



SABAH STATE BUDGET 2025

“PROSPEROUS SABAH, PROSPEROUS PEOPLE”

15 NOVEMBER 2024

BY:

**THE HONOURABLE DATUK SERI PANGLIMA HAJI MASIDI BIN MANJUN
STATE MINISTER OF FINANCE**



**BELANJAWAN
2025
SABAH MAJU JAYA**



**SABAH STATE BUDGET SPEECH
YEAR 2025**

BY

**YB DATUK SERI PANGLIMA HAJI MASIDI BIN MANJUN
Sabah Minister of Finance**

At The State Legislative Assembly

ON

**15 November 2024 (Friday)
13 Jamadilawwal 1446 Hijrah**

“PROSPEROUS SABAH, PROSPEROUS PEOPLE”

Assalamu'alaikum Warahmatullahi Wabarakatuh

Salam Sejahtera

Salam Malaysia Madani and

Salam Sabah Maju Jaya

Mr Speaker,

1. I beg to propose the **2025 Sabah State Budget** for the approval of this August House.

PREAMBLE

Mr Speaker,

2. Bismillahirrahmanirrahim, Alhamdulillah Rabbil Alamin, Wabihi Nastai'n. Blessings and greetings to prophet Muhammad SAW. Gratitude to Allah Subhanahu Wa Ta'ala with His divine blessings and grace, we can come together to reach unanimity on the 2025 State Budget.

3. May God Almighty bless and ease all our plans and efforts to achieve progress and prosperity, with the joint collaboration of the government and the people.

4. I would like to express my appreciation and gratitude to YAB Datuk Seri Panglima Anwar bin Ibrahim, the Prime Minister of Malaysia, for being attentive to the people of Sabah. The commitment given by YAB Prime Minister in fulfilling the Malaysia Agreement 1963 (MA63) was demonstrated last September through the increase in the interim payment amount for Sabah's Special Grant from RM306 million to RM600 million next year. We hope this is a positive step towards reaching a consensus on the 40 per cent entitlement under the MA63 agreement.

5. I would also like to take this opportunity to thank YAB Datuk Seri Panglima Haji Hajiji bin Haji Noor, the Chief Minister of Sabah, for entrusting me with the responsibility of tabling the 2025 State Budget.

WORLD AND MALAYSIA ECONOMIC PERFORMANCE AND PROSPECTS

World Economy

Mr Speaker,

6. According to the Global Economic Prospects report published by the World Bank in June 2024, the world economy is in a stable recovery phase after several years of negative growth. Global growth is expected to remain at 2.6 per cent this year and rise slightly to 2.7 per cent in year 2025. Global inflation is predicted to moderate at a rate of 3.5 per cent this year, with central banks worldwide are expected to maintain high interest rates to control inflation.

7. For developing countries, challenges and opportunities exist simultaneously. Countries such as India and Indonesia recorded strong growth, driven by consistent domestic demand and investment. However, the economic growth of most countries were more sluggish due to persistent inflation, high debt burdens and geopolitical tensions, particularly in countries affected by conflict and economic instability.

Malaysian Economy

Mr Speaker,

8. Year 2025 promises a resilient outlook for the Malaysian economy, with a projected Gross Domestic Product (GDP) growth rate of between 4.5 per cent to 5.5 per cent. This is driven by strong domestic demand as well as recovery in exports, particularly electrical and electronic products that benefitted Malaysia's position in the global economic supply chain. Initiatives such as the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030) will drive investment in high-growth sectors such as green energy and high-tech manufacturing, with a potential investment amounting to RM120 billion within five (5) years period. The tourism sector is also expected to contribute to economic growth through continued recovery driven by increased domestic activity and strengthened labour market.

9. Although the economic outlook is positive, global challenges such as geopolitical instability and trade tensions remain the primary risks. In addition, continued inflationary pressures and rising global interest rates may affect consumer and investor sentiment. The Malaysian government is committed to reducing the fiscal deficit, which is expected to achieve 3 per cent in the medium term, while also continuing economic reforms through the MADANI Economic Framework to ensure inclusive and sustainable growth. Fiscal consolidation efforts and economic restructuring measures that was announced through the 2025 National Budget are expected to further strengthen Malaysia's economic resilience in facing future global challenges.

10. Furthermore, we must also take into consideration the outcome of the recent United States presidential election held on 5th November, which may have certain impacts on Malaysia's economy. Changes in leadership and policies that might be introduced by the new administration in the United States could affect trade relations, foreign direct investment and exchange rates between the two countries. In the long term, these policies could also have broader implications for regional economic stability and Malaysia's global competitiveness.

SABAH PERFORMANCE AND ECONOMIC PROSPECTS

Mr Speaker,

11. Overall, the momentum of the state's economic growth is expected to continue for year 2024 and 2025. Taking into account current economic trends, the GDP growth rate for year 2024 has been revised to approximately 2 per cent. Meanwhile, the projected GDP growth rate for year 2025 is expected to increase to around 2.5 per cent.

12. Sabah's GDP grew at a moderate rate of 1.3 per cent in year 2023 compared to 3.9 per cent in year 2022. Concomitantly, the GDP per capita has decreased from RM35,860 in the previous year to RM31,147 due to the population growth rate which is higher at 5.2 per cent, compared to the state's economic growth rate of 1.3 per cent. However, Sabah's GDP value recorded an increase to RM83.2 billion in year 2023 compared to RM82.1 billion in the previous year. This shows that the state's economy continues to progress and remains resilient.

13. The Service Sector remains the main contributor to the state's economy with a contribution of 50.9 per cent in year 2023. Followed by the Mining and Quarrying Sector at 23.3 per cent, and the Agriculture Sector at 15.2 per cent. While, the Manufacturing and Construction sectors recorded a contribution of 7.3 per cent and 3.0 per cent respectively.

Mr Speaker,

14. From January to July 2024, Sabah has recorded a trade balance of RM9.6 billion, with total exports recorded at RM37.5 billion compared to total imports of RM27.9 billion. Meanwhile, in the same period last year, the state's trade balance was recorded at RM11.5 billion, with total exports and imports recorded at RM35.1 billion and RM23.6 billion respectively. This shows a contraction of trade balance by 16.5 per cent, due to 18.2 per cent increase in state imports which is higher than exports growth of 6.8 per cent.

15. The increase in overall exports and imports are contributed respectively by higher exports for the state's main commodities, particularly crude petroleum and palm oil as well as higher imports of main goods such as machinery and transport equipment, food and various manufacturing products.

16. In the second quarter of year 2024, Sabah unemployment rate recorded an increase of 8.0 per cent compared to 7.5 per cent in the same period in year 2023. In contrast, the Labour Force Participation Rate in Sabah has increased to 71.4 per cent compared to 70.8 per cent in the same period last year. This shows that the supply of labour has outpaced the demand. Therefore, the Sabah Government will continue to intensify efforts to attract more investment to create more job opportunities in Sabah.

Mr Speaker,

17. As of July 2024, the inflation rate of Sabah was recorded at 1.4 per cent, slightly lower than the national inflation rate of 1.8 per cent. The state's inflation rate becomes more stable due to the Federal Government's ongoing efforts to control the prices of goods holistically across the country. These efforts are also supported by the Sabah Government through the strengthening of the domestic supply chain by ensuring that the supply of goods in the market is sufficient and reasonably priced.

18. Moderate private consumption is expected to continue growing and actively contribute to market liquidity. Positive economic trends will increase investor confidence and encourage more business activities, thereby stimulating and strengthening the State's economic growth.

19. Overall, although Sabah's economy is progressively recovering, it is important for the Sabah Government to implement prudent fiscal policies and maintain high financial discipline. The main focus should be on building economic resilience through sound investments and strengthening internal policies that can enhance productivity and promote sustainable development in key sectors such as agriculture, tourism and green energy.

THE 2025 STATE BUDGET'S OBJECTIVES AND STRATEGIES

Mr Speaker,

20. The well-being of the people is our core. Sustainable economic development and growth are important for ensuring the prosperity and well-being of the state. To accomplish the aspirations of Sabah Maju Jaya, which is the foundation of our development plan, the state's revenue must remain sustainable to achieve policies and objectives to boost development for the benefit of the people. However, taking into account revenue projections next year, the Sabah Government has drafted the 2025 State Budget emphasising on prudent spending and wastage prevention.

21. Therefore, the 2025 State Budget is anchored on the concept of ***"pomogunan do sogigisom"***, a Dusun phrase meaning sustainable development through unity, guided by the following key pillars:

First : To support further development of productive sectors, including attracting investments to drive economic growth and generate state income;

- Second : To address socioeconomic imbalances and improving living standards through an inclusive approach;
- Third : To empower human capital development by strengthening knowledge, skills, productivity and innovation ensuring the people live a prosperous life;
- Fourth : To enhance the development of enablers, particularly basic infrastructures, utilities and public amenities to support economic growth and development; and
- Fifth : To enhance the efficiency of the state's administration and delivery system.

