

'Look at other ways to increase income'

DBKL needs to improve transparency to ease burden of ratepayers, say experts

By BAVANI M
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KUALA LUMPUR City Hall (DBKL) should explore and maximise its non-tax revenue sources before resorting to increasing assessment rates.

National House Buyers Association (HBA) honorary secretary-general Datuk Chang Kim Loong said these revenue sources included licensing and permits issued by various DBKL departments such as buildings and health, engineering as well as income from fines, investments, parking collection and billboard fees.

"One significant income stream is the sale of DBKL-owned properties and joint-venture housing projects or land sales.

"This forms a major portion of DBKL's income; but is there a proper audit in place for the money received?"

"Has DBKL implemented value-for-money practices in these ventures and are all projects and procurements done through open tenders?" he asked.

Chang added that DBKL also collected rent from its council homes, dividends from investments and infrastructure contributions.

He said these streams should be fully audited and optimised to prevent revenue leakage.



Chang: A significant income stream is the sale of DBKL properties.

Commenting on the recent announcement of a potential increase in assessment and quit-rent taxes next year, Chang said: "Instead of burdening ratepayers, DBKL must prioritise transparency and accountability in managing these revenue streams.

"Only value-for-money projects should be pursued.

"Public confidence can only be restored when DBKL demonstrates it is spending and collecting funds responsibly."

He urged DBKL to adopt open tender policies for all projects to ensure efficiency and fairness.

Chang also proposed the



Prof Yeah says DBKL should improve its administrative efficiency.

establishment of an ombudsman to monitor how funds are spent.

To prevent corruption and poor fiscal management, DBKL's expenditure must be made public and easily accessible, and ratepayers should have the ability to oversee spending and influence decisions, including scrutiny of annual budgets, he said.

In a *StarMetro* report on Dec 13, Minister in the Prime Minister's Department (Federal Territories) Dr Zaliha Mustafa said Kuala Lumpur was expected to increase assessment rates next year.

However, she said the chang-

Possible tax hike for KL next year

Minister: Review by DBKL needed to cover rising costs

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KUALA LUMPUR may follow Selangor's lead in increasing assessment rates next year. However, any charge would be implemented in phases, likely starting with industrial tax rates, according to Minister in the Prime Minister's Department (Federal Territories) Dr Zaliha Mustafa.

She said discussions on the matter began in early July, emphasising the need to revisit taxation to address rising costs and boost revenue.

"We are reviewing all types of taxes, not just assessment taxes but also quit rent, and have been collaborating with the finance departments of various agencies

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City Hall (DBKL) had been running a deficit in recent years, necessitating efforts to increase revenue.

"We are conducting studies to propose suitable rates that will not burden the rakyat," she said.

When asked about a time line, Dr Zaliha said she couldn't yet say but emphasised that the hike was inevitable.

"Next year, if it happens, it will be done in phases.

"We cannot rely solely on the Federal Government for funding.

"For instance, road repair costs exceeded RM100mil, while the Federal Government's contri-



Dr Zaliha looking at a slide on the achievements of the Federal Territories Sports Council. Beside her is Federal Territories Department director-general Dutuk Noridah Abdul Rahim.

tribution under Marris (Malaysian Road Records Information System) is only RM36mil."

Dr Zaliha also highlighted rising costs in other areas including waste management and public housing maintenance.

"We have received requests from landfill operators to increase tipping fees due to rising costs.

"Public housing maintenance is also becoming more expensive, with lift upgrades and other needs.

"We must consider all aspects before increasing revenue, but the rates will not necessarily be

uniform," she said.

She was speaking to *StarMetro* on the sidelines of a programme at DBKL headquarters yesterday to mark her first year as Minister in charge of Federal Territories.

DBKL last announced a review of assessment rates at the end of 2013 - the first in 21 years.

In June 2014, then Federal Territories minister Datuk Seri Tengku Adnan Mansor announced that the hike would be capped at 10% for residential properties and 25% for commercial premises.

Selangor government recently

approved a 25% increase assessment rates across all councils, effective Jan 1, 2015, citing the need to update property valuations to improve local government services.

The state government explained that the review exercise and subsequent increase were necessary as charges had remained unchanged for 20 to 40 years.

In Malaysia, local authorities are permitted to revise assessment rates every five years, as stipulated in Local Government Act 1976.

StarMetro report on Dec 13.

es would be implemented in phases, starting with industrial tax rates.

Dr Zaliha stressed the need to revisit taxation to address rising costs and boost revenue.

Sunway University's Prof Dr Yeah Kim Leng said a modest hike in assessment rates, combined with enhanced municipal services and innovative revenue strategies, could provide DBKL with a sustainable path to managing the city more effectively.

Yeah highlighted the need for compromise to address DBKL's persistent financial challenges.

"The proposed increase is a crucial step towards resolving the city's longstanding revenue-expenditure imbalance.

"With revenue collection falling short of expenditure for several years, DBKL is in a financially unsustainable position.

"If DBKL cannot increase revenue through higher assessment rates, it will have to resort to borrowing from the Federal Government," he said.

Alternatively, Yeah said DBKL could tighten its budget or cut

public services to align expenditure with revenue.

However, he warned that both options could have negative effects on residents and City Hall's administrative functions.

"Given these lose-lose scenarios, a more feasible and sustainable solution is for stakeholders to accept a reasonable and justifiable increase in assessment rates in exchange for improved services and amenities," he added.

Prof Yeah also suggested that DBKL enhance administrative efficiency, improve service quality and monetise or unlock under-utilised assets to diversify revenue sources.

"Asset value can be unlocked through requests for proposals and arrangements such as outright sales, public-private partnerships or contractual agreements," he said.

DBKL could generate revenue through one-off or recurrent income from its land and other tangible assets via direct sales, leasing, rental or other commercialisation opportunities, Prof Yeah added.