

Speedier approval process for construction permits

OSC 3.0 cuts down the delays and bureaucracy in the processing of construction permit applications



ONE of the main obstacles faced by developers, building owners and investors in undertaking and implementing construction

or development projects is the delay and bureaucracy in obtaining approval from the relevant authorities to commence and complete their projects.

This has contributed to higher development costs and delays in planning, design and implementation of construction projects. This has also turned away many potential investors in property, industrial and other developments. In some cases, building owners are willing to take the risk to put up buildings without approval and willing to pay the fines as the process takes far too long and is very bureaucratic.

A construction or building permit is a permit required in most jurisdictions for new construction, or adding onto pre-existing structure, and in some cases for major renovations. Generally, the new construction must be inspected during construction and after completion to ensure compliance with national, regional and local building codes.

The time taken for dealing with construction permits includes time taken from the date of initial submission, approval processes, inspection and up to the issuance of the certificate of completion and compliance (CCC) based on the World Bank's method. Procedures are measured as number of interaction with authorities or agencies.

The government has implemented a one-stop centre (OSC) since 2007 to create a central agency within the local authorities to process and coordinate the plan approvals by various authorities, technical departments and service or utility providers.

The OSC also coordinates inspection stages and issuance of CCC by principal submitting persons (PSPs) and submitting persons (SPs), that is, architects, engineers, surveyors and town planners.

However, even with the OSC, the process of getting approval for a construction permit is still very long and inefficient with the exception of a few

Malaysia's World Bank ranking on Dealing with Construction Permit improved significantly from 137 in 2007 to 43 this year



by S Thirlogachandran



local authorities. In some cases, the process of approval has become more complicated.

In fact, Malaysia's World Bank ranking on Dealing with Construction Permit (DCP) was 137 in 2007 and between 104 and 113 from 2008 till 2012 among 189 countries surveyed. With the initiative taken by the government together with all the stakeholders, our ranking has improved to 96 last year and significantly to 43 this year.

This has also helped to push Malaysia's World Bank ranking for Ease of Doing Business from 18 in 2012 to 12 last year and to six this year. In comparison, Singapore is ranked third, Hong Kong first, Thailand 14, Vietnam 29 and Taiwan seventh in DCP. Therefore, we need to improve our ranking in DCP in order to be competitive internationally.

We should not just look at the World Bank's ranking as the ranking is based on small-scale projects and should seriously look into the approval for construction permits for all types of projects for an efficient and productive construction industry in Malaysia.

The OSC 2007 focuses on approval processes only and has many weaknesses in the implementation process. There is no control on approval and inspection processes resulting in delays from technical agencies. Each local authority has its own OSC and CCC processes although they follow the Ministry of Urban Wellbeing, Housing and Local Government guidelines and

template. Document requirements also differ. There are far too many procedures and interactive between the PSPs, authorities and technical agencies. The whole process involves between 30 and 140 procedures and takes a very long time.

The government has taken initiatives to improve this with the following aspiration:

- ▶ 1. Standardise the process of obtaining construction permits throughout the country.
- ▶ 2. Upgrade the standard of OSC service and expedite the process in terms of time, procedures and cost.
- ▶ 3. Standardise the document requirements in all 98 local authorities.

The new procedure in dealing with construction permits was introduced by the Focus Group Dealing with Construction Permit (FGDCP), which was formed with the cooperation of five ministries – International Trade and Industry; Federal Territories, Works; Energy, Green Technology and Water; and Urban Wellbeing, Housing and Local Government.

It consists of representatives from nine agencies, namely Dewan Bandaraya Kuala Lumpur (DBKL), Jabatan Kerajaan Tempatan, Malaysia Productivity Corporation (MPC), Fire & Rescue Department, Malaysian Communications and Multimedia Commission, Suruhanjaya Perkhidmatan Air Negara (SPAN), Syarikat Bekalan Air Selangor (Syabas), Tenaga Nasional Bhd and Indah Water Konsortium, as well as professional bodies and NGOs such as the Board of Architects Malaysia, Board of Town Planners Malaysia, Malaysian Institute of Architects, Institution of Engineers Malaysia, Association of Authorised Land Surveyors Malaysia, Real Estate and Housing Developers' Association and National House Buyers Association.

MPC is leading the FGDCP which has developed a new process called OSC 3.0 submission. OSC 3.0 is a new procedure designed by FGDCP to standardise the process of dealing with construction permits throughout Malaysia.

OSC 3.0 focuses on the reduction of procedures, time and cost in obtaining construction permits. To start with,

the process has been simplified and clearly defined into six processes as follows:

- ▶ 1. Pre-consultation
- ▶ 2. Development proposal plans
- ▶ 3. Notification of commencement of works
- ▶ 4. Interim inspection (not required for small-scale projects)
- ▶ 5. Final inspection, stages I and II, and
- ▶ 6. Deposit of CCC and Forms G1-G21.

