



Treaty Series No. 28 (1968)

Exchange of Letters

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Malaysia

to provide personnel to assist in the
Staffing, Administration and Training
of the Armed Forces of Malaysia

Kuala Lumpur, 5 December 1967

[The Agreement is deemed to have entered into force on 16 September 1963]

*Presented to Parliament by the Secretary of State for Commonwealth Affairs
by Command of Her Majesty
April 1968*

LONDON

HER MAJESTY'S STATIONERY OFFICE

1s. 9d. net

**EXCHANGE OF LETTERS
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF MALAYSIA TO PROVIDE PERSONNEL TO
ASSIST IN THE STAFFING, ADMINISTRATION AND TRAINING
OF THE ARMED FORCES OF MALAYSIA**

No. 1

*The United Kingdom High Commissioner at Kuala Lumpur to
the Deputy Prime Minister of Malaysia*

*British High Commission,
Kuala Lumpur,
5th December, 1967.*

Dear Deputy Prime Minister,

I have the honour to refer to the request of the Government of Malaysia to the Government of the United Kingdom of Great Britain and Northern Ireland to provide personnel to assist in the staffing, administration and training of the Armed Forces of Malaysia in accordance with Article 11 of and Annex 1 to the Agreement on External Defence and Mutual Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federation of Malaya signed on 12th October, 1957, and extended to Malaysia by an Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Governments of the Federation of Malaya, North Borneo, Sarawak and Singapore signed on 9th July, 1963.

The Government of the United Kingdom will endeavour to obtain volunteers from its Armed Forces for loan to the Armed Forces of Malaysia in such numbers as shall from time to time be agreed upon between the United Kingdom High Commissioner and the Malaysian Minister of Defence.

I have the honour to propose that the arrangements governing the provision of these personnel shall be the arrangements set out in the Appendix to this Letter and that if these arrangements are acceptable to the Government of Malaysia this Letter, together with your reply to that effect, shall be regarded as constituting an Agreement in this matter between our two Governments which shall be deemed to have entered into force on 16th September, 1963.

Yours sincerely,

MICHAEL WALKER.

APPENDIX

CONTENTS

	<i>Page</i>
1. Definitions	4
2. Composition	4
3. Relationship with Malaysian Ministry of Defence	4
4. Relationship with the Armed Services of Malaysia... ..	5
5. Jurisdiction	5
6. Uniform	5
7. Claims	6
8. Taxation, import, export, etc.	7
9. Remittance of funds	7
10. Movement, entry and exit	7
11. Pay and allowances	8
12. Period of Loan	8
13. Leave	8
14. Rank and promotion	9
15. Termination of Loan	9
16. Applicability of United Kingdom Service Law	9
17. Nominations	9
18. Postings and employment	9
19. Obligations of the Government of Malaysia... ..	10
20. Payments and provisions by the Government of the United Kingdom	10
ANNEX 1. Facilities and benefits	11
ANNEX 2. Procedure for dealing with loss or damage or misapplication of funds or property	15

APPENDIX

Definitions

1. "Loan Personnel" means officers and other ranks of the United Kingdom naval, military and air forces for the time being provided to assist in the staffing, administration and training of the Armed Forces of Malaysia pursuant to Article II of the Defence Agreement, and "Loan" shall be construed accordingly;

"The Defence Agreement" means the Agreement on External Defence and Mutual Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federation of Malaya signed on 12 October, 1957 and extended to Malaysia by an Agreement concluded between the Government of the United Kingdom of Great Britain and Northern Ireland and the Governments of the Federation of Malaya, North Borneo, Sarawak and Singapore signed on 9 July, 1963;

"dependant" means a person not ordinarily resident in Malaysia who is the spouse of a member of the Loan Personnel or who is wholly or mainly maintained or employed by such member, or who is in his custody charge or care or who forms part of his family;

"entitled dependant" means the spouse and a child (including an adopted or a stepchild) of a member of Loan Personnel for whom the United Kingdom Government or in the case of personnel seconded before 16 September, 1963, the Malaysian Government have provided or will provide a free passage to or from Malaysia;

"United Kingdom Service Authorities" means the authorities empowered by the law of the United Kingdom to exercise command or jurisdiction over or administration of members of the Armed Forces of the United Kingdom including Loan Personnel or their dependants;

"Service Law" means any Statute, Order, Regulation, Warrant or Instruction relating to naval, military or air forces;

"Unit" includes a headquarters, ship or establishment;

"other ranks" includes all personnel of any of the Armed Forces of the United Kingdom who do not hold a commissioned rank, except acting sub-lieutenants and midshipmen of the Royal Navy.

