



# PARLIAMENTARY DEBATES

## DEWAN NEGARA (SENATE)

### OFFICIAL REPORT

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FEDERATION OF MALAYA  
DEWAN NEGARA (SENATE)  
*Official Report*

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First Session of the First Dewan Negara

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*The Senate met at 10.10 o'clock a.m.*

**PRESENT:**

The Honourable Mr. President (DATO' HAJI ABDUL RAHMAN BIN MOHAMED YASIN, S.P.M.J., P.I.S.).  
" the Minister of Justice (TUN LEONG YEW KOH, S.M.N.) (Appointed).  
" TUAN HAJI ABBAS BIN HAJI MOHAMED (Trengganu).  
" ENCHE' ABDUL HAMID BIN MAHMUD, J.M.N. (Appointed).  
" ENCHE' AHMAD BIN SAID, A.M.N. (Perak).  
" ENCHE' A. M. ABU BAKAR, J.M.N. (Appointed).  
" ENCHE' ABDUL WAHAB BIN IDUS, P.J.K. (Negri Sembilan).  
" ENCHE' AMALUDDIN BIN DARUS (Kelantan).  
" MR. CHAN KWONG HON, A.M.N., J.P. (Selangor).  
" MR. CHEAH SENG KHM, J.P. (Penang).  
" DATO' DR. CHEAH TOON LOK, J.M.N., J.P., Dato' Maha Kurnia (Appointed).  
" MR. CHOO KOK LEONG (Appointed).  
" MR. J. E. S. CRAWFORD, J.M.N., J.P. (Appointed).  
" ENCHE' DA ABDUL JALIL (Trengganu).  
" ENCHE' HASHIM BIN AWANG, J.P. (Penang).  
" MR. KOH KIM LENG (Malacca).  
" DATO' LEE FOONG YEE, J.M.N., P.P.T., J.P. (Negri Sembilan).  
" MR. LIM HEE HONG, A.M.N. (Appointed).  
" ENCHE' MOHD. SALLEH BIN MOHAMED ARIFF (Malacca).  
" ENCHE' MOHD. ZAHIR BIN HAJI ISMAIL (Kedah).  
" ENGKU MUHSEIN BIN ABDUL KADIR, J.M.N., P.J.K. (Appointed).  
" MR. ATHI NAHAPPAN (Appointed).  
" MR. S. P. S. NATHAN (Appointed).  
" ENCHE' NIK HASSAN BIN HAJI NIK YAHYA, J.M.N. (Appointed).  
" TUAN HAJI NIK MOHD. ADEEB BIN HAJI NIK MOHAMED (Kelantan).  
" TOK PANGKU PANDAK HAMID BIN PUTEH JALI, P.J.K. (Appointed).  
" RAJA RASTAM SHAHROME BIN RAJA SAID TAUPHY (Selangor).  
" DATO' SHEIKH ABU BAKAR BIN YAHYA, D.P.M.J., P.I.S., J.P. (Johore).

The Honourable DATO' G. SHELLEY, P.M.N., J.P. (Appointed).

" TUAN SYED AHMAD BIN SYED MAHMUD SHAHABUDIN, J.M.N.  
(Kedah).

" TUAN SYED BAHALDIN BIN SYED NOH, J.P. (Perlis).

" MR. T. H. TAN, J.M.N. (Appointed).

DATO' E. E. C. THURAISINGHAM, D.P.M.J., J.P. (Appointed).

" MR. S. O. K. UBAILDULLA (Appointed).

" ENCHE' WAN AHMAD BIN WAN DAUD, P.J.K., J.P. (Perlis).

DATO' WAN IBRAHIM BIN WAN TANJONG, J.M.N., J.P., Orang  
Kaya Indera Maharaja Purba Jelai (Pahang).

" MR. YAP KHEN VAN, A.M.N., J.P. (Pahang).

" MR. YEOH KIAN TEIK (Perak).

#### IN ATTENDANCE:

The Honourable the Minister of Finance, MR. TAN SIEW SIN, J.P.

" the Minister of the Interior, DATO' SULEIMAN BIN DATO'  
HAJI ABDUL RAHMAN, P.M.N.

" the Minister of Education and Minister of Commerce and  
Industry, ENCHE' MOHAMED KHIR JOHARI.

#### PRAYERS

(Mr. President *in the Chair*)

#### ORAL ANSWERS TO QUESTIONS

#### FINANCIAL AID TO KELANTAN AND TRENGGANU

**Enche' Amaluddin bin Darus** minta kepada Pĕrdana Mĕntĕri, di-dalam kempen Pilehan Raya Dewan Ra'ayat baharu<sup>2</sup> ini, Mĕntĕri<sup>2</sup> Pĕrikatan tĕlah mĕmbuat kĕnyataan kapada ra'ayat, bahawa sĕkira-nya orang<sup>2</sup> di-Pantai Timor tidak mĕngundi Pĕrikatan maka Kĕrajaan Pĕrikatan bila bĕrkuasa akan mĕmotong bantuan<sup>2</sup> Kĕrajaan bagi ranchangan kĕmajuan di-nĕgĕri<sup>2</sup> Kĕlantan dan Trĕngganu. Boleh-kah Yang Bĕrhormat Pĕrdana Mĕntĕri mĕmbĕri pĕnjĕlasan tĕntang sikap Kĕrajaan dalam hal ini sĕkarang kapada Dewan ini?

**Tun Abdul Razak:** Tuan Yang di-Pĕrtua, jawapan daripada Yang Bĕrhormat Pĕrdana Mĕntĕri ada-lah sapĕrti bĕrikut:

Yang sa-bĕnar-nya saya pun tak tahu mana satu Mĕntĕri yang di-sĕbutkan oleh Yang Bĕrhormat itu atau puri apa pĕrkara yang di-chakapkan-nya itu, tĕtapi ada-lah saya dĕngar

angin barangkali boleh juga Mĕntĕri itu ada mĕngeluarkan pĕrchangkapan sapĕrti ini sa-bagai mĕnjawab di-atas apa yang di-sĕbutkan<sup>2</sup> oleh party<sup>2</sup> lain bĕrkĕnaan dĕngan wang untok mĕmbuat kĕbajikan di-nĕgĕri kita ini. Jadi, satu pĕrkara yang tĕlah saya dĕngar, sa-orang Sĕtia-Usaha, saya ingat kalau saya tak silap ia-lah dari-pada Party P.A.S. Kĕlantan yang mĕngatakan party-nya tidak bĕrkĕhĕndakkan wang pinjaman dari Amerika itu dan pinjaman dari nĕgĕri<sup>2</sup> lain di-gunakan bagi kĕmajuan nĕgĕri kita ini. Jadi, kalau tĕrsalah di-atas fahaman saya bĕrkĕnaan dĕngan pĕrkataan itu, saya minta ma'af, tĕtapi saya ingat kalau Mĕntĕri<sup>2</sup> itu bĕrkata apa<sup>2</sup> hanya-lah bagi mĕnjawab pĕrchangkapan<sup>2</sup> party yang lain. Policy Kĕrajaan Pĕrikatan di-atas hal ini sapĕrti mana Ahli<sup>2</sup> Yang Bĕrhormat mĕngĕtahui ia-itu sĕntiasa mĕnimbangkan ranchangan<sup>2</sup> kĕmajuan mĕngikut kĕhĕndak economy nĕgara dan kĕutamaan<sup>2</sup> bagi ranchangan<sup>2</sup> ini di-tĕtapkan supaya mĕmbĕri fa'edah ka-pada sĕgala lapisan ra'ayat jĕlata dĕngan timbangan yang sama rata.

**Enche' Amaluddin bin Darus:** Tuan Yang di-Pĕrtua, pĕrtanyaan ini patut-lah saya jĕlaškan lagi bahawa yang

sa-bĕnar-nya pĕrtanyaan itu di-buat ia-lah bĕrkĕnaan dĕngan satu pĕnyataan yang sudah tĕrkĕluar.

**Tuan Yang di-Pĕrtua:** Pĕrkara ini bĕlum di-bahathkan lagi dan kalau ada pĕrkataan<sup>2</sup> yang hĕndak di-soalkan hĕndak bĕrkaitan dĕngan itu sahaja.

**Enche' Amaluddin bin Darus:** Tuan Yang di-Pĕrtua, kĕnyataan itu tĕlah di-buat oleh Timbalan Pĕrdana Mĕn-tĕri yang pada masa itu sĕlaku Pĕrdana Mĕn-tĕri, tĕtapi ada-kah di-bĕri jaminan yang ugutan itu tak akan bĕrlaku di-Pantai Timur dan jawapan yang tĕgas ada-lah di-tunggu<sup>2</sup> oleh ra'ayat di-kawasan itu.

**Tun Abdul Razak:** Tuan Yang di-Pĕrtua, saya sudah mĕmbachakan jawapan itu.

**Enche' Da Abdul Jalil:** Tuan Yang di-Pĕrtua, sĕmasa Pilehan Raya dahulu ada papan<sup>2</sup> lebel.

**Tuan Yang di-Pĕrtua:** Tidak ada.

**Enche' Da Abdul Jalil:** Papan lebel yang di-sĕbutkan itu ia-lah di-ferry Dungun dan Marang dan lain<sup>2</sup> ferry yang mĕngatakan jambatan<sup>2</sup> akan di-buat tĕtapi sa-lĕpas itu papan lebel itu tidak ada lagi. Maka dĕngan ini ada-kah bĕrmaana jambatan<sup>2</sup> itu tidak akan di-buat pada tahun 1960 ini?

**Tun Abdul Razak:** Tuan Yang di-Pĕrtua, soalan itu ia-lah bĕrkĕnaan dĕngan pĕrkara yang baharu.

## BILLS

### THE SUPPLEMENTARY SUPPLY (1959) (No. 4) BILL

#### Second Reading

**The Minister of Justice (Tun Leong Yew Koh):** Mr. President, Sir, I beg to move that a Bill intituled "an Act to apply a sum out of the Consolidated Fund for additional expenditure for the services of the year 1959, to appropriate such a sum for certain purposes and to provide for the replacement of amounts advanced from the Contingencies Fund" be read a second time.

**Mr. T. H. Tan:** Sir, I beg to second the motion.

**The Minister of Finance (Mr. Tan Siew Sin):** Mr. President, Sir, this is

my first appearance in this distinguished and august Assembly and I wish to say that I count it an honour to be here, and I am most grateful to you, Sir, and Honourable Members of this House for the opportunity to speak on this and on the other Bills now before the House with which, as Minister of Finance, I am concerned. I am sure, Sir, that on this and on future occasions I may count on the understanding and even the indulgence of Honourable Members of the Senate, and for my part I shall deem it a privilege to assist this House in its deliberations to the best of my ability.

Sir, the Fourth Supplementary Estimates of Expenditure for the current year, which have been circulated to Honourable Members of this House as Command Paper No. 24, provide for expenditure totalling just over \$16½ million. Of this sum, \$12,024,288 is required to be appropriated by Parliament. The Bill now before this House seeks to effect this appropriation for the purposes specified in the Schedule. Sir, I do not consider that any of the expenditure in question is of a contentious nature or that the Bill raises any matters of policy on which I need speak. All the relevant information and any necessary explanations are to be found in the Bill itself, in the Fourth Supplementary Estimates, in the Treasury Memorandum on those Estimates, namely, Command Paper No. 23, and in Command Paper No. 26 which is a statement of the advances made from the Contingencies Fund.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(Mr. President *in the Chair*)

Clauses 1 and 2 ordered to stand part of the Bill.

The Schedule ordered to stand part of the Bill.

The Preamble ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### THE TREASURY DEPOSIT RECEIPTS (AMENDMENT) BILL, 1959

#### Second Reading

**Tun Leong Yew Koh:** I beg to move that a Bill intituled "an Act to amend the Treasury Deposit Receipts Ordinance, 1952" be read a second time.

