

# CHAPTER 1

# INTRODUCTION

## The Third National Physical Plan (NPP-3) sets the framework for planning and spatial development to be interpreted into strategies and planning actions at national, state and local levels

The National Physical Plan (NPP) is the highest planning document in the national physical development plan framework. It contains physical plans that translates the strategic and sectoral policies of the nation in the context of spatial and physical dimensions. The functions of the NPP are:

1. To translate the sectoral policies involving socio-economic development, conservation, climate change and resource management into spatial form;
2. To establish a spatial framework for planning at regional, state and local levels which serve as the main reference for any planning;
3. To provide physical planning plans for the implementation of sustainable development strategies;
4. To guide the actions of sectoral implementing agencies in supporting the national spatial framework; and
5. To identify programmes and key actions to further improve the spatial planning of the nation.

The NPP has undergone two (2) reviews as stipulated under Section 6B of the Town and Country Planning Act 1976 (Act 172). The first NPP was established in year 2005. The review of the first NPP was conducted through the preparation of NPP-2 in the year 2010 with a focus of becoming a high-income nation. Both NPP documents obtained the approval of the Cabinet and the National Physical Planning Council (NPPC). The NPP-2 was in turn reviewed in year 2015 and the revised plan, known as the NPP-3, incorporated improvements and restructuring to the national spatial planning document. The NPP-3 was approved by the 25th NPPC (1/2016) on the 21st of July 2016.

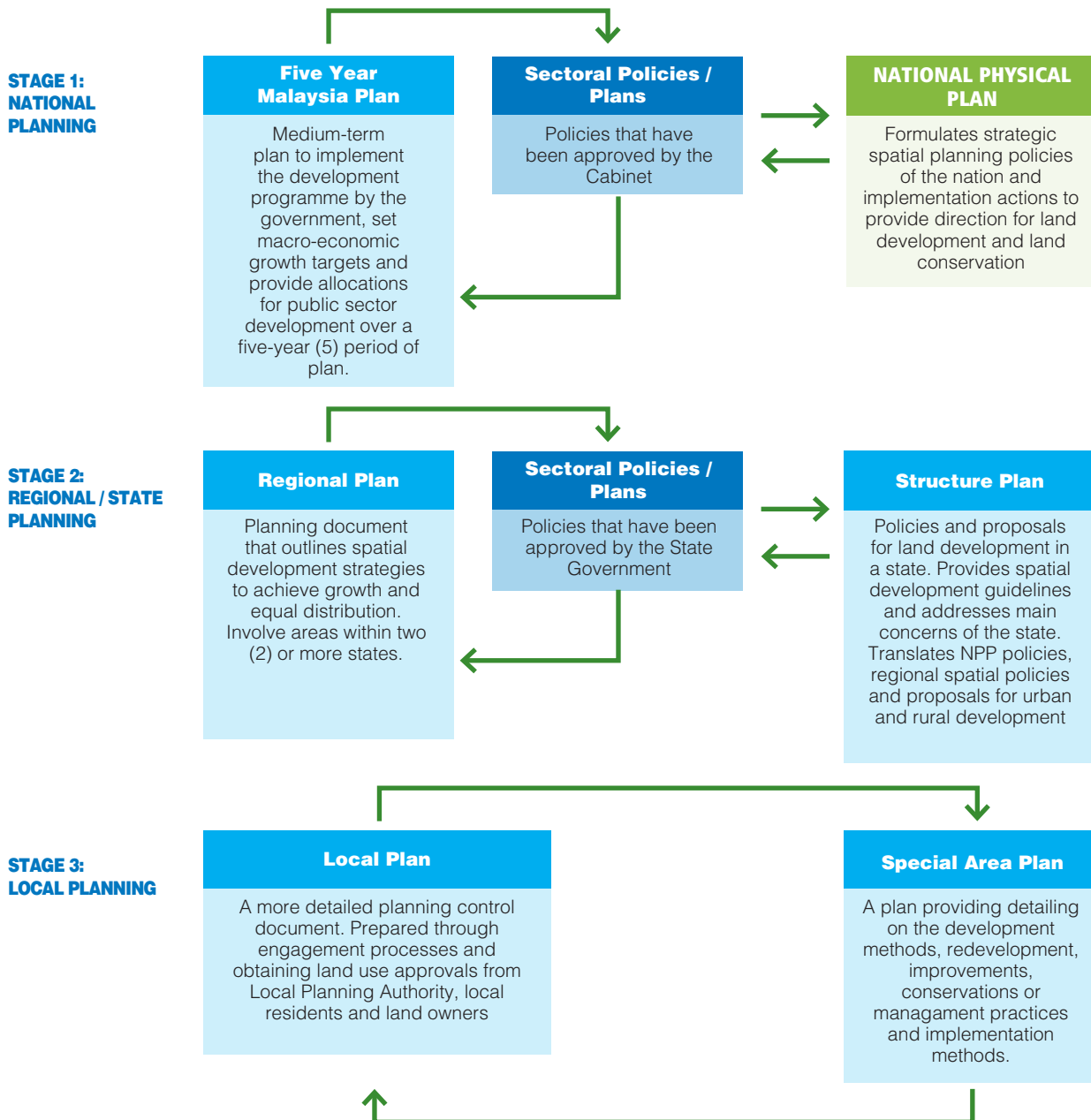
**Figure 1.1 Review Phases and Implementation Period of the NPP Documents.**



