

**THE 2009 BUDGET SPEECH**

**BY**

**THE RIGHT HONOURABLE  
DATUK SERI PANGLIMA MUSA HAJI AMAN  
CHIEF MINISTER AND MINISTER OF FINANCE  
AT THE STATE LEGISLATIVE ASSEMBLY  
ON 14 NOVEMBER 2008 (FRIDAY)**

**"COMMITMENT TO IMPROVE PEOPLE'S PROSPERITY"**

*"In the name of Allah, the most gracious and the most merciful"*

**Mr. Speaker,**

1. I beg to table the 2009 Budget for the approval of this Honourable House.

**Mr. Speaker,**

2. I am grateful to Allah SWT, with His blessing and grace once again I have this opportunity to perform the responsibility entrusted upon me to table the 2009 State Budget in this Honourable House.

3. Next year, we will be entering into the seventh year in the implementation of *Dasar Halatuju Pembangunan Dan Kemajuan Negeri* to turn the State of Sabah into a developed state in Malaysia by the year 2015. Political stability in Sabah which we continuously enjoy until today has brought about many transformations for the well-being of the people through economic and social development programmes. These include the rising standard of life quality of all people through broad development, which encompasses diverse areas, particularly the provision of critical public amenities. Focus are also given on urban and rural housing development; improvement on internal security; provision of facilities on education, health, social and socio-economic development in rural areas with emphasis on poverty eradication. Apart from that, human capital development and enhancement on public sector institutions which are responsible to provide public services as well as welfare, will be improved continuously to meet the needs of the people in more

effective, efficient and orderly manner. All these efforts, coupled with the State's wealth resources and the private sector active involvement will become the catalysts towards creating a more conducive investment climate to spur the State development.

**Mr. Speaker,**

4. The economic turmoil and financial market uncertainty demand us to put together all our strength and assets so that they can be managed more prudently and proactively in order to be more productive. This year, we experience food crisis followed by energy crisis and exacerbated by liquidity decline resulting from global financial crisis. Hence, the State's financial policy will go along the line of Federal Government measures especially in the National fiscal and monetary policies. The economic stimulus package timely announced by Deputy Prime Minister cum Finance Minister with the value of RM7.0 billion which aimed at stimulating economy growth is a positive sign.

5. As had been known, countries which are affected by the crisis are generally Malaysia's export partners. Sabah is not spared as we export palm oil to countries like China and India in particular. The growth rate in both countries in year 2007 as compared to year 2009 is projected to decrease from 11.90

percent to 9.30 percent for China whilst from 9.30 percent to 6.90 percent for India. This situation will also affect the demand of the state produce and eventually exports to those countries. Therefore, the Government will constantly monitor the volatility and intensify its efforts to address them at domestic level. Early measures taken by the Federal Government to overcome problems on fertilizer pricing and a decision to review the windfall tax will certainly relieve the palm oil industry.

**Mr. Speaker,**

## **BUDGET STRATEGY**

6. In the 2008 State Budget, I had emphasised on the importance of effective delivery system and strengthening of the state financial resources to ensure the smooth implementation of programmes outlined in *Dasar Halatuju*. Although year 2009 is approaching the end of Ninth Malaysia Plan (9<sup>th</sup> MP) period, with the launching of Sabah Development Corridor (SDC) Plan on January 29, 2008, it will further accelerate the development momentum.

**Mr. Speaker,**

7. Based on the five thrusts of the National Mission, which are (i) To move the economy up the value chain; (ii) To raise the capacity for knowledge and innovation and nurture first class mentality; (iii) To address persistent socio-economic inequalities constructively and productively; (iv) To improve the standard and sustainability of quality of life, and (v) To strengthen institutional and implementation capability; thus, the 2009 State Budget Strategies are as follows:

**Firstly:** To ensure effective financial management and efficient public sector delivery system, strengthening good governance and increase productivity.

**Secondly:** To enhance development and provision of infrastructures as well as basic amenities towards economic and social progress.

