



THE LOCAL GOVERNMENT SYSTEM IN

MALAYSIA



1 INTRODUCTION

Malaysia is a federal state comprising 13 states and three federal territories. It is a constitutional monarchy located in south-east Asia, with a population of 24,821,286¹ and a land area of 330,242 sq km.

The federal parliament, based in the capital Kuala Lumpur, is bicameral. It comprises the Senate, which has 69 non-elected members – two from each state and 43 appointed by the king, holding their positions for three-year terms irrespective of the dissolution of parliament – and the House of Representatives, which has 193 members elected for terms of up to five years. Universal suffrage is obtained at 21 years of age.

All peninsular states have hereditary rulers except Malacca and Pulau Pinang (Penang). These, along with Sabah and Sarawak in East Malaysia have governors appointed by the government.

In peninsular Malaysia there are 11 states – Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor and Terengganu. In addition Sarawak and Sabah, located on the northern portion of the island of Borneo, retain special constitutional status. There are three federal territories: Putrajaya, Labuan and Wilayah Persekutuan, which includes the capital city of Kuala Lumpur.

There are three types of council – city councils, municipal councils and district

councils – forming the local government system in Malaysia.

In 2002 local government contributed 1% to GDP.

2 POLITICAL AND ORGANISATIONAL STRUCTURE OF MALAYSIA

2.1 Position of local government in the state

Throughout the 1990s and beyond there has been a trend in the local government sector towards achieving greater efficiency in urban services through increased private-sector participation in their delivery. Local Agenda 21 and other similar programmes have played a significant role in promoting the participation of community-based organisations, and in identifying the services required.

The most recent general election was held on 21 March 2004. The governing coalition, the National Front, or Barisan Nasional (BN), won 198 of the 219 seats. The coalition comprises several parties but is dominated by the United Malays National Organisation (UMNO). The remainder of the seats went to Party Islam Se-Malaysia (7), Democratic Action Party (12), Party Keadilan Nasional (1), and independents. The next elections are due by November 2009.

The Minister of Housing and Local Government is responsible for implementing all laws pertaining to local government, the development of local government policy and the implementation of all local government

functions such as town and country planning, housing, landscaping, solid waste management and fire and rescue services. These powers are granted to the minister by the federal constitution and the Local Government Act 1976.

The states are political entities with governments elected through general election every five years.

3 LEGAL BASIS FOR LOCAL GOVERNMENT

3.1 Constitutional provisions

Although local government in Malaysia is under the jurisdiction of the states, the federal constitution of Malaysia confers powers upon parliament to make laws with regard to local government. The constitution also provides for the establishment of a National Council for Local Government (NCLG) as the highest policy-making body for maintaining and promoting local government. Its decisions are binding upon the federal and all state governments except Sabah and Sarawak. It meets at least once a year.

3.2 Main legislative texts

The three main laws governing local government in peninsular Malaysia are:

- Local Government Act 1976 (Act 171)
- Street, Drainage and Building Act 1973 (Act 133)
- Town and Country Planning Act 1976 (Act 172).

Local government in Sabah operates under the Local Government Ordinance 1961, and all local authorities are under the supervision of the state Ministry of Local Government and Housing except the City of Kota Kinabalu which is under the Chief Minister’s Office. In Sarawak, the Local Authority Ordinance 1996 applies to all authorities except for the city of Kuching South and the city of Kuching North, which are governed by their respective 1988 Ordinances.

Local authorities are allowed to formulate their own by-laws under Act 117 with the consent of the state government.

4 LOCAL GOVERNMENT ORGANISATIONAL STRUCTURE

4.1 Main divisions

The two main divisions of local government are rural district councils and urban centres. There are three types of urban council: city councils, municipal councils and district councils.

Cities typically are state administrative centres, and possibly capitals, with populations above 300,000 and annual revenue greater than RM80m.² They are commercial and industrial centres. Municipalities are urban in character, possibly state capitals, and with populations greater than 100,000 and annual revenues above RM10m.

District councils are rural with dispersed populations of less than 100,000 and low population density. They have annual revenues of less than RM10m.

All types of local government perform the same functions. Municipalities can be upgraded to cities once they satisfy the required criteria. There are 11 city councils, 33 municipal councils and 97 district councils.

4.2 Distribution of local government and population

The largest city is Kuala Lumpur with a population of 1.4m in 2000. The smallest is Kuching North with a population of 152,310. The largest municipality is Petaling Haya Municipal Council with a population of 480,000, and the smallest is Kangar Municipal Council with 230,000.

The largest district council is Kerian District Council with a population of 162,980 and the smallest is Raub District Council with a population of 80,000.

Some 60% of the population lives in urban areas.

5 DEMOCRATIC AND POLITICAL STRUCTURES IN LOCAL GOVERNMENT

Cities are led by mayors, while municipalities and districts are led by presidents. The state

Table 1. Types and sizes of local authorities

Type	Number	Largest	Smallest
City councils	11	1,400,000	152,310
Municipal councils	33	480,000	230,000
District councils	97	162,980	80,000
Total	144		

governments, elected every five years, appoint mayors, presidents and all councillors. The appointments are for three-year terms, but individuals may be reappointed. This is uniform across the country.

The council decision-making process is through a committee structure determined by the local authority, including the committees provided for in legislation.

5.1 Council structures

Executive powers lie with the mayor in the city councils, and presidents in the municipal and district councils. They are appointed by their state governments. The state government also sets remuneration.

The respective state governments establish executive committees, which are chaired by the mayor or president. Councils can establish other general or specific committees at their discretion.

5.2 Local government staffing

Individual local authorities recruit their own staff and have the power to discipline and dismiss them as necessary.