## NATIONAL DEVELOPMENT PLANNING FRAMEWORK

Development in Peninsular Malaysia is implemented at three (3) planning stages. At the highest level, the strategic development planning of the nation is guided by the Five Year Malaysia Plan, the NPP and sectoral policies approved by the Cabinet. The strategic policies and overall national planning framework are established to determine the direction of development planning at regional / state and local levels. At the state level, development is guided by the State Structure Plan (SSP) and sectoral policies established by the respective state government, which takes into consideration the strategic policies in the NPP. At the local level, development planning is implemented and coordinated with development plans such as the Local Plan and Special Area Plan prepared by Local Planning Authorities (LPAs). These development plans focus on spatial development in LPA areas of jurisdiction and the needs of local communities.

Figure 1.2 National Development Planning Framework



## IMPLEMENTATION OF THE SECOND NATIONAL PHYSICAL PLAN

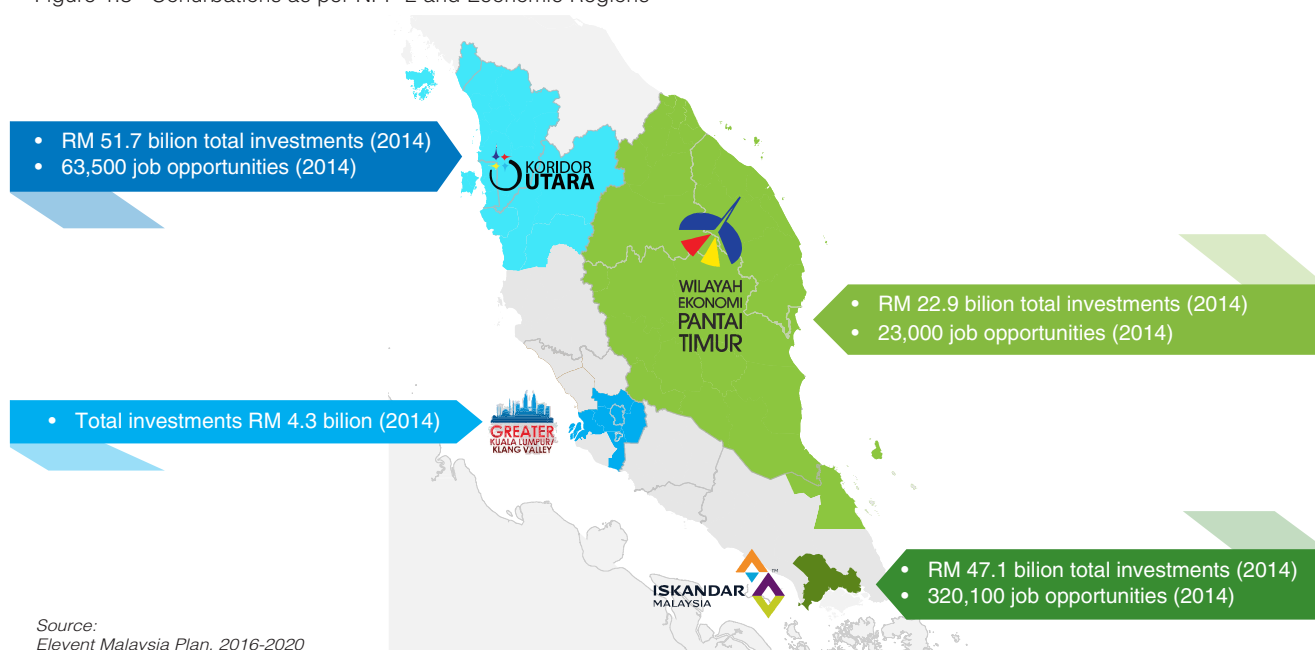
The first NPP focused on achieving a developed nation status by 2020, while the second NPP-2 retained this focus and added another focus – that of attaining a high-income nation. Both NPPs set year 2020 as the indicator for implementation period in line with realising Vision 2020 ; the long term development vision of the nation.