**Thirdly:** To accelerate human capital development as a catalyst of growth thereby promoting its participation in the modern economy as well as enhancing competitiveness.

**Fourthly:** To improve rural development programmes to ensure quality of life as well as poverty eradication.

**Fifthly:** To upgrade social and socio-economic programmes to assist the less fortunate.

**Mr. Speaker,**

### **Malaysian Economy**

8. Growth of the Malaysian economy is forecast to moderate from 6.3 percent last year to 5.7 percent in 2008 and 3.5 percent in 2009. Overall Gross Domestic Product (GDP) growth is forecast to be broad-based with positive contributions from all economic sectors. The services sector is expected to make the most impact on growth, driven by strong growth in the tourism, transportation, finance and banking, and ICT related industries. Contribution of the services sector to GDP growth is estimated at about 66 percent in both 2008 and 2009, followed by the manufacturing sector at around 25 percent.

9. Economic growth will continue to be driven by domestic demand, led by private consumption which is expected to grow at 6.8 percent in 2008 and 6.5 percent in 2009, down from 10.8

percent in 2007. Private expenditure growth as a whole is forecasted to decline slightly from 10.6 percent in 2007 to 6.6 percent in 2008 and 6.4 percent in 2009. Growth of public expenditure is also expected to record a decline from 7.9 percent in 2007 to 4.7 percent in 2008, before rising to 5.1 percent in 2009.

**Mr. Speaker,**

### **Sabah Economy**

10. The global financial crisis as a result of fallout from the U.S sub-prime mortgage crisis, high fuel price and increasing inflation rate had adversely affected growth rate in the Asian region. As a result, the State economic growth is expected to moderate around 5 percent this year and 4.5 percent next year.

11. Before the fall of commodity prices recently, the agriculture sector which was supported by bullish prices of commodities was the key contributor to the State's economic growth. Covering about more than 80 percent of the total cultivated land area, the oil palm sector generated export revenue amounting to RM4.5 billion in the first quarter of this year. For 2008, export revenue from the oil palm sector is expected to reach about RM15 billion. Other main driver of the economy this year was the construction

sector particularly in both commercial and residential properties. The construction sector is forecast to grow by more than 10 percent this year and this trend is envisaged to moderate next year with the cautious private sector's outlook. In the first eight (8) months of this year, the number of tourist arrivals to Sabah has reached 1.5 million. The tourism sector has become one of the key foreign income generators for the State and with many unexplored tourism areas and products, has the potential to further grow. For 2009 the number of tourist arrivals is forecasted to be around 3.03 million with an estimated income of RM5.79 billion.

12. The State's exports sector performed very well registering growth of 65 percent in the first quarter of this year. Similarly imports recorded strong growth of 25 percent. The export sector was propelled by the substantial growth in the export of palm oil, palm kernel oil, rubber, crude petroleum and uncoated printing and writing paper. The growth in imports was attributed to increase in prices of imported food, fuel, chemicals and machinery and transport equipment. Despite the higher cost of imports, the State managed to achieve trade surplus of RM3.9 billion in the first quarter of this year representing substantial increase of 293 percent as compared to the same period last year. With the fall in commodity prices and the lower growth



forecasts from the State's major export markets, the State's exports are expected to moderate next year.

13. Although faced with the current scenario, investment from the private sector remains stable. This is reflected by the 7.3 percent increase in loan given out by commercial banks to various sectors of the economy in the first half of this year amounting to RM26.6 million. The wholesale, retail trade, restaurants and hotels sectors contributed the largest share of RM3.3 billion, followed by the agriculture sector RM2.1 billion, the manufacturing sector RM2.1 billion and the construction sector RM1.8 billion. Investment in non-residential properties surged to RM3.5 billion while investment in fixed assets (machinery and equipment) grew by 15 percent to RM435 million in the first half of this year. Imports of machinery and transport equipment rose by 10.5 percent to reach RM1.8 billion while imports of fertilizers for the plantation sector rose by 144 percent amounting to RM385 million in the first quarter of this year. Given the strong support from the government, several mega projects under the Sabah Development Corridor such as the Convention Hotel and Centre, Aeropod project, Kota Kinabalu City Waterfront and common bulking facility in POIC Lahad Datu with total investment of RM3.7 billion are well in progress. Despite the cautious private sector's outlook in view of the current global development, the four (4) days Sabah International Expo 2008 which was held

