

# **THE 2013 BUDGET SPEECH**

**BY**

**THE RIGHT HONOURABLE**

**DATUK SERI PANGLIMA MUSA HAJI AMAN**

**CHIEF MINISTER AND MINISTER OF FINANCE**

**AT THE STATE LEGISLATIVE ASSEMBLY**

**ON 19 OCTOBER 2012 (FRIDAY)**

**“CONSOLIDATED EFFORTS TOWARDS  
CONTINUOUS PROSPERITY OF THE PEOPLE”**

Bismillahir Rahmannir Rahim,

Mr. Speaker,

01. I beg to propose the State Budget for the year 2013 for the approval of this August House.

## **FOREWORD**

02. Alhamdulillah, praise and thanks be to Allah SWT for with His blessings and grace, I am able to carry out the trust and responsibility to table in this August House the State Budget for the year 2013.

Mr. Speaker,

03. As we all know, the National Budget that was recently tabled on 28 September 2012 provides a range of benefits to all levels of society. Without exception, Sabah too, has been given focus through strategies and specific allocation to further enhance the development and progress of our State. With this, on behalf of the State Barisan Nasional Government, I would like to profoundly thank the Federal Government under the leadership of our beloved The Right Honourable Prime Minister and Finance Minister, Datuk Seri Panglima Mohd. Najib Tun Abdul Razak, for all the assistance rendered to us all these years. The large amount of allocation provided to the State through the 2013 National Budget as well as from previous years' budget is indeed very significant to the people of Sabah which enable them to enjoy continuous development as always advocated by the Barisan Nasional Government.

04. Sabah, the blessed land inherited from generations past, not only known for its diversity and unity among its various races and ethnic groups, but also renowned for its rich natural endowments which are unique and attractive. With its distinctive beauty, Sabah, synonymous with lush tropical forests, deep blue seas, beautiful islands, is also renowned for its majestic Mount Kinabalu. Above all, Sabah is known for its people's rich culture, customs, hospitality, unity and courtesy.

05. Peace, harmony and tolerance are traits unique to the people of Sabah which can be seen as an advantage that we can be proud of. These are among factors that contribute towards the State's prosperity and progress. With vigorous development currently taking place, the State and Federal Governments will together continue to intensify their efforts in planning to further enhance the development and quality of life of the people of our beloved State.

Mr. Speaker,

06. Indeed, the Government is always concerned and in setting targets for planned development programmes, the people's interest has always been its priority. Likewise, implementing programmes in a transparent, efficient and effective way that bring benefits to the people is the State Government's main agenda. Abundant natural resources complemented by *Dasar Halatuju* and Government development policies, enable us to plan strategically in line with the State Government's vision and mission. With strong Consolidated Revenue Account of more than RM3 billion, the highest revenue collection of RM4.369 billion in 2011 and backed by efficient public administrative machinery allowed us to continuously raise and sustain the level of development. The State's capacity to spend its

budget will ensure that all planned programmes and projects can be implemented effectively for the benefit of the people. This was proven in year 2011 whereby the State Government managed to spend the highest expenditure ever recorded amounting to RM4.4 billion. This is Barisan Nasional Government's excellent achievement proving its strong commitment to *"People First, Performance Now"*. Thus, with the above background, the budget that I am about to table now is to ensure continued prosperity and well-being which we have been enjoying so far, insyaAllah.

Mr. Speaker,

## **WORLD ECONOMY**

07. World economic growth rate is expected to rise from 3.5 percent in 2012 to 3.9 percent in 2013. The United States economy is expected to grow by 2.3 percent in 2013 compared with 2 percent in 2012. Due to the debt crisis in several European Union countries, the economic growth rate of European Union as a whole is forecast to be stagnant for most of 2012, and is likely improve to 0.7 percent in 2013.

08. Japan's economic growth is expected to moderate from 2.4 percent in 2012 to 1.5 percent in 2013. As a whole, the economies of developed countries can be expected to improve from 1.4 percent in 2012 to 1.9 percent in 2013. This is due to quantitative easing measures and liberal monetary policies pursued by some countries.

09. Newly emerging economies are expected to grow at 5.9 percent in 2013, improving from 5.6 percent in 2012. In the case of China, its

economy is projected to increase from 8 percent in 2012 to 8.5 percent in 2013. Meanwhile, India's economic growth rate is expected to increase from 6.1 percent in 2012 to 6.5 percent in 2013. The economic growth for the ASEAN 5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam) is forecast at 6.1 percent in 2013, improving from 5.4 percent in 2012.

Mr. Speaker,

## **NATIONAL ECONOMY**

10. As an open economy, Malaysia is influenced by the uncertainties and the challenges of the global economy. However, Malaysia is able to achieve further progress towards becoming a high income nation by the year 2020. The economic growth in Malaysia is expected to grow at a rate of 4.5 to 5 percent for 2012. This increase was due to stable performance by all sectors except for agriculture. The construction sector is a key sector that drives the growth of the Malaysian economy with a growth rate of 15.5 percent, followed by the manufacturing and services sector which is expected to grow respectively by 5.5 percent and 4.2 percent for 2012. This has increased the confidence of foreign investors for Malaysia with foreign direct investment of RM13.6 billion in the first quarter of this year.