The stated goal of the NPP-2 is to Establish an Efficient, Equitable and Sustainable National Spatial Framework to Guide the Overall Development of the Country Towards Achieving A Developed and High-Income Nation Status by year 2020. A total of 41 policies were developed to achieve this goal through eight (8) Core Themes covering the formulation of a national spatial framework, the rise of national economic competitiveness, preservation agricultural resources and rural development, development of sustainable tourism, management of human settlements, conservation of natural resources, biodiversity and the environment, integration of urban and national transportation networks, as well as the provision of suitable infrastructure.

NPP-2 emphasizes on focused economic to drive the economic growth and development in order to reduce regional inequalities which include the Northern Region, Central Region, Southern Region and Eastern Region with development focus on four conurbations - Kuala Lumpur, Georgetown, Johor Bahru and Kuantan. Economic development regions were introduced through the Northern Corridor Economic Region (NCER), the East Coast Economic Region (ECER) and the Iskandar Malaysia Development Region. A special agency established for each economic region (except for KL) to drive and coordinate development strategies of the region, has changed the development focus to increase investments and job opportunities in each region.

A review conducted at the national level ensures that these focus areas complement each other in line with strategies in the NPP-2 to ensure that large, medium and small towns play their respective roles according to the established hierarchy.

Figure 1.3 Conurbations as per NPP-2 and Economic Regions



The high-speed rail proposal in the NPP-2 linking Kuala Lumpur and Singapore is one of the policies being studied in further detail by the Federal Government for implementation.

