



**SPEECH**

# **2018 BUDGET**

**STRENGTHENING THE ECONOMY, PROSPERING THE PEOPLE**

**17 NOVEMBER 2017 ( 28 SAFAR 1439H )**



**BY**

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

*Bismillahir Rahmannir Rahim,*

Mr. Speaker,

1. I beg to propose the 2018 State Budget for the approval of this August House.

## **PREAMBLE**

2. *Alhamdulillah Rabbil Alamin.* Thanks and praises be to Allah, the Almighty God.

3. *Shalawat and Salaam* to our beloved Prophet Muhammad Sallallahu Alaihi Wassallam with his family and confidants.

4. *Assalamualaikum warahmatullahi wabarakatuh* and warm greetings to all. *Salam Sabah tanah airku, Negaraku Malaysia Sehati Sejiwa.*

5. I am grateful, by His blessing and grace, that I am able to present in this August House to carry out the entrusted responsibility of tabling the State Budget for the year 2018 on this blessed Friday evening, 17 November 2017, 28 Safar 1439 Hijrah.

6. May Allah, the Almighty God bless and smoothen our endeavours and plans. May our State be granted continuous blessing and be prosperous. May our people always live in harmony and prosperity.

7. Allow me to express my gratitude to all the honourable members for their attendance and commitment to reflect on the essence of the State Budget 2018 that will be tabled. As the saying goes "*bulat air kerana pembentung, bulat manusia kerana muafakat*".

8. May we all be united as in reality anyone who desires to live in peace and harmony needs to be wise and learn to tolerate in a lot of matters.

Mr. Speaker,

9. I would like to express my utmost appreciation and thanks to The Right Honourable Datuk Seri Panglima Mohd. Najib Tun Abdul Razak, our beloved Prime Minister, for his concern on the needs of the people in this State. All these are the result of spirit of unity and close rapport between the State and Federal Government that has been established over the years.

10. In the recent National Budget, the Right Honourable Prime Minister had announced various allocations for preparation and upgrading of infrastructure facilities for the prosperity of the people in this State.

11. The special attention by the Right Honourable Prime Minister towards the State of Sabah is something that we never experienced before. In the past, Sabah was far behind in everything that we were often being taken too lightly. Nowadays, we are well respected and highly regarded.

12. Many leaders from Sabah have been appointed to become the Federal Cabinet members for the last 10 years and the State also received various allocations from the Federal Government for development projects. These are due to the concern and recognition given to Sabah by the Right Honourable Prime Minister.

## **THE PERFORMANCE AND THE ECONOMY PROSPECT: WORLD AND MALAYSIA**

Mr. Speaker,

13. Globally, the growth rate for Gross Domestic Product (GDP) is estimated to increase to 3.7 per cent in year 2018 compared to 3.6 per cent in year 2017 and 3.2

per cent in year 2016. This positive trend was mainly attributed to the encouraging economy prospect among the developing economies and also emerging markets.

14. Strengthening of the global economy is also in line with the recovery of the European Union's economy that is expected to be vigorous in year 2017. Apart from that, the economy condition for United States is forecasted to grow from 2.2 per cent in year 2017 to 2.3 percent in year 2018.

15. At the same time, China is predicted to expand moderately at the growth rate of 6.5 per cent in year 2018. Meanwhile, the growth rate of India is forecasted to increase to 7.4 per cent in year 2018 compared to 6.7 per cent in year 2017 due to economic restructuring introduced by its government.

16. The optimistic outlook of the world economy had positively assist in stabilizing our country's economy. For the first half of year 2017, Malaysia economy recorded a growth rate of 5.7 per cent which was higher than the original estimation between 4.3 to 4.8 per cent.

17. This growth momentum was achieved due to implementation of efficient strategies by the Government and also as a result of constant achievement by the private sector. Thus, by the end of year 2017, our country's economy is forecasted to expand between 5.2 and 5.7 per cent and estimated to grow around 5 to 5.5 per cent on 2018.

18. Our country's fiscal deficit has decreased to 3 per cent of the GDP in year 2017 and is expected to continue to decline to 2.8 per cent by year 2018. The international reserve of our country has also increased and now worth RM428.63 billion (USD 101.4 billion) compared to RM91.73 billion (USD 21.7 billion) during the Asia Financial Crisis in year 1997.

## **THE PERFORMANCE AND THE ECONOMY PROSPECT: SABAH**

Mr. Speaker,

19. During the period of year 2011 until year 2016, the State's economy has strengthened and become more sustainable as well as experienced a high rate of growth which was about 25 per cent. This proves that the various efforts especially in development that was implemented by the State Barisan Nasional Government were efficient and effective.

20. The Gross Domestic Product (GDP) of the State has recorded encouraging increase from RM59.3 billion in year 2011 to RM73.8 billion in year 2016. It is currently ranked as one of the top five (5) among the states in Malaysia.

21. Besides that, the State's income per capita had also shown 7.3 per cent increase from RM19,648 in year 2011 to RM21,081 in year 2016.

22. Services sector was the largest contributor to the State's economy which was 40.8 per cent to the total GDP in year 2016. The importance of this sector towards the State's economy was further reflected through its increasing contribution growth to the GDP amounted to 31.3 per cent for the past five (5) years.

23. On the other hand, mining and quarry sector was the second largest contributor to the State's economy. This sector has recorded a sterling increase in the contribution of the GDP from only RM12 billion in year 2011 to RM21.8 billion in year 2016 mainly attributed by the addition of newly operated oil fields.

24. Whilst, agriculture sector still remained as one of the State important sectors which contributed about 20 per cent to the GDP in year 2016. The State also continues to be the largest producer of crude palm oil in our country. The export value of palm-based oleo chemicals increased substantially from RM43.2 million in year 2012 to RM554.2 million in year 2016.

25. In terms of external trade, the State's economy continues to register positive trade surplus of about RM10 billion annually. Last year, RM12.4 billion trade surplus was recorded. Meanwhile for the first half of this year, the State's trade surplus has already reached RM10.6 billion attributed mainly to increase in exports.

26. In the first half of this year, export value of Crude Palm Oil rose by 23.2 per cent to RM6.9 billion while export value of crude petroleum rose by 47.1 per cent to RM10 billion.

27. Private investment grows in moderation in the first half of this year. Similar to previous years, most of the domestic investment was invested in residential and non-residential properties. For the first six (6) months of this year, loans to residential and non-residential properties approved by commercial banks amounted to RM20.9 billion.

