



BELANJAWAN
2022
SABAH MAJU JAYA



SABAH STATE BUDGET SPEECH YEAR 2022

3 DECEMBER 2021

ECONOMIC RECOVERY, PEOPLE'S PROSPERITY

**SABAH
MAJU JAYA**

By :

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Chief Minister of Sabah cum State Minister of Finance



THE 2022 STATE BUDGET SPEECH

BY

THE RIGHT HONOURABLE

DATUK SERI PANGLIMA HAJIJI BIN HAJI NOOR

CHIEF MINISTER OF SABAH CUM STATE MINISTER OF FINANCE

AT THE STATE LEGISLATIVE ASSEMBLY

ON

03 DECEMBER 2021 (FRIDAY)

28 RABIULAKHIR 1443H

“ECONOMIC RECOVERY, PEOPLE’S PROSPERITY”

Bismillahirrahmanirrahim.

Assalamu'alaikum Warahmatullahi Wabarakatuh

Salam Keluarga Malaysia

Salam Sabah Maju Jaya

Datuk Speaker,

1. I beg to propose the 2022 Sabah State Budget for the approval of this August House.

PREAMBLE

Datuk Speaker,

2. Alhamdulillah. Thanks and praises be to Allah Subhanahuwa Taala for His power and greatness we can once again convene in this August House. Shalawat and salam to our beloved Prophet Muhammad SAW, his confidants and family.
3. I am also grateful that with His grace and blessing, on this blessed Friday evening, I am given the opportunity to continue to fulfil the trust and responsibility as the Minister of Finance to table the 2022 Sabah State Budget in front of the elected Honourable Members representing the people of Sabah.

4. 2022 Budget is the second Budget under the Sabah Maju Jaya (SMJ) Roadmap. For this, allow me to recap on SMJ that was launched on 29 March 2021 which is based on the *Aku Janji Gabungan Rakyat Sabah (GRS)* which has been refined by including the aspirations of the people as a whole and uplifted as a key agenda for state development.

5. The aim of this Roadmap is to drive comprehensive development with the strength of identity and patriotism of each Sabahan towards our beloved homeland in line with the theme of Sabah Maju Jaya which has been the slogan of the state emblem. This Development Plan includes various existing sectoral plans. It has also been aligned with national and global plans such as the Shared Prosperity Vision 2030 (WKB2030) and Sustainable Development Goals 2030 (SDG2030).

6. This Development Plan backed by three (3) main thrusts, covers:
 - S:** Main Sectors of Economic Growth Focus which are Agriculture, Industrial, and Tourism.
 - M:** Human Capital and People's Well-being; as well as
 - J:** Infrastructure Network and Green Sustainability.

7. Since the launch of SMJ, various initiatives under the said three main thrusts have been implemented robustly for the interest of the people and the State. Although some of the programmes and initiatives implementation under the plan was affected by the COVID-19 pandemic, their progress is encouraging. Achievement Report Card for each ministry will be presented annually starting on 29 March 2022. *Insyah Allah*, starting next year, we are targeting more initiatives to be

mobilised through 2022 Budget with COVID-19 pandemic which is expected to be more under control.

ECONOMIC PERFORMANCE AND PROSPECTS: THE WORLD AND MALAYSIA

Datuk Speaker,

8. COVID-19 is still a huge threat that plagues human life around the world. To date, all parties are still working to resolve the crisis, which has claimed many lives and had a negative and massive impact on the global economy, social and way of life. The pandemic has transformed our lifestyles to new norms with standard operating procedures (SOPs) which has been enforced and to be complied with.
9. The State Government will ensure that the people receive protection through the National COVID-19 Immunization Program. As of 01 December 2021, Sabah has achieved 75 per cent fully vaccinated rate for adults and teens.

GLOBAL ECONOMY

Datuk Speaker,

10. The global economy is beginning to emerge from the post pandemic, albeit uneven and subdued, with growth projected at 6.0 per cent in 2021 and moderate to 4.9 per cent in 2022. This growth projection derived mainly from the advanced economies, particularly the United States, due to their economic stimulus package and progress on

vaccination. However, in many emerging markets and developing economies (EMDEs), the increase of Covid-19 waves and delays in access to vaccinations have impacted the trade activities of the affected countries.

11. The US economy is projected to grow at 7.0 per cent in 2021 before moderating to 4.9 per cent in 2022 as the fiscal and monetary policy support begins to fade. The European Union economy, against the backdrop of improving health situation and relaxation of the pandemic restriction, is projected to grow at 4.6 per cent and 4.3 per cent in the year 2021 and 2022, respectively.
12. Meanwhile, Japan's economy is projected to grow at 2.8 per cent in 2021 and strengthen further to 3 per cent in 2022. China expects its economy to expand at 8.1 per cent in the year 2021 before easing to 5.7 per cent in the year 2022 as authorities focus on reducing financial stability risks. This is a follow-up to the measures of the relevant national authorities which are seen as focused on reducing financial stability risks. At the same time, the growth projection of India's economy remains solid at 9.5 per cent in the year 2021 before dropping slightly to 8.5 per cent in the year 2022.

MALAYSIAN ECONOMY

Datuk Speaker,

13. At a domestic level, the Malaysian economy remains on the recovery track in the year 2021. It is expected to accelerate further in 2022, supported by the gradual reopening of economic activities, the

Government sustained policy support, and continued improvement in external demand. Under these circumstances, Malaysian is projecting its economy to expand between 4 per cent and 5 per cent in fourth quarter of 2021. The International reserves of Bank Negara Malaysia remains high at USD115.2 billion as of 30 September 2021.

PERFORMANCE AND ECONOMIC PROSPECTS: SABAH

Datuk Speaker,

14. Sabah is also not an exception to the negative impacts caused by the COVID-19 virus. The value of Sabah's Gross Domestic Product (GDP) had decreased by 9.5 per cent from RM85.6 billion in 2019 to RM77.5 billion in 2020. Sabah's Per Capita Income has also reduced to RM21,626 in 2020 compared to RM25,375 in 2019. This is driven by the negative growth of all main economic sectors of the State in the year 2020.

15. The Construction Sector was among the most affected sectors, which recorded negative growth rate of 29.1 per cent in 2020. This was driven by the negative growth in civil engineering and non-residential buildings sub-sectors. Conditions of compliance with Standard Operating Procedure (SOP) and the reduction in the number of workers allowed on construction sites during the period of the Movement Control Order (MCO) influenced the slowdown in the growth of this sector.

16. The Mining and Quarrying Sector also recorded negative growth of 13.5 per cent in 2020 due to the decline in crude petroleum and natural gas extraction activities.

17. The Services Sector's growth has recorded a drop to 7.4 per cent in the year 2020 due to the slowdown in the growth of the Wholesale and Retail Trade sub-sector; Accommodation and Food & Beverage; Transportation & Storage; as well as Real Estate & Business Services. The slowdown in tourism activities due to the COVID-19 pandemic directly affected the decline of growth of all these sub-sectors. The tourism industry has the most significant impact throughout the pandemic. This is reflected in the number of tourist arrivals to Sabah, which decreased drastically from 4.2 million people in 2019 to only 977,460 people in 2020, a decrease of 76.7 per cent. The number of tourists has significantly decreased to 156,535 as of October 2021.

