

LOCAL DEVELOPMENT THROUGH LOCAL GOVERNANCE: THE STATE OF SARAWAK'S EXPERIENCE IN PUBLIC-PRIVATE PARTNERSHIP IN DEVELOPMENT

YBhg. Datuk Haji Abdul Aziz Haji Husain
Sarawak, & Chairman, Sarawak Development Institute (SDI)

Introduction

There is a growing use of different forms of public-private partnership (PPP) across the public sector of which the Private Finance Initiative (PFI) is one type. The purpose of this paper is to discuss the State of Sarawak's experience in public-private partnership, using the joint venture concept (JVC) of development in the context of the Native Customary Rights (NCR) land. The discussion will also look at the new role of the Government due to the change in policy, and to highlight the effects of the change to the stakeholders in the development of the NCR land.

Definitions and Concepts

Governance

Governance means a method or system of government or management.
(Webster's College Dictionary)

According to Peachment (1999) governance has been defined in six ways:

- as the minimal state;
- as corporate governance;
- as the new public governance;
- as good government;
- as socio-cybernetic system; and
- as self-organising networks.

Rhodes defines 'governance' as self-governing, inter-organisational networks with the following characteristics:

- interdependence between organisations;
- continuing interactions between network members;
- game-like interactions, rooted in trust and regulated by agreed rules;
- no sovereign authority and no network accountability to the state;
and
- an alternative to markets and hierarchies.

Public-Private Partnership¹⁾

A public-private partner (PPP) is any arrangement where a public service is delivered in co-operation with the private sector. A PPP has a number of elements that can be combined in different ways to form different PPPs:

- service provision: *is the service provided by the public or private sector?*
- investment provision: *is the capital for investment raised by the public or the private sector?*
- Method of payment for service: *how is the service paid for, is it by a public body or a user charge for example?*
- Regulation: *how is service quality assured?*

¹⁾ Public Sector Union, United Kingdom.

In the context of the service provider, where the finance and service is public, there is the traditional model of public service provision. At the other extreme where private finance is used with private service provision, there is privatisation. Other private finance initiatives (PFI) deals use private capital, with a privately run service paid for from the public sector. PPPs and joint ventures can also fall into this category, but could also have more complex mixes.

Another element in the interaction of the public and private sector for the provision of public services is the way in which the service is regulated. It is where the private sector delivers a service subject only to state regulation. Another would be where a privately owned organisation operates to provide a service under contract to a public authority.

The dimensions of service provider, investment finance, method of payment and regulation are four elements that can be used to classify PPPs and the alternatives to PFI in a systematic way.

Characteristics of PPPs

The list below adds a further four characteristics of PPPs, that helps to define any particular PPP. Each raises a question about the PPP that will determine the sort of organisation that the PPP is in relation to the public service it provides and in relation to the people that it employs. The characteristics are:

- (a) Ownership;
- (b) Management control;
- (c) Financial/ legal structure;
- (d) Source of investment funds;
- (e) Source and form of finance;
- (f) Safeguards for service quality (regulation);
- (g) Employee representation; and
- (h) Line of responsibility.

Policy Making Process - *Malaysia*

In Malaysia, the highest level of decision making is the Cabinet. For example, in the case of economic planning, there is the National Planning Council (NPC). The NPC comprises key economic ministers, chaired by the Prime Minister, which considers all matters pertaining to major public policy in the socio-economic field affecting development and seeks to resolve related issues with decisions made by the Council or refer them to the Cabinet. There are two other Ministerial Councils; the National Action Council (NAC) which considers matters pertaining to implementation of planned programs and projects and the National Security Council which deals with the security aspects. The non-ministerial committee is the National Development Planning Committee (NDPC) which is headed by the Chief Secretary to the Government. It includes other major economic development ministries like the Governor of the Central Bank and the Secretary General of the Ministry of Finance who are responsible for formulating and reviewing all plans for national development, all policies, strategies and programs, and making recommendations on the allocation of resources.

At the Federal level, planning function is undertaken by the Economic Planning Unit (EPU), which is complemented by other central agencies, like the Implementation and Co-ordination Unit (ICU), Public Service Department (PSD) and other units under the Prime Minister's Department and supported by the Treasury, the Central Bank and various ministries and government agencies. The Cabinet has to approve all plans before being tabled in Parliament.

At the State and District level, the State Economic Planning Unit and the State Development Officers are responsible for formulating state development strategies and co-ordinating the preparation of the State development projects and programs²⁾ which are then discussed and approved by the Executive or

²⁾ There is no standard name for the mechanism used in Malaysia. In other states of the Federation different names are used, such as EXCOS, State Planning committee (SEPU), and in Sarawak the State Planning Unit (SPU).

Supreme Council and the State Legislative Assembly. In the case of Sarawak the co-ordinator of this preparation is the State Planning Unit (SPU).

