



**PERBAHATHAN  
PARLIMEN  
DEWAN RA'AYAT YANG KEDUA  
PENGKAL KEEMPAT  
PENYATA RASMI  
KANDONGAN-NYA**

**MENGANGKAT SUMPAH [Ruangan 3205]**

**PEMASHHORAN<sup>2</sup> OLEH TUAN YANG DI-PERTUA:**

Mengalu<sup>2</sup>kan Ahli<sup>2</sup> Baharu [Ruangan 3205]

Ahli<sup>2</sup> Meletakkan Jawatan [Ruangan 3207]

Perutusan daripada Dewan Negara [Ruangan 3207]

Memperkenankan Rang Undang<sup>2</sup> [Ruangan 3208]

**JAWAPAN<sup>2</sup> MULUT BAGI PERTANYAAN<sup>2</sup> [Ruangan 3208]**

**PERMOHONAN UNTOK PENANGGOHAN MESHUARAT DI-  
BAWAH PERATORAN MESHUARAT No. 18 [Ruangan 3239]**

**WAKTU MESHUARAT DAN URUSAN YANG DI-BEBASKAN  
DARIPADA PERATORAN MESHUARAT (USUL) [Ruangan  
3241]**

**RANG UNDANG<sup>2</sup> DI-BAWA KA-DALAM MESHUARAT  
[Ruangan 3242]**

**WAKTU PERSIDANGAN MESHUARAT (USUL) [Ruangan 3244]**

**USUL<sup>2</sup>:**

Undang<sup>2</sup> Kastam, 1967 (Perintah Chukai<sup>2</sup> Kastam (Pindaan), 1967)  
[Ruangan 3245]

Undang<sup>2</sup> Kastam, 1967 (Perintah Chukai<sup>2</sup> Kastam (Pindaan)  
(No. 2) 1967) [Ruangan 3246]

**RANG UNDANG<sup>2</sup> PERBEKALAN, 1968 [Ruangan 3247]**

MALAYSIA  
**DEWAN RA'AYAT YANG KEDUA**  
**PENGGAL YANG KEEMPAT**

*Penyata Rasmi*

---

Hari Khamis, 18hb Januari, 1968

---

*Persidangan bermula pada pukul 10 pagi*

**YANG HADHIR:**

- Yang Berhormat Tuan Yang di-Pertua, DATO' CHIK MOHAMED YUSUF BIN SHEIKH ABDUL RAHMAN, S.P.M.P., J.P., Dato' Bendahara, Perak.
- „ Timbalan Perdana Menteri, Menteri Pertahanan, Menteri Hal Ehwal Dalam Negeri dan Menteri Pembangunan Negara dan Luar Bandar, Y.A.B. TUN HAJI ABDUL RAZAK BIN DATO' HUSSAIN, S.M.N. (Pekan).
- „ Menteri Kewangan, Y.A.B. TUN TAN SIEW SIN, S.S.M., J.P. (Melaka Tengah).
- „ Menteri Kerja Raya, Pos dan Talikom, Y.A.B. TUN V. T. SAMBANTHAN, S.S.M., P.M.N. (Sungai Siput).
- „ Menteri Pengangkutan, Y.B. TAN SRI HAJI SARDON BIN HAJI JUBIR, P.M.N. (Pontian Utara).
- „ Menteri Pelajaran, TUAN MOHAMED KHIR JOHARI (Kedah Tengah).
- „ Menteri Kesihatan, TUAN BAHAMAN BIN SAMSUDIN (Kuala Pilah).
- „ Menteri Perdagangan dan Perusahaan, DR LIM SWEE AUN, J.P. (Larut Selatan).
- „ Menteri Kebajikan 'Am, TUAN HAJI ABDUL HAMID KHAN BIN HAJI SAKHAWAT ALI KHAN, J.M.N., J.P. (Batang Padang).
- „ Menteri Kerajaan Tempatan dan Perumahan, TUAN KHAW KAI-BOH, P.J.K. (Ulu Selangor).
- „ Menteri Buroh, TUAN V. MANICKAVASAGAM, J.M.N., P.J.K. (Kelang).
- „ Menteri Pertanian dan Sharikat Kerjasama, TUAN HAJI MOHAMED GHAZALI BIN HAJI JAWI (Ulu Perak).
- „ Menteri Hal Ehwal Tanah dan Galian dan Menteri Ke'adilan, DATO' HAJI ABDUL-RAHMAN BIN YA'KUB (Sarawak).
- „ Menteri Muda Kebudayaan, Belia dan Sokan, ENSKU MUHSEIN BIN ABDUL KADIR, J.M.N., S.M.T., P.J.K. (Trengganu Tengah).
- „ Menteri Muda Pelajaran, TUAN LEE SIOK YEW, A.M.N., P.J.K. (Sepang).
- „ Menteri Muda Kewangan, DR NG KAM POH, J.P. (Teluk Anson).
- „ Menteri Muda Hal Ehwal Dalam Negeri, TUAN HAMZAH BIN DATO' ABU SAMAH (Raub).

- Yang Berhormat Setia-usaha Parlimen kepada Menteri Kesihatan,  
TUAN IBRAHIM BIN ABDUL RAHMAN, J.M.N. (Seberang Tengah).
- .. Setia-usaha Parlimen kepada Menteri Buroh, TUAN LEE SAN  
CHOON, K.M.N. (Segamat Selatan).
- .. Setia-usaha Parlimen kepada Menteri Kewangan,  
TUAN ALI BIN HAJI AHMAD (Pontian Selatan).
- .. Setia-usaha Parlimen kepada Timbalan Perdana Menteri,  
TUAN CHEN WING SUM (Damansara).
- .. NIK ABDUL AZIZ BIN NIK MAT (Kelantan Hilir).
- .. TUAN HAJI ABDUL GHANI BIN ISHAK, A.M.N. (Melaka Utara).
- .. TUAN ABDUL KARIM BIN ABU, A.M.N. (Melaka Selatan).
- .. WAN ABDUL KADIR BIN ISMAIL, P.P.T.  
(Kuala Trengganu Utara).
- .. WAN ABDUL RAHMAN BIN DATU TUANKU BUJANG, A.B.S.  
(Sarawak).
- .. TUAN ABDUL RAZAK BIN HAJI HUSSIN (Lipis).
- .. TUAN ABDUL TAIB BIN MAHMUD (Sarawak).
- .. DATO' ABDULLAH BIN ABDUL RAHMAN, S.M.T., Dato' Bijaya  
di-Raja (Kuala Trengganu Selatan).
- .. Y.A.M. TUNKU ABDULLAH IBNI AL-MARHUM TUANKU ABDUL  
RAHMAN, P.P.T. (Rawang).
- .. TUAN HAJI ABDULLAH BIN HAJI MOHD. SALLEH,  
A.M.N., S.M.J., P.I.S. (Segamat Utara).
- .. TUAN HAJI ABU BAKAR BIN HAMZAH, J.P. (Bachok).
- .. TUAN AHMAD BIN ARSHAD, A.M.N. (Muar Utara).
- .. TUAN HAJI AHMAD BIN SA'AID, J.P. (Seberang Utara).
- .. WAN ALWI BIN TUANKU IBRAHIM (Sarawak).
- .. TUAN RAFAEL ANCHETA, A.M.N. (Sabah).
- .. DR AWANG BIN HASSAN, S.M.J. (Muar Selatan).
- .. TUAN AZIZ BIN ISHAK (Muar Dalam).
- .. TUAN JONATHAN BANGAU ANAK RENANG, A.B.S. (Sarawak).
- .. PENGARAH BANYANG ANAK JANTING, P.B.S. (Sarawak).
- .. TUAN CHAN CHONG WEN, A.M.N. (Kluang Selatan).
- .. TUAN CHAN SEONG YOON (Setapak).
- .. TUAN CHAN SIANG SUN, P.J.K. (Bentong).
- .. TUAN CHEW BIOW CHUON, J.P. (Bruas).
- .. TUAN CHIA CHIN SHIN, A.B.S. (Sarawak).
- .. TUAN FRANCIS CHIA NYUK TONG (Sabah).
- .. TUAN CHIN FOON (Ulu Kinta).
- .. TUAN D. A. DAGO ANAK RANDAN *alias* DAGOK ANAK RANDEN,  
A.M.N. (Sarawak).
- .. TUAN C. V. DEVAN NAIR (Bungsar).
- .. TUAN EDWIN ANAK TANGKUN (Sarawak).
- .. TUAN SYED ESA BIN ALWEE, J.M.N., S.M.J., P.I.S.  
(Batu Pahat Dalam).
- .. DATIN HAJAH FATIMAH BINTI HAJI ABDUL MAJID  
(Johor Bahru Timor).

- Yang Berhormat TAN SRI FATIMAH BINTI HAJI HASHIM, P.M.N.  
(Jitra-Padang Terap).
- „ TUAN GEH CHONG KEAT, K.M.N. (Pulau Pinang Utara).
- „ TUAN HAJI HAMZAH BIN ALANG, A.M.N., P.J.K. (Kapar).
- „ TUAN HANAFI BIN MOHD. YUNUS, A.M.N., J.P. (Kulim Utara).
- „ TUAN HANAFIAH BIN HUSSAIN, A.M.N. (Jerai).
- „ WAN HASSAN BIN WAN DAUD (Tumpat).
- „ TUAN STANLEY HO NGUN KHIU, A.D.K. (Sabah).
- „ DATO' HAJI HUSSEIN BIN MOHD. NOORDIN, D.P.M.P., A.M.N.,  
P.J.K. (Parit).
- „ TUAN HUSSEIN BIN SULAIMAN (Ulu Kelantan).
- „ TUAN HAJI HUSSAIN RAHIMI BIN HAJI SAMAN, S.M.K., J.P.  
(Kota Bharu Hulu).
- Yang Amat Berbahagia TUN DR ISMAIL BIN DATO' HAJI ABDUL RAHMAN,  
S.S.M., P.M.N. (Johor Timor).
- Yang Berhormat TUAN ISMAIL BIN IDRIS (Pulau Pinang Selatan).
- Yang Berbahagia TAN SRI SYED JA'AFAR BIN HASAN ALBAR, P.M.N.  
(Johor Tenggara).
- Yang Berhormat PENGHULU JINGGUT ANAK ATTAN, K.M.N., Q.M.C., A.B.S.  
(Sarawak).
- „ TUAN KAM WOON WAH, J.P. (Sitiawan).
- „ TUAN THOMAS KANA, K.M.N. (Sarawak).
- „ TUAN KHOO PENG LOONG (Sarawak).
- „ TUAN EDMUND LANGGU ANAK SAGA (Sarawak).
- „ TUAN LEE SECK FUN, K.M.N. (Tanjong Malim).
- „ TUAN LIM PEE HUNG, P.J.K. (Alor Star).
- „ DR MAHATHIR BIN MOHAMMAD (Kota Star Selatan).
- „ TUAN T. MAHIMA SINGH, J.M.N., J.P. (Port Dickson).
- „ TUAN C. JOHN ONDU MAJAKIL (Sabah).
- „ DATO' DR HAJI MEGAT KHAS, D.P.M.P., J.P., P.J.K.  
(Kuala Kangsar).
- „ TUAN MOHD. ARIF SALLEH, A.D.K. (Sabah).
- „ DATO' HAJI MOHAMED ASRI BIN HAJI MUDA, S.P.M.K.  
(Pasir Puteh).
- „ TUAN MOHD. DAUD BIN ABDUL SAMAD (Besut).
- „ TUAN MOHAMED IDRIS BIN MATSIL, J.M.N., P.J.K., J.P.  
(Jelebu-Jempol).
- „ TUAN MOHD. TAHIR BIN ABDUL MAJID, S.M.S., P.J.K.  
(Kuala Langat).
- „ TUAN HAJI MOHAMED YUSOF BIN MAHMUD, A.M.N. (Temerloh).
- „ TUAN MOHD. ZAHIR BIN HAJI ISMAIL, J.M.N. (Sungei Patani).
- „ WAN MOKHTAR BIN AHMAD (Kemaman).
- „ TUAN HAJI MOKHTAR BIN HAJI ISMAIL (Perlis Selatan).
- „ TUAN HAJI MUHAMMAD SU'AUT BIN HAJI MUHD. TAHIR,  
A.B.S. (Sarawak).
- „ DATO' HAJI MUSTAPHA BIN HAJI ABDUL JABAR, D.P.M.S., A.M.N.,  
J.P. (Sabak Bernam).

- Yang Berhormat **TUAN MUSTAPHA BIN AHMAD** (Tanah Merah).
- Yang Amat Berbahagia **TUN DATU MUSTAPHA BIN DATU HARUN, S.M.N., P.D.K.**  
(Sabah).
- Yang Berbahagia **TAN SRI NIK AHMAD KAMIL, D.K., S.P.M.K., S.J.M.K., P.M.N., P.Y.G.P., Dato' Sri Setia Raja** (Kota Bharu Hilir).
- Yang Berhormat **TUAN NG FAH YAM** (Batu Gajah).
- .. **TUAN ONG KEE HUI** (Sarawak).
- .. **TUAN HAJI OTHMAN BIN ABDULLAH** (Hilir Perak).
- .. **TUAN OTHMAN BIN ABDULLAH, A.M.N.** (Perlis Utara).
- .. **TUAN QUEK KAI DONG, J.P.** (Seremban Timor).
- .. **TUAN HAJI RAHMAT BIN HAJI DAUD, A.M.N.**  
(Johor Bahru Barat).
- .. **TUAN RAMLI BIN OMAR** (Krian Darat).
- .. **TUAN HAJI REDZA BIN HAJI MOHD. SAID, P.J.K., J.P.**  
(Rembau-Tampin).
- .. **RAJA ROME BIN RAJA MA'AMOR, P.J.K., J.P.** (Kuala Selangor).
- .. **TUAN SEAH TENG NGIAB, S.M.J., P.I.S.** (Muar Pantai).
- .. **TUAN D. R. SEENIVASAGAM** (Ipoh).
- .. **DATO' S. P. SEENIVASAGAM, D.P.M.P., P.M.P., J.P.** (Menglembu).
- .. **TUAN SIM BOON LIANG, A.B.S.** (Sarawak).
- .. **TUAN SIOW LOONG HIN, P.J.K.** (Seremban Barat).
- .. **TUAN SENAWI BIN ISMAIL, P.J.K.** (Seberang Selatan).
- .. **TUAN SNG CHIN JOO** (Sarawak).
- .. **TUAN SOH AH TECK** (Batu Pahat).
- .. **TUAN SULEIMAN BIN ALI** (Dungun).
- .. **TUAN SULEIMAN BIN HAJI TAIB** (Krian Laut).
- .. **TUAN TAJUDIN BIN ALI, P.J.K.** (Larut Utara).
- .. **TUAN TAI KUAN YANG, A.M.N.** (Kulim Bandar Bharu).
- .. **TUAN TAMA WENG TINGGANG WAN** (Sarawak).
- .. **DR TAN CHEE KHOON** (Batu).
- .. **TUAN TAN CHENG BEE, A.M.N., J.P.** (Bagan).
- .. **TUAN TAN KEE GAK** (Bandar Melaka).
- .. **TUAN TAN TOH HONG** (Bukit Bintang).
- .. **TUAN TAN TSAK YU** (Sarawak).
- .. **TUAN TIAH ENG BEE** (Kluang Utara).
- .. **TUAN STEPHEN YONG KUET TZE** (Sarawak).
- .. **TENGGU ZAJID BIN TENGGU AHMAD** (Pasir Mas Hulu).
- .. **TUAN HAJI ZAKARIA BIN HAJI MOHD. TAIB, P.J.K.** (Langat).

**YANG TIADA HADHIR :**

- Yang Berhormat **Perdana Menteri dan Menteri Hal Ehwal Luar Negeri, Y.T.M. TUNKU ABDUL RAHMAN PUTRA AL-HAJ, K.O.M.**  
(Kuala Kedah).
- .. **Menteri Hal Ehwal Sarawak, Yang Berbahagia TAN SRI TEMENGGONG JUGAH ANAK BARIENG, P.M.N., P.D.K.** (Sarawak).
- .. **Menteri Penerangan dan Penyiaran dan Menteri Kebudayaan, Belia dan Sokan, TUAN SENU BIN ABDUL RAHMAN**  
(Kubang Pasu Barat).

Yang Berhormat Menteri Muda Ta' Berjabatan, TUAN HAJI ABDUL KHALID BIN AWANG OSMAN (Kota Star Utara).

- .. Menteri Muda Pembangunan Negara dan Luar Bandar, TUAN SULAIMAN BIN BULON, P.J.K. (Bagan Datoh).
- .. TUAN ABDUL RAHMAN BIN HAJI TALIB, P.J.K. (Kuantan).
- .. TUAN HAJI ABDUL RASHID BIN HAJI JAIS (Sabah).
- .. PUAN AJIBAH BINTI ABOL (Sarawak).
- .. TUAN S. FAZUL RAHMAN, A.D.K. (Sabah).
- .. DATU GANIE GILONG, P.D.K., J.P. (Sabah).
- .. TUAN GANING BIN JANGKAT (Sabah).
- .. TUAN HARUN BIN ABDULLAH, A.M.N., J.P. (Baling).
- .. TUAN KADAM ANAK KIAI (Sarawak).
- .. TUAN AMADEUS MATHEW LEONG, A.D.K., J.P. (Sabah).
- .. DR LIM CHONG EU (Tanjong).
- .. TUAN LIM KEAN SIEW (Dato Kramat).
- .. DATO' LING BENG SIEW, P.N.B.S. (Sarawak).
- .. TUAN PETER LO SU YIN (Sabah).
- .. TUAN JOSEPH DAVID MANJAJI (Sabah).
- .. ORANG TUA MOHAMMAD DARA BIN LANGPAD (Sabah).
- .. TUAN MUHAMMAD FAKHRUDDIN BIN HAJI ABDULLAH (Pasir Mas Hilir).
- .. PENGIRAN TAHIR PETRA (Sabah).
- .. TUAN TOH THEAM HOCK (Kampar).
- .. TUAN YEH PAO TZE (Sabah).

### DO'A

(Tuan Yang di-Pertua *mempengerusi-*  
*kan Meshuarat*)

Yang Berhormat Wan Alwi bin Tuanku Ibrahim dan Yang Berhormat Tuan Rafael Ancheta kapada Majlis ini.

### MENGANGKAT SUMPAAH

Ahli<sup>2</sup> Yang Berhormat yang tersebut di-bawah ini telah mengangkat sumpah seperti yang di-sebutkan dalam Perlembagaan:

- (1) Tuan Abdul Taib bin Mahmud.
- (2) Wan Alwi bin Tuanku Ibrahim.
- (3) Tuan Rafael Ancheta, A.M.N.

### PEMASHHORAN<sup>2</sup> OLEH TUAN YANG DI-PERTUA MENGALU<sup>2</sup>KAN AHLI<sup>2</sup> BAHARU

Tuan Yang di-Pertua: Ahli<sup>2</sup> Yang Berhormat, saya suka mengambil peluang mengucapkan selamat datang kapada Ahli<sup>2</sup> baharu ia-itu Yang Berhormat Tuan Abdul Taib bin Mahmud,

Yang Berhormat Tuan Abdul Taib bin Mahmud dan Yang Berhormat Wan Alwi bin Tuanku Ibrahim telah di-pilih oleh Council Negeri Sarawak dalam meshuarat yang telah di-adakan pada 12hb dan 13hb Disember, 1967, menjadi Ahli Dewan ini menggantikan Yang Berhormat Tuan Ikhwan Zaini dan Yang Berhormat Sandom anak Nyuak yang telah berhenti menjadi Ahli Majlis ini mulai daripada 7hb dan 12hb Disember, 1967.

Yang Berhormat Tuan Rafael Ancheta telah di-pilih oleh Dewan Negeri Sabah dalam meshuarat yang telah di-adakan pada 22hb Disember, 1967, menjadi Ahli Dewan ini menggantikan Yang Berhormat Datu Aliuddin bin Datu Harun yang telah berhenti menjadi Ahli Majlis ini mulai daripada 11hb Disember, 1967.

## AHLI<sup>2</sup> MELETAKKAN JAWATAN

Ahli<sup>2</sup> Yang Berhormat, saya hendak mema'alumkan ia-itu Yang Berhormat Tuan Sandom anak Nyuak, Yang Berhormat Tuan Ikhwan Zaini dan Yang Berhormat Datu Aliuddin bin Datu Harun telah berhenti menjadi Ahli Majlis ini mulai daripada 11hb, 7hb dan 11hb Disember, 1967.

## PERUTUSAN DARIPADA DEWAN NEGARA

Ahli<sup>2</sup> Yang Berhormat, saya hendak mema'alumkan ia-itu saya telah menerima satu perutusan yang bertarikh 20hb November, 1967, daripada Yang di-Pertua Dewan Negara berkenaan dengan perkara<sup>2</sup> yang tertentu yang telah di-hantar oleh Majlis ini minta di-persetujui oleh Dewan Negara. Sekarang yang minta Setia-usaha Majlis membachakan perutusan itu kepada Majlis ini:

(Setia-usaha membachakan perutusan).

"Mr Speaker, the Senate has agreed to the following Bills:

- (1) to amend the Asian Development Bank Act, 1966;
- (2) bagi menggunakan wang daripada Kumpulan Wang yang di-Satukan untuk perbelanjaan tambahan bagi perkhidmatan bagi tahun 1966 dan bagi memperuntukkan wang itu bagi maksud<sup>2</sup> yang tertentu;
- (3) bagi menggunakan sa-jumlah wang daripada Kumpulan Wang Yang di-Satukan untuk Perkhidmatan bagi tahun yang berakhir pada tiga puluh satu haribulan Disember, 1968;
- (4) to amend the Income Tax, 1967;
- (5) to amend the Petroleum (Income Tax) Act, 1967;
- (6) to amend the Registration of Businesses Ordinance, 1956;
- (7) bagi membuat peruntukan berkenaan dengan pengeluaran lesen atau penubuhan sa-buah Lembaga bagi menjalan atau menganjorkan pertarohan pool dan berkenaan dengan perkara<sup>2</sup> yang bersangkutan dengan-nya;

- (8) to amend the National Service Ordinance, 1952;
- (9) to amend the Road Traffic Ordinance, 1958;
- (10) to amend the Medical Registration Ordinance (Cap. 112) of Sarawak;
- (11) to amend the Education Act; without amendment.

