

PAKATAN HARAPAN BUDGET 2022 STRATEGY DOCUMENT

CONTENT

A. OVERVIEW

1. "Recover and Build Back Better" 2
2. Budget 2022 - Preparing for an endemic COVID-19 2
3. Key milestones 3

B. CHALLENGES AND APPROACH

1. Economic outlook 2022 5
2. Fiscal balance 5

C. PROPOSALS

1. Strengthening Parliament as a bipartisan platform 6
2. Immediate injection of RM45 billion COVID fund 9
3. Support recovery of vulnerable sectors 11
4. Creating decent jobs via key growth generators 12
5. Enhancing social safety net for all 17
6. Reinforcing social services 18
7. Ensuring decent living and mobility 20
8. Protecting women and children 22
9. Sabah & Sarawak special measures 23
10. Reindustrialisation - promote high value investments 24
11. Fiscal reforms 24
12. Special grants 27

D. STRENGTHENING BUDGETARY PROCESS AND REPORTING

1. Budget Transparency and Accountability 28
2. Re-engineering a Gender Responsive Recovery 29
3. Multidimensional Poverty Index (MPI) 30
4. Sustainability and Environmental, Social and Governance Reporting (ESG).. 30

A. OVERVIEW

“Recover and Build Back Better”

Budget 2022 will be a historic one for Malaysia. Its release in late October 2021 comes at a time where the country is in the midst of the transition from the pandemic to the endemic phase of COVID-19. With economic recovery poised to accelerate in 2022, the Budget should be expansionary enough not only to catalyze the recovery but also to assist the households and businesses whose livelihoods were affected by the virus and associated movement control orders in 2020 and 2021.

As outlined in the recent 12th Malaysia Plan, there is a need for a whole-of-nation approach in policy making to repair, recover and build back better in light of COVID-19. The Memorandum of Understanding (MoU) on Transformation and Political Stability signed between the Federal Government and Pakatan Harapan (PH) on 13 September could have just laid the framework to make this possible.

The first of its kind in Malaysia’s history, the MoU was a crucial step in bridging political differences and prioritizing the nation’s well-being. This window of opportunity initially emerged within a week of Dato’ Sri Ismail Sabri bin Yaakob’s appointment as Prime Minister where he extended an invitation to Pakatan Harapan leaders to reach a common ground in addressing the plight of the people related to the concurrent COVID-19 pandemic and economic crisis.

Honouring the spirit of the decree by the Yang di-Pertuan Agong Al-Sultan Abdullah Ri’ayatuddin Al-Mustafa Billah Shah which espouses bipartisan cooperation, Pakatan Harapan decided to move ahead in discussing terms which then led to the inking of the MoU. With this bipartisan approach in mind, now Pakatan Harapan is playing its part by presenting its proposal for Budget 2022, with a focus on making the Budget reform-oriented, inclusive and responsive to the rakyat’s needs.

Budget 2022 - Preparing for an endemic COVID-19

This Pakatan Harapan Budget 2022 Strategy Document will be the main reference point guiding our deliberations with the government pertaining to potential amendments and additions to the budget prior to its voting day as accorded by the MoU on Transformation and Political Stability.

The proposal is divided into three parts:

(i) the economic outlook and fiscal balance for 2022

(ii) the (expenditure) proposals

(iii) proposals to strengthen the budgetary process and reporting

Part 1 sets the stage by highlighting the importance that the government stays committed to expansionary fiscal policy in the coming year. Part 2 describes Pakatan Harapan’s proposal items, covering allocations for parliamentary reform, a RM45 billion COVID-19 fund and additional spending to kickstart recovery and build back better. Finally, Part 3 outlines Pakatan Harapan’s recommendations to improve transparency and promote good governance throughout the budgetary process.

We expect the budget engagement and consultation process to continue even beyond its announcement by the Minister of Finance on 29 October 2021.

Key Milestones

- 25 August** Prime Minister Y.A.B. Dato' Sri Ismail Sabri bin Yaakob and Pakatan Harapan leaders Y.B. Datuk Seri Anwar Ibrahim, Y.B. Tuan Haji Mohamad Sabu and Y.B. Lim Guan Eng met and agreed on finding a common ground to save lives and revive the economy, as well as strengthening Parliament, ensuring judicial independence and institutional reforms based on the Yang di-Pertuan Agong's decree for bipartisanship to resolve the Covid-19 and economic crises.
- 31 August** The Ministry of Finance released the country's first ever Pre-Budget Statement that indicates a preliminary direction and the priorities set for Budget 2022 as well as the government's willingness to work across party lines.
- 13 September** The federal government and Pakatan Harapan signed the Memorandum of Understanding (MoU) on Transformation and Political Stability.
- 21 September** First Meeting of Pakatan Harapan - Ministry of Finance Budget 2022 Steering Committee chaired by YB Senator Tengku Datuk Seri Utama Zafrul bin Tengku Abdul Aziz, Minister of Finance.
- 27 September** First Meeting of Pakatan Harapan - Ministry of Finance Budget 2022 Working Committee.
- 4 October** Pakatan Harapan Budget Working Committee's engagement with Dato' Dr. Mohammed Azman, Chief Executive Officer for the Social Security Organisation (SOCSO) and top executives.
- 6 October** Pakatan Harapan Budget Working Committee's engagement with the Ministry of Finance on formulating a gender responsive budget.
- Pakatan Harapan's engagement with Chief Executive Officers of the banking industry to share concern of the economic crisis and discuss implementation of a loan moratorium interest waiver for those who require immediate intervention.
- 7 October** Pakatan Harapan Budget Working Committee engagement with Datuk Seri Amir Hamzah Azizan, Chief Executive Office for the Employees Provident Fund and top executives.
- 11 October** The Temporary Measures for Government Financing (Covid-19) (Amendment) Bill 2021 was passed to increase expenditure under Kumpulan Wang Covid-19 fund (KWC) by RM45 billion from RM65 billion to RM110 billion.
- 13 October** Following a series of engagements with Pakatan Harapan, Prime Minister Ismail Sabri announced a loan interest waiver for B50 households dubbed the Financial Management and Resilience Programme (Urus) as stated under Article 1.7 of the MoU on Transformation and Political Stability.
- 19 October** Pakatan Harapan Youth's engagement with Y.B. Mohd Shahar bin Abdullah, Deputy Minister of Finance I.
- 25 October** Third Meeting of PH - MOF Budget 2022 Steering Committee
- 27 October** Release of Pakatan Harapan Budget 2022 Strategy Document.