Current Trends

Western countries in the mid-1980s have undergone major changes as governments tried to respond to the challenges of technological change, globalisation and international competitiveness. There is a paradigm shift from the traditional model of public administration to new public management. New public management is more inclined towards *managerialism*; market based decisions, post bureaucratic and entrepreneurial government. (Hughes 1998) The traditional model does not reflect the extensive, managerial policy making. It has a negative form of control and seeks to avoid embarrassment or mistakes rather than striving for efficiency and effectiveness.

In modern society, the public sector is increasingly affected by the environment in which it operates. The organisation of government, the government bureaucracy, is no longer a closed system but is changing into an open system, which becomes involved in continuous exchange relations with the environment. This environment includes the political system in which political authorities operate as principals of bureaucratic agents, as well as society as a whole, in which individual citizens and their organisations operate as the consumers of the services and products provided by the bureaucrats. The external relations are maintained by the bureaucrats on the one hand, and the political managers on the other hand, with the clients subject to turbulent processes of change. As a consequence, the external management of government becomes more important. This development afflicts the organisations of government (pure public organisations) as well as the institutions of non-commercial private institutions (semi-public organisations).

As noted by McMahon (1998), in Hood (1991 and 1994), a legion of writers has studied the changing role of government in the policy process over the

past two decades, most notably on the influence of public choice techniques on policy choice and policy actors' skills and on the shift from the progressive public administration model to the new public management (NPM) model in policy implementation and service delivery.

According to Hughes (1998), the NPM has the following central doctrine:

- focus on management, not policy, and on performance appraisal and efficiency;
- the disgregation of public bureaucracies into agencies which deal with each other on a user-pay basis;
- the use of quasi-markets and contracting out to foster competition;
- cost cutting; and
- the style of management, which emphasises, amongst other things, output targets, limited-term contracts, monetary incentives and freedom to manage.

Hughes also mentioned, in the United States context, deriving from Osborne and Gaebler, government needs to be 'reinvented'. Osborne and Gaebler set out ten-point programs for what they term entrepreneurial government as stated below:

- promote *competition* between service providers;
- *empower* citizens by pushing control out of bureaucracy, into the community;
- measure performance, focusing not on outputs but on *outcomes*;
- driven by their goals - their *missions* - not by their rules and regulations;
- redefine their clients as *customers* and offer them choices;
- *prevent* problems before they emerge, rather than simply offering services afterward;
- put their energies into *earning* money, not simply spending it;
- *decentralise* authority, embracing participatory management;
- prefer *market mechanisms* to bureaucratic mechanisms; and

- focus not simply on providing public services, but on *catalysing* all sectors.

These ten principles are the fundamental principles behind this new form of government we see emerging: the spokes that hold together this new wheel. Together they form a coherent whole, new model of government. (Osborne and Gaebler, 1993, p.20)

As noted by Boyne (1998) public choice theory suggests that if public officials monopolise service delivery, then the result is oversupply and inefficiency (Blais and Dion, 1992; Jackson, 1982; McMaster and Sawkins, 1996; Mueller, 1989). By contrast, if services are contracted out, then the pressures of a competitive market lead to improved performance. According to the author the advocates of service contracting in local government have been influenced strongly by public choice arguments on bureaucracy that were developed in the 1960s (Downs, 1967; Niskanen, 1968, 1971; Tullock, 1965).

The production of public services by external agencies has grown substantially since the early 1970s. As the author noted in Miranda and Andersen (1994) that, "although the use of contracting varies across service areas, contracts have been used for every service local governments provide."

According MacMahon (1999) from the mid-1970s there was an academic discussion on policy centred on debate about whether the state or the market was best equipped to delivery public solutions. The charge for an increased utilisation of market solutions was led by a variety of economists and other social scientists, most prominently from the Chicago and Austrian Schools. Their ideas directly influenced politicians and non-elected policy makers alike. Tagged the 'new right' they were embraced by the administrations of Margaret Thatcher in Britain and Ronald Reagan in the United States, and the idea was also embraced by other countries as well. Radical change followed in the size, role, and composition of public bureaux. The growth of the bureaux and public budget had been arrested and reversed by the adoption of the new right prescriptions.

The key features of change were and still are:

- Cutback management of public bureaux, reducing budgets, resources and staff numbers;
- Public bureaux cease supply and private goods whether in competition with the private sector or not;
- User-pay arrangements where users, usually without subsidy or 'at cost,' pay for consumption of public goods provided by public bureaux;
- Contractual delegation of functions from public bureaux to private sector suppliers;
- Termination of public sector activity, allowing market forces to determine if the resultant gap should be filled or not by private sector activity;
- Removal of regulations hampering competition on both an intra-national and international basis; and
- Sale of public bureaux and public assets to the private sector, especially of utility and telecommunication suppliers.