(Sgd.) DATO' HAJI ABDUL RAHMAN,  
*President'*

## MEMPERKENANKAN RANG UNDANG<sup>2</sup>

Tuan Yang di-Pertua: Ahli<sup>2</sup> Yang Berhormat, saya hendak mema'alumkan kepada Majlis ini bahawa Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong telah memperkenankan Rang Undang<sup>2</sup> berikut yang telah di-luluskan oleh Parlimen baharu<sup>2</sup> ini:

- (1) Act Pertarohan Pool, 1967;
- (2) Act Perbekalan Tambahan (1966) (No. 2), 1967;
- (3) Asian Development Bank (Amendment) Act, 1967;
- (4) Act Kumpulan Wang Yang di-Satukan (Perbelanjaan) (Atas Kira<sup>2</sup>), 1967;
- (5) Registration of Businesses (Amendment) Act, 1967;
- (6) Income Tax (Amendment) Act, 1967;
- (7) National Service (Amendment) Act, 1967;
- (8) Petroleum (Income Tax) (Amendment) Act, 1967;
- (9) Medical Registration (Sarawak) (Amendment) Act, 1967;
- (10) Education (Amendment) Act, 1967;
- (11) Road Traffic (Amendment) (No. 2) Act, 1967.

## JAWAPAN<sup>2</sup> MULUT BAGI PERTANYAAN<sup>2</sup>

### JAWAPAN<sup>2</sup> KAPADA SURAT<sup>2</sup> DARIPADA ORANG RAMAI OLEH PEGAWAI<sup>2</sup> KERAJAAN

1. Tuan Tama Weng Tinggang Wan (Sarawak) bertanya kepada Perdana

Menteri ada-kah menjadi satu kesalahan jika Pegawai<sup>2</sup> Kerajaan tidak menghirau atau tidak menjawab surat<sup>2</sup> dari orang ramai dan ada-kah Kerajaan Pusat telah memberi kuasa kepada Parti Perikatan Sarawak untuk berbuat demikian.

**Timbalan Perdana Menteri:** Tuan Yang di-Pertua, ada-lah menjadi kewajipan Pegawai<sup>2</sup> Kerajaan memberi layanan jawapan kepada surat<sup>2</sup> yang di-terima daripada orang ramai yang memerlukan jawapan dan Pegawai<sup>2</sup> yang tidak menjalankan kewajipan-nya ini dengan tidak mempunyai sebab<sup>2</sup> yang tertentu boleh-lah di-anggap sebagai kurang cekap dan tindakan tata-tertib boleh di-ambil ka-atas mereka. Kerajaan Pusat yang sentiasa berkehendakkan Perkhidmatan 'Awam' cekap daripada kakitangan-nya sudah barang tentu tidak membenarkan kakitangan-nya berbuat demikian. Ini-kan pula mengeluarkan perintah, atau arahan yang berlawanan dengan hasrat Kerajaan hendak meninggikan lagi kecekapan dalam Perkhidmatan 'Awam'.

## **SUMBANGAN DAN BANTUAN DI-BERI OLEH KERAJAAN PUSAT KAPADA KERAJAAN NEGERI SABAH UNTUK MENGURANGKAN SARA HIDUP YANG TINGGI**

**2. Pengiran Tahir Petra (Sabah)** bertanya kepada Perdana Menteri:

- (a) apa-kah sumbangan dan bantuan yang telah di-beri oleh Kerajaan Pusat kepada Kerajaan Negeri Sabah untuk mengurangkan sara hidup yang tinggi yang di-'alami oleh ra'ayat negeri itu;
- (b) ada-kah sara hidup yang tinggi di-Sabah di-sebabkan oleh harga barang<sup>2</sup> yang mahal atau ada-kah sebab<sup>2</sup> yang lain;
- (c) bila-kah sara hidup di-Sabah akan di-samakan dengan sara hidup di-Malaysia Barat.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, dengan izin tuan, saya suka menjawab bahagian yang kedua soalan ini dahulu. Ada-lah beberapa sebab yang menjadikan harga barang dan

juga sara hidup di-negeri Sabah itu tinggi. Yang pertama-nya Sabah, tenaga<sup>2</sup> Buroh telah sangat kurang dengan sebab itu-lah gaji mereka itu ada-lah tinggi. Bagitu juga oleh sebab perusahaan kayu kayan di-sana ada banyak dan perusahaan ini menggunakan pekerja<sup>2</sup> yang bilangan-nya kurang di-Sabah itu dengan sebab itu-lah gaji mereka itu ada-lah tinggi.

Bagitu juga yang kedua, Tuan Yang di-Pertua, di-Sabah perjalanan<sup>2</sup> ada-lah sukar dan dengan sebab itu sukar hendak membawa barang<sup>2</sup> makanan daripada satu tempat ka-satu tempat, dengan sebab itu-lah harga barang ada-lah terpaksa tinggi di-naikkan sedikit. Bagitu juga jalan<sup>2</sup> raya di-luar bandar pun kurang, jadi barang<sup>2</sup> keluaran di-Sabah pun hendak di-bawa ka-pasaran di-satu tempat ka-satu tempat ada-lah sukar dan ini-lah juga menyebabkan yang harga barang lebeh tinggi. Bagitu juga sebab yang ketiga, perjalanan di-antara Malaysia Barat dengan Sabah ada-lah jauh dan memakan belanja dengan lebeh dan di-sebabkan di-Sabah itu dan di-Sarawak juga bukan-lah tempat yang biasa di-lalu-lintaskan oleh kapal<sup>2</sup> dunia, atau International Shipping dan lagi, Tuan Yang di-Pertua, satu daripada sebab-nya yang sara hidup di-Sabah itu tinggi ia-lah terlalu banyak wang yang ada berjalan dalam Negeri Sabah itu di-sebab oleh kemajuan perusahaan kayu kayan, atau dalam bahasa Inggeris "too much money chasing after too few goods." Tuan Yang di-Pertua, Kerajaan telah mengambil—Kerajaan Pusat dengan bantuan Kerajaan Negeri Sabah telah mengambil beberapa langkah yang patut untuk mengatasi masalah<sup>2</sup> ini. Kerajaan Pusat telah menjalankan siasatan melalui Economic Planning Unit pada akhir tahun 1966 dan mengeluarkan penyata yang menerangkan sebab<sup>2</sup>-nya sara hidup di-Sabah itu tinggi dan telah mengshorkan beberapa langkah<sup>2</sup> yang patut di-ambil untuk mengatasi perkara ini.

Bagitu juga-lah Pejabat Statistics sekarang ini sedang menjalankan survey untuk hendak mengetahui Family Budget, ia-itu perbelanjaan sa-saorang family di-tempat<sup>2</sup> yang tertentu di-Negeri Sabah itu. Apabila siap survey

ini kita akan dapat mengadakan satu index retail prices. Kerajaan sentiasalah memperhatikan perkara ini dan dari satu masa ka-satu masa langkah untuk mengatasi ada-lah di-ambil. Oleh kerana sebab yang penting sa-kali yang menaikkan perbelanjaan, atau sara hidup di-Sabah itu ia-lah kekurangan tenaga buroh, Kerajaan Pusat dengan kerjasama Kerajaan Negeri telah menubuhkan satu Malaysian Migration Fund Board dengan tujuan hendak menolong penduduk<sup>2</sup> dari Malaysia Barat supaya datang ka-Sabah dan di-situ dapat menjalankan pekerjaan. Sehingga hari ini dan lebeh kurang 1,070 pekerja<sup>2</sup> dari Malaysia Barat yang telah pergi ka-Sabah. Bagitu juga dalam rancangan pembangunan, Kerajaan telah membelanjakan wang boleh dikatakan banyak untuk hendak membaiki perhubungan negeri Sabah mengadakan jalan<sup>2</sup> raya terutama sa-kali jalan raya dari Bandar Kota Kinabalu, ka-Sandakan dan juga jalan<sup>2</sup> raya di-kawasan luar bandar dan di-perchayai dengan ada-nya jalan<sup>2</sup> raya ini akan menyenangkan ahli<sup>2</sup> perniagaan untuk hendak membawa barang keperluan dari satu tempat ka-satu tempat.

Bagitu juga Kerajaan Pusat telah menggalakkan kilang<sup>2</sup>, atau manufacturers di-Malaysia Barat ini menjual barang<sup>2</sup> di-Sabah dengan harga yang berpatutan dan dengan sa-berapa boleh-nya di-jual dengan harga sama dengan harga yang di-jualkan di-Malaysia Barat.

Bagitu juga-lah dengan champur tangan Kerajaan Pusat kapal<sup>2</sup> telah bertambah bilangan-nya pergi ka-Sabah dari Malaysia Barat. Bagitu juga Kerajaan Pusat semenjak bulan 6 tahun lalu telah meminta penjual<sup>2</sup> barang supaya menentukan harga<sup>2</sup> barang dalam retail shops di-Sabah supaya penduduk<sup>2</sup> di-situ mengetahui harga<sup>2</sup> barang yang mereka itu kehendaki.

Dengan sebab itu, Tuan Yang di-Pertua, nyata-lah bahawa Kerajaan sedang mengambil apa juga langkah yang di-fikirkan menasabah yang boleh berjalan untuk hendak menurunkan harga barang di-Sabah itu, dan hendak menurunkan sara hidup di-Sabah itu, akan tetapi saya harap Ahli<sup>2</sup> Yang

Berhormat faham bahawa usaha<sup>2</sup> ini tidak akan mendapat kehasilan yang penoh sa-mata<sup>2</sup> dengan tenaga daripada pehak Kerajaan, mustahak-lah pehak retailers dan juga wholesalers ahli<sup>2</sup> perniagaan memberi kerjasama mereka itu supaya dengan itu segala usaha<sup>2</sup>-nya mendapat kehasilan yang di-kehendaki.

### DISPUTE BETWEEN LEMBAGA LETRIK NEGARA AND N.E.B. EMPLOYEES' UNION

3. Tuan C. V. Devan Nair (*dengan izin*) asks the Prime Minister to explain why the Cabinet had advised the Yang di-Pertuan Agong to withhold consent to refer the dispute between the Lembaga Letrik Negara and the N.E.B. Employees' Union to the Industrial Court when the dispute was referred to him under Section 23 (2) of the Industrial Relations Act on 29th December, 1967; and to state whether he is aware that the withholding of His Majesty's consent also prohibited the N.E.B. Employees' Union to strike, which is in effect a muzzling and suppression of the dispute, allowing the Union no avenue of expression, an act which will bring the labour laws of the land into contempt in the eyes of the workers; and to state whether he would intervene to get the dispute referred to the Industrial Court to assure the workers that the Government was not advocating a labour policy of tying the unions and workers hands and feet, which will seriously unsettle labour conditions in Malaysia.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya memohon izin berchakap dalam bahasa Inggeris.

Mr Speaker, Sir, the dispute in the National Electricity Board was over the issue of commencement of negotiation on the N.E.B. Employees' Union's claim for a general revision of wages and conditions of service of its members. Now, the Union had been pressing for negotiation to be commenced immediately. The Board's position was that it was unable to commence negotiation pending the Government's decision on the Report of the Suffian Salaries Commission.

On the 20th September, 1967, the N.E.B. Employees' Union served on the Board notice of its intention to call a strike of its members after the 2nd January, 1968, if the dispute was not settled by that date. In spite of the efforts of the Ministers of Commerce and Industry and Labour to explain to the officials of the Union the reasons for the inability of the Board to commence negotiation immediately and to persuade them to call off the proposed strike, the Union appeared to be bent on carrying out this strike threat. Now, Sir, if the strike had taken place, the effect of the strike at that time would have been highly undesirable, especially in view of the New Year and the Hari Raya festive season. It would indeed have been shameful and chaotic if there had been a black-out in that period of annual celebrations by our people throughout the country.

The Minister of Labour, being satisfied that the trade dispute was likely not only to prejudice the maintenance and services necessary for the life, safety and health of the community but also affect the economy of the country, intervened in the dispute and submitted to His Majesty the Yang di-Pertuan Agong to seek his consent to the reference of the dispute to the Industrial Court as required under Section 23 (2) of the Industrial Relations Act, 1967. The issue in this dispute, as I mentioned earlier, was only over the question whether negotiation on the Union's claims should commence immediately or should be deferred to a later date. The Cabinet considered this matter very carefully. In view of the fact that the Government in considering the salary structure of its workers normally takes into account the salary structure of the employees performing similar work in statutory bodies and other such similar institutions for the purpose of comparison, it was quite apparent that the Report of the Suffian Salaries Commission would have a crucial effect on the general level of wages and conditions of services in the public sector. The Cabinet, therefore felt that negotiation

for any general revision of wages and conditions of service should be deferred until after the Government had decided on the Report of the Suffian Salaries Commission.

As the issue in dispute was, in fact, over the difference between the parties with regard to the timing of the commencement of the negotiation, the Cabinet decided that in this specific case it was not a matter for reference to the Industrial Court for decision. The Cabinet came to this decision particularly in view of the fact that the Government's Industrial and Manual Group workers and employees in other statutory authorities had accepted the advice to withhold any claims for a general revision of wages or salaries and conditions of service until the Government had decided on the Report of the Suffian Salaries Commission. It was on this ground that His Majesty the Yang di-Pertuan Agong was advised to withhold his consent for reference of the dispute to the Industrial Court.

The Government, Sir, is fully aware of the effect of withholding of His Majesty's consent for reference of dispute in any Government service or service of any statutory authority. The Government is also aware that even if His Majesty had not withheld such consent and the dispute had been referred to the Industrial Court, the provision of Section 41 of the Industrial Relations Act would have applied and that there could have been no strike on this matter. It was especially to deal with such type of dispute and situation as has arisen in the N.E.B. that the provisions of Sections 23 (2) and 41 were included in the Act. Now, the provision of strikes and lock-outs in similar circumstances and in accordance with the provisions of law should, under no circumstances, be interpreted as muzzling and suppression of the dispute or tying the Unions and the workers' hands and feet. Particularly in this case, neither the Union's claim had been rejected nor its right for negotiation had been denied. The Union had only been asked to wait

for some time for commencement of negotiations and it had in fact been given an assurance by the Board and the Government that the negotiation on the claim for revision of wages and conditions of service could be commenced once the Government has announced its decision of the Report of the Suffian Salaries Commission.

**Dr Tan Chee Khoon (Batu):** Tuan Yang di-Pertua, ada-kah Timbalan Perdana Menteri sedar pada 25hb Ogos, 1966, sa-orang yang bernama F. R. Wardrop, Pemangku Pengurus Besar, telah menulis sa-puchok surat kapada President, N.E.B. Employees' Union, Kuala Lumpur. Dengan izin, saya hendak bacha sadikit sahaja daripada surat ini.

"I am in receipt of your letter dated the 24th August, 1966. Further to the letter of 3rd August, 1966, I would inform you that the Board is prepared to negotiate revised salary scales with your Union, together with the revised salary scales for all the other grades of staff. The Board must reserve the right to negotiate with all other unions at the same time to avoid repercussions and anomalies between the different salary scales."

Mr Speaker, Sir, the question I would like to ask is this. In view of what I have read, is not the Deputy Prime Minister giving us a wrong picture of the events that had happened in the past, and in view of this solemn pledge by the Acting General Manager of the N.E.B., should not the N.E.B. have told both the Minister of Commerce and Industry and the Minister for Labour of this solemn pledge? Or did not N.E.B. Board consider all implications before they wrote this letter?

**Menteri Perdagangan dan Perusahaan (Dr Lim Swee Aun):** May I have your permission to speak in English. (*Mr Speaker indicates assent*). The Board and the Government are always prepared to negotiate, but the question is when do we negotiate.

**Dr Tan Chee Khoon:** Mr Speaker, Sir, I presume when the Acting General Manager wrote this letter, he meant to negotiate straightaway not two years hence, three years hence, or

not to get it hanging in the air by referring it to the Yang di-Pertuan Agong and advising the Yang di-Pertuan Agong to suspend this in midair in animated suspense.

**Tun Haji Abdul Razak:** Mr Speaker, Sir, as I explained at great length on this, we are aware of this position, but in the mean time we had the Report by the Suffian Salaries Commission on the general salaries and wages structure for the whole public sector in this country. So, it must be necessary for any negotiation on any revision of salary to await the decision on this Report because the Report of this Commission will have, as I said, a very important bearing on the salary structure of all the sectors in the public services. That is why the Government has taken this decision and it is no use commencing negotiation now, when the whole of the salary structure of the public sector is under consideration by the Government—it will be waste of time both of the Union as well as the Board.

**Dr Tan Chee Khoon:** Is the Honourable Deputy Prime Minister aware that this letter was written after the Suffian Commission had submitted its Report and after the Suffian Commission Report had been given to some of the members of the Staff? Consequently, the Government cannot now claim, "Oh, we are having second thoughts". But, be that as it may, Mr Speaker, Sir, since these negotiations are so tied up with the Suffian Salaries Commission's Report, will the Honourable Deputy Prime Minister now give a categorical answer to this House when will the Government open negotiations with the Union, quasi-Government or Government and when will the Government implement the Suffian Salaries Commission Report? If he can give a categorical statement, I am sure the unions throughout the country will sleep in peace and not plunge us into darkness.

**Tun Haji Abdul Razak:** Mr Speaker, Sir, I would ask the Honourable Member not to get excited over this. The

Government has made its position very clear. This report by the Suffian Salaries Commission is under study both by the Government and the Staff Side. The Government has taken the Staff Side into confidence; they have been given copies of the Report to study; and as soon as the study has been completed by both the Staff Side and the Government, then a decision will be made on this matter. I think all the members of the Trade Unions in this country know the position well, and there is no reason why they should not sleep very soundly and wait for the result of this study.

**Tuan C. V. Devan Nair** (*dengan izin*) Mr Speaker, Sir, I appreciate that a strike in the circumstances prevailing then would have had unfortunate consequences. We had the assurance from the Honourable Deputy Prime Minister that negotiations can begin as soon as the Suffian Salaries Commission Report has been sorted out. Could we have the further assurance from the Honourable Deputy Prime Minister that in the event negotiations failed after they had begun, the dispute would be referred to arbitration?

**Tun Haji Abdul Razak:** This will be considered when the time comes. Obviously, we will consider crossing the bridge when we come to it. It is too early to say anything because negotiation has not commenced.

**Tuan C. V. Devan Nair:** Mr Speaker, Sir, what I would like to know is whether when we come to the bridge we will cross it. (*Laughter*).

**Tun Haji Abdul Razak:** We will decide then whether to cross it or not (*Laughter*).

**Dr Tan Chee Khoon:** Mr Speaker, Sir, is it true that with regard to the Suffian Salaries Commission Report the Government, and the Cabinet in particular, is having an agonising reappraisal as stated by the Honourable Minister of Finance last year?

**Tun Haji Abdul Razak:** As always inside this House the Honourable Member for Batu has a very fertile

imagination. We always state facts and we give assurances to this House, and we will always uphold the assurances that we make in this House.

#### COMMISSION OF INQUIRY INTO RACIAL PROBLEM OF MALAYSIA

**4. Tuan C. V. Devan Nair** (*dengan izin*) asks the Prime Minister whether the Cabinet has considered the suggestion by Professor Ungku Aziz for a commission of inquiry into the entire racial problem in the country, and whether the Government would set up such an inquiry.

**Tun Haji Abdul Razak** (*dengan izin*): Sir, the entire racial problem in this country has been gone into very thoroughly by the Lord Reid Commission before we achieved independence in August, 1957. The Commission had sought the views of all sections of the communities irrespective of race, colour and creed, and as a result of the evidence collected by the Commission, the Commission recommended the present Constitution of this country, and also the Commission put up a report to the Government.

Therefore, Sir, it is considered there is no need for the Government to institute a commission of inquiry to inquire into the racial problem of this country, as all that has been gone into before. There has, on the whole, Sir, been good racial harmony in this country among our people of different races, and I am confident it will continue to be so, if irresponsible elements refrain from exploiting communal sentiments of any particular community for their own selfish ends.

**Tuan C. V. Devan Nair:** Mr Speaker, Sir, much water has flown under the bridge since the last commission of inquiry.

**Mr Speaker:** Could you speak a bit louder?

**Tuan C. V. Devan Nair:** Sorry, Sir. Much water has flown under the bridge since the last commission of inquiry was instituted before Merdeka into this problem, and would the Government consider, Sir, that it might

help to instil confidence, greater confidence all round, if there was a commission of inquiry, not made up of politicians—perhaps, the Deputy Prime Minister thinks that I am envisaging a commission of inquiry made up of politicians, who should be the last persons to sit on such a commission—but a commission of inquiry, Sir, made up of members of the judiciary, of eminent citizens in the civic and academic fields of this country, to go into this problem as a means of instilling confidence and not pandering to any political group whatsoever?

**Tuan Haji Abdul Razak:** As I said, the Government and, I think, the majority of the people in this country understand the existence of racial problems because our population is made up of different racial groups, and on the whole there have been very good relations among the communities in this country. It is only when irresponsible elements exploited this issue that trouble started, and if Honourable Members of the Opposition would help the Government to see that these irresponsible elements do not exploit this issue, I think the goodwill and friendship of our peoples of various races will continue to be strengthened and to be enhanced.

#### COMMISSION OF INQUIRY INTO DISTURBANCES IN PENANG AND NORTHERN MALAYA

**5. Tuan C. V. Devan Nair** asks the Prime Minister whether the Government would institute a commission of inquiry into the causes that led to the start and spread of the Penang and North Malayan disturbances.

**6. Dr Tan Chee Khoon** (*dengan izin*) asks the Prime Minister to state if he would agree to institute a Royal Commission of Enquiry to delve into the true causes of the Racial Riots in Penang and Northern West Malaysia, and whether he is aware that it is important that the true causes of these outbreaks of violence, be known so that the Government can take appropriate measures to promote racial integration and harmony in this country.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua saya mohon *izin* hendak menjawab soal yang ke-lima dan keenam sa-kali sebab soal itu sa-rupa sahaja dan saya minta *izin* menjawab dalam bahasa Inggeris. Sir, the Government does not consider it necessary or useful to set up such a commission of inquiry as the Government is fully informed of the causes that led to the recent disturbances.

**Dr Tan Chee Khoon:** Sir, is the Honourable the Deputy Prime Minister aware that although the Government has claimed that it is fully aware of the causes of the recent regrettable incidents in Penang and North Malaya, on the other hand, the public is not fully conversant with these things. Only a public hearing, a Royal Commission, headed by a High Court Judge in a calm and detached atmosphere can delve into the real causes of the recent riots, and such an inquiry will be of immense value not just for the Government—after all, the Cabinet consists of less than two dozen people—but the bulk of the people of this country who are really concerned with this. If there is a Royal Commission, people from all walks of life can go and tell the Royal Commission what actually happened, what they think should not have been done, what they think should have been done, and this will be all to the good of the people of this country.