18. The Agriculture Sector recorded negative growth of 6.6 per cent in the year 2020. This was affected by the decline in the crop sub-sector, particularly in oil palm production and the slowdown in forestry and logging activities.

19. The growth of the Manufacturing Sector decreased by 6.5 per cent last year. The decline in the manufacturing of crude palm oil and refined palm oil for the group of oils and fats sub-sector from vegetable and animal contributed to the contraction in the growth of this sector.

Datuk Speaker,

20. The COVID-19 pandemic hampered Sabah's trade activities with the State's major trading partners. Sabah's total export value has decreased by 16 per cent from RM49.2 billion in 2019 to RM41.3 billion in 2020. Meanwhile, Sabah's import value increased by 7.9 per cent to RM38.1 billion in 2020 compared to RM35.3 billion in the previous year. Nevertheless, Sabah still recorded a positive trade surplus of RM3.3 billion in the year 2020. Sabah's inflation rate in the year 2020 was also recorded a decline to negative 1.9 per cent from 0.2 per cent in the year 2019.
21. The State Government has taken various effective measures to cushion the negative impact of the COVID-19 pandemic and re-stimulate the growth of the Sabah economy. Various initiatives which have been and are being implemented by the State Government, including reopening the economic sectors and allowing cross-district and states activities. In addition, the implementation of the National Recovery Plan and various stimulus packages by the Federal Government has successfully accelerated efforts in Sabah's economic recovery.
22. *Alhamdulillah*, with the various initiatives implemented by the Government, the negative growth of various sectors in 2020 has showed positive growth in year 2021. Therefore, Sabah's economic growth in 2021 is expected to show a recovery trend and will grow slowly but at a positive rate of 3.8 per cent to 4 per cent.

23. Sabah's total exports in the first six (6) months of this year have increased by 22.7 per cent and reached RM24.9 billion compared to RM20.3 billion in the same period in 2020. This is driven by the strengthening of prices and increased export value of several major commodities, especially palm oil and crude petroleum. Meanwhile, the total value of Sabah's imports in the first six (6) months of this year has decreased by 34.5 per cent to RM15.2 billion from RM23.2 billion in the same period last year. Thus, Sabah has recorded a positive trade surplus of RM9.7 billion in the first six (6) months of year 2021 compared to RM3.3 billion throughout the year 2020.
24. Sabah's inflation rate from January to June 2021 is 1.4 per cent compared to a negative 1.5 per cent in the same period in the year 2020. Among the main issues focused on are public health, cost of living, regional development imbalance, poverty and unemployment rates that should be immediately addressed as a priority to revive the post-COVID-19 economic situation to create the well-being of the people.

Datuk Speaker,

25. As a step forward, the State Government is committed to intensifying efforts to stimulate economic growth by implementing various development projects and attracting high-impact investments across all sectors. To that end, the State Government will strengthen the implementation of existing and new development projects under the Twelfth Malaysia Plan (12th MP) for the period 2021 to 2025. These

efforts cover all sectors that will boost economic growth and generate more employment opportunities for the people.

26. The State Government will also strengthen the implementation of high-impact projects that become the flagship of the SMJ Roadmap Plan aimed at boosting economic growth through foreign and domestic investment. Among the three new initial investments that has been sealed on 22 March 2021 are the Copper Foil Manufacturing Plant Construction Project in Kota Kinabalu Industrial Park worth RM4.2 billion, the Lok Kawi Resort Town Project with a Gross Development Value (GDV) of RM7 billion, and the Coconut Processing Plant Project in Pitas with an investment value of RM200 million.
27. Larger-scale projects through Federal Government allocations such as the Sepanggar Bay Container Port Expansion Project and several Pan Borneo Highway project packages as well as projects under the Rural Roads Program that are being implemented will help to stimulate the economy.
28. I am confident that with the implementation of these various projects, Sabah's economic prospect in the year 2022 is expected to show a better recovery trend, in line with the national and global level. Sabah's economy is expected to grow at 4 to 4.5 per cent in year 2022. We will monitor and ensure that all projects listed in the Federal 2022 Budget and State Budget will be implemented immediately to spur the economy.

THE 2022 STATE BUDGET THEME AND FOCUS

Datuk Speaker,

29. In line with the current demand and priority, the theme of 2022 State Budget is " **Economic Recovery, People's Prosperity**". This theme is based on the aspiration and commitment of the State Government to revive our economy impacted by the pandemic and enhance people's prosperity, thus ensuring the success of Sabah Maju Jaya Roadmap.
30. To achieve the goal of this budget theme, the State Government proposes in the 2022 Budget an estimated expenditure of **RM4.596 billion** and estimated revenue collection of **RM4.707 billion**. The 2022 Budget is a **Surplus Budget** of **RM110.68 million**.

Datuk Speaker,

31. The distribution of 2022 State Supply and Development Budget by Ministry is as follows:
- First** : The Ministry of Finance, Supply Budget **RM 1.824 billion** and Development Budget **RM 4.0 million**;
- Second** : The Ministry of Works, Supply Budget **RM770.10 million** and Development Budget **RM244.97 million**

- Third** : The Chief Minister's Department, Supply Budget **RM514.94 million** and Development Budget **RM161.59 million**;
- Fourth** : The Ministry of Agriculture and Fisheries, Supply Budget **RM319.01 million** and Development Budget **RM111.87 million**;
- Fifth** : The Ministry of Science, Technology and Innovation, Supply Budget of **RM206.01 million** and Development Budget of **RM10.60 million**;
- Sixth** : The Ministry of Tourism, Culture and Environment, Supply Budget **RM113.35 million** and Development Budget **RM18.58 million**;
- Seventh** : The Ministry of Community Development and People's Welfare, Supply Budget **RM122.40 million** and Development Budget of **RM11.72 million**;
- Eighth** : The State Ministry of Rural Development, Supply Budget **RM87.66 million** and Development Budget **RM123.0 million**;
- Ninth** : The State Ministry of Youth and Sports, Supply Budget **RM80.59 million** and Development Budget **RM15.30 million**;
- Tenth** : The Ministry of Local Government and Housing, Supply Budget **RM121.22 million** and Development Budget **RM13.89 million**;
- Eleventh** : The Ministry of Industrial Development, Supply Budget **RM19.91 million** and Development Budget **RM26.05 million**;

Twelfth : Allocated Expenditure, Supply Budget
RM383.04 million; and

Thirteenth : Expenditure Not Included in Ministries, Supply
Budget **RM33.73 million.**

REVENUE AND EXPENDITURE ESTIMATES FOR THE YEAR 2022

REVENUE ESTIMATES FOR THE YEAR 2022

Datuk Speaker,

32. We will manage this budget responsibly to ensure that the State Government's financial position is in a stable condition and does not affect the existing reserves. Our ability to increase spending for the benefit of the people will depend on the sustainability of state revenue.
33. Alhamdulillah, we are grateful as the average price of crude palm oil and crude petroleum oil are higher than the price forecasted in the year 2021 Revenue Estimates. As a result, the year 2021 Revised Revenue Estimates is expected to have an increase of **9.6 per cent** or **RM430.67 million**, as compared to the original revenue estimates. This means that year 2021 will craft a new history for Sabah with the highest State revenue estimates since independence totalling **RM 4.912 billion.**
34. The other factor that also contributed to the increase in year 2021 revenue was the State Sales Tax (CJN) payment for oil and gas products. Thus, I would like to express my appreciation to the oil and

gas companies, especially PETRONAS for their commitment in tax payment.

