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MEDIA STATEMENT

Tabling Budget in Special Parliamentary session not under Caretaker's responsibility; IDEAS reiterates the need for Caretaker Government Convention

Kuala Lumpur, 24 November 2022: With the ongoing political deadlock, looming concerns over the re-tabling of the Budget 2023 are quickly becoming the centre of attention. The inconclusive GE15 results have stalled the formation of a new federal government. Ideally, the re-tabling, debate and eventual passing of the postponed Budget 2023 in both Houses (Representative and Senate) should only be done via the new government. Concerns were further heightened when caretaker PM Ismail Sabri announced that he would convene a special Parliament session to table a budget for civil servants' salaries if the government is not formed by the end of the year.

The Institute for Democracy and Economic Affairs (IDEAS) reiterates that the caretaker government [has limited powers](#). They are to exercise an administrative role and functional responsibilities. However, if this current situation is not resolved and there is a critical need for tabling a budget for civil servants' salary, then a set of clear conditions needs to be put in place to prevent the proposed budget from having financial implications that could bind the new government. Such conditions could include for example, that the caretaker government should not propose increases to salary and staff.

Had the previous Parliament passed the Budget 2023 tabled in October, the caretaker government would have been permitted to utilise consolidated funds from the budget under Article 102(a) of the Federal Constitution. With no formal budget to be relegated, the early dissolution presents a difficult situation to the caretaker government which does not have authority to withdraw money from the consolidated fund.

Chief Executive Officer of IDEAS, Dr Tricia Yeoh states, "It was clearly irresponsible of the previous administration and current caretaker to abruptly dissolve Parliament three days after tabling Budget 2023, posing a risk on the government's fiscal expenditure in 2023, chief of which are the current concerns over civil servants' salaries."

The political as well as constitutional crisis that Malaysia is currently embroiled in is reminiscent of the March 2020 situation that should have served as a tough lesson for all. The Budget, which directly affects the *rakyat*, ought to have been made the priority and should have been approved before dissolving Parliament, to safeguard the *rakyat* from the uncertainties of a general election held at the end of the year.

Moving forward, a clear provision on caretaker responsibilities should be put in place to prevent such a crisis caused by the post-election political impasse. There should be clear procedures for the activation of Article 102(b) which appears to allow a vote on credit or vote on account for situations of urgency. A vote on credit extends the supply for the year, while a vote on account allows limited or conditional expenditure for the first few months of the year.

Dr Yeoh adds, “On the particular subject of budgeting, Malaysia may refer to the UK’s Cabinet Manual or New Zealand’s Cabinet Manual, wherein the caretaker provisions provide guidance on decisions about expenditure. This may prevent a similar quandary that is being faced by the current caretaker government, in which there exists an unapproved budget and there is a lack of specified caretaker guidelines for the caretaker government to use the budget within their administrative parameters.”

IDEAS strongly cautions that continued delays in the formation of government would only serve to negatively impact not only the political stability of the country but subsequently its economic recovery as well. A new federal government consisting of the Prime Minister and his cabinet, especially the Finance Ministry portfolio must be sworn in to facilitate the process of convening a Parliament session to address the issue of civil servants’ salaries before 31st December 2022 and eventually kick start the re-tabling of Budget 2023.

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About IDEAS

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