Composition

2. Loan Personnel will serve with units of the Armed Forces of Malaysia and may also be required to serve on the staff of the Malaysian Ministry of Defence to assist in the administration and training of the Armed Forces of Malaysia. Loan Personnel shall constitute "The United Kingdom element serving with the Armed Forces of Malaysia" for the purposes of discipline and administration under United Kingdom Service Law.

Relationship with the Malaysian Ministry of Defence

3. While on loan to the Armed Forces of Malaysia it is the duty of members of Loan Personnel to obey and comply with all Standing and General Orders and other orders and instructions relating to their duties

given to them by the Government of Malaysia through its Ministers or its duly authorised officers from time to time, provided that such orders and instructions are not inconsistent with their obligations as members of the United Kingdom Armed Forces.

Relationship with the Armed Services of Malaysia

4. (a) Members of Loan Personnel shall be treated, except in so far as otherwise provided in this Appendix, as members of the Armed Forces of Malaysia of equivalent rank.

(b) Members of Loan Personnel shall, in particular, have over members of any Malaysian Force the like powers of command as if they were members of the Malaysian Forces of relative rank and will, subject to sub-paragraph (c) of this paragraph, be required to obey the commands of superior officers under whose command they are placed provided that such commands are consistent with their obligations under United Kingdom Service Law and would, if given by a person subject to that Law, constitute a lawful command under it but shall not be subject to the Service Law of Malaysia or to the jurisdiction of any Court or tribunal deriving its constitution or functions under the Service Law of Malaysia.

(c) Members of Loan Personnel or dependants shall not be subject to any legislation in Malaysia relating to liability for compulsory service of any kind.

(d) Married members of Loan Personnel will normally be accompanied by their wives and other dependants, subject to prior consultation between the Malaysian Ministry of Defence and the Senior United Kingdom Loan Officer.

Jurisdiction

5. (a) Subject to the provisions of this paragraph—

(i) the United Kingdom Service Authorities shall have the right to exercise within Malaysia all criminal and disciplinary jurisdiction conferred on them by the law of the United Kingdom over members of Loan Personnel and dependants;

(ii) the courts of Malaysia shall have jurisdiction over members of Loan Personnel and dependants with respect to offences committed in Malaysia and punishable by the law of Malaysia.

(b) The exercise of jurisdiction over members of Loan Personnel and dependants in criminal and disciplinary matters shall, except as may be otherwise arranged, be regulated by the application of principles similar to those regulating the exercise of jurisdiction in such matters over other members of the Armed Forces of the United Kingdom and dependants while in Malaysia by virtue of the Defence Agreement.

Uniform

6. To such extent as shall be arranged between the authorities of Malaysia and of the United Kingdom the appropriate uniform and insignia of the Armed Forces of Malaysia may be worn by Loan Personnel instead of the appropriate uniform of the United Kingdom Armed Forces.

Claims

7. (a) (i) The Government of Malaysia waives any claim which it may have against members of Loan Personnel and the Government of the United Kingdom for damage to any property of the Government of Malaysia caused by a member of Loan Personnel in the course of his service in that capacity or for the death of or injury to any member of the Malaysian Armed Forces so caused;

(ii) the Government of the United Kingdom waives any claim which it may have against the Government of Malaysia for damage to any property of the Government of the United Kingdom caused by a member of Loan Personnel in the course of his service in that capacity or for the death of or injury to a member of Loan Personnel caused by a member of the Malaysian Armed Forces in the course of his service in that capacity.

(b) (i) All claims arising out of acts or omissions of members of Loan Personnel done or omitted in the course of the performance of their duties as such shall be dealt with by the Government of Malaysia (or in the case of claims brought or made in the United Kingdom by the Government of the United Kingdom acting with the concurrence of the Government of Malaysia) and in all cases settled at the cost of the Government of Malaysia;

(ii) a member of Loan Personnel shall not be subject to any proceedings for the enforcement of any judgment given against him in Malaysia in a matter which arises in the course of his service as such member.

