Same Page
"Regulators and Private Sector agreed on their lacking"



Identifying Best DCP Model
"Exploring Singapore's Sewerage Inspection Model"

But remember, ONE VISION for 5 MINISTRIES and 15 AGENCIES is no mean feat. - FGDCP TEAM



Identifying Best DCP Model

"Exploring Singapore's Fire Third Party Checker Model"



Managing Development Applications by Risk

"One-Size-Fits-All is no longer relevant for High-Volume applications"



Test the New Model

"Public Consultation can minimise unexpected risks"



Change Management

"Making Real Change requires Strong Secretariat Team and Leadership"



Pilot Test

"The new model tested with real project"



The OSC 1 Submission Model Works!

"Petronas received Development Approval within 27 days "

Evaluating and auditing Malaysia's DCP reforms by the World Bank



2012: Courtesy Visit

"Mr Alejandro (DCP WB Expert) pays his visit to Tan Sri Ahmad Fuad 's office (Mayor of KL)"



2012: Courtesy Visit

"Mr Alejandro (DCP WB Expert) pays his visit to Dato' Arpah's office (SG of KPKT)"



2012: Validating with Private Sector

"Mr Alejandro (DCP WB Expert) is listening to the private professionals"



2012: Champions Talking

"Dato' Razali (DG of MPC) and Dato' Jamal (Dep. SG of KWP)"



2012: Courtesy Visit

"Mr Alejandro (DCP WB Expert) with KPKT's Officials and PEMUDAH Secretariat"



2013: Evaluating Kuala Lumpur's Reforms

"Dato' Seri Pheal is sharing Kuala Lumpur's reform initiatives with Mr Alejandro"

Evaluating and auditing Malaysia's DCP reforms by the World Bank (cont.)



2013: Sharing on International Best Practices
"Regulators in KL to adopt some international best practices"



2013: Sharing on International Best Practices
"Professionals to learn DCP methodology"



2013: Showcasing DCP Reform on Real Project
"Engagement with media to publicise government reform initiatives together with WB"



2013: Showcasing DCP Reform on Real Project
"A new milestone for Kuala Lumpur with their new fast lane development approval"



2014: Validating Kuala Lumpur's Regulatory Reforms
"Dato' Seri Mhd Amin Nordin is updating regulatory reforms to the World Bank's Representatives"



2014: Evaluating Kuala Lumpur's Regulatory Reforms
"Mr Fairuz (IWK Kuala Lumpur) is sharing on development approval processes using KLTRAX"

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety



Land Issues in Development Land Approval
"Exploring Land Approval Procedures"



Land Issues in Development Land Approval
"Identifying Options to Speed up Land Approval"



Land Issues in Development Land Approval
"Validating Business Concerns"



Land Issues in Development Land Approval
"Land Approvals from Business Perspective"



Land Issues in Development Land Approval
"Mapping Land Approval Procedures"



Land Issues in Development Land Approval
"Identifying Best Practices from 16 Capital Cities"

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety (cont.)



Identifying Best Model for Water Inspection
"Validating business concern and evaluating water operator's risks"



Identifying Best Model for Water Inspection
"Mapping water approval procedures and inspections on selected water operators"



Identifying Best Model for Water Inspection
"Impose more inspections does not guarantee no water connection failure"



Identifying Best Model for Water Inspection
"Introduce risk-based approach in water inspection"



Expand DCP Best Practices to States
"Evaluate and redesign Kangar's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Alor Setar's DCP Model"

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety (cont.)



Expand DCP Best Practices to States
"Evaluate and redesign Georgetown's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Ipoh's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Shah Alam's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Putrajaya's and Labuan's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kuala Lumpur's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Seremban's DCP Model"

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety (cont.)



Expand DCP Best Practices to States
"Evaluate and redesign Bandar Melaka's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kuantan's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kota Bharu's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kuala Terengganu's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kuching Utara's DCP Model"



Expand DCP Best Practices to States
"Evaluate and redesign Kota Kinabalu's DCP Model"

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety (cont.)



