

THE 2012 BUDGET SPEECH

BY

**THE RIGHT HONOURABLE
DATUK SERI PANGLIMA MUSA HAJI AMAN
CHIEF MINISTER AND MINISTER OF FINANCE
AT THE STATE LEGISLATIVE ASSEMBLY
ON 18 NOVEMBER 2011 (FRIDAY)**

“ACCELERATING THE STATE’S WELL-BEING AND PROSPERITY”

“In the name of Allah, the Most Gracious and the Most Merciful”

Mr. Speaker,

01. I beg to propose the 2012 Budget for the approval of this Honourable House.

Foreword

02. Alhamdulillah, praise and thanksgiving to Allah SWT, with His blessing and grace, I can continue to fulfill the trust and responsibility to table the State Budget for the year 2012 in this Honourable House.

Mr. Speaker,

03. As we all know, the 2012 National Budget presented by the Right Honourable Prime Minister provides various incentives and facilities for the interest and benefit of all segments of society. As in previous years, the State also stands to benefit from the provision of substantial allocations in the 2012 National Budget. For this, the State Government would like to record its greatest appreciation to the Federal Government especially to the Right Honourable Prime Minister cum Finance Minister of Malaysia who continuously gives due attention and commitment towards the development and prosperity of the people. To complement the national development agenda, which is implemented through Government Transformation Programme, Economic Transformation Programme and the New Economic Model, the State Government through the strategies of 2012 State Budget will among others provide the necessary allocations to implement the State development programmes for the well-being of the people and prosperity of our beloved State.

World Economy

Mr. Speaker,

04. The tabling of 2012 Budget takes into account the global, national and state economic scenario. The world economy is forecast to grow moderately to about 4% in 2012 from over 5.1% in 2010 and 4% in 2011. The United States economy is expected to grow at 1.5% in 2011 and 1.8% in 2012. In the European Union Area, economic growth is forecast at 1.6% in 2011 and 1.1% in 2012. Meanwhile, the earthquake-

related tragedies in Japan have cast a shadow over its economy due to the tragic loss of lives and damages. Japan's overall economy growth is forecast at negative 0.5% in 2011 and 2.3% in 2012, whereas advanced economies are forecast to expand at 1.6% in 2011 and 1.9% in 2012.

05. The emerging and developing economies are expected to grow at 6.4% in 2011 and 6.1% in 2012. Regional growth will continue to be led by China and India. China's economy is forecast to attain a growth rate of 9.5% in 2011 and 9.0% in 2012. India's economy is also forecast to grow at a high of 7.8% before moderating to 7.5% in 2012. As a group, the ASEAN-5 economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) are expected to expand at 5.4% in 2011 and 5.7% in 2012.

Malaysia Economy

Mr. Speaker,

06. National economic performance registered a positive growth rate of 4.4% in the first half of 2011. Despite uncertainties in the global economy, the Malaysian economy is expected to expand between 5.0% to 5.5% this year. This growth momentum is expected to increase in the second half of 2011.

07. During the first half of 2011, the sales value of the manufacturing sector posted a growth of 10.8% or RM33.3 billion to register RM341.0 billion from RM307.7 billion. The services sector is the largest contributor to the nation's economy, contributing to almost 58% of Gross Domestic

Product (GDP). Under the Tenth Malaysia Plan (10MP), the Government targets this sector to contribute 60% of GDP by 2015.

Sabah Economy

Mr. Speaker,

08. Despite uncertainties in the global economy, the State's external trade sector registered export growth of 4.0% in the first half of this year. Imports however registered higher growth of 13.2% in the first half of this year mainly due to higher import cost of food and fuel. Lower trade balance of RM8.31 billion was recorded in the first half of the year as compared to RM9.18 billion in the same period last year. Although the exports volume was lower for most of the State's export commodities, the exports value continued to register positive growths due to higher prices of export commodity except for timber-based products.

09. Despite the less encouraging performance from the external sector, I am pleased to note that private investment has picked up this year. For the first seven months of this year, approved investment in the manufacturing sector is RM955 million as compared to RM270.15 million for the same period last year.

10. This year, against the background of weaker external sector fuelled by weaker global demand and exports growth albeit rising private investment and consumption, the State's economy which is dominated by its external sector is estimated to grow by 3% to 4%.