(c) Provided that nothing in this paragraph shall prevent the Government of Malaysia from holding members of Loan Personnel personally responsible or from enforcing a judgment given against them for loss or misapplication of public money, or loss of or damage to public or service property (which includes only money or property of or held by any department of the Government of Malaysia or Malaysian Armed Forces) in their charge or care shown to be due to an act or omission involving fraud or dishonesty or to misconduct or neglect in the performance of official duty to such extent as may be reasonable having regard to the nature of the fraud, dishonesty, misconduct or neglect and to all the other circumstances of the case; but provided further that the amounts for which members of Loan Personnel may be held liable under this sub-paragraph shall not exceed the amounts which members of the Armed Forces of Malaysia are required to pay in comparable cases. The procedure for dealing with such cases is given in Annex 2 to this Appendix.

(d) The Government of Malaysia will make good or pay reasonable compensation for loss of or damage to uniform and Service equipment (but not personal effects) of members of Loan Personnel occasioned by the performance of their naval, military or air force duties.

(e) Where loss of or damage to personal effects and property of members of the Malaysian Forces is occasioned by or arises out of riots or civil disturbances and compensation is paid, similar compensation will be paid in respect of any such loss or damage to personal effects and property of members of Loan Personnel.

Taxation, import, export, etc.

8. (a) Save as provided expressly to the contrary herein, members of Loan Personnel and dependents shall be subject to the laws and regulations administered by the Customs authorities of Malaysia.

(b) Members of Loan Personnel and dependants may purchase imported provisions, supplies and other goods from authorised United Kingdom Service organisations in Malaysia for their exclusive use and consumption, on the same terms as to exemption or proportionate exemption from duty as those in force under Section 6(3)(b) of Annex 3 of the Defence Agreement.

(c) The Malaysian authorities shall accept as valid without a driving test or fee the driving permit or licence issued by the United Kingdom Service Authorities to a member of Loan Personnel for the purpose of driving service vehicles. For the purpose of driving other vehicles a driving permit or licence issued by the Malaysian authorities must be obtained.

(d) The Government of Malaysia shall exempt from tax the official emoluments paid from United Kingdom Government funds to members of Loan Personnel whilst in Malaysia in respect of their offices under the Government of the United Kingdom provided that nothing herein contained shall prejudice any claims for exemption or relief from taxation under arrangements for the avoidance of double taxation to which the Government of Malaysia is a party.

Remittance of funds

9. (a) Subject to regulations regarding the import and export of currency—

(i) remittances between Malaysia and the United Kingdom shall be freely permitted in respect of—

(aa) funds derived by members of Loan Personnel from services or employment in connection with their official duties as Loan Personnel,

(bb) funds derived by members of Loan Personnel or dependants from sources outside Malaysia, subject to any laws or regulations of the United Kingdom in that respect;

(ii) remittances from Malaysia to the United Kingdom shall be freely permitted in respect of funds derived from the proceeds of sale of personal effects, furniture, motor vehicles and other property used by members of Loan Personnel while serving in Malaysia which are disposed of in anticipation of their ceasing to be loaned.

(b) In all other respects members of Loan Personnel shall be subject to the exchange control regulations of Malaysia and the United Kingdom.

Movement, entry and exit

10. No restriction shall be placed on the freedom of movement of members of Loan Personnel or of entitled dependants into and out of Malaysia, and within Malaysia.

Pay and allowances

11. The Government of the United Kingdom will, in accordance with United Kingdom Service Law, pay members of Loan Personnel the pay and emoluments of the ranks which they hold during the period of Loan.

Period of Loan

12. (a) The period of Loan will be from the day upon which the individual ceases to do duty with the Force in which he last served before his Loan to the Armed Forces of Malaysia until the day upon which he is taken back on the strength of the United Kingdom Armed Forces.

(b) The period will include—

- (i) embarkation leave before embarking for Malaysia;
- (ii) a tour of duty of three years for other ranks of the Navy and Air Force personnel and two and a half years for naval officers and army personnel or such shorter period as may be agreed between the United Kingdom Service Authorities and the Government of Malaysia including leave taken during the tour of duty;
- (iii) End of Tour Leave (which may be taken in the United Kingdom) consisting of—
 - (aa) disembarkation leave of fourteen days,
 - (bb) one additional day for each month of the period of Loan (excluding End of Tour Leave) in excess of six months,
 - (cc) any annual leave due during the tour of duty but not taken up to a maximum of one-half of the leave entitlement for each year of Loan.