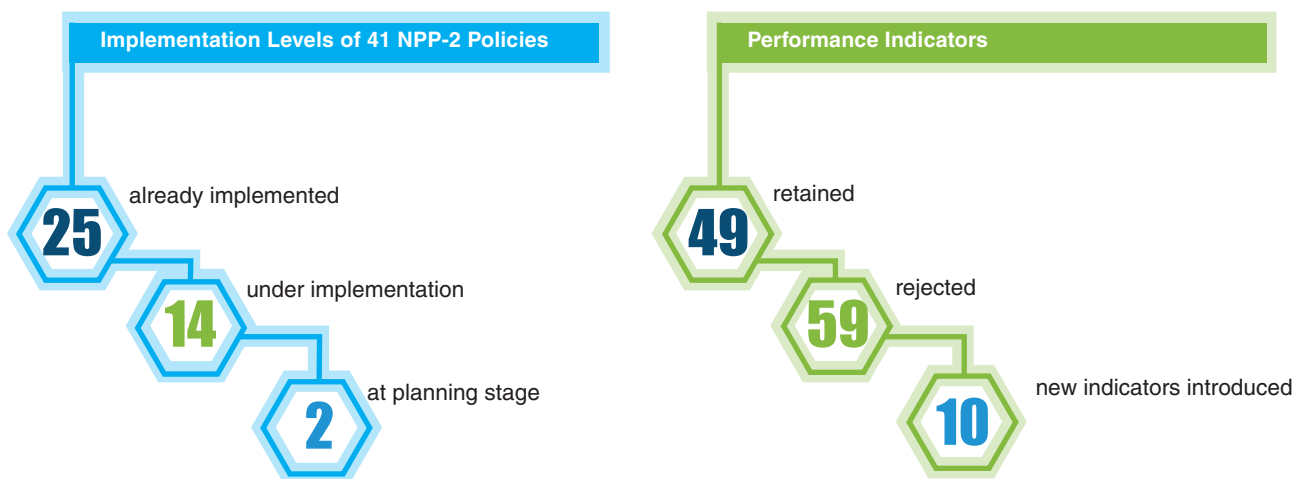
The establishment and strengthening of the Central Forest Spine policy shows the commitment of NPP-2 to protect, conserve and preserve national asset of the country. The forest areas are the natural habitat for plants and wild animal species that are endemic to the country and region in establishing an integrated ecological network. In addition, the Environmentally Sensitive Areas (ESA) introduced in the first NPP has been strengthened in the NPP-2. It is being one of the major environmental preservation components at the policy level, implementation strategy and land development control in creating a balance between current development and conservation efforts.

Out of the 41 development policies in the NPP-2, 25 policies have been implemented, 14 policies are under implementation while two policies are still at the planning stage.

The achievement and gaps in are acknowledge in the NPP-2 review in order to decide whether existing policies shall be maintained or improved. Out of the 108 performance indicators in the second NPP-2, 49 indicators were retained and 10 new indicators were introduced through the monitoring process of policy implementation. Original indicators from the NPP-2 left out due to the lack of data and information required by monitoring and implementing agencies.

