URBANISATION AND DEVELOPMENT: THE ROLE OF DEVELOPMENT PLANNING IN MALAYSIA

Asan-Ali Golam-Hassan¹ and Dani Salleh²

Abstract

Malaysia is the middle-income economies and one of the so-called Newly Industrialising Economies (NIE) countries and in the regime of the High-performing Asian economies (HPAEs), with rapid exports growth, miracle record of economic growth and intensified urbanization since its independence. The fast urban growth accompanied by the country's good economic performance has resulted the existing of imbalance urbanisation process in Malaysia and strong demand for property as well as the urgent need for rapid implementation of various infrastructure projects. Growth, synonym with the Industrializing process, regions with the highest rate of industrialized, will always experienced the highest rates of urbanization, and so on migration from the other areas. In addition, the less developed regions will continue to be left behind. Besides that, the impact of property development on the environment must be considered seriously in planning of large development projects. Since that actions for intensified countermeasures regarding each problem was commend by respective authorities and various approaches had been taken to guide the urban development planning in the country. In Malaysia the Town and Country Planning System is formulated in order to regulate the development in public interest. The legislative framework of planning and development control should be effective, efficient and simple in concept and operation. Development control is the requirement that all development must have the approval of the local planning authority. The central concern of this paper can be divided into tree parts. The first part of this paper will discuss the historical background of the unequal growth and urbanisation in Malaysia since under the colonial period until 1970. The second part of this paper will briefly touch on the national development plans in Malaysia. The final part of this paper will focus on the urbanisation policy in the national development plans that consists of urban planning system in Malaysia, legislative framework for urban planning and the development plan system stage applied in this country. At the end of this paper, some suggestions will be made on how the local planning authorities can play their roles for a friendly monitoring of land development beside stimulating development, particularly in property sector.

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1. Introduction

Malaysia or historically known as Malaya is located in South East Asia between Thailand in the North and Indonesia at the south and it covers an area of 329,758 square kilometres. Malaysia can be divided into two main regions, West Malaysia and East Malaysia. West Malaysia or also known as Peninsular of Malaysia with an area of 131,598 square kilometres is consisting of 11 states and one Federal Territory of Kuala Lumpur. East Malaysia with an area of 198,160 square kilometres, is more than 650 kilometres to the east across the South China Sea and located on the northern part of the Island of Borneo consist of two states, Sabah and Sarawak and one Federal Territory of Labuan (Figure 1).

Malaysian population in 2000\(^1\) was 22.2 million with the density of population 65.7 per square kilometres and annual population growth rate was 2.3. From this amount, 17.8 million lived in West Malaysia; with the density of population 134.3 per square kilometres while, 4.4 million lived in East Malaysia with the density of population 22.3 per square kilometres. Around 80 percent of the population lived in West Malaysia; in general West Malaysia is more developed than East Malaysia in which has large area of lush tropical forest and the abundance of mountainous terrain.

Figure 1: Malaysia

Malaysia is a nation of various ethnic groups with different religions, languages, cultures and social customs. The main ethnic groups are Malays, Chinese, Indians and the indigenous people of Sabah and Sarawak. In percentage, 62 percent of them were Bumiputera\(^2\), 27 percent Chinese, 7.6 percent Indian and 3.4 percent are other ethnic.

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2 Refer to Malay ethnic groups in West Malaysia and various numbers of aborigines groups in East Malaysia.
The Malaysian economic development has depended historically on the exploitation of land and minerals. Agriculture has been an important contribution to the Malaysia economy during the sixties and early seventies. In 1900s until the middle of 1970s, Malaysia is among the largest exporter of natural rubber, tin and palm oil. In 1950s, the earliest step was taken to promote manufacturing activities especially to diversify the economy from the large fluctuations in price of commodity product. From the middle of 1980s the important of land and minerals sector as the main contributor to Gross Domestic Product (GDP) and employment has been taken over by the manufacturing sector.

Manufacturing activities in Malaysia started with the import-substitute policy, export oriented, and heavy industry. Malaysia is the middle-income economies\(^3\) and one of the so-called Newly Industrialising Economies (NIE)\(^4\) countries (besides Thailand and Indonesia) and in the regime of the High-performing Asian economies (HPAEs), with rapid exports growth and miracle record of economic growth.

### 1.1 Unequal Growth and Urbanisation: Historical Background

Historically, colonial legacy for the period of 172 years was resulted in dualism economics in Peninsular Malaysia. “From the early years of British rule the method of production in the country was organised into two distinct and parallel type” (Faaland et.al., 1990). This dualism economic was occurred base on economic activity as well as ethnic and geographic linkages. Most of the large-scale production and commercial activity using modern technology were concentrated in the rich west coast of Peninsular Malaysia where the immigration population was majority. The modern sector production and organisation was organised based on the Western system. This sector was integrated into the modern world economy and trading system and developed accordingly over time. Most of the product was exported to the international markets main point which also at the west-coast side.\(^5\) In addition, the second mode of economy was the small scale traditional method of production such as paddy farming, coconut farming, coffee farming and inshore fishing was located at the eastern and north of Peninsular Malaysia where the Malays was majority. Most of the produce was locally consumed and not intended for sale in the international markets.