Leave

13. The leave entitlement for Loan Personnel shall be as follows—

- (i) Embarkation Leave ... 14 days;
- (ii) Annual Leave A maximum of 42 days of which one-half may be postponed and included in End of Tour Leave in accordance with paragraph 12 (b) (iii) of this Appendix;
- (iii) End of Tour Leave ... Calculated in accordance with paragraph 12 (b) (iii) of this Appendix;
- (iv) Compassionate and other leave In accordance with United Kingdom Service Law and practice.

Married members of Loan Personnel not accompanied by their wives will be entitled to take leave in the United Kingdom once during the tour of duty in accordance with United Kingdom Service Law. When so taken leave shall be deemed to commence on the day upon which the individual reaches

the first point of disembarkation in the United Kingdom and to cease on the day upon which the individual reaches the first point of disembarkation in Malaysia.

Rank and promotion

14. (a) If members of Loan Personnel are selected to fill ranks in the Malaysian Armed Forces higher than their substantive rank they will be granted temporary or acting rank in accordance with United Kingdom Service Law and any subsequent relinquishment will be in accordance therewith.

(b) Members of Loan Personnel will be eligible for promotion or advancement in accordance with United Kingdom Service Law.

Termination of Loan

15. (a) If a member of Loan Personnel neglects or refuses to perform his duties, or becomes unable to perform his duties by reason of disciplinary action, ill-health or for any other reason, or misconducts himself or is unsuitable or inefficient the Malaysian Ministry of Defence may, after consultation with the Senior United Kingdom Loan Officer, terminate the Loan of the individual.

(b) In the event of an unforeseen reduction in the establishment of the Malaysian Armed Forces the Loan of an individual may be terminated after six months previous notice has been given to the United Kingdom High Commissioner by the Government of Malaysia.

(c) If the Senior United Kingdom Loan Officer is of the opinion that an individual has strong compassionate grounds for being relieved of his obligation to complete a full tour of duty, the Loan of that individual will terminate on a date to be agreed between the Government of Malaysia and the United Kingdom High Commissioner.

(d) The Government of the United Kingdom reserves the right to withdraw the services of any or all Loan Personnel after consultation with the Government of Malaysia.

Applicability of United Kingdom Service Law

16. All members of Loan Personnel will remain subject to United Kingdom Service Law and shall at all times be and remain subject to all powers exercisable by the United Kingdom Service Authorities thereunder.

Nominations

17. The nomination of any officer or other rank shall be subject to the acceptance of the Government of Malaysia who may refuse to accept such officer or other rank if on grounds of qualification, experience, suitability or other consideration such nomination is not considered by the Government of Malaysia to be acceptable.

Postings and employment

18. Members of Loan Personnel will be posted to the "United Kingdom element for service with the Armed Forces of Malaysia". Loan Personnel will not be employed otherwise than in the capacities for which they were selected for Loan without the concurrence of the appropriate United Kingdom Service Authority.

Obligations of the Government of Malaysia

19. (a) The Malaysian Government will pay to the Government of the United Kingdom a contribution equal to the total amount of Gross Pay, Marriage Allowance and Ration Allowance of Loan Personnel as issuable by the Government of the United Kingdom. Such contribution will be made by the payment of a sum in advance at the commencement of each quarter (the amount being an estimate of the amount of Gross Pay, Marriage Allowance and Ration Allowance to be agreed from time to time by the Malaysian Ministry of Defence and the United Kingdom High Commission) and the payment or allowance as the case may be at the end of each quarter of a sum to adjust the advance payment to the actual amount of Gross Pay, Marriage Allowance and Ration Allowance. "Gross Pay" means—

the total sums issuable as pay (before making any deductions authorised by the law of the United Kingdom whether for tax or otherwise) to Loan Personnel under United Kingdom Service Law, other than sums issuable as Language Pay or Malaysian Service Pay.

(b) The Government of Malaysia will provide the facilities and benefits or cash in lieu listed in Annex 1 hereto.

(c) The Government of Malaysia will reimburse the Government of the United Kingdom the sum of £108 per annum in respect of each single or married unaccompanied officer of the rank of Commander, Lieutenant-Colonel, Wing Commander and above who is in command and who is in occupation of a tied quarter as mentioned in paragraph 2 (a) (ii) of Annex 1 hereto, such sum to be increased pro rata with any increase in the repayment rate specified in the said paragraph 2 (a) (ii) of that Annex.

