



SABAH STATE BUDGET SPEECH YEAR 2023

STRENGTHENING THE ECONOMY FOR PEOPLE'S PROSPERITY

25 NOVEMBER 2022

BY:

YAB DATUK SERI PANGLIMA HAJI HAJI BIN HAJI NOOR
CHIEF MINISTER OF SABAH CUM STATE MINISTER OF FINANCE





THE 2023 STATE BUDGET SPEECH

BY

THE RIGHT HONOURABLE

DATUK SERI PANGLIMA HAJI HAJIJI BIN HAJI NOOR

CHIEF MINISTER OF SABAH CUM STATE MINISTER OF FINANCE

AT THE STATE LEGISLATIVE ASSEMBLY

ON

25 NOVEMBER 2022 (FRIDAY) 30

RABIULAKHIR 1444

“STRENGTHENING THE ECONOMY FOR PEOPLE’S PROSPERITY”

Bismillahirrahmanirrahim.

Assalamu'alaikum Warahmatullahi Wabarakatuh

Salam Sejahtera, and

Salam Sabah Maju Jaya

Datuk Speaker,

1. With all due respect and reverence, I beg to propose the 2023 Sabah State Budget for the approval of this August House.

PREAMBLE

Datuk Speaker,

2. Alhamdulillah. Thanks and praises be to Allah Subhannahu Wa Ta'ala for His might and greatness, once again we convene in this August House to table the **2023 Sabah State Budget (2023 Budget)**. Shalawat and salam to our beloved Prophet Muhammad SAW, his confidants and family.

3. On this blessed Friday evening, I am also grateful to be given the opportunity to continue to fulfil the trust and responsibility as the Minister of Finance to table the 2023 Budget in this August House.

Datuk Speaker,

4. Allow me to express my gratitude to all the Honourable Members for your commitment and presence in today's session for the tabling of the 2023 State Budget in this August House. May God Almighty bless and ease all our efforts and plans as well as grant continuous blessings, peace and prosperity to our beloved State for the joy and well-being of us all. Aamiin!

ECONOMIC PERFORMANCE AND PROSPECTS: THE WORLD AND MALAYSIA

World Economy

Datuk Speaker,

5. The beginning of year 2022, which records an uncertain global economic environment, has been worsened by the outbreak of war between Ukraine-Russia at the end of last February. This situation has caused prolonged negative impacts on the global economic performance. Thus, world economic growth is expected to drop from 3.2 per cent in year 2022 to 2.7 per cent in year 2023 due to geopolitical uncertainty, Covid-19 pandemic and global inflationary pressure. The United States' economic growth rate is projected to be 1.6 per cent in year 2022 and 1.0 per cent in year 2023 due to its continuous inflation and tight monetary policy. The European Area growth is projected to be moderate at a rate of 3.1 per cent in 2022 before shrinking to 0.5 per cent in 2023.

6. Meanwhile, China's economy will witness a slow growth due to the spread of Covid-19 and the worsening real estate crisis, with growth projected at 3.2 per cent in 2022, before rebounding to 4.4 per cent in 2023. Contrarily, due to the uncertainty of external economic factors, India's economy is projected to expand at a rate of 6.8 per cent in 2022 before growing at a moderate rate of 6.1 per cent in 2023.

Malaysian Economy

7. Although world economic growth is expected to be slower, Malaysian economy is projected to grow between 6.5 per cent to 7.0 per cent in year 2022. This optimistic projection is driven mainly by strong domestic demand subsequent to vigorous economic activity, continued support of government policy through its initiatives in 2022 National Budget and the reopening of international borders. However, the national economic growth prospects in year 2023 are projected to be moderate between 4.0 per cent to 5.0 per cent due to world economic and

geopolitical uncertainties. Meanwhile, the total foreign direct investment in the first quarter of 2022 has recorded a growth of RM87.4 billion.

PERFORMANCE AND ECONOMIC PROSPECTS: SABAH

Datuk Speaker,

8. Sabah is on the right track towards economic recovery with a recorded positive growth rate of 1.1 per cent in year 2021 compared to 9.2 per cent contraction in year 2020. The Gross Domestic Product (GDP) of Sabah has increased to RM78.7 billion in year 2021 from RM77.8 billion in year 2020. Sabah's GDP per capita has also increased to RM29,960 in year 2021 compared to RM24,652 in the previous year.

9. Sabah's economy is expected to continue its positive recovery and economic growth momentum. In the period of January to August 2022, Sabah has recorded positive trade balance of RM23.5 billion compared to RM13.3 billion in the same period last year, which is an increase of 77.0 per cent. This achievement is mainly supported by the increase of State's total exports in January to August 2022 by 54.0 per cent and reached RM50.4 billion compared to RM32.8 billion in the same period in year 2021, which is contributed by the State's main commodities export particularly petroleum and crude palm oil. Meanwhile, the total imports has recorded an increase of 35.0 per cent amounting to RM26.5 billion from RM19.5 billion in year 2021.

Datuk Speaker,

10. The Government's economic recovery strategy implementation by increasing development expenditure through 2022 National Budget of RM5.2 billion and 2022 State Budget of RM 879.28 million has enabled the State to implement more development initiatives and programmes especially on high-impact projects.

11. The State's domestic and private consumption is projected to grow continuously, which will be supported by the rising household disposable income and recovery of the labour market. The State's economic momentum next year is expected to continue to be driven by the recovery and acceleration of economic sectors, especially the tourism industry; export stability; increased domestic consumption; public and private sector capital expenditure; and the implementation of numerous high-impact investment projects. Therefore, in line with the current global and national economy development, Sabah is predicted to maintain a positive economic growth in year 2022 and 2023 respectively at a rate of 4.0 to 5.0 per cent.

