



# **THE 2015 BUDGET SPEECH**

**BY**

**THE RIGHT HONOURABLE  
DATUK SERI PANGLIMA MUSA HAJI AMAN  
CHIEF MINISTER AND MINISTER OF FINANCE**

**AT**

**THE STATE LEGISLATIVE ASSEMBLY**

**ON**

**7 NOVEMBER 2014 (FRIDAY)  
14 MUHARAM 1436H**

**“FOCUSING ON SUSTAINABLE DEVELOPMENT  
FOR THE PEOPLE’S WELL-BEING”**

***Bismillahir Rahmannir Rahim,***

Mr. Speaker,

1. I beg to move the 2015 State Budget for the approval of this august House.

## **INTRODUCTION**

2. Alhamdulillah, allow me to express my deepest gratitude and praise be to Allah Subhanahu Wa Ta'ala, Lord of the universe, the Lord Almighty, the Most Gracious, Most Merciful, that with his blessings, once again I am able to carry out the entrusted responsibility of tabling the State Budget for the year 2015, on this blessed Friday evening; 7<sup>th</sup> November, 2014, 14<sup>th</sup> of Muharram 1436 Hijrah, in this august House.

Mr. Speaker,

3. This Budget is indeed the State Government's manifestation to ensure effective implementation of the final year of the Tenth Malaysia Plan. It has become the foundation for the State's future sustainable development with emphasis on the well-being and prosperity of the people.

4. As we all know, every year the Federal Government provides substantial funding for the development of the State. This privilege does not come automatically. This is the result of close cooperation and relationship between the Federal and the State Governments. This allows all communities in the State, regardless of race and creed, in the urban and rural areas, to enjoy the various benefits provided through the Federal development allocation.

5. The 2015 National Budget presented on 10<sup>th</sup> October 2014 by the Right Honorable Prime Minister cum Finance Minister, Datuk Seri Panglima Mohd Najib Bin Tun Abdul Razak, is the best budget, realistic and inclusive, caring and considerate, and accords priority to the people's well-being and continues with the tradition of safeguarding the people's interest.

6. The State Government and the people of Sabah would like to express our deepest appreciation and gratitude to the Right Honorable Prime Minister and Minister of Finance for his concern and the Federal Government's continued commitment in the State development as well as the people's well-being. The State Government welcomes the commitment of the Federal Government in implementing development projects in Sabah, such as the Pan-Borneo Highway project which is estimated to cost RM27 billion. This project will spur the economic transformation of Sabah and Sarawak. The State Government also appreciates the efforts of the Federal Government to further strengthen the security level in ESSZONE and

ESSCOM, for which RM660 million has been allocated in 2015. These huge allocations to the State of Sabah as announced in the 2015 National Budget convince us all that Sabah is on the right track in achieving a developed-state status, in line with the nation's vision. Alhamdulillah.

## **WORLD ECONOMY**

Mr. Speaker,

7. Following a slower than expected growth in the first half of 2014, the world economy is forecast to rebound to a growth rate of 3.3 % for 2014 and 3.8 % in 2015. As a whole, advanced economies are forecast to grow at 1.8 % in 2014 and 2.3 % in 2015, led by the growth of the U.S. economy, which is expected to improve from 2.2 % in 2014 to 3.1 % in 2015.

8. Growth of the Euro zone economies is expected to improve from 0.8 % in 2014 to 1.3 % in 2015. Growth of Japan's economy, on the other hand, is forecast to remain subdued at 0.9 % in 2014 and 0.8 % in 2015. China's economy is expected to grow at 7.4 % in 2014 and moderating to a more sustainable rate of 7.1 % in 2015. India's economy is forecast to grow at 5.6 % in 2014 and improving to 6.4 % in 2015.

9. As a whole, the ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam) economies are forecast to grow at 4.7 % in 2014 and 5.4 % in 2015.

## **THE MALAYSIAN ECONOMY**

Mr. Speaker,

10. The Malaysian economy recorded a growth rate of 6.3 % in the first half of 2014, driven by the service and manufacturing sectors. For 2014, the economy is expected to grow at between 5.5 to 6.0 %. This momentum is sustained by consumer spending, strong private investments, and improving global demand. National income as measured by Nominal Gross National Income (GNI Nominal) is forecast to expand 10.2% from RM952.6 billion in 2013 to RM1,049.5 billion in 2014. Per capita income is set to increase 8.9 % from RM31,843 in 2014 to RM34,682 in 2015. Measured in terms of Purchasing Power Parity (PPP), per capita income is forecast to increase 2.2 % from USD22,460 in 2013 to USD22,958 in 2014.

## **STATE ECONOMY**

Mr. Speaker,

11. The State economy is expected to continue its steady growth next year. Sustained growth will be driven by exports, domestic investment and public

expenditure. In the first half of this year, positive trade balance surpassed RM5 billion while domestic investment recorded by Malaysian Investment Development Authority (MIDA) stood at RM1 billion. In the first eight months of this year, realised investment in Sabah Development Corridor (SDC) amounted to RM19.75 billion, a significant increase from the RM7.64 billion realised investment in 2013. With special incentives given to SDC, investments into the State are expected to grow. Vibrant activities will continue to be experienced in the real estate, finance, insurance and business sectors. This is reflected by the substantial increase in commercial loans extended to this sector, totalling RM3.079 billion as of June 2014, compared to RM2.85 billion in 2013. The service sector is also driven by the tourism sector which has proven its resilience despite being faced with many challenges this year. Through July 2014, tourist arrivals grew by 3% with strong growth from domestic arrivals and tourists from Japan, South Korea, Europe and North America.

