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Malaysia's New Wave of Urbanisation

By

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The earliest towns of Malaysia, namely port and mining towns, were a result of the British administration and intervention. They were mainly 'foreign' towns, as the initial urban dwellers of Malaya were mainly migrant workers from China, brought in by the British as mine workers, and from India, who were working as support staff in the Public Works Department. A smaller number of urban residents were British administrators.

The growth of urban areas due to the movement of people from rural to urban areas (internal migration) only took place in the 1970s, the effect of deliberate government policies such as policy measures to restructure the society and the compulsory resettlement during the communist insurgency period. Urban planning became more organised with the legislation of the Town and Country Planning Act in 1976 and the setting up of several public agencies to implement development policies such as the Urban Development Authority (UDA) to develop cities, public housing and commercial centres.

Over the last 40 years, the urban landscape of Malaysia has been markedly transformed. Malaysia has achieved a high level of urbanisation. From a humble beginning of 26.8 per cent in 1970, Malaysia's urbanisation level reached 70.9 per cent in 2010, and is expected to rise further in 2020 to 75 per cent (refer to Figures 1 and 2). The United Nations estimated that nearly 90 per cent of Malaysians will live in cities by 2050 (see Figure 2). The states of Penang and Selangor have achieved more than 90 per cent urbanisation, while the Federal Territories of Kuala Lumpur and Putrajaya have been fully urbanised (refer to Figure 3). The number of towns has also increased rapidly, from 72 towns in 1980 to 228 towns in 2010. The swift growth was largely due to the policy of dispersing economic activities throughout the country.

As a result of the increasing number of towns and high level of urbanisation, the pattern of migration is changing. Urban-urban and urban-rural migrations have become more significant instead of rural-urban migration. Official data revealed that urban-urban migration made up about two-thirds of the total internal migration between 1995 and 2000, which is about 50 per cent higher than from 1986 to 1991. Rural-urban migration, on the other hand, fell from 17 per cent to 12 per cent. In 2011, rural-urban migration dropped to 6.4 per cent, while urban-urban and urban-rural migrations rose to 58.5 per cent and 24.3 per cent respectively.

Demographics aside, the physical landscape has been transformed. The new federal administrative capital of Putrajaya, the Kuala Lumpur Twin Towers, the Light Railway Transit (LRT) system

Figure 1: Malaysia's Level of Urbanisation

Year	Percentage urban	Growth Rate (%)	Tempo of urbanisation (%)
1970	26.8	:	:
1980	35.8	5.2	2.9
1991	50.7	5.1	2.5
2000	61.7	4.8	2.2
2010	70.9	3.5	1.4

Source: Abdul Rahman Hasan and Letha Nair Prema, Growth of urban towns in Malaysia. Paper presented at the International Population Conference on Migration, Urbanisation & Development, 8 July 2013, Faculty of Economics and Administration, University of Malaya, Kuala Lumpur.

and Kuala Lumpur International Airport (KLIA) have all changed the appearance of Malaysia. Squatter settlements have been cleared and the former residents were relocated into public housing, owing to the relatively successful zero squatters policy. In Kuala Lumpur alone, the City Hall has managed to reduce the number of people living in squatter areas from 134,345 in 1996 to 15,580 in 2012. RM1.73 billion was spent to construct public housing — 71,031 units within 99 areas of Kuala Lumpur in 2012. There has also been a tremendous increase in the nation's transportation network, albeit often causing severe traffic congestion and road accidents.

Urbanisation is putting pressure on the government to find means to manage its resources — land, water and energy — efficiently. The immense demands of an increasing urban population lead to problems such as rapidly escalating land prices, which inflate house prices to an unattainable level for an average urbanite (see Figure 4), acute water shortages and rising energy costs.