**Tun Haji Abdul Razak:** The Government is fully aware of the causes of this and I think the majority of the people of this country, the loyal citizens of this country, are aware of the causes of this. We have made a number of statements and I would suggest that the best service that the Honourable Member for Batu could do towards stopping a recurrence of such disturbances is to stop members of his Party from exploiting this racial issue, (*Applause*) using threat and using force to disturb the peace and harmony of the people of this country.

**Dr Tan Chee Khoon:** Mr Speaker, Sir, it is fashionable for the Government to blackmail, black-ball, stifle, and repress those of us sitting of this side of the House. Of course, it is very

convenient to find a scapegoat in such an instance to label it—that the Labour Party was solely responsible for the recent riots in Penang and the North. Now, Mr Speaker, Sir, if what the Honourable Deputy Prime Minister tries to say and hint is true, then I challenge the Honourable Deputy Prime Minister to close down the Labour Party of Malaya and then we can see whether there will be further riots or not. Then, we will not be responsible.

**Tun Haji Abdul Razak:** I must ask the Honourable Member not to issue such a challenge to the Government. The Government knows its responsibility, and if the Government had wanted to stifle the Opposition, the Honourable Member will not be in this House now. We have been very fair and very just. We only deal with those members of his Party who are found to be involved in this incident, who have carried out acts of violence, and in doing so we thought we were helping the Honourable Member, if he is loyal to this country, and if he stands for peace and harmony among the races in this country.

**Tuan D. R. Seenivasagam (Ipoh):** Mr Speaker, Sir, arising out of the last answer by the Honourable Deputy Prime Minister in that the Government only deals with those who are involved or take part in these unlawful activities, I seek clarification on the statement by the Honourable Prime Minister that Mr Lim Kean Siew was found to be completely clean by the Police and why he was then arrested and released?

**Mr Speaker:** I do not think that has got anything to do with this question.

**Tun Haji Abdul Razak:** Yes, that is not much relevant to this, Sir. Mr Lim Kean Siew, the Leader of the Labour Party of Penang, was responsible for initiating the hartal which turned out into disturbances. Although he himself was found to be not directly involved in violence, he was responsible for initiating this hartal. So, it was considered necessary for peace as well as for his own safety that he should be kept inside (*Laughter*). and I think he should be thankful to the Govern-

ment for keeping him safe for about a month (*Laughter*).

**Dr Tan Chee Khoon:** Since it is the Honourable the Deputy Prime Minister himself who has brought in the word "hartal", is the Honourable Deputy Prime Minister aware that far from the Labour Party of Malaya initiating the hartal, the hartal was initiated: (1) by the business community, in other words the Chambers of Commerce, (*Some Honourable Members: No, no*) (2) by the Hawkers Association in Penang, controlled and led by the M.C.A. (*Laughter*), (3) an Action Committee was formed by the M.C.A. Youth in Penang to put into effect the hartal. It looks to me, Mr Speaker, Sir, the bigger the lie you say over the T.V. and Radio Malaysia, the more you hope it will stick.

**Tun Haji Abdul Razak:** . . . . Just to let the Honourable Member to extricate himself from this, we are not making any allegation against him; but it was clear to us that this hartal was started by the Labour Party. It was admitted by Mr Lim Kean Siew himself: he admitted to us that the Labour Party started this, but he did say that he never expected that it could turn in the way it did. That was a clear statement by his colleague, Mr Lim Kean Siew.

**Tuan C. V. Devan Nair:** Sir, would it not be better to remove discussion on the reasons and cause for these disturbances from the field of politics altogether and give it to a judicial Royal Commission of Inquiry? We have been promised by the Honourable Deputy Prime Minister a White Paper on the subject, which will presumably be prepared by officials of his Ministry. But, let a more comprehensive and impartial report come, neither from the political parties, or the politicians, or the Government, but from a judicial Commission of Enquiry. That suggestion is made, Sir, not to embarrass the Government but to assist the Government, in helping to establish more confidence in this country, Sir, because I feel that and I would confess, that if confidence is destroyed in this country, not only the Alliance suffers but I have

a very strong feeling that the D.A.P. would too disappear (*Laughter*).

**Tun Haji Abdul Razak:** Although I fully appreciate the intention behind the suggestion of the Honourable Member, I have explained that Government does not consider it necessary to have a Commission of Inquiry because we know the causes, and also we know that the majority of the people in this country want to live in peace and harmony. It is only this very small minority of irresponsible elements who from time to time want to cause trouble, destroy the peace and harmony of this country, and if we can get rid of these irresponsible elements, and if leaders of the Opposition Parties could help, if they sincerely believe in peace and harmony, they can help to get rid of these people from their Party, then I think we will go a long way towards strengthening further the confidence and the peace and harmony in this country.

**Dr Tan Chee Khoon:** Mr Speaker, Sir, the Honourable Deputy Prime Minister kept on saying that the leaders of the Opposition should help the Government. Is the Honourable Deputy Prime Minister aware that Mr Lim Kean Siew himself, on that morning of the 25th, had gone out of his way to help the Police to try and calm down things, but in the process of doing so, none other than the Honourable Deputy Prime Minister himself ordered Kean Siew's arrest?

**Tun Haji Abdul Razak:** I would say it is no good shouting "Help to put out the fire" having lighted the fire yourself (*Laughter*).

**Tuan Tan Cheng Bee (Bagan):** Was it not a fact, Sir, that when Mr Lim Kean Siew was released from detention he made a statement to the Press that he was trying to reorganise his Party, that he would scrutinise the membership of his Party when it is reformed, because he felt—I am sure that would be tantamount to that he felt—that there were undesirable elements in the membership of his Party. So, how is it that the Honourable Member for Batu has alleged that the M.C.A. had anything to do with this trouble, as M.C.A.

and Labour cannot go together? (*Laughter*).

**Tuan Geh Chong Keat (Pulau Pinang Utara):** Supplementary Question, Sir.

**Mr Speaker:** Well, the first Supplementary Question has not been dealt with yet. (*Laughter*).

**Tuan Geh Chong Keat:** Is the Honourable Minister . . . . .

**Mr Speaker:** Is it about Mr Lim Kean Siew playing polo again? (*Laughter*).

**Tuan Geh Chong Keat:** No, it is not about polo. It is a supplementary question out of the supplementary question of the Member for Batu. Is the Honourable Minister of Home Affairs aware that there are two Hawkers' Associations in Penang, and the one Hawkers Association situated at Magazine Road has as their advisers members of the Labour Party?

**Tun Haji Abdul Razak:** Sir, I am aware of all the activities of the bad elements in this country.

**Tuan Geh Chong Keat:** Mr Speaker, Sir, is the Minister of Home Affairs aware that on the day prior to his being detained by the Police, the Member for Dato Kramat was at Hye Keat Estate in his state constituency, purporting to be meeting his State Assembly constituents and informing them that the hartal and the demonstration were very successful?

**Tun Haji Abdul Razak:** Yes, Sir, I know about that. (*Laughter*).

#### INCIDENT ON 20-12-67 AT SERDANG BETWEEN THE DISTRICT OFFICER, ULU LANGAT, AND A MEMBER OF PARLIAMENT

7. **Dr Tan Chee Khoon** (*dengan izin*) asks the Prime Minister to state:

- (a) if he is aware that on 20th December, 1967, at Serdang a Member of Parliament said to Enche' Hassan bin Ibrahim, the District Officer of Ulu Langat, "You have no right to come to

my area without first consulting me because I am the Chief executive of my area. Whatever action you wish to take in my area you must consult me", and if so, under what constitutional provisions the Member of Parliament has the right to say such things to the said District Officer;

- (b) whether a Member of Parliament has any executive authority;
- (c) if he is also aware that arising out of this incident two Members of Parliament and three Selangor State Assemblymen demanded the removal of the said District Officer, and if so, whether he would see to it that there is no political interference with the civil service.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya mohon izin menjawab dalam bahasa Ingeris. Sir, I am aware of this incident at Serdang and I have enquired from the Member of Parliament who was involved and he has indicated to me that the conversation between him and the District Officer, Ulu Langat, as reported in the Press is not fully correct. The incident arose as a result of eviction notice given to squatters in the area, and as an elected representative of the people it is his duty to take an active interest in the affairs of the electorate in his constituency. Sir, on an occasion such as this, one's tempers sometimes are frayed, and the lack of effective liaison between the elected representative and the official has led to this unfortunate incident. However, with proper liaison and understanding, such an incident can be avoided. The incident can now be considered as closed.

Sir, I must say that the Honourable Member for Batu, having been in this House for some time now, should know what the executive authority of a Member of Parliament is.

Sir, I am also aware of the report in the Press on the demand for the removal of the said District Officer by M.Ps and State Assemblymen. The transfer of an officer within the State is a matter under the jurisdiction of the

State Government and the State Government has already made a statement on this issue.

Now, Sir, since the Alliance Government has been in power in this country, there has never been any political interference with the Civil Service, and I can assure this House that as long as we are in power there will never be. Of course, I cannot vouch for the possibility of political interference in other governments run by other political parties.

**Dr Tan Chee Khoon:** Mr Speaker, Sir, is the Honourable Deputy Prime Minister aware that the words that I have quoted in my question are fully reported in the *Malay Mail* of the 21st of December, 1967, and that I have taken the trouble to check up on the authenticity of this report? Be that as it may, Sir, is the Honourable Deputy Prime Minister aware that if as it is claimed now that these words were not spoken, why was not a denial issued by the Member of Parliament concerned?

**Tun Haji Abdul Razak:** Mr Speaker, Sir, since they were not correctly reported, the Member of Parliament thought that it was unnecessary to prolong this dialogue further in the press. So, he did not take the trouble to correct the statement.

**Dr Tan Chee Khoon:** Mr Speaker, Sir, before I make a supplementary question, I wish to make it very clear that, while I question these unfortunate events that have taken place, I do not support the land policy, land distribution and the squatter problem undertaken by the State Government of Selangor of which I am also a State Assemblyman. The Honourable Deputy Prime Minister has stated that these angry words were spoken in the heat of the moment and, perhaps, they were not correctly reported. Is the Honourable Deputy Prime Minister aware that the demand on the other hand for the removal of the District Officer was not spoken in a moment of anger? It took place several days later and, consequently, it could not be in the heat of the moment when people get angry. It

was so taken at a meeting, where the Alliance and State Assemblymen were involved. Does that not indicate that there is, at least, an attempt of political interference with the Civil Service?

**Tun Haji Abdul Razak:** Mr Speaker, Sir, there is no attempt of political interference. After all in a democracy, the people have the right to ask the Government for such an officer to be transferred, but whether the Government will act on it is a matter for the Government. In a democracy, obviously, we cannot stop people, including Members of Parliament, from asking the Government for an officer to be transferred from one place to another, but the sole authority is the Government. Quite obviously, if we stop people from asking officers to be transferred, then we will be accused of muzzling Members of Parliament, particularly Members of the Opposition. As far as this Government is concerned, we will not allow any political interference in the Public Service, and we stand by our record, and I can assure this House that so long as we are in power we will continue to uphold this principle.

**Dr Tan Chee Khoo:** Sir, in the context of the heat that was generated by the unfortunate incident in Serdang and in the context of these people who demanded the removal of the said D.O. were more than interested persons, in the sense that some of them live in the District, some of their constituencies are in the District, would he not say that it is most regrettable that the said M.Ps. and the said State Assemblymen should demand in the press for the removal of the said District Officer? More than that, they said that if the demand were not acceded to, they would boycott all sorts of State functions.

**Tun Haji Abdul Razak:** Sir, to be fair to the M.Ps. and State Assemblymen, they did not make a demand in the press. I think they held a meeting and made some decisions which were published in the press. I would not wish to go further into this. The

question of transfer of officers in the State is a matter for the State Government and the State Government has made a statement on this, and I say that we must consider this matter as closed now.

### **KERTAS PUTEH MENGENAI PERUNDINGAN ANTARA TIMBALAN PERDANA MENTERI DENGAN PRESIDEN JOHNSON DI-AUSTRALIA**

**8. Tengku Zaid bin Tengku Ahmad (Pasir Mas Hulu)** bertanya kepada Perdana Menteri ada-kah Kerajaan berchadang hendak mengeluarkan satu Kertas Puteh mengenai perundangan Timbalan Perdana Menteri dengan Presiden Johnson di Australia baharu<sup>2</sup> ini, dan jika ya, bila.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, tujuan saya pergi ka-Australia ia-lah untuk menghadiri upacara mengingati mendiang Perdana Menteri Australia, Tuan Harold Holt. Oleh sebab sa-masa saya berada di-sana ada pembesar<sup>2</sup> negeri<sup>2</sup> lain ada bersama saya telah mengambil peluang untuk bertemu-ramah dengan mereka itu dan bertukar<sup>2</sup> fikiran di-atas perkara<sup>2</sup> berkaitan dengan negara<sup>2</sup> mereka itu dengan negara kita Malaysia, dan saya tidak fikir mustahak di-adakan Kertas Puteh untuk perchakapan<sup>2</sup> saya dengan ketua<sup>2</sup> itu.

### **PENGUNDURAN TENTERA<sup>2</sup> BERSENJATA BRITISH PER- BEDZAN BANTUAN KERAJAAN BRITISH KAPADA SINGAPURA DAN MALAYSIA**

**9. Tengku Zaid bin Tengku Ahmad** bertanya kepada Perdana Menteri ada-kah Kerajaan sedar bahawa Kerajaan British berchadang hendak menawarkan bantuan sa-banyak \$11 juta kepada Kerajaan Singapura berikutan dengan pengunduran Tentera<sup>2</sup> Bersenjata British dari Singapura bagi mengurangkan tugas<sup>2</sup> pertahanannya di-rantau ini, berbanding dengan hanya \$7 juta sahaja yang di-tawarkan kepada Malaysia, dan jika sedar, mengapa-kah perbedzaan ini berlaku,

dan apa-kah tindakan Kerajaan berchadang hendak ambil untok membetulkan keadaan ini, jika tidak, kenapa.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua setakat mana Kerajaan Malaysia terlibat, Kerajaan British telah pun membayar permulaan sebanyak £1 juta, atau pun lebeh kurang \$7,346,000 pada 21hb Disember, 1967. Ini ia-lah pembelian khas akibat pengunduran askar<sup>2</sup> British dari Malaysia seperti yang telah diranchangkan oleh Kerajaan British. Jumlah wang ini telah pun di-creditkan kepada Kumpulan Wang Pembangunan. Perbincangan peringkat resmi, atau at official level telah dimulakan balek dengan pihak British bagi mengenai jenis dan juga banyaknya bantuan mu'tamat yang akan diberi kepada Malaysia akibat daripada pengunduran askar British itu. Apa yang Kerajaan British telah beri kepada Singapura ada-lah perkara diantara dua Kerajaan itu dan tidak-lah ada kena-mengena dengan Malaysia.

#### **MENGELUARKAN KENYATAAN MENYATAKAN BAHAWA ORANG<sup>2</sup> YANG DI-LANTEK SA-BAGAI DUTA BESAR MALAYSIA KA-RUSSIA**

**10. Tengku Zaid bin Tengku Ahmad** bertanya kepada Menteri Luar Negeri apa-kah mustahak-nya Kerajaan mengeluarkan satu kenyataan baharu<sup>2</sup> ini menyatakan bahawa orang yang di-lantek sa-bagai Duta Besar Malaysia ka-Russia tempoh hari ada-lah daripada mereka yang berkebolehan dan berkelayakan, dan ada-kah Kerajaan menganggap bahawa wakil kita di-luar negeri terutama sa-kali Duta<sup>2</sup> kita di-luar negeri seperti Duta Besar Malaysia ka-Filipina dan lain<sup>2</sup> lagi tidak mempunyai kebolehan dan kelayakan yang di-kehendaki dan bahawa lantekan<sup>2</sup> itu di-buat daripada gulongan yang telah bankrap politik.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, sebab-nya Kerajaan telah menerangkan ia-itu mustahak kita menghantar satu Duta Malaysia yang

pertama ka-Russia, sa-orang yang mahir dalam diplomasi dan yang mempunyai pengalaman yang chukup ia-lah ini kali yang pertama kita mengadakan perhubungan diplomatik dengan negeri kominis, dan chara kedudokkan negeri kominis itu adalah berlainan dengan negeri<sup>2</sup> lain yang kita telah mempunyai perhubungan diplomatik sa-hingga hari ini. Jadi dengan sebab itu di-fikirkan mustahak kita menghantar Duta kita yang pertama di-situ sa-orang yang telah mempunyai pengalaman dan seperti saya kata tadi, mahir dalam diplomasi supaya dapat dia mempersesuaikan keadaan di-Russia yang berlainan dengan negeri<sup>2</sup> lain dan ini boleh mengelakkan perselisihan faham diantara kita dengan Russia.

**Dato' Mohd. Asri bin Haji Muda (Pasir Puteh):** Soalan Tambahan, Tuan Yang di-Pertua. Perkara yang hendak di-ketahui di-sini, ia-lah ada-kah dengan kenyataan<sup>2</sup> itu boleh di-fahamkan bahawa Duta<sup>2</sup> kita yang sedia ada di-luar negeri sekarang ini belum chukup kemahiran-nya dalam soal diplomatik, atau sa-bagai-nya. Dan jika sa-kira-nya pandangan Kerajaan menunjukkan bahawa Duta<sup>2</sup> yang ada di-luar negeri sekarang ini memang sudah chukup kemahiran-nya, ada-kah dapat Timbalan Perdana Menteri menerangkan bahawa chalun Duta ka-Russia itu akan di-pilih daripada Duta<sup>2</sup> yang sedia ada sekarang ini.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya tidak-lah membacha soal yang sa-macham itu, saya ingatkan soal keputusan-nya tanya apa sebab-nya kita hendak hantar Duta ka-Russia sa-orang yang mempunyai pengalaman. Tuan Yang di-Pertua, Duta<sup>2</sup> yang kita hantar keluar negeri ada-lah di-pilih sa-tengah daripada orang<sup>2</sup> yang telah mempunyai pengalaman dalam pentadbiran sa-tengah-nya mempunyai pengalaman 'am, atau main affairs. Jadi menurut keadaan di-negeri itu kita pilih Duta<sup>2</sup> kita dan mereka itu semua ada-lah menjalankan tugas mereka itu dengan memuaskan hati. Hanya-lah berkenaan dengan Russia ini, seperti saya kata tadi,

sebab ini kali pertama kita menghantar Duta<sup>2</sup> ka-situ, jadi itu-lah disebabkan keadaan di-situ berlainan, kita menghantar satu orang yang mempunyai latehan dalam diplomasi.

### APPOINTMENT OF A NON-SABAHAN AS COMMISSIONER OF POLICE, SABAH

**11. Tuan C. John Ondu Majakil (Sabah)** asks the Minister of Home Affairs to enlighten this House on the appointment of a non-Sabahan to be the new Commissioner of Police in Sabah.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya mohon izin menjawab dalam bahasa Inggeris. The present Malaysian officer who is appointed as new Commissioner of Police in Sabah is the most suitable officer to fill this important post. There is at present no Malaysian officer from Sabah with sufficient experience and seniority to fill this top post. Officers from Sabah will be considered for due promotion to posts in the Police Service not only in Sabah but also in other parts of Malaysia. This appointment was made with the agreement of the State Government of Sabah, and it is the policy which is agreed between the Central Government and the State Government of Sabah that there should continually be exchange of officers from Sabah to the Central Government, so that by that means we will be able to bring the people of Sabah closer to the Central Government, and so that we will be able to make the people of Sabah feel that they really belong to Malaysia and that they have a right to occupy even the highest post in the Public Service of our country.

**Tuan D. R. Seenivasagam (Ipoh)** (*Dengan izin*): Mr Speaker, Sir, is it a fact that the same officer is organising a Police Co-operative Housing Society in the new area where he is now operating?

**Tun Haji Abdul Razak:** No, Sir. I am not aware of that.

**Tuan C. John Ondu Majakil:** Supplementary question, Mr Speaker, Sir. Boleh-kah Menteri yang berkenaan

itu memberi jaminan, jikalau belum ada sa-saorang di-Sabah boleh di-lantekan menjadi Pesuruhjaya Polis itu, boleh-kah di-beri satu kursus supaya nanti sa-orang anak Sabah itu boleh di-lantekan menjadi Pesuruhjaya Polis dengan sa-lekas-nya?

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, kita, Kerajaan Pusat ada-lah sentiasa menjalankan latehan pegawai<sup>2</sup> polis. Polis ada-lah Perkhidmatan Federal, ia-itu perkhidmatan bagi seluruh Malaysia ini dan seperti saya katakan tadi, Pegawai Polis dari Sabah bukan sahaja berhak memegang jawatan Commissioner of Police, Sabah dan bahkan berhak memegang jawatan Ibu Pejabat di-sini, bahkan dia berhak menjadi Ketua Polis Negara. Jadi tidak-lah Kerajaan membedzakan pegawai<sup>2</sup> dari mana tempat-nya negeri mereka itu berasal dan mereka itu akan di-beri jawatan menurut kelayakan mereka itu dan di-beri peluang dengan adil sa-penoh<sup>2</sup> untuk mereka itu hendak menduduki jawatan yang tertinggi sa-kali dalam Polis Service.

### TINDAKAN BADAN PENCHEGAH RASUAH KAPADA SA-ORANG WAKIL RA'AYAT SABAH

**12. Tuan C. John Ondu Majakil** bertanya kepada Menteri Hal Ehwal Dalam Negeri apa-kah tindakan yang telah di-ambil oleh Badan Pencheгах Rasuah ka-atas pengaduan chuba memberi rasuah tanah balak di-Sabah kepada sa-orang Wakil Ra'ayat Sabah.

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, perkara ini ada-lah sedang dalam siasatan oleh Badan Pencheгах Rasuah.

(*Tempoh Pertanyaan mulut telah chukup dan jawapan kepada Pertanyaan No. 13 sampai No. 21 ada-lah di-beri di-bawah ini*).

### GERAKAN BAWAH TANAH OLEH PARTI BUROH SUPAYA MENUBOH BARISAN BERTINDAK MENYERANG KERAJAAN

**13. Dato' Haji Mustapha bin Abdul Jabar** bertanya kepada Menteri Hal Ehwal Dalam Negeri ada-kah Kerajaan sedar bahawa satu gerakan

bawah tanah oleh Parti Buroh telah menyeru kepada Chin Peng supaya menuboh satu barisan bertindak menyerang Kerajaan; menggelar orang<sup>2</sup> China di-Malaysia ini "Pengawal Hijau" dan menyuruh mereka membunuh semua orang<sup>2</sup> Melayu, menggulingkan Kerajaan, dan menggantung semua ketua<sup>2</sup> Parti Perikatan, semuanya ini telah di-dedahkan oleh M.C.A. di-*Utusan Malaysia* 11hb Disember, 1967. Jika Kerajaan sedar keadaan ini, tidak-kah Kerajaan mengangap Parti Buroh dan anasir<sup>2</sup> "Pengawal Hijau" sa-bagai musuh yang utama terhadap negeri dan ra'ayat Malaysia dan apakah tindakan yang telah di-ambil bagi menjaga keselamatan negara dan ra'ayat Malaysia.