**Mr. T. H. Tan:** I beg to second the motion.

**Mr. Tan Siew Sin:** Mr. President, Sir, at present the Government may borrow for periods of up to 12 months by issuing Treasury Bills and for periods of 3, 4 and 5 years respectively by issuing Treasury Deposit Receipts. The Government has no power to issue two-year securities other than two-year registered stock under the provisions of the Loan (Local) Ordinance, 1959, which up to the present time has been used for the issue of longer term loans, since monies raised under that Ordinance are paid into the Development Fund. It is important that the market for Government securities should be widened and one means of doing this is to increase the range of Government securities. The amendment which this Bill proposes to the Treasury Deposit Receipts Ordinance is a step in this direction. Two-year deposits will meet at least part of the requirements of the State Governments and of statutory authorities for short-term Government securities. It is also hoped that the proposed reduction of the minimum deposit to \$50,000 will make Deposit Receipts more attractive to private investors.

Treasury Deposit Receipts are not normally marketable before their maturity dates. I wish, however, to say that the Federation Government will give sympathetic consideration to any request for early repayment of deposits and will in normal circumstances be prepared to make repayment even though it can accept no advance commitment to do so in any particular case.

Sir, I beg to move.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(*Mr. President in the Chair*)

Clauses 1 to 3 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### EMPLOYEES PROVIDENT FUND (AMENDMENT) BILL

#### Second Reading

**Tun Leong Yew Koh:** Mr. President, Sir, I beg to move that a Bill intituled "an Act to amend the Employees Provident Fund Ordinance, 1951," be read a second time.

**Mr. T. H. Tan:** Sir, I beg to second the motion.

**Mr. Tan Siew Sin:** Mr. President, Sir, as this House will be fully aware, the Government is determined to push ahead with the economic and social development of our country as rapidly as possible. The rate and extent of this development must depend largely upon the volume of money provided for the purpose by our own people. At the present time, the largest single source of such money is the contributions made by the people to the Employees Provident Fund. It is most essential that this money should not be lost for the all-important purpose of national development as it would be if the assets of the Employees Provident Fund were invested outside the Federation. I am happy to say that the Employees Provident Fund Board has fully recognised the identity of interest between the contributors to the Fund and the people of the Federation generally and that the major part of the Fund has indeed been invested in Federation Government loans raised for development purposes. Nevertheless, the Board's responsibility is a heavy one and after full consultation with the Board, and with the Board's full agreement, the Government has decided that it is desirable for Parliament to define more precisely by

legislation the broad lines of the investment policy which the Board shall follow. In brief, the Bill now before this House gives statutory recognition to the over-riding claims of investment within the Federation and will serve to protect the Board against the criticism which might otherwise find expression from time to time that the Board was neglecting the true interests of depositors by failing to take advantage of favourable opportunities for investment in overseas countries.

It will be noted that this Bill provides for not less than 70 per cent of the monies invested or re-invested in any one year to be invested in Federation Government securities. This requirement, I repeat, has the support of the Board itself, and I venture to suggest that it is indeed right and proper that the bulk of the assets of the Fund should be so invested in order that they may be devoted to the programme of development approved by the people's elected representatives in Parliament. I am further satisfied that the right of the Board to invest 30 per cent of the assets of the Fund in other than Government securities will allow the Board to pursue a sufficiently flexible investment policy. It may indeed happen that the Board will have some difficulty in finding an outlet even for this proportion of the Fund's assets within the range which the law permits for trustee investment.

In any case, I wish to assure this House that should the Government at any time be unwilling to issue securities which would meet the requirements of the Fund, I would be prepared to allow the Board to invest more than 30 per cent in non-Government securities in the Federation to whatever extent the circumstances of the time may warrant; and I would also be prepared to allow investment outside the Federation should the Board be able to show that such investment is essential in the interests of depositors.

In conclusion, Sir, I wish to observe that this Bill has nothing whatsoever to do with the purposes of the Employees Provident Fund—I make this point simply because as the debate in the

House of Representatives showed, it was evidently not clear to certain sections of that House. This Bill is not concerned with any change in the purposes of the E.P.F. scheme or with any question of social security or insurance. Most certainly, Sir, these are broad and important issues and the Government recognises them as such. This Bill however deals merely with the particular aspect of investment policy to be pursued by the Employees Provident Fund Board.

**Mr. S. O. K. Ubaidulla:** Mr. President, Sir, I very carefully followed the speech of the Honourable Minister of Finance and I was particularly very happy when I heard him say that he will permit the E.P.F. Board to invest more than 30 per cent in non-Governmental securities if such were justified. Sir, we have come to gather that the money that have accumulated in the Employees Provident Fund would be sufficient to welcome its investment in co-operative public ventures. There are co-operatives organizations in this country that are badly in need of money and often they have thirstily looked to the Employees Provident Fund as a resourceful source from which they can justifiably claim a loan. There have been instances where some Bodies thought of approaching the Employees Provident Fund, but as the Bill before us and the Bill that has been passed on Employees Provident Fund would not permit such investments they could not do so. I appeal to the Honourable Minister of Finance to lose no time in forming a Committee if it is necessary, or if he thinks he himself can look into this matter, to see whether the E.P.F. funds cannot be released for co-operative ventures. There has been an instance where workers had formed themselves into a co-operative body when an estate was available for them to purchase. They are all contributors to the E.P.F. funds. It is these contributors who must be given first chance to make use of E.P.F. funds. Everything being fair, if contributors would be willing to give the same interest, they should be given a preference to

make use of E.P.F. funds for co-operative efforts which will in the long run enhance the prestige of the workers and increase the standard of living of the country.

Sir, with regard to the Employees Provident Fund itself I have got a few suggestions to offer to the Honourable Minister of Finance but this will not be the appropriate occasion. The E.P.F. rules are very rigid here. From the knowledge of its working in other countries the E.P.F. is often open to useful purposes; for instance, repayable loans to the contributors. I know the very intention of the Employees Provident Fund is to give the contributors a sort of sum towards their retired age, but in the meantime if they ran into heavy debts the E.P.F. money will only be useful to settle their debts in the end. So, in the course of time if they were allowed from the E.P.F. repayable loans at a low interest, that will be quite in keeping with the spirit of the Employees Provident Fund. There are similar suggestions that have come to light in the course of the working of the Employees Provident Fund. I hope the Honourable Minister will kindly consider these matters and make the E.P.F. laws more progressive and more helpful to the contributors.

**Mr. Tan Siew Sin:** Mr. President, Sir, two suggestions have been made by my Honourable friend Mr. Ubaidulla. I think I should make it clear that the overriding consideration which must guide the Government in its investment policy is not only its duty to the country but also its duty to the contributors themselves. That means, in the latter case, that the investment policy must be such that there is no danger, no reasonable danger, that the investment will be lost, and at the present stage of the development of the co-operative movement in this country I am not satisfied that investment in co-operative societies would serve the best interests of the contributors themselves. I do not, for one moment, suggest that co-operatives should be discouraged or that we should not do everything in our power to encourage the growth of co-operatives, but I do

suggest that at the present stage of the development of the co-operative movement in this country the Government cannot at this moment contemplate allowing surplus funds of the Employees Provident Fund to be invested in co-operatives.

The Honourable Member also suggested that the Board could be allowed to make loans to contributors. I have dealt very exhaustively with this suggestion in the Lower House and pointed out that the primary object of this Fund is to provide for old age. If it is suggested that a scheme should be devised to provide for unemployment insurance and things like that, I have no doubt at all that such schemes are worthy of consideration, but I suggest that this is not the Fund to provide for that objective. By all means, if it is possible, we should consider instituting an unemployment insurance scheme or a health insurance scheme, but I do not see how we can use the Employees Provident Fund, which is primarily designed to provide for old age, for other purposes.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(*Mr. President in the Chair*)

Clauses 1 and 2 ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### THE LOANS (EXPORT CREDITS GUARANTEE) DEPARTMENT BILL, 1959

#### Second Reading

**Tun Leong Yew Koh:** Sir, I beg to move that a Bill intituled "an Act to provide for the raising of loans from the Export Credits Guarantee Department of the Board of Trade of the United Kingdom by the Federation of Malaya" be read a second time.

**Mr. T. H. Tan:** Sir, I beg to second the motion.

**Mr. Tan Siew Sin:** Mr. President, Sir, I believe that this House would be aware of the agreement in principle between this Government and the Government of the United Kingdom on the grant of a loan to the Federation, equivalent to \$19,236,000 for the purpose of financing overseas expenditure on certain telecommunications projects. This Bill seeks to provide the requisite statutory authority for the acceptance of this loan.

The terms and conditions of the loan have not been finally decided, but it is proposed that the loan shall be made available to the Federation through the agency of the Export Credits Guarantee Department of the United Kingdom and shall be fully repaid by 31st December, 1969. The loan will be drawn as and when required to pay for equipment purchases and the rate of interest will be calculated separately for each drawing and will depend upon the rate at which the United Kingdom Government is itself borrowing at the time of the particular drawing. A charge of  $\frac{1}{4}$  per cent per annum will be made to cover the working expenses of the Export Credits Guarantee Department, but we can expect that the overall rate of interest which we shall have to pay will be appreciably lower than that at which we ourselves could borrow in the United Kingdom for a comparable period. These arrangements are the same as are applied to all similar loans granted by the United Kingdom to other independent members of the Commonwealth.

The total cost of the projects in question is estimated to be \$28,670,000 and the Federation Government has undertaken to provide funds to meet the local expenditure involved, namely, \$9,434,000. The loan itself will be used for the purchase of equipment of British manufacture. This is considered to be in the best interests of the Federation. The equipment and planning of the whole telephone and telegraph system in the Federation is largely based on the practice of the British Post Office. We will thus be able to take full advantage of the vast research, development and experience of the

British Post Office Engineering Organisation and the proposed purchase of British equipment, by ensuring the continuing standardisation of our own equipment, will enable the maximum economies to be effected in the training of staff and in the holding of stocks of spare equipment and, lastly, will facilitate the planning and development of our whole telephone and telegraph system.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(*Mr. President in the Chair*)

Clauses 1 to 5 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### THE INCOME TAX (AMENDMENT) BILL

#### Second Reading

**Tun Leong Yew Koh:** Mr. President, Sir, I beg to move that a Bill intituled "an Act to amend the Income Tax Ordinance, 1947" be read a second time.

**Mr. T. H. Tan:** Mr. President, Sir, I rise to second the motion that the Income Tax (Amendment) Bill, 1959, be read a second time. In doing so, Sir, I have some observations to make. I believe that I am right in saying that the main purpose of the amendment to the Income Tax Ordinance is to broaden the base of our income tax structure—this means that more people will have to pay income tax.

I support this measure for three main reasons: firstly, in a country where hitherto only about 30,000 people out of a total population of more than six million pay income tax, there is obviously justification for broadening our income tax structure. Secondly, there is an urgent need to raise more revenue not only to meet the increasing annually recurrent expenditure, but also

to satisfy public demands for more social services, better educational facilities, improved communications, more kampong development and so on. Thirdly, it is an accepted fact that income tax is the fairest form of taxation, and the broadening of the base of our income tax structure should be regarded by all, who are mindful of their civic responsibilities, as an act to afford our citizens the opportunity of making their contribution to the national development.

Mr. President, Sir, I believe there is no dispute on the principle and need for increased taxation as a means for raising more revenue. There may not, however, be complete agreement on details and this probably applies to the proposals contained in the Income Tax (Amendment) Bill before this House. In this connection, I feel confident that Government will consider sympathetically submissions concerning hardships disclosed in the course of implementing these tax proposals. As taxation is constantly under review there is always hope of relief as long as there is justification for it. In the meantime, it is well for us to remember that someone must pay for more social services, better roads, kampong improvement and so on. In the final analysis, the people themselves must pay. In some cases the new category of income tax payers will be called upon to pay as little as \$1 a month. Surely, Sir, this is not too much a burden, not too much a contribution, for the development of our country.

Sir, we are all proud of being citizens of the independent Federation of Malaya, and I beg respectfully to suggest that we should match this pride with a readiness to make every possible contribution to the development of our country, which is already regarded as a model of inter-racial co-operation, of peaceful, constitutional evolution, of orderly and stable government in this part of the world—if not indeed for the whole world. (*Applause*).

**Mr. Tan Siew Sin:** Mr. President, Sir, I am very grateful to my Honourable friend Mr. T. H. Tan for having so

ably seconded this Bill. In fact, Sir, he has said all the things which I should have said and I think there is really very little for me to add.