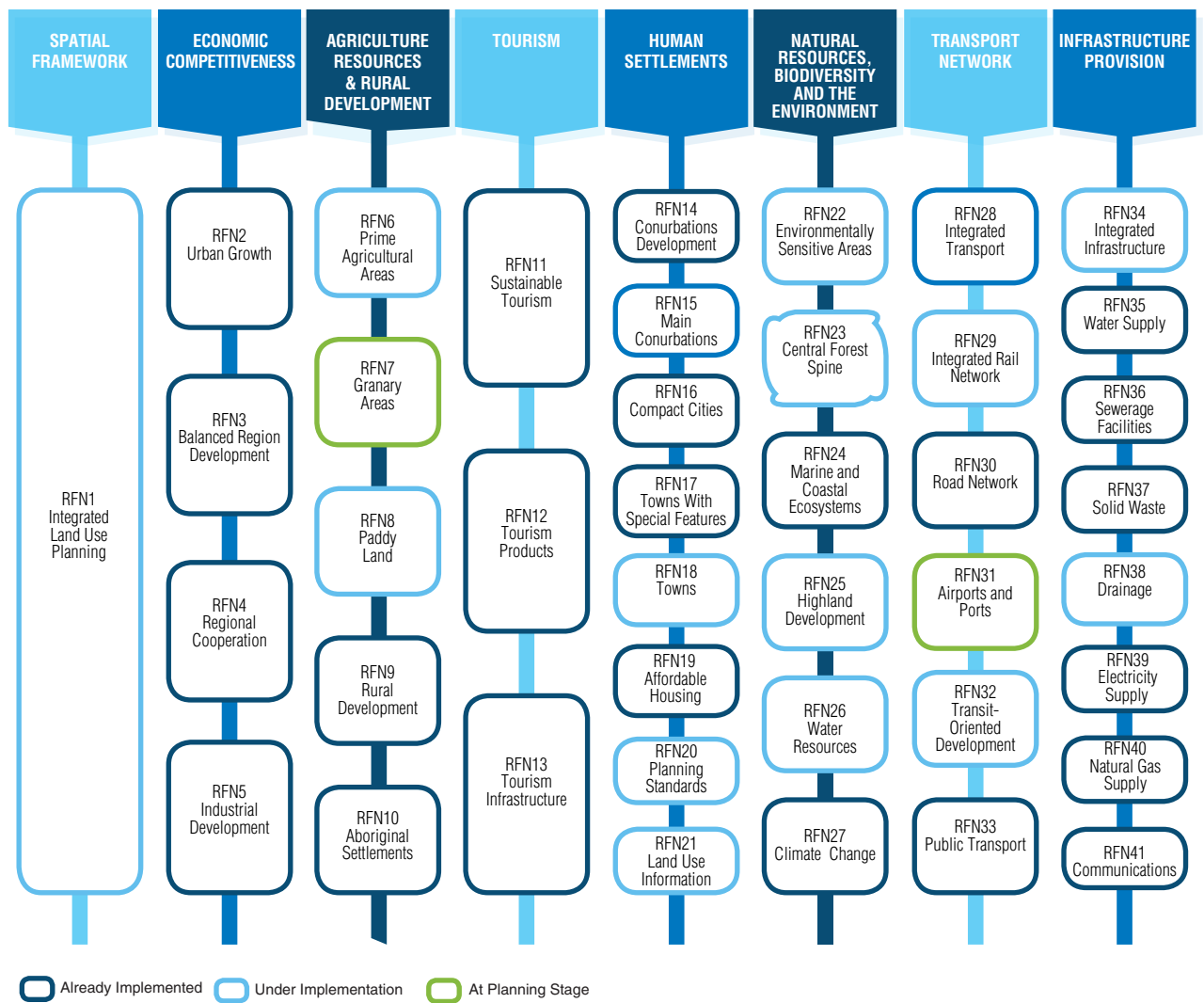
Feedback from Federal and State implementing agencies emphasizes on the need for a clearer spatial interpretation and implementing actions from NPP statements to ensure more effective implementation. Besides that, there is also an overlap in several policies, and a mismatch between Federal and state policies that were identified to be coordinated to ensure continuity in implementation.

Figure 1.4 Policy Implementation Levels and Performance Indicators



These two (2) policies comprise of RFN7 which relates to the conservation and gazettement of granary areas and RFN31 which involves the development of major airports and ports. The unsuccessful implementation of these two (2) policies is seen in the context of lacking special allocations for the gazettement of granary areas and the National Port Masterplan which is currently being prepared.

Figure 1.5 NPP-2 Policies Implementation Levels.