THE 2025 STATE BUDGET'S THEME AND FOCUS

Mr Speaker,

22. The stability of the economy and prosperity of the people are two closely related factors, as the level of economic progress will influence the standard of living of the people. With this, the theme of 2025 State Budget is **“PROSPEROUS SABAH, PROSPEROUS PEOPLE”**.

23. By strategically allocating funds to productive sectors under this Budget, the government is confident that the state's economy will be further strengthened that will enhance the state's prosperity and the people's well-being. I would also like to emphasise the importance of spending within our means. Everyone must prioritise efficient management and practice high financial discipline. This is in line with the Sabah Government's aspirations to strengthen financial positions, besides addressing leakages and revenue wastage.

24. Thus, to realise the goals of the 2025 State Budget theme, the Sabah Government, for the first time, proposed the highest-ever **Estimated Supply Expenditure** in history, amounting to **RM6.421 billion**, with an **Estimated State Revenue** of **RM6.445 billion**. Nevertheless, the 2025 State Budget still records a **Surplus Budget** of **RM24.08 million**.

THE 2025 ALLOCATION BY MINISTRY

Mr Speaker,

25. The 2025 State Budget is prepared with the distribution of Estimated Supply and Development by Ministry as follows:

First : **Ministry of Finance**: Supply Budget **RM3.073 billion**, Development Budget **RM5.00 million**;

Second : **Ministry of Works Sabah**: Supply Budget **RM1.097 billion**, Development Budget **RM249.86 million**;

Third : **Chief Minister's Department**: Supply Budget **RM776.39 million**, Development Budget **RM210.87 million**;

Fourth : **Ministry of Agriculture, Fisheries and Food Industry Sabah**: Supply Budget **RM373.24 million**, Development Budget **RM148.13 million**;

Fifth : **Ministry of Rural Development Sabah**: Supply Budget **RM106.43 million**, Development Budget **RM243.50 million**.

Sixth : **Ministry of Local Government and Housing**: Supply Budget **RM227.69 million**, Development Budget **RM19.32 million**;

Seventh : **Ministry of Science, Technology and Innovation Sabah**: Supply Budget **RM181.35 million**, Development Budget **RM14.65 million**;

- Eighth : **Ministry of Community Development and People's Well-being Sabah:** Supply Budget **RM150.51 million**, Development Budget **RM11.91 million**;
- Ninth : **Ministry of Tourism, Culture and Environment Sabah:** Supply Budget **RM128.20 million**, Development Budget **RM27.07 million**;
- Tenth : **Ministry of Youth and Sports Sabah:** Supply Budget **RM90.17 million**, Development Budget **RM11.29 million**.
- Eleventh : **Ministry of Industrial Development and Entrepreneurship:** Supply Budget **RM29.15 million**; Development Budget **RM34.90 million**;
- Twelfth : **Charged Expenses:** Supply Budget **RM140.58 million**; and
- Thirteenth : **Expenditure not included in the Ministries:** Supply Budget **RM46.97 million**.

THE 2025 ESTIMATED REVENUE AND EXPENDITURE

THE ESTIMATED STATE REVENUE

The 2023 State Revenue

Mr Speaker,

26. Thanks to the Almighty for His boundless blessings, with His permission, our state has been continuously blessed abundantly. Year 2023 is the second year the Sabah Government is able to maintain its revenue collection at 6 billion level, which is **RM6.974 billion**.

27. With deepest gratitude, I would like to congratulate and express my thanks to all Revenue Collection Departments and civil servants who have worked tirelessly to achieve this success. May this commendable effort be intensified to achieve better performance in the upcoming year.

The 2024 State Revenue

28. It is generally known that the Sabah Government still relies on crude oil (CO) and crude palm oil (CPO) commodities as the main sources of revenue. This year, the average price of CO has been revised higher from 78 US dollars (USD) per barrel to 88 USD per barrel. As for CPO, the average price of this commodity has also increased to RM4,000 per metric tonne compared to the initial price forecast of RM3,400 per metric tonne. This scenario is the main factor that contributed to the increase in the revised revenue estimate for year 2024, from RM5.737 billion initially to RM6.768 billion.

The 2025 State Revenue

Mr Speaker,

29. In facing the forces of globalisation and our dependence on CO and CPO commodities, there are risks that the Sabah Government must address, such as the fluctuation in prices, particularly CO, which is influenced by external factors such as global geopolitical changes, economic crises and shifts in global market demand. Therefore, the 2025 Revenue Estimate is drafted with a semi-conservative approach to ensure that the financial position of the Sabah Government remains stable, projecting **RM6.445 billion**, based on the following breakdown:

First : **Tax Revenue of RM2.744 billion** contributed by State Sales Tax (CJN) RM2.597 billion; Land Rent RM108.00 million; as well as Port and Harbour Dues RM39.50 million;

- Second : **Non-Tax Revenue** of **RM2.551 billion** comprising main contributors such as Petroleum Royalty RM1.297 billion; Interest and Proceeds from Investments RM512.47 million; Sales of Water RM304.00 million; Land Premium RM152.00 million; as well as Forest Produce Royalty and Export on Timber Products RM134.50 million; and
- Third : **Non-Revenue Receipts** of **RM1.150 billion** comprising Receipts and Contributions from the Federal Government.

Mr Speaker,

30. Revenue is the main driving force for implementing and facilitating the operational expenditure and the state's development programme and project. With better revenue collection, the state's financial position will remain strong and stable. Acknowledging this fact, Sabah Government has implemented various initiatives as follows:

- First : Strengthening every aspect of enforcement to address revenue leakages;
- Second : Increasing revenue collection with continuous compliance to the Ministry of Finance's Circular No. 1/2022 "*Menambah Baik Pengurusan Pungutan Hasil Kerajaan Negeri Sabah*";
- Third : Ensuring compliance to the Ministry of Finance's Circular regarding "*Garis Panduan Terimaan Hasil Negeri Secara Elektronik Melalui Kaedah Tanpa Tunai (Cashless)*";
- Fourth : Intensifying efforts in reducing arrears of Ministries or Departments, including setting Key Performance Indicator (KPI);

- Fifth : Exploring potential new sources of revenue in order to enhance collection, the Sabah Government introduced two (2) CJN in April, namely Silica Sand/Silica and Palm Oil Biomass Products. Additionally, the Sabah Government will also diversify its revenue sources by imposing CJN on gold in due course;
- Sixth : Reviewing and revising the rates of fees/licenses/permits/charges on government services and rental that are not relevant to current market; and
- Seventh : Continuing negotiations with the Federal Government on Special Grants as stated in Part IV, Tenth Schedule of the Federal Constitution.

Mr Speaker,

31. People's prosperity are the responsibilities and aspirations of every government. However, aspiration without effort and strategy will only remain as a dream.

32. Therefore, despite facing an increasingly challenging world and life, it should not be an obstacle to continue striving to find potential sources so that the state's revenue remains steadily growing and sustainable. I urge and remind everyone involved to take greater responsibility and work together to materialise all the efforts and strategies that have been formulated. Let's utilise our experience, knowledge and capabilities to achieve the goals that have been set. May the success and results be enjoyed and benefitted by all layers of society in this state. In Shaa Allah.

THE 2025 ESTIMATED SUPPLY EXPENDITURE

Mr Speaker,

33. In preparing the 2025 State Budget, the Sabah Government has formulated several strategies through engagement sessions including overall economic indicators and forecasts as a measure to face economic uncertainty in year 2025.

34. For the purpose of facilitating and enhancing the state's administration, an amount of **RM6.421 billion** is proposed for **2025 Estimated Supply Expenditure**. From this amount, **RM5.441 billion** is allocated for Operating Expenditures and **RM980 million** for contributions to the Development Trust Fund.

35. The allocation for Operating Expenditures in year 2025 increased by **RM719.90 million**, equivalent to **13 per cent** compared to 2024 initial estimates of **RM5.701 billion**, which covers **Emolument, Recurrent and Special Expenditure**.

36. A total of **RM903.91 million** is allocated for **Emolument Expenditure** to finance the salary of state civil servants. This amount recorded an increase of **RM95.85 million** or **12 per cent** compared to last year, due to increase in annual salaries, salary adjustment of 8 per cent (Phase 1) in line with the implementation of *Sistem Saraan Perkhidmatan Awam* effective 1 December 2024 as well as increase of new recruitment of civil servants.

