Chapter 3

The public bureaucracy’s role in policy implementation in Malaysia

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3.1 Introduction

The Malaysian public service plays a significant role in the country’s economic and social development. More importantly, it has been instrumental in initiating the country’s transformational efforts towards a high income nation. This chapter analyses the role of the public service in policy implementation in Malaysia, and assesses its effectiveness in implementing these two Association of Southeast Asian Nations (ASEAN) agreements: (1) the Agreement on the ASEAN Harmonized Cosmetic Regulatory Scheme, or the ASEAN Cosmetic Directive (ACD), which Malaysia signed together with the other ASEAN countries at the 35th ASEAN Economic Ministers Meeting in Cambodia in September 2003; and (2) combating transnational crime, as agreed under the ASEAN Ministerial Meeting on Transnational Crime (AMMTC) and the Senior Officials Meeting on Transnational Crime (SOMTC).

This chapter begins by describing Malaysia’s policy context, followed by an analysis of the public bureaucracy’s profile and its role in policy formulation. The implementation of the ACD and AMMTC/SOMTC is then analysed in depth before concluding the chapter with a summary of the major findings.
3.2 Malaysia’s policy context

This section describes Malaysia’s policy context in terms of its geography, formative historical experiences, economy, demography and political system as these factors affect the public bureaucracy’s effectiveness in policy implementation.

3.2.1 Geography

Malaysia has a total land area of 332,665 sq. km (The Economist 2013: 178) and consists of thirteen states, with eleven states located in Peninsular Malaysia, and the East Malaysian states of Sabah and Sarawak. These two states have a higher degree of local government and legislative autonomy than the West Malaysian states. Sabah and Sarawak have separate laws regulating the entry of citizens from other states in Malaysia, whereas, in Peninsular Malaysia, there are no restrictions on inter-state travel or migration, including visitors from East Malaysia. There are also separate land laws governing Sabah and Sarawak, as opposed to the National Land Code, which governs Peninsular Malaysia. The three main land laws are: (1) National Land Code (Act 56 of 1965) implemented in all states in Peninsular Malaysia; (2) Sarawak Land Code (Cap 81) implemented for Sarawak only; and (3) Sabah Land Ordinance (Cap 68) implemented for Sabah only.

3.2.2 Formative historical experiences

The Federation of Malaya was granted independence from Great Britain on 31 August 1957 with a relatively peaceful
period of transition that was largely achieved by the granting of concessions to the main ethnic groups in Malaya, which included citizenship for the immigrant Chinese and Indians, while preserving the special position of the Malays as the indigenous group (Means 1998: 96). In September 1963, the Federation of Malaya became known as the Federation of Malaysia when Sabah, Sarawak and Singapore joined the Federation. Singapore separated from Malaysia in August 1965. During the British colonial rule in the nineteenth century, the development of rubber and tin industries brought about a large inflow of immigrants from China and India. By the 1920s, the population of Malaya was highly divided on ethnic lines, with the Malays, Chinese and Indians as the major ethnic groups (Means 1998: 96). At independence, the Malays, although the major group and politically powerful, were concentrated in the less developed states and rural areas and employed in the low-paid occupations and mainly in the agricultural sector where the per capita product was the lowest whilst the Chinese were concentrated in the urban centres, employed in mining, manufacturing and construction where per capita product was more than 150 per cent that of the agricultural sector and about 60 per cent higher than the economy’s average (Ragayah 1988: 31).

Malaysia’s government was established in the Federal Constitution, which preceded independence and included the social contract between the various races of the country which formed the bedrock of the constitution. The Federal Constitution through Article 153, Article 160 (2), Article 161A(6)(a) and Article 161A(6)(b) articulated the provision of the indigenous people with special rights and privileges in return for
the citizenship of the Chinese and Indians immigrants. The constitution also serves as a rule book for the political conduct in the realm of multiple ethnic groups.

Malaysia’s public bureaucracy in general was shaped by its colonial history on the one hand, and its socio-cultural and institutional setting on the other. The Malacca Sultanate in the fifteenth century has also influenced the administrative institutions. However, the foundation of the modern administration and governance was laid down during British colonial rule (1824–1957) through a variety of new administrative structures which subsequently became the key pillars of government administration.

The British also introduced meritocracy in 1957 with the establishment of the Public Service Commission and the strict process of recruitment into the Malayan civil service (MCS). At the same time, the British initiated the quota system of recruiting four Malay candidates for one non-Malay candidate based on affirmative action to increase the participation of the Malays, who were economically the disadvantaged group in the areas of education, employment and business. The Malay quota in the civil service was first introduced by the colonial government in 1952 as part of its policy of safeguarding the special position of the Malays in the administrative service. The specific aim was to prevent the possibility of the non-Malays outnumbering the Malays in the MCS (Marican 1979: 7). The practice of the Malay quota in the civil service is traced to the Federal Constitution and reinforced through the Article 153 of the Constitution which authorizes the continuation of this practice by permitting the reservation of posts for the Malays. Lee (2005: 212) points out that the constitutional
provisions for affirmative action were set out as early as in the 1948 Federation of Malaya Agreement under British colonial rule. The quota system has resulted in a Malay dominated public service that is significantly under representative of all other ethnic groups.

### 3.2.3 Economy

When Malaysia was formed in September 1963, it was a relatively poor country, and had a small economy by any measure. In 1960, its GDP per capita was US$299, which increased to US$381 in 1969 (IMF 2011). After independence, Malaysia has successfully transformed its economy from an economy that was heavily reliant on the production of raw materials in the 1960s to a multi-sector economy driven by high technology and capital-intensive industries. Its major exports in 2011 included electronics (34.5 per cent), petroleum and products (9.9 per cent), palm oil (9.3 per cent) and chemical products (6.9 per cent). Malaysia is now an upper-middle-income country as its per capita GDP has increased from US$8,752 in 2010 to US$10,514 in 2013 (World Bank 2014a). It is also ranked as the twentieth most competitive nation among 144 countries in *The Global Competitiveness Report, 2014–2015* (Schwab 2014: 13).

A unique feature of Malaysia’s economic restructuring was the New Economic Policy (NEP) which was introduced in 1971 after the 1969 race riots as a socio-economic affirmative action plan to forge national unity. The NEP was implemented from 1971 to 1990. As its overriding objective was national unity, the NEP employed a two-pronged
strategy: poverty reduction regardless of race, and social restructuring to eliminate identification of race with economic function. The three areas targeted under the NEP were public higher education, government employment and private sector employment.

In terms of restructuring the economy, the target was to increase the Bumiputeras’ share of corporate capital from 2.4 per cent to 30 per cent, the share of the Chinese, Indians and others was to increase from 34.3 per cent to 40 per cent, while that of foreigners would be reduced from 63.3 per cent to 30 per cent. The target represented a 30:40:30 ratio of distribution among the Bumiputeras, other Malaysians and foreigners. To reach this target, it was projected that the Bumiputeras’ share would have to expand at the rapid rate of 30 per cent per annum while the equity shares of the Chinese and Indians had to expand by 15.4 per cent per annum. In support of the NEP, there were many other economic policy innovations since 1981, starting with the industrializing thrust to the Look East policy and privatization policy in 1983. Accordingly, the public sector also regulated businesses, by using legislative means and bureaucratic procedures and ethnic quotas for equity participation. The NEP ended in 1990, but the affirmative action-based policy was continued through the National Development Plans (NDP) (1991–2000), National Vision Policy (2001–2010) and the new Economic Model in 2010.

The achievements of the NEP are debated by some scholars. On the one hand, the NEP is viewed as a success story. Overall, other than a short period of severe economic recession during 1985–1986, the Malaysian economy has
expanded tremendously since the 1970s and was considered as one of the ten fastest growing economies during 1965–1990, which serves as a real world example of the redistribution and growth process advocated by the World Bank (Snodgrass 2002: 11).

Jacob Meerman (2008: 77) has viewed Malaysia’s economic growth as a paradox and asked how it could grow ‘at more than 6 per cent annually for over three decades (1970–2006) despite three recessions, while investing a sizeable proportion of its resources in redressing ethnic disparity?’ Furthermore, how could Malaysia transform itself in a generation from a rural primary producer to a partially industrialized, urban, middle-class country ‘while implementing a deep, invasive, and costly social policy?’ However, he concludes that ‘aspects of the NEP and some of the government’s strategic economic choices imposed high costs in financial losses and opportunities foregone’ (Meerman 2008: 107).

For poverty reduction, according to official data, the percentage of households living below the poverty line across all ethnic groups has been reduced from 49.3 per cent in 1970 to 12.4 per cent in 1992. The poverty rate in Malaysia further declined from 3.8 per cent to 1.7 per cent from 2009 to 2012 (Economic Planning Unit 2013; The Star 2013). Ragayah (2014: 21), however, observed that although the policies pursued yielded a rapid rate of growth, at an average of about 6 per cent, there was relatively little reduction in the level of absolute poverty since the poor, particularly the Bumiputeras, remained trapped in their traditional, low-productivity rural occupations.
A remarkable feature of this economic expansion, as Ragayah (2014: 36) argues, is that the high growth rate throughout the period has also been accompanied by low inflationary rates. Aside from the period from 1973 to 1974, inflation rates have always been in single digits, and the average annual inflation rate between 1971 and August 2009 is less than 4.5 per cent. The NEP was also recognized as a catalyst for the development of Malay entrepreneurs that led to a burst of activities in the private sector beginning from the 1970s. Bumiputeras’ equity ownership and trust agencies increased to 21.9 per cent from 1.5 per cent in 1969 (Malaysia 2010a: 403).

