CHAPTER 1
National Physical Planning Framework
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NATIONAL PHYSICAL PLANNING FRAMEWORK

1.1 Development Planning in Peninsular Malaysia

Development planning is practised in all three tiers of the Government in Peninsular Malaysia. At the national level, development planning is guided by the Five-Year Malaysia Plans (FYMP), the National Physical Plan (NPP) and other sectoral national policies that are passed by the Cabinet. They address the strategic issues of national importance and provide the overall framework for subsequent drawing up of the other more detailed Development Plans. Contextually, development planning in the country operates within the stated goals outlined in Vision 2020 and the Third Outline Perspective Plan 2001-2010 (Figure 1.1). Similarly at the state level, development is guided by the Regional and State Development Plans, and other national sectoral policies that are formulated from time to time by the respective state governments. Local level physical planning is carried out and regulated through the statutory development plans, in the form of Local Plans and Special Area Plans, prepared by the local planning authorities. It deals primarily with more detailed and site specific land use allocations and spatial development of each locality and community needs.

Figure 1.1 : National Development Planning Framework
An effective national physical planning system should necessarily involve both top-down and bottom-up approaches and it is also crucial that the national spatial policies are incorporated into and integrated with the other sectoral policies, strategies and programmes. While the NPP sets out the general directions and priorities of the overall physical development of the nation, the Regional, State Structure and Local Plans will in turn provide significant more detailed strategic thrusts and targets on the states’ aspirations in respect to the future development of the State and Local Authority areas. In the event of any policy or major issue conflicts, discussions will be held with stakeholders concerned to rationalise and reconcile any discrepancies inconsistent with national interests and state aspirations, particularly the achievement of Vision 2020 and the 1Malaysia concept.

Malaysia practices a plan-led development system. This means that any development of land and buildings, require planning approval from the Local Planning Authority. Planning permission will be granted if the development is in conformity with the statutory Local Plan, such as technical agencies requirements and public objections. In general, the town planning system has served the country well in facilitating rapid development and enhancing the quality of life without compromising the environmental quality and heritage resources of the locality. The planning system is however continuously evolving to respond positively to new emerging trends and changes, such as increasing demand for more public engagements and appropriate spatial adaptations to combat climate change, to face the wider uncertainties of the 21st century.

In preparing the national spatial framework for Peninsular Malaysia, account has been taken into consideration of the global commitments of the Malaysian government for concerted local plans actions as a signatory to the various international conventions and agreements. The relevant ones with spatial implications are:

**Habitat II:** Habitat II seeks to ensure the provision of adequate shelter for all as well as to strive for sustainable human settlement development in an urbanising world. In this respect, these objectives, principles and strategies have been integrated into the development plans prepared according to the requirements of the Town and Country Planning Act 1976 (Act 172).

**Agenda 21:** Agenda 21 represents a global partnership in promoting sustainable development. Towards this end, Malaysia has endeavoured to implement the commitments largely through the Local Agenda 21 initiatives by all the local authorities in their respective areas.

**Convention on Climate Change:** The Convention on Climate Change essentially targets at lowering the industrial and other greenhouse gases emissions, especially carbon dioxide, which adversely affect and change the climate system, particularly global warming. As such, the principal spatial strategy adopted by the Malaysian government is to maintain an effective sustainable forest management program, decreasing the urban footprint and to encourage the use of public transport.
**Convention on Biological Diversity**: The Convention on Biological Diversity primarily aims at conserving the biological diversity and promoting sustainable use of genetic resources while carrying out economic development. To contribute to biodiversity conservation, substantial efforts have been made by the Malaysian government to protect ecosystems, to maintain natural habitats particularly the tropical rainforest and wetlands, and to establish wildlife corridors.

**WTO Trade Agreements**: Continuous and increasing economic globalisation and trade liberalisation pose both opportunities and challenges to every nation, including intense pressure to open up markets for more competition and privatisation. To meet this challenge, sustainable growth in Malaysia needs to be driven by enhancing productivity, innovativeness and competitiveness in which the creation of a K-economy is crucial.

**ASEAN Free Trade Agreements (AFTA)**: The most important regional trade bloc for Malaysia is AFTA as it directly affects her trade relations with her immediate neighbouring countries. AFTA aims to liberalise trade between member countries by bringing tariff rates down to 0 - 5 percent by 2008.