11. National economy is expected to strengthen with a projected growth of between 4.5 percent to 5.5 percent in 2013. National economic growth was driven by an increase of 13.3 percent for private investment and private consumption by 5.7 percent. Unemployment rate is also expected to reduce from 3.1 percent in 2012 to 3 percent in 2013.

Emphasis will be given to several efforts, including boosting investment activities, intensifying innovation and increasing productivity, advancing education and training as well as enhancing quality of life.

Mr. Speaker,

## **STATE ECONOMY**

12. Being a trade-oriented economy driven by its exports, the State's economy is dependent on its exports of palm oil and crude petroleum which accounts for about 70 percent of the State's exports. On food and energy sector, demand for these commodities is expected to remain stable amid sluggish growth attributed to the global economic slowdown. Growths in State's major exporting countries, namely China, Australia and India, are anticipated to remain relatively stable. For the first five months of this year, the State's exports continue to grow by 7.2 percent to reach RM20.7 billion while imports grew substantially by 30 percent to reach RM16 billion. Imports of machinery and transport equipment as well as manufactured goods grew by 45 percent and 65 percent respectively. The high growth is reflective of the substantial investment by private sector amounting to RM10 billion in the first quarter of this year, which is also the highest in Malaysia. In the first seven months of this year, approved manufacturing investment was RM5.7 billion. Major portion of this investment is contributed by PETRONAS through Sabah Ammonia Urea project (SAMUR). Investment in the Sabah Development Corridor has also become more active with cumulative investment of RM9.43 billion as at July 2012 which was realized through Entry Point Projects (EPPs).

Mr. Speaker,

13. Based on projection, the State's future economic scenario has a good and bright prospect whereby a few high impact Public Private Partnership funded projects are expected to play important catalysts in generating the State's economic growth. Presently, there are already numerous high impact projects in the pipeline covering many sectors including the oil and gas sector, energy sector, tourism sector, agriculture sector and high end integrated property development sector. At the same time, with the implementation of various programmes including the Government Transformation Programme (GTP), Economic Transformation Programme (ETP), Rural Transformation Programme (RTP) as well as the many initiatives as announced in the Federal Budget 2013, these will further boost the State's economy.

14. While growth from the external sector is anticipated to moderate amid global economic challenges, the State's economy is envisaged to remain stable supported by vibrant private and public investment as well as domestic consumption. Thus, the State's economy is projected to grow between 5 to 6 percent in 2013.

## **STATE FINANCIAL PERFORMANCE**

Mr. Speaker,

15. The State's resources and financial expenditure are managed in a prudent, effective and efficient manner in accordance to established financial regulations. Hence, the Auditor General has acknowledged Sabah as one of the states with the best record in financial management

and once again, for the financial year 2011, the State was conferred with an “Unqualified Certificate” (Clean Bill) for the 12<sup>th</sup> consecutive year.

16. Departments and agencies which achieved a four-star rating under the Accountability Index have increased twofold for the year 2011. This indicates that more departments/agencies have adopted excellent and proper financial management system. I am pleased to inform this August House that the six departments/agencies which have been rated four-star in 2011 are as follows:

- (i) State Secretary’s Office;
- (ii) State Public Service Department;
- (iii) State Treasury Department;
- (iv) Government Printing Department;
- (v) Kudat Town Board; and
- (vi) Korporasi Pembangunan Desa.

Well done and congratulations to these departments/agencies. Indeed, they would serve as the role model for other departments and agencies to emulate and further improve their respective financial management.

17. As I have stated earlier, Sabah is endowed with various natural resources such as mineral resources, biodiversity of agriculture land and cultural heritage which form the backbone of the State economic growth. Based on this and strong fiscal position as well as revenue-adjustment capacity, RAM Rating Services Berhad once again reaffirmed “AAA” rating of the State for four consecutive years. Meanwhile, the State budget management and preparation process has also once again received MS-ISO 9001:2008 certification by Moody International for



proper and procedural compliance in year 2012 making it an excellent achievement four years in a row.

18. With these recognitions and excellent track records, we must continue to drive the economy to a higher level for the benefit of all, irrespective of race, religion, age, gender, status, sector and region.

## **2013 BUDGET OBJECTIVES AND STRATEGIES**

Mr. Speaker,

19. In order to ensure our goal of providing peace and prosperity to the State and the people through Budget 2013, I request all ministries and departments to manage and implement the 2013 Budget efficiently to achieve the following key objectives:-

- (i) To strengthen the State financial position;
- (ii) To improve basic infrastructure and public amenities;
- (iii) To accelerate the achievement of *Halatuju*;
- (iv) To develop valuable and high quality youth and human capital;
- (v) To eradicate poverty and improve the quality of life of the people; and
- (vi) To achieve balanced regional development.

## STATE REVENUE

Mr. Speaker,

20. For the year 2013, the State revenue is estimated at RM3.828 billion indicating an increase of 3.73 percent compared to this year's original estimate of RM3.69 billion. Considering that the average State revenue over the past three years (2009-2011) was about RM3.8 billion per year, the State Government is confident that the revenue target for next year is reasonable and can be realized. As such, the Government does not intend to introduce new taxes or increase existing tax rates.