MEMORANDUM PERSEFAHAMAN

Transformasi & Kestabilan Politik
Kerajaan Persekutuan & Pakatan Harapan



HARAPAN

Transformasi Pentadbiran

- * **RUU Anti-Lompat Parti** atau undang-undang berkenaan
- * Mempercepatkan **Undi18 dan pendaftaran automatik**
- * Had jawatan **Perdana Menteri kepada tidak lebih 10 tahun**

Garis masa:
Mesti dilaksanakan dalam tempoh tidak lewat daripada Mesyuarat Parlimen pertama pada 2022



Kebebasan Institusi Kehakiman

- * Memastikan badan kehakiman sentiasa **bebas dari sebarang campur tangan mana-mana pihak**

Garis masa:
Mesti dilaksanakan sepanjang masa



Perjanjian Malaysia MA63

- * Memperkukuh usaha ke arah pelaksanaan perkara-perkara yang termaktub dalam **Perjanjian Malaysia 1963**



Pemeriksaan Pelan COVID-19

- * Majlis Pemulihan Negara terdiri daripada **50% pakar, 25% Ahli Parlimen PH, 25% Ahli Parlimen Kerajaan**
- * **Penambahan RM45 Bilion** had dana Covid-19 menjadikan nilai keseluruhan RM110 Bilion
- * Mempertingkatkan pelaksanaan "Find, test, trace, isolate, support and vaccinate" (**FTTIS +V**)
- * **RM10 bilion kepada 11 juta rakyat** untuk miskin tegar, miskin bandar, dan yang hilang pendapatan
- * **Pengecualian bayaran faedah moratorium** pinjaman bank untuk rakyat B50
- * **Insentif pengambilan pekerja dan bantuan Perusahaan Kecil dan Sederhana (PKS)** melalui dana tambahan Kumpulan Wang COVID-19
- * **Segerakan pembelian tambahan sejumlah 6 juta dos vaksin**

Garis masa:
Mesti dilaksanakan sebelum hujung tahun 2021



Pembaharuan Parlimen (Parliamentary Reform)

- * **Bentang dan lulus** RUU Perkhidmatan Parlimen untuk pastikan **Parlimen menjadi institusi bebas**
- * **Memperkukuh** jawatankuasa Pilihan Khas Parlimen
- * Peruntukan **sama rata** Ahli Parlimen Kerajaan dan Pembangkang
- * Keanggotaan **Jawatankuasa Pilihan Khas Parlimen lebih seimbang** ikut Perkara 82(1) Peraturan Mesyuarat
- * Pindaan Peraturan Mesyuarat (Standing Order) bagi memastikan prosiding **Dewan Rakyat dan Dewan Negara berjalan lebih teratur dan berkesan**
- * Memastikan pejabat Ketua Pembangkang diberi **hak dan kemudahan yang sewajarnya**

Garis masa:
Mesti dilaksanakan serta merta



Satu Jawatankuasa Pemandu diwakili Kerajaan dan Pakatan Harapan akan memantau pelaksanaan perkara-perkara yang dipersetujui di dalam Memorandum Persefahaman ini.



Full range of photos can be accessed here - <https://bit.ly/Budget2022Engagements>

B. CHALLENGES AND APPROACH

1. Economic outlook for 2022

Malaysia would likely experience stronger economic growth in 2022, given rising vaccination rates and less need for lockdown across the country.

Nevertheless, the government should be mindful of downward risks (particularly risk of the pandemic re-flaring). To address the downside risk, the government should adopt a cautionary approach and support the economy through public spending until recovery is properly secured.

2. Fiscal balance

While it is attractive to address the fiscal hole caused by Covid-19 as quickly as possible with the increased expected revenue, it must be highlighted that GDP growth is linked to taxes and government spending. Indeed, stronger growth would automatically improve revenue collection for the government, without any taxation changes.

Premature fiscal consolidation will put recovery in jeopardy. Fiscal balance can be addressed once recovery is fully secured and that is likely in 2023. For 2022, it is crucial that the government prioritizes economic growth over the public sector fiscal balance. The expected revenue increase, along with a strong borrowing plan, should be used to support the economy.

C. PROPOSALS

1. Strengthening Parliament as an effective and genuine bipartisan platform

Policymakers regardless of parties should be galvanized to drive the recovery effort and building back better. In this sense, the Parliament serves as the bridging role for policymakers to kickstart a new age of bipartisan governance.

In Malaysia, the Parliament has long been subservient to the executive despite the former being one of the three independent branches of government. The erosion of its independence minimizes the Parliament's ability to check and balance the executive's actions.

Furthermore, left unchecked and far removed from establishing close working interactions with backbenchers and opposition policymakers, the executive could be deprived of valuable insights and inputs that can enhance the decision-making process.

Empowering the Parliamentary Special Select Committees (PSSC) could forge closer professional relationships among these lawmakers while involving more MPs in the policymaking process. Composed of private Members of Parliament (MPs) from the government's backbench and the opposition, PSSC should no longer play a passive role but be elevated to actively shape outcomes and influence decision making by allowing them to scrutinise and review policies, bills and budgets prior to tabling in the main chamber.

They can be significant bipartisan platforms to facilitate the drafting of legislation in a consultative manner among ministers, chairs of committees, and MPs. Each line in a bill should be drafted in consultation with MPs in a committee setting, and scrutinised thoroughly, before it is eventually passed.

These PSSCs should also be empowered to conduct hearings across the country and even via online platforms, to solicit views from stakeholders and the general public before the bill is finally laid on the table of Parliament for debate. This has been practised by some parliamentary institutions in the United Kingdom, Canada, and Australia.

PSSCs can also be utilised in special circumstances or crises such as the pandemic. In New Zealand, its Parliament had set up a Select Committee for Epidemic Response. The Select Committee is made up of 10 MPs from various parties and is tasked to observe and monitor the Government in their management of the Covid-19 crisis.

In order to build this foundation, it is important that all ministries are shadowed by PSSCs. **Currently there are only 10 PSSCs covering 20 ministerial portfolios.¹ Meanwhile, 9 other ministerial portfolios do not have any PSSC oversight.** Additional PSSCs should be set up to shadow these ministries, while some can be parked under existing ones.

The following table illustrates the existing list of PSSCs and the ministerial portfolios they cover.

¹ 55 MPs demand more committees for all MPs to function full time, <https://www.malaysiakini.com/columns/584443>

No	Special Select Committee	Ministries
1	Security	<ul style="list-style-type: none"> • Ministry of Defence • Ministry of Home Affairs
2	Finance and Economy	<ul style="list-style-type: none"> • Ministry of Finance • PMD - Economic Planning Unit • Ministry of International Trade and Industry
3	Education	<ul style="list-style-type: none"> • Ministry of Education • Ministry of Higher Education
4	Agriculture and Domestic Trade	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Industries • Ministry of Domestic Trade and Consumer Affairs • Ministry of Plantation Industries and Commodities
5	Infrastructure and Development	<ul style="list-style-type: none"> • Ministry of Works • Ministry of Transportation • Ministry of Housing and Local Government • Ministry of Rural Development
6	Health, Science and Innovation	<ul style="list-style-type: none"> • Ministry of Health • Ministry of Science, Technology, and Innovation
7	Women and Children Affairs and Social Development	<ul style="list-style-type: none"> • Ministry of Women, Family, and Community Development • Ministry of Rural Development
8	Agencies under the Prime Minister's Department	<ul style="list-style-type: none"> • PMD - Parliamentary affairs and laws • PMD - Sabah and Sarawak • PMD - Special functions • PMD - Religious Affairs
9	International Affairs	<ul style="list-style-type: none"> • Ministry of Foreign Affairs
10	Fundamental Liberty and Constitutional Rights	<i>No specific ministries. To scrutinise the bill, investigate and report on matters referred to them by the House concerning fundamental liberties and rights enshrined in the Federal Constitution.</i>