28. Public investment is envisaged to grow substantially with significant Federal Government development allocation given to the State that covered a wide range of areas with the concept of inclusivity. The smooth implementation of development projects is expected to continue which include high impact projects such as Pan Borneo Highway, Sabah International Convention Centre, Jesselton Quay, Tanjung Aru Eco Development, Aeropod and expansion of Sepanggar Bay Container Port.

29. Next year, the State's economy is expected to continue to expand with the anticipated strengthening of global trade, more favourable external factors and recovery in commodity prices. This is further strengthened by vibrant tourism sector, positive momentum in the agriculture, manufacturing as well as oil and gas sector.

30. Based on positive environment and strategic steps taken by the Government, the State's economy is projected to grow at the rate of 5 to 5.5 per cent in year 2018.

31. *Alhamdulillah*, with robust economic performance and prospect, the State Government continues to be committed in developing this beloved State to achieve higher level of development and brighter future.

## OBJECTIVES AND STRATEGIES OF THE 2018 BUDGET

Mr. Speaker,

32. The people's prosperity is always close to our heart and soul. The State Government and the people are in solidarity. No one can deny the development that we have achieved since the last twenty-four years. This is the result of the State Government's credibility and vision, spearheaded by the Barisan Nasional.

33. The State Barisan Nasional Government is always concerned and serious in developing the State and uplifting the well-being of the people. The statistics of year 2016 shows that the State's average household monthly income is increasing. With strong cooperation and full support from the Federal Government, we will continue to increase the coverage of clean water and electricity supply in Sabah to a higher level, *Insha Allah*.

34. Hence, the State Barisan Nasional leadership will continue to intensify its effort to develop the State to achieve continuous prosperity, peace and progress.

35. The State Revenue for next year is projected to increase, mainly due to higher crude oil production and price stability. Crude palm oil prices are also expected to show a strong trend. Besides that, other revenue collector departments will also intensify their effort to increase their collection.

36. Based on the estimated revenue collection for year 2018, we will maintain the focus and budget formulation strategy with the goal to strengthen the State's economy and prospering the well-being of the people inclusively.

Mr. Speaker,

37. The Barisan Nasional Government's efficiency and capability in administering and managing the State have been proven. The strategy which applied to manage state resources optimally to generate maximum development, is a success and enjoyed by the people now.

38. Additionally, while planning to intensify the State development, the State Government is always sensitive and attentive to the needs of certain aspects, such as environmental preservation and regional balance. Indeed, the concern of the State Barisan Nasional Government that I lead is reflected in the strategy and allocation for various targets and needs in the 2018 Budget which I will elaborate shortly.

*Orkid bukan sebarang orkid*

*Orkid tumbuh di Sayat-sayat*

*Bajet bukan sebarang bajet*

*Bajet untuk kesejahteraan rakyat*

### **The 2018 Budget Theme**

Mr. Speaker,

39. Economic stability and people's prosperity are two interrelated factors as economic situation will affect the people's standard of living.

40. Realizing this fact, the theme for the 2018 State Budget is "**Strengthening the Economy, Prospering the People**". With its strategy to distribute allocations to productive sectors under the 2018 State Budget, the Government is confident that the State's economy will be strengthened and bring about positive impact to the State's prosperity and people's well-being as a whole.

### **The 2018 State Revenue and Expenditure Estimates**

Mr. Speaker,

41. I would like to emphasize that the State Government is always committed to formulate the best budget even though we are exposed to the uncertainty of global

economic environment. In this 2018 Budget, the State Government estimated revenue collection is amounting to RM4,169.24 million.

42. Therefore, I beg to propose an expenditure of RM4,104.35 million in the year 2018 Budget. Although the global economic situation is beyond our control, *Alhamdulillah*, under the leadership of the State Barisan Nasional Government, we are able to once again present a surplus budget, with an amount of **RM64.89 million** in the year 2018.

### **REVENUE ESTIMATES 2018**

Mr. Speaker,

43. As I have mentioned earlier, the State revenue collection for the year 2018 is projected to reach RM4,169.2 million. The 2018 revenue estimates show an increase of **9.2 per cent** compared to the year 2017 original revenue estimate. We are confident that next year's projection and target will be achieved. Of the RM4,169.2 million revenue estimates, RM1,128.8 million or 27.1 per cent is Tax Revenue; RM2,638.9 million or 63.3 per cent is Non-Tax Revenue; and RM401.5 million or 9.6 per cent is Non-Revenue Receipts.

Mr. Speaker,

44. Due to the increase in prices and production of crude oil and natural gas, we have received RM1,246.4 million of Petroleum Royalty in year 2017, which exceeded the original estimate of RM985 million. This is the highest amount of Petroleum Royalty ever received in the State history. *Syukur Alhamdulillah*.

45. For the year 2018, Petroleum Royalty is expected to increase further to RM1,318 million, which is 31.6 per cent of the State Revenue.

46. For the State Sales Tax, Crude Palm Oil (CPO) will continue to be the major contributor with a total of RM936 million or 22.5 per cent of the State Revenue.

47. Meanwhile, the State Sales Tax on lottery tickets for the year 2018 is estimated at RM60 million.

48. In the year 2018, the State Government will increase tax rate for the sale of betting through slot machines from 10 per cent to 15 per cent. This is in line with the current rate for State Sales Tax on lottery tickets. The new rate will come into effect on 1 January 2018. With this rate review, sales tax on slot machines is estimated to contribute RM20 million in the year 2018.

49. Revenue collection of the Sabah Ports and Harbour Department (JPDS) has been increasing every year. Next year, JPDS is estimated to contribute RM33.6 million to the State Revenue.

50. Other revenue sources also play an important role for year 2018 revenue target. I have emphasized to all Government-Linked Companies (GLCs) to continue to improve their financial performance so that they can help the Government to develop the State. Hence, Interest and Investment Returns are expected to increase to RM453 million in the year 2018 as compared to RM325.5 million in the year 2017.

51. Meanwhile, several other key revenue collector departments are expected to contribute to the revenue collection for the year 2018 as follows:-

- Land and Survey Department - RM376.7 million
- Sabah Water Department - RM250.2 million
- Forestry Department - RM213.5 million

52. Receipts and contributions from the Federal Government for the year 2018 are expected to amount RM401.4 million. I would like to emphasize that this is only a part of the many other financial assistance provided by the Federal Government to the Sabah State Government.

Mr. Speaker,

53. I would also like to emphasize that the issue on arrears of revenue is a very serious matter. Therefore, I urge all departments, statutory bodies and state government agencies which have arrears or debts with the State Government, to intensify their efforts in solving these issues.

