

Identify the strategies for strengthening local financial capacity in Malaysian l...

[Government](#)



Identify the strategies for strengthening local financial capacity in Malaysian local government. The first strategy that can be used to strengthen the financial capacity in Malaysian local government is by generating the new avenues for revenue source which are sought to supplement the income of the local authorities. This may include sale of the municipal bonds, rezoning of the land from the residential to commercial purposes or taking the equity share in the privatization project.

Another alternative that available to be taken by the Malaysian local government is by increasing the assessment tax imposed to the local people. The public should be explained on what extent the local authority increasing their assessment tax. For example, due to the increase of the demand for the local government functions and services, it requires high cost and unfortunately, the current condition of the local government cannot fulfil it urges them to do so.

Before the local government wish to increase the tax, it is important for the local people to be informed in order to know their view as well as they may discuss with the local authority for the betterment of the services provided in their area of jurisdiction. The third strategy that can be used to strengthen the local financial capacity in Malaysian local government is by offering land pooling. It is an activity which is mostly practiced in the countries like Australia, Japan, Korea and Taiwan.

It is a situation whereby owner of small plots of land will be encouraged to combine their land together for profitable development under the local authority concern. For example, the land owners surrender their land to the local authority for the provision of infra and development, after which area <https://assignbuster.com/identify-the-strategies-for-strengthening-local-financial-capacity-in-malaysian-local-government/>

are re-allocated to the owners. The local authority retains a small portion of the readjusted land as its contribution and can utilize this land for its own purpose. The next way that can be taken by local authority in Malaysia to become a strategy in strengthening the financial capacity is through re-zoning process.

It is the process of changing the status of the land usage. For example, from the status of residential, change to commercial status where it can generate more income in term of tax where a higher assessment rate can be imposed. Generally, this can be applied to certain residential areas whereby a large number of houses have been permitted to operate their businesses from or within their premises, but is still being assessed by the local authority under residential status.