*PMD: Prime Minister's Department

Portfolios without any PSSC oversight

1. *Ministry of Environment and Water*
2. *Ministry of Human Resources*
3. *Ministry of Communications and Multimedia*
4. *Ministry of Federal Territories*
5. *Ministry of Youth and Sports*
6. *Ministry of Energy and Natural Resources*
7. *Ministry of National Unity*
8. *Ministry of Entrepreneur Development and Cooperatives*
9. *Ministry of Tourism, Arts and Culture*

As an early sign of commitment to fulfilling the Transformations under Article 3 (Parliamentary Reforms) of the MoU, Pakatan Harapan calls for the **funding of the following measures to elevate the Parliament as a platform for meaningful deliberative democracy and restore its role as an oversight institution for the executive.**

- a) Allocate resources for PSSCs to be at least equivalent to the Public Accounts Committee (PAC).
- b) Every PSSC must be provided with enough funding to meet the day-to-day requirements of running the committees including the capacity to engage advisors/experts of relevant fields.
- c) Each PSSC should have a dedicated secretariat that is well-staffed. While the PAC has its own secretariat, all the PSSCs are managed by one secretariat.
- d) Every PSSC must have at least two dedicated research officers with expertise and knowledge in the field.
- e) Ensure each PSSC has the capability to telecast its proceedings live and adequate infrastructure to facilitate a hybrid system of online and physical parliamentary proceedings

2. Immediate injection of RM45 billion COVID fund

As previously emphasised in PH's policy communications, the immediate priority is to embark on a **bold expansionary fiscal policy** to rapidly shore up the **healthcare system** and **assist households and businesses**.² We call for an immediate injection of RM45 billion as agreed in the MoU for Transformation and Political Stability between PH and the Government:

a) At least RM4 billion for the Ministry of Health to:

- i) **Upgrade hospital capacity, capability as well as medical equipment and human resources** to address the COVID-19 pandemic-related stress on the system. To prepare for further waves, we must further reduce the burden on the public healthcare system. Additional funds must be allocated to **decant patients to private hospitals** with clear SOPs.
- ii) Drastically ramp up **manpower in the public healthcare system**, including addressing issues faced by the **contract health workers**.
- iii) Accelerate the operationalisation of a robust **FTTIS** (Find, Test, Isolate, and Support) infrastructure and formulate a **comprehensive National Testing Plan**. The measures will include, but are not limited to:
 1. **Subsidise self-testing kits** to create a more thorough culture of testing at the point of contact through, e.g. a quota for workers registered with PERKESO. Test civil servants, including teachers, regularly. Price needs to be accessible to the B40 group. Aim to reduce the positivity rate to the World Health Organisation's recommended target of 5%.
 2. **Invest in better contact tracing**, allocate funds to design a more reliable notification mechanism and customer service for MySejahtera. Hire and increase designated contact tracers.
 3. **Upgrade the Hotspot Identification for Dynamic Engagement (HIDE)** system to be more effective as an early warning system to detect potential hotspots.
 4. Allocate a separate provision for **booster shots** for the adult population to address the potential waning efficacy of vaccines after 6 months.
 5. Enhance the **quarantine process**.

² Research for Social Advancement. *Projek Muhibah Strategy #3 : Continued and Targeted Economic Assistance to Employers and Employees*. <https://refsa.org/projek-muhibah-strategy-3-continued-and-targeted-economic-assistance-to-employers-and-employees/>

b) RM30 billion Financial Grants & Subsidies for the Economic Sector

- i) **RM15 billion investment** in pandemic-proofing, via **economic grants and soft loans**, matched with appropriate tax incentives to immediately ‘**pandemic-proof**’ work places, factories and workers’ quarters.
- ii) **Loan guarantees, grants and credit extensions for micro, small and medium enterprises**, especially the F&B, retail, crippled tourism industries and local community-based businesses to aid their working capital cash flow and other commitments (e.g. rental obligations).
- iii) The government must be prepared to preempt a **possible wave of defaults and bankruptcies** in the non-financial corporate sector as more companies (especially SMEs) are still expected to continue to face liquidity and solvency risks in the coming months. The government can set up a company similar to Danaharta to **purchase non-performing loans from the banking sector** and assist businesses in **restructuring their loans**³.

c) RM6 billion in work hiring incentives (*Malaysia@Work programme, refer Section C (4) (a) for more details*) in order to:

- i) Assist the private sector to **create new jobs**, especially in the R&D for development of sectors which Malaysia has comparative and growth advantages relative to neighbouring countries.
- ii) Sectors of importance may include renewable energy/green economy, E&E, healthcare, advanced engineering in strategic sectors, and in the development of sustainable downstream products for commodity-based industries.
- iii) **Boost wage growth** of Malaysian workers in the private sector.

d) At least RM5 billion for Households

- i) **More than double the monthly welfare payments** to support affected households for a year. This proposal acknowledges the difficulties M40 families (as well as the overall middle class that transcends the M40 classification) face, and will require upgrading payments announced in the recent Pakej Perlindungan Rakyat Dan Pemulihan Ekonomi (PEMULIH) as specified below:

Households	PEMULIH payments	Proposed
Hardcore poor	RM1,300	RM2,500
B40	RM800	RM1,900
M40	RM250	RM1,100

³ IMF Global Financial Stability Report, April 2021

The government should take note to have an equitable distribution of PEMULIH payments to **female household heads**. Female headed households earn about 40% less than the average households in Malaysia (Note: As of March 2021, median household earning was RM2,117, but the median FEMALE headed households only earn RM1,300 – Families On The Edge Part 4 (Figure1.5)). Due to lack of access and education, many female heads of households are often left out. More efforts are required to reach out to these women who have slipped through the cracks.

- ii) **Take into account dependent children in the cash payment calculation.** We propose the government provide a monthly payment of RM100 per child for children belonging to B40 and M40 families. It is proposed that only children aged up to 12 years old would be eligible for the program. This would ease the burden of new parents who are among those most badly affected by the pandemic, particularly through nursery and school closure. Furthermore, this measure would make the cash payment program responsive to family size.

3. Support recovery of vulnerable segments

Pakatan Harapan has consistently stressed for sufficient assistance provided to those who have been severely impacted by the pandemic and ensuing lockdowns. Now that economic sectors are beginning to open up, we must ensure that vulnerable segments are not left behind, and continue to support their recovery.