recently recorded business transaction amounting to RM142.7 million which was eight (8) times more than the RM18.1 million recorded in 2006. This reflects the confidence of international and domestic investors and entrepreneurs in Sabah.

14. In the first half of this year, the inflation rate has edged up to about 4 percent as compared to 2.10 percent in 2007. Domestic consumption remains steady buoyed by rising household income, payment of bonus to the members of public service and stable labour market conditions. This was reflected by the increase in imports of motor cars by 18.2 percent, increase in loans disbursed for consumption by 4.6 percent and imports of consumption goods by 29 percent in the first quarter of this year compared to the same period last year.

15. The job market has improved with unemployment rate registering lower rate at 5.1 percent from 5.5 percent in 2007. The total number of job vacancies reported by industries in the first half of this year was 6,322 as compared to only 804 in the same period last year especially in the agriculture, manufacturing, hotels and restaurant sectors.

**Mr. Speaker,**

## **STATE REVENUE 2009**

16. The State revenue is estimated at RM2,333.19 million in 2008. This amount compared to the revised revenue for the same year totaling RM2,895.63 million shows an increase of RM562.44 million, equivalent to 24.11 percent. Based on the current collection, I am confident that Sabah's revenue is likely to reach RM3,000 million (RM3.0 billion) by the end of this year. Higher revised estimate is as a result of the escalating prices of crude palm oil (CPO) and crude oil early this year. However, the revenue is expected to decline by 11.23 percent next year compared to the revised estimate this year and the drop is due to two factors. First, based on the current trend, the average price of CPO in 2009 is expected to be lower compared to this year's. Second, the revenue from Forestry is estimated to decrease by as much as 41 percent next year. Taking into account all the factors mentioned earlier, the revenue for 2009 is estimated at RM2,570.43 million.

17. The breakdown of the 2009 estimates according to the three (3) main categories are: Tax Revenue totaling RM910.18 million or 35.41 percent, Non-Tax Revenue totaling RM1,394.31

million or 54.24 percent and Other Receipts totaling RM265.94 million or 10.35 percent.

18. Sales Tax, the leader in the Tax Revenue category, continues to be one of the two major contributors of the State revenue. The revised figure for this year is RM1,057 million as compared to the original estimate of RM833 million, showing an increase of 26.89 percent. For 2009, RM859 million is estimated to be collected from Sales Tax, whereby the biggest portion of RM780 million percent is through CPO sales tax. Taking into account the sudden drop of the market price of the commodity, it is appropriate that the tax revenue estimate for 2009 is rather conservative.

19. Royalties, the major provider of the Non-Tax Revenue category, is expected to overtake Sales Tax in terms of contribution with an estimate of RM897.01 million, or 34.90 percent of the total state revenue for 2009. Petroleum Royalty is the highest contributor in the royalty component. Following the skyrocketing price of global crude oil early this year, PETRONAS has revised the royalty payment for 2008 to RM705.00 million, an increase of more than 51.18 percent compared to the original estimate of RM466.33 million. Next year, a total of RM719 million is estimated as Petroleum Royalty to be paid to the State Government of Sabah. This amount represents 27.97 percent of

the total state revenue for 2009. It is to be stressed here that three main factors which influence the total estimate of petroleum royalty, namely the volume of production, price of crude oil and foreign exchange.

20. Premium payment is another important contributor in the Non-tax Revenue category. A total of only RM132.65 million is expected to be collected from Premium next year, compared to the revised figure of RM159.10 million this year. The reduction of logs volumes is expected to cause a drop in Premium on Round Logs where only RM32.65 million is estimated in 2009 compared to the revised estimate of RM59.10 million for 2008. However, Premium from Land Sales is expected to contribute RM100.00 million next year, the same as the revised estimate for this year.