Datuk Speaker,

35. As crude palm oil and crude petroleum oil commodities are the main contributors to the State revenue, the State Government needs to be prudent and take a conservative approach in preparing the 2022 Revenue Estimates to ensure the Government's financial position remains strong. This is because the pricing of these commodities is exposed to the global economic and market environment risk, which is beyond our control. Due to these factors, the State Government projects the year 2022 Revenue Estimates to be **RM4.707 billion**.

Datuk Speaker,

36. In the 2022 Revenue Estimate, Tax Revenue is expected to contribute 44.5 per cent which is RM2.094 billion. Non-Tax Revenue is expected to contribute RM2.138 billion or 45.4 per cent. Meanwhile, we are expected to receive RM475.02 million or 10.1 per cent in Non-Revenue Receipts category.

37. The current high petroleum prices will contribute to the increase in royalty expected to be received next year, making Petroleum Royalty the largest contributor with a total of RM1.2 billion or 25.5 per cent. This is followed by Sales Tax on Petroleum Products with a collection of RM1.1 billion or 23.4 per cent and Sales Tax on Crude Palm Oil of RM810 million or 17.2 per cent.

38. In terms of Tax Revenue, the three main contributors under this category are the State Sales Tax which contributed 41.7 per cent with an estimated RM1.965 billion; Land Rents contributed 1.9 per cent with an estimated RM88 million, and Ports and Harbour tax contributed 1 per cent with an estimated RM47.17 million.
39. Under Non-Tax Revenue, apart from Petroleum Royalty, the other major revenues under this category are Sales of Water amounting to RM280 million; Interest on Cash Balances and Short Term Deposits amounting to RM150 million; Land Premium with an estimated collection of RM146 million; Forest Produces Royalty and Export Royalty on Timber Products amounting to RM113.26 million and Dividends amounting to RM104 million.

Datuk Speaker,

40. In the Non-Revenue Receipts category, Federal Government Grants are the main contributor under this category with an estimated amount of RM474.82 million. Of this amount, RM197.82 million constitutes direct grants that will be received by the State Government, namely Capitation Grants, Revenue Growth Grants, Grants to Replace Import/ Excise Duties on Petroleum and Special Grants. The remaining RM277 million is Grants in Aid of Operating Expenses for the Departments Under the Concurrent List, and Contribution towards implementation cost of Federal Development Projects.

THE 2022 SUPPLY EXPENDITURE ESTIMATES

Datuk Speaker,

41. For the purpose of financing government operations and management, a total of **RM4.596 billion** is proposed for the **2022 Supply Budget**. This amount involves an increase of **RM293.52 million** or **6.82 per cent** compared to the original 2021 estimate of **RM4.303 billion**. This amount is allocated for Emoluments Expenditure, Recurring Expenditure and Special Expenditure.
42. Of the total 2022 Supply Budget, a total of **RM758.99 million** is proposed for **Emoluments**. This amount recorded an increase of **RM22.34 million** or **3.03 per cent** compared to the year 2021 estimates of **RM736.65 million**. The main factor of this increase is the increment in the annual salaries of the State civil servants.
43. Meanwhile, **Recurring Expenditure** is allocated a total of **RM1.809 billion** for the year 2022. This amount involves an increase of **RM206.55 million** or **12.89 per cent** compared to the year 2021 estimates of **RM1.602 billion**. The increase in Recurring Expenditure takes into account for the increase in maintenance and operation of mosques, *surau* and religious schools, plant maintenance and Livestock Management Programme, programmes under the Ministry of Industrial Development, Technical and Commercial Training Institute Programme in Papar Main Campus and Kota Kinabalu Branch as well as Road Traffic Signal Programme.

44. A total of **RM2.028 billion** is proposed for the **Special Expenditure**. This amount also increased by **RM64.63 million** or equivalent to **3.29 per cent** compared to the year 2021 estimates of **RM1.963 billion**. The increase in Special Expenditure is to continue the Government's efforts to provide assistance to the people, which involves increased allocations for the Provision of Supporting Infrastructure, damage repair programme due to natural disaster under the Sabah Sewerage Services Department, Equity Investment and Loans to Statutory Bodies and Government Agencies, programmes under the Ministry of Science, Technology and Innovation as well as provisions related to managing COVID-19 issues.

THE 2022 DEVELOPMENT EXPENDITURE ESTIMATES

Datuk Speaker,

45. **State Development Expenditure** is a vital resource to drive development in various sectors and boost economic growth. These expenditures are distributed and controlled through the Development Budget, in which the allocation for this purpose is contributed from State Supply Expenditure as well as Federal Fund in the form of Grants, Reimbursements, and Loans.
46. For the purpose of Development Expenditure, a total of **RM1.368 billion** is proposed in 2022. This amount includes the **State Government's allocation** of **RM741.57 million** and the **Federal Government's allocation** of **RM626.58 million**. The Federal

Government's allocation includes Federal Reimbursement of **RM65.25 million** and Federal Loans of **RM561.33 million**.

47. In line with the State Budget theme, **Economic Sector** is still the major recipient of development allocation, which amounted to **RM487.26 million** or equivalent to **66 per cent**, followed by the **Social Sector** amounted to **RM236.86 million** or **32 per cent** as well as, **General Administration Sector** amounted to **RM17.45 million**, which is equivalent to **2 per cent** of the total development allocation for the year 2022.
48. For information of this August House, in year 2022, the State Government maintains the development allocation ceiling approved in the 12th MP, which is **RM4.217 billion**, to finance a total of **778 development projects**. Of the total approved projects, **227 projects are continuation projects**, and **551 projects are new projects**.

KEY FOCUS SECTOR ON ECONOMIC GROWTH

Datuk Speaker,

49. Strategies and approaches to accelerate development will be focusing on productive growth sectors and main focus of State development outlined in SMJ Roadmap which are agriculture, industrial and tourism. In the year 2022, a total of **RM919.18 million** will be allocated for the development of those sectors. The amount involves an increase of **RM8.48 million**, or equivalent to **0.92 per cent** compared to the allocation for 2021, which is **RM910.7 million**.

