

LOCAL GOVERNMENT SYSTEM IN MALAYSIA

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LOCAL GOVERNMENT SYSTEM IN MALAYSIA: A GENERAL PERSPECTIVE

INTRODUCTION

The Significance of Local Government System in Malaysia

The influence and impact of local government system on the general public in most countries are very significant. The local authorities, as administrative units operating under this system of government, touch the individual's life at many key points: Health, education, environmental cleanliness, housing, provision of basic services and the creation of opportunities for achieving a higher standard of living.

In Malaysia, local government, being the third tier of government also serves as an important mechanism to further the policies and to facilitate the implementation of relevant strategies and programmes of the federal and state governments. In the context of the country's development administrative system local authorities play that important role of planning, co-ordinating, managing and controlling development process at the local level. This, in fact is the spirit behind the latest local government reform undertaken in 1976. The national objectives of poverty eradication and redressal of the socio-economic imbalances in its development requires that the local government system be developed as an efficient, effective and viable system of government. And in furtherance of such objectives, it becomes imperative that ultimately every inch of this country should be served by the local authorities.

Various problems and issues have and will arise from the development of local government system in Malaysia. In the attempt to provide an overview of the system as it operates in this country this paper shall focus

on the following aspects:

- i) The general perspective, concepts and objectives of local government system in Malaysia;
- ii) The development of local government system;
- iii) The structure and organization of local government system;
- iv) The management and functioning of local authorities;
- v) The future: Issues and potential development of local government system.

General Perspective, Characteristics and Objectives of Local Government System in Malaysia.

An understanding of the concept of local government system as it operates in Malaysia requires an insight into the country's history, development experiences, political system and last but not least is the socio-economic problems it faced. Since this would extend beyond the scope of this paper, it would suffice to highlight only the salient aspects.

The local government system which was first introduced in the country in 1801 can be considered as the legacy of the colonial era, especially its concept of democracy. The British system of government was, however, an imposition upon the country's socio-political system: Before the British rule the country had its own political system and structure based on the traditional system of government, namely the traditional monarch or 'Sultanate-Rule'. This system of government was retained as an institution and incorporated into the new political system when self-government was established. Malaysia, thus, has a unique system of democracy where the sovereignty of parliament is being strengthened by the existence of a Parliamentary monarch, and where the federal system of government is strongly characterised by the dominance of the central government over those of the state or provinces.⁽¹⁾ The structural relationships between the various levels of government especially as they affect the local government system will be discussed in further detail in the subsequent section.

The issues and problems of development faced by the country may be viewed from many perspectives. Of these, the imbalances in development between regions, and the socio-economic disparities among the population especially between the major ethnic groups, assumed greatest significance. Thus, while adhering to the basic principles and objectives of democracy, freedom (autonomy) and administrative efficiency, local government in Malaysia also has as its major objective the social and economic development of the people and areas within its jurisdiction.

The development objective is imperative since the achievement of the

ultimate objectives of local government system in the country namely, national unity and nation-building, are dependent upon a more balanced and equitable development process.

In furtherance of its multifarious objectives local government system in Malaysia assumes many characteristics. It is one and at the same time a corporate body and a public institution. Thus, while it is by definition subordinate and represent one aspect of decentralised government, it also maintains a separate existence and capacity for choice. Among the essential qualities of local government administration in Malaysia includes the administrative and functional responsibilities that a particular local authority has upon a specific locality, and its power to appropriate legal authority and financial resources.

The section which follows will trace the development of local government system in the country from the day of its first conception to its most recent development, namely the restructuring process which represent another landmark in its steady growth.

THE DEVELOPMENT OF LOCAL GOVERNMENT SYSTEM IN MALAYSIA

The development of local government in Malaysia was associated with the expansion of British influence in this region. It began initially in Peninsular Malaysia and later spread to Sabah and Sarawak. Its development could be categorised into two distinct periods, namely, before and after restructuring of local authorities.

Before Restructuring

The concept of local government was introduced in Malaysia initially in the Straits Settlement in 1801 with the creation of an ad hoc voluntary body known as the Committee of Assessors. The body was given the task to undertake the planning and development of Penang. In 1827, the Committee of Assessors was formalised. However, with the enactment of the Municipal Rates Act in 1884, the Committee of Assessors was upgraded to Municipal Committees. Such organizations did not only govern Penang but also the other Straits Settlements of Malacca and Singapore. Two years later, the Municipal Committees were replaced by Municipal Councils. This was regarded as a significant development since it became a body corporate with full legal status. In 1857, Rural Boards which later became Rural District Councils were also created to manage rural areas.

The early period of 1900's saw the development of local government institutions in the other states of Malaysia including Sabah and Sarawak. In the Malay States, the system of local government was instituted through

the formation of Sanitary Boards in 1907. This was replaced by Town Boards in 1930. Subsequently, some of the Town Boards were converted into Town Councils through the Local Authorities Election Ordinance of 1950. In addition to this, Local Councils were also established in the kampungs and new villages through the Local Councils Ordinance of 1952.

In Sarawak, local government was introduced initially in the town of Kuching as a Sanitary Board in 1922 but 10 years later it was reconstituted as a Municipal Board. For smaller towns and rural areas, District Councils were formed to administer these areas through the Local Authority Ordinance of 1948.