THE 2023 STATE BUDGET'S THEME AND FOCUS

Datuk Speaker,

12. The theme of the 2023 Budget is **“Strengthening The Economy For People’s Prosperity”**. This theme is in line with the State's economic growth based on Sabah Maju Jaya Development Plan. The primary focus of the 2023 Budget is to drive and strengthen the State's economy to ensure continuous and inclusive progress and prosperity of the State and its people.

13. To achieve this, the State Government proposes an estimated budget for year 2023 amounting to **RM5.138 billion** with an estimated revenue collection of **RM5.268 billion**. This 2023 Budget reflects a Surplus Budget of **RM130.47 million** and represent the highest Budget in history of Sabah since independence. May the 2023 Budget provides benefit and contentment as well as blessing to my leadership to continuously progressing the State, so that all tiers of society can enjoy the facilities provided by the Government.

Datuk Speaker,

14. The allocation of 2023 Budget by Ministry is as follows:

First	Ministry of Finance	RM2.16 billion
Second	Ministry of Works	RM1.16 billion
Third	Chief Minister's Department	RM634.41 million
Fourth	Ministry of Agriculture and Fisheries	RM501.54 million
Fifth	Sabah Ministry of Rural Development	RM212.63 million
Sixth	Ministry of Local Government and Housing	RM204.03 million
Seventh	Ministry of Science, Technology and Innovation	RM175.61 million
Eighth	Ministry of Special Tasks and Coordination	RM167.75 million
Ninth	Ministry of Community Development and People's Wellbeing	RM157.58 million
Tenth	Ministry of Tourism, Culture and Environment	RM134.59 million
Eleventh	Sabah Ministry of Youth and Sports	RM97.50 million
Twelfth	Sabah Ministry of Industrial Development	RM54.51 million
Thirteenth	Charged Expenditure	RM227.24 million
Fourteenth	Expenditure Not Included in the Ministries	RM38.79 million

THE 2023 ESTIMATED REVENUE AND EXPENDITURE

THE 2023 ESTIMATED REVENUE

The 2021 State Revenue

Datuk Speaker,

15. As we know, in year 2021, the state economy was facing with various challenges of post Covid-19 pandemic, but Alhamdulillah, for the first time, the State Government successfully generated more than RM 5 billion revenue and at the same time created a new record with the highest revenue in history of Sabah amounting to **RM5.449 billion**.

16. I would like to take this opportunity to express my appreciation to all parties for their determination, commitment and full cooperation in elevating revenue collection to a new level.

The 2022 State Revenue

Datuk Speaker,

17. As a crude oil and crude palm oil (CPO) producing state, the exceptional increase in commodity prices has brought about a positive impact to the State's revenue this year. Therefore, the Revised Revenue Estimates for year 2022 is projected at a higher level which is **RM5.988 billion** compared to the original estimates of RM4.707 billion. In Shaa Allah, if commodity prices continue to be high, we can reach a new revenue level of RM6 billion.

The 2023 State Revenue

Datuk Speaker,

18. Acknowledging the fact that most of the State's revenue are commodity-based which are subject to price fluctuations resulting from market, economic and global geopolitical conditions, hence, conservative approach is maintained in preparing the 2023 Revenue Estimates in order to ensure the State's financial position continues to be strengthened.

19. Therefore, the Estimated Revenue for year 2023 is projected at **RM5.268 billion** as follows:

First: **Tax revenue** amounting to **RM2.405 billion** which includes State Sales Tax of RM2.270 billion, Land Rent of RM90 million and Ports and Harbour Dues of RM44.5 million.

Second: **Non-Tax Revenue** amounting to **RM2.311 billion** which includes Petroleum Royalties of RM1.35 billion; Sales of Water at RM300 million; Land Premium of RM144 million; Dividends of RM137 million; Forest Produce Royalty and Export on Timber Products of RM133.5 million; and Interest on Cash Balance and Short Term Deposits of RM115 million.

Third: **Non-Revenue Receipts** amounting to **RM553.17 million**, of which one of the main contributor is Federal Government grants with an estimate of RM528.87 million which comprise five receipts namely Special Grants; Capitation Grants; Grants in Aid of Operating Expenses for the Departments Under the Concurrent List; Grants to Replace Import/Excise Duties on Petroleum; and Contribution towards implementation cost of Federal Development Projects.

Efforts to Increase and Sustain State Revenue

Datuk Speaker,

20. Despite facing economic instability and various challenges, the State Government continuously intensifying and diversifying its efforts to increase and generate more sustainable sources of revenue. Among those efforts are:

Firstly: Improving revenue management comprehensively by strengthening every aspect of enforcement to recover revenue arrears and deal with any revenue leakages. For example, through the establishment of a Special Task Force on State Sales Tax on Petroleum Products and with the cooperation from the Ministry of Finance, Chief Minister's Department, State Attorney General's Department and SMJ Sdn. Bhd. as an advisor has successfully collected overdue taxes amounting to RM132 million. With this, all fifteen (15) oil and gas companies in Sabah has made their payment for State Sales Tax on Petroleum Product. Hereforth, I would like to remind all state sales tax payers to be honest, responsive and ensure tax declarations are carried out responsibly, accurately and regularly. The State Government will not hesitate to take action in accordance with the provisions of the law for those who fail to do so.

Secondly: Expanding the source of state revenue for example through the implementation of the new State Sales Tax on scrap metal that started last February with an estimate of RM18 million per year and the expansion of the scope of the Petroleum State Sales Tax to cover Ammonia and Urea products that started in August is also expected to contribute RM110 million per year to the state revenue.

Thirdly: Defending and upholding the rights of Sabah. Although the interim payment of the Special Grant by the Federal Government has increased to RM129.7 million in 2023, the State Government will continue to negotiate with the Federal Government to carry out a review of the Special Grant under Article 112D of the Federal Constitution.