**Menteri Hal Ehwal Dalam Negeri (Tun Haji Abdul Razak):** Saya memang sedar ada puak<sup>2</sup> pelampau didalam Parti Buroh Malaya yang telah bertindak dengan menggunakan kekerasan terhadap Kerajaan dan adanya pertalian sa-tengah ahli<sup>2</sup> Parti itu dengan Parti Komunis Malaya. Seruan menghasut belia China untuk menubuhkan "Pengawal Hijau" bagi menentang Kerajaan seperti yang disebutkan itu, nampak-nya telah dibuat oleh puak<sup>2</sup> pelampau itu. Perkara ini sedang di-siasat oleh pihak Polis.

Kerajaan akan mengambil tindakan sa-wajar-nya terhadap mereka itu. Beberapa Chawangan<sup>2</sup> Parti Buroh Malaya yang telah di-dapati dipergunakan untuk tujuan<sup>2</sup> yang mendharuratkan keselamatan Negara telah pun di-tutup dan saya tidak akan beragak<sup>2</sup> untuk mengambil tindakan terhadap mana<sup>2</sup> pertubohan<sup>2</sup> yang mengancam keselamatan Negara.

**LANGKAH<sup>2</sup> TEGAS DI-AMBIL OLEH KERAJAAN UNTUK MENCHEGAH KEKACHAUAN SAPERTI YANG TELAH BERLAKU DI-PULAU PINANG DAN LAIN<sup>2</sup> TEMPAT**

14. Tuan Aziz bin Ishak bertanya kepada Menteri Hal Ehwal Dalam Negeri apa-kah langkah<sup>2</sup> tegas yang telah di-ambil atau yang akan di-ambil oleh Kerajaan supaya kekachauan<sup>2</sup> dan rusohan<sup>2</sup> yang mengancam keten-

teraman negara, seperti yang telah berlaku di-Pulau Pinang dan lain<sup>2</sup> tempat baharu<sup>2</sup> ini tidak akan berulang lagi.

**Tun Haji Abdul Razak:** Bagaimana telah di-hebahkan dengan sa-luas<sup>2</sup>-nya melalui akhbar, radio dan talivishen, Kerajaan akan mengambil tindakan keras untuk mengawasi anasir sabversif atau samseng<sup>2</sup> yang chuba menghasut permusohan kaum untuk menimbulkan rusohan dan kekachauan yang mengancam keselamatan dalam negeri. Jawatan-kuasa Muhibah mengandongi perwakilan semua kaum telah di-tubuhkan bergiat usaha diseluruh Malaysia dan ra'ayat sekalian-nya senantiasa di-ingatkan supaya berjaga-jaga mengawasi ancaman anasir jahat yang bertujuan merosakkan negara.

Undang<sup>2</sup> mencheгах jenayah dan menjamin ketenteraman negara juga senantiasa di-semak dan pindaan ka-atas undang<sup>2</sup> yang berkenaan akan di-laksanakan dari masa ka-samasa dengan bertujuan menjamin keselamatan dalam negeri.

Patut juga di-sebutkan di-sini, ia-itu langkah<sup>2</sup> bagi menjamin ketenteraman dan keselamatan negara bukan-lah tanggung-jawab Kerajaan sahaja. Semua lapisan warganegara di-negeri ini yang bertanggung-jawab ada-lah diminta bekerjasama untuk menjamin keselamatan negeri dengan menjauhkan dari menimbulkan perkara<sup>2</sup> atau perbuatan yang boleh mendatangkan permusohan atau pun perasaan benchi-membenchi di-antara satu kaum dengan lain.

**KEKACHAUAN DI-PULAU PINANG DAN LAIN<sup>2</sup> TEMPAT— BILANGAN ORANG<sup>2</sup> YANG TERLIBAT DAN HUKUMAN-NYA**

15. Tuan Aziz bin Ishak bertanya kepada Menteri Hal Ehwal Dalam Negeri:

(a) berapa-kah bilangan orang<sup>2</sup> yang terlibat dalam kekachauan di-Pulau Pinang dan lain<sup>2</sup> tempat di-Malaysia Barat yang telah—

(i) thabit kesalahan-nya

(ii) di-buang negeri

(iii) di-chadangkan akan di-buang negeri dan nyatakan di-mana mereka akan di-buang negeri.

- (b) dari mereka<sup>2</sup> yang di-sebut di-(i), (ii) dan (iii) di-atas, berapa-kah bilangan yang warganegara dan berapa yang bukan warga negara.

**Tun Haji Abdul Razak:**

- (a) (i) 1072 orang yang telah di-bawa ka-mahkamah dan di-hukum kerana kesalahan melanggar perintah berku-rong.

23 orang telah di-hadapkan ka-mahkamah kerana kesalah-an<sup>2</sup> rusohan dan memiliki senjata<sup>2</sup> merbahaya tetapi perbicharaan belum di-tamat-kan lagi.

470 orang samseng<sup>2</sup> juga, telah di-tangkap dan tinda-kan ka-atas mereka akan di-ambil di-bawah Undang<sup>2</sup> Penchegah Jenayah dan Undang<sup>2</sup> Menghadkan Temp-at kediaman.

- (ii) 4 orang di-tangkap menurut Undang<sup>2</sup> Buang Negeri; dan  
(iii) Oleh kerana perkara ini maseh lagi dalam pertim-bangan, tidak bijak bagi saya memberi angka ini.

Oleh sebab langkah pem-buangan orang<sup>2</sup> ini maseh dalam perjalanan, tiada-lah dapat saya mendzahirkan ka-negeri mana sa-orang itu hendak di-buang.

- (b) (i) semua-nya warga-negara;  
(ii) dan (iii) semua-nya bukan warga-negara.

**KEKACHAUAN DI-PULAU PINANG DAN LAIN<sup>2</sup> TEMPAT—BILANGAN ORANG<sup>2</sup> YANG TERLIBAT DAN HUKUMAN-NYA**

**16. Tuan Haji Abu Bakar bin Hamzah** bertanya kepada Menteri Hal Ehwal Dalam Negeri:

- (a) berapa bilangan orang<sup>2</sup> yang di-tahan kerana terlibat dalam

kekachauan yang bermula di-Pulau Pinang baharu<sup>2</sup> ini, dan di-bawah Undang<sup>2</sup> apa-kah me-reka di-tahan;

- (b) berapa orang daripada mereka yang di-tahan itu orang Melayu; siapa nama mereka dan di-mana mereka di-tangkap;  
(c) berapa ramai orang tahanan Melayu yang di-bebas atau di-benarkan pulang untok Berhari Raya dengan keluarga mereka;  
(d) di-mana-kah orang<sup>2</sup> Melayu yang maseh dalam tahanan itu di-tahan.

**Tun Haji Abdul Razak:**

- (a) Sa-jumlah 43 orang telah di-kenakan Perintah Tahanan ber-kenaan dengan rusohan yang berlaku di-Pulau Pinang itu. Mereka itu telah di-tahan di-bawah kuat-kuasa sekshen 8 Act Keselamatan Dalam Negeri, 1960.

- (b) Di-antara mereka itu termasuk 8 orang Melayu dan nama<sup>2</sup> mereka ada-lah saperti berikut:

- (1) Awang bin Kassim.
- (2) Nawai bin Hj. Isa.
- (3) Ahmad bin Hj. Abdul.
- (4) Ismail bin Ishak.
- (5) Khalid bin Hamid.
- (6) Hanafiah bin Yaacob.
- (7) Labai Omar bin Dato' Panglima Garang.
- (8) Ramli bin Ishak.

Mereka itu di-tangkap di-Kedah dan Perlis.

- (c) Orang<sup>2</sup> tahanan tidak di-benar keluar dari Tempat Tahanan untok Berhari Raya.  
(d) Kesemua-nya orang<sup>2</sup> yang lapan orang itu di-tahan di-Tempat Tahanan Batu Gajah.

**PENYENGGKATAN MESHUARAT DEWAN RA'AYAT PADA BULAN NOVEMBER, 1967**

**17. Tuan Haji Abu Bakar bin Hamzah** bertanya kepada Perdana Menteri ada-kah benar berita<sup>2</sup> yang mengata-kan

bahawa sebab musedab sa-chara lang-song berlaku-nya kachau bilau di-Pulau Pinang yang menyebabkan meshuarat Dewan Ra'ayat yang di-jadualkan ber-sidang hingga 18hb November, 1967, terpaksa di-sengkatkan kepada 16hb November, 1967, ia-lah kerana Kerajaan takut hendak menghadapi beberapa usul<sup>2</sup> Ahli<sup>2</sup> Parti Pembang-kang.

**Tun Haji Abdul Razak:** Saya tidak faham soalan yang di-kemukakan oleh Ahli Yang Berhormat ini dan oleh itu saya tidak dapat memberi jawapan-nya.

Saya hanya boleh menyatakan ia-itu kachau bilau di-Pulau Pinang itu tiada kena-mengena dengan penyengkatan jadual Meshuarat Dewan Ra'ayat dalam bulan November yang lalu.

#### BILANGAN WARGANEGARA DI-MALAYSIA

**18. Tuan Haji Abu Bakar bin Hamzah** bertanya kepada Menteri Hal Ehwal Dalam Negeri, hingga akhir 1967, berapa ramai warganegara Malaysia yang ada di-seluruh negeri 'am-nya dan di-Malaysia Barat khas-nya, dengan menyatakan berapa ramai daripada mereka itu bukan orang Melayu.

**Tun Haji Abdul Razak:** Bilangan warganegara<sup>2</sup> di-Malaysia semua-nya sa-hingga akhir 1967 ia-lah 7,628,052.

Bilangan warganegara<sup>2</sup> di-Malaysia Barat sa-hingga akhir tahun 1967 ia-lah 6,754,325.

Bilangan mereka yang bukan Melayu di-Malaysia semua-nya yang telah memperolehi kewarganegaraan dengan chara pendaftaran dan masokkan sa-hingga akhir tahun 1967 ia-lah 2,624,052. Pechahan angka bagi ini ada-lah saperti berikut:

Malaysia Barat	...	2,554,325
Sarawak	... ..	40,839
Sabah	... ..	28,888
Jumlah	... ..	2,624,052

#### TEMPOH SAH-NYA CHEK KERA- JAAN UNTOK PERTUKARAN

**19. Tuan Tama Weng Tinggang Wan** bertanya kepada Menteri Kewangan ada-kah beliau sedar bahawa Bank Negara hanya membenarkan tempoh 30 hari sahaja untok menukar chek<sup>2</sup>, dan ini ada-lah sukar bagi mereka yang tinggal di-Malaysia Timor.

**Menteri Kewangan (Tun Tan Siew Sin):** Tempoh sah-nya chek Kerajaan telah di-tetapkan oleh Kerajaan sendiri bagi tujuan menjamin supaya chek itu di-serahkan dalam masa yang ber-patutan untok memudahkan kerja akounting. Ahli Yang Berhormat mungkin ingin tahu bahawa tempoh masa yang di-benarkan biasa-nya ia-lah satu bulan. Kalau ada kesukaran, orang ramai boleh meminta memanjangkan tempoh-nya dari Kementerian atau Jabatan yang mengeluarkan chek itu.

Ahli Yang Berhormat juga mungkin ingin tahu bahawa satu kelonggaran telah di-buat bagi Malaysia Timor, ia-itu chek yang di-keluarkan di-Malaysia Barat yang boleh di-bayar di-Malaysia Timor sekarang ada-lah sah dalam masa 3 bulan.

#### KHABAR<sup>2</sup> ANGIN TENTANG CHADANGAN AHLI<sup>2</sup> PERNIA- GAAN MENGADAKAN HARTAL DI-SELUROH NEGERI KERANA MEMBANTAH TINDAKAN KERA- JAAN MENJATOHKAN NILAI MATA WANG LAMA

**20. Tuan Aziz bin Ishak** bertanya kepada Menteri Kewangan ada-kah benar khabar<sup>2</sup> angin yang mengatakan bahawa ahli<sup>2</sup> perniagaan berchadangan hendak mengadakan hartal di-seluruh negeri kerana membantah tindakan Kerajaan menjatohkan nilai mata wang lama.

**Tun Tan Siew Sin:** Kalau ada khabar<sup>2</sup> angin tentang hartal yang di-chadangkan oleh kumpulan perniagaan, saya meminta kepada Ahli Yang Berhormat itu supaya chuba menghilangkan khabar<sup>2</sup> angin itu sendiri atau pun melaporkan khabar<sup>2</sup> angin itu kepada Polis untok tindakan yang sesuai. Saya sendiri tidak sedar tentang khabar<sup>2</sup> angin itu.

## ZOO NEGARA—BILANGAN PELAWAT<sup>2</sup> DAN BILANGAN BINATANG

21. Tuan Ahmad bin Arshad bertanya kepada Menteri Pertanian dan Sharikat Kerjasama :

- (a) berapa ramai pelawat yang datang melawat Zoo Negara semenjak ia-nya di-buka hingga sekarang;
- (b) berapa ekor binatang boleh dipelihara di-Zoo itu;
- (c) berapa ekor yang sudah mati, dan apa-kah sebab<sup>2</sup> kematian?

**Menteri Pertanian dan Sharikat Kerjasama (Tuan Haji Mohamed Ghazali bin Haji Jawi):** Perkara Zoo tidak termasuk di-bawah Kementerian Hal Ehwal Tanah dan Galian, walau bagaimana pun mengikut keterangan yang saya dapati daripada Malayan Zoological Society jawapan<sup>2</sup> yang dikehendaki ada-lah seperti berikut:

- (a) Semenjak ia-nya di-buka dalam tahun 1963 sa-ramai 1,837,324 pelawat telah melawat Zoo Negara.
- (b) Bilangan binatang yang boleh dipelihara di-Zoo Negara tiada tetap. Jika bilangan binatang hendak di-tambah maka rumah<sup>2</sup> binatang hendak-lah di-tambah juga. Pada masa sekarang kesemua rumah binatang telah penoh.
- (c) 73 ekor binatang<sup>2</sup> kecil dan burung telah mati dalam tahun 1967 kerana penyakit<sup>2</sup> tertentu. Tiada sa-ekor binatang besar telah mati.

## PERMOHONAN UNTOK PENANGGOHAN MESHUARAT DI-BAWAH PERATORAN MESHUARAT No. 18

**Tuan Yang di-Pertua:** Sa-belum saya menanggohkan meshuarat sa-bentar, saya suka mengambil perhatian, ada saya dapat sa-puchok surat meminta di-tanggohkan meshuarat kerana membahathkan perkara yang mustahak daripada Ahli Yang Berhormat dari Batu. Boleh saya minta Ahli itu menerangkan permintaannya.

**Dr Tan Chee Khoon (Batu) (dengan izin):** Tuan Yang di-Pertua, in order to justify my making this move to ask for an adjournment of the House, I do know that I have to prove to your satisfaction the three elements or ingredients that are necessary. One is that the dispute between the National Electricity Board Employees' Union and the National Electricity Board is a definite matter dating back several years, and is marked by broken promises by the National Electricity Board, the Minister of Labour and the Minister of Commerce and Industry as well.

Next, the matter is urgent, for the workers have been driven to the wall and their patience is at breaking point. Despite the restraint of the law, as provided for in Sections 23 (2) and 41 of the Industrial Relations Act, the workers may resort to industrial action. If they do so, then the results may be disastrous for the whole nation. One obvious result is that all factories will grind to a halt, thus precipitating an economic crisis of the first order, and with the falling prices of rubber and tin and the devaluation of the dollar we have had enough crises on our hands without adding another to them.

Finally, it is of public importance, for if the workers were to go on strike, the whole nation may, or would, be plunged into darkness. Thus the State Banquet scheduled in this House tonight will have to be cancelled, or we may be forced to hold a candlelight banquet for the Shah of Iran, and every household in this country will have to rush to buy candles to provide for light in their homes.

I do know that it is difficult to satisfy you on all three counts, but hope springs eternal in my breast and one day I may succeed in moving a motion for an adjournment of this House.

In conclusion, Tuan Yang di-Pertua, may I borrow another metaphor from the game of cricket—and I see the President of the M.C.A., that is, the Malayan Cricket Association, is here. On the occasion of the visit of President Johnson, I made a similar request and

you had ruled me out "LBW", that is, Leg before Wicket", but someone remarked to me after that that I had been "LBJ-ed by you. I hope that this time "LBW" to you will not mean "Let the blighters wait". The workers of the N.E.B., Tuan Yang di-Pertua, cannot wait any longer. Thank you.

**Tuan Yang di-Pertua:** I have to say that I have given it some consideration and in view of the fact that a supplementary question has been asked and fully answered by the Honourable Deputy Prime Minister, at some length, I am not of the opinion that the matter cannot wait, and I do not think that I can grant the Member his request.

*Persidangan di-tempohkan pada pukul 11.17 pagi.*

*Persidangan di-sambong sa-mula pada pukul 11.30 pagi.*

(Tuan Yang di-Pertua *mempengerusikan Meshuarat*).

### WAKTU MESHUARAT DAN URUSAN YANG DI-BEBASKAN DARIPADA PERATORAN MESHUARAT (USUL)

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya ingin menhadangkan,

Bahawa sungguh pun telah ada syarat yang di-tetapkan dalam Peratoran Meshuarat 12 (1) persidangan Majlis ini akan ditangguhkan pada pukul 12 tengah hari hari ini dan di-sambong sa-mula pada pukul 2.30 petang dan sa-lepas itu Majlis ini akan terus bermeshuarat sa-hingga usul untuk membacha Rang Undang<sup>2</sup> Perbekalan, Tahun 1968, kali yang kedua telah di-chadang dan di-sokong dan pada sa'at itu persidangan Majlis akan di-tangguhkan sa-hingga pukul 4 petang hari esok, ia-itu hari Juma'at, 19 Januari tahun 1968.

Tuan Yang di-Pertua, sebab di-chadangkan persidangan di-tangguhkan pada pukul 12 pagi ini ia-lah kerana Yang Berhormat Menteri Kewangan akan membuat ucapan membentangkan Rang Undang<sup>2</sup> Perbekalan kali yang kedua pada pukul 2.30 petang ini. Dan pada hari besok Duli Yang Maha Mulia Seri Paduka Baginda Shah of Iran akan beruchap di-Parlimen dan akan menyampaikan Titah-nya di-Parlimen ini pada pagi esok, dengan sebab itu perbahathan di-atas Rang Undang<sup>2</sup>

Perbekalan ini akan di-sambong sa-mula pada pukul 4 petang hari besok.

Tuan Yang di-Pertua, saya sukachita menhadangkan.

**Tun Tan Siew Sin:** Tuan Yang di-Pertua, saya menyokong.

Usul di-kemuka bagi di-putuskan, dan di-setujukan.

Di-putuskan,

Bahawa sungguh pun telah ada syarat yang di-tetapkan dalam Peratoran Meshuarat 12 (1) persidangan Majlis ini akan ditangguhkan pada pukul 12 tengah hari hari ini dan di-sambong sa-mula pada pukul 2.30 petang dan sa-lepas itu Majlis ini akan terus bermeshuarat sa-hingga usul untuk membacha Rang Undang<sup>2</sup> Perbekalan, Tahun 1968, kali yang kedua telah di-chadang dan di-sokong dan pada sa'at itu persidangan Majlis akan di-tangguhkan sa-hingga pukul 4 petang hari esok, ia-itu hari Juma'at, 19 Januari tahun 1968.

### RANG UNDANG<sup>2</sup> DI-BAWA KA-DALAM MESHUARAT

#### THE SUPPLY BILL, 1968

**The Assistant Minister of Finance (Dr Ng Kam Poh)** (*dengan izin*) Mr Speaker, Sir, I rise to present the Supply Bill, 1968, to this House.

**Tuan Yang di-Pertua:** Second reading, what day?

**Dr Ng Kam Poh:** At 2.30 this afternoon, Sir.

**Tuan Yang di-Pertua:** So be it.

#### THE SUPPLEMENTARY SUPPLY (1967) BILL

Bill to apply sums of the Consolidated Fund for additional expenditure for the service of the year 1967 and to appropriate such sums for certain purposes; presented by the Assistant Minister of Finance; read the first time; to be read a second time at a subsequent sitting of this House.

#### THE EXCISE (AMENDMENT) BILL

Bill to amend the Excise Act, 1961; presented by the Assistant Minister of Finance; read the first time; to be read

a second time at a subsequent sitting of this House.

**THE MALAYAN ESTATES STAFF PROVIDEND FUND (AMENDMENT) BILL**

Bill to amend the Malayan Estates Staff Providend Fund Ordinance, 1947; presented by the Assistant Minister of Finance; read the first time; to be read a second time at a subsequent sitting of this House.

**RANG UNDANG<sup>2</sup> BENDA<sup>2</sup> RADIO AKTIF**

Rang Undang<sup>2</sup> untuk membuat peruntukan<sup>2</sup> bagi mengawal benda<sup>2</sup> radio-aktif dan radas pendiangan dan bagi perkara<sup>2</sup> yang berhubung dengan-nya, di-bawa ka-dalam Meshuarat oleh Menteri Kesihatan di-bacha kali yang pertama; akan di-bachakan kali yang kedua pada meshuarat kali ini.

**THE HIRE PURCHASE (AMENDMENT) BILL**

Rang Undang<sup>2</sup> "an Act to amend the Hire Purchase Act, 1967" di-bawa ka-dalam Meshuarat oleh Menteri Perdagangan dan Perusahaan di-bachakan kali yang pertama; akan di-bachakan kali yang kedua pada Meshuarat kali ini.

**RANG UNDANG<sup>2</sup> THE FEDERAL CAPITAL (AMENDMENT) BILL**

Rang Undang<sup>2</sup> "an Act to amend the Federal Capital Act, 1960" di-bawa ka-dalam Meshuarat oleh Menteri Perdagangan dan Perusahaan di-bachakan kali yang pertama; akan di-bachakan kali yang kedua pada Meshuarat kali ini.

**RANG UNDANG<sup>2</sup> THE MUNICIPAL (AMENDMENT) BILL**

Rang Undang<sup>2</sup> "an Act to amend the Municipal Ordinance" di-bawa ka-dalam Meshuarat oleh Menteri Perdagangan dan Perusahaan di-bachakan kali yang pertama; akan di-bachakan kali yang kedua pada Meshuarat kali ini.