12. As announced in the 2015 National Budget, to further strengthen the State's development, public expenditure will continue to focus on infrastructure development, education and training as well as rural development. Affordable housing development will also be expanded to ensure the people owned homes.

13. Private consumption is expected to moderate in view of tighter monetary policy and further fuel subsidy rationalisation coupled with the introduction of Goods and Services Tax (GST) effective next year. As a result, inflation is also expected to edge up slightly next year. Moving forward, with such strong Federal Government support and focus to further developing the State, growing investor confidence, strong State financial position and amidst a backdrop of brighter global economic prospects, the State's economy is forecast to grow at a rate of 4.5 to 5 % in 2015.

### **Development of Oil and Gas Industry**

Mr. Speaker,

14. The growth in the oil and gas industry is vital to the social and economic development of the State of Sabah and Malaysia. Prior to this, the State Government's involvement in the oil and gas industry in Sabah is very minimal. Realizing the potential of this industry in accelerating the State development, the State Barisan Nasional Government is committed to participating directly in this industry. In relation to this, the State Government has taken a proactive and strategic approach in the development of oil and gas industry.

15. For the information of this august House, Petronas has invested in several major projects, such as Sabah Oil and Gas Terminal (SOGT), Sabah Ammonia and Urea (SAMUR), and Kimanis Power Plant. Apart from that, Petronas is currently planning for an additional investment for the whole nation with a value of RM60 billion

in the upstream sector for the next five years. These investments will benefit and propel Sabah to become a high income developed state.

Mr. Speaker,

16. In line with the proactive approach of the State Government, I am happy to restate that we have succeeded in getting Petronas to agree for us to own a 10% equity in LNG 9 in Bintulu, Sarawak.

17. Apart from that, recently M3nergy Berhad, a wholly-owned subsidiary of Sabah Development Bank, commissioned a Floating, Production, Storage and Offloading (FPSO) vessel, '*Ratu Nusantara*', at Keppel Shipyard, Singapore. Under collaboration among the State Government, Petronas and SKK Migas from Indonesia, the vessel will be operating at the Bukit Tua oil and gas field in Indonesia.

18. It is hoped that, the efforts, which I have mentioned earlier coupled with the existing oil and gas development projects such as Sabah Oil and Gas Terminal (SOGT) and Sipitang Oil and Gas Industrial Park (SOGIP), will become the catalyst in the economic development of Sabah.

## **SABAH STATE FINANCIAL PERFORMANCE**

Mr. Speaker,

19. As in previous years, resources and expenditures of the State are managed in a prudent, effective and efficient manner in accordance with established financial regulations. For the year 2012, under the Auditor-General's Accountability Index, a total of nine (9) ministries / departments / statutory bodies and state agencies achieved a 4-star rating, which is the highest rating. This shows that the State financial management is the best in the entire nation. For the year 2013, I am pleased to inform that twenty (20) ministries / departments / statutory bodies and state agencies have managed to achieve a 4-star rating. This is an achievement to be proud of, not only because the number of 4-star achievers has increased more than double, but this has made Sabah being recognized as having the best record of financial management in Malaysia for two consecutive years.

20. Congratulations to the achievers. Indeed, they would serve as the role model for other departments and agencies to further improve their respective financial management. As the saying goes, "*yang pipih tidak akan datang melayang dan yang bulat tidak akan datang bergolek*", all these need efforts and every effort requires an objective and target. Due to its excellent performance, the State Government has been able to maintain an "Unqualified Certificate" or "Clean Bill" awarded by the Auditor General for 14 consecutive years.

21. Meanwhile, RAM Rating Services Berhad once again reaffirmed its “AAA” rating to the State for six years in a row, taking into account the richness and natural resources diversity as the basis of the State’s economic growth. In addition, Intertek Certification International (M) Sdn. Bhd. (formerly known as Moody International) has recertified the State budget management and preparation process with MS ISO 9001:2008 for proper and procedural compliance in the year 2014, again making it the sixth consecutive year.

22. With such encouragement, recognition and excellent track records which I have mentioned earlier, I believe we can and we will continue to scale the State’s economy to greater heights for the benefit of all level of community in urban and rural areas, and for the prosperity of our grandchildren as well as future generation.

## **OBJECTIVES AND STRATEGIES BUDGET 2015**

Mr. Speaker,

23. To ensure continued development for the State, the 2015 Budget objectives are maintained, as those in previous years' budget, with a focus on strengthening the State financial position; upgrading basic infrastructures and public utilities; development of youth and human capital; eradication of poverty and enhancement of the people’s quality of life; and balanced regional development.

24. To achieve the objectives which I have just stated, the State Government will implement the followings:-

- (i) Strengthening of revenue collection and broadening of revenue sources;
- (ii) Planning expenditure in an optimal way (that is spending with the greatest impact);
- (iii) Focusing on sectoral and sustainable development, and
- (iv) Improving delivery systems towards achieving targets.

## **2015 BUDGET THEME**

Mr. Speaker,

25. The State Government’s aspiration and pledge is to continue with the development and to provide a solid foundation for the people’s well-being and State’s prosperity for the benefit of future generation. Therefore, Mr. Speaker, the theme of the 2015 Budget is “**Focusing On Sustainable Development For The People’s Well-being**”. This theme reflects the commitment and determination of the State Government in implementing its development agenda continuously, sustainably and in an environmentally friendly way while consolidating all Government’s efforts in

providing the basic needs for the well-being of the present community as well as for the benefit of generations to come.