2012: Learning Useful Experience from Singapore Civil Defense Force on Fire Inspection Procedures



2012: Learning Useful Experience from Public Utility Board of Singapore on Water and Sewerage Inspection Procedures



2012: Learning Useful Experience from Ministry of Justice on Korea Regulatory Reform Initiative Procedures



2012: Learning Useful Experience from Prime Minister's Office on Korea Regulatory Reform Initiatives



2013: Learning Useful Experience from Better Regulation Executive, Department for Business Energy and Industrial Strategy, London



2013: Exploring Dual Approvals Mechanism for Building Plans and Inspection at Islington Borough

To reform DCP is not an easy task, the performance is connected with land approval, inspections for utilities and inspections on building safety (cont.)



2014: Learning Useful Experience from Taipei City Government on Taiwan DCP Reform Initiatives



2014: Learning Useful Experience from Construction and Planning Agency on Taiwan DCP Reform Initiatives



2015: Learning Useful Experience from Georgia Regulators on DCP Reform Initiatives



2015: Learning Useful Experience from Georgia Construction Player on DCP Reform Initiatives



2016: Regulatory Delivery International Conference and Workshop, London



2016: Regulatory Delivery International Conference and Workshop, London



HANDBOOK ON REGULATORY REFORM
A Case Study on Dealing with Construction Permits



HEADQUARTERS

MALAYSIA PRODUCTIVITY CORPORATION

Lorong Produktiviti, Off Jalan Sultan,
46200 Petaling Jaya, Selangor.
Tel: 603 - 7955 7266
Fax: 603 - 7957 8068
Email: marketing@mpc.gov.my

MPC PETALING JAYA

MALAYSIA PRODUCTIVITY CORPORATION

A-06-01 Level 6, Blok A, PJ 8,
No. 23, Jalan Barat, Seksyen 8,
46050 Petaling Jaya, Selangor.
Tel: 603 - 7960 0173 / 176 / 178 / 179
Fax: 603 - 7960 0211
Email: marketing@mpc.gov.my



M-PRODUCTIVITY

ISBN 978-983-2786-35-1



9 789832 786351

MPC REGIONAL OFFICES

NORTHERN REGION OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Beg Berkunci 206, Jalan Tun Hamdan Sheikh Tahir,
13200 Kepala Batas, Seberang Perai Utara,
Pulau Pinang.
Tel: 604 - 575 4709
Fax: 604 - 575 4410
Email: nro@mpc.gov.my

SOUTHERN REGION OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

No. 8 Jalan Padi Mahsuri, Bandar Baru UDA,
81200 Johor Bahru, Johor.
Tel: 607 - 237 7422 / 237 7644
Fax: 607 - 238 0798
Email: sro@mpc.gov.my

SARAWAK REGION OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Lot 894, Lorong Demak Laut 3A,
Taman Perindustrian Demak Laut,
93050 Kuching, Sarawak.
Tel: 6082 - 439 959 / 439 960
Fax: 6082 - 439 969
Email: sko@mpc.gov.my

SABAH REGION OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Level 2, MAA Tower, No. 6, Lorong Api-Api 1,
88000 Kota Kinabalu, Sabah.
Tel: 6088 - 233 245 / 456 / 498
Fax: 6088 - 242 815
Email: sbo@mpc.gov.my

EAST COAST REGION OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Aras 7, Wisma TNB, Jalan Gambut,
25000 Kuantan, Pahang.
Tel: 609 - 513 1788 / 513 1789
Fax: 609 - 513 8903
Email: ecr@mpc.gov.my

TERENGGANU OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Lot No. 1F 22
Kompleks Usahawan Terengganu
Kubang Jela, Manir
21100 Kuala Terengganu, Terengganu.
Tel: 609 - 615 6089
Fax: 609 - 615 6081
Email: ecrt@mpc.gov.my

KELANTAN OFFICE

MALAYSIA PRODUCTIVITY CORPORATION

Pejabat Negeri Kelantan,
Tingkat 3, Wisma PERKESO,
Jalan Kota Darulnaim,
15538 Kota Bharu, Kelantan.
Tel: 609 - 741 6260 / 741 6262
Fax: 609 - 741 6263
Email: ecrk@mpc.gov.my

Secretariat of
Focus Group on Dealing
with Construction Permits
(FGDCP)

Our Email :

ask.fgdcp@gmail.com

Our Facebook :

Construction Permits