Similarly, Sabah also developed its local government system initially through the formation of Sanitary Boards in 1901. This was replaced in 1954 by Town Boards and District Councils. However, the present system of local government in Sabah is governed by the Local Government Ordinance of 1961. This Ordinance provided local authorities with greater powers to perform several functions such as road building and agricultural improvement apart from the promotion of public health.

Before restructuring, there were 5 types of local authorities in Malaysia, namely, Municipal Council (including the City Hall of Kuala Lumpur), Town Boards, Town Council, District Councils and Local Councils. Also, the system of local government was introduced into the country initially in the form of Sanitary Boards to manage the urban areas. Gradually, they were upgraded and enlarged to become Municipal Councils, Town Boards, Town Councils, District Councils and Local Councils. Functionally, the local authorities were engaged mainly in house-keeping activities such as street lighting and refuse collection.

Restructuring of Local Authorities

Development in the 70's involved mainly the process of local government restructuring. It was brought about as a result of a report compiled by a Royal Commission of Enquiry appointed in 1965 to investigate into the workings of local authorities in Peninsular Malaysia.

Because of malpractices and maladministration in the running of local authorities, the Malaysian Government decided to embark on a restructuring exercise of all local authorities in Peninsular Malaysia. This move was coupled by several other reasons such as changing priorities in the objectives of local government, the lack of revenue, limited functions (without developmental role), small and inefficient administrative areas.

The exercise began with the enactment of an interim local government act in 1974. The main focus of the Act was the introduction of the Board of Management in the structure of management of individual local authorities. The Board of Management was to be a substitute for the Council. Later, in 1976 a new act called the Local Government

Act (Act 171) was introduced to initiate a comprehensive restructuring of local government system in the country. In view of the serious gap and deficiency between the various local authorities, the Act advocated the setting up of only two types of local authorities, namely the Municipal Council and District Council. The process of restructuring somehow was rather slow because it depended on the initiative of individual state government to undertake it. Nevertheless, to date about 90 local authorities in Peninsular Malaysia have been successfully restructured.

The process of restructuring was further intensified by the enactment of other related acts particularly the Town and Country Planning Act of 1976 (Act 172) and the Street, Drainage and Building Act of 1974 (Act 133). The Town and Country Planning Act of 1976 spelled out the planning powers of the local authorities, in particular they have to undertake the formulation of the structure and local plans for their area. The Street, Drainage and Building Act provides guidelines for development control in the local authority. These various acts together with the Local Government Act of 1976 provided a comprehensive basis for the restructuring exercise of local authorities in Peninsular Malaysia.

Attempts to review the structure of local government in Sarawak were made in late 1970's with the formation of a special committee appointed by the State Government. Although no restructuring has as yet taken place, a number of local authorities have been upgraded to municipal status. Likewise, the Sabah State Government also has upgraded the status of three local authorities to municipal status similar to that of Kota Kinabalu Municipality. These were the towns of Labuan, Tawau and Sandakan.

Comparing the development of local government system in Peninsular Malaysia, Sabah and Sarawak, several characteristics emerged. The local government system established was actually a legacy of British colonialism. However, over the years some substantial changes and modifications were made to ensure its suitability and adaptability. However, the changes and modifications have not sufficiently equipped the local authorities to meet the challenges of development. For instance, in Peninsular Malaysia, the activities of local authorities are regarded still wholly or partially urban. Hence, they have had little impact on the amelioration of rural poverty which is considered as one of the nation's main problem and concern. Nevertheless, the restructuring exercise may enable local authorities to play a greater role in the development of the country. This is especially so if the spirit and intentions of restructuring is to strengthen the local authorities both administratively and financially.

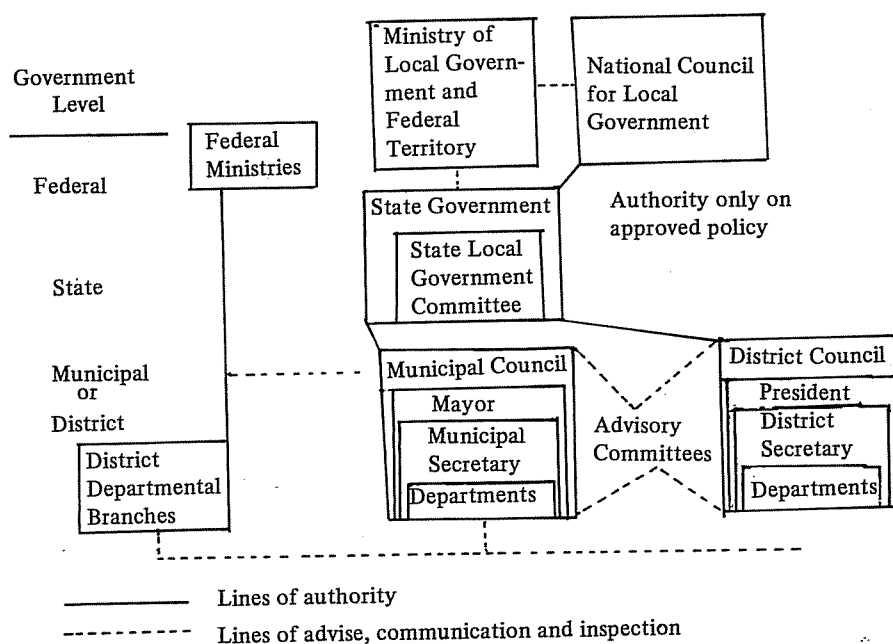
THE STRUCTURE AND ORGANIZATION OF LOCAL GOVERNMENT SYSTEM

The functioning of the local government system in Malaysia is very much dependent upon its organization and structure. These in turn are being influenced by its constitutional basis, and the relationships which exist between the local authorities, the Federal and the State Governments.