21. In the same category, Proceeds from Sales of Goods are estimated to generate an income of about RM138.34 million, a slight increase compared to the revised estimate of RM135.16 million for this year. Sale of Water continues to lead in this component with an estimate of RM106.48 million. Interests and Proceeds from Investment are expected to give a return of RM 138.09 million next year. This amount is 40.89 percent more than the revised estimate of RM98.01 million this year. Under this component, Dividends (Public Corporation) is the highest

contributor with an estimate of RM80 million followed by Interest on Cash Balances and Short Term Deposits totaling RM50 million.

22. In the Other Receipts category, a total of RM265.95 million is estimated next year. The revised estimate for this year is RM294.56 million, 10.33 percent more than the original estimate of RM266.97 million. This category is mostly about the Federal Grants and Contributions. The total yearly Grants and Contributions received from the Federal Government comprise 10.34 percent of the total state budget compared to the revenue collected directly by the State Government through natural resources like agriculture, petroleum, forestry, land as well as water which contribute 79.22 percent. The Federal grants and contributions are an important source of State revenue as enshrined in the Federal Constitution and the related laws whereas revenue from natural resources depends a lot on external factors such as market prices and total volumes. In this respect, the State Government will continue its efforts to revise the Federal grants and contributions to supplement the state income. I am confident that with a good work relationship that we have between the state and federal governments, the efforts that are still ongoing will be achieved successfully.

## **SUPPLY AND DEVELOPMENT EXPENDITURES 2009**

### **SUPPLY EXPENDITURES 2009**

**Mr. Speaker,**

23. The caring Barisan Nasional Government of Sabah which always have the people's interest at heart once again created history by tabling the highest and biggest budget in this Honourable House. Hence, I propose a sum of RM2,778.81 million for supply expenditures for the year 2009. This sum shows an increase of RM477.66 million or 20.76 percent as compared to the supply estimates for 2008.

24. The 2009 supply estimates consist of emolument amounting RM581.06 million. Recurrent expenditures is proposed at RM883.30 million represents an increase of RM152.46 million or 20.86 percent as compared to the estimated amount of RM730.84 million for the year 2008. The special expenditures which is proposed at RM1,314.45 million shows an increase of RM340.55 million or 34.97 percent as compared to the estimated amount of RM973.90 million for year 2008.

**Mr. Speaker,**

25. Distribution of the proposed supply expenditures for year 2009 by Ministries is as follows:-

Bil.	Ministry	RM (Million)
1	Ministry of Finance	1,019.87
2	Ministry of Infrastructure Development	539.64
3	Chief Ministries Department	392.93
4	Ministry of Agriculture and Food Industry	253.31
5	Ministry of Community, Development and Consumers Affairs.	125.97
6	Ministry of Tourism, Culture and Environment	98.65
7	Ministry of Local Government and Housing	82.37
8	Ministry of Rural Development	58.05
9	Ministry of Resource Development and Information Technology	54.92
10	Ministry of Youth and Sport	36.18
11	Ministry of Industrial Development	9.32
12	Expenditures not included in Ministries	18.66
13	Charged Expenditures	88.94
	Total	2,778.81



I would like to reiterate that the total supply expenditures for 2009 amounting to RM2,778.81 million is the highest and biggest budget ever tabled in this Honourable House.

## **DEVELOPMENT EXPENDITURES 2009**

**Mr. Speaker,**

26. State development fund for the year 2009 involves a total amount of RM1,040.48 million which is RM56.25 million or 5.71 percent more as compared to the revised estimates of RM984.23 million this year. This amount includes contingencies reserve of RM13.00 million.