As I explained in the Lower House, this Bill stems from the Government's decision, which is basic to the Budget which I presented a fortnight ago, to expand the revenue. The reasons for that decision are discussed at some considerable length in my Budget speech, copies of which have been circulated to Honourable Members of this House, and I do not think I need recapitulate them here.

This Bill at least has the virtue of brevity and I think that its few provisions are quite clear from the text of the Bill itself. It has been, and it remains, the Government's contention that the increased burden of taxation which the Bill seeks to impose is a reasonable one when regard is had to the country's need for more revenue.

As Honourable Members will be aware, there was criticism in the Lower House, and there had been criticism in certain sections of the Press, to the effect that the Government's proposals bear hardly upon the new taxpayers whom the Bill will produce and upon existing taxpayers in the lower income groups. I do not believe that such criticisms can be honestly sustained. Indeed, I repeat the claim which I have made elsewhere, not only will the proposals in this Bill inflict no hardship on individual taxpayers, but that the burden of taxation will be fairly spread over both existing taxpayers and over the new ones. I would also repeat that I am conscious that there is a serious amount of tax evasion at the present time and that I am determined to combat this evil.

Finally, I would suggest that the proposals in this Bill should be viewed not only in the context of the need to increase revenue, but also in that of our need for foreign capital and against the fact that of the \$156 million which income tax is expected to yield in 1960, as much as \$109 million is expected to be contributed by limited liability companies.

**Dato' Dr. Cheah Toon Lok:** Mr. President, Sir, may I have your permission to speak on the Income Tax (Amendment) Bill, 1959, which the Dewan Ra'ayat has sent to this House for approval. The excitement this Bill has caused throughout the country is a clear indication of its importance and also of the keen interest taken by the people. I believe that this House is aware of the cause of that excitement. Certain features of the Bill are heatedly debated outside this House. Honourable Members of this House have said that even in their family circles the matter has been debated vigorously because of the new rates of relief allowed.

In Asian countries the respect for and the care of the aged and infirm parents by the sons and daughters are traditional. It is the Asian way of life to show filial piety. It is incumbent on the breadwinner to support the parents and the less fortunate and dependent members of the family. Even in the welfare state of Great Britain, where old age pensions are given, dependent relative allowance of £60 for each relative is bestowed; daughter's services to the old and infirmed are allowed at £40; persons aged 65 or over are granted certain tax exemptions and so on. I fully realise the principle that has been raised by the Honourable seconder of this Bill that when we have privileges we have to carry out certain responsibilities, and payment of taxation is one of the responsibilities.

I fully realise the difficulties of the Minister of Finance to find the necessary funds to run the Government efficiently and smoothly. I beg the Minister to keep in mind the various points I have raised during his yearly review of the operation of this Ordinance so that cases of hardship and anomalies will receive sympathetic consideration so that his name will be blessed by all. (*Laughter*).

**Mr. S. O. K. Ubaidulla:** Mr. President, Sir, the tax increases, whether direct or indirect, are always received with groans. It becomes intense with a newly independent country because it has never known such taxes before. To

create a happy frame of mind in the people we should see that our tax policy does not overtake the slow cart of civic consciousness with excessive speed. This is one thing I would like to leave in the Honourable Minister's mind because he is the best judge; he knows whether or not the tax policy should overtake the slow cart of civic consciousness with a speed. If it is a matter of national priority we have no other alternative but to resort to tax both direct and indirect. However, we must remember that after five years we will be back to the people. If the people do not realise the necessity to raise money in this way to provide for the welfare and the wellbeing of the people, we do not have a third party to whom we can go and say that what we have done was the right thing. I have no strong views about the new taxes because I am not in possession of such facts, as the Honourable Minister and the Cabinet of the Government that enabled them to decide in favour of taxes. If they feel the need is so great, we should accept their decision.

Sir, the mainland of Malaya is in an unfortunate situation whenever the tax rates are raised. People here at once sit up and begin to compare with Singapore: "See, there these things are free; why should we pay here more" are the words we hear. And of course the existence of Penang is a curious conundrum because Penang is within the Federation and yet it is a duty-free area. I hope that the people of the Federation would not sit up and begin to compare with Penang.

Now, there is another matter to which I thought I should draw the attention of the Honourable Minister of Finance. We have set aside a sum of money to catch the income tax dodgers. This step is a very good one but it has bad features also. No honest breadwinner would like to become an informer. They even consider it to be an ignoble profession. It is mostly the nosy parkers or gossipers who are in possession of inner information of others. I would not be surprised if some notorious characters take to this profession of informing because they

have no other work to do. My fear is that our inducement money should not sometimes become an inducement to such sort of blackmailing. For this matter I would like to request the Honourable Minister to create a machinery that will take care of these informers.

We should not accept information from all and sundry. The informers should have a permanent residence—I mean informers should have a permanent address. They should have belonged to a profession for a considerable time. And finally, Sir, if the information they have given is not true there should be a penalty equivalent to the sum of reward to offset the waste of time to the department and the indignity suffered by the parties. I think this is only fair. If we do not make such necessary stipulations I am sure the department will have heavy mails to clear everyday with information and most of them may be frivolous. There must be some yardstick by which the information can be vetted and the informant could be taken as one who is earnest and motivated by patriotic feelings and not one who tries to pay back some of his old grudge. It may be thought that what I am trying to say is rather magnifying, but in the long run if no strictness were shown this may become a substantial worry to the department and to the people who are good citizens of this country.

Sir, I am glad that the increased rates of income tax have been accepted by and large by the people. That shows how the majority of the people are quite conscious of the needs of the country. Of course, there have been groans by the lower income group because they have hitherto not been paying any form of income tax. However, Sir, I hope they will also realise that there is a little share of contribution they could give for the good and the advancement of the country. Thank you, Sir.

**Dato' G. Shelley:** Mr. President, Sir, from whatever angle the additional tax is viewed, it is abundantly apparent that there is one group of people that will be most affected by the increments

as set out in the Second Schedule of the Amendment Bill before us. Whether it be by accident or by design, the Finance Minister has sorted out this group of people, to use an expression that has been used this morning, "to shoulder the civic responsibilities" which in the Lower House he described as modest and my Honourable friend Mr. S. O. K. Ubaidulla describes as trifling. For want of a better name, Sir, I will refer to this group of people as the middle class people of the Federation. As these people are to form the base for the new pyramid of taxpayers envisaged by the Honourable Finance Minister, I think it is right and proper that the House ought to be fully acquainted with the financial set up of this group of people. In presenting my argument I would ask your licence to deviate a little because there are various aspects of the Amendment Bill before us which involve other matters.

Now, these people of the middle class group which I refer to are office workers, teachers, civil servants, artisans, small estate owners and so forth. They are people who know their civic responsibilities and do not shirk them. By dint of their efforts they manage to eke out an existence which can be considered not too high and not too low by local standards of living. Being of the lower income group they have not been unduly burdened by direct taxation in the form of income tax, but it would be wrong, entirely wrong, for any Honourable Member to think that these people have not paid their share towards the national exchequer. These are the people, they are the consumers, who pay the greater bulk of the import duties that are levied in the country. A glance at the list of the goods that are subjected to import duty will reveal the extent to which these people are affected by import duties. Traders and businessmen alike have a happy knack of passing the buck of any taxation that Government imposes on them. This is a factor which cannot be overlooked or ignored in any intelligent analysis of the economic life of these people and their contributions towards the national exchequer.

Sir, a further contribution made by these middle class people towards the

revenue of the country comes under the heading of "School Fees". Parents in this group of people are levied \$2.50 for every child attending school, if the child is in the primary school. If they have 5 children—I will refer to the case of a man who has 5 children—they have to pay \$12.50 a month and in a year \$150. The Minister of Finance has referred to these people as paying \$39, i.e. he refers to the case of a rate-payer who has an income of \$6,000 and has a wife and 5 children. The Minister says he pays \$39, but he pays \$189 and not \$39. It is \$39 plus the \$150 in school fees that must be taken as his contribution towards the revenue of the country and this sum, i.e. \$189, is equivalent to 29.1 per cent of his taxable income. I repeat 29.1 per cent. That is the naked truth and that is what the Minister of Finance describes as modest. Now this 29.1 per cent is even more revealing when we set it against the man who has an income of \$40,000 a year. Such a person who has 5 children—same as the other person—pays an income tax plus \$150 in school fees or \$5,962 a year. This amount works out at 17.2 per cent of his taxable income as against the 29.1 per cent paid by the person of the middle class. The first person I referred to gets \$6,000 and the other one gets \$40,000 a year. Those are the facts, Sir, and they support the claim of the inequitable levy in the income tax table. It further emphasises the dire necessity for the revision of our tax structure, and in that revision it is absolutely necessary that school fees be taken as part and parcel of the tax payable by the middle class people to the National Exchequer. In this connection, Sir, I feel I have to refer to the figure of \$12.7 million referred to by the Minister of Education as cost, he says, of doing away with school fees. I presume that he intended to convey to the Lower House that this was the amount of school fees that Government will have to meet if no school fees were collected in the primary schools. If this high figure is correct, then my case for a relief to the lower income group is more apparent than ever, but I suggest that the figure is not correct. I have lifted from the 1956 State Budgets—

Budgets of the 11 States—the estimated revenue appearing under the heading "School Fees". With your permission, Sir, I would detail the lot here:

Kedah	...	...	\$ 109,182
Perlis	...	...	20,500
Penang	...	...	290,000
Perak	...	...	362,000
Selangor	...	...	327,290
Negri Sembilan	...	...	163,500
Malacca	...	...	131,000
Johore	...	...	270,000
Kelantan	...	...	40,500
Trengganu	...	...	25,500
Pahang	...	...	139,890

Total for the 11 States \$1,879,362, or approx. \$1.9 million.

That is the estimated revenue in 1956 which the 11 States expected to collect in the form of school fees, and that figure, Sir, includes fees for secondary education as well as primary education. I think it can be liberally estimated that about \$1 million is the amount of primary school fees. Even allowing for enlarged enrolments I am unable to reconcile my figure with that of the Minister of Education.

In view of the facts and figures which I have endeavoured to place before the House, I suggest that the Minister of Finance could have made his income tax pill a little more pleasing, more palatable, if he had coated it with the removal of the levy of school fees. I suggest that he would have found a more receptive middle class group of people. Whatever it is, Sir, I do trust that the whole of the structure of the income tax levies be reviewed at the earliest possible time.

**Mr. Athi Nahappan:** Mr. President, Sir, I wish to echo the eloquent and able speech made by the Honourable Dato' Dr. Cheah Toon Lok in favour of dependent relatives.

Sir, I am quite aware that the Honourable Minister of Finance, coming as he does from a very cultured Asian family, knows the structure of the Asian families generally. I do not want to be communal in my approach. I come from a Hindu joint family and

we have our own family responsibilities and very often we are required to maintain our aged parents, brothers and sisters. But what I would like to ask is that in the application of these new levels of taxation, there should be a certain amount of relaxation in considering legitimate and reasonable pleas for help. If the Government keeps that in view, I am sure quite a lot of taxpayers will feel greatly relieved.

The Honourable Minister of Finance in his address in the Lower House referred to section 68 of the Income Tax Ordinance which enables the Comptroller of Income Tax to make an assessment on the chargeable income determined to the best of his judgment. I understand that this section is now being widely applied under the present Ordinance and the Honourable Minister of Finance intends to resort to this section in fighting against tax evasions, but I hope that in applying this Section there will be sufficient care so as to prevent any abuse. It is, of course, I quite realise, not humanly possible for the Comptroller of Income Tax to consider every case by himself and naturally he has to get the help of his colleagues. I have heard some complaints—I do not know how far they are justified—that minor officials are allowed to make assessments and that the assessments are sometimes made without proper check. As I said, I am not quite sure of this criticism, but since the Honourable Minister of Finance has referred to this section and has said that he would like to resort more to this in the application of the taxation, I hope this will be taken into consideration.

