

ELECTIONS '08 DAILY POLICY FACTSHEET #7:

LOCAL GOVERNMENT

CPPS is pleased to bring to you its “**CPPS Policy Fact Sheet**” as a build-up to the **Malaysian General Elections 2008**. In this daily series between nominations and polling day, we will explore **key policy issues** that we feel are important in informing your voting decision. Policy decisions made by leaders have a direct effect on your life as a citizen, and the elections is this one crucial time you decide on your leaders. We hope these fact sheets will be useful policy briefs as you decide whom to vote for. Here’s to an **educated and informed voting public** in Malaysia! To view ALL our policy factsheets in PDF, click [here](#).

BACKGROUND

Local councils and its intricate processes have been largely **shrouded in secrecy** and away from public scrutiny when it is in fact one of the key institutions dealing with the public service delivery system and the **management of funds** transferred by State Governments. The increasing **centralization of decision-making and functions** over the years, where power has been transferred to Federal and State levels, has reduced the jurisdiction of local councils significantly.

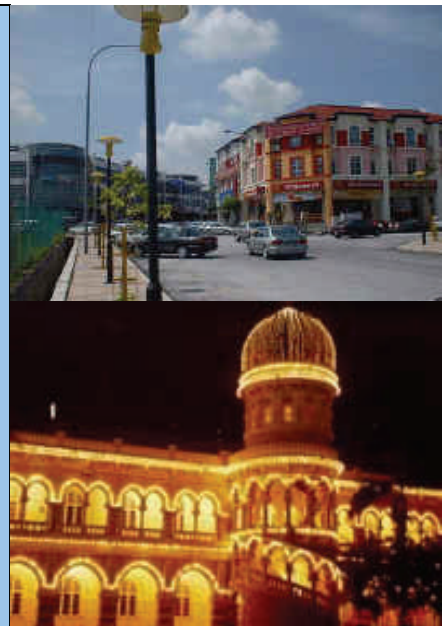
Local council elections were practiced in the past, but were however abolished in the 1960s. Today, local councilors are appointed by State governments without consultation with the Federal Government or the minister in charge of local government in this matter. Deputy Minister of Housing & Local Government Datuk Azizah Mohd Dun told Parliament that there was **no plan of reintroducing local government elections** as they had implications on costs, time and manpower, and might disrupt municipal services.

There should be increased **constitutional and legal recognition of local democracy**, accompanied by the **political freedom to elect local representatives**. Once local governments are kept accountable to the community that votes them in, developmental plans and management of funds are better monitored. This holds true to the principle of **citizen participation in decision-making**. Local councils need to adopt a **consultative, inclusive approach** when approving developmental plans. The CPPS encourages the public to scrutinise respective development “**Local Draft Plans**” (see below), as part of this necessary process.



What You Need to Know

- Malaysia has 3 levels of government are: **Central, State and Local**.
- There are **146 local councils** in Malaysia made up of city councils, municipal councils, district councils, and special authorities.
- **Local government elections** were **suspended** in the mid **1960s**.
- The **abolition** of local government elections took place when the Local Government Act was passed in 1976 (see “Basic Laws and policies” below).
- Transparency International Malaysia **Public Opinion Survey, 2001**, found that **municipal councils were seen as more corrupt** than: the land office, judicial office, environment department, health department, police and road transport department.
- Only **13 cases** or 5.4% of arrests for corruption in the public sector were local council officers (Anti-Corruption Agency). Few reports of specific allegations of corruption in local councils are mainly due to **opaque processes** of what actually takes place.
- **Increasing centralisation** of Malaysian government functions: in the past, Georgetown City Council provided a public bus service, run women and children’s clinics. **No local authority** provides that today.
- **Official Secrets Act 1972** forbids the dissemination of information classified as an official secret, including “documents concerning national security, defence and international relations. It has been criticized for stifling dissent and reducing transparency in government workings. There have been calls for a **Freedom of Information Act** allowing greater accountability, based on a principle of maximum disclosure.



Flashpoints

- Local Penang watchdog Penangwatch.net raised uproar over the **Penang Global City Centre** proposal that they claim would result in massive social and environmental damage, and loss of valuable land resource. The PGCC would take **15 years to complete**, with an estimated **gross development value (GDV)** of RM25 billion
- APPAC** (All PJ ProActionCommittee) uncovered questionable practice involving billboard licensing and the MPPJ Football Club. (*read [here](#) for more information*)
- Selayang Municipal Council** spent RM240,000 on “**Study Tours**” of South Africa and Mauritius and RM40,000 on a “**vacation meeting**” in Genting’s, and KL City Hall spent RM94,000 to teach its officers etiquette and grooming (2007)
- Seberang Perai Municipal Council** was to have purchased RM1.5 million worth of **flowers** for 5 years, from a florist in Kuala Lumpur. None of the councilors raised the issue. It was brought to the State Assembly. (2004)
- Klang Municipal Council** spent RM250,000 on Australian & UK **horses** for a “fighting petty crime equestrian enforcement squad” and RM200,000 on a mace and **ceremonial robes** for its councilors.
- Subang Jaya Municipal Council** spent RM3 million to build a **Millennium Park**. It was reported that few residents actually use the park nor its facilities.
- Taiping Zoo** overpaid animal feed contractors by RM54,363.
- The Ampang Jaya Municipal Council** set up an internal audit department to check on spending but no one replied when the auditors made queries. (*See further reading list of cases [here](#).*)