37. **Recurring Expenditure** is proposed at **RM2.27 billion**, equivalent to **35 per cent**, with an increase of **RM66.90 million** or **3 per cent** compared to year 2024 initial allocation. The increase among others is to fund the Sabah State Government Scholarships, maintenance of roads and bridges programme, including prevention and rehabilitation works due to natural disasters; maintenance of government buildings; operations of water supply as well as maintenance and repair of piping systems; contributions to local authorities; and expenditures for Native Chiefs in Sabah.

38. The allocation for **Special Expenditure** is proposed at **RM3.247 billion**, equivalent to **51 per cent**, with an increase of **RM557.14 million** or **21 per cent** from year 2024 initial allocation. This increase represents the Sabah Government's commitment including addressing infrastructure issues, particularly activities for restoring water supply and managing water treatment plant services under outsourcing contracts; maintenance of roads, bridges and slopes; construction of new and maintenance of public facilities such as multipurpose halls and community markets; various food security programmes; as well as allowances for Village Development and Security Committee (JKKK).

THE 2025 ESTIMATED DEVELOPMENT EXPENDITURE

Mr Speaker,

39. Development Expenditure is essential to spur the state's economic growth. Therefore, I propose an amount of **RM1.299 billion** to be allocated for year 2025 **Development Expenditure**. This amount includes **State allocation** of **RM976.50 million** and **Federal allocation** of **RM322.97 million** in the form of **Federal Loans** and **Reimbursables**.

40. Distribution of Development expenditure are based on the following sectors:

- Economic Sector : **RM558.81 million** or **57 per cent**
- Social Sector : **RM395.13 million** or **41 per cent**
- General Administration Sector : **RM22.55 million** or **2 per cent**

KEY FOCUS SECTOR ON ECONOMIC GROWTH

Mr Speaker,

41. The Sabah Government will focus continuously on ensuring the development of the three main sectors driving the state's economic growth namely **agriculture, industrial** and **tourism** with an allocation of **RM838.42 million**.

AGRICULTURE AND FOOD SECURITY SECTOR

Mr Speaker,

42. Regional geopolitical threats, global climate change and the uncertain global economic situation are current scenarios that require us to focus more on the Agricultural Sector. This is to ensure food security for Sabahans. Therefore, for year 2025, the Sabah Government will intensify its efforts to develop the **Agricultural Sector** with an allocation of **RM610.85 million**.

43. Next year, the Sabah Government will allocate **RM521.37 million** to the **Ministry of Agriculture, Fisheries and Food Industry and its departments**. Of this amount, **RM373.24 million** is allocated for operational expenditures and provision of various assistance programmes for farmers, fishermen and breeders. The overall objective is to enhance **four (4) main subsectors** namely **crops; livestock; fisheries and aquaculture; as well as rubber commodities**.

44. The **Department of Agriculture** which is allocated a total of **RM138.49 million**, will focus on programmes and activities that align with the needs of the Food Security Policy and the Third Sabah Agricultural Policy to ensure sufficient food supply chains, reduce dependency on food imports, guarantee the well-being of the people and address global challenges.

45. In line with the second pillar of this budget, which is inclusive and equitable development, paddy farmers and smallholders will also be given special attention. The **Incentives for Paddy Field Cultivation** will be continued next year with an increase from **RM18 million** to **RM26 million**. This incentive subsidy at a rate of RM494.00 per hectare has benefitted 22,500 farmers annually. In addition, the rehabilitation of 438 hectares of abandoned rice fields in the districts of Papar, Tuaran and Sook, is expected to yield an average rice production of 2,190 metric tonnes per planting season. This project is anticipated to meet the demand of rice for 15,330 Sabahans per season, based on consumption of 90 kilogrammes per person per year.

46. Moreover, the implementation of commercial-oriented Crop Development Programme has benefitted 2,266 participants with a total area of 3,539 hectares. This will create a source of income of at least RM4,000.00 per month, ensuring that participants remain out of the poverty line.

Mr Speaker,

47. The low Self-Sufficiency Level (SSL) for rice, at 22.6 per cent, has resulted in a high dependency on imported rice to meet demand. Therefore, the revival of **Sabah Rice and Paddy Board (LPBN)** is expected to enhance food SSL, particularly rice, to cater the people's needs and subsequently reduce rice imports. For a start, **RM32.5 million** is allocated to LPBN for operational purposes and the purchase of 60 units of machinery, as well as upgrading of the irrigation system in 6 major rice-producing districts in Sabah. This intervention is expected to increase rice production, achieving at least 30 per cent SSL of local rice by year 2026.

48. The successful establishment of 14 Permanent Food Production Parks (TKPM) covering 503.26 hectares, involving 117 participants with an annual total production of fruits, vegetables and MD2 pineapples reaching 987.36 metric tonnes valued at RM2.9 million, has contributed to the demand of food domestically and stimulated the state's economic growth. With this, an amount of **RM2.96 million** is allocated for the management of TKPM next year. In addition, a total of 514 farms have been accredited through the Malaysia Good Agricultural Practice (MyGAP) certification, as well as 30 farms through the myOrganic certification, which will provide access to high-quality and safe food sources. This will directly increase the income of operators by up to 100 per cent, particularly through the export of highland vegetables to Brunei, Japan and Korea.

49. Research and innovation in the agricultural sector are also crucial. Therefore, biotechnology is developed to enable research to be conducted efficiently, in order to keep pace with global developments. The creation of new variety, such as the superior and globally competitive Avocado QAV 3, will benefit farmers to export this fruit domestically and internationally.

50. Furthermore, the development of a competitive agricultural industry relies on skilled human capital as its driving force. Therefore, the Government allocates **RM7.49 million** to the Sabah Agricultural Institute and the Agricultural Vocational Training Centre with the aim of developing more semi-skilled labour for the agriculture and plantation sectors.

51. The **Rural Development Corporation (KPD)** is allocated **RM20.42 million** for next year to continue implementing various programmes involving smart partnerships between KPD and regular programme participants. This strategy aligns with the government's direction in enhancing food security and safety. In year 2025, besides continuing the production of broiler and *kampung* chickens, honey, fresh mushrooms and pomelo, KPD will pioneer the cultivation of 60 hectares of grain corn in Trusan Sapi, Beluran. This pilot project is in respond to the government's call to produce local livestock feed and serves as a step to reduce dependency on imported materials for livestock feed.

52. Five (5) additional Collection Centres for Agricultural Produce will be established next year in Tuaran, Penampang, Tambunan, Tenom and Nabawan which will complement six (6) other existing centres in order to benefit more agricultural producers. These centres will be equipped with basic processing facilities to add value to agricultural products and will be accessible to farmers, including agricultural entrepreneurs in the surrounding areas.

Mr Speaker,

53. The **livestock subsector** is one of the main contributors to the nation's food security. Therefore, the Sabah Government is committed to enhance and strengthen food security and safety based on high-quality livestock, while assisting farmers in the livestock industry to increase income and production efficiency. Therefore, the **Department of Veterinary Services Sabah (JPVS)** is allocated **RM87.79 million** for operational expenditure as well as continuation of 43 existing development projects including Veterinary Enforcement and Services Programmes, Veterinary Public Health, as well as monitoring and disease prevention activities.

54. Furthermore, the Sabah Government has allocated **RM38.60 million** to the **Department of Fisheries Sabah** to further enhance the development of the **fisheries and aquaculture subsector**. As part of an initiative to boost the potential of small-scale marine aquaculture entrepreneurs, the Aquaculture Development Programme, either Marine or Freshwater, is being implemented by providing materials and equipment assistance for farming systems. This initiative targets 93 marine aquaculture entrepreneurs and 10 freshwater farmers. To ensure the preservation of fishery resources, the Conservation Programme will continue next year, with the establishment of 10 new tagal units and artificial reefs respectively.

55. Besides to increase the income of traditional fishermen, the Marine Socio-Economic Development Programme will continue through the provision of fishing equipment incentives and the Skills Enhancement Training, targeting 150 fishermen. Furthermore, the Department of Fisheries Sabah will implement the Fisheries Biosecurity Control Programme to monitor marine biotoxins, increasing the number of samples to 1,200 for analysis, which include fish and shellfish.

56. The **Sabah Fisheries and Fishermen Corporation (Ko-Nelayan)** has been allocated **RM17.6 million** for operations, as well as to continue various development programmes and projects that will benefit the fishermen community, small and medium entrepreneurs along with the development of the aquaculture and fisheries industry. Among the programmes to be implemented are the Fishermen Income Enhancement Programme and the Entrepreneur Development Programme, which will benefit a total of 101 fishermen, small downstream fishery and aquaculture entrepreneurs across Sabah.