54. The Ministry of Finance is prepared at all times with effective measures to ensure that the State's financial management is well controlled. To ensure that the 2018 State Revenue is successfully achieved, cooperation, commitment, and initiative from all parties are vitally required.

## **SUPPLY EXPENDITURE ESTIMATES**

Mr. Speaker,

55. Given the State revenue estimates for year 2018, the Government will spend wisely in order to bring an impact that will benefit the people.

56. At the same time, we will continue to practice prudent spending in order to prevent unnecessary wastage. We have restructured the priority of spending and will only spend according to the requirements, yet not affecting the effectiveness of the Government's delivery system.

Mr. Speaker,

57. For that, for year 2018 supply expenditures, I propose an allocation of RM4,104.35 million comprising RM763.67 million for Emoluments, RM1,300.85 million for Recurrent Expenditures and RM2,039.83 million for Special Expenditures.

## **DEVELOPMENT EXPENDITURE ESTIMATES**

Mr. Speaker,

58. For year 2018 development expenditure, I propose a sum of RM1,090.06 million to be allocated. This amount comprises the State's allocation of RM838.31 million and the Federal's allocation of RM251.75 million.

59. For year 2018, the State Government will contribute RM820 million to the State Development Fund. This is the highest amount of contribution to date.

60. As in previous years' budget, the development budget distribution focuses on the development of economic sector, followed by social and administrative sectors as follows:-

- (i) RM454.76 million or 54.25 per cent for economy;
- (ii) RM313.05 million or 37.34 per cent for social; and
- (iii) RM70.5 million or 8.41 per cent for general administration.

## **2018 ALLOCATION DISTRIBUTION BY MINISTRY**

Mr. Speaker,

61. The State Government is committed to continuously strengthen the State's development agenda, particularly for the development of rural areas, agriculture, manufacturing, tourism, human capital and the people's well-being.

62. To ensure the effectiveness of the roles, responsibilities and functions of various Government implementing agencies, the Supply and Development allocation distribution for year 2018 by ministry is as follows:

	Ministry	Distribution of Expenditures (RM Million)	
		Supply	Development
1.	Ministry Of Finance	1,771.58	16.00
2.	Ministry of Infrastructure Development	698.24	260.51
3.	Chief Minister's Department	484.69	194.25
4.	Ministry of Agriculture and Food Industry	314.65	117.41
5.	Ministry of Community Development and Consumer's Affair	140.64	6.66
6.	Ministry of Tourism, Culture and Environment	113.27	13.81
7.	Ministry of Local Government and Housing	84.15	25.50
8.	Ministry of Resource Development and Information Technology	91.07	5.00
9.	Ministry of Rural Development	76.33	175.72
10.	Ministry of Youths and Sports	68.37	8.55
11.	Ministry of Industrial Development	15.52	14.90
12.	Non-Ministerial Expenditure	28.95	-
13.	Charged Expenditures	216.89	-
	<b>TOTAL</b>	<b>4,104.35</b>	<b>838.31</b>

## **SECTORAL DEVELOPMENT**

### **Infrastructure and Public Amenities**

Mr. Speaker,

63. Infrastructure and public amenities development programme will continue to be the focus and main agenda of the State Government. This effort is not only a catalyst for strengthening the State's economy, but also to ensure that welfare and well-being are at a higher quality level throughout the State.

64. We are aware that the provision of basic infrastructure and facilities such as roads, bridges, treated water supply and sewerage system need to be addressed. These infrastructure facilities are the foundations for the development of other sectors such as agriculture, tourism and manufacturing sectors as well as services that can spur and boost our economy.

65. Under this 2018 Budget, the State Government will allocate RM1,339.6 million to provide and further enhance the infrastructure and public amenities.

66. From that amount, a total of RM287.8 million has been allocated for next year to assist Public Works Department (PWD) to implement the following programmes:

- To build and upgrade several roads in the area of Kota Kinabalu, Penampang and Inanam with a total cost of RM37.5 million;
- To upgrade several roads in Tamparuli, Kota Belud and Ranau with a total cost of RM28 million;
- To repair old and damaged sewer pipes and other related works at Tawau Central Pump Station;
- To construct Telangkai River bridge in Nabawan; and

- To conduct studies in addressing traffic congestion around critical areas at Kota Kinabalu, Penampang, Putatan, Likas, Inanam and Sulaman.

67. To address the shortage of clean water supply, the Ministry of Infrastructure Development through the Sabah State Water Department will continue to provide services and treated water supply. For that, next year, a total RM597.8 million will be allocated to Sabah State Water Department for operational purposes and implementation of various programmes as follows:

- Works to address unforeseen problems related to water supply systems throughout the State at a cost of RM20 million;
- Construction of water treatment plants, storage tanks, distribution and transmission pipelines at a cost of RM48 million;
- Upgrading of Kudat Water Supply System Phase III at a cost of RM5 million;
- Programmes to reduce Non-Revenue Water (NRW) in the districts of Papar, Tambunan and Tuaran with the objective to minimize Non-Revenue Water (NRW) in these areas.

68. We are also grateful that the Federal Government continues to channel allocations through soft loans to implement water supply projects in the State, among others:

- Tawau Water Supply Scheme Phase III at a cost of RM470.4 million;
- Expansion of capacity of Telibong Water Treatment Plant Phase II at a cost RM429.2 million;
- Construction of Kundasang Water Treatment Plant at a cost of RM161.9 million; and

- Financing of new Semporna Water Treatment Plant at a cost of RM160 million which is currently being implemented with a progress of 51.2 per cent. This is expected to be completed by year 2019.

69. Meanwhile, to further improve the quality of railway services, the Sabah State Railways Department will give additional focus on improving the railway services. Therefore, the State Government will continue to provide allocations for maintenance and improvement of railways, railroads, railbus as well as communication and signals system to ensure that the services provided are always at a satisfactory and secure level. For that, a total of RM42.5 million will be allocated for next year.

70. We would also like to express our gratitude to the Federal Government for financing the implementation of these railway projects:

- Upgrading of railway from Halogilat to Tenom by replacing the rail from 60lb to 80lb at a cost of RM49.6 million to enable the use of higher capacity locomotive which is more comfortable and safer to its passengers; and
- Providing 3 additional sets of Diesel Multiple Units (DMUs) at a cost of RM46 million that will enable Sabah State Railways Department to increase its scheduled service according to current demand.

Mr. Speaker,

71. The quality and reliability of harbour and marine facilities are also essential to meet safety needs and water ways traffic control.