On the other hand, the NEP was most controversial and the government was criticized for practising economic discrimination towards the non-Bumiputeras. The NEP’s promotion of ethnic Malay capital was alleged to involve intra-ethnic selective patronage, ostensibly in an attempt to identify, pick and groom ‘winners’ (Gomez and Jomo 1999: 24–74). The NEP has also been criticized for severely undermining ‘inter-ethnic social cohesion’ and inhibiting ‘genuine entrepreneurial capacity’ (Gomez, Savaranamuttu and Maznah 2013: 3). This weakness of the NEP has resulted in a brain drain with many Malaysians leaving the country for greener pastures abroad every year.

According to Gomez, Savaranamuttu and Maznah (2013: 9) the goals of the NEP had been ‘achieved in part rather than in its entirety’. Poverty has been reduced but spatial disparities have worsened. Spatial inequalities, or disparities between beneficiaries in different regions, or between urban and rural beneficiaries, have increased because
preferences that were ‘designed to encourage Bumiputera entrepreneurship were disproportionately utilized by members of the targeted group in urban and prosperous rural areas’. Furthermore, the NEP’s implementation had not helped develop rural enterprises, even though this was one of its objectives. Poor infrastructural support in the rural areas and the inability of the poor to access quality education were also responsible for exacerbating the problem (Gomez, Saravanamuttu and Maznah 2013: 10).

The most recent development is a bold approach under the New Economic Model to transform the Malaysian economy into a high-income country by 2020, through the Economic Transformation Programme (ETP), a comprehensive effort initiated by Prime Minister Najib Razak. To support the ETP, there is the Government Transformation Programme (GTP), which addresses these eight National Key Result Areas (NKRA), namely reducing crime; fighting corruption; improving students outcomes; raising living standards of low-income households; improving rural infrastructure; ensuring access to clean water; improving urban public transport; and addressing the cost of living. Both the ETP and the GTP, which are under the concept of ‘People First Performance Now’, are the main agenda of Prime Minister Najib’s administration (Malaysia 2010b).

3.2.4 Demography

According to the 2010 Population and Housing Census, Malaysia has a population of 28.3 million people of which 91.8 per cent are Malaysian citizens and 8.2 per cent are non-citizens,
with some 22.5 million concentrated in Peninsular Malaysia and 5.8 million living in Sabah and Sarawak. The population, essentially a plural society, is characterized by deep ethnic divisions, with Malays (also known as the Bumiputeras, comprising mostly ethnic Malays as well as other indigenous ethnic minority groups like the Ibans, Kadazan-Dusuns, Kelabit, Bisayas, Melanaus and Bidayuhs) as the largest group, accounting for about 67.4 per cent of the total population, followed by the Chinese (24.6 per cent), Indians (7.3 per cent) and others (0.7 per cent) (Department of Statistics Malaysia 2011). In 2014, the total population was estimated as 30.1 million, with Bumiputeras at 68 per cent, Chinese 23.8 per cent, Indians 7.2 per cent and others 1 per cent (Department of Statistics Malaysia 2012: 7).

These ethnic divisions are compounded by language, religion, culture, economic, geographic and political differences along communal lines. The official language is Bahasa Melayu. However, there are many languages spoken by the various ethnic groups. The Chinese speak Mandarin and Chinese dialects such as Hakka, Hokkien, Cantonese, Teochew, Hainanese and Hokchiu (Lee and Tan 2000). The Indians speak Tamil, Urdu, Malayalee and Telugu. Islam is the official religion of Malaysia, but non-Muslims are allowed to practise their own religious beliefs (Article 11). The culture is a mélange mixture of different cultures. The Malays observe the Malay culture drawn from Arab and Persian influences dating back to more than 1,500 years ago, while the Chinese and the Indians observe their own cultures.

In relation to the public sector, the ethnic composition of the population is not well represented as it is dominated by...
the Malays. In 1969, before the introduction of the NEP, the Malays accounted for 64.5 per cent, Chinese 18.3 per cent, Indian 15.7 per cent and others 1.5 per cent in the public service (Lim 2013: 177). However, opponents of the government claimed that the number of civil servants of other ethnic groups is still lacking. Lim (2013: 190–4) argues that the quota policy in recruitment and promotion in the public service is a serious constraint affecting its effectiveness in policy implementation in Malaysia as the ‘best and brightest’ non-Malays avoid the civil service and work in the private sector or emigrate to Singapore, Australia and other countries.

In the economic sector the participation of ethnic groups illustrates a stark Chinese dominance. In 2005, thirty-four years after the NEP was introduced, in 1971, the Chinese who made up 27 per cent of the total population owned more than 70 per cent of commercial buildings (i.e., industrial premises, business complexes and hotels). In comparison, only 12 per cent of these buildings and premises are owned by Bumiputeras, who make up more than 65 per cent of the total population, while the Indians, who constitute 7.7 per cent of the total population, own 1.5 per cent (Shafii, Abidin and Ahmad 2009: 400). As Shafii, Abidin and Ahmad (2009: 400) argue, the ownership of business enterprises serves as an indicator for measuring the wealth disparity among the ethnic groups.

3.2.5 Political system

The Federation of Malaysia has a constitutional monarchy based on the British model. There are thirteen states, each
headed by the hereditary rulers known as the sultans. In those states with no hereditary ruler (the former British Settlements of Penang, Malacca, Sabah and Sarawak), a governor or Yang di Pertuan Negeri, appointed by the Yang di Pertuan Agong or King, heads the state. Besides the thirteen states, there are three Federal Territories: Kuala Lumpur, the national capital city; Putrajaya, the administrative capital; and Labuan in Sabah, an off-shore financial centre.

The Parliament comprises the Supreme Head (Yang di Pertuan Agong). Under His Majesty are the three branches of government: the legislative, the executive and the judiciary. The legislative branch consists of the Senate (Dewan Negara) or the Upper House of the Federal Parliament and the House of Representatives (Dewan Rakyat). The Dewan Rakyat comprises 219 members (elected from single-member districts) while the Dewan Negara has seventy members (twenty-six elected by the thirteen state assemblies and forty-four appointed by the King on the Prime Minister’s recommendation). Each state has its own constitution and a unicameral State Legislative Assembly (Dewan Undangan Negeri) whose members are elected for five years from constituencies based on population. The executive body at the state level is the State Executive Council (SEC). The SEC’s chief executive is the Menteri Besar or Chief Minister and its members are from the state legislature appointed by the ruler or governor on the advice of the Menteri Besar. Each state is divided into districts, which are sub-divided into mukims. After independence on 16 September 1963, elections to parliament and state legislative assemblies in West Malaysia have been held simultaneously, with individual state elections held in Sabah and Sarawak.
The executive branch has the power to govern (at the federal or state level), and has the role of implementing the laws that are passed by the legislative body in the Parliament or the State Legislative Assembly. At the federal level, the executive branch is known as the Cabinet. According to the Federal Constitution (Article 39), the power of the executive lies in the hands of the Yang di Pertuan Agong. However, executive power is exercised by the Cabinet, Parliament or by any minister empowered by the Cabinet. The nine rulers (Sultans) of the Malay states and the governors or Yang di Pertuan Negeri form the Council of Rulers, which was officially established under Article 38 of the Constitution of Malaysia. Every five years, the rulers of the nine sultanates confer through the Majlis Raja-Raja Melayu (Conference of Rulers) to select one of their own as the Federal Head of State (the Yang di Pertuan Agong), basically a symbolic supreme ruler. The Conference of Rulers originates from the Council of Rulers for the Federated Malay States of Perak, Selangor, Negeri Sembilan and Pahang in 1897 during the British colonial period.

The thrust of the Malaysian political system has been to achieve consensus between the different ethnic groups, although it is frequently argued that certain political parties represent and promote the elite of a community (Sanusi, Mansor and Kuddus 2003: 17). Elections to determine the representation in Parliament are held regularly every five years, and the political party with the majority of seats forms the government. The National Alliance (Barisan Nasional or BN) has been the ruling party since 1957. The BN consists of the United Malays National Organization (UMNO), the
dominant party that spearheaded Malaya’s independence, the Malaysian Chinese Association (MCA), the Malaysian Indian Congress (MIC), Parti Bersatu Sabah, the Sarawak United People’s Party and the other BN component parties.

This party system has endured for more than five decades in all twelve general elections since independence. At the heart of this success is the power-sharing formula forged through the BN, and its precursor, the Alliance, that allowed for pluralism in Malaysia’s multi-racial society, enabling all races to be represented in government and able to coalesce competing ethnic demands by mediation between political parties, a political system characterized as ‘an elite accommodation system’ or what Lijphart (1977: 153) describes as a ‘consociational’ arrangement.