57. In addition, the Aquaculture Development Programme, Food Production and Fisheries Downstream Programme as well as Fisheries Sustainability Development Programme will continue to preserve and protect the fisheries ecosystem, thereby increasing food production and supporting food security initiatives. Ko-Nelayan also supports the Sabah Government's efforts in utilising digital applications to face the challenges of Industrial Revolution 4.0 through the Information Technology and Innovation Programme, with two main projects namely the Fishermen Entrepreneur Electronic Community (e-KAN), which will benefit 20 micro, small and medium entrepreneurs and the Digital Fishermen (e-SMART) project, which will benefit 70 coastal fishermen.

Mr Speaker,

58. For the fourth subsector, which is the rubber commodity, the **Sabah Rubber Industry Board**, which plays an important role in empowering the economy of smallholder rubber farmers, has been allocated **RM39.84 million**. Of the total amount, **RM11 million** is allocated for operational expenditure, **RM20 million** for the Rubber Smallholders Production Incentive, and the remaining amount is to continue existing development projects, including one (1) new programme, the Rubber Leaf Fall Disease Control and Prevention Programme.

59. To support the agricultural sector, **the Department of Irrigation and Drainage Sabah (JPS)** has been allocated **RM161.05 million** for operation and development expenditure. Out of this total, **RM126.07 million** is allocated to continue the upgrading and maintenance of irrigation and drainage infrastructures, management and development of flood mitigation systems, as well as riverbank clean-up and protection. An amount of **RM3.7 million** is allocated for repairing irrigation systems in paddy fields with an additional allocation of **RM1.76 million**. Moreover, another project namely the Water Catchment Area Conservation Project in Semporna under Water Resource Management Programme, will be implemented with an allocation of **RM800 thousand** next year.

Blue Economy Exploration

60. The Sabah Government is committed to taking proactive steps in exploring marine and maritime resources as part of efforts to strengthen Sabah's position in the international Blue Economy exploration. Accordingly, the Sabah International Blue Economy Conference (SIBEC) 2024 was held from 19 to 20 October 2024, attracting 3,398 participants from both local and international backgrounds. This conference served as a platform for interaction and the exchange of global knowledge with experts in this field. Arising from this conference, the Sabah Government will formulate the Sabah Blue Economic Framework as a strategic direction for Sabah's high-impact economic development. This forward-looking initiative demonstrates that the government is not only committed to driving current economic growth but is also dedicated to laying a robust foundation for the economy of the future.

61. Taking into account the potential revenue from the Blue Economy, Sabah Government is currently organising a more structured and effective action plan. These resources need to be preserved and conserved before we can reap the benefits in the coming years. Scientific studies will be conducted to ensure that the Sabah Government obtains sufficient, accurate and comprehensive data. In regards to this, collaboration between the government, research institutions and local communities is crucial to realising the state's Blue Economy potential for the current generation and securing a strong economic foundation for the future generation.

INDUSTRIAL SECTOR

Foreign and Domestic Investment

Mr Speaker,

62. As of June 2024, Sabah has secured investments amounting to RM1.7 billion which encompasses foreign and domestic investments in the main sectors such as manufacturing and services. It is acknowledged that Sabah has received significant investments from SK Nexilis Malaysia Sdn Bhd from South Korea and Kibing Group from China, with investments of RM4.28 billion and RM2.48 billion respectively. These investors have begun producing and exporting their products internationally commencing end of the year 2023 for SK Nexilis as well as early this year for Kibing Group.

63. Efforts to develop the industrial sector in Sabah have shown positive outcomes, with the manufacturing sector contributed RM6.03 billion to Sabah's GDP, which represents 7.3 per cent increase in year 2023, compared to RM5.78 billion, or 7.0 per cent, in year 2022. The growth rate for the manufacturing sector in Sabah was 4.4 per cent in year 2023, surpassing the national average growth rate of 0.8 per cent, making it the highest rate in Malaysia.

64. This year, Kibing Group, through its subsidiary SBH Kibing New Solar Energy (M) Sdn Bhd, has agreed to invest in a new solar glass manufacturing plant with an estimated value of RM7.2 billion through three investment phases. This investment is expected to create 5,000 job opportunities in the state. At the same time, Kibing Group commits to increase the production capacity of its solar glass facility in KKIP with an additional third production line. The estimated value of additional investment is RM700 million, which will create 600 additional job opportunities.

Industrial and Entrepreneurial Sector Development

Mr Speaker,

65. The Sabah Government has allocated **RM124.70 million** for development of the industrial and entrepreneurial sectors. Of this amount, **RM64.05 million** is allocated to the **Ministry of Industrial Development and Entrepreneurship and its agencies**, whereas **RM60.65 million** is allocated to **other agencies** that support industrial and entrepreneurial growth in the state.

66. A total of **RM18.07 million** has been allocated for the development of infrastructure in industrial parks at KKIP, Palm Oil Industrial Cluster (POIC) in Lahad Datu and Sabah Oil and Gas Industrial Park (SOGIP) Sipitang to make them more conducive and attractive for investment opportunities in Sabah. The Sabah Economic Development Corporation (SEDCO) has been allocated **RM16.33 million** to continue construction of new business premises and completion of existing projects, including the implementation of Industrial Ecosystem and Capability Development Project in Sabah, which includes entrepreneurship training courses focusing on digital skills, graduate entrepreneurship and technical training.

67. For the industrial sector, the focus is not only on a high-level economy to generate more productive state growth but also grassroots economic sectors to enhance inclusive access to the state's prosperity. Therefore, the development of Small and Medium Enterprises (SMEs) is a key support industry that drives the growth of the Local Manufacturing Sector.

68. The SME-UP Programme, with an allocation of **RM15 million** which has benefitted a total of **5,201 entrepreneurs**, will be continued to enhance the capacity of SMEs in Sabah to become more competitive through the provision of machinery, equipment, as well as packaging and labeling support. An additional **RM500 thousand** is allocated to expose SME entrepreneurs to the latest technologies, compliance with MeSTI and Halal certification, as well as the legal requirements necessary to penetrate international markets.

69. To intensify the marketing of SME products in the local market and to provide a platform for SME entrepreneurs to showcase their products, partnerships with Kojasa Mart, Desa Fresh Mart and Sabah Credit Corporation Outlet will start in year 2025 while continuing partnerships with Bataras Hypermarket and Kedai Mesra Petronas. To expand Sabah SME entrepreneurs' products to domestic and international markets through participations in international expo with target sales of RM50 million, an amount of **RM13.84 million** is allocated for investment promotions, marketing, seminars and SME export programmes.

70. In addition, the Sabah Government, through **other Agencies**, will continue entrepreneurship programmes to support SME entrepreneurs such as the PitchBorneo Programme, One District One Product Programme and Rural Entrepreneur Development Programme with the aim of more grassroots entrepreneurs to join the local entrepreneurial market, with an allocation of **RM2.5 million**.

TOURISM SECTOR

Tourism Industry

Mr Speaker,

71. Indeed, Sabah is one of the world-class tourist destinations. Its beauty and rich biodiversity, including the wonders of nature such as its seas, islands, mountains and forest reserves, are natural treasures that cannot be found in any other state in Malaysia. Thus, Sabah stands as a major attraction and a key pillar of the tourism sector in Malaysia.

72. I am pleased to inform this August House that the Sabah Government is nearly reaching its target of three (3) million visitors for year 2024, whereby as of August, a total of 2.09 million tourist arrivals have been recorded, marking a 25.7 per cent increase compared to the same period in year 2023, with an estimated tourism receipts of RM4.88 billion.

73. This growth is driven by an increase in the number of flights to Sabah from both domestic and international destinations. Currently, 12 airlines operate direct flights connecting Sabah to 19 international destinations, offering 140 weekly flights with a total capacity of 25,613 seats. Among the new direct international flights to Sabah are those from Jakarta, Shanghai, Guangzhou, Bali, Manado and Kunming.

74. Apart from that, as 90 per cent of tourist arrivals are by air, collaboration with domestic and international airlines as strategic partners to enhance air connectivity is the government's priority to boost the tourism sector. This initiative aligns with the government's commitment to implement the Visit Malaysia Year 2026 campaign successfully, targeting 3.7 million domestic and international tourist arrivals in Sabah, with projected tourism receipts of RM9.1 billion.

75. The Sabah Government will intensify efforts to improve environmental management and preserve cultural heritage to further stimulate the tourism industry. With that, **RM102.87 million** has been allocated to **Ministry of Tourism, Culture and Environment** for operational purposes as well as various development programmes and projects. Of this, **RM10.84 million** is designated for tourism asset development, including **RM6.5 million** for the Rural Tourism Development Project focusing on eco-tourism and community-based tourism.