AGRICULTURAL SECTOR

Datuk Speaker,

50. The Agriculture Sector is the largest state economic growth sector in the *SMJ Roadmap*. The Government is committed to empowering the development of the agricultural sector involving four sub-sectors, namely Crops, Livestock, Fisheries/Aquaculture and Rubber Commodities. The Government's goal to spur this sector is to surge the productivity and quality of state agricultural products, to ensure that the Self-Sufficiency Level (SSL) is increased annually through various modernisation initiatives.
51. The agricultural sector is one of the productive sectors in providing food to the people, business opportunities and employment, as well as raw material resources to the manufacturing sector. Thus, in 2022, a total of **RM561.81 million** is allocated to that sector and **RM65.09 million** for supply expenditure to The Sabah Ministry of Agriculture and Fisheries (MAF).
52. **Crop** sub-sector is one of the major sectors contributing to the economic development of Sabah, the State Government will allocate **RM33.7 million** for development expenditure and **RM79.54 million** for supply expenditure to the Sabah Agriculture Department. Programmes to be implemented are related to food crop production, farm certification, crop research and agricultural innovation, enforcement of bio-security and plant quarantine, as well as the empowerment of agripreneurs.

53. For the **fisheries** sub-sector, a total of **RM12.09 million** is allocated for development and **RM24.85 million** for supply expenditure for the year 2022. Under these sub-sectors, the focus programmes and projects to be implemented are increasing fish production, aquaculture seaweed and ornamental fish by using new technology applications to manage resources and good fisheries governance.
54. Meanwhile, for the **livestock** sub-sector, the Department of Veterinary Services is allocated **RM56.8 million** for supply expenditure and **RM16.32 million** for development expenditure involving the implementation of 43 programmes. A total of **RM19.5 million** is the Federal reimbursement allocation which consists of the implementation of seven development programmes.
55. To support the development of **irrigation and drainage infrastructure**, a total of **RM92.7 million** is allocated under the supply expenditure to the Department of Irrigation and Drainage (DID). The State Government approved an allocation ceiling of **RM68.51 million** in the 12th MP to develop several irrigation and drainage facilities in the districts of Kota Marudu, Keningau, Sandakan and Beaufort. For this purpose, a total of **RM6.7 million** is allocated under development expenditure for next year.
56. The State Government is committed to reduce flood problem through management and mitigation development for **flood, rivers and beaches**. Therefore, a total of **RM19.2 million** will be allocated for this purpose for the year 2022. Whereas a total of **RM2.16 million** is allocated to manage **hydrological infrastructure, water resources and office construction**.

Datuk Speaker,

57. To enable paddy cultivation to be cultivated twice a year, thus increasing paddy production, irrigation and drainage infrastructure in Kota Marudu, Trusan Sapi in Beluran, and Tambunan will be upgraded involving an area of 3,584 hectares through a Federal reimbursement allocation of **RM38 million**.
58. In the year 2022, Sabah Rubber Industry Board (LIGS) allocated **RM5.23 million** for development expenditure. LIGS will continue to receive government grants of **RM11 million** in the year 2022. The payment of Rubber Price Incentives to smallholders will be continued with an allocation of **RM20 million**.
59. LIGS will also continue the development of plantation areas through the High Impact Project (HIP) Programme New Planting and Replanting of Rubber Clusters involving 2,333 smallholders. In addition, LIGS will also implement the Additional Economic Activities (AEA) Programme to rubber smallholders with four business areas, namely ginger, MD2 pineapple, *pisang nipah* and tilapia fish farming.
60. Korporasi Pembangunan Desa (KPD) dan Korporasi Kemajuan Perikanan dan Nelayan Sabah (Ko-Nelayan) are responsible to assist farmers and fishermen in the development and improvement of agricultural and fisheries yields. Therefore, in 2022, a total of **RM7.39 million** and **RM8.06 million** will be allocated to KPD and Ko-Nelayan respectively, for development programmes. Meanwhile, a total of **RM12 million** is allocated as Government grants to KPD and **RM9 million** to Ko-Nelayan.

INDUSTRIAL SECTOR

Datuk Speaker,

61. Besides the Agriculture Sector, the 2022 State Budget will focus on the development of the Industrial Sector which is the second focus growth economy. Following the successful implementation of SK Nexilis' investment initiatives, we are also in the final process of negotiating for several other investments that are capable of creating jobs and other economic spillover effects.
62. To further strengthen the industrial development agenda, next year, the State Government has allocated a total of **RM129.97 million** for the development of industrial and trade sectors under the Ministry Of Industrial Development (MID), Ministry Of Rural Development (KPLB) and Ministry Of Finance (MOF).
63. Of that amount, a total of **RM65.97 million** is allocated to MID, including the Department of Industrial Development and Research, to implement various programmes to ensure basic infrastructure in industrial parks is conducive in order to attract potential investors. Throughout 12th MP, a ceiling of **RM116.67 million** has been approved to MID to meet the development needs of Kota Kinabalu Industrial Park (KKIP), Palm Oil Industrial Cluster (POIC) Lahad Datu and Sipitang & Oil Gas Industrial Park (SOGIP).
64. In addition to KKIP receiving new investments during the year, we are pleased to inform that several new projects and investments have been approved in SOGIP. Among them are investments involving

liquefied natural gas (LNG), manufacture of silicone metal products, integrated palm oil refining and recycling processing of green technology.

Datuk Speaker,

65. Small and Medium Industries (SMI) development continues to be focused as a catalyst to the Manufacturing Sector. Efforts will be doubled to assist in the development of SMI, including the marketing aspect. Collaboration with BATARAS Supermarket and PETRONAS Dagangan Berhad through the Sabah SMI product marketing programmes at Kedai Mesra PETRONAS will continue in year 2022. The sales performance of these two programmes by December 2021 is estimated at RM3.2 million.
66. Department of Industrial Development and Research is allocated **RM5.76 million** under the supply expenditure to establish four more SMI Centers in the year 2022 at the district level to market SMI products. The SMI Assistance Programme (BAIKS), which has helped a total of 3,269 entrepreneurs since its inception, will be continued. The Government has also planned various programmes to improve further SME products' quality and penetrate overseas markets digitally.
67. Sabah Economic Development Corporation (SEDCO) is allocated **RM5.5 million** in year 2022 to start the development of shophouses in Sook and Sapulut new township. SEDCO will continue to hold the Tunas Niaga @ Protune programme to produce and cultivate entrepreneurship among school students as well as special intensive

entrepreneurship courses for graduates such as Graduate Entrepreneur Scheme (SUS) and Technical Entrepreneur Scheme (SUT).

68. Other than that, a total of **RM62 million** is allocated under the MOF for the implementation of projects and programmes related to industrial development. Through allocation and various programmes planned, it is targeted that the Industrial Sector will recover post-pandemic.

TOURISM SECTOR

Datuk Speaker,

69. Tourism sector is the worst affected sector since the COVID-19 pandemic which resulted in the closure and restriction of flights in and out of Sabah. The State Government is determined to gradually revive the tourism industry and thus restore and boost Sabah's position as a tourist destination. Among the focus of the ongoing strategy are developing and enhancing rural community-based tourism, intensifying marketing and promotion as well as strengthening and attracting business events.