**RANG UNDANG<sup>2</sup> THE TOWN BOARDS ENACTMENT (AMENDMENT) BILL**

Rang Undang<sup>2</sup> an Act to amend the Town Boards Enactment of the Federated Malay States, di-bawa ka-dalam Meshuarat oleh Menteri Perdagangan dan Perusahaan di-bachakan kali yang pertama; akan di-bachakan kali yang kedua pada meshuarat kali ini.

**RANG UNDANG<sup>2</sup> (MENGUATKUASAKAN NAFKAH) PEREMPUAN BERSUAMI DAN KANAK<sup>2</sup>**

Rang Undang<sup>2</sup> Suatu Act bagi mengadakan peruntukan berkenaan dengan chara yang lebeh baik dan lebeh berkesan bagi menguatkan perentah<sup>2</sup> nafkah di-bawa ka-dalam Meshuarat oleh Menteri Ke'adilan di-bachakan kali yang pertama; akan di-bachakan kali yang kedua pada Meshuarat kali ini.

**WAKTU PERSIDANGAN MESHUARAT (USUL)**

**Tun Haji Abdul Razak:** Tuan Yang di-Pertua, saya menhadangkan:

Bahawa mengikut syarat<sup>2</sup> perenggan (1) dalam Peratoran Meshuarat 12, Dewan ini memerentahkan supaya dalam tempoh meshuarat sekarang ini, syarat<sup>2</sup>—

- (a) Perenggan-kecil (a) perenggan (1) dalam Peratoran Meshuarat 12, hendaklah di-fahamkan sa-olah<sup>2</sup> perkataan<sup>2</sup> "atau Khamis" itu di-gantikan dengan perkataan<sup>2</sup> "Khamis atau Sabtu";
- (b) Perenggan (3) dalam Peratoran Meshuarat 12, hendaklah di-fahamkan sa-olah<sup>2</sup> perkataan "Juma'at" itu di-gantikan dengan perkataan "Sabtu".

Tuan Yang di-Pertua, menurut peratoran Majlis ini, persidangan Majlis ini tidak di-adakan pada hari Sabtu dan apabila tamat persidangan pada hari Juma'at, Majlis ini akan bersidang pula pada hari Isnin. Akan tetapi oleh memandangkan kapada banyak-nya urusan<sup>2</sup> yang hendak di-binchangkan dalam persidangan ini dan di-chadangkan persidangan ini tamat pada 2hb Mach. Maka mustahak-lah persidangan ini menjalankan meshuarat pada hari Sabtu juga. Begitu juga-lah di-chadangkan persidangan ini di-tanggohkan pada sa-minggu lama-nya untuk membolehkan Ahli<sup>2</sup> Majlis ini merayakan

hari Tahun Baru China. Dengan sebab itu-lah mustahak seperti yang saya terangkan tadi meshuarat ini di-adakan pada hari Sabtu dan apabila hendak di-tamatkan meshuarat itu ada-lah akan di-kemukakan usul untuk menamatkan meshuarat pada tiap<sup>2</sup> hari Sabtu.

Tuan Yang di-Pertua, saya dengan sukachita-nya mohon menhadangkan usul ini.

**Tun Tan Siew Sin:** Tuan Yang di-Pertua, saya mohon menyokong.

Usul di-kemuka bagi di-putuskan, dan di-setujukan.

Di-putuskan,

Bahawa mengikut syarat<sup>2</sup> perenggan (1) dalam Peratoran Meshuarat 12, Dewan ini memerintahkan supaya dalam tempoh meshuarat sekarang ini, syarat<sup>2</sup>—

- (a) Perenggan-kecil (a) perenggan (1) dalam Peratoran Meshuarat 12, hendaklah di-fahamkan sa-olah<sup>2</sup> perkataan<sup>2</sup> "atau Khamis" itu di-gantikan dengan perkataan<sup>2</sup> "Khamis atau Sabtu";
- (b) Perenggan (3) dalam Peratoran Meshuarat 12, hendaklah di-fahamkan sa-olah<sup>2</sup> perkataan "Juma'at" itu di-gantikan dengan perkataan "Sabtu".

## USUL<sup>2</sup>

### UNDANG<sup>2</sup> KASTAM, 1967

(Perintah Chukai<sup>2</sup> Kastam (Pindaan), 1967)

**Setia-usaha Parlimen kepada Menteri Kewangan (Tuan Ali bin Haji Ahmad):** Tuan Yang di-Pertua, saya mohon menhadangkan:

"Bahawa Majlis ini mengambil ketetapan ia-itu menurut kuasa<sup>2</sup> yang di-berikan kepadanya oleh sekshen-kecil (2) dalam sekshen 11, Undang<sup>2</sup> Kastam, 1967, Perintah Chukai Kastam (Pindaan) 1967, yang telah di-bentangkan di-hadapan Majlis ini sa-bagai Kertas Undangan No. 8 tahun 1968, di-sahkan."

Perintah tersebut di-atas telah di-buat sa-lepas pengumuman dasar Kerjaan mengenai penggalakan kepada penubuhan perusahaan memasang motosikal dan skuter di-negeri ini. Mengikut dasar itu, perlindungan tarif akan di-beri kepada perusahaan ini dan untuk menjalankan dasar ini ada-lah mustahak supaya ma'ana<sup>2</sup> istilah "Completely-Knocked-Down" (CKD) dan "Completely-Built-Up-Units" (CBU) di-terangkan untuk ma'aluman. Perintah

yang ada di-hadapan Dewan ini memberi kuasa kepada Pengawal Kastam Negara untuk memberi ma'ana dan penjelasan kepada istilah<sup>2</sup> tersebut di-atas jika mustahak, dari sa-masa ka-samasa, di-dalam Warta Kerajaan dan juga untuk mengutip chukai atas "tyre, tube dan battery" jika di-impot dengan kereta<sup>2</sup> dalam keadaan "Completely-Knocked-Down".

Tuan Yang di-Pertua, saya mohon supaya usul ini di-luluskan.

**Setia-usaha Parlimen kepada Menteri Kesihatan (Tuan Ibrahim bin Abdul Rahman):** Tuan Yang di-Pertua, saya menyokong.

Usul di-kemuka bagi di-putuskan, dan di-setujukan.

Di-putuskan,

"Bahawa Majlis ini mengambil ketetapan ia-itu menurut kuasa<sup>2</sup> yang di-berikan kepadanya oleh sekshen-kecil (2) dalam sekshen 11, Undang<sup>2</sup> Kastam, 1967, Perintah Chukai Kastam (Pindaan) 1967, yang telah di-bentangkan di-hadapan Majlis ini sa-bagai Kertas Undangan No. 8 tahun 1968, di-sahkan."

### UNDANG<sup>2</sup> KASTAM, 1967

(Perintah Chukai<sup>2</sup> Kastam (Pindaan) (No. 2), 1967)

**Tuan Ali bin Haji Ahmad:** Tuan Yang di-Pertua, saya mohon menhadangkan,

"Bahawa Majlis ini mengambil ketetapan ia-itu menurut kuasa<sup>2</sup> yang di-berikan kepadanya oleh sekshen-kecil (2) dalam sekshen 11, Undang<sup>2</sup> Kastam, 1967, Perintah Chukai Kastam (Pindaan) (No. 2) 1967, yang telah di-bentangkan di-hadapan Majlis ini sa-bagai Kertas Undangan No. 9 tahun 1968, di-sahkan."

Perintah tersebut di-atas ada-lah berdasarkan kepada pengumuman yang di-buat oleh Kerajaan mengenai penggalakan yang di-beri untuk menubuhkan perusahaan memasang motosikal dan skuter di-Malaysia. Sebagaimana Ahli<sup>2</sup> Yang Berhormat mengetahui, dalam pengumuman itu ada di-sebutkan bahawa semua "Completely-Knocked-Down" (CKD) motosikal, mopeds dan skuter yang akan dipasang di-negeri ini boleh-lah di-impot dengan tiada di-kenakan chukai melainkan barang<sup>2</sup> lain yang ada di-buat di-negeri ini. Import<sup>2</sup> "Completely-Built-Up" "motorised two wheelers" juga

akan di-beri kechualian chukai tetapi akan di-kenakan sekatan "quantity" yang akan di-semak dari sa-masa ka-samasa. Pada masa ini skuter ada-lah di-bawah sekatan kota dan motosikal dan mopeds ada-lah di-bawah sekatan lesen tetapi tidak ada kota di-kenakan.

Pada masa ini motosikal, skuter dan lain<sup>2</sup> ada-lah di-perjeniskan di-bawah satu Tarif Kod ia-itu Tarif Kod No. 732 910. Oleh kerana memandangkan kepada pengumuman dasar Kerajaan itu dan juga perlindungan tarif yang akan di-beri perjenisan tarif itu hendaklah di-bahagikan di-bawah beberapa bahagian untuk "Completely-Knocked-Down" dan "Completely-Built-Up-Units" dan juga kenderaan dua roda yang lain yang tidak di-perjeniskan di-bawah mana<sup>2</sup> Tarif Kod. Perintah yang ada di-hadapan Dewan ini adalah untuk membahagikan perjenisan Tarif Kod itu di-bawah mana chukai impot tidak di-kenakan.

Tuan Yang di-Pertua, saya mohon supaya usul ini di-luluskan.

**Tuan Ibrahim bin Abdul Rahman:**  
Tuan Yang di-Pertua, saya menyokong.

Usul di-kemuka bagi di-putuskan, dan di-setujukan.

Di-putuskan,

"Bahawa Majlis ini mengambil ketetapan ia-itu menurut kuasa<sup>2</sup> yang di-berikan kepadanya oleh sekshen-kechil (2) dalam sekshen 11, Undang<sup>2</sup> Kastam, 1967, Perintah Chukai Kastam (Pindaan) (No. 2) 1967, yang telah di-bentangkan di-hadapan Majlis ini sa-bagai Kertas Undangan No. 9 tahun 1968, disahkan."

**Tuan Yang di-Pertua:** Persidangan ini di-tempohkan hingga 2.30 petang hari ini.

*Persidangan di-tempohkan pada pukul 11.55 pagi.*

*Persidangan di-sambong sa-mula pada pukul 2.30 petang.*

## **RANG UNDANG<sup>2</sup> PERBEKALAN, 1968**

### **Bachaa Kali Yang Kedua**

**Menteri Kewangan (Tun Tan Siew Sin):**  
Mr Speaker, Sir, I beg to move that a Bill intituled "An Act to apply a sum out of the Consolidated Fund to the

service of the year 1968 and to appropriate that sum and such other sums as have been authorised to be issued for the service of that year" be read a second time.

1967 was indeed a notable year in that it marked the tenth anniversary of our independence, the completion of a decade of freedom which saw far reaching political, social and economic progress throughout Malaysia. Economic growth during this decade, particularly during the sixties, was rapid and per capita income rose significantly. During these ten momentous years, the Malaysian economy faltered but once and even this was due to circumstances beyond our control. The general slackening of economic activity in the major industrial countries and hence in the growth of world trade in 1967 has once again adversely affected the performance of the Malaysian economy during the past year. Although our economy was by this time more diversified and generally more robust and resilient than it was during the earlier years of independence and as such, was in a better position to withstand massive extraneous pressures, nevertheless the general malaise permeated it. As a result primarily of the lower prices which prevailed for our major export commodities and the sluggishness of world demand for industrial raw materials in particular, national output in 1967 expanded at a slower rate than in 1966.

For the economy as a whole, the impetus to growth in 1967 came largely from increased public sector expenditure. Private consumption was generally less buoyant and private investment relatively modest, so that aggregate domestic demand expanded at a rate not much higher than the rate of population increase. Indications are that there was no significant change in the unemployment situation during the year. Retail prices were, on the whole, higher than in the previous year largely on account of price increases for imported food. Exports of goods and services, despite a sharp decline in commodity prices, fell by a lesser extent than originally envisaged, thanks to higher export volumes; but

imports of goods and services were, on the whole, marginally lower, so that a net export surplus, though smaller than in 1966, continued to be available during the year. However, the overall payments position remained basically sound. External reserves were, by and large, still relatively high. The efforts of the Government to maintain buoyancy in the domestic economy in the face of deteriorating export earnings and weak private domestic demand have led to increasing strains on the Central Government's overall budgetary position.

A general environment of monetary stability continued to be maintained in 1967. Money in the hands of the public was, on the whole, consonant with the needs of the economy. Deposits with commercial banks, particularly fixed and savings deposits, as well as bank lending, increased substantially during the year. A development of special significance was the assumption of currency issuing powers by Bank Negara Malaysia on 12th June, 1967. Top priority was attached by the Bank to ensuring that the new Malaysian currency would command the same degree of confidence in Malaysia and the outside world as the old Malayan dollar enjoyed in the past. In spite of the devaluation of the pound sterling in November last, the par value of the new dollar was maintained though the exchange rate of the old Malayan dollar vis-a-vis the new currency was *ipso facto* devalued to the same extent as the pound sterling.

The downturn in economic activity experienced during the past year is not expected to last long. Already, there are indications that the rate of output growth in the industrial world and the performance of world trade will improve in 1968. On the home front, the private sector should do better. The Government hopes that this sector will play a worthy role in the national development effort. I have, on many occasions in the past, stressed that the Government cannot be expected to develop this country by itself. It will continue to provide the necessary incentives and basic facilities, but the private sector

has to play its part. It is likely that private consumption and investment expenditure will provide a strong stimulus to growth in 1968. Government spending, especially on current account, will however continue to rise but at a much slower rate on account of financial constraints. A distinct rise in aggregate domestic demand is thus in prospect. Export receipts are expected to improve. On the whole, national output should therefore increase by about 4½-5% during the next twelve months.

It is now clear that 1967, instead of 1966, was the year of readjustment from adverse trade developments and sluggish economic growth. The necessity to call on the resources of the Government to cushion the effects of the decline in export receipts and reduced domestic demand had already put severe strains on the Government's finances. But it is the future that counts. The promise of a better future cannot be achieved without savings and sacrifices. We in the Government are resolved to make ends meet. We will spend on what is essential in order to concentrate our resources on the things that matter. We will distinguish between what is merely desirable and what is absolutely necessary. This then is the theme of our Budget this year—a blend of savings and sacrifice, involving the mobilisation of all the resources at our command to promote a steady increase of our national prosperity.

#### *International Economic Trends*

Since developments in the world economy as a whole, particularly growth trends in the major industrial countries, directly affect our economic and financial performance, I shall, in accordance with my usual practice, briefly review developments in the world economy as we see it. The rate of economic expansion in the major industrial countries slowed down perceptibly during the past year. Real gross national product in these countries, viz. the United States, Western Europe and Japan, which grew at about 5% in 1966, is estimated to have expanded by only about half as much in 1967. For Western Europe this will be the third

successive year of slower growth. With the exception of Japan and Italy, which have continued to enjoy a high level of economic activity, the economies of the United States, the United Kingdom, West Germany and France, which together account for more than two-thirds of the non-Communist world's industrial production, have all experienced, in varying degrees, a slowing down in the rate of output growth. For the first time in many years, unemployment has become a matter of widespread concern, particularly in Europe. The adverse effects of this slowdown in the growth of world trade are already discernible. Total world trade increased by about 10% in 1966; present indications are that the rate of increase in 1967 will only be about 5%. This reduction in the growth of world trade is unfortunately reflected in the economic malaise of the developing countries which now have to contend with the recessive effects of declining prices for their raw material exports.

As a result, during the first nine months of 1967, export prices of primary producers as a whole fell by about 5.8% compared with the corresponding period of 1966 and by about 4½% compared with the whole of 1966. In particular, prices of agricultural products for the year ended 30th September, 1967, fell by more than 5% as compared with the corresponding period of 1966, while prices for minerals and metals as a group declined by nearly 10% during the same period. Prices of agricultural food products during this period dropped by about 2% but that for non-edible agricultural products declined by nearly 4½%. For Malaysia, with the exception of timber, export commodity prices in 1967 were generally lower. The average unit value of rubber is estimated to have declined by nearly 17%, tin by 7½% and palm oil by 5½%.

Latest studies on the world economic situation indicate that world industrial production, which had begun to show signs of an imminent upturn towards the latter part of 1967 should show a healthier growth trend in 1968. The pace of recovery will, however, largely

depend on the success of measures taken during 1967 by some industrial countries to stimulate their economies, and in the case of others, to dampen excessive domestic demand while at the same time correcting the persistent disequilibrium in their payments positions. In this respect, recourse to tight money policies by certain industrial countries resulting in a general rise in interest rates during the year and the devaluation of the pound sterling by the United Kingdom in November last caused great concern to Malaysia. On the whole, real output in the industrial countries is expected to increase by at least 4% in 1968; world trade will probably revive and rise by about 7% in the next twelve months. On the basis of present trends, neither the United States nor Western Europe can be expected to develop as vigorously in the immediate future as it did during the early years of this decade.

#### *Gross National Product and Savings*

As a result of the external factors to which I have already referred, growth in the Malaysian economy, as expected, sagged in 1967 after six consecutive years of rapid expansion. The latest indications suggest that the gross national product at market prices for the year as a whole would be close to \$9½ billion, an increase of about 2½% over the 1966 figure. Had it not been for the resilience of the economy and timely action by the Government, growth would clearly have slowed down even more. It will be remembered that this country faced a similar situation in 1957/58 and the effects then were even more adverse. In 1958, private consumption declined by about 2%, private investment by close to 5% and total investment by about 6½%; aggregate domestic demand fell during this period by nearly 2% and total output as a result declined by about 4%. In 1967, with a population growth of approximately 3%, *per capita* product is estimated at \$945 compared with \$950 in 1966 and \$820 at the beginning of this decade. Regional estimates indicate that the slowing down in the rate of economic expansion was confined to West Malaysia. Gross national product

m Sarawak rose by nearly 10%, compared with just over 8% in 1966, while total output in Sabah, reflecting the continuing boom in timber exports, increased by about 18% during the year, as against a rate of growth of 17½% in 1966.

Growth in aggregate domestic demand slackened during the past year and is estimated to have increased at a rate which was just above the rate of population increase. Present evidence indicates that gross capital formation in the private sector had declined by nearly 4%, reflecting to a large degree the expected effects of the sharp commodity price decline on profits and hence capital for reinvestment, and to some extent, the prevailing general scarcity of direct foreign investment capital. Neither is it surprising that public consumption rose by just under 8½% in 1967 compared with growth rates of about 13% in 1966 and just over 11½% in 1965. Gross capital formation in the public sector increased by nearly 2½% during 1967 or about the same rate as in the previous year. Like the year before, the public sector was nonetheless the more dynamic factor in stimulating the economy despite a slackening in the rate of growth of Government expenditure. As expected, the commodity price decline affected the private sector more severely than it did the public sector so that aggregate private expenditure, which increased by about 5% in 1966, rose by less than half as much in 1967.

Under these circumstances, it is also not surprising that gross domestic savings declined in 1967. Expressed as a percentage of the national product, gross savings amounted to just under 17% compared with slightly more than 18½% in the previous year. By comparison, total gross capital formation in 1967 amounted to nearly 18% of the national product as against 18½% in 1966.

It is clear that last year was abnormal and dominated by factors largely beyond our control. It has been a difficult year for all of us. Fortunately, the outlook for the year ahead is rather brighter. We expect the private sector

in particular to reflate and respond favourably to the positive fiscal measures about which I shall have more to say at a later stage. As we see it, private consumption should expand more rapidly during the current year given higher export earnings and higher disposable income. Private investment is also expected to rise sharply, by perhaps as much as 10% over the 1967 level. Public consumption and investment will continue to expand but at a much slower rate on account of financial constraints. Nevertheless, aggregate domestic demand should expand more rapidly in 1968.

It is envisaged, however, that the export of goods and services will recover rather slowly from the 1967 level. The effects of the catastrophic rubber price decline experienced last year will still be with us, while the adverse effects of the rundown of British armed forces on the balance of payments as well as on unemployment will continue. On the other hand, with the recovery of private consumption and the expectation of a large investment outlay, total imports of goods and services are expected to increase faster than the rate of increase in exports. On the whole, the gross national product at market prices should expand by between 4½% and 5% to exceed \$9.9 billion by the end of this year. It must be stressed that the key element of growth in 1968 will be aggregate investment expenditure, which is expected to increase by more than 8½%, bringing the investment/GNP ratio to about 18½%. Domestic savings are also expected to expand in 1968 but the level of savings, which is likely to amount to about 17% of the national product, will not be sufficient to finance the entire capital outlay envisaged, so that it is extremely important that there should be an adequate inflow of both private and official long term capital during the year in order to avoid undue pressures on the country's reserves.

#### *Employment and Prices*

Indications are that the rate of unemployment in Malaysia during the past year has shown no significant change. Preliminary results from a

recent survey show that the rate of unemployment in West Malaysia, expressed as a percentage of the labour force, was about 6½% in 1967 compared with just over 6% in 1962 when the first survey was conducted. Unemployment among males was estimated at about 5½% in 1967 compared with 5.2% in 1962 while the rate for females had increased to just over 9% as against nearly 8% in 1962. While it does appear that the pace of expansion in the domestic economy during the last few years has been sufficient to absorb a large number of the new entrants to the labour force, the overall rate of unemployment continues to be one of increasing concern.

The rate of unemployment in the urban areas continues to be high. The average rate for 5 major urban areas, namely, Johore Bahru, Kuala Lumpur and Petaling Jaya, Klang and Port Swettenham, Ipoh and Georgetown, was estimated at nearly 10% in 1967 compared with just over 9½% in 1962. In the rural areas, where more than three-fifths of the unemployed reside, the rate of unemployment has also risen slightly, from 5% in 1962 to nearly 5½% last year. It is widely believed, however, that under-employment in the rural areas is not only widespread but is also rising since the pace of land settlement has not matched the rate of growth of the agricultural work force. It should be stressed that land development continues to be a key factor not only in influencing the rate of growth of the economy but also in determining the degree of utilisation of its human resources.

The remarkable stability of domestic retail prices in West Malaysia during the past decade and a half was adversely affected in 1967 by extraneous factors which were necessarily beyond our control. For the year as a whole, the monthly retail price index for all items of household expenditure, which measures price changes for a fixed basket of goods and services with 1959 as the base year, is estimated to average about 109 compared with 103.7 in 1966, an increase of about 5%. This distinct increase in

the index was largely caused by the sharp rise in the price of imported rice, brought about chiefly by increased world demand and insufficient supply. Rice, being the staple food of Malaysians, naturally has a substantial weightage in the computation of not only the index for food but also of the overall index, hence the upward movement in the retail price index during 1967. The average monthly index for food rose by about 6% during the year. Apart from this development, the price index for fuel and power rose by nearly 3% during the year while the indices for the other items, namely, drinks and tobacco, clothing, household goods, transport, entertainment and services, sundries and house rent remained relatively stable. The overall rice situation is not expected to change significantly in the year ahead although a good rice crop is expected in Malaysia during the next twelve months, and most rice exporting countries are also expecting better harvests in 1968. There is presently no retail price index for East Malaysia. Available evidence indicates that, despite continuing rapid growth in this part of Malaysia, particularly Sabah, there has been no significant change in retail price levels in these two States during the past year.