21. Based on collection performance of the State revenue thus far, the estimate for 2012 is revised to RM4.022 billion, an increase of 8.97 percent compared to the original estimate. Petroleum Royalty which is one of the major sources of State revenue recorded a collection of RM941.25 million as compared to the original estimate of RM774.6 million. Besides that, several revenue sources are projected to contribute more than their original estimates such as collection on Sales Tax, Land, Receipts from District Offices and Federal Grants. If this trend continues, we are fully confident that the State Government will continue to enjoy revenue collection at the RM4 billion level.

22. For the information of this August House, the State Revenue is classified into three categories which are Tax Revenue, Non-Tax Revenue and Other Receipts. The Tax Revenue is expected to contribute a total of RM1.225 billion or 32 percent. The main source in this category is the Sales Tax on Crude Palm Oil which is expected to contribute RM1.05 billion or 27.43 percent of the total State income for

year 2013. The Non-Tax Revenue is estimated at RM2.26 billion or 59 percent. The two major contributors in this category are the Petroleum Royalty with an estimate of RM1 billion or 26.2 percent, and Interests and Proceeds from Investment with an estimate of RM691.56 million or 18.06 percent of the total income. The remainder of RM343.28 million or 9 percent is from the Other Receipts category which consists mostly of grants and contributions from the Federal Government.

Mr. Speaker,

23. Since 2008, major contributors to the State revenue are Sales Tax on Crude Palm Oil and Petroleum Royalty both of which are expected to contribute 51.33 percent and 53.63 percent respectively for this year and next year. Meanwhile, efforts by the State Government to focus more on its investments so as not to be too dependent on these two sources seem to be bearing fruits. The State Government recorded receipts of RM928.03 million in the year 2011 through "Interest and Proceeds from Investment" whereas for this year, the amount from this source is expected to be in the region of RM820 million followed by an estimate of RM691.56 million for the year 2013.

### **2013 BUDGET THEME “CONSOLIDATED EFFORTS TOWARDS CONTINUOUS PROSPERITY OF THE PEOPLE”**

Mr. Speaker,

24. The continuity in development efforts made through past years' budgets has resulted in Sabah being more prosperous and the quality of life as well as the well-being of the people have improved tremendously.

With projected revenue of RM3.828 billion for the year 2013 which is the highest estimates recorded in the history of the State budget preparation, coupled with our strong Consolidated Revenue Account of more than RM3 billion, the State is prepared to go for a bigger budget. For whom are all these efforts if not for the beloved people of Sabah!

Mr. Speaker,

**25. The State's development momentum must not only be maintained but ought to be intensified. Therefore, the State Barisan Nasional Government has provided a higher allocation for the year 2013 as compared to 2012 Budget. The 2013 Budget Strategy has been planned and formulated with emphasis on efforts that will ensure continuous prosperity and people's well-being. Thus, Mr. Speaker, in line with the 2013 Budget theme, "Consolidated Efforts Towards Continuous Prosperity Of The People", allow me to present the Supply Expenditure for the year 2013 which is the biggest in the State's budget financial history totaling RM4.088 billion!**

## **2013 SUPPLY AND DEVELOPMENT ESTIMATES**

### **SUPPLY ESTIMATES**

Mr. Speaker,

26. Emoluments estimates proposed for the year 2013 is RM663.17 million, an increase of RM39.51 million or 6.34 percent compared to

RM623.66 million in 2012. The increase is attributed to the adjustments of State's civil servants salary implemented in 2012.

27. A total of RM1,087.93 million is proposed for recurrent expenditures for 2013. This represents a reduction by RM32.92 million or 2.94 percent as compared to RM1,120.85 million for year 2012. The reduction is due to prudent spending and efficient expenditure management.

28. For special expenditures, a total of RM2,337.38 million is proposed in 2013, an increase of RM33.61 million or 1.46 percent compared to RM2,303.77 million for 2012. The increase among others is due to increase in contribution to development fund from RM500 million in 2012 to RM800 million in 2013. This is the largest contribution ever made by the State Government.

## **DEVELOPMENT ESTIMATES**

Mr. Speaker,

29. As I have stated earlier, while sustaining the State development momentum, at the same time, we must also strive to intensify it. Accordingly, a total of RM2.42 billion is provided for development expenditures for the year 2013. These estimates involved State Fund amounting to RM 1 billion, and RM1.42 billion contribution from the Federal Government.

30. Contribution from the Federal Government consists of Federal reimbursable grants totaling RM35.4 million, Federal loans RM186.07

million, and Federal direct grants amounting to RM1.19 billion. On behalf of the State Government, I would like to take this opportunity to express our sincere gratitude to the Federal Government for their contribution.

Mr. Speaker,

31. The bulk of the development estimates in 2013 amounting to RM2.07 billion or 85.71 percent of the total amount is allocated to the economic sector of which among them is for public utilities totaling RM988.23 million, RM763.7 million for infrastructure and communication, and RM234.9 million for agricultural and land development.

32. Out of the RM988.23 million allocated for public utilities, RM480.67 million is for water supplies, RM400 million for rural electrification, and RM95.56 million for sewerage projects. The balance of RM12 million is for capital contribution related to water and electricity projects.

