



# SABAH BUDGET

# 2026

**12 DECEMBER 2025**

**BY:**

**THE HONOURABLE DATUK SERI PANGLIMA HAJI MASIDI BIN MANJUN  
DEPUTY CHIEF MINISTER II / STATE MINISTER OF FINANCE**

**"ACCELERATING DEVELOPMENT, PRIORITISING THE PEOPLE'S WELL-BEING"**



**BELANJAWAN  
2026  
SABAH MAJU JAYA**



**SABAH BUDGET SPEECH  
YEAR 2026**

By

**THE HONOURABLE DATUK SERI PANGLIMA HAJI  
MASIDI BIN MANJUN  
Deputy Chief Minister II / Minister of Finance**

**At The Sabah Legislative Assembly**

On

**12 December 2025 (Friday)  
21 Jamadilakhir 1447 Hijrah**

**“ACCELERATING DEVELOPMENT,  
PRIORITISING THE PEOPLE’S WELL-BEING”**

Assalamu'alaikum Warahmatullahi Wabarakatuh

Salam Sejahtera

Salam Malaysia Madani and

Salam Sabah Maju Jaya

Mr. Speaker,

1. With all due respect and reverance, I beg to propose the **2026 Sabah Budget** for the approval of this August House.

## **PREAMBLE**

Mr. Speaker,

2. Bismillahirrahmanirrahim, Alhamdulillah Rabbil Alamin, Wabihi Nastai'n. Blessings and greetings to the great esteemed 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 2026 Sabah 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 also like to take this opportunity to express my gratitude to The Right Honourable Datuk Seri Panglima Haji Hajiji bin Haji Noor, the Chief Minister of Sabah, who has entrusted me with the responsibility of serving as the Deputy Chief Minister II and Sabah Minister of Finance, subsequently giving me the mandate to table the Sabah Budget for Year 2026. Congratulations to all the Honourable Members who have been given the mandate by the people of Sabah in the recent Sabah Election. Once again, Gabungan Rakyat Sabah (GRS) has succeeded in forming the Government to continue the development agenda and administration of the Sabah Government.

## **REFORMS AND ENHANCEMENTS BY THE SABAH GOVERNMENT**

Mr Speaker,

5. For the information of Honourable Members and this August House, the newly formed Sabah Government has decided to introduce several changes to the names of certain Ministries, including adjustments and additions to their portfolios to ensure that the respective Ministries can perform their roles more effectively and cover all key aspects necessary to enhance the well-being of Sabahans.

6. The Ministries involved are as follows:

<b>Previous Name</b>	<b>New Name</b>
(i) Sabah Ministry of Works	to Ministry of Works and Utilities
(ii) Ministry of Community Development and People's Wellbeing	to Ministry of Women, Health and People's Wellbeing
(iii) Ministry of Industrial Development and Entrepreneurship	to Ministry of Industry, Entrepreneurship and Transportation
(iv) Ministry of Science, Technology and Innovation	to Ministry of Education, Science, Technology and Innovation
(v) Sabah Ministry of Youth and Sports	to Ministry of Youth, Sports Development and Creative Economy

## **WORLD AND MALAYSIA ECONOMIC PERFORMANCE AND PROSPECTS**

### **World Economy**

Mr. Speaker,

7. The global economy is facing a challenging environment and is expected to remain sluggish. According to Global Economic Prospects report published by the World Bank, global economic growth in year 2025 is projected to moderate at a rate of 2.3 per cent and is expected to increase slightly around 2.5 per cent by year 2026. Countries affected by the reciprocal tariff war require time to adjust trade flows and respond accordingly in order to restore global economic growth.

8. The article “The Global Economy in Five Charts” by the World Bank Group projects that global economic growth from year 2025 to year 2026 will stabilise, with the growth rate remaining low at 2.7 per cent. This slow global economic environment has the potential to create significant economic impacts and at critical levels may require the introduction of income-recovery policies to ensure that a nation’s economy remains resilient. However, escalating risks such as trade wars, more aggressive monetary and fiscal policies, geopolitical instability and environmental issues including natural disasters could all disrupt the stability of the global recovery momentum.

