

AAT- 8844

PER. UTAMA-UM



A004479023

## AN ANALYSIS

### OF THE MALAY INVOLVEMENT

### IN THE MINING INDUSTRY IN WEST MALAYSIA

The objective is to identify the present situation, analyse the problems and suggest ways and means that should be taken to bring about the desired results.

This paper is also aimed to point out the areas of responsibility of the various public and private sectors in the society so that a well co-ordinated effort can be pooled together to tackle this glaring problem of economic imbalance. Looking at it in a broader work is, in one way or another, in response to the government call for a fuller participation in the new economic policy which is aimed at creating a more balanced and harmonious Malaysian society.

The writer would like to take this opportunity to express his thanks to the supervisor, Mr. N. Puteh Wang, who has locally given

A Project Paper presented to the  
Faculty of Economics and Administration,  
University of Malaya  
in part fulfilment towards the Diploma in Public Administration  
1971/1972

firstly recorded to Hache Keng Keng, Deputy Director General of Mines, Malaysia, Tuan Haji Ahmad Ismail bin Haji Ismail, Director of Mines, Kuala Lumpur, Hache Keng Keng, Deputy Director of Mines, Selangor, Y.B. Hache Keng Keng, Selangor.



## P R E F A C E

State of Selangor Executive Committee Member, Enche Abdul Rahman,

A. Malay miner in Bangkok, Selangor, and all State Secretaries of

Malaysia. Their unreserved co-operation is very much appreciated,

present Malay involvement in the mining industry in this country.

The objective is therefore to identify its present situation,

analyse the problems and factors that contribute towards the

situation, and finally to formulate ways and means that should be

taken to bring about the much-needed remedy.

This paper is also aimed to point out the areas of responsibility of the various public and private sectors in the society so that a well co-ordinated and concerted effort can be pooled together to tackle this glaring problem of economic imbalance. Looking at it this way, this research work is, in one way or another, in response to the government call for a fuller participation in the new economic policy which is aimed at creating a more balanced and harmonious Malaysian society.

The writer would like to take the opportunity of expressing his thanks to the supervisor, Mrs. M. Putucherry, who has relentlessly given her co-operation and guidance, without which this paper would not have been as it is now. His gratitude is also firmly recorded to Enche Mokty Mahmud, Deputy Director General of Mines, Malaysia, Tuan Haji Ahmad Azizuddin bin Haji Zainal Abidin, Director of Mines, North Zone, Enche Tham Weng Sek, Deputy Director of Mines, Selangor, Y.B. Enche Chan Keong Hon,



# TABLE OF CONTENTS

State of Selangor Executive Committee Member, Enche Abdul Rahman, a Malay miner in Dengkil, Selangor, and all State Secretaries of Malaysia. Their unprecedented co-operation is very much appreciated, without which there will be an inadequate supply of materials for the paper due to the inavailability of written documents pertaining to the subject.

## Chapter

I	INTRODUCTION	1
	Scope and Field of Study	1
	Objectives	2
30th December, 1971	Methodology and Sources	3
	Limitations	4
II	THE PERANG MAJAL PARTISIPATION IN THE INDUSTRY	5
	Historical Background	5
	The Present Situation	7
	1. Prospecting Period	8
	2. Mining Period	13
	3. Labour Force	17
III	PERANG PARTICIPATION IN THE PERANG INDUSTRY	21
	1. Role of the Perang Industry	21
	2. The Perang Industry	25



# TABLE OF CONTENTS

	b) General policy	...	22
	c) Delay in the Administrative machinery	...	26
	d) Economic factors	...	26
Preface	...	...	ii
List of Tables	a) Capital	...	vii
Abbreviations	b) Lack of Credit facilities	...	ix
Chapter	c) Non-cooperativeness among Malays	...	30
I	INTRODUCTION	...	1
	Scope and field of study	...	1
	Objectives	...	2
	Methodology and Sources	...	3
	Limitations	...	4
II	THE PRESENT MALAY PARTICIPATION IN THE INDUSTRY	...	5
	Historical background	...	5
	The Present Situation	...	7
	A. Prospecting Permits	...	8
	B. Mining Leases	...	13
	C. Labour force	...	17
III	FACTORS CONTRIBUTING TO THE PRESENT SITUATION	...	21
	A. Lack of positive government intervention	...	21
	a) The present government involvement	...	21



	b) General policy	...	22
	CONCLUSIONS AND RECOMMENDATIONS		
	c) Delay in the Administrative machinery	...	23
	A. Government policy and Intervention	...	25
	B. Economic factors	...	26
	a) Second Malaysia Plan	...	25
	a) Capital	...	26
	b) Government policy on employment	...	27
	b) Lack of Credit facilities	...	27
	c) Non-cooperativeness among Malays	...	30
	d) Formation of a National Mining Corporation	...	32
	C. Socio-cultural	...	30
	a) Reorganization of government	...	30
	a) Problem of landholding	...	30
	b) General attitude and value system	...	32
	C. The role of the non-Malay	...	33
IV	STEPS BEING UNDERTAKEN TO IMPROVE THE PRESENT SITUATION	...	34
Appendix A	A. Governmental Roles	...	34
Bibliography	a) Scout prospecting by GERUDI	...	34
	b) Loans and financial aids	...	38
	c) Scholarship on mining and training facilities	...	39
	d) Government policy on the employment of Malays	...	42
	B. Bumiputra Economic Congress	...	44
	C. Public Corporation	...	48
	D. Second Malaysia Plan	...	50



# LIST OF TABLES

V	CONCLUSIONS AND RECOMMENDATIONS	54
Table	A. Government policy and Intervention	55
2.1	a) Second Malaysia Plan	55
	b) Government policy on employment of Malays	58
2.2	c) Prospecting works	60
2.3	d) Formation of a National Mining Corporation	62
2.4	e) Reorganisation of government machinery	64
	B. Financial Aids	66
2.5	C. The role of the non-Malay businessmen	68
Appendix A	...	71
2.6	Distribution of labour by race employed in mining industry in 1967 - 1970	76
Bibliography	...	
2.7	Distribution of labour by race and types of mines employed by the end of 1970	19
2.8	Labour force employed in the Associated Mines, Sungai Ray, by race 1971	20
4.1	Areas under Malay Reservation Prospected by GSGM	35
4.2	Areas proved to contain ores	36
4.3	Areas prospected by GSGM (using closed borings)	36



# LIST OF TABLES

4.4	Expenses incurred in prospecting Malay reservation lands by GERUDI from 1960 - 1969	
Table		Page
2.1	Areas of lands held under Prospecting Permits issued to Malays, 1968	9
2.2	Distribution of Prospecting Permits, Third Quarter, 1971, in West Malaysia	11
2.3	Mining lands owned by Malays, 1968	13
2.4	Distribution of Ownership of tin mines in West Malaysia, Third Quarter of 1971	15
2.5	Distribution of Mining Leases in West Malaysia, Third Quarter of 1971	16
2.6	Distribution of labour by race employed in mining industry in 1967 - 1970	18
2.7	Distribution of labour by race and types of mines employed by the end of 1970	19
2.8	Labour force employed in the Associated Mines, Sungai Way, by race 1971	20
4.1	Areas under Malay Reservation Prospected by GERUDI	35
4.2	Areas proved to contain ores	36
4.3	Areas prospected by GERUDI (using closed borings)	36



4.4	Expenses incurred in prospecting Malay reservation lands by GERUDI from 1960 - 1969	37
4.5	Scholarships awarded to Malay students to pursue courses related to mining industry, 1964 - 1971	40

PERNAS	-	Perbadanan Nasional Berhad (National Corporation Ltd.)
MIDF	-	Malaysian Industrial Development Finance
MARA	-	Majlis Amanah Ra'ayat
Collector	-	Collector of Land Revenue
S.E.D.C.	-	State Economic Development Corporation
S.I.D.C.	-	State Industrial Development Corporation
S.D.C.	-	State Development Corporation
RaCo	-	State Executive Committee
F.I.D.A.	-	Federal Industrial Development Authority



## CHAPTER I

### INTRODUCTION ABBREVIATIONS

#### Scope and Field of Study

PERNAS - Perbadanan Nasional Berhad  
(National Corporation Ltd.)

MIDF - Malaysian Industrial Development  
Finance

MARA - Majlis Amanah Ra'ayat

Collector - Collector of Land Revenue

S.E.D.C. - State Economic Development  
Corporation

S.I.D.C. - State Industrial Development  
Corporation

S.D.C. - State Development Corporation

ExCo - State Executive Committee

F.I.D.A. - Federal Industrial Development  
Authority



## CHAPTER I

### INTRODUCTION

#### Scope and Field of Study

This project paper primarily deals with the Malay participation in the West Malaysian mining industry in the present time. Data and tables are provided to show the clear picture of the present day Malay involvement in various aspects of mining, namely:-

a) number of prospecting permits held by Malays

in comparison with those held by other races,

and the acreage

b) areas of lands under mining held by Malays

and non-Malays

c) number of mines owned and worked by Malays

and non-Malay miners

d) number of Malay workers, at all levels, employed in the industry.

Based on this perspective the paper will further deal with the problems and factors as well as government intervention that contribute to the situation. It will also discuss and analyse the various government and semi-governmental bodies' efforts and steps that are being taken to help improve the position of the Malays in the industry.



in the industry. picture shows, the present efforts are not sufficient

The paper purposely will not discuss the historical aspects of the Malay participation in the industry in detail. It is more directed to deal right into the present situation thus evaluating the present government policy and objectives with regard to the Malay involvement in the industry. The body of the paper will be the evaluation of the present situation with regards to the factors and problems faced, as well as the critical analysis of the existing efforts and steps taken by the authority. The final chapter will deal primarily with the conclusion and recommendations of the writer as to steps that should be taken and improvements on the existing facilities so as to accelerate the Malay participation in the industry as well as to help reduce the economic imbalance between the Malays and the non-Malays in the context of Malaysian economy as a whole.

#### Objective

The primary objective of the paper is throw light on the actual breakdown of the racial involvement in mining industry in this country. By looking at the statistics and data provided the writer hopes to bring into light, not only to satisfy the requirements of the D.P.A. course, but also to the attention of the authority concerned of the magnitude of problems faced by everyone concerned with the industry in so far as to encourage more Malays to participate in the industry.



As the picture shows, the present efforts are not sufficient if not only superficial. The paper therefore attempts to look into these inadequacies and the factors that contribute to these shortcomings. Further it is the objective of this paper to provide alternatives and the best method possible which should be practical to remedy the situation so as to be in streamline with the government objective of restructuring the Malaysian society into a more balanced and stable distribution of the economic wealth of the country.

#### Methodology and Sources

Since the paper deals with the present day situation there are not many publications or written materials on the matter. The writer therefore has to rely heavily on interview with those concerned with the subject, namely the Government officials from the department of mines, both headquarters and states, several Malay and Chinese miners who are actively involved in the industry, as well as the Malay workers themselves.

There are also references to written materials which are primarily made up from departmental reports on the industry as well as the booklets on seminars conducted by various interested bodies in the country. Although the number of these publications is very limited yet valuable informations regarding statistics and data of the present day involvement are available. In fact these help to launch the study into a more stable direction.