For policy sciences the tools in the kit needed to be radically altered to suit the changed conditions. Most obviously there has been a skill convergence between the public and private sectors, something predicted in 1967 by Galbraith and termed "technostructure," the flow being from specifically public sector skills to generically private sector skills. This has been characterised as being from the old public administration to the new public management and in policy terms the transition is from government to *governance*.

The reform of service delivery institutions (SDIs) is central to any country assistance strategy that aims to enhance the state's ability to 'secure the economic and social fundamentals' of sustained growth. The quality of a country's SDIs is a measure of its ability to ensure the provision of goods and services with positive externalities. The provision of these services typically creates conditions that are favourable to market-led growth. Furthermore, service delivery is a key focus for the evolution of the state's relationship to its

citizenry. The very legitimacy of the state depends on how well SDIs meet the demands of citizens (Girishankar 1998)

Existing Program - *Poverty Eradication Program*

The Poverty Eradication Program is one of the ongoing programmes of the Malaysian Government. The program is based on the New Economic Policy (NEP) with the launching of the Second Malaysia Plan (2MP) in 1971. The main objectives of the NEP were to achieve national integration and unity and these were formulated within the context of a two-pronged strategy to; *(a) reduce and eventually eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race; and (b) accelerate the process of restructuring Malaysian society to correct economic imbalances to reduce and eventually eliminate the identification of race with economic function.*

One of the strategies to alleviate poverty in Malaysia is through development of land. The type of land referred to in this paper is the Native Customary Rights (NCR) Land in Sarawak. The development of NCR land using the New Concept of NCR Land Development.

Land Development

In line with the national policy of land development, the State Government of Sarawak encourages the development of plantation agriculture with the view to develop idle or under-utilised land, especially the Native Customary Rights (NCR) lands. By transforming these lands into profitable plantations, the government aims to increase the income and standard of living of the rural landowners. Large-scale land development, apart from increasing the contribution by the agricultural sector to the State's economy, will bring about the following benefits:

- provision of basic infrastructure and social amenities to rural communities;
- expansion of agricultural employment opportunities;
- gradual reduction of areas normally utilised for shifting cultivation; and
- better standards of living for the rural population.

G. Davis et al, (1993) mentioned one of the functions of the State is as an Interest Protector. The domestic defence of local interests has traditionally occupied much state activity (Castles, 1988). Statutory authorities and a myriad of state agencies are established to protect sectional groups, to represent essential interests in the policy process and to protect the social order via welfare provisions to many sections of business and society in general. In the context of land development in Sarawak, the State Government has established a number of statutory bodies, to achieve socio-economic goals. The statutory bodies established to promote and facilitate large-scale land development for agriculture in Sarawak are as follows:

(a) Sarawak Land Development Board (SLDB)

SLDB was established in 1972 to develop State Land for agriculture and resettlement. It has developed land for oil palm, rubber and cocoa.

(b) Sarawak Land Consolidation and Rehabilitation Authority (SALCRA)

Established under the SALCRA Ordinance (1976) and entrusted with the responsibility of developing any land, with special emphasis on NCR Land. It has developed land for oil palm, cocoa, rubber and tea. Its approach in undertaking NCR Land development is essentially one of in-situ or community development.

(c) Land Custody and Development Authority (LCDA)

LCDA was formed in 1981 to promote plantation agriculture by offering opportunities for joint venture between landowners and private entrepreneurs.

Besides the above, the State Government has also invited Federal land agencies such as Federal Land Development Authority (FELDA), Federal Land Consolidation and Rehabilitation Authority (FELCRA), and Malaysian Institute of Agriculture Development Research (MARDI) to complement the efforts of the state agencies.

The introduction of the New Economic Policy (NEP) in the early 70's implies that the public sector has to take a leading role in spearheading change. There were a number of Government Enterprises established by the Government throughout the country in the late 70's and early 80's to cater for various sub-sectors of the economy.

Economic growth had been taken for granted until 1985, when for the first time the Malaysian economy experienced a negative growth. The economic problem was due to world recession and domestic factors such as heavy external borrowing to finance government projects. The external debt increased from RM 10 billion in 1980 to RM 42.3 billion in 1985 which led to a debt servicing ratio of nearly 16 percent (4 percent in 1980). However, due to the pressure for deregulation and liberalisation both internationally and domestically, and as requested by the International Monetary Fund (IMF) and the World Bank, the government started reviewing its policies (Norma, 1997).

The privatisation policy introduced in 1983 was aimed at reducing Government expenditure, increasing efficiency and productivity, stimulating economic growth and effectiveness in distribution of resources, and to speed up in meeting the objectives of the NEP (Privatisation Policy, 1983). With the privatisation policy, the private sector is encouraged to participate more widely in the economy of the country. Government services should be more efficient if it is provided by the private sector. Privatisation promotes domestic competition, increases productivity and is expected to open new

opportunities for Malaysian entrepreneurs, particularly the *Bumiputera*³⁾, within the context of the NEP (Fifth Malaysia Plan 1986-1990, pp. 22-23).

