

No. 12752

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
MALAYSIA**

**Exchange of notes constituting an agreement concerning
the provision of personnel of the United Kingdom
Armed Forces to assist in the training and develop-
ment of the Armed Forces of Malaysia (with appendix).
Kuala Lumpur, 28 March 1973**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
5 September 1973.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
MALAISIE**

**Échange de notes constituant un accord relatif à l'envoi de
personnel des forces armées du Royaume-Uni chargé
d'aider à l'instruction et à la mise sur pied des forces
armées de Malaisie (avec appendice). Kuala Lumpur,
28 mars 1973**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
5 septembre 1973.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT
OF MALAYSIA CONCERNING THE PROVISION OF PERSONNEL
OF THE UNITED KINGDOM ARMED FORCES TO ASSIST IN THE
TRAINING AND DEVELOPMENT OF THE ARMED FORCES OF
MALAYSIA

I

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

BRITISH HIGH COMMISSION
KUALA LUMPUR

28 March, 1973

My Dear Minister,

I have the honour to refer to discussions between the representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malaysia concerning the provision of personnel of the United Kingdom Armed Forces to assist in the training and development of the Armed Forces of Malaysia.

I have the honour to propose that the arrangements governing the personnel commencing a tour of duty on or after the date of entry into force of this Agreement shall be the arrangements set out in the appendix to this note and if these arrangements are acceptable to the Government of Malaysia this note and its appendix together with your reply shall constitute an agreement in this matter between our two Governments which shall enter into force on today's date.

Yours sincerely,

J. B. JOHNSTON
High Commissioner

APPENDIX

Definitions

1. For the purposes of these arrangements:

(a) "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 training and development of the Armed Forces of Malaysia pursuant to annex I of the Agreement constituted by the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the

¹ Came into force on 28 March 1973, in accordance with the provisions of the said notes.

Government of Malaysia relating to defence arrangements concluded at Kuala Lumpur on 1 December, 1971¹ and "Loan" shall be construed accordingly;

(b) "dependant" means a person not ordinarily resident in Malaysia who is the spouse of a member of 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;

(c) "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;

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

(e) "Unit" includes a headquarters, ship or establishment;

(f) "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 shall 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 training and development of the Armed Forces of Malaysia. Loan Personnel shall constitute "The United Kingdom element serving with the Armed Forces of Malaysia" for the purpose 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 Forces 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 shall, 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 shall 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;

¹ United Nations, *Treaty Series*, vol. 824, p. 143.

- (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 members of a United Kingdom force and dependants by virtue of section I of annex III to the Agreement constituted by the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malaysia relating to defence arrangements concluded at Kuala Lumpur on 1 December, 1971.

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 judgement 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 judgement given against them for loss or mis-application of public money, or loss of or damage to public or service property (which includes any 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 II to this appendix.

(d) The Government of Malaysia shall 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 shall 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 dependants shall be subject to the laws and regulations administered by the Customs authorities of Malaysia.

(b) Members of Loan Personnel and dependants may purchase from authorised Service organisations in Malaysia provisions, supplies and other goods which are imported for their exclusive use and consumption on the same terms as those provided for under paragraphs 1, 2 and 3 of the Exchange of Letters relating to the import facilities for an authorised Service organisation concluded at Kuala Lumpur on 1 December, 1971.¹

(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. Movement of members of Loan Personnel or of dependants into and out of Malaysia, and within Malaysia, shall be in accordance with the laws and regulations of Malaysia unless exempted in this Agreement or otherwise.

Pay and allowances

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

Period of Loan

12. (a) The period of Loan shall 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 shall include:

(i) Embarkation Leave before embarking for Malaysia;

¹ See foot-note 1, p. 35 of this volume.

- (ii) A tour of duty of two and a half years for all Loan Personnel or such other 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) A second or subsequent tour of duty of up to two years as may be agreed between the two Governments;
- (iv) Inter-Tour or 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 Inter-Tour or 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 Inter-Tour or End of Tour Leave in accordance with paragraph 12 (b) (iv) of this appendix;
- (iii) Inter-Tour and End of Tour Leave Calculated in accordance with paragraph 12 (b) (iv) 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 shall 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 shall be granted temporary or acting rank in accordance with United Kingdom Service Law and any subsequent relinquishment shall be in accordance therewith.

(b) Members of Loan Personnel shall 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 reasons, 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 British High Commission 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 shall terminate on a date to be agreed between the Government of Malaysia and the British High Commission.

(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 shall 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 shall be posted to the "United Kingdom element for service with the Armed Forces of Malaysia". Loan Personnel shall 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 Government of Malaysia shall pay to the Government of the United Kingdom a contribution equal to the total amount of Military Salary of Loan Personnel as issuable by the Government of the United Kingdom. Such contribution shall 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 Military Salary to be agreed from time to time by the Malaysian Ministry of Defence and the British High Commission) and the payment at the end of each quarter of a sum to adjust the advance payment to the actual amount of Military Salary. Military Salary 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 Allowance or Malaysian Service Allowance.

(b) The Government of Malaysia shall provide the facilities and benefits or cash in lieu listed in annex I hereto.

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

(d) All payments and benefits made or given by the Government of Malaysia under this appendix and annex I 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 payment and benefits.