Mr. Speaker,

33. Infrastructure and transportation are provided an allocation of RM763.7 million. Out of this sum, RM742.95 million is for roads and bridges, RM13.5 million for ports and harbours, and RM7.25 million for railways.

34. Among the major programmes provided under agriculture and land development are drainage and irrigation amounting to RM72.72 million, agriculture extension projects RM42.06 million, and veterinary services RM34.87 million.

35. A sum of RM291.16 million or 12.03 percent of the total 2013 development expenditures estimates is appropriated for the social sector. Of this amount, a sum of RM181.92 million is for community and rural development. This fund will be managed by the Ministry of Rural Development and the Chief Minister's Department. Another sum of RM71.66 million is allocated for the construction and upgrading of religious buildings, sport complexes and cultural centers.

36. The general administration sector is provided a sum of RM29.75 million or 1.23 percent of the development expenditures which is mainly to finance projects undertaken by the Land and Survey Department, and for construction of government buildings.

37. In line with their individual roles, responsibilities and functions as the Government's main implementing agencies, the distribution of the proposed 2013 Supply and Development budget by Ministries are as follows:

Ministry	Distribution	
	Supply (RM million)	Development (RM million)
Ministry of Finance	1,873.57	27.00
Ministry of Infrastructure Development	716.50	368.51
Chief Minister's Department	443.97	203.43
Ministry of Agriculture and Food Industry	306.88	156.13
Ministry of Social Development and Consumer Affairs	139.49	8.50
Ministry of Tourism, Culture and Environment	108.25	17.53
Ministry of Local Government and Housing	87.92	32.20
Ministry of Resource Development and Information Technology	87.89	6.93
Ministry of Rural Development	68.00	103.92
Ministry of Youth and Sports	58.34	29.60
Ministry of Industrial Development	10.38	21.26
Expenditure not included in Ministerial Portfolios	23.63	
Charge Expenditure	143.66	
Contingency Reserves		25.00
<b>Total</b>	<b>4,088.48</b>	<b>1,000.01</b>

## ALLOCATION BY SECTOR

Mr. Speaker,

38. The 2013 Budget will continue to focus and give priority to programmes aimed at prospering the State and ensuring the well-being of the people. These programmes include infrastructure development, provision of basic amenities and implementation of the State's *Halatuju* which includes agriculture, tourism and manufacturing, rural development programmes (eradication of poverty), human capital development and general welfare programmes.



## **Infrastructure and Public Amenities Development**

Mr. Speaker,

39. Fund amounting to RM1.412 billion is allocated for various infrastructure development programmes and public amenities that provide maximum impact towards uplifting the quality of life of the people, particularly to rural folks thus reducing the gap between urban and rural development.

40. Infrastructure development programmes and public amenities including road projects that provide basic facilities for identified areas can spur socio-economic advancement, besides improving accessibility in remote areas. Water supply facilities will also be upgraded to meet increasing demands, besides overcoming water supply problems in various areas in Sabah. Efforts will also be taken to upgrade maritime infrastructure development, both in the preparation of public maritime and fully equipped cargo loading facilities at the main ports in Sabah. This focus is consistent with the aspiration to enable ports in the State to be competitive among ports within the Asian region. Train services will be further upgraded to provide a modern and more comfortable alternative mode of transportation.

## **Manufacturing Sector Development**

Mr. Speaker,

41. The 2013 Budget will provide an allocation amounting to RM97.27 million to fund efforts that will spur the growth of State manufacturing

sector. These include provision of basic supporting manufacturing infrastructures in existing industrial areas such as Kota Kinabalu Industrial Park (KKIP), Palm Oil Industrial Cluster (POIC) in Lahad Datu and Sandakan and also Sipitang Oil and Gas Industrial Park (SOGIP). I am pleased to announce that from January to June 2012, 24 manufacturing companies were approved with a total investment value amounting to RM4.86 billion, creating 1,765 job opportunities. Out of this investment value, RM4.69 billion is from domestic investment and RM177.44 million is from foreign investment.

### **Agriculture Sector Development**

Mr. Speaker,

42. The State Barisan Nasional Government is deeply committed to strengthen the State agriculture sector. The Ministry of Agriculture and Food Industry (MAFI) as a catalyst for agriculture sector development, shoulders heavy responsibilities to ensure the continuity of agriculture development projects implemented by the Ministry through its departments and agencies.

43. Implementation of agriculture development programmes that will increase productivity in agricultural commodities, self-sufficiency in food production and market shares in domestic and international market, will be continued. These include agricultural programmes that can increase production of value added products, new products, farmers productivity, efficiency and skills, innovation programme and product processing, as well as exports in food products and reduction in its imports. At the same time, agricultural programme that has been implemented is expected to

encourage private sector's participation and produce competitive entrepreneurs at the global level.

44. A total of RM375.58 million is allocated for agricultural sector development that includes fishery, livestock and irrigation. Of that amount, RM185.91 million is allocated for supply expenditure and RM189.67 million is provided for development programme. With the above allocation complemented by concerted efforts by MAFI and its department/agencies, the Government is confident that the State agriculture sector will continue to be vibrant, commercially oriented and competitive that would guarantee the sustainability of the State food supply. This effort is further complemented with programmes funded by the Federal Government such as the establishment of a 'rice bowl' in Kota Belud as announced by The Right Honourable Prime Minister in the National Budget recently.