In line with the NEP, the National Development Policy (1991-2000) and in the effort to achieve the objectives of the Vision 2020, the State Government aims to transform the rural sector into a vibrant and modernised economy through the development of the NCR Land.

The related Government Policy is as stated below:

“To raise the standard of living of the Sarawak Native population by placing their NCR land within the corporate structure that will facilitate large-scale land development in rural areas.”⁴⁾

This requires large-scale infusion of private capital to finance the investment in the plantation industry. The Government recognises that only private sector involvement could bring about rapid transformation over the NCR land hence, the State Government in 1994 introduced the New Concept of Development on NCR land.

To achieve this goal, the government has formulated new strategies for the development of NCR Lands, where approximately 1.5 million hectares are mostly under-utilised. The new strategy is to consolidate the vast tracts of fragmented native lands into “land banks”, with new forms of land ownership to facilitate joint venture co-operations (JVC) with the private sector for the purpose of large-scale plantation development.

Native Customary Rights (NCR) Land

In Sarawak, all land belongs to the State Government as provided in the Land Code 1958. However, native customary rights also exist. The NCR is

³⁾ Natives.

⁴⁾ State Government Document Briefing on The New Concept of NCR Land Development, (1977).

traditional ownership rights established in the past by simply occupying land and cultivating it. The Land Code recognises such rights if such land was occupied or farmed on or before January 1, 1958. Under this system, large areas of land that have been farmed on by means of shifting cultivation fall under NCR land category. It is estimated that there is 1.5 million hectares of such land in the State, especially in the interior and those lands lying between the coastal plain and the hilly region of the interior (Helmi, 1998).

In the case of Sarawak, land comes under the jurisdiction of the State. The basis of land law and administration is the Land Code (Chapter 81) 1958, which is entrusted to the Director of Lands and Surveys. The Lands and Surveys Department is responsible for a wide range of land administration duties which cover survey, planning, registration, valuation and general administration of land laws and alienated land.

To facilitate the general administration of land, the State Government has classified land under Section 4 of the Land Code (Chapter 81) into the following categories:

- (a) Mixed Zone, where land can be held under title by non-Natives or Natives;
- (b) Native Area Land, where land can only be held under title by Natives;
- (c) Reserved Land, where land is reserved for Government use;
- (d) Native Customary Land, where the Natives hold land under customary tenures and includes such land within areas which have been declared to be Mixed Zone Land or Native Area Land; and
- (e) Interior Land Area, not falling under any of the above four categories.

The New Concept of Native Customary Rights (NCR) Land Development⁵⁾

The new concept of NCR land development is being formulated on the premise that the vast tracts of such land can be turned into a "LAND BANK" with new forms of land ownership to enable it to be developed on a large scale commercial basis. Such a development could transform the rural sector from that of a traditional and subsistence economy into a strong and sustainable and modern economy.

The basic assumptions in this concept are:

- (a) Native Customary Land which is subject to Native Customary Rights (NCR) land which is now unorganised and fragmented could be turned into an economic asset through the creation of an NCR Land Bank;
- (b) NCR Land Bank once created would pool together and mobilise the resources of the natives with NCR land for large scale development from which optimum returns could be realised;
- (c) Plantation Development is a most natural and practical way of developing NCR land on a large scale basis that could provide optimum returns on investment on a sustainable basis;
- (d) NCR Land Bank with areas of 5,000 hectares and above are attractive and viable for investment by the private investors and as such, will not require Government funds to develop them.

Using the framework of the above assumptions, the development of NCR land in Sarawak is conceptualised into one Commercial Development Model by:

⁵⁾ Handbook, New Concept of Development on Native Customary Rights (NCR) Land, Ministry of Rural Land Development and Land Development, Sarawak, 1997.

- the bringing together of the native landowners with their land and the private sector with their capital and expertise to develop the NCR land for commercial estate on a joint-venture basis. In order to facilitate the formulation of such joint ventures and to safeguard the interests of both the landowners and the investor, the State Government will appoint its agency such as LCDA or SLDB as Trustee to manage the interests of the landowners.
- A standard land development model has been formulated and approved by the State Government which can be summarised as follows:

Joint Venture Model

In this model, the government agency will hold in trust the interests of the NCR landowners. The trustee will form a Joint Venture Company (JVC) with a well-established private sector company approved by the Government. Land title will be issued to the JVC for a period of sixty (60) years (2 plantation cycles) for an agreed value. The monetary value generated by the use of the land will be used for two types of investments:

- (a) as **30 per cent equity** in the JVC (long term investment); and
- (b) as **cash for investment in Unit Trusts** (investment with fast return).