Limitations

Due to the limited written materials and publications available, a more comprehensive presentation may not be possible.

The writer therefore has to depend solely on the availability of these materials and it is even made scarce because these materials are generally classified documents which may not be accessible by everyone. As a result of this the writer is confronted with a major problem of inadequacy of established materials except those which are accessible to him.

Further, the writer is handicapped by a certain non-cooperative attitude of some of those interviewed. The difficulty

to extract information from them is entirely due to their vested interest and when their cooperation is given they may provide information which are different from the actual situation in which the writer is very familiar with. This has an unhealthy effect on the study since such information may distort the whole picture.

As an example, in 1851, three Malay chiefs entered into joint venture with Malacca (Non-Malay) merchants to finance the Chinese miners to carry out the mining activities in their (Malay) lands through which they obtained steady tributes. The Malay involvement in the industry was primarily initiated by Malay chiefs like Raja Jussat, a local Malay chief in Idut, Raja Abdullah bin Tunja Jaafar, Sultan Abdul Samud of Selangor and various others who discovered tin in areas of Idut, Kamohing and Ampang.

Similar situations also happened in Perak where the Malay chiefs like Che' Long Jaafar and Che' Ngah Ibrahim who developed and controlled Larut as a very important mining district.

1. Song Lin Sen: *The Malayan Tin Industry*, 1934.

2. Newbold, *British Settlements in the Straits*.

Raffles, Thomas G. "On the Tin of the Island of Borneo" *FOCS* III, 1828



## CHAPTER II

### THE PRESENT MALAY PARTICIPATION IN THE INDUSTRY

The Chinese were quick to notice this, and they took sides as well as urging the British Government to intervene since they had put in

#### Historical background

According to Sir Thomas Raffles and T.J. Newbold, both eminent British authorities on Malay affairs in the early nineteenth century, the Malays were the principal miners in the Malay Peninsula<sup>1</sup>. They not only controlled the tin mining areas of Perak, Selangor and Negeri Sembilan, but also provided the necessary capital for the Chinese to work on the mines. The Malays also handled the tin trade down the Linggi River.

As an example, in 1831, three Malay chiefs entered into joint venture with Malacca (Non-Malay) merchants to finance the Chinese miners to carry out the mining activities in their (Malay) lands through which they obtained steady tributes. The Malay involvement in the industry was primarily initiated by Malay chiefs like Raja Jumaat, a local Malay chief in Lukut, Raja Abdullah bin Tunku Jaafar, Sultan Abdul Samad of Selangor and various others who discovered tin in areas of Lukut, Kanching and Ampang.

Similar situations also happened in Perak where the Malay chiefs like Che' Long Jaafar and Che' Ngah Ibrahim who developed larger tin mines came principally from the wealthy Chinese merchants and controlled Larut as a very important mining district.

---

<sup>1</sup> Wong Lin Ken: The Malayan Tin Industry, 1914.

<sup>2</sup> Newbold, British Settlements in the Straits;

Raffles, Thomas S. "On the Tin of the Island of Banka" TGSC III, 1828



This hold on the industry however was broken down by civil wars between rival Malay groups having interest in the industry. The Chinese were quick to notice this, and they took sides as well as urging the British Government to intervene since they had put in large amounts of capital and labour in the industry. This resulted in the Pangkor Engagement of 20th January 1874 which allowed the British to intervene in these mining areas.

From this date the Malay participation in the industry quickly declined into insignificance. It should also be remembered here that the Malay participation was primarily on control and ownership basis by only a very few Malays. There was very few Malay labour force engaged in the industry. This could be one of the contributing factors which led to the overall Malay indifferent attitude towards the industry.

The Chinese were already involved in the industry in 1815 in Larut, where there were about 200 of them only. However the number grew very rapidly both in Perak, Selangor and Negeri Sembilan. It was reported that by 27th February 1872 there were about 15,000 Chinese miners in Sungai Ujong, and about 30,000 to 40,000 men in Larut, Perak<sup>2</sup>.

The capital so necessary for the opening and working of the larger tin mines came principally from the wealthy Chinese merchants living in the Straits Settlements. The capture of Malacca in 1795

---

<sup>2</sup> Ibid - Wong Ián Ken pp 26 & 27



when a nation wide survey was made to determine the actual position by the British, and the cession of that territory to Britain by the of the Malays in the tin mining industry. The survey was carried Dutch in 1824, brought about the final collapse of Dutch political set by a committee set up by the Ministry of Land and Mines. The and commercial influence in the tin producing state of the Peninsula, fields were chosen, namely:  
and consequently the financial backing for the mines passed  
a) Prospecting Permits issued by Malays, 1968  
effectively into the hands of the Chinese<sup>3</sup>.

b) Mining lands held by Malays, 1968  
Thus we can see that the Chinese, beside providing the necessary labour for the mines, also provided the capital to finance every mining operation. In this way they have a much longer and deep-rooted tradition in the mining industry compared to the Malays who were "only part-time miners and whose method of mining and smelting was clumsy and uneconomical"<sup>4</sup>.

As a result of all these developments, coupled with further British intervention, the Malays rapidly moved into insignificance in the industry and the Chinese were quick to response to the new situation. It will be shown in the subsequent part of this Chapter the present Malay participation in the industry in comparison with the other races.

#### The Present Situation

Not until recently, nothing much is being mentioned about the Malay participation in the industry. There is not much information or data available to show the situation clearly. It was only in 1968

---

<sup>3</sup> Ibid - Wong Lin Ken pp 26 & 27

<sup>4</sup> Ibid - Wong Lin Ken p 21



when a nation wide survey was made to determine the actual position of the Malays in the tin mining industry. The survey was carried out by a committee set up by the Ministry of Land and Mines<sup>5</sup>. Two fields were chosen, namely:

State	Total areas	Area under P.P.	% held by Malays
a) Prospecting Permits issued to Malays, 1968			
Kedah	23,281	2,248	25.2
Perlis	7	-	-
b) Mining lands held by Malays, 1968			
Perak	182,686	78,438	27.7

#### A. Prospecting Permits<sup>6</sup>

Table 2.1 shows the acreage of lands covered in the Prospecting Permits issued to Malays in 1968. From the Table 2.1 below it can clearly be seen the insignificance of the Malay involvement, even in the preliminary part of the industry itself. The figure 21.8% of the Prospecting Permits areas held by Malays is in actual fact not representative enough since it includes the 41.0% held by Malays in Kelantan. 41.0% is exceptionally a high percentage, and so, if we exclude Kelantan from the overall percentage we have only 20.1% of the total 901,127 areas held under Prospecting Permits are owned by Malays in 1968.

On paper this is already a very small figure. In reality it is even worse. Prospecting Permit does not yield any income. In fact this is the most risky part of the mining process where one

has to spend thousands of dollars in boring and erecting to determine

<sup>5</sup> The working committee members are Chief Inspector of Mines and his Deputy, Senior Inspectors of Mines North Zone, Eastern Zone and Mines Chief Research Officer.

<sup>6</sup> See page 23 for procedure for application of prospecting permits. In the mining industry, 1968. For matter of convenience in the presentation of the above table, prospecting permits held jointly by a Malay and a non-Malay are regarded as belonging to the Malays.



Table 2.1

Areas of Lands held under Prospecting  
Permits issued to Malays. 1968<sup>7</sup>

State	Total areas under P.P.	Area under P.P. given to Malays	% held by Malays
Kedah	22,294	5,628	25.2
Perlis	-	-	-
Perak	182,686	78,438	27.7
Selangor	90,272	20,140	22.3
N. Sembilan	8,035	2,244	27.9
Malacca	77,423	-	0.0
Johore	169,733	27,348	22.0
Pahang	131,649	23,605	17.9
Trengganu	122,035	21,572	17.7
Kelantan	40,934	16,800	41.0
Total	942,061	205,800	21.8

On paper this is already a very small figure. In reality it is even worse. Prospecting Permit does not yield any income. In fact this is the most risky part of the mining process where one has to spend thousands of dollars in boring and scouting to determine whether the chosen areas have any minerals or not.

<sup>7</sup> Report of the Working Committee on Malay Participation in the Mining Industry, 1968. For matter of convenience in the presentation of the above table, prospecting permits held jointly by a Malay and a non-Malay are regarded as belonging to the Malaysia.



When a Malay holds a Prospecting Permit he needs not be the one to do the mining. He may lease the land to a non-Malay or have it worked out by contract or he may just accept tributes. This is why the already small percentage held by the Malays will become even smaller when it is being mined.

Another point which should be clarified here is that although it is the Malays who hold the Prospecting Permits, yet the actual prospecting and boring may be done by non-Malays on the agreement that they will be given the right to do the actual mining if the lands are found to bear tin. This agreement is in the form of giving a certain percentage as tributes or sometimes the land are directly sold to the potential miners. This is an easy way out to get ready cash and this is one of the problems that will be analysed more elaborately in Chapter III.

The Director of Mines receives a quarter-yearly report of the position of Prospecting Permits issued and the acreage of lands given to Malays, non-Malays and joint ventures for the year beginning 1970.

Looking at Table 2.2, a new picture is shown where the Malays are holding 270,349 acres under Prospecting Permits compared to only 197,549 acres held by non-Malays. This is a very promising change. But is this the true picture of the Malay involvement in this industry? It has been stated earlier that the holder of the Prospecting Permits need not necessarily be the one doing the actual



Table 2.2

Distribution of Prospecting Permits by race,Third Quarter of 1971 in West Malaysia<sup>8</sup>

State	Held by Malays		Jointly held		Held by non-Malays		Total	
	No.	Acreage	No.	Acreage	No.	Acreage	No.	Acreage
Selangor	18	9,203	4	3,214	12	1,074	34	13,491
N. Sembilan	1	96	-	-	-	-	1	96
Malacca	-	-	-	-	-	-	-	-
Johore	40	16,373	17	26,043	139	47,013	196	89,429
Pahang	13	9,808	9	8,409	35	29,186	57	87,403
Trengganu	61	33,669	-	-	53	22,693	114	56,362
Kelantan	11	13,835	1	2,000	2	4,000	14	19,385
Perak	790	280,709	208	46,007	587	93,478	1,585	420,194
Kedah	8	6,656	-	-	3	105	11	6,761
Perlis	-	-	-	-	-	-	-	-
Total	942	370,349	239	85,673	831	197,549	1,012	653,571

<sup>8</sup> Quarter-yearly Report submitted by all State Directors of Mines and compiled by the Director General of Mines.



prospecting and boring nor should he be the one who will finally mine the land. In most instances the Malays will end up only as the Prospecting Permit holder, and nothing more than that. This state of affair could be contributed by various factors, namely:-

a) lack of capital to do the actual prospecting and boring as well as to carry on with the mining work.

b) easy money could be obtained without much hardwork, in terms of tribute or commissions.

c) lack of technical know how.

d) the risk involved is much too big to take a chance.

e) discouragement from other non-Malay miners, about the risks and the tough work ahead.

The above factors are only meant to acquaint us with the problems and these problems will be dealt with more elaborately in Chapter III. As a result of these factors the number of active Malay miners are so few that it has caused such a disequilibrium that needs instant investigation, not so much to ask the reasons why, but to find ways and means to remedy and improve the situation.

