



**Asia-Pacific  
Economic Cooperation**

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**2013/SOM1/EC/WKSP/004**

Session 1

## **Dealing with Construction Permits (DCP) in Kuala Lumpur**

Submitted by: Malaysia



**Macro APEC New Strategy for Structural  
Reform Workshop: Mid-Term Progress in  
Implementing ANSSR  
Jakarta, Indonesia  
30-31 January 2013**



**APEC'S NEW STRATEGY FOR STRUCTURAL REFORM (ANSSR)  
MACRO WORKSHOP:  
MID-TERM PROGRESS IN IMPLEMENTING ANSSR**

**Modernising Business Regulation Initiatives:  
Making It Happen**

**The Ritz-Carlton Hotel, Jakarta,  
Indonesia  
30 January 2013**

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**Modernising Business Regulation in Malaysia**

The national economic agenda ...

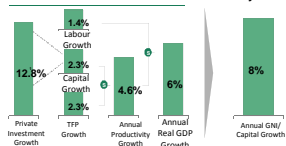
Four drivers to enhance national productivity ...

Reducing regulatory burden could result in ~RM4bn GDP impact

**High income economy by 2020**

Strong private investment and productivity growth required to deliver robust annual GDP growth...

...enabling Malaysia to reach high income status by 2020



Malaysia needs strong growth in productivity to realise vision of high income economy by 2020

- Malaysia to become a high income economy by 2020, requiring a GNI/capita growth of 8% per year
- Productivity is a key driver: To achieve the GNI growth, productivity will have to increase by 4-5% per year on average

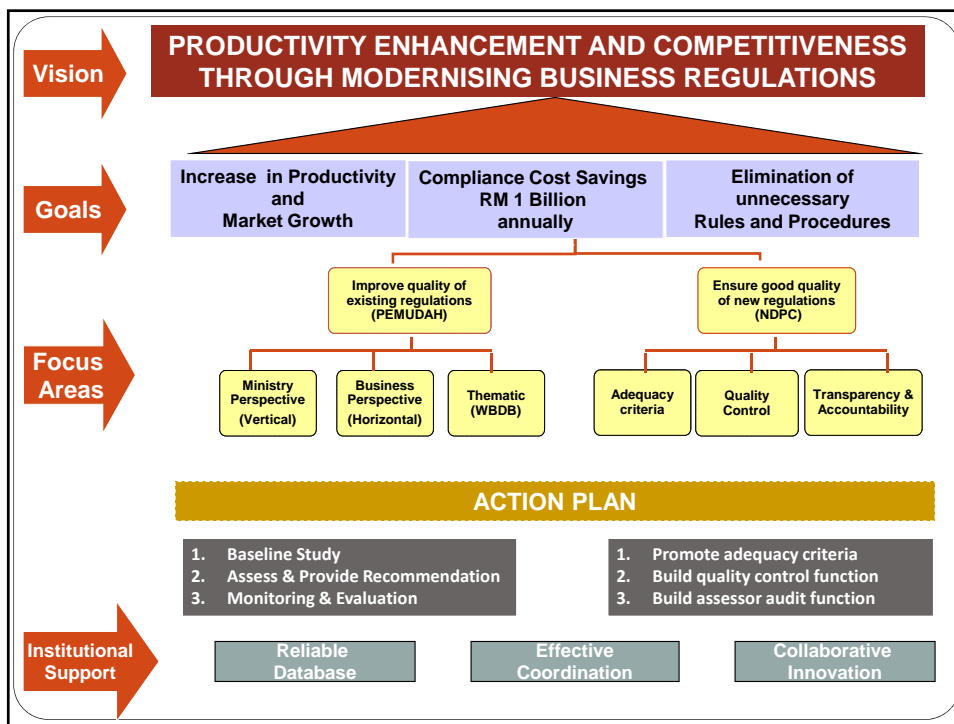
<b>Policies</b>	To improve or ensure competition
<b>Infrastructure</b>	Investment in infrastructure allows companies to compete more effectively
<b>Regulatory Processes</b>	Reducing regulatory burden allows companies to operate more efficiently
<b>Incentives and Support</b>	Increasing capabilities at the company level will directly improve their productivity