9. Overall, by year 2026, the global economy is expected to remain competitive despite the forecast of relatively moderate growth. Developing countries will continue to be the main drivers, with growth projected at around 4.3 per cent, supported by strong domestic demand and robust infrastructure investment. At the regional level, Malaysia is expected to maintain positive trade performance, dominated by the country's strategic markets such as China, the United States and Singapore. In addition, trade relations driven by green technology and universal compliance with Environmental, Social, and Governance (ESG) principles will further support economic recovery with the European Union (EU).

## **Malaysian Economy**

Mr. Speaker,

10. Malaysian economic growth is expected to remain moderate in year 2026, with the Federal Government and the World Bank targeting a positive growth of 4.0 to 4.5 per cent.

11. The World Bank has also projected that Malaysia's economy will record growth of around 4.1 per cent in year 2026, unchanged from year 2025 forecast, indicating a less competitive domestic momentum. Nevertheless, the Asian Development Outlook (ADO) anticipates that Malaysia will still be able to achieve moderate growth despite facing weak

external factors and uncertain global trade risks, with the national inflation rate remaining under control.

12. Overall, Malaysia's economic performance is expected to remain strong in year 2026, in line with the positive growth momentum recorded in year 2024 and 2025. The global economy, which is expected to recover in 2026, will spur demand for electrical and electronic (E&E) products, and this sector will continue to be a key driver of growth of up to 4.5 per cent. Meanwhile, the services sector will remain the largest contributor to national Gross Domestic Product (GDP), with a focus on wholesale and retail trade, food and beverages and tourism.

13. Private consumption expenditure, which contributes more than 60 per cent to national GDP, also indicates a stronger economy in line with rising household incomes. The Federal Territory of Kuala Lumpur and Selangor remain the nation's highest economic contributors, while Sabah and Federal Territory of Labuan have recorded moderate growth, supported by the Services Sector and tourism activities. Foreign trade is expected to remain strong, supported by rising foreign investment inflows. This reflects investors' confidence in Malaysia's sustainable and competitive economic outlook.

## SABAH PERFORMANCE AND ECONOMIC PROSPECTS

Mr Speaker,

14. Sabah's economy in year 2026 is expected to further expand, supported by stronger fiscal fundamentals and higher investment. According to the Sabah Economic Outlook 2026–2027 report, the post-pandemic recovery of the Tourism Sector, the increase in trade activities, and growth in both the formal and informal labour forces, indicate a stable economic momentum.

15. Sabah's economy registered a growth rate of 1.1 per cent in year 2024, with Gross Domestic Product (GDP) rising to RM84.3 billion, compared to RM83.4 billion in the previous year. Meanwhile, GDP per capita was recorded at RM30,605 , a decrease from RM31,235 in the previous year, influenced by Sabah's higher population growth rate of 4 per cent. Overall, Sabah contributed 5.1 per cent to Malaysia's total GDP, making it the seventh-largest contributor to the national economy.

16. The Services Sector remains the main contributor to Sabah's economy, accounting for 52.4 per cent, followed by the Mining and Quarrying Sector and the Agricultural Sector, which contribute 22 per cent and 14.5 per cent respectively. The Manufacturing Sector contributes 7.2 per cent, while the Construction Sector records a contribution of 3.5 per cent to Sabah's overall economy.

17. In the context of external trade, Sabah also faces global market uncertainties and pressures arising from international geopolitical dynamics, including the implementation of reciprocal tariffs by the United States against several major trading partners. For the period of January to September 2025, Sabah recorded a trade surplus of RM8 billion, compared with RM11 billion during the same period in the previous year.

18. At the same time, total exports declined to RM43.7 billion, compared to RM45.7 billion, due to a decrease in Sabah's key export commodities, particularly crude petroleum and processed fertilisers. Meanwhile, total imports increased to RM35.6 billion, compared to RM34.6 billion during the same period, driven by higher imports of major goods such as machinery, transport equipment, and various manufactured products.

19. Despite facing pressures arising from moderate trade performance, Sabah's economy has remained resilient, supported by strong private consumption. As of September 2025, Sabah's inflation rate was recorded at 1.1 per cent, slightly lower than the national inflation rate of 1.4 per cent. This also marks a decline of 0.2 per cent compared to the same period in year 2024. This positive development is supported by the increase in household spending during the first half of year 2025, indicating continued public confidence in Sabah's economy.

