

Strengthening Implementation and Institutional Capability – Presentation to Ministry of Finance for the 2007 Budget Consultation by the Asian Strategy & Leadership Institute (ASLI) on 1st June 2006

ASLI would like to thank YAB Dato Seri and the Ministry of Finance for allowing ASLI to make this brief presentation on Strengthening and Implementation and Institutional Capability. Firstly, I wish to convey the apologies of our CEO Dato' Michael Yeoh who is unable to be present as he has to be in Australia. This presentation is based on our analysis and feedback from the private sector as sincere proposals for YAB Dato Seri and the Government's kind consideration.

YAB Dato Seri, we would like to humbly put forward 7 specific key proposals:-

First, we suggest that YAB Dato Seri and the entire Government **adopt speed and efficiency as a new source of competitive advantage** and embrace speed as a culture of government and business. The noted economist Lester Thurow has predicted that competitive advantage will move from the slow to the fast economies. In 21st Century competition, it is not about big, bigger or biggest but about fast, faster and fastest. In this regard, it is timely to **review the Clients' Charter in all Ministries and Departments to further drastically shorten the approval process**. We cannot be satisfied with small, incremental steps but with a quantum leap. As such, we propose that if any approval is not given at the end of the specified approval process, the approval should have been deemed to be given. Licensing forms should be further simplified. **The roll-out of e-licensing and e-payments should be further speeded-up** to expedite the approval process. Any officer found to have deliberately slowed down the approval process or to have sat on files should be subject to departmental disciplinary process. Delays in judicial decisions and **backlog of cases in the courts** should also be looked into.

Second, we propose that the **Public Complaints Bureau be upgraded into an Ombudsman**, that initially can report directly to the Prime Minister and within 5 years of its establishment be made into an Independent Commission reporting to Parliament. The proposed Ombudsman should **cover all 3 levels of Government – Federal, State and Local**. It should have powers of investigation.

Third, We propose that **Local Government Reforms** be carried out. A **National Local Government Service Commission** should be established somewhat like the Public Service Commission which should be responsible for the staffing of all local council employees. We propose a **centralization of all local council employees** under this proposed new Commission so that local council employees will not just be employees of a particular council but be subject to transfers throughout the year. There should be greater accountability and transparency at local council levels with every council required to establish and publish **Key Performance Indicators (KPI's)**. Local councils should not just comprise political appointees but to include **representatives from business, professions and community organizations**. Reinventing local government should be a key priority of strengthening institutional capability. There should be greater accountability and transparency in local government decisions.

Fourth, we applaud and warmly welcome the establishment of the National Implementation Task Force and the National Implementation Directorate. We would like to propose that there should be **3-5 private sector representatives to be appointed by YAB Perdana Menteri to the National Implementation Task Force**. We further proposed that a respected Business Leader be also appointed as a **Co-Chair of the National Implementation Task Force**, to provide private sector inputs. The monitoring process should be made more transparent with the National Implementation Task Force publishing quarterly reports on progress made on implementation of projects. Monitoring should

also include the business community and civil society being actively encouraged to provide feedback. The media can also play a critical role with more investigative reporting to expose wrong-doings.

Fifth, we call for a **concerted effort by the Government to ensure Civil Service Diversity.** We need to celebrate our nation's diversity by fully mobilizing the talent and energies of all Malaysians to contribute to the nation building effort and to further strengthen the implementation capability. There should be **equal determination to recruit and promote more non-Malays in the PTD.** The Deputy Chairman of the Public Service Commission should be a non-Malay, including the State Public Service Commission at State levels. To expedite recruitment on-line applications and recruitment should be widened.

Sixth, we propose a **Perdana Fellowship Scheme** where every year up to 100 Perdana Fellows can be appointed into senior levels of the civil service on short-term contracts of 2-3 years. These Perdana Fellows can be seconded as KSU/Timbangan KSU or senior officials in various ministries and agencies. Drawing in expertise from the business community for short-term contracts will facilitate cross-fertilization of ideas and help facilitate public service reform. Limiting the tenure to not more than 3 years will reduce suspicion or animosity from among civil servants. Lateral movements between the private and public sectors on short-term contracts should be encouraged and facilitated.

Seventh, we propose that PETRONAS pays a **windfall profits special dividend of RM5 billion** to Government to be utilized for capacity and institution building. PETRONAS should be able to afford this one-off payment to Government that can be used to strengthen our vital key institutional and make reforms more affordable – such as in the Police, Civil Service, Schools and Universities. More importantly this proposed Special Dividend can be effectively employed to embark on a massive campaign to combat corruption and thereby help reduce

the cost of doing business. A National Campaign Against Corruption is so essential as part of efforts to enhance the delivery system. In this regard, the Government should make the ACA into an Independent Commission against corruption with its own powers of prosecution. Equally, corruption in the private sector should also be eradicated.

Finally, we wish to once again thank YAB Dato Seri for allowing ASLI to present our ideas for consideration. We share in your National Mission in strengthening implementation and institutional capability.

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