The central focus of the political system is on national unity and the aim has always been to enlarge the economic pie so that Malaysians of every ethnic group can have an equitable piece of it. Despite constant political tensions and occasional upheavals among political parties in the coalition, in contrast with many of the Third World countries, as Crouch (1996: 21) observed, Malaysia has experienced politics characterized by extraordinary continuity since its independence. Crouch’s observation was true at least until the eleventh general election in 2004 when the ruling coalition won 198 seats, leaving the opposition far behind with only twenty-one seats. However, the results of the twelfth general elections held on 8 March 2008 indicate a deep political rift with an unprecedented setback for the ruling coalition as the opposition political parties made significant inroads and gained a momentous victory while the BN only managed to obtain
140 of the 222 parliamentary seats, slightly more than half the parliamentary seats in Peninsular Malaysia (51.5 per cent). The People’s Alliance (*Pakatan Rakyat*), which is a coalition between the National Justice Party (*Party Keadilan Nasional*), the Pan-Islamic Party (PAS) and the Democratic Action Party (DAP), obtained eighty-two seats and made significant inroads in five states (Fernando 2013: 24). This is the only general election besides the one in 1969 where the BN failed to capture a two-thirds majority of the parliamentary seats.

Evaluation of Malaysia’s political discourse shows how the BN’s control and domination has created a form of political hegemony. Khoo (2005: 13) argues that since the Malays form the largest proportion of the electorate, and UMNO has always won the largest share of the BN’s seats in Parliament, a crucial feature of this ‘majoritarian’ power-sharing arrangement is that the prime minister and his deputies are Malays, and Malays head the key ministries. He further argues that this affects public sector governance in two ways. First, the civil service became increasingly Malay-dominated in terms of staff recruitment, training, deployment and promotion at the higher administrative and professional levels. Second, as administration and regulations were increasingly ethnicized, an ethnic public sector–private sector divide emerged when the public sector applied ethnic quotas and targets to many socio-economic sectors (Khoo 2005: 18–19 and 26).

The national unity and economic focus is expressed in all of the national development plans of Malaysia, and the administrative and political context was shaped by the process of balancing and harmonizing the varied racial interests.
According to the World Bank, Malaysia’s percentile rank on the governance indicator on political stability and absence of violence/terrorism has decreased from 62 in 1996 to 47.9 in 2013 (World Bank 2014b).

3.3 Profile of the Malaysian public service

The Malaysian Public Service is divided into the Federal Government, the State Governments, Federal Statutory Bodies, State Statutory Bodies, Local Governments, Town and District Councils, Kuala Lumpur City Hall and the Islamic Council of Malaysia. The Federal Government administers the whole of the Malaysian federation through the powers embodied in the Constitution of the Federation of Malaysia. The state government is empowered to rule and manage the administration at the state level with powers vested by the Federal Constitution as the highest laws of the land. Local government, while relatively autonomous in its functions and decision-making processes, falls under the jurisdiction of the respective state governments, with the Ministry of Housing and Local Government playing an advisory role. However, as observed by Jomo and Wee (2002: 29), the central government controls the returns of petroleum and gas sales from the oil-producing states of Terengganu, Sabah and Sarawak through the National Petroleum Act of 1974, and these three states receive only a mere 5 per cent of the royalty.

In policy-making, however, the central government often relies on the state-level apparatus to implement many of its policies and deliver services (Watts 1999: 37). In shouldering this responsibility the state governments recruit
large numbers of civil servants. Watts (1999: 41) observes that although the federalist arrangements are ‘relatively centralized legislatively, they are much more decentralized administratively’, which confers upon the state-level governments a great deal of de facto autonomy in their policy directions.

Malaysia is the only country in Southeast Asia practising federalism as the other countries in the region have unitary systems. Federalism in Malaysia was characterized from the start by a ‘high degree of centralization’ (Watts 1999: 28). Briefly, powers were delineated across these three tiers: those held by the central government, those held at the state level and those to be exercised concurrently. The pur-view of the Federal Government, according to the Ninth Schedule of the Federal Constitution, stretches widely, from foreign affairs, defence, internal security, law and order, trade, commerce and industry as well as communications and transport, education and health. In addition, the Tenth Schedule of the Federal Constitution notes that ‘income taxes, property and capital gains taxes, international trade taxes including production and consumption taxes’ belong to the Federal Government, which then provides funds to the local councils in the form of a capitation grant (based on population size) and a state road grant. The role of the local councils is basically to provide services such as caring for the environment, public health and cleaning, enforcement and licensing, public amenities, social services, development and planning to its residents. The revenue of local government is derived mainly from assessment, rentals and licences, thus limiting their operational and development expenditures.
The federal administrative machinery consists of ministries, each with several departments and statutory bodies, headed by a Minister. The federal framework and the constitution, with twenty-six ministries and five central agencies, have created a strong central government headed by the Prime Minister that controls many budgetary and personnel matters and formulates national financial and economic policies (Sanusi, Mansor and Kuddus 2003: 43). Besides the ministries, the federal agencies also include the Ministry of Finance, the Economic Planning Unit (EPU), the Implementation Coordination Unit (ICU), the Public Service Department (PSD), the Public Service Commission (PSC) and the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU). These are known as central agencies and are powerful as they are responsible for formulating the national financial and economic policies, the public sector human resource policies, and monitoring and supervising the implementation of these policies, and controlling the budgets.

Besides the Federal Government there are thirteen State Governments which implement state functions. At the state level is the state public service, organized along similar lines. The State Secretariat is the highest administrative office. The state government generates its own revenues and incurs its own expenditures. The lowest tier is local government, also known as the local authorities, which collectively refer to the administrative authorities that are smaller than the state authorities. Local government collects assessment taxes, creates rules in the form of by-laws, grants licences and permits for trade in its area of jurisdiction, provides basic
amenities, collects and manages waste, and plans development in its area of jurisdiction. There are four types of local governments: the City Hall of Kuala Lumpur; the eleven city councils of each state capital; the thirty-six municipal councils; and the ninety-six district councils. These local governments receive financial grants from the state government and the federal government.

Government agencies consist of ministries, departments and statutory bodies. The statutory bodies, also known as public corporations, are created under the federal or state law for a particular business and placed under the control of the relevant ministries. Some examples of statutory bodies are the Malaysian Industrial Development Authority (MIDA), Inland Revenue Board, Malaysian Rubber Board, Malaysian Communications and Multimedia Commission, public universities and the state development corporation. Every statutory body is subjected to its own incorporation act, which sets out the purpose and specific powers of autonomy and functions. In terms of financial management, these statutory bodies have their own financial regulations and systems, with some dependent on government grants and others generating their own funds.

In 2014, at the federal level, there were 147 ministries and departments, 92 statutory bodies and 1 local council, whilst at the state level in Peninsular Malaysia there were 178 ministries or departments, 69 statutory bodies and 98 local councils. In Sabah, there were 39 ministries or departments, 13 statutory bodies and 22 local councils, while in Sarawak, there were 30 ministries or departments, 21 statutory bodies and 24 local councils (see Table 3.1).
Table 3.1 Number of government agencies in Malaysia, 2014

<table>
<thead>
<tr>
<th>Agencies</th>
<th>Ministries / Departments</th>
<th>Statutory bodies</th>
<th>Local councils</th>
<th>Total (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>147</td>
<td>92</td>
<td>1</td>
<td>240 (32.7%)</td>
</tr>
<tr>
<td>Peninsular Malaysia States</td>
<td>178</td>
<td>69</td>
<td>98</td>
<td>345 (47.0%)</td>
</tr>
<tr>
<td>Sabah</td>
<td>39</td>
<td>13</td>
<td>22</td>
<td>74 (10.0%)</td>
</tr>
<tr>
<td>Sarawak</td>
<td>30</td>
<td>21</td>
<td>24</td>
<td>75 (10.2%)</td>
</tr>
<tr>
<td>Totals</td>
<td>394</td>
<td>195</td>
<td>145</td>
<td>734 (100%)</td>
</tr>
</tbody>
</table>

Source: Organizational Division, Public Service Department, Malaysia.

3.3.1 Structure of the public service

The public service had 1.2 million employees in 2010, with 924,039 federal government employees (74.4 per cent), 113,998 state employees (9.2 per cent), 123,663 employees of federal statutory bodies (9.9 per cent), 18,838 employees of state statutory bodies (1.5 per cent) and 62,531 local government employees (5 per cent) (Ali 2013: 31). As outlined in Article 132 of the Federal Constitution, the public service covers twenty-eight schemes of service including the Federal Public Service, the State Public Service and the Joint Public Services, the Education Service, the Judiciary, the Legal Service and the Police and the Armed Forces.

Structurally, the public service is divided into several categories. In 1992, under the New Remuneration System, civil servants are categorized into four groups: Premier Group; Professional and Managerial Group; Support Group I; and Support Group II. The Premier Group or the Jawatan Utama Sektor Awam (JUSA) is the highest group.
and the most coveted in terms of salaries and perks. Members of the Premier Group are the leaders of the public service. The top civil servant is the Chief Secretary to the Government, *Ketua Setiausaha Negara* (KSN), who is also the Secretary to the Cabinet.