### **Tourism Sector Development**

Mr. Speaker,

45. Tourism sector will continue to play an important role as one of the main contributors to the State economy. For the year 2012, Sabah targeted the arrival of 2.93 million visitors with an estimated receipt of RM5.191 billion. The total arrival of visitors to Sabah for the period from January to June 2012 was 1,372,525 persons. This represents a positive increase of 1.7 percent compared to the same period last year with an estimated receipt from tourism sector amounting to RM1.088 billion. With this encouraging growth, we are confident that the target of tourist arrival for this year will be achieved.

46. For the year 2013, Sabah is targeting the arrival of 3.105 million visitors with an estimated receipt of RM5.51 billion. To achieve this, the Government will continue to encourage airline companies to increase air accessibility networks by increasing international flights to Sabah be it direct, scheduled chartered or chartered flights.

47. As a result of continued efforts by Sabah Tourism Board (STB), Sabah now has 116 direct international flights with a capacity of 16,210 seats per week that connect Sabah with destinations such as Brunei, Hong Kong, Shenzhen, Jakarta, Manila, Clark, Singapore, Seoul, Taipei and Tarakan which are serviced by airline companies namely Malaysia Airlines (MAS), Air Asia, Royal Brunei Airlines, Dragon Air, Silk Air, Cebu Pacific, Eastar Jet, Aseana, Korean Air, Tiger Air and MASwings.

## **Environment Conservation**

Mr. Speaker,

48. As a rapidly developing State, we must be conscious and concerned about environmental protection and ensure that these aspects are fully taken into consideration and integrated in development planning and exploitation of natural resources in line with sustainable development principles. This is crucial as our natural environment is not only an asset to the tourism sector but it also supports other economic sectors such as agriculture and manufacturing in achieving the State's continuous stability and prosperity. The Government will also continue to take appropriate steps or actions to protect the environment and natural resources of Sabah. The Government efforts to preserve and protect the beauty of our forest heritage and environment have attracted many

tourists and researchers including renowned visitors. More recently, the State Government is proud to have been given the honour of hosting the British royal couple, Prince William and Kate Middleton who visited Danum Valley in Lahad Datu. The royal couple reportedly was very impressed with the beauty of nature and the conservation efforts that have been carried out and currently undertaken by the Government to conserve tropical rainforest through the State Forestry Department in collaboration with the Royal Society of London, United Kingdom. Indeed, the Royal visit has affirmed Sabah's position in the global map as a world-class tourist destination.

### **Cultural Development**

49. Culture is an important component in molding personality and civilization which also plays a role in forging unity, building character that appreciates cultural arts as well as national heritage. As such, efforts on conservation and preservation of cultural heritage will be further strengthened. With that, the Government through the Ministry of Tourism, Culture and Environment together with its departments and agencies such as Sabah Museum Department and Sabah Cultural Board will continue to protect, preserve and conserve cultural heritage, history and civilization as well as inculcate positive values of Sabah ethnic culture to the general public especially the young generation.

50. In strengthening tourism sector, cultural development and environmental conservation, the 2013 Budget allocates RM159.13 million of which RM141.6 million is for supply expenditure and RM17.53 million for development programmes that will be distributed to Ministry of

Tourism, Culture and Environment and its six (6) agencies as well as to the Forestry Department and Sabah Biodiversity Centre.

### **Uplifting the Standard of Living of the Rural Households and Eradication of Hardcore Poverty**

Mr. Speaker,

51. Agenda on poverty eradication will be continued under the Third Rolling Plan of 10th Malaysian Plan. In the 2013 Budget, an allocation amounting to RM202.12 million is provided to implement poverty eradication programmes with the target of achieving zero hardcore poverty and reduction in relative poverty.

52. I am pleased to report that hardcore poverty eradication programmes such as Mini Estet Sejahtera (MESEJ) which is implemented by the Ministry of Rural Development and PPRT Plantations, a joint-venture programme between the State Government and Sawit Kinabalu Group which was introduced several years back, has shown notable impact and is now bearing fruits.

53. Participants of Tongod and Kalabakan PPRT Plantations which comprised of 1,167 heads of hardcore poor family (KIRMT) are receiving monthly dividends of RM400 as an additional income that immediately relieved them from the shackles of hardcore poverty.

54. MESEJ in Sungai Laba, Pulau Sebatik at Tawau District and MESEJ Bunang 1 at Keningau District are generating income since 2011. MESEJ Bunang 2 (Liawan) in Keningau; MESEJ Labang in

Nabawan and MESEJ Balat in Kinabatangan are expected to generate income soon. In view of its effectiveness as a mechanism to improve the people's well-being especially KIRMT, the Government will continue to give priority to this programme. In 2013, 4 new MESEJ, one each in the district of Beaufort, Kinabatangan, Kota Belud and sub-district of Membakut will be implemented in addition to the 44 existing MESEJ.