11. For next year, another challenging year is anticipated in view of the rising uncertainties in the global economy. As mentioned earlier, for the State's economy, sources of growth are expected to come from the domestic sector as the external sector is expected to moderate. Private investment, public investment and domestic consumption are expected to stimulate growth with the implementation of various private and public sector projects coupled with the many incentives announced in the 2012 National Budget to stimulate domestic consumption. Against this scenario, the State economy is projected to grow between 4.5% to 5% in 2012.

State Financial Performance

Mr. Speaker,

12. Sabah Barisan Nasional Government is always committed to achieving the planned targets through financial discipline and proper spending. With strong economic fundamentals coupled with the wealth of natural resources, our long-term target of becoming a developed and prosperous State will be achieved. For the information of the Members of this Honourable House, the performance of the State as governed by the Barisan Nasional Government, is becoming more evident as reflected by the following achievements:

- (i) It is among the top states that has achieved sound financial management with the certification of Clean Bill awarded by the Auditor General for eleven (11) years in a row;

- (ii) It achieved the highest rating of "AAA" by RAM Rating Services Berhad for three (3) consecutive years attributed mainly due to the State's strong fiscal position as a result of a series of surpluses, accumulation of strong reserve and a strong relationship with the Federal Government;
- (iii) It obtained ISO certification by Moody International for efficiency and proper state budget management for three (3) consecutive years; and
- (iv) 2010 Auditor General Report shows several actual figures that reflect the highest achievements in the State financial history, such as:
 - State Reserves exceeding RM3 billion;
 - State Revenue exceeding RM4 billion;
 - Actual surplus amounting to RM730 million;
 - Development expenditures at RM1.17 billion; and
 - No arrears on federal loans (we paid all dues);

Mr. Speaker,

13. While the State Barisan Nasional Government is pleased with the excellent records, we will nonetheless continue to be committed to developing Sabah in a sustainable manner in order to achieve a higher level of prosperity and improve the people's quality of life. Our commitment and perseverance have borne fruits. We will continue to intensify our efforts and devote our strength to realize all planned programmes and development agendas.

Mr. Speaker,

14. For the year 2012, the State Government expects to collect revenue amounting to RM3,690.53 million which is the highest record ever in the history of the State Annual Budget. With strong financial position and consistent actual surpluses, especially in 2010 with a surplus of RM730 million, therefore, in order to accelerate development and enhance the well-being and prosperity of this beloved State, allow me to table the expenditure for the year 2012 which is the biggest expenditure ever in the State financial history. In line with and pertinent to the theme of the 2012 Budget, **“ACCELERATING THE STATE’S WELL-BEING AND PROSPERITY”**, I propose an expenditure of **RM4,048.28 million in 2012 Budget.**

15. One of the objectives of 2012 Budget is to stimulate economic growth by emphasizing improvement on basic infrastructures and public utilities for the benefit of the people and investors. With such a huge budget, allocations have been earmarked with commitment to support the continuous growth of our economy. Apart from efficient banking system and adequate basic infrastructure such as roads, bridges, water supply, electricity and other infrastructure facilities, we are committed to put in place quality financial infrastructure through financial discipline, good governance, including effective reporting and financial control system.

16. With proper financial system and practices, all ministries, departments and agencies have worked to ensure allocations are spent for their specific purposes. Well done to the Government machineries for

their commitment and accountability to ensure transparency and prudent utilization of financial and natural resources (value for money).

2012 Budget Objectives and Strategies

Mr. Speaker,

17. The 2012 allocations will be spent in accordance with the various objectives and strategies which are the same as last year as follows:

- a. To strengthen State financial position;
- b. To maintain economic momentum;
- c. To improve basic infrastructure and public facilities;
- d. To accelerate the achievement of Halatuju;
- e. To develop high quality youth and human capital;
- f. To eradicate poverty; and
- g. Balanced regional development.

2012 State Revenue

18. The State revenue is estimated at **RM3,690.53** million for the year 2012. The revised revenue for this year is expected to be around RM3,820.45 million, an increase of RM1,072.51 million or 39% compared to the original estimate of RM2,747.94 million. Five sources of revenue, namely Sales Tax on Crude Palm Oil (CPO), Petroleum Royalty, Proceeds and Interests from Investment, Land and Forestry contributed to the higher revised estimate for 2011. Altogether, they make up more than 80% of the total revised revenue. The State Government is confident that the revenue of the State will perform

equally well in 2012. Nevertheless, it is prudent for the State Government to adopt a conservative approach in the preparation of the estimates as most of the major sources of revenue are beyond its control especially the prices and productions of CPO and petroleum.