State	Total area of Lands held	% held
Perlis	523	28.1
Kedah	18.2	18.2
Penang	-	-
Perak	12.1	12.1
Selangor	4.2	4.2
N. Sembilan	3.3	3.3
Malacca	7.8	7.8
Total	375.017	37.017

9 See page 23 for procedure for application of mining leases.

10 Quarter-yearly report submitted by all State Directors of Mines and compiled by the Director General of Mines, Malaysia.



B. Mining leases<sup>9</sup> In Table 2.3 the area of mining lands owned by

the Malays are even smaller compared to that of the lands under Prospecting Permits. The figures from Kelantan (95.3%) and Malacca (58.1%) are exceptionally high compared with the rest. Therefore non-Malays. Table 2.3 shows the distribution of the mining lands by if we exclude these two in order to get a clear picture of the race.

percentage held by the Malays, we will get a picture even smaller than 9.37%. This depressing state of affair has the same contributory factors as that already mentioned regarding the lands under Prospecting Permits.

Table 2.3

Mining Lands owned by Malays, 1968<sup>10</sup>

State	Total areas of mining lands	Lands held by Malays	% held
Perlis	1,165	328	28.1
Kedah	5,056	925	18.2
Penang	-	-	-
Perak	155,565	18,880	12.1
Selangor	74,726	3,196	4.2
N. Sembilan	5,232	287	5.5
Malacca	1,537	593	28.1
Johore	35,863	2,437	6.8
Pahang	36,035	5,242	14.5
Trengganu	58,909	3,599	6.1
Kelantan	1,602	1,530	95.5
Total	375,694	37,017	9.8

<sup>9</sup> See page 23 for procedure for application of mining leases.

<sup>10</sup> Quarter-yearly report submitted by all State Directors of Mines and compiled by the Director General of Mines, Malaysia.



As shown in Table 2.3 the area of mining lands owned by the Malays are even smaller compared to that of the lands under Prospecting Permits. The figures from Kelantan (95.5%) and Malacca (38.1%) are exceptionally high compared with the rest. Therefore if we exclude those two in order to get a clear picture of the percentage held by the Malays, we will get a picture even smaller than 9.87%. This depressing state of affair has the same contributory factors as that already clarified regarding the lands under Prospecting Permits.

The 1968 figure may be out of date. Table 2.4 will show the prevailing position with regard to the number of mines owned by Malays in the Third Quarter of 1971.

Table 2.4 shows a more realistic picture of the present Malay involvement in the industry. The actual mines in operation which are owned and worked by Malays are even smaller in number. There are only 2, one in Perak and the other in Selangor. The number of mines shown in Column 2 in Table 2.4 are only officially owned by the Malays but they either have been leased out to non-Malay miners, or have them worked out by non-Malays in payment of tribute or some other mode of payments.

The distribution of mines by race as shown in Table 2.4 is directly related to the distribution of mining leases and mining lands held both by Malays and the non-Malays in the country.



Table 2.4

Distribution of Ownership of tin mines  
in West Malaysia, Third Quarter of 1971<sup>11</sup>

States	Mines belonging to Malays	Joint ventures between Malays and non-Malays	Licence issued to Malays or jointly held but worked by non-Malays	Total Number of Mines	Other mines beside tin held by non-Malays
Selangor	9	3	7	205	3,899
N. Sembilan	1	0	0	16	-
Malacca	-	-	-	4	-
Johore	-	1	1	58	8,512
Pahang	2	-	1	33	6,679
Trengganu	-	1	-	15	-
Kelantan	-	-	-	-	1,667
Perak	2	11	37	713	5,046
Kedah	1	1	-	14	1,775
Perlis	-	-	-	22	-
Total	15	17	46	1,080	27

<sup>11</sup> Quarter-yearly report submitted by all State Director of Mines, West Malaysia, and compiled by the Director General of Mines, Malaysia.



Distribution of Mining Leases and Mining Lands  
in the States of West Malaysia, Third Quarter  
of 1971<sup>12</sup>

States	Owned by Malays		Jointly owned		Owned by non-Malays		Total	
	No.	Acreage	No.	Acreage	No.	Acreage	No.	Acreage
Selangor	72	3,600	9	1,004	775	60,295	856	64,899
N. Sembilan	10	448	2	58	66	3,533	78	4,040
Malacca	9	803	-	-	16	654	25	1,458
Johore	29	2,338	7	688	275	29,486	311	32,512
Pahang	31	4,868	10	2,344	244	25,466	285	32,679
Trengganu	32	48,671	9	1,288	73	11,068	114	61,027
Kelantan	3	121	-	-	4	1,546	7	1,667
Perak	375	11,744	177	17,477	3,107	141,825	3,659	171,046
Kedah	26	1,405	-	-	124	3,370	150	4,775
Perlis	1	42	-	-	55	1,387	56	1,429
Total	588	74,040	214	22,859	4,739	178,630	5,541	275,529

<sup>12</sup> Quarter-yearly report submitted by all State Director of Mines, West Malaysia, and compiled by the Director General of Mines, Malaysia.



From Table 2.5 it is shown that out of 275,529 acres of mining leases in the country only 74,040 acres belong to the Malays, which constitutes only 26.8% of the total. From this figure we can thus see the reasons why the number of mines owned by the Malays are even smaller.

Generally, the majority of the mining lands held by the Malays are in the Malay Reservation areas. Most of these lands have not been worked out yet due to the various factors discussed in Chapter III. In fact these mining lands may not be worked out at all if those factors are not removed.

Those mining leases which make up a total of 22,859 acres held jointly by Malays and non-Malays are generally being worked and mined by the non-Malays. The name Malay is only for name sake.

They are either mere sleeping partners, or may just be sitting pretty contented to receive tributes from the non-Malays who are ploughing a bigger share of the profits. This is true because the Malays who have almost nothing to offer in the industry, neither the capital nor the technical skills, are left with no alternative except to accept the offer presented in the joint venture agreement.

### C. Labour Force

Beside getting the picture of managerial and ownership aspect of the Malay involvement in the industry it will also help



to show a clearer picture when we see the Malay labour force involved in comparison with the non-Malays.

Table 2.6

Distribution of labour by race employed in mining industry in 1967-70 (based on sample survey made available in July)<sup>13</sup>

Race	1967	1968	1969	1970
Malay	8510	8620	8240	8050
Chinese	34230	34490	31780	33170
Indians	4960	5030	4360	3660
Others	330	350	320	240
Total	48030	48030	44700	45120

Table 2.6 shows the employment of the labour force by race in the industry since 1967 to 1970. It may be noted here that the total number of labour force in 1969 has decreased from the previous year mainly due to May 13th disturbances of that year. However the number is now steadily rising again except that of the labour force under "others" which includes mostly the expatriates. The decrease here is mainly due to the Malaysianisation process.

The Malay labour is found more in mines using dredges and very much less in gravel pump mines. This is clearly shown in Table 2.7.

<sup>13</sup> (4)dlm.K.B.28/2/3, 7th September, 1971, Ministry of Labour



and holds no important post Table 2.7 industry. This can be shown from

the Statistical Distribution of labour by race and types of mines, Sungai  
of mines employed by the end of 1970<sup>14</sup>

Race	Dredging	gravel pumps	Hydro- licing	Open Cast	Under- ground	Other method	Total
Malays	3846	3455	11	2111	824	260	10,507
Chinese	3592	26582	12	1242	1736	1199	34,363
Indians	2327	1681	1	282	42	59	4,392
Europeans	92	15	-	13	12	1	133
Others	55	76	2	25	2	21	181
Total	9912	31809	26	3673	2616	1540	49,576

It is shown in Table 2.7 that the number of Malay labour force being employed in dredging and open casting methods are even more than the Chinese labour force. This is because dredges are mostly owned by European Companies and they comply more to the labour requirements as well as government request to employ the Malays in the industry. The gravel pumps which are almost all owned and operated by the Chinese miners employ only about 10% of the Malay labour force. There are problems related to this situation and the factors related to this will also be dealt with accordingly in Chapter III.

Although more Malays are being employed in the dredges yet it is worthy to note that they comprise mostly of the general labour

<sup>14</sup> Director General of Mines, Malaysia







### CHAPTER III

#### FACTORS CONTRIBUTING TO THE PRESENT SITUATION

By now the real picture of the Malay participation in the mining industry has been clearly shown. It is of interest therefore to look into the various factors which have contributed to this state of affair. The factors however are so well inter-locked together that it has become necessary to discuss them in relation to other factors. It is indeed a vicious circle, as far as the economic interpretation goes. What is lacking is the persistency and the sacrifice.

#### A. Lack of positive government intervention

##### a) The present government involvement

Generally speaking, the political power in the country, towards the problem as well as providing the necessary solutions, either in the federal or state level, is mostly held by the Malays. This is indeed a great setback because the role of the government. The Malay leaders are aware of this grave economic imbalance and in a developing economy like Malaysia's is of paramount importance. as a result, policies are formulated at all levels to ensure that without a positive intervention, as such, it is almost impossible more Malays will be absorbed into the industrial activities including the mining industry. Various types of policies and directives are issued requesting and urging political leaders, as well as heads of government departments, to look into the matter and to find out ways and means to dissolve the problem. This realisation of the economic disequilibrium is nothing new. It was there ever since the country obtained its independence. But



the Malays are still economically and socially backward compared to all the other races. One begins to wonder where have the enthusiasm and the eagerness to help raise the living standard of the Malays gone? Where has gone wrong? Are the policies and the directives that the government does not have a clear-cut objective policy with not adequate enough to meet the demands? After 14 years of independence regards to the Malay participation. The policy or directive that the Malays virtually have nothing to be proud of. They in fact are losing more and more and that their position is comparatively worse and general in the sense that it does not clearly state the break-off than before. One might just conveniently ask whether or not our leaders, both Malays and non-Malays, political and administrative are sincere enough or willing enough to help the Malays. The power and the means are in their hands. What is lacking is the persistency and the sacrifice.

It can therefore be seen that there is a striking lack of positive government intervention, both in the overall approach towards the problem as well as providing the necessary solutions. This is indeed a great setback because the role of the government in a developing economy like Malaysia's is of paramount importance. Without a positive intervention, as such, it is almost impossible for the economically backwards to "take-off" in order to improve their lot.

#### b) General Policy

In the course of the research done on this matter we are yet to see the government policy with regards to the Malay parti-



cipation in the mining industry.