Apart from these two observations, Mr. President, I am in full support of the new taxation levels. I do not think that Malaya is having a very high level of taxation. We are a prosperous country; we want to progress; and we have got Merdeka. Under the British rule, we were under the paternal and benevolent treatment of the former government. We never fought or demanded for development; we took things as they came. But now we have our own Government—an elected Government—and we want that

Government to deliver the goods. If we want the Government to deliver the goods, we have to pay for them—we cannot have something for nothing. I think it is always the case that whenever a tax is increased, even on a very small scale, there is a hue and cry; there is always criticism—quite naturally. We have heard a good deal of criticisms in the Lower House, some of them motivated by political considerations. And some views were expressed that these new levels of taxation are designed to squeeze the poor. Well, Sir, we have read in the Press criticisms emanating from various sections of the people; we have heard criticisms from the rich and the poor alike, and that gives us an indication as to the evenness and fairness of these new tax levels, because the criticisms have come from both the rich and the poor. Sir, it was heartening to hear this morning from the Minister of Finance that of the \$156 million to be collected by way of income tax nearly \$109 million, or more than two-thirds, will come from limited liability companies. This is a clear indication that the poor is not being squeezed.

Sir, in this country, it is a new thing for us to bear our burden and His Majesty's Government has got its obligations and in the election manifesto they have announced their objectives and they have to carry out these objectives. In doing so, they will have to make the people bear their responsibilities by contributing their share. I do not think more than 50,000 people are going to pay taxation, and this works out at one per cent or less than one per cent of the total population. This is not a very big number. In neighbouring countries, particularly in India, we have seen that as a result of their various 5-year plans, taxation levels have been enormously increased. They have even introduced expenditure tax, and they are not unwilling to try new methods of taxation in order to develop their country. If we want to develop our country, we have to find new sources of income.

About the middle class people—the clerks and others who are required to pay—I would say that I have been in

England for a few years, and this has been my personal experience. My wife was working there as a typist and she got about £7 a week. I was not working at all; I was a full-time student; I had my two children there; and yet she had to pay her income tax. Well, as regards people in Malaya, there are a lot of typists, there are a lot of clerks whose scale of income is comparable to the salaries in the United Kingdom. As a matter of fact, Sir, my wife was getting less salary in the United Kingdom as a typist than she was getting here. I find that the income level of the Government servants in this country is appreciably high. It has been referred to that direct taxation is an equitable taxation. Of course, it is a taxation that pinches directly. The man who pays it feels it because he pays it out of his income. If he is taxed indirectly—say, he buys a thing—he does not realise that there is a duty on it, or that he is paying indirect taxation. The Government could have resorted to more indirect taxation. It is easier for them, perhaps, but that would generally be affecting the consumers. I think the Government is fair, pertinent and straightforward and have the boldness at a time, when we are enjoying some degree of prosperity, to introduce this taxation. (Applause.) The Government could have paid lip service to all its development plans, but it means business and it has to collect money from its own people. Therefore, I genuinely feel that this is a bold step of the Government—it is a timely step, and we are in a position to pay. Politicians can always criticise. Many of the politicians, who come from the opposition factions, criticise His Majesty's Government and they make speeches always keeping their minds on the gallery. I am not here to criticise, but it is to be clearly understood by any sane man, that these new levels of taxation are not unreasonable in themselves, and I do not think they are beyond the means of our people, who enjoy a reasonably good standard of living and a good level of income—in the Government and outside—to shoulder these new obligations and responsibilities. (Applause.)

**Mr. Cheah Seng Khim:** Mr. President, Sir, in rising to support the motion, I would like to congratulate the Honourable Minister of Finance for his boldness in bringing this amendment. Many people in this country do not realise that we are burdened with an ever-increasing expenditure, and we also cannot rely on the tin and rubber prices to remain at the same high level or go higher. But there is one thing, in my mind, which I would like to say and that is, whether it is wise to rope in people under the \$200 income group. I feel that by increasing just another 5 per cent from the very top level we can get a like amount, and the people so affected will be very small.

I do not think that I can agree with the Honourable Member who has just spoken and who has compared the tax in the United Kingdom with our State. I think we cannot compare because that State is a welfare State and our State is not yet a welfare State.

I hope the point raised by me about the roping in of people who earn \$200 and under would be considered by the Honourable Minister of Finance at a later stage.

**Enche' Hashim bin Awang:** Tuan Yang di-Pertua, Tuan, saya menyokong kuat di atas pindaan yang dibawa oleh Yang Berhormat Menteri Kewangan yang hendak mewujudkan Income Tax yang akan dikena pada orang<sup>2</sup> kita di-sini. Memandang kepada kaya-nya negeri kita ini dan chuma ada lebih kurang 30,000 orang sahaja yang membayar Income Tax, ini ada-lah satu perkara yang tidak patut, oleh sebab ada pehak<sup>2</sup> yang barangkali lari daripada membayar Income Tax maka itu-lah sebabnya Kerajaan kena mengambil langkah yang saperti ini.

Kita biasa mendengar daripada beberapa pehak yang mengatakan kebanyakkan ahli<sup>2</sup> perniagaan yang besar<sup>2</sup> yang ada mempunyai rumah batu besar dan ada mempunyai motorcar sahingga satu atau dua buah, tetapi mereka itu tidak membayar Income Tax. Itu-lah sebabnya saya menyokong kuat kepada Yang Berhormat Menteri Kewangan yang akan memberi

kuasa pěnoh kapada Comptroller of Income Tax supaya kuasa itu dapat dipakai tětakala měnghitungkan Income Tax kapada tiap<sup>2</sup> orang.

Dalam pěměrhatian saya, tětakala saya pěrgi kěluar něgéri di-U.S.A. dan juga di-něgéri Jépon, saya dapati tiap pěrniagaan daripada yang sa-běsar<sup>2</sup>-nya sa-hingga-lah sa-kěchil<sup>2</sup>-nya ada mě-makai satu jěntéra—cash register pada tiap<sup>2</sup> meja atau counter. Maka di-situ tiap<sup>2</sup> pěmbayar wang ada-lah di-daftarkan. Jadi, ini ada-lah satu chara yang saya fikir boleh měmbětulkan chara<sup>2</sup> orang yang měmbayar Income Tax kapada něgéri kita, kěrana děngan itu tiap<sup>2</sup> pěmbayaran di-hitong pada pětang hari dan di-masoki pula di-dalam satu buku register khas.

Harus Ahli<sup>2</sup> Yang Běrhormat di-sini tahu bahawa něgéri<sup>2</sup> Amerika dan Jépon-lah yang banyak sěkali dapat hasilan daripada Income Tax, sěbab ra'ayat<sup>2</sup> něgéri ini ta'at sětia kapada Něgéri-nya dan měmbayar Income Tax děngan sa-bětul-nya.

Hari ini saya nampak orang<sup>2</sup> yang makan gaji dari Kěrajaan sahaja yang bětul<sup>2</sup> bayar Income Tax, kěrana gajinya sudah tětap dan di-dalam pěngě-tahanan Pějabat Income Tax, sědangkan orang<sup>2</sup> pěrniagaan pula dapat mělari-kan diri děngan měnyimpan dua atau tiga buku kira<sup>2</sup> yang tidak bětul.

Tuan Yang di-Pěrtua, saya běr-harap bahawa Yang Běrhormat Měnteri Kěwangan akan měngambil tindakan yang sa-habis<sup>2</sup> běrat dan běri-kan kuasa děngan měněrentahkan kapada pěgawai<sup>2</sup> Income Tax supaya di-sělidiki děngan sa-halus<sup>2</sup>-nya di-atas pěrkara itu.

**Mr. S. P. S. Nathan:** Mr. President, Sir, Honourable Members, it was with great joy and pride that I looked forward to entering this august House for the first time. I was filled with enthusiasm that I should be able, though an insignificant Member, to help in some way to erect the Statutes of this, my young and virile country.

Today, however, Mr. President, Sir, I stand before you and my peers, filled with sorrow, for it is my unpleasant duty to deliver my maiden speech on that tragic measure—the Income Tax

Bill. Never—to paraphrase a famous figure—have so many been asked to support so few. For, in fact, Mr. President, Sir, the new Bill places the onus of the bulk of contributions, I cannot say “fairly” but certainly “squarely,” on the shoulders of the “little man”—the labourer in the towns, the petty clerk and the people in the rural areas who already are eking out an existence. In figures the percentages of increases at the lower levels look small—6 per cent at the bottom seems so insignificant compared to 45 per cent at the top. But I respectfully ask this House: how much is a dollar worth to the little man at the bottom of the scale—the man who earns \$2,100 a year? And again I ask: how much is a dollar worth to the man who earns \$55,000 a year?

I do not impute motives, Mr. President, Sir, but a simple arithmetical calculation seems to prove that the increases in certain Governmental salaries, introduced in the Estimates, would in fact go a long way to offset the increase in income tax at that level of earnings. Very lucky indeed for those concerned. But what happens to the little man? What is the answer?

Only a few days ago we were told in the Press that an official cost of living survey shows, that at the lower income levels well over 60 per cent of earnings go for food alone. Yet, we here, at this very moment, are being asked to approve a measure which will diminish still more the capability of the little man and his family to live—Yes Sir, I repeat, to live. The man who earns \$55,000 will spend an infinitesimal figure on food consumption and relevant items. That is why, Sir, I have asked the question: how much is a dollar worth to each of these two persons? The answer, Sir, is that to the little man a dollar has much greater value than it has for the big man. Yet the tax structure presented to us works in reverse—it places the full brunt of this tragic measure on the shoulders of the group that least can support it. 6 per cent of \$2,100 is a far greater sacrifice, far greater a burden, to sustain than 45 per cent when one is earning \$55,000 a year. When this Bill was framed,—how apt a word—did

anyone give a single thought whether it did fulfil all the principles of a just and sound measure? Was the question asked whether the individual was to pay simply in proportion of his income or more than in proportion? It is clear what the answer is to this question. Whoever framed the Bill said: "Let each person pay so as to leave the relations between different incomes undisturbed." Apparently, no consideration was given to the fact that few people are rich and many are poor.

The second principle of taxation, which I would call the "cynical" principle, is that the legislator should get the revenue in such a manner as to cause the minimum of opposition. The reply to this point has already been given—opposition is great. "Pluck the goose with as little squawking as possible" should have been the slogan of the framers of this Bill, but, Sir, the squawking is very loud indeed!

The third principle of taxation is based on the "ability" to pay. Did the framers of the Bill give any thought to this principle? I say—No, Sir. Take away any portion of the income of a poor man and the sacrifice imposed on him is vastly greater than when you take away half of the income of a millionaire. In the case of the poor man, taxation at the rate suggested in this Bill will exact what is essential for life and for meagre comfort. In one case of the rich man, taxation at this rate will only mean that he will cut down luxury and ostentation. To bring about equality of sacrifices you must balance the scales by taxation rates which place the burden on those who can support it best—this Bill does just the opposite.

The fourth principle of taxation has to do with which part of anyone's income should be taxed. In such democratic countries as the United States, the United Kingdom and Australia, the unearned increment part of income is taxed more heavily than that part which is earned by actual work. In other words, unfunded incomes such as wages are taxed less heavily than funded incomes, such as, income-yielding property, dividends, interests and rents. This Bill does nothing of the sort. Those who earn their

bread by physical toil are burdened much more than those whose incomes are derived by the very light work of cutting coupons off share certificates. Should the man who earn his living with his hands—and who earns amounts so small that they go almost entirely to provide physical subsistence—be taxed as the man whose expenditure on physical subsistence is the least of his total expenditure? I say no, Sir. Yet this Bill does just this.

A few days ago we were told that ours is the highest income per head in South-East Asia! That our standard of living is the highest in the area! I do not accept these statistical gerrymandering with doubtful figures. But I would have accepted the statement that the bulk of our people are less poor than the bulk of the people in the surrounding areas. The one doubtful virtue of this Bill is that it will bring about more equality—more equality of poverty between the people of the surrounding areas and the *ra'ayat* of Malaya!

Mr. President, Sir, I come to my second point—I dealt with the percentage of tax. Now I will deal with the after-effects. Many of the taxpayers roped in by the new Bill will be hawkers and petty shopkeepers. It is to be expected, as a matter of business practice followed by all enterprises, that the tax will be passed on to the consumer in the shape of higher prices of everyday commodities. Thus, the little man will get it both ways—through direct and indirect taxation. Is this fair? Is this just? Is this the economic *Merdeka*?

