

Executive Summary

Who Sits at the Table? From Political to Public Appointees in Malaysia's Federal Statutory Bodies (FSBs)

Malaysia's Federal Statutory Bodies (FSBs) are established to deliver specialised public functions with operational autonomy and accountability. Each FSB is governed by its own founding legislation, with ministerial oversight tailored to its mandate. In principle, this framework balances independence with accountability, enabling FSBs to operate professionally while serving the public interest.

Broad ministerial discretion over board appointments, weak enforcement of merit-based criteria, and minimal restrictions on political appointments leave FSBs vulnerable to political influence, patronage, and governance arrangements that may prioritise private or political interests over public needs, leaving the autonomy of FSBs limited by a fragmented governance system.

The legal framework governing FSBs grants ministers — including the Prime Minister — broad discretionary powers over board appointments, terms of office, and oversight of statutory bodies and their subsidiaries. These powers, combined with limited transparency, have historically enabled political actors to shape board composition strategically.

A series of analyses of 135 FSBs under IDEAS' Pantau Kuasa initiative reveals that ministerial discretion is applied unevenly, with weak enforcement of merit-based criteria and minimal restrictions on political appointments. Chairperson roles are particularly susceptible, with 78% of FSBs lacking defined qualification standards — creating systemic vulnerabilities where political loyalty can outweigh expertise.

Findings from the data further demonstrates the pervasiveness of political appointments across administrations, concentrated in key ministries and indicative of structural governance weakness rather than isolated incidents. Continuity of such practices, undermines board independence, weakens accountability, increases risks in poor governance attributed to conflicts of interest, political abuse, and corruption.

Malaysia's appointment system was compared with those of other Commonwealth parliamentary systems including the United Kingdom, Australia, and New Zealand, which share a common philosophical intent underpinning governance structure and conventions of ministerial accountability. These countries are recognised for their robust, merit-based public appointment processes that prioritise transparency, competence, and accountability. It is apparent that the Acts governing Malaysian FSBs provide limited procedural guidance in comparison to these nations which supplement legislation with comprehensive frameworks that ensure consistent and transparent implementation.

The report's comparative analysis is structured around seven key practice areas — board composition, criteria for board, open and public recruitment, vetting, appointment merit, transparency, and statutory oversight — providing a benchmark for strengthening Malaysia's FSB governance.

Based on these principles and the comparative analysis, the report recommends four core reforms:

- 1. Formalise Board Composition & Clear Eligibility Criteria for all FSBs:** Establish merit-based eligibility criteria and balanced board composition, publicly advertise vacancies to promote transparency and competition, and manage political appointments through clear boundaries and disclosure requirements to enhance accountability and uphold good governance.
- 2. Independent Pre-Screening of Candidates:** Establish pre-screening committees consisting of external experts and civil society representatives to assess the eligibility of candidates, evaluate conflicts of interest, and provide impartial recommendations.
- 3. Restructure the Appointment Process:** Implement a structured framework involving Advisory Panels, and Parliamentary Select Committees to oversee nominations and vetting, with cooling-off periods for politically influential individuals to safeguard independence.
- 4. Ensure Transparency through Legal Frameworks:** Codify appointment procedures into law or gazetted regulations, ensuring public disclosure of vacancies, criteria, and justifications for exceptional decisions. This would standardise recruitment, appointment, and induction processes across FSBs.

The founding intent of FSB's is to deliver specialised public functions that operate independently. However, they are hindered by a fragmented governance system, undermined by politicised appointments and the presence of discretionary ministerial powers, risking the boards independence. This calls for a reimplementations of a structured and transparent appointment system under the basis of merit, grounded by international best practices. The intended mandates of FSBs can be fulfilled when political interference are reduced and allows for the public to be served professionally and efficiently.

Ultimately, restoring public trust in statutory bodies comes not from exercising overt control through *political appointments*, but from *public appointments* where boards are accountable to the executive, to parliament, and eventually, to the public.