As it is now, after a careful and thorough investigation on government officials concerned with the industry, it is found that the government does not have a clear-cut objective policy with regards to the Malay participation. The policy or directive that are issued to various Directors of Mines in every state is vague and general in the sense that it does not clearly state the breakdown figures or percentage target that the government would like to achieve. The directive merely states that efforts should be taken by state governments to help the Malays in the industry so as to reduce the economic imbalance between the races. A general policy like this certainly will lead to indifferent attitude by the officials along the administrative hierarchy because they are not properly guided as to what course of action should be taken due to the absence of a well defined policy.

c) Delay in the Administrative Machinery

Several potential and existing Malay miners who have been interviewed complained that they have to wait for three to four years or at times for five years to get their application for a mining lease to be approved. To have a Prospecting Permit approved by the State Executive Committee will generally take two to three years. This is because the District Collector of Land Revenue, upon receiving the application, will have it processed



and then sent over to other departments<sup>1</sup> which have interest in the land, for comments. For the Collector of Land Revenue to receive their comments will take about three to four months. Then the Collector of Land Revenue will again process the application to have it done in briefs to be sent over to the Director of Lands and Mines. At this stage more time is being used up because the office of the Director of Lands and Mines is always at a backlog with so many papers that have to be brought up to the State Executive Committee for approval. And when finally the application is discussed by the EXCO, it may be deferred for some reasons or other, or the EXCO might request further clarification on the matter of issue. This will definitely take more time. From the time the application was sent in until the decision is reached by the EXCO and then conveyed to the applicant through the Director of Lands and Mines and the Collector, already two to three years have been spent.

And, if the area under Prospecting Permit proves to contain ores which are profitable to be mined, the applicant may then submit another application for a mining certificate. His application will have to go through the same process again. And at least another two years will have to be spent in waiting to hear the decision from the authority. So, if everything goes well, and finally the application is approved, a potential miner will have

---

<sup>1</sup> The other government departments include the Waterworks, Forest Department, Drainage, J.K.R. and any other Departments having interest on the land so applied.



to spend three to five years running up and down the government departments, requesting and pleading the various government officials concerned to expediate the processing of his application. Five years is a pretty long time to wait and he and his family cannot survive on water alone especially if he does not have any other sources of income, which is common to all Malays. In fact, when a Malay decides to start a mining activity, he will have to dump in every single cent that he has into the industry. And, five years is a very costly wait. Assuming his application is finally rejected, after the expensive five year wait, he will be doomed.

The impact of this delay is too much to bear by the Malays. It definitely can kill their interest and make them a very frustrated man. It has to be stressed here that there are not many Malays who are willing enough to take risks like this. And if the few of them cannot survive, not through the faults of their own but more on the inefficiency of the administrative machinery, then we have no one else to blame except the authority.

Even if they remain as enthusiastic in carrying on, they might not be able to survive the financial burdens. It has been stressed earlier that the waiting is much too costly to them, and so by the time they get their mining certificate they might have used up one third of their capital. We must remember that not a little bit of the actual mining operation has been done, let alone the buying of the machinery and the constructions of the mine.



B. Economic Factors emergency expenses are not included yet. Besides,

a) Capital

The greatest single problem which hinders the Malay participation in the mining industry is the financial inadequacies of the Malays. At least \$250,000<sup>2</sup> is required to start a completely new gravel-pump mine working. Right from submitting the application until the agreement is signed between the applicant and the government, not less than \$50,000 is utilised. This includes expenses incurred in boring, both scout boring and closed borings, fees for licensed surveyor, and the deposits which have to be put in. The deposits of \$37,000 is quite a big sum. In addition to this a miner will have to provide two sureties of at least \$250,000. This poses another major problem because it is extremely difficult for a Malay to get sureties for such a huge amount. A Malay will have to go to another Malay or his relatives to get those sureties because it is quite unlikely the non-Malays will be willing to stand surety to such a risky venture. And the Malays worth that much are very rare to find.

The quarter million dollar mentioned above is only for the gravel pump mine to start operating. The operating expenses, the wages of the workers, the general maintenance of the whole

---

<sup>2</sup> Interview with Enche Abdul Rahman, a Malay miner in Dengkil, Selangor, 19th July, 1971.



operations as well as emergency expenses are not included yet. Besides, a mine does not yield any substantial income in the first three months of its operation. Therefore within this period everything has to depend on the financial resources of the miner himself. This indeed is a big challenge. That is why anyone who is not determined enough, or having inadequate financial resources, will easily give up and hand over the whole operation to any other miner in exchange for some monthly tribute.

b) Lack of Credit Facilities

(i) Lack of material advances

The problem of getting the whole amount of \$250,000 can be greatly reduced if there exists credit facilities in terms of materials that are normally provided by non-Malay businessmen to non-Malay miners. A non-Malay miner will only need about one third of the whole amount and the rest are obtained through credit facilities provided by his fellow businessmen. These credit facilities include the provision of timber for palong, kongsi house and dressing shed, various types of pipes, water pumps and all the machinery and equipments used. Why a Malay is not provided with those credit facilities is primarily because these businessmen have no confidence in the Malay to be successful in the industry. The prejudice is so deep-rooted that they are only willing to provide the same facilities if the Malay miner has substantially shown the result of his work. This is indeed very depressing, and if this continues unchecked,



the Malays are yet to suffer more losses and the government's call to the non-Malays to help the Malays in business will just be in vain, quite a number of them were rejected due to the strict and rigid

(ii) Attitude of no-confidence

Another reason which contributes to this state of affair is perhaps, not so much as having no confidence in the Malays, but more so that act is rather intentional as a subtle means to create problems for the Malays. They know that the Malays are already covered with problems and, so with the addition of another big problem the Malay concerned might just give up the idea and that he might sell the whole venture to a non-Malay. There is nothing illegal in this business. It is only a matter of who gets where, and when. How he gets there is of little interest to anyone.

However, the impact is indeed much too great.

(iii) Difficulty in getting a loan

In realising the financial problems of the Malays the Government is quick to react to establish a trust loan account<sup>3</sup> to provide financial aids to Malays who are interested in starting a mining industry. A 7% interest is charged to every loan. For a start a sum of \$500,000 was provided and so far two applications totalling \$450,000 were approved. This is indeed a very good start although the amount is rather small compared to the great amount of money required to start one gravel-pump mine.

---

<sup>3</sup> See Appendix A



However, much to the disappointment of many applicants, quite a number of them were rejected due to the strict and rigid conditions<sup>4</sup> that they have to fulfill before the Board, which managed the loan, could give a favourable decision. As a result of the numerous queries and investigations, which at times are quite irritating to the applicants, so much time was wasted and the applicants are always haunted with the uncertainty of the loans. This is another problem which a potential Malay miner has to face, and if they are not determined enough their effort will just go to the drain.

There are other financial houses like the MIDF (Malaysia Industrial Development Finance), MARA and various banks in the country, but it seems rather peculiar why these Malays do not go to them. It may be because they dare not approach them for fear of being rejected because of the risky ventures as well as the no-confidence attitude prevailing among these financial houses towards the capability of the Malays doing business. MARA, for example, has not given out any loan for this kind of industry. It seems that MARA only gives loans to small time industry like buying a taxi only. MIDF on the other hand has not given any loan to a Malay to do mining because there has been no application received.

---

<sup>4</sup> ibid



### c) Non-cooperativeness among Malays

It may be quite interesting to note that although these Malays do recognise their financial inadequacies, and that for a single Malay to gather a sum of about \$250,000 is quite a formidable task, yet surprisingly enough, they do not gather forces among themselves on a cooperative basis, so that the burdens could be shared between them. They seem to prefer to do it all alone. Unlike the non-Malays, especially the Chinese, their economic cooperativeness is very great indeed, so much so that they establish cooperative society from the smallest venture of opening an ice-cream stall to a big business concern. The irony of it is that the concept gotong royong is embedded in the Malay way of life. Yet this gotong royong or cooperativeness steps where money is involved. This is a very weak point indeed. They have a good basis of forming a cooperation yet they fail to do so effectively.

### C. Socio-cultural

#### a) Problem of landholding

Customarily the Malays are very attached to their lands especially the rural folk. The lands, especially the inherited land (tanah pesaka) are handed down from generation to generation, owned not by one person but by several of them. This poses another problem especially if the lands are proved to bear tin concentrates. Many of these lands are owned in an undivided share, and the co-owners are either not all of them traceable or some of them might



have died, leaving behind no letter of administration to the beneficiaries to deal with the land. Even if they are all still traceable not every one will agree to the proposition that the land should be developed and mined. It is provided in the National Land Code that before any dealings on any land can be affected all parties involved should be consulted and in agreement to the dealing so proposed.

If we look back at Table 2.3 and Table 2.5 (regarding the mining lands owned by the Malays), these lands are generally in the Malay Reservation areas which have been alienated to the Malays. If these lands are occupied with dwelling houses and fruit trees on them, the problem arises as to how to remove them and to give a substitute of their deprived income. This is one of the reasons why they are rather reluctant to leave and give way for the mine to operate.

Another factor contributing to their unwillingness to part with the land is that a certain member of the beneficiaries may be financially involved with a money-lender or any other financial involvement with any one in which the land concerned is the surety. Sometimes even though they express their agreement in parting with the land they are only willing to receive cash and not to invest in the land in the industry. These are problems which are difficult to solve, because, if this continues the mining lands owned by the Malays are either left undeveloped or might be sold to get a ready



cash. This is in no way helping the Malays in the industry.

will a major technological change in its operation. Although the

b) General attitude and value system industry, as we have noted

in history. It seems generally accepted that the Malays are satisfied to go through the easiest possible way in dealing with their mining leases and prospecting permits. They prefer to be a sub lessee, a small contractor or a sleeping partner and to receive cash out of their right without putting in any effort to work harder for a greater benefit. It is an open secret that several mining lessees and prospecting permit holders only use the Malay names and Malay influences to get these licenses and then sell them or lease them to non-Malays to do the actual mining operation. This kind of attitude may benefit those individuals concerned in one way or another but this definitely defeats the government's purpose to increase the number of Malay miners, let alone to improve the overall Malay participation in the industry.

This attitude arises out of their ignorance of what mining industries really are, and how much a mine could yield if properly worked out. Another factor is their unwillingness to try their luck in the industry and the desire to make more money if they know how. It is the combination of the lack of finance and technical knowhow as well as the various social problems and business "competition" by the non-Malays that have contributed to the present insignificant position of the Malays in the mining industry.



#### CHAPTER IV

Besides, the tin mining industry in this country has undergone a major technological change in its operation. Although the Malays were the first to venture into the industry, as we have noted in history, yet they were unable to keep pace with the rate of

In response to the crying need to reduce the economic development and changes that have taken place. Their position was disequilibrium between the Malays and the non-Malays, especially further weakened by various other factors just mentioned. As a result of all these factors, the Malay involvement in the mining industry in this country has certainly gone into its lowest level. This chapter will be concerned with outlining the various steps already taken, and to evaluate them in terms of their effectiveness, and been done to remedy this situation. Those steps are critically analysed and presented in the subsequent chapter. It will be of interest therefore to venture into what have actually been done to remedy this situation. Those steps are critically analysed and presented in the subsequent chapter. It will be of interest therefore to venture into what have actually been done to remedy this situation. Those steps are critically analysed and presented in the subsequent chapter.

These steps can be broken into three main categories, namely through:

- A. Governmental roles
- B. Bumiputera Economic Congress
- C. Public Corporations.
- D. Second Malaysia Plan

A. Governmental Roles	No. of Cases	Amount
a) <u>Gerudi Prospecting by GERUDI<sup>1</sup></u>	1	RM 1.25
The Gerudi was formed in 1955 under the Ministry of Land Revenue with the following functions:-		
b. <u>Gerudi</u>	1	RM 1.25

<sup>1</sup> Circular No. 10/58 by National Land Council with the purpose of helping the Malays in the mining industry.