The Structure of Local Government System in Malaysia

Basically there are three levels of government in Malaysia, namely the federal, state and local government. The local government is the lowest in the hierarchy, (refer to Diagram I).

Diagram I
Basic System of Local Government Created by
the Local Government Act, 1976



In the above context, the Federal Government is the sovereign national, the State Government is the quasi-sovereign, and the local government the infra-sovereign. This means that the local government is only sovereign when it is explicitly provided by any specific legislation derived from the superior governments.

The Constitutional Basis

Para. 4 and 5 of the 9th schedule to the Federal Constitution provides for the organization of local government and most municipal services to be a state responsibility. This means that local government is a state creation. The constitution however, does provide certain powers to the Federal government, namely through the National Council for Local Government. In term of planning functions, the constitution provides that both the state and Federal government share the powers, and thus, it appears on the concurrent legislative list.

The Relationship Between the Local Authority and Federal Government

The relationship between the local authority and the federal government is governed by the relevant provisions in the Federal constitution. This is, however, limited to the power to legislate with the aims of co-ordinating the formulations and implementation of all laws, by-laws and policies adopted by the respective local authorities, (Article 76 (4) Fed. Constitution). In addition, article 94 (1) also provides that the Federal government may advise and give technical and financial assistance with a view to ensure the development of the local authority as a viable institution. This, in fact, serves as a basis for a continued relationship especially on matters relating to the management of the local authority.

As shown in Diagram I, the Ministry of Housing and Local Government plays the most significant role in the relationship which exists between the two level of government. However, other central government agencies such as the Public Services Department, the Ministry of Finance, the Ministry of Public Work, Ministry of Health and other central agencies such as the Implementation and Co-ordination Unit, and the Economic Planning Unit in the Prime Minister's Department all maintain some direct and indirect relationships.

The creation of the National Council for Local Government (NCLG) through article 95 (A) of the Federal constitution provides one of the most effective channel through which the federal government and its agencies could exercise their influences and maintain functional links with the local authority. The NCLG is the consultative body where the representatives from the states and federal governments could meet to discuss matters relating to local government system in the country.

The Relationship between the Local Authority and State Government

The state government has wide legislative powers to control the local authority directly or indirectly and to ensure its proper functioning by virtue of the provisions in the federal constitution which make local government a state matter. Based on this, the Local Government Act, 1976 (Act 171) empowers the state, in consultation with the Ministry of Housing and Local Government and the secretary of the Election Commission, to declare and determine the status of local authority areas, (Section 3, Act 171).

In addition the Act also provides the state authority with the following powers:

- i) the appointment of councillors;
- ii) the appointment of council secretary;
- iii) the power to approve the staff appointed by the local authority;
- iv) the reduction or rejection of any item of expenditure appearing in the budget or refusal to approve the annual budget;
- v) the power to withhold the imposition of rates by local authorities;
- vi) the power to refuse approval of loans and bank overdrafts;
- vii) the power to withhold confirmation of by-laws;
- viii) the power to transfer the functions of a local authority to the Chief Minister;
- ix) the power to order an inquiry into any malpractice in the local authority; and
- x) the power to give general policy guidelines to the extent that they are not inconsistent with the provisions of Act 171, (Section 9).

With respect to development planning and control, although the Town and Country Planning Act, 1976, (Act 172) declared the local authority as the sole planning authority within its area, clause (5) and (6) article 91 of the federal constitution specifies that the state authority is still responsible for providing the general policy for development planning and control of land use and buildings. The State Planning Committee, in fact, can from time to time give instructions to the local planning authority as long as they are not inconsistent with Act 171 and Act 172, and the local authority concerned must abide with the instructions.

The above provisions clearly provide strong and clear basis for the State authorities to monitor and supervise the set-up and the functioning of local government system in the respective state. However, the actual patterns of relationship and their effectiveness especially with respect to the development of local government system depends very much on the respective policies and strategies of the state governments. Consequently, there exist differences in the efficiency and the effectiveness among the local authorities in meeting their expressed objectives.