20. From the socio-economic perspective, Sabah's average monthly household gross income continued to show encouraging growth, reaching

RM6,498 in year 2024 compared to RM6,171 in year 2022. Over the same period, Sabah's poverty rate also recorded a decline, reflecting an overall improvement in the people's standard of living. The poverty rate decreased from 19.7 per cent in year 2022 to 17.7 per cent in year 2024, in line with the implementation of various poverty eradication initiatives and programmes in Sabah.

Mr. Speaker,

21. Sabah's economic growth momentum is expected to expand continuously at a moderate rate in year 2026, with Sabah's GDP growth rate projected to increase at around 2.0 per cent, which is mainly driven by continued development in the Services Sector. The Tourism Sector is expected to be a key driver, aligned with various promotional initiatives organised in conjunction with Visit Malaysia Year 2026. Concurrently, the operation of the Universiti Malaysia Sabah Specialist Hospital (HUMS), scheduled in January 2026, will further strengthen Sabah's Healthcare Sector, as well as enhancing Sabah's reputation as a competitive destination for medical tourism and education.

22. In addition, the Construction Sector is expected to further expand consistently over the next five (5) years, in line with the implementation of various high-impact development projects across Sabah. Major projects include the Pan Borneo Highway Phase 1B, covering a total length of 388

kilometres, which will enhance inter-district connectivity as well as logistics and transportation systems efficiency.

23. At the same time, the upgrading of Kota Kinabalu International Airport (KKIA) project will be implemented to increase passenger capacity from 9 million to 12 million people per year. A similar initiative will be carried out at Tawau Airport, where passenger capacity will be upgraded from 1.5 million to 2.5 million people per year. Both initiatives are expected to accommodate the growing number of tourists as well as domestic and international air travellers, while enhancing airport facilities to be more comfortable, modern and efficient, thereby further boosting the growth of Sabah's Tourism Sector. For the information of this August House, Sabah is directly connected to 14 international destinations through 117 flights and also receives 447 flights from 14 domestic destinations each week.

24. In addition, the expansion of Sepanggar Bay Container Port project is also currently in progress to increase its cargo handling capacity from 0.5 million Twenty-foot Equivalent Units (TEU) to 1.25 million TEUs. Overall, the implementation of these strategic initiatives and development projects is expected to strengthen Sabah's economic resilience, stimulate investment flows and further enhance economic activities towards more sustainable and inclusive growth.

## GOALS AND STRATEGIES OF SABAH BUDGET YEAR 2026

Mr. Speaker,

25. The Sabah 2026 Budget has been formulated based on the aspirations and commitments of the Sabah Government to accelerate Sabah's development for the people's well-being, with allocations according to the following key pillars:

- First : Expediting further development of productive sectors, including attracting investments to stimulate economic growth and generate Sabah's income;
- Second : Addressing socioeconomic imbalances and improving standard of living through an inclusive approach;
- Third : Empowering human capital development by enhancing knowledge, skills, productivity and innovation, while ensuring a better quality of life for the people;
- Fourth : Enhancing enablers development, particularly basic infrastructure, utilities and public amenities to support economic growth and development; and
- Fifth : Strengthening Sabah Government's capacity, management and delivery system efficiency.

26. To realise these pillars, the Government's spending capability must be prioritised, according to the performance of the policy implementation machinery that is more responsive, efficient, transparent and income-oriented. Thus, Government services should be managed efficiently and dynamically, besides implementing prudent spending policies to prevent wastage, inefficiency and leakages.

## **THEME AND FOCUS OF SABAH BUDGET YEAR 2026**

Mr. Speaker,

27. **"ACCELERATING DEVELOPMENT, PRIORITISING THE PEOPLE'S WELL-BEING"** is the theme of the 2026 Sabah Budget. The Sabah election has recently concluded. The newly formed government will carry out the mandate of the people for the next five (5) year-term. With unwavering commitment and determination to spearhead transformation and development for the progress and living standards of Sabahans, the 2026 Sabah Budget will be the pillar to realise the budget's theme.

28. Therefore, I propose an **Estimated Supply Expenditure of RM6.402 billion** with an **Estimated Revenue of RM6.430 billion**. Despite a slight reduction compared to the 2025 budget, after factoring in the estimated revenue collection, the 2026 Sabah Budget still records a **surplus of RM28 million**.