19. The State revenue is classified into three categories namely Tax Revenue, Non-Tax Revenue and Non-Revenue Receipts. The **Tax Revenue** is expected to contribute a total of **RM1,165.10 million** or 32%. The main source of revenue in this category is Sales Tax which is estimated at RM1,100.00 million with Sales Tax on Crude Palm Oil to contribute RM1,000.00 million.

20. The **Non-Tax Revenue** is expected to register **RM2,189.12 million** or 59%. The two major contributors in this category are the Proceeds, Dividends and Interests with an estimate of RM805.46 million and the Petroleum Royalty with an estimate of RM774.46 million. While **RM336.31 million** or 9% is from the **Other Receipts** category. This category consists of mostly grants and contributions from the Federal Government.

Supply and Development Budget for the year 2012

Supply Budget

Mr. Speaker,

21. Taking into account our financial strength, estimates of revenue totaling RM3,690.53 million and our Budget Objectives as stated above, I propose a sum of **RM4,048.28 million** State fund for the 2012 supply

expenditures. This will involve an increase of RM979.62 million or 31.92% as compared to RM3,068.66 million in 2011.

22. Proposed estimates for emolument in 2012 is RM623.66 million with an increase of RM26.10 million or 4.37% as compared to RM597.56 million in 2011. The increase, among others is due to the government's effort in meeting the needs of establishing and filling new posts that are critical for our administrative machineries and as catalyst for development.

23. An estimate of RM1,120.85 million is proposed for recurrent expenditures for 2012. This is an increase of RM63.14 million or 5.97% as compared to RM1,057.71 million for this year. The increase in recurrent expenditures is mainly due to rising operational costs in the public service to ensure an effective delivery system.

24. A proposed sum of RM2,303.77 million for special expenditures in the year 2012 shows an increase of RM890.38 million or 63% as compared to the allocated sum of RM1,413.39 million for this year. Among items which show an increase in expenditure are Equity Investment, Payment to Water Concessionaires, Government Buildings, Expenditures on Provision For Supporting Infrastructures and Contribution to the Development Fund.

Development Estimates

Mr. Speaker,

25. A sum of RM881.87 million State fund will be provided for State Development expenditure in 2012.

26. In line with the State strategic development thrust and direction, the State Development Budget for 2012 will continue to focus on programmes and activities that will speed up economic growth, create a vibrant, peaceful and comfortable environment that can improve the quality of life in the State.

27. As such, a bulk of the development budget for 2012 totaling RM545.91 million or 64.08% is channeled to the economic sector. Social sector is allocated a sum of RM256.9 million or 30.16%. The state strategic development plan or commonly known as “Halatuju Pembangunan Negeri Sabah” will be allocated a sum of RM617.43 million or 72.5% of the overall total of the State Development Budget for 2012.

Distribution of Allocations by Ministries

28. In line with the roles, responsibilities and functions as the main Government implementing agencies, the distribution of the proposed Supply and Development Budget 2012 allocation by Ministries are as follows:

Ministry	Distribution	
	Supply (RM) million	Development (RM) million
Ministry Of Finance	1,918.62	18.58
Ministry Of Infrastructure Development	679.31	310.40
Chief Minister's Department	432.03	190.94
Ministry Of Agriculture and Food Industry	282.94	131.99
Ministry Of Community Development and Consumer Affairs	133.03	7.14
Ministry Of Tourism, Culture and Environment	105.39	24.65
Ministry Of Local Government and Housing	88.48	34.50
Ministry Of Resource and Information Technology Development	87.37	5.00
Ministry Of Rural Development	67.04	99.72
Ministry Of Youth and Sport	56.14	24.18
Ministry Of Industrial Development	10.06	19.77
Expenditure Not Included in Ministerial Portfolios	23.97	
Charge Expenditure	163.9	
Contingency Fund		15.00
Total	4,048.28	881.87

Allocation by Sector

Mr. Speaker,

29. The 2012 Budget will continue to provide a large allocation for improvement of basic infrastructures and public utilities that will support the 3 sectors in Halatuju namely Agriculture, Tourism and Manufacturing. Emphasis will also be on rural development programmes that are related to poverty eradication; human capital development as well as social and welfare programmes in order to uplift the well-being and prosperity of the people and the State.