The System and Structure of Local Authority

The following section describes the management system and structure

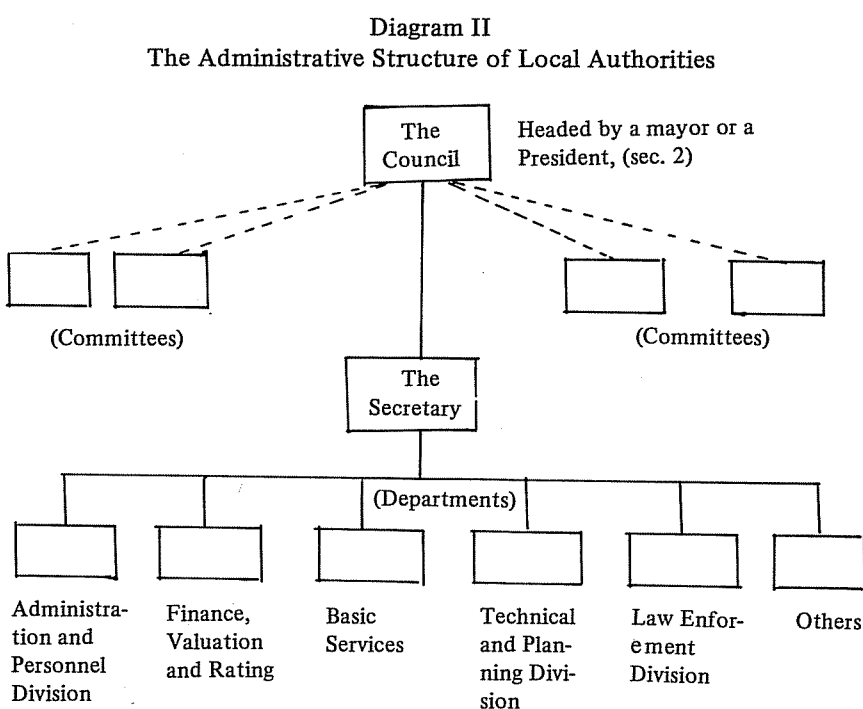
of local authority in Malaysia after the restructuring exercise.

Basically the management system and structure of local authority which is currently in existence are based on the requirements of the major Act, namely the Local Government Act, 1976. Under the Act, only two types of local authorities are created:⁽²⁾

- i) The Municipal Councils, (15);
- ii) The District Councils, (74)

Today, there are 89 local authorities in Peninsular Malaysia, each state having at least one and not more than fifteen local authorities. Perlis, the smallest state, has one, while Perak has the largest number of local authorities.

Diagram II shows the administrative structure of a local authority based on Act 171.



The governing council of each local authority consists of between twelve to twenty members and headed by either a city Mayor or Council President, (sec. 2, Act 171). The councillors are usually local residents who have wide experiences especially in local government affairs, they may be professionals community leaders or representatives from various ethnic groups.

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Various committees are usually established to assist the management and the decision making process of the local authority. Such committees may either be for specific matters or general affairs.

The secretary who is appointed under section 2 of the Act, acts as the Chief Administrator. He is not, however, the Chief executive, a post which is often held by a politician especially for local authorities having jurisdiction over large urban areas.

The foregoing analysis of the system and organization of local government system highlights the various attempts to ensure that the local authorities are viable units of government. The various legislations and structural links with the states and federal governments provide a strong basis for the smooth and effective functioning and operation of local authorities in the country.

THE MANAGEMENT OF LOCAL GOVERNMENT

The management of local authorities involved several activities but for the purpose of this paper, an attempt is made to examine only some aspects of it. This includes the role, function and responsibilities, the achievement of the New Economic Policy and local government finance.

Role, Function and Responsibilities of Local Government

Local government in Malaysia operates on the principle of ultra-vires. In other words, local authorities may perform those functions as specifically enumerated in its various Acts and by-laws. It has no general competence to undertake any activity according to its affordability. Because of this, it cannot undertake any activity that is beyond its powers or else it is ultra vires. Being a corporate, it can sue and be sued as well.

Another relevant concept governing local government function is the question of mandatory as opposed to discretionary functions. Mandatory functions include all critical functions such as refuse collection, street lighting and activities pertaining to public health. Such services have to be performed and given due priority to safeguard public health. On the other hand, discretionary functions are optional and include all develop-

ment functions such as providing amenities, recreational parks, housing and preparation of various plans. In general, the mandatory functions are considered housekeeping in nature, while the discretionary functions are developmental.

The Local Government Act of 1976 has considerably expanded the local government functions to include various development activities. Part VII, VIII, IX and XI deal with the normal functions such as maintenance of public places, streams, markets and the upkeep of crematorium. Part XII spells out additional powers for the local authority to undertake activities ranging from the development and control of building to major land development undertaking such as the creation of industrial estates.

The above Act has in fact enabled local authorities in Malaysia to perform several roles such as:

- a) local planning authority;
- b) licensing authority;
- c) the power to impose certain kind of taxes;
- d) the ability to be a developer to undertake public building and housing construction;
- e) the power to perform urban planning and management functions;
- f) as a traffic management and control authority;
- g) the ability to manage urban public transport systems;
- h) the power to plan and provide public utilities and amenities;
- i) the ability to construct markets, hawkers stalls and commercial complexes.

The present Act has provided local authorities in Malaysia with the most comprehensive role, functions and responsibility to be fulfilled.

Local Government and the New Economic Policy

The New Economic Policy (NEP) was initiated in 1970 (incorporated in the Second Malaysia Plan) with the following objectives:—

- a) To eradicate poverty irrespective of race; and
- b) To restructure society so as to reduce and eventually eliminate the identification of race with economic functions.

The achievement of the above objectives was to be executed by the various government agencies. In this case, local authority is no exception. They have to function and play their roles towards the achievement of both objectives.