Thirdly, tariffs have been introduced, many of which have been applied to consumer goods, and not only to luxuries. Once again the burden of such tariffs will be passed on to the ultimate consumer—the little man. Mr. President, Sir, I ask: what are we trying to do? Are we seeking to increase poverty? Are we seeking to increase frustration? Are we seeking to increase unrest?

We all are behind the Government in seeking stability for this new nation of ours, but I must voice the warning that

political and social stability in any country are based on fair earnings being obtained by the bulk of the people so that they may live, not in luxury, but in frugal comfort, as human beings in a society that may be called civilised. Wages in Malaya are already very low. They are artificially depressed. A wage freeze policy has been in operation now for many months. A man and his family must live on \$3 a day and even less. In the rural areas, kampong people must seek to subsist, so we have been told, on \$30 or \$40 a month. The new taxes may not be directly paid by them, but indirectly they will be paid by them and by all the other little men who make up the bulk of our population. Mr. President, Sir, I can well understand that we all need to make sacrifices to help in the development of this fair country; but I say, Sir, let the sacrifices be justly distributed. Thank you, Sir.

**Enche' A. M. Abu Bakar:** Mr. President, Sir, we have heard many of the lengthy orations made in this House regarding this Income Tax (Amendment) Bill.

First and foremost, Sir, I would like to say a few words regarding the remarks about Penang by the Honourable Mr. S. O. K. Ubaidulla. The economy and the stability of the Island of Penang depends on the purchasing power of the people of the Federation. Any taxation that has been put, either internally or externally, direct or indirect, affects the commerce and trade of the people of Penang; in fact, Sir, we are more worried than the people who are taxed directly in the Federation. As such, Sir, the most affected State in the whole of the Federation to-day is Penang. But after hearing the Minister of Finance that the reason for this tax introduction is for the good of the common people and for one and all, we in Penang not only feel the pinch but we feel that on the whole it is a universal one and we accept it.

Secondly, Sir, my Honourable friend Dato' Shelley has brought up the subject of school fees, i.e., the payment of \$2.50 a month for each child and amounting to \$150 a year for a person

with 5 children. If he were to go further and say what the amount of taxation a middle class man or the lower income group man has to pay, he should also add the civic duties which the local government puts on to the people. In Penang especially, we have to pay not less than 35 per cent of the assessment value and we have got other rates added to it. If he has added these, Sir, I feel Dato' Shelley could say that we are paying not less than 80 per cent of the income in the form of taxation to the local government as well as to the Federation Government. Sir, this taxation levy is on the earning power of each man less a fair sum deducted for himself, his better half, as well as his children. Apart from the above, if you have the ability and the power to earn more, it is incumbent upon every citizen of the country to contribute to the coffers of the national government. I say, Sir, that it is the duty of every citizen of this country to contribute and that they should feel proud to do their mite to the country.

Sir, the last speaker, my Honourable friend Mr. Nathan, has mentioned that this amendment to the Income Tax Bill affects the labourers, hawkers, petty clerks and people in the rural areas. I feel, Sir, as far as I am concerned, it is wrong on his part to say that this will affect the labourers or clerks. A labourer earns about \$3 to \$4 a day, so he will not be able to earn more than \$3,000 a year to be within the category where he will have to pay income tax. Similarly, Sir, hawkers and petty shopkeepers must earn not less than \$250 nett per month. If they earn more than \$3,000 a year, they will be eligible to pay income tax to the Government, because we allow a deduction of \$2,000 for a man and \$1,000 for his wife. Furthermore, Sir, hawkers do not keep any accounts; we do not know what are their profits and what are their daily sales to their customers. As such, Sir, can my friend tell me under what category are these people classified by the Income Tax Department, and under what category are they classified under this amendment to pay Income Tax for my

friend to object? I say, Sir, debates can be carried out, objections can be put to any Bill which is fair or otherwise, but consideration must be given to the necessity of projects for the development of the country as a whole before objections are thought of by any one.

**Mr. Tan Siew Sin:** I am indeed grateful for and extremely encouraged by the generally favourable reception which my tax proposals have met with in this House.

I shall attempt to deal with the criticisms first. As far as I can gather, the general tenor of the unfavourable criticisms has been that these new impositions will affect the lower income brackets rather unfairly. I suggest, Sir, that this is not strictly correct. As I tried to point out in my speech, two-thirds, roughly two-thirds, of the total expected yield from income tax next year will be borne by the limited liability companies and only the remaining one-third will be borne by the new taxpayers; and even that one-third will not be borne entirely by the lower income group. I have not got the figures with me, but I am fairly certain that a large portion of that one-third will be borne by those in the higher income groups. It was suggested in the course of the debate by one speaker that we should "soak" the rich more, if I may use a colloquial but rather expressive phrase. That, of course, is a very fashionable cry at the moment and of course it is a very catching slogan. But I suggest that as a Government we should look at it from a slightly different standpoint. In the first place, we must remember that the rich are not so many even in this fair land of ours and that even if we are to confiscate, i.e., tax the rich 100 per cent, tax every millionaire in this country 100 per cent, we will still get only a fraction of what we need. Let us remember that in the 10 years since 1950 expenditure in this country, and when I say expenditure I mean annually recurrent expenditure and not development or capital expenditure, has increased by 260 per cent. The figure for 1950 annually recurrent

expenditure was \$340 million, and for the next year it is expected to be \$888 million, or nearly \$890 million, an increase of 260 per cent—and this increase has been on annually recurrent expenditure alone. Even if we compare 1960 with 1959 we find that ordinary expenditure has increased by \$52 million in one year and this in spite of a wage freeze which has been imposed on the Public Service in the past year or so. That shows, Sir, that ordinary expenditure in this country, whether we like it or not, is bound to increase with every year that passes and the reason, of course, is ridiculously simple. The reason is that nearly 57 per cent of our total population is under 21 years of age and that in turn means that things like education, health services and all the other services which come under the term "social services" have to be paid for and they have to be paid for by somebody, and that means, bluntly, the people of this country.

One Honourable Member also suggested that one way of taxing the rich would be to increase the tax rate. I would like to mention in this connection that the company rate in the United Kingdom is between 38 and 39 per cent—I cannot remember the exact figure—I think 38½% or 38¾%—but the company rate in this country is 40 per cent, and whereas the United Kingdom is a highly industrialised country, we in this part of the world are trying our best to attract not only foreign capital but also local capital into the field of industrial development. Now if we want to attract capital, we must remember that capital to-day is a scarce commodity, it is needed even by countries like the United Kingdom which is highly industrialised, it is needed by Canada, by Australia and countries in Western Europe. So, if you want to attract capital—particularly foreign capital—you have got to make it worthwhile for that capital to come here. I think I need not waste the time of this House by recapitulating my contention, the Government's contention, that this policy of ours has met with astonishing success;

in fact, it has been so astonishing that my colleague, the Minister of Commerce and Industry, will confirm that the Industrial Development Division of his Ministry is flooded with enquiries from industrialists all over the world who wish to invest in this country. That, Sir, is a unique phenomenon in this part of the world where, in the case of many countries, capital is not so easily obtained although those countries themselves are practically begging for capital to come in. But in our case, the contrary is the case and that, I think, is a tribute to the outstanding success of the Government's industrial development policy—and that industrial development policy if it succeeds will create considerable employment opportunities for our population, particularly for the urban population.

I would like to take a little of the time of this House to indicate that the new tax proposals are not as bad as some people make them out to be. For example, if you are a single person and you earn \$200 a month, you pay only \$2 a month, i.e., exactly 1% of your income. If, on the other hand, you are single and you earn \$167 a month, you pay the handsome tax of 24 cts. a year or 2 cts. a month. If, on the other hand, you are married, you do not have to pay tax until you reach the \$270 a month income group and even then you pay only \$14.40 a year, or just over one dollar a month. If, on the other hand, as has been suggested, you have a large family—and I agree that Asian families generally are large—if you have five children you do not start paying income tax until you reach the \$450 a month group and even then you pay only the handsome tax of \$3 a year. So I suggest, Sir, that these new proposals are not as outrageous or as unbearable as some people have tried to make them out to be.

Another Honourable Member also suggested that the statement which I frequently make that Malaya is the richest country in South-East Asia, is not true. It may be that the Honourable

Member probably is not very conversant with the facts. The facts and figures which I have quoted come from no less authoritative a source than the United Nations Economic Commission for Asia and the Far East. In fact, these figures show that the national income of Malaya in United States dollars in the period 1952/1954, i.e., five years ago, was \$310 a year and the next highest was Japan with \$190; that means the national income of Malaya is nearly double that of Japan which is considered to be a highly industrialised country, and probably the most industrialised country in Asia. And Japan is the next highest, whereas the other countries in South-East Asia are well below even the national income of Japan. Therefore, Sir, these figures alone show that this country has a standard of living, has a rate of national income, which is probably the envy of countries not only in South-East Asia but the whole of Asia itself. (Applause).

I agree generally, Sir, with the contention which has been made that by and large the salaried employees and the wage earners cannot evade income tax even if they wish to do so, whereas businessmen, on the other hand, have better means of doing so. It is because of this awareness, it is because of this acute consciousness, that I felt that it was time for the Government to institute a really serious and determined drive against income tax evasion. I, of course, am aware that in view of the vastly increased powers which the Government intends to give to the Department of Inland Revenue, we must also provide for certain safeguards. I have given an assurance to the Lower House that these new powers will be used with circumspection and fairness, but at the same time I should also add that these powers are absolutely necessary, and I need give only one instance when as a result of the announcement that the Government is to step up its anti-evasion drive we recently received some very interesting information. Now, in regard to this point of information, I should

like to remind this House that in 1958 we provided the princely sum of \$250 for information—\$250! In 1959, \$5,000, and for next year \$5,000. I am responsible technically for next year's budget but by the time I came to office it was too late to change the figure. Anyway, the figure for next year should be much larger, for recently I authorised the payment of \$10,000 to a single informer—\$10,000! Now, as a result of that payment of \$10,000, we have got information which will probably result in a tax, the tax recoverable, amounting to \$250,000. That, Sir, is only one case. I am satisfied in my mind that there must be dozens, scores, even hundreds or more of such cases. If the Income Tax Department is given all the powers and all the personnel it needs, I have every confidence that in a reasonable period of time we shall be able to collect the tax from those who do not pay their fair dues to the Government.

One Honourable Member suggested that if in the course of the working of these new proposals it is found that anomalies exist, if it is found that certain sections of the population are unduly penalised, the Government should reconsider the situation in the light of their working and in the light of experience. I should, of course, add that this annual review of the tax structure, or the tariff structure, is an automatic one. I mean that every Finance Minister at about Budget time will have to think how he intends to get the extra revenue required because I think it is accepted now that the expenditure of the Government increases year by year whether you like it or not; and I can assure the House that if in the course of their working it is discovered that anomalies exist and that there is unfairness in the new proposals for certain sections of the population, and if the Government is satisfied that as a result of that review that adjustments are necessary in the scale, then those adjustments will be made. I can give that assurance on behalf of the Government. (*Applause*).

One Honourable Member stated that Penang enjoyed a rather unfair advantage in the sense that it was outside the Principal Customs Area . . . .

**Mr. S. O. K. Ubaidulla:** Sir, I beg to clarify. I did not mean "unfair"; but people, whenever we raise new taxes, start comparing with Penang and Singapore. It is an unfortunate position that we are in. I think that explanation also goes to the Honourable Mr. A. M. Abu Bakar who said that I am jealous of the Penang people.

**Mr. Tan Siew Sin:** Of course, my reply to that is quite simple. Every advantage in this world carries with it some disadvantages. It is true that Penang is outside the Principle Customs Area and that it does not have to pay import duty except on some items like petrol, alcohol and so on, but we should remember that it suffers a major disadvantage in that the products of Penang factories have to pay duties on entry into the Principal Customs Area, i.e., the Federation mainland, and in that respect it is almost similar to Singapore—in fact it is almost in a similar position to any foreign country in the world. This matter is actually one for the Minister of Commerce and Industry but I am aware of that because when I was holding that portfolio, I was deluged with requests for special treatment for Penang. So, I think Penang suffers one bad disadvantage—when we think of the advantages we might also think of the disadvantages.