#### CHAPTER IV

(i) to carry out scout prospecting on lands believed

to STEPS BEING UNDERTAKEN TO IMPROVE  
THE PRESENT SITUATION

(ii) to encourage private sectors to carry on a

closed prospecting within the areas already

In response to the crying need to reduce the economic disequilibrium between the Malays and the non-Malays, especially in the mining industry, the government introduced various measures beside initiating some parts of the mining activity itself. This chapter will be concerned with outlining the various steps already taken, and to evaluate them in terms of their effectiveness, and also to determine how far these measures have brought about a change in the overall situation.

These steps can be broken into three main categories, namely through:

A. Governmental roles

B. Bumiputra Economic Congress

C. Public Corporations.

D. Second Malaysia Plan

A. Governmental Roles	No. of Areas	Acreage
a) Scout Prospecting by GERUDI <sup>1</sup>	33	98,326
The Gerudi was formed in 1955 under the Ministry of Land Revenue with the following functions:-		
N. Sathilam	5	29,403

<sup>1</sup> Circular No.10/58 by National Land Council with the purpose of helping the Malays in the mining industry.

<sup>2</sup> Report submitted by Executive committee on Malay Participation in mining industry, Ministry of Lands and Mines, Malaysia.



(i) to carry out scout prospecting on lands believed to be containing ores, and then to map them out;

(ii) to encourage private sectors to carry on a closed prospecting within the areas already mapped out;

(iii) to aid the government in proper land utilisation;

(iv) to carry out minerals prospecting in Malay Reservation areas.

In addition to the above prospecting works the GERUDI also  
Until March 1970 a total of 70 areas covering about 257,459  
further made some closed prospecting and borings on 5 areas covering  
acres were prospected. Out of this, 23 areas covering 21,811 acres  
about 793 acres in Perak and Selangor. Most of the lands are  
were proved to contain ores which are profitable to be mined but  
alienated lands. The purpose of the project is to give additional  
need further closed prospecting. Table 4.1 shows the distribution  
aid to the land holders and to encourage them to unite together to  
of the lands prospected.  
work out the land.

Table 4.1

Areas under Malay Reservation Prospected  
by GERUDI<sup>2</sup>

States	No. of Areas	Acreage
Perak	35	98,326
Selangor	25	65,180
Pahang	5	64,550
N. Sembilan	5	29,403
Total	70	257,459

<sup>2</sup> Report submitted by Executive committee on Malay Participation in mining industry, Ministry of Lands and Mines, Malaysia.



All expenses incurred in carrying out the prospecting works are paid by the Government.  
Table 4.2  
Areas proved to contain Ores<sup>3</sup>

States	No. of Areas	Acreage
Perak	13	9,931
Selangor	7	2,950
Pahang	1	250
N. Sembilan	2	8,680

In addition to the above prospecting works the GERUDI also further made some closed prospecting and borings on 5 areas covering about 793 acres in Perak and Selangor. Most of the lands are alienated lands. The purpose of the project is to give additional aid to the land holders and to encourage them to unite together to work out the land.

Table 4.3

Areas prospected by GERUDI  
(Using Closed Borings)<sup>4</sup>

Perak	i) Anak Ayer Hangat	100 acres
	ii) Redang Sawa	260 "
	iii) Sungai Sanglop	168 "
	iv) Chenderiang	120 "
Selangor	i) Jenderam	145 "
Total	5 areas	793 acres

<sup>3</sup> ibid

<sup>4</sup> ibid



All expenses incurred in carrying out the prospecting works are paid by the Government through the Ministry of Lands and Mines.

Table 4.4

Expenses incurred in prospecting Malay

Reservation Lands by GERUDI from 1960 -

1969<sup>5</sup>

Year	No. of Project	Expenditures
1960	1	\$ 2,334.24
1961	3	76,612.66
1962	2	48,371.53
1963	16	95,610.55
1964	9	120,322.36
1965	11	148,626.13
1966	8	142,066.11
1967	11	158,322.75
1968	7	212,869.98
1969 (part)	2	33,526.65
	70	\$ 1,038,662.96

The results of these prospecting works were later conveyed to the various state governments concerned with suggestions that the state governments will make every possible encouragement to invite applications from the Malays and to give further aid and assistance wherever possible and necessary.

<sup>5</sup> ibid Appendix A



to any Malay states by way of a loan or other assistance or any other and b) Loans and financial aids

Reservation areas. The account is administered by a Board consisting of the following:-

(i) Loan on machinery

Under the First Malaysia Plan a complete set of mining equipments for two gravel pump mines costing about \$250,000 was provided. This equipment was to be loaned to Malays who are venturing to open a mine of their own in the Malay Reservation areas. The equipments were assembled and maintained by officers from the Department of Mines, and the department also further train the Malay workers on how to use and upkeep the equipments. The purpose of this project is to help the Malays in starting a mine without incurring too much capital, and when they are already withdrawing substantial profits they will be asked to replace the equipments to be loaned to other Malays to do their work.

which have been proved to contain economic mineral values to the

A pilot project was started in an area in Perak. However it was found out that since most of the potential Malay miners were short of capital to pay further expenses incurred in the mining operation the project was later abandoned.

Until recently two applications have been approved, one

(ii) Financial loans

In 1.9.1967 a trust loan account called "Exploitation of Mineral in Malay Reservation Loan Fund Trust Account"<sup>6</sup> was formed with an initial capital of \$500,000. The purpose of the Fund is to assist Malays to enter and take active role in the mining industry

---

<sup>6</sup> See Appendix A



to any Malay student to do a course on mining engineering or any other and to exploit the mineral resources to be found in the Malay course related to the industry. Table 4.5 shows the results of the Reservation areas. The account is administered by a Board consisting of the following:-

Table 4.5

(a) Secretary to the Ministry of Lands and Mines,

as Chairman

(b) The Chief Inspector of Mines

(c) Representative from Treasury

and operated by the Accountant General.

The maximum amount that can be borrowed by an applicant is \$250,000 which is considered to be the amount required for one gravel pump unit. Only registered Malay Companies, co-operative societies, or individuals who own land within Malay Reservations, which have been proved to contain economic mineral values to the satisfaction of the Board, will qualify to apply for the loan.

The account also further determines the various items of expenses that can be bought using the loan, as listed out in Appendix A.

Until recently two applications have been approved, one for \$250,000 and the other \$200,000.

### c) Scholarships on mining and Training facilities

A survey was made to find out whether the state governments, which have provisions for scholarship, have awarded any scholarships

Results of a survey conducted on all state governments and M.R.D. to enquire if any scholarships have been awarded to do mining courses in Universities.



to any Malay student to do a course on mining engineering or any other course related to the industry. Table 4.5 shows the results of the findings:-

Table 4.5

Scholarships awarded to Malay students

to pursue courses related to mining

industry, 1964 - 1971<sup>7</sup>

Other bodies/ States	Awards given	Recepients/ Remarks
Perak	Nil	No suitable applicants
N. Sembilan	"	" " " "
Malacca	"	" " " "
Johore	"	No applicants received
Sarawak	2	Non-Malays
Kedah	Nil	-
Penang	"	-
Selangor	"	-
Trengganu	"	-
Pahang	1	Non-Malay
Perlis	Nil	-
MARA	4	Malays
Kelantan	not available	-
Sabah	"	-
Public Service Department	"	-

<sup>7</sup> Results of a survey conducted on all state governments and MARA to enquire if any scholarships have been awarded to do mining courses in Universities.



Judging from the above table not even a single Malay student was given any award or scholarship by any State government to pursue a course on mining industry. There might be no suitable candidates or no applications received, but it is clearly shown that there is not much interest on the part of the state governments to grant any award to Malays to pursue the course, especially in Perak and Selangor. Every year there is certainly <sup>^</sup>number of Malay students applying for the scholarship but were turned down mainly on the ground that they are not suitably qualified. I think the reasons for rejection are more than this. The State government itself as a matter of fact does not have much confidence in the Malays doing the course. These officials are subconsciously acting on the basis that these Malay students after graduating will have to work with the government, and the government may not be able to absorb them altogether due to the inadequate number of post available. It is very true that they will have to serve the government for a certain period and failure to do so they may have to refund the whole amount back.

Various states, notably Selangor and Perak, have included as one of Referring to Table 4.5, it is indicated that there are candidates who applied for the course. They are rejected on the ground that they are not suitably qualified. Even if this is true, alternatives should be provided to allow these candidates to undergo a year or two matriculation courses before pursuing a degree course. This will eventually help to provide the necessary skills which the Malays are very short of.



Beside the scholarships being not available to them, there is also a total absence of training facilities provided by the government, or any other bodies, to train the Malays in the industry. This lack of training facilities is yet another setback as far as providing the necessary skills to the Malays so needed in any mining operation. This is true because any miner will not employ a worker who has neither the experience nor the skill to work in his mine. It must be remembered that a mine certainly needs workers who have a certain degree of skill to ensure the smooth running of the whole operation.

As the picture shows, the Malays seem not to have any future at all in the industry. Everyone, including the government realises that the Malays lack the technical knowhow in the industry yet the help that is being extended to them are only half-hearted. This is no help in the strictest sense of the word.

#### d) Government policy on the employment of Malays

Various states, notably Selangor<sup>8</sup> and Perak, have included as one of the conditions in the mining leases that a certain percentage of the labour force should be given to the Malays. In Selangor, for example, this percentage ranges from 15% to 40% depending on the areas and locality of the mines. The percentage will be high

---

<sup>8</sup> Interview with Enche Rosedin Yaacob, Political Secretary to Menteri Besar Selangor, 12th December, 1971



if the mines are situated in or near a Malay settlement.

This is indeed a very good start but there are too many shortcomings that finally defeat the whole purpose. These shortcomings can be attributed by:-

- (i) that the condition is not binding on the miner. He is at liberty to come up to the State Authority with all possible reasons why they cannot comply with the requirement. A very good excuse is that they could not find Malay workers to work in their mine.
- (ii) that the labour is specifically for unskilled parts of the industry.

As a result of these the whole purpose is defeated and the number of Malays employed in the industry does not rise considerably. Besides, this policy will not in any way help the Malays to get any experience at all since they are only filling in the unskilled posts, sometimes even not related to the actual mining operation at all. To illustrate this Table 2.8 in Chapter II can be taken as representative to all mines, especially in a Chinese-owned gravel-pump mine.



(ii) The State government should alienate or sell  
B. Bumiputra Economic Congress<sup>9</sup>

The second Bumiputra Economic Congress has reached several resolutions regarding ways and means to improve Malay participation in the mining industry. Among others the resolutions are:-

(i) The Federal Government should form a

national corporation and the state

government a State Economic Development

Corporation with the following

objectives:-

a. to alienate and to apply for all  
mineral bearing lands in and outside

Malay Reservations to enable them to

do mining either on their own or

together with the owners of the land.

b. to provide loans and financial aids

to owners who are willing to take

part in the industry so that they

will be able to buy those land whose

owners are not interested in mining

them.