Plans and Policies used in the country to guide and shape developments consist of the following:

i. **Vision 2020**

The long-term vision statement for the country, Vision 2020, states the aspiration of the nation. The nation shall become, by the year 2020, “fully developed along with all the dimensions: economically, politically, socially, spiritually, psychologically and culturally.” At the same time, the country also seeks to achieve a high income nation status by year 2020.

The strategy to achieve this Vision is by transforming the economic structure and facilitating a high level of economic growth through an accelerated development of the service sector in generating economic activities. Emphasis is given on promoting innovation, creativity and high value-added elements in niche areas such as Islamic banking and finance, tourism including health and education, shared services and outsourcing, information and communication technology and professional services. It will also involve an accelerated industrial development and an export-based manufacturing sector. The manufacturing industry will create significant multiplier effects on the other sectors of the economy, including supporting logistics and business services. Collateral development will entail the accelerated development of science and technology. At the same the private sector is expected to provide the main engine of growth to achieve this Vision.

In delivering Vision 2020, the Malaysian government is vigorously promoting the “1Malaysia” concept aimed to foster national unity through mutual respect and tolerance amongst the different ethnic communities with diverse religious beliefs and cultural practices. Towards this end, spatial planning can contribute significantly in
creating an inclusive society through facilitating ethnically-mixed residential development as well as the provision of public common users’ space, such as sport facilities and parks to encourage more social interactions and interpersonal relationships.

ii. The Third Outline Perspective Plan (OPP3)

The Third Outline Perspective Plan 2001-2010 (OPP3) provides broad strategic economic directions and development priorities of the country towards achieving Vision 2020. The OPP3 essentially forms the framework for the preparation of the FYMP.

A central objective of OPP3 is to enhance the spirit of ethnic and social integration for all the communities of Malaysia. Its concentration is at forging a united nation consisting of a progressive and dynamic “Bangsa Malaysia” (Malaysian nation) that “lives in harmony and engages in full and fair partnership”. OPP3 also focuses on enhancing regional balance through rapid development in the less-developed states. Efforts will be taken to diversify the economic base of the slower growing states into manufacturing and services. Emphasis will be given to the development of downstream activities in the agriculture sector, such as in handling, processing, packaging and marketing of agro-products, and the development of agro-based industries. Another aim of the OPP3 is to reduce urban-rural disparities and to strengthen the linkages between the urban and rural economies. The OPP3 also seeks to address the rising urban poverty which is a recent phenomenon within the conurbation areas of the country.

iii. Five-Year Malaysia Plan

The current Five-Year Malaysia Development Plan is the Ninth Malaysia Plan, 2006-2010 (9th MP). The Plan will intensify efforts to enhance the strength of the domestic and foreign sectors by developing new sources of growth, improving the competitiveness and resilience of the economy, and increasing the participation of the private sector.

The major thrusts of the 9th Malaysia Plan are to facilitate growth and higher value-added economic activities, increasing the capacity for knowledge and innovation, reducing inequalities, improving the quality of life and strengthening institutional capacity. The Plan identifies the growing sectors of the economy as services and manufacturing, besides increasing value-added downstream activities in the agricultural sector, such as the biotechnology industry. The government will continue to facilitate the development of existing and new industrial clusters, besides promoting direct foreign investments in order to face the intensifying competition amongst countries for investments, production and markets. The implementation and further elaboration of free trade agreements among nations will result in the deepening of globalisation and make competition more intense.
iv. National Physical Plan

The National Physical Plan (NPP) sets out the national strategic spatial planning policies and measures taken to implement them in respect to the general direction and broad pattern of the land use and physical development and conservation in Peninsular Malaysia.

The first NPP prepared in 2005 was made under the provision of Section 6B of the Act 172. It has been approved by the Cabinet on the 20th April 2005 and by the National Physical Planning Council (NPPC) on the 26th April 2005. In addition, Section 6B(4) of Act 172 states that the NPP shall be reviewed every five years in tandem with the review of the National Five Year Development Plans, or as and when directed by the NPPC.