One Honourable Member also related these new tax proposals to the fees which parents must pay for the education of their children. If I may say so, that is a rather unfortunate example because I think it might boomerang back on the Honourable Member himself. Let us remember that in 1955 we spent something like, I think, \$86 million or \$87 million on education. 1955, Honourable Members will remember, was the year of the Federation's first general election. In 1960—next year—we will spend \$174 million, exactly double the amount spent in 1955. In 1959, this year, we will have spent by the end of the year,

according to our Estimates, \$166 million. So, in one year alone, we have increased the expenditure on education by \$8 million. The Honourable Member also went on to quote figures collected by the State Governments in respect of education fees. Well, they came to the princely sum, I think, of just under or about \$1½ million; but in one year alone expenditure on education has increased by \$8 million and that increase will go on so long as the majority of our population is under 21 years of age. And then the Honourable Member went on to suggest that the sum charged, that is \$2.50 a month, was a substantial sum. I suggest, Sir, that education in this country is heavily subsidised—in fact, it is so heavily subsidised that it is almost free. I think you can say that it is almost free because you collect \$1½ million but you spend \$174 million. If that is not nearly free, I do not know what is free.

I would like also to deal with the other point of "soaking" the rich because it is a very favourite topic of those who try to criticise the Government. Let me remind them that last year we increased the company rate from 30% to 40%—that was only last year—and this year we have put up the maximum individual rate from 40 to 45 per cent. I therefore suggest, Sir, that we have not been, shall we say, particularly soft to the rich and the well-to-do—in fact, it could very validly be argued that it is the other way round, and in fact it has been so argued. If anyone cares to come to my office I can show him telegrams and letters threatening me with deputations and things like that for having been so unkind to industry, particularly the tin-mining industry.

One Honourable Member suggested that as a means to check evasion it might be profitable to consider the use of cash registers for shops. I will consider that suggestion very carefully because I think there is some merit in that suggestion, although I have been told by the Income Tax Department that it might be difficult to implement in the context of the particular circumstances of this country. But, anyway,

I am prepared to consider that suggestion seriously.

I think I have spoken enough and I have answered all the queries which have been raised in this debate, and I would like to thank this House generally for the very kind reception which it has given to the Government's tax proposals. (*Applause*).

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(*Mr. President in the Chair*).

Clauses 1 to 3 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### THE PINEAPPLE INDUSTRY (AMENDMENT) BILL

#### Second Reading

**Tun Leong Yew Koh:** I beg to move that a Bill intituled "an Act to amend the Pineapple Industry Ordinance, 1957" be read a second time.

**Mr. T. H. Tan:** I beg to second the motion.

**The Minister of Commerce and Industry (Enche' Mohamed Khir Johari):** Mr. President, Sir, one effect of the increasingly keen competition in the international market for canned pineapples which became evident since 1958, has been the development of a number of problems in the pineapple industry in Malaya, particularly in the marketing of the fruit to the canneries during the peaks of the fruit season. Honourable Members will no doubt recall the sad experience we had late in December last year when the sudden closure of one of the canneries in Singapore disrupted the normal marketing of smallgrowers' fruit, causing hardship to certain smallgrowers who had to be financially assisted by the Government. Since then, although the international market is reported to have shown a steady improvement (at

least so far as the Federation is concerned) there have been several developments which make it extremely difficult to assess what the market situation is likely to be in the next few months. Sir, in the face of such uncertainties and the possibility that difficulties may arise again in the industry, the Government considers it desirable that the purposes for which the Pineapple Industry Cess Fund may be legally used under the Pineapple Industry Ordinance, 1957, should be extended to include the provision of assistance to any section or sections of the industry which may justify such assistance. Hence the proposed amendment at clause 2 of the Bill.

The other amendment at clause 3 seeks to authorise the Minister responsible to make orders for the imposition, collection, variation or cancellation of a cess or cesses on the exportation of canned pineapple, after consultation with the Malayan Pineapple Industry Board. In this connection, I would like to emphasise that the principle of giving such authority to the Minister is not new and has been incorporated, for instance, in the Malayan Rubber Fund (Research and Development) Ordinance.

I should also like to add that in Singapore where there is a parallel legislation, the Legislative Assembly of Singapore has approved the Bill.

Sir, I beg to move.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(Mr. President *in the Chair*).

Clauses 1 to 3 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

#### THE PETROLEUM (AMENDMENT) BILL

Second Reading

Tun Leong Yew Koh: I beg to move that a Bill intituled "an Act to amend

the Petroleum Ordinance, 1949" be read a second time.

Mr. T. H. Tan: I beg to second the motion.

Enche' Mohamed Khir Johari: Mr. President, Sir, the purpose of this Bill as stated in the objects and reasons, is to provide for the appointment of a Chief Inspector for the purpose of directing and supervising the duties to be carried out by inspectors appointed under the Petroleum Ordinance, 1949.

The local authority (Municipality, Town Board or District Officer) is the "licensing authority" for the storage of petroleum under the Ordinance. A large number of officers belonging to local authorities and State Governments have been gazetted as inspectors to enable them for licensing purposes, to inspect and control petrol storage tanks throughout the Federation.

A defect of the present Ordinance, however, is that an inspector is automatically given powers to board vessels, inspect and test petroleum and examine tanks as well as the powers needed to control actual storage within the Federation. Inspections and testings of tankers and bulk petrol storage containers involve hazardous duties and require properly qualified professional or technical officers: it would be potentially dangerous for unqualified inspectors to undertake such duties and to date the duties of unqualified inspectors have been limited by administrative action to the less dangerous functions of control under the Ordinance. It is however clear that co-ordination of the duties and responsibilities of the various Inspectors under the various parts of the Ordinance is essential as a matter of public safety.

The Bill provides for the appointment of a Chief Inspector (who will be the Director of Chemistry), and gives him powers to exercise general supervision over all Inspectors appointed under the Ordinance, and to issue such directions to them as may be necessary for the proper enforcement of the law, and to ensure public safety in the handling of petroleum.

Many State Officers are at present gazetted as Inspectors and therefore all State Governments have been consulted regarding this proposal. No objections have been raised.

Sir, I beg to move.

**Encbe' Abdul Hamid bin Mahmud:** Tuan Yang di-Pertua, saya suka hendak bertanya kapada Yang Berhormat Menteri bahawa apa-kah ma'na-nya Dangerous Petroleum ini.

**Tuan Yang di-Pertua:** Apa-kah ma'na-nya Dangerous Petroleum?

**Encbe' Mohamed Khir Johari:** Dangerous Petroleum ini ma'na-nya bahaya.

**Encbe' Abdul Hamid bin Mahmud:** Yang boleh membakar? (Ketawa).

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(Mr. President in the Chair)

Clauses 1 to 4 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

### THE DIPLOMATIC AND CONSULAR OFFICERS (OATHS AND FEES) BILL, 1959

#### Second Reading

**Tun Leong Yew Koh:** Mr. President, Sir, I beg to move that a Bill intituled "an Act to provide for the administration of oaths and the levy of fees by diplomatic and consular officers" be read a second time.

It is customary for the convenience of citizens abroad to give diplomatic and consular representatives of the country power to administer oaths, take affidavit and do notarial acts abroad. It is also customary to fix the fees arising from the performance of such functions. No such provision is contained in the laws of the Federation at present and the object of the Bill before

the House is to provide for the exercise of these functions by diplomatic and consular representatives of the Federation abroad. Clause 3 of the Bill provides for the taking of oaths and affirmations and the doing of notarial acts outside the Federation by diplomatic and consular officers of the Federation. Sub-clause (4) of the Clause enables any oath required to be taken for the purposes of the Constitution to be administered by diplomatic and consular officers of the Federation provided such officers are themselves citizens of the Federation. Clause 4 provides for the fixation of fees for consular functions and Clauses 6 to 8 for the penalties under the Bill. The object of the Bill in plain terms is to enable our citizens abroad to make statutory declarations before our diplomatic and consular officers.

Sir, I beg to move.

**Mr. T. H. Tan:** Sir, I beg to second the motion.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(Mr. Speaker in the Chair)

Clauses 1 to 5 inclusive ordered to stand part of the Bill.

#### Clause 6—

**Encbe' Mohd. Zahir:** Tuan Yang di-Pertua, saya suka hendak bertanya Clause 6 ini ia-itu ada-kah mustahak atau tidak di-adakan, kerana Clause 6 ini ia-lah sa-olah<sup>2</sup> dia itu Makan Suap dan oleh sebab kita sudah ada Undang<sup>2</sup> berkéana dengan Makan Suap, maka ada-kah patut Clause 6 ini di-adakan. Oleh sebab orang<sup>2</sup> yang ménjalan kewajipan bagi méminta duit atau ménérima duit maka késalahan-nya tentu ada Undang<sup>2</sup> yang berasingan, dan di-bawah mana-kah kalau sa-kiranya kita hendak mengadakan pengaduan yang seperti itu. Ada-kah Undang<sup>2</sup> ini di-bawah atoran Undang<sup>2</sup> Makan Suap?

**Tuan Yang di-Pertua:** Fasal Undang<sup>2</sup> yang mana? Undang<sup>2</sup> ini ada A, B dan C.

**Enche' Mohd. Zahir:** Fasal 6.

**Tun Leong Yew Koh:** Sir, it is necessary to provide special penalties for offences under this particular Bill.

**Enche' Mohd. Zahir:** Sir, may I know the reason, please. In view of the fact that we have another Ordinance, the Prevention of Corruption Ordinance, 1950, I do not think there is any necessity of having clause 6 in order to punish persons committing breach of trust or illegally accepting money for services rendered.

**Tun Leong Yew Koh:** Sir, as I have already stated, this is for special offences and special penalties are arranged for.

**Enche' Mohd. Zahir:** But why? Then there will be two penalties. For example, if a consular officer commits an offence, he will be charged under clause 6 of this Bill and also be liable to be prosecuted under the Prevention of Corruption Ordinance. Therefore, Sir, I do not see any necessity of having any special penalty.

**Enche' A. M. Abu Bakar:** Sir, may I ask the Minister of Justice to clarify whether our Corruption Department here has jurisdiction over consular or diplomatic officers in foreign countries.

**Tun Leong Yew Koh:** It is the purpose of this Bill to cover the cases of people who are outside the Federation.

Clause 6 ordered to stand part of the Bill.

Clauses 7 to 9 ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

## THE NATIONAL REGISTRATION BILL

### Second Reading

**Tun Leong Yew Koh:** Mr. President, Sir, I beg to move that a Bill intituled "an Act to provide for the registration of persons in the Federation, for the issue of identity cards and for purposes

connected therewith" be read a second time.

As the House will be aware it is proposed next year to introduce a new system of identity cards. The present issue was made under the provisions of the Emergency (Registration Areas) Regulations, 1948, but it is considered that with regard to the new issue, permanent legislation should be enacted and the purpose of the Bill before the House is to give effect to this intention. The measure itself is a short one and as will be seen is an enabling measure. There are however one or two points in the Bill on which I should like to touch. It will be seen from Clause 3 that the Commissioner of National Registration is to be appointed and it is of course intended that this Officer should be the Chief Registration Officer. At this point I should like perhaps to remark that Mr. E. M. McDonald, the present Chief Registration Officer is shortly retiring after some 32 years loyal service to this country in many different fields and his successor is to be a Malay Officer of the MCS. Enche' Ibrahim bin Ali. It is proposed that a register should be maintained of all persons in the Federation who are required to be registered and indeed every person in this country, unless especially exempted, will be required so to register.

As I remarked just now this measure is an enabling one, and Section 6 will confer the necessary powers on the Minister of the Interior to make Regulations for carrying out the intentions of this legislation. The new issue of identity cards will be laminated and are being supplied by the Todd Co. of Rochester, USA. The cost of the issue will be of the order of \$3,280,000 but it is proposed that a charge of 50 cents should be made for the issue of these cards to citizens, whilst non-citizens will be required to pay \$5; thus it is hoped that the cost of the issue will be more than recouped in due course.

To facilitate identification the cards will be of different colours; blue for citizens, red for non-citizens, and temporary passes will be in green. Persons registered under the Prevention

of Crime Ordinance will be issued with a brown card in place of their existing cards which are stamped with a large black cross. Persons who visit this country for a period of less than a month will not be required to take out an identity card. There are a considerable number of administrative arrangements to be made in connection with this new issue, and Section 6 of the Bill will give some idea of the scope of the undertaking, and the various matters on which Regulations will be required. I should add that administrative arrangements will be made to ensure that proper precautions are taken to prevent non-citizens acquiring identity cards as citizens.