76. In preparation for Visit Malaysia Year 2026, several programmes will be implemented next year, including training for upskilling and reskilling rural entrepreneurs, enabling them to provide quality services. This is in line with the human capital development goal, which is one of the key pillars of this Budget. Moreover, promotional and marketing support will be enhanced through various campaigns and signature events. This approach will not only attract tourists but also provide opportunities for local communities to engage and benefit from the tourism industry.

Mr Speaker,

77. Elevating the state's cultural treasures and ethnic heritage are among the elements that make it one of the top tourism products preferred by tourists. Therefore, **RM19.8 million** has been allocated to the **Department of Sabah Museum** for operational expenditure and upgrading of heritage infrastructure for tourism purposes.

78. In addition, an amount of **RM13.66 million** is allocated to sustain and preserve the state's art and cultural heritage. To ensure that this cultural treasure can be enjoyed by current generation and at the same time to further stimulate the local tourism sector, various cultural programmes, including the 2025 Museum Festival, the Exotic Crafts, and the Regatta Lepa Festival, will be included in the state's tourism calendar for next year. This approach can strengthen the competitiveness of community-based tourism, serving as an effective method for more inclusive and equitable income distribution within the industry.

HUMAN CAPITAL AND PEOPLE'S WELFARE

Human Capital and Information Technology

Mr Speaker,

79. Human capital development is a catalyst for sustainable growth of the state's economy. With that, the Sabah Government is allocating **RM497.54 million** next year to continue efforts to empower human capital, aiming to produce a generation that is competent, resilient, creative, innovative and guided by integrity, thereby elevating the state to a higher level.

80. For the state's human capital development, the Government will continue to provide assistance to learning institutions and students, including introducing new assistance programmes to support Sabahan youths pursuing higher education. Among the initiatives are:

First : **RM127 million** for Scholarship, Bursary and State Student Aid programmes, benefiting a total of 7,130 students currently in Higher Learning Institute (IPT) both local and abroad, as well as targets to increase sponsorship to over 3,000 new students;

- Second : A one-off contribution of **RM300.00 per student** will be provided under the **Higher Education Students in Sabah (SENTOSA)** programme. This assistance will be introduced for the first time next year;
- Third : A one-off **Higher Learning Institute Registration Cash Assistance (BUDI)** of **RM2,000.00** will be given to each student pursuing a degree, while **RM1,500.00** will be provided to students at the diploma and matriculation levels;
- Fourth : **Flight Ticket Subsidy or *Graduan Rindu Sabah* SUBFLY** of **RM600.00** per person for Sabah IPT students studying in Peninsular Malaysia, Sarawak and the Federal Territory of Labuan; and
- Fifth : A one-off **Sabah School Activity Contribution** of **RM3,000.00** to support school programmes in 1,500 schools across Sabah.

81. In addition to the assistance I have mentioned earlier, the Sabah Government will continue to provide other grants such as **Computer Assistance (BAIK)**, **Special Cash Assistance for Examination (BAKTI)**, **State Education Fund Assistance (BISTARI)**, the **Sabah Education Excellence Award (AKSA)**, **PIBG Activity Assistance (BAGUS)**, **Sabah School Assistance (BISBAH)**, and **Special Assistance for Education Programme (BANTU)** with a total allocation of **RM26.4 million**.

Mr Speaker,

82. The Sabah Government is unwavering in its commitment to upholding principles of justice and equality in all aspects, extending support to all citizens irrespective of race or religion, with the aim of preserving social harmony throughout the state. At the same time, spiritual development is crucial in producing human capital with noble character and high moral standards. Therefore, next year, **RM140.34 million** is allocated to the Sabah Islamic Affairs Department for operational expenditure and the implementation of various programmes of operation and development of Islamic schools and mosques as

well as Islamic spiritual programmes. Meanwhile, **RM70 million** with an increase of **RM13.25 million** is allocated for non-Islamic religious bodies, private and missionary schools throughout Sabah. It is hoped that this assistance will alleviate the financial burden of schools and religious bodies in ensuring that facilities remain conducive, safe and comfortable.

83. A total of **RM48.57 million** is allocated to the **Sabah State Library** for its development and operation, which includes the continuation of Branch Libraries construction in Tenom, Kunak and Kota Marudu. This funding will also support the replacement of Rural Library buildings in Kg. Karakit (Banggi), Kg. Entilibon (Tongod), Kg. Larapan Hujung (Semporna) and Kg. Lubok Darat (Sipitang) as well as the replacement of mobile library buses in Semporna, Beaufort and Kudat.

84. Additionally, the Sabah Government has allocated **RM28.53 million** for the operation and implementation of various programmes, training and skill courses under the **Human Resource Development Department**. This includes the train-and-place programme in key industries, the Technical and Vocational Training (TVET) entrepreneurship development programme, cross-community training programme and special cooperation initiatives with strategic partners.

85. A total of **RM41.75 million** is allocated to the **Ministry of Science, Technology and Innovation (KSTI)**, **Sabah Skills and Training Center (SSTC)** and the **Sabah Creative Economy and Innovation Center** to implement courses in language mastery, as well as science, technology and innovation skills training. Additionally, the Science, Technology, Engineering and Mathematics (STEM) empowerment agenda will continue through the implementation of various programmes such as the Borneo Science Adventure; Sabah Science Carnival; Technology and Innovation Competition (Malaysia Techlympic); STEM Education Festival; TVET Education and Training; The Roboneo programme and Sabah Screen Fest.

86. For the information of this August House, the Sabah Government provides Sabah State Government Scholarship to assist students pursuing TVET courses at higher learning institutions both locally and abroad. As of now, a total of 1,375 students have received scholarships.

87. Furthermore, a feasibility study will be conducted for the development of the Sabah Geospatial Science, Technology and Innovation (STI) Data Centre. This study, which will be implemented in year 2025, aims to identify research and development needs within the STI domain.

Mr Speaker,

88. The **State Computer Services Department**, which has been allocated **RM29.06 million**, will continue to accelerate the Sabah Government's digitalisation efforts. This includes implementation of integrated application system, strengthening of defence technology administration and public service digital equipment to combat cybercrime.

89. The Sabah Government will also allocate **RM39.52 million** for the implementation of the Electronic Government System to enhance the productivity of public service delivery through the digitalisation of Sabah Government and the use of Google Workspace. For the information of this August House, the Sabah Digital Government has successfully completed the Sabah Data Integration and Interchange Platform (Sabah DIIP) for improved data sharing speed and accuracy. This will enhance government service efficiency, reduce bureaucracy and streamline administrative processes.

90. Meanwhile, **RM10.5 million** has been allocated for State Public Service Digitalisation efforts, including human resource management system such as SM2, enhancing of the Sabah Digital Portal and Services as well as other initiatives that will support the public sector digital transformation.

91. In effort to enhance internet coverage throughout the state, the Sabah Government plans to install Starlink technology at 300 locations in Sabah that currently lack internet access. The Federal Government through Malaysian Communications and Multimedia Commission (MCMC), will also add new towers, upgrade existing transmitter stations and enhance Rural Internet Centres. For the information of this August House, 4G internet coverage in populated areas of Sabah has reached 91.18 per cent, while 68.9 per cent are enjoying 5G coverage.

WELL-BEING AND WELFARE OF THE PEOPLE

People's Welfare

Mr Speaker,

92. In uplifting the people's well-being and living standards, the Sabah Government has allocated **RM162.42 million** to the **Ministry of Community Development and People's Well-being** and its agencies to ensure the well-being agenda for Sabahans is enhanced through various programmes and initiatives that directly benefit the people.

93. The school assistance programme will be continued with an allocation of **RM26.06 million** next year to help alleviate the financial burden of parents, particularly those from low-income households. Assistance of school uniforms, shoes and stationeries to 1,075 primary schools will benefit a total of 291,275 students throughout Sabah.

94. Furthermore, **RM965 thousand** is allocated next year to implement the agenda on Sabahans' well-being, comprising aspects of family, consumerism, women's welfare, and healthy lifestyles. Meanwhile, a total of **RM550 thousand** is allocated to Drug Prevention Association Malaysia (PEMADAM) Sabah in an effort to combat drug abuse, particularly among school students.

95. People with disabilities (OKU), senior citizens, children and single mothers will continue to receive support. Therefore, an amount of **RM76.29 million** is allocated next year to support this group through the General Welfare Assistance Scheme for OKU, senior citizens, children and single mothers as well as through the Orphans Assistance Scheme.

Mr Speaker,

96. To ensure that welfare institutions, particularly old folks homes and *Taman Didikan Kanak-Kanak Kurang Upaya* including welfare office operates in a better, conducive and safe environment for the targeted groups, a total of **RM4.26 million** is allocated for operations and maintenance purposes next year. Moreover, **RM10.07 million** is allocated to continue ongoing construction projects, such as Welfare Rehabilitation Centres in Putatan and Kota Marudu, Independent Old Folks' Home in Telupid, Integrated Complex for Persons with Disabilities and the Old Folks in Inanam, as well as administrative building, kitchen, multipurpose hall at the Air Panas Old Folks' Home in Tawau and others.

