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Bismillahir rahmanir rahim

Assalamualaikum warahmatullahi wabarakatuh and a very good morning.

Mr Steve Foster
Vice-Chairman British Malaysia Chamber of Commerce (BMCC)

Y. Bhg. Dato'-Dato'

Ladies and Gentlemen,

Good Afternoon. I suppose 15 days into the New Year is still time enough for me to wish everyone present a Happy New Year! Given the global economic situation, we have massive challenges ahead of us this year. It is thus appropriate that we begin the year with a sharing of ideas on the way forward.

2. This session is also important as members of the British Malaysian Chamber of Commerce and Industry or BMCC assume a significant role in the Malaysia-UK bilateral trade and investment. The UK is:

- Malaysia's 15th largest trading partner;
- Malaysia's 3rd largest trading partner in the EU;
- one of Malaysia's top 10 investors in the manufacturing sector; and
- the 3rd largest source of Malaysia My Second Home participants.

3. Before getting into the details of my presentation this afternoon, allow me to thank BMCC, for this kind invitation to share with you my thoughts on effective public sector delivery and the work that PEMUDAH, the Special Task Force to Facilitate Business, has planned going into 2009.

Ladies and Gentlemen,

4. We entered 2009 on the back of data that various economies have entered or will be entering into recession or some kind of an economic slow-down. But what is more of concern is the fact that no one is sure of the end game. Policy response is even more challenging as this economic situation is unprecedented in scope.

5. It is thus important that Malaysia continues to its drive to ensure that this country remains competitive, stays as the preferred destination for trade and investments as well as maintain its reputation as a great place to live.

6. This thus calls for the public and business sectors to continue to build alliances, for the Government to continue having an inclusive infrastructure for taking on board ideas and feedback from the private sector and relevant others, and work together to ensure that Malaysia prevails over the global economic situation.

7. PEMUDAH exemplifies the inclusive mechanism so essential for improving the effectiveness of the public sector delivery system. It takes the Malaysia Incorporated concept to a much higher level. The value of PEMUDAH comes from a system where issues are dealt with as they arise and not be allowed to fester; where the private sector is part of the solution and work to resolve the problems.

Ladies and Gentlemen,

8. PEMUDAH was established by the honourable Prime Minister on Wednesday, 7th February 2007. The Task Force began work on Friday, 23rd February 2007 by targeting low hanging fruits, that is, tackling concerns which involved mainly bureaucratic processes and not policy. And we have achieved some measure of success, in large part because of the cooperation and buy-in from the members of the civil service.

9. Improvements have been made on many fronts, specifically on those that have a direct impact on business, namely:

- starting a business;
- dealing with licenses;
- paying taxes;
- registering property; and
- trading across borders.

10. PEMUDAH formed Focus Groups to deal with the issues and concerns raised not just by the business community but also the man-on-the-street. These Focus Groups engaged the relevant Government agencies as well as the key stakeholders. This method of inclusive engagement is what has ensured that improvements are made.

11. Allow me to recapitulate some of the measures that have been implemented through PEMUDAH. On starting a business,

- business registration can now be done in one day from the previous five days; and
- the Government has established the One-Stop-Centre for registering of businesses. The Centre which is in SMIDEC, the Small and Medium Industries Development Corporation, includes representatives from the Companies Corporation of Malaysia, EPF, SOCSO as well as financial institutions to assist enterprises in registering their businesses. With the establishment of this Centre, business entities do not have to go from department to department to register their businesses.

12. One of the critical areas in operating a business involves licensing. In dealing with licenses, under the leadership of Tan Sri Khalid Ramli, the Director-General of the Implementation Coordination Unit of the Prime Minister's Department, the Government has put in place a system to ensure transparency, predictability and speed. The system is called the Business Licensing Electronic Support System or BLESS.

- BLESS is a one stop on-line portal that allows simultaneous application of licences, approvals and permits for starting a business in Malaysia
- It provides on-line feedback between the Government departments and the applicants; it enables on-line tracking and monitoring of applications and on-line payment of fees
- The system will show the time taken by the various departments to process the applications, thus ensuring Government departments and agencies adhere to their respective client's charter
- BLESS will be implemented in phases. In the first phase it will be limited to the Klang Valley, catering to the manufacturing, construction and hotel sub-sectors only. It will be expanded to the tourism and trade sectors in the second phase, from September 2008 through June 2009. The third phase will see BLESS rolled out nation-wide from June 2009 through June 2011.
- To date only 20 applications have been coursed through the system. All the applications were processed within the timeframe stated in the departments' respective Client Charter. For example, Malaysian Atomic Energy Licensing Board processed the licenses within 17 days, and the Malaysia Cocoa Board, 14 days. The goal going forward is to further reduce the processing time; and get more businesses to make use of the system.

