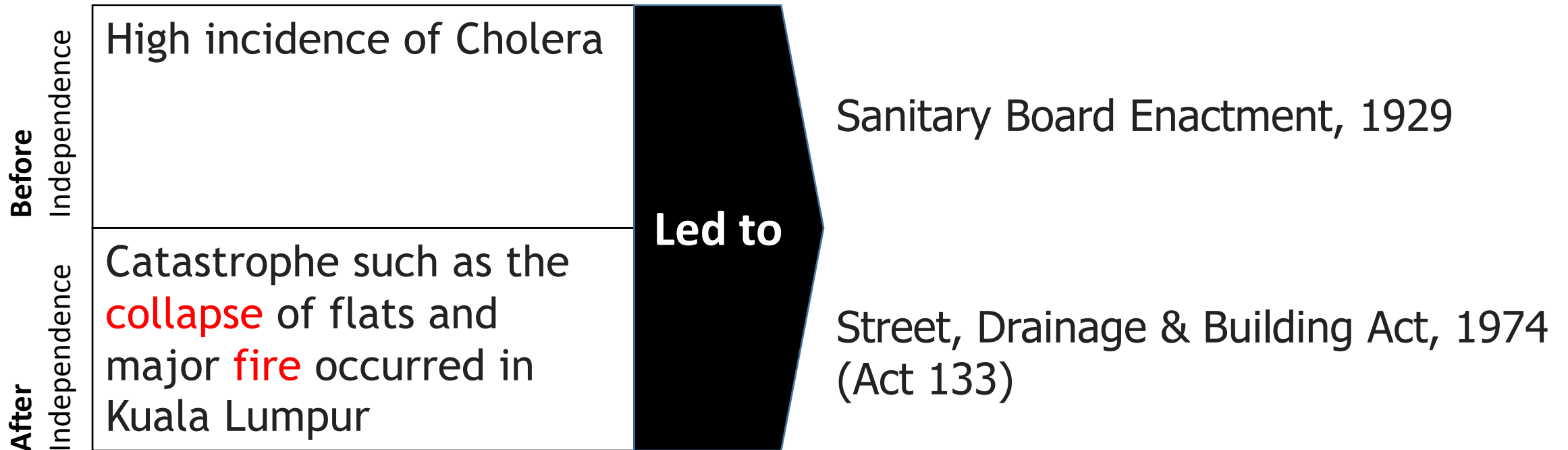


INTERNATIONAL FORUM ON PRODUCTIVITY  
“CHALLENGING THE FRONTIER, EMPOWERING PEOPLE”

# **Regulatory Reform: Case of Dealing with Construction Permits**

| 15:30 -16:45 | 12 September 2017 | Putrajaya Marriott Hotel |

# Development of Construction Regulations



# **Red tape a turn-off** *(Wednesday, 28 December 2011)*

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 local town council. These range from different interpretations of land title status between the state land 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 time lines for approvals are not clear.

This is very frustrating to an investor such as us, 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.