The Experience of Kuala Lumpur in Poverty Eradication

The urbanization of Kuala Lumpur apart from tremendous infrastructural development, is also associated with the increasing squatter population. To date, the squatters represent one-fourth of the total population of Kuala Lumpur (which is presently estimated close to 1 million). Several studies have indicated that the majority of the squat-

ters fall within the category of poor.

Because of this, the City Hall has taken various steps towards its eradication in compliance with the first objective of the New Economic Policy. In 1978, a seminar was held at Fraser's Hill to discuss ways and means of meeting the problems associated with the urban poor. The following year with some assistance from UNICEF, the project Sang Kanchil was launched with the objectives of raising the standards of health and also education of the children of the urban poor. Later, the project was upgraded to a higher level and integrated under the Nadi Programme. With this programme, additional activities and projects were added. The most significant among these activities was the project associated with the income generation of the urban poor. It includes tailoring, pottery-making and book-binding activities. These activities have successfully resulted in increasing income of some of the urban poor households to as much as two-fold. However, due to financial constraints, the spread effect of such activities was rather limited. Nevertheless, it proved to be a viable project in meeting the needs of the New Economic Policy.

Restructuring of Society

Local government in Malaysia is also concerned with the efforts in restructuring the society so as to reduce and eventually eliminate the identification of race with economic functions. The process of urban development embraces a wide range of activities such as commercial and trading, development of new towns, industry, transport, housing, urban land activities, urban services and of course, urban poverty.

In the area of commerce, local authority helps to increase Bumiputra participation in the urban areas through equitable distribution of hawkers and trade licences and also the planning and development of commercial centers. Also, local authorities could assist in the development of industrial estates and ensuring that its distribution falls within the equity as stipulated in the New Economic Policy. Similarly, local authority could also play a role in restructuring the residential development of the urban areas through proper approvals of building plans.

Through proper town planning, local authorities would be able to make urban land under 'Malay-Reserves' more attractive for development and hence meet the objectives of the New Economic Policy. Also, urban renewal activities in the older towns could assist in physical restructuring of the urban population and its economic activities. Local authorities in the main continues to provide urban services in terms of refuse collection, sewerage cleansing and street lighting. To ensure that these services are provided along the lines of NEP, local

authorities would not only concern itself with the principle of efficiency but also balanced by the equity principle as laid down in the New Economic Policy.

Local Government Finance

The subject of local government finance is fairly broad but our discussion in this paper is confined to local revenue sources. Local authorities in Malaysia derive their revenue from the following sources:

a) Property Rates

Property rates refer to rates on land and building. It is normally based on annual rentable value. Rate is charged not on rent actually paid, but on an estimated rent. Income is regulated by the scale of rate levied and the value placed on the property.

However, in the state of Johor, local authorities utilize a different principle of valuation i.e. the rates are calculated on the basis of capital valuation. Here, the rate is levied on an assessed capital value of the property.

b) Licences and Fees

Apart from property rates, local authorities also obtain parts of their revenue from licences and fees imposed on the various trades that are carried out in their area. Examples include hawkers licence and various business licences. Sometimes, a local authority does render certain kinds of services to the general public such as providing facilities for games and social ceremonies. Some fees are obtained from such services.

c) Grant from the Federal Government

There are two types of grants currently allocated to local authorities in Malaysia, namely, the Annual Grant and the Launching Grant. The Annual Grant is calculated based on two formulas:

(i) Formula based on the total population as follows:

- for the first 5,000 persons, the rate is \$7.00 per person;
- for the second 5,000 persons, the rate is \$3.50 per person;
- for the 40,000 persons that follows, the rate is 50¢ per person.

(ii) Formula based on the total revenue of the local authority as follows:

- for the first \$10,000 of revenue collected, the rate is \$1.00 for every Malaysian ringgit collected;
- for the next \$40,000, the rate is 0.50¢ for every Malaysian ringgit.
- for the next \$50,000 and above, the rate is 0.10¢ for every Malaysian ringgit;

Launching grants were made available to local authorities that had restructured according to the Local Government Act of 1976. The grants

were given in order to assist local authorities to provide new or more efficient services to both existing and the newly enlarged area.

Both these grants were channeled through the various State Governments to the local authorities. In the main, the majority of the local authorities still depend to a large extent on the various grants for their major expenditure. However, with up-to-date revaluation exercise, some local authorities especially Municipal Councils are becoming less dependent on the Federal grants.

The above analysis shows that currently local authorities in Malaysia have to perform a wide range of functions both housekeeping and developmental in nature such as the achievement of the New Economic Policy. In spite of the limited sources of revenue available, the majority of the local authorities are able to perform some parts, if not most of the development task accorded to it. However, the future management of local authorities is even more promising, provided new sources of revenue are sought. Also, local authorities would have to focus on the more critical functions of achieving the goals of New Economic Policy.

DEVELOPMENT PLANNING AND CONTROL WITHIN THE LOCAL AUTHORITY

Among other things, local authorities exist to provide development planning and control for its areas. Without such service, urban development would occur in a haphazard manner. In Malaysia, development planning and control is guided by specific development plans such as structure and Local Plans. It is also regulated by several legislations such as the Town and Country Planning Act of 1976 and the various by-laws formulated by the individual local authority. The following sections would highlight some aspects of the legislative history of development planning and control and its salient characteristics.

