Community form the basis of development around the world. People living in a particular set-up, having a unique social system are termed as a community. Globally every system relied on the society for it is development and sustainability, without which the system will eventually fail. Property tax represents the largest source of income in local governments. Property tax in Malaysia is facing a challenge. There is a persistent accumulation of debts due to non-compliance behaviour by the taxpayers in local government councils. The question is why the non-compliance behaviour by the taxpayers. It is noted that community engagement in property tax rarely gives attention by the local government councils. The research aim is to investigate the factors responsible for debt accumulation in Malaysian local governments. This can be achieved through examining the taxpayers’ perception on property tax. A case study approach is conducted and the case study area is the Pasir Gudang Municipal Council (PGMC). A survey was conducted on 300 taxpayers in order to determine their perception on property tax. The findings revealed that the taxpayers are unaware of the significance of paying property tax. The implication of excluding community engagement into a system like property tax is declining revenue generation and inadequate provision of services and facilities. Community integration in the property tax system may serve as a turning point in revenue generation in Malaysian municipal councils and will provide an avenue for efficient service delivery.

Keywords: community engagement, property tax, local government, taxpayers, community

Introduction

Property tax is a form of tax levied on property in lieu of the services provided by the local government. This property tax generates a significant proportion of local government revenue in many parts of the world (Nor Azriyat et al, 2007). Property tax is imposed to finance the construction and maintenance of public facilities such as public toilets, bus stops, children's playgrounds, parks, public places, construction and maintenance of infrastructure such as roads, sewers and drain, provision and maintenance of other essential services (Akilu et al., 2013). There is a daily increased demand for urban services, improved road network, more schools, places of relaxation and health facilities among others and to finance these activities the local government must generate enough funds Akilu, 2013, the grant from federal and state government alone cannot finance all the expenditure of the local government. Indeed, greater domestic resourcemobilization will go a long way towards providing countries with the means to finance their development agenda without relying completely on external assistance (Monkam, 2010). Kelly, (2011) He stated that property tax is the primary source of potential and sustainable local government revenues. The scholars have seriously underestimated the magnitude of the responsibility in the provision of these services the revenue generated on property tax alone cannot provide electricity, drainage, road transportation, sewage disposal, health care services, water, housing and other services that are not itemized but falls within the domain of the local government.

However, property tax completely relies on the community for it is success, if the general populace co-operates by paying their taxes imposed on them coupled with support from state or federal government a lot can be achieved. property tax are regarded as a source of revenue to the local government as may be guided and provided for in the state laws/legislations for the discharge of their official responsibilities (Plimmer&McCluskey 2010).
2.12 Justification for Imposing Property Tax on the General Public in Malaysia

Property tax is imposed to finance the construction and maintenance of public facilities such as public toilets, bus stops, children's playgrounds, parks, public places, construction and maintenance of infrastructure such as roads, sewers and drain, provision and maintenance of street lights. Mohamed (1998) support this and state that the major functions of Malaysian local government can be summarized as environmental, public, social and developmental. The functions are highlighted below:

a) Environmental Control: this relates to functions of maintenance and improvement of the environment within the area of jurisdiction. This includes obligatory services such as cleansing, collection and disposal of solid wastes, proper drainage and sewage, sewerage system and beautification programs.

b) Provisions of Public Amenities: this applies to services such as abattoirs, veterinary services, transportation, burial grounds and crematoria.

c) Provisions of Public Health: this function includes the provision of sanitation and solid waste management system, cleaning drains and roads and the general upkeep of the environment.

d) Social Functions: some larger municipalities provide social services such as child care centers, clinics within their health care service program ambulance other services.

e) Developmental Functions: as opposed to mandatory functions of the local authorities, the development functions are considered "discretionary" under the Local Government Act, 1976.

The Local Government Act of 1976 provides local government in Malaysia with a very comprehensive set of functions and responsibilities. Two other main laws, the town and Country Planning Act (1976) and the Street, Drainage and Building Act (1974), help local governments to perform their functions under the 1976 Act. These Acts allow the local authorities to assume more developmental functions in the field of urban management and play a more dynamic role in national development.

Significance of Public Engagement in Property Tax

In many democracies, citizen participation in policy making and service design has been debated or attempted, but too infrequently realized. There have been some notable achievements, in both advanced and developing countries, and there is abundant public policy literature advocating thorough collaboration (Brenton, 2011). Public engagement is absolutely necessary for a successful property tax system. The co-operation of the public is an ingredient to the revenue mobilization capacity of the local government.