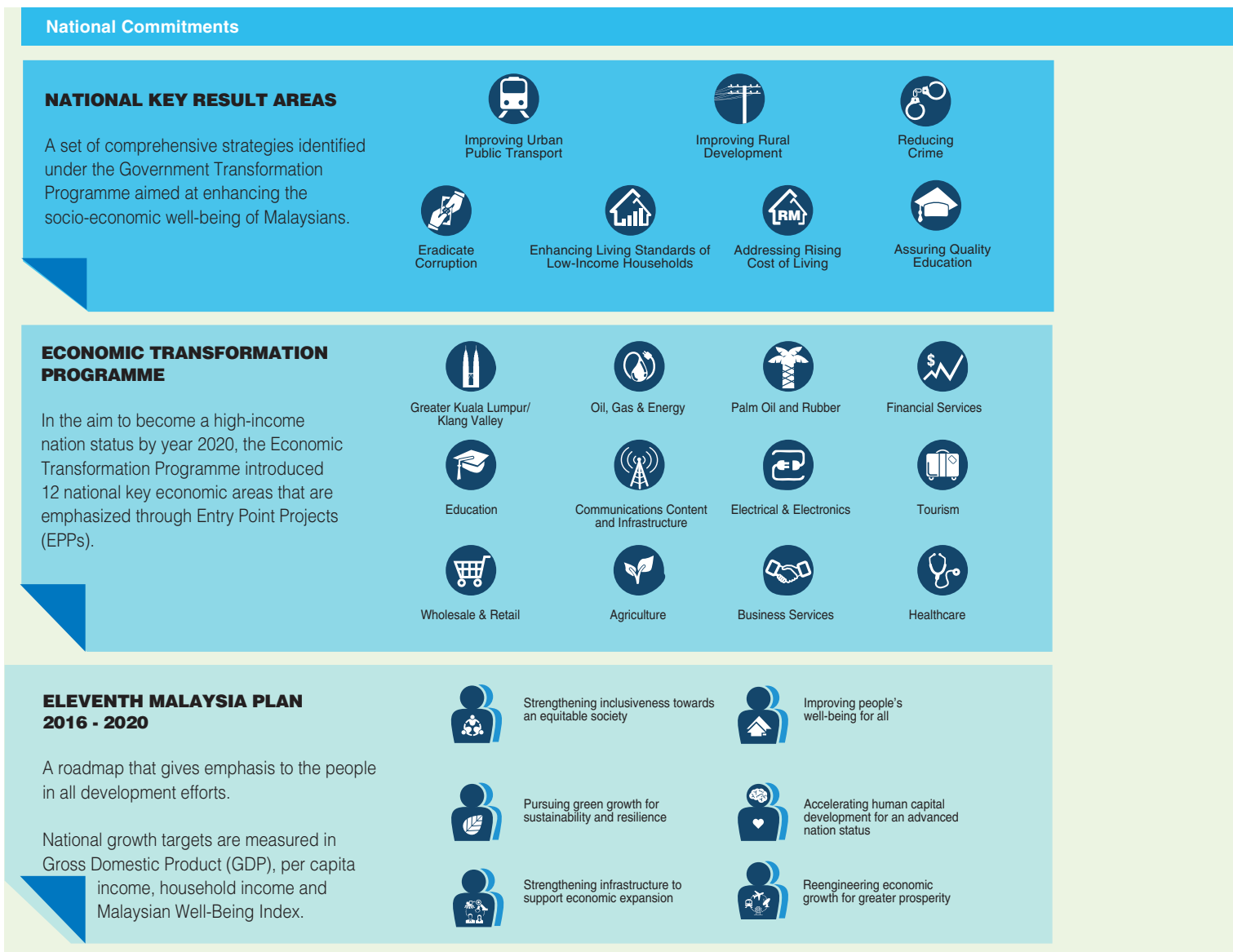
## OBJECTIVES OF THE NATIONAL PHYSICAL PLAN REVIEW

Section 6B (4) of the Town and Country Planning Act (Act 172) stipulates a review of the NPP conducted every five years in tandem with the review of the Five Year Malaysia Plan or, as and when directed by the National Physical Planning Council (NPPC). A review of the NPP aims to:

1. Take into consideration and translate the policies of the Federal Government in a spatial context;
2. Translate the objectives and principles of global development in the context of national development;
3. Coordinate the direction of state development to be in line with the direction of national development; and
4. Ensure the NPP can be implemented at various levels.

To ensure effective implementation, the spatial development of the country is coordinated with a number of national and global commitments that have been identified in the efforts of establishing the direction of national development. The national commitments are reflected in the Government Transformation Programme, the Key Economic Areas under the Economic Transformation Programme, strategic thrusts under the Eleventh Malaysia Plan, and related sectoral policies and implementation master plan.