55. In addition to the poverty eradication programmes that I mentioned earlier, the Government through Yayasan Usaha Maju (YUM) provides loans to the poor, vulnerable and hardcore poor comprising mostly of women. Loan facilities are given to carry out entrepreneurial activities in sectors such as the agriculture, livestock, fisheries, retail, processing, handicrafts, tailoring and services. Thus far, YUM has disbursed loans to a total of 22,861 women, including single mothers, involving a total of RM149 million loans with a repayment rate of 95 percent. For this, I would like to say well done to them. YUM will continue to assist women entrepreneurs with the targeted disbursement of RM40 million loans next year that will be utilized by about 10,000 borrowers. To enable YUM to expand its operation, under the 2013 Budget, a grant of RM7.5 million is proposed to be extended to YUM.

56. The Government is confident that with the implementation of various poverty eradication programmes complemented with similar programmes by the Federal Government in the State, poverty problems particularly hardcore poverty in Sabah will be addressed effectively.

## **Human Capital and ICT Development**

Mr. Speaker,

### **Human Capital**

57. The Government pays special attention to human capital development. Quality, trained and skilled human capital is very important to ensure that the pace of the State's development will proceed smoothly. Thus, in 2013, the Government will allocate a total of RM261.27 million to implement training programmes to cater for all levels of society, especially for the youth. The second phase of study on Sabah Manpower Planning Requirement 2010-2025 will be implemented to stimulate competent human capital development that fulfills industry's needs and the State's development.

58. In cultivating reading habits among all levels of society, the Government will continue to intensify and strengthen the implementation of programmes and activities to improve the quality of services relating to knowledge. A total of RM18.9 million will be allocated to the Sabah State Library Department to enhance and improve its library collections so as to meet information needs.

59. The Government will also build new library buildings in Tambunan and Kota Kinabalu next year. The proposed construction of the new modern Kota Kinabalu Regional Library, which is characterized by green and user-friendly technology is estimated to cost around RM40 million. The construction is jointly funded by the Government and the water concession company, Lahad Datu Water Supply Sdn. Bhd. as part of its



corporate social responsibility (CSR). The library is located adjacent to the Tanjung Aru Perdana Park which does not only provide recreational and knowledge facilities to the local community but will also become a favourite destination for tourists.

60. As we are aware, the Ministry of Higher Education provides text book assistance scheme for academic subjects in all primary and secondary schools. In view of the fact that Islamic religious schools which are administered by the State Government are not included in this scheme, hence, under the 2013 Budget, I propose an allocation of RM3.625 million to purchase text books for Islamic religious schools in Sabah. Apart from that, the Government will also study the problem regarding the shortage of religious teachers for Islamic religious schools in Sabah.

### **ICT Development**

Mr. Speaker,

61. A sum of RM73.49 million will be allocated for ICT development in 2013. Emphasis will continue to be given in improving the quality of information services in line with current technology advancement specifically to meet and satisfy the demands of society for fast and efficient information and knowledge. With an allocation of RM28 million, the Government will continue in its efforts to bridge the digital divide between urban and rural areas by organizing training and ICT courses; programmes to empower Technopreneurs and Creative Arama-IT programmes in all districts. A preliminary study will also be conducted to create Knowledge Park. In addition, efforts to upgrade the Sabah.Net

network to all government offices throughout the State will continue. Hence, a sum of RM29.5 million will be allocated to implement E-government programmes.

## **Youth and Sports Development**

*Negeri Sabah aman sentosa  
Masyarakat hidup seja sekata  
Belia progresif harapan bangsa  
Mereka pewaris negeri tercinta*

Mr. Speaker,

62. A sum of RM80.07 million is allocated for youth and sports development programmes under the Ministry of Youth and Sports. By focusing on the development of sports for all and the development of high performance sports, the main thrusts in attaining excellence in sports are: active involvement of the State level sports associations; strengthening of high performance sports; sports industry development; developing sports coaching and officiating skills, as well as provision of sports facilities and equipments. This is in line with the expectation of the Government to create a generation that consists of athletes who are able to bring honour to the State and the nation at the national as well as international level.

Mr. Speaker,

63. The Government realizes the fact that youths are the most important asset and successors as future leaders. Youths are the largest group with the potential to propel growth and prosperity of the State in particular and the nation in general. Thus, we have a responsibility to provide a platform and solid foundation as well as a conducive environment that will spur the transformation of youth development and human capital with the right mindset. An allocation of RM14.46 million is provided to the Ministry of Youth and Sports especially for the implementation of youth development programmes in 2013 such as Leadership Development Programmes, Skills and Entrepreneurship Development Programmes; Collaboration and Social and Solidarity Development Programmes. The Government will also provide a sum of RM240.68 million for the implementation of various programmes involving youths to be implemented by various ministries and departments such as the Ministry of Resource Development and Information Technology, Human Resource Development Department and others.

### **Social and Welfare Development**

Mr. Speaker,

64. The Government is also committed to ease the burden of the people. Thus, a sum of RM87.05 million will be allocated to fund Social and Welfare Development programmes as well as implementation of various assistance schemes for the people. Of this amount, a total of RM57.95 million will be channeled to the Sabah Welfare Services

Department to implement various programmes such as the General Assistance Scheme, Orphans Assistance Scheme, assistance to the disabled (OKU), orthopedic equipments assistance, donation fund and maintenance for old folk's homes.