Basic Infrastructure and Utilities

Mr. Speaker,

30. Basic infrastructure and public utilities are the catalyst for growth. The 2012 Budget will focus on improving infrastructure development to ensure a balanced regional development in the State as well as to meet the requirements of the agriculture, tourism and manufacturing sectors that will propel the State's socio-economic development.

31. In 2012, efforts will be continued towards implementing planned strategies such as the upgrading and maintenance of road networks, upgrading the capacity of water and sewerage treatment plants, expanding the pipe network, reducing the Non Revenue Water, enhancing the ports and jetties operation and services, among others. The implementation of infrastructure and public utilities programmes will involve an allocation of RM1,284.78 million. Out of this amount,

RM458.8 million is for water supply, RM270.63 million for road and RM63.58 for sewerage.

Agriculture Sector

Mr. Speaker,

32. As one of the catalysts for growth, the Government will further strengthen the agriculture sector to ensure this sector experiences a robust growth, is sustainable, relevant, competitive and commercially driven. To realize this, the government will allocate RM335.95 million to the agriculture sector, out of which RM173.62 million and RM162.33 million will be spent on operation and development respectively, which includes fisheries, livestock, drainage and irrigation in 2012.

33. Attention will be given to the utilization of resources to ensure high yield in local food production; strengthening integrated farm network; greater private sector participation and strong support services.

34. Agencies such as Korporasi Pembangunan Desa, Lembaga Industri Getah and Ko-Nelayan play an important role and will continue to contribute in developing the agriculture sector. Thus, an allocation amounting to RM39.20 million will be channeled to these agencies in 2012.

Tourism Sector

Mr. Speaker,

Pergi berkelah di tepi pantai
Sambil membawa jiran sekampung
Negeri Sabah indah dan permai
Jadi tumpuan para pelancong

35. To further strengthen the tourism sector, cultural heritage and environmental conservation, the government will allocate RM158.84 million to the Ministry of Tourism, Culture and Environment and its six (6) agencies as well as the Forestry Department and Sabah Biodiversity Centre. The allocation provided includes RM139.70 million for operation and RM19.14 million for implementing various development programmes.

36. For the period between January to September 2011, the State registered tourist receipts amounting to RM3,662.00 million of which RM1,450.00 million is from foreign tourists and RM2,212.00 million is from domestic tourists. The number of tourist arrivals for the first three (3) quarters this year has reached 2.09 million tourists, an increase of 14.5 % compared to the same period last year. A grant of RM59.50 million will be allocated to Sabah Tourism Board, Sabah Cultural Board and Sabah Parks to ensure the continuous development of the Sabah tourism industry in the short and long term.

Manufacturing Sector

Mr. Speaker,

37. In 2012, an allocation amounting to RM98.15 million is provided to support the development of the manufacturing sector. This allocation is aimed at intensifying efforts that will propel the manufacturing sector in order to increase its contribution to the State's exports value.

38. To realize the increased contribution of the manufacturing sector to the State's economy, supporting projects such as basic industrial infrastructures will be further enhanced. For this, special attention will be given for the further development of Kota Kinabalu Industrial Park (KKIP), POIC Lahad Datu and POIC Sandakan. In 2012, RM35.05 million will be provided for this purpose. It is expected that these industrial parks will continue to be the centre of operation for factories that will increase employment and business opportunities for youths and young entrepreneurs in the State.

Raising Living Standards of the Rural Households and Eradication of the Hardcore Poverty

Mr. Speaker,

39. The State and Federal Barisan Nasional Governments are always concerned with the plight of the low-income group. Poverty eradication will continue to be among the main agendas of the Government under the 10MP whereby State and Federal Government programmes are targeted towards achieving zero hardcore and reducing relative poverty.

Various programmes have been and will continue to be implemented to raise the living standards of the poor and at the same time to narrow down the income disparities between the urban and rural population.

40. Programmes such as Mini Estet Sejahtera (MESEJ), Ladang PPRT and Program Peningkatan Ekonomi Setempat (PPES) have successfully attracted the participation of many Ketua Isi Rumah Miskin Tegar (KIRMT). Their involvement in these programmes have raised their income and hence pushed them out of the hardcore poverty line income (PLI).