## **2015 BUDGET**

Mr. Speaker,

26. For the past several years, the economic development of Sabah has grown robustly. This shows that the Government's initiative in implementing its development agenda thus far is on the right track. However, what is important, is that the Government always strives and endeavours towards fulfilling the interest and aspiration of the people who always expect the best from the Government. This is in line with the statement by Joseph E. Stiglitz, a world reknown economist and also a Nobel Prize winner, that goes, '**Development is about transforming the lives of people, not just transforming economics**'.

27. Thus, we must continue with our efforts and development initiatives in order to realize Vision 2020. These are not hollow words. Our efforts have been proven and undeniably have produced positive results through an effective delivery system in line with the principle and spirit of "people first, performance now". I am pleased to announce in this august House that consistently we have been able to spend on average 85% of what we have allocated each year for development under the 10<sup>th</sup> Malaysia Plan. In the 11<sup>th</sup> Malaysia Plan, which will start in 2016, the State Government of Sabah will double its efforts to ensure that our development momentum will be on a very encouraging track. God willing.

28. As a result of our continuous development effort brought about by our previous budgets' strategies over the years, the State of Sabah is now becoming more prosperous and the people's quality of life is getting better. For the information of this august House, for six (6) consecutive years we crafted deficit budgets to speed up and propel the State development in order to ensure and secure the well-being and prosperity of the people. For the year 2015, we will continue to plan and find the best strategies to develop the State by focusing on sectors that could further uplift people's prosperity. Thus, Mr. Speaker, for the year 2015, I propose an expenditure amounting to RM3,812.79 million.

29. At the same time, the Government is also committed to ensure that the collection of State revenue contribute towards strengthening the State finances to enable it to meet the State expenditure requirements. In this context, the State Government anticipates a revenue collection of RM3,862.02 million in year 2015. For the first time since year 2008, the 2015 State Budget will provide a surplus amounting to RM49.23 million. The Barisan Nasional Government is confident that this Budget is capable of meeting operational and administrative expenditures of the

Government, while at the same time maintaining the State development momentum, thus ensuring continued prosperity of the people.

## **SUPPLY EXPENDITURES ESTIMATES**

Mr. Speaker,

30. Under the 2015 supply allocation amounting to RM3,812.79 million, I propose a sum of RM716.80 million for Emolument and RM1,165.35 million for Recurrent Expenditures to ensure that the Government administrative machineries will be able to operate smoothly, effectively and efficiently, so that, the Government's delivery system will be at a satisfactory level. Meanwhile, a sum of RM1,930.64 million has been allocated for Special Expenditures which include Contribution to Development Fund.

## **DEVELOPMENT EXPENDITURES ESTIMATES**

Mr. Speaker,

31. Development Expenditures for the year 2015 involve a sum of RM1,308.55 million consisting of RM746.84 million of State fund and RM561.71 million contribution from the Federal Government. Contribution from the Federal Government is in the form of Federal reimburseables amounting to RM22.51 million and Federal loans amounting to RM539.20 million.

32. Distribution of the 2015 State development fund by categories are as follows:

(a)	Economics	:	RM 455.39 million or 60.98%.
(b)	Social	:	RM 229.61 million or 30.74%.
(c)	Administration	:	RM 56.84 million or 7.61%.
(d)	Contingency	:	RM 5 million or 0.67%.

## **Distribution Of The 2015 Supply and Development Allocation by Ministries**

Mr. Speaker,

33. To support the roles, responsibilities and functions of the various implementing government agencies, distribution of the proposed 2015 Supply and Development allocation by ministry is as follows:-

Bil.	Ministry	Distribution	
		Supply (RM)	Development (RM)
1	Ministry of Finance	1,499.87	9.00
2	Ministry of Infrastructure	723.58	238.46
3	Chief Minister's Department	469.63	184.7
4	Ministry of Agriculture and Food Industry	295.38	133.93
5	Ministry of Community Development and Consumer Affairs	143.86	4.17
6	Ministry of Tourism, Culture and Environment	110.05	15.24
7	Ministry of Local Government and Housing	94.30	22.96
8	Ministry of Resource Development and Information Technology	88.02	4.10
9	Ministry of Rural Development	71.48	103.92
10	Ministry of Youth and Sports	66.73	13.65
11	Ministry of Industrial Development	11.61	11.71
12	Expenses not included in the ministries	28.5	-
13	Charge Expenditure	209.78	-
14	Contingencies	-	5.00

## STATE REVENUE ESTIMATE

Mr. Speaker,

34. As I announced earlier, the State revenue for 2015 is estimated at RM 3,862.02 million. The Non-Tax Revenue is expected to be the largest contributor with a total of RM2,199.57 million or 56.95 % from the total State revenue. Meanwhile, Tax Revenue is expected to register a total of RM1,261.71 million or 32.67 % and RM400.75 million or 10.38 % is estimated from the Other Receipts.

35. The major contributors to the State revenue collection are Petroleum Royalties, Sales Tax on Crude Palm Oil (CPO) and Proceeds and Interest from investments. All these three resources contributed more than 66 % to the total State revenue. However, we do acknowledge that these resources are beyond the control of the State Government, since the price and production of crude oil and crude palm oil are subject to economic environment and the global market.

Mr. Speaker,

36. I would also like to congratulate those State Government departments which have demonstrated outstanding performance in their revenue collection. Among them are the Lands and Surveys Department, the Forestry Department and the Water

Department. In year 2013, the Forestry Department has managed to collect 121 % actual revenue, while the Lands and Surveys Department 110 % and the Water Department 108 % compared to their estimated revenue for that year.