The identity card system has many uses and has become accepted in the fabric of our national life. The present issue however is unsatisfactory, and clearly the time has come for us to examine the matter afresh, and produce a new and up-to-date form of registration. The object of the Bill before the House is designed to achieve these ends.

Sir, I beg to move.

**Mr. T. H. Tan:** Sir, I beg to second the motion. In doing so, Sir, I am expressing the general opinion that there is no objection to the general principles of the Bill. May I, however, express the hope that every administrative arrangement will be made for the convenience of those who have to obtain these new cards.

**Dato' G. Shelley:** Mr. President, Sir, I sincerely trust that when it comes to writing up the regulations, there will be ample provisions for the changing of these colours in the cards, because, if a person is branded and has one type of card it might ostracize him from society. It will have the effect of keeping him out of employment as well. Sir, I do hope that arrangements will be made enabling persons who have identity cards which are a disadvantage to return to normal society.

**Dato' Dr. Cheah Toon Lok:** Mr. President, Sir, I hope that in the implementation of this Ordinance, people with Chinese names will have their names properly written in Chinese

because most of the romanised names written for the Chinese people are wrongly spelt.

**Enche' Abdul Hamid bin Mahmud:** Tuan Yang di-Pertua, dalam perkara mengubah Kad Pengenalan baharu yang telah kita dengar bermacam2 fikiran daripada Dewan Ra'ayat dan di-luar2 juga yang mana kita ketahui bahawa tiap2 negeri tentera-lah ada masing2 chara pemerintahan-nya yang boleh memberi kebajikan kepada ra'ayat. Di-negeri kita ini telah pun di-daftarkan penduduk2 dengan memakai Kad Pengenalan, kalau saya tak salah hanya ada sa-buah negeri lain yang memakai Kad Pengenalan ia-itu di-Amerika Selatan. Tanah Melayu ini di-diami oleh berbagai2 bangsa yang bermacam2 warna kulit dan ugama, maka tentera-lah susah kita hendak mengenalkan ra'ayat-nya. Dengan ada-nya Kad Pengenalan itu, maka dapat-lah kita membedakan mana ra'ayat negeri ini dan mana yang bukan, umpama di-negeri China, jika sa-kira-nya orang China, maka tentera-lah ia ra'ayat negeri China. Tetapi jika sa-kira-nya orang Melayu yang pergi ke-sana, maka tentera boleh dik-nalai ia bukan ra'ayat China, kalau mereka pergi ke-England ia tetap orang Melayu. Dengan sebab itu, saya mengalu2-kan ada-nya Undang2 Kad Pengenalan baharu supaya menjadi Undang2 yang tetap di-dalam negeri ini, maka dengan jalan ini-lah sahaja dapat di-kawal negeri kita ini daripada kemasukan orang2 luar yang datang dengan tidak mengikut Undang2. Samenjak ada-nya Kad Pengenalan maka kita mendapat tahu bahawa ada banyak orang2 asing yang masuk di-negeri ini dengan jalan menchuri dan telah dapat ditangkap serta di-hukum. Jika sa-kiranya tak ada Kad Pengenalan ini, maka sudah tentu pehak yang berkuasa Immigration tak dapat hendak mengawal kemasukan orang2 luar itu.

Berkenaan dengan kad yang diasingkan warna-nya di-antara ra'ayat negeri ini dengan orang yang bukan ra'ayat, orang2 p-lawat dan orang2 yang berkeleluhan tidak baik, maka ini pun satu perkara yang boleh menyelamatkan keadaan negeri ini. Tetapi saya

ragu<sup>2</sup> sadikit bĕrkĕnaan dĕngan kad yang bĕrwarna Choklat bagi orang<sup>2</sup> jahat yang mana boleh jadi kad ini boleh mĕndatangkan kĕsusahan sangat kapada mĕreka yang mĕnĕrima kad itu—sa-kira-nya orang yang chukup jahat di-masa lĕpas, tĕtapi mĕreka hari ini sudah baik maka orang yang sapĕrti ini patut-lah di-bĕri pĕrtimbangan supaya mĕreka tidak mĕmakai kad yang bĕrwarna Choklat itu. Jika sa-kira-nya di-gunakan tĕrus mĕnĕrus Kad Choklat yang mana di-sifatkan tĕrus-mĕnĕrus jahat nĕschaya tidak-lah ada pĕluang bagi mĕreka hĕndak mĕngubah chara hidup-nya, tĕntu-lah ia susah hĕndak mĕndapat pĕluang bĕ-kĕrja mĕnchari makan di-dalam nĕgĕri ini. Dĕngan sĕbab itu saya bĕrharap kapada Mĕntĕri yang bĕrkĕnaan supaya mĕmbĕri pĕrtimbangan kapada kad yang bĕrwarna Choklat itu, kĕrana kĕjahatan yang bĕrlaku di-dalam nĕgĕri ini, bukan sahaja datang dari satu kaum bahkan dari sĕmua yang tinggal di-nĕgĕri ini.

Saya dapati ada golongan<sup>2</sup> di-nĕgĕri ini yang mĕmbantah akan ada-nya Kad Pĕngĕnalan. Orang yang mĕmbantah itu, saya pĕrchaya mĕreka tidak kaseh dan chintakan kapada nĕgĕri ini. Mĕreka itu tĕntu-lah ada pĕrasaan yang bĕrbĕlah bagi, atau mĕreka tidak mĕmpunyai ta'at sĕtia kapada Kĕrajaan dan nĕgĕri ini. Saya harap sĕluroh ra'ayat nĕgĕri ini akan patoh—akan mĕngikut ta'at sĕtia kapada Undang<sup>2</sup> mĕmakai Kad Pĕngĕnalan. Mudah<sup>2</sup>an dĕngan jalan ini orang<sup>2</sup> luar tidak akan dapat masok bagi mĕrosakkan kĕtĕntĕraman nĕgĕri kita. Saya mĕnyokong pĕnloh akan Undang<sup>2</sup> Kad Pĕngĕnalan ini.

**Enche' Amaluddin bin Dares:** Tuan Yang di-Pĕrtua, saya suka mĕnambah sadikit di-dalam pĕrkara ini sapĕrti mana yang tĕlah di-tĕrangkan oleh sahabat saya Yang Bĕrhormat Enche' Abdul Hamid bĕrkĕnaan dĕngan Kad Pĕngĕnalan yang mana harus-lah juga di-timbangkan dĕngan jaminan yang bĕtul. Sapĕrti yang kita kĕtahui bahawa sa-saorang yang mĕmbuat jahat kĕmudian mĕnjadi bĕtul—baik, bagi mĕngubah chorak-nya' daripada jahat kapada chorak yang baik. Maka

dĕngan itu hanya Kad Pĕngĕnalan yang mĕnĕtukan bahawa dia sa-orang yang jahat atau bagi mĕmutuskan mata pĕncharian-nya—dĕngan ini akan mĕnyĕbabkan bĕrlaku satu pĕrkara yang sĕntiasa di-intep bagi kĕhidupan-nya.

Yang kĕdua, saya suka mĕnambahkan sadikit pĕrkara ini yang mĕnarek pĕrhatian saya bagi pĕrhatian Kĕrajaan ia-itu di-dalam mĕlaksanakan hal<sup>2</sup> mĕngĕnai pĕndaftaran sa-mula Kad Pĕngĕnalan baharu ini. Ini adalah satu pĕrkara yang besar bagi pĕrbĕlanjaan-nya, kĕrana pĕrbĕlanjaan itu ada-lah sa-bagai mĕmbuktiikan ta'at sĕtia mĕreka kapada nĕgĕri ini. Barangkali ada golongan yang tak faham chara<sup>2</sup> pĕmbayaran-nya yang mana di-kĕnakan bayaran sa-banyak \$5 akan tĕtapi saya suka mĕnarek pĕrhatian ia-itu kadang<sup>2</sup> sa-saorang yang mĕnjadi ra'ayat nĕgĕri ini mungkin akan mĕmbĕlanjakan sampai \$30 kĕrana mĕndapat Kad Pĕngĕnalan yang baharu. Maka dĕngan sĕbab itu, saya bĕrharap supaya Mĕntĕri yang bĕrkĕnaan yang hĕndak mĕngambil bĕrat dalam hal ini akan mĕnyĕdiakan sĕgala kĕmudahan di-bĕrikan kapada mĕreka dĕngan sa-bĕrpa yang boleh untuk mĕmudahkan kapada ra'ayat, tĕrutama sĕkali kapada orang<sup>2</sup> yang jauh yang tĕrpaksa datang dĕngan pĕrbĕlanjaan kĕndĕraan untuk mĕmbuktikan ta'at sĕtia-nya kapada nĕgĕri ini.

Kadang<sup>2</sup> ada orang yang tak bagitu chĕkap atau tidak bagitu faham bagi orang<sup>2</sup> yang mĕnolong mĕmandukan mĕnuju kĕsana kĕsini bagi pĕndaftaran itu, maka dĕngan sĕbab itu-lah tĕlah di-adakan satu pĕndaftaran dalam tahun 1949. Mĕngĕnai pĕndaftaran ini pula banyak di-dapati di-antara mĕreka yang tĕlah mĕnghabiskan wang yang tak sa-hingga-nya, maka sĕgala<sup>2</sup>-nya itu untuk mĕnghargai-nya dapatlah di-jadikan satu pĕrhatian yang bĕrat untuk di-jalankan pĕrkara itu. Di-samping itu hĕndak-lah Kĕrajaan mĕnjalankan dĕngan sa-bĕrpa yang boleh—soal kĕmudahan untuk mĕndaftarkan nama<sup>2</sup> mĕreka itu dan sa-bagai-nya. Tĕrima kaseh.

**Enche' Mohamed Zahir:** Tuan Yang di-Pertua, saya hanya hendak mĕnĕrangkan apa yang tĕlah di-katakan oleh saudara saya tadi bĕrkĕnaan dĕngan card warna choclat. Saya harap masa Mĕntĕri yang bĕrkĕnaan mĕmbuat pĕratoran di-bawah Section 6 itu hĕndak-lah di-timbangkan sa-mula dĕngan halus dan tĕlii bahawa adakah atau tidak sĕsuai hĕndak mĕngadakan card sapĕrti itu, kĕrana sapĕrti yang di-sĕbutkan tadi, jika sakira-nya sa-saorang yang mĕndapat card choclat maka bĕrĕrti susah bagi ia mĕnchari pĕkĕrjaan.

Ini juga barangkali akan mĕnyusahkan untok mĕnchari kĕhidupan-nya. Tĕtapi satu pĕrkara yang besar yang hĕndak di-sĕbutkan, ia-itu bĕrma'ana sa-saorang itu di-hukom sampai dua tiga kali tĕtĕkala di-dapat mĕmbuat kĕsalahan. Jika sa-kira-nya sa-saorang itu sa-bĕlum mĕndapat card choclat, maka dia mĕmbuat salah—salah mĕlakukan sa-suatu pĕrkara di-bawah Undang<sup>2</sup> Penal Code atau pun di-bawah Prevention Crime Ordinance tahun 1959. Sa-lĕpas itu dia di-hukom lagi ia-itu lĕpas di-bĕri Card Choklat kapada-nya. Ini bĕrma'ana dia kĕna hukom dĕnda tĕrus mĕnĕrus, kĕrana mĕmĕgang card itu. Maka di-sini nampak-nya tidak ada satu pĕratoran pada bila<sup>2</sup> masa yang dia itu boleh di-tukarkan mĕnjadi baik sa-mula dĕngan ada pĕratoran<sup>2</sup> dapat di-tukarkan kapada Card Hijau yang mĕmbolehkan dia mĕnjadi orang yang baik sapĕrti sĕdiakala.

Saya bĕrharap Mĕntĕri yang bĕrkĕnaan pada masa hĕndak mĕmbuat pĕratoran<sup>2</sup> itu di-minta-lah supaya jangan di-adakan card yang bĕrwarna choclat itu kapada orang<sup>2</sup> yang di-bawah Prevention Crime Ordinance atau pun orang<sup>2</sup> yang mĕlakukan kĕsalahan yang banyak di-bawah Undang<sup>2</sup> Penal Code.