27. Distribution of the development fund by ministries shows that the Ministry of Infrastructure Development will receive a sum amounting RM371.12 million or 35.67 percent. This is followed by the Ministry of Agriculture and Food Industry as well as the Chief Minister's Department which will get a sum of RM209.41 million or 20.13 percent and RM172.37 million or 16.57 percent respectively. The Ministry of Rural Development is allocated a sum of RM79.12 million or 7.6 percent. Of this amount, an expenditure sum of RM36.22 million is allocated for special programmes to each Barisan Nasional State Assemblyman Constituency.

28. Distribution of the development allocation by sector is as follow: Economic sector is allocated a sum of RM693.94 million or 67 percent; Social sector is provided a sum of RM268.48 million or 26 percent, and General Administration sector a sum of RM65.05 million or 6 percent.

**Mr. Speaker,**

29. Apart from the State allocation for development which I have just mentioned, a sum of RM435 million will also be made available from Federal sources in the form of reimbursables amounting to RM65.63 million and loans of RM369.37 million. With the these, the overall estimates of the state development budget for the year 2009 is RM1,475.48 million.

**Mr. Speaker,**

## **INFRASTRUCTURE FACILITIES AND INDUSTRY**

30. As we all know, physical infrastructures, public amenities and economic infrastructures are the backbone in supporting Dasar Halatuju sectors. The implementation and completion of

new water treatment plants in Sandakan, Papar, Kudat and Tuaran have not only made treated water available as the prerequisite to improve quality of life but also instill confidence on the capacity of Government machinery as a whole. These do not include projects such as roads and sewerage which have similar objectives which I am sure will be elaborated by the Ministry concerned. Until end of October this year, a sum of RM1.1 billion had been invested to implement the projects concerned. Thus, provision of these services will be given emphasis. Adequate infrastructure facilities create and stimulate investment climate, industries growth and people's prosperity. A sum of RM768.79 million is allocated for this purpose next year. Of that amount, RM396.92 million is for managing while RM371.87 million is for supervision of new and on-going projects.

31. Economic infrastructures development through provision of industrial estates such as the Kota Kinabalu Industrial Park (KKIP), Palm Oil Industrial Cluster (POIC) and others as well as shophouses development in the rural towns will be continuously intensified with the provision of RM68.78 million under Ministries concerned. Apart from RM18.85 million earmarked for management development of POIC, RM13.12 million is provided for the construction of shophouses in Pulau Bum-Bum, Paitan, Merotai and Kundasang. All these are necessary to promote investment, business and industry programme growth particularly

small-medium industries in Sabah. In line with this, the Government will continue to provide support on efforts to promote Sabah as an investment destination by entities concerned in particular the Sabah Federation of Manufacturers through Sabah International Expo (SIE).

**Mr. Speaker,**

## **AGRICULTURE SECTOR**

32. Agriculture sector, as the largest contributor to the state economy, will vigorously continue its effort to diversify its product with value added potentials. As such, more focus will be given to POIC development plan. The Government will give more attention to increase domestic food production on various fields in particular production of rice to ensure sufficient supply and reduction of food imports. Majority of the people of Sabah are in the rural areas hence the government's focus on the agriculture sector is appropriate as this sector brings a lot of benefits and other opportunities to the people. To achieve this objective, smalltime farmers, fishermen and dairy farmers will continue to be developed to support this Halatuju. For this purpose, the Government will allocate a sum of RM394.54 million for next year. Subsidy for paddy and fertilizer will be increased in line with the increase of milk subsidy which was implemented this

year with an allocation of RM25 million from RM20 million. With that increment coupled with the involvement of government agencies in commercial rice planting, I am confident that it will give positive impact on increasing our domestic supply. Given an infrastructural support for drainage and irrigation with an allocation of RM28.33 million, I am sure this effort will bring about the desired impact on our planned programme.