41. Since the beginning of 2010, 1,167 KIRMT in Tongod and Tawau have been paid monthly dividends of RM400.00 through their participation in oil palm planted Ladang PPRT Kalabakan and Tongod. Houses were also built and provided for those KIRMT who wish to work in these plantations besides receiving dividend. These plantations are a joint venture effort between the State Government and Sawit Kinabalu Berhad.

42. Currently, there are 30 agriculture MESEJ and 8 aquaculture MESEJ in various stages of implementation throughout the State, among others Kg. Lok Butun Semporna; Kg. Nala Tungku; Kg. Panimbawan Tuaran; Kg. Pangi Kunak; Pulau Sakar Lahad Datu and Pulau Jambongan Paitan, which have started to generate income to the participants. When all the projects are implemented and fully operational, 1,600 KIRMT are expected to benefit and exit the hardcore poverty group. For the year 2012, an allocation of RM168.95 million will be provided to continue our efforts in carrying out these programmes.

ICT Development

Mr. Speaker,

43. Information technology is the driving force of our lives today. These days, the sophistication in information and communication technologies have made the whole world borderless. The Government and the people are brought closer; the digital divide between rural and urban areas can now be bridged through the State ICT Blueprint which includes ICT Infostructure such as the e-Constituency Portal and Electronic Community Portal (eMas). In addition, more e-Desa centers will be set-up to empower the people in line with the Government's effort to develop a knowledge-based economy. For that, a sum of RM71.91 million will be allocated in the 2012 Budget.

Human Capital And Youth

Mr. Speaker,

44. Human capital is the foundation, asset and catalyst to bring about new ideas to uplift the well-being and prosperity of the State as one of the developed states in Malaysia by 2020. Thus, the quality and moral values of human capital will continue to be inculcated among Government's employees and the society particularly the youths. In realizing this, the Government will allocate a total of RM204 million for human capital development programmes.

45. The Government constantly endeavours to provide and explore every avenue for enhancing the potential of youths with strong character, competent, noble personality and capable of performing creatively and competitively in all fields ventured, in the public or the private sector including participation in business and entrepreneurship. They need to be provided with a clear direction and opportunity to gain skills and career advancement so that they can contribute positively to the society. For this, the State Government will allocate a sum of RM58.27 million in 2012 to implement various Youth Development Programmes such as Scholarship Awards, Skills Programmes, Grassroots Youth Association programmes, Registration Campaign of Grassroots Youth Association, Patriotism and Nationalism Programmes, Social and Volunteerism Programmes, Love The Nature Programmes, Extreme and Recreational Programmes, Healthy Lifestyle Programmes, Programmes with Uniformed Association and Programmes with Public and Private Higher Learning Institutions and Schools.

46. Realizing the priority and importance of association networking, the State Government will increase the contribution to youth organizations so that the State's cultural association movement (Gerakan Budaya Berpersatuan) can be further strengthened. Based on Registrar of Societies (ROS) statistics as at July 2011 there are 299 Grassroots Youth Association registered in Sabah. For this, the State Government has allocated a sum of RM7.5 million in 2012.

47. It is the Government's aspiration to develop progressive, innovative, healthy, physically fit, disciplined and competitive youths. This is in line with the Government's goal to increase the number

of athletes who are capable of bringing honour to the State and the Nation at international level. To develop excellence performance in sports, the Government will continue to send athletes to national and international tournaments, training part-time and full-time coaches and organizing tournaments at the state, national and international level. At the same time, the Government will continue to establish centers for excellence in district and state levels as well as implementing Sports Science at all levels. The State is proud to have thirteen sports complexes, which is the highest number in the country. The Government will continue to build sports facilities throughout the State so that all segments of the society can participate sports activities and make it a culture. To focus on development of excellence performance in sports, the Government will allocate RM35.45 million for the year 2012.

Social and Welfare Development

Mr. Speaker,

48. As the saying goes, '*berat sama dipikul, ringan sama dijinjing*', '*cubit peha kiri, peha kanan terasa juga*'. Hence, the Budget will embrace all levels of society. The Government is concerned about the welfare and problems of the people and thus will always look after the well-being of special group, the aged, the needy and broken families. The State Government will continue to provide services, facilities and assistance through various programmes such as General Assistance Scheme, Orphan Assistance Scheme, Donations Fund, Orthopedic Equipments Scheme and so forth to ease the burden on the people who are less fortunate. Therefore, a total of RM89.34 is allocated in the budget next year.