- a) **Loan Interest Waiver** - Implement a loan moratorium interest waiver for B50 households, gross household incomes of less than RM5,880 per month, as stated under Article 1.7 of the MoU on Transformation and Political Stability.
- b) **MSME and SME Recovery** - Allocate RM2 billion towards low-interest small business loans (up to RM50k per loan) for micro, small and medium enterprises via BSN with an easy and flexible application process. Certain percentages of the allocation should be given to specific sectors which have been most affected by the pandemic, e.g. F&B, retail, tourism, local run community businesses etc.

Allocation should also be distributed equitably and proportionately to women-owned businesses and the three main ethnic groups in Malaysia, reinforcing existing SME financing and entrepreneurship schemes for the Bumiputera (e.g. TEKUN Nasional), the Chinese (e.g. Skim Pinjaman Khas Penduduk Kampung Baru) and the Indians (e.g. Skim Pembangunan Usahawan Masyarakat India).

Further, to aid businesses that were forced to cease operations during the pandemic, but would like to restart operations again in 2022, we propose a RM100 million MSME and SME Business Restart Matching Grant of up to RM20,000 per grant as an incentive.

- c) **Tourism** - Engage with insurance companies to explore implementation of a government-backed COVID-19 travel insurance programme to boost and raise confidence in domestic tourism.
- d) **Sports** - Convert the 'Sports Industry Financing Scheme' into an interest-free easy payment loan with a 6-month automatic moratorium. Increase the fund size to RM100 million accompanied by the following measures:
 - i) 50% monthly rental subsidy or maximum of RM5,000 for premises not allowed to operate. Those operating in government-owned premises should be given rental exemption.
 - ii) RM10,000 Digitalisation Grant to assist sports businesses to adopt digital tech to deal with the new normal.
 - iii) One-off RM2,000 Geran Khas Prihatin Untuk Industri Sukan to help cushion losses accumulated throughout the past one year.
 - iv) Monthly aid of RM 1,000 for six months, for self-employed individuals in the sports industry (coaches, instructors, therapists etc) who were affected by the government-ordered shutdown.
 - v) Reskilling and upskilling allowances of RM1,000 for individuals in the sports industry pursuing sports and coaching certifications approved by the Youth and Sports Ministry.
 - vi) Upgrade selected sport complexes to position Malaysia as a high performance sports training destination. Equip potential clusters of sports facilities with state of the art S3T3R (Sports Tuning, treatment, therapy, recovery, rehabilitation, rejuvenation, rehabilitation) offerings to provide an inclusive and higher value training experience for athletes.
- e) **Orang Asli and Orang Asal empowerment** - Expand the Program Pembangunan Ekonomi Orang Asli focusing on the provision of essential services and human capital development, to ensure that vulnerable segments of the indigenous Orang Asli and Orang Asal communities across Peninsular Malaysia and East Malaysia do not get left behind.

4. Create decent jobs via key growth generators

Job creation is an important component to having a sustainable recovery and growth. The government has a role in promoting job creation among the private sector, and this could be achieved through direct assistance and providing incentives for companies to invest in sectors of the future.

a) **Boosting jobs creation through Malaysia@Work initiative**

The economy requires a long-term boost in job creation. To do so, we propose the **government run the RM6 billion Malaysia@Work initiative** as planned under Budget 2020. The initiative is a **long-term hiring and wage incentive scheme** designed to lower hiring costs, while encouraging those out of the labor force to return to work.

While PenjanaKerjaya appears to be doing so, the program was designed as an emergency job retention measure during the pandemic rather than a job creation exercise. It was created as a short-term policy and this is evident from PenjanaKerjaya 3.0's 12-month duration. With the pandemic easing out, the short term emergency job retention measure risks becoming irrelevant. Additionally, its short-term nature increases the likelihood that the workers may also be let go once PenjanaKerjaya expires. This makes PenjanaKerjaya unable to provide the long-term boost the economy needs to grow sustainably at pre-crisis trends.

In contrast, **Malaysia@Work is a multi-year initiative** aimed at boosting job creation beyond the pandemic. It is a 5-year program, with each eligible person able to enroll in it for 2 years. Furthermore, the 2-year enrollment increases the likelihood an employee hired under the program would attain sufficient experience to the point that their employer would retain them voluntarily without any further government assistance.

The following summarily outlines the Malaysia@Work program:

i) **Graduates@Work**

- Offer wage incentives of RM500 a month to citizen employees and hiring incentives of RM300 per month to employers through a RM6 billion Malaysia@Work program which is projected to assist in creating private jobs for 250,000-300,000 Malaysians.
- While the overall program is proposed to run for five years, each person is eligible to enroll in the program for 2 years.
- The government can decide the sectors which would be eligible for the program.

ii) **Locals@Work**

- A similar incentive program for employers and employees where a vacancy is created via the replacement of a foreign worker with a local worker.

iii) **Women@Work**

- A similar incentive program for women workers who have stopped work for more than a year, aged between 30 to 55 years old to return to the workforce.
- 12-month tax exemption for returnees via this programme.

iv) **Training and Upskilling**

- Placed to train - Ensure training provided by participating employers receive government-sanctioned accreditation to boost employability of trainees. Additionally, ensure alignment with and adequate funding for youth-focused training programmes, such as MySkills Foundation.
- Ensure alignment with, and adequate funding for existing training programmes, such as MySkills Foundation.

b) **Growth generators and emerging sectors**

A 21st century economy needs to be able to address three defining trends of the foreseeable future: environmental management amid climate change, rapid digitalisation and an ageing population.

- i) **Agriculture** - The pandemic showed that we must continue to improve our self sufficiency to meet challenges on food security and maintaining a resilient supply chain. By comparison, Malaysia's agricultural yield lags behind competitive producers in the region such as Thailand, Vietnam and Indonesia.

It is therefore important for the nation to build a modern and productive agricultural sector, and allocate sufficient resources to adopt modern agricultural technologies in the cultivation of staples such as rice, vegetables, poultry, fisheries etc. With land matters falling under each state's purview, there is a need for more strategic collaborations and better coordination between federal and state governments to ensure productive usage of agricultural lands while enabling agropreneurs wider market access.

1. Increase Agrofood facilities (such as low interest soft loans) as well as provide more investments on modern farming equipment. Increase the current cap of RM5 million per loan to RM10 million.
2. Subsidise automation and mechanization of farms, provide incentives for diversifying crop cultivation that contributes towards food production.
3. Provide special grants for youth who are interested in the fields of agriculture, forestry, farming and fisheries to operate and run projects.
4. Incentivise vertical urban farming to increase food security in cities. Introduce grants, concessions and/or seed funding for urban farmers, entrepreneurs, communities and buildings to engage in urban farming. Financing should also cover the training programmes subsidies for the prospective urban farmers.
5. Provide income tax exemption on rental by mall and building owners to vertical farm operators.