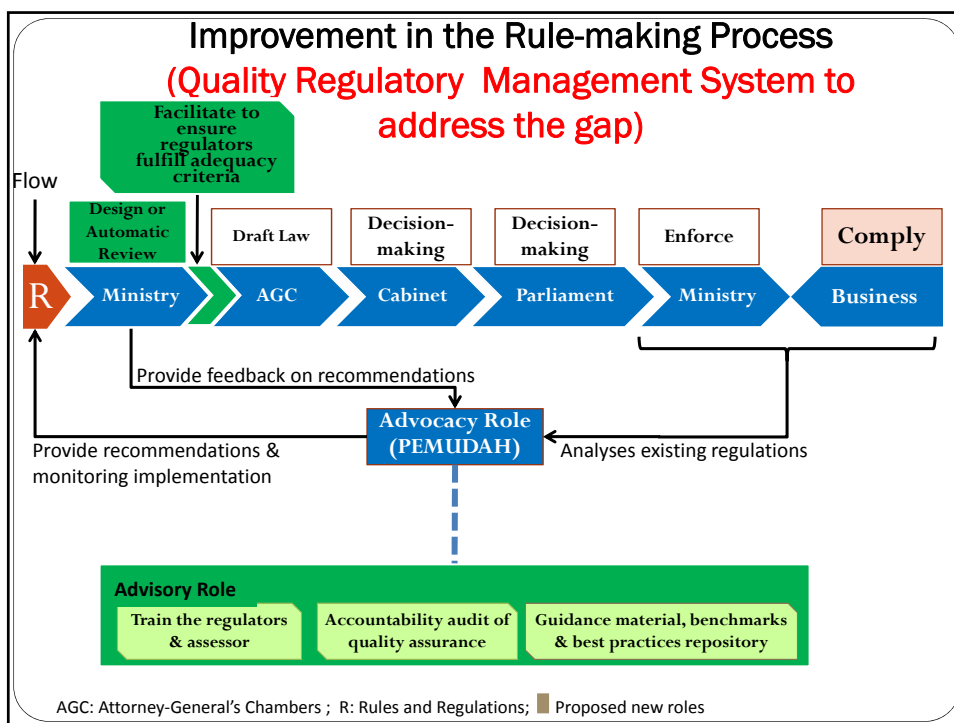
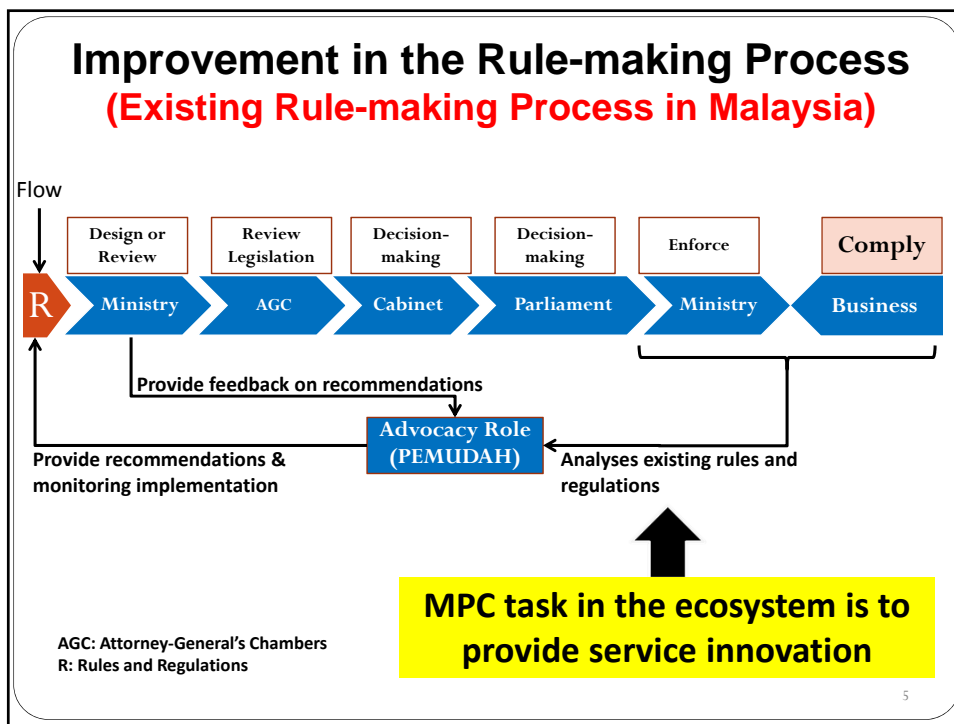
Reg. burdens assumed to constitute ~2.5% of Malaysian GDP	Malaysia's figure currently assumed to be the average of these figures (~2.5% of GDP)
...which is approximately equal to ~RM 17 billion per year	Malaysian GDP in 2011 was ~RM 588 billion 2.5% of GDP is ~RM 15 billion
By setting up a 25% reduction target...	Denmark, UK and Netherlands set up a 25% reduction targets for their regulatory burden reduction programs
...positive impact on the economy could reach ~RM 4 billion per year	Unnecessary regulatory costs could be reduced by ~RM 15 billion x 25% = ~RM 4 billion per year

- Malaysia Regulatory Review Framework need to be consistently updated to ensure it remains current and in line with the changing competitive environment
- MPC is targeting to substantially reduce the regulatory burden to business by improving the quality of existing regulation and ensuring the quality of new regulation

- Assuming the regulatory burden constitutes 2.5% of Malaysia's GDP of RM588 billion in 2011, then the amount of regulatory cost to businesses was RM15 billion. Many countries have set a 25% reduction target for their regulatory burden reduction programmes. If Malaysia can similarly set and achieve the 25% reduction target, the economy could save about RM4 billions of unnecessary regulatory costs per year.