Basic Laws and Policies

- Local Government Act 1976** governs the powers and responsibilities of local authorities: control of public places, pollution of streams, preparation and sale of food, operations of markets, sanitation and nuisance, burial places and crematoria.
- Town and Country Planning Act (TCPA)**; the Street, Building and Drainage Act, Road Transport Act 1987, and Uniform Building By-Laws, all outline duties of local authorities.
- Section 18 of the **TCPA** prohibits any land use inconsistent with local plans.
- Section 19 of the **TCPA** prohibits development that is inconsistent with the Local Plan.
- Macro policies are prepared within the TCPA: the National Physical Plan, the State Structure Plan and the Regional Plan
- Draft Local Plans:** A detailed map and written statement which contains the proposal for use and development of land in an area; covers issues of open spaces, densities, intensity of development, environment, infrastructure. Once passed, these Local Plans become Law. They can be purchased at **RM100 each** from the local municipal council. (*for more info on how **Petaling Jaya residents have demanded consultation for Local Plans**, click [here](#).*)
- All development projects** (buildings, roads, drains) must have prior approval of local authorities.

VISUALS

MAJLIS PERBANDARAN SUBANG JAYA	
BINGKAI ANGGARAN HASIL DAN PERBELANJAAN TAHUN 2008	
	TAMBAH 2008 (RM)
HASIL	
i) Hasil Cukai (6000)	139,400,000.00
ii) Hasil Belanja Cukai (7000)	41,666,000.00
iii) Terbitan Bilik Hasil (8000)	
a) Pulang Bilik Perbelanjaan	-
b) Gasa Perbelanjaan	10.00
c) Gasa Teknikal Perbelanjaan	10.00
- Persekitaran	10.00
- Ragesi	3,000,000.00
d) Gasa Perbelanjaan Jajaja	10.00
e) Caruman Hasilante Jajaja	500,000.00
f) Gasa Perbelanjaan	-
f) Lain-lain Terbitan	-
JUMLAH HASIL	184,736,010.00
PERBELANJAAN	
Enrolment (10000)	26,119,000.00
Perbelanjaan dan Belanja (20000)	133,502,000.00
Perbelanjaan Perbelanjaan Jajaja (2003)	10.00
Jajaja (30000)	3,202,120.00
Perbelanjaan dan Belanja Temporal (40000)	5,302,010.00
Perbelanjaan perbelanjaan lain (50000)	2,835,840.00
Perbelanjaan Belanja	170,251,000.00
Perbelanjaan Perbelanjaan dan Belanja (39100) 39100	13,505,000.00
Perbelanjaan Perbelanjaan dan Belanja (39700)	1,000,000.00
Pajajaja (39600)	1,000,000.00
JUMLAH PERBELANJAAN	184,736,010.00
LEBIHAN / (DEFISIT)	-

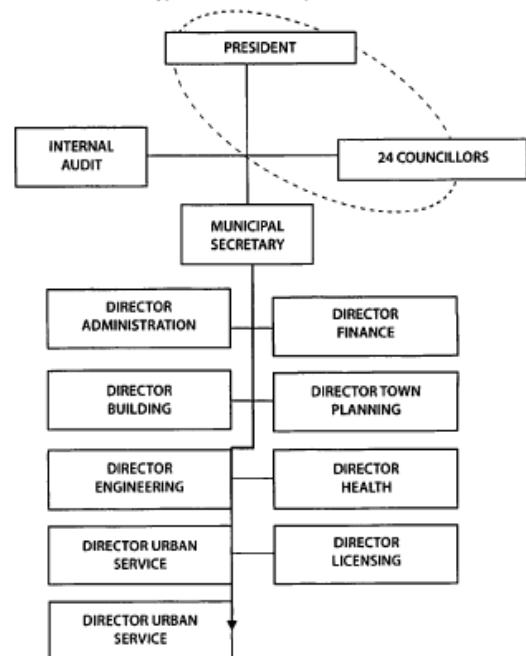
This is what your local council's annual budget should look like. It contains figures of Total Revenue, and Total Expenditure. This should be made available on your local councils' website.