Modus Operandi

A. Co-operation of Landowners

In order for landowners to participate in the development of NCR land, they must organise and co-operate among themselves and are:

- (a) willing to develop their land;

- (b) have enough suitable land area in CONTIGUOUS blocks of not less than 5,000 hectares in a block; and
- (c) willing to assign to a Government Agency as TRUSTEE their respective rights, interests, shares, and estate in the land.

B. Recognition of Native Customary Rights to Land

Upon representation made by the NCR landowners and after being satisfied that the NCR landowners have acquired NCR to or over the said land (except the State land therein) the Government will:

- (a) carry out a perimeter survey on the area, which the landowners have mutually agreed to form the NCR Land Bank for the purpose of development. The landowners involved will have to agree amongst themselves to determine the appropriate sizes of their land holdings therein.
- (b) With the consent of the NCR landowners, issue the title for the said land included in the NCR land development, in the name of the company that implements the project for a term of sixty (60) years. All the rights and interests of the landowners in the land will be merged into one parcel of land for the issuance of ONE LAND TITLE to the said company;
- (c) Classify the said land as NATIVE AREA LAND;
- (d) Allow the said land to be used only for agricultural purpose; and
- (e) Impose the condition that NO dealing over the said land or any part thereof shall be affected without the prior consent in writing of the Minister-in-charge.

C. Declaration of Development Area

The land over which the perimeter survey is completed and issued with ONE LAND TITLE in the name of the company will be gazetted as a Development Area.

D. Managing Agent for Landowners

- (a) the State Government will appoint a Government Agency such as PELITA or SLDB as Trustee to manage the interests of the landowners and to act on their behalf;
- (b) the NCR landowners must jointly agree to authorise the said appointed Government agency to be their sole trustee to undertake and develop for them the said land and to collect; and
- (c) receive on their behalf the benefits derived from the development of the said land. A Deed⁶⁾ to this effect will have to be signed by every NCR landowner.

E. Consideration for the Use of Land

As a consideration for the use of their NCR land, the JVC will pay the value of the said land in the manner as follows:

- (a) the JVC will issue to the Trustee, to be held in trust for the NCR landowners, shares in the JVC credited as fully paid, equivalent to 60 per cent of the value of the said land and representing 30 per cent of the issued and paid up capital of the JVC;
- (b) the balance equivalent to 40 per cent of the value of the said land shall be paid as up-front payment by the JVC to the Government agency as Trustee for the landowners. The Trustee will then invest a portion of above cash equivalent to 30 per cent of the value of the said land to be paid in cash to NCR landowners. The up-front payment indicated above may be subject to variations depending

⁶⁾ A document which will be executed by the State Government, NCR landowners and the Trustee (Management Agent). It will set out and record the respective undertakings, duties, obligations, commitments, rights, benefits and responsibilities of the parties involved.

- on the actual factors such as the value of the land, debt/ equity ratio of the JVC and cost of development of the plantation;
- (c) the number of shares in the company which each of the NCR landowners shall be entitled to, will be in proportion to their respective interests in the said land; and
 - (d) the private sector will have 60 per cent of the issued capital of the company and will pay cash for these shares. The Trustee will have 10 per cent of the issued capital and will also pay cash for these shares.

F. *Equity Structure of the JVC*

The JVC equity structure will be as follows:

Parties	Shareholdings (%)
Investor	60
Landowners	30
Trustee (Management Agent)	10

G. *Rights to Land after Expiry of Terms of 60 years*

- (a) Upon expiry of the term of the title, the NCR landowners shall decide to either renew the title for the land for the JVC or request for the land to be alienated to themselves or to another company or entity nominated in writing by them, as they think fit.
- (b) In the event that the NCR landowners are desirous to have the land sub-divided and alienated to them individually, the Trustee is empowered to undertake a survey of the land and determine the most equitable and fair manner of sub-division of the said land having regard to the extent of each of the NCR landowners' interest in the said land.

H. Benefits to the NCR Landowners

- (a) Their idle land will be developed into modern plantation estates with provisions of adequate infrastructure facilities such as roads, buildings, factories, schools etc. which will increase the value of their land;
- (b) 30 per cent share of profit of the JVC;
- (c) Investment in Unit Trust;
- (d) Cash up-front payment (10 per cent of the total value of the said land);
- (e) Job opportunities;
- (f) Stable income in the form of bonus and dividends; and
- (g) Other benefits.

In launching the new concept of NCR land development, there has been great involvement by members of the State Cabinet, including the Chief Minister himself. The Chief Minister commented as follows:

“The issue regarding the development of the Native Customary Land cannot be neglected at all. We do not like the situation whereby a portion of our people became rich whilst the rural people are still in the clutches of poverty. It is our own negligence if we do not do something about the development of the Native Customary Land”⁷⁾.