Legislative Development

The legal basis of development planning and control within the local authority was laid in 1921 when a small advisory professional department was established to initiate some form of planning for local authorities. In 1923, the Federated Malay States Cap. 140 Land Acquisition Enactment was formulated giving power to the Menteri Besar (Chief Minister) to acquire land for residential, industrial and agricultural purposes. In terms of discipline, development planning and control during the early period was strictly engineering and surveying in nature.

However, in 1930, physical planning was initiated through the formulation of the Federated Malay States Enactment (Sanitary Boards) Cap. 137. Under Part IX 'Town Planning' of that enactment, the local author-

ity was required to prepare the General Town Plan. Matters to be included in the General Town Plan were various forms of communication system, zones or districts to show residential, commercial, industrial, agricultural and other uses, government reserves, parks, recreational grounds and open spaces and finally building lines. In addition, the enactment also enabled local authorities to carry out town improvement and renewal.

In 1973, the Kuala Lumpur Planning Act was adopted for the Federal Capital of Kuala Lumpur giving the city wider powers to control, regulate and plan the development of its area.

A major change in the legislative development of development planning and control of local authorities took place in 1973. This was the beginning of the restructuring exercise via the Local Government Act of 1976. However, the planning functions of local authorities was restructured according to the Town and Country Planning Act of 1976 (Act. 172). Today this act remains operative for all local authorities and it is gradually being implemented and adopted by them. Issues pertaining to building standards and related activities are regulated by the Street, Drainage and Building Act of 1974 (Act 133).

The Town and Country Planning Act 1976 (Act 172)

The Act contains several sections pertaining to policy and administration, development plans, planning control, development charge, Appeals Boards and other aspects. This section would highlight some of the salient features of the Act.

State Planning Committee

Every state is required to form a State Planning Committee which is responsible for ensuring the promotion, conservation and use of all land in the State. In addition, the State Planning Committee is also responsible for data collection and documentation of all aspects of planning and its methodology. The state planning committee is chaired by the Chief Minister and comprised of other members from the State Executive Committee, State Secretariat, Director of Land and Mines, Director of State Planning Unit, Director of Public Works Department, Director of State Town and Country Planning and the State Legal Officer. The office of the Director of State Town and Country Planning Department is to serve as the Secretariat and the Director himself as the Secretary and principal advisor to the committee.

Local Planning Authority

Under section 5(1) of the Act, every local authority shall be the local planning authority for the area of the local authority. This implies that with the adoption of this particular section, both the Municipal and District Council would be the local planning authority.

Among other things, the functions of a local planning authority are as follows:

- a) to regulate, control and plan the development and use of all lands and buildings within the area;
- b) to undertake, assist in and encourage the collection, maintenance and publication of statistics, bulletins and monographs and other publications relating to town and country planning and its methodology;
- c) other duties assigned by the State Authority.

Development Plans

In order to carry out the above planning functions, the local planning authority is required to prepare development plans specifically both Structure and Local Plans. The preparation of both these plans, requires the local planning authority to undertake the compilation of a Report of Survey. The Report of Survey among other things would include important aspects of physical, economic, environmental and social characteristics of the local authority area as well as its important landuses. Apart from these, the Report of Survey would include demographic characteristics, communication and traffic system of the area. The Report of Survey then would serve as the basis for preparing the Structure Plan.

The Structure Plan shall be a written Statement:

- a) formulating the policy and general proposals of the local planning authority with respect to the development and use of all land in its area;
- b) stating relationship of those proposals to general proposals for development and use of land in neighboring areas;
- c) other matters as prescribed by the State Planning Committee.

In addition, all proposals in the Structure Plan shall be related or justified by results of the survey, have regard to existing state and national policies and also indicate action area for comprehensive treatment. Also, the Structure Plan shall contain or be accompanied by such diagrams, illustrations and descriptive matters as the local authority thinks fit, for explaining or illustrating the proposals in the plan.

While preparing the Structure Plan or waiting for its approval or when it is approved, the local planning authority can proceed with the preparation of the Local Plan. The Local Plan normally consists of a map and a written statement about:

- a) proposals for development and use of the land in the Local Plan area towards improving the physical environment, communications and traffic management;
- b) other matters prescribed by the State Planning Committee.

Action area as identified by the Structure Plan requires immediate

preparation of a draft Local Plan. Besides, all proposals in the Local Plan would conform to the Structure Plan as it stands for the time being and other information as directed by the State Planning Committee. Apart from the 'Action Area Plan', the Local Plan could be in the form of a Subject or District Plan.

Public Participation

For the first time in the history of the development physical planning in Malaysia, the element of public participation was incorporated in the Town and Country Planning Act of 1976. The preparation of the Structure Plan should accommodate representations from the public. Also, adequate publicity and access to both the draft Structure and Local Plans would have to be made available to the general public. Finally, the State Planning Committee would receive all objections from the public with regard to the Structure Plan. Also, a public local inquiry would be formed to cater for public objections on the Local Plans. Both the plans may be changed and modified according to the views of the general public.