72. Hence, the State Government through the Sabah Ports and Harbour Department will continue to improve the port facilities with an allocation of RM24.2 million for next year to implement projects, such as follows:

- Installation of remote monitoring systems for navigational aids and estuary beacons at ports limit waters area of Semporna, Kunak, Tawau and Kudat;

- Construction of ships and multipurpose boats to support and monitor marine and port activities; and
- Hydrographic survey works at Semporna Port Limit waters area.

73. Whereas to ensure the effectiveness of irrigation and drainage systems and to reduce the risk of flash floods in major cities as well as in smaller towns, next year, the Department of Irrigation and Drainage will continue to implement drainage and flood mitigation programmes throughout the State, with a total cost of RM92.7 million, among others include:

- Flood mitigation plan for *Sungai Tawau* and Telipok town;
- Drainage and flood mitigation scheme for Kota Kinabalu involving Bandar Sierra, *Sungai Tebobon* and *Sungai Rampayan*;
- Drainages for Beaufort, Taman Jumbo and Putatan; and
- Drainage Master Plan Study for Beluran, Telupid and Semporna.

74. The State Government will continue to implement infrastructure and public utilities development in Local Authorities (PBT) and Kota Kinabalu City Hall areas. For that purpose, it has allocated RM110.5 million to implement several continuation and new projects which include construction of the Ranau District Council Office, vegetable stalls in Kundasang, new public market in Semporna, bus terminal in Sandakan and installation of street lights in Tuaran and Menumbuk as well as landscaping programmes and public parks in various districts.

## Agriculture

Mr. Speaker,

75. The agriculture sector is the third largest contributor to the State's economy. In year 2016, the contribution of the agriculture sector to the State GDP reached RM14.1 billion or 19.1 percent, slightly lower than the mining sector's contribution of RM21.8 billion (29.6 percent) and the services sector of RM30.1 billion (40.8 percent).

76. In order to strengthen the plantation sub-sector, in year 2018, the State Government will continue to focus on crop development, research, accreditation and certification, quarantine enforcement, agropreneur development and production of food crops such as vegetables and fruits including organic food crops.

77. The planting of MD2 Pineapple, MATAG and Tacunan Coconut, *Pisang Sabah* and Musang King Durian will be given priority as these crops have potential in local and export markets. In addition, focus is also given to cash crops such as sweet potatoes, ground nuts and coffee.

78. One of the efforts of the State Government to increase food crops is to create more Permanent Food Production Parks (Taman Kekal Pengeluaran Makanan - TKPM) that provide a specific and permanent area for food production.

79. Currently, two Permanent Food Production Parks are in operation (Tawau and Sg. Koyah, Kinabatangan). Meanwhile, three more Permanent Food Production Parks are expected to commence their operation in year 2018, which are TKPM IATC in Putatan, TKPM Masilou in Kundasang and TKPM Keningau.

80. In year 2018, RM509.7 million will be allocated for the development of the agriculture sector. A total of RM59.1 million will be allocated for development projects including RM21.1 million under the Federal reimbursable project.

81. Presently, the Department of Irrigation and Drainage (DID) is managing 73 irrigation schemes in Sabah covering 16,000 hectares of paddy fields, involving at

least 5,500 farmers. Among active paddy fields in Sabah are located in Kota Belud, Kota Marudu, Trusan Sapi, Sandakan, Tambunan and Keningau.

82. In line with the intention to enhance farmers' income and reduce rice imports, next year, the State Government will spend a total of RM14.5 million under the supply budget for operating and maintaining all irrigation schemes throughout Sabah. Meanwhile, RM4.9 million will be provided under the development budget to improve drainage, irrigation and paddy fields.

83. Besides that, the Government will also allocate RM17 million for subsidy on paddy-plowing to all farmers throughout the State. This is to enable farmers to continue their paddy cultivation activities and to maintain rice self-sufficiency level (SSL) at 30 per cent.

84. The Government will also focus on the development of the honey bee industry which was proven to generate income for the people in rural areas in the 1980s. The Government will develop Trigano (Kelulut) honey industry with the target of producing 1,000 bee colonies by the end of this year.

85. This strategic move is in line with the branding of the Trigano (Kelulut) honey as Malaysia's first superfood by the Ministry of Agriculture and Agro-based Industry of Malaysia in year 2016. Therefore, we want to take this opportunity as it will not only benefit the entrepreneurs but also the food industry.

86. To guarantee the welfare of rubber smallholders in Sabah, next year, the State Government will provide RM20 million incentives to smallholders in order to stabilize price fluctuations in the market.

Mr. Speaker,

87. The marine and fishery products industry can be a major product and the State's economic source of income. We are aware that marine products have great prospects on becoming the driving force of the food industry and the State's export products.

88. During the period of year 2012 to 2016, trade balance performance for fisheries products shows that exports have exceeded fisheries imports. This clearly indicates that the export activity for fishery commodities is able to generate income and economic growth in Sabah.

89. In year 2016, production from marine captured fisheries reached 159,773 metric tonnes with a value of RM820,011,069 while aquaculture production was 221,560 metric tonnes with a value of RM336,774,180.

90. Thus, to intensify the fishery subsector development, an amount of RM49.5 million will be allocated to the Fisheries Department and KO-NELAYAN in the 2018 Budget.

## **Industry and Manufacturing**

Mr. Speaker,

91. Manufacturing sector is expected to continue to be one of the major catalysts to our economic growth in year 2018. Within the last 5 years, the manufacturing sector contribution to State Gross Domestic Product (GDP) has increased by 8 per cent compared to year 2011 and it has now reached RM5.54 billion in the year 2016.

92. In year 2016, the manufacturing sector has contributed 7.5 per cent to the State GDP. The contribution of manufacturing sector products to external trade is also significant in which it has contributed a total of RM2.6 billion or 6.3 per cent of total exports.

93. In terms of investment destination option, we are proud that Sabah still continues its tradition to be one of the most popular destinations for investment by investors in Malaysia especially in the manufacturing sector.

94. In year 2016, the inflow of domestic and foreign investment funds for manufacturing sector in Sabah has recorded approved investment project value of

RM2.7 billion and successfully created 4,927 job opportunities. From the year 2011 to 2016, total accumulated investment in the manufacturing sector in Sabah has reached RM16.4 billion and created 16,417 job opportunities.

95. Kota Kinabalu Industrial Park (KKIP) is one of the State Government's initiatives to develop the industrial and manufacturing sector in Sabah. KKIP is a catalyst that has succeeded in changing the landscape and developing Sepanggar area and its surroundings.