Total Revenue

Total Expenditure

A Full Council, the main decision-making body, is made up of a President/Mayor, and 24 Councillors.

Chart 1 - Structure of a Typical Local Authority



Local Council	Expenditure (RM)
Subang Jaya (2008)	184.766 million
Subang Jaya (2007)	172.09 million
Petaling Jaya (2007)	223.59 million
Petaling Jaya (2008)	245.8 million
Perak (2008) – total budget	619.35 million
- Maksud Tanggungan	30.24 million
- Maksud Bekalan	589.11 million
Kuala Lumpur (2007)	2.194 billion
Selangor State (2008)	670 million
- budget	1.34 billion
Sabah – supply expenditure	2,301.15 million
Terengganu budget (2008)	1.673 billion

- Out of the 50 Local Councils surveyed...**
- 8 do not have websites
 - Almost all do not have their budgets listed on the websites (see expenditure table on the left, of those available).
 - Very few have their “Draft Local Plans” available on the website visibly, and these are: Melaka Bandar Bersejarah Shah Alam and Selayang.

Who Are The Players?

- The **Full Council** is the main decision-making body of a local authority, consisting of a **President/Mayor and 24 councillors**.
- All major decisions (annual budgets, by-laws, approved permits) are decided in the Full Council meeting.
- There are **no local government elections** held in Malaysia. They are **appointed** by State governments without needing consultation with Federal government.
- Local Government Act states councillors “shall be ...ordinarily resident in the local authority area, have wide experience in local government affairs or... have achieved distinction in any profession, commerce or industry or are capable of representing interests of their communities” but in practice councillors are members or **supporters of the political parties** in control of state governments.
- Some councillors have been reappointed for **more than 20 years**.



Procurement Policies

This factsheet highlights procurement as it is one of the areas for potential corruption

- The **Guidebook on Government Procurement 1997** (Buku Panduan Perolehan Kerajaan) says 5 principles must be followed: **Public accountability, transparency, best value for money, open competition, and fair dealing**.
- Local authorities must adhere to these policies: Support development of **local industry**, services, products; Promote involvement of **Bumiputera entrepreneurs** and firms; Assist achievement of government policies.
- Policies to promote involvement of **Bumiputera entrepreneurs and firms**:
- 1) Procurement of supplies and services between **RM10,001 and RM100,000** for each type of item must be made from Bumiputera firms.
- 2) Procurement of supplies above **RM100,000 to RM15 million** must give priority to Bumiputera firms.
- 3) Procurement of works contracts **up to RM100,000** are reserved for Bumiputera firms.
- How does procurement take place? Direct purchase, Quotation (RM20,000 to RM200,000), or Tender (>RM200,000)
- Many local councils **don't** comply with Treasury procurement rules. (*Auditor General Tan Sri Dato' Setia Hj. Ambrin Buang, 2006 National Workshop on Preventing Corruption in Public Contracting*)
- **Not all local authorities submit financial statements**. A total of 78 annual financial statements from 1995 to 1999 are not yet submitted. (*Auditor General Datuk Dr Hadenan Abd. Jalil, 2002*).



What Has Been Done?

- All PJ Pro-Action Committee (**APPAC**) raised numerous issues including:
 - Protesting the Petaling Jaya's Municipal Council to increase **assessment rates** without justification
 - PJ Municipal Council's “**privatizing**” the **licensing of billboards** to its sports club, which then collected hundreds of thousands of ringgit in “donations” from outdoor billboard companies.
- 7 Residents' Associations have adopted the “**Penang Charter**” to work together in promoting transparency and accountability
- **PEMUDAH** (*The Special Task Force to Facilitate Business*) has been tasked to targeting local councils and authorities starting March 2008, to:
 - Overhaul services at land offices, **local authorities and agencies** with frontline services
 - Ensure merit based performance standards
 - Increase ethnic diversity in the public service
 - Instill culture of serving with integrity and zero tolerance of corrupt practices
 - Improve the perception of the country through a communications plan
 - Address concerns affecting business indirectly including environment, foreign labour policies and branding of the country's cities.

- **Agenda 21** is a Global Action Plan towards Sustainable Development for the 21st Century, formulated at the Earth Summit held in Rio de Janeiro, Brazil in 1992. It incorporates Local Agenda 21 (**LA 21**), which stresses the role of Local Authorities in sustainable development at the local level.
- LA 21 brings together the **three major stakeholder groups**, namely the local authority, the community and the private sector, and facilitates their working together in planning and managing the living environment in a more sustainable manner.
- The LA 21 programme in Malaysia was launched as a pilot in **2000** and involved four Local Authorities: (see below)
- The **Kerian District Council** developed plans to cover flood and drainage, environmental pollution, social issues in the community, as well as on roads and traffic, poverty, and housing.
- The **Kuantan Municipal Council** produced plans for social development, the environment, infrastructure and public facilities, education.
- The **Miri Municipal Council** framed plans to reduce solid waste, pollution in rivers and for a drainage network.
- The **Petaling Jaya Municipal Council** developed plans to address domestic waste management and the prevention of petty crimes and vandalism.
- Based on the success of the pilot projects, the LA 21 programme is being introduced in stages to cover all local authorities in the country.