The Street, Drainage and Building Act of 1974 (Act 133)

The Street, Drainage and Building Act of 1974 was designed to serve the needs of local authorities in Malaysia with regard to the planning and control of the development of street, drainage and building within the local authority areas. Apart from having the power to construct, maintain and improve public streets, the Act also provides detailed guidelines regarding the development of private roads within the local authority areas. Also, the Act enables local authority to construct public sewers and control activities with regard to the use of buildings.

By-Laws

Apart from the Local Government Act and the Town and Country Planning Act of 1976 and the Street, Drainage and Building Act of 1974, the local authority is empowered to formulate by-laws with regard to development planning and control. Various by-laws that have been enacted cover activities such as traffic management, parking regulation, cleanliness, park maintenance and public health.

Problems, Issues and Prospects

The promulgation of the Town and Country Planning Act of 1976 was a bold step in the history of town planning in Malaysia. Its adoption not only complements the Local Government Act of 1976 but also introduced a flexible form of planning replacing the rigidity of the zoning Plan concept.

Although the new planning system has been introduced since 1976,

only a few Municipal Councils have been able to undertake the preparation of the Structure Plans. This is due to both financial and manpower constraints. The majority of the District Councils still operates on the basis of ad hoc planning which is based on intuition or a flexible up-gazetted Interim Development Plan.

Nevertheless, the Interim Development Plan does provide some guidelines for the orderly urban development of the local authorities. Thus, while waiting for the lengthy preparation of both Structure and Local Plans, the Government is currently giving emphasis to the preparation of the Interim Development Plan for the development of the medium and smaller towns. Such emphasis is also in compliance with the New Economic Policy objective of poverty eradication since the majority of the rural poor live in areas within or on the fringes of the District Councils. This is possible provided the plan prepared is able to accommodate their social well-being.

Furthermore, District Councils represent the great majority of the smaller and medium size towns in this country. Thus, if appropriate planning efforts are undertaken, this could assist the revitalization of these towns. This may in the long run be able to reduce or arrest the movement of people from the rural areas to Kuala Lumpur and other higher order towns. Such reversal is necessary in order to create a balanced national urban hierarchy in the country.

Finally, the success of planning depends a great deal on political commitment. In this case, the prospect of planning in Malaysia is certain to be bright given the present political structure which gives special attention to the efficient running of local authorities and the creation of clean and beautiful towns.

THE FUTURE AND POTENTIALS OF LOCAL GOVERNMENT SYSTEM IN MALAYSIA

The future of local government system in the country rests on several interrelated factors. Some may be considered as 'supportive factors' such as the social environment in which the institution operates while others appear as problems and issues that must be resolved for more efficient and effective functioning of local authority as instrument for development.

The Social Environment and Public Participation

In view of the fact that the local government system was itself established to encourage and facilitate the practice of democracy and popular participation in the management of local affairs, people's attitudes, expectations and the total social environment of the particular locality are

paramount. In the context of a multi-racial Malaysian Society together with its multi-facetted socio-economic problems there is no alternative to ensuring the success of local government system except through effective and meaningful public participation. Being the smallest unit of government, its future thus, lies with the people.

However, due to past experiences with local government there is a relative lack of interest and concern on the part of the general public on the affairs of local government, and this tends to slow down the effort to develop local authorities as the governmental machinery which is closest to the people and which must work more closely with the people.

Based on the above it become essential that various steps be taken to ensure increased public awareness, and interest in the local government system. In this respect a system of government established at the local level must be able to facilitate increased public participation in the management of their own affairs. This indirectly will also encourage co-operation and mutual understanding among the residents thus contributing to national unity and prosperity.

The Legislative Basis, Status and Role of Local Authority

It has been demonstrated earlier that the local authority has a very important role to play in the country's development process. Various policies, strategies and legislations have been adopted which define the status and provide the guidelines to the local authority, especially in terms of its role and functional areas. As the development of the local government system continues, some of them appear to be quite general, while others are found to be quite vague especially on some matters which arise in the course of their implementation.

The development of the system in this country depends on the extent to which these issues and inadequacies are resolved. Among the most pertinent are the issues relating to the power of the local authority in relation to the other government agencies. In terms of development planning and co-ordination, as a result of the restructuring exercise whereby most local authorities extended the areas under their jurisdiction, the distinction between the functional responsibility of the District Office and the local authority has become increasingly vague.

The principle that basic services should be organized on a geographical basis, (for example the area under specific local authority) rather than on functional basis with each service separately controlled by a different agency was logical enough when the requirement for such services (waste disposal, fire protection, housing, public health management, recreation etc.) was comparatively modest. However, with the increase in the level of development, and in the absence of adequate increase in the capacity of most local authorities to discharge all the responsibilities entrusted upon them, such arrangement has become ineffective. Conse-

quently, other government agencies have increasingly broadened their scope of authority and responsibilities on some aspects of the urban functions especially with respect to housing, public health management, transportation, and other economic activities. The question which arises at this stage is to what extent should other agencies be allowed to function at the expense of the local authority. And in so doing how will this affect the role and status of the local authority. These issues, in fact, are very crucial in the new urbanized areas such as the new townships within the regional development areas.