The Changing Role of Governance

As cited by G. Davis et al, (1993), one of the State Government’s function is as “*facilitator*” and “*organiser*”. The socio-economic objectives of development have changed to that of profit orientation whereby the Government is no longer a provider of goods and services. It is a “*paradigm shift*” from the

⁷⁾ Launching of New Concept of NCR Land Development, 1994.

traditional public administration, which does not focus on the outcomes to the “*New Public Management*” which focuses on efficiency, effectiveness and economy, (3Es). The new function of the Government would be “*steering rather than rowing*”. (Osborne and Gaebler 1992)

Drawing from the above and in line with the current trend of reform, the State Government of Sarawak has changed its policy with regard to the development of NCR land. The State Government is no longer a service provider but as facilitator and organiser of development programs. In the context of NCR land development the public-private partnership model has been adopted by applying the joint-venture approach of development. Based on PPP’s development model the stakeholders’ interests are being protected by the government. The development approach is no longer top-down, but a bottom-up one too, whereby the landowners must be willing to develop their lands, and 30.0 per cent ownership of the shares in the joint venture company is also granted by the government.

With regard to the new NCR concept of development, the new role of the Government as stated by Johen (1997) is as follows:

“The new role of the Government is to facilitate the commercial development of NCR land, to ensure that the natives’ and developers’ participation in such development is protected. The Government, through its agency, acting, as a Managing Agent for the natives will safeguard the interests of the natives in the venture. Beyond these basic regulatory or supervisory functions, the Government views this concept as a normal business partnership forged by the natives and the private sector to accelerate the commercial development of the NCR land”.

In the context of change or “*Paradigm Shift*” of the NCR land development, changes involved are depicted in Table 1 below:

**Table 1. The Paradigm shift in the context
of the New Concept of NCR Land Development**

OLD PARADIGM	NEW PARADIGM
<p>1. OWNERSHIP OF LAND Land regarded as an heirloom Land is the only form of wealth</p> <p>Land Title regarded as property that can be transferred and sold.</p> <p>Individual basis</p>	<p>1. OWNERSHIP OF WEALTH Land regarded as an economic asset Land is just one form of wealth It can be used to acquire other forms of wealth Share certificate is also a form of property that is negotiable at better price Corporate structure.</p>
<p>2. PEASANT SOCIETY Traditional and subsistence farming a way of life Shifting cultivation/rice planting</p> <p>Small-scale enterprise Dependent on Government assistance and subsidies</p>	<p>2. MODERN SOCIETY Modern and commercial farming. Agriculture as business investment. Planting of economically lucrative crops with better returns Large-scale plantation or estates Progressive and independent</p>
<p>3. REQUEST DEVELOPMENT FROM GOVERNMENT Issuance of individual land title Land security</p> <p>Subsidised development costs</p> <p>Sincerity</p>	<p>3. INVESTMENT SECTOR PARTICIPATION Issuance of ONE LAND TITLE Efficient, professional and pro-oriented management Sharing of business risks and costs of development Responsibility and accountability</p>
<p>4. NARROW PHILOSOPHY Surrenders only marginally suitable land for development Expects Government to pay for development expenditures Hesitates to participate in land development. Prefers to keep land in their original state Benefits from land development are beyond individual's perception</p>	<p>4. NEW PHILOSOPHICAL DIMENSION Surrenders suitable land for development to give better returns Willing to share development expenditures Willing to choose better alternatives for land use Assured spin-off effects of large-scale development on the rural community</p>

Source: Handbook on New Concept of Development on Native Customary Rights (NCR) Land, pp. 17&18.

Hitherto, the State Government has received 178 applications and had approved twenty seven (27) potential areas for the program, which involved approximately 300,000 hectares of land⁸⁾, and include six areas which are considered as pilot projects, that is to test whether the program is workable or not. **Please refer to Map 1.** From these pilot projects, the Government can also learn along the process, instead of implementing the program all at one go.

As the changing role of governance takes root in Sarawak based on a modified role of government as facilitator, and more participation from private enterprise and the community, NCR land development is an approach, which will need to be constantly refined. The rural community, which perceives land as a cultural resource needs to be convinced that it can also be an economic asset which can be developed together with the help of private enterprises. The government plays a lesser role, in encouraging and protecting the interests of the community and private enterprise. The government no longer plays a lead role, but mediates between different interest groups, the private enterprises, and the community. Responsibility for governance and local development is shared, and no longer entirely reliant upon the government as provider of goods and services.

The issue of developing NCR Land is a very important agenda to the State Government of Sarawak. There were various efforts in the past to promote land development to the public. In spite of the intention of the government to enhance land development in the State, there remain doubts among the public, especially those who were directly involved in the development program. Occasionally, the opposition parties, and some internal and external interest groups would politically use the issue to question the wisdom of the program. Therefore, it is a great task for the government to regain public confidence in the endeavour to uplift the socio-economic status of the rural people.