Figure 1.6 National and Global Commitments



Commitment at the global level is reflected in the context of United Nations' Sustainable Development Goals (SDGs) by the United Nation, which comprises of a set of goals, targets and indicators with the deadline set for 2030. A long-term universal agenda set for year 2030. This agenda aims to meet basic global needs, protect human rights and strengthen fundamental freedom. All countries and stakeholders will integrate this global aim, including the holistic and long-term strategic planning of NPP-3.

Although the SDGs are not legally binding, the government needs to take initiative and establish a national development framework that supports efforts to achieve the SDGs. Every country has a responsibility to evaluate how far it has implemented these goals, a process which requires the collection of good quality, easily accessible and accurate data. Besides that, the UN Conference on Housing and Sustainable Urban Development (Habitat III) has adopted the New Urban Agenda; an action oriented document that sets the global standards in achieving a sustainable urban development. The main aim of this agenda is to achieve cities and human settlements where all persons are able to enjoy equal rights and opportunities. This includes an inclusive urban management that involves cooperation of the public, the government and private stakeholders. This agenda allows for integration and sustainable development to foster equality, prosperity and quality of life for all. The spatial framework of the NPP-3 will contribute to the evaluation reporting of the country at a global level.

#### SECTORAL POLICIES & MASTER PLAN IMPLEMENTATION

- National Urbanisation Policy
- National Green Technology Policy
- National Social Policy
- National Culture Policy
- National Commodity Policy
- National Science and Technology Policy
- National Agro-Food Policy
- National Policy for Older Persons
- National Food Security Policy
- National Policy for Persons with Disabilities
- National Mineral Policy
- National Youth Development Policy
- National Policy on the Environment
- Other related policies
- National Policy on Climate Change
- Land Public Transport Master Plan
- Rural Development Master Plan
- Third National Industrial Master Plan
- Logistics and Trade Facilitation Master Plan
- River Basin Master Plan
- Stormwater Management and Drainage Master Plan
- Ecological Corridor Master Plan
- Other related master plan
- National Biodiversity Policy
- National Water Resources Policy

#### Global Commitments

##### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

An agenda to establish action plans that protect and promote basic human needs.

17 SDG goals promote integrated development, including making cities and human settlements more inclusive, safe, resilient and sustainable.



Source : <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

### FORM AND CONTENTS OF NPP-3

After a ten year of implementation of the NPP and having undergone two reviews, the approach taken in the NPP-3 was not to introduce new spatial planning policies but, rather, to refine and detail out existing policies into strategic directions, strategies and actions to enhance their implementation. Various sectoral policies including those related to economic, social and environmental aspects are also incorporated into the strategic direction proposals in the NPP-3.

The emphasis on economic, social and environmental relations as main components of sustainable development within a holistic ecosystem are reflected in three main thrusts

of the NPP-3 namely Dynamic Urban and Rural Growth, Spatial Sustainability and Climate Change Resiliency and Inclusive and Liveable Community Development.

The objectives and thrusts of the NPP-3 are translated in a spatial form through the National Spatial Management Plan which sets the direction of physical development, resource conservation and environmental protection. This Spatial Management Plan is in turn interpreted in greater detail, to ensure planning at state level is more accurate and consistent with the NPP-3.

The NPP-3 contains seven chapters which are:

- Chapter 1** Introduces the functions, objectives, forms and contents of the NPP-3 as well as contains a summary of the NPP-2 implementation status of the NPP-2
- Chapter 2** Outlines objectives, thrust, physical development strategies as well as describing in detail the National Spatial Management Plan and its components.
- Chapter 3** Describes in detail Thrust 1 on economy and growth of the nation.
- Chapter 4** Describes in detail Thrust 2 on physical planning including environmental, land use and infrastructure aspects
- Chapter 5** Describes in detail Thrust 3 on inclusive community aspect
- Chapter 6** Translates the National Spatial Development Plan in a state context for application in all states in Peninsular Malaysia, Sabah and Labuan Federal Territory
- Chapter 7** Explains the implementation mechanism of the NPP-3

### PLANNING AREAS

The NPP document prepared under Section 6B of the Town and Country Planning Act 1976 (Act 172) applies only to Peninsular Malaysia. However, the planning coverage of the NPP-3 has been expanded to also include Sabah and Labuan Federal Territory, while for Sarawak, only cross-border strategic matters are taken into account.