Payments and Provisions by the Government of the United Kingdom

20. The Government of the United Kingdom shall provide or make payments to and in respect of Loan Personnel (subject to the recovery of the contribution referred to in paragraph 19 and to the provisions of paragraph 21 of this appendix) as follows:

- (a) All pay, including Malaysian Service Allowance, but excluding Language Allowance as provided in annex I 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 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) Inter-Tour Leave,

(cc) termination of Loan,

(dd) 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 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 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 the 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 or elsewhere for children of members of Loan Personnel.

Provision of Loan Service Personnel at Full Costs

21. The Government of Malaysia may request the provision of Loan Personnel, additional to the number previously agreed. In cases where the costs of the additional Loan Personnel requested exceed the limit placed on the financial contribution of the Government of the United Kingdom, the Government of Malaysia shall in addition to their obligation in paragraph 19 above reimburse the Government of the United Kingdom in respect of all other costs incurred by the Government of the United Kingdom under paragraph 20 of this appendix with the exception of sub-paragraph (d) (ii) (ee) thereof.

A N N E X I

FACILITIES AND BENEFITS IN CASH OR KIND TO BE PROVIDED BY THE GOVERNMENT OF MALAYSIA TO LOAN PERSONNEL

1. The Government of Malaysia shall provide Loan Personnel with working accommodation, equipment, transport and supplies necessary for the satisfactory performance of their duties in accordance with Malaysian Armed Forces Regulations.

2. The Government of Malaysia shall provide members of Loan Personnel with such benefits in kind as may be agreed between the Government of the United Kingdom and the Government of Malaysia. In particular, the Government of Malaysia shall:

(a) (i) Provide messing facilities, furnished accommodation with light at Malaysian Armed Forces rates for married members of Loan Personnel not accompanied by dependants and single members of Loan Personnel in the appropriate Malaysian Armed Forces Mess;

(ii) Where mess facilities are not available the Government of Malaysia may arrange to accommodate single or married unaccompanied personnel in any other appropriate Mess at Malaysian cost;

(b) (i) In normal circumstances provide for married accompanied personnel from the date of their arrival in Malaysia suitable family accommodation in furnished official married quarters or approved hired accommodation when such a scheme exists, the Government of Malaysia being entitled to recover from such personnel rent, light and water charges at Malaysian Armed Forces rates to be determined from time to time;

(ii) Where such Government quarters or approved hired accommodation are not available the Government of Malaysia shall provide rent assistance as may be necessary to secure comparable accommodation at rates to be mutually agreed;

(iii) Subject to the rates being mutually agreed from time to time, pay for up to two weeks' hotel expenses for board and lodging of married accompanied personnel and dependants 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 shall be extended to four weeks. In both cases 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 dependants over 4 years of age which in the case of himself or a dependant over 12 years of age shall be at the rate of \$4/- per diem, and in the case of a 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 in accordance with Malaysian Armed Forces Regulations in force from time to time;

(d) (i) Provide free medical treatment for Loan Personnel when on training exercises away from 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 shall 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 in accordance with the Malaysian Armed Forces Regulations in force from time to time;

(f) (i) Allow the continued use of the accommodation now occupied for the purpose of the education of children mainly of Loan Personnel at Kuala Lumpur. 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 Armed Forces 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 Armed Forces 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;

(j) Provide free leave travel for members of Loan Personnel in accordance with Malaysian Armed Forces Regulations for local leave within Malaysia. In the case of members serving in East Malaysia, one free journey for each member and dependant annually to a selected locality in West Malaysia;

(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 shall be \$90 and \$20 respectively. These grants shall be paid at the commencement of each tour of duty which is not a consecutive tour;

(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 a loan for the purchase of a motor car, motor cycle or scooter in accordance with the Malaysian Armed Forces Regulations as issued from time to time;

(n) Pay Language Allowance at the rate of \$1.07 per diem to Loan Personnel who pass the prescribed Bahasa Malaysia examination set for them. The allowance shall only be payable from the date of passing the said examination. Personnel serving their first period of loan who possess a previous qualification in the language shall also be required to sit for the said examination before they become eligible to draw the allowance. Personnel who have passed the examination whilst serving an earlier period of loan shall be eligible to draw the allowance as from the date of commencement of subsequent periods of loan; they shall not be required to sit for the said examination again;

(o) Allow postal concessions to members of Loan Personnel and dependants;

(p) Move members of Loan Personnel and dependants and their baggage at the class and rates as applicable to Malaysian Armed Forces.

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 shall 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.

A N N E X II

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 moneys 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 moneys of the Government of Malaysia or for any payment of such moneys which is not duly vouched; or
- (c) is or was responsible for any deficiency in, or for the destruction of, any public moneys, stamps, securities, stores or other property of the Government of Malaysia for which he is accountable;

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

2. At 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 the 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 shall 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.

II

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

MINISTRY OF DEFENCE
KUALA LUMPUR

28 March, 1973

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's note of today's date about the provision of United Kingdom personnel to assist in the training and development of the Armed Forces of Malaysia which reads as follows:

[See note I]

A copy of the appendix to your note is attached to this reply.

In reply, I have the honour to confirm that the foregoing is acceptable to the Government of Malaysia and that Your Excellency's note together with its appendix and this reply shall constitute an agreement between our two Governments in this matter which shall enter into force on today's date.

Yours sincerely,

A. RITHAUDDEEN
Tengku Sri Mara Raja
Deputy Minister of Defence

[Appendix as under note I]