The development of NCR Land is not new in the State of Sarawak. SALCRA, one of the implementing agencies is a statutory institution established mainly for the purpose, of raising the socio-economic status of the

⁸⁾ Ministry of Land Development & Ministry of Rural Development, Sarawak., July 2000.

rural populace. Since its inception in 1976, it had developed 41,186 hectares of NCR Land, mainly in Kuching and Sri Aman Division⁹⁾.

As cited by Bridgman and Davis (1998) in Hood (1983) identified four broad classes of policy instruments:

- Nodality- means using information to influence public behaviour;
- Treasury- use of government money or resources to shape actions;
- Authority- legal or official powers; and
- Organisations- policies delivered by government agencies.

Drawing from Hood (1983) Malaysia uses similar types of instruments. In introducing the new concept of development for NCR land, the State Government organised a State-Level Seminar in 1994 to provide a platform for discussion among the public regarding the newly introduced policy. The seminar provides a forum for discussion between the Government and the public, to establish two-way communication.

As cited by Singhal and Sthapitanonda, (1996) communications play an important role in development.

“Communication can be an instrument of power, a revolutionary weapon, a commercial product, or a means of education: It can serve the ends of either liberation or of oppression, of either the growth of the individual personality or of drilling human beings into uniformity”.
McBride et.al (1980)

Besides the seminar, a series of dialogues was held at Divisional Levels throughout the State among the Government Officials and Community leaders. Development dialogues were also held at Village Levels to cater for those who are directly involved in the development programs. Such dialogues are useful in informing the community and getting its feedback.

⁹⁾ Corporate Report of SALCRA, 1997.

According to Rogers (1962) as cited by Singhal and Sthapitanonda (1996) social change occurs when new ideas (commonly referred to as innovations) are adopted in a social system. Rogers influential book, *Diffusion of Innovations*, argued the importance of the two-step flow of communication in development. According to Roger's theory, community leaders would disseminate the new development concept to the people at their respective villages.

The approach applied here is a mixture of Top-Down and Bottom-Up approaches. The Government has also consulted the public to participate in the policy formulation process. As cited by Bridgman and Davis the OCED (1994:6-9) stated that consultation is used by governments to support democratic values, building consensus, improving regulatory quality, quickening responsiveness and carrying out strategic agendas. For standardisation of messages regarding the new concept, NCR Handbook is also prepared by the Government to channel the related information, and a regularly newsletter is disseminated.

To involve the community, at every NCR land development area there is an Area Land Development Committee. The committee members comprised of representatives from long houses/ villages dwellers and community leaders. The main functions of the committee are as follows¹⁰⁾:

- To organise and unite the landowners;
- To submit application;
- To facilitate implementation;
- To assist in solving disputes relating to the NCR claims;
- As a catalyst and agent of change; and
- To identify sufficient reserves for the long houses domestic uses such as farming reserve, dwelling compound (*payong rumah*), burial ground etc.

¹⁰⁾ Handbook on New Concept of Development on Native Customary Rights (NCR) Land, p.26.

Public-Private Partnership - Sarawak's Example

Based on the PPP concept as mentioned above, the first project initiated by the State Government is the Kanowit Oil Palm Plantation in Kanowit District. The Kanowit Oil Palm Plantation is a joint venture company formed by three parties, Kuala Sidim Berhad, landowners and the managing agent (LCDA), which hold 60.0 percent, 30.0 percent and 10.0 per cent, of shares respectively. The Kanowit Oil Palm Plantation is one of the two pilot projects launched in 1996¹¹⁾, which covers an approximate area of 24,000 hectares of block B and D.

Please refer to Map 2.

To-date 12,000 hectares of land has been cleared and 10,000 hectares planted with oil palm. There are 96 long houses with a total of 1,706 landowners and 1,300 families participating in the project¹²⁾. The brief up- to-date information about the project is as depicted in Table 2.

The plantation consists of seven estates, and a total number of 1,467 jobs had been created. The details are as shown in Table 3.

As a pilot project, it is a test case in demonstrating how a public-private partnership can work, and allow the community to improve its socio-economic profile. Besides the visible physical infrastructure improvements (roads) and the heavy investment outlay from the investor, the preliminary project findings reveal an improvement in the local monthly income level from RM296 in 1995 to the present RM720 and the availability of local jobs. Improvements in socio-economic terms notwithstanding, the more critical qualitative change is that the local community by agreeing to be partners in joint development programs, can actually stand to benefit, instead of being passive recipients of government programs and aid.

¹¹⁾ The Chief Minister of Sarawak officially launched the project on the 19th August 1996.

¹²⁾ As at 24th July 2000.