## THE 2026 ALLOCATION BY MINISTRY

Mr. Speaker,

29. The Sabah Government aspires to increase development oriented programmes and activities to stimulate long-term economic growth, create job opportunities and expand amenities and physical facilities to improve the living standards of Sabahan. To realise this aspiration, the programmes and activities under the Supply and Development Expenditure Votes are restructured according to their respective natures starting year 2026. Therefore, taking into account the restructuring to the Supply and Development Expenditures, the 2026 Sabah Budget is prepared in accordance with the details as in the 2026 Estimates of Revenue and Expenditure. The allocation of Supply and Development Expenditures by Ministry is as follows:

First	:	<b>Ministry of Finance:</b> <b>RM2.899 billion</b> Supply <b>RM209.02 million</b> Development
2nd	:	<b>Ministry of Works and Utility:</b> <b>RM1.122 billion</b> Supply <b>RM534.28 million</b> Development

- 3rd : **Chief Minister’s Department:**  
RM792.83 million Supply  
RM190.58 million Development
- 4th : **Ministry of Agriculture, Fisheries and Food Industry:**  
RM416.76 million Supply  
RM143.09 million Development
- 5th : **Ministry of Rural Development Sabah:**  
RM122.72 million Supply  
RM195 million Development
- 6th : **Ministry of Local Government and Housing:**  
RM230.26 million Supply  
RM27.19 million Development
- 7th : **Ministry of Education, Science, Technology and Innovation:**  
RM186.54 million Supply  
RM18.18 million Development
- 8th : **Ministry of Women, Health and People’s Wellbeing:**  
RM160.36 million Supply  
RM13.19 million Development

- 9th : **Ministry of Tourism, Culture and Environment:**  
 RM135.75 million Supply  
 RM38.70 million Development
- 10th : **Ministry of Youth, Sports Development and Creative Economy:**  
 RM88.01 million Supply  
 RM10.05 million Development
- 11th : **Ministry of Industry, Entrepreneurship and Transport:**  
 RM105.67 million Supply  
 RM88.36 million Development
- 12th : **Charged Expenditure:**  
 RM91.05 million Supply
- 13th : **Expenditure Not Included Under Ministries:**  
 RM50.03 million Supply

30. The Sabah Government has taken steps to reduce the gap between Supply and Development Expenditure, whereby Supply Expenditure recorded a ratio of 86 per cent in year 2024, decreasing to 85 per cent this year, and is proposed to further reduce to 78 per cent in year 2026. These efforts will continue to be intensified to ensure that Development Expenditure is expanded, providing a significant and inclusive impact on Sabah's development.

## **THE 2026 ESTIMATED REVENUE AND EXPENDITURE**

### **THE ESTIMATED REVENUE**

#### **The 2024 Sabah Revenue**

Mr. Speaker,

31. In year 2024, the Sabah Government successfully maintained its revenue collection at 6 billion level, which is RM6.842 billion. Congratulations and highest appreciation are extended to all parties involved in achieving this milestone. It is hoped that in the coming year, this achievement will reach even greater heights.

#### **The 2025 Sabah Revenue**

32. For the Revised Revenue Estimates for year 2025, collection is expected to increase by RM212.76 million, or 3.3 per cent, to RM6.658 billion compared to the Original Revenue Estimates of RM6.445 billion. This increase is driven by the State Sales Tax (CJN), Receipts and Contributions from the Federal Government; Interest and Proceeds from Investments, as well as Land Premium. Although there is a decrease in Petroleum Royalties, overall revenue is projected to rise due to stronger-than-expected actual collections.