(d) The Government of Malaysia will pay to individuals whose Loan is terminated pursuant to paragraph 15 (b) of this Appendix the balance of the Malaysian Service Pay the individual would have received had he completed his full tour, or for a period of six months whichever is the less.

(e) All payments and benefits made or given by the Government of Malaysia under this Appendix and Annex 1 hereto shall be made free of any Malaysian income taxes and members of Loan Personnel and dependants shall not be liable for assessment in respect of any Malaysian income taxes in respect of such payments and benefits.

Payments and provisions by the Government of the United Kingdom

20. The Government of the United Kingdom will provide or make payments to and in respect of Loan Personnel (subject to the recovery of the contribution referred to in paragraph 19 of this Appendix) as follows—

(a) All pay, including Malaysian Service Pay, but excluding Language Pay as provided in Annex 1 hereto.

(b) All allowances other than those for which the Government of Malaysia is responsible under this Appendix.

(c) All pensions, gratuities and similar benefits, and employers share of United Kingdom National Insurance contribution.

(d) Travel Expenses as follows—

- (i) the cost of all passages of members of Loan Personnel and entitled dependants to the port or airfield of first disembarkation in Malaysia and from the port or airfield of final embarkation in Malaysia made on any of the following occasions—
 - (aa) commencement of Loan,
 - (bb) termination of Loan,
 - (cc) leave to the United Kingdom of married personnel not accompanied by their wives;
- (ii) the cost of all passages of members of Loan Personnel and entitled dependants (including travel within Malaysia where necessary) made for the following purposes or occasions—
 - (aa) visits of children of members of Loan Personnel receiving education or residing elsewhere than in Malaysia,
 - (bb) medical treatment outside Malaysia authorised for members of Loan Personnel or entitled dependants,
 - (cc) compassionate leave of members of Loan Personnel or related arrangements for dependants,
 - (dd) compassionate visits by next-of-kin to members of Loan Personnel in accordance with United Kingdom Service Law,
 - (ee) travel for United Kingdom purposes outside Malaysia required or authorised by United Kingdom Service Authorities.
- (e) Funeral expenses in the event of death of members of Loan Personnel during the tour.
- (f) Medical, hospital, dental and optical treatment for members of Loan Personnel (except when on exercises or operations) and dependants.
- (g) Education facilities in Malaysia free for children of members of Loan Personnel.

ANNEX 1

Facilities and benefits in cash or kind to be provided by the Government of Malaysia to Loan Personnel

1. The Government of Malaysia will provide Loan Personnel with working accommodation, equipment, transport and supplies necessary for the satisfactory performance of their duties.

2. The Government of Malaysia will provide members of Loan Personnel with such benefits in kind as are normally accorded to members of the United Kingdom Armed Forces when serving in Malaysia, or such other benefits in general as may be agreed with the Government of the United

Kingdom; no charge for these benefits is to be levied against either the Government of the United Kingdom or the Loan Personnel except as indicated in sub-paragraphs (b) (i), (b) (iii), (d) (ii) and (f) (ii) of this paragraph. In particular, the Government of Malaysia will—

- (a) (i) provide messing facilities, furnished accommodation with fuel and light free of charge for married members of Loan Personnel not accompanied by dependants and single members of Loan Personnel to standards comparable with those obtaining in the United Kingdom Armed Forces,
 - (ii) allocate “ tied ” quarters, when available, on repayment at Malaysian Forces rates, to single or married unaccompanied officers of the rank of Commander, Lieutenant-Colonel, Wing Commander and above who are in command,
 - (iii) where Mess facilities are not available and an appropriate United Kingdom Service Mess is available in the area, the Government of Malaysia may arrange to accommodate single or married unaccompanied personnel in that Mess at Malaysian cost;
- (b) (i) in normal circumstances provide for married accompanied personnel from the date of their arrival in Malaysia family accommodation, *i.e.*, furnished official married quarters or approved hired accommodation when such a scheme exists together with light, fuel and water to scales and to standards ruling for United Kingdom personnel serving in the Armed Forces of the Federation of Malaya on 15th September 1963, the Government of Malaysia being entitled to recover from such personnel rent, fuel and light charges at Malaysian Armed Forces rates,
 - (ii) where Government quarters or approved hired accommodation are not available the Government of Malaysia will provide rent assistance. The scale of rent assistance will be assessed in the light of the rental ceiling in force for the United Kingdom Armed Forces in Malaysia,
 - (iii) pay for up to two weeks hotel expenses for board and lodging of married accompanied personnel and entitled dependants to a standard appropriate to the equivalent ranks of the United Kingdom Armed Forces serving in Malaysia, when suitable accommodation is not available on their arrival in Malaysia. Where an officer or non-commissioned officer has been allotted a quarter, but that quarter is then not immediately available, the period will be extended to one month. In this case the Government of Malaysia may claim from the member of Loan Personnel the amount he would otherwise have paid for his quarters (at Malaysian rates) plus a sum in respect of food supplied to himself and his entitled dependants over 4 years of age which in the case of a dependant over 12 years of age shall be calculated at the current United Kingdom Service rate of