37. Based on previous records of these three departments, I am confident that they will be able to collect the estimated revenue for the year 2014 and have the capacity and potential to achieve an even higher revenue in 2015. As for the year 2015, the State Government has targeted a revenue collection from the Lands & Surveys Department at RM280 million, the Water Department at RM160 million and the Forestry Department at RM156.6 million. The targeted revenue collection will become the Key Performance Indicators (KPI) of these departments. For the other Revenue Collecting Departments, they should also have their revenue collection targets as their main KPIs.

38. Therefore, to ensure the sources and the State revenue remain sustainable and the estimated revenue for year 2015 can be achieved, cooperation, commitment and efforts of all parties, especially the Revenue Collecting Departments, are crucial for the development of the State.

## **NEW TAX**

Mr. Speaker,

39. For the information of this august House, in order to enable the State Government to cater for the operation and development expenditures continuously, revenue collection needs to be increased. In the State Government's effort to increase revenue, there is a need to broaden the scope of the State Sales Tax. Therefore, imposition of the State Sales Tax on new products will be implemented next year. The new tax is on fishery products which include fish, molluscs etc taken out from Sabah. Taxation on these products will enable the Government to monitor and control the fishery trading activities to ensure a sustainable fisheries supply for the State and at the same time to promote the State as seafood haven in this region. The State Government gives assurance that the tax on fishery products will not burden the people. The people will continue to enjoy a variety of seafood products of fine quality and at a reasonable price since the tax will not be imposed on domestic consumption.

40. With the implementation of Goods and Services Tax (GST) in April next year, there is room for the State departments that collect GST to claim for excess input tax after the deduction from output tax. Besides, the State Government will also claim for GST that is imposed on development projects and procurements by the State Government. Hence, the targeted revenue collection for year 2015 will include repayment of GST through creation of new revenue code.

## **SECTORAL DEVELOPMENT**

### **Infrastructure and Public Utilities**

Mr. Speaker,

41. We are aware that our beloved country is very much in need of quality public facilities and infrastructure. Therefore, the State Government will continue to focus on the implementation of high-impact projects to bridge the gap between the urban and rural areas as well as improving the quality of life of the people. Under the 2015 Budget, a total of RM1,250.44 million has been allocated for the provision of public infrastructure and utilities.

42. Of this amount, RM180 million is allocated for the construction and maintenance programmes of urban and rural roads; slope repair, construction and replacement of old bridges; traffic and road safety management.

43. The Government will also improve the infrastructure facilities for treated water supply, expanding the coverage of water supply and reducing the incidence of water supply interruption. For that, the Government will provide a total of RM571.71 million. In addition, the Government will continue to implement a number of water supply projects funded through Federal loans which include among others, the Water Treatment Plant and Pipeline Network Installation in Beaufort at a cost of RM226 million; the Keningau Water Treatment Plant at a total cost of RM235 million; and Reduction of Non Revenue Water (NRW) KK Phase IV Programme at a cost of RM38 million.

44. The Government is committed to providing conducive, clean, healthy and productive environment for both the present and future generations. A total of RM37.23 million will be allocated in the 2015 budget to increase the coverage of the sewerage system. It is hoped that projects such as the Tawau, Lahad Datu and Small Towns Sewerage Schemes will benefit the people's quality of life.

45. Provision of facilities, security and control of water transport are also given attention in Budget 2015. A total of RM12.58 million will be provided for this purpose, which involves provision of jetty facilities for public purposes and water traffic safety in/within the port limits.

46. The Government is also concerned with the transportation needs of the people who rely on rail service. Therefore, a total of RM27.99 million will be provided in 2015 in an effort to improve the services and infrastructure to make trains more comfortable and safer. These provisions include the acquisition of a Diesel Multiple Unit (DMU) train set, and a special Tamping Machine. In addition, the safety of level

crossing areas will also continue to be addressed through the use of electronic alerts and the construction of access roads.

### **Flood Mitigation**

Mr. Speaker,

47. I am very sympathetic with the inconveniences and losses suffered by the residents of the areas affected by the floods, especially in October this year. **"Berat mata memandang, Berat lagi bahu memikul"**. I wish to say that the State Government is taking this very seriously and we will ensure that flood mitigation programmes in areas that are prone to flash flooding are given priority next year. Under the 2015 Budget, a total of RM98.63 million has been allocated to the Department of Irrigation and Drainage, to manage and develop irrigation and drainage system in the State. This includes the implementation of flood mitigation programmes to systematically address the destructive effects of flooding. We are also grateful to the Federal Government's continuous assistance to the State Government to address the problem of flooding.

### **Halatuju's Sector Development**

#### **Manufacturing**

Mr. Speaker,

48. The manufacturing sector is expected to be one of the key contributing sectors towards economic growth. In the 2015 Budget, the State Government will provide allocation to support robust development of the manufacturing sector so that the targeted contributions of this sector towards Gross Domestic Product (GDP) of 8.9% will be achieved. The Government will give attention and continue efforts to enhance the State's competitiveness in attracting investment in the manufacturing sector. For that, a sum totalling RM75.69 million has been allocated to ensure a more conducive infrastructure environment at the main industrial areas, such as Kota Kinabalu Industrial Park (KKIP), Palm Oil Industrial Cluster (POIC) in Lahad Datu and POIC in Sandakan and Sipitang Oil and Gas Industrial Park (SOGIP).

