

**SPEECH BY THE DEPUTY PRIME MINISTER
IN MOVING THE MOTION TO ACCEPT THE
AUDITOR-GENERAL'S REPORT OF THE
ACCOUNTS OF THE FEDERATION FOR THE
YEAR ENDED 31ST DECEMBER, 1958 (COM-
MAND PAPER NO. 14 OF 1960) AT THE DEWAN
RA'AYAT' ON 25TH APRIL, 1960**

Mr Speaker, Sir,

I beg to move that this House having regard to the changed conditions prevailing immediately after Merdeka, accepts the Government statement, on the Auditor-General's Report, in Command Paper No. 14 of 1960. Since the Auditor-General's Report on the accounts of the Federation of Malaya for the year ending 31st December, 1958 was tabled at the last meeting of this House, a number of criticisms, indeed in some cases unwarranted allegations were made against Government both in this House and outside and, to some extent, through the press. As a result of the criticisms and allegations made in this House at the last meeting, I asked members of this House to refrain from making unnecessary and unfounded allegations against Government until a full statement has been made by Government on the Report. I assured the House then that a full Government statement would be tabled at a meeting of this House. Following that assurance, the Government has at this meeting tabled a full statement on the various matters shown in the Auditor-General's Report. I hope Hon'ble Members have had time to make a careful study of that Statement in order, as His Majesty said in the speech, that any misunderstanding that Members might have had as a result of the Report has now been corrected.

Sir, the Auditor-General has a function to perform under the Constitution and the independent position of the Auditor-General as guaranteed in the Constitution is a safe-guard which the Alliance Government had from the very start asked to be included in the Constitution. Therefore, it is not the wish of Government to prejudice in any way the independent position of the Auditor-

General or his functions in the Constitution but what I would like to make quite clear to the House and to the country and what has been stated in the Government statement is that the Auditor-General's Report should be read in the context of the changed conditions prevailing in this country immediately after Merdeka and that those changed conditions should be taken into consideration before any judgement is passed for or against those responsible for the disbursement of Government funds. It is true that the Auditor-General has only to look at Government accounts and finances strictly from the angle of accounting and financial procedure, but there are other circumstances which should be borne in mind by this House and by the country at large before any judgement can be passed against those responsible for the disbursement of Government funds. It is also unfortunate that certain parts of the Auditor-General's report are not as clearly worded as they might have been so that words and phrases taken out of their context would give a completely distorted version of the Report. Let us, for instance, take paragraph 146 of the Report which has been given so much publicity and which certain members of the opposition have deliberately taken out of its context and used to discredit this Government. This paragraph merely says that the Auditor-General has been unable to ascertain, as the Audit Ordinance requires him to do, whether payments up to a total sum of above one hundred and nine million dollars were made in accordance with proper authority and were properly chargeable. There is nothing said anywhere in the Report or in the paragraph that the money has been misappropriated or lost. The only thing is that the Auditor-General was unable to scrutinise all the audited accounts of Local Education Authorities and Secondary Schools. Now, as expected in the Government statement, payments to these agencies have in fact been checked by the Audit to the extent that payments were actually made and recorded in the Cash Book at the Ministry or that charges have been debited by journal adjustments on the basis of advice notes from State Treasurers through the Accountant-General, and where payments have been made, receipts have been seen by Audit which show that in fact payments were received by the various education authorities and schools. Final verification could be made when audited accounts were available. The only thing was that some of the audited accounts were not available at the time of Auditor-General made his Report and that made him write the paragraph

as he did. Now, most of the necessary information required is available either in the Ministry or in the offices of Chief Education Officers, and the only omission, if at all it can be called an omission, on the part of the Ministry of Education is in the delay of obtaining the audited accounts. Now, Sir, with this explanation of facts before the House, is it fair to say that the money has been misappropriated or lost? Or, is it even fair to say there is a mystery about this amount of money? The money has been properly disbursed and the audited accounts are now available for verification, except those from the Perlis Local Education Authority and from some Secondary Schools where there has been difficulty in arranging for the local audit.

Now, Sir, as the Ministry of Education was the one most heavily criticised in respect of this report, I should now like to explain the special circumstances pertaining in this country immediately after independence which this House should be fully aware of and, in particular, the special circumstances pertaining in the Ministry of Education which was then undergoing great changes due to the adoption of the new policy in 1956. In August 1957 this country achieved independence and as a result of that great event the whole Government machinery was subject to changes. The public service had to undergo a change. Instead of being responsible to a permanent official they had to be responsible to elected Minister, and a number of Ministries had to be reorganised and integrated, in particular the Ministry of Education. Also, at that time the effect of Government's Malayanisation policy was beginning to be felt. Senior expatriate officers were leaving and their places had to be taken over by local officers. Although the change-over was done much more smoothly than in some other countries, nevertheless there was this change-over and there was this period of transition. There were also constant changes among officers holding various appointments. Under the circumstances there was bound to be a slight drop of efficiency and lack of continuity in some departments. Such a state of affairs was only natural and must be expected. Now, this Audit Report was made in respect of that year, 1958, the year immediately following independence. Now, by saying all these it is not my wish to discredit our public service in any way, but on the contrary, they had stood the change admirably. As I said, the change-over was carried out much more smoothly than in some other countries which had obtained independence. But we, members of this House and members of the public at large,

57, 58, 59, 60, 139, 140, 141, 142, 145, 146, 149, 151, 155, 156 and 157 which are incomplete and misleading in their implications as the Auditor-General, in these cases, no doubt for lack of space, has presented a picture which omits material considerations.