Mr. Speaker,

### **Women Development**

*Bersukaria di kebun nyonya  
Bawa sejambak bunga Melati  
Golongan wanita apa kurangnya  
Sentiasa menyumbang menabur bakti*

65. Women's contribution has significant impact on various aspects of the State development. As an important source of human capital, the Government is committed to empower women encompassing all groups including single mothers, working mothers, housewives and students. Through existing machinery, including women organizations and associations, various programmes have been planned for implementation to enable women to participate actively in the State development and economic growth. A sum of RM10.96 million is allocated to implement women development programmes. Programmes on leadership, entrepreneurship, knowledge and legal matters will continue to be implemented besides strengthening the health and socio-economic development of women. The Government has provided various forms of support in terms of financial and counseling assistance, by providing business facilities and safeguarding women's welfare.

## **Local Authorities**

Mr. Speaker,

66. In this 2013 Budget, RM109.08 million is allocated to local authorities. Of this amount, RM76.88 million is for supply expenditure and RM32.2 million is for development programme. The Government will ensure that the allocation will be prudently utilized and by focusing on six main strategies which are: to intensify development and provision of infrastructure and basic amenities; to enhance socio-economic programme for the under-privileged; to uphold and strengthen Native Court Institution; to provide housing programmes for the low income group; and to develop new township in various districts.

67. The Government will also review the effectiveness and update the Sabah Structure Plan 2020 as an instrument to guide the State development direction at macro level as well as to prepare and implement policy and strategy regarding Zone Management. This is to ensure natural habitats and treasures along the coastlines and throughout the State are constantly protected and preserved.

## **State Statutory Bodies, Agencies and Government Linked Companies (GLCs)**

Mr. Speaker,

68. As of today, the State Government has received dividends totaling RM655.91 million. For the year 2012, among State statutory bodies and GLCs that paid dividends to the Government are Sawit Kinabalu Group,

Sabah Development Bank Berhad, Innoprise Corporation Sdn. Bhd., Sabah Credit Corporation, Warisan Harta Sabah Sdn. Bhd., Sabah Energy Corporation Sdn. Bhd., Progressive Insurance Berhad, Saham Sabah Berhad, Desa Plus Sdn. Bhd., Desa Lestari Sdn. Bhd., and Suria Capital Holdings Bhd. I am pleased that they have fulfilled their roles and responsibilities to the Government. For this, I would like to say well done to these agencies. Meanwhile, I expect more agencies to declare dividends to the State Government before the end of the year.

69. As a continuous effort to inculcate good corporate governance, a course designed for this purpose which was initiated by the Ministry of Finance and first held in 2011 is now being adopted as a yearly programme. The objective of this course is to strengthen, increase awareness and understanding of Statutory Bodies Board Members with regard to the direction and strategic management of their respective organisations in accordance to best practices for corporate governance.

Mr. Speaker,

70. Apart from that, the Corporate Governance Policy and Supervision Committee for State Statutory Bodies has been established and is fully operational. The objective of this committee is to evaluate and propose necessary review on existing enactments, circulars and guidelines of State Statutory Bodies. This is in accordance to the Government's aspiration to improve State Statutory Bodies corporate governance.

Mr. Speaker,

### **Special Announcement**

71. There is an old Malay saying that goes “*Sebahar Budi Kedapatan, Sepanjang Hayat DiSanjung Kenang*”. I am pleased that Ahli-ahli Yang Berhormat specially Barisan Nasional elected representatives have discharged their duties and responsibilities diligently in listening, voicing out, championing and consistently working towards solving problems faced by the people in their respective constituencies. I am also thankful to leaders at various levels such as, chairmen of JKKK/JKDB, district chiefs, native chiefs, village chiefs, Chinese community leaders, religious leaders, youth and woman leaders as well as members of community for constantly working together with the Barisan Nasional elected representatives in developing our beloved State. Hence, as one of the catalysts for success in bringing about development and as a continued effort to lighten the burden of the people in each constituency, I propose that the special allocation of RM1 million be maintained in all State constituencies. In addition, I am also pleased to announce that in the 2013 Budget, the ‘*Sentuhan Kasih*’ allocation amounting to RM500,000 for each constituency once again be provided. It is hoped that this initiative will boost the spirit and determination of all assemblymen to continue serving the people.

Mr. Speaker,

72. “*Umpama aur dengan tebing*” – this saying describes the good relationship and close cooperation between State leaders and civil servants. If not for the civil servants, there would be no initiators or

implementers for the planned development programmes. Civil servants are the main pillars and pulse of the State administration. Their services and contributions are highly appreciated. In recognition of their tireless efforts and sacrifices as well as an incentive for them to continue serving with dedication, honesty and integrity, civil servants deserved to be rewarded accordingly. Apart from the half-month salary bonus paid last August, I am pleased to announce that another one-month salary bonus would be paid to the State civil servants. Payment of this bonus would be done in two stages i.e. in December this year and in January 2013. These are the distinct features of the Barisan Nasional Government, a caring, honest and sincere government in its struggle; transparent and realistic in its administration. Such trustworthiness makes Barisan Nasional a party and a government of choice and hope for the people.