The spatial planning vision, policies, measures and land allocations of the NPP will be implemented primarily (i.e. delivery vehicle) through the State Structure Plans. In addition, the Federal Government shall implement the NPP through the control of development budgeting i.e. granting financial allocation to development programmes, particularly key national infrastructure project, of public implementing agencies on the basis of NPP spatial policies. Under section 6B (5) of Act 172, it is incumbent upon the implementing agencies of the Federal Government and all State Governments to assist in ensuring that the objectives of the NPP are realised.

v. Regional Plans

Sub-section 6A(5)(b) of the Act 172 requires the Regional Planning Committee (RPC) to prepare a Regional Plan for areas situated in two or more states where there is an urgent need to tackle significant strategic issues of regional importance, particularly pertaining to cross-border development and joint-facility provision. Each Regional Plan consists of spatial policies and broad development strategies to guide and coordinate development including key regional infrastructure provision, such as highways and airports.

Regional Planning Committees serves to inform and assist the State Planning Committees and the Local Planning Authorities within the region on appropriate development measures for the region aimed at sharing and optimising the use of capital-intensive infrastructure and social facilities, coordinate development, avoid duplication of investments and promote the conservation of natural resources. Regional plan / sub-regional plan may also be prepared for the conurbation covering a number of local authority areas identified in the NPP-2.

To reduce the wide income disparities between the less-developed and more-developed regions as well as between the rural and urban areas, Corridor Development Plans (CDP) for the various designated regional growth corridors that is, the Eastern Corridor Economic Region (ECER), the Northern Corridor Economic Region (NCER) and Iskandar Malaysia, have been prepared and completed recently.
These CDPs are essentially socio-economic orientated and project based. Currently, the Federal Government has committed additional financial allocations, particularly for key regional infrastructure provision, to spur accelerated development in these economically-lagging regions. This regional development strategy is seen as a new source of economic growth for the nation by fully exploiting the inherent potentials and competitive strengths of the different parts of Peninsular Malaysia, for example, beach and island resort tourism along the pristine East Coast. However, there is a need for the integration of these regional economic master plans with the development plan system under the Act 172. Greater emphasis should be given to the development of regional growth centres, such as Kuantan, and strategic urban centres within each economic region to attract higher investment, thus creating more jobs and to catalyst economic spin-offs in developing the rural hinterlands.

vi. Structure Plans

The Structure Plan (SP) sets out the policies and general proposals for the development and other use of land within each state; thus providing guidance for spatial development on states’ issues of structural importance. The SPs interprets national spatial policies and framework (NPP-2) as well as regional spatial policies and development proposals (Regional Plan) at state-wide level in terms of cities, towns, villages and countryside areas.

In essence, the SP distributes the expectations of future development within each state; and proposes major economic and infrastructure projects for the states. The SP also acts as a guide to investment, both by public agencies and private sectors, the allocation / use of resources, and for the coordination of their decisions. The time perspective for SP is normally 20 years. The current set of SPs however, commensurate with the time horizon of Vision 2020. Except for the State of Perlis and the Federal Territory of Putrajaya, which are in the final stage of preparation, all other states in Peninsular Malaysia and Federal Territory Kuala Lumpur are covered with statutory SPs. The SP for each state will provide the framework and basis for the preparation of a statutory Local Plan covering each district of the state.

vii. Local Plans

The Local Plans (LP) are considered as an important component of the Development Plan according to the Act 172; and serve as vehicles for more detailed and site specified development facilitation and control at local level. In addition, the Local Plans by their consultative process of preparation acts as contractual agreements on the use of all land within the planning areas between the Local Planning Authorities, the local residents and land owners. Besides being guides for development, Local Plans also offer a basis of democratic governance and the protection of citizen development rights. In a nutshell, LPs have direct and high impact to the daily lives and property values of the residents at neighbourhood level.
viii. Special Area Plans

The Special Area Plan (SAP) is part of the statutory Development Plan. It is prepared following the same procedures of the Local Plan and has the same effect as a Local Plan. It is an action-orientated Plan detailing out intensive and major changes in the near future for implementation, such as redevelopment of the inner city areas. It also includes detailed information on the type of treatment, implementing agencies, phasing, costing and funding of a certain proposed project.

1.2 The Second National Physical Plan (NPP-2)

The Act 172 and its amendments provide the legal basis for the preparation of the NPP. Sub-section 6B(1) of the Act 172 makes it a statutory duty for the Director General of the Town and Country Planning to prepare and submit to the National Physical Planning Council (NPPC) a Draft National Physical Plan for its approval. In this respect, the first NPP was approved by NPPC in 2005. This framework Plan is an advisory planning policy document and is not gazetted as a Development Plan.