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## Impacts of GRP at International and Intergovernmental Agreements

GRP

- Alignment with International Standard
- Increased training and employment opportunities
- Greater choices in the marketplace
- Cheaper goods and services
- Improved access to international markets
- Eliminates tariff and non-tariff barriers to trade and investment
- Reducing the costs of business transactions
- Regulatory coordination and consistency
- Harmonised standards and technical regulations
- Recognition of other countries' technical regulations
- Non-discrimination



The Trans-Pacific Partnership Free Trade Agreement: Regulatory Coherence



WORLD TRADE ORGANIZATION The WTO Technical Barriers to Trade Agreement



ASEAN Free Trade Agreement (AFTA)



Asia-Pacific Economic Cooperation

APEC Regulatory Coherence



Other multilateral, regional dan bilateral Agreements

## GRP Achievement in 2012

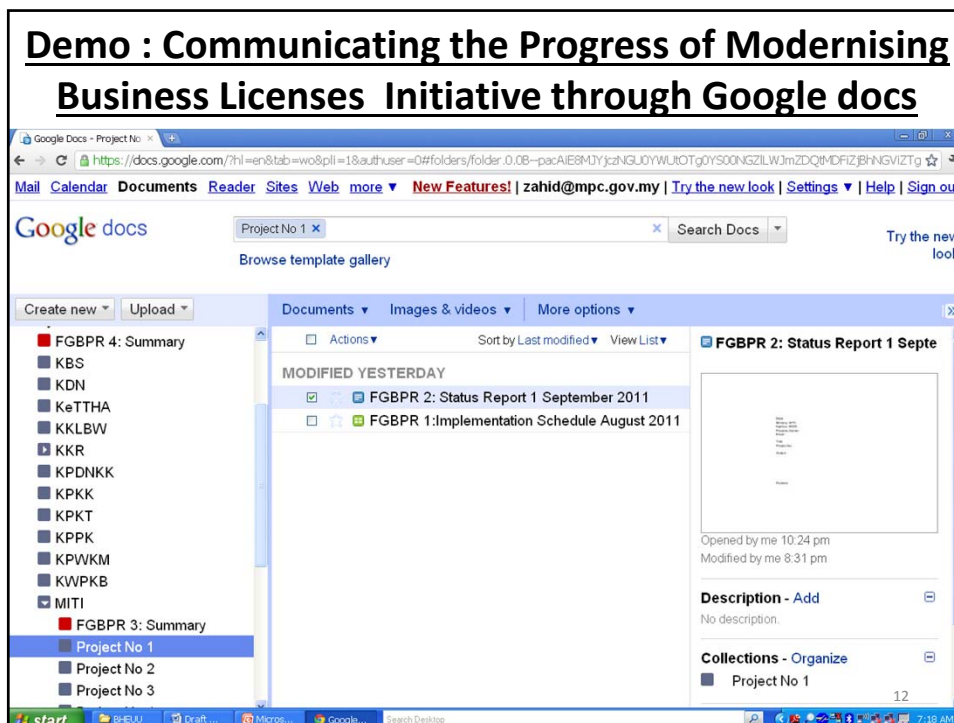
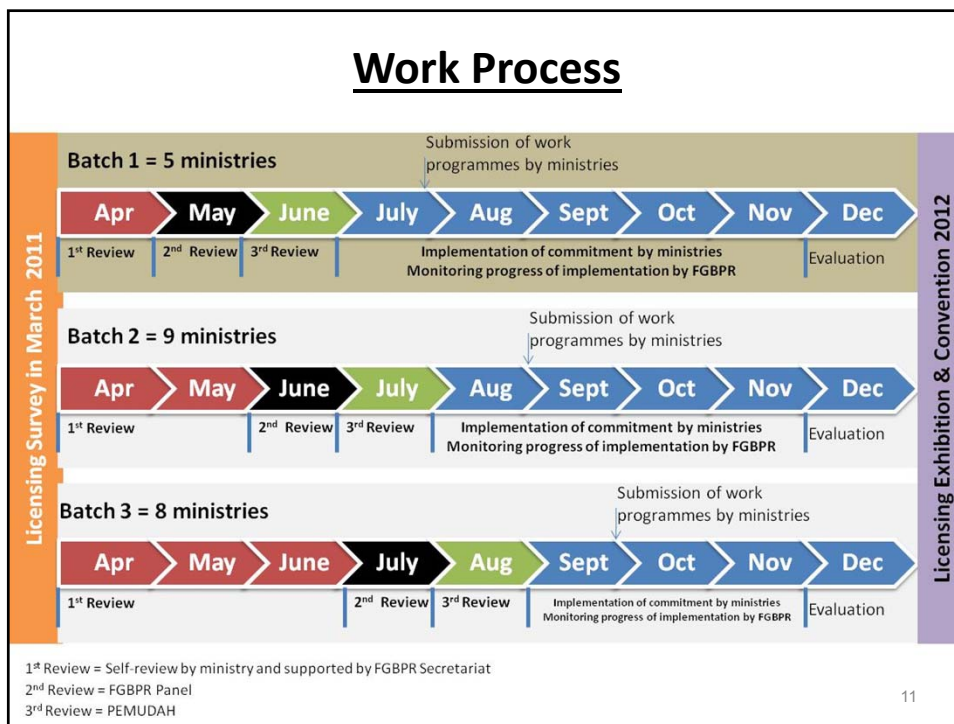
### Building a regulatory management system