## The 2026 Sabah Revenue

Mr. Speaker,

33. Sabah's economy structure is still exposed given its dependency on the two main commodities, **crude oil (CO)** and **crude palm oil (CPO)**, which are sensitive to global price fluctuations, production levels and US dollar (USD) exchange rate. Accordingly, although CPO prices remain above RM4,000, it is only able to partially offset the decline in revenue from CO-based commodities, as CO prices are currently below USD 65. Due to these factors, the year 2026 revenue estimate is expected to decline compared with the revised estimates year 2025, with the total projected amount to reach **RM6.430 billion**, categorised as follows:

- (i) **Tax Revenue** of RM2.771 billion, contributed mainly by the State Sales Tax (CJN) RM2.614 billion; Land Rent RM120.00 million; as well as Port and Harbour Dues RM37.50 million;
- (ii) **Non-Tax Revenue** of RM2.348 billion, derived largely from Petroleum Royalties RM1.075 billion; Forest Produce Royalty and Export on Timber Products RM132.70 million; Interest and Proceeds from Investments RM490.31 million; Sales of Water RM308.00 million; and Land Premium RM160.00 million; and

- (iii) **Non-Revenue Receipts** of RM1.311 billion, comprising Receipts and Contributions from the Federal Government RM1.161 billion, as well as Other Receipts RM150.00 million.

Mr. Speaker,

34. A stable financial position provides the fundamental basis for the Sabah Government's capability to meet both operational and development expenditures. A sustainable, progressive and resilient economy will safeguard the people's well-being and quality of life. Thus, to ensure fiscal position remains strong, the Sabah Government has introduced and continues to implement a series of initiatives to strengthen revenue.

35. Among the proactive measures, the Sabah Government has started using reference price method to determine the sales value for CJN calculation on four petroleum products commencing 1 October 2025, namely crude oil, condensate, natural gas to Labuan and liquefied natural gas. The sales value is based on the actual invoice price or the reference price, whichever is higher. This approach ensures that declarations are aligned to market prices and CJN collections are optimised. In addition, a comprehensive review of all rates, charges, fees and rentals is being actively conducted to ensure they are in line with current market values.

36. The Government remains fully committed to addressing revenue leakages. Among the initiatives implemented is the Special Inspection

Operation (OPK) conducted in collaboration with strategic partner agencies from both Sabah and Federal. The Sabah Government would like to record its appreciation to Federal Government agencies, including the Ministry of Finance Malaysia, the Royal Malaysian Customs Department (JKDM), the Department of Statistics Malaysia (DOSM), the Malaysian Palm Oil Board (MPOB), the Malaysian Fisheries Development Authority (LKIM), as well as all Sabah and Federal agencies for supporting Sabah Government in addressing these leakages. I urge all Revenue Collection Departments to continue strengthening enforcement to ensure that all revenue is collected efficiently and transparently.

37. A strong legal framework is important to ensure it is implemented efficiently and transparently. Hence, State Sales Tax Enactment 1998 and the State Sales Tax Regulations 1999 were amended and enforced effective 1 September 2025 and 1 October 2025 respectively. These amendments aim to streamline policy implementation, enhance tax administration efficiency, address potential revenue leakages, strengthen the fairness, transparency as well as accountability of Sabah's tax governance.

38. In line with the Sabah Government's drive towards digitalisation, all Revenue Collection Departments are encouraged to provide various cashless payment methods and fully digitise revenue collection to ensure receipts are managed accurately, swiftly and orderly.

39. In addition, efforts have been taken to explore new sources of revenue through revenue mobilisation across Ministries, whereby all non-revenue collecting Ministries and Departments are encouraged to explore new sources that have potential to contribute to Sabah's revenue.

40. The Sabah Government also welcomes the decision of the High Court, which affirmed Sabah's constitutional rights on the 40 per cent Special Grant under Articles 112C and 112D of the Federal Constitution. On behalf of the Sabah Government, I wish to express our highest appreciation to the Sabah Law Society (SLS). This decision marks a significant achievement, reflecting Sabah Government's persistent, continuous and consistent efforts to defend and uphold Sabah's rights, alongside constructive cooperation with the Federal Government. For information of this August House, the First Meeting of the Special Grant Negotiation Committee was held on 17 November 2025. The Sabah Government is confident that the concerted efforts of all parties will not be in vain, and that this rightful claim will have a significant positive impact to all Sabahans.

## **THE 2026 ESTIMATED SUPPLY EXPENDITURE**

Mr. Speaker,

41. In preparing the 2026 Sabah Budget, the Sabah Government has developed several strategies through engagement sessions with Ministries

and Departments while taking into account comprehensive economic forecasts and key indicators to address economic outlook uncertainties for the coming year. This Budget also considers the implementation of new programmes and initiatives under the first year of Thirteenth Malaysia Plan (RMKe-13).