96. As of 30 April 2017, a total of 260 factories have been built in KKIP, covering an area of 2,300 acres with a total investment of RM2.8 billion. Currently, it provides a total of 8,663 jobs.

97. Since its implementation in year 1986 until year 2017, a total of RM615 million has been allocated by the Government in the form of grants and loans to boost the development of KKIP. This allocation involved RM296 million from the State Government and RM319 million from the Federal Government.

98. Sipitang Oil and Gas Industrial Park (SOGIP) is also one of the State Government's initiatives to develop the industrial and manufacturing sector especially in the oil and gas industry in Sabah. Recognizing its potential in driving the industrial and economic sector, the State Government, in July 2010, has approved the development of an industrial area specifically for oil and gas based industry in Mengalong Sipitang.

99. As at to date, 1,219 acres of land has been developed. Currently, Petronas Chemical Fertilizer (PCF) has built a manufacturing plant for production of ammonia and urea in an area of 211 acres. This venture has successfully brought in RM6.34 billion (USD1.5 billion) worth of investment. Presently, there are 400 permanent workers in PCF of which 70 percent are local Sabahans.

100. SOGIP industrial area when fully in operation will create 7,000 job opportunities. Up to now, the governments have channelled an allocation of

RM232.3 million which consist of RM213.8 million Federal funding and RM18.5 million State funding excluding land cost.

101. The State Government will unrelentlessly continue to implement effective strategies to develop the manufacturing sector by producing high-value added products with high quality and competitiveness. The Government aims to achieve 15 per cent contribution by manufacturing sector to the State GDP by year 2020.

102. In this 2018 Budget, the State Government is allocating RM134 million to accelerate the development of the manufacturing sector and to intensify efforts to promote trade-investment opportunities in Sabah. Among the strategies to assist industrial infrastructure development are as follows:

- An additional of RM46.3 million allocated to Sipitang Oil and Gas Industrial Park (SOGIP);
- RM32.2 million allocated to POIC Lahad Datu;
- RM10 million allocated to Kota Kinabalu Industrial Park (KKIP); and
- RM8.7 million allocated to Sabah Economic Development Corporation (SEDCO).

103. I am honoured to share another accomplishment in the manufacturing sector which we are proud of. Based on the report of Malaysia Statistics Department, Sabah's small and medium enterprises (SMEs) performance have achieved an encouraging level. In year 2016, the performance of Sabah's SMEs is among the top 5 in Malaysia in the following categories:

- **Second place** in the category of total number for women-owned organization after Selangor.

- **Fourth place** in the category of highest SMEs output, highest number of workforce and highest salary and wages earnings after Selangor, Kuala Lumpur and Johor.

## **Tourism**

Mr. Speaker,

104. Our State is endowed with pristine and beautiful nature. These treasures "from the highest mountain to the deepest sea" that we inherit from our ancestors are magnificent and fascinating. Just mention Mount Kinabalu and Sipadan Island, who does not know these renown attractions? These places have their unique and distinctive names worldwide.

105. The State Government will continue to enhance and intensify the competitiveness of tourism and cultural programmes. This is implemented by intensifying effective promotion and marketing programmes, enhancing the quality of existing tourism products as well as creating new tourism products.

106. During the first eight (8) months of this year, tourist arrivals in Sabah have reached over 2.43 million people. This is an increase of 10.6 per cent compared to the same period last year of 2.19 million people.

107. Of the total arrivals, 1.62 million people are domestic visitors while international visitors exceed 810 thousand people. The arrivals of international tourists to the State were mainly from China (including Hong Kong) followed by South Korea and Brunei Darussalam.

108. The arrivals of tourists generated an estimated tourism receipts of RM5.15 billion an increase of 9.6 per cent compared to the same period last year (RM4.71 billion).

109. *Alhamdulillah*. We are thankful that Sabah is now increasingly becoming the preferred destination for international tourists which contribute positive economic impact (economic spin-off effect). Thus, to support sustainability of these tourism programmes, an allocation of RM228 million will be provided next year.

110. One of the efforts taken by the Government to strengthen domestic tourism market is Rural Tourism Development with Kiulu and Kadamaian as pilot projects. The Government wants to explore new products known as "Lung cleansing tourism" which involves trekking and hiking activities.

111. In an effort to preserve historical heritage of the State, unique and historical buildings aged 50 years and above with high historical value will be gazetted as cultural heritage and will be promoted as new tourism products in Sabah, The Land Below The Wind. Among the buildings are:

- Turnbull Hall (completed in 1959) at Sabah College which is part of the Government Secondary School. It was named "Turnbull Hall" in conjunction with the second last Governor of British in North Borneo, Sir Roland Evelyn Turnbull;
- The original building of Kent College, Tuaran which was built in year 1952, is the oldest teachers training college in the State;
- The old building of Wisma Radio Sabah, located at 2.4km Jalan Tuaran, Kota Kinabalu. This historical building was used as secretariat by Cobbold Commission in February 1962; about one (1) year and seven (7) months before the declaration of formation of Malaysia on 16 September 1963; and
- Wisma Kewangan, formerly known as the Secretariat Building was built in year 1955. It was the venue for the First State Legislative Assembly meeting and Cabinet Meeting.

## People's Welfare and Prosperity

Mr. Speaker,

112. *Alhamdulillah*. The recent Household Income Survey Report 2016 by the Department of Statistics, Malaysia shows the incidence of poverty in Sabah has decreased from 19.2 per cent in year 2009 to 7.8 per cent in year 2012. It then further decreased to 3.9 per cent in year 2014 and 2.9 per cent in the year 2016. The average monthly household income in Sabah has also increased by 4.6 per cent from RM4,879 in year 2014 to RM5,354 in year 2016.

113. All these are due to years of solid efforts by the State and Federal governments. We have dedicated our time and effort to improve the prosperity of the people in the State. Our hope, by the end of the 11<sup>th</sup> Malaysian Plan, the poverty rate will be below 1 per cent. *Insyallah!*

114. This clearly proves that the current State Government is able to carry out its responsibility to safeguard and enhance the prosperity of the people. As I have always said, the welfare and well-being of the people are always close to our heart and soul.

115. The State Government's leadership will not rest on its laurels. We are committed to implement 'people-centric' and 'people-friendly' programmes and projects. We are always ready to shoulder responsibility and trust of the people.

116. To implement people-oriented programmes and improve the well-being of the people throughout the State of Sabah, RM422.5 million will be allocated for next year.