Under OSC 3.0, the projects will be classified as small-scale and large-scale. For small-scale projects, the process is simpler with fewer procedures and faster approval.

DBKL has introduced OSC 1 Submission for small-scale projects in line with OSC 3.0. This was launched on April 12, last year. The whole process of obtaining a construction permit from submission to CCC will involve 10 procedures and takes only 72 days.

The OSC 1 Submission has helped to improve drastically our World Bank ranking in DCPs from 96 last year to 43 this year.

Small-scale projects can be classified as follows:

- ▶ 1. Commercial buildings not exceeding three storeys on land not exceeding 0.4ha (one acre) and should be a standalone building, including fast-food outlet, showroom (furniture, car, etc), eatery, store kindergarten, nursery, clubhouse and shophouse.
- ▶ 2. Community facilities building not exceeding three storeys on land not exceeding 0.6ha and should be a standalone building including multi-purpose hall, public facility building and religious building.
- ▶ 3. Petrol stations on land not exceeding 0.6ha.
- ▶ 4. Utilities buildings not exceeding three storeys on land not exceeding 0.6ha.
- ▶ 5. Residential buildings not more than four units (which do not fall under Housing Developers, Contraction and Licensing Act, 1966 (Act 118).

In line with OSC 3.0, for large-scale projects and other type of application: DBKL will launch a new submission process, Kuala Lumpur Integrate

DBKL will launch KLisBEST for large-scale projects soon. The time taken for a construction permit from initial submission to CCC will be not more than 150 days

ANWAR FAIZ AHMAD TAJUDIN/FocusM



Submission - Be Efficient, Systematic, Transparent (KLisBEST) soon. The time taken for a construction permit from initial submission to CCC will be not more than 150 days involving not more than 25 procedures.

Under OSC 3.0, all applications dealing with construction permits are coordinated by the OSC (single-entry), which will act as documents coordinator. The process involves six main processes with total time not exceeding 150 days. For smaller projects, five main processes are involved with total time taken not exceeding 100 days.

Among the transformation and benefits of OSC 3.0 from the current OSC system are:

- ▶ 1. Single-entry in submission of applications to the OSC.
- ▶ 2. Introduction of small-scale and large-scale building criteria in OSC 3.0, with shorter timeframe and procedures for smaller projects.
- ▶ 3. Introduction of compulsory pre-consultation for agencies like Tenaga, water supply agencies (eg Syabas), SKMM, PTG/PTD) and receive technical information within 14 days.
- ▶ 4. Clearer role of approving authorities and commenting or clearance authorities or agencies.
- ▶ 5. Standardisation of forms, documents and plans for submission to authorities or agencies through OSC 3.0 manual.
- ▶ 6. Documents and plans required are clearly defined.
- ▶ 7. Introduction of Utilities Path Plan and coordination of digging for various utilities.
- ▶ 8. OSC as coordinator for interim and final inspection.
- ▶ 9. Reduction of procedures, don't have to submit application in stages and no interaction between PSP/SP and technical departments separately.
- ▶ 10. Deposit of Form F (CCC) and G1-G21 to OSC for distribution to local authorities and the board of architects or engineers.
- ▶ 11. More comprehensive role for OSC monitoring as a whole (from date of receiving submission until issuance of CCC).
- ▶ 12. Reduction in time taken by local authorities from submission until CCC.
- ▶ 13. Reduction of wastage of cost and time taken in obtaining construction permits.

On the monitoring of application and approval processes, DBKL will introduce KL Trax, whereby the approval status can be monitored real-time online through personal computers, tablets or smartphones. This would be extended to cover other local authorities.

OSC 3.0 will be used in all 98 local authorities and external technical departments throughout Malaysia from June 1. It may take some time for it to be fully implemented at all local authorities in Malaysia.

However, on the ground, there are bound to be problems in the implementation of OSC 3.0 either at the local authorities, technical departments or PSP/SP level.

Queries and complaints could be addressed to the Ministry of Urban Wellbeing, Housing and Local Government website, Facebook account of OSC 3.0, FGDCP website and emails. FGDCP will address all queries and complaints and will refer to the appropriate authorities in overcoming problems for smooth implementation of OSC 3.0.

In order for OSC 3.0 to be successfully implemented, all stakeholders have to work together and address issues and challenges in the process. PSPs/SPs are to be familiar with the OSC 3.0 manual and to make submission in accordance to the manual. Local authorities and technical agencies are to follow OSC 3.0 manual in the processing and approving applications for construction permits.

We hope with the introduction of OSC 3.0 and its initiative by the government and all stakeholders, this would help to improve the

construction and building industry delivery process to some extent.

This would also help to improve our World Bank ranking and boost investor confidence. Hopefully this would contribute to a more efficient and productive construction and property development industry in line with our aspiration to become a developed nation by 2020. **FocusM**

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The whole process of obtaining a construction permit from submission to CCC for small-scale projects takes only 72 days under OSC 1Submission introduced by DBKL

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The hierarchy of roads

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