Fourthly: Intensifying further the enforcement of dividend collection of Government Linked Companies and Statutory Bodies through monitoring the management and financial performance as well as new business and investment strategies so that government agencies continue to be viable.

21. Revenue is the core of the State's development and the well-being of the people, therefore, I call on all parties to continue to work together to carry out the responsibility and mobilize our energy to drive the State's revenue towards a higher and more sustainable collection that can guarantee economic stability and development of the state as well as the well-being of the people. *In Shaa Allah.*

2023 SUPPLY EXPENDITURE ESTIMATES

Datuk Speaker,

22. For the purpose of financing Government operations and management, a total of **RM5.138 billion** is proposed for year 2023 which involves an increase of **RM541.23 million** or **11.77 per cent** compared to the original 2022 estimates of **RM4.597 billion**. The total estimates are distributed accordingly for the payment of Emoluments, Recurrent Expenditure and Special Expenditure. From the total of 2023 Supply Budget, an amount of **RM792.28 million** or **15.4 per cent** is proposed for Emoluments. Meanwhile, a total of **RM1.977 billion** or **38.5 per cent** is proposed for **Recurrent Expenditure** to cater the needs of water supply and sewerage services; Social Services Programme, Grant for General Assistance, Orphans and the Poor; Special Education Assistance; Development of Mosques, Surau and Religious Schools Programmes; as well as flood management, irrigation and drainage works programme.

23. On the other hand, a total of **RM2.369 billion** or equivalent to **46.1 per cent** is proposed for **Special Expenditures**. The Special Expenditure allocation for year 2023 portrays the Government's concern and determination in providing comfort for the people which involves increased allocations for infrastructure maintenance; Special Assistance to Fishermen, Farmers and Breeders; Grant for Schools and

Non-Islamic Religious Bodies; and also grant for Statutory Bodies, Government Agencies and Local Authorities.

2023 DEVELOPMENT EXPENDITURE ESTIMATES

Datuk Speaker

24. In order to spur economic growth and boost development programmes, a total of **RM788.94 million** is proposed for year 2023 development expenditure. Although the National Budget has not been debated and approved, the State Government is required to project an estimation of **RM604.67 million** to ensure continuation of current projects implementation funded by the Federal Government for the year 2023.

25. In line with the State Budget theme, **Economy Sector** remains as the biggest recipient of development allocation which amounted to **RM515.81 million** or equivalent to **65.3 per cent**. This is followed by the **Social Sector** amounting to **RM254.93 million** or **32.4 per cent** as well as **General Administration Sector** amounting to **RM18.2 million** which is equivalent to **2.3 per cent** of the total development allocation for year 2023.

KEY FOCUS SECTOR ON ECONOMIC GROWTH

Datuk Speaker,

26. Strategies and approaches to accelerate development will be focusing on the productive growth sectors which are **agriculture, industrial** and **tourism**. In year 2023, a total of **RM808.06 million** will be allocated for the development of those three sectors.

AGRICULTURE SECTOR

Datuk Speaker,

27. The State Government will continue to drive **agriculture sector** by strengthening four sub-sectors, namely crops; livestock; fisheries and aquaculture; as well as rubber commodities. In year 2023, the State Government will allocate **RM501.54 million** to the **Ministry of Agriculture and Fisheries** and its departments. An amount of **RM69.2 million** from the overall total is allocated for operational purposes as well as to fund numerous assistance programmes for farmers, fishermen and breeders.

28. For the **crop sub-sector**, continuous efforts are carried out to increase the production of various crops in order to generate income for farmers from RM2,000 to RM4,000 per month. Therefore, a total of **RM115.59 million** is allocated to the **Department of Agriculture**. The Government's efforts to help the B40 group and hardcore poor will continue through **Rural Development Corporation (KPD)** with an allocation of **RM20.28 million**. A total of 2,015 participants will benefit from the implementation of various livestock and crop programmes. Besides that, the KPD Smart System has been developed and will be used at KPD agricultural produce collection centres.

Datuk Speaker,

29. Besides that, for the **fisheries and aquaculture sub-sector**, the Government is aware of the State's potential in fish production. Hence, a total of **RM46.09 million** is allocated to the **Department of Fisheries** to continue various programmes on guaranteed production of sustainable fishery products in order to accommodate the international and domestic markets. The Export and Import Trade balance in this sector shows a positive figure in the range of RM600 million to RM900 million every year. To continue stimulating the development of this sub-sector, as the saying goes, "In for a penny, in for a pound", efforts in assisting the fishermen as well as

Small and Medium Enterprise entrepreneurs will be intensified through Ko-Nelayan which has been allocated **RM14.80 million** next year.

30. Meanwhile for the **livestock sub-sector**, the State Government has allocated **RM75.51 million** to the **Department of Veterinary Services Sabah** to implement programmes that increase the supply and production of livestock; disease control and veterinary enforcement programmes; bird's nest industry development; and development of downstream livestock-based products. Apart from that, the State Government will allocate **RM16.35 million** to the **Sabah Rubber Industry Board** for the **rubber commodity sub-sector** development. The payment for Rubber Price Incentives to smallholders will be continued with an allocation of **RM20 million**.

31. The **Department of Irrigation and Drainage** which supports the development of agriculture is allocated a total of **RM175.92 million**. This allocation will cater among others for operations; upgrading and maintenance of irrigation and drainage infrastructures; management and development of flood mitigation systems; as well as river bank clean-up and protection. The balance of **RM75.42 million** will be distributed to the Ministry and other departments that also supports the agriculture sector.