**Mr. Speaker,**

## **TOURISM SECTOR**

33. In view of the high contribution of the tourism sector to Sabah economy, new ideas and existing programmes would be intensified through strategic international promotion and product diversification. Similarly, it is important to promote domestic tourists to visit our tourism spots and patronize the various government sponsored festivals characterized by local ethnic cultures. I believe the ministry concerned will deliberate in more details the variety of tourism products in the state. For this, I propose a sum of RM82.01 million from the overall total of RM102.09 million for management implementation of various tourism programmes, environmental protection and wildlife management. The Government is also proposing an allocation of RM25 million for Sabah Tourism Board next year, being the key

player of the state tourism development. In line with efforts to upgrade the tourism industry in Sabah, the Government is mindful of the importance to conserve and preserve our environment which is rich in unique biodiversity, flora and fauna species that have become the main attraction of the eco-tourism sector in the land below the wind.

## **HUMAN CAPITAL AND ICT DEVELOPMENT**

34. Human capital development is the key factor to develop knowledgeable, competitive and resilient future generation. As such, a sum of RM188.14 million is allocated for human capital development which covers several programmes such as in-service training for members of the civil service, admission to institute of higher learning through scholarship assistance, community and vocational skill training and spiritual development. Good governance calls for a high level of competency and performance among members of the state civil service, as such an amount of RM10 million will be provided to further intensify the enhancement of skills under the human resource program in all ministries and departments as well as government agencies.

35. High academic achievers will be supported by way of scholarship awards, thus in this effort, a provision of RM28 million as compared to RM25 million this year is made to further

improve academic excellence. In an endeavor to develop a moral society, it has to begin at a young age. In this respect, a sum of RM20.8 million will be provided for the management of Islamic schools including orphan homes aside from RM21.93 million provisions for maintenance and development of mosques, and islamic schools under JHEAINS. Government will continue to contribute to private schools with an allocation of RM10 million as compared to RM8 million this year. For the purpose of spiritual and moral development, under the program of Non-Islamic Religious Bodies, a sum of RM20 million will be provided.

**Mr. Speaker,**

36. Barisan Nasional Government is aware of the needs to develop skilled workforce among Sabah youths in order to secure for job opportunities. For this purpose, a sum of RM20.84 million will be allocated to the ministry and department which are responsible for this programme. As a continuation of government effort to create a knowledgeable, competent and educated society, Sabah State Library Department is provided a sum of RM19.06 million. A further sum of RM16 million is provided for the preliminary works of Sandakan Education Hub Project which is mainly funded by the Federal Government with an initial allocation of RM60 million next year.

**Mr. Speaker,**

37. To support and implement ICT-based human capital development and in line with electronic government policy a sum of RM34.43 million will be provided. As an effort to raise competitiveness at global level, ICT development will act as a catalyst for the creation of K-Economy, with focus given on strategic sectors such as tourism, agriculture, manufacturing and education. Among ICT programmes that will be implemented are strengthening of Sabah Electronic Government System which covers applications such as e-community, e-education, e-marketing and others. ICT development programme under this plan will be extended to rural areas to ensure IT literacy is enhanced for the benefit of society as a whole. As a main thrust to improve the effectiveness of ICT development in the State, the Government is now focusing on the development of infostructure through broadband coverage.



## **POVERTY, SOCIAL AND COMMUNITY WELFARE**

### **Poverty Eradication**

**Mr. Speaker,**

38. The Sabah Barisan Nasional Government being elected by the people of the state is particularly concern about the state's poverty rate. Thus, efforts to eradicate poverty particularly hardcore poverty will not be compromised. For this noble purpose, the State Government has allocated a total sum of RM159.82 million to the Chief Minister's Department, Ministry of Finance, Ministry of Rural Development and all district offices to upgrade programmes so as to enhance the quality of life and to increase the household income of the poor and hardcore poor. In addition, almost all ministries, departments and state government agencies with their respective allocations give emphasis in implementing programmes that would benefit and create positive impact to the target group.