117. The implementation of programmes that bring benefits and success such as the *Mini Estet Sejahtera* (MESEJ), PPRT Estates (Ladang-Ladang PPRT), Local Economic Improvement Programme (Program Peningkatan Ekonomi Setempat - PPES), Village Prosperity Programme (Program Kampung Sejahtera - PKS) and Small Development Projects (Projek-Projek Pembangunan Kecil – PPK) will continue

to be implemented in line with the objective to prosper the people in rural areas. For this, RM33.5 million will be allocated in the year 2018.

118. Apart from that, the Government will also continue to implement rural entrepreneurship development programmes, rural tourism, entrepreneurial training and micro-credit financing as well as strengthening the 'One District - One Product' programme as an approach to increase the income of rural target groups. For that, a total of RM15.6 million will be allocated for next year.

119. Special Privileged People (OKU), senior citizens and orphans will continue to be assisted. The State Government through the Sabah Welfare Services Department (JPKAS) will continue to provide aids to the needy groups through scheme for general assistance, OKU, senior citizens and orphans. Next year, an amount of RM60.3 million will be allocated for this purpose.

120. The State Government is also concerned with our children who are in primary school. Hence, school aid programmes such as better quality school uniforms, shoes and stationery will continue to be provided to the primary school pupils with an allocation of RM12 million for next year.

121. The Government hopes that these incentives will assist to lighten the financial burden of parents on school expenses, especially for the low-income groups.

## **Human Capital and Information Technology**

Mr. Speaker,

122. The development of a high-skilled human capital is the best platform to shift the State's economy to high value and knowledge-intensive activities. Indisputably, human capital investment is essential to uplift not only the social status but also the economic status and the well-being of individuals and communities.

123. Therefore, human capital development needs to be carefully planned to produce quality, skilled and competitive human resource in line with the aspiration of National Transformation 2050 (TN50). Differences in the digital gap should not be ignored as in this era of Information Technology, advances and wealth are also driven by literacy and ability to use information technology and internet.

124. It is proven that the advancement of a nation depends largely on knowledgeable and educated people. Without knowledge and information, the community will lag behind in many aspects. Realizing this, for next year, the State Government will continue to strengthen human capital development by providing an allocation of RM315.3 million. Among the focus programmes by the Government is to provide:-

- Funds of RM40.6 million for scholarships and financial assistance to students who are pursuing their tertiary education;
- RM34 million for the development and operation of Islamic religious schools and mosques under the Sabah State Religious Affairs Department (JHEAINS);
- RM32 million for the development of religious centers for non-Muslims as well as missionary and private schools;
- RM29.6 million for training and courses related to information, communication and technology (ICT);
- RM18 million for development and operation of library including rural libraries and mobile libraries throughout Sabah;
- RM16.3 million for the implementation of various trainings and skills courses at the Human Resources Development Department (JPSM);
- RM9.7 million for the implementation of various programmes under the Ministry of Human Resource Development and Information Technology;

- RM10 million for the implementation of courses at Agricultural Institutions; and
- Special fund and smart partnership with the private sector to develop Kota Kinabalu Regional Library in Tanjung Aru which will be fully completed next year.

### **Women, Youths and Sports**

Mr. Speaker,

125. The role of women cannot be disregarded, as they deliver the next generations and future leaders who will shoulder the trust and lead the State into a greater success. Women are also the mothers who shape the nation's heirs. We realize this role is not easy, for that, in the 2018 Budget, RM91.4 million will be allocated to support the development of women, youths and sports.

126. The State Government through the Ministry of Community Development and Consumer Affairs (KPMHEP) and the Women's Affairs Department (JHEWA) will continue to implement various programmes throughout the State, among others:

- Entrepreneurship Development Programme for single mothers and women living in poverty;
- Women of Substance and Gender Sensitivity Programme;
- Collaboration and distribution of special funds to 90 women associations throughout the state;
- Programmes organized by the Sabah Women Advisory Council (MPWS) covering economic, health, education, social and legal aspects; and
- Programmes under the Women and Family Development Council (MPWK).

*Serbuk halia santan kelapa*  
*Rempah ratus kayu setinggi*  
*Peranan wanita tidak dilupa*  
*Bakti mereka dinilai tinggi*

127. Youths represent a large part of our community and their aspirations will constantly be heard. The State Government will continue to provide a platform for them to display their talents and abilities, to intensify their skills and to meet their lifestyles. To support the aspiration of youth and sports development, a total of RM76.9 million will be allocated to the Ministry of Youth and Sports next year.

128. Thus, the State Youth Development Strategic Plan and Youth Development Policy have been formulated to benefit the youths effectively and dynamically. Through this Strategic Plan, youths can polish and enhance their skills based on twelve (12) priority domains, which are:

- Leadership;
- Education;
- Skills and entrepreneurship;
- Volunteerism;
- Self-confidence;
- Youth's well-being;
- Outstanding Personality;
- Integrity;
- Environment;
- Knowledge;
- Spirituality; and
- Unity.

129. In addition, the State Government implements smart partnership by giving exclusive rights to the Sabah Youth Council with its 14 affiliates which have more than 180 thousand volunteers to achieve the target of 1,700 signature programmes among others:

- Sabah State Youth Day Celebration;
- National Youth Festival;
- International youths exchange;
- Environmental awareness programme;
- Campaign on healthy emotion lifestyle and sport unity;
- Entrepreneurship seminar; and
- Seminar on patriotism and youth integrity.

*Naik sampan menuju desa*

*Sungai lalu di hutan simpan*

*Belia itu harapan bangsa*

*Mereka peneraju masa hadapan*

130. In sports, our achievements have been more encouraging. Our athletes have shown tremendous performance in sports arena. In year 2016, Sabah participated in three (3) major tournaments with excellent result that we are proud of, among others:-

- The 18th Malaysia Games (SUKMA) 2016 in Sarawak. With achievement of 25 Gold medals, 37 Silver medals and 38 Bronze medals, we were ranked 7th in overall, two places higher compared to the 17th SUKMA 2014 in Perlis.
- The 18th Malaysia Paralympic Games 2016 in Sarawak. The Sabah Contingent accomplished 25 Gold medals, 23 Silver medals and 26 Bronze medals with overall No. 4 in ranking.

131. We are also proud of the achievement of Sabah athletes particularly during the 29th SEA Games in Kuala Lumpur last September. Athletes from Sabah have contributed 9 gold medals, 2 silver medals and 6 bronze medals.