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3 Middle-income economies are refer to GNP per capita US$636 to US$7,910 in 1991. Low-income economies refer to GNP per capita less then US$636 and high-income economies refer to GNP per capita more then US$7,910 (World Bank, 1993:xv)

4 The terminology of NIEs and NICs was not consistently used. World Bank (1993:xvi), refer Malaysia as part of NIEs because NESc consist of Malaysia, Thailand and Indonesia and the four tigers identifies as Hong Kong, the Republic of Korea, Singapore, and Taiwan. Y.Akyuz (1998:33), refer Malaysia as part of Newly Industrialising Countries (NICs), according to him First-tier NIEs that so-call four tigers consist of Hong Kong, South Korea, Singapore, and Taiwan while, second-tier NICs consist of Malaysia, Indonesia and Thailand. Other author such as R.Jonathan (1997:4), refer the four Tigers as the original NICs and the phalanx of emerging industrial economies (Malaysia, Thailand and Indonesia) as the NIEs.

5 usually through Penang Singapore before the Port Klang was established
The economic dualism heritage from the colonial legacy was continued after Malaya was independence in 1957. In some condition, the dualism economy phenomena become worst. This dualism phenomenon can be divided into three categories, such as based on location, urban-rural; economy activity, modern-traditional; ethnic, non-Malay-Malay.

The existing economic imbalances can be identify in terms of the following five sectors as below (Malaysia,1971:36-37).

1. The Traditional Rural Sector which comprises uneconomic smallholder rubber, single-cropped paddy, traditional livestock and other agriculture, gathering of jungle produce, inshore fishing, and “dulang washing” and small gravel-pump mining for tin.

2. The Modern Rural Sector, which comprises estate agriculture (i.e., rubber, oil palm, coconut, tea and cocoa), land development schemes and double cropped paddy, commercial forestry, modern fishing and modern tin mining. Medium income states.

3. The Traditional Urban Sector which comprises those parts of manufacturing, construction, commerce, transport and services, in which work is done with little benefit from modern equipment or techniques; included are small artisans, petty traders, hawkers, stall holders, household servants, trishaw-riders, and other persons pursuing a multitude of activities requiring little or no initial skill or training.

4. The Modern Urban Sector, which comprises technically, advanced manufacturing, construction, commerce, utilities, transport, communications and modern services including the professions and the tourist trade.

5. The Government Sector which comprises Federal, State and Local Government administration and Public Authorities as well as the Police and Armed Forces.

The above groupings of economic activities can also indicate a picture of the structure of average incomes of workers. High income usually referred to the modern urban sector and medium income referred to modern rural sector and government sectors while low income referred to traditional urban sector and traditional rural sector. In term of regional income level, most of the traditional rural sector emphases on the low income states. Modern rural sector and traditional urban sector on the medium income states while modern urban sector on the high-income states.

Generally before and in 1970s, the high level of average income of workers is about one and one-half to two times that of the medium level of income and about three to four times that of the low level of income. Besides that, about 60 per cent of workers in West Malaysia are found in the Traditional Rural Sector and Traditional Urban Sector and less than one-fifth of workers in West Malaysia are found in the Modern Urban Sector and more than one-fifth in the Modern Rural and Government Sectors.
Table 1: GDP per capita, Sectoral Shares of GDP and Urbanisation by state, 1970

<table>
<thead>
<tr>
<th></th>
<th>GDP per capita</th>
<th>Sectoral(^a) shares of GDP (%)</th>
<th>Urban share of population(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Selangor</td>
<td>1520</td>
<td>14</td>
<td>38</td>
</tr>
<tr>
<td>Penang</td>
<td>939</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Perak</td>
<td>911</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>907</td>
<td>37</td>
<td>25</td>
</tr>
<tr>
<td>Pahang</td>
<td>855</td>
<td>42</td>
<td>23</td>
</tr>
<tr>
<td>Johor</td>
<td>835</td>
<td>40</td>
<td>21</td>
</tr>
<tr>
<td>Malacca</td>
<td>761</td>
<td>31</td>
<td>10</td>
</tr>
<tr>
<td>Kedah/Perlis</td>
<td>605</td>
<td>58</td>
<td>12</td>
</tr>
<tr>
<td>Trengganu</td>
<td>536</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>Kelantan</td>
<td>420</td>
<td>43</td>
<td>12</td>
</tr>
<tr>
<td>Peninsular Malaysia</td>
<td>912</td>
<td>29</td>
<td>28</td>
</tr>
</tbody>
</table>