**Mr. Speaker,**

39. To ensure successful implementation of poverty eradication programmes, a sum of RM59.12 million of the aforementioned has been allocated to specific programmes believed to relieve the

target groups from the hardcore poor. Among the programme is the agropolitan project involving the integrated land development in focus districts: Banggi, Pitas, Beluran, Kota Belud, Tenom and Tongod aside more programmes of *Mini Estet Sejahtera (MESEJ)*. Other programmes include increasing of household income, direct assistance, rural industry programme and others. This challenging yet worthy responsibility should motivate us to overcome the issues of poverty in Sabah effectively. With a combined efforts, "together we scale the mountains and the valleys, and traverse the seas", between the State and the Federal Government in planning, implementing, monitoring and evaluating the effectiveness of poverty eradication programmes, it will ensure the success of these programmes.

## **Social and Welfare Programmes**

**Mr. Speaker,**

40. To show the Barisan Nasional Government's concern towards the less fortunate, the government has allocated a sum of RM99.32 million compared with RM60.33 million this year. The sharp increase resulted from the upward review of various social benefits with increases of more than 100 percent such as public assistance which was increased from RM150 to RM300 per month

compared to the current RM70 to RM175; assistance to orphans and the poor from RM200 to RM450 per month compared to the current rate of RM70 to RM250 and special relief assistance fund from RM150 to RM650 currently to RM500 to RM3,000 for each case.

## **NGO and Women's Role**

41. The Government acknowledges the role and contribution of women in the nation's development. Hence, the roles of women were never sidelined, on the contrary highly regarded. Allow me to recite this *pantun* (poem):

Moonlight falls from the sky  
Spraying rays of golden  
In strong spirit of necessity  
Women are never forgotten

Women today includes professionals holding important posts in the government and organisations at all levels. Therefore, to enhance their roles, I propose an allocation of RM12.66 million next year. This assistance will reinforce the administration machinery of the associations, NGO's and the Sabah Women's Advisory Council that they lead which includes other social and

family-oriented programmes. With this assistance, I hope they will continue to contribute and channel ideas and proposals with regards to education, social, culture and economics with special focus given to the women's development in rural areas.

**Mr. Speaker,**

### **ROLE OF STATUTORY BODIES AND STATE AGENCIES**

42. State Government agencies have all this while been playing an important role as catalyst in implementing the development of the state's economy so they will continue to be given due attention and monitored closely. In this connection, through corporate governance, the roles of the management and board of directors will become more transparent and effective ensuring the agencies will always be competitive, dynamic and progressive.

43. As an initiative to further assure the stability of the agencies apart from integrity and good governance, the State Government will reinforce their financial positions by restructuring outstanding loans of the agencies including the local authorities. The Ministry of Finance has conducted loan restructuring with a view to convert into equity or be written-off in particular loans that have

not been generating returns and non-commercial in nature. In line with this effort, an amount of RM210 million has been identified and will be settled in stages by writing-off or converting into grants or equity. As a start, in year 2009, an amount of RM37 million has been allocated for this purpose.

44. Steps taken to settle the outstanding loans will reduce the agencies liabilities and thus contribute in strengthening their financial position. The growing financial stability of the agencies has successfully contributed to the State Government in the forms of dividend payments and loan repayments. In year 2008, an amount of RM33.73 million, which includes loan repayments and dividends, have been paid to the State Government in the form of cash excluding the additional RM20 million which is expected to be received by the end of the year. Following the exercise implemented by the Ministry of Finance and in line with the change in the tax system by the Federal Government in 2007, the State Government has submitted a claim to the Inland Revenue Board for an amount of RM160 million as income tax repayment on its dividend declaration for that year.

45. With cooperation and dedication among members of the public sector, I believed the performance of Government agencies, such as Sabah Development Bank Berhad, Warisan Harta Sabah Sdn. Bhd., Sabah Energy Corporation Sdn. Bhd.,

SEDCO and Sabah Credit Corporation, will continue to improve from time to time as reflected in dividend declaration and loan repayments to the State Government. A number of the statutory bodies and Government agencies such as Ko-Nelayan, Lembaga Sukan Negeri Sabah, Lembaga Kebudayaan Negeri Sabah, Korporasi Pembangunan Desa and Yayasan Usaha Maju, which previously faced difficulties, are now starting to show good management performance. The commitment and professionalism of the management together with good governance and practices have contributed towards this achievement. In addition, they have also shown caring attitude by implementing relevant activities through their corporate social responsibilities. I hope these agencies will become more prominent in their respective businesses so that they can be independent of the Government financial assistance.