(vii) To request the government to include in

---

<sup>9</sup> Seminar paper for UMNO Perak Economic Seminar, 2nd and 3rd October, 1971.



(ii) The State government should alienate or sell lands in the Malay reserves only to Malay co-operative societies as defined under the Malay Reservation Ordinance.

(iii) The state government should only allow dealings in mining lands within the Malay reserves only when it is certain that the lands will be mined by a Malay miner or a Malay cooperative.

(iv) Priority should be given to Malay individuals

as well as Malay cooperatives with regards

(x) The state government should provide facilities to application for state mining lands.

(v) The Congress requests miners to give

(xi) priority to Malay individual miners or Malay co-operative to mined and dredged out areas.

(vi) To request the government to provide better

(PENNAS) was financial facilities to aid the Malays in the mining industry by allowing them to have their mining lands as the security. However, only until they have their mining lands as the security, into the mining industry.

(vii) To request the government to include in

See this the conditions in the Mining leases that



not less than 50% of the workers engaged in

The resolutions as we see above are very elaborate and demanding and certainly need a great deal of sacrifice by all parts. All these resolutions if implemented with a solid objective

(viii) To request the government to review all industry laws related to mining industry and to amend them in accordance to the present situation.

(ix) To request the state government to direct every government department concerned to industry still remains insignificant. Certainly there are reasons give priority to a Malay application.

(x) The state government should provide facilities to enable Malay mining leases to pay the premium by instalments.

(xi) To request the federal and state governments to give priority to Malay miners and co-operatives to do the offshore mining.

As a result of the Congress the National Corporation (PERNAS) was formed, and at the same time various states also formed their State Economic Development Corporations. However, only until recently<sup>10</sup> that PERNAS is going to venture into the mining industry.

---

<sup>10</sup> See this Chapter page 48



pressure in order to achieve their objectives. The resolutions as we see above are very elaborate and demanding and certainly need a great deal of sacrifice by all parts. All these resolutions if implemented with a solid objective of helping to improve the Malay participation in the industry a great deal can in fact be achieved. Besides, what are requested are all within the framework of the Constitution and they are in no way interfering or reducing the mining activities of the non-Malay miners. Yet to everyone's disappointment nothing much has changed. Congress after congress the Malay status in the mining industry still remains insignificant. Certainly there are reasons why this is so. These reasons can roughly be:-

However, until this paper is written PERNAS is yet to

(a) political pressure among the political leaders

who are engaged or influenced by the non-

Malay miners.

(b) subconscious attitude of the government

officials with regard to the capability of the Malay miners.

(c) jealousies among the Malays themselves.

(d) unwillingness on the part of the non-

Malays to give sacrifices and are only

satisfied with what they already have.

(e) lack of adequate coordination on the part

11 Interview with Kache Mohd. Kassim, an engineer with PERNAS, 11th December 1961.



pressure in order to achieve their objectives.

(f) lack of efforts and foresights of the potential

Malay miners to grasp opportunity offered.

### C. Public Corporations

Consequent to the Bumiputra Economic Congress, the National Corporation Limited or PERNAS was formed to look into the possibility of developing industrial potentials in the country. The Pernas is only at its infancy. At present it is working on a joint venture Engineering Sdn. Berhad, one of its branches, was assigned to look after the mining industry.

However, until this paper is written PERNAS is yet to submit a list of recommendations outlining its policy on mining industry especially with regard to the Malay participation<sup>11</sup>. It is generally accepted that PERNAS general policy will extend into the Malay Reservation areas through joint ventures with the State Development Corporations. However at the same time it will not limit itself in to the Malay Reservation areas only but also any state lands suitable for mining.

In this respect PERNAS will either buy the lands direct from the Malay owners or invite them to be partners, with the mining lands as their capital. At the same time it is also PERNAS policy to employ as many Malays in the industry as possible.

---

<sup>11</sup> Interview with Enche Mohd. Hussein, an engineer with PERNAS, 11th December, 1971.



industry. At present PERNAS has not started any mining operation yet but it has received very good cooperation from various state governments especially Johore and Trengganu.

suggested that their mining section be transformed into the National Mining Corporation. It

Beside PERNAS there are also various State Development is presumed that negotiations are under way because there are merits Corporations which are interested to take the responsibility of to this arrangement.

this nature. One of them is Selangor Development Corporation.

D. Second Just like PERNAS, The Selangor State Development Corporation

is only at its infancy. At present it is working on a joint venture

The Second Malaysia Plan, though has not been fully with a Chinese Mining Company in Kuala Selangor. When their implemented, seems to bring about new change with a more dynamic officials have acquired enough experience and skill they will approach to the problem. It is worthwhile to note these new take over the whole operation; and then later will further enlarge changes which can be seen in Paragraph 497 of the Plan<sup>13</sup> which their operation into mining lands within the Malay reservation in advocates that the government will ultimately relinquish to the state.

(i) Special measures to promote Malay entrepreneur and The Selangor State Development Corporation is prepared to ensure adequate supply of finance.

embark on joint ventures with potential Malay miners and also to

extend technical aids to Malay mining land owners to enable them

to carry out their own mining operations. At the same time the

Corporation has been granted priority by the State government as

far as applying for mining leases are concerned, and as a result

(iii) the designs of measures to enlist the assistance of this the Corporation will have to adhere to the requirements of non-Malay and Foreign-owned commercial mentioned above as well as employing more Malay workers for all

levels of the operation.

ibid

<sup>13</sup> The Economic Planning Unit has suggested a National Mining Corporation be formed to look after the Malay participation in the

ibid. p 139



industry. (This is one of the things that is being recommended and discussed in Chapter V). The PERNAS officials<sup>12</sup> argued that since PERNAS is a national body they suggested that their mining section be transformed into the National Mining Corporation. It is presumed that negotiations are under way because there are merits to this arrangement.

The Second Malay Plan also mentioned the mining industry and has decided that new measures will be introduced to bring about a greater role for Malay and other indigenous ownership and management as well as employment. These new measures will include:-

D. Second Malaysia Plan<sup>13</sup>

The Second Malaysia Plan, though has not been fully implemented, seems to bring about new change with a more dynamic approach to the problem. It is worthwhile to note these new changes which can be seen in Paragraph 497 of the Plan<sup>14</sup> which advocates (i) the government will undertake exploration to

- (i) Special measures to promote Malay entrepreneur and ensure adequate supply of finance.

(iii) to provide technical and financial support

- (ii) accelerated development of the necessary skills and attitudes among Malays and other indigenous people.

- (iv) education and training programmes will be designed to provide Malays and other non-Malay and Foreign-owned commercial indigenous people with basic knowledge

---

<sup>12</sup> ibid

<sup>13</sup> Malaysia, Second Malaysia Plan, Kuala Lumpur, Government Printer, 1971.

<sup>14</sup> ibid, p 159



(vi) and industrial establishments in providing

Malays and other indigenous people in service

training, technical and purchasing activities,

(vii) The government itself may initiate the setting  
and in the financing of new enterprises.

up of enterprises and train Malays and other

The Second Malay Plan also mentioned the mining industry  
and has decided that new measures will be introduced to bring about  
a greater role for Malay and other indigenous ownership and manage-  
ment as well as employment. These new measures will include:-

(i) to ensure an increase in the Malay participation

in all forms of mining, including offshore

mining

(ii) the government will undertake exploration to

locate areas, both inside and outside Malay

Reserves

(iii) to provide technical and financial support

to potential Malay and other indigenous

entrepreneurs

(iv) education and training programmes will be

designed to provide Malays and other

indigenous people with basic knowledge

of business management and administration

(v) opportunities in business and commerce will

be identified for participation by Malays



Companies (vi) technical and financial aids, as well as breakdown  
other facilities will be provided

(vii) The government itself may initiate the setting  
up of enterprises and train Malays and other  
indigenous people to take them over in due  
course

(viii) Non-Malay and foreign enterprises will also  
be encouraged to participate in the develop-  
ment of Malay and other indigenous executives,

managers and entrepreneurs. that a more positive and  
concerted effort should be taken in order to help remedy the  
situation. What have been mentioned above may be quite ambitious.  
These are good points that have been mentioned in this  
chapter which need be re-emphasized, and at the same time there  
clearly shows a more definite policy indicating clearly the  
objectives and directions that we can follow. We may not be  
able to change considerably by the end of the Plan period but we  
are indeed hopeful that a favourable change will definitely take  
place if the Plan is sincerely and faithfully implemented.

However, prior to the Second Malaysia Plan, the Government,  
the private sector, the non-Malay business people and the Malays  
themselves have not done enough to improve the Malay participation  
in the mining industry. Thus the tables in Chapter II clearly  
show this imbalance. The Second Malaysia Plan also shows this  
imbalance in terms of ownership of share capital in <sup>L</sup>limited



Companies in the mining industry<sup>15</sup> in 1969, with this breakdown

Malays	2.4%
Other Malaysian	33.7%
Foreigners	64.1%

In terms of employment in the mining industry for 1967<sup>16</sup>:

Malays	21.4%
Chinese	67.2%
Indians	10.3%

It is therefore suggested here that a more positive and indeed badly needed to avoid further aggravation of the situation, concerted effort should be taken in order to help remedy the

situation. These are good points that have been mentioned in this chapter which need be re-emphasised, and at the same time there is also need to have new efforts and new approach to this old problem. The succeeding chapter will discuss more elaborately those steps which are thought to be of some use.

chapters, are inadequate. More is expected, and indeed much more can be done by the government to correct the imbalance.

The main lines of actions should be taken to ensure Malay participation in the industry. They are broadly categorized under:-

A. Government policy and intervention

B. Financial aid

C. The role of Non-Malay businessmen

<sup>15</sup> ibid p 173

<sup>16</sup> ibid p 173



## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

It is believed that the Government, with all the resources and facilities available at its disposal, can contribute a great deal towards correcting the economic anomalies currently existing between the Malays and the non-Malays. Its line of action can be

The preceding chapters have shown the present position looked into through the following:-  
of the Malay participation in the mining industry. It has also been shown that the factors contributing to the situation are complex and huge that it will really take time to remove them in order to place the Malays in a better economic position. We have also seen that the efforts already undertaken to remedy the situation indeed a welcome change. It definitely shows a more positive approach towards the problem in which the problem has been identified indeed badly needed to avoid further aggravation of the situation. and alternative remedies have also been clearly laid out to ensure

proper implementation in line with the current economic policy and restructuring the Malaysian society.  
Like in any other developing nations, the Government plays a very important role as the sole mobilising agent of change. Indeed we can see the importance of government intervention in bringing about social and economic changes in line to whatever policy it pursues. What has been done, as outlined in the preceding chapters, are inadequate. More is expected, and indeed much more can be done by the government to correct the imbalance.

The main lines of actions should be taken to ensure Malay capital, technical aids and other facilities to enable the Malays participation in the industry. They are broadly categorised under:-  
to venture into commerce and industry. It is therefore the

A. Government policy and intervention to implement the

B. Financial aids

C. The role of Non-Malay businessmen

<sup>1</sup> Malaysia: Second Malaysia Plan, Kuala Lumpur, 1971.