It is for these reasons that the Government has felt impelled to publish this White Paper. It is necessary for the good name, not merely of the Government but of the Nation, that Parliament and the public at home and abroad should have a fuller picture of the actual circumstances than the Auditor-General was able to find room for in his Report on the accounts. It is also necessary that on behalf of the Government I should state categorically that the funds voted in 1958 for education were spent on education. There were, it is true, some errors and mis-allocations (for instance paragraphs 53, 55, 61, 150 and 158) and it is quite correct that some of the apparatus of the education system, for instance some Boards of Managers and Governors, were not set up during 1958, though as I have said, alternative statutory arrangements were set up later. There are even one or two transactions, for instance, those mentioned in paragraph 158 the propriety of which are open to question and which are under investigation.

But the fundamental point is that there was no misappropriation and no gross misuse of Government funds. In the time available it was not possible, without closing schools all over the country, to perfect accounting arrangements. It was not possible in all cases to follow fully all the requirements of the new legislation.

What was the Ministry to do? Was it to slow down the rate of education expansion? Was it to delay the implementation of a policy which, when enunciated, had received the unanimous approval of the Legislature? Was it to close schools?

The Ministry did none of these things. It endeavoured to carry out the Government's policy. It continued the phenomenal expansion of the education system. Despite the most serious staff shortage it endeavoured in 1958 to carry out the clearly expressed intentions of the Legislature and to implement Government's education policy.

Neither an Auditor-General's report nor a White Paper such as that now before the House is perhaps the most appropriate place to pay tribute to any particular group of persons.

should be aware of these circumstances and make allowance for them before we can pass any judgement on what happened at that time. It is also not my intention to disclaim responsibility for what had happened at that time. We, the Alliance Government, take full responsibility, but at the same time we take great pride in the way in which we were able to effect the change-over from a country under Colonial rule to an independent country.

Also, having achieved independence which was the first main aim of the Alliance Government, it was the Government's wish to achieve results in other fields of development—in social services, in health and in particular, in Education. In order to achieve quick results and to effect the necessary economic and social changes which the people had long desired, it was necessary in some instances to dispense with formalities and red-tapes and outdated procedures of Colonial days. It may be, in this desire to achieve quick results, Government had overlooked certain procedures, accounting or financial. It may be these procedures should have been changed, but due to rush of work there was no time to effect such a change. Also, in the rush of work and in the desire to achieve results there might have been delay in submitting audited accounts of monies spent. But I can assure the House that as far as possible the necessary procedures were followed and there was no instance of any intentional omission or misappropriation of funds.

Also, immediately after the achievement of independence. Government was concentrating more on ending the Emergency and of bringing peace to this country so that our young new Nation could progress and prosper without restriction and hindrance. In fighting a war. Government's main objective must be to kill the enemy and win the war at any price, and in doing so it might have been necessary to incur expenditure without first having to obtain prior approval. This had to be done in other instances and as time was the essence in my battle, in some instances money had to be spent without having to go through the usual procedure. Circumstances such as these do occur in war and I am sure the House will readily make allowance if, in the process, we do achieve results as in this case the Government had achieved results.

Indeed, as regards the Ministry of Education, this Ministry underwent greater changes and had to face a much more challenging task during the period than any other Ministry or department. I speak on this with some authority, with personal

knowledge and experience as I was Minister of Education during the first two years of this transitional period. As the House is fully aware, one of the first tasks of the Alliance Government when it came into power in 1955 was to appoint a committee to examine the Education Policy. The Report of that Committee was approved unanimously by the Federal Legislative Council on the 16th May, 1956. Soon after that the new Education Ordinance was drafted and was passed by the Federal Legislative Council on the 7th March, 1957 and brought into force on the 15th June, 1957. Therefore, in that year the whole education field underwent great changes and the Ministry and its staff had to set itself to the task of implementing the Government's new education policy. Also, prior to this new policy, Education was a State matter and the Federal Government was merely responsible to the extent of ensuring a common policy and a common system of administration.