97. The Sabah Government will also continue the operation of *Pusat Perkembangan Kanak-Kanak* (PPKK), a high-impact community development programme under the SMJ Flagship Initiative that focuses on children without basic education. In addition, the Sabah Government will allocate **RM1 million** to continue the Homeward Programme, to assist vulnerable groups, bedridden patients and OKU who are unable to obtain treatment or support equipment, such as wheelchair, adjustable bed and portable oxygen tank.

98. The Sabah Government takes seriously the increase in the registration statistics of **OKU (Autism Subcategory)** in Sabah, which has recorded a total of 5,689 children, with 1,152 of them registered in 2024. Due to the increase in autism diagnoses, there is an urgent need to advocate for their well-being through early intervention by providing preschool programmes and support for children with special needs or those showing signs of developmental delay, particularly for those from B40 families.

99. Therefore, the Sabah Government will implement the Autism Intervention Programme in collaboration with Universiti Malaysia Sabah (UMS) at the Children's Education Centres in Kota Kinabalu, Tawau, Sandakan, Kudat and Beaufort, with an allocation of **RM2.5 million** next year.

100. The Sabah Government greatly appreciates the contributions of voluntary welfare organisations that assist the Government and act as intermediaries in delivering welfare services to targeted groups. Therefore, **RM3.2 million** is allocated to the Sabah Council of Social Service as the coordinator for welfare volunteer programmes in Sabah.

Women's Development

Mr Speaker,

101. The Sabah Government is attentive and will ensure that women get equal opportunities and benefits. In this regard, more women are being appointed to participate in policy and decision making across various sectors, including in the public service and government agencies. To date, based on statistics from **Sabah Women's Affairs Department (JHEWA)**, a total of 36 women, or 25.71 per cent, are directly involved in decision making in the State Civil Service.

102. Therefore, the Sabah Government will allocate **RM9.73 million** to JHEWA for operational expenditure and the implementation of various programmes to develop, empower and produce competent women leaders. Among the programmes to be carried out next year are Child Marriage Prevention Awareness Programme, Women's Empowerment Flagship Programme, Women's Entrepreneurship Development Programme, Gender Awareness in Rural Areas Programme, JHEWA Legal & Counseling Outreach Clinic, as well as allocations of grants for 186 Women's Non-Governmental Organisations registered with JHEWA.

103. Meanwhile, the Sabah Government, through Yayasan Usaha Maju (YUM), has allocated **RM11.6 million** to continue microcredit loan programmes for SMEs, especially women, to assist low-income groups in generating household income through small business operations. For the information of this August House, a total of 46,231 individuals have participated in this programme since the establishment of YUM, with 18,597 active participants.

104. In 2025, YUM aims to disburse loans totaling RM77.39 million, which is expected to benefit 12 thousand borrowers, including 20 per cent new borrowers. YUM also plans to expand digital loan repayment methods among borrowers, particularly through the use of the Sabah Pay application.

105. Other than programmes carried out under YUM, a pilot project of **Young Women Entrepreneurship Programme** will be introduced through the provision of microloans with minimum interest rates compared to other programmes. The programme, in collaboration with Sabah Credit Corporation and Institute for Development Studies Sabah (IDS) will be implemented to empower and develop creative and innovative women. This programme will offer opportunities to young women aspiring to venture into business, enabling them to generate income and contribute to the economic development of the state.

Youth and Sports Development

Mr Speaker,

106. The Sabah Government will continue to give special attention to youth and sports development. Therefore, a total of **RM101.49 million** is allocated to **Ministry of Youth and Sports Sabah** to manage and implement various youth and sports development programmes for year 2025. Of this sum, **RM16.75 million** is allocated for the implementation of human capital development programmes, aimed at empowering our youth before they enter the job market, enabling them to become exemplary role models.

107. The Government is always attentive towards high-performance sports and Para sports development in Sabah. Congratulations to Eddy Bernard from Beluran who won a bronze medal in the men's 100-metre T44 category at the 2024 Paris Paralympic Games, along with Jonathan Wong Kar Gee in the long jump T12 category and Mohamad Amin Burhanuddin in the men's singles badminton SL4 category who have also successfully represented the country in the same event. The Government also extends its highest congratulations and appreciation to all athletes, coaches and officials of the Sabah SUKMA contingent for their competitive efforts in the 2024 SUKMA-21 Sarawak, bringing home a total of 29 gold, 36 silver and 55 bronze medals.

108. Furthermore, to ensure the advancement of high-performance sports programmes and Paralympic sports is continued for Sabah to become a powerhouse in several sports such as women's *sepak takraw*, *wushu*, *silat*, *muay thai*, *karate*, lawn bowls, petanque and others, the Sabah Government has allocated **RM27.21 million** for sports development expenditures next year.

109. Mass Sports also requires attention, and it is essential for the community to have more conducive places for recreation. Therefore, the Sabah Government has allocated **RM23 million** to the Sabah Sports Board, in addition to **RM24.69 million** for the maintenance and repair of offices, youth clubs, dormitories and sports complexes to ensure that sports facilities in the state remains conducive, safe and comfortable for athletes and public use. Development of sports in rural areas is also being given attention. Therefore, the Kunak Sports Complex is proposed to be listed in 13th Malaysia Plan (RMKe-13) for year 2026.

110. Moreover, the Sabah Government has also allocated **RM10.05 million** grants as a token of appreciation to youth and sports associations that have elevated Sabah's stature at the district, state, national and international levels.

Poverty Eradication Programmes

Mr Speaker,

111. The Sabah Maju Jaya Development Plan, under the key initiative of Human Capital and People's Well-being, outlines poverty eradication initiatives as part of its efforts to enhance the people's well-being. Therefore, as part of the Sabah Government's ongoing efforts to ensure that these disadvantaged groups are not left behind in the development mainstream, be it in living standards, welfare or economic opportunities, the Sabah Government has allocated **RM488.5 million** to implement various poverty eradication programmes as follows:

First : A total of **RM250 million**, which is a hundred per cent increase, is allocated for the construction of **3,000 units *Rumah Mesra Sabah Maju Jaya*** across 73 State Legislative Assembly constituencies. For the information of this August House, as of October 2024, a total of 4,482 *Rumah Mesra SMJ* have been built;

- Second : For the first time, the Sabah Government is providing a one-off assistance of **RM5,000.00** as a token of empathy to small street vendors with valid trading license;
- Third : **RM214 million** is allocated for works under special fund and minor development projects on construction and maintenance of infrastructure and public facilities throughout Sabah; and
- Fourth : **RM19.5 million** is allocated for Minor Development Programme, Provision of Facilities and Repair Programme in MESEJ areas, Amenities and Rural Economy Programme, Alternative Rural Electricity Supply Programme, Alternative Rural Water Supply Programme and Additional Economy Activity Programme.

112. As we are aware, the revision of civil servants' salaries and the implementation of a minimum wage for the private sector may substantially increase the prices of goods. This will affect those who are self-employed, including farmers, fishermen, street vendors and individuals without stable employment or fixed income. With their earnings remain unchanged, the increase in prices will impose a significant financial burden on the livelihoods of their families.

113. Therefore, in order to alleviate the burden of higher living costs, for the first time next year, the Sabah Government will assist the affected group identified under poor and hardcore poor through **monthly special assistance of RM300.00 for a year** under the **Sentuhan Kasih Rakyat Programme**, with a total allocation of **RM358.5 million**. The assistance is also intended to ease the financial burden over a specified period, thereby providing them with an opportunity to adjust and explore alternative means to increase their earnings.

Mr Speaker,

114. The Sabah Government also places serious emphasis on the aspects of health and education. Although both sectors fall under the responsibility of the Federal Government, collaboration between the State and Federal Government is essential to ensure that the people of Sabah have access to and enjoy facilities as well as services on par with those in Sarawak and Peninsular Malaysia.

115. The state highly welcomes the announcement by the YAB Prime Minister of Malaysia on the allocation of RM80 million to upgrade Queen Elizabeth Hospital II to become the second largest heart specialist institution after National Heart Institute. This will not only enhance access to quality heart care but also enable patients in Sabah and nearby regions to receive treatment. Apart from that, efforts to upgrade healthcare facilities throughout Sabah, mainly in rural areas through the Bitara Madani Programme shows the Federal Government's commitment in ensuring that all citizens, regardless of location, to receive the required healthcare services. This initiative will undoubtedly have a significant impact on the health and well-being of the community in this state.