42. For year 2026, an Estimated Supply Expenditure of **RM6.402 billion** is proposed, with **RM5.202 billion** allocated to fund Operational Expenditure and **RM1.2 billion** for Contributions to the Development Fund.

43. Following the restructuring of Supply and Development Expenditure beginning year 2026, the allocation for Operational Expenditure which covers **Emolument, Recurrent Expenditure** and **Special Expenditure** is reduced by **RM19.35 million** or **0.3 per cent** in year 2026, compared to year 2025 original estimate of **RM6.421 billion**.

44. A total of **RM936.73 million** is proposed for **Emolument Expenditure** next year to cover Sabah's civil servants salaries. This amount represents an increase of **RM32.82 million** or **3.63 per cent**, compared to this year's original budget due to the annual salary increment, Phase 2 salary revision of 3 to 7 per cent increase in line with the implementation of the Public Service Remuneration System effective 1 December 2024, as well as increase in new recruitments.

45. A total of **RM2.22 billion** is proposed for **Recurrent Expenditure**, which is equivalent to **34.68 per cent**, a decrease of **RM49.94 million** or **2.2 per cent** compared to year 2025 original allocation. Expenditure under this allocation is to fund service and supply expenses comprising operational works, assets procurement, administrative and human resource expenses as well as annual non-development programmes.

46. Meanwhile, the allocation for **Special Expenditure** is proposed at **RM2.045 billion**, equivalent to **31.95 per cent**, decreased by **RM222.23 million** or **9.8 per cent** as compared to year 2025 original allocation. The decrease arises from allocations previously under Special Expenditure are now transferred to Development Expenditure. The Special Expenditure that remains under this allocation is to fund, among others, assistance to Government Agencies; Paddy Cultivation Subsidy; Outsourced Water Treatment Plant Services including Water Concession Services; Centralised Procurement of Vehicles and Boats as well as various programmes under the Sabah Department of Agriculture.

## **THE 2026 ESTIMATED DEVELOPMENT EXPENDITURE**

Mr. Speaker,

47. The Sabah Development Expenditure is essential to spur Sabah's economic growth. Therefore, I propose an allocation of **RM1.865 billion** for year 2026. This amount comprises an allocation of **RM1.468 billion** from

Sabah Government and **RM397.21 million** from the Federal Government in the form of **Federal Loans** and **Reimbursables**.

48. The Development Expenditure allocation under State Fund by sector is as follows:

- Economic Sector : **RM996.47 million** or **67.90 per cent**
- Social Sector : **RM345.77 million** or **23.56 per cent**
- General Administration Sector : **RM125.40 million** or **8.54 per cent**

49. For the information of this August House, the total approved ceiling under RMKe-13 amounts to **RM12.02 billion** to fund **1,173 development programmes/projects**, making it the highest development allocation in the history of Sabah Budget. Of the approved programmes and projects, **241 are continuation programmes/projects** while the remaining **932 are new programmes/projects**.

## **KEY FOCUS SECTOR FOR ECONOMIC GROWTH**

Mr. Speaker,

50. To accelerate economic growth to a greater height, the Government will continue to emphasise development efforts of three (3) Main Sectors, namely Agriculture, Industrial and Tourism. The growth of these sectors need to be supported by the development of quality infrastructure and

public facilities; knowledgeable and highly skilled human capital with integrity; the utilisation of latest science and technology; as well as the enhancement of a more efficient and effective Government delivery system. In line with this strategy, Sabah Government has allocated **RM996.12 million** to further stimulate economic growth through continuous development of the Agricultural, Industrial and Tourism Sectors in year 2026.

## **AGRICULTURE AND FOOD SECURITY SECTOR**

Mr. Speaker,

51. The Agriculture, Fisheries and Food Industry Sector continues to be the key driver to Sabah's socio-economic development. This sector provides food for the people and is a significant contributor to Sabah's income as well as providing employment opportunities especially in the rural areas.

52. In line with the Government's efforts to strengthen Sabah's food security and Self-Sufficiency Ratio (SSR), **Sabah Ministry of Agriculture, Fisheries and Food Industry (MAFFI), and its Departments and Agencies**, are allocated **RM559.85 million** for year 2026. Of this amount, **RM75.75 million** is allocated for operational purposes and assistance to fishermen, farmers and livestock breeders.