\(^a\) Sectors: A = Agriculture, forestry, fishing  
\(B = \) Mining, manufacturing, construction, utilities  
\(C = \) Transportation, commerce, government, other services

\(^b\) minimum urban concentration: 10,000 persons

Source: K. Salih, et.al, 1978: 89

The distributions of mean monthly household Income between ethnic, from 1957 to 1970, shows that the gaps between Malay and non-Malays were worsen. The Gini coefficient ratio slightly increases from 0.412 in 1957 to 0.502 in 1970. The Chines-Malay disparity ratio was increases from 2.16 to 2.25 in the same period. Besides that the distribution of mean monthly household Income between urban and rural area from 1957 to 1970 also had shown the increases in ratio to mean monthly income urban-rural from 1.84 in 1957 to 2.14 in 1970 (Table 2). In term of poverty rate in 1970, it seriously existence in the rural area where the majority was Malays.

The levels of regional income have strong linkages with the establishment of manufacturing sector. Subsequently, the industrial imbalance diffusion plays the important roles to the imbalance of household monthly income and the level of regions GDP. Most of the industrial area was located in the west coast of Peninsular of Malaysia.
Table 2: Distribution of Mean Monthly household Income between Urban and Rural, 1957-1970 (RM)

<table>
<thead>
<tr>
<th></th>
<th>Mean Monthly Household Income</th>
<th>Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957-8</td>
<td>1967-8</td>
</tr>
<tr>
<td>Urban Peninsular Malaysia</td>
<td>319</td>
<td>360</td>
</tr>
<tr>
<td>Rural Peninsular Malaysia</td>
<td>173</td>
<td>185</td>
</tr>
<tr>
<td>Ratio of means</td>
<td>1.84</td>
<td>1.95</td>
</tr>
</tbody>
</table>

*including other Bumiputera*

Malaysia, 1991:46

Table 3, is more comprehensives in sense of household monthly income distribution by regions, ethnic and rural-urban area. In 1970, household monthly income in Perlis was only RM26, two times lowers than Selangor (RM78). In term of ethnic, Malays household monthly income was around RM26 to RM57 with the average RM34 while for the Chines, it nearly double, RM40 to RM89 with the average RM68. In average, household monthly income in rural area was only RM38 compared with RM62 in the urban area in the same year.

Table 3: The Distribution of Household Monthly Per Capita Income (RM), by State and Race, Peninsular Malaysia, 1970

<table>
<thead>
<tr>
<th>Statea</th>
<th>Malays</th>
<th>Chinese</th>
<th>Indians</th>
<th>Others</th>
<th>All communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perlis</td>
<td>26</td>
<td>40</td>
<td>16b</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Kelantan</td>
<td>25</td>
<td>86</td>
<td>88</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Trengganu</td>
<td>29</td>
<td>95</td>
<td>59</td>
<td>294b</td>
<td>32</td>
</tr>
<tr>
<td>Kedah</td>
<td>28</td>
<td>54</td>
<td>38</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>Johor</td>
<td>33</td>
<td>55</td>
<td>51</td>
<td>210</td>
<td>44</td>
</tr>
<tr>
<td>Perak</td>
<td>32</td>
<td>62</td>
<td>41</td>
<td>299</td>
<td>47</td>
</tr>
<tr>
<td>Malacca</td>
<td>35</td>
<td>64</td>
<td>51</td>
<td>77b</td>
<td>49</td>
</tr>
<tr>
<td>N.sembilan</td>
<td>33</td>
<td>80</td>
<td>59</td>
<td>854b</td>
<td>53</td>
</tr>
<tr>
<td>Pahang</td>
<td>40</td>
<td>77</td>
<td>74</td>
<td>50b</td>
<td>53</td>
</tr>
<tr>
<td>P.Pinang</td>
<td>37</td>
<td>59</td>
<td>59</td>
<td>341</td>
<td>54</td>
</tr>
<tr>
<td>Selangor</td>
<td>57</td>
<td>89</td>
<td>73</td>
<td>369</td>
<td>78</td>
</tr>
<tr>
<td>Average for Peninsular Malaysia</td>
<td>34</td>
<td>68</td>
<td>57</td>
<td>185</td>
<td>50</td>
</tr>
<tr>
<td>Urban (Towns)</td>
<td>50</td>
<td>70</td>
<td>56</td>
<td>122</td>
<td>62</td>
</tr>
<tr>
<td>Rural area</td>
<td>30</td>
<td>55</td>
<td>44</td>
<td>124</td>
<td>38</td>
</tr>
</tbody>
</table>

a states are arranged by average income
b based on sample of fewer than fifty households

W.Bussink, 1980: 106.
Generally the degree of urbanisation has been rapidly increased in the Peninsular of Malaysia since early 20th century. In 1911, 10.7 per cent of the Peninsular of Malaysia population lived in the urban area (with number of population 10,000 or more). It was rose to 26.6 per cent in 1957 and continuously increased to 37.2 per cent in 1980 (Figure 2).