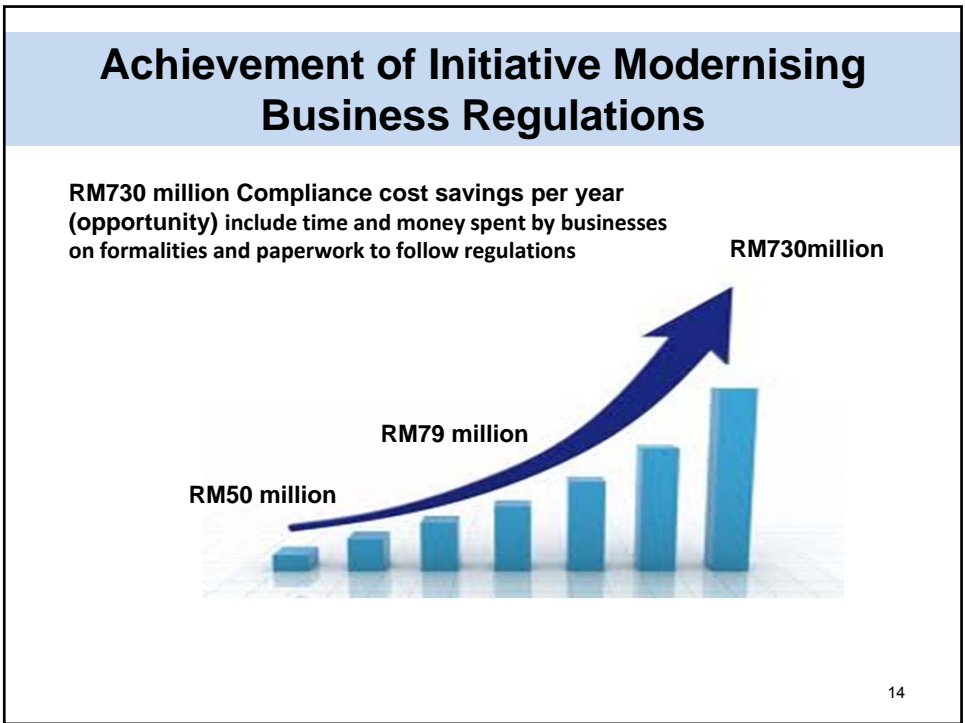
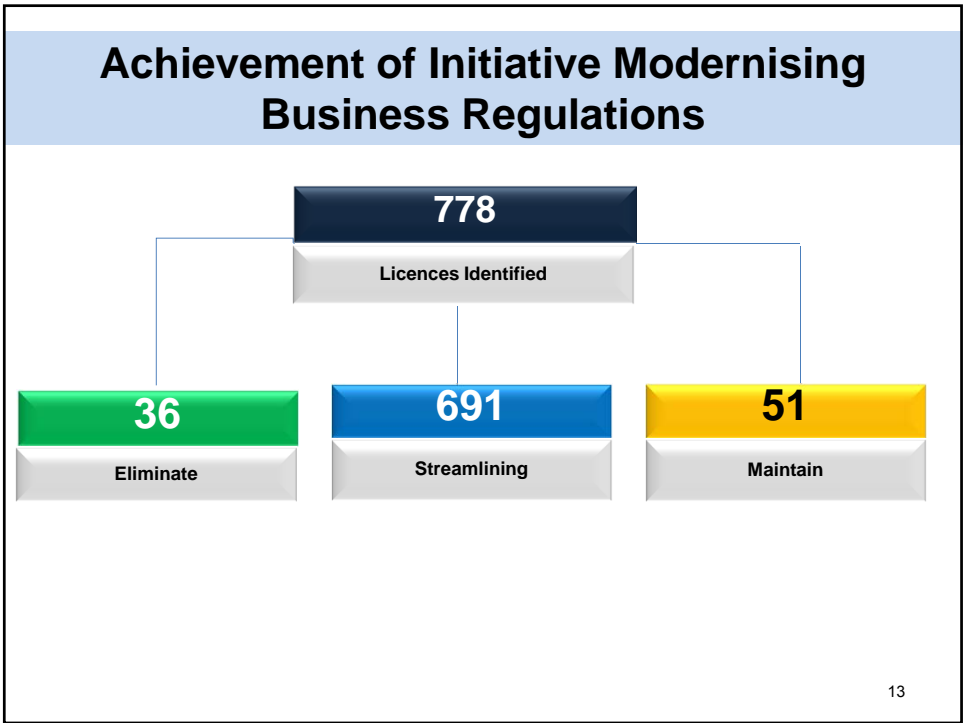
- Developed policy and handbook on GRP
  - ▶ *National Policy on The Development and Implementation of Regulations*
  - ▶ *Best Practice Regulation Handbook*
- Endorsement at PEMUDAH meeting, NDPC Meeting and KSU's Meeting
- Written and verbal feedback through consultation sessions with stakeholders and Ministries including comments from AGC and Ministries' PUUs
- Capacity building for regulators
- Feedback through survey on Best Practice Regulation
- Development of Digital RIS and RIS Portal