#### *Production Trends and Exports*

Generally speaking, production for domestic use and exports increased, though at a slower rate, in 1967. Rubber production, on the basis of the latest available information, is estimated at 1,016,000 tons for the past year, an increase of nearly 3½%, compared with a rise of almost 5½% in 1966. The easing in the rate of output growth was due largely to the severe and prolonged tree wintering which occurred during the early part of 1967 and, to some extent, the disincentive effects of low prices which prevailed during the latter part of last year. It has been estimated that the gross volume of rubber exports exceeded the million ton mark during the past year to reach about 1,040,000 tons, an increase of nearly 4½% over the amount exported in 1966, but export receipts

from rubber, estimated at about \$1,290 million, were close to 12½% lower than in 1966 on account of the sharp fall in price. The unit value of rubber averaged about 55 cents a pound in 1967 compared with an average of 66 cents a pound in 1966, a decline of nearly 17%.

In the first quarter of 1967, the price of R.S.S. No. 1 rubber, noon buyers f.o.b. Malaysia, averaged 57½ cents a pound compared with an average of nearly 62 cents a pound in the last quarter of 1966. In the second quarter, it averaged 56¼ cents a pound. Since then, the price fell steeply, averaging 52-2/3 cents a pound in the third quarter and only 49½ cents a pound in the fourth quarter of last year. For the year as a whole, the price of R.S.S. No. 1 averaged 54 cents a pound compared with an average of about 64½ cents a pound in 1966. The price drop was particularly severe during the third quarter. Towards the end of August, the daily spot price fell below the 50-cent level and by the end of the first week of the following month, a price of 47.4 cents was recorded, the lowest since November 1949. It was in these circumstances that the Government decided on 13th September last to intervene in the market not, it should be emphasized, with the object of reversing the long term price trend, because this is clearly beyond our capacity, but merely to counteract the short term effects of what was felt to be excessive speculation in paper rubber. We were, of course, aware that there was some doubt in the industry about the wisdom of this move but in this connection I would like to quote from an independent, high-grade, foreign market report made in November 1967 on this question:

"As opposition to Government intervention was evident not only from consumers but also initially in their own market, it is therefore a creditable fact that they have developed a pattern of influence which is not effective but also now deemed reasonable even by the sternest critics".

As the most important single cause of the abnormally low price levels prevailing now is the general recession throughout the industrial world, it is

likely that recovery, when it does occur, will be slow though it is not too much to hope that prices should improve in the course of this year. It is also gratifying to note that although the proportion of synthetic rubber consumption to total world rubber usage has increased in recent years, Malaysia is accounting for a steadily increasing proportion of total world production of natural rubber. We produced 38½% in 1961, 41% in 1966 and 41½% last year. Further, our gross rubber exports, expressed as percentages of both world natural rubber consumption and total world rubber consumption, have also increased, from nearly 39½% and 17½% respectively in 1966 to 41½% and nearly 18% respectively in 1967. We, however, cannot afford to be complacent, and indeed our vigorous research and replanting programmes demonstrate that we are anything but complacent.

At the same time, it is appropriate to add that the industry itself must match the vigour of our research scientists. It must change as rapidly as possible to the new processes of making better rubber, such as Heveacrumb. It cannot afford to wait until it has been overtaken by events. Life has been comparatively easy for the rubber industry over the greater part of its 60 years of existence in Malaysia, but it will not be so easy in the future. Thanks to synthetic, natural rubber producers must not only produce more from one acre of rubber, they have to sell such rubber in a buyers' market, which means that such rubber must be tailored to the needs of consumers and thirdly, but by no means the least important, they must go out and sell the rubber they produce. In other words, we must have more aggressive salesmanship, the kind of salesmanship which has contributed so significantly to the fantastic growth and size of the American consumer market. If the natural rubber industry in this country is able to move with the times, it need have no fears for the future. If it is unable to do so, it will only have itself to blame.

There is also another reason why we need not feel unduly pessimistic about the future of the natural rubber industry. In 1966, more than 25 pounds of

rubber, i.e. both natural and synthetic, were consumed per head in the United States. The per capita figures for the highly industrialised countries of Western Europe for that year ranged from about 8 pounds to 15 pounds. In that year, too, Canada consumed about 17½ pounds per head, Japan almost 10 pounds, Australia 13½ pounds, the Union of Soviet Socialist Republics and other Eastern European countries nearly 5 pounds, Communist China just over ½ pound and India less than ½ pound. It will, therefore, be seen that the rest of the Western world has a long way to go before it reaches the consumption levels of the United States, while Eastern Europe, China and India have an even longer way to go.

If the rest of the world, apart from the United States of America, were to increase its consumption at even existing rates, world consumption of both rubbers, i.e. natural and synthetic, would increase by approximately 7½% every year. As it is, consumption has outpaced the most optimistic expert forecasts. For example, the Paley Commission, appointed by President Truman of the United States during his tenure of office in the early 1950's, predicted, among other things, that world consumption of rubber would reach 5 million tons by 1975. In the event, this level of consumption was reached in 1964, i.e. 11 years earlier. In other words, the long term prospects of the rubber industry as a whole are bright, and hence efficient and low cost producers of natural rubber can win against synthetic if there has to be a fight to the finish.

The tin mining industry continued to progress in 1967. Production of tin-concentrates increased in the past year by about 4½% to reach 72,000 tons, compared with a growth rate of just over 8% in 1966. Malaysia accounted for 42½% of total world output in 1967 compared with 42% in the previous year and 41% in 1961. Although tin prices in 1967 were lower than in the previous year, they were sufficiently high to induce many marginal mines to remain in production as well as the opening of new mines.

Gross exports of tin metal, estimated at 75,000 tons in 1967, rose by more than 3½% largely on account of increased domestic production, but receipts from these exports, amounting to nearly \$760 million, fell by more than 4% as the result of a 7½% decline in the average f.o.b. unit value, viz. from \$10,940 a ton in 1966 to \$10,120 a ton last year. United States Government stockpile releases continued to be a major bearish factor in the international tin market. On top of this, falling demand from the major industrial countries and an accumulation of stocks in the London Metal Exchange, particularly during the third quarter of last year, did not help. For 1967 as a whole, the daily spot price of tin averaged \$600 a picul compared with an average of nearly \$645 a picul in 1966, a fall of 7%.

The timber industry continued to expand rapidly in 1967. Indications are that the production of saw logs, about 40% of which is produced in Sabah, and sawn timber increased substantially during the past year. As in 1966, receipts from the export of timber provided the major expansionary influence in the export sector in 1967. Export earnings from saw logs rose by more than 26½% to \$487 million last year, due to increases in both the volume exported and in price. The export volume of saw logs rose by 13½% to nearly 5.2 million tons in 1967 while the f.o.b. unit value increased from \$85 a ton in 1966 to \$95 a ton last year as a result of sustained world demand for tropical hardwoods and semi-hardwoods. Exports of sawn timber also increased sharply—from 496,000 tons, valued at nearly \$82 million in 1966, to more than 600,000 tons valued at about \$106 million in 1967, an increase of 21% and 29½% respectively. The f.o.b. unit value of sawn timber exports rose by more than 7% to \$176 a ton in 1967.

The oil palm industry, which was developed rapidly as an important source of export income, expanded satisfactorily in 1967, so much so that we have now become the world's largest exporter of palm oil as well. (*Applause*). Output of palm oil and

kernels, estimated at 210,000 tons and 47,000 tons respectively in 1967, were 15% and 10% higher than in the previous year. Exports of palm oil rose by nearly 12% to reach 203,000 tons last year, while palm kernel exports, estimated at 18,000 tons were 20% lower than the 1966 export volume, largely as a result of increased domestic consumption. The unit value of both these commodities, however, declined during the past year, so that receipts from palm oil exports, estimated at \$127 million in 1967, increased by only about 6% while the value of palm kernel exports fell by about 29% to only \$6½ million in 1967. It is interesting to note that exports of palm oil and kernels, totalling \$134 million in 1967, have now replaced iron ore exports as the fourth largest export industry in Malaysia after rubber, tin and timber. Iron ore production fell by more than 9% in 1967 as a result of the gradual exhaustion of known reserves of good quality ore as well as reduced demand from Japan, which has diversified its sources of supply. The volume of iron ore exports fell by nearly 7½% to about 5.3 million tons in 1967. Owing to a decline in the f.o.b. unit value, the value of these exports, estimated at \$122 million, fell by nearly 10½% during the past year.

The aggregate value of Malaysia's five major exports, namely, rubber, tin, saw logs and sawn timber, palm oil and kernels and iron ore, which accounted for nearly 77% of total gross exports, amounted to about \$2.9 billion in 1967 compared with nearly \$3 billion in the previous year, a fall of more than 3%. Minor exports, notably canned pineapples, pepper and coconut oil, increased during the past year. On the whole, aggregate gross exports, estimated at nearly \$3.78 billion in 1967, were about 2% lower than the 1966 figure.

I have so far confined my brief review to production for export. I now propose to comment briefly on another important feature of our economic expansion in recent years, namely, the

increasing ability of the Malaysian economy to produce an increasing amount of goods and services for domestic use. Latest data indicate that padi production in West Malaysia declined moderately in 1967 as a result mainly of extensive losses arising from the disastrous flooding of vast padi areas on the East Coast during the early part of last year. These losses, which were only partially offset by increased production from double-cropped areas, have necessitated the import of larger quantities of rice during the past year. Output of live-stock and poultry and the production of pork, table birds and eggs, beef and mutton and fresh fruit and vegetables expanded in 1967. Landings of marine fish were estimated to have increased by more than 26½%. Estate production of tea and copra, however, declined during the past year, but production of pepper rose by about 50% in 1967.

Manufacturing activity, particularly in pioneer companies, expanded in 1967. The annual survey of manufacturing, which covers four fifths of the net value of output of the entire manufacturing sector of West Malaysia, showed that the net value of output of industries included in the survey, amounting to nearly \$580 million in 1966, increased by nearly 14% during the past year, compared with a growth rate of more than 14% in the previous year. Comprehensive data on manufacturing activity in 1967 are, of course, not yet complete but monthly output statistics for a selected range of industries suggest healthy growth. In the first nine months of last year, production of cement was up by 13% compared with the corresponding period of 1966, biscuits rose by 19%, aerated water and cordials by 35%, and rubber compounds by 15%. On the whole, manufacturing output in Malaysia during the past year expanded at about the same rate as in the previous year. During the past year, a number of large plants which should contribute significantly to the volume and range of manufactured goods produced in this country commenced operations. For example, early

last year a large fertilizer plant, representing an investment of about \$40 million, and with a potential annual output of about 250,000 tons, started production. Then there was the first Malaysian integrated steel mill whose blast furnace was "blown in" in September last. Already, plans for a second blast furnace and an expansion of rolling mills are well advanced. Further, two motor scooter assembly plants were set up during the past year and their combined production is presently sufficient to meet the entire domestic demand for these vehicles in West Malaysia. Last month, the first home-made motor car rolled off the assembly line at Batu Tiga. Before the current year is out, five additional motor car assembly plants should be in operation.

Factories accorded pioneer status made fair progress in 1967. During the year, 10 companies were awarded pioneer certificates and an additional 34 applicants were approved in principle. Together these plan to invest nearly \$70 million in new manufacturing enterprises and will provide employment, when in full production, for nearly 6,000 persons. By the end of last year, a total of 153 industrial companies, 130 of which are in West Malaysia, 12 in Sarawak and 11 in Sabah, had been issued with pioneer certificates. The total resources of these companies at the end of 1967 amounted to \$430 million. The net value of output of pioneer companies in 1966 was about 26% higher than in 1965, but while such companies provided 34% of the total net output of industries included in the annual manufacturing survey, they accounted for only 18% of total employment.

Despite continuing official encouragement and incentives from the Government since 1958, the manufacturing sector in West Malaysia still accounts for a relatively small proportion of the domestic product, less than 11% in 1967 compared with 8½% at the beginning of this decade. It is clear that the manufacturing sector has not been expanding fast enough, and

the overall rate of growth must be considerably stepped up if industrialisation, with its resultant import substitution, among other things, is to cushion adequately falling rubber and tin prices over the long term. The Government for its part is offering additional incentives in the form of the Investment Incentives Act which, it is hoped, will be approved by Parliament during the present session. It could be that intending manufacturers are frustrated by red tape and delays when submitting their plans for the establishment of new industrial plants. If this is so, I would ask them to approach my Honourable friend the Minister of Commerce and Industry direct in an effort to reduce these delays. If necessary, I would also be available. This objective of rapid industrialisation has such far reaching consequences for our economic future that no stone should be left unturned to achieve it.

Indications are that activity in the building and construction industry slowed down during 1967. Although the output of bricks, sawn timber, concrete pipes and other concrete products were higher during the past year, the general picture was one of slower growth. Service industries and the wholesale and retail trade expanded during the past year but probably at a slower rate, on account of lower incomes and slower growth in aggregate consumption expenditure. There were, however, indications of a general expansion in the electricity, transport, storage and communication industries in West Malaysia. During the first eight months of 1967, the consumption of electricity increased by 10%, as compared with the corresponding period of 1966. Passengers, freight and mail carried by air rose by about 27%, 11% and 20% respectively in the first nine months of 1967 as compared with the corresponding period of 1966. The number of public transport vehicles rose by about 13% and the volume of rail cargo which fell substantially in 1966, increased by more than 11% during the same period.

*Balance of Payments and Reserves—*

The downturn in prices for most of our major commodities was the main dampening factor in the export sector in 1967, so that despite significant increases in the volume exported, total export receipts fell by nearly 2% during the past year. Gross imports, reflecting largely the general slackening in the growth of the domestic economy, and a reduction of private demand in particular, increased by about 1½% to reach \$3.43 billion in 1967 compared with an average annual growth rate of nearly 3½% during the period 1961-66. Imports of food, particularly rice, rose by nearly 4½% during the past year to \$781 million but imports of machinery and transport equipment, which increased at an average annual rate of about 12% in recent years, declined for the first time during this decade by more than 2% to \$783 million in 1967, compared with nearly \$800 million in 1966. Imports of manufactured goods slowed down abruptly and rose by less than 1% to nearly \$614 million during the past year compared with an average annual rate of increase of nearly 6½% during the previous six years. On a balance of payments basis, the merchandise trade surplus, estimated at nearly \$460 million in 1967, was \$95 million lower than the 1966 figure.

Like most developing countries, Malaysia is traditionally burdened with a deficit on invisibles account. Invisible exports fell in 1967 primarily as a result of the decline in foreign military expenditure following the rundown of British armed forces in Malaysia, and significantly lower foreign grant receipts. Invisible imports also declined, chiefly reflecting lower investment income payments as a result of the low commodity prices which prevailed and lower private transfer payments, so that for the past year as a whole, net invisible payments abroad rose only marginally to about \$550 million. The balance of payments on current account thus showed a deficit of about \$90 million in 1967 compared with a surplus of

about \$9 million in the previous year. This deficit was not unexpected. In a year in which the terms of trade moved strongly against us and in which major world developments were generally not in our favour, we were in a sense fortunate that the balance of payments on current account did not turn out to be even worse. For that matter, the overall external payments position did not turn out too badly.

Foreign private long term capital was scarce in 1967 mainly on account of the external and internal developments to which I have already referred. Data on private capital movements are not yet available but the indications are that the net inflow of foreign private long term capital, including re-invested capital, declined during the past year. Fortunately, the net inflow of official long term capital, comprising in the main net foreign loan receipts, increased substantially from nearly \$10 million in 1966 to \$125 million in 1967 as a result of unceasing efforts by the Government to secure adequate funds to finance the development programme. As Honourable Members are aware, we successfully raised a £7½ million loan in the London market in October last.

The devaluation of the pound sterling in November last has affected the international purchasing power of our external reserves. This is inevitable since sterling is an international currency and our close economic and financial ties with the United Kingdom and the Sterling Area necessitated the holding of a fair amount of sterling in London. The Government has, however, kept its reserves policy *vis-à-vis* sterling under constant review, and has, as a result, gradually diversified the composition of its reserves without, at the same time, rocking the sterling boat, so to speak. The loss arising from devaluation was thus not as large as it would otherwise have been. Despite this loss which the country has to bear, Malaysia's total gold and foreign exchange reserves were still substantial in relation to the requirements of the economy.

*Exchange Control Procedure on Exports to Non-Sterling Area Countries—*

Present exchange control regulations require the foreign exchange proceeds from exports to non-Sterling Area countries to be paid to a bank in Malaysia. However, such goods sold through intermediaries in Britain and Singapore and shipped directly from Malaysia are exempted from this requirement. Further, when Malaysia and Singapore shared a common currency, banks in Singapore were also authorised to allow Malaysian exports to non-Sterling Area countries and to certify receipt of the foreign exchange proceeds arising from such exports. Both these special arrangements are clearly not in the national interest and opportunity is now taken to abolish these special arrangements in order to ensure that all foreign exchange proceeds from exports to non-Sterling Area countries will, in fact, be received in Malaysia. All such exports will in future have to be authorised by a bank in Malaysia and the foreign exchange arising from such exports must be sold to a bank in Malaysia. To enable the exporters concerned to adjust themselves to the new procedure, this change will be introduced only after sufficient notice has been given. I must emphasize that this is not an extension of exchange control but only a change in procedure. Exports to Sterling Area countries are not affected in any way and will continue to be free from all exchange control requirements.

*Monetary and Financial Developments—*

Financial stability was maintained throughout 1967. The supply of money in the country, comprising currency and the current account deposits of the private sector, declined by about 7% during the 12 months ended 30th November, 1967, reflecting to a large extent the reduced rate of output growth recorded in the past year and the automatic devaluation of the Malayan currency component of the money supply. Active currency in circulation, or to put it simply, the Malaysian dollar equivalent of money in the hands of the public, which accounted

for 57% of the total money supply, contracted by about 13% during this period while the value of current account deposits maintained by the public with commercial banks increased by nearly 3% between November 1966 and November 1967. One of the major factors which contributed towards the reduction of the money supply during this period was an impressive 21% increase in quasi-money or fixed and savings deposits maintained by the public with the banking system.

The rising trend of commercial bank deposits and credit recorded in recent years continued during the past year. Total deposits with commercial banks at the end of November 1967, at nearly \$2.2 billion, were more than 14% higher than the November 1966 level. Growth in fixed and savings deposits during this period was even greater at 22½% and 26% respectively.

In order to promote an even higher rate of savings, it has been decided to increase the rate of interest payable on Post Office Savings Bank deposits from the present level of 3% per annum to 4% per annum with effect from 1st May, 1968, even though the last increase, namely from 2½% per annum to 3% per annum, was made in August 1965, i.e. only 2½ years ago. This decision to increase the interest rate payable cannot be implemented straightaway as, under the law, three months' notice must be given.

At the same time, total bank credit, including the financing of trade bills, rose by just over 9% from \$1.3 billion at the end of November 1966 to nearly \$1.43 billion at the end of November last year. While the financing of general commerce continued to absorb the largest share of bank lending, an increasing proportion of bank funds was being extended to the manufacturing sector. At the end of June 1967, advances for manufacturing purposes accounted for about one-fifth of total bank credit compared with 17½% at the end of June 1966 and 15% at the end of June 1960. Interest rates of commercial banks which had remained unchanged since November 1964, were adjusted upwards in November last so

as to bring them into line with recent rate increases in international markets. At the same time, the interest rate structure for fixed deposits was rationalised by fixing different rates for different deposit periods.

Activity in the market for short term funds and Treasury bills continued to record satisfactory growth during the past year. A significant development in 1967 was that while more than 30% of Malaysian Treasury bills outstanding at the end of 1966 were held by commercial banks in Singapore, all these short term securities have been transferred by these banks to their offices in Malaysia following the introduction of new liquidity requirements in Singapore in July last. Despite this development, the demand for Treasury bills increased in 1967 so that by the end of December, Treasury bills outstanding amounted to nearly \$644 million, an increase of about \$66 million or nearly 11½% over the amount outstanding at the end of 1966. Transactions in the Malaysian Stock Exchange increased substantially over the past year. Turnover in the first 11 months of 1967 was nearly 60% higher than in the corresponding period of the previous year. Demand for new share issues continued to be strong. A total of 5 new public issues, totalling more than \$24 million, was offered to the public in 1967. Most of these were heavily over-subscribed.

### *Currency*

After operating side by side with the Currency Board, which had sole authority to issue currency, for more than eight years, Bank Negara Malaysia began a new phase in its operations on 12th June, 1967 when it assumed sole currency issuing functions for Malaysia. The actual changeover was smooth, as smooth as one could expect, and it is indeed heartening to note that even in the short period since the changeover, the new Malaysian dollar is now not only readily accepted but also widely circulated. By the end of November last year, the Bank had already issued about \$747 million of new Malaysian notes and coins. Backing this currency liability are the gold and foreign exchange reserves of

the Bank, which amounted to close to \$1,012 million at the end of December 1967. The external cover for our currency is thus well above the minimum statutory requirement of 80.59%. Honourable Members will recall that in my Budget statement last year, I assured the House that the minimum reserve of external assets to be maintained by Bank Negara against its currency liabilities will be more than 100% for a long time more to come. The success of this policy is now evident. We are determined to maintain it.

The free currency interchangeability arrangement between the monetary authorities of Malaya, Singapore and Brunei, which also came into effect on 12th June, 1967, is operating smoothly, judging from the readiness of the public to accept the free interchangeability to the three new currencies with one another. Data collected so far indicate that relatively large amounts of the currency of each of the three countries circulate in the other countries, particularly as between Malaysia and Singapore, and this arrangement has indeed turned out to be mutually convenient to the peoples of the three participating countries.