![Figure 2: Peninsular of Malaysia: Degree of Urbanisation, 1911-1980](image)

Source: Goh Ban Lee, 1991: 14

However in term of regional (state), degree of urbanisation was more concentrated in the developed region. For instance, the percentage of urban population in Selangor was slightly increasing from 15.9 per cent in 1911 to 43.0 per cent in 1957. While, for the less developed region such as Kelantan, the percentages of urban population only increase from 4.4 per cent to 9.8 per cent in the same period. Percentages of urban population in Selangor was rapidly increases because three important urban areas was located in that state, it was Kuala Lumpur, Petaling Jaya and Klang. Kuala Lumpur, the capital city of Malaysia was part of Selangor before 1973, only in 1973 Kuala Lumpur was separated from Selangor and become Federal Territory. Besides Kuala Lumpur, Petaling Jaya was the second urban concentration area in Selangor. It was among the pioneer industrial estate in Malaysia. The third biggest city in Selangor was Klang. Port Klang or historically known as Port Swettenham was located in Klang. Port Klang was the biggest harbour in Malaysia. Others important city in Malaysia was George Town which was located in Penang, Ipoh in Perak, Johor Bahru in Johor and Malacca Town in Malacca.
In general, structural changes begun early in regions of the west coast of Peninsular of Malaysia. Consequently, the important of agriculture and minerals sector as the main contributor to GDP and employment has been taken over by the manufacturing sector. In these regions, the urbanisation process and infrastructures amenities have well developed and attracted the share of investment in manufacturing sector. Consequently, the important of agriculture and minerals sector as the main contributor to GDP and employment has been taken over by the manufacturing sector.

Figure 3: Net Value of Output of Manufacturing by District, 1967

Sources: P.P. Courtenay, 1972: 275.

The regional distribution of manufacturing establishment and paid employees in Peninsular of Malaysia was seriously unequal. Developed regions such as Selangor, Penang, Perak and following by Johor were grew faster and left the other region behind. For instance, data from the 1959 Census of Manufacturing shows that four
important manufacturing region, Selangor, Perak, Penang and Johor\textsuperscript{6} was accounted for 70 per cent of the total number of manufacturing establishment and 76 per cent of gross output and 77 per cent of the total industrial employment (includes part-time employees). Data from the 1968 Census of Manufacturing shows any improvement in term of manufacturing regional disparities. Total number of manufacturing establishment in that region nearly stabilised to 70 per cent but per cent of gross output increases to 80 per cent and total industrial employment increase to 82 per cent. It shows that, four regions conquer 80 per cent of gross output of the manufacturing sector, while the remaining seven states shared among themselves 20 per cent on the balances.

In addition, Around 95 per cent of industrial estates were located in the developed regions especially in Selangor and Penang. In these regions, besides the infrastructure was well developed it also available to the readily accessible market and an adaptable and increasingly skilled labour force especially in Selangor. Besides that, in 1968 to 1971 period, 65 per cent of the foreignness direct investment increase in value added was produced in Selangor alone and over 94 per cent if one adds Perak, Johor and Penang (Hoffmann and Ee, 1980).

In this transformation process, from one that is agriculturally based to one that is based on manufacturing and services, we will face the problem of unequal development and urbanisation, with the less developed regions being continued to be left behind compared to the develop regions. Since 1971 to 1990, the government has introduced The New Economic Policy and continued with the National Development Policy (1991-2000) and National Vision Policy (2001-2010). One of the key thrusts that appear in all this policies is to overcome the imbalance of industrial distribution and urbanisation among states in Malaysia.

2 Development Planning in Malaysia

Development planning in Malaya (or now Malaysia) was started since under British colonial. The development plans in Malaysia can be divided into three based on length of years. It was long term development planning or Perspective Plan with length between twenty to ten years, five years development planning or also know as intermediate term development planning and yearly budget planning or short term development planning.

The five years development plan had begun since 1950 and until now Malaysia was going throw ten five years development plans. After two to three years, government will evaluate the five years development plans (mid term review) and make adjustment if necessary to respond to any unexpected in world economy scenario. However long term development plans were only started in Malaysia since 1971 and until now Malaysia was exercise two long-term development plans (Table 4). New Economic Policy (NEP) was introduce under first long-term development

\textsuperscript{6} Penang, Selangor and Perak was developed early, since colonial legacy because of it location and rich of tin mineral. Manufacturing sector in Johor was develop because of its long association with the industrially advanced neighbour Singapore especially in the area facing Singapore (Hoffmann & Tan-Siew Ee, 1980:21)
plan on also know as The First Outline Perspective Plan 1971-1990, The National Development Plan (NDP) was introduce under The Second Outline Perspective Plan 1991-2000 and finally The National Vision Policy, under The Third Outline Perspective Plan 2001-2010. Regional development plans were integrated into the national plan in the Outline Perspective Plan and the every five years development plans.