It is believed that the Government, with all the resources and facilities available at its disposal, can contribute a great deal towards correcting the economic anomalies currently existing between the Malays and the non-Malays. Its line of action can be looked into through the following:-

A. Government policy and intervention

a) Second Malaysia Plan

The Second Malaysia Plan<sup>1</sup> as outlined in Chapter IV, indeed a welcome change. It definitely shows a more positive approach towards the problem in which the problem has been identified and alternative remedies have also been clearly laid out to ensure proper implementation in line with the current new economic policy and restructuring the Malaysian society.

Prior to the Plan, the government's approach towards the problem was not clear at all. The Plan might be a little ambitious but it certainly is a welcome change, especially the identification of problems facing the Malays like the lack of capitals and other facilities, technical knowledge and credit facilities. The Government has given the assurance that it will provide adequate supply of capital, technical aids and other facilities to enable the Malays to venture into commerce and industry. It is therefore the responsibility and the duty of everyone concerned to implement the

---

<sup>1</sup> Malaysia, Second Malaysia Plan, Government Printer Kuala Lumpur, 1971.



policy positively and thoroughly without fear and favour to ensure its success.

Basically the Plan tackles the problems in the following ways:-

- (i) adequate supply of financial aids
- (ii) technical training and necessary attitudes
- (iii) co-operation from the non-Malays and foreign establishments

The Plan also further shows in details the necessary steps that will be taken to ensure more positive Malay participation in the industry, which include:

- (i) to ensure Malay participation in all forms of mining, including off-shore mining;
- (ii) government to explore and locate possible mining lands inside and outside Malay Reserves;
- (iii) to provide adequate financial and technical aids;
- (iv) to provide education and training for the necessary skills, and to change the attitude of the Malays;



(v) to initiate setting up of enterprises for the Malays to take over later on;

(vi) to get the co-operation of non-Malays and foreign establishments to aid the Malays in every way possible.

The above objectives and measures outlined to obtain them

(i) establishment of training schools  
seem to have covered every loophole and weakness that the government has seen in relation to the problem. If these are sincerely and adequately implemented it will certainly introduce changes for the better to the Malays.

However, there are several important issues which have been over-looked in the Plan. These issues are also fundamental and necessary to ensure more Malay involvement in the industry. These include:

(i) government policy on the employment of Malays in the non-Malay mines,

(ii) reorganisation of government machinery connected with the industry,

(iii) re-evaluating the roles of the Mines Department,

(iv) the formation of a National Mining Corporation

to handle all mining matters on behalf of the government.



These issues will be dealt with separately as a supplement to the already comprehensive Second Malaysia Plan.

b) Government Policy on the employment of Malays

Tables 2.6 and 2.7 show the present position of the Malay workers employed in various mines in the country. And table 2.8 shows the industry the following actions need to be taken:-

(i) establishment of training schools

In this matter the government can intervene by issuing Mining operations need technical skills, and the Malays are lacking in this. A school of this nature will enrol Malays to follow courses pertaining to all levels of mining operations necessary for any type of mining operation used, either a dredge, a gravel pump or an open cast mine. This school should be under the Ministry of Lands and Mines with close co-operation with the various mining state governments in the country.

The rationale of the establishment of this school is, beside to provide the necessary education and technical training on mining, to provide a Malay labour pool especially for all mining operations. The Chinese has this type of labour pool, not only for mining works but also for other works like construction. With this in view, we will not be in short of labour supply and most important thing is that the policy should be carried out when there are more mines to be opened, especially offshore mines, the Malay labour is there to meet the demand.

(ii) In-service training

In relation to the school, the government could



also require (ii) employment of Malays in non-Malay mines

This is where the co-operation of the non-Malay and foreign miners is needed as required in the Second Malaysia Plan. Tables 2.6 and 2.7 show the present position of the Malay workers employed in various mines in the country. And table 2.8 shows the type of work performed by the Malays in a mine.

In this matter the government can intervene by issuing directive to all mines urging them to take more Malays in their mines. Another step, as shown in Chapter IV, is to include in the conditions in mining the leases, that all lessees will have to employ a certain percentage of Malays in their mines. The percentage however should not be very high so that it will not hamper the industry. But the condition should be binding and compulsory to be followed, failure of which can lead to cancellation or suspension of the licence. It should also be stressed that the Malays to be employed should as far as possible cover all levels of mining works, and not just the check-roll labours and "jagas" only.

To ensure that this is being carried out the Government should keep a constant check on all mines in the state and the most important thing is that the policy should be carried out without fear and favour.

(iii) In-service training

In relation to the training school, the government could



also request the existing mines to take in Malay trainees to work in their mines to obtain experience and technical knowledge. These trainees should have their practical experience in all levels of mining operation.

Government intervention is very necessary here to ensure that those mines do take in the trainees. Administrative arrangements can be prepared for this purpose between the Ministry of Lands and Mines and the mines operators to decide on the schedule of work, the type of supervision and training required and also to discuss any financial implications.

#### c) Prospecting works

It has been mentioned in the earlier Chapters that the prospecting period is the most risky and rather costly stage in a mining operation. If one is not lucky, considerable amount of money will just be wasted. It is here therefore that the government should play an active role by utilising every resource and expert it has in hand to help the Malays to get started in this industry.

This prospecting works have also been included in the Second Malaysia Plan. However, since this is of vital importance, there is need for it to be re-emphasised.

The prospecting works done by GERUDU in 1955 - 1970 are not sufficient to cover all potential areas that might be suitable



for mining. Further, the GERUDI branch only scout-prospected the areas, with the exception of a few. By scout prospecting it means that there is no certainty yet that the area prospected has minerals the Second Malaysia Plan. However, the Economic Planning Unit and which can be mined profitably. In any prospecting works the the Bumiputra Economic Congress have brought up the issue to be of percentage of tin concentrates and the depth of the ore are great importance. I think it is also necessary, i. not a must, considered to be very important in determining whether mining that we should have a national corporation like this to handle a operation can be carried out profitably or not.

fully involved in the industry.

It is suggested here therefore that the GERUDI works should be continued and expanded. It should also do closed borings to ensure the availability of the minerals. Further, it should expand administrative machinery looking after the administrative procedures to non-Malay Reservation areas, whether state lands or alienated lands. The government should bear all expenses incurred on this prospecting works initially, but later, after careful consideration, arrangements perhaps can be made between the government and the miner of the land so prospected, to obtain the expenses back by instalments.

This prospecting work is a must for the government to do; not only in-shore but also off-shore areas. If the government, after doing all the prospecting works and having processed them, inform the potential Malay miners, certainly there will be a boom production of minerals in the country. And the government, beside correcting the economic imbalance between the Malays and the non-Malays, also gain more revenue from the additional production of the ores.



d) Formation of a National Mining Corporation

This Corporation is not one of the measures suggested in the Second Malaysia Plan. However, the Economic Planning Unit and the Bumiputra Economic Congress have brought up the issue to be of great importance. I think it is also necessary, if not a must, that we should have a national corporation like this to handle a nation - wide mining activities and to ensure that the Malays are fully involved in the industry.

The Department of Mines, as it stands now, is only an administrative machinery looking after the administrative procedures regarding mining operations. The Corporation is to be involved in the mining operations themselves with profit-making objectives, as well as on commercial basis. But the primary concern should be from its original objective when it is established. We would not want this to happen like the Bank Bumiputra, which was established to provide credit facilities to the Malays but later on changed its objective to become like any other commercial bank.

The function of the Corporation should not duplicate that of the State Economic Development Corporation or the State Industrial Development Corporation. In fact what should be done is that the State Economic Development Corporation or State Industrial Development Corporation should not get involved in any mining activity at all, but should concentrate more in other industrial activities. This will enable the Corporation to accumulate the capital to be loaned to the other Malays and also function more smoothly, and can given fuller attention at specialisation in the industry. It is also expected that all state



governments should be directed to give all the necessary co-operation, and that every application either for mining or prospecting by

(1) Avoid red-tape

the Corporation should be given top priority and favourable consideration.

There is a crying need for this to be done. The idea is to eliminate inefficiency and delay in the processing of application for any

The Corporation which should be established along the same line as PERNAS, FIDA or MARA, should be given mining rights not only in Malay reservation areas but also outside the reserved areas as well as offshore mines. It should also extend its services

to the enterprising Malay miners who need the capital and the technical

The delay occurs to be attributed in the process of getting experts to do their own mining activity. At this juncture the the comments from the other government departments and also in the Corporation should not work on a competition basis but more on Director of Lands and Mines. These other departments which in one co-operative basis with these Malay miners. Therefore it is time or another include the Waterworks, the Public Works Department, necessary to stress here that the Corporation should never deviate Forestry, Agricultural Department, the Veterinary Department and also from its original objective when it is established. We would not the Aborigine Department should be given directive to pay immediate want this to happen like the Bank Bumiputra, which was established attention to application of such nature. And the Director of Lands to provide credit facilities to the Malays but later on changed and Mines should also be informed of the necessity to give priority its objective to become like any other commercial bank. to this application so that he will without delay pass the processed

application to the State Authority for decision. In fact sometimes

As a matter of fact, the Corporation should be given it is also necessary to bypass the Director of Lands and Mines and priority to mining leases on areas already prospected by the the paper should go straight into the State Authority. This will government (as mentioned earlier) and also dredged-out properties out red-tape to a considerable extent.

which are mentioned below. These areas will enable the Corporation

to accumulate the capital to be loaned to the other Malays and also

It should be stressed here that the government intervention to finance its activities.

into these departments is very necessary indeed. Delay of any sort should be brought into the attention of the State Secretary of the



e) Reorganisation of government machinery be taken. In fact

(i) Avoid red-tape

There is a crying need for this to be done. The idea is to eliminate inefficiency and delay in the processing of application for any mining operation especially if they are from the Malays. It has been shown in the earlier chapter that the delay is too much and unnecessary, and can be avoided without in any way disrupting the whole government machinery.

The delay occurs to be attributed in the process of getting the comments from the other government departments and also in the Director of Lands and Mines. These other departments which in one time or another include the Waterworks, the Public Works Department, Forestry, Agricultural Department, the Veterinary Department and also the Aborigine Department should be given directive to pay immediate attention to application of such nature. And the Director of Lands and Mines should also be informed of the necessity to give priority to this application so that he will without delay pass the processed application to the State Authority for decision. In fact sometimes it is also necessary to bypass the Director of Lands and Mines and the paper should go straight into the State Authority. This will cut red-tape to a considerable minimum.

It should be stressed here that the government intervention into these departments is very necessary indeed. Delay of any sort should be brought into the attention of the State Secretary or the



State Authority so that appropriate action can be taken. In fact if it is necessary, disciplinary action should be taken.

tributes out of their leased mining lands.

(ii) Evaluating the role of the Department of Mines

The Department of Mines can play a more positive role in bringing about improvement in the Malay participation in the industry. Many Malays are ignorant of what a mining industry is exactly like. In fact there are those who do not know how to go about sending an application for any mining activity even though his lands may contain minerals.

What the Mines Department should do is that it should provide more comprehensive information on mining industry, not as academic as that to be given in a seminar, but more on the practical aspects of the industry, the money that it brings in and other matters of interest. Information of this nature can be brought about through:-

(i) booklets and publications

(ii) classes conducted by the Department. These

classes should include in its curricular

information regarding the initial require-

ments, the capital needed, and the technical

aspects necessary for the mines to operate.