INDUSTRIAL SECTOR

Datuk Speaker,

32. Rapid development of the industrial sector in Sabah indicates that the economy is becoming more sustainable. Sabah has received foreign investments worth **RM11.9 billion** and domestic investments of **RM942 million** in the main sectors which are manufacturing and services. This has made Sabah the third highest investment recipient in Malaysia during the second quarter of year 2022.

33. The State Government has received investment from China namely the Kibing Group Company with an investment value of **RM2 billion** hence creating a total of 2,100 job opportunities. This investment includes the construction of a solar

glass panel manufacturing plant in Kota Kinabalu Industrial Park (KKIP); as well as silica sand mining; and a silica sand processing plant in Sikuati, Kudat. Both plants are being constructed and expected to be fully operational in September and October 2023 respectively. SK Nexilis (M) Sdn. Bhd., a copper foil factory, with a total investment of RM4.2 billion has provided 7,000 job opportunities in the construction phase and is expected to have more than 400 full-time job opportunities once the factory is fully operational in September 2023. Currently, SK Nexilis (M) Sdn. Bhd. has recruited and sent 30 Sabahan engineers to South Korea for training as preparation for working in the factory.

Datuk Speaker,

34. The **Ministry of Industrial Development** and its departments are allocated **RM54.51 million** for year 2023 to develop entrepreneurship and ensure basic infrastructure in industrial areas is conducive to attract investment. Currently, domestic investment, particularly in KKIP, has provided 1,081 job opportunities with an investment worth RM587 million. In addition, collaboration with the Federation of Malaysia Manufacturing has attracted investment in the domestic manufacturing sector with a value of RM900 million and has created 3,000 job opportunities.

35. Small and Medium Industries (IKS) development are given continuous focus as a supporting industry and a catalyst for the manufacturing sector. The involvement of Sabah Foundation Group and TERAJU as well as private companies such as Petronas and Bataras in the development of IKS has greatly helped Bumiputera companies in Sabah to further develop their businesses. This kind of collaboration will be further intensified as it has a positive impact on the role of Sabah SME entrepreneurs in the development of Sabah's economy.

36. The **Department of Industrial Development and Research** is allocated **RM6.17 million** to escalate the promotion of Sabah products in the domestic and international markets. Furthermore, the State Government will establish IKS Product Centers in Lahad Datu, Tawau, Kota Kinabalu and Penampang next year. The IKS Assistance programme will continue to benefit a total of 3,343 entrepreneurs. In

order to further intensify the IKS Assistance programme, MESTI and Halal Certification Programme will be introduced next year to enable Sabah SME products to compete at the global level. For that matter, the Government will allocate **RM15 million** for the implementation of this programme.

37. Efforts to provide business premises, develop socio-economic shops and other entrepreneurial programmes will continue in year 2023 with an allocation of **RM8.71 million** to be distributed to **Sabah Economic Development Corporation** (SEDCO). A total of 4 new locations will be developed in Beaufort, Matunggong, Pitas and Telupid. An allocation of **RM42 million** will be distributed to the Ministry which supports the industrial sector.

TOURISM SECTOR

Datuk Speaker,

38. The number of tourist arrivals for the period of January to August 2022 has increased significantly by 705.8 per cent, totaling to 1,012,119 as compared to 125,601 in the same period in 2021. I am optimistic that the number of tourist arrivals to the state will continue to increase towards the end of this year with more countries reopening their borders and relaxing their entry and exit policy for tourism purposes. Meanwhile, the recovery of the tourism sector will create a spillover effect and bring benefit to the transportation; hotel and restaurant; wholesale and retail; as well as food and beverage activities.

39. The government endeavours to restore and develop the tourism sector through various programmes next year. For this, a total of **RM134.59 million** is allocated to the **Ministry of Tourism, Culture and Environment** and its departments. This allocation is provided to implement the upgrading of basic tourism facilities for the comfort and safety of tourists as well as the development of human capital for Community Based Tourism (CoBT). The CoBT *Roadshow 2023* event will be intensified to promote and attract foreign and domestic tourists to visit rural areas in order to generate activities and income for the local communities.

40. The **Sabah Tourism Board** continues to expand actively the air network for domestic and international flights. Statistics show that 96 per cent of Sabah's tourist arrivals are by air. As of September 2022, Sabah has access to 10 destinations via 343 domestic flights and 5 destinations with 47 international flights per week. Although the frequency of these flights are lower compared to pre-Covid-19 pandemic, Sabah is still a preferred destination for domestic and international tourists.

41. Moreover, efforts to improve and upgrade tourism facilities within Sabah Parks will be continued next year, mainly on Bohey Dulang Island in Tun Sakaran Marine Park Semporna and Kinabalu Park Serinsim Sub-Station in Kota Marudu. Apart from that, efforts to gazette Darvel Bay in Lahad Datu as the Tenth Park under Sabah Parks management is ongoing in collaboration with World Wide Fund for Nature-Malaysia (WWF). The Sabah Parks Enforcement Command Centre will be further strengthened through digital applications.

42. Another Triple Crown site which is Kinabalu Global Geopark will receive recognition in UNESCO General Assembly, scheduled in April 2023. Various programmes to preserve the wealth and heritage of the state ethnic cultural arts such as Cultural Pit-Stop is being planned at 2 new locations in Kota Belud and Tawau to enhance culture-based tourism industry. Therefore, the Government allocates **RM9.5 million** to **Sabah Cultural Board** to implement these programmes as planned.

43. In order to promote Sabah internationally as a preferred destination for conventions and seminars, the Government has established the Sabah Convention Bureau which will be operational in the near future. This bureau will help accelerate the growth of the tourism industry through the organisation of Meeting, Incentives, Conventions and Exhibitions (MICE) and other business events that will generate economic activity and benefit the hospitality, logistics, aviation and other related sectors.

