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Seminar on Local Government in Malaysia: The Search for New Directions

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***Local government in Malaysia:
an overall assessment***

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LOCAL GOVERNMENT IN MALAYSIA: AN OVERALL ASSESSMENT

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*Seminar on Local Government in Malaysia:
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Structure of Presentation

Background of Local Government in Malaysia
Position of local government
Legal Backing
Functions and Responsibilities
Role as Agent of Change
Finance
Human Resource
Some Comparative Indicators

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Background to Local Government in Malaysia

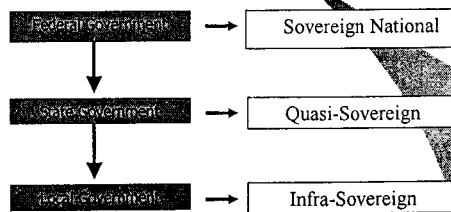
- British occupation in then Malaya created heavy influence in local governance. Committee of Assessors was established in Penang in 1801.
- By 1948 – 4 municipalities, 65 town boards, 4 rural boards
- This increased to 3 municipalities, 37 town councils, 6 autonomous town boards, 31 non-autonomous town boards, 7 district councils, 289 local councils by 1966
- These authorities carried a variety of functions
- The federal control over state governments were extensive prior to independence in 1957
- Federal Constitution delineates the functions of federal and state governments

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- The first local election was held in 1857 in Penang. After the Ordinance of Township was approved in the Georgetown and Malacca, the first election was held on 1 December 1951 – Penang Municipal Council, followed by Kuala Lumpur on 16 February 1952 to elect 12 councillors.
- Election Commission was introduced in 1960 – shifted the elections from local to national elections, suspended local elections.
- Local elections have been shelved since 2 March 1965.
- Councilors are now appointed.

Position of Local Government



Main Legislations

- Peninsular Malaysia
 - Local Government Act 1976 (Act 171)
 - Town and Country Planning Act 1976 (Act 172)
 - Street, Drainage and Building Act 1974 (Act 133)
- Sabah – Local Government Ordinance 1961
- Sarawak – Local Authorities Ordinance 1948
- National Council for Local Government (Item 95A Federal Constitution) Items 95B-E refers to role of Sabah & Sarawak in NCLG



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Federal Functions	
• Foreign affairs	• Surveys, inquiries and research
• Defence and internal security	• Education
• Finance	• Medicine and health
• Trade, commerce and industry	• Labour and social security
• Shipping, navigation and fisheries	• Newspapers, publications
• Communications and transport	• Co-operative societies
• Federal works and power	• Prevention and extinguishment of fire



State Functions
Muslim religious laws and customs
Land
Agriculture and forestry
Local government
Markets, fairs, licensing of theatres
State works and water
Machinery of the state government
Local public services



Shared Functions
Social welfare
Town and country planning
Public health
Animal husbandry
Drainage and irrigation
Fire & safety
Culture and sports, housing
Wildlife, national parks



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Local Government - Responsibilities

- A long list of responsibilities and functions
 - Maintenance of township, roads, street lights and drains
 - Collection and disposal of solid wastes (including sewerage)
 - Trimming of trees and grasscutting
 - Landscaping and beautification
 - Licensing of hawkers and businesses
 - Control of building plans and advertisements



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- Vector control
- Public recreation facilities (fields, swimming pools)
- Public housing (only in some places)
- Pets licensing
- Public toilets
- Crematorium
- Rest houses
- Car Parks
- Market
- Enforcement



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Categories of Services

- Mandatory
- Obligatory



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Functions Shifted from LAs

- Management of Rivers
- Fire
- Drug controls
- Public libraries
- Museum
- Water supplies and reservoir maintenance
- Solid waste disposal and urban services
- Sewerage services
- Maintenance of Federal and State Roads

Role as Agent of Change

- Directly answerable to state government
- Plan development activities using own or state or federal funds
- Every development plan must also be approved by the State Government (State Planning Committee)
- Provide economic opportunities for petty traders
- Plan for development of the township
 - Structure Plan
 - Local Plan
 - Special Area Plan

- Function: Non-profit organisation vs. Commercial organisation
- Local authorities do not freely own land. Hence they do not have a free hand in developing land.
- Local authorities have to compete with State Economic Development Corporations that is awarded land for commercialisation

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- Basically three types of local authorities, i.e. **city councils**, **municipal councils**, **district councils**.
- Provide four types of deliverables (DUPE):
 - Development
 - Urban services
 - Planning
 - Enforcement



- Unlike private organisations, **local authorities** are **hardly accountable** to the very people taxes are drawn from. Local governments provide social services unlike the private companies. Profits are not important.
- Funds derived by local governments are from **taxes, non-tax revenues** and **grants** from higher levels of governments.
- Carries out **obligatory, discretionary services** and as **agents of development**.



- Efficiency and effective **use of resources** are often **questioned**.
- Recent calls for efficient local government services showed **high level of dissatisfaction** of the services provided.