## What We Want To Do Next...

- Continue efforts to promote RIA among Ministries and agencies through **pilot projects**
- Create **mechanism for evaluation and appreciation** to boost public service delivery – Incorporate RIA in **Star Rating System**
- Develop **systems, procedures and processes** of assessment.
- Create awareness and promote RIA at State Level
- **Circular on GRP policy** to be issued by KSN
- Facilitate full **implementation of RIA** with assistance from **OECD experts and Jacobs, Cordova & Assoc.**

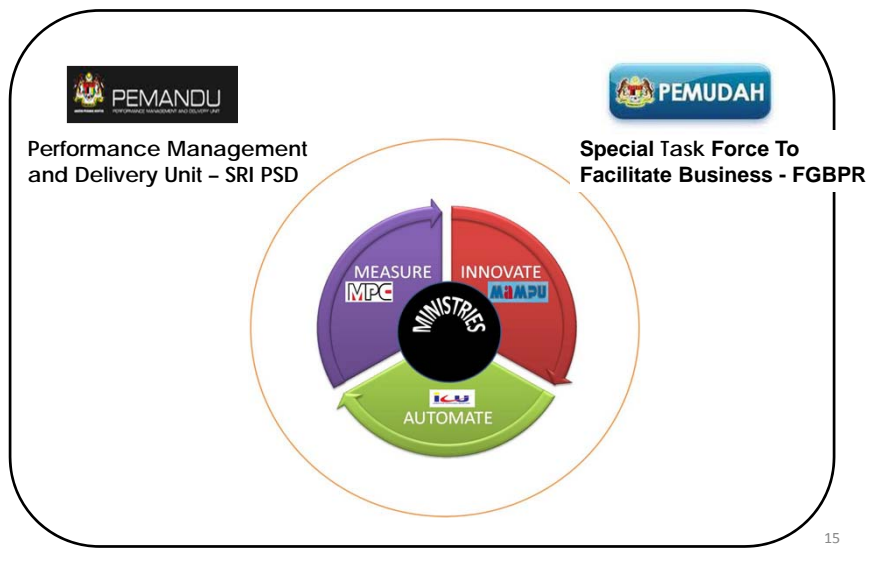
MODERNISING BUSINESS REGULATIONS










## The Key Success Factors :Governance Structure Keeping Modernising Business Licensing Active



## The Key Success Factors : Measure, Innovate and Automate

<p><b>MEASURE</b></p> 	<ul style="list-style-type: none"> <li>• Engage all ministries and agencies for the FGBPR initiatives on business licensing review</li> <li>• Address the quality of licensing administration and practices in government ministries by assessing the legality, necessity and appropriateness of the licenses</li> <li>• Provide finalised list of licenses to undergo BPR</li> </ul>
<p><b>INNOVATE</b></p> 	<ul style="list-style-type: none"> <li>• Streamline and simplify business licensing processes using BPR methodology</li> <li>• Coordinate programme across Public Sector agencies toward implementation</li> <li>• Monitor the implementation of procedures aimed towards improving the efficiency of PSD</li> <li>• Make available reform licenses for the On - line registration, MBLs</li> </ul>
<p><b>AUTOMATE</b></p> 	<ul style="list-style-type: none"> <li>• Automate sanitised processes</li> <li>• Convert the finalised 'clean' manual processes into MBLs</li> <li>• Monitor the implementation of on-line system and processes towards the effectiveness of the PSD</li> <li>• Take appropriate action in addressing issues regarding the system</li> </ul>

## TRADE ACROSS BORDERS

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### Ease of Doing Business in Malaysia

REGION	East Asia & Pacific	DOING BUSINESS 2013 RANK	DOING BUSINESS 2012 RANK	CHANGE IN RANK
INCOME CATEGORY	Upper middle income	12	14	↑ 2
POPULATION	28,859,154			
GNI PER CAPITA (US\$)	8,420			

TOPIC RANKINGS	DB 2013 Rank	DB 2012 Rank	Change in Rank
Starting a Business	54	42	↓ -12
Dealing with Construction Permits	96	116	↓ 20
Getting Electricity	28	27	↓ -1
Registering Property	33	62	↓ 29
Getting Credit	1	1	No change
Protecting Investors	4	4	No change
Paying Taxes	15	25	↓ 10
Trading Across Borders	11	12	↓ 1
Enforcing Contracts	33	31	↓ -2
Resolving Insolvency	49	48	↓ -1