In the United States, some European countries, and in the UK in particular, there are examples of sophisticated endeavors to engage citizens in policy making and the design and delivery of services, including co-production (IBRD, 1996). Genuine engagement in the ‘co-production’ of policy and services requires major shifts in the culture and operations of government agencies. It demands of public servants new skills as enablers, negotiators and collaborators. It demands of citizens an orientation to the public good, a willingness to actively engage, and the capabilities needed to participate and deliberate well (Brenton, 2011).

Local authorities have already taken steps to embed citizen participation, or at least substantial consultation, into their service design and delivery mechanisms (IBRD, 1996). However, there is an area which is not considered by the researcher’s on public engagement, which is feedback. The feedback process by the public can reveal the performance of the public authorities for corrective measures to be put in place and also for improvement. Engagement with indigenous men, women, children and communities should be central to the design and delivery of programs and services (NIRA, 2009). However, citizen engagement takes different forms according to the nature of the issue at hand, and the expectations of both public servants and citizens involved must be clearly understood and managed. There must be commitment to the cause of involving citizens from ministers, senior executives and line managers, with adequate resources ear-marked, and public servants suitably trained in consultation and facilitation (IGC, 1998).
According Brenton (2011) recent studies on successful co-production of public services appears to meet people needs better, and to strengthen their personal and civic capabilities, services are more efficient, effective and sustainable. Significantly, public engagement could be an alternative means of achieving public institution’s goals or set objectives. To this effect, the past two decades have witnessed successful examples of co-production, including in developing countries. Which typically enable struggling communities and disadvantaged individuals to collaborate with service organizations in designing and implementing solutions to their problems (Joshi and Moore, 2004).

Methodology:
The methodology employed in the study is a quantitative survey approach and content review. Mean score analysis was employed for the analysis to determine the opinion and expectation of the public (taxpayers) at the same time making inferences and deductions based on property tax revenue generated at PGMC. 300 Questionnaires were administered to the local residents/taxpayers within the municipal area (PGMC). However, 264 were returned which generated the information required.

Findings and Discussions
The results obtained was analyzed using mean score and descriptive statistics inorder to establish how the effect of lack of public engagement in property taxation which significantly affects the revenue generation capacity of PGMC.

Residents' Opinion on Property Tax Revenue Generated: The variables used in this section intend to find out the residents' opinion on property tax revenue generated which is connected to the non-compliance behavior exhibited by the residents (taxpayers).

Table 1: Residents Expectation/Opinion on Property Tax

<table>
<thead>
<tr>
<th>S/n</th>
<th>Residents Opinion on Property Tax revenue Generated</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residents’ opinion on expectations on performance</td>
<td>7%</td>
<td>11%</td>
<td>19%</td>
<td>36%</td>
<td>27%</td>
<td>3.65</td>
</tr>
<tr>
<td>2</td>
<td>Respondent's opinion on property tax rate</td>
<td>8%</td>
<td>19%</td>
<td>30%</td>
<td>11%</td>
<td>32%</td>
<td>3.41</td>
</tr>
<tr>
<td>3</td>
<td>Distance of paying points from the residents</td>
<td>6%</td>
<td>16%</td>
<td>35%</td>
<td>28%</td>
<td>15%</td>
<td>3.30</td>
</tr>
<tr>
<td>4</td>
<td>Efficiency of Property Tax Collection Process</td>
<td>9%</td>
<td>18%</td>
<td>30%</td>
<td>37%</td>
<td>6%</td>
<td>3.13</td>
</tr>
<tr>
<td>5</td>
<td>Efficiency of billing services</td>
<td>5%</td>
<td>18%</td>
<td>44%</td>
<td>26%</td>
<td>7%</td>
<td>3.11</td>
</tr>
<tr>
<td>6</td>
<td>Residents opinion on punctuality on issuance of assessment bill</td>
<td>6%</td>
<td>32%</td>
<td>29%</td>
<td>23%</td>
<td>10%</td>
<td>2.97</td>
</tr>
<tr>
<td>7</td>
<td>Residents opinion on satisfaction on services provided</td>
<td>12%</td>
<td>49%</td>
<td>16%</td>
<td>15%</td>
<td>8%</td>
<td>2.58</td>
</tr>
<tr>
<td>8</td>
<td>The residents understanding on the need to pay property tax</td>
<td>12%</td>
<td>51%</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
<td>2.49</td>
</tr>
</tbody>
</table>

Source: Author
The table above shows the respondents responses on factors that affects property tax based on the opinion of the taxpayers. The mean score revealed the computed results based on the responses obtained from the survey. The respondents responses on the performance of the municipal council show the mean value of 3.65. Among the respondents 7% strongly agreed that they are performing well. 19% are neutral. In addition, 27% of the respondents disagree that the local government is performing well. It suffice to conclude that, according to the respondents is not not laudable in terms of provision of social amenities. Conclusively, there is a great need for improvement on social service delivery in the study area.