116. From the education perspective, as presented in 2025 National Budget, the state appreciates the Federal Government's commitment to upgrade schools in Sabah, especially dilapidated schools. With this, it is hoped that our children have access to higher quality education and a more conducive learning environment.

Urban and Rural Development

Mr Speaker,

117. As an agency that plays a crucial role in facilitating the state's efforts to implement various rural development programmes, especially poverty eradication programme, as well as district administration, a total of **RM345.93 million** has been allocated to the **Ministry of Rural Development, District and Sub-District Offices**. For the information of this August House, the Sabah Government will build new offices for Kunak District, Sukau Sub-District and Secretariat building for Kiulu Sub-District to improve public service delivery in these districts next year.

118. The Sabah Government also emphasises balanced regional development in this Budget. For that, the state, through the **Ministry of Local Government and Housing (KKTP) and its departments**, will be allocated **RM247.01 million**. Of this amount, **RM19.32 million** is allocated to continue existing development projects, such as low-cost housing projects, construction of Native Courts building as well as public amenities upgrading projects.

119. A total of **RM3.15 million** is allocated for the development of public amenities under Local Authorities (PBT), including projects such as upgrading the Kota Marudu Community Hall, constructing a new *tamu* site in Melalap, Tenom, upgrading the Lahad Datu City Bus Terminal and the proposed construction of the Putatan District Council building. These facility improvements will benefit traders and the general public in the area while also helping PBT to generate income through stall rental collections and trading licenses.

120. In addition, the Sabah Government has also allocated **RM20.01 million** for the construction of multipurpose halls in the District of Membakut, Paitan, Matunggong, Telupid and Sukau, as well as upgrading of Tun Mustapha Hall in Kudat, as community facilities for gatherings and community programmes. Furthermore, the construction of a new Community Hall in Kunak is proposed to be included in the RMKe-13.

121. The upgrading of the Sri Tanjung Market in Tawau and the Pasar Rakyat in Nam Tung Town, Karamunting, Sandakan, will be carried out next year with an allocation of **RM11.71 million** to enhance the comfort of business operators and customers at these markets.

Mr Speaker,

122. The Sabah Government will continue to give its full attention in ensuring Sabahans have access to comfortable housing, especially for low and middle-income groups. The state will proceed with the construction of 225 affordable public housing units in the districts of Kemabong Tenom; Sukau Kinabatangan; Melalap Tenom; Beluran and Pitas through Sabah Housing and Urban Development Board (LPPB) with an allocation of **RM10.05 million**.

123. Besides that, the Sabah Government, through LPPB, is committed to continue the Government's agenda in addressing the issue of urban and rural poverty in Sabah through new township development programmes. Therefore, an amount of **RM3.49 million** is allocated next year to continue the implementation of ongoing new township development projects, including the commencement of two new projects in *Pekan Baharu* Pegalungan, Nabawan and *Pekan Baharu* Sukau, Kota Kinabatangan.

124. **Town and Regional Planning Department** is allocated **RM6.58 million** for operational expenditure to ensure that land development in urban and rural areas, including territorial waters throughout Sabah, is more structured, progressive and sustainable in line with the Sabah State Structure Plan 2033. Of this amount, **RM730 thousand** is allocated for the preparation of local plans.

125. A total of **RM80.19 million** is allocated to the **Sabah Native Affairs Department**, the agency responsible for safeguarding the welfare and natives' customaries in the rural areas are continuously preserved. Of this amount, **RM68.04 million** is earmarked for expenditures related to Native Chiefs. Meanwhile, **RM1.4 million** is allocated to continue the construction of Native Courts in Tamparuli, Sook, Paitan, and Pegalungan.

INFRASTRUCTURE NETWORK AND GREEN SUSTAINABILITY

Infrastructure and Utility Development

Mr Speaker,

126. The Sabah Government will remain committed to address legacy issues such as water and electricity supply, road networks and public amenities. Therefore, **RM2.607 billion** is allocated to resolve these issues.

127. The **Ministry of Works and its departments** is allocated **RM1.347 billion**. Of this amount, the **Sabah Public Works Department** is allocated **RM424.53 million** to construct and upgrade roads in urban, rural and small-town areas, as well as to build and upgrade bridges, slopes, government buildings and other infrastructure programmes.

128. In addition, **RM75 million** is allocated to construct a new alternative road between Kundasang Town and Ranau Town to address traffic congestion issues, including the construction of concrete bridges in Pensiangan and Pitas to facilitate students' access to school, who have relied on boats for transportation.

129. The Sabah Government is addressing the issue of water insufficiency with utmost seriousness, as frequently raised by various parties. With this, the **Sabah State Water Department** will be allocated **RM729.79 million** to implement immediate and short-term programmes aimed at enhancing the capacity and efficiency of the water supply system, ensuring that the water needs of the people are met more effectively.

130. As a medium and long-term solution, **RM174.86 million** is allocated next year funded by the Federal Soft Loan Programme. This allocation will involve the implementation of three (3) projects which include upgrading of water treatment plants, replacing and upgrading booster pumps at intake points and water treatment plants in the districts of Putatan, Beaufort, Papar, Keningau, Lahad Datu and Kota Kinabalu.

131. To improve the coverage of treated water supply services including clean water supply infrastructure development in rural areas, federal grant of **RM100.01 million** through the Ministry of Rural and Regional Development Malaysia will be allocated to implement the Rural Water Supply Programme next year.

Mr Speaker,

132. An amount of **RM29.94 million** is allocated to the **Sabah Ports and Harbours Department** for next year to continue the maintenance of port facilities under the Department's jurisdiction throughout Sabah. Additionally, three (3) new projects will commence next year namely Riverbed Dredging of Mengalong River in Sipitang and Sitompok River in Kuala Penyu, as well as the Proposed Upgrading of Public Jetty in Karakit Town, Banggi Phase 2.

133. The Sabah Government will also ensure that better and more conducive train services are provided to the people. Therefore, the **Sabah State Railway Department** is allocated **RM63.61 million** for operational expenditures and to continue upgrading and improving the existing railway system. This will be achieved through the provision of adequate transport assets, improved track infrastructure and facilities as well as trained human resources. The addition of one (1) locomotive unit next year is expected to introduce new services as well as increase service frequency in phases.

134. Furthermore, Feasibility Study and Preliminary Design for the Construction of a Railway System Connecting Putatan to KKIP and Sepanggar Port will be carried out which covers a track distance of approximately 40 KM. In addition, with the Federal Government's funding assistance, a Feasibility Study for the Trans-Borneo Railway Project will also be conducted, which involves the construction of a railway network across Sabah and Sarawak, totaling approximately 970 KM in Sabah.

135. To provide a more efficient and comprehensive sewerage system, the Sabah Government will allocate **RM91.59 million** to the **Sabah Sewerage Services Department**. This allocation will also be used to implement various sewerage service provision and improvement programmes, as outlined in the Sabah State Sewerage Master Plan, particularly for the rehabilitation of pump stations, sewerage treatment plants and pipeline networks in the districts of Kota Kinabalu, Tawau, Sandakan, Penampang and other districts which was handed over from PBT.

136. Additionally, the Sabah Government will implement four (4) sewerage and sludge treatment plant construction projects in the districts of Tuaran, Penampang, Papar and Kudat through Federal Soft Loan with an allocation of **RM100 million** in year 2025.

137. Apart from the Ministry of Works Sabah and its departments, other agencies which also responsible in implementing various basic infrastructure programmes are **KKTP, JPS and Kota Kinabalu City Hall**.

Green Sustainability

Mr Speaker,

138. The Sabah Government will implement development programmes focused on green sustainability by prioritising the responsible use and management of natural resources or assets, as well as ensuring environmental protection, social well-being and economic growth are met without jeopardising the future generations.

139. In line with the Sustainable Development Goals (SDG) through the Sabah Maju Jaya Roadmap, priority is given to climate change mitigation and adaptation actions, as well as disaster risk reduction, to ensure economic growth that harmonises with environmental sustainability. Through this approach, the development undertaken will be more resilient and environmentally friendly, further supporting the achievement of Sustainable Development Goals at the state level. For this purpose, **RM180.86 million** is allocated next year to the responsible departments.

140. A total of **RM134.96 million** is allocated to the **Sabah Forestry Department and Sabah Biodiversity Centre** reflecting the government's commitment to conservation programmes, sustainable forestry initiatives and community development projects.

141. Moreover, the state is also focusing on wildlife sustainability. Therefore, **RM29.85 million** is allocated to the **Wildlife Department** for operations, enforcement activities and implementation of awareness and wildlife protection programmes, as well as managing wildlife-human conflict mitigation.

Mr Speaker,

142. The Sabah Government, through the **Environment Protection Department**, is allocated **RM10.76 million** under operational and development expenditures for next year to continue mainstreaming environmental protection into all development initiatives in a sustainable manner.