44. The **Museum Department** which is responsible for developing cultural and historical treasures as tourism products, is allocated **RM17.31 million** in year 2023. The Upgrading of Visitor Facility Project at Batu Tulug Kinabatangan Cave Museum will be implemented next year along with the continuation of Sabah Museum Complex Upgrading Facilities Project.

HUMAN CAPITAL AND PEOPLE'S WELL-BEING

Information and Communications Technology (ICT), Training, Education and Religion

Datuk Speaker,

45. Human capital and ICT development are the main agendas of **Sabah Ministry of Science, Technology, and Innovation**. In year 2023, this Ministry and its departments are allocated **RM175.61 million**. Of that amount, a total of **RM79.46 million** is allocated to the Ministry for operation and acculturation of Science, Technology and Innovation (STI), including the development of STI Centre; organisation of Sabah Science Carnival; Sabah Astronomy Tour; Science, Technology, Engineering and Mathematics (STEM) Fiesta; ROBONEO; and PITCHBORNEO as initiatives to increase students' involvements in STI and STEM fields.

46. Apart from that, the State Government remains committed to improve its service by enhancing the administration equipped with digital appliances for public servants. For this purpose, the **Sabah Computer Services Department** is allocated a total of **RM26.15 million** next year for operation and development of State Government agencies application systems.

47. Besides, Sabah Net will continue the upgrading of fibre network at all State Government premises with an allocation of **RM32 million** next year. Sabah Net will utilise the latest technology whilst becoming a one-stop centre for public computerisation services in order to tighten cyber security. Sabah Net also plays a

role in bridging digital gap in rural areas by upgrading the internet network at e-Desa centres, in order to expand digital coverage and spur digital transformation in Sabah.

48. ICT development in Sabah is also supported by the Federal Government agencies through the Malaysian Communications and Multimedia Commission (MCMC) with the construction of new towers; upgrading of existing transmission stations and Rural Internet Centres. The Ministry of Science, Technology and Innovation will also install Very Small Aperture Terminal (VSAT) satellite facilities at 300 locations throughout Sabah that are not included under the JENDELA programme in year 2023.

Datuk Speaker,

49. The **Department of Human Resource Development** is allocated **RM26.25 million** in year 2023. This allocation will be used to conduct courses and skills training in technology, technical and trade. On top of the current implementation of Sabah Talent Entrepreneurship Programme and Career Carnival Programme, a new programme namely Train and Place Programme will be implemented.

50. Sabah Skills & Technology Centre will be conducting the XR Development Programme (*Extended Reality*) which aims to develop and support digital industry development while continuing the Industrial Revolution 4.0 technology training throughout next year. Sabah Creative Economic and Innovation Centre will also continue its programme to ensure Sabah's human capital talent continues to be polished.

51. **The Sabah State Library** is allocated **RM43.51 million** for the operation and management of libraries throughout Sabah. The construction of 3 branch libraries in Kunak, Tenom and Kota Marudu districts as well as the replacement of 2 Rural Libraries in Kg Entilibon, Tongod, and Kg Karakit, Banggi will be implemented. In addition, the Sabah State Library will continue other programmes to cultivate reading culture amongst Sabahans.

52. The State Public Service Department will be fully in charge of State Scholarships, Bursaries and Financial Assistance for students to provide opportunities for Sabahans to further their studies and training to a higher level. For this purpose, a total of **RM57 million** is allocated for next year.

Datuk Speaker,

53. Another achievement in the efforts to develop Sabah human capital is the signing of a Memorandum of Understanding (MoU) between University Technology Petronas and University College Sabah Foundation (UCSF) on 11th October 2022. Both parties will collaborate and UCSF will offer Oil and Gas based courses at its campus. UCSF is expected to produce more local students in various job fields in this sector.

54. The State Government will continue to implement **religious and spiritual** programmes with an allocation of **RM176.16** million. A total of **RM54.05 million** grant is allocated for schools and the development of non-Muslim religious bodies, with an increase of **RM7.05 million** next year. The balance of **RM122.11 million** is allocated to **the Sabah Islamic Religious Affairs Department (JHEAINS)** for operation, management, maintenance and fixtures of mosques, surau and religious schools expenditure.

Special Assistance for Education

Datuk Speaker,

55. The State Government cares about the less fortunate students who are unable to further their studies due to financial constraints. In view of this, newly-formed **Ministry of Special Tasks and Coordination** is established to coordinate and manage the Special Assistance for Education programmes to assist students in entering higher education institutions as well as those who are sitting for their examinations. The current programmes will be continued along with 5 new additional programmes to support the educational institution in year 2023 namely, *Bantuan*

*Persatuan Ibu Bapa Dan Guru (BAGUS); Bantuan Ihsan Sekolah (BISBAH); Assistance for Schools' Minor Infra; Anugerah Khas Kecemerlangan Pendidikan (AKSA) and Bantuan Khas Pendidikan (BANTU) with overall amount of **RM43 million**, an increase of **RM8 million** compared to year 2022.*

People's Well-Being and Welfare

Datuk Speaker,

56. In year 2023, the State Government allocates a total of **RM157.58 million** to the **Ministry of Community Development and People's Well-being** and its department to ensure the people's well-being is continuously safeguarded. Of that amount, **RM50.15 million** is allocated to the Ministry for operation expenditure and to continue the implementation of School Social Assistance Programme with an increase amounting to **RM24.55 million**. This programme will benefit a total of 289,347 students in 1,075 primary schools.