More so, the table depicts responses on the issue of whether the property tax rate is high. The table shows the mean score value of 3.41 according to the respondents. 8% strongly agree, 30% are neutral responses while 32% strongly disagree that the property tax rate imposed is excessive. In their opinion, the greater number of the respondents which is 32% opined that the current 0.25% percent of the improved value payable on the property as property tax is affordable. Therefore, the majority of the taxpayers did not object on the rates, this means that the property tax rate does not affect the tax payment.

Distance of payment point to the respondents has a mean score of 3.30 from the Table 1 above about 35% which is the highest percentage, indicated that distance to the payment point is not an issue that why they are neutral on the issue. While the 28% is the second in number of respondents who points out that they disagree that distance affects the payment of property tax at the PGMC. Conclusively, there is a great need for improvement on social service delivery in the study area.

On the issue of whether the process of tax collection is inefficient. The mean score value is 3.13 shows that the highest number that is 30% of the respondents have a neutral opinion on the issue. This may imply that, this group felt that nothing is wrong with the process of collecting property tax, otherwise they might have objected. It suffices to conclude that according to the larger number of the people surveyed believed that the process is good enough.

The efficiency of the billing services at PGMC with regards to computation of property rates based on the improved value of the properties. The mean score value is 3.11. But the largest percentage of the surveyed respondents expressed a neutral opinion which represents about 44% which indicate that the system is fairly good. While 7% strongly disagree about the in the inefficiency of the system of billing. Due to it is sensitive nature, most of the respondents opined that the system does not have a problem. From the above result, it clearly shows that the billing system is not a problem in the study area.

The bill delivery system is 2.97 which is the mean value 29% of the respondents are neutral to the phenomenon. 10% strongly disagree that the bill delivery system is inefficient services provided is not satisfactory shows the status of acceptability of the services or otherwise.

On the issue of services provided the mean value is 2.58. About 12% of the respondents strongly agree that the services provided by the local government are inefficient. 16% have a neutral opinion. While 8% of the respondents strongly disagree that the services provided is not satisfactory. Understanding of the need to pay property tax, on this issue is the mean value is 2.49. About 12% of the respondents (taxpayers) strongly agree that they do not understand the need to pay property tax. The percentage of respondents who responses are neutral is 16%. Also 5% strongly agree that there is a rationale behind the property tax system. This demonstrates a lower level of understanding of the taxpayers on the issue of property tax. This establishes the background of the problem; this is the basic reason why the taxpayers in the study area fail to see the significance of
property tax. It can be concluded that the majority of the taxpayers are not well educated on the issue of property tax and hence did realize the significance of paying the tax.

The findings of this research did not conflict with previous studies. Similarly, community engagement is one of the key requirements for organizational success (Kasim 2011) as local community knows what they want from their existing neighborhood facilities. In a study carried out by Akilu et al., 2013, the study identified that one of the key issues affecting property tax in the study area is lack of taxpayer education. Previous research discovered that, taxpayer compliance behavior is subjective to social and psychological factors (Bobek, 1997; Fischer, 1993; Fischer et al., 1992; Jabbar, 2009; Jackson & Millron, 1986; Manaf, 2004; Wenzel, 2004, Akilu et al., 2013). This means that a taxpayer social background affects his thinking and conduct and invariably his compliance (Akilu et al., 2013). In addition, the psychology of the taxpayer need to be well understood by the public authorities. In as much as taxes would be imposed without educating the taxpayers of the significance of such tax, the support and compliance of the general public.

Conclusion
The significance of property tax is well understood in many countries. In the case study area it is the highest source of revenue in the local government. Therefore, the local government should make a positive effort to incorporate the immediate society in important developmental issues and general discussions and use the opportunity to create awareness specifically on the issue of property tax. The implication is slow development due to insufficient resources to be committed to social and infrastructural development. This also provides an avenue for further research, there is a need for a research on how to integrate the community into the local government activities.

References