#### **Agriculture**

Mr. Speaker,

49. We are indeed thankful to the Almighty, because our State is blessed with fertile soil, extensive grazing reserves, and a sea rich with resources. We are aware that many of our people depend on agricultural activity as a source of income. Admittedly, agriculture is the main source of the State's socio economic stability.

Therefore, a total of RM336.50 million will be allocated in 2015 Budget to develop and enhance the agriculture sector. Of the above amount, RM136.32 million is exclusively for the implementation of agriculture programmes such as the Agriculture Expansion Programme, the Institutional Management and Agriculture Research and Training Center, the Water Resources Management and the Drainage and Sewerage System.

50. To ensure livestock based food supply is safe and meets the needs of the people, a sum amounting to RM52.17 million is allocated to implement various programmes such as the Operating and Maintenance Programme of Livestock Breeding Unit, the Maintenance of a Veterinary Public Health Laboratory, Purchase of Milk from Farmers, Veterinary Education and Services as well as Slaughter Houses. Whereas, to support programmes related to fishery activities, a sum of RM33.66 million is allocated for next year.

## **Tourism**

Mr. Speaker,

51. The United Nations World Tourism Organization (UNWTO) projected that the global tourism sector will likely record satisfactory expansion at a rate of 4% to 4.5% for the year 2014. As of July 2014, Sabah recorded 1,889,301 tourists, an increase of 2.8% compared to the same period last year. From this figure, domestic tourists show an increase of 5.2% or 1,280,317 tourists. We all know that the year 2014 is a challenging year for our country Malaysia and it will impact on the performance of the tourism sector in Sabah. I am confident that we will rise again and put Sabah back as one of the main tourist destinations in the world. Therefore, for the 2015 Budget, an allocation amounting to RM143.13 million will be provided to promote and enhance the tourism sector in Sabah. For next year, we target 3.7 million tourist arrivals with an expected tourism receipts amounting to RM7.382 billion.

52. In accordance with the Budget theme this year, ***Focusing on Sustainable Development for the People's Well-being***, the Government will always ensure that each development activity in this State is implemented with environmental protection and sustainability aspects in mind. The Government will not compromise with any parties that will jeopardise the sustainability of the environment. The Sabah State Government's efforts in environmental conservation all this while have enabled us to achieve various forms of international recognition. Amongst them, the recognition by the United Nations Organisation under United Nations Educational, Scientific and Cultural Organization (UNESCO) for the Kinabalu Park as a World Heritage Park in the year 2000 and The Crocker Range Park as a Man and Biosphere Reserve in the year 2014. Well done and congratulation!

53. To ensure that the flora and fauna of the State of Sabah is preserved, effort will continuously be made to expand and manage parks conservation and wildlife centres. To support efforts on protection and environmental conservation, a sum of RM35.96 million will be allocated in the 2015 Budget. For the information of this august House, for next year, the State Government will consider gazetting Tun Mustapha Park at Kudat waters covering 1,092,420 hectares and Wildlife Sanctuary at downstream of Kinabatangan covering 89.4 hectares as Wildlife Corridor.

54. Sabah is a State with rich ethnic and cultural diversity. It is our responsibility to preserve the invaluable uniqueness of the State heritage and to ensure that all ethnic groups are included in this cultural development endeavour. For that, the Government will continue to give specific attention towards efforts in conservation, enrichment and enhancement of the State ethnic cultural heritage by allocating a sum of RM21.75 million for next year.

*Langkah diatur mari berunsai  
Tiup sompoton diiring serunai  
Budaya bangsa khazanah bernilai  
Dijaga dibelai dipupuk disemai*

## **Well-being of the People**

Mr. Speaker,

55. The eradication of poverty and uplifting of the people's well-being in this blessed land has always been the main thrust and aspiration of the State Barisan Nasional Government. The Government will continue to provide allocation to implement several poverty eradication programmes. For that, a sum of RM260.12 million is allocated to continue the poverty eradication agenda and prospering the people next year.

56. The State Government will continue to implement the Mini Estet Sejahtera (MESEJ) programme which has been proven to have benefited its target groups. To date, there are 32 units MESEJs of rubber and palm oil planting, which implementation are on-going throughout the State of Sabah. Aside from that, there are also aquaculture MESEJ and small MESEJ or micro MESEJ which are in operation. As a whole, there are now a total of 48 units of Agriculture MESEJ, Aquaculture MESEJ and Micro MESEJ, that have been completed or are still on-going in the whole State. Upon completion of these MESEJ projects, it is expected to be able to accomodate more than 2,000 heads of hardcore poor households (Ketua Isi Rumah Miskin Tegar, KIRMT) in the whole State. In the year 2015, the State Government will allocate a sum of RM18.5 million to continue the MESEJ projects and so forth.

## **Social and Welfare Development**

Mr. Speaker,

57. The Government is very concerned on the needs and welfare of the elderly and disabled. The Government will continue to improve the quality of services in channelling aids to the people of the State of Sabah through several programmes, such as *Skim Bantuan Am (SBAM)*, *Elaun Pekerja Cacat (EPC)*, *Bantuan Orang Kurang Upaya Tidak Bekerja (OKU-BTB)*. Besides, the Government will continue the implementation of programmes with the aim of “productive welfare” such as the Social Development Programme, Children Development Centre, Community Rehabilitation Centre, Old Folks Activity Centre and Sabah Volunteer Centre. To continue the Government’s commitment in taking care of this group, a sum of RM76.55 million will be provided for next year. As such, I truly appreciate the cooperation given by the Sabah Council of Social Services (Majlis Perkhidmatan Masyarakat Sabah, MPMS) and other welfare bodies in supporting the Government’s welfare programmes all this while. I hope that such cooperation based on ‘*Sentuhan Rakyat*’ and ‘*Turun Padang*’ concept will be further strengthened in the future so as to establish a more customer friendly services. The Government will allocate financial aids to MPMS and other welfare bodies for a sum of RM3.1 million next year.