Other issues which directly or indirectly may affect the future role and function of the local authority are the parts played by the state secretariat (local government division), the Ministry of Housing and Local Government and the National Council for Local Government (NCLG). To a large extent the development of the local government system in the country is dependent upon the effective control, co-ordination and support provided by them. Although local authorities may carry out their functions independently of one another many problems and issues common to them could be resolved more effectively through joint efforts which could only be achieved through the right guidance and support given by the higher authorities.

The effective implementation of the socio-economic development role of the local authority in fact requires that it takes into consideration all relevant facts which exist within the social system in which it operates. The dynamic functions that the local authority has to perform must be in line with the current development process and the projected trends in the future. In Malaysia, in recognition of this demand upon the system, the local authority has at its disposal the three most important Acts which were described earlier. They, in fact serve as an important legal basis and policy instruments for the local authority in Malaysia to exercise its planning and development control functions more effectively.

The Implication of Local Government Reform, (Restructuring)

In the context of the recent restructuring exercise undertaken by most local authorities in the country, there is an increase in demand on the basic services to be provided by the local authority. In fact since the reform measure which was undertaken reflects not merely an attempt to increase administrative efficiency but also to improve the effectiveness in the developmental role to be played by the local authority, it becomes imperative that follow-up measures be undertaken to increase the capacity and capability of the respective local authority. In line with this among the steps taken by the local authorities in this country includes:

- i) to broaden their revenue base so as to increase and stabilize their income.
- ii) to increase their manpower and the level of expertise available.

- iii) to improve the facilities especially with respect to the provision of urban services.
- iv) to change the attitude and increase the motivation of their officers and councillors.
- v) to increase co-operation among the local authorities.

Local Government Finance: Implication and Prospect

As noted earlier the problems and weakness faced by most local authorities in Malaysia may also be attributed to the issues of finance, and its revenue base. Most local authorities could not break that 'vicious-circle of poverty' (the lack of funds to finance its services and development activities). The potential for the growth of local government system in the country may be dependent upon the capacity of the respective local authority to expand its revenue base. In this respect the idea of revenue-sharing and the need for the federal government to assist the local authority to expand their revenue base or to identify and develop new sources of revenue cannot be ignored. In recognition of this need, the Ministry concerned has conducted various studies with the aim of identifying new sources of revenue and other ways and means of solving the financial problems faced by local authorities.

Administrative Efficiency

One of the guiding principles behind the setting up of local government system is to meet the objective of administrative efficiency. It is argued that as the machinery of government becomes decentralized, some aspects of its functions may be more efficiently implemented. Bureaucracy becomes smaller and red-tapes are reduced. The Malaysian experience has demonstrated the fact that the mere effort to bring the decision making process to the lowest level does not suffice to meet the efficiency objectives. Efficiency in resource allocation and utilization is very much dependent upon the quality of the decision making process which had taken place. This in turn depends on the manpower and the expertise available at the local level. This is what is lacking in most of the local authorities.

Among the measures which are currently being undertaken with respect to the above include:

- i) The development and implementation of a comprehensive training programme for officers and staffs of the local authority through the National Institute of Public Administration and other overseas and local institutions.
- ii) The attempt to create a 'common-user service scheme' with the idea of providing pool of local government experts and professionals.
- iii) The implementation of the 'Look-East Policy' to local government administration. This is an attempt to develop positive attitudes and

- suitable work ethics with the aim of increasing productivity.
- iv) Providing more opportunities for exchange of ideas and experiences among managers and decision makers of the local authorities through seminars and workshops.

Development Planning and Control within Local Authority

As mentioned earlier, various steps have been undertaken to ensure that local authorities in the country could effectively and efficiently carry out their development planning and control functions.

However, due to various factors, some related to the lack of financial and expertise while others because of the interrelation of such factors as political and social, development planning and control measures undertaken by most local authorities have not been fully effective. Since this may affect the role and function of the local authority concerned, efforts have been made to assist them. In terms of financial and manpower resources, for example both the federal and state authorities offer assistance in the preparation of the structure and local plans. In addition, through various seminar and workshops, greater awareness, concern and appreciation have been generated especially among the politicians and government officers with regard to the various issues of development planning and control.

CONCLUSION

The above analysis attempts to briefly describe the system and highlights some of the salient features, problems and issues faced by local authorities in the country.

Although many improvements have been made to the system and structure of local government in Malaysia, the effectiveness of its role and the efficient execution of its responsibilities are, however, dependent on the efforts made to solve new problems and issues which have arisen. New adjustments to the role and functions of the local authority have to be made so as to ensure that they would be in line with the dynamics of the development process experienced by the country.

As mentioned earlier, the local authority as an instrument for achieving the national development objectives has an important role to play in the context of increasing the level of development experienced by the country. The need to eradicate poverty and the restructuring of the Malaysian Society could only be more effectively achieved through the efficient functioning of the local government system. The development of the local government system in the country has therefore to be viewed from the perspective of the social and economic development of the country as a whole.

NOTES

- (1) Although Malaysia is under a Federal system of government, it functions more like a unitary system, where the central government enjoys vast power vested upon it by the Federal Constitution.
- (2) The City Hall or Federal Territory of Kuala Lumpur was established by separate law or Act of Parliament and comes under the jurisdiction of the Federal Government. In the case of the East Malaysian states of Sabah and Sarawak the application of Act 171 is now under consideration. The structure and number of local authorities in the two states thus remain unchanged.