132. Next year, we will participate in the 19th Malaysia Games (SUKMA) in Perak, Borneo Sports (Sukan Borneo), BIMP-EAGA Sports and will organize Sabah Games (SAGA).

133. I hope this achievement will continue to be improved and boost our spirit to continuously progress in sports not only at the national level but also internationally.

## **ACHIEVEMENT OF PUBLIC AGENCIES**

Mr. Speaker,

134. In an effort to implement the State development agenda, the State Government has always emphasized on the achievement of statutory bodies, government agencies and government-linked companies. In this context, the State Government will continue to take the initiative to ensure that statutory bodies, agencies and government-linked companies are always relevant, viable, with the direction and vision of realizing Government policies.

135. I would also like to emphasize that the State Government has high expectation on statutory bodies and State Government agencies performance. During the Seminar for Board of Directors for Statutory Bodies and State Agencies held on 14 August 2017, I have pointed out that any statutory bodies and State Government agencies that make profits should pay a minimum of 15 percent dividend as well as repay their loans to the State Government. This directive should be adhered to at all time.

136. For the information of this August House, as of October 2017, the State Government has received dividends from statutory bodies and State Government agencies as follows:-

- (i) Sabah Credit Corporation;
- (ii) Warisan Harta Sabah Sdn. Bhd;
- (iii) Suria Capital Holdings Berhad;
- (iv) Sabah Development Berhad (SDB);
- (v) Sawit Kinabalu Sdn. Bhd;
- (vi) Progressive Insurance Berhad;

- (vii) Sabah Energy Corporation Sdn. Bhd;
- (viii) Saham Sabah Berhad;
- (ix) Borneo Development Corporation (Sabah) Sdn. Bhd;
- (x) Desa Plus Sdn. Bhd;
- (xi) KKIP Sdn. Bhd; and
- (xii) Korporasi Pembangunan Desa.

137. Statutory bodies and State Government companies that have made loan repayment including interest to the State Government are:-

- (i) Sabah Credit Corporation;
- (ii) Sabah Economic Development Corporation (SEDCO);
- (iii) Town and Housing Development Board (LPPB);
- (iv) KKIP Sdn. Bhd;
- (v) Korporasi Pembangunan Desa;
- (vi) Tabin Wildlife Holidays Sdn. Bhd; and
- (vii) Perbadanan Baitulmal Negeri Sabah.

138. I would also like to take this opportunity to thank and congratulate the State Government organizations that have been awarded 5-star rating by the National Audit Department for their outstanding financial management. Awards were given to 25 out of 35 organizations in year 2015 and 22 out of 31 organizations in year 2016.

## **SPECIAL ALLOCATION**

Mr. Speaker,

139. Same as what I presented in the 2017 Budget, the State Government has decided to provide additional Special Allocations for new programmes on top of those programmes that have been proposed which will be implemented by all ministries, departments and agencies in this 2018 Budget.

140. These additional allocations are specifically for new strategies and approaches that will benefit directly to various segments of society. Besides ensuring more people-oriented programmes, these additional allocations and new programmes are a sign of our gratitude for the significant increase in the State's revenue which we want to share and return to the people.

141. For that, the State Barisan Nasional Government will further increase the Special Allocation by more than 100 per cent from RM53 million in year 2017 to RM115 million in year 2018.

142. Among programmes that will be implemented through this Special Allocation in the Budget 2018 include several community segments as follows:

First: RM5 million to strengthen the economy and improve the social well-being of women and single mothers;

Second: RM6 million is allocated to senior citizens, including: -

- 1) RM5 million to meet daily needs and improve the comfort and well-being of senior citizens; and
- 2) Implementation of *Program PANTAS Warga Emas* by providing subsidy to senior citizens for sub-division of family-owned land and existing ownership. A sum of RM1 million is provided as an initial allocation.

Third: For the special privileged people (OKU), besides the welfare aid that I have announced earlier, the State Government will also implement a special programme for the OKU with an allocation of RM8 million for the following purposes:

- 1) RM5 million to support the needs of OKU and to increase self-esteem as well as to nurture their identity for their community life enrichment;

- 2) RM1 million for OKU Entrepreneur Development Grant (Geran Pembangunan Usahawan OKU, GP-OKU) to encourage their participation in entrepreneurship and business.
- 3) Improve and provide more OKU-friendly public facilities to enable them to carry out daily activities easily. A total of RM2 million is allocated and the programme will commence in the city of Kota Kinabalu, Sandakan and Tawau.

- Fourth: RM10 million for Yayasan Usaha Maju (YUM) to continue its micro-credit programmes for target groups and the poor;
- Fifth: RM5 million to assist in developing and enhancing Small and Medium Enterprise (SME) entrepreneurs;
- Sixth: RM5 million to improve the well-being of less developed villages through the *Program Kampung Sejahtera*;
- Seventh: RM5 million for Youth Entrepreneurship Scheme Sabah and Youth Excellence in Sports Scheme Sabah under the Ministry of Youth and Sports;
- Eighth: RM8 million is allocated to increase the participation of various segments of society in the implementation of the Government agenda through the establishment of *Institut Kerjasama Kerajaan dan Rakyat* (IKRAR) under the Chief Minister's Department. IKRAR is responsible for implementing the *Skim Jaya Diri Perantis Anak Sabah* (SYABAS), *Skim Pementoran Kerjaya* (SKOR) and *Geran Pengupayaan serta Pengiktirafan Kecemerlangan*. All of these are to accommodate the younger generation's aspiration.
- Ninth: RM5 million special financial assistance to Sabahan students who are pursuing their education to higher learning institutions;

Tenth: Meanwhile, to further stimulate and boost the development of tourism sector, especially in the rural areas and to promote local communities involvement, RM12 million additional allocation is provided specifically to the Ministry of Tourism, Culture and Environment as well as arts enthusiast, as follows:

- 1) RM5 million to encourage the involvement of rural communities in the rural tourism industry by providing tourism facilities, such as homestay programmes, recreational centers and public toilets in tourism centers;
- 2) RM2 million for rural communities who are interested in developing and upgrading eco-tourism products and rural environment (rural tourism) as well as efforts to conserve and protect turtle species in Sabah;
- 3) RM2 million to encourage involvement and to increase the income of rural people in developing and commercializing tourism products on carvings, handicrafts and ethnic culture;
- 4) RM3 million for artists, musicians, singers, dancers as well as associations of writers, culture and authors in Sabah to highlight and develop their talents as well as to publish their works;