**Dato' Suleiman:** Mr. President, Sir, I am sorry that I was not here to introduce this National Registration Bill myself which is under my portfolio and I am the Minister responsible. I have still a very heated debate up in the House of Representatives in trying to introduce the Standing Orders. I am

afraid I will not be here this afternoon, so, with the permission of the House I would like to reply in Malay to the Malay speakers.

Dato' President, saya minta ma'af bĕrkata<sup>2</sup> di-sini yang mana tak dapat saya hĕndak mĕmanjangkan pada pagi ini bagi mĕngĕmukakan Rang Undang<sup>2</sup> Pĕndaftaran, kĕrana saya tĕlah mĕngĕmukakan Rang Undang<sup>2</sup> Pĕratoran bagi Dewan Ra'ayat yang pada masa ini tĕlah hangat dan di-atas sana pun tĕmpat dudok-nya tĕrlampau hangat kĕrana Air-Condition-nya tĕlah bĕrhĕnti. (*Kĕtawa*). Saya akan mĕnĕrangkan di-sini, pĕrtama sĕkali ia-lah yang di-katakan warna choclat, tĕtapi yang sa-bĕnar-nya brown. Saya tĕlah bĕrtanya kapada orang<sup>2</sup> Mĕlayu apa-ka yang hĕndak di-tĕrjemahkan brown itu, kata-nya choclat. Saya gunakan choclat. Baharu<sup>2</sup> ini saya tĕlah di-tĕrangkan oleh Yang Bĕrhormat Pĕrdana Mĕntĕri yang mana kata-nya brown itu "kuning tua", tĕtapi yang sa-bĕnar-nya kita di-sini hĕndak mĕngadakan Undang<sup>2</sup>—hĕndak mĕngĕluarkan Card Pĕngĕnalan baharu ia-lah Card Pĕngĕnalan yang ada pada hari ini. Kĕnyataan yang ada di-dalam-nya sudah tak bĕtul dan banyak orang yang bukan ra'ayat nĕgĕri ini tĕlah mĕndapat kĕra'ayatan dĕngan jalan mĕndapat Card Pĕngĕnalan sapĕrti yang ada ini. Sa-lĕpas mĕndapat kĕra'ayatan—mĕndapat passport, saya sĕndiri tahu bahawa ada orang<sup>2</sup> yang kaya—ada passport tĕtapi tak ada kĕra'ayatan dan bĕrani mĕmbayar dĕngan harga \$10,000 bagi mĕndapatkan passport kĕra'ayatan—ini yang pĕrtama sĕkali.

Banyak juga Pĕjabat<sup>2</sup> Kĕrajaan sa-hingga Mahkamah mĕnggunakan Card Pĕngĕnalan, maka dĕngan sĕbab itu sudah sa-patut-nya-lah—sudah sampai masa-nya bagi kita mĕngĕluarkan Card Pĕngĕnalan baharu. Card<sup>2</sup> Pĕngĕnalan kĕluaran baharu mĕsti-lah kita lainkan—orang lain yang bukan ra'ayat, orang yang sudah mĕmbuat salah dan orang yang dapat dudok sĕmentara. Maka itu-lah sĕbab-nya di-gunakan warna ini—bukan-nya ini bĕrma'ana ra'ayat mĕsti mĕmbayar 50 sen kĕrana hĕndak mĕndapatkan balek pĕbelanjaan-nya. Bayaran yang \$5.00 itu,

saya banyak hairan jika ada orang di-dalam Dewan Negera ini—Ahli<sup>2</sup> Yang Bérhormat di-dalam Dewan Negera ini yang bérani bérkata bahawa itu memang kérana méréka itu tidak ada hak di-dalam négéri ini dan jika dia héndak ménđapat satu Card Pengénalan yang mana ménýenangkan diri dia pergi késana dan ka-sini térutama di-dalam négéri ini. Yang \$5.00 ini murah—térlampau murah. Rang Undang<sup>2</sup> ini sémata<sup>2</sup>-lah mémberi kuasa bagaimana pératoran héndak ménđeluarkan itu yang akan kékurangan, dan saya bérjanji di-sini yang saya maseh bérunding dan ménchari jalan supaya jangan ada corruption—supaya jangan ada banyak késusahan di-atas orang<sup>2</sup> yang bérkéhendakkan kéra'ayatan ini—bérkéhendakkan Card Pengénalan ini.

Saya méminta ma'af, masa hampir pukul satu. Ada sadikit lagi bagi pérkara ini ia-itu bérkénaan denga Ahli Yang Bérhormat Enche' Mohd. Zahir yang békérja sa-bagai sa-orang Pégum, tépapi saya sangat hairan pérchakapan-nya yang sa-macham itu kérana baharu<sup>2</sup> ini ia-itu dua tiga hari yang lèpas télah di-siarkan oleh surat khabar *Straits Times* yang mana barangkali Ahli Yang Bérhormat ada térbacha bagaimana 17 orang di-dalam bas télah térkéna Acid Attack. Apa-kah késalahan orang<sup>2</sup> itu sémua? Sa-orang anak muda bélia—anak Dato' yang ménjadi sa-bagai Pengurus Surohan Jaya Pérkhidmatan Awam—(Public Services Commission) muda bélia yang tak ada dosa yang télah bérjalan<sup>2</sup> di-témpat ada orang ramai dan sa-lépas makan dalam pukul 9 di-Kébun Bunga di-sini yang mana pada waktu itu bulan térang béndérang béliau télah térkéna tikam. Ada-kah Ahli<sup>2</sup> Yang Bérhormat di-sini bérkéhendakkan orang yang sa-macham itu? Tidak di-layan—tidak di-tunjok, dia mémégang satu warna yang lain. Ada-kah kita chakap di-sini bahawa orang itu susah héndak ménchari makan, jadi ada-kah Ahli<sup>2</sup> Yang Bérhormat sénđiri di-sini héndak ménjaga orang yang sadikit bagi mémberi késusahan kapada orang ramai? Ini dia soal-nya yang sa-béñar—tujuan Rang Undang<sup>2</sup> Péndaftaran di-sini.

Kita, Kérajaan Pérkatan télah mémandang pérkara ini satu pérkara yang mustahak, barangkali lénkas kita héndak ménghabiskan péndaftaran—Card Pengénalan baharu yang héndak di-kéluarkan itu. Tétapi boleh jadi akan ménđambil masa, kérana kita héndak méngharumkan orang<sup>2</sup> yang ménđisikan Application Form itu ia-lah daripada orang<sup>2</sup> Kérajaan. Saya bérjanji di-sini bahawa apa juga jalan yang boleh—apa juga mémberi késusahan—kéadzaban kapada orang<sup>2</sup> yang bérkéhendakkan itu, kérana kita akan hampir sampai pada masa-nya. Dengan itu tak boleh-lah di-tanya lagi di-sini ia-itu banyak Rang Undang<sup>2</sup> yang mémberi kuasa apabila kuasa itu télah di-dapati, maka baharu-lah kita ménjalankan bagaimana kalau héndak di-bératkan sangat kapada warna choklat atau warna kuning tua atau brown.

Saya fikir di-sini Ahli<sup>2</sup> Yang Bérhormat faham, bukan-lah di-chapkan bagi ménđaboi mata Ahli<sup>2</sup> Yang Bérhormat yang lain kérana yang sa-béñar-nya bahawa orang itu saya tak fikir satu orang yang héndakkan kéténtéraman—yang héndakkan freedom—yang héndakkan kébebasan bérjalan—kébebasan békérja, boleh bérkata bahawa orang ini tak patut di-kéluarkan satu card denga warna yang lain untk ra'ayat yang ta'at sétia yang bérkéhendakkan kéténtéraman di-dalam négéri ini.

Ini-lah sahaja kétérgangan saya, Dato' President, dan saya bérharap bahawa Ahli<sup>2</sup> Yang Bérhormat di-dalam pérbahathan ini jangan-lah di-susahkan orang yang sadikit yang sénđiasi ménýusahkan kita. Saya harap jangan-lah Ahli<sup>2</sup> Yang Bérhormat ménahan bahawa pada satu hari kélak kérana késusahan, kérana pérkara ini ia-lah pérkara kita. Tiap<sup>2</sup> orang yang mémbuat salah itu tak boleh kita larikan. Ini bukan-nya pérkara pukul—hukum, sa-kali dua pukul di-hukum. Saya sudah tahu ada orang yang saya sénđiri sudah ménmasukkan nama-nya di-enquiry di-dalam péndaftaran dan kémudian di-crosskan denga di-béri Police Probation dan sa-sudah mémbuat késalahan itu, maka térpaksa-lah di-potongkan Police

Probation itu dan kalau di-dapati salah, Mahkamah boleh mĕmbĕri hukuman yang bĕrat sakali. Apa kata Ahli<sup>2</sup> Yang Bĕrhormat di-sini, bukan-kah ini satu pĕrkara yang mĕnyusah-kan bahkan hĕndak mĕnyĕnangkan bagi orang<sup>2</sup> yang bĕkĕrja pada hari ini. Ini ada-lah kĕtĕrangan saya dan saya mĕnuntut bĕrbanyak<sup>2</sup> ma'af. Térima kaseh. (*Tĕpok*).

**Enche' Nik Hassan:** Tuan Yang di-Pĕrtua, saya rasa kĕtĕrangan yang tĕlah di-bĕri oleh Mĕntĕri yang bĕrkĕnaan kapada chara<sup>2</sup> yang akan di-atorkan oleh Kĕrajaan bagi mĕngadakan pĕn-daftaran baharu dan mĕngĕluarkan Card Pĕngĕnalan baharu kapada orang ramai, ini boleh-lah di-katakan dapat mĕmbĕri puas hati kapada Ahli<sup>2</sup> Dewan Nĕgara. Di-samping itu saya suka hĕndak mĕnarek pĕrhatian kapada Mĕntĕri yang bĕrkĕnaan bahawa uchapan yang di-kĕluarkan oleh Yang Bĕrhormat Enche' Mohd. Zahir dari Kĕdah, ia-itu barangkali bĕliau ini bimbang sa-saorang yang mĕmbuat kĕsalahan umpama-nya, akan di-bĕri card yang bĕrwarna yang tidak di-sukai itu, tĕtapi saya pĕrchaya bahawa Mĕntĕri yang bĕrkĕnaan akan dapat mĕnimbangkan kĕrana mĕngikut kĕtĕrangan-nya itu apa yang di-chakap-kan-nya ia-lah kapada orang<sup>2</sup> yang tĕlah di-daftarkan sa-bagai orang<sup>2</sup> jahat—gangsters yang ada di-dalam nĕgĕri ini yang mana boleh mĕmbayakan kapada kĕtĕnĕraman pĕndudok<sup>2</sup> di-dalam nĕgĕri ini.

Saya rasa elok-lah Mĕntĕri yang bĕrkĕnaan itu bĕrchĕrmat di-waktu hĕndak mĕnentukan card yang bĕrwarna yang tidak di-gĕmari itu waktu hĕndak di-kĕluarkan kapada pĕndudok<sup>2</sup> di-nĕgĕri ini. Saya rasa sudah sa-patutnya-lah kalau sakira-nya orang itu—orang yang bĕtul<sup>2</sup> mĕrbahaya sa-bagaimana kata-nya ia-itu gangsters umpama-nya, orang yang boleh mĕngancham kĕtĕnĕraman nĕgĕri ini, maka sudah tĕntu-lah Ahli<sup>2</sup> Dewan Nĕgara akan mĕmbĕri sokongan yang pĕnloh kapada chara pĕngĕluaran yang sapĕrti itu. Sĕkian sahaja, térima kaseh.

Question put, and agreed to.

Bill accordingly read a second time and committed to a Committee of the whole House.

House immediately resolved itself into a Committee on the Bill.

Bill considered in Committee.

(*Mr. President in the Chair*).

Clauses 1 to 8 inclusive ordered to stand part of the Bill.

Bill reported without amendment: read the third time and passed.

## ADJOURNMENT

**The President:** Honourable Members, the Senate is adjourned to 10.00 a.m. on Thursday, 10th December, 1959.

*Senate adjourned at 1.10 p.m.*