- ii) **Create green growth and jobs** - The government should maintain or increase Pakatan Harapan's renewable energy (RE) target of 20 percent in the electricity mix by 2025 excluding large hydroelectric sources above 100 MW (33 percent if including large hydro).

1. Increase quota for NOVA programme under Net Energy Metering 3.0 scheme. At least double allocation to 600MW (current allocation is 300MW), with project value potential of RM3 billion, by end of 2022.

There is huge rooftop solar potential in Malaysia landed properties with 3.2 million residential properties, 450,000 commercial lots, 90,000 terraced factories, 21,000 standalone factories, and 1,000 shopping complexes. These projects can also generate almost three times more jobs than large scale solar installations.

2. Scale up the Green Technology Financing Scheme (GTFS) 3.0. The GTFS is an important financing instrument to stimulate both government-led and private-led green projects.

The GTFS can be scaled up to take advantage of the available machinery. To create the effect of stimulating this sector, we propose that the government increase the size of the GTFS in Budget 2022, to a total loan amount of RM10 billion for the next two years (2022-2023), i.e. RM200 million green interest subsidies borne by the government annually. The government can further allocate certain sums (as per GTFS 3.0) where it only guarantees the loan and does not provide interest subsidies.

It is important to highlight that the economic and jobs benefit will only be realised when the project is ongoing, hence the government should make an effort to ensure that the open tender process is carried out within the first two quarters of 2022 for the project to kickstart by the fourth quarter of 2022.

3. Spur green projects such as energy performance contracts, solar leasing projects and waste-to-energy initiatives. As part of big infrastructure spending, we propose that the **government earmark 1,000 suitable government buildings and premises to undergo retrofitting energy efficiency and renewable energy projects.**

Such projects can be performed at effectively zero upfront cost, by entering into energy performance contracts with energy service companies. In this context, these companies will finance and perform the retrofitting work, and then recover the investment with profit through sharing of the bill savings with the government throughout the contract period. With 1,000 such projects, there is a potential investment value of around RM4 billion. In return, the government gets to enjoy monthly electricity bills savings, reduce government carbon footprint as well as stimulate economic activities and increase green jobs.

- iii) **Care economy:** There is a growing demand and need for both childcare and elderly care, and an important source of employment in the service sector in the future. Not only that, increasing access to quality provision of care allows non-paid carers to earn or return to the workforce and therefore increase their economic security.

This will be an inter-sectoral undertaking, requiring improvements in the provision of centres and related services. Proposed interventions include:

1. **Support care services ecosystem** by extending wage subsidy support programme to care operators in 2021 to ensure their survival and support early childhood care ecosystem:

- a. **Extend wage subsidy support programme** to care operators in 2021 to ensure their survival and support the early childhood care ecosystem.
- b. **Allocate higher childcare subsidies** - According to the Persatuan Pengasuh, the average childcare fee in Klang Valley is around RM700. We request to allocate childcare subsidies (at least RM500 per child per month for children up to 6 years old) for B40, M40 households and those who have lost their jobs. This is only eligible for those registered with a childcare provider.

2. Reinstatement of the RM30 million allocation previously introduced by PH to **build childcare centres** for frontliners at government agencies, especially hospitals and police stations. The Ministry of Women, Family and Community Development (KPWKM) has failed to implement childcare for government agencies. For 2020 and 2021, despite receiving RM30 million each year for this purpose, the target was not achieved. We propose that the Ministry of Finance (MoF) reinstate the RM30 million allocation, but also relook at how this objective can be best implemented instead of entrusting it to KPWKM.

3. **Upskilling teachers** - Additionally, since all nursery and kindergarten teachers are required to hold at least a diploma qualification in Early Childhood Care and Education (ECCE) by 2025, appropriate financial subsidies or grants should be introduced to incentivise early childhood educators and kindergarten teachers to pursue this training.

4. **Establish seed funding (RM10 million)** to promote businesses that conduct home- and community-based care services as alternatives to institutional care. Provide necessary training and regulatory framework.

- iv) **Digital economy** - It is important to further operationalise and upscale digitalisation initiatives and the Industry4WRD policy introduced during PH administration:

1. Provide a RM500 million matching grant to encourage digitalisation of business process

2. Establish One-Stop Digitalisation Center to assist small and medium businesses to apply for digitalisation incentives
3. Allocate RM250 million to provide fast internet access via towers and satellite services in rural Sabah and Sarawak to close the rural and urban digital gaps
4. Establish an innovation fund for local content developers to produce applications that run on 5G networks

5. Enhancing social safety net for all

a) Enhance social protection, especially for those in the informal and gig sectors of the economy.

As of 2021, more than half of the nation's 16.1 million labour force is not covered under the Employees Provident Fund (EPF), and hence do not have retirement security. Currently, there is also no formal legislation for social protection coverage of informal sector workers and Contract for Services workers, which together amounts close to 7.9 million workers.

It is imperative that the government continues to remove administrative barriers, encourage and incentivise as many people in the workforce (both formal and informal) to access our current social safety protection network. At the same time, we must urgently seek to expand the coverage of the protection network too.

- i) **Expand and extend i-Suri contribution to all housewives** - the current programme only covers the 290k e-Kasih registrants. As part of recognising the contribution of women as unpaid care workers, we propose to extend the programme, but also expand the contribution to cover all housewives, currently estimated at close to 3 million of them. Extension of coverage can also be done through setting up a separate programme for spouses to transfer a certain percentage (e.g. 5%) of monthly income to the non-working spouse.
- ii) **Expand and extend i-Saraan contribution** - to incentivise increased savings, we propose to increase i-Saraan matching contribution to 25% of the eligible individual's annual contribution, subject to a cap. Further, extend this programme for another two years.
- iii) **Mandatory EPF contribution for informal sector workers and "contract for services" personnel** - we must acknowledge shifting work trends, and seek ways to increase legal coverage for as many of those in the working age population. We propose to extend mandatory EPF coverage to both informal workers and those who fall within "contract for services" arrangements with their employers.
- iv) **Auto-registration for EPF and Socso for above 18 yrs old** - only 60% of Malaysians above 18 years old register for EPF on a yearly basis. This will ensure most new workforce are included in the nation's social protection scheme.

- b) More allowances for families with special needs children** - Allowances for children with special needs have typically focused on the child him/herself. We highlight that support for the parents of such cases should not be ignored. E.g. When childcare centres are unable to accept such cases, or when a 25 year old adult with special needs is bed ridden, household income will be impacted when one of the parents leave the workforce to take care of the child.

On top of allowances for special needs children, we propose to create special allowances or specific wage subsidies to help parents under these circumstances.

6. Reinforcing social services

- a) Healthcare** - In addition to measures mentioned in Section (ii) (a) Ensure accessible quality healthcare, we propose to:

- i) **Expand mySalam's coverage** - MySalam coverage must include women related diseases, such as IVF treatments (currently covered under EPF only).