57. The **Welfare Services Department** is allocated **RM107.43 million** in year 2023, among others to continue the construction of an Integrated Complex for People with Disabilities (OKU) and Senior Citizens; as well as the construction of *Taman Didikan Kanak-Kanak Kurang Upaya (TDKKU)* building in Sandakan; and OKU Training Complex in Sandakan. Moreover, in order to provide continuous assistance to vulnerable groups, especially the OKU, Senior Citizen, Orphans, Single Mothers, as well as Other Assistance throughout the state, the Government agrees to allocate a total of **RM76.29 million** in year 2023. This assistance will benefit a total of 24,781 recipients.

58. The *Pusat Perkembangan Kanak-Kanak (PPKK)* is a high-impact Community Development Programme. Currently, there are 35 PPKKs with a total of 1,170 children registered with the centres. In year 2023, the State Government will continue this programme by opening 2 new PPKKs in Kg. Tambisan, Tungku and Kg. Mapat, Pitas.

Women, Youth and Sports Development

Datuk Speaker,

59. The State Government is attentive and will ensure that women get equal opportunities and benefits. Therefore, to empower women's development programmes, a total of **RM5.83 million** is allocated to the **Sabah Women Affairs Department (JHEWA)** to fund the implementation of women's leadership and development programmes. The microcredit loan facilities for women will be continued with an allocation of **RM10 million** which will be disbursed to **Yayasan Usaha Maju (YUM)**.

60. The **Sabah Ministry of Youth and Sports** is allocated **RM97.5 million** next year for youth and sports development. As we are aware, **youths** are State's assets that should be given opportunity in economic development. With active involvement of youths in economic development activities, the unemployment rate among rural youths and fresh graduates is expected to reduce. To produce high-quality youth leaders, the State Government allocates a total of **RM16.42 million** to implement the Youth Leadership Development Programme which covers volunteer activities and social unity.

61. Moreover, the State Government is always committed in **sports** and State athletes' development so that they can excel at international level. Congratulations to our Sabah athletes, among them are **Gabriel Gilbert Daim** who won the silver medal in Diving Aquatic Sport at the Commonwealth Games; **Abdul Halim Mohammad, Ethan Yin Jun Khoo, and Brenda Anellia Larry** in Swimming Aquatic Sport; as well as **Eddy Bernard** in the Athletics Games who won gold medal in ASEAN Para Games last August. Therefore, the government allocates a total of **RM27.02 million** for sport development expenditures which includes conducting Sports Science study jointly with University Malaysia Sabah (UMS) and related agencies.

62. The State Government also allocates an amount of **RM21.6 million** for repair works of sports complexes including the youth arenas throughout Sabah to ensure that sports facilities and hostels are in good and conducive condition. A total of **RM23 million** is allocated to the **Sabah Sports Board** for administration and maintenance of the existing 16 sports complexes and 5 hostels.

URBAN DEVELOPMENT

Datuk Speaker,

63. The State Government aspires to create a balanced region by reducing urban and town development gap throughout the state by emphasizing on 4 main thrust which are Transforming the Delivery Service of Local Authorities (PBT); Enhance and Sustain the Housing Development Sector; Sustainable and Systematic Land Use Development Planning; and Strengthening the Function and Role of Native Court. Therefore, next year, the State Government allocates a total of **RM204 million** to **Ministry of Local Government and Housing (KKTP)** for the purpose of operation and continuation of existing projects besides implementing various new projects such as upgrading of markets, *tamu* sites and stalls around Beaufort Town, Membakut, Weston as well as Keningau; Developing Seawall in Sandakan; Beaufort Lake Park; and Waste Disposal Sites in Kuala Penyu and Kinabatangan.

64. KKTP will continue to implement Kota Kinabalu Jetty project in phases with an allocation of **RM22.5 million** for year 2023 to provide comfort for local traders and communities in town area. The jetty construction is expected to be completed by year 2024. Besides that, the government will continue to provide grants and development allocations amounting to **RM36.2 million** to **Kota Kinabalu City Hall** to further enhance the management and development in Kota Kinabalu city as the State's capital.

Datuk Speaker,

65. To enhance the people's well-being, KKTP through the **Housing and Urban Development Board (LPPB)** will assist the low and middle-income group to own comfortable houses through development of 175 units of affordable houses project in Kemabong and Melalap in Tenom; Sukau in Kinabatangan and in Beluran district. LPPB is also committed to continue the development agenda of a New Township in Kalabakan, Tongod, Merotai and Sungai Melayu Sebatik which will be the future Border Town that connects Sabah, Malaysia and Indonesia. To ensure the continuous preservation of Native's welfare and customs in the rural area, the Government will continue the development projects of the State's Native Courts in Tamparuli, Sook, Paitan and Pagalungan.

Rural Development

Datuk Speaker,

66. In year 2023, the State Government allocates an amount of **RM212.63 million** to the **Ministry of Rural Development (KPLB)**, District and Sub-District Offices by focusing on poverty eradication programmes as an effort to increase household income for targeted group. KPLB will also continue its effort to improve road connectivity between villages and towns to ensure rural residents are able to get access to basic facilities such as rural roads, community halls, bridges as well as place of worships. The Alternative Rural Electricity Supply Programme and Alternative Rural Water Supply Programme will also continue next year. In addition, the government is also sensitive to the complaints of the poor and hardcore poor who cannot afford to own a house. Hence, an amount of **RM120 million** is allocated next year for the construction of 1,500 units of '*Rumah Mesra SMJ*' especially for these targeted group throughout Sabah.

INFRASTRUCTURE NETWORK AND GREEN SUSTAINABILITY

Infrastructure Development and Utilities

Datuk Speaker,

67. Infrastructure Development enhances the people's standard of living which comprises the development of road network, communication, transportation system, electricity and water supply as well as sewerage system. The **Ministry of Works** responsible for State's infrastructure development will be allocated a sum of **RM1.16 billion** for year 2023.