Table 4: National Planning, 1950-2010

<table>
<thead>
<tr>
<th>Long-term Development Plan/ National Policy</th>
<th>Years</th>
<th>Five year Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1950-1955</td>
<td>Draft Development Plan, Malaya</td>
</tr>
<tr>
<td></td>
<td>1956-1960</td>
<td>First Malaya Plan</td>
</tr>
<tr>
<td></td>
<td>1961-1965</td>
<td>Second Malaya Plan</td>
</tr>
<tr>
<td></td>
<td>1966-1970</td>
<td>First Malaysia Plan</td>
</tr>
<tr>
<td>First Outline Perspective Plan</td>
<td>1971-1976</td>
<td>Second Malaysia Plan</td>
</tr>
<tr>
<td></td>
<td>1981-1985</td>
<td>Fourth Malaysia Plan</td>
</tr>
<tr>
<td></td>
<td>1986-1990</td>
<td>Fifth Malaysia Plan</td>
</tr>
<tr>
<td></td>
<td>1991-1995</td>
<td>Six Malaysia Plan</td>
</tr>
<tr>
<td>Second Outline Perspective Plan</td>
<td>1996-2000</td>
<td>Seven Malaysia Plan</td>
</tr>
<tr>
<td>National Development Policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2001-2005</td>
<td>Eight Malaysia Plan</td>
</tr>
<tr>
<td></td>
<td>2006-2010</td>
<td></td>
</tr>
</tbody>
</table>

2.1 National Development Plan, 1950-1970

The first development plan was drew up by the British colonial, the so-called ‘Yellow Book’ or the Draft Development Plan of The Federation of Malaya covering 1950-1955. Planning under this plan was determined mainly to protect colonial interests, specifically in the plantation and the mining sector. Spatial issues received very limited consideration. Rural and new lend development was more focus on the Chinese resettlement policy so call new village.

First Malaya Plans or also know as “General Plan of Development” covering 1956 to 1960, and was stress on the stimulation of industrial development. Pioneer Industries Ordinance 1958 was introduced to increase private sector investment. Actually, since 1950s, and subsequently independence from 1957, economic horizontal and vertical diversification remained an important objective of Malaysian economic development. This is because export of Peninsular of Malaysia was very dependent on rubber and tin, which are subject to large fluctuations in price large

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7 91.9 per cent of the allocation of the public development expenditure was for the colonial economic sector (Wah.L.Y. and Ee.T.S.,1988:125).

8 Under the colonial resettlement policy “Briggs Plant”, 1948, Chinese population living in the jungle fringes were resettled in new villages, mainly to reduced foods supplies to the communist-led insurgents.

9 was drafted at a time when Peninsular Malaysia was on the threshold of political independence.
price as well as declining price trends in the long term. Horizontal diversification (agricultural diversification) such as promoted on the oil palm plantation while vertical diversification was promote industrial development (Lee 1978).

Besides that, the First Malaya Plan was also emphasise on the rural development especially in the Malay rural sector. In 1957 Federal Land Development Authority (FELDA) was formed on 1\textsuperscript{st} July 1956 under Land Development Ordinal specifically to develop the rural area. The main objective of this scheme to increase the rural income, overcome the unemployment problem, and to improve the living standard in the rural area. Settlers who are accepted in this scheme will be provided with a house and ten hectare of land with palm oil or rubber tree.

Second Malaya Plan 1961-1965, was formulated with technical assistance from the World Bank and was based on the Harrod-Domar model\textsuperscript{10}. The objectives of this plant were to improve the standard of living in the rural sector, provide more job opportunities, diversify the development of other suitable agricultural products in addition to rubber, and encourage to industrial expansion by adopting an import-substituting policy, and improve and expand the education, health, housing and other utility services (Wah,L.Y. & Ee,T.S.,1988:128)

In addition to Malaysia scheme launched in 16 September 1963, the five years plan after this call the Malaysia plan\textsuperscript{11}. The First Malaysia Plan, 1966-1970, was launch in 1966. Among the objectives are to generate employment opportunities at a rate sufficient to provide productive work for new entrants to the labour force and lower the rate of unemployment, and to stimulate new kinds of economic activity, both agricultural and industrial, so as to reduce the nation’s dependence on rubber and tin. (Malaysia,1966:2).

Under Investment Incentive Act, 1968, the government introduce the concept of development area (location incentives scheme), for purpose of granting additional incentives to industries that would locate in these areas. Most of this area was located at the less development region such as in the states of Kedah, Perlis, Pahang, Kelantan, Trengganu and Malacca\textsuperscript{12}.