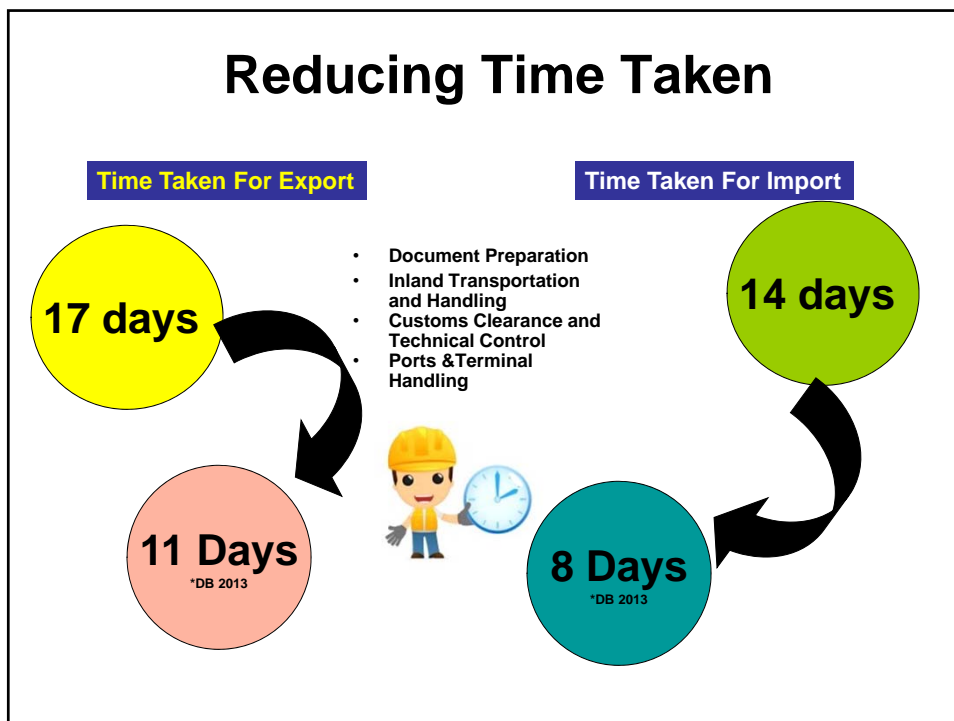
Source: <http://www.doingbusiness.org/data/exploreeconomies/malaysia#>

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### Time Taken (Calendar Days) Malaysia Compared to Top 10 Economies

Ranking	Country	Time (days) (Export)	Ranking	Country	Time (days) (Import)
1	Denmark	5	1	Singapore	4
2	Estonia	5	2	Cyprus	5
3	Hong Kong SAR	5	3	Denmark	5
4	Singapore	5	4	Estonia	5
5	Luxemburg	6	5	Hong Kong SAR	5
6	Netherlands	6	6	United States	5
7	United States	6	7	Luxemburg	6
8	Germany	7	8	Netherlands	6
9	Norway	7	9	Sweden	6
10	United Kingdom	7	10	United Kingdom	6
29	Malaysia	17	29	Malaysia	14

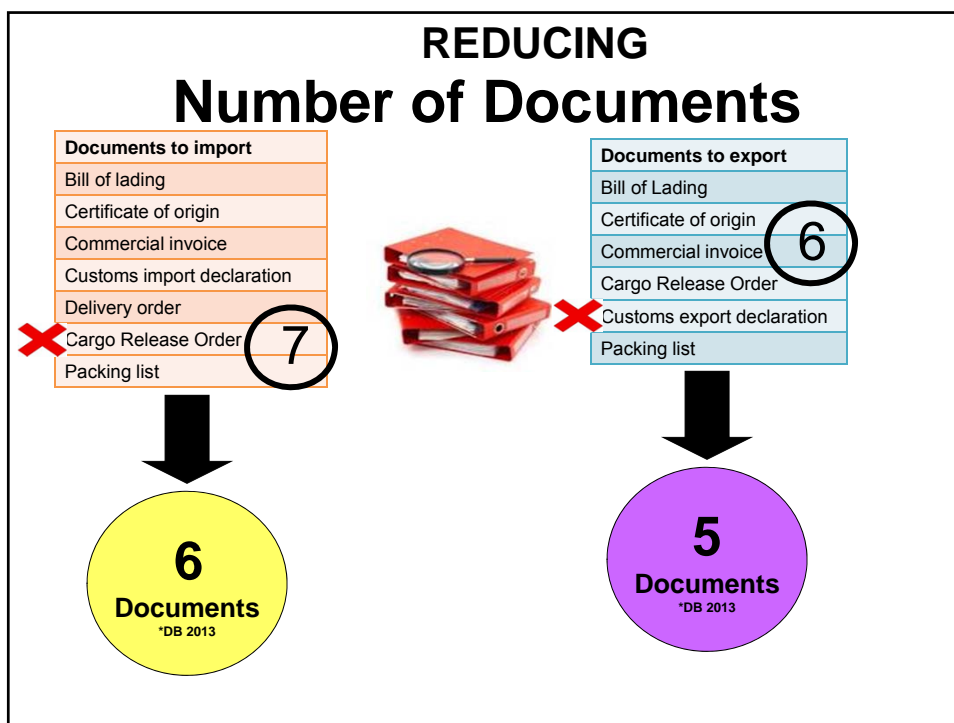
Trade Facilitation Initiatives \* Source : Doing Business Report 2012<sub>19</sub>