68. The **Sabah State Water Department** is allocated a total of **RM618.88 million** to implement the management, administration, and maintenance works as well as operations of the department to ensure a safe and continuous supply in terms of water quantity and quality are achieved. The purpose of this allocation is for office operations; repair and maintenance of treatment plants as well as replacement of pumps and motors; maintenance of generators and repair of reticulation pipes; and pipe relocation due to road improvement and expansion. The Water Department will also continue the implementation of various projects under the Treated Water Supply Development Project to meet the needs of the people by phases in a planned manner.

69. The **Public Works Department** is allocated **RM360.19 million** to implement high-impact development projects for roads, bridges, slopes, buildings, traffic management and road safety in urban, rural and small-town areas. Emphasise with problems faced by the people due to natural disasters, hence for next year, allocation is increased to **RM35 million** for the repair of slopes and bridges.

Datuk Speaker,

70. The **Sabah Sewerage Services Department** is allocated **RM90.94 million** for the purpose of operation and maintenance of sewerage services to ensure the

sustainability and cleanliness of urban, small towns and public housing surroundings are maintained. Moreover, the department will also continue to implement various main programmes which includes Kota Kinabalu, Tawau and Small Towns Sewerage Scheme; PBT Sewerage Scheme; and Mechanical and Electrical Programmes.

71. **The Sabah State Railway Department** is allocated **RM68.93 million** for the management of railway service operations including the continuation of projects under the *Sabah Maju Jaya* initiative. The Railway Department will also launch several new services comprising the tourism and recreation sector, as well as increase the frequency of services which are expected to start in phases early next year and at the same time continuing various planned projects.

72. Furthermore, **The Sabah Ports and Harbour Department** is allocated **RM21.88 million** to continue maintenance works for ports throughout Sabah which includes the Government's wharf, barter trade jetty, navigational aid structure, terminal and office building, and vessel traffic control tower as well as to continue Upgrading the Existing Facilities of Menumbok Ferry Terminal project. In addition, the department will implement several development projects in Bakapit Port Limit waters, rivers in Beaufort area and Papar river mouth.

Green Sustainability

Datuk Speaker,

73. The State Government continues to ensure that implementation of social and economic development guarantees sustainable environment for the people's prosperity. The management and environmental governance are in accordance to environmental thematic that consist of land, air, water, biodiversity, and social.

74. In order to mainstream environmental aspects into the planning and development of State's socio-economy, the **Sabah Environmental Protection Department** is allocated **RM6.92 million** to carry out strategies, programmes, and

action plans in accordance with the main elements of Green Sustainability. Efforts to gazette the expansion of marine protected areas will commence next year, which includes Pulau Mengalum, and Pulau Ligitan, as well as the protected land areas such as the Mamut Mining Area in Ranau, Long Pasia Highland in Sipitang, and the forest area along the Keningau-Kimanis reserved road in Papar.

75. The Government will also focus on wildlife conservation aspect. Hence, for year 2023, a total of **RM26.41 million** is allocated to the **Department of Wildlife** for the purpose of operation, enforcement activities and implementation of wildlife awareness and protection programmes besides managing human-wildlife conflict mitigation. Moreover, new initiatives have been introduced such as the establishment of the Rapid Response Team; active approaches in increasing the habitat of elephants in Tawau; and the collaboration between the State Government and the Malaysian Palm Oil Council Green Foundation (MPOCGF) to monitor wildlife population and also to protect the endangered species.

76. The Government allocates **RM118.88 million** to the **Sabah Forestry Department** and **Sabah Biodiversity Centre** that also contributes to nature-based tourism development sector. The Forestry Department will implement 2 new projects which are Sandakan's Pulau Berhala Forest Reserve Eco-Tourism and Management Project, as well as *Kem Cinta Alam* Project in Paitan's Forest Reserve and at the same time continue its existing projects. On the other hand, the Sabah Biodiversity Centre will continue Sabah Atlas Biodiversity development programme; Nomination of the Sukau-Kinabatangan as UNESCO's Reserve Biodiversity Site; and the Study on Sabah State's Biotechnology's Development Roadmap in year 2023.

STATUTORY BODIES AND STATE AGENCIES

Datuk Seri Speaker,

77. 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. Therefore, the Government through

the State Ministry of Finance will ensure that dividend payments as well as interest and loan repayments are on schedule and increasing from time to time. As of November this year, the State Government has received dividends and contributions amounting to **RM92.83 million** and is expected to further increase by end of the year.

78. The State Government would like to congratulate the Statutory Bodies and State Agencies that have recorded profits and paid dividends to the State Government, namely Sawit Kinabalu Berhad, Sabah Electricity Sdn. Bhd., K.K.I.P. Sdn. Bhd., Sabah Energy Corporation Sdn. Bhd., Progressive Insurance Berhad, Felda Global Ventures Holdings Bhd, Petronas Dagangan Berhad, Keningau Agro-Venture Sdn. Bhd. and Suria Capital Holdings Berhad as well as contributions from Sabah Rubber Industry Board and Rural Development Corporation.

Datuk Speaker,

79. The State Government's prospects in the oil and gas industry are progressing positively and are expected to bring higher returns in line with its efforts to explore potential in natural gas industry chain. This will provide better economic returns for the State, thus enabling the State to achieve not only greater revenue sharing but also greater participation and greater say in oil and gas related matter through joint collaborations between Petronas and State Government-Linked Companies. To date, the State Government has received an additional revenue of **RM202 million** with the increase of equity holding to 10 per cent in PETRONAS LNG9 Sdn Bhd. Whilst, with the transitioning of Petronas upstream gas assets, and acquisition of gas contracts through Commercial Collaboration Agreement (CCA), has made a State Agency the largest domestic supplier and transporter of natural gas in Malaysia by providing 250 million standard cubic feet per day of natural gas to Independent Power Producer (IPPs) and Non-Power Sector.