Table 2. Kanowit Oil Palm Plantation: Summary Report as at July 2000

1. Project Launched	19 th August 2000
2. Total Project Area	24,000 hectares
Total area surrendered	16,800 hectares
3. Area cleared	12,000 hectares
4. Area planted	10,000 hectares
5. Long houses involved	96
6. Landowners involved	1,706
7. Families	1,300
8. Current acceptance level of locals	80.0 per cent
9. Up front cash paid out to landowners	RM429,415.20
Invested in Unit Trust for landowners	RM1,288,255.60
10. Number of long houses connected with roads	79 long houses
11. Investment to-date	RM145 million
12. Estimated family income per month	RM720.00 as compared to RM296 in 1996

Source: Land Custody and Development Authority (LCDA), July 2000.

Table 3. Number of Estates, Workers and Contractors

Estates	Contractors	Contractors' Workers	Staff	Estate Workers	Total
Jagoi	14	269	8	78	369
Maong	6	124	5	9	144
Pedai	3	138	5	8	154
Bunau	4	122	4	16	146
Jih	11	152	9	19	191
Bawan	18	222	7	20	267
Mapai	1	187	4	4	196
Total	57	1,214	42	154	1,467

Source: LCDA, July 2000 Kuching.

Conclusion

If NCR land development can take off in Sarawak, it can bring about socio-economic change and allow local communities say in how they want their land assets to be utilised. There is also the contrary view that local communities are allowed to retain their NCR land as it is, and lead their lives as generations have always done so. This then would place the burden of development and providing for needs such as infrastructure on the government. In largely rural under-developed Sarawak, this already a policy option with the planning for rural growth centres (RGCs), to generate economic activities and employment in the rural areas, with the commitment of government expenditure. On the other hand, a public-private partnership model of development will save on government capital outlay as the financier will be the private sector and the land resources of the community are utilised. This partnership model of development enhances the notion of governance, that good governance is not solely the responsibility of government but requires the participation of other stakeholders.

References

- Arvind Singhal and Patrichart Sthapitanonda, (1996) *"The Role of Communication in Development: Lessons Learned from a Critique of the Dominant, Dependency, and Alternative Paradigms"*, The Journal of Development Communication No. 1. Vol. 7, June 1996, pp.10~23.
- Peter Bridgman and Glyn Davis, (1998) *"Australian Policy Handbook"*, Allen and Unwin, pp. 60~110.
- David Osborne and Ted Gaebler (1993): *"Reinventing Government"*, How the Entrepreneurial Spirit is Transforming the Public Sectors.
- George A. Boyne (1998): *"Bureaucratic Theory Meets Reality: Public choice and Service Contracting in U.S. Local Government,"* Public Administrative Review, November/December 1998, Vol. 58, No. 6,

- G. Davis, J. Wanna, J. Warhurst and P. Weller (1993): *"Public Policy in Australia"*, 2nd Edition, Allen and Unwin, 1993.
- Handbook, New Concept of Development on Native Customary Rights (NCR) Land, Ministry of Rural Land Development and Land Development, Sarawak, 1997.
- Owen E. Hughes, (1998) *"Public Management and Administration"*: On Introduction, Second Edition, Macmillan Education Australia, Pty. Ltd. 1998.
- Lance McMahon (1998): *"The Emerging Marketing and Public Policy Relationship,"* Working Paper Number 98:01, 1998.
- Lance McMahon (1999): *"Marketing and the Policy Sciences"*: The Emerging Relationship, The Journal of Contemporary Issues in Business and Government, Volume 5, Number 1, 5~9, 1999.
- Navin Girishankar (1998): *"Reforming Institutions for service delivery"*: A Framework for Development Assistance with an Application to the HNP Portfolio, OEDCR, December 1998.
- Norma Mansor, (1997) *"The Role of the Public Sector in Malaysian Economic Development"*, V.R.F. Series, No. 310, Nov. 1997.
- Peachment Allan (1999): *"From the New Public Management to Governing without Government,"* paper presented at Conference on Public Service of the Future, "Transforming the Public Service to Lead into the Future," 21-22 September 1999, Kuching, Sarawak.
- Poverty Eradication Technical Working Group, *"Institution and Delivery System,"* Socio-economic Research Unit, Prime Minister's Office, Kuala Lumpur, Unpublished Report, 1990.
- Privatisation Policy, Malaysia Government, 1983.
- Random House Webster's College Dictionary, Random House Inc, New York, 1992.
- Rhodes, R.A.W (1995): *The New Governance: Governing Without Government*, Swindon, Economic & Social Research Council. p.30.
- Sarawak Development Institute, *"A survey on Landowners Awareness, Attitudes and Perception towards the New Concept of Native Customary Right (NCR) Land in Simunjan District, Sarawak, 1998,"* (Unpublished Report).
- "Sarawak Land Code"*, Government Printers, 1970.

Malaysian Plans

The Second Outline Perspective Plan (1991~2000), Government printers, Kuala Lumpur 1991.

The Second Malaysia Plan, Government Printers, Kuala Lumpur, 1973.

The Fifth Malaysia Plan, (1986~1990), Government printers, Kuala Lumpur 1986.