The Government is wholly convinced that it did the right thing in not devaluing our new currency when the pound sterling was devalued by 14.3% in November last. The strongest argument in favour of following suit was that it would enable us to increase our exports. When it is remembered, however, that our main exports are primary commodities like rubber and tin, the prices for which are determined by the interplay of supply and demand in world markets, it is clear that devaluation on our part would have brought us little gain but could cause us untold harm. Further, the countries which devalued towards the end of last year account for only about 10% of our merchandise exports. However, these countries, notably the United Kingdom and Hong Kong, supply nearly one-quarter of our total imports. Such imports would probably cost less now, but certainly not more. In terms of our total trade, the countries which

have devalued account for only about 16½% of such trade. On the other hand, devaluation on our part is much more likely to attract generally adverse effects, particularly since imports of food and manufactured goods from countries which did not devalue account for about 85% and 75% respectively of our total imports in these categories. Hence, such imports would have cost correspondingly more and this would clearly have adverse repercussions on our cost of living which has remained so remarkably stable for the last 15 years. Under these circumstances, devaluation on our part would have been an act of supreme folly, and I have no doubt that as time goes on the correctness of our decision will become more and more apparent.

In regard to the automatic devaluation of the old Malayan dollar, I repeat that there was little that we could have done in this respect. In terms of what was practicable at the time, we had, in fact, no choice even if we had wished otherwise. It is, however, ironic that in the event the redemption of old currency has been considerably speeded up, for far more old money has been turned in in the 6 weeks after devaluation than were turned in in the previous 6 weeks. For example, nearly \$390 million of old currency were redeemed by the Currency Board between 20th November, 1967, and the end of last year, compared with about \$65 million redeemed between 9th October and 18th November, 1967. I agree, however, that it was unfortunate that those who had old currency in their possession had to pay the price for it. As a result, the amount of Malayan currency still in circulation in the Malaysia/Singapore/Brunei area is at present relatively small and, in fact, is approximately of the order of \$206 million or even less. I would, therefore, urge those members of the public who still hold old currency to turn it in as soon as possible, so that the Currency Board can wind up its business with the least possible delay, in spite of the fact that Malayan currency will continue to be legal tender until the end of this year at the earliest.

### *Economic Integration*

During the past year, efforts continued to be made to hasten the integration of the component regions of Malaysia. At present, all Malaysian-made goods, apart from a very few exceptions, are allowed duty free movement within Malaysia. In August, 1967, a major step was taken under the Customs (Malaysian Common Tariffs) Act, 1966, to implement the objective of a single customs area for the whole of Malaysia when nearly 60% of the total number of items listed in the Malaysian Trade Classification and Customs Tariff were made subject to a common external tariff throughout Malaysia, with the exception of Penang Island and Labuan. In the case of Penang Island, about 100 items were made applicable, while about 30 items were included in the case of Labuan. This means that imported goods falling into these categories can now move freely from one part of Malaysia to another without the payment of additional customs duty, if duty on them has been paid at their first point of entry into Malaysia. It is the Government's intention to subject the remaining 40% of the items in the Malaysian Trade Classification and Customs Tariff to a common external tariff as soon as practicable.

As a result of positive measures taken by the Government, inter-regional trade between East and West Malaysia has greatly increased. In the year prior to the formation of Malaysia, total inter-regional exports amounted to about \$7.6 million; this trade increased to \$96 million in 1966 and \$116 million in 1967. In the case of inter-regional imports, these amounted to \$11 million in 1962, \$121 million in 1966 and about \$120 million in 1967.

### *Federal Government Finances*

We now come to the Federal Government's financial position which is becoming increasingly difficult. Looking at the ten years beginning from 1958, the expansion in Government activity, and therefore expenditure, has been striking. I need refer to only three fields to give some indication of its magnitude. Firstly, there has been the

step increase in development expenditure, which stood at \$141 million in 1960 and is likely to be of the order of \$680 million in 1967. Secondly, there is the dramatic increase in recurrent expenditure on education resulting from the provision of free primary education to every child in this country, and of far more places for secondary and university education. This expenditure which stood at \$135 million in 1958 is expected to reach \$402 million in 1968. Thirdly, we have to bear an increasing burden of security expenditure, particularly on defence, which rose significantly with the establishment of Malaysia and increased even more as a result of confrontation. Security expenditure which totalled \$187 million in 1960 reached \$556 million in 1966. It consumed 19% of total expenditure in 1960, but absorbed 24% of such expenditure in 1966. The cost of these and a wide variety of other programmes which the Government has undertaken is increased further by the enhanced public debt servicing charges arising from the growing public debt. Debt servicing charges absorbed \$80 million or 9.3% of ordinary budget expenditure in 1960 while the figures for 1968 are estimated at \$258 million or 13.4%.

On the other hand, growth in revenue has not kept pace with the growth in expenditure. A major cause of this disparity is the steady decline in the price of rubber which has not only reduced export duty arising from it to only one quarter of the \$196 million collected in 1960, it continues to affect other sources of revenue like income tax and customs duties substantially and adversely, as is inevitable when the selling price of our most important product falls so steeply and steadily. Another contributory factor has been the slow growth in the yield from import duties which was previously our most important source of revenue. This was not unexpected in view of our increasing emphasis on industrialisation, though as time goes on we hope to make good the loss of import duties arising therefrom by a corresponding increase in excise duties. Finally, as Government reserves are depleted to

finance increasing expenditures, the income from interest earnings must necessarily decline. This slow growth in revenue is a reflection not only of the need to adapt the tax system to the changing structure of the economy, but also of the unavoidable time lag between investment expenditure and increased income from projects which must necessarily take time to bear fruit. The time has come, however, when the rate of increase in expenditure has to bear a closer relationship to the increase in revenue, if financial viability is to be preserved.

#### *1966 Accounts*

Let us now turn to the detailed accounts. The final outturn for 1966 was not much different from the forecast given in my last Budget speech. Revenue was \$15 million better, while ordinary expenditure was \$7 million less. The current account deficit previously estimated at \$28 million has been reduced to \$7 million. Development expenditure totalled \$651 million or \$51 million higher than previously estimated. A part of this increase represented an equivalent expenditure of grants of defence equipment, particularly from Britain and Australia, which have now been fully taken into account. The overall deficit, after taking into account larger than anticipated special receipts credited direct to the Development Fund, amounted to \$574 million or \$3 million more than the previous estimate. This overall deficit was financed by loans and a rundown of assets which amounted to \$193 million, or \$28 million more than previously estimated.

#### *1967 Accounts*

The 1967 accounts have not been finalised and the latest estimates available may therefore be subject to further revision. For 1967, revenue is now estimated at \$1,850 million or \$50 million higher than the figure given in the Budget and \$195 million higher than the 1966 actual. This better than estimated revenue performance was due largely to a higher yield from export duty on tin (by \$37 million), a higher Currency Surplus Fund distribution

(by \$19 million), and the inclusion of \$21 million trust fund money paid back to the Consolidated Revenue Account. On the other hand, the sharp decline in the price of rubber reduced export duty from this source by \$6 million more than estimated, while its impact on income tax will only be felt in 1968. Revenue from import duties and excise generally, with the exception of that on sugar, has been less than that budgeted for, as was also the revenue from road transport licences and fees. This may stem from the smaller than expected increase in private consumption that occurred during 1967. The combined collection from income tax, tin profits tax and development tax is now estimated at \$440 million or \$14.5 million less than the Budget figure. This shortfall may partly be attributed to initial delays in collection as a result of the introduction of the new computer and the fact that the development tax has just been introduced. The fact that the revised estimate of total revenue is 11.8% higher than the 1966 actual is of course mainly attributable to the tax increases imposed in the 1967 Budget.

The 1967 ordinary expenditure appropriation was originally \$1,829 million. Two supplements of \$50 million and \$59 million respectively have brought the total appropriation to \$1,938 million, though it is now estimated that actual expenditure would be in the region of \$1,900 million. This is \$187 million or 10.9% higher than the 1966 actual or \$71 million more than was budgeted for in 1967. Though the over expenditure appears unduly substantial in view of the strenuous efforts made to restrain Government spending, and the 1967 total includes a transfer of only \$20 million instead of the usual \$50 million as our revenue contribution to the Development Fund, part of this over expenditure was due to special factors which are not likely to recur.

Firstly, there was the contribution of \$15 million to the Government Rubber Trading Trust Account. Although the cash requirement for this

operation may well rise further in the current year, there is every hope that the recovery in rubber prices which has already occurred should enable us to dispose of our entire stockpile before this year is ended, possibly even at a profit. Secondly, in order to implement our undertaking to the International Monetary Fund to lend to Ceylon, we had to redeem \$15 million worth of Malaysian Treasury notes presented by the Fund. Thirdly, a \$14 million loss in general fund investments arising from the devaluation of sterling has been included in ordinary expenditure, though it may be noted that the Government suffered a total loss of \$38 million on its sterling holdings. In accordance with our traditional accounting procedures, the loss suffered by Sinking Fund and Special Fund Sterling investments, amounting to \$20 million and \$4 million respectively, were charged directly to these Funds. It should also be noted in this connection that the Federal Government debt incurred in sterling totalling \$404 million as at 17th November, 1967, has been reduced by \$58 million as a result of devaluation, and this "gain", if taken into account, as it should well be, is in fact greater than the loss of \$38 million incurred by the Government on its sterling investments. Fourthly, we paid \$8.3 million to Singapore to settle various claims outstanding after Singapore Day. Fifthly, an amount of \$7.5 million, consisting of refunds and drawbacks of customs duties which previously were directly offset against gross revenue has now been included as an item of expenditure. Sixthly, a sum of \$10 million, being a contribution to the Miscellaneous Advance Account to enable Hari Raya advances of January 1968 salaries to be made, later to be charged to 1968 expenditure, was included as an item of 1967 expenditure. Then there was the additional subscription of \$3 million to the Asian Development Bank and our contribution of \$6 million to the newly established Padi and Rice Marketing Board. Finally, the Ministry of Education could not keep within

its original provision and required a supplement of \$12 million. It will be noted that all these items of special expenditure totalled almost \$91 million and more than explain this over expenditure. But for these, the level of expenditure would have been less than that envisaged when the 1967 Budget was presented. The details I have given should enable Honourable Members to see the overall situation in its proper perspective.

As a result of this unforeseen increase in ordinary expenditure, the 1967 Ordinary Budget recorded a deficit of \$50 million. If, however, transfers to the Development and certain other statutory Funds are excluded from recurrent expenditure, the current account should be roughly in balance or, to be exact, should show a surplus of \$3 million compared with the surplus of \$21 million envisaged in my Budget speech. (*Applause*).

Development expenditure in 1967 is now expected to total \$680 million or \$29 million more than the actual for 1966. This total includes defence and internal security expenditure of \$149 million, compared with \$179 million in 1966. On the other hand, between these two years, there have been significant increases in development expenditure on agriculture, drainage and irrigation (including works for the Muda and Kemubu irrigation schemes), the establishment of an industrial estate in Prai, and telecommunications projects.

Special receipts credited to the Development Fund for 1967 total \$43 million. This figure includes grants of Australian defence equipment, the British grant for development in East Malaysia, and an initial grant of £1 million from Britain to counteract the economic effects of the withdrawal of British forces from this region. With development expenditure at \$680 million, these special receipts of \$43 million and the current account surplus of \$3 million leave us with an overall deficit of \$634 million to be financed from loans and the drawing down of reserves.

Gross foreign borrowing again fell short of expectations. Total receipts amounted to only \$104 million as against the original estimate of \$150 million given in my Budget speech. Drawings on loans already agreed on, including those on the Muda river irrigation scheme loan from the World Bank and on the Teaching Hospital equipment loan from Germany were slower than expected, as it takes time to utilise even those lines of credit now available from various countries.

Gross domestic borrowing totalled \$529 million. This included subscriptions to new loan issues by the Employees Provident Fund, commercial banks, insurance companies and various Government funds, including sinking funds.

As at the end of 1967, total Federal Government debt amounted of \$3,514 million consisting of \$517 million as external debt and \$2,997 million as domestic debt. These amounts take into account the reduction in the value of our sterling debt as a result of sterling devaluation, a point I referred to earlier.

The overall deficit of \$634 million for 1967 was almost fully covered by foreign and domestic borrowing of \$104 million and \$529 million respectively. Realisable assets held in the General Fund of the Federal Government, therefore, fell by only \$17 million to \$380 million after taking into account various Trust Fund transactions.

#### *1968 Ordinary Expenditure Proposals*

From what I have said so far, it is clear that the most rigorous economies would be necessary for 1968. In order also to ensure that this effort is sustained, ceiling have been agreed in regard to expenditure on defence and education for 1969 and 1970 as well. The Treasury has also been authorised by Cabinet to consult with other Ministries and thereafter fix ceilings for 1969 and 1970 on the basis of immediate essential programmes and services. By trying to project expenditures for three years ahead, it is hoped that a tighter control on them can be exercised. It is

needless to add that this change could not have been achieved without the co-operation and understanding of my Ministerial colleagues who fully realise that we have no choice but to cut expenditure to the bone.

It is on this basis that the 1968 ordinary expenditure estimates tabled as Cmd. Paper No. 53 of 1967 have been prepared. The proposals total \$1,932 million, a figure which is 5.7% higher than the 1967 original budget estimate, but is \$5.5 million less than the total appropriation for 1967 of \$1,937.5 million, if the first and second supplementary estimates are taken into account. Let me now refer to some of the major items.

The Ministry of Defence is to be provided with \$252 million as recurrent expenditure for 1968, or just \$2 million or 0.8% more than the amount provided in 1967. This very small increase will necessitate a searching reappraisal within the Ministry since the provisions for some services must clearly be increased, if the additional aircraft, helicopters and naval vessels already ordered are to be manned. It will mean a substantial pruning of services expanded during the period of confrontation, and immediate reductions of all less essential units. It may also be noted that the proposed development appropriation of \$125 million for defence in 1968 is slightly less than the revised 1967 estimate of \$127 million which in turn is less than the actual capital expenditure of \$146 million for 1966. Honourable Members will thus observe that the headlong upward thrust in defence spending has been effectively checked, but not quite reversed. It may, however, not prove possible to maintain this happy trend in view of the latest intention of the British Government to withdraw its forces from this part of the world much earlier than envisaged only six months ago.

The basic truth that we must never forget is that our economy, unlike that of highly industrialised countries like the United States, for example, has not reached the stage where we can afford both butter and guns at the same time. Even Britain, which is a highly indus-

trialised nation and which was once the centre of history's most spectacular empire, has now come to the conclusion that it too cannot afford butter and guns at the same time. Tiny Malaysia, only ten years old, which has not even reached the take off stage of economic development, and which is far from becoming an industrial power, can only forget this truth at its peril. In short, we must choose between butter and guns, and I venture to suggest that if the butter is lacking, all the guns in the world will not save this country from political and economic instability or even communism.

The ordinary expenditure appropriation for the Ministry of Education for 1968 is \$401.5 million. This is the smallest annual increase, in absolute as well as percentage terms, in the provision for education since 1963, if not earlier. The increase in 1964 amounted to \$56 million, in 1965 \$41 million, in 1966 \$27 million. The increase provided in the 1967 Budget was \$24 million, but the Ministry could not contain expenditure within its allotted provision and a supplementary provision of \$12 million has now become unavoidable. Consequently, the expenditure increase in 1967 amounted to \$36 million, while the increase proposed for 1968 is only \$4.5 million. The large increases of earlier years of course mainly arose from the provision of three years of what has been called comprehensive education in the lower grades of secondary school to all children in the relevant age groups who may wish to attend, instead of to only some 30%, and from the extension of free primary education to East Malaysia. The small increase in the provision for 1968 is linked with the increase in secondary school fees already made effective as from the beginning of this year. Since the fees are paid direct to the schools, the Ministry's grants to these schools are correspondingly reduced. The Ministry is also taking other measures to reduce expenditure, to ensure that the proposed allocation for 1968 is not again exceeded.

It should be noted that the Ministry of Education is by far the biggest Ministry in terms of expenditure. In our

financial calculations, we have reluctantly come to the conclusion that there is really no choice but to limit further increases in recurrent expenditure on education to no more than 5% which is about \$20 million for 1969, and a similar percentage for 1970. This will entail further modifications in policy to be planned now and implemented in the following two years. Let there be no misunderstanding on this issue. We firmly believe that the expansion of education, particularly technical and vocational education, is an essential prerequisite for further economic as well as social development. Our Government is proud of its performance in this field and does not fear comparison with other countries, but we also attach the utmost importance to continuing financial stability, without which there can be no sustained development. Given the limitation of available funds, we must not hesitate in listing our priorities, and enforcing economies. For example, we must weigh the need to provide nine years of primary and lower secondary education to everyone who may wish to have it, including those who might have to become manual labourers, against the need to slow down the implementation of sound revenue earning projects, and the need to counter unemployment which threatens to increase.

The 1968 proposals for the other heads of expenditure are dealt with in the Treasury Memorandum accompanying the ordinary expenditure estimates already tabled as Cmd. Paper No. 54 of 1967. The largest increase is for debt servicing, with grants to States, particularly the East Malaysian States, taking second place. There are also increases for public health (partly to man the Teaching Hospital and to extend the malaria eradication programme to the rural areas) and in the provisions for posts and telecommunications. Included among the other increases is that of \$15 million for the refund and repayment of Inland Revenue taxes, which were previously effected out of current revenue collections, and constituted a practice which was not in strict accor-

dance with the provisions of the Financial Procedure Ordinance.

### *Salaries and Wages*

In my speech on the 1967 Budget, I revealed that the personal emoluments bill for the year would absorb not less than 40% of ordinary Budget expenditure. This proportion will continue into 1968. This is a high proportion by any standards. This is clearly an undesirable, if not dangerous trend, especially in view of the steadily increasing strain on our finances. I have, in the past, repeatedly stressed that no modern and civilised government worthy of the name would wish to pay its employees something less than their due. Any good government must aim to pay fair salaries and wages to its employees. This point is not disputed. At the same time, there is some difference between being a good employer and being an ideal employer. While one of these objectives has already been reached in our case, the other objective must clearly be subject to the financial resources available.

I make bold to say that the Malaysian Government has been a good employer by any standards. Indeed, by the standards of the developing world, it is something more than a good employer, it is almost an ideal employer. That being so, it is becoming increasingly clear that it will not be possible to contemplate further general pay increases unless there is a substantial improvement in the present financial position. I am, of course, fully aware that there is an expectation on the part of the Public Service that the various recommendations of the Suffian Salaries Commission will be implemented immediately, whether in their original or modified form. In other words, there is an expectation of a general pay increase and the fact that such an expectation may not be immediately realised will no doubt cause the Public Service some concern.

Similar considerations must, in all fairness, apply to quasi-Government and statutory bodies, most or all of whose funds derive from the public

*purse.* Of late, there has been a tendency on the part of employees of certain of these bodies to press claims which, if agreed to, would have upset the general pattern of the salary structure of the Public Service as a whole. It is essential to maintain the existing relationship between terms and conditions of service in the Government service proper of the one hand and quasi-Government and statutory bodies on the other, because basically, they are all part of the Public Service, as they all derive their funds from the same source and they are all, literally speaking, public services.

Employees in quasi-Government and statutory bodies have sometimes argued that such bodies can afford to pay more because of the profits which a few of them are making. This argument does not take into account that such bodies are monopolistic bodies and do not pay income tax, to name only two concessions which they enjoy, while industrial and commercial enterprises do not enjoy these very substantial advantages. Further, very often the employees concerned have omitted to look at the profits as a proportion of the total capital employed in the undertaking. Looked at in this light it will be seen that such profits, in spite of the substantial advantages enjoyed by these bodies, are very small indeed.

Last but not least, the compelling need to keep expenditure on personal emoluments at its present level is reinforced by the British Government's decision to cut back its defence expenditure further. There is no doubt that this latest development would present us with additional massive problems in not only the financial and economic sphere, it will also present us with grave new problems in the field of defence and security. This development will, among other things, only serve to swell the ranks of the unemployed who are increasing annually even without this addition to their numbers. In so far as the Government is concerned, general pay increases will have to be met either by increased taxation or reduced services which can only mean substantial retrenchment. I

would, therefore, like to appeal to those who are pressing for upward pay revisions to look at this matter as patriotic Malaysians. For 1968 in particular, the obvious implications of such a revision must necessarily imply an inequitable sharing of the sacrifices which have to be borne.

#### *State Governments*

In recent years an increasing number of State Governments are getting into increasingly difficult financial circumstances. At the same time, a striking feature of the financial position of State Governments generally is that some States which have been poorly provided by Nature in the matter of assets like mineral and other resources, have remained viable. One, therefore, cannot help coming to the conclusion that much depends on the quality of the management. For example, Negri Sembilan, Penang and Malacca have remained viable even though they are some of our smallest States and lack the natural resources with which other and larger States have been generously endowed. Yet, thanks to prudent management, their finances are sound. Where the Federal Government is asked to mount a rescue operation, that operation can only be embarked upon if it is assured that everything possible will be done by the State concerned to increase its revenue and eliminate unnecessary expenditure. In order to ensure that this undertaking, when given, is honoured, it will clearly be necessary for the Federal Government to have the final say in the financial and economic policies of the State concerned, and to insist on measures which will ensure that such policies are implemented on the ground. Under such circumstances, it will readily be acknowledged that the Federal Government cannot, in all conscience, be satisfied with less and the State Government concerned cannot reasonably expect more.

#### *1968 Revenue*

If no tax changes are made, revenue for 1968 is estimated to reach \$1,867 million. This will be only \$17 million or 1% higher than the revised estimate for 1967. This very marginal increase

is largely due to the consequences of the 1967 rubber price on income and profits liable to income and development tax in 1968, the much lower Currency Surplus Fund distribution expected from the Currency Board, and the inflation of 1967 revenue by the inclusion of \$21 million of surplus trust fund money.

Comparing the 1968 estimates with the revised estimates for 1967, it will be noted that export duty on rubber is expected to yield \$2.3 million more. Although we can justifiably hope that the price of rubber will average more than 50 cents a pound during 1968, as a matter of prudence, an average price of 50 cents a pound for R.S.S. No. 1 has been assumed, compared with the 1967 estimates of 54 cents. Since net exports are estimated to reach 1,120,000 tons, the export duty collection should come to at least \$50.8 million. For 1968, the export duty from tin is expected to decrease by \$13.2 million as a result of lower net exports, estimated at 65,000 tons and a lower average price, assumed at \$580 per picul. The revised 1967 estimate of \$114.2 million is related to a net export volume of 68,500 tons and an average price of \$600 per picul. Revenue from other export duties is expected to increase by only \$2.5 million with the likely reduction in the collection from iron ore offset by anticipated increased yields from palm oil and kernels, and other items. Total excise and import duties are expected to increase by \$29.3 million or 5.1%, spread over all major items, while the 2% surtax on imports is estimated to yield \$49.3 million.