The public service is ethnically mainly composed of Malays with 25 per cent of non-Malays. This was partly the legacy of the British colonial policy of recruiting one non-Malay for every four competent Malay candidates under the quota system introduced in 1952, as well as the political ‘bargaining’ and the ‘special privileges’ in the Federal Constitution. The rationale for the quota system introduced by the British colonial government was to ensure that non-*Bumiputeras* do not outnumber the *Bumiputeras*, and that the merit criteria would result in the educationally disadvantaged group being under-represented in the public service.

Within the professional and managerial group is the MCS, presently known as *Perkhidmatan Tadbir dan Diplomatik* (PTD) (Administrative and Diplomatic Service). The Malayan Civil Service evolved through various phases until it was dissolved in 1966 after the formation of Malaysia and replaced by the Malaysian Home and Foreign Service. In 1972, the service was renamed as the PTD, and is often referred to as the premier service. It is a small service, and is recognized as the *crème de la crème* of the administration. The PTD has many things in its favour – the PTD officers hold extensive powers and key decision-making positions at the federal level or state level (Sarji 1996). Almost all strategic posts in the government at federal level, overseas, the states and district are headed by PTD officers. The government recruits about
400 officers annually into the PTD and the total strength is approximately 8,000 (Mohd Nasir 2010).

### 3.4 The public service’s role in policy formulation

Before going into the role of the public service in policy formulation, it is useful first to understand the sources of policy initiatives. Policy formulation involves laws and regulations. At the start, it is helpful to understand how laws and regulations are made as that will also help us in understanding the role of the civil service in policy formulation. Therefore, it is necessary to examine the institutional machinery. The analysis in this chapter is based on the theoretical framework of Van Meter and Van Horn (1975: 447) who define policy implementation as ‘those actions by public or private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions’. They view the implementation process as a top-down approach but stress their concerns about consensus, compliance and participation in policy formulation by subordinates. They have identified the importance of these six variables: (1) the policy standards and objectives; (2) the available resources and incentives; (3) the inter-organizational communication and enforcement activities; (4) the characteristics of the implementing agencies; (5) the economic, social and political conditions; and (6) the disposition of the implementers (Van Meter and Van Horn 1975: 462–74).

The institutional machinery consists of these central agencies: Ministry of Finance; EPU and the ICU of the Prime
Minister’s Department; PSD; PSC; and MAMPU are the most significant institutions in policy-making, as these agencies set the policy standards and objectives mentioned by Van Meter and Van Horn. The EPU is responsible for the formulation of broad objectives, policies and strategies in development planning, and sets the policy standards and objectives. It coordinates and prepares development budgets, evaluates the progress of development plans and advises the government on economic issues. It plays a central role in managing the national economy and in overseeing national economic policies, namely the NEP and NDP. The ICU is responsible for ensuring the efficiency of development projects and is an important source of policy initiatives. The MAMPU is responsible for introducing reforms in the public service to increase the quality, efficiency and effectiveness in administration. It also acts as an inspectorate to oversee the implementation of administrative reforms in the state and federal agencies. Of significance is the PSD, which is responsible for all the civil service sub-systems except for recruitment and discipline, which falls under the purview of the PSC. The Ministry of Finance is another important ministry as the custodian of Malaysia’s public finances.

The coordination and control by the above-mentioned central agencies encompass these important functions: examining and scrutinizing the estimated annual budgets of the state, public servant services scheme, public servant grades and positions; examining and scrutinizing the annual economic development programmes and projects of state, and also the five-yearly economic policy of the state; enforcing the financial regulations and public services;
coordinating the formulation and implementation of public policy, programmes and projects, as well as analysing and investigating public complaints and feedback with regard to the various governmental programmes and projects (Sanusi, Mansor and Kuddus 2003: 45–7). The central agencies not only provide the broad goal and specific performance assessment through the EPU but also ensure that there are resources and incentives through the MAMPU and the Ministry of Finance.

The Legislative branch is responsible for law-making. The Acts of Parliament are laws legislated by the Parliament which affect the country as a whole. The three tiers of government (federal, state and local) have their own jurisdictions in which laws are passed. The Malaysian legal system is mainly based on the common law. Its source is a mixed legal system of English common law, Islamic law and customary law; and a judicial review of legislative acts in the Supreme Court. Article 4(1) of the Malaysian Constitution states that the supreme law of the federation is the Constitution. The Constitution of Malaysia also provides for a unique dual justice system – the secular laws (criminal and civil) and the Islamic law or the syariah laws, which applies only to the Muslims and comes under the control of the Syariah Court. It covers matters such as marriage, divorce, adoption, wills and other offences under the Islamic law. The dual system of law is provided in Article 121(1A) of the Constitution of Malaysia. Federal laws, also known as Acts (of Parliament), are enacted by the Parliament of Malaysia and apply throughout the country. There are also state laws enacted by the State Legislative Assemblies that apply in the particular state. State laws
are often referred to as enactments or ordinances. Article 75 of the Constitution provides that federal laws prevail over any inconsistent state laws, including syariah laws.

All international commitments must be transposed into domestic rules before they can take effect on individuals, companies or organizations to which the international agreements are aimed to influence. There are two methods by which international law may be incorporated into domestic law. The first is through legislation which may expressly enact the terms of a treaty or convention to which Malaysia may be a party or it may implicitly do so by requiring domestic law to be interpreted in accordance with a treaty or convention. The second method is through the common law process. Courts may, through the interpretation of domestic law, introduce principles of international law into the domestic system.

The policy-making process involves several stages, such as identifying the problems, planning, recommending and formulating suitable alternatives, legitimizing policies, implementing the suitable action policy, coordinating various activities in the implementation of the policy and evaluating the effectiveness of the policy. In general, the politicians, civil servants at the federal government and related relevant interest groups are the three main players in the policy-making process. The politicians (cabinet ministers and Members of Parliament) and senior government officials are the major players in ensuring the success of policy implementation. The public, through interest groups, put forth their ideas for the government’s consideration.

The essential components of coordination within the government machinery lie at the federal level, two of which...
are the Cabinet and the Cabinet Committees. The most important councils are the National Development Council (NDC), the National Economic Council (NEC) and the National Security Council (NSC), which assist the Cabinet in dealing with such related fields as coordinating the implementation of development programmes and projects under the NDC, planning on economic aspects under the NEC and security aspects under the NSC. These councils are chaired by the Prime Minister himself. Furthermore, the National Development Planning Committee (NDPC), which is responsible for formulating the five-year development plans, evaluates and restructures all the development programmes drawn by various government ministries and agencies. The NDPC Chairman is the Secretary to the Government and the EPU serves as the NDPC Secretariat.

As the Federal Government has authority over macro-economic policies, these policy initiatives are coordinated by the EPU, Ministry of Finance (MOF) and Bank Negara Malaysia (BNM or the Central Bank of Malaysia) with the involvement of those agencies responsible for the development of various sectors. The EPU coordinates the policy-making process through the Cabinet Secretariat. The formulation and mid-term reviews of the five-year development plans, and the Privatization Masterplan, are undertaken by the EPU. The designated post is the office of the Chief Secretary, who is the Chief Executive of the Prime Minister’s Department and the Prime Minister’s major adviser. As Secretary to the Cabinet, he coordinates the policies of the various ministries and ensures that the decisions of the Cabinet are implemented. As head of the civil service, he is responsible for the efficiency
of the civil service and chairs the permanent committee meetings of the Secretary-Generals, the federal heads of Departments, and the Federal/State Liaison. Furthermore, the Inter-Agency Planning Group (IAPG) and the Technical Working Groups (TWGs) provide the technical support, which is supplemented by some ministries and departments.

In a normal federal system, there exists a reasonably equitable distribution of power, resources and revenue between the federal and state governments. However, Malaysia’s administrative system is highly centralized. Loh (2010: 132) argues that the situation is entirely different in Malaysia because its constitutional design privileges the central over the state and local governments ‘in terms of legislative jurisdictions as well as in revenue assignments’. This means that, as part of the federalist arrangement, the central government asserts its authority not only over foreign policy, defence, monetary policy and constitutional amendments, but also controls and taps resources that cuts across areas typically shared with or reserved for state-level government. However, the central government often relies on the state-level apparatus to implement many of its policies and deliver services (Watts 1999: 37). In shouldering this responsibility the state governments recruit large numbers of civil servants. As Watts (1999: 41) observes, although the federalist arrangements are ‘relatively centralized legislatively, they are much more decentralized administratively’, which confers upon state-level governments a degree of de facto autonomy over policy direction in the process of implementation.

The final arbiter on policy is the Cabinet. Policy papers submitted by the various ministries and government
departments for consideration are presented to the Cabinet by
the respective ministers. The Cabinet papers are prepared in
consultation with the relevant ministries and departments
whose views are incorporated. If there are dissenting views
on the policy, the decision is left to the Cabinet. The Cabinet
could instruct the relevant minister and the initiating agency
to consider the matter and resubmit to the Cabinet. There are
also councils, committees and task forces of the Cabinet – for
example, the Cabinet Committee on Competitiveness and the
National Implementation Task Force (NITF) – to vet specific
areas of policy, particularly the economic policy.