70. In 2022, a total of **RM227.4 million** is allocated to the tourism sector. From this amount, **RM131.93 million** is allocated to the Ministry of Tourism, Culture and Environment as well as its departments and agencies. Among the measures implemented is through the Rural Tourism Development Programme to support the developing of rural tourism facilities and products.

71. Our intention is to become a world-class rural tourism destination by achieving the ASEAN Standard by year 2025. Sabah has high potential to achieve this nature-based rural tourism such as forest bathing which is a tourists attraction factor to our main target countries such as Japan, Korea and Europe. To date, Sabah has over 500 community-based rural tourism operators.
72. In addition, the State Government will launch the Tourism Satellite Account (TSA) which will produce integrated data on the tourism sector. The TSA will be able to measure and determine domestic and international tourist spending, the tourism industry's contribution to the State GDP including employment data. Other than benefiting State agencies and industry players, this comprehensive data is crucial to formulate an approach to ensure that State revenue can be optimised in the tourism sector. For this purpose, a total of **RM8.08 million** is allocated in 2022.

Datuk Speaker,

73. The State Government is also focused on strengthening and attracting Business Events. In addition to existing hotels and resorts, based on a survey by the Malaysia Convention and Exhibition Bureau (MyCEB), Sabah International Convention Center (SICC) is seen as a potential asset to attract Business Events groups once the border is open.
74. At the same time, the long-term plan for the development of this sector will continue to be implemented including the provision of prestigious tourism products by attracting high yield tourists and high-end tourists. The Lok Kawi Resort City project and the rebranding of

the Tanjung Aru Eco-Development Project (TAED) are among the early investment initiatives, beside several investments in the process of finalisation to provide prestigious tourism products. In line with the tourism trend that is geared towards elite tourism, we can not rely on mass tourism. Priority needs to shift from focusing on quantity to quality in order for Sabah to become a competitive tourist destination with higher revenue returns.

75. Besides, rich cultural traditions and various ethnics is a unique characteristic and an asset to the tourism sector that should be preserved continuously for future generations to inherit. Therefore, a total of **RM 9.5 million** is allocated to Sabah Cultural Board and **RM 400 thousand** to cultural associations for cultural, arts and language activities. Sabah Cultural Development Plan will be formulated to elevate Sabah's valuable heritage to a higher level. Among the strategies that will be developed are digitalisation programmes to strengthen data accessibility and access to culture, ethnicity and heritage through Cultural Mapping Development and e-Heritage Development.

HUMAN CAPITAL AND PEOPLE'S PROSPERITY

Education, Training and ICT

Datuk Speaker,

76. Besides focusing on key sectors on economic growth and recovery, 2022 Budget also addresses the second thrust in *SMJ Roadmap*, which is Human Capital Development and People's Prosperity. This

responsibility is entrusted to several ministries and agencies. Among them, are Ministry of Science, Technology and Innovation (KSTI) with an allocation of **RM127.06 million** for the Science, Technology and Innovation Adaptation Programmes.

77. Department of Human Resource Development has allocated **RM23.87 million** to conduct courses and skills training in technology, technical and trade. These include the Sabah Talent and Entrepreneurship (STEP) Development Programme to help youths who have lost their source of income. In addition, several projects will be implemented to enhance the infrastructure of the existing training centre, as well as feasibility studies for the construction of five satellite campuses of JPSM.
78. The Sabah Creative Economic and Innovation Centre (SCENIC) will also conduct entrepreneurial training to enhance Sabah's human capital talents to meet the industry's demands. As part of Industrial Revolution 4.0, the State Government has prioritised ensuring that its development can be adapted to various sectors of the state economy. As a result, an allocation of **RM500 thousand** is required to support the development of the IR4.0 Advancement Centre Development Feasibility Study at the Sabah Skills & Technology Centre (SSTC).
79. We will continue to focus on developing more knowledgeable and highly skilled human capital in the field of Information and Communication Technology (ICT). In this regard, **RM61.8 million** is allocated for ICT courses, training, and development. This includes an allocation of **RM35.16 million** for KSTI and **RM22.94 million** for Sabah Computer Services Department (JPKN). JPKN will continue to

be committed in enhancing the security features of government application systems and facilitating information access to the people.

Datuk Speaker,

80. In line with the human capital development commitment through Education, scholarship award to pursue higher education will continue with an allocation of **RM55 million**. Priority is given to students taking courses in Science, Technology, Engineering and Mathematics (STEM) to meet market demands in the future.
81. The human capital development agenda and the well-being of the people will also include special educational assistance to the targeted group. This is to ensure that every Sabahan has access and receive education. Among the initiatives is the School Social Assistance Programme, such as providing uniforms, shoes and stationery involving **289,204 students** with an allocation of **RM13.9 million**.
82. The State Government will continue two special education assistance introduced last year, namely the IPT Registration Cash Assistance (BUDI) and the Special Examination Cash Assistance (BAKTI) with an allocation of **RM 10 million** and **RM7.5 million** respectively.
83. Next year, a new initiative will be implemented, namely the *Bantuan Ihsan Tabungan Pendidikan Negeri* (BISTARI) with an allocation of **RM5 million**. Through BISTARI, starting in year 2022, every Sabahan newborn will be offered to open an account in the National Education Savings Scheme (SSPN) through the National Higher Education Fund Corporation (PTPTN) with an aid of **RM100** by the State Government.

This initiative demonstrates the State Government's commitment to human capital development by encouraging saving for education at an early age.

84. In order to inculcate knowledge and education Sabah State Library is allocated **RM40.57 million** including construction of three branch libraries and two new rural libraries. Efforts will be intensified to inculcate reading culture through the Reading Programme and to provide more publications, reading collections and reference materials that can be accessed virtually.

Religion and Upholding the Native Law

Datuk Speaker,

85. Human capital development and the well-being of the people covers religious and spiritual aspects. The State Government will continue to implement religious programmes through supply and development allocation of **RM164.12 million** to relevant Government agencies, religious and educational bodies. In line with the spirit of the Malaysian Family, this provision covers all religions and races in the state.
86. People's well being are built through harmonious community guarded by traditional customs. Therefore, the State Government will continue to improve the management of the native legal system. A total of **RM1.2 million** is allocated to continue the construction of the Native Court Project in phases in the district of Sook, Paitan and Pagalungan.

87. Special academic grant has been approved to UiTM Sabah Branch to conduct development research of e-NATIVE LAW Kit application. This application to be developed by UiTM Law lecturers, will be a comprehensive source of reference that can be used by Native Court staff at all levels and accessible to the public. Apart from enabling all parties to understand native law better and improve management efficiency, this initiative is one of the measures to elevate the Sabah Native Court Judicial System.