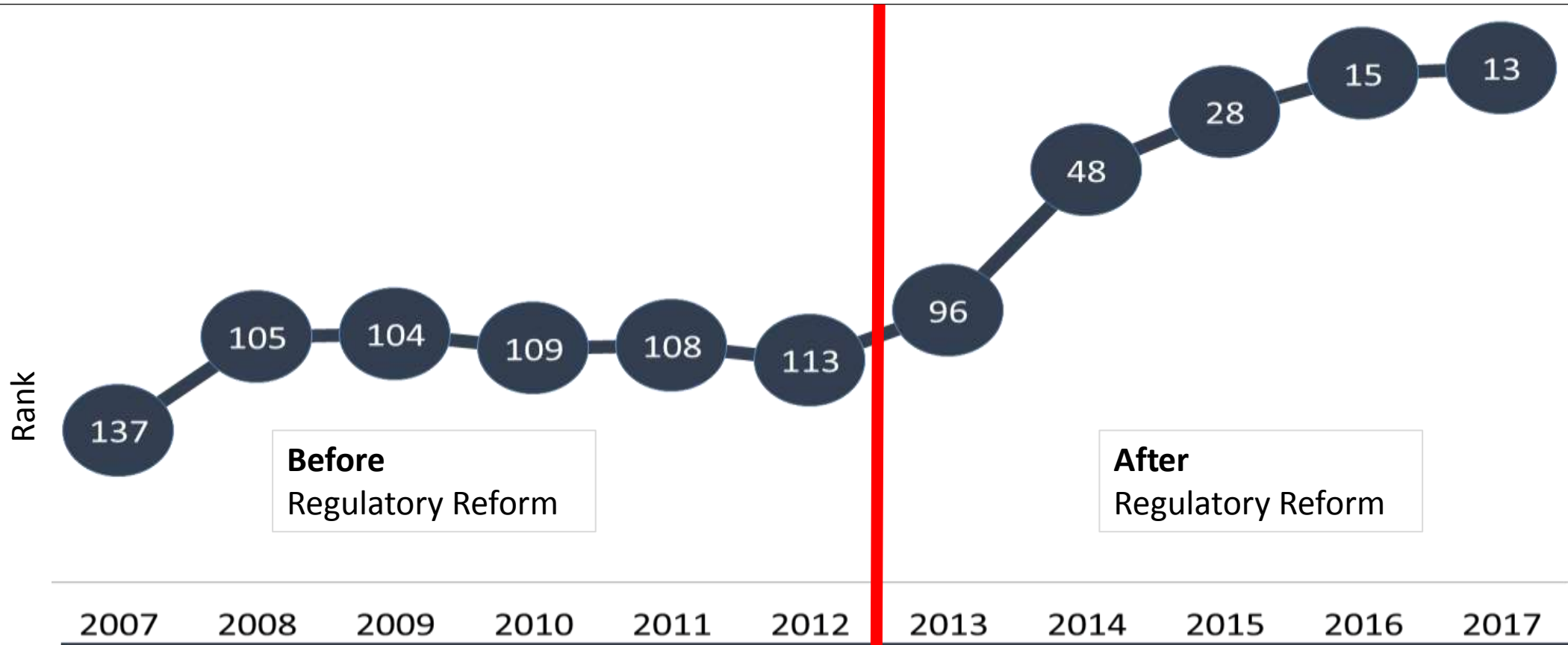
I am both a corporate and a personal taxpayer and I am dismayed by the quality of state and town council work. I write as a concerned executive managing investment plans and also as a born-and-bred Malaysian.

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.

Read more at <http://www.thestar.com.my/opinion/letters/2011/12/28/red-tape-a-turnoff/#2ZV6bmqkvKJolKut.99>

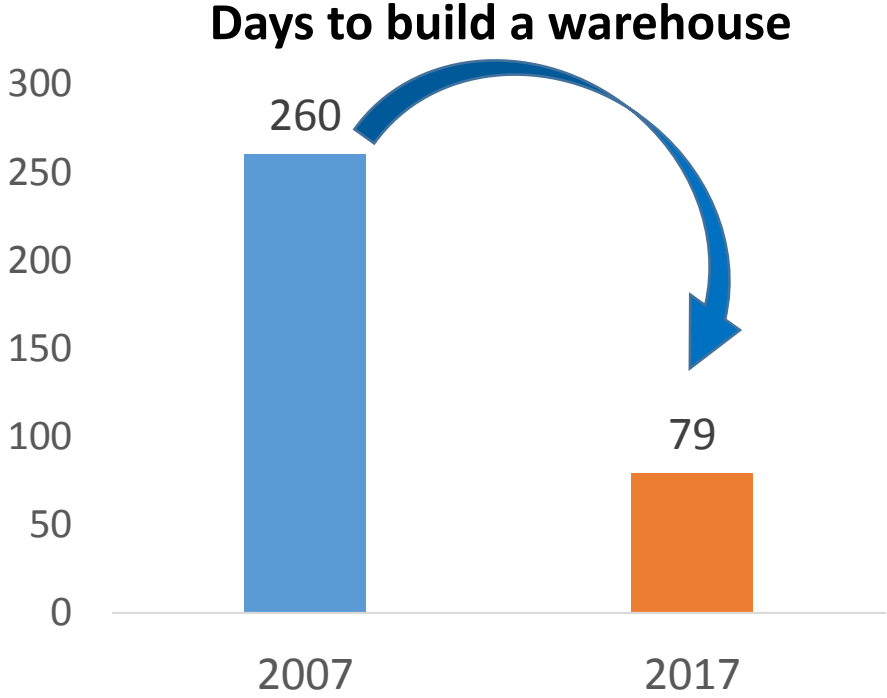
# Performance of Dealing with Construction Permits in Kuala Lumpur



**Doing Business Report, World Bank**

# Removing Unnecessary Regulatory Burdens on Business

Dealing with the construction permitting process now takes **30%** of the time it did a decade ago



Doing Business Report, World Bank

Contributing to

Compliance Cost Savings: RM190,000 per project

# Contributory factors for improvement



PEMUDAH Focus Group provides **structured and systematic mechanism**



Using **Regulatory Impact Analysis (RIA)** as a way of improving regulatory quality

# Contributory factors for improvement (cont'd)



**Public Consultation** to ensure interested and affected parties have the opportunity to take part in open, meaningful, and balanced consultations at all stages of the regulatory cycle

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