Expand mySalam's coverage for critical illnesses and hospitalisation to also include mental health assessment and care including counselling from B40s to include M40s but more importantly, including children.

Specifically, the allocation for psychiatry and mental health services needs to benefit psychosocial support services as well, such as those provided by Talian Kasih and NGOs such as Befrienders. Allocation should also be provided to train counsellors and psychologists specifically for domestic violence and gender-based violence victims and those who experienced trauma.

- ii) **Better Mental Health Access** - As of 2020, Malaysia only has 25 community mental health clinics in the country, also known as MENTARIs. We propose to expand the number of such clinics.

Provide at least RM45 million allocation to train additional medical professionals in the psychiatric services, with the aim to provide at least one clinical psychologist and one mental health nurse for each of the 45 public hospitals offering psychiatric services. Currently, there are only 15 clinical psychiatrists serving in the system⁴.

⁴Galen Centre Report on Health, https://galencentre.org/wp-content/uploads/2019/05/PH-First-Year-Health_Galen-Centre.pdf

b) Education - Prepare the nation for potential nationwide hybrid digital and physical learning. While ensuring schools can reopen safely, allocate funds to improve connectivity for schools and online teaching.

- i) Provide B40 children with access to devices for online learning through subsidies or grants.
- ii) Allocate a budget to evaluate all children returning to school to assess their 3M standard. Focus on B40 children who are typically left behind because of the inability to follow through with PdPR. Pay teachers to provide additional coaching after school hours and/or be allowed to repeat a year so that they can catch up with the syllabus.
- iii) **RM1.035 billion special grant for schools**

Given the disruption caused by prolonged shutdown in Malaysia, schools are facing challenges in terms of equipment and manpower. We propose that the government assist schools by providing special grants worth RM1.035 billion to meet their **operational and capital needs in 2022** as well as to improve schools' pandemic proofing capacity. We propose the following breakdown:

- Sekolah Kebangsaan: RM600 million
- Sekolah Jenis Kebangsaan Cina (SJKC): RM50 million
- Sekolah Jenis Kebangsaan Tamil (SJKT): RM50 million
- Sekolah Berasrama Penuh: RM50 million
- Maktab Rendah Sains MARA: RM50 million
- Sekolah Agama Bantuan Kerajaan: RM50 million
- Sekolah Mubaligh: RM50 million
- Sekolah Tahfiz: RM50 million
- Sekolah Agama Rakyat & Sekolah Agama Persendirian: RM25 million
- Sekolah Pondok yang berdaftar: RM25 million
- Sekolah Menengah Jenis Kebangsaan: RM20 million
- Sekolah Menengah Persendirian Cina (SMPC): RM15 million

c) Legal Aid - Allocation for Yayasan Bantuan Guaman Kebangsaan (YBGK) - Continue to ensure there is sufficient funding to provide legal assistance to those who cannot afford legal representation. In 2020, RM9.1 million was allocated whereas in 2021, only RM5 million was allocated. For 2022, we propose a budget of RM10 million.

7. Ensuring decent living and mobility

a) Housing

Many Malaysians live in public housing estates with less-than-acceptable maintenance levels. This has led to tragic cases, some of which involving death. To address these concerns, living conditions of public housing residents must be improved. To do so, we propose the following:

- i) Allocate RM200 million to repair and upgrade elevators located in densely populated public housing.
- ii) Allocate RM50 million to improve sanitation services.
- iii) Allocate RM50 million to provide high-rise public housing buildings that have not been repainted in the past 5 years with a fresh coat of paint.
- iv) Provide RM20 million to encourage the formation of joint-management body/management committee in places that have none.

b) Transportation

- i) This government must ensure that the **MRT 3 project** is executed without the inflated costs typically associated with such mega-projects. Pakatan Harapan propose that the government manage the MRT 3 project via:

1. Open tender and not based on PDP-model of the past
2. Breaking it down into multiple packages to increase competition between contractors, and
3. Facilitate developer contribution routes and stations that directly benefit the value of their projects.

- ii) **Expand electric bus network** - Even in a pandemic, some segments still rely on public transport for mobility. To make it safer, there is a need to increase frequency while reducing capacity.

PH proposes the government spend **RM450 million** to acquire up to 500 electric buses to serve as last-mile connectivity for MRT and LRT.

c) Sustainability - Encouraging community-level initiatives to preserve the environment

The government should encourage the local communities, private sector and civil society to play meaningful roles in protecting the environment. We propose the government to:

- i) Allocate RM20 million grant to support environmental NGOs, particularly those working to protect flora and faunas in Malaysia.
- ii) Allocate RM50 million one-to-one matching grant to support reforestation exercise done by the private sector.
- iii) Allocate RM30 million to fund a program to hire, train and equip local communities as well as retired soldiers as rangers to protect wildlife and the jungle. The program will play the triple roles of protecting the environment, creating additional incentives for the local community to preserve their jungle and providing additional income for those who need it. They will be working alongside Perhilitan.

d) Rural development

There are marginalized communities in our society. Uneven development, over the years, has also contributed to the widening gap between urban and rural communities. Easier access to quality social services and a wider range of economic opportunities will serve as an important stepping stone for them to improve their prospect for upward social mobility.

In order to create a more equal society, Malaysia must assist these communities by widening their economic opportunities. We propose the government:

- i) Implement an affordable housing program designed specifically for Orang Aslis, as well as second and third-generation Felda families that will allow them to relocate outside of their existing surroundings and close to the towns and cities. This will enable them to have better access to education, employment, healthcare and other social services.
- ii) Set a scholarship worth RM10 million that will sponsor children of Orang Aslis and Felda families to attend city schools, residential schools, colleges and universities. Sending them to these schools will widen their social network and expose them to wider opportunities. The scholarship will fund their accommodation, dietary requirement, daily expenditure as well as the relevant tuition fees.

8. Protecting women and children

The adversities faced by women and children in Malaysia during the COVID-19 pandemic have been particularly pronounced, including higher rates of unemployment among single mothers, for example. Beyond the day-to-day struggles to survive, challenges faced by this group extend to the realms of economic empowerment, healthcare access, education and capacity building, domestic and gender-based violence, as well as implicit and explicit workplace discrimination, among others.

Though Sections A and B of this chapter contain several proposals specifically for women and children, the provision of economic assistance is not enough to adequately protect and empower women. We therefore propose greater funding across the following areas to address specific issues that vulnerable members of the community face:

a) **Specific budgets for the D11 unit, shelters and One Stop Crisis Centres (OSCC) to fight crimes against women and children.**

First and foremost, a specific budget to D11 must be allocated to enhance their services by adding manpower and resources to fight increasingly sophisticated crimes against women and children.

Secondly, we urgently call for mechanisms for observation and overseeing domestic violent victims that seek care, support and protection. We propose a budget of RM50 million to create more OSCCs which are often the first place survivors go to for assistance.

We also propose a budget of RM50 million to improve existing shelters and build new ones for gender based violence victims. Government supported shelters are crucial so that victims of domestic violence do not have to return home.