Community Development And Welfare

Datuk Speaker,

88. In the year 2022, the State Government is allocated a total of **RM134.12 million** to the Ministry of Community Development and Social Welfare to improve people's well-being and to support those in need.
89. The family institution is the pillar of harmony and a prosperous society. In this regard, the Government will continue to emphasise the agenda in developing and strengthening family institutions through the implementation of Family and Consumerism Programmes with an allocation of **RM1.08 million**. An allocation of **RM550 thousand** for Drug Addict Prevention Programme with PEMADAM will be continued.
90. The State Government through the Welfare Services Department is allocated a total of **RM105.11 million** under the supply and development expenditure in the year 2022. This allocation includes

RM60 million grant for welfare assistance to the disabled (OKU), senior citizens and single mothers.

91. In addition, continuous efforts to increase facilities for the disabled such as the construction of the *Taman Didikan Kanak-Kanak Kurang Upaya* (TDKKU) building in Sandakan and the TDKKU Mini building in Sook Sub-District with an allocation ceiling under the 12th MP of **RM58.19 million**. At the same time, Yayasan Kebajikan Sabah has started operations to help improve the welfare agenda delivery system desired by the Government through the cooperation and contribution of the corporate sector, NGOs and private sectors.

Women, Youth and Sports Development

Datuk Speaker,

92. I am confident that all Honourable Members would agree that the well-being of the people depends heavily on the well-being of the women. **Women** are the backbone of family and society, and their role in developing the State is very significant. To appreciate the outstanding contribution of women, the State Government allocates **RM17.61 million** to implement women's development programmes.
93. This allocation covers **RM11.8 million** to Yayasan Usaha Maju (YUM) for operating expenses and micro-credit facilities for women. A total of **RM5.81 million** is allocated to the Sabah Women's Affairs Department (JHEWA) to implement human capital development programmes for the well-being of women. Outreach Program (*Program Outreach Santuni Wanita Merakyatkan Perkhidmatan ke*

Arah Kesejahteraan Wanita) will be continued to help women affected by the COVID-19 pandemic.

94. As the government's concern for women, a new initiative is introduced specifically for wives or women heads of households (KIR) registered with **e-KASIH**. Initiative BAIDURI (*Inisiatif Bantuan e-Kasih Dana Caruman i-Suri*) is a state government assistance in the form of an initial one-off EPF contribution of RM60 per person to women in the targeted e-Kasih category. This assistance will be supported through an additional special incentives of RM480 per person from the Federal Government. The implementation of BAIDURI will benefit 45,134 women involving an allocation of **RM2.7 million** next year

Datuk Speaker,

95. The youth will not be side-lined. As future generation, **youth** development agenda must be implemented based on current demands and future challenges. Thus, the Sabah Ministry of Youth and Sports (KBSS) is allocated **RM95.89 million** to implement various youth development initiatives, especially in skills upgrading and retraining programmes or reskilling and upskilling. The focus is on employee marketability and talent job matching to produce competitive youths.
96. The Government will continue to allocate **RM5 million** to youth associations to assist programme implementation. Appreciating the aspirations of young people, the Government allocates **RM10 million** for the Sabah Youth Entrepreneur Jaya Scheme (SYABAS) Program. The new initiative is to help youth entrepreneurs to revive businesses

affected by the COVID-19 pandemic and assistance for business start-ups.

97. The State Government will also implement the Sabah Maju Jaya (SMJ) Youth Fellow Program and the Sabah Youth Leadership Incubator Program (IKeBS), which will involve cooperation of various agencies such as KBSS, SMJ Roadmap Secretariat, *Institut Kerjasama Kerajaan dan Rakyat* (IKRAR) and Sabah Youth Council.
98. Meanwhile, **sports** development programme has not only produced healthy and fit citizens but have also brought glory to the State internationally. Therefore, participation in international and world-class tournaments should be expanded to improve performance of athletes to a more prestigious level. In the year 2022, the State Government will allocate a total of **RM52.02 million** for sports development, including sports infrastructure and facilities.

Urban Development

Datuk Speaker,

99. The well-being of the people also involves two important components, namely urban development and rural development that will shape the quality of life of the community through their respective areas.
100. For urban development, Ministry of Local Government and Housing (KKTP) through Local Authorities (PBT) is committed to emphasise efforts to transform PBT service delivery, strengthening and

sustaining housing development sector as well as sustainable and systematic land use development planning.

101. To implement these goals, the State Government allocates **RM135.11 million** to KKTP to start the implementation of several new projects such as in Kinarut Town Market Building Project, Beluran Town 2 Storey Building Project, Melalap Tenom Weekly *Tamu* Ground Project, Pitas District Council Community Market Building Project and Kudat Town Board Office Building Project. Through the development of these amenities, it is hoped to provide comfort to the hawkers and public, besides helping PBT to generate income through the collection of stall rental and trading licenses.

102. In the year 2022, the Housing and Urban Development Authority (LPPB) will continue to implement four New Town Development Projects by phases, namely Kalabakan, Bum-Bum, Merotai and Sungai Melayu (Sebatik) as Border Town connecting the territory of Malaysia and Indonesia. A total of **RM2 million** is allocated to ensure that the State Government's plans to spur and sustain the economic growth in the new towns will be realised.

103. The State Government is working with the Federal Government to plan the provision of basic infrastructure such as roads and the Customs, Immigration, Quarantine and Security Complex (CIQS) connecting Tawau, Kalabakan and Simanggaris, Indonesia.

Rural Development

Datuk Speaker,

104. Through KPLB, the State Government will focus on socio-economic upgrading programmes, basic infrastructure, and strengthening the role of the *Jawatankuasa Pembangunan dan Keselamatan Kampung* (JPKK). Therefore, a total of **RM210.66 million** will be allocated to KPLB in the year 2022.
105. KPLB will continue to actively implement poverty eradication programmes by giving priority to the hardcore poor. Apart from that, KPLB will also identify entrepreneurs to be trained through the Rural Entrepreneur Development Program and the 'One Product One District' Programme and usage of the latest technology so that they are not left behind.
106. Basic facilities in rural areas will continue to be given attention. KPLB will continue to provide Alternative Rural Electricity Supply Program (BELBA) and Alternative Rural Water Supply (BALBA). To help the poor and the hardcore poor, the State Government will increase the distribution of houses next year under the *Program Rumah Sejahtera Rakyat Sabah* (RSRS).

INFRASTRUCTURE NETWORK AND GREEN SUSTAINABILITY

Infrastructure and Utility Development

Datuk Speaker,

107. The third thrust in SMJ Roadmap which is Infrastructure Network and Green Sustainability will be enhanced with a total of **RM1.476 billion** in the 2022 Budget.
108. Overall, the Ministry of Works (KKR) and its departments are allocated **RM1.015 billion** for 2022. Of that amount, the Sabah State Water Department (JANS) is allocated **RM540.98 million** to implement the Treated Water Supply Development Project in phases to meet the community's needs.
109. A total of **RM152.95 million** is allocated under the State Water Supply Development Programme to implement 12 main programmes throughout Sabah for immediate and short-term solutions. The main programmes include Contingency and Emergency Works, Special Water Supply Programme, Non-Revenue Water Programme (NRW), Construction and Upgrading of Plant and Water Intake as well as Upgrading of Main Pipes and Water Tanks.
110. To address the critical water supply problem, emergency works that are being implemented are the New Pipe Installation Project in Kota Kinabalu and Keningau districts as well as the Telibong II Water Treatment Plant Construction Project aimed at reducing the urgent water supply problem in the Northern Kota Kinabalu area.