Eleventh: To provide a more cheerful, conducive, clean and safe environment in public areas, a further RM15 million allocations is provided to the Ministry of Local Government and Housing, Local Authorities and Kota Kinabalu City Hall to improve the places under the following programmes:

- 1) RM7 million to assist traders and small hawkers by repairing old and damaged stalls as well as to provide rubbish bins for cleaner and more comfortable environment for the community;

2) RM8 million to enhance and rehabilitate public amenities such as toilets, playgrounds, jogging tracks, public parks, trees planting, repainting of old buildings and installation of CCTV in public places;

Twelfth: RM3 million for grassroot Cooperatives Business Expansion Grant and Fund (Geran dan Tabung Pengembangan Perniagaan Koperasi-Koperasi - GP-KOP);

Thirteenth: RM10 million in the form of soft loan to the Sabah Government Employees Cooperative Society Berhad (KOPEKS);

Mr. Speaker,

Fourteenth: We are well aware each day that more urgent needs and welfare of the people ought to be addressed. We also realize that Members of the State Legislative Assembly, especially the Honorable Barisan Nasional members have worked tirelessly to help and safeguard the welfare of the people. Therefore, as a caring Government that constantly strives to address the needs of the people, the State Government will further increase the allocation for *Sentuhan Kasih* from RM500,000 to RM800,000 for each State Legislative Assembly member next year.

## **CIVIL SERVANTS**

### **Appreciating Civil Servant**

Mr. Speaker,

143. Civil servants are the main pulse and heart of the Government machinery and administration. Therefore, the State Government would like to announce good news to the State civil servants.

144. As announced by the Federal Government, the State Government has also agreed to provide a special financial assistance of RM1,500 to all Sabah state civil servants. This special assistance will be made twice, of which RM1,000 will be paid in January 2018 and another RM500 will be paid in next year's Hari Raya Aidilfitri.

*Cantik tingkap kerana tabir*

*Cantiknya budi kerana bahasa*

*Penjawat awam cekap mentadbir*

*Memajukan negeri aman sentosa*

## **CONCLUSION**

Mr. Speaker,

145. The Barisan Nasional Government is a working government and not just on politics all the time. Hence, it has become our tradition and practice to go down to the ground and do working visits throughout every corner of Sabah. *Alhamdulillah*, I have visited with a complete team, together with the Cabinet Ministers, State Secretary, Federal Secretary, Permanent Secretaries, Heads of departments and senior officials of the State and Federal Government.

146. Regardless of rain or shine, weekdays or weekends, from remote areas of Pegalungan and Long Pasia, to *Kampung Entilibon* in the middle of Sabah until

*Kampung Taka* in Pitas, in the North, we have all assisted and will continue to safeguard them.

147. We can choose to simply receive reports in meetings or hear briefings in an air conditioned and comfortable office about what happens at the grassroots, but this is not our way. On the contrary, we go down to the ground, visit the districts and villages to meet the people. This approach is proven to be successful because it allows us to understand the needs of the people by getting the real picture of the development situation at the grassroots level and witness their problems and progress.

148. Through these working visits, not only that the people can voice their problems directly, but at the same time their problems can be overcome and resolved more easily. This is because relevant Cabinet Ministers, Permanent Secretaries and Heads of departments can give response and suggestion promptly to any problem raised during development briefings.

149. This simultaneously can reduce bureaucracy and expedite the Government's delivery system to the people at the grassroots level. Evidently, during my working visit to Tenom in July, we inspected the Rundum-Sumambu road in Kemabong, and we will build the road in stages. We also visited MESEJ Kalanyaan poverty eradication programme and launched Kampung Natanduan Melalap bridge. All these are the people's requests.

150. During my visit to Pitas in early November, we shared the grief and donated to the deceased families and injured students involved in road mishap. While we were there, we officiated Community Hall and visited the ongoing people housing project. This working visit means, we have fulfilled our promise to the people.

151. As responsible leaders and Government, the happiness of the people is also our joy. During the working visit, we can see happy faces and gratitude of the people as they are indeed convinced that we come to assist and not to give empty promises and spread lies. We go down to the ground to serve and not to instill hatred. We come and serve with records and evidence.

152. Indeed, we realize that the mandate given to us comes from the people. While we are in power, we must always remember and support the people and assist them with the given mandate. Let us never betray the trust of the people. We should not suddenly make ourselves busy visiting and meeting the people after losing power and position. Do not become hypocrite leaders who pretend to defend the people and the interest of the State, and make empty slogan for the sake of their personal political agenda.

Mr. Speaker,

153. The preparation of this annual budget is based on the needs after taking into account of the Government's ability and affordability. Fundamentally, the State development and the people's prosperity are our top priority. Hence, there should not be any accusation that this Budget is just goodies for the people. Sadly, that is exactly what is being viraled by irresponsible people who feel uneasy with the success and achievement of the Government, especially the opposition.

154. All this while, the Barisan Nasional remains consistent with its goals and struggles. Although leaders come and go, the Barisan Nasional's policy and agenda remain unchanged. Like the sun that always shine, no matter how thick the cloud is, no matter how strong the typhoon strikes, every cloud has a silver lining. The ray of the sun will shine through and give light and hope to everyone. This is the spirit and commitment of the Barisan Nasional, always gives shelter and light, for the well-being of the people and the prosperity of our beloved homeland.

155. No matter rain or shine, the interest of the people remains as the Barisan Nasional Government's focus and main agenda. As a matter of fact, the Barisan Nasional is a party that struggle from the people to the people, from grassroot return to grassroot, from city to remote village, from west to east, from south to north, as the poem goes;

*Sajak dicipta bersimpul ayat  
Ilham datang di waktu pagi  
BN berjuang membela rakyat  
Bukan BN siapa lagi???*

156. Sabah is a state with high-potential. With its strategic location, countless natural beauty and resources as well as extraordinary rapid development, Sabah is positioning closer in the eyes of the world. The Barisan Nasional Government is aware of these special advantages that we inherit.

157. The Barisan Nasional Government's track record has proven that it is not only capable of uniting the people, but also maintaining racial harmony, creating political stability, ensuring national security and strengthening state and country economic growth. The Barisan Nasional Government abilities and capabilities are not only noticeable today, but since time immemorial.

158. All that we do are for the benefit of everyone. With our persistent effort, high determination, commitment to serve with devotion and vigorous fighting spirit, *Insha Allah*, we can succeed for our beloved State of Sabah!

Mr. Speaker,

I beg to propose.

*Wabillahi Taufik Wal Hidayah, Wassalamualaikum Warahmatullahi Wabarakatuh.*