To ensure its relevancy and suitability in the fast changing physical, economic, social and natural environment. Sub-section 6B(4) of the Act 172 also stipulates that the National Physical Plan be reviewed every five years in tandem with the review of the Five-Year Development Plan, or as and when directed by the NPPC.

The Malaysian government recognises the importance of a quick and flexible response to changing circumstances in the continuous national spatial planning process. Implicit in this planning view is the need to monitor and review the performances of NPP (2005) and the social, economic, physical, and environmental forces, including global mega trends, such as the prevailing global financial crisis and economic downturn which may change and undermine the basis on which the first NPP was prepared. Changing needs and conditions of an area and its community may result in the invalidity of assumptions, forecasts and objectives, thus requiring policy reviews and shifts.

Not all aspects of the NPP (2005) will be changed at the review stage as certain aspects of the Plan will require permanency. This is due primarily to the long term gestation period for spatial policies to be fully materialised as well as the need to fulfil Malaysia’s commitments as a signatory to many international conventions, such as Habitat II. These include areas designated for conservation or set aside for the protection of water resources. Other development proposals, such as major national infrastructure constructions may also require continual implementation over decades and follow-up phases.

In view of this, this NPP-2 report is the product of the review undertaken on NPP (2005). This is important as it ensures that the national spatial planning policies and strategies remain up-to-date and relevant in keeping abreast with the fast changing economic, social, physical and technological changes and trends as well as capable in responding
proactively to the emerging international issues and future challenges like climate change, biodiversity and conservation. Thus, an up-to-date realistic NPP-2 will accurately reflect national spatial goals and strategies and will provide positive planning guidance to what is required of planning at the federal, state and local level.

1.3 Functions Of The NPP-2

The main functions of the NPP-2 are:

i. To strengthen national development planning by incorporating spatial dimensions in tandem with the national socio-economic policies;

ii. To establish a national spatial framework for Regional, State and Local planning;

iii. To provide physical planning policies for ensuring sustainable development as well as mitigating and adapting the natural environment and human settlements to climate change;

iv. To coordinate decisions of sectoral agencies by providing spatial expressions to sectoral policies;

v. To advocate sectoral measures for implementing agencies in supporting national spatial policies and framework; and

vi. To identify key action programmes to demonstrate and further improve innovative spatial planning and design concepts.

1.4 Form and Content

The NPP-2 sets out the national long-term strategic spatial planning policies and measures needed to implement them in respect to the general direction and broad pattern of the land use, and physical development to year 2020 in Peninsular Malaysia as a whole. The planning policy statements will be accompanied by the necessary indicative plans, including the future national sectoral planning indicative maps and the national spatial framework key diagram, to support and clarify the strategic spatial policies formulated.

More specifically, the NPP-2 will determine an achievable future long term spatial planning goal for Peninsular Malaysia including identifying strategic national spatial issues and opportunities as well as proposing the key drivers and priorities to realise the goal. The main physical components of the NPP-2, involves the creation of an efficient hierarchy of settlements (such as international gateways and strategic urban hubs / centres), an integrated national transportation network (such as national and regional expressways, high-speed railways, and ports) as well as key infrastructure systems including basic utilities and facilities (such as broadband communication, IT, energy, water, knowledge, schools and health facilities). At the same time, environmentally sensitive areas (such as forests and wetlands) and countryside (such as rural agriculture areas) will also be conserved and preserved. The national spatial framework also intends to indicate to the Federal Government and public agencies on the commitments to future
spending and infrastructure investment priorities to support sustainable growth, job creation and income generation in focused areas. As such, it will contribute significantly towards facilitating private initiatives and enterprises to accelerate long-term economic growth with equity, enhancing global competitiveness, promoting sustainable physical development and conserving biodiversity.

This NPP-2 Report consists of six (6) main chapters. Chapter One (1) introduces the global and national context with spatial implications, the planning system as well as the legal provision and the functions of NPP-2. Chapter Two (2) sets out the goals, objectives and principles for the spatial planning of the nation. Chapter Three (3) outlines the planning framework and examines the current physical development context. Chapter Four (4) highlights the proposed physical development strategy. The current NPP “Selective Concentration Development Strategy” is further accentuated by the concept of “Concentrated Decentralisation in Development Growth Corridors”.