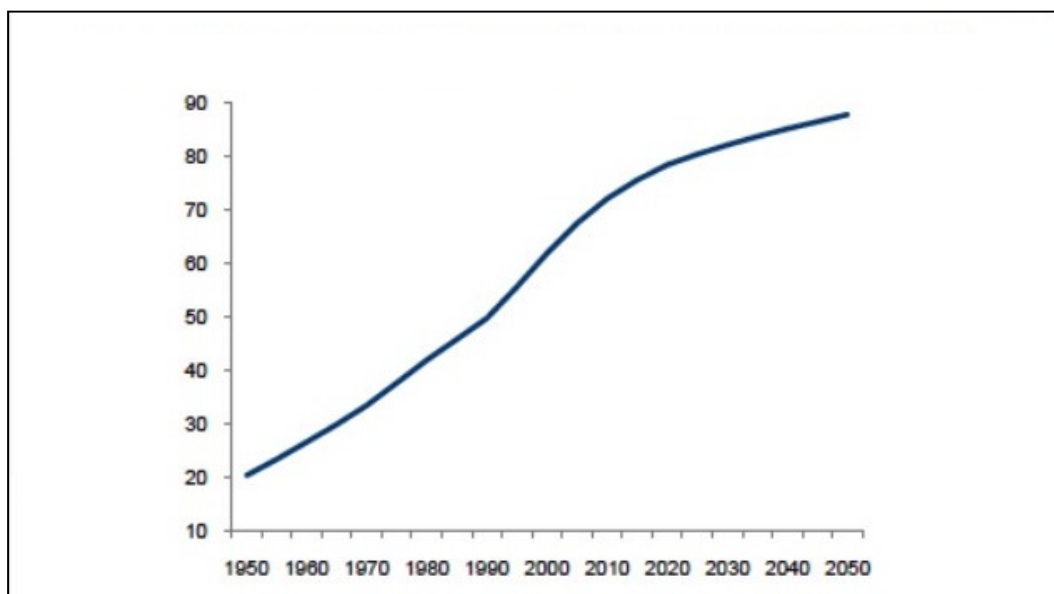
... the pattern of migration is changing. Urban-urban and urban-rural migrations have become more significant instead of rural-urban migration.

We must ensure that our cities are not only generators of economic growth, but are also vibrant and liveable. The inevitable issues that accompany the urbanisation processes are becoming increasingly challenging. The government has so far demonstrated its willingness to make urban wellbeing a priority — the name change of the Ministry of Housing and Local Government to the Ministry of Urban Wellbeing, Housing and Local Government reflects this. Recently, the Ministry has also set up a Centre of Excellence for Urban Wellbeing and Happiness.

Additionally, the country's commitment to urban wellbeing is manifested through its focus on sustainable urbanisation in the National Transformation Programme (NTP). The Greater Kuala Lumpur/Klang Valley (GKL/KV) National Key Economic Area (NKEA) is one of the 12 NKEAs under the Economic Transformation Programme (ETP), and the improvement of public transport is one the seven National Key Results Areas (NKRAs) under the Government Transformation Programme (GTP).

The government is well aware of the current predicaments of urban housing. In the last century, the problems of urban housing revolved around the adequacy and accessibility of safe and proper housing. Government housing policies in the past have therefore focused on the provision of low cost housing, ensuring that urban housing

Figure 2: Percentage of Malaysians Living in Cities



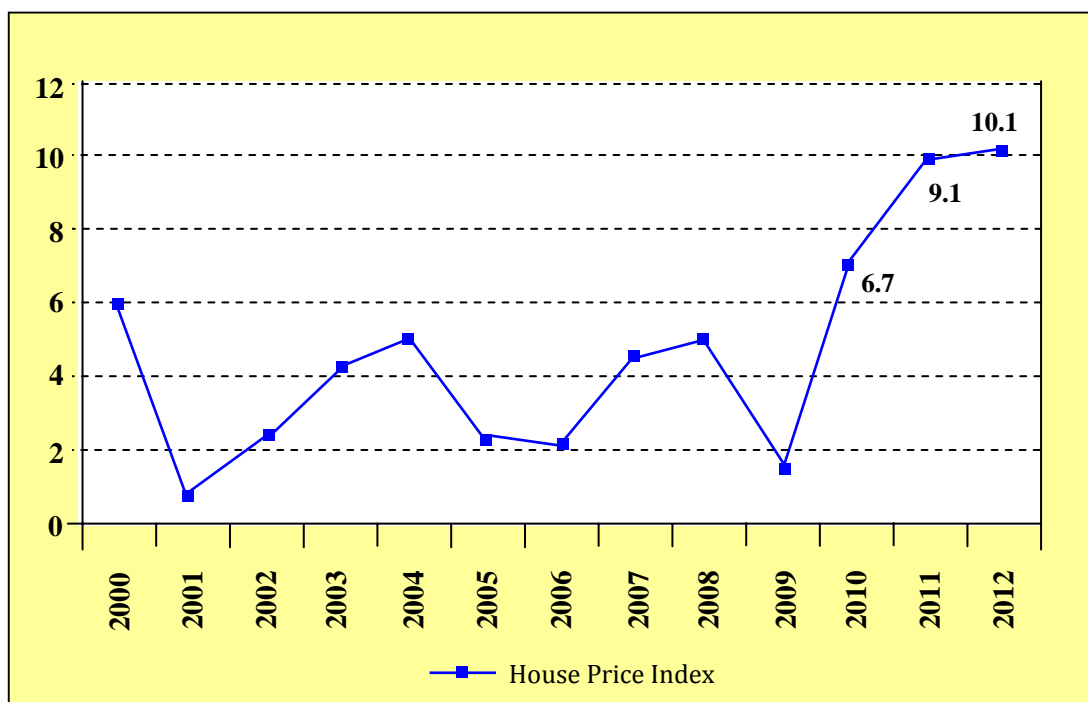
Source: The 2009 UN Revision Population Database