### Number of Documents Malaysia Compared to Top 10 Economies

Ranking	Country	Documents (Export)	Ranking	Country	Documents (Import)
1	France	2	1	France	2
2	Canada	3	2	Denmark	3
3	Estonia	3	3	Korea, Rep	3
4	Japan	3	4	Sweden	3
5	Korea, Rep	3	5	Estonia	4
6	Panama	3	6	Hong Kong SAR	4
7	Sweden	3	7	Norway	4
8	Finland	4	8	Panama	4
9	Hong Kong SAR	4	9	Singapore	4
10	Singapore	4	10	United Kingdom	4
29	Malaysia	6	29	Malaysia	7

Trade Facilitation Initiatives \* Source : Doing Business Report 2012<sub>21</sub>



DEALING WITH CONSTRUCTION PERMITS

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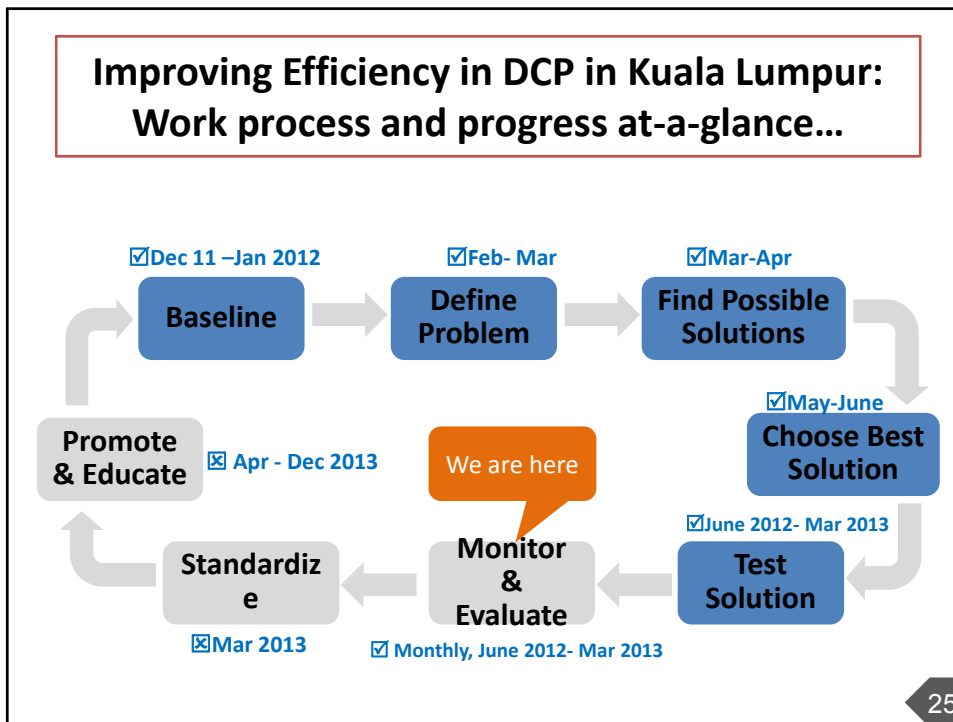
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Source: <http://www.doingbusiness.org/data/exploreeconomies/malaysia#>