Other relevant groups are the non-financial public
enterprises and the government-linked companies (GLCs),
which are agencies operating in the corporate environment
in which the government has equity interests. Sources of
policies can also come from the non-governmental bodies
and the private sector. Representatives of private associations
and commercial groups participate in the budget dialogue to
provide views and recommendations to the government.
Another source are the independent groups such as university
academics and think tanks, which are also included in the
policy-making loop. The Institute of Strategic and Inter-
national Studies (ISIS), the Asian Leadership Institute (ASLI)
and the Malaysian Institute of Economic Research (MIER)
are some of the leading think tanks, which are partially
funded by the government to conduct studies and make
policy recommendations.

Public policies are finalized after several discussions
at various levels, involving the setting up of internal commit-
tees at the departmental level, and sometimes if the
memorandum requires comprehensive measures, the department appoints consultants, and conducts several brainstorming sessions involving individuals or representatives from the government agencies, private sector and non-governmental organizations (NGOs). The draft policy document is amended to satisfy the various sectors. Ministerial consent has to be acquired before the document is submitted to the central agency and in particular to the Cabinet.

After a policy draft has been developed, a memorandum to the Cabinet (recommendation paper) will be prepared. This is in line with the Order No. 1 of the Chief Secretary to the Cabinet 2000 entitled ‘Guidelines for Preparing the Cabinet Paper and Implementation of the Cabinet Decision’. The memorandum may include comments from the related ministries and central agencies such as the MOF, EPU, ICU and the Attorney-General’s Office. After these comments are taken into account, the responsible minister gives approval to forward the memorandum to the Cabinet weekly meeting (which is scheduled on every Wednesday) following clearance from the Cabinet Secretariat.

When the Cabinet approves the memorandum the decision is conveyed to the relevant ministries. The proposed measure may be expressed through other instruments such as statutory orders, regulations and guidelines (known as subsidiary legislation). It need not take the form of a parliamentary bill. The most important policy measures will be drafted as bills to be submitted to Parliament, while other measures will be drafted as statutory orders, regulations or guidelines. In the case of bills, the Ministry concerned proceeds to obtain a Notice of Presentation on the Bill to the House of
Representatives and the Senate for debate and approval in both Houses during the parliamentary session. The bill will be passed by both Houses (more than two-thirds of the votes) and will be submitted to His Majesty the Yang di-Pertuan Agong for the Royal Assent. The bill becomes law after being gazetted by the Parliament. Finally, the decision will be conveyed administratively to the related parties and through several high-level government meetings such as the State Executive Meeting, Meeting of Secretary-Generals of Ministries and Heads of Services, Meeting of Heads of Federal Departments, Meeting of Chief Executives of Federal Statutory Bodies, and Meeting of the Liaison Committee between the Federal and State Governments.

The implementation machinery is equally important to ensure the successful execution of the policies, and requires effective institutions, leadership, processes and mechanisms as well as good coordination and proper delivery systems. Generally, policy implementation is left to the lead agencies such as the various ministries and departments. Coordination among agencies is vital and is undertaken by the key agency responsible for the policy, such as the Ministry of Health (MOH) for policies concerning health, or the Ministry of Home Affairs (MOHA) for policies dealing with national security.

In relation to Van Meter and Van Horn’s framework, policy implementation is assumed to occur at two levels: macro-implementation, where the centrally located actors devise a government programme; and micro-implementation, where the local level actors react to these plans and develop their own plans and implement them. They also suggest that
these characteristics require the examination of coordination issues across institutions in the absence of operational authority. In the case of Malaysia, a system of oversight of policy implementation has been developed and occurs at different levels of government. This is related to Van Meter and Van Horn’s reminder that policy implementation is a process involving multiple actors and organizations with important roles played by the clients or recipients.

The oversight of implementation varies according to the type of policy, the implementing agency, and the groups affected by the policy. At the parliamentary level, the progress of the implementation of policies, programmes and projects are debated. The implementation oversight is usually integrated within a planning framework, covering a medium- to long-term planning perspective. Within the civil service, the system of oversight involves the setting up of steering committees, councils or groups. Steering committees, usually led by technocrats, are responsible for specific areas of policy to ensure that the implementation progress is on track. The NITF, established in 2006, with the Prime Minister as Chairman, for example, oversees the implementation of the Ninth Malaysia Plan. There is also the PEMUDAH, a joint public–private sector committee to ensure the smooth implementation of policies and make recommendations for the improvement of the delivery system.

The public service also continuously reviews the implementation of policies in the context of broader economic and social performance and specific targets. Where policies fall short of the target, adjustments are made so that policies move in the direction of consolidating the public

https://doi.org/10.1017/CBO9781316340653.005
https://www.cambridge.org/core
sector. As the Ministry of Information is responsible for policy presentation, public information officers stationed at the various ministries ensure that official news reaches the public through press conferences, press releases, ministerial interviews, interviews with senior officials and special launches.

On its part, the Malaysian public service has earned national and international acclaim for providing stability and contributing to the country’s prosperity. The significant feature of the role of Malaysia’s public service in policy-making is that it has created a strong mechanism that has become apparent over time, as recognized in the World Bank’s governance indicator on government effectiveness. Malaysia’s percentile rank for government effectiveness has improved from 76.1 in 1996 to 81.8 in 2013 (World Bank 2014b).

However, there have been significant obstacles to effective policy implementation. Being the major group in the population, the Malays have dominated the positions in the public service. The government has difficulty in attracting the other ethnic groups into the civil service, thus limiting the pool of high calibre candidates in the civil service. Lim (2013: 178–9) argues that since the NEP restructuring began in 1971 until 2005, the non-Bumiputeras have been underrepresented in the total public service (see Table 3.2).

Lim (2013: 185–6) also argues that there is a strong perception that the practice of ethnic preference is not limited to recruitment but also includes promotion, as the disproportionate control of the Malays in the senior positions in the public service seems to suggest (see Tables 3.2 and 3.3). The negative effects on public service performance pertain to three
Table 3.2 Ethnic representation in the Malaysian Public Service, 2005

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Top management group</th>
<th>Professional and management group</th>
<th>Support group</th>
<th>Total public service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>Malay</td>
<td>1,370</td>
<td>83.9</td>
<td>155,871</td>
<td>81.7</td>
</tr>
<tr>
<td>Other Bumiputera</td>
<td>23</td>
<td>1.4</td>
<td>6,156</td>
<td>3.2</td>
</tr>
<tr>
<td>Chinese</td>
<td>151</td>
<td>9.3</td>
<td>17,896</td>
<td>9.4</td>
</tr>
<tr>
<td>Indian</td>
<td>83</td>
<td>5.1</td>
<td>9,777</td>
<td>5.1</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>0.3</td>
<td>1,203</td>
<td>0.6</td>
</tr>
<tr>
<td>Totals</td>
<td>1,632</td>
<td>100</td>
<td>190,903</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3.3 Ethnic representation in the Malaysian Public Service, 2009

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Top management group</th>
<th>Management and professional group</th>
<th>Support group</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>Malay</td>
<td>1,360</td>
<td>79.3</td>
<td>212,733</td>
<td>74.6</td>
</tr>
<tr>
<td>Other Bumiputera</td>
<td>32</td>
<td>1.9</td>
<td>13,406</td>
<td>4.7</td>
</tr>
<tr>
<td>Chinese</td>
<td>165</td>
<td>9.6</td>
<td>30,415</td>
<td>10.7</td>
</tr>
<tr>
<td>Indian</td>
<td>120</td>
<td>7.0</td>
<td>14,468</td>
<td>5.1</td>
</tr>
<tr>
<td>Others</td>
<td>38</td>
<td>2.2</td>
<td>13,886</td>
<td>4.9</td>
</tr>
<tr>
<td>Totals</td>
<td>1,715</td>
<td>100</td>
<td>284,908</td>
<td>100</td>
</tr>
</tbody>
</table>

basic aspects, as Lim (2013: 192–4) argues: responsiveness, effectiveness and efficiency. Research on representative bureaucracy in the United States has shown that public servants are often more responsive to their own ethnic group than to other ethnic groups, and may seem to suggest that partiality is bound to occur (Bradbury and Kellogg 2011). Although such systematic studies are lacking in Malaysia, some observers (Means 1972: 46–8; Shamsul 1996: 25) have pointed to the same problem which led to the erosion of public trust in the public service. As Abdullah Badawi, a former Prime Minister, commented, ‘without the brightest minds conceptualizing, adapting, and driving public policies, good governance would remain an elusive ideal’ (quoted in Lim 2013: 194). This view was supported by another minister, Rais Yatim (2006: 196–7) when he observed that ‘the Cabinet formulates policies mainly pursuant to findings and submissions made by officials. However, as recent indications have shown, many of their considered opinions and findings have proven to be off-target.’

In response to the growing concern in the government over the calibre of civil servants, the PSC has recently stepped up the hiring of non-Bumiputeras into the public service. In 2009, the numbers recruited from other ethnic groups has increased (see Table 3.3). As Malays constitute the major group in the population, Malay domination in the public service would naturally persist.