Development of Women and The Family Institution

Mr. Speaker,

49. The State Government does not marginalize women participation in the administration and development of the State, on the contrary, we appreciate the role and contribution of women in all aspects, from the public and private sector, regardless of rank; in fact, just as the Government recognizes the important role of men, women role is like wise being acknowledged.

Kembang melati di kebun nyonya
Harum mewangi di tengah laman
Sumbangan wanita tinggi nilainya
Kekal abadi sepanjang zaman

50. Hence, to further enhance women participation in the work force, various short and long term efforts will be implemented. Taking into account the industrial needs and focus area in Sabah, suitable skills training programmes will be implemented. Similarly, entrepreneurial programmes involving women will be intensified and expanded in line with their inclination towards business. To support this, the State Government has provided various forms of financial assistance, advice and appropriate training for the women's benefit.

51. The Government cares deeply the importance of strengthening the family institution as it is the foundation for creating a responsible society. For the year 2012, awareness on current family issues and challenges is one of the planned happy family

programmes. The Government will implement programmes such as Family Conference, Youth Welfare Programmes and Parenting Seminars. To implement all these as well as provision to women Non-Government Organizations (NGOs) and Yayasan Usaha Maju (YUM), a total of RM10.98 million is allocated for the year 2012.

Local Authority

Mr. Speaker,

52. The Local Authorities play an important role in supporting the development agenda of the State and Federal Government in providing high quality public services and facilities in the housing sector, tourism, business, health, safety, environment and others. To fulfill the role mentioned, a sum of RM122.97 million will be provided to local authorities in 2012. Of the total allocation, RM88.48 million is set aside for expenses under supply budget while RM34.49 million is provided for development programmes such as provision of infrastructure, basic facilities and development of new townships and housing in several districts of Sabah.

Federal Allocation

Mr. Speaker,

53. Asides allocation from State sources, we will also be getting assistance amounting RM1,520.76 million for development from the Federal Government in the year 2012. This assistance will be channeled to the State in the form of Federal Reimbursable Grants,

RM40.46 million, Federal Loans, RM36.18 million, and federal direct grants amounting RM1,444.12 million. The Federal direct grants are for various programmes and projects as follows:

	<u>RM (Million)</u>
Rural Water Supply	572.77
Rural Electricity	382.50
Roads and Bridges	444.35
Railway	33.50
Rubber Fund Board	5.00
Forestry	4.80
Fishery	1.20

54. It cannot be denied that these allocations will put the State in a much better position to develop the State. Therefore, I wish to express on behalf of the Government our heartfelt gratitude to the Federal Government for providing us these allocations.

Role of Statutory Bodies and State Government Companies

Mr. Speaker,

55. During the launching of the book on the Code of Corporate Governance for Sabah Statutory Bodies on 17 October 2011, I have stressed on the importance for every statutory body and state government company to have a sound and comprehensive business plan and to implement Key Performance Indicator (KPI) as a tool for evaluating organisational achievements. This is pertinent due to the

increasingly challenging economic and social environment in which statutory bodies and state government companies are operating.

56. The State Government will continuously endeavour and take further initiatives to ensure that statutory bodies and state government companies remain relevant, competitive and have clear direction in their efforts to implement Government policies and thus are capable of contributing towards the State economic development.

57. The State Government, through the Ministry of Finance will reactivate the steering committee responsible for analysing and evaluating comprehensively the achievements, performance and future plans of statutory bodies and state government companies.

Mr. Speaker,

58. I would like to extend my appreciation to the statutory bodies and state government companies that have paid dividends in the year 2011. Among those who have declared dividends to the State Government are Rakyat Berjaya Sdn. Bhd, Sabah Berjaya Sdn. Bhd., Sawit Kinabalu Bhd., Warisan Harta Sabah Sdn. Bhd., Borneo Samudera Sdn. Bhd., Sabah Development Bank Berhad, Perbadanan Pinjaman Sabah, Lembaga Kemajuan Tanah Negeri Sabah, Sabah Energy Corporation Sdn. Bhd. and Progressive Insurance Bhd. It is my hope that dividend payment will continue to increase in the future. Towards this endeavour, statutory bodies and state government companies must work more diligently and devote greater commitment in improving their performance.