Allocation for training of officers in all these centres are key to ensure these centres serve its purpose. Cross-agency cooperation is also crucial.

b) **Protecting children & clear execution of the roadmap to tackle child marriage.**

In early 2020, the PH government launched a [five-year National Strategy Plan](#) to end child marriage, which involves 61 agencies in stages. The plan outlines 7 objectives, 17 strategies, 58 programmes and actions to address the causes. Funding is required to ensure successful implementation of the plans. At the moment, execution and coordination of the plan is weak, with no clear taskforce in charge of monitoring and implementation. In addition, the current allocation of RM500,000 from the KPWKM to appoint the Commissioner for Children is insufficient.

c) **More funding to set up sexual harassment tribunals nationwide as drafted in the Sexual Harassment Bill in 2020.**

- d) Design a comprehensive national strategy to **reduce the maternal mortality rate** (in Sabah and Sarawak), as part of a long-term plan to improve the sexual and reproductive healthcare for women and girls which has been set back by the pandemic.

9. Sabah and Sarawak special measures

Economic development in Malaysia is heavily focused on the western coast of the Peninsula. This has left a large part of the country behind in terms of living standards and access to basic services. If left unaddressed, it could leave the country asundered. To keep the country in harmony, we propose:

- a) **Invest in rural healthcare facilities.** The government should bolster the healthcare capacities of both states by upgrading the facilities, adding beds and occupancy, boost transport capabilities, and increasing manpower and experts in rural clinics.
- b) **Increase the Special Grant to Sabah and Sarawak under Section 112D of the Federal Constitution.**
- i) While PH had doubled the rate in Budget 2020 (with a follow-up plan to double this rate again within 5 years), the rate has been reverted by the previous PN government.
 - ii) We propose to quadruple the current rate as initially planned by PH to RM106.8 million to Sabah and RM64 million for Sarawak⁵
- c) **Provide RM100 million worth of incentives to promote labor-intensive manufacturing in Sabah and Sarawak.** There is a development disparity between the Peninsula, and Sabah and Sarawak. While certain industries may no longer be competitive in the Peninsula due to a variety of factors including wages and operating cost, they may thrive in Sabah and Sarawak, particularly with Sabah having an abundance of manpower. Labor intensive manufacturing should be encouraged to be located in Sabah and Sarawak, and this can be done by providing additional tax incentives and grants to do so. Furthermore, the completion of the Pan-Borneo Highway should provide some of the infrastructure needed to support a large manufacturing base in Sabah and Sarawak.
- d) **Provide RM30 million fund to encourage export of Sabah and Sarawak food produce and products to the Peninsula.** Peninsular Malaysia is a perfect place to market Sabah and Sarawak produce. Through the fund, the government can incentivize local farmers to cater the peninsular market, and through this, reduce Malaysia's overall food import bill.

⁵ Basketful of Goodies for Sabah and Sarawak, *The Malaysian Reserve*, <https://themalaysianreserve.com/2019/10/11/basketful-of-goodies-for-sabah-and-sarawak-in-budget-2020/>

- e) **Provide RM1 billion to assist Sabah develop a state-wide power grid** that will reduce the state's dependency on high-cost power sources such as diesel, and consume cheap electricity generated by hydroelectric dams in Sarawak. A stable and comprehensive grid will also support large-scale industrialization of the state.
- f) **Total development allocations to Sabah & Sarawak will make up 30% of total development budget.**

10. Reindustrialisation - promote high value investments

Malaysia has been experiencing premature deindustrialization since the early 2000s, after China joined the World Trade Organization in 2001. The rise of China with its massive domestic market, as well as the opening of new economies have diversified potential manufacturing bases across the world. The deindustrialization could be seen through the declining GDP share of manufacturing in the Malaysian economy, which has fallen from a peak of 31% in the late 1990s to approximately 23% in the late 2010s. Additionally, the share of high-tech manufacturing has also fallen and been replaced by lower-value manufacturing and services.

To reverse the trend, we propose the government actively encourage local companies to venture abroad while basing domestically, while attracting multinational corporations to relocate their regional centers to Malaysia. This will both expose local corporations to trends abroad, while diversifying Malaysia's talent and manufacturing bases:

- a) **Assist Malaysian companies to regionalise and globalise** - Explicitly support local champions with a budget of RM1 billion over 5 years, to become regional and global champions in the form of grants and promotion support.
- b) **Empower the National Committee on Investment to streamline investment approval process** - Provide RM1 billion worth of incentives to attract multinationals to base or relocate its regional or global headquarters to Malaysia.

11. Fiscal reforms

- a) **Officially migrate from cash-basis to accrual accounting** - Past scandals highlight the urgent needs to instill accountability and transparency in government processes. Weak record-keeping scandals gave room for manipulation and created opportunity for corruption. Towards that end, we propose for the government to migrate its accounting standard officially to accrual basis from the current cash-basis accounting. The migration will modernize the government's record-keeping system by upgrading its standard from IMF Government Finance Statistics Manual 1986 to IMF Government Finance Statistics Manual 2014.

- b) **Increase capitation grant** - Malaysia's demography has experienced great changes over the years. Birth and immigration are putting pressure on public infrastructure and services, particularly those provided by the state and the local government. To improve services at this level and encourage decentralization of power and responsibilities, we propose for the government to **increase the average capitation grant to RM20.00 per person** (from the current average of RM13.61 per person) for states that are currently below that level.

Under the Tenth Schedule of the Federal Constitution, the current rates for the capitation grant is as follows:

- For the first 100,000 persons at the rate of RM72.00 per person;
- For the next 500,000 persons at the rate of RM10.20 per person;
- For the next 500,000 persons at the rate of RM10.80 per person;
- For the remainder at the rate of RM11.40 per person.

This results in a situation where the larger states on average are receiving a lower amount of capitation grant per capita due to the tiered rates. Using the 2021 population estimates from DOSM, we estimate the amount of capitation grant for each state to be as follows:

State	2021 Population Estimate (DOSM)	2021 Capitation Grant Amount (Estimate)	2021 Capitation Grant Per Capita (Estimate)
Johor	3,794,000	RM48.41 mil	RM12.76
Kedah	2,194,100	RM30.17 mil	RM13.75
Kelantan	1,928,800	RM27.15 mil	RM14.08
Melaka	937,500	RM15.95 mil	RM17.01
Negeri Sembilan	1,129,100	RM18.03 mil	RM15.97
Pahang	1,684,600	RM24.36 mil	RM14.46
Perak	2,508,900	RM33.76 mil	RM13.46
Perlis	255,400	RM8.79 mil	RM34.40
Pulau Pinang	1,774,400	RM25.39 mil	RM14.31
Sabah	3,833,000	RM48.86 mil	RM12.75
Sarawak	2,822,200	RM37.33 mil	RM13.23
Selangor	6,555,400	RM79.89 mil	RM12.19
Terengganu	1,275,100	RM19.70 mil	RM15.45