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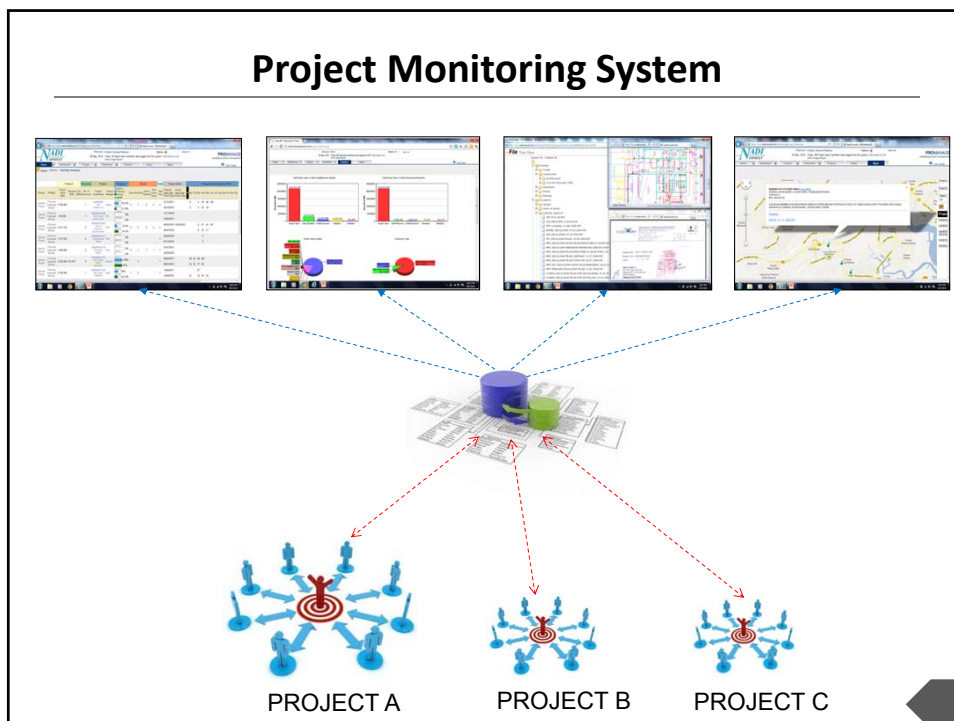
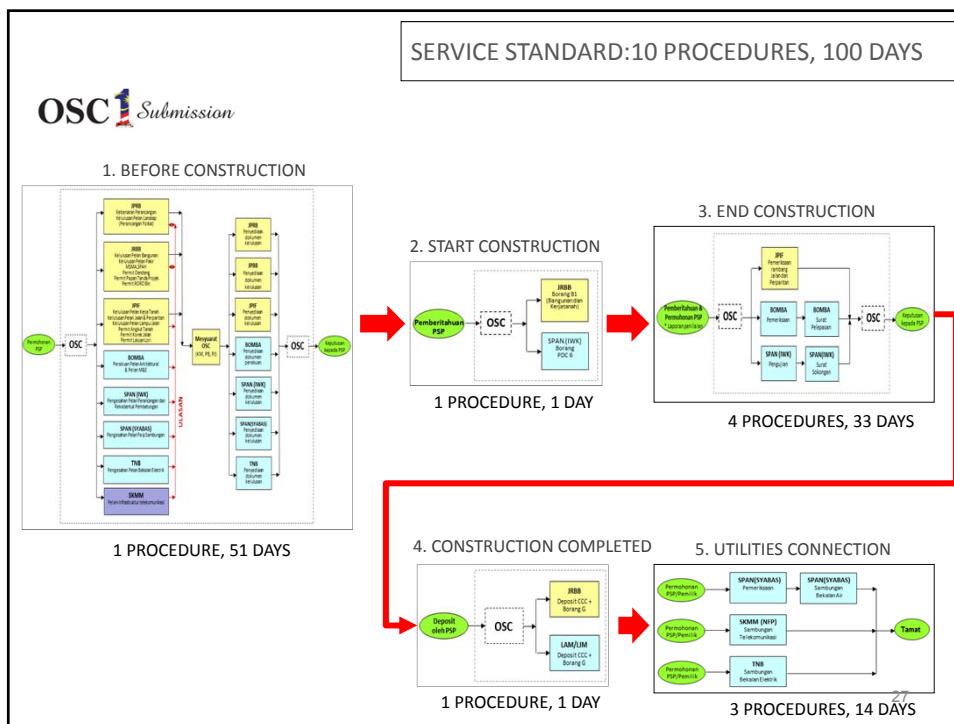


## Solutions

- Streamlining administrative processes and enhancing One-Stop Centre (OSC) : OSC1 Submission
- Web-based platforms to support submissions and obtain permits before, during and after construction

Indicators	Existing	New*
No. of Procedures	37	10
Waiting Time (calendar days)	140	90 - 120
Processing fees and taxes (% of GNI Per Capita)	17.5	17.5

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## Project Monitoring System

The screenshot displays the Project Monitoring System (PROMANAGE) interface. The main dashboard shows two projects:

Code	Name	Progress Legend	Status	Project Stage
NADIERA1213	PSS BUKIT PELINDUNG	Planned: 55.01%, Actual: 55% [-0%]	Project	Construction
NADIERA1264	UPG KILANG VOLKSWAGEN, PEKAN PAHANG	Planned: 70%, Actual: 70% [0%]	Renovation/Upgrade	Construction

The Project Diary for NADIERA1213 shows the following events:

Event Date	Details	CreatedBy	Created Date/Time
14 Dec. 2012	Site Meeting 1st site meeting scheduled on 21/12/12 @ 10.30am.	Rizal	14/12/2012 10:40:03
14 Dec. 2012	Forest Pahang Appointment with Pengarah Jabatan Pertahanan Negeri Pahang scheduled on 17/12/12 @ 10.00am.	Rizal	16/12/2012 00:32:56
10 Dec. 2012	Forest HQ Follow up to Forest HQ. En Jamal informs that he not yet receive the file from Forest Kuantan. Check with Forest Kuantan. Pn. Laila informs that she target to forwards to forwards to Forest HQ on 11/12/12.	Rizal	12/12/2012 09:36:27
10 Dec. 2012	THB Kuantan NCE forwards a letter & plan for relocation of the existing THB pole to DMC for their further action.	Rizal	12/12/2012 09:34:15
7 Dec. 2012	PAIP HQ NCE had received a receipt RM200.00 from PAIP HQ dated 20/11/12.	Rizal	07/12/2012 15:50:07

## The Key Success Points

- Collaborative innovation amongst related ministries and agencies
- Baseline analyses
- Reports progress to PEMUDAH and alerts them to problems



## Challenges

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- Understanding the World Bank methodology
- Limited availability of data
- Monitoring and evaluation: collection and analysis of information to track the progress of implementation against pre-set target

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THANK YOU

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