Party Manifestos

To view complete versions on all parties' constitutions and manifestos, please click [here](#)

PKR (2008 Manifesto)

- In line with creating greater accountability, **local elections will be immediately restored** to take back the constitutional right of Malaysians to choose only the best and most responsible leaders for their local municipalities.

DAP

- **Manifesto 2008:** Implement local government elections to ensure accountability and efficiency.
- **Shadow Budget:** A Civil Service Excellence Initiative (CSEI) be developed by the newly set up Special Task Force on Service Delivery (Pemudah)
- CSEI will aim to achieve headcount reductions through productivity improvements, job redesign or by re-prioritising functions.
- The CSEI will also develop plans on how non-performing staff may be procedurally retired from the Service.
- Develop a flexible and responsive government delivery system.

BN (2008 Manifesto)

- Strengthen **monitoring and enforcement** by agencies such as the ACA, Customs, Inland Revenue and **local authorities**.
- Speed up implementation of **e-government initiatives**
- Complete overhaul of all land offices and district offices
- Speed up issuance of licenses and permits
- **Establish rating system for local authorities to improve performance**
- The civil servants' promotions, rewards, penalties, more closely to performance targets.
- Increase ethnic diversity in the public sector.
- Have a 3 to 7 day response time by all government agencies to all public queries and complaints.

MCA

- Housing & Local Government Ministry will continue to **improve services of local authorities**. State governments would reprimand local authorities to provide good performance.
- Although local authorities are under state governments, they have to follow standardized mechanism set by the ministry to improve their public delivery system.

PAS

- Practice of '**Separation of Power**' of the Legislative, Executive and Judiciary.
- Legislate the **Freedom of Information Act** enhance the transparency and accountability of the Executive and the government of the day.
- Put in place Best Practices in all Government departments, agencies and Government-Linked Companies.
- **Public procurement must undergo open tender** and those that involve mega projects must be subjected to an Independent Tender Board placed under the jurisdiction of the Parliament.

The People's Declaration

- Limit the term of office of the Prime Minister, the Menteri Besar and Chief Minister to **two terms**
- **Re-introduce elections for local government** so that local leaders can be made accountable
- Introduce an **ombudsman system** for a more independent and effective public complaints body
- Make **compulsory annual public declaration** of assets by the people's representatives;
- Advocate for true democracy by passing the necessary legislation to provide for local council elections.

Policy Recommendations

1. A **local authority should be decentralized** and should be an autonomous body corporate consisting of **fully elected members** with financial and administrative autonomy but subject to the control of the State government on matters of national importance and interest.
2. Local government should be made more **accountable and responsive to the local population** rather than to higher levels of government. **Local Council Elections should be reinstated** to guarantee local constituents' ability to independently elect their local council representatives.
3. The local legislative branch should have appropriate powers to hold the executive branch accountable.
4. Create mechanisms to ensure greater local financial autonomy, responsibility and accountability, such as making it mandatory to display budget and expenditures on municipal websites.
5. **A Local Government Tribunal** should be constituted by the State Authority of every local authority
6. Local government must establish a **collaborative network** with the private sector and the civil society to identify and meet the needs of society.
7. **Public declaration of Assets** should be obtained from not only Cabinet ministers, but also Menteri Besars, State Executive councilors, and their direct family members.
8. **Public Tenders** in all contracts and Government Procurement at state and local levels should be made readily available to all, with the exception of those involving national security.

How Well Do You Know Your Candidate?

- Has your state representative candidate informed you of the **local draft plans** within your own local constituency, and elaborated on its consequences on your residential area?
- Has the incumbent candidate adopted a **consultative approach** in decision-making? Are your views heard and well-represented at **Local Council** meetings?
- Is your candidate in support of **Local Council Elections** that would allow your constituency to independently elect your own local council representatives?
- Does your local council provide **transparent, publicly available accounts** of its revenues and expenditures on a consistent basis that allows residents to scrutinise and monitor budgets?
- Have there been **inconsistencies** between your local council promises and delivery? If so, have they been addressed, publicized and rectified? If not, why, and what demands will you make of your representative?

This factsheet has been compiled with information from Transparency International's "Curbing Corruption in Public Procurement" Handbook, amongst other resources.