In some cases there is deployment of civil

service staff to local government; occasionally senior civil service staff are appointed as mayors or presidents.

Each council is required to have an executive mayor or president who is the head of the paid service as chief executive officer. A typical staffing structure has deputies, a secretary and heads of department reporting to the mayor or president.

5.3 Independent scrutiny

The Auditor General, under the authority of the Local Government Act 1976, examines each authority’s accounts.

6 DISTRIBUTION OF SERVICE DELIVERY COMPETENCE

Under Acts 133, 171 and 172 the role of local government includes responsibility for urban planning, basic facilities and infrastructure, monitoring development, public health, business licensing, maintaining the peace, urban beautification and encouraging the local economy.

Since the Solid Waste and Public Management Act 2007 was passed, these two areas have passed to federal control.

Table 2. Distribution of authorities

State/territory	Number of authorities			State/territory population
	Cities	Municipalities	Districts	
Johor	1	5	8	1,132,021
Kedah	1	3	7	1,652,000
Kelantan	0	1	11	543,507
Kuala Lumpur	1	0	0	2,423,790
Labuan				7,871
Malacca	1	2	0	725,315
Negeri Sembilan	0	3	5	328,642
Pahang	0	3	8	477,130
Penang	0	2	0	1,473,500
Perak	1	4	10	960,158
Perlis	0	1	0	228,036
Putrajaya				26,713
Sabah	1	2	19	2,656,400
Sarawak	3	2	20	2,071,800
Selangor	2	6	4	1,135,863
Terengganu	0	2	5	677,648
Total	11	33	97	16,520,394

7 FINANCE

7.1 Revenue

The aggregate revenue for Malaysian local government in 2005 was RM3.365bn (US\$885,526m).

The major sources of revenue are:

1. Taxes	60%
2. Fees and licenses	25%
3. Central government grants	15%

7.2 Revenue-sharing

The federal government provides both general and developmental grants on an annual basis to all local authorities. State governments supervise the locally raised taxes. The federal government pays the salaries of any civil service staff seconded to local government service.

7.3 Expenditure

The aggregate expenditure for Malaysian local government in 2005 was RM3.863m (US\$933,421m). Major items of expenditure are:

1. Emoluments	36.4%
2. Transportation & utilities	4.1%
3. Supplies	3.2%
4. General services	10.5%
5. Equipment	18.4%
6. Other	27.5%

8 ORGANISATIONS OF LOCAL GOVERNMENT

The Malaysian Association of Local Governments is a voluntary body established to foster greater cooperation among member local governments. It is recognised in law and funded by annual contributions by members. The association is affiliated to UCLG-ASPAC.

9 INTERGOVERNMENTAL RELATIONS

The National Council for Local Governments was formed under the federal constitution to coordinate policies and laws among the federal, state and local spheres of government. Committees are established on an *ad hoc* basis to enhance coordination.

10 E-GOVERNMENT

The government is implementing an electronic system, e-PBT, to bring local government closer to the citizens. The four elements of the system are accounts, taxation, e-submission and complaints.

In 2005 there were an estimated 11.02 million internet users, representing 44.3% of the population.³

11 ENVISAGED REFORMS

The government is currently considering appropriate amendments to the Local Government Act (Act 171), the Road, Drainage and Building Act (Act 133) and the Town and Country Planning Act (Act 172) to meet the challenges of ongoing urbanisation.

Also under consideration are moves to put in place a new property development initiative, and a streamlining of the licence application process.

12 SUMMARY

Local government in Malaysia is governed by councils wholly appointed by the state governments or, in the case of the territories, directly by central government for terms of three years. The creation of the National Council for Local Governments has ensured that policy-making in all three spheres of government is tightly integrated. Local government has a relatively restricted number of responsibilities and this is reflected in its aggregate expenditure.

References

- 1 CIA World Factbook 2007
- 2 RM3.8 = US\$1, FT Guide to World Currencies, 24 June 2002
- 3 CIA World Factbook 2007.



Service	Delivering authority			Remarks
	Federal	State territory	Local government	
GENERAL ADMINISTRATION				
Police	●			
Fire protection	●			
Civil protection	●			
Criminal justice	●			
Civil justice	●			
Civil status register	●			
Statistical office	●			
Electoral register	●			
EDUCATION				
Pre-school	●			
Primary	●			
Secondary	●			
Vocational and technical	●			
Higher education	●			
Adult education				
Other	●			
SOCIAL WELFARE				
Kindergarten and nursery	●			
Family welfare services	●			
Welfare homes	●			
Social security	●			
PUBLIC HEALTH				
Primary care	●			
Hospitals	●			
Health protection	●			
HOUSING AND TOWN PLANNING				
Housing	●	●	●	Concurrent
Town planning	●	●	●	Concurrent
Regional planning	●	●	●	Concurrent
TRANSPORT				
Roads	●	●	●	
Transport	●	●	●	
Urban roads		●	●	
Urban rail				
Ports	●			
Airports	●			
ENVIRONMENT AND PUBLIC SANITATION				
Water and sanitation	●	●		
Refuse collection and disposal		●	●	
Cemeteries and crematoria			●	
Slaughterhouses			●	
Environmental protection	●		●	
Consumer protection				
CULTURE, LEISURE AND SPORTS				
Theatre and concerts		●	●	
Museums and libraries	●	●		
Parks and open spaces		●	●	
Sports and leisure	●	●	●	
Religious facilities	●	●	●	
UTILITIES				
Gas services	●		●	
District heating				
Electricity	●			
Water supply		●		
ECONOMIC				
Agriculture, forests and fisheries	●	●		
Economic promotion	●	●		
Trade and industry	●	●		
Tourism	●	●		
Other economic services	●	●		