53. **Sabah Department of Agriculture**, as the main agency responsible for the development of the **Crop Sub-Sector**, is allocated **RM171.36 million** for operational and development expenditure. Of this amount, **RM62.40 million** is allocated for development expenditure. Under RMKe-13, a total of **108 projects**, consisting of **one (1) continuation project** and **107 new projects**, for the development of the **Crop Sub-Sector** with an approved ceiling of **RM323.91 million**. These projects consist of 21 initiatives including research, human capital training, crop development, services expansion and agro-tourism.

54. Among the main development initiatives for the **Crop Sub-Sector** next year is the Development of Permanent Food Production Zone in 15 Permanent Food Production Parks involving a total land area of 595 hectares with an anticipated production of 1,494.5 metric tonnes, for vegetable and fruit cultivation, valued at RM4.32 million. Other initiatives include the development of new crop varieties; eco-friendly cultivation technologies as well as soil and water conservation.

55. Under RMKe-13, the Sabah Department of Agriculture will establish Sabah Agricultural Biotechnology Centre (SABTeC) at Agriculture Research Centre (ARC) Tuaran as a research centre in agricultural biotechnology, equipped with labs for molecular biology, bioinformatics, tissue culture and transgenic plant greenhouse. This centre supports high-impact research for the development of high yield and disease

resistant crop varieties, as well as utilisation of DNA (Deoxyribonucleic Acid) marker technology to identify varieties, diseases and crop pests.

Mr. Speaker,

56. The Rural Development Corporation (KPD) will implement a total of **21 development projects** under RMKe-13. In year 2026, **RM14.13 million** is allocated to KPD for operational purposes, while **RM6.94 million** is allocated to commence **15 development projects**. The Contract Farming Programme will continue to be prioritised as a key strategy through collaboration between KPD and its participants, focusing on youth participation, particularly in the Broiler Chicken Farming Project. This programme is expected to increase local agricultural production and participants' income.

57. Moreover, the construction of Agricultural Produce Processing Plant in Keningau and the Development of Supplementary Food for Honey Bee Project will commence next year with an allocation of **RM1.55 million**. These projects are expected to boost agricultural output as well as provide benefits to farmers in the respective areas.

58. To improve the people's economic well-being, KPD will strengthen the agricultural produce marketing through 10 Agricultural Collection Centres in several districts, including Beaufort, Keningau, Kota Marudu, Nabawan,

Tenom, Tambunan and Penampang. A total of **RM1 million** is allocated to ensure these centres are able to operate more effectively.

Mr. Speaker,

59. The **Sabah Rubber Industry Board (LIGS)** plays a crucial role in managing and implementing **rubber commodity** development programmes in Sabah. Under RMKe-13, LIGS is allocated a ceiling of **RM50.38 million** to implement **46 projects**. In year 2026 alone, LIGS is allocated **RM17.4 million** for Operational and Development Expenditure. Of this amount, **RM6.4 million** is allocated for development projects, including upgrading of agricultural roads, construction of a new office building, as well as fertiliser and pesticide storage facilities. Meanwhile, the **Rubber Smallholders Production Incentive** will continue with an allocation of **RM20 million** next year, enabling rubber smallholders in Sabah to enjoy higher returns and income.

60. The **Sabah Rice and Paddy Board (LPBS)**, re-established in year 2024, aims to position Sabah as a sustainable and competitive producer of paddy and rice, as well as to ensure food security with a target of 60 per cent Self-Sufficiency Level (SSL) by year 2030. A total of **RM3 million** is allocated to LPBS for Operational Expenditure and **RM15 million** for the acquisition of paddy ploughing and harvesting machinery. The Sabah Paddy Planting Revolution Programme by LPBS will be implemented in Papar, Keningau, Tambunan, Kota Belud, Tuaran and Kota Marudu,

focusing on restoring abandoned paddy fields, providing modern machinery, improving drainage and irrigation systems as well as strengthening downstream management. These initiatives aim to make Sabah's paddy industry more efficient and sustainable, increase rice SSL, reduce import dependency as well as enhance paddy farmers' income and well-being.