## **Conclusion**

**Mr. Speaker,**

46. To ensure any policy and development programme achieves its aim for the well-being and prosperity of the people, as officials and members of public service, we are expected to carry out our duties with integrity, dedication and with full commitment, 'not

just merely for the sake of doing things'. Added on to this, we must persevere and execute our responsibility without excuses. The mandate given by the people to the Barisan Nasional Government must be shouldered with responsibility, sincerity, honesty and trust-worthiness.

**Mr. Speaker,**

47. The launching of Sabah Development Corridor (SDC) a holistic development funded by the Federal Government, is expected to further integrate the State development policies and thus enhance the machinery of the State and Federal Governments. This approach will further intensify the State economic growth and secure a balanced and fair distribution of the State's wealth. In this connection, I urge all officials and members of the public sector, which formed the backbone of the Government administrative machinery, to continuously improve our delivery system to make it more effective with high standard of performance. To this end, the Government had acknowledged the contributions of the members of the civil service by declaring a bonus of one (1) month basic salary or a minimum of RM1,000 this year. The Government had also invested significant amount to build up individual and public sector institutions' capacity through various skills training. Hence, in my view, it is timely for members of the civil service to rise to the occasion and continue

to give their dedication towards enhancing the effectiveness of the Government delivery system. In line with this, the 2009 State Budget will always give priority to areas identified in the Halatuju sectors in agriculture, tourism and industry which are expected to contribute towards improving the well-being of the people. However, we must be mindful to practise prudent spending on public funds by eliminating wastage while at the same time focusing on productivity especially in the present situation, as the proverb says "a droplet of water makes an ocean, a lump of earth makes a mountain".

**Mr. Speaker,**

48. Past experience should mature us and make us a wiser decision-maker. We are proud with the achievement of several Government departments such as Forestry Department, Veterinary Services and Animal Industry Department, Public Works Department, Land and Survey Department as well as some district offices which have demonstrated improvement in the delivery of their services. This should become an inspiration to other departments. However, we should not be complacent with our current achievements. We are always facing challenging tasks and responsibilities in making Sabah a more progressive and prosperous state. Therefore, I call upon all leaders and people to give their full and undivided support to the Barisan



Nasional Government, “with unity and consensus, a good deed is the outcome” and make a bold and proactive step to ensure the mission of making Sabah as a developed State by the year 2015 becomes a reality, **Insya Allah.**

49. On behalf of all the people of the State, I would like to take this opportunity in this Honourable House to convey our utmost gratitude and thanks to the Right Honourable Datuk Seri Panglima Abdullah Bin Hj. Ahmad Badawi, our beloved Prime Minister of Malaysia, for his attentiveness and concern on the State’s requirements by granting a substantial sum of allocation for the development of the state of Sabah. I would also like to congratulate the Right Honourable Datuk Seri Najib Tun Abdul Razak, Deputy Prime Minister as the new Finance Minister of Malaysia. We are confident that with his experience and leadership, Ministry of Finance, Malaysia will continue to excel and drive the national economy towards continuous prosperity.

50. The Barisan Nasional Government, may it be at the Federal or State level will always safeguard the interest of the people in the urban and rural areas, as the poem goes:

Casting the net at the seaside  
It was done cleverly apart  
It doesn't matter where the people reside  
Their needs are always in our heart

51. I would like to emphasise once again that the mandate given by the people to the Barisan Nasional Government will continuously be shouldered with responsibility and sincerity. May Allah SWT continue to give us guidance and bless us all so that we can carry out our responsibility for the prosperity and well-being of all the people and the generation to come.

**Mr. Speaker,**

I beg to propose.