Figure 3: Percentage of Urban Population by State

State	Percentage of urban population				
	1970	1980	1991	2000	2010
Johor	26.3	35.2	47.8	63.7	72.0
Kedah	12.6	22.5	32.5	38.8	64.3
Kelantan	15.1	28.1	33.5	33.5	41.5
Melaka	25.1	23.8	38.7	67.4	86.5
Negeri Sembilan	21.6	32.6	42.0	55.0	65.9
Pahang	19.0	26.1	30.4	42.1	51.0
Perak	27.5	33.8	53.6	59.0	69.2
Perlis	0.0	8.9	26.6	33.8	51.8
Penang	51.0	47.5	75.0	79.5	90.6
Sabah	16.9	19.9	33.2	48.1	53.3
Sarawak	15.5	18.0	37.5	48.0	53.2
Selangor	45.6	40.9	75.2	88.1	91.4
Terengganu	27.0	42.9	44.5	49.4	59.1
Federal Territory of					
▪ Kuala Lumpur	-	100.0	100.0	100.0	100.0
▪ Labuan	-	46.3	48.4	72.3	81.8
▪ Putrajaya	-	-	-	62.8	100.0

Source: Abdul Rahman Hasan and Letha Nair Prema, *Growth of urban towns in Malaysia*. Paper presented at the International Population Conference on Migration, Urbanisation & Development, 8 July 2013, Faculty of Economics and Administration, University of Malaya, Kuala Lumpur.

Figure 4: House Price Index



Source: National Property Information Centre (NAPIC)

had access to basic services and that squatter areas were eliminated. These have been, to a large extent, successful. One of the strategies undertaken was to compel all private housing developers to dedicate a specific portion of their housing developments as fixed-priced low cost housing, which has undoubtedly increased the number of low cost houses nationwide. But with no revision in the ceiling price since 1996, the rising cost of construction has forced developers to undertake cost-cutting schemes. These include a reduction in the quality of the low cost housing built, or building the houses in the least desirable segments of their developments, such as in areas with active land movement or with poor drainage.

There are inherent weaknesses in segregating low-income housing from the rest of society. Most low cost buildings in urban areas are high-rise because of a shortage of land. These low cost high-rise private houses quickly regress into slums as they are often poorly managed due to lack of funds, exposed to floods as well as landslides and disposed to vandalism. Realising that these have affected the wellbeing of many urban residents, the government has set up a maintenance fund that can be accessed by the management bodies of low cost housing lacking in

funds to undertake maintenance works such as repainting and repair of damage.

These are ongoing challenges, but other concerns have surfaced. The past policy for balanced regional development has created a large number of smaller and dispersed new towns. In times of challenging economic environment and weak private investments, these new towns require sufficient talent and job creation to sustain growth. Although organisations such as the World Bank may be right in recommending Malaysia to pursue urban agglomeration instead of a dispersal strategy, policy reversal needs careful handling. Otherwise many towns may degenerate, creating 'dead towns' like the old mining towns of the 1990s after resources have been exhausted.

Related to this is the need to manage the multispeed growth between urban and rural areas. Managing urbanisation does not only mean managing urban conurbations. Urban and rural are two sides of the same coin. In other words, managing urbanisation also means that the government must pay attention to the challenges that urbanisation brings to the rural areas. Many rural areas are facing depopulation, which also

means brain drain at a local level. This phenomenon is leading to a widening of the rural-urban gap. At the same time, with a high urbanisation level, there is a greater and more urgent need to ensure sufficient job creation and growth in cities to cope with the large urban population. Historically, poverty eradication programmes have been focused on rural areas but the trend is shifting towards urban poverty simply because a large population reside in urban areas. Nonetheless, rural poverty should remain important for reasons described above.

Finally, urban authorities must take into account the need to create cities that are conducive for a thriving society; cities where people can live, work and play in peace and harmony. Urban planning should take into consideration the connectivity between housing and transport networks, the environment as well as social participation. Besides physical infrastructure, development should also include

‘soft infrastructure’ or institutional planning. All of these can be achieved by promoting good urban governance. There is room for the present system to be more inclusive and responsive to local needs. Research has shown that good governance correlates with positive development outcomes. However, local leaders must first be sensitised about sustainable urban development. These leaders can then be champions of sustainable practices in the new wave of urbanisation.

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