Special Announcement

Mr Speaker,

59. With the encouraging economic performance of the state, we are confident that the revenue collection in 2012 will be able to provide and cater for the estimated 2012 expenditure. Taking into account of the positive outlook and in order not to further burden the people, the Government will not introduce any new tax in 2012.

60. As we know, in the 2011 Budget, the Government has increased the Special Allocation for Honourable Members of the House from RM600 thousand to RM1.0 million. The Government is mindful of the plight of the people and recognizes their growing needs. Therefore, to ease the burden of the people and as a gesture of concern and appreciation to the people, in 2012, apart from the existing Special Allocation of RM1.0 million, I am pleased to announce the provision of '**sentuhan kasih**' allocation of RM500 thousand to each State legislative constituency.

61. I agree with the Right Honourable Prime Minister and Minister of Finance that the health and life expectancy of Malaysian has improved and civil servants skills and expertise have also increased and are still relevant and useful for the State's development. Therefore, the State Government fully supports the decision of the Federal Government to extend the compulsory retirement age of civil servants from 58 to 60 years old.

62. The State Barisan Nasional Government regards civil servants as partners in State and National administration that need to be safeguarded and their contributions appreciated. Thus, their good deeds and dedications in administrating and developing our beloved State and Nation will not be forgotten.

Hujung minggu makan ambuyat
Dihidang dengan air kelapa
Dalam berjuang membela rakyat
Warga pekerja tidak dilupa

63. Recognizing the contributions and commitments of the State civil servants, I am pleased to announce the payment of half-month salary bonus with a minimum payment of RM500.00 to all State civil servants. This is in addition to the bonus which was paid last August. This additional bonus will be paid together with the December salary this year.

Conclusion

Mr. Speaker,

64. The State Barisan Nasional Government is responsible for providing a brighter future for the people of this State. I, together with other fellow State Barisan Nasional Members, will ensure successful implementation of the planned development programmes in 2012 Budget for the welfare of the people and prosperity of the State.

65. We are mindful that the Government is confronted with various challenges and obstacles in carrying out its responsibilities. The opposition will continue to refute all the benefits and progress brought about by the Government and the opposition too will not acknowledge the successes and milestones achieved by the Government. Nevertheless, the State Barisan Nasional Government believes that the people are matured and capable of making the necessary judgment. The success that we have achieved and the prosperity that we have enjoyed thus far is the result of our relentless efforts and hard work to ensure Sabah's continuous economic growth, peace and prosperity for the people regardless of race, religion and culture.

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

66. Despite our many achievements, the State Barisan Nasional Government will continue to work even harder towards achieving equitable development throughout the state giving opportunities to everyone to enjoy the fruits of such development. The Government fully understands the needs and wishes of the people, therefore, it is compulsory for every Barisan Nasional State Assemblyman to go to the ground (*turun padang*) with the support of the civil servants to ensure that the problems and plight of the people are heard and resolved. This is in line with the 1 Malaysia concept: People First, Performance Now.

Petang-petang pergi ke Tanjung
Pasang pukut panjang berjela
Walau di Bandar atau di kampung
Nasib rakyat tetap dibela!

67. State Barisan Nasional Government is confident that in the coming years, Sabah will continue to develop and progress tremendously. Despite uncertainties in the global economy, the Government will continue its efforts to ensure the State's economy is managed efficiently, effectively and sustainably through sound policies, programmes and initiatives. Above else, the BN government has the political will to do the what is best when it comes to the State's development and improving the way of life for the people.

68. Once again, I would like to remind all that to ensure the success and achievement of the objectives of this 2012 Budget, the strong support of the people and everyone is crucial. Indeed, close collaboration and cooperation among all parties are necessary in our journey to uplift and prosper our beloved State.

69. Hence, in fulfilling its promises, as the Malay proverb says, "***Kata Mesti Dikota***", the State Barisan Nasional Government is determined to put in place all necessary plans and strategies so that the people will continue to enjoy progress, prosperity and harmony.

70. In conjunction with the tabling of the 2012 Budget on this momentous and blessed Friday, let us pray together that the Almighty will guide and give us strength and bestow prosperity upon the people and this beloved State of ours, today and tomorrow. We plan, we

endeavour and we govern with unity and all sincerity, because these are the pillars of our strength and solidarity.

Mr. Speaker,

I beg to propose.