143. With an allocation of **RM5.36 million**, several studies are expected to be completed next year that will serve as important guidelines for government bodies and stakeholders in sustainable environmental protection development. Among others are Review of Sabah Shoreline Management Plan, Slope Stability Study as well as Guidelines for the Rehabilitation of Mining and Quarry Sites in Sabah. Of this amount, **RM1.3 million** is allocated for the Study of Scheduled Waste Management Plan in Sabah, which is expected to be completed by 2025 as government preparation to fulfill commitments under MA63.

STATUTORY BODIES AND STATE GOVERNMENT AGENCIES

Mr Speaker,

144. For the information of this August House, the Sabah Government currently has twenty-one (21) Statutory Bodies that carry out socioeconomic development activities and twenty-six (26) wholly owned Government Linked Companies (GLCs) that are involved in various commercial fields.

145. The Sabah Government has appointed a consulting panel and convened meetings to conduct a review of underperformed companies and to scrutinise issues faced by agencies through the Sabah Statutory Bodies and State-Owned Companies Advisory and Monitoring Committee. This year, Sabah Government has conducted a Corporate Governance Workshop involving several underperforming agencies, aimed at evaluating and updating the KPIs of the agencies involved in line with their establishment objectives.

146. The Sabah Government is also concerned and rigorous about activities carried out by agencies, such as overseas trips and joint venture proposals. These proposals need to be tabled for the consideration of the State Cabinet in order to control unnecessary spending so as not to burden the Sabah Government and the agencies later.

147. I would like to re-emphasise to the Public Agencies that the funds received from the Sabah Government must be utilised with integrity and always prioritise the responsibility of assisting the government in improving the state's socio-economic status.

Revenue From Dividends and Contributions From Public Agencies

Mr Speaker,

148. For the information of this August House, this year the Sabah Government has received a total of **RM131.25 million** from State Public Agencies' dividends and contributions. This amount is expected to increase further by year-end driven by "*maju nda baranti*", taken from the Brunei dialect, which means continuous prosperity. The Sabah Government would like to congratulate the State Public Agencies that have recorded profits and paid dividends to the Sabah Government which among others are:

- i. SMJ Energy Sdn. Bhd.;
- ii. Sabah Credit Corporation;
- iii. Sabah Energy Corporation Sdn. Bhd.;
- iv. K.K.I.P. Sdn. Bhd.;
- v. Saham Amanah Sabah;
- vi. Innoprise Corporation Sdn. Bhd.;
- vii. Sawit Kinabalu Sdn. Bhd.;
- viii. Desa Plus Sdn. Bhd.;
- ix. Sabah International Dairies Sdn. Bhd.;
- x. Sabah Economic Development Corporation (SEDCO);

- xi. Borneo Development Corporation Sdn. Bhd.;
- xii. Sabah Ports Authority; and
- xiii. Sabaras Sdn. Bhd.

While dividends obtained through companies listed on BURSA Malaysia, are from:

- i. FGV Holdings Berhad;
- ii. Malaysia Airports Holdings Berhad;
- iii. Suria Capital Holdings Berhad; and
- iv. Petronas Dagangan Berhad.

The Sabah Government would like to record appreciation for the contributions made by State Public Agencies:

- i. Sawit Kinabalu Sdn. Bhd.;
- ii. Sabah Parks Board of Trustees;
- iii. Sabah Rubber Industry Board;
- iv. Sabah Ports Authority;
- v. Jetama Sdn. Bhd.;
- vi. Sabah Fisheries and Fishermen Development Corporation (Ko-Nelayan);
- vii. Smart Sabah Corporation Sdn. Bhd.;
- viii. Kinabalu International Hotel Sdn. Bhd.;
- ix. Sabah Tourism Board;
- x. Perkasa Hotel Holdings Sdn. Bhd.;
- xi. Sabah Fish Marketing Sdn. Bhd.;
- xii. Sabah Forestry Development Authority (SAFODA); and
- xiii. Tabin Wildlife Holidays Sdn. Bhd.

149. State Statutory Bodies and GLCs that have achieved profitability should serve as exemplary models for other State Public Agencies, inspiring them to intensify their efforts and elevate their financial standing and performance.

STATE PUBLIC SERVICE

Mr Speaker,

150. To ensure that state civil servants are consistently efficient, competent and highly skilled, the Sabah Government will:

- i. allocate **RM16.09 million** for development expenditure of human capital;
- ii. allocate **RM3.5 million** in financial assistance specifically for State Public Service officers pursuing studies at the Bachelor's, Master's and Doctoral levels, either full-time or part-time, at Higher Learning Institutions locally and abroad;
- iii. allocate **RM3 million** for high-impact in-service training programmes, locally and abroad, for State Public Service officers; and
- iv. implement a comprehensive competency enhancement initiative across all service schemes.

151. In order to safeguard the welfare of Civil Servants and to ensure their morale remain at optimal level, therefore, in line with the Prime Minister's announcement on the salary revision for Federal Civil Servants last September, the Sabah Government will also **revise the salary rates of Civil Servants, including Contract, Open Vote and Daily Paid Workers**. The Sabah Government will also implement the salary revision in two (2) phases: the first in December this year, and the second in 2026. This revision, with a total financial implication of **RM149 million**, reflects the Government's commitment to reduce the people's income gap, including civil servants.

152. We recognise that State civil servants are the main driving force behind the state's administration machinery. Therefore, in addition to the salary revision, the Sabah Government is pleased to announce good news for civil servants. The Sabah Government has agreed to provide Special Financial Assistance equivalent to **one month's salary**, or a **minimum of RM3,000.00**, to all Sabah State public civil servants, including Contract, Open Vote and Daily Paid Workers. This Special Financial Assistance which benefit a total of **18,949 personnels**, with a financial implication of **RM68.48 million**, will be paid in **January 2025**.

CLOSING

Mr Speaker,

153. The five (5) pillars of the 2025 State Budget not only present clear objectives but also the strategies to achieve them. We have heard the voices from the grassroots, calling for a more equitable socioeconomic landscape and a fairer economic opportunity. Therefore, the 2025 State Budget has been formulated with two (2) key pillars: the aspiration to generate more robust growth in productive economic sectors, while simultaneously creating a more inclusive development.

154. We recognise that these two (2) pillars can only be achieved if accompanied with the right strategies. Therefore, three (3) additional pillars are emphasised in this Budget to drive and enable the two (2) main goals: economic growth and equitable distribution. These pillars are human capital development, infrastructure upgrading and enhanced governance efficiency, particularly in the service delivery system. This means the 2025 State Budget has been meticulously prepared, with allocations made according to priorities and strategies.

155. For the information of this August House, the State Cabinet has conducted working visits to every Ministries to address the challenges faced by each Ministry and Department in fulfilling their respective roles. The aim is to ensure that the Government's aspirations and directions are delivered to the people. This reflects the Cabinet's commitment to continuously improving and resolving issues, both at the Ministry level and the state level as a whole. These working visits will become a regular practice and will continue in the years to come. This shows that the current government is a government that works and provides services to all citizens regardless of race, religion and political affiliation as per the mandate entrusted by the people.

156. Therefore, I would like to take this opportunity to urge all leaders, especially elected representatives to actively engage with and attend to the needs as well as welfare of the people in our respective constituencies, in line with the roles and responsibilities of Honourable Members. We must all unite for the state's prosperity and well-being if we aspire to achieve sustainable development and economic growth.

157. The five (5) year term to govern Sabah is nearing its term. All commitments, particularly those pertaining to development plans in alignment with the Sabah Maju Jaya Roadmap, have been honoured. Despite the numerous sarcastic remarks and criticisms regarding the Sabah Maju Jaya slogan, the leadership of this Government remains steadfast in upholding its position in fulfilling the trust bestowed by the people, under the leadership of YAB Chief Minister. As the Bajau Samah saying goes, "*Pipit Bisu Mangan Ta' Uran*" which refers to an individual who is capable of accomplishing tasks effectively without the need to proclaim it to others.

158. Therefore, let us unite in support of the 2025 State Budget, for the continued development and advancement of this state. May this 2025 State Budget serve to safeguard the welfare of the people, in accordance with the Budget's theme, **"Prosperous Sabah, Prosperous People"**.

159. Lastly, I would like to take this opportunity to wish all Christian Assemblymen and Sabahans a **Merry Christmas**, and to all beloved people of Sabah, **Happy New Year 2025**.

*Bunga Mekar, Harum Berseri,
Daun Bergoyang, Daun Selasih,
Bajet Dibentang, Jelas Sekali,
Sekian, Terima Kasih.*

Mr Speaker,

I beg to propose.