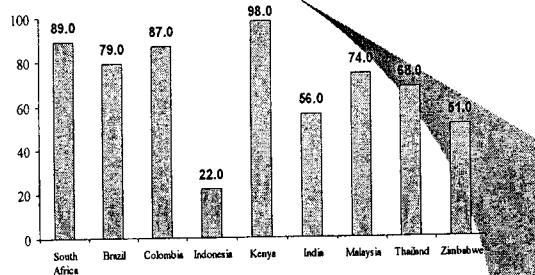
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Finance

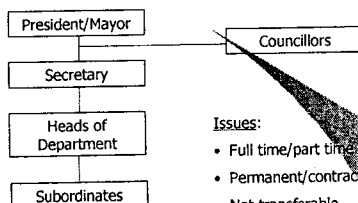
Three broad category of local government revenue are:

- Taxes
- Non-tax revenue
- Grants
- Financial autonomy reflects the capability of government to finance its expenditures using its own revenues

Level of Local Financial Autonomy in Selected Developing Countries (%)



Human Resource



Issues:

- Full time/part time
- Permanent/contractual
- Not transferable
- Vacant positions
- Lack of professionals in smaller local authorities

Some Indicators – A Comparison

	Revenue by Source (%)			Total Own Revenue (a) + (b)
	Taxes (a)	Non-Tax Revenue (b)	Transfers (c)	
Hong Kong (1999)	53.0	26.0	21.0	79.0
Melbourne (1999)	54.0	43.0	3.0	97.0
Seoul (1999)	59.7	23.0	17.3	82.7
Toronto (2000)	44.1	22.3	33.6	66.4
Kuala Lumpur (2003)	63.0	28.8	8.2	91.8
Georgetown (2005)	67.8	31.0	1.2	98.8
Putrajaya (2006)	24.5	24.3	51.2	48.8

Sources: ADB (2001), www.toronto.ca/finance/index.htm, DBKL, Laporan Tahunan dan Penyata Kewangan DBKL Tahun 2003.

Note: The Urban Council of Hong Kong and the Regional Council of Hong Kong have been abolished in 1999. Since then the local government functions have been diluted as a department role.



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	Taxes	NTR	Transfers		Taxes	NTR	Transfers
MPSJ	71	18	5	MPBP	60	21	12
MBSA	76	20	3	MDMrg	40	33	18
MPPJ	65	28	7	MCKS	41	43	21
MPSyg	68	25	2	MORaub	56	21	16
MDBig	65	15	23	MPKjg	11	21	17
MDCH	49	34	13	MORmpin	11	20	64
MDSRgm	68	26	17	MPL	57	11	28
MPKulal	86	11	4	MDLabis	18	74	74
MDSgml	70	22	6	MDY	6	45	49
MPMuar	53	40	7	MDHSeI	47	7	30
MPTmloh	64	28	11	MDLpla	22	21	35
MBJB	78	24	6	MDPlian	36	17	44
MDVlgt	45	23	31	MOBB	15	22	38
MPKIn	58	31	4	MDBalng	9	28	62
MPSPetani	45	41	7	MDPekan	20	11	46
MPKluang	60	19	17	MBKS	45	23	27
				MDPendg	8	17	74
				MDPterap	4	9	87

Note: Total may not add to 100% due to irregularity in financial reporting - actual/accrual system.



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Local govts to get RM236m

Grants to be used to create safe cities

KUALA LUMPUR, Oct 15 (Bernama) — The Ministry of Home Affairs (MHA) has announced that it will allocate a total of RM236 million in grants to 13 local government bodies (LGBs) to create safe cities. The grants will be used to fund various projects aimed at improving the safety and security of the cities, including the installation of security cameras, the deployment of security forces, and the implementation of safety drills. The LGBs that will receive the grants are the Kuala Lumpur City Council (DBKL), the Petaling Jaya City Council (PJCC), the Klang City Council (KCC), the Seremban City Council (SCC), the Alor Setar City Council (ASCC), the Ipoh City Council (ICCC), the Taiping City Council (TCC), the Teluk Anson City Council (TACC), the Teluk Anson City Council (TACC), the Teluk Anson City Council (TACC), the Teluk Anson City Council (TACC), the Teluk Anson City Council (TACC), and the Teluk Anson City Council (TACC).



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Per Capita Expenditure and Resource Indicators

	Per Capita		% of Property Tax Collected
	Capital Expenditure (\$USD)	Operating Expenditure (\$USD)	
Hong Kong	1053.00	3171.00	NAV
Melbourne	1200.00	6680.00	80.0
Seoul	216.48	152.55	96.1
Hanoi	20.30	62.42	96.6
Kuala Lumpur (2003)	89.18	119.82	97.2
Georgetown (2005)	26.56	87.76	70.4
Putrajaya (2006)	3466.47	1708.63	123.6

Note: 'Property tax' includes 'contribution in lieu' by government agencies.

	MPPP (2005)	DBKL	MBI	MP (n = 8)	MD (n = 19)
Population served per staff	1: 186	1: 177	1: 205	1: 354	1: 437
Population served per officer (professional)	1: 8,377	1: 4,091	1: 25,234	1: 23,596	1: 102,001

PERFORMANCE OF SELECT LOCAL AUTHORITIES

	Index	Rank
MP Subang Jaya	1.000	1
MB Shah Alam	0.996	2
MD Simpang Renggam	0.956	3
MP Petaling Jaya	0.945	
MD Cameron Highlands	0.930	5
MP Selatong	0.922	6
MP Bentong	0.918	7
MP Kulai	0.912	8
MD Segamat	0.904	9
MP Muar	0.897	10
MP Temerloh	0.887	11
MP Batu Pahat	0.878	12
MB Johor Bahru	0.878	13
MP Klang	0.857	14
MP Kuanten	0.850	15
MD Mersing	0.850	16

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	Index	Rank
MD Kuala Langat	0.845	17
MP Sungai Petani	0.838	18
MD Kuala Selangor	0.836	19
MP Kajang	0.824	20
MD Rompin	0.814	21
MD Raub	0.799	22
MD Labis	0.780	23
MP Langkawi	0.774	24
MD Lipis	0.765	25
MD Hulu Selangor	0.765	26
MD Yan	0.756	27
MD Pontian	0.738	28
MD Bander Baharu	0.730	29
MD Baling	0.702	30
MD Pendang	0.687	31
MB Alor Setar	0.669	32
MD Pekan	0.604	33
MD Padang Terap	0.595	34