Furthermore, evidence suggests that corruption is entrenched in the public service. Malaysia’s ranking and score on Transparency International’s Corruption Perceptions Index (CPI) seems to be declining. While the policy-making
processes seem to be right, implementation is another story as it is impeded by corrupt practices. Despite the government’s effort in combating corruption, the problem persists as reflected in Malaysia’s perpetual backsliding position on the CPI. In 2008, Malaysia was ranked 47th among 178 countries. In 2009 and 2010, its position was 56th. In 2011, it was ranked 60th among 183 countries, a drop of four places from 2010, and its CPI score was 4.3 out of 10. However, Malaysia’s ranking has improved from 54th position in 2012 to 50th position in 2014 (Transparency International 2014). Nevertheless, there are still concerns on issues of graft, as indicated in the Auditor-General’s Report, particularly on the political front. Transparency International’s Global Corruption Barometer 2013 reported that the police and political parties were the most corrupt institutions in Malaysia (Hardoon and Heinrich 2013: 36).

3.5 Implementing the ASEAN Cosmetic Directive (ACD)

3.5.1 Regulatory authorities for controlling cosmetics products

The regulatory authorities are the Enforcement Division in the MOH and the Biro Pengawalan Farmaseutikal Kebangsaan (BPFK) or National Pharmaceutical Control Bureau (NPCB), formerly known as the National Pharmaceutical Control Laboratory, which was formed in October 1978.\(^1\)

\(^1\) The empirical data in this section are based on personal interviews and group discussions with two NPCB officials and one MOH official.
As the NPCB was established to implement quality control on pharmaceutical products, its main activities are to implement the registration scheme of drugs and cosmetics through laboratory tests, research and information from international bodies. The Enforcement Division in the MOH monitors the products in the market.

The policy standards and objectives are defined by the NPCB and Standards Malaysia, designated as the Malaysian Compliance Monitoring Authorities (CMAs) by the Malaysian government. The NPCB is the CMA for the non-clinical safety testing of test items contained in pharmaceutical products, cosmetics products, veterinary drugs and food additives, whereas Standards Malaysia is the CMA for the non-clinical safety testing of test items contained in industrial chemicals, pesticides, feed additives and biotechnology (non-pharmaceuticals). The NPCB is responsible for the enforcement of the Directive under Regulation 29 of the Control of Drugs and Cosmetics Regulations 1984 in June 2009. Beginning in 1985, the NPCB was tasked with ensuring the quality, efficacy and safety of pharmaceuticals through registration and licensing scheme (National Pharmaceutical Control Bureau 2014a).

### 3.5.2 Legal framework for controlling cosmetics products

The Malaysian government instituted the legal framework for control of cosmetics products through the combination of various laws, regulations and guidelines. The related laws, regulations and guidelines are (1) the Sale of Drugs Act 1952
(SODA); (2) Control of Drugs and Cosmetics Regulations 1984 (CDCR); (3) Control of Drugs and Cosmetics (amendment) Regulations 2007; and (4) Guidelines for Control of Cosmetic Products in Malaysia 2009. The CDCR contains information on the product notification, importation, sales and manufacturing. It was revised in May 2009 to transpose the ACD and came into force in January 2010. Presently the CDCR is again under revision, waiting for the Parliamentary gazette. Under the Control of Drugs and Cosmetics (amendment) Regulations 2007, the company or person responsible for placing a cosmetics product in the local market must notify the Director of Pharmaceutical Services (DPS) through the NPCB prior to product manufacture or importation (interview with a senior NPCB official). The NPCB serves as a secretariat to the DPS, which is responsible for the cosmetics product notification process.

The Guidelines for Control of Cosmetic Products includes regulatory information pertaining to the Cosmetic Advertising Code as well as cosmetics claims. These guidelines were prepared by the Cosmetic Technical Working Group (CTWG), comprising the NPCB and representatives from the cosmetics industry that consists of associations representing the cosmetics industries: (1) Cosmetic Toiletries and Fragrance Association of Malaysia (CTFAM) and (2) Federation of Malaysian Manufacturers–Malaysia Cosmetics and Toiletries Industry Group (FMM–MCTIG). The Guidelines for Control of Cosmetic Products in Malaysia are prepared in accordance with the ACD. The primary goal of the CTWG is to implement an efficient regulatory control system without compromising consumer safety. The requirements of
the ACD are the fundamental principles of cosmetics product control: to ensure safety and quality and to regulate any claimed benefits of cosmetics products. The authority responsible for the regulation of cosmetics products lies with the DPS (group discussion with NPCB and MOH officials).

The Guidelines for Control of Cosmetic Products pertain to the Cosmetic Advertising Code and Cosmetic Claims Guidelines and cover: the regulation of cosmetics products; legal aspects of cosmetics control; legislation covering the manufacturer; notification procedure; post-market surveillance; cosmetics ingredients; labelling requirements; good manufacturing practices (GMP); authorization for manufacture, import or wholesale; test market sampling or aesthetic studies and in-house evaluation; reporting of adverse events; product recall, withdrawal; penalty; and the Cosmetic Advertising Code.

3.5.3 Regulations and monitoring at work

The implementation of the ACD came into force in Malaysia on 1 January 2008. The requirements of the ACD have been adapted and transposed into the Control of Drugs and Cosmetics (amendment) Regulations 2007 and the Guidelines for Control of Cosmetic Products. Prior to the ACD, from 2002 to the end of 2007, the control of cosmetics products was through pre-market registration for review and registration by the NPCB before the product could be manufactured, imported or sold in the country, and by conducting post-market surveillance. However, in conformance with the harmonization of cosmetics regulations in the ASEAN region,
this system has been replaced by a notification procedure starting from 1 January 2008. Instead of registration, companies are now required only to notify or to declare their compliance with the ACD to the NPCB. The company responsible for placing a cosmetics product in the local market is required to submit a notification to the DPS through the NPCB prior to any marketing, manufacturing, importing or wholesaling of the product. A notification note should be printed out for every product and variant (if any) and will act as the authorization to carry out the above-mentioned activities. The cosmetics products must not contain any substance that may cause harm to the consumer when applied under normal or reasonably foreseeable conditions of use (interview with a senior NPCB official).

The system has been improved further such that the product holder or the manufacturer can now notify online the Centre for Post Registration of Products, under the Cosmetic Section of the NPCB, and the procedure has been reduced to three days instead of one month, as previously. The system can filter ingredients of the products to ensure that the dangerous ingredients do not exceed the allowable limit (interview with a senior NPCB official).

Another notable improvement to the system is that Malaysia has proposed a new initiative at the national level to establish a pool of safety experts for the cosmetics sector and will explore the possibility of extending it at the regional level. This is conducted through the establishment of the Cosmetic Safety Expert Committee (CoSEC) by the NPCB. The main functions of CoSEC are threefold: to compile and review the ingredients list, toxicological data, technical and safety issues
related to cosmetic product/ingredients; to review the available technical data on cosmetics ingredients including the new and local botanical ingredients; and to review the relevant international standards on cosmetics and provide recommendations for possible adoption. CoSEC comprises members from the regulatory (NPCB), clinical experts, academia and cosmetics associations (group discussion with NPCB and MOH officials).

The NPCB conducts monitoring of cosmetics products through the Post Market Surveillance (PMS) programme to ensure that only safe products are being marketed. Action will be taken against cosmetics and toiletry products that are not compliant with the ACD. The PMS activities consist of screening of product formulation and information; audit of product information files (PIFs) for compliance with the regulations; sample collection, testing and monitoring of label compliance; audit of premises to ensure compliance with the ASEAN Guidelines for Cosmetic Good Manufacturing Practices; investigation of complaints; initiation of warning and information sharing system between ASEAN countries; monitoring of adverse reactions from cosmetics products; and monitoring of cosmetics advertisements. Some examples are the advertisements broadcast on television and radio, in magazines, newspapers, pamphlets, brochures and leaflets, online, on billboards, television programme slots, talk shows, on public transport, in testimonies and in advertorials (interview with a senior NPCB official).

Laboratory tests are conducted on products where doubts have been found in its ingredients, in particular whitening agents in cosmetics products (interview with a
senior NPCB official). The laboratory is certified with MS ISO/IEC 17025: 2005 on 14 January 2010 (discussion with NPCB officials). Besides the ISO certification, the laboratory also has the Principles of Good Laboratory Practice (GLP) endorsement, a quality system concerned with the organizational process and the conditions under which non-clinical health and environment safety studies are planned, performed, monitored, recorded, archived and reported. The purpose of these Principles of GLP is to promote the development of high-quality data applied to the non-clinical safety testing of items contained in pharmaceutical products and cosmetics products. The purpose of testing these items is to obtain data on their properties and/or their safety with respect to human health and/or the environment. Non-clinical health and environmental safety studies covered by the Principles of GLP include work conducted in laboratories and greenhouses, and in the field. The GLP Compliance Programme ascertains whether the test facilities have implemented the requirements described in the documents of the Organisation for Economic Cooperation and Development (OECD) Series on Principles of Good Laboratory Practice and Compliance Monitoring (National Pharmaceutical Control Bureau 2014b).