With this type of information available the Malays will understand what mining industry is and how much money it can make.



This will instill interests in them to venture in the industry rather than to be contented with receiving "coffee money" or tributes out of their leased mining lands.

(iii) dredged-out properties

It should be made a policy or a rule that a dredged-out land (mining lands which have been mined by a dredge but still profitable to be mined by an open-cast or gravel-pump method) should revert back to the State. In this way the state will be able to invite miners among the Malays to do the mining because in areas like this the infra-structure is already there and that this could be a training ground for a potential miner to try his ability in the industry.

So much have been said about the role of the government in creating a more favourable condition for the Malays to participate more actively in the mining industry. It is therefore necessary to look into other spheres which can further facilitate the Malays. As already mentioned in the earlier part of this Chapter they are divided into two aspects, namely, financial aids and the role of the non-Malay businessmen.

B. Financial Aids

This in fact is basically a governmental role. The current loan account set up by the government with an initial capital of \$500,000 is inadequate to meet the capital requirements of those



Malays who inspire to be a miner. Much more is required so that the government will not only be able to give loans to only two at a time but perhaps twenty or thirty.

In fulfilling this objective the government should also ensure that It is true that the two borrowers mentioned in the earlier chapter have not started repaying the loan. In this matter arrangement could be made that the borrower should be compelled to start the repayment as soon as his mine has hauled in substantial returns. quickly, efficiently and properly.

It is also necessary to look into the terms of agreement as shown in Appendix. Perhaps it is now necessary to modify them a little to suit the present requirements. The conditions should be made more simple for the benefits of the Malays and that the interests should be reduced to the minimum possible. government

can definitely issue directive to financial houses like MABA, FIDA

Viewed from this angle the financial aids extended by or MIBF to make provision for loans to be given to Malay entrepreneurs. The government should not be based entirely on commercial basis but more as aids which should be repaid when the borrower could stand between both parties so that none will stand to lose in the on his own feet. Losses here are inevitable, but these losses transaction.

should be looked at as a sacrifice or as grants by the government to its needy citizens. also being tackled, it can be assured that

there will be adequate supply of capital available to the Malays

The government should also realise that the Malays could not only for mining activity but also for any other business not get any other source of capital from other business houses due ventures.

to reasons mentioned in the earlier chapter. So, if the government does not step in, nothing much can be done about this. Therefore

the government is morally obliged to provide credit facilities and The Second Malaysia Plan has pointed out the role of the

non-Malay business people as well as foreign establishments in



ensure that there is enough supply of capital for them as stated in the Second Malaysia Plan. to spell out to this sector the actual co-operations required from them. This may include credit facilities

In fulfilling this objective the government should also both financial and also in terms of kinds, true business joint-ensure that every application received for the loan should be ventures (or equal partner basis), marketing facilities and other treated indiscriminately and with due consideration. The most facilities necessary for any business enterprise. important thing is that delay in processing the application should be reduced to the barest minimum so that everything can be done quickly, efficiently and properly.

Here, financial aids provided by the Loan Account may still not be sufficient to meet the demands. So the government should be able to utilise the existing credit facilities in the country to be geared to this primary objective. The government can definitely issue directive to financial houses like MARA, FIDA or MIDF to make provision for loans to be given to Malay entrepreneurs. The government should also ensure the easy arrangement between both parties so that none will stand to loose in the transaction.

With all angles being tackled, it can be assured that there will be adequate supply of capital available to the Malays not only for mining activity but also for any other business ventures.

#### C. The role of the Non-Malay businessmen

The Second Malaysia Plan has pointed out the role of the non-Malay business people as well as foreign establishments in



implementing the objective of the Plan. It may be of considerable interest for the government to spell out to this sector the actual co-operations required from them. This may include credit facilities both financial and also in terms of kinds, true business joint-ventures (or equal partner basis), marketing facilities and other facilities necessary for any business enterprise.

It should be realised here that any additional entrepreneur in an economic system is a competitor to the existing business establishments. This should be made clear to those existing tycoons that the appearance of the Malays in the industry will not in any way restrict their interests. It should be made clear that whatever the government does is only to help the unfortunate and the needy so that the economic imbalance can be remedied suitable to the national interest of "Muhibbah and Rukunegara".

What have been suggested in this chapter are steps which are thought of considerable importance and could help remedy the situation if implemented fully. They are many and varied, aimed to tackle the problem at all angles and at every level. It is true that the problems faced by the Malays are lack of capital, finance, technical know-how and co-operation from the non-Malay businessmen. If these four can be overcome, which I think we can, that is by implementing all the above recommendations then perhaps



APPENDIX A

in five years time we will have a better picture of the economic situation in the country.

The Second Malaysia Plan also will be able to provide better prospects for the Malays especially in commerce and industry. It is therefore up to the Malays to decide what course they want to take. The government and other interested bodies are concerned with providing the material facilities to enable them to better their lots. The Malays still have to play a major role in helping themselves. It is the inward organisation, the change in their attitude and value system, that is more fundamental for any development. Having provided all these facilities, with the Malays more prepared and determined to change and utilise the opportunities presented before them, and also being supported with new dedication and understanding from the side of the implementors of policy, this country is then set on its way for a more equal distribution of the wealth of this nation.

The Chief Inspector of Mines

Representative from Treasury

and operated by the Akamutan Negara.

4. A meeting of the Board shall be convened by the Chairman as may be deemed necessary or at the request of any member of the Board. Two members of the Board shall form a quorum of which the Treasury representative shall be one.



## APPENDIX A

Bil. Galian 242/(49B)

### THE FINANCIAL PROCEDURE ORDINANCE, 1967

#### DIRECTION UNDER SECTION 9(3)

#### EXPLOITATION OF MINERAL IN MALAY RESERVATION LOAN FUND TRUST ACCOUNT

1. There shall be established a Trust Account in the Consolidated Fund to be known as the 'Exploitation of Mineral in Malay Reservation Loan Fund Trust Account'.
2. The purpose of the Fund is to assist Malays to enter and take active role in the mining industry and to exploit the mineral resources to be found in Malay Reservation Areas.
3. The Account shall be administered by a Board consisting of the following:-
  - Secretary to the Ministry of Lands and Mines as Chairman
  - The Chief Inspector of Mines
  - Representative from Treasury
4. A meeting of the Board shall be convened by the Chairman as may be deemed necessary or at the request of any member of the Board. Two members of the Board shall form a quorum of which the Treasury representative shall be one.



5. The Account shall be operated in accordance with the provision of Treasury Instructions made or issued from time to time under the Financial Procedure Ordinance, 1957.
6. The Account shall be credited initially with the sum of \$500,000/- appropriated from the purpose and any other sum that may be allocated from time to time.
7. Only registered Malay Companies, cooperative societies, or individuals who own land within Malay Reservations which have been proved to contain economic mineral values to the satisfaction of the Board will qualify to apply for the loan.
8. Each application for a loan from the account will be limited is not more than \$250,000/- which amount is considered to be the maximum that would be required for one gravel pump unit. The loan shall not be made in cash but will be made in the form of equipment recommended by the Board.
9. The loan shall be repaid by monthly, quarterly or half yearly instalments within a period of 4 years or at such shorter or longer period as the Board may decide after taking into consideration the operating profits of the venture and bearing in mind that those who previously dependent on the land for their livelihood are allowed to retain a certain portion of the profits while paying back the loan.



Treatment  
10. An interest at a rate of 5 percent per annum shall be charged on the loan on the annual rents.  
(1) Equipment for a complete Hydrocyclone - jig or alternatively a complete Pulverising mill and installation.

11. The loan shall be secured by proper securities but where the borrower is unable to offer any other form of securities the Board may accept the mining land as security for the loan by means of a charge on the land. All lands offered as securities shall be charged to the Federal Lands Commissioner.

12. Expenditure from the loans shall only be made with the prior approval of the Board and shall only be confined to the following items:-  
(1) Installation Cost of power supply

#### Land Acquisition

- (1) Premium and Rent
- (2) Survey and other fees

#### Mining

- (1) Gravel Pump Set Complete
- (2) Water Pump Set Complete
- (3) Tailings Pump Set Complete
- (4) Construction of bunds for mine tailings retention and water supply
- (5) Lorries
- (6) Pipings, Valves, Hoses and Monitors
- (7) Installation cost of above items

14. All payments made - 73 - shall be on vouchers



### Treatment

- (1) Equipment for a complete Hydrocyclone - jig plant (jigs, hydrocyclones, pumps, etc.) or alternatively a complete Palong installation.
- (2) Equipment for treating Palong or Hydrocyclone - jig plant concentrates
- (3) Installation Costs for above items.

### Power Supply

- (1) Transformers
- (2) All necessary electrical wirings and fittings for mine and other uses
- (3) Generating Set
- (4) Installation Cost of power supply

### Buildings

- (1) Kongsí House
- (2) Shade for pumps and Treatment Plant

### Operating Cost During Unproductive Stage

- (1) Wages
- (2) Cost of fuel supply, power supply etc.
- (3) Essential spare parts
- (4) Cost of hiring any necessary light or heavy equipment required for short duration only

13. In every case, the loan shall be subject to an agreement entered into by the government and the applicants in the manner and form which the Board may deem fit and proper.

14. All payments made from the Account shall be on vouchers



certified by the Chairman after the approval by the Board.

15. The Account shall at all times be kept in credit and shall not be overdrawn.

1. Wong Lin Koo, The Malayan Tin Industry in 1964, University of Arizona Press, Tucson, 1965

16. As soon as possible after 31st December of each year the Chairman shall forward a statement showing the opening balance, receipts and payments of the Account for the previous year and the closing balance together with a statement of loans granted and amounts repaid, to the Permanent Secretary to the Treasury and, in duplicate, to the Juru Odit Negara.

Government Printer, Kuala Lumpur, 1971

5. Wheelwright E.J., Industrialization in Malaysia, Melbourne University Press, 1963

6. Ministry of Lands and Mines, Malaysia, Report of the Working Committee on Malay Participation in the Rubber Industry, 1968,

7. Director General of Mines, West Malaysia, Quarterly Report of Malay Participation in Rubber Industry, 1971

Kuala Lumpur,  
18th November, 1967.



# BIBLIOGRAPHY

1. Wong Iin Ken, The Malaysian Tin Industry to 1914, University of Arizona Press, Tucson, 1965
2. Yip Yat Hoong, The Development of the Tin Mining Industry of Malaya, University Malaya Press, Kuala Lumpur, 1969
3. Meir, G.M., Economic Development, John Wiley & Sons, Inc. New York, 1966
4. Malaysia, Second Malaysia Plan, Government Printer, Kuala Lumpur, 1971
5. Wheelwright E.L., Industrialisation in Malaysia, Melbourne University Press, 1965
6. Ministry of Lands and Mines, Malaysia, Report of the Working Committee on Malay Participation in the Mining Industry, 1968,
7. Director General of Mines, West Malaysia, Quarter-yearly Report of Malay Participation in Mining Industry, 1971