## **Local Authority and Natives Institution**

Mr. Speaker,

58. I am pleased to announce that the Sabah Structural Plan has already been completed. This strategic plan outlines some of the core Government visions geared towards achieving a coordinated physical development and promote social equality, a higher quality of life, preparation of sustainable infrastructure and with good communication networks throughout the whole State. Whereas the implementation of new growth centres under the new township development programme will continue to be implemented in places like Pulau Banggi, Paitan, Pegalungan, Tongod, Kemabong and Sukau. A sum of RM104.75 million is allocated for next year to the Local Government and Housing Ministry to carry out its responsibility.

59. For the information of this august House, the State Barisan Nasional Government will always acknowledge the role of heads of customs for all natives and the Chinese community leaders to ensure harmony and unity among the people. To strengthen the Natives Institution, the State Government has agreed to upgrade the Natives Welfare Affairs Office to a full-pledged department. A sum of RM21.52 million is allocated to manage the natives institution next year. Apart from this allocation, the Federal Government is also committed to empowering and elevating the Natives Institution. A sum of RM33 million will be allocated to build the Anak Negeri Training

Institution (ILMAN) which is expected to be completed in the year 2015 and a sum of RM68 million has been set aside to build new Native Court buildings in six districts.

## **Youth, Human Capital and ICT Development**

### **Youth and Human Capital**

Mr. Speaker,

60. Human capital is the pillar to excellence for the future generation and an important asset in ensuring continued progress for a particular nation. In an effort to bring the State of Sabah to develop further and move ahead, a holistic human capital development approach must be intensified. The Government will ensure that our human capital has high intellectual quality; with critical mind; with interpersonal skills; creative and innovative. Nevertheless, we will balance the development of human capital with good values, so that the future success that we attain will have values of integrity and humanity as a whole. For that, a sum of RM234.6 million will be channeled to various agencies to develop and uplift human capital involving the youth next year.

61. I am confident that our success will boost the competitiveness and progress of the youth or Generation Y which is about 41% of the State population, hence giving impact on determining the balance of socio-economic and productivity of the State. An Arab proverb says *'iza aradta an ta'rifa mutaqbala ummatin maa fanzhur ila shabaabiha al-yaum'*, which means if you want to see the future generation, then look at today's teens. Such is the enormous role of the teens or youth in a country. Thus, our ability to produce quality, talented, innovative and ethical human capital among Generation Y is the key factor in achieving sustainable economic growth and prosperity, as well as positioning Malaysia on the right track in Global Competitiveness.

62. The Government fully understands the young generation's needs, tastes and aspirations. They are the inheritors of the state and nation who would determine the destiny of an independent, progressive, peaceful and prosperous state. In the coming year, the Government will continue its youth development programmes such as **Transformation Programme: From Youth for Youth**, which reflects joint efforts involving the Government and the Sabah Youth Council (MBS), 13 MBS affiliates and Grassroots Youth Association to implement programmes and activities involving the youth in an area of Healthy, Active and Progressive Community. This is in line with strategic thrust for youth development which emphasizes on, among others, aspects of youth empowerment, enculturation of association, skills and entrepreneurship as well as social and unity development.

63. Serious attention has always been given for efforts to improve the well-being of the community and positive improvement of the youth through smart partnerships between Government, private sector and non-governmental organizations (NGOs). An allocation of RM14.91 million has been provided to support implementation of programmes and activities involving youth including grants to non-governmental organizations (NGOs). In the meantime, I urge the private sector to increase their Corporate Social Responsibility (CSR) contribution for youth. We hope that this smart partnership will foster and produce youths with good personality such as being virtuous, honest, well mannered, with positive thinking and patriotic as well as high sense of volunteerism.

*Berpakaian segak dalam barisan,  
Sama melangkah rapi dan sopan,  
Belia negara penggerak wawasan,  
Tonggak kejayaan masa hadapan.*

### **Sports Development**

Mr. Speaker,

64. Sport is the best platform to create a society which practices a healthy lifestyle, brimming with confidence, as well as inculcating forward-thinking and positive individuals. Other than that, it is also a platform which produces national and world-class athletes. Therefore, to elevate excellence in sports, the State Government will implement the transformation of sports development, centred on the strategic thrust of sporting excellence under the “State Sports Development Blueprint 2015-2030”. This transformation places emphasis on the enhancement of competency and inculcating competitive spirit amongst athletes. For this purpose, a total of RM53.55 million will be allocated to support the implementation of the transformation which focuses on development plans for athletes, coaches, officials, management and administration, networking and smart partnerships in research and the provision of top-notch sports infrastructure.