From January to September 2009, a total of 26,306 cosmetics were notified. The audit priority is on high-risk products such as baby products, products to be used around the eyes and mucous membranes, whitening products, history of notification holders and manufacturer numbers. According to the Officer of the Enforcement Division, the MOH conducts surveillance and monitoring activities on products in the market on a regular basis. From January to September
2009, fifty-two complaints were received. Initially, product sampling was targeted at fifty samples per month. However, the workload proved to be much greater than forecast, as the NPCB undertook product sampling almost six times what had been predicted (see Table 3.4).

Common complaints included unsubstantiated claims, non-cosmetic claims, incomplete labelling and dissatisfied consumers (interview with a senior NPCB official). Product complaints are important in order to provide the authority to conduct surveillance and monitor product quality and safety in the market, as well as being a trigger to conduct audit and product sampling. The information in these complaints is shared with other regulatory agencies such as ASEAN Alert.

The NCPB has been vigorous in its regulatory activities. From 2008 to 2014, sixty-nine products were recalled from the market, as shown in Table 3.5. The recalled products are listed on the NCPB’s website for the public’s information.

The two regulatory bodies may be considered in the light of Van Meter and Van Horn’s discussion on implementing agencies. The implementing agency, the NPCB, has its

<table>
<thead>
<tr>
<th>Item</th>
<th>Number (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samples being targeted</td>
<td>50</td>
</tr>
<tr>
<td>Targeted samples received</td>
<td>292</td>
</tr>
<tr>
<td>Products passing the laboratory tests</td>
<td>222</td>
</tr>
<tr>
<td>Products failing the laboratory tests</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: information provided by a Ministry of Health official.
own legal framework for control and sets its own standards and objectives. To ensure the understanding of the laws it implements, the NPCB issues guidelines based on the recommendations of its technical working group. It also engages the cosmetics industry to ensure the continuous improvement of its system of monitoring, enforcement and advice. This is done through CoSEC, which provides technical support and promotes research into product safety. There is thus a good inter-organizational relationship between the NPCB and the leaders of the cosmetics industry.

The impartiality of the implementing agency is demonstrated through its due process in vigorous monitoring activities – ISO certification of its laboratories, the adoption of the GLP Compliance Programme as described in documents of the OECD Series on Principles of Good Laboratory Practice and Compliance Monitoring, product sampling

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6</td>
</tr>
<tr>
<td>2009</td>
<td>12</td>
</tr>
<tr>
<td>2010</td>
<td>12</td>
</tr>
<tr>
<td>2011</td>
<td>5</td>
</tr>
<tr>
<td>2012</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>13</td>
</tr>
<tr>
<td>2014</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
</tr>
</tbody>
</table>

which went beyond their targets, product screening, surveillance, cancellation of notifications, product recalls and sharing of information with other regulatory agencies such as ASEAN Alert.

It should be noted that the state administration, besides being an operating or implementing agency, complements the federal agencies. However, by itself, the state administration operates in a constrained manner because it does not have the manpower or the capacity to operate like those agencies at the federal level. It is more concerned with the delivery of services such as cleanliness, safety and health, facilities, schools, lamp posts and roads. Furthermore, the local government in general is constrained by inefficiency and lack of funds.

3.5.4 Challenges in implementing the ACD

It has now been seven years since the ACD has been implemented. On the part of the cosmetics industry, the challenges in addressing the ACD are the high cost of manufacturing and overheads – for example, ingredients, packaging materials, transportation and electricity – together with a shortage of workers (interview with an FMM official).

Another issue concerns the ways of coordinating the ASEAN Cosmetics Association members to ensure the elimination of differences in implementing the ACD among the different countries. There are different interpretations on the listing of ingredients among the countries. The third challenge is that authorized personnel must have technical knowledge and experience on product contents and be well versed
in the ACD guidelines before conducting the notification process. An audit on product information is required for all notified products and made available when requested by the authority (interview with a senior NPCB official).

3.6 Implementing the ASEAN Ministerial Meeting on Transnational Crime (AMMTC)/Senior Officials Meeting on Transnational Crime (SOMTC)

While many countries have taken steps to combat transnational crime, there are diverging views on how best to tackle these threats and differing levels of development among the ASEAN countries in their laws and enforcement.\(^2\)

To enhance the importance of cross-border cooperation, Malaysia has spearheaded the formulation of a regional Treaty on Mutual Legal Assistance in Criminal Matters to which all the ten ASEAN countries have become signatories. This treaty has been accepted as the ASEAN Treaty on Mutual Legal Assistance in Criminal Matters to assist in reducing the legal red tape and combating transnational crime and terrorism, and facilitates cross-border cooperation in criminal investigations and the gathering of evidence for court proceedings (personal correspondence with senior MOHA officials).

While there are at least nine types of transnational crime identified in the ASEAN Declaration on Transnational

\(^2\) The empirical data in this section are based on personal correspondence with senior MOHA officials in Malaysia.
Crime, because of space constraints and for an in-depth discussion, this chapter will focus on two types of transnational crime: drug trafficking and trafficking in persons. These two types of transnational crime come under the purview of the MOHA.

3.6.1 Drug trafficking

As Malaysia occupies a strategic location, it is used as a transit point for drug trafficking to places such as Europe, Hong Kong, Taiwan, Singapore and Australia. While Malaysia itself is not a narcotic-producing country, the drugs are smuggled into the country mainly from the Golden Crescent (Iran–Pakistan–Afghanistan) and Golden Triangle (Laos–Thailand–Myanmar). Malaysia is a party to the 1988 United Nations Drug Convention (personal correspondence with a senior MOHA official).

The legislative tool to combat drug trafficking is the Dangerous Drugs Act 1952 and Dangerous Drugs Act (Amendment) 1975. In 1983, drugs were proclaimed as a national threat and a mandatory death penalty for drug offences was introduced. The measure still exists today. A National Drug Policy was formulated in 1996 with the objective of eliminating the supply of and demand for illicit drugs. This policy has three priorities: (1) preventing the smuggling of drugs into the country for local consumption; (2) reducing drug abuse; and (3) preventing the transit of drugs through Malaysia to third countries. The regulatory body is the National Anti-Narcotics Agency (AADK) and
the Royal Malaysian Police through the Royal Malaysian Police Narcotics Criminal Investigations Division.

Under the ASEAN Framework, besides being a State Party to the ASEAN Declaration of Principles on Drug Abuse Control 1976, Malaysia is a member of the ASEAN Senior Officials on Drug Matters (ASOD) since it was established in 1984. It is also a member of the ASEAN–China Cooperative Operations in Response to Dangerous Drugs (ACCORD) 2000. Malaysia’s commitment to eliminating drug trafficking is evident by it being also a State Party to the following three United Nations conventions: the Single Convention on Narcotic Drugs 1991; the Convention of Psychotropic Substances 1971; and the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988.

Between 2009 and 2011, 10,500 persons were arrested for drug trafficking in Malaysia, according to the MOHA (The Star 2012). Police statistics, as shown in Table 3.6, indicate that cases of drug trafficking are on the increase.

Despite the punitive anti-drug laws, the Deputy Home Affairs Minister, Datuk Abu Seman Yusop, indicated in April 2011 that, according to the latest police statistics, the

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of arrests</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,955</td>
</tr>
<tr>
<td>2010</td>
<td>3,700</td>
</tr>
<tr>
<td>2011</td>
<td>3,845</td>
</tr>
</tbody>
</table>

Source: The Star 2012.
number of drugs-related crimes had increased by 25.58 per cent in a single year, from 2009 to 2010. In 2010, 157,756 persons were detained under the various anti-narcotics laws compared with 125,620 persons detained in 2009. A total of 42,133 persons were arrested from January to March 2011 (Bedi 2011). According to the Ministry of Foreign Affairs, 1,597 Malaysian citizens are held overseas for crimes committed abroad. In another newspaper report, a total of 889 Malaysian nationals are said to have been detained abroad for drug offences over the past ten years – the largest number of Malaysians detained abroad compared with those accused of other crimes committed overseas (mysinchew.com 2012). The government continues to promote ASEAN’s ‘Drug-Free by 2015’ policy. Malaysia’s anti-narcotics officials and police officers have the full support of senior government officials, but systemic problems with the legal system hinder the overall effectiveness of enforcement and interdiction efforts.

3.6.2 Trafficking in persons

There are an estimated 2 million documented and 2 million or more undocumented foreign workers in Malaysia. They migrate willingly to Malaysia from countries including Indonesia, Nepal, India, Thailand, China, the Philippines, Myanmar, Cambodia, Bangladesh, Pakistan and Vietnam in search of greater economic opportunities. Some of them subsequently encounter forced labour or debt bondage at the hands of their employers, employment agents or informal labour recruiters. While many of Malaysia’s trafficking offenders are
individual business persons, there are also large organized crime syndicates.

Malaysia has enacted a comprehensive Anti-Trafficking in Persons Act 2007 (Act 670), and acceded to the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children on 26 February 2009 (correspondence with a senior MOHA official). From 2008 to September 2011, 357 cases were brought to justice. The details of these cases are shown in Table 3.7.

Simultaneously, from 2008 to September 2011, a total of 2,151 cases, comprising men, women and children of various nationalities, were rescued. Out of these, 844 persons were identified as victims of trafficking and were placed under the care of shelter homes (see Table 3.8).