Increasing the average capitation grant per capita to RM20.00 for all states which are below that level would help ensure a more equitable distribution and treatment across states. **This is estimated to result in an additional allocation of approximately RM200 million. 417.79**

State	2021 Capitation Grant Amount (Estimate)	2022 Capitation Grant Amount (Estimate)	2022 Capitation Grant Per Capita (Estimate)
Johor	RM48.41 mil	RM75.88 mil	RM20.00
Kedah	RM30.17 mil	RM43.88 mil	RM20.00
Kelantan	RM27.15 mil	RM38.58 mil	RM20.00
Melaka	RM15.95 mil	RM18.75 mil	RM20.00
Negeri Sembilan	RM18.03 mil	RM22.58 mil	RM20.00
Pahang	RM24.36 mil	RM33.69 mil	RM20.00
Perak	RM33.76 mil	RM50.18 mil	RM20.00
Perlis	RM8.79 mil	RM8.79 mil	RM34.40
Pulau Pinang	RM25.39 mil	RM35.49 mil	RM20.00
Sabah	RM48.86 mil	RM76.66 mil	RM20.00
Sarawak	RM37.33 mil	RM56.44 mil	RM20.00
Selangor	RM79.89 mil	RM131.11 mil	RM20.00
Terengganu	RM19.70 mil	RM25.50 mil	RM20.00
Total	RM417.79 mil	RM617.53 mil	-

12. Special grants

a) An inclusive society for all

Malaysia will need all hands to recover from damages exerted by the pandemic. However, exclusionary policy has become popular in the past two years and unless it is changed, it will set the country back in terms of competition for talents and manpower.

We must take a more open and productive approach in managing existing non-citizen residents by allowing them to become productive members of Malaysian society. This is preferable to forcing them into hiding or out of the country. We propose the government to:

- i) **Revise MM2H guidelines to prevent Malaysia from losing talent.** Recent changes to the policy have made it extremely difficult for foreign citizens to stay in Malaysia. Abuses to the policy can be addressed through other means instead of through blanket restrictions that affect bone fide beneficiaries.
- ii) **Extend foreign spouse visas and allowing refugees to work in domestic services** - Increase validity of foreign spouse visas (long term social visit pass) from one year to at least three - five years to aid economic certainty and job security among bi-national households.
- iii) **Allow refugees to work in domestic services** (such as cleaning services and domestic helper roles). The availability of domestic helpers will also enable more Malaysian women to participate in the workforce by unburdening them with home responsibilities, particularly in a setting where domestic chores are rarely shared evenly between the two genders. With borders remaining shut due to the pandemic, there is a shortage of domestic helpers and this results in many women left with no support and having to leave the workforce.

D. STRENGTHENING BUDGETARY PROCESS AND REPORTING

The maiden Pre-Budget Statement (PBS) for Budget 2022 announced on 31 August 2021 by MoF is a welcomed effort and positive development towards promoting transparency and strengthening wider engagement among the opposition, civil society and the wider public.

Pakatan Harapan also lauds the publishing of four Public Consultation Papers (PCP) to complement the PBS for more stakeholders to provide feedback and input towards formulating budget 2022.⁶

In order to further strengthen the budgetary process and reporting, PH reiterates its commitment in these following areas:

Budget transparency and accountability

Improve Malaysia's Budget Documents and processes

Based on the Open Budget Index, the International Budget Partnership lists three recommendations to improve the quality of the budget documents⁷. They are:

- Producing the currently unavailable budget documents (i.e. Citizen's Budget, Mid-Year Review).
- Improving the comprehensiveness of the Executive Budget Proposal.
- Increasing the comprehensiveness of the Year-End Report.

In addition to this, below are some recommendations that the government may implement in the short term to improve the quality of budget documents as well as its financial management:

- Information about how the submitted budget has been executed.
- The difference between the actual revenue and expenditure.
- Any changes in the initial macroeconomic forecast that have affected the budget and forecast of any changes that may affect the budget in the following quarter.
- Details on how extraordinary expenditure (e.g. Covid-19 Fund) was spent.
- Ensure better database management and mechanisms for proposed measures to ensure better execution

⁶ Kertas Konsultasi Awam, Kementerian Kewangan, <https://www.mof.gov.my/ms/konsultasi-awam>

⁷ Open Budget Survey 2019: Malaysia, International Budget Partnership, <https://www.internationalbudget.org/open-budget-survey/country-results/2019/malaysia>

Re-engineering a gender-responsive recovery

Strengthening institutional mechanisms through gender mainstreaming and gender responsive budgeting.

- Incorporate gender-responsive budgeting in economic recovery packages to identify the gendered impacts of the pandemic for targeted and impactful interventions by **streamlining data collection & management**.
- We suffer an overall lack of a **coherent national data management system** that allows for measurement of discrepancies between women and men on various social and economic dimensions. This is crucial to allow a detailed post-budget gender analysis on whether programmes that were executed to aid women and children in various capacities have been successful and/or improvements need to be made.
 - We require urgent budget to develop a coherent and integrated social protection data management system to collect and consolidate sex-disaggregated data from federal, state, district agencies that are running more than 60 programmes. This not only streamlines data management, but also ensures that the system won't be abused (such as double payments) and help can be provided to those who truly need it.
 - Specifically, the lack of systematic data collection and records among key agencies that deal with women and children related issues must be improved to ensure relevant and more immediate interference and support to those affected.
 - For example, baby abandonment cases dealt by PDRM do not have sufficient manpower, resources and reporting system to detail the identity or whereabouts of the mothers. Without a proper record with a gender perspective in mind, these babies who are put in JKM homes do not get the correct intervention and support the need.
 - Another scenario are rape or sexual cases that involves children. Again, PDRM should be detailing important information (such as why is the child left at home, are these children of single mothers, is the scenario partly contributed by lack of childcare facilities etc) so adequate support can be provided.

In summary, to change the way such data are captured and recorded, more budget needs to be provided to the relevant agencies.

- Institute gender mainstreaming and gender responsive budgeting into the 12th Malaysia Plan (12MP) and its fiscal policies and implementation roadmap.

Multidimensional Poverty Index (MPI)

Strengthening social protection and reaching families most in need

- **National poverty line needs to be revised** to obtain the income level of the new poverty line that is more realistic, taking into account the impact of the COVID-19 pandemic.
- **Reassess the categorisation of recipient households** to ensure more equitable allocation to meet the needs to the lived realities of the families by adopting the MPI.

Sustainability and Environmental, Social and Governance (ESG) Reporting

Adopt internationally recognised reporting framework

- Set the concept and compile contributions to the ESG report based on **Global Reporting Initiative (GRI) standards**. Determine the structure of the strategic framework of the sustainable development goals, verify according to the GHG protocol or the AA1000 standard.
- Provide an **independent audit** of the data and metrics published in the ESG report and verification of compliance with the methodology or the declared level of methodology.