\textsuperscript{10} Development planning before Second Malaya Plan were not base on any theoretical framework but more concentrating on capital formation in the public sector of the various government department. Development planning after Second Malaya Plan was more clear in term of planning techniques, set out list of objectives, main sosio-economic problem, planning strategies and previous plan achievements. Besides that, the mid-term reviews were accompanying at the middle stage of implementation to assess the achiement and problem (Wah.L.Y. and Ee.T.S.,1988:119,127).

\textsuperscript{11} Malaysia consis of Federation of Malaya, Singapore, Sarawak and Sabah, however in 9 August 1965 Singapore rejected to be a part of Malaysian and became an independent state.

\textsuperscript{12} The incentive provided for industries to locate in a development area was linked to some of incentives provided under the Investment Incentives Act, 1968. For pioneer industries locating in a development area, an additional year of tax relief was granted irrespective of the size of the capital investment. Also, should an electronic firm which enjoy the special incentive for the electronics industry be located in a development area, it become eligible for an additional year of tax relief. For a company that had been granted the investment tax credit (ITC), an additional credit of 5 per cent of the approved capital expenditure would be granted if the company were to be located in a development area (Lee,1978:456-458).
2.2 National Development Plan, 1971-2010


The objectives of the NEP were to achieve national integration and unity and these were formulated within the context of a two-pronged strategy to (Malaysia 1971):

1. reduce and eventually eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race; and
2. accelerate the process of restructuring Malaysian society to correct economic imbalances so as to reduce and eventually eliminate the identification of race with economic function.

The objective of the NDP is to attain a balanced development in order to establish a more united and just society. Building upon the on-going thrust of the NEP in eradicating poverty and restructuring society, the objectives of NDP\textsuperscript{13} (Malaysia 1991);

1. striking an optimum balance between the goals of economic growth and equity;
2. ensuring a balanced development of the major sectors of the economy so as to increase their mutual complementarities to optimise growth;
3. reducing and ultimately eliminating the social and economic inequalities and imbalances in the country to promote affluence and more equitable sharing of the benefits of economic growth by all Malaysians;
4. promoting and strengthening national integration by reducing the wide disparities in economic development between states and between the urban and rural areas in the country;
5. developing a progressive society in which all citizens enjoy greater material welfare, while simultaneously imbued with positive social and spiritual values, and an increased sense of national pride and consciousness;
6. promoting human resource development including creating a productive and disciplined labour force and developing the necessary skills to meet the challenges in industrial development through a culture of merit and excellence without jeopardising the restructuring objectives;
7. making science and technology an integral component of socio-economic planning and development, which entails building competence in strategic and knowledge-based technologies, and promoting a science and technology culture in the process of building a modern industrial economy; and

\textsuperscript{13} Second Outline Perspective Plan 1991-2000, pp.5-6
8. ensuring that in the pursuit of economic development, adequate attention will be given to the protection of the environment and ecology so as to maintain the long-term sustainability of the country’s development.

The new version of the national development plan, National Vision Policy (NVP) has been launched on 3rd April 2001. The key thrusts under this policy are as follows:

1. Building a resilient nation by fostering unity, inculcating the spirit of patriotism, nurturing political maturity, cultivating a more tolerant and caring society with positive values, raising the quality of life, as well as increasing economic resilience;

2. Promoting an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions;

3. Sustaining economic growth by identifying and strengthening the sources of growth, the financial and corporate institutions as well as macroeconomic management;

4. Enhancing competitiveness to meet the challenges of globalisation and liberalisation;

5. Developing a knowledge-based economy as a strategic move to raise the value added of all economic sectors and optimising the brainpower of the nation;

6. Strengthening human resource development to produce a competent, productive and knowledgeable workforce; and

7. Pursuing environmentally sustainable development to ensure long-term growth.

3 The Urbanisation Policy in National Development Plan

Malaysia is experiencing rapid economic development. The Second Outline Perspective Plan, 1991-2000 projects the economy to grow at an average of 7 percent per annum compared to an average growth of 6.7 percent from 1980-1990. Where manufacturing and service sector was projected to be the backbone of the Malaysia economy and by the 2020, Malaysia is expected to be a full-fledged industrialised country. In order to achieve the status of an industrialised nation, urbanisation plays an important role in maintaining the economic growth of the country. The urbanisation population is estimated to grow at 4 percent compared to the national population growth of about 2.3 percent. At this rate of growth it is estimated that by the year 2020 an additional 10 million people would be living in the urban centres.

The urbanisation process in the country is strongly influenced by a systematic urban planning. The impact of the urban development, which has guided urban development since the mid-eighties, is significant. The urban planning approaches, which have orientation, linked to high technology and high productivity related

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economic activities have resulted in some areas. The concentration of economic activities in urban areas has brought with it dependent services and construction related activities. The rapid pace of such growth can have several negatives consequences, if urban areas are allowed to grow without a proper planning. Recent studies indicate that some major countries have faced environmental problems with congestion and deterioration of environment.

