GOOD REGULATORY PRACTICE (GRP) IN MALAYSIA

By

Datuk J. Jayasiri
Secretary General
Ministry of International Trade and Industry

GRP for better quality
Government Transformation and High Income Economy

ETP was formulated to elevate the country to developed nation status by 2020 targeting GNI per capita of USD15,000. ETP’s target will be achieved through the implementation of 12 National Key Economic Areas (NKEAs).

Malaysia is transforming itself into a high-income nation by 2020. The New Economic Model (NEM) and the Economic Transformation Programme (ETP) provide the economic framework to significantly increase productivity, innovation and creativity.

A broad-based program of change to transform the Government into an efficient and rakyat-centered institution. The GTP is deeply rooted in the motto of *1 Malaysia, People First, Performance Now*
Malaysia’s Regulatory Reform Journey

Reduce Red Tape

Established PEMUDAH

- Monitor & implement DB reforms till present

To get out of Middle Income Trap

Undertook Modernising Business Regulations Programmes

- Liberalisation of Services Sectors

To improve Business Ecosystem

Introduced GRP

- Issued NPDIR Circular
- Conducted RURB

To expand GRP at State and Local Governments

Expand GRP to State and LGs

- To develop state & LG GRP Policy

2005-2010

- Public-Private Collaboration
- 9th Malaysia Plan

2011 - 2015

- High Income Nation
- New Economic Model
- 10th Malaysia Plan

2016 - 2020

- Conducive Business Environment
- Comprehensive Governance Reform
- 11th Malaysia Plan
What is GRP?

1. **Good Regulatory Practices (GRP)** - an internationally recognised processes, systems, tools and methods for improving the quality of regulations. Essentially it is good governance in ensuring all regulations are effective in addressing the desired public policy objectives through balanced and equitable approach and implemented in a transparent manner.

2. **GRP around the world:**
   1. OECD – Good Regulatory Practices
   2. Europe – Smart Regulation
   3. UK – Better Regulation
   4. Australia – Best Practice Regulation
   5. New Zealand – New Zealand's Regulatory Management System
   6. ASEAN – ASEAN Good Regulatory Practices

3. **In Malaysia** it is known as **National Policy on the Development and Implementation of Regulations (NPDIR).**
Why Good Regulatory Practice (GRP)?

- **Address the gaps** in the management system for regulations;
- **Standardise regulatory and rule-making process** with emphasis on public consultation and measurement;
- **Consistent** with International development on regulatory coherence; and
- **Recommendation by World Bank** that Malaysia to have GRP embedded in its regulatory development process
Reference should be made to the government circular on National Policy on the Development and Implementation of Regulations issued by the Chief Secretary to the Government of Malaysia on 15 July 2013 (Pekeliling Am Bilangan 1 Tahun 2013)

Key Documents on GRP

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

Quick Reference Best Practice Regulation Handbook
Summarised version of Best Practice Regulation

Guideline on Public Consultation Procedures
Establish guiding principles and requirements for carrying out an adequate public consultation exercise
Innovative Public Consultation for Stakeholder Engagement

Two-way process to seek and receive views of stakeholders, business, affected parties and general public on proposed changes in policy

Stakeholder, experts, regulators, Business community, Employees, NGOs, Interest groups, Citizen

• Online platforms operate 24/7
• Website
• Portal
• Social media

• Promotes transparency and accountability
• Improves awareness and understanding
• Encourages public ownership and commitment

WHAT
WHY
WHO
WHEN
ON-LINE

• As early as possible - Integral part of RIA process
• Informal dialogue prior to a more formal consultation to obtain initial feedback & gain an understanding of the issues
• Early stage of impact assessment to gather inputs
• Various stages of the policy making process
http://grp.mpc.gov.my
Removing unnecessary rules
Reduce cumbersome and bureaucratic procedures
Lowering regulatory burden allows companies to operate more efficiently
Reduce compliance cost
Assess the impact on economy

We assist business community and citizen in their regulatory problems and ensure sufficient and innovative public consultation
Engagement and Networking on GRP...con’d

1. **Networking** with Central agencies: Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), National Institute of Public Administration (INTAN), Attorney General's Chambers (AGC) and under the ambit of the Special Task Force to Facilitate Business (PEMUDAH).

2. **Engagements** with international organisations:

   *Regulatory Reform Group, The Netherlands, Office of Best Practice Regulation (OBPR) Australia, Australian Government Productivity Commission (AGPC), Regulatory Impact Assessment Team (New Zealand Treasury) and Jacobs, Cordova and Associates to acquire expertise assistance.*

3. **Collaboration** with Organisation for Economic Cooperation and Development (OECD) to undertake full implementation of GRP.
Critical Success Factors

- Be clear about our objectives
- Integrate where possible with existing institutional arrangements
- Continual improvement
- Focus on where the greatest gains can be made
Impact of GRP

- **Removing unnecessary rules**
  (29 business licenses were abolished)

- **Reduce compliance cost**
  (735 business licenses were re-engineered involving cost savings of RM729 million)

- **Reduce cumbersome and bureaucratic procedures**
  (454 business licenses were simplified and composit ed)

- **Increase process efficiency**
  (8% increase in process efficiency due to shorter waiting time)

- **Reduce approval time**
  (59% reduction in approval time)

- **Reduce procedures**
  (29% reduction in number of procedures)

- **Lowering regulatory burden allows companies to operate more efficiently**
  (217 business licenses were automated)
Way Forward

1. Encourage GRP implementation as ministry’s long term strategy; to be embedded in *Key Performance Indicators of every ministry*; and incorporate strategic priorities and future work programmes;

2. Strengthen *cooperation and coordination* among ministries and agencies to integrate RIA into the policy-making process;

3. Create awareness and accelerating GRP at State Level and Local Authorities. MPC will increase the take up rate of NPDIR to ensure improved regulatory environment by accelerating the roll-out to all ministries and agencies; and

4. Implementation of *GRP at regional levels* to strengthen regulatory coherence.
Like to Know More?

- E-mail: regulatoryreview@mpc.gov.my
- Visit GRP Portal: grp.mpc.gov.my
- Visit MPC Website: www.mpc.gov.my