Income tax, development tax and tin profits tax are estimated to yield \$465 million, compared with the revised 1967 estimate of \$440 million. The actual increase, however, will only be \$10 million, as the remaining \$15 million arises only because as from 1968, refunds and repayments on account of Inland Revenue taxes will be charged to expenditure instead of being offset against gross collection. For a variety of reasons, it has been rather difficult to estimate the likely yield. In years like 1953 and 1954, and

again in 1959, total income tax collection in West Malaysia recorded absolute reductions as a result of lower profits and incomes caused by sharp falls in the price of rubber. By 1967, however, the importance of rubber in the national economy had been somewhat reduced, so that the steep fall in price which occurred during the second half of that year has not prevented national output from increasing, though admittedly by only some 2½%. There is, for example, insufficient data to assess with a reasonable degree of accuracy the extent to which a reduction in the tax liability of the rubber industry could be offset by increased tax liability on the part of the expanding timber and other industries.

The other uncertainty is linked with the implementation of the new unified Income Tax Act. While the aggregation of all Malaysian income and the coming into force of the new "world income" scope of charge should lead to an increased yield in the aggregate, there is bound to be some difficulty in the assessment and collection of the tax since it is only to be expected that taxpayers will not yet be fully conversant with the new Act. The contribution from currency profits estimated at \$50 million is \$22 million less than the very substantial amount received in 1967, as our 1968 share, which depends on the profits made by the Currency Board during 1967, will be sharply reduced by the redemption of its notes and coin which took place as from the middle of last year.

As 1968 ordinary expenditure has been fixed at \$1,932 million, and revenue at existing tax levels is estimated to total \$1,867 million, the ordinary Budget will incur a deficit of \$65 million if no tax changes are made. The current account deficit, excluding the contribution of \$50 million to the Development Fund, will then be \$15 million. Before outlining the new revenue proposals, let me first deal briefly with the Development Budget.

#### *1968 Development Budget*

The resolution on development expenditure which will be moved by the

Honourable Deputy Prime Minister, proposes an appropriation of \$888 million, including \$40 million for the Contingencies Reserve. Actual expenditure in 1968 is estimated to reach \$680 million. A feature of this Budget is the appropriation of a higher proportion for economic and social projects and a smaller allocation for security expenditure than in 1967.

Special receipts credited direct to the Development Fund are expected to come to \$62 million. They include British Government grants for the development of East Malaysia (\$17 million), the final balance of the 1963 British Government grant for Malaysian defence expansion (\$17 million), Australian Government grants for defence and development (\$22 million) and a total repayment of \$6 million in respect of loans previously issued from the Development Fund. No allowance has at present been made for additional British assistance to offset the adverse effects of the withdrawal of British forces.

#### *British Aid*

As Honourable Members may be aware, the British Government has already given us an unconditional grant of £1 million as a first payment towards the significant aid promised by them as a consequence of the withdrawal of the British military presence from this part of the world. It has been agreed that this sum is only a token payment and is not in any way to be regarded as an indication of the eventual size or scope of the promised aid. Further discussions on this matter are expected to take place early this year from which it is hoped that a much clearer picture will emerge. On our part, we have put forward certain principles which we feel should form the basis of the proposed aid.

We have pointed out that the main objective of such aid must be to offset the loss of employment opportunities and the reduction in income arising from the British withdrawal. The withdrawal, in fact, has already begun and will be completed much earlier than was envisaged only 6 months ago

as a result of the latest intentions of the British Government on this matter as announced a few days ago. We have put forward our estimate as to what would be an appropriate combination and level of the necessary public and private investment in this country if the adverse effects of the withdrawal are to be adequately met. As negotiations have still to be completed, it would not be proper for me to disclose details at this stage. We, however, feel that the aid should take the form of grants and soft loans to the Federal Government for public sector economic development and have noted the British view that they would also encourage increased British investment in the private sector.

We have stressed, however, that there is a difference of some magnitude between aid and private investment. While we welcome private foreign investment, including British investment, it would clearly not be in the letter or spirit of the promised assistance if such investment should rank as pure aid, *pari passu*, to put it at its lowest. The Government has adopted a deliberate policy of creating a favourable climate for foreign investment in this country and it would be ironic if a foreign investor who is attracted by the business opportunities available here were then to say that his investment is pure aid to us. This would clearly mean that even if it is eventually agreed that private investment is to be regarded as a form of aid, one dollar's worth of such investment would be equivalent to very much less than one dollar's worth of pure aid, i.e. direct financial grant, and a formula would have to be worked out for this purpose.

#### *Foreign and Domestic Loans*

To finance the proposed level of development expenditure, it is hoped to raise loans totalling \$200 million from abroad and \$400 million at home. Although the results of attempts to increase foreign borrowing over the last two years have been below expectations, the considerable work that has been put into this effort should now begin to bear fruit. For

1968, it is hoped that drawings on loans already agreed should approach \$100 million. The sizable number of lines of credit which have already been negotiated with the countries concerned should provide us with sufficient freedom of manoeuvre to enable us to secure project loans on reasonable terms, although we may have to depart somewhat from our traditional policy of international tendering.

As regards gross domestic borrowing, it should not be too difficult to achieve a target of \$400 million during 1968. The domestic market for Government securities has been fairly well developed by Bank Negara. Treasury bills are at present available on tap. Their liquidity is enhanced by the willingness of Bank Negara to rediscount them when requested to do so. Other securities of varying maturities are periodically issued. Even when particular issues have been closed, advance deposits are accepted for the next loan. At the same time, Bank Negara holds a portfolio from which it is able to supply a wide range of securities to any intending investor. It may be pointed out that Government securities are readily marketable as Bank Negara stands ready to absorb them at current market prices.

#### *Revenue Proposals for 1968*

From the purely financial standpoint it is possible to make out a case for a fairly sizable tax increase in view of the fact that growth in revenue has been unable to keep pace with the rise in expenditure. On the other hand, the combined and cumulative effects of greatly reduced rubber prices and increased prices for imported rice indicate otherwise. The arguments in favour of the latter course are reinforced by the fact that a substantial tax increase had been imposed in 1967. As a result, it has been decided to propose measures which will yield additional revenue of only \$14.5 million in 1968. (*Applause*). With such a small tax increase, one can deduce that no major fiscal policy changes are envisaged this year. In fact, some concessions will be made. (*Applause*).

The additional revenue expected for 1968 would be the result not so much of a conscious attempt on the part of the Government to raise money, but would rather be the by-product of existing fiscal policies, the implementation of policies designed to accelerate industrialisation, and the taking of one further step towards our goal of complete harmonisation of customs duties throughout Malaysia. I will now outline the revenue proposals which we have in mind for 1968.

#### *Development Tax*

Honourable Members will recall that the 1967 Finance Act imposed, with effect from 1st January, 1967, a supplementary income tax, to be known as development tax, levied at the rate of 5% on development income as defined in the Act. However, an individual, who is not a partner in any partnership business, is exempted from this tax if his development income is less than \$500 per annum. The present exemption limit, which amounts to only about \$42 a month has been found to be rather low. Besides, the administrative cost involved in collecting this tax from a large number of taxpayers is high. Further, I had earlier agreed that in the case of the small hawk or petty trader earning between \$500 and \$1,000 a year and not having income from any other source, special consideration would be given to remit this tax on the ground of poverty if it could be demonstrated that payment of such a tax would cause undue hardship. It is therefore proposed to raise the present exemption limit for an individual who is not a partner in any partnership business to \$2,000 a year. (*Applause*). This revised limit will be backdated to take effect as from 1st January, 1967. (*Applause*). This proposal is expected to reduce revenue by about \$450,000 a year. In the case of those persons whose development income is between \$500 and \$2,000 a year, any development tax already paid by them for 1967 will be used to offset their tax liability for 1968 or refunded if they are not liable for year of assessment 1968.

The Finance Bill relating to this Budget will also propose a minor amendment to the law relating to tin

profits tax to remove an anomaly in the administration of the tax.

#### *Tax on Taxis*

In West Malaysia at present, the total tax burden on diesel taxis is lighter than that on diesel school taxis and private diesel passenger cars. This is clearly unfair to the latter. To rectify the anomaly, it is proposed to increase the vehicle licence fee for ordinary diesel taxis from 20 cents to 40 cents per c.c. The proposed increase in the vehicle licence fee for diesel taxis, estimated to yield \$1.7 million per annum, will not only mean that ordinary diesel taxis, diesel school taxis and private diesel passenger cars will now pay the same vehicle licence fee, it should also rationalise the tax burden as between diesel and petrol taxis.

From now on, it is to be understood that the estimated yields of new tax proposals are meant to be estimated annual yields, unless otherwise indicated, even though the words "per annum" are left out.

#### *Singapore-based Commercial Vehicles operating in West Malaysia*

It is also proposed to rectify another anomaly relating to road transport. Up to now, West Malaysian-based commercial vehicles operating in Singapore bear a heavier total tax burden than Singapore-based commercial vehicles operating in West Malaysia. For example, a diesel lorry based in West Malaysia with a maximum permissible laden weight of 200 cwt. will have to pay a total of \$4,455 per annum to the Malaysian and the Singapore Governments, if it wishes to operate in Singapore. On the other hand, an identical lorry based in Singapore will be liable to taxes totalling only \$2,316 to operate in West Malaysia. In fact, the tax burden of the latter is less than that of West Malaysia-based commercial vehicles operating in West Malaysia itself. As from tomorrow, Singapore-based commercial vehicles wishing to operate in West Malaysia will have to pay a fee equivalent to the difference between the West Malaysian and Singapore fees plus \$120, thereby making the total tax burden of

Singapore-based commercial vehicles operating in West Malaysia the same as that of similar Malaysian-based vehicles operating in Singapore. The additional revenue expected from this adjustment should be about \$0.5 million.

#### *Taxation of Passenger Cars and Commercial Vehicles*

In my Budget speech last year, I announced the imposition of a 5% import duty on all completely built-up motor vehicles imported into West Malaysia as the first of a series of protective measures designed to encourage the establishment of a motor vehicle assembly industry in Malaysia. Since then, several motor car assembly plants have been set up and the first "Made in Malaysia" passenger car will be marketed in West Malaysia this year. In line with the Government's declared policy on the motor vehicle assembly industry, further protective measures will now be introduced to promote the demand for home assembled cars. These measures will relate only to West Malaysia, since the assembly plants are not yet in a position to supply the requirements of the whole Malaysian market.

As from tomorrow, the *ad valorem* registration fee (A.V.R.F.) on all domestically assembled passenger cars and imported passenger cars will be 10% instead of 25% *ad valorem*. The A.V.R.F. on the existing stock of completely-built-up (c.b.u.) cars imported on or before this Budget day (which therefore have paid import duty of 5%), will continue to be liable to an A.V.R.F. of 25%. As from now, the import duty on c.b.u. passenger cars is increased from 5% to 35% *ad valorem*. It may be noted that half of this increase in import duty is designed to offset the reduction in A.V.R.F. by 15%. The net effect of these two measures on revenue is not expected to be large, and would mainly depend on the number of cars which are assembled at home in relation to that imported from overseas in 1968. At the same time, I have been assured by my Honourable colleague, the Minister of Commerce and Industry that he will see to it that the prices of home

assembled cars will not be higher than the existing prices of similar imported models.

In regard to commercial motor vehicles, it is now proposed to re-impose the *ad valorem* registration fee of 15% on domestically assembled vehicles and to increase the import duty on completely built up vehicles from 5% to 20% *ad valorem*. Both these measures will apply only to West Malaysia. Honourable Members will recall that in February 1966, the Government removed the 15% *ad valorem* registration fee on domestically assembled commercial vehicles to encourage the further development of the industry. Although home assembled vehicles were able at that time to compete favourably with imported vehicles subject to the same rate of tax, the removal of the registration fee was not followed by a reduction in the prices of the former vehicles. At present, domestic assembly plants are in a position to supply most of West Malaysia's demand for commercial vehicles. The time has now come to re-impose the 15% *ad valorem* registration fee on home assembled vehicles and my Honourable colleague, the Minister of Commerce and Industry will also see to it that their prices are not increased as a result. As it is also proposed to increase the rate of import duty to 20%, the margin of protection for the industry will thus be maintained.

The net yield from these levies on both passenger cars and commercial vehicles is expected to be about \$5 million in 1968.

#### *Harmonisation of Import Duties*

The opportunity is now taken to fix a common external tariff for 156 other items on the Malaysian Trade Classification and Customs Tariff. This would still leave the rates of duty on 359 items in the Trade Classification yet to be fully harmonised. The Orders implementing the various tariff changes will be circulated to Honourable Members, if they are not in their hands already, and it will hence not be necessary for me to refer to each

change proposed. As is my usual practice, I shall only deal with significant changes.

It is proposed to fix a common external tariff for cement by extending the present West Malaysian import duty of \$12 a ton to East Malaysia where there is presently no duty on cement imports. The increase in revenue is estimated at only half a million dollars because it is hoped that West Malaysian cement will replace the bulk of East Malaysia's imports from Communist China, Hong Kong, Japan and Singapore. The rates of import duty on tooth paste and powder are to be harmonised at the West Malaysian rate of 20% *ad valorem*. There is at present no duty on these products in East Malaysia. The increase in revenue is estimated at \$240,000 for 1968. The import duty on wireless receiving sets in Sabah is to be raised to 25%, which is the rate applicable to West Malaysia and Sarawak. The increase in revenue is estimated at \$167,000 for 1968. The full rates of duty on electrical appliances like washing machines, vacuum cleaners, floor polishers, food mixers, electrical shavers, etc., are to be harmonised at the Sarawak rate of 25%. At present the full rate in West Malaysia and Sabah is 15%, but there are preferential rates of 10% in Sarawak and 7½% in Sabah. The preferential rates in East Malaysia are to be raised to 15%. The additional revenue from these changes is estimated at \$370,000. The harmonisation of duty on musical instruments and other appliances such as gramophones, tape recorders, pianos, accordians, etc., at 25% is estimated to yield additional revenue of \$132,000. The harmonisation of the other rates of import duty, including those on cocoa, edible birds' nests, veneer sheets and plywood, clocks, and so on are expected to yield only insignificant revenue. Finally, it may be noted that the import duty of 10% on gold bullion imported into West Malaysia is reduced to 2%, and this new rate of import duty will be applicable to East Malaysia as well. This reduction is designed to make the smuggling of gold unprofitable since

there is always the risk of seizure by Customs. Over the last five years, no customs revenue has in fact been collected. (*Laughter*). With this reduction, it is hoped that gold imported into the country will now pay the 2% import duty. (*Laughter*).

In the aggregate, the harmonisation and minor changes of import duties proposed are estimated to yield \$2.4 million in 1968.

#### *Extension of Import Duties to Penang*

Under separate Customs Orders, it is proposed to extend to the Island of Penang the rates of duty applicable in West Malaysia to poultry and eggs, fresh and preserved fruit, monosodium glutamate (Aji-no-moto), cement, jewellery and gold bullion. Full particulars are contained in the Customs Orders circulated. Honourable Members might note that the extension of these tariffs to Penang Island will not affect its entrepot or tourist trade but will yield slightly more than \$900,000 of additional revenue. At the same time, it should also enhance the domestic production of many of these items.

#### *Excise*

As industrialisation progresses, particularly in the field of import substitution, the revenue from import duties on a wide range of products has not only stagnated, in many instances it has even declined. Hence, we propose to introduce excise duties on certain products produced primarily for domestic consumption. The products affected and their rates of excise are as follows:

Firstly, soap—at 1 cent per pound, with the exception of toilet soap, where an excise of 2 cents per pound will be applicable.

Secondly, dental paste and powder—at 1 cent per ounce.

Thirdly, foam rubber products—at 10 cents per pound.

Fourthly, monosodium glutamate, or "Aji-no-moto" as it is commonly known—at 50 cents per pound.

Fifthly, tyres at the rate of 50 cents each for motor cycle and scooter tyres, \$2.00 each for motor car and lorry tyres.

Sixthly, paint and varnishes—at 50 cents per gallon,

and finally, cement—at \$2 per ton.

Since the manufacturers of these products are already well established and have a rapidly expanding market, and as the rates proposed are low, it is not proposed to increase the level of import duties on these products. The additional revenue from these levies is estimated at \$4.4 million in 1968.

#### *Level of Taxation in East Malaysia*

Before I leave the subject of taxation, it is pertinent to point out that we are not proposing any reduction of the 30% income tax abatement available to individuals resident in East Malaysia with a chargeable income of less than \$50,000 per annum. It may also be pointed out that the tax burden on motorists in East Malaysia is much lighter than that in West Malaysia, while the rates of Import duty on such widely used products as petrol and sugar will continue to be lower in East Malaysia. In other words, the people of East Malaysia will continue to enjoy a special tax position in relation to their brethren in West Malaysia, while also continuing to enjoy at the same time far larger *per capita* allocations of development funds. In other words, the people of East Malaysia will continue to have the best of both worlds (*Laughter*) while the people of West Malaysia will continue to have to pay for them.

#### *Outlook for 1968*

To recapitulate, the 1968 proposals allow a deficit of \$50 million after taking into account the new revenue measures proposed, with ordinary expenditure reaching \$1,932 million and revenue totalling only \$1,882 million. It should be pointed out that this deficit will occur even though ordinary Budget expenditure has been allowed to increase by only 1.7% over the estimated expenditure outturn for 1967.

This means that some heads of expenditure have had to register absolute reductions, while development expenditure is being maintained at the existing level only in order to enable economic projects to be implemented and to lay the basis of further expansion in income and employment. Even so, as I have already indicated, this level of development expenditure can only be achieved if sufficient foreign and domestic loans are obtained. It should, however, be noted that if the transfer to the Development Fund is excluded, the current account will just break even. Since development expenditure has been fixed at \$680 million, the special receipts of \$62 million credited direct to the Development Fund would leave us with an overall deficit of \$618 million. This is to be financed by foreign loans of \$200 million and domestic loans of \$400 million so that there would only be a marginal reduction of \$18 million in the Government's realisable assets.

#### *Investment Incentives Act*

I now come to the Investment Incentives Act. The Bill for this Act will be submitted to this House at a later stage by my Honourable friend, the Minister of Commerce and Industry. Briefly, the Bill offers four main types of incentives, namely, relief from income tax including payroll tax, investment tax credit, and accelerated depreciation and export allowances to induce investment in new industries, the modernisation and expansion of existing plants and a greater volume of exports.

New incentives additional to that offered by the present pioneer industry legislation, will be provided. The length of the period of tax relief will, as previously, depend on the size of the fixed capital expenditure incurred, but additional inducements will be given when plant is sited in a designated development area, utilises the required proportion of domestic raw materials or produces a specified product. In addition, the Bill broadens the present coverage of pioneer companies to include service and other appropriate industries, provides income

tax exemption for dividends paid by any company out of exempt dividends received from pioneer companies, and generous terms for the carrying forward of losses incurred during a tax relief period by pioneer companies.

A new incentive called "investment tax credit" will be introduced for qualifying investment expenditure incurred in respect of any approved project. This incentive will apply primarily to enterprises which cannot in the ordinary way qualify for pioneer status, but nonetheless, deserve encouragement, and will be available in addition to the normal depreciation allowances provided for in the Income Tax Act. A basic tax credit or rebate of not less than 25% on capital expenditure on plant and machinery will be given.

An accelerated depreciation allowance, at the rate of 40% on qualifying capital expenditure, will be granted to approved companies resident in Malaysia which export a designated minimum proportion of their total production. This incentive would not only place the domestic manufacturer in a better position to compete internationally, but also enable him to recover his capital outlay in a shorter period, thus permitting him to have more funds available for both working capital and re-investment.

To assist the promotion of exports further, an array of other incentives will be available, the more important being the granting of an export allowance in the form of a rebate on income attributable to export earnings. The rate of rebate will be on the principle of value added so that a higher rebate will be given to those who use wholly or a large proportion of available domestic raw materials in manufacturing their products for export and a lower rebate for those using relatively large amounts of imported raw materials. Payroll tax relief will continue to be granted to companies, other than pioneer companies, which produce an approved product and export a designated minimum proportion of their total annual production.

### *Conclusion*

Honourable Members will have noted by now that although there is cause for concern, and in some cases even growing concern, the picture is not all black. Bearing in mind that in 1967 the prices of the products of our most important industry dipped to their lowest level in 18 years, and stayed there for a good part of the third quarter and the whole of the fourth quarter, it is something more than a consolation that we did not do much worse, considering the exceptional circumstances in which we were placed. In fact, if we had done far worse, this would have been understandable. In the event, we did much better than we would have dared to hope. This is an indication that our economy today is rather more diversified than it was ten years ago. It is also an indication that ten years of independence have made it more resilient (*Applause*).

Another feature of our performance is that it is now possible to foresee a considerable slowing down of the growth in expenditure on education and a decline in the expenditure on defence and internal security, as our programmes pass their peak in expenditure and continue at existing levels or even cost less and this is a matter of some importance, as education will absorb 17.8%, while security expenditure will absorb 19.8% of our total budget, while together they will account for 37.6% of total expenditure for 1968. At the same time, it is also likely that from 1970 onwards revenue will begin to grow faster as a result of the coming to fruition of our various revenue earning projects. In other words, we are now in the midst of our most difficult years. Revenue growth could be accelerated if industrialisation progresses more rapidly and State Governments adopt and implement more liberal land alienation policies. In fact, in these two fields lie our greatest hope for the future, i.e. our hope of increas-

ing the size of the cake, our hope of achieving more rapid economic growth through the process of expanding the size of the economy itself.

Indeed, there is no other way, because it is my view that we have reached, generally speaking, our optimum level of taxation. From time to time, it will be desirable and even necessary, to make minor revisions and adjustments on the grounds of equity, policy changes, and harmonisation as between West and East Malaysian levels of taxation. As industrialisation gains momentum, the emphasis in the field of customs duties will clearly shift from import duties to excise as revenue received from the former steadily declines with growing import substitution. To encourage greater productivity and production for export, it may also be necessary to make other changes, but all these changes will not invalidate the essential soundness of the proposition that although the country should well be able to bear the existing level of taxation, it might act as a disincentive to ask it to bear more, and I hope that our people will not ask for the moon by hoping for less in the immediate future.

To sum up, we have to ask our people to bear these few years of sacrifice. This sacrifice should be bearable because we can see the light at the end of the tunnel. It is, however, essential that we appreciate that there is no short cut to the light and we have to travel the whole length of the tunnel. Provided that this is understood, we do not have to fear the long term outlook though the immediate future may be somewhat less than cheerful. (*Applause*).

Sir, I beg to move.

**The Minister of Commerce and Industry (Dr Lim Swee Aun):** Sir, I beg to second the motion.

*Meshuarat di-tanggohkan pada pukul 4.40 petang hingga pukul 4.00 petang 19hb Januari, 1968.*