Realizing the close relation between trafficking in persons and migrant smuggling, Malaysia decided in 2010 to amend the Anti-Trafficking in Persons Act 2007, and the amendments came into force on 15 November 2011. The various amendments include incorporation of the migrant

Table 3.7 Status of trafficking in persons cases brought to justice in Malaysia, 2008–2011

<table>
<thead>
<tr>
<th>Category of cases</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases charged</td>
<td>8</td>
<td>141</td>
<td>191</td>
<td>17</td>
<td>357</td>
</tr>
<tr>
<td>Cases pending trial</td>
<td>3</td>
<td>81</td>
<td>150</td>
<td>17</td>
<td>251</td>
</tr>
<tr>
<td>Acquittal and discharged</td>
<td>2</td>
<td>23</td>
<td>22</td>
<td>2</td>
<td>49</td>
</tr>
<tr>
<td>Cases discharged not amounting to acquittal</td>
<td>1</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Convictions</td>
<td>2</td>
<td>21</td>
<td>19</td>
<td>3</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: information provided by a Ministry of Home Affairs official.
smuggling elements in the Trafficking Act, heavier penalties for both offences, and expansion of the roles of the Council for Anti-Trafficking in Persons (MAPO), which will monitor and regulate policies relating to both crimes as well as gazetting the Labour Department as an enforcement agency.

A five-year National Action Plan against Trafficking in Persons 2010–2015 was launched on 31 March 2010, a document that reflected the national efforts to combat trafficking in persons. The government hoped that the National Strategic Plan would give a clear perspective and direction in its mission to address the crimes of trafficking in persons, including people smuggling. The National Action Plan is based on these four core principles: policy, protection, prosecution and prevention. The thrust of the National Plan comprises five guiding principles pertaining to government ownership, human rights-based treatment of victims, civil society participation and inter-disciplinary coordination at all levels, including systemic evaluation and sustainability. The National Action Plan, however, does not provide the

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>259</td>
</tr>
<tr>
<td>Women</td>
<td>481</td>
</tr>
<tr>
<td>Children</td>
<td>104</td>
</tr>
<tr>
<td>Total</td>
<td>844</td>
</tr>
</tbody>
</table>

Source: information provided by a Ministry of Home Affairs official.
concrete guide to implementers, or guidance on the assessment of performance, following Van Meter and Van Horn’s policy standards and objectives.

The MAPO was established in 2008. Following the Anti-Trafficking in Persons (Amendment) Act 2010, which also includes the smuggling of migrants, MAPO is now known as the Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants and is headed by the MOHA Secretary General. Its objective is to make Malaysia internationally accredited as being free of illegal activities in connection with human trafficking and the smuggling of migrants. Hence, its main function is to prevent and eradicate human trafficking and migrant smuggling crimes through the enforcement of the Anti-Trafficking in Persons (Amendment) Act 2010. However, records of MAPO’s meetings are not made available to the public.

In 2008, Malaysia was placed in Tier 3 of the US Department of State People Trafficking Chart. Perceptions seemed to have improved in the 2010 and 2011 reports, which placed Malaysia in the watch list of Tier 2 of the Trafficking in Persons Report 2010 released by the US Department of State. The Trafficking in Persons Report ranks countries according to their level of compliance on the established minimum standards for the elimination of human trafficking. The US report highlighted the low rates of prosecution in Malaysia: the police and immigration officials investigated ninety-seven suspected trafficking cases in 2011 but initiated only sixteen prosecutions.

Various public awareness and educational campaigns were launched through seminars, workshops and widely
disseminated brochures, and warnings are frequently published in the media, cautioning potential victims about overly lucrative job offers abroad. Starting in 2004, the Malaysian state-run television has broadcast documentaries on the victims of trafficking. Malaysia is also venturing into bilateral cooperation with Saudi Arabia, the United Kingdom, China, Vietnam, the Netherlands, Australia, United States and neighbouring countries to combat trafficking in persons. Malaysia and Thailand are working closely through multi-disciplinary team meetings that involve the Royal Malaysian Police, Malaysian Immigration and TENAGANITA (an NGO) and Thailand’s police and Ministry of Social Development. This network has successfully worked on a few human trafficking cases.

3.6.3 Challenges in implementing the AMMTC/SOMTC

The government has faced many problems attempting to tackle the issue of trafficking in persons, which involves trans-border crime with links to prostitution, drug trafficking and money laundering. First, most victims enter Malaysia as tourists and later get involved with human trafficking syndicates. Secondly, there is lack of public cooperation in providing information, and threats from the syndicates have discouraged victims from making reports. From 28 February to 30 May 2010, 1,447 persons were given interim protection orders under Section 44 (2) of Anti-Human Trafficking Act 2007. Among them, 338 were identified as victims of human trafficking and given protection orders under Section 51(3) of the same act (mysinchew.com 2010).
In addition, there seem to be ambiguities and confusion between trafficking in persons and migration. There is forced or involuntary migration, in which people are compelled to move out of their homes because of conflict, and voluntary migration, when people move out in search of better livelihoods. It is difficult clearly to differentiate between migration and trafficking in persons as the demarcation between the two is often not apparent and is a question of perception. Furthermore, most people who enter a country illegally are also engaged in illegal activities and the available statistics do not distinguish between smuggling and trafficking (Zarinah 2006: 56). According to Van Meter and Van Horn (1975: 472–3), the implementers must understand and accept the policy to ensure its implementation.

Zarinah (2006: 55) contends that the Malaysian government views the problem of trafficking in persons as smuggling and not trafficking because smuggling means that the transported persons have agreed to be transported. Thus, smuggled persons are considered as illegal immigrants rather than trafficked victims. Besides, the equivalent word in Malay does not distinguish between trafficking and smuggling. Consequently, trafficking issues are viewed as smuggling issues in Malaysia. The ambiguity of the issues and lack of clarity on the part of the implementers impede policy implementation, as argued by Van Meter and Van Horn. Furthermore, Malaysia has not ratified the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children although it has ratified the United Nations Convention Against Transnational Organized Crime, which, as Zarinah (2006: 56)
observes, seems to indicate some resistance towards addressing the human trafficking problem.

Equally important are the available resources and incentives mentioned by Van Horn and Van Meter. The Labour Department was gazetted as the enforcement agency. However, there are no additional resources in terms of manpower and finances for monitoring purposes. As the added responsibility did not come together with any form of support in terms of resources, the monitoring task was sidelined. The inter-organizational communication and enforcement activities mentioned by Van Meter and Van Horn appear to be lacking in the case of combating human trafficking. The mere presence of law in the case of human trafficking cannot guarantee effective implementation. There must also be concrete guidance and specific standards in assessing the performance of the regulatory agencies following Van Meter and Van Horn’s suggestion that there must be policy standards and objectives.

3.7 Conclusion

The preceding analysis of the role of Malaysia’s public bureaucracy in policy formulation and implementation has shown: (1) a strong central structure and capacity for macro-economic and strategic policy-making, over and above the policy-making in each ministry, to facilitate consultation among the ministries; (2) mechanisms to analyse and debate policies within each ministry; and (3) institutional links to the stakeholders and the public at large outside the government to provide transparency and accountability, as
well as to receive feedback on the policy or inputs for preparing policy proposals from interest groups and citizens. These structures help organize the workload of the Cabinet and facilitate the monitoring of policies that are implemented. Another exceptional feature of the role of Malaysia’s public service in policy formulation is the detailed consideration of options that preceded implementation, the involvement of public and private sectors in the specific design of policies, and the bundling of related policy measures to overcome legislative and coordination problems. However, in policy implementation, there seem to be some obstacles in the delivery system of the public service, in part due to the skewed representation of one ethnic group that could undermine the continued effectiveness and efficiency of the public sector.

Implementation problems also arise from the interaction between policy and micro-level institutions. Central actors can only indirectly influence micro-level factors and autonomy at the local level is necessary to allow adaptation of policy to suit contextual factors, as is evident in the case study on human trafficking, where the policy is ambiguous, and there is confusion even at the very beginning between migration and trafficking in persons.

In addition, the disposition of the implementers to champion the policy can encourage implementation and make a significant difference in ensuring its successful implementation. The case study on the implementation of the ACD identifies the CDCR as the champion agent, the MOH as the champion institution and the Enforcement Division in the MOH and the NPCB as the ‘implementation energizers’.
Furthermore, the NPCB also works together with the industry representatives and formulates industry guidelines to simplify the bureaucratic procedures. CoSEC is another important initiative that disseminates information on dangerous ingredients in cosmetics products to other member countries. There is also due diligence in monitoring activities.

In terms of combating transnational crime, Malaysia has introduced adequate and stringent laws, administrative procedures and regulations for the effective control over the trafficking of drugs and trafficking in persons. However, despite the existence of laws and regulatory frameworks, because of the sophisticated nature and mode of the illegal activities, combating transnational crime has not been easy for the regulatory agencies, and cannot be undertaken unilaterally. It needs continuous and collaborative efforts, both bilateral and multilateral among the ASEAN countries. From Malaysia’s experience, in addressing the ever-growing transnational crime, bilateral agency-to-agency contact remains the most effective way of sharing information. The challenge is for all ASEAN Member states to allow the information to be shared on a wider scale for practical use.

References