111. Meanwhile, the implementation of the NRW involved six districts namely Ranau, Kota Belud, Semporna, Kudat, Tuaran and Papar. This programme is currently at the procurement stage and is scheduled for physical work implementation next year. For the Main Pipe Upgrading Programme, there are two continuation projects, namely the Old Pipe Replacement Project in Beaufort district and the Distribution Pipe Expansion Project in Telupid district.
112. For the Water Tank Upgrading Programme, there are two projects listed, namely the Service Tank Replacement Project in Beaufort Town and the Membakut Water Treatment Plant. For the Construction and Upgrading of Water Plant and Water Intake Programme, there are five continuation projects in Sandakan district and another three projects at conceptual design stage in Ranau and Keningau district. All three projects will be implemented in year 2022.

Datuk Speaker,

113. The Public Works Department is allocated **RM305.05 million** from the supply and development allocation in the year 2022 to implement new construction and maintenance programmes, repair and upgrading of roads, slopes, bridges, buildings, as well as other State Government assets, including rentals and other services.
114. The Sabah State Railway Department is allocated **RM80.88 million** to upgrade and improve the railway system as well as railway tracks redevelopment for the convenience of the people. The Sabah Sewerage Services Department is allocated **RM71.1 million** to

improve sewerage services to ensure well-being and cleanliness of the environment.

115. The Sabah Ports and Harbour Department (JPDS) is allocated **RM20.86 million**. This allocation is to fund planned management and development projects to develop port facilities, provide water traffic control and safety services.

116. In addition, a total of **RM454.71 million** is allocated under MOF, Kota Kinabalu City Hall, KKTP and DID for the management and maintenance of public facilities.

Green Sustainability

Datuk Speaker,

117. Considering the importance of environmental preservation and conservation as well as green sustainability, in year 2022, the State Government allocates **RM12.35 million** under supply expenditure and **RM16.56 million** under development expenditure. Several management plans will be implemented next year, including the Sabah Endangered Wildlife Action Plan and Sabah Coastal Management Plan, Management Plan for Mabul Island, Pom-Pom Island and surrounding islands.

118. This initiative is part of the efforts to ensure each component in creating green sustainability will be given due attention. Sabah has been honoured as the host for the Second Asian Parks Congress at

Kota Kinabalu in May 2022. The congress will be jointly organised with the International Union for the Conservation of Nature (IUCN).

119. The Sabah Environment Protection Department has developed an application, namely "Environmental Police", which aims to increase environmental awareness on marine pollution issues based on the Sabah State Environmental Education Policy 2009.

120. The green sustainability agenda is also directly related to the tourism industry. The diversity and uniqueness of the flora and fauna in the state continues to be the main attraction for domestic and foreign tourists. As such, a total of **RM9 million** is allocated under development expenditure to the Department of Wildlife, Sabah Parks and the Department of Environmental Protection to protect flora and fauna species. In addition, a total of **RM115.73 million** is also allocated to other departments and agencies that contribute to nature-based tourism development sector such as the Forestry Department and Sabah Biodiversity Unit. The green sustainability agenda is very important as it not only involves environmental issues and global warming phenomenon, but also an asset for economic development and state revenue.

STATUTORY BODIES AND STATE AGENCIES

Datuk Speaker,

121. The State Government is serious about the position of Statutory Bodies and State agencies as machineries to assist the Government

in increasing state revenue and strengthening the Government service delivery system. With that, MOF is conducting a study on all Statutory Bodies and State Agencies. This involves restructuring of operational activities in line with their establishment objectives to ensure that all State Government investments meet their goals and generate better returns.

122. One of the main objectives of this approach is to ensure that dividend payments as well as interest and loan repayments are on schedule and increasing from time to time. Statutory Bodies and State Agencies are urged to strive and ensure payment of dividends to the State Government will be increased and executed. Thus, drastic action will be taken to those agencies that become a burden to the State Government, including discontinuation of economic activities, investments, programmes or projects that do not generate income.
123. In realising this approach, the Corporate Governance Regulatory and Compliance Committee (JPPTUK) has been restructured with the aim of monitoring and overseeing the implementation of the Code on Corporate Governance on Statutory Bodies and State Companies including the Board of Directors' performance.
124. The role of Statutory Bodies and State Agencies is very significant as the performance achieved will have an impact on the socio-economic progress and revenue contribution to the State Government. As of now, the State Government has received dividends amounting to **RM113.2 million** and is expected to increase further by end of the year.

125. On this occasion, the State Government congratulates the Statutory Bodies and State Agencies who have recorded profits and paid dividends to the Government namely Sabah Development Berhad, Sabah Credit Corporation, Qhazanah Sabah Berhad, Sabah Energy Corporation Sdn. Bhd., Sawit Kinabalu Berhad, Progressive Insurance Berhad, Innoprise Corporation Sdn. Bhd., Sabah Ports Authority, Tongod Plantation Sdn. Bhd., Saham Sabah Berhad, Tabin Wildlife Holidays Sdn. Bhd. and Desa Plus Sdn. Bhd. as well as Korporasi Pembangunan Desa.
126. Thanks to the Statutory Bodies and State Agencies who have repaid their loans to the State Government amounting to **RM13.6 million** as at November 2021. They are Kota Kinabalu Industrial Park, Sabah Islamic Religious Council, Yayasan Usaha Maju, Baitulmal Corporation, Sabah Fish Marketing Sdn. Bhd., Sabah Air Aviation Sdn. Bhd., Sabah Economic Development Corporation (SEDCO) and Koperasi Serbaguna Sanya Berhad (KOSAN).

CIVIL SERVANT

Datuk Speaker,

127. The civil service is the pulse of the State Government. The Government needs to ensure that the civil service is functioning at a high level of efficiency and can deliver the best services to all the people.

128. Various programmes have been planned to improve the delivery system in line with the new norms requirements. The use of digital platforms needs to be maximised to ensure the efficiency and effectiveness of daily tasks. For that, the Government allocates **RM56.44 million** to upgrade digital facilities to civil service.
129. Meanwhile, a total of **RM3.75 million** is allocated under MOF and State Public Service Department. This allocation is for the continuation of the Electronic Government development agenda (e-Government), Creative Innovation Programme and ICT Development Programme. During the period of year 2022 to 2025, the State Government, through Sabah Net, will continue to upgrade all Government offices' internet lines to fiber-optic networks with speeds from 30Mbps to 100Mbps.
130. To improve quality, knowledge and career development, the State Government allocates **RM8.35 million** to sponsor civil servants to pursue their masters and doctorates degrees at selected local and foreign universities.