13. In payment of taxes, the processes specifically for refund of tax overpaid have been improved. This can now be processed from within 14 to 30 days as compared with ONE year previously. Individual tax payers can now receive refund of tax overpaid without making formal application. In addition, the Inland Revenue Board has issued various guidelines on corporate tax estimations to enhance transparency.

14. For trading across borders, PEMUDAH worked with Customs to reduce the time for clearance of goods. Customs now accepts the Estimated Time of Arrival or ETA to clear cargo. This means clearance of cargo can now be done in a day compared with 3 days previously.

15. Registering property was another area that required urgent attention. Beginning with Free-hold property, the Focus Group involved in resolving issues related to registering property has streamlined and improved the transparency of the processes. The Focus Group has highlighted best practice for the process and provided details of processing time of the different land offices. For example, in the Kuala Lumpur Land and Mines Office issuance document of titles are now processed within 30 days, bringing the total time for registering free-hold property in Malaysia to not more than 61 days compared with 144 days previously. These details are now available in the form of a guidebook and can be accessed in both hard and soft copies. The Focus group is now working on Lease-hold and strata-titled properties.

16. In addition to these improvements, PEMUDAH worked to improve speed and transparency of dealing with Government. This is being done mainly by encouraging more on-line interactions. The e-Payment initiative is one such example – as at 31 December 2008, on-line payment via internet banking can be made through 148 services from 89 Government Agencies.

17. An area of interest to the international business community in Malaysia is the process of approval of work permits for expatriates. This can now be obtained in 7 days from the earlier 14 days. With PEMUDAH's intervention and the reduction in processing time, the performance of the approval process too has improved:

- From January 2007 – May 2007: 51 per cent of the applications, or 4,611 out of the 9,041 applications received were processed within the client charter of 14 days;
- BUT from July 2007 to December 2008, 95.8 per cent of the applications, or 31,975 out of the 33,382 applications received were processed within the shorter timeframe of 7 days.

18. In the spirit of transparency, PEMUDAH has also made available the processes in the form of a Guidebook on the Employment of Expatriates. This is available in both hard and soft copies.

Ladies and Gentlemen,

19. I have just provided you with a snapshot of the improvements we have put in place. The work continues. Allow me to outline what PEMUDAH has planned for 2009 and going forward:

- On the top of PEMUDAH's 'to do' list for 2009 is to ensure that there is a higher utilisation rate of the initiatives put in place. Herein lies the role of business organisations such as the BMCC. The initiatives are only as good as their utilisation. And it is also only through greater utilisation will we get feedback on the effectiveness of the system. I hope that members of BMCC will share this information with your business associates.
- PEMUDAH will be working towards resolving policy-related concerns. The objective is to ensure the balance between need for regulation and market liberalisation. In this context important lessons are being learnt daily as countries cope with the fallout from the global financial and economic crisis.
- PEMUDAH will continue to emphasise transparency and predictability in public administration. This will include processes, procedures as well as policy.
- There will be greater emphasis on monitoring the implementation of the initiatives and measures put in place.

20. When PEMUDAH started in 2007, we set ourselves the goal of moving Malaysia up the ranks of World Bank Doing Business Survey to the at least the 10th most competitive country by 2010. This imperative has taken on a whole new dimension with the current global economic situation. It has given new meaning to our "Business is NOT as usual" mantra that we started out with. Our priority is to intensify work on improving the public delivery system, to make it easy to do business, and in so doing reduce the cost of doing business in this country.

21. Ultimately, the aim is to institutionalise the way the Government engages the private sector and all key stakeholders. We must get to the point where the PEMUDAH spirit is prevalent and can be taken for granted; where the process of inclusive engagement becomes second nature to the members of the civil service.

On that note Ladies and Gentlemen, I thank you for your attention and invite your feedback.

Thank you.