### **Development of Information and Communication Technology (ICT)**

Mr. Speaker,

65. In today’s world, communication technology is a necessity in daily life. The availability of ICT infrastructure and infostructure enables us to connect anywhere, anytime. To complement the Federal Government’s efforts to expand coverage and broadband telecommunications, the State Government will continue to equip the people with the necessary knowledge and skills to capitalize on the facilities provided. It is a known fact that our generation is the generation of “digital natives”, very much dependant on ICT. Therefore, in order to fully support the development of

ICT and to provide efficient and quality services to state leaders, community leaders, village heads, the elderly, youth, children and grandchildren in the cities, villages, islands, valleys and hills, a total of RM71.36 million will be allocated for the year 2015. The programmes include training for the public sectors, e-Desa centres, Robo-Neo, Sabah Screen Fest, virtual incubation centres and the empowerment of techno entrepreneurs.

### **Cultivation of Reading Habit**

Mr. Speaker,

66. Prophet Muhammad S.A.W. once said, “*Seek knowledge even unto China*”. This emphasises that the pursuit of knowledge is a fundamental necessity to create knowledgeable and highly civilised society. Realising the importance of reading culture to equip our future generations, the Government will continue to intensify its reading campaign programmes throughout the Sabah State Library networks. This involves providing inclusive library services, comprehensive ICT facilities, increasing the number of mobile libraries, developing comprehensive library collections and strengthening existing smart partnerships with Japan MAY library, Sabah Foundation, the department of Education and NGOs. To support this goal, RM39.28 million will be allocated to the Sabah State Library in year 2015. In relation to this, the Government appreciates contribution made by the corporate sector through their Corporate Social Responsibility (CSR) towards the construction of Kota Kinabalu Regional Library featuring some characteristics of green-technology, in Tanjung Aru, next to Perdana Park, which is also a CSR project.

### **WOMEN DEVELOPMENT**

Mr. Speaker,

67. The Government will not forget or sideline women. To develop the State and the nation, the role of women will surely be considered and given due attention. In certain situation, women are given more privileges than men. Their achievement has gone beyond being a home maker to various jobs and professions, be it in the public or the private sectors, including being teachers, lecturers, doctors, lawyers, successful corporate members or politicians.

*Pergi ke Tamu di pinggir kota  
Ingin membeli kayu setinggi  
Kita perakui peranan wanita  
Khidmat mereka dinilai tinggi*

*Cantik coraknya kain pelikat  
Bertambah molek bila dipakai  
Kaum wanita tatap diingat  
Jasabaktinya disanjung ramai*

68. Indeed, women are 'pillars' within the family institution, as wives, mothers, even as the primary and main educators of their children at home. We are aware that women play significant roles in shaping the State's development direction and being a catalyst for unity as well as smart partners to the Government in realising the nation's transformation. Taking cognizance of this fact, the Government will always provide the necessary allocation for the implementation of women's development programmes. Under the 2015 Budget, RM50.78 million will be allocated.

69. I am aware and proud that the number of women intellectuals in Sabah is increasing. It would be a loss to the State if we do not utilise their knowledge and skills, expertise and the network that they possess to jointly develop our State. I urge all to involve more intellectual women to serve and develop the State. At the same time, I would also like to invite more women to come forward and contribute their service, expertise and energy for the progress of this beloved State.

### **Performance of Public Agencies**

Mr. Speaker,

70. The State Government will continue to focus on the performance of statutory bodies and Government companies as these agencies are catalysts that complement the implementation of Government development agendas. Overall, the trend in the financial performance of the State statutory bodies and agencies in the last three years is good. I am proud of those State statutory bodies and agencies that have consistently recorded good financial management, such as Sabah Development Bank Bhd. (SDB), Sawit Kinabalu Bhd., Warisan Harta Sabah Sdn. Bhd. (WHSSB), Sabah Credit Corporation (SCC), Sabah Energy Corporation Sdn. Bhd. (SEC), Progressive Insurance Bhd. (PIB), Borneo Development Corporation (BDC), Saham Sabah Berhad (SSB), Sabah Economic Development Corporation (SEDCO), Korporasi Kemajuan Perikanan dan Nelayan Sabah (KO-NELAYAN), Desa Plus Sdn. Bhd. and Yayasan Tun Fuad (YTF).

71. I am pleased to inform this august House, that in this year's estimate, the Government will receive dividends of more than RM100 million. Among the State statutory bodies and agencies that have paid and will pay dividends in year 2014 are Sabah Development Bank, Warisan Harta Sabah Sdn. Bhd., Sabah Energy Corporation Sdn. Bhd. (SEC), Progressive Insurance Bhd. (PIB), Desa Plus Sdn. Bhd., Desa Lestari Sdn. Bhd., Suria Capital Holdings Bhd., Saham Sabah Berhad and Borneo Development Corporation. (BDC) and K.K.I.P. Sdn. Bhd. I would like to

congratulate and applaud these agencies for their excellent performance, enabling them to fulfill their responsibility in increasing the State Government revenues. I urge other agencies to follow suit and declare dividends to the State Government before the end of this year.

72. In the year 2014, a number of statutory bodies and state agencies had made loan repayments and stated their commitment to repay to the State Government such as Sawit Kinabalu Bhd., Sabah Credit Corporation (SCC), Tabin Wildlife Holidays Sdn. Bhd., Sabah Fish Marketing Sdn. Bhd. (SAFMA), Lembaga Industri Getah Sabah (LIGS) and Sabah Economic Development Corporation (SEDCO). I would like to remind other Government agencies to make a similar effort to repay their loans to the State Government.

## **SPECIAL ANNOUNCEMENT**

### **Appreciation to the Civil Servants**

Mr. Speaker,

73. As the driving force of development and progress, the public service sector is a very important component of any government. In appreciation of the contribution of civil servants in assisting the Government to realize the State's development agendas, the State Government agrees to pay a half-month salary bonus with a minimum payment of RM500.00 to eligible members of the State civil service. This bonus will be paid together with their monthly salary in January 2015. With this bonus payment, the Government hopes that the performance and the achievement of the State's delivery system will continue to be improved and upgraded in line with our aim and desire for a continually progressive and excellent public service.