ration allowance payable in Malaysia to United Kingdom personnel and in the case of an entitled dependant between 4 and 12 years of age, shall be calculated at half that rate,

- (iv) provide interest free a loan of up to \$1,500 for officers of the rank of Major and above (or equivalent) and up to \$1,200 for officers below the rank of Major (or equivalent) and other ranks for the purchase of soft furnishings and such items of cutlery, crockery, china, kitchen utensils and glassware where such items are not provided by the Government of Malaysia. The Loan is to be repaid within a period of two years from the date of the loan or six months before completion of service in Malaysia, whichever is the earlier;
- (c) provide officers of Loan Personnel of all three Services with batmen or servants on the scale of three per General officer, two per Colonel or Brigadier (or equivalent), one per Lieutenant-Colonel and one per Major (or equivalent) in command, and in all other cases one to serve two officers or an allowance in lieu at Malaysian rates, and provide all married accompanied other ranks with a servant cash allowance at current rates for United Kingdom Armed Forces serving in Malaysia;
- (d) (i) provide free medical treatment for Loan Personnel when on training exercises away from their normal duty station or when on operations,
(ii) provide free official transport if available for medical treatment within the boundaries of the duty station. Transport to and from hospitals outside the duty station will be on repayment by the Government of the United Kingdom;
- (e) provide members of Loan Personnel with free transport between their residence and place of duty or a refund of expenses in lieu. The eligibility will be in accordance with United Kingdom Service Law applicable to United Kingdom Armed Forces serving in Malaysia;
- (f) (i) allow the continued use of the accommodation now occupied by the United Kingdom Armed Forces Primary Schools at Kuala Lumpur and Taiping and the use, if required in the future, of buildings if available for a United Kingdom Armed Forces Primary School at Alor Star. The use of such accommodation is to be free of capital charges,
(ii) maintain, provide barrack services for and administer logistically the above schools on behalf of the Government of the United Kingdom on an agency basis;
- (g) provide entitled officers with an entertainment allowance at the appropriate Malaysian Service rate;
- (h) pay members of Loan Personnel who travel on duty, appropriate travelling allowances, refund of hotel and travelling expenses and motor mileage allowance at rates and under conditions prescribed by Malaysian Service Regulations;

- (i) pay married accompanied members of Loan Personnel who move with their families from one place of duty to another within Malaysia disturbance allowance tax free at rates and under the conditions prescribed by United Kingdom Service Law for United Kingdom Armed Forces serving in Malaysia;
- (j) provide free leave travel for members of Loan Personnel in accordance with Malaysian Service Regulations for local leave within Malaysia. In the case of members serving in Sabah and Sarawak, one free journey for each member and entitled dependant annually to a selected locality in Malaya;
- (k) provide a grant of \$300 to officers and \$60 to other ranks of the Army and Royal Air Force for the purchase of items of uniform particular to the Malaysian Armed Forces where such uniform has to be provided. For officers and other ranks of the Royal Navy the grant will be \$30 and \$20 respectively. These grants will be paid at the commencement of each tour of duty which is not a consecutive tour. Grants of up to the same amounts will be paid to those officers and other ranks who transfer from service with the former Singapore Military Forces should their uniform be changed;
- (l) allow used portable articles and used household effects in accompanied or unaccompanied baggage to be imported from abroad free of duty into Malaysia subject to customs examination;
- (m) extend to members of Loan Personnel the privilege of obtaining an interest free loan for the purchase of a motor car, motor cycle or scooter up to the following maxima for the Army ranks specified or their Naval or Royal Air Force equivalents. This privilege is to be in accordance with Government of Malaysia instructions issued from time to time—