With the new policy, education became completely Federal and this was confirmed under Articles 74 and 80 of the Constitution. Therefore, in 1957, the year of Merdeka, there were fundamental changes in the policy and fundamental changes in the Constitutional responsibility in the field of education. Now, the year 1958 was the first financial year during which these changes took effect. While the Auditor-General's Report for the 1958 financial year deals merely with accounting and financial matters, it is not enough, as I have said, to consider these in isolation of the political, policy and constitutional changes which had just taken place. As I have also said, the elected Government of independent Malaya, the Alliance Government, was determined that progress should surge through waters which had become somewhat stagnant in the Colonial days, and in the field of education, above all, progress and reform were greatly needed. Since the Alliance Government first came into power in 1955, education facilities have considerably increased and enrolment in assisted primary schools has increased by 64% and assisted secondary schools by no less than 112%, and what is more, at the end of 1956 the Government undertook a census of all school-going children in an operation known as "Operation Torch" and at the beginning of 1957 the Government was able to find a place for every child of primary school age. This was a great endeavour and a great achievement unparalleled in the history of any country. Thus, while the education policy was being changed, the education system was also being expanded. The Ministry had to

face the responsibility of carrying out the education policy and the great expansion in the system. It was in 1958 that the full impact of these changes and of this development became fully felt. In that year the Ministry of Education became self-accounting and responsibility for administering all the funds voted for education rested, for the first time, directly upon the Ministry. The Government felt that it would be out of tune with the hopes and the needs of the country to allow these great educational reforms to be delayed by reason merely of procedural difficulties. There is no denying that these procedural difficulties were formidable. Those affecting the accounts included the facts that within a matter of months local education authorities had to be set up throughout the country, that Boards of Managers or Governors were required for more than 5000 schools, that all these schools had to maintain, for the first time, records and accounts to which they were not accustomed, and that Auditors had to be found to audit the accounts of all local authorities and schools.

The Auditor-General was properly performing his duty in pointing out that in 1958 Statutory Boards were not appointed for many schools and that without them the full statutory system for the payment of grants could not be operated. I ask the House to consider the magnitude of this operation. In all about 75.000 public-spirited persons had to be found and appointed under formal instrument approved by the Minister.

Furthermore, there were factors which in the judgment of the Government made it undesirable to force the appointment of Board too quickly. These were political considerations outside the scope of either the Auditor-General or of the officers of the Ministry.

They were of sufficient weight, however, for the Government to decide to amend subsidiary legislation so that grants could also be paid, under suitable safeguards, to schools without Boards. This was done, after full consultation with the Auditor-General and the Government's legal advisers, early in 1959. This solution is mentioned in the Command Paper though not in the Auditor-General's Report.

I submit, Sir, that the country was better served by this realistic approach to the problems of the new policy than it would have been by the adoption in 1958, of the only alternative, which was closing schools.

Now, in the Auditor-General's Report it was stated that the accounts in the Ministry of Education were confused and obscure and that he was unable to satisfy himself that certain payments were properly charged for. Now, I ask this House to consider what I have said in the light of the statement made in the Command Paper, whether the charge was, in all the circumstances, fair. The statement, in the Command Paper reveals there was no such confusion or obscurity in the Ministry after all. The second charge relates to delay in submitting audited accounts. I have explained the circumstances which led to this and the audited accounts have since become available. I need not tire this House by explaining the difficult operation of appointing Auditors under the new Education Ordinance to various school boards and authorities. The audited accounts of primary and trade schools had to be submitted to local education authorities and the audited accounts of local education authorities had to be submitted to the Ministry. In the process there is bound to be delay, but I must say that at the time the Auditor-General conducted the audit of the Ministry's accounts, some of the audited accounts were available and now most of them are available.

Now, after I have made this explanation I am sure the House will agree with me that in all the circumstances of the case and in the light of the political, constitutional and policy changes that had taken place, and not merely from the angle of accounting and financial procedure, any charge or omission or neglect of duty to this Ministry is hardly fair. But the point I wish to emphasise to the House is this—there is no question at all that this money has been misappropriated or wasted or improperly spent as has been alleged by some quarters and, I am sorry to say, by some members of the opposition. In any case, the Auditor-General himself does not say so in his Report.

I would earnestly invite Hon'ble Members to study Command Paper No. 14 of 1960 in particular those parts of it relating to the Ministry of Education. It will be seen that many paragraphs of the Auditor-General's Report call for some qualification. As the Command Paper shows, there are a number of factual errors, for example in paragraphs 49, 143, 144, 148, 152, and there are a number of other paragraphs, for example 47, 51, 52, 54 (part), 56,

But in view of all that has been said since the Auditor-General's report was tabled at the last meeting of this House, I feel that it is right for me to pay a tribute to my Hon'ble colleague the former Minister of Education and those Government officers who, in the face of practical difficulties that would have daunted many, carried through in good faith the full spirit of the Government's policy and in so doing produce results in terms of an expansion of our schools of which we can all be proud.

I said all this about the Ministry of Education because I had the honour to be the Minister at the time when the changes had taken place, and the full effects of all this were felt when my friend and colleague the present Minister of Commerce and Industry took over the Ministry of Education. I do strongly feel that we in this House should join together in paying our tribute to him and to those officers of the Ministry for the great work that they did in the face of all the difficulties that I have mentioned.

I ask the House to see all these matters in the true perspective and not to indulge in criticism or allegation unless they are backed by hard facts. Now, the true facts are before the House. Our country is making splendid progress in all fields of development and, in particular, in the field of education. The Ministry of Education has done splendid work in the past and it has a great and challenging task ahead in providing the best education for our children in the years to come. Let us, therefore, fortify the hands of our new Minister of Education and the officers of his Ministry in their great task by accepting the Government statement and by approving this motion.

Sir, I beg to move.