Chapter Five (5) consists of a set of physical development policies supported by Indicative Plans. All NPP-2’s 41 policies have been grouped into eight (8) themes. The current first NPP’s thirty six (36) policies, have been amended, seven (7) new policies have been added while four (4) policies have been combined into two (2) policies in NPP-2. The Policy NPP 22 and NPP 31 in the first NPP relating to water resources has been incorporated into policy NPP 26 in NPP-2, while policy NPP 9 and NPP 11 in first NPP relating to conurbations has been incorporated into policy NPP 14 in NPP-2. Chapter Six (6) highlights the issues of the NPP-2 plan implementation and proposed measures to further enhance implementation mechanism of the NPP-2.

1.5 Consultation Process

When preparing the NPP, the Director General of Town and Country Planning is required by law to consult the State Authority and such other authorities or bodies as the NPCC may direct. However, a discursive and consultative approach with all relevant public agencies and interested stakeholders at significant stages throughout the plan making process of NPP-2 was adopted and applied.

A central feature of the strategic planning process during the review of NPP (2005) was to encourage and enhance urban governance and participatory plan-making. National spatial planning is a complex process as it involves a wide range of cross-sectoral policies relating to many diverse participants and stakeholders, both horizontally and vertically, such as the NGOs, state governments, public agencies, utility service providers and private sector. It often is positively discriminatory between different groups and areas, such as who to gain and lose, how much and where. For example, given the limited resources available and need for sustainable development, many states want more population, more federal funds for infrastructure development, opening up of more forested areas for agriculture development, sea reclamation for urban development. Similarly, there are sometimes multiple competing uses for the same piece of land for
example, agriculture versus forestry or urban development. These situations are reflected in the various Corridor Development Plans, Structure Plans and Local Plans prepared.

In this context, a series of wide ranging dialogues were carried out with Technical Working Groups (TWG), Federal and State agencies, interested organisations and expert groups. This is vital to afford an opportunity for discussing resource allocation and reallocation with the federal and state governments; and to trade-off conflicts and set priorities between the different stakeholders based on the guiding principles and objectives established.

Information gathered from this discursive approach has proven to be very valuable to rationalise and improve the quality of the policies and measures. In particular, this consultative process ensures that the state and local aspirations as well as private sector requirements are taken into account into the NPP-2, thus fostering a sense of ownership and commitment to the Plan.

1.6 Plan Area

The NPP-2 is currently confined to Peninsular Malaysia. For the purpose of analysing and describing the strategy and relevant policies, four spatial regions, that is, the northern, central, southern and eastern regions are applied similar to the economic regions used by the FYMP. Each of these regions reflects distinctive characteristics and problems, for example, less-developed region. The NPP-2 however does not apply to Sabah and Sarawak as they are governed by different planning legislations.

1.7 Plan Period

Once the NPP-2 is approved, the policies of the Plan will take effect and be read together with subsequent new addition, alteration or replacement by the NPPC. In line with Vision 2020, a ten-year timescale up to 2020 will continue to be maintained. The NPP-2 shall have both a short term perspective in accommodating the socio-economic objectives and project budget allocation of the FYMP and the long term perspective of Vision 2020.

However, 2020 is not intended to represent the end-date by which all national spatial issues identified in the NPP-2 will be resolved. Within the 10-year timescale, the Plan will at best solve the most urgent critical national issues while ameliorating the less pressing minor ones. In addition, the planning for different sectors may require different time horizons. Certain sectoral land allocations for example water supply system and infrastructure network alignment such as high-speed rail, need to be set aside now and safeguarded for development beyond the year 2020.
1.8 Users Of The NPP-2

The main users of the NPP-2 will be the Federal and State agencies responsible for forward planning, development and financial allocations as well as local agencies responsible for development control and land administration. However, all other agencies are expected to study and elaborate the implications of the NPP on their particular sectors, such as education, public health and so on. Private sector property developers will also find the projections of population distribution as well as the disclosure of future national infrastructure a reliable guide for making informed investments. This will help avoid speculative development in the private sector and future mismatch between property development and demand. The public will also have access to the report once it is published and made available on line on the Federal Department of Town and Country Planning (FDTCP) website.

Readers are advised to read the report as a whole so as to get a clear understanding of the National Physical Planning’s Objectives, Strategies and Policies. Notwithstanding this, the main contents of the NPP-2 report are the 41 Policy Statements and the Measures as contained in Chapter 5 of the report. These policies will automatically supersede the earlier 36 Policies contained in the NPP (2005).