Brigadier	...	...	...	...	\$8,000
Colonel	...	...	...	...	\$7,000
Lieutenant-Colonel	...	...	...	...	\$6,000
Major	...	...	...	...	} \$5,000
Captain	...	...	...	...
Lieutenant and Second Lieutenant	...	...	...	...
Other Ranks	...	...	...	...	\$1,500 but for purchase of scooter or motor cycle only;

- (n) pay Language Pay at 2s. 6d. (\$1.07) a day to each member of Loan Personnel who has passed the prescribed examination. The date from which this shall be payable shall be the date upon which this arrangement comes into force for personnel who have already passed the examination and in all other cases the date of qualification. Members of Loan Personnel who transfer from secondment to the Singapore Military Forces and are in receipt of Language Pay will retain the right to such pay for a period of six months from the date of transfer. Such members of Loan Personnel who do not pass the

written test of the Malay Language examination within the period of six months will cease to be entitled to Language Pay on the expiry of such period;

- (o) allow postal concessions to members of Loan Personnel and dependants as accorded to members of the United Kingdom Armed Forces serving in Malaysia;
- (p) move members of Loan Personnel and entitled dependants and their baggage at the class and at rates not less than those accorded to members of the United Kingdom Armed Forces serving in Malaysia.

3. Loan Personnel may also be allowed to use all appropriate recreational, local leave, mess and welfare facilities that are available for the Malaysian Armed Forces.

4. The Government of Malaysia will provide and maintain or meet the cost of providing and maintaining all special-protective or flying clothes, working clothes and other service clothing and equipment made necessary by Loan to the Malaysian Armed Forces (except items of uniform for which provision is made in paragraph 2 (k) of this Annex).

5. Any facilities or benefits to be provided by the Government of Malaysia as listed above in this arrangement which are not so provided may with the agreement of the Government of Malaysia be provided by the Government of the United Kingdom the cost being recoverable from the Government of Malaysia.

ANNEX 2

Procedure for dealing with loss or damage or misapplication of funds or property

1. If the Malaysian Ministry of Defence or Service Authorities are of the opinion that a member of Loan Personnel—

- (a) has failed to collect any monies owing to the Government of Malaysia for the collection of which he is or was responsible; or
- (b) is or was responsible for any improper payment of public monies of the Government of Malaysia or for any payment of such monies which is not duly vouched; or
- (c) is or was responsible for any deficiency in, or for the destruction of, any public monies, stamps, securities, stores or other property of the Government of Malaysia for which he is accountable;

a Board of Inquiry or other investigation will be held to ascertain to what extent if at all the member is to be blamed.

2. A least one of the members composing the Board of Inquiry shall be a member of Loan Personnel.

3. The member of Loan Personnel who is concerned in the Board of Inquiry shall be given the opportunity to be heard and to remain present throughout the whole of the proceedings and shall be at liberty to question witnesses or to call witnesses to testify on his behalf.

4. If as a result of the Board of Inquiry or other investigation held, the member of Loan Personnel is found to be blamed, wholly or partly, a copy of the proceedings or other investigation papers shall be sent to the Senior United Kingdom Loan Officer, who may express his views on the findings of the Board of Inquiry or other investigation held.

5. The Government of Malaysia, after giving due consideration to the views of the Senior United Kingdom Loan Officer on the findings of the Board of Inquiry, may call upon the member of Loan Personnel concerned to make good the whole or part of the loss or damage. If the member fails to pay the sum demanded the action to be taken will be the subject of consultation between the Government of Malaysia and the Government of the United Kingdom without prejudice to the right of the Government of Malaysia to take any independent action it may deem necessary to recover the sum claimed.

No. 2

*The Deputy Prime Minister and Minister of Defence of Malaysia to
the United Kingdom High Commissioner at Kuala Lumpur*

Ministry of Defence.

My dear High Commissioner,

Kuala Lumpur, 5th December, 1967.

I refer to your letter of to-day's date about the provision of United Kingdom personnel to assist in the staffing, administration and training of the Armed Forces of Malaysia, which reads as follows:

[As in No. 1]

A copy of the Appendix to your Letter is attached to this reply.

In reply I confirm that your Letter correctly states the understanding between our two Governments and in accordance with the suggestion contained therein your letter and this reply shall be regarded as constituting an Agreement between our two Governments.

Yours sincerely,

TUN HAJI ABDUL RAZAK BIN HUSSEIN.

[Enclosure as in No. 1]