A proper urbanisation process has a crucial role in national economic development. The potential roles of urban planning must be defined to make planning and policy formulation more effective. In Malaysia, the urban sector plays an important role in the National Development Policy (NDP). For a proper guidance and control of urbanisation development to take place in the country, the government has outlined a draft of National Urban Policy (NUP). The policy seeks to reduce the negative effects of urban development, while make use of its positive attributes in contributing to socio-economic development and promoting a balanced development in the country.

Recognising the spatial effects of economic and social policies, the NUP provides the framework for integrated planning of urban development and effective management of the urban planning process in the country. The policy has therefore focused on five main objectives, namely: -

i. **Create a balanced of regional development**: The dispersal of industrial activities, enhancement of inter-urban and regional linkages and the integration of urban-rural linkages;

ii. **Development of special feature towns**: Through the establishment of special function towns, development of border town and conservation of national heritage;

iii. **Promote a dynamic private sector participation**: To create a closer co-operation between the public and private sectors.

iv. **Enhancement of the urban economic activities**: Through an effective participation in higher value-added activities in the urban areas.

v. **Development of efficient and well-managed urban centres**: Comprehensive urban development and effective internal management of these centres;

Based on discussion in the previous parts, towards achieving the status of a developed and industrialised country, a structured urbanisation process have important role in national development. For that reasons in achieving these objectives, future directions in planning and building better cities should incorporates the following issues in order to create a balance and sustainable urban development;

i. Optimise settlements, industries, infrastructure networks and public spaces in terms of land use planning.

ii. Providing acceptable and affordable levels of services. (e.g water supply, efficient sanitation and sewerage systems, reliable power and telecommunication facilities and efficient transportation system).
iii. Reviewing the present role of cities in national economic development and enhancing private sector participation.

iv. Development of special feature town and by providing facilities for a high tech/intelligent city.

v. Ensuring environment sustainability.

vi. Conservation of national heritage and ensuring better urban design reflecting national uniqueness, cultural and individuality.

vii. Priority for revitalisation and rehabilitation projects in national development

3.1 Urban Planning System in Malaysia

The urban sector in Malaysia has significant role in the attainment of the objectives embodied in the National development Policy (NDP) of Second Outline Perspective Plan (1991-2000), during that period, the urban population grew at the rate of 5.6% per annum in 1970-1991, (2.8 million in 1970 to 9 million in 1991). This represents an increase of 68.0% (Table 5). Urban-based population is expected to grow from 51.0% (1991) to 75.0% (by 2020). For major urban areas in Malaysia, its projected that in the some cases reflects a two-fold increase by the year 2000 compared to the levels at 1980.

Table 5: Number of Urban Population, 1911-1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population ('000)</th>
<th>Rural Population ('000)</th>
<th>Urban Population ('000)</th>
<th>Urban (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911*</td>
<td>2,339</td>
<td>1,937</td>
<td>402</td>
<td>17.2</td>
</tr>
<tr>
<td>1947*</td>
<td>4,908</td>
<td>3,607</td>
<td>1,301</td>
<td>26.5</td>
</tr>
<tr>
<td>1970*</td>
<td>6,279</td>
<td>3,610</td>
<td>2,669</td>
<td>42.5</td>
</tr>
<tr>
<td>1980</td>
<td>10,440</td>
<td>7,621</td>
<td>2,819</td>
<td>27.0</td>
</tr>
<tr>
<td>1991</td>
<td>13,136</td>
<td>8,670</td>
<td>4,166</td>
<td>34.0</td>
</tr>
</tbody>
</table>

*Data for Peninsular Malaysia

Population and Housing Census 1991:

Based on this scenario, increase in urban population would create pressure on urban planning for additional infrastructures and support services would far exceed current capacities of authorities at lower level (e.g Local Authorities). But, if urban development process planned and managed effectively, it would be able to create a systematic urban development within the framework of economic efficiency while maintaining the principles of environmental sustainability. In this context, an effective and efficient development planning system have a positive role in translating the objectives of the envisaged National Urban Policy (NUP) into physical reality by providing the spatial dimensions to the socio-economic and environmental aspects.
3.2 Legislative Framework For Urban Planning

According to the theme of this conference, urban centres in the near future, not just functions as a settlement area, but more importantly in order to achieve industrial nation status, the towns and cities should be identified as the engines of growth. The Town and Country Planning Act 1976, introduces a comprehensive system of town and country planning in Malaysia which is reflecting the growing importance of a proper and comprehensive urban planning system in the country.

The key features of the Act are;

i. The formation of a State Planning Committee,

ii. The preparation of development plans consisting of structure plan and local plans by the local planning authority according to specified procedures which include carrying out a survey of its planning area and giving publicity to the report of survey, draft structure plan and draft local plans.

iii. The requirement to obtain planning permission from the local planning authority before carrying out any development,

iv. The enforcement by the local planning authority in cases of contravention of the Act,

v. The levy of development charges,

vi. The right of appeal to an Appeal Board against the decisions of the local planning authority,

vii. The right of affected land owners to serve purchase notice on the local planning authority,

viii. Declaration, acquisition and development of development areas

Based on the requirement of the act, there are 112 urban centres in Malaysia that should have statutory plans i.e. both Structure and Local Plan, indicating which areas are to be different uses (housing, industry, open space, education, etc), and traffic routes. The main function of the plans is to control development and ensure development takes place in an orderly manner for the development of better cities.