Datuk Speaker,

131. Civil servants are also no exception to being affected by the COVID-19 pandemic. However, it does not dampen the spirit to continue to serve the Government to ensure the smooth running of the administrative machinery. Therefore, in recognition of the services and role of civil servants, the State Government approves a **half month salary with a minimum rate of RM1,000.00** to 20,271 civil servants including temporary and contract as well as Daily Paid

Workers (PSH) to be paid in January 2022. In addition, the State Government will also fund preliminary works on the construction of affordable housing scheme to state civil servants. I hope that this incentive will inspire state civil servants to work harder to improve the quality of service to the people.

STATE AND FEDERAL COOPERATION

132. The State Government welcomes and thanks the Federal Government for the special assistance of RM700.00 to Federal civil servants. The role of the Federal Government driven by the Federal civil servants has significant value and meaning to the development of the State.

133. Indeed, the State Government greatly appreciates the commitment and assistance of the Federal Government to accelerate the development of the State. In tabling the 2022 Budget, the Federal Government has announced a total of **RM5.2 billion** in development expenditure for Sabah. It covers the financing of basic amenities, infrastructure, water and electricity supply as well as healthcare. I urge the Federal and State departments to facilitate the approval process to ensure that development projects can be implemented as planned.

134. Although the amount is higher than the previous Budget, the allocation for the development is far from sufficient to meet the primary needs of the State. However, we understand the current financial position, especially on allocation for urgent needs on economic recovery, including various forms of people-oriented assistance that will also benefit the people of Sabah.

135. Apart from the state and federal annual allocation, the State Government sees the need to focus on foreign and domestic investment as the engine of economic growth of the State. Attracting investment requires specific strategies and approaches. Among them are creating a conducive environment either in government policies and incentives or the provision of basic economic infrastructure for investors.
136. Therefore, as a long-term strategy to address reliance of State's economic development on the government budget, the Federal Government needs to take immediate action to address legacy issues relating to infrastructure development in Sabah, which will be a factor of consideration for investors. In this regard, specific approaches need to be taken to ensure that high-impact projects ought to be implemented and completed immediately, such as the Pan Borneo Highway and the provision of energy resources as well as complete grid network that meets the current demands of the industry and the daily needs of the people in Sabah.

Datuk Speaker,

137. The State Government has high confidence that the Federal Government understands the needs and development demands of the State and the people of Sabah. Constructive negotiations through various platforms at all levels will be continued. We are grateful that not only has the 12th MP committed to enhance Sabah's development as one of the nine main focus, the first in the Malaysia Plan, policy assurance and commitments are outlined to resolve pending issues relating to the Malaysia Agreement 1963 (MA63).

138. The State Government welcomes the Federal Government's commitment to continue the series of negotiation through the MA63 Special Council. Various progress have been successfully achieved and we will continue to monitor closely to ensure that the rights and interests of the state can be fulfilled.

139. I am pleased to inform this August House that negotiations between the State Government, Federal Government and PETRONAS to discuss the Commercial Collaboration Agreement (CCA) have been successfully concluded. Mutual understanding and agreement have been reached between the two parties and the CCA will be signed in the near future. After a long time of legacy issues related to the Petroleum Development Act 1974 (PDA 1974) underlying our oil and gas related issues, *Insyah Allah*, this agreement will bring greater value and meaning to Sabah. Sabah will get greater revenue sharing, greater participation and greater say in oil and gas related matters.

140. The State Government and PETRONAS have conducted a joint study to determine the added value of the gas industry which can provide long-term economic returns for Sabah. The State Government has agreed for PETRONAS to build a liquefied natural gas (LNG) facility based on nearshore concept which will be the first in the state, i.e SOGIP. In addition, Sabah will also have gas allocations to support downstream industries in the state.

Datuk Speaker,

141. We believe that issues relating to the rights and interests of the State encompassing the cooperation between the State and Federal

Governments over the years will be addressed through consultation and consensus in the spirit of *Keluarga Malaysia*.

142. The struggle is a long journey that we inherited from the forerunners of previous fighters. Although it takes time, we must ensure that every step will bring valuable and meaningful progress. Do not rely on prolonged political rhetoric that doesn't get us anywhere. Do not let history lag us behind. Never forget that when we point at someone else's fault, the fact is that the other four fingers point right back at us.

143. We always welcome and appreciate the togetherness from all parties, including the opposition, in this struggle. The fact is, most of us who are in this August House, including those in opposition, has sat as Government either at the state or federal level and have been Ministers and Chief Ministers. Let's be honest with everything we say. Let us be sincere in every action. Let history judge and the people decide.

CLOSING

Datuk Speaker,

144. Before I end this budget speech, I would like to recap some key points. **Firstly**, for the first time in history, the highest state revenue estimate will be recorded in year 2021. I would like to call upon all revenue collection departments to intensify their efforts so that the **RM4.912 billion** revenue collection target not only be achieved but also surpass **RM5 billion** level, *Insyah Allah*.

145. **Secondly**, as per the Budget theme, economic recovery is the key to the people's prosperity. Therefore, all parties must ensure that all programmes and projects in the year 2022 State Budget and Federal Budget are implemented promptly to stimulate the economy. Meanwhile, all relevant Government agencies need to shift paradigm and implement a more investor-friendly approach. For more meaningful changes to build a more developed and successful Sabah, we need the immediate involvement of investors to boost economic growth.

146. **Third**, today's Government is mandated by the people. Each year in budget tabling, we speak about value of millions of ringgit. It is the role of all parties, members of the administration and civil servants, to ensure that this enormous value is spent prudently, not only to be heard but visible and felt by the people at the grassroots level. State revenue is the trust of the people which has been entrusted to the Government.

Datuk Speaker,

147. This State belongs to every Sabahan. The future of this beloved state is the responsibility of all. In fact the State will not progress if there are still marginalised citizens. I invite all Sabahans to come together to develop the State, and make the Sabah Maju Jaya Roadmap a success.

*Makan mangga cicah berlada,
Bersila santai tepian paya,
Pemimpin dan rakyat berpisah tiada,
Membawa Sabah ke puncak jaya.*

*Pesona Kinabalu seindah nama,
Gunung Tertinggi di Asia Tenggara,
Sabah Maju Jaya impian bersama,
Ekonomi Pulih, Rakyat Sejahtera.*

Datuk Speaker,

148. The challenge ahead of us is to bring Sabahan to rise and revive the economy affected by the COVID-19 virus. Let's get together and work whole heartedly for a more advanced and successful future of Sabah. The obstacles before us are not over, we are still living in the pandemic, we must be ready to live with COVID-19, we must accept new norms, together we comply the SOPs. *Kita Jaga Kita, Kita Tetap Menang.*

149. Last but not least, I would like to take this opportunity to wish all Honourable Members, Civil Servants and Sabahans a Merry Christmas to all Christians and a Happy New Year 2022 to all.

Datuk Speaker,

I beg to propose.