

**09/08/2016 - Asian Productivity Organisation (APO) International Conference On Public Sector Productivity**

Bismillahhirahmannirahim,  
AssalamualaikumWarahmatullahiWabarakatuh,  
Good Morning and Salam 1Malaysia

Mr. Mari Amano,  
Secretary-General,  
Asian Productivity Organization (APO);

MPC Board of Directors;

YBhg. Dato' Mohd Razali Hussain,  
Director-General,  
Malaysia Productivity Corporation (MPC);

Secretaries-General of Ministries, State Secretaries, Heads of Agencies and Local Councils;

Distinguished Speakers and Moderators;

Ladies and Gentlemen.

1. It gives me great pleasure to be here this morning at the Asian Productivity Organization (APO) International Conference on Public Sector Productivity. This international conference is a strategic collaboration between the Malaysia Productivity Corporation (MPC) and APO. To our friends from abroad, I would like to extend a warm welcome to Kuala Lumpur.

2. This conference on public sector productivity **highlights the increasing role undertaken by the Government** to spur improvements in productivity which in turn aids national development and competitiveness.

3. I am happy to note that a total of 250 participants comprising Government officials and experts from Australia, Japan, Singapore, Philippines and Thailand are here today. Your presence reflects the commitment towards improving public sector productivity through knowledge-sharing and international co-operation.

4. The organisation of this conference at this juncture is also apt as Malaysia is in the final lap towards achieving its vision to become a high-income nation by 2020. The public sector has a crucial role in achieving this goal, given its role as the productivity catalyst in Government and the private sector.

Distinguished Guests, Ladies and Gentlemen,

5. Public sector productivity has gained attention globally and Malaysia is no exception. In 2015, **public sector spending accounted for nearly 14% of Malaysia's GDP and employed almost 11.5% of the total work force.** The performance of the sector has a significant impact in facilitating the overall productivity of the country. Hence, it is **vital for the public sector to measure its performance against the efficiency of resource utilisation.**

6. An effective and efficiently functioning Government contributes to the enhancement of the nation's competitiveness. The higher the level of efficiency in Government regulations, procedures and delivery of services, the higher is its contribution to spur growth, prosperity and social progress.

7. The Malaysian Government is committed to transform the public service to provide efficient service delivery and be more citizen-centric. In line with this, the Eleventh Malaysia Plan (11MP) which was launched by our Honourable Prime Minister last year, places a strong emphasis on raising productivity of the public sector. For instance, the Government has adopted the Blue Ocean Strategy tools and frameworks and embarked on our own **National Blue Ocean Strategy initiatives** which has seen collaboration between over 80 ministries and

agencies to formulate high-impact, low-cost national programmes that result in deliverables that benefit the population.

8. During the 10<sup>th</sup> Malaysia Plan for the period 2011 to 2015, the Malaysian Government had embarked on regulatory reform which resulted in the introduction of the policy and guidelines for the implementation of Good Regulatory Practices (GRP). The circular on the **National Policy on the Development and Implementation of Regulations** (NPDIR) was issued in 2013, aimed at improving the quality of the regulatory management system by embedding GRP and Regulatory Impact Analysis (RIA) in developing new and amended regulations.

9. Malaysia is also committed to the methodology of **Reducing Unnecessary Regulatory Burden** (RURB) to improve public service delivery geared towards creating a conducive business environment. Within the last 2 years, **23 RURB initiatives were completed** which resulted in **potential compliance cost savings of RM1.5 billion in 2014** and **RM1.1 billion in 2015**.

Distinguished Guests, Ladies and Gentlemen,

10. In the recently published **IMD World Competitiveness Yearbook (WCY) 2016**, Malaysia ranked at **19<sup>th</sup> position**, maintaining our place in the top 20 most competitive economies in the world. In the **ASEAN region**, Malaysia remains at **2<sup>nd</sup> place**, and at **6<sup>th</sup> place** among the **countries in the Asia-Pacific region**.

11. One of the four main competitiveness factors that contribute to the WCY ranking is **Government Efficiency**. It measures the extent to which Government policies are conducive to foster competitiveness. In this context, **Malaysia is ranked 18<sup>th</sup> out of 61 economies**. In terms of **Fiscal Policy**, Malaysia sustained its **top 10 position** despite the challenging external and domestic economic environment. The efforts undertaken by the Government to provide a conducive business environment as practised by high performing countries have also resulted in improvements in **Business Legislation**, where **Malaysia is ranked 20<sup>th</sup>**.

12. We encourage our public sector organisations to benchmark against excellent management practices in the private sector. Learning from the implementation of Lean Management System in the private sector, a total of **39 programmes were implemented in public sector organisations** during the period 2014 to 2015. These organisations have achieved higher productivity through improved work processes.

13. To help raise awareness about productivity, Malaysia has created a pool of experts called **Productivity Champions**, who possess in-depth knowledge and vast experience on productivity. Since 2013, a total of 23 Productivity Champions in the public sector have been officially recognised.

Distinguished Guests, Ladies and Gentlemen,

14. Having appropriate methodology to measure public sector productivity is imperative to enable us to identify and implement more effective strategic measures in policy evaluation, particularly the assessment of the objectives concerning Key Performance Indicators (KPIs) and budget allocation.

15. Last year, MPC and the Public Services Department conducted a **pilot study to measure public service productivity**. The study was aimed at identifying inputs that could be used for budget allocation and assessment of Government programmes. The study adopted the methodologies of the UK Office for National Statistics and the Australian Government Productivity Commission (AGPC) to measure productivity and performance. Three main sectors, namely education, healthcare and security, were selected for the pilot project, based on their high expenditure on emoluments.

16. However, it was found that measuring 'outcomes' in Government services poses the challenge of estimating actual productivity. There is still room for improvement on the adopted methodology. Hence, I hope dealing with this issue will be one of the topics that will be heavily deliberated, as well as being one of the deliverables at the end of this conference. Malaysia will

conduct a follow-up study this year which will focus more on incorporating quality aspects into the measurement.

Distinguished Guests, Ladies and Gentlemen,

17. Before I end, I would like to congratulate MPC and APO on the successful organisation of this Conference. To the participants, I hope the next two days will be fruitful and enriching, and to our international friends, I hope you will have an enjoyable and memorable time in Malaysia. On this note, **I now officially open the “International Conference on Public Sector Productivity”.**

Thank you.

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