Regional issues are also taken into consideration in the NPP-3 to promote more dynamic and balanced development in urban and rural areas, improve provision of sustainable infrastructure and enhance the resiliency of environmental aspects in the face of future challenges.



### PLANNING PERIOD

The NPP-3 has two planning periods – one up to year 2020, and the other up to year 2040. This is following the planning period until year 2020 with only five years remaining for its implementation. The strategies in the NPP-3 need to be incorporative and in line with the Sustainable Development Goals (SDGs) at a global level. The SDGs have targeted planning needs until year 2030. Thus the spatial and physical planning for the NPP-3 needs to be extended beyond 2020 to enable the country to meet future challenges and at the same time fulfil international commitments.

At the state level, most of the components in the State Structure Plans (SSP) need to be reviewed as their planning period is almost coming to an end. Several SSPs have been reviewed with their planning period extended to beyond year 2020. Therefore, it has become a necessity for the NPP-3 to establish a planning period surpassing year 2020 that will provide long-term planning and perspective that translates to state levels.

### CONSULTATION PROCESS

Under Section 6B (Act 172) stipulates that, it is the responsibility of the Federal and State Governments to help ensure the objectives of the NPP are achieved. In this respect, consultations and discussions with all implementing agencies, State Local Authorities and related stakeholders were held throughout the process of formulating the NPP-3. These consultations were conducted to ensure the NPP-3 is accurately interpreted as a joint document through continuous commitment in its implementation.

These consultation and discussion sessions conducted include:

1. Focus group discussions (FGDs) to obtain feedback on the utilisation and implementation of the NPP-2 with Federal implementing agencies;
2. FGDs with all implementing and monitoring agencies to obtain feedback on the findings of the review studies and enhance these findings;
3. FGDs with Federal Agencies on strengthening the direction, strategies and proposed actions of the three thrusts of the NPP-3; and
4. Consultations with State Town and Country Planning Departments, State Economic Planning Units and State Planning Committees. Government through the Department of Town and Country Planning (JPBD), The Economic Planning Unit (EPU) and State Planning Committee (SPC)

Figure 1.7 FGD Consultations and Discussions Sessions



## **UTILISATION OF THE THIRD NATIONAL PHYSICAL PLAN**

The NPP-3 sets out a spatial planning and development framework for translation into more detailed planning actions to be implemented at various levels. The translated actions of the NPP-3 are acknowledged through:

1. State Government levels that outline general proposals for the development and land use through State Structure Plans. The preparation of a State Structure Plans become the instrument that drives spatial development to address main challenges of the state.
2. Federal Government levels that decide implementation strategies of agencies responsible in implementing proposed projects and programmes; and
3. Federal Government and State Government agencies involved in making the NPP-3 a guide for project applications as funds are prioritized for projects that are in line with the NPP-3.

In regards to the implementation of the NPP-3 in Sabah, Clause 95E Federal Constitution is acknowledged where the States of Sabah and Sarawak are excluded from the national planning for land utilization, local government, developments and etc. Therefore, it is fair if the Sabah Structure Plan 2033 be enhanced by adopting the NPP-3 as guide in framing the strategic planning and spatial development of the state. The implementation of the NPP-3 that is in line with the national and global strategic directions shall not affect the use of Town and Country Planning Ordinance (Sabah Cap.141) or any existing laws in the Sabah State.