Mr. Speaker,

74. The roles and contributions of members of the State administration and Legislative Assembly are also not forgotten. So, in recognition of their contributions and dedications in the development of the State of Sabah, all members of the State administration and members of the Legislative Assembly, the Government agrees to review the schedule of salaries for members of the State administration and allowances for members of the Legislative Assembly which was adopted since 2009. To meet that requirement, the Government proposes a 50% increase of salary for members of the State's administration and allowances for members of the Legislative Assembly with effect from 1<sup>st</sup> January 2015. It is hoped that with this increment, all members of the State administration and Legislative Assembly will work harder relentlessly come rain or shine regardless of time, to serve and enhance the service delivery system to our beloved people.

## CLOSING

Mr. Speaker,

*Masak ranum buah keranji,  
Di makan oleh sekawan punai  
Pabila BN membuat janji  
Janji itu pasti di tunai*

75. Since 51 years ago, the State of Sabah continues to progress and move forward in parallel to the progress and development of the country. From an impoverished state, the State of Sabah has changed tremendously, an outcome of our hard work and the result from the ensuing changes and progress. We should be thankful for this achievement and success, which is the culmination of 5 decades of hard work. Indeed we have travelled this far; liberated from colonialism and leaving behind an age of backwardness. The task to fulfill and realize our independence is our own responsibility as the people of Malaysia, regardless of racial, religious, cultural and political affiliation. Our existence today in this enchanting land of Sabah is for a reason, that is, to make sure that this State progresses peacefully and prosperously so that the next generation will be able to live in a much better condition than during our time. In other words, this precious and blessed land of ours must be protected, administered, and managed well so that the future generations will inherit a State that is not only beautiful and wonderful, but also peaceful, prosperous, and harmonious.

76. Nobody can dispute the sincerity of the Barisan Nasional Government. It was by no means a small feat that the Barisan Nasional was able to bring the State of Sabah and Malaysia to the pinnacle of success as where it is now. Various efforts, programmes and development projects were implemented to ensure that people can enjoy comfort and satisfaction. This is the blessed outcome of the struggle based on the people's aspirations and re-enforced by the leadership sincerity. Indeed, Barisan Nasional can be viewed as a sacred umbrella which protects the people from the rain as well as the hot sun.

*Elok pemimpin setia berkhidmat,  
Menabur bakti sepanjang hayat,  
BN umpama payung keramat,  
Tempat berteduh sekalian rakyat.*

Mr. Speaker,

77. Unity and harmony are the keys to success. In contrast, bickering, jealousy, incitement and disunity will lead to disintegration and destruction. It is disheartening enough to read, hear and witness the conflicts and wars that are happening all over the world, especially in the Middle East. We are sad and sorrowful with what is going

on there. We are annoyed and angry with the wars and the killings that seem to have no end. But these are the results and consequences of trust being destroyed and unity being shattered and splintered. Therefore, do not dream of something to the contrary or entertain thoughts that will bring about disaster. To those who dare to ignite the fire of hatred and stoke the spirit of animosity, I would like to remind that it has been more than five decades since we gained independence and struggle to fulfill our independence; why should we dispute the achievements and successes that we have enjoyed ever since? Negative voices tainted with subversive activities as well as voices denying the Government's efforts and achievements; all these are propaganda and incitement that will only cause the people to lose out and jeopardise the State's prosperity and security.

*Kalau tidak sayangkan kampung,  
Janganlah dibakar seluruh desa,  
Kalau pun tidak ingin menyokong,  
Jangan digadai maruah bangsa!*

*Batu permata nilam kencana,  
Diukir orang tinggi nilainya,  
Mengapa dicari bala bencana,  
Negeri makmur musnah nantinya.*

78. We would like to remind our beloved people not to be easily taken in by such negative propaganda. We should not be easily influenced by false promises which are too good to be true and do not get carried away by promises of sweet dreams and lullabies by these traitors.

79. To all the conspirators, instigators and liars, we would like to remind you to stop all these incitements and lies. Stop all these propaganda that would only gamble away the people's future. As entrusted by the people's mandate, we warn you, in the name of our struggle and upon the principle, *DI MANA BUMI DIPIJAK, DI SITU LANGIT DIJUNJUNG*, whatever threats and challenges that may affect the prosperity and sovereignty of our country, particularly the State of Sabah, will be resisted at all cost until the last drop of our blood! *BIAR GURUH BERDENTUM DI LANGIT, BIAR KILAT MEMBELAH BUMI, MEMBUJUR LALU MELINTANG PATAH! MENYERAH KALAH PANTANG SEKALI!!!*

Mr. Speaker,

80. *"Bulat air kerana pemetung, bulat manusia kerana muafakat"*. Therefore, I urge honourable members of this House, the public administrative machineries, private sector, NGOs, community leaders, women and youths as well as the people at large, let us act in one voice, one heart and one goal to ensure the momentum of our development agenda is further intensified.

81. *“Perahu sudah di air, dayung sudah di tangan”*, let us close ranks, position ourselves and move forward for better success. Let us pray to Allah S.W.T, the Almighty that our noble efforts, intentions and all that we hope for, will be achieved successfully; for our sustainable prosperity and happiness.

Mr. Speaker,

I beg to propose.