80. Petronas has also agreed to increase its total contract value to qualified local contractors more than 10 per cent or an estimated RM300 million annually in year 2020-2022, and to be further doubled in year 2023, and tripled in year 2024. With

efforts to involve Sabahans in the oil and gas field, a framework is being prepared to increase the involvement of local workers which is expected to be completed by the end of this year.

81. Besides that, to ensure the state continues to generate income, the process of negotiation involving Sabah-based oil and gas development is in the final stage. SMJ Sdn. Bhd., a State's wholly owned company which was incorporated after the signing of CCA end of last year, is now fully assisting the State Government in a series of key negotiations with Petronas on a number of assets and projects from upstream activities as well as Liquefied Natural Gas (LNG) and Petrochemical. Detailed announcement will be made in due course after the completion of the acquisition agreement.

STATE PUBLIC SERVICE

Datuk Speaker,

82. To strengthen the public services, State Government agencies have implemented various measures to improve the Government service delivery system through digitalisation in order to reduce bureaucratic processes and to improve the capacity of public sector institutions. The capacity building efforts need to be continuously improved to ensure that civil servants are able to mobilize and drive the State's development agenda. For this purpose, a total of **RM12.83 million** is allocated next year to all ministries and departments for Human Resource Development Programme. In addition, the State Government also provides an allocation of **RM7.5 million** for State Government officials' scholarships and training expenses locally and abroad.

83. The Government pays great attention about the welfare of civil servants. The efficiency of civil servants in carrying out their undivided commitments and responsibilities that contribute to the State's development is highly appreciated. Therefore, in the 2023 Budget, the Government has agreed to provide Special Financial Assistance of **half a month's salary** with a **minimum amount of RM1,000**

to a total of 20,271 state civil servants which will be paid in January 2023. It is hoped this Special Financial Assistance will ease children's school expenses and for Chinese New Year celebration. In addition, special aid of **RM500.00** to celebrate Hari Raya Aidilfitri and the Kaamatan will be given and paid in April 2023. With these incentives, I hope that the civil servants can work more diligently and efficiently to ensure the quality of service to the people improves.

CLOSING

Datuk Speaker,

84. The 15th General Election has ended without any untoward incident, Alhamdulillah. I would like to take this opportunity to congratulate YAB Dato' Seri Anwar bin Ibrahim on his appointment as the 10th Prime Minister of Malaysia. May the existing positive connection between the State and Federal Government be strengthened for people's prosperity and well-being. I would also like to express my gratitude to the Election Commission and electoral officials as well as security forces who worked hard to ensure the election process went smoothly.

85. Now that the General Election is over, the State Government needs to focus on managing and administering the State, in accordance with the mandate and trust given by the people in the last 16th State Election. The 5-year period given to the GRS-BN Government still has 3 more years to implement what has been promised, especially planned development in accordance with the *Sabah Maju Jaya* Roadmap which is the State development policy. The SMJ Roadmap, the pillar in prospering our beloved State of Sabah, is bearing positive result, and even the motto "*Sabah Maju Jaya*", is becoming more and more popular, although there are times when this motto is manipulated by a few parties to criticise the Government.

86. Whatever form of sarcasm or slanderous words thrown at the Government, it never diminishes our commitment to double our efforts to implement development programmes in the next 3 years, and the years to come, Insha Allah, for the State's

development and people's prosperity. Indeed, this is our aspiration, an advanced, rapidly developing, peaceful and prosperous State.

87. The task and responsibility of prospering the state and the people is not easy. Looking at the current situation with the uncertain political situation and sluggish economic climate, we are always faced with various obstacles and challenges in carrying out the duties and responsibilities entrusted to us. Persistence and self-reliance alone are not enough for us to make changes or create success. Once again, I emphasise the struggle to govern the state is not an easy matter. Various tribulations must be endured and overcome with patience and wisdom, and more importantly, we have political will, to make holistic changes and development to our beloved state!

Datuk Speaker,

88. *Adat bernegara; tanahair dijaga. Adat berkerajaan; negeri dan rakyat diutamakan. Adat berkuasa; kuasa dijunjung dengan penuh amanah dan saksama. Adat berbakti; niat dikunci dengan hati yang suci, dan adat berjuang; jiwa dan raga menjadi taruhan.*

89. Eventhough the global political and economic situation is predicted to be uncertain throughout year 2023, the State Government will continue to heighten its efforts and determined to ensure that the State's economy and development are driven and intensified. For that, various activities will be implemented to boost the economic growth in line with the State's revenue performance. I am pleased to inform that next year the allocation for the Government Assemblymen will be increased to **RM3 million** with the distribution of RM2.5 million for the implementation of minor projects in their respective constituencies and RM500 thousand for *Sentuhan Kasih*. I sincerely hope that all Assemblymen will use this provision wisely and fairly for the development of respective contituencies.

90. Let us together support the 2023 Budget for the continuous development and progress of our beloved State. With this 2023 Budget, may the State's economy strive for a better future, a sustainable economy and further ensuring Sabahan's prosperity.

*Bunga Cempaka di dalam pasu
Tumbuh subur kerana baja
Bajet dirangka berhala tuju
Negeri makmur matlamat kita*

*Kalau bercuti ke Pantai Timur
Jangan lupa rantai Mutiara
Jika negeri maju dan Makmur
Hidup rakyat pasti sejahtera*

91. Last but not least, to all Christian Assemblymen and Sabahans, Merry Christmas and to all the beloved people of Sabah, Happy New Year 2023. May our beloved state continue to be peaceful, progressive, and prosperous.

Datuk Speaker,
I beg to propose.