73. Taking into consideration the increase in the price of vehicles and to provide opportunity and affordability for civil servants to own vehicles, the maximum eligibility limit for Vehicle Loan Facility Scheme has been revised. In this regard, I propose that the maximum loan limit for the purchase of vehicles by members of the public service be increased from 15 to 33 percent according to the category of officers. In addition, the interest rate for such loan will be reduced from 4 to 3 percent and the maximum loan period will be extended from seven to nine years, effective from 01 January 2013.

*Mari melancong ke Pantai Timur  
Bersama keluarga membeli belah  
Negeri ditadbir aman dan makmur  
Penjawat awam tetap dibela!*



## CONCLUSION

Mr. Speaker,

74. As I have mentioned earlier, the 2013 Budget is the biggest budget in the history of Sabah. The people should judge and assess with openness and sincerity the capability and achievement of the Barisan Nasional Government in managing the State finances. With that, I would like to reminisce and look back at the progress of the State financial management for the past 12 years.

75. In 2001, the State Consolidated Revenue Account was about RM100 million only. As I recall, at one point of time we were unable to pay salary increment and bonus to civil servants as was done by the Federal Government. Alhamdulillah, through prudent and sound management of the State's expenditure and revenue, the State Consolidated Revenue Account has increased from year to year and become stronger. By the year 2011, the State Consolidated Revenue Account has increased to RM3.3 billion and this is the highest record in the history of the State finances.

76. In early 2001 the revenue was only about RM1.2 billion. By the year 2011, this has increased fourfold and reached RM4.4 billion. For the information of the members of this August House, the total sum of revenue collected since 2001 until 2011 was RM28.14 billion.

Mr. Speaker,

77. Whereas for the State expenditure, in 2001 the sum was only RM1.15 billion. Since then, the State expenditure continued to increase from year to year until it reached RM4.36 billion in 2011. The total sum of expenditure for the whole period was RM24.93 billion. In spite of the yearly increase of expenditure, we were still able to strengthen the State Consolidated Revenue Account to more than RM3 billion.

78. With Allah SWT's will and the solid support of the people of Sabah in particular and Malaysia in general, alhamdulillah, the Barisan Nasional Government has created a remarkable history as I have pointed out earlier. The people themselves can judge the performances and successes brought about by the Barisan Nasional Government.

Mr. Speaker,

79. Barisan Nasional Government is a government that cares and sensitive to the needs and wishes of the people. This Government would not exist without the support of the people. *"Umpama air dicincang tidak akan putus, ibarat isi dengan kuku"* – such is the close rapport between the Government and the people.

80. The Government however is aware of the existence of certain culprits who are constantly instigating and inciting the people through allegations, accusations, and slanders, so that they will hate and resent the Government. Their malicious intents including those spread through cyber media is meant to bring down the leaders and the Government. This is compounded with sweet and empty promises by the opposition

such as; Sabah supposedly will enjoy multiple increase in petroleum royalty rate and all sorts of enticing but empty promises. In actual fact, these populist promises are not only unrealistic and akin to Mat Jenin's fantasy but they can bankrupt and destroy the State's and Nation's future and in the end the people will suffer.

*Apa diharap padi seberang  
Padi disemai rosak binasa  
Apa diharap pada pembangkang  
Janji manisnya bohong belaka*

*Apa diharap padi seberang  
Tidak berisi bertangkai condong  
Apa diharap pada pembangkang  
Bercakap bohong berjanji kosong*

Mr. Speaker,

81. The Barisan Nasional Government does not make empty promises. The Barisan Nasional Government does not dare to make promises if it does not have the capability and ability to fulfill such promises. Why make promises if you cannot keep? We make promises based on our ability and sense of responsibility. On the other hand, the opposition makes false and empty promises that are impossible to fulfill merely to please the people.

Mr. Speaker,

82. The people are foremost in our struggle. They determine the rise and fall of any government. This beloved State is our heritage that must be protected and shielded from traitors who are bent on destroying the progress and achievements that we have accomplished over the years.

83. We will ensure that the harmony, peace, prosperity and progress are preserved for the future of our children and the generation to come. No gifts are more precious for our future generations other than the legacy of a peaceful and progressive district, state and nation that can guarantee a bright future with sustainable prosperity and happiness, a result of hard work and struggle of an independent, sovereign and successful nation.

Mr. Speaker,

84. In conjunction with this Budget, I would like to take this opportunity to express our sincere appreciation and gratitude to all: leaders, civil servants, private sector, NGOs and people from all walks of life in the State for their support and cooperation that enable us to accelerate the development and progress of the State to the level that we are proud of today.

85. Indeed, we are conscious of the people's high expectation and the huge mandate that was given to us in the 12<sup>th</sup> General Election in 2008. Consistent with the high expectation and huge mandate of the people, so is our commitment and determination in discharging the responsibility and faith that have been entrusted to us by the people.

86. Thus, once again, we humbly ask the people to continue to place their hope, trust, mandate and solid support to the Barisan Nasional Government in order to continue our struggle in safeguarding the people's well-being and to accelerate the State's development to a higher level for our prosperity and well-being as well as that of our future generations.

*Berkilau indah batu permata  
Tinggi nilainya jadi idaman  
Demi rakyat dan negeri tercinta  
BN berjuang sepanjang zaman*

Mr. Speaker,

I beg to propose.