

Paper 3: New Model of OSC

Report on presentation by Pn. Aminah Abd Rahman

1.0 Introduction

The concept of One Stop Center (OSC) originated in the United States between late 1920's and early 1930's. It started with a one-stop which caters to meeting multiple needs of customers with just a single stop or location¹. The expansion of that is what we know today as malls. Since then, the one-stop shop as evolved into other areas outside the retail industry, including civil service.

In Mongolia, for example, access to government administrative services were cumbersome, requiring a number of visits to various offices in order to seek signatures, stamps or obtain approval. Such bureaucratic procedures leave the door open to corruption and simply non-abidance of the law. The lengthy, unclear process and sometimes even an ever-changing procedure often leaves customers, often times the public, frustrated and confused. This has also hindered the socioeconomic development of the country². In 2007, the Mongolian Ministry of Industry and Trade and the Mongolian National Chamber of Commerce and Industry, with assistance from the Swiss Agency for Development and Cooperation has embarked on a national scale one-stop centre project for several identified administrative services. This effort has gained considerable success³.

Our construction industry has also been introduced with One Stop Center (OSC) concept in 2007 as a way to facilitate the building plan approval process from local authorities. During PAM Professional Practice Forum 2013 in December, it was announced by Pn. Aminah Abd Rahman that the new version of OSC system will be implemented effective from 1st June 2014.

2.0 The OSC Concept

OSC operates on the premise that development proposal applications requiring multiple approvals can be shortened and made more efficient by limiting the number of interactions to just a single contact point. By doing this, efficiency can be improved in terms of procedures, time and cost. The initial implementation of OSC by the government was to support the development of the real estate sector, which is a major contributor to the national economy. Other initiatives to spur this growth were the establishment of the Building and Common Property (Maintenance and Management) Act 2007 and also the replacement of Certificate of Fitness for Occupation (CFO) to the current Certificate of Completion and Compliance (CCC)⁴. Since 2007, 98 local authorities in Peninsular Malaysia have established the OSC unit, catering to more than thirty types of development applications. The implementation of OSC in the construction industry is administered by the Department of Local Government, Ministry of Urban Wellbeing, Housing and Local Government. The present OSC model only facilitates the approved process.

¹ Source: Wikipedia.com

² www.swiss-cooperation.admin.ch/mongolia/.../resource_en_98980.pdf and www.swiss-cooperation.admin.ch/mongolia/.../resource_en_156611.pdf

³ Based on Organization for Economic Cooperation and Development (OECD) case study on the Mongolian customs modernization, one of the success factors was attributed to the one-stop center initiative <http://www.oecd.org/aidfortrade/48292480.pdf>

⁴ Information from REHDA website <http://www.rehdainstitute.com/research-a-resources/property-development/osc.html>

3.0 Motivation for a New Model

The new model was conceived pursuant to the release of the World Bank Report on East of Doing Business across 189 economies. The Ease of Doing Business Report measures ten indicators with each indicator having its own domestic regulatory impact to the economy. The composite of these indicators, ranks a country on its ease of doing business domestically and internationally. One of the indicators is dealing with construction permits' (DCP). Over the years, DCP ranks the worst in comparison to other indicators such as 'getting credit', 'protecting investors' and 'trading across borders'.

To address this, MHLG and 5 other ministries including 22 agencies have gone back to the drawing table to come up with a better model of OSC. These changes have resulted in an improved ranking for both the DCP and the overall Doing Business ranking. As of the latest World Bank Report released in October 2013, DCP in Malaysia new rank position 43 out of 189 economies, which translates to the country being ranked the 6th position in Ease of Doing Business.

The extend of domestic regulatory on dealing with construction permits are being measured in term of procedures (number of official interactions between investors and regulators), time (number of official days for regulators to complete all official procedures) and cost (cost imposed to investor to complete official procedures). In June 2012, DBKL introduced a new lane named OSC 1 submission which streamlines the procedures, time and cost of obtaining construction permits for small scale nor residential projects.

4.0 The New Model – OSC 3.0

Good practices in DBKL have now been expanded to all localities in Peninsular Malaysia with the introduction of OSC 3.0. This new model adopts the methodology of World Bank and focuses on 6 main processes of construction. The new model also benchmarks itself against good practices around the world.

4.1 Process 1 – Data gathering

Under the data gathering process, the applicant gathers technical requirement from four technical agencies related to water, electricity, telecommunication and land matters. It is worth noting that the technical requirement provided by these technical agencies have a validity period of three months before formal submission must be submitted.

In this way, this data gathering process is more streamlined and monitored while the technical requirements are made known to agencies prior to formal submission.

4.2 Process 2 – Approval

Approval process now exercises the 'single in-single out' process. Interaction between investors and agencies are very much reduced without compromising compliances to laws and specifications.

4.3 Process 3 – Notification to Start Work

4 notifications to 4 different agencies are now streamlined to simultaneous notifications to OSC, which markedly reduced 4 interactions to one.

4.4 Process 4 – Interim Inspections

Interim inspections are carried out at random by the agencies through the spot checks approach which markedly reduced interaction.

4.5 Process 5 – Final Inspections

Final inspections by 6 different agencies are being formalized and monitored by OSC. Prior to the inspection, testing and commissioning of any installation will be carried out by the investors and submitted together with the request of final inspections.

In this way, agencies are well informed on the systems installed prior to inspection, thus expedite the process and allows clearance letters to be issued immediately on the inspection dates.

4.6 Process 6 – Deposit of CCC and G Forms

Deposit of CCC and G forms to the local authority and the related professional board is now filed at OSCs for distribution. 2 interactions are now reduced to one.

5.0 Conclusion

Successful implementation of the new model OSC 3.0 requires commitment and concerted effort by various agencies and industry players. The new model is more flexible and transparent thus facilitate investors in dealing with construction permits.