3.3 Development Plan System Stages

Under provision in the Town and Country Planning Act (Act 172, 1976), Local Planning Authority (LPA) is required to prepare a Structure Plan and Local Plans under its areas of jurisdictions. The Act, details the procedures for the preparation, submission and approval of the two plans (Figure 4).
i. Carrying out of surveys, data collection and analysis
The Act required a survey instituted by the local planning authority, to examine all matters affecting development and planning of its area, and to keep all these matters under review. The local planning authority should also take account of projected changes in any of these matters and the effects that these might have on development or the planning of development in its area. The surveys and studies were carried out under seventeen separate components, covering all matters pertaining the regional and national planning framework, the economic, social, environmental and infrastructure matters of Penang Island, and on the implementation and implications of the plan.

The study components are as follow:

1. Regional framework study,
2. New economic policy study,
3. Population and demography study,
4. Employment and income study,
5. Land use and land capability study,
6. Housing study,
7. Commercial study,
8. Industrial study,
9. Tourism study,
10. Community services and facilities study,
11. Agriculture study,
12. Leisure and Recreational study,
13. Environmental quality study,
14. Public utilities study,
15. Traffic and Transportation study,
16. Urban Form, Townscape and landscape study,
17. Plan implementation-Finance and Organisation

ii. The Preparation of The Draft Structure Plan
The structure plan as defined in the Act is a written statement, accompanied by such diagrams, illustrations and descriptive matter as appropriate, formulating the policies and general proposal of the local planning authority in respect of the development and use of land in that area, including measures for the improvement of the physical environment, the improvement of communication and the management of traffic. The structure plan brings before the public, the local planning authority's intentions for the area for the next ten to fifteen years. The plan must therefore provide a broad strategy
that is sufficiently flexible to allow for implementation to be geared to changing circumstances. In form, it is written statement, which is illustrated by diagrams.

### iii). Preparation of Draft Local Plan

The local planning authority start preparing draft local plans even before the structure plan is approved, but the draft local plans have to conform generally to the structure plan. If an area is indicated as an action area in a structure plan, the local planning authority has to prepare a draft local plan for the area as soon as practicable after the structure plan comes into effect. Generally a local plan perform four major and interrelated functions namely:

i. **Application and development of structure plan's strategy**: A local plan must conform to the structure plan valid at that time (whether operative or not) and develop the policies and proposals in it.

ii. **Redefining development control policies of Structure Plan**: A local plan will refine the broad guidance in development control as presented in the structure plan. By allocating land to specific purposes; by defining areas to which particular development control policies will apply; and by explaining those policies in term of planning standard and other criteria; the developers and property owners will be given precise information.

iii. **Co-ordinating development**: Policies and proposal in a local plan can be used as a basis for co-ordinating and estimating public and private development and expenditure over the areas covered by them.

iv. **Bringing local and detailed planning issues before the public**: A local plan will draw attention onto more detailed planning issues in parts of a structure plan area through a statutory public participation process

### 4 Conclusion

The urbanisation disparities in Malaya economic development have depended on historical background. There was a larger concentration of population and infrastructure in the developed regions compared to the less developed regions. In the developed regions, there was a high degree of urbanisation, with most of the main towns and cities are situated here. Readily accessible market (because of high degree domestic population and near to strategic harbour-export) and skilled labour force was the fundamental to the establishing of manufacturing sector. Most of the industrial estates and foreign direct investment was concentrated in these regions, resulted in a high income and relatively high standard of living.

Meanwhile, the economy was still depending on the traditional agriculture in the less developed region. The distinguish characteristics of this regions compared to the developed regions were low productivity, high seasonal unemployment and income, high poverty and less international immigration and exposure. Due to these factors, these regions faced the problem of high selective out migration.

The effect from the inequality that occurred raised the tension among races and culminated in the vicious riots in 13 of May 1969. Regarding to the “May 13”
incident government took quick action to lessen the gap between ethnic by introducing the New Economic Policy under the Second Malaysian Plan started in 1971.

Today, with the world moving towards globalisation, the city becomes the country's major point of contact with the outside world. It enables to attract economic activities and investments into the country. At the same time, the city becomes the major focus of political and economic power of the country, the focus of commercial, institutional and international activities. In general, it becomes our aim to develop our cities into more modern and vibrant metropolitan centres. With better planning and urban management, with greater creativity, innovativeness urban planning we strongly confident that our dream of making our future cities truly cities will one day be realised.

References