Mr. Speaker,

61. The Fisheries Sector contributed 14.7 per cent to the Agriculture GDP and also recorded a positive Trade Balance of RM494.58 million in year 2023. Therefore, to support the development of **Fisheries and Aquaculture Subsectors, the Department of Fisheries Sabah** is allocated **RM48.26 million** next year.

62. Of this amount, **RM13.90 million** is allocated for the implementation of **33 new development projects and programmes**, among others are Conservation Programme, Enforcement, Training Programmes, Research Programmes, Socio-Economic Development, Biosecurity Programmes and Blue Economy Development. For the information of this August House, a total of **35 new development projects/programmes** have been approved for implementation throughout the RMKe-13 period, with a ceiling of **RM85.73 million** under the Department of Fisheries Sabah.

63. The **Sabah Fisheries and Fishermen Corporation (Ko-Nelayan)** has been approved a ceiling of **RM108.45 million** under RMKe-13 to implement **28 development projects**, comprising **two (2) continuation projects** and **26 new projects** aimed at empowering fishermen communities; enhancing the capacity of small and medium enterprises; and strengthening the development of Sabah's aquaculture and fisheries industry. In year 2026, **RM25.11 million** is allocated to Ko-Nelayan for Operational and Development Expenditure.

Mr. Speaker,

64. **The Department of Veterinary Services Sabah (DVS)** will continue to strengthen the **Livestock Sub-Sector** development through the implementation of high-impact projects to increase productivity, competitiveness and food security. A strategic data-driven approach will be implemented to deliver direct benefits to the livestock farming community, with the target of achieving 25 per cent of ruminant SSR by year 2030.

65. For this purpose, DVS is allocated a ceiling of **RM122.27 million** under RMKe-13 to fund **one (1) continuation project** and **99 new projects**. For year 2026, **RM14.78 million** is allocated for DVS to implement its development programmes, while **RM65.95 million** is allocated for operational expenditure involving Veterinary Services, Management and Control of Animal Health as well as Biosecurity.

66. **The Department of Irrigation and Drainage Sabah (JPS)** is allocated **RM157.13 million** for operational and development expenditure in year 2026. Of this amount, **RM25.41 million** is allocated for the implementation of various development projects, such as upgrading drainage and irrigation infrastructure; flood mitigation projects; river and coastal conservation projects; river conservation and stabilisation plans; and paddy field rehabilitation projects. For the information of this August House, under RMKe-13, JPS has been approved a ceiling of **RM302.88 million** to implement **46 projects**, comprising **seven (7) continuation projects** and **39 new projects**.

### **Blue Economy Exploration**

Mr. Speaker,

67. The Sabah Government has outlined a comprehensive development roadmap to strengthen the Blue Economy sector through the implementation of various strategic initiatives focusing on sustainable marine resource management, adoption of science-based innovation and empowerment of coastal communities within Sabah's development trajectory.

68. The main strategy for Blue Economy implementation focuses on areas such as marine renewable energy, coral reef restoration, marine waste management, coastal community development, as well as

construction of low-carbon and green port infrastructure. Through this strategy, Sabah aspires to build a sustainable and competitive Blue Economy investment ecosystem, thereby enhancing economic resilience and ensuring inclusive, socially impactful growth that balances development and environmental conservation.

69. Following the Sabah International Blue Economy Conference (SIBEC) held on 19 and 20 October 2024, the Sabah Government has actively implemented various initiatives, projects and collaborations to strengthen and empower Blue Economy development in Sabah. This is also in line with the Sabah Government's commitment, which has been recognised as Malaysia's Blue Economy hub by the Right Honourable Prime Minister during the 146th Meeting of the Menteri Besar and Chief Ministers on 14 July 2025.

70. Among the achievements following SIBEC 2024 are the establishment of the Sabah Blue Economy Council on 16 June 2025; the forging of strategic collaborations with Universiti Malaysia Terengganu and international research institutes such as the Institute of Ocean Energy, Saga University, Japan; the establishment of the Blue Economy and Maritime Security Research Centre at Universiti Malaysia Sabah in November 2024; and the signing of a Blue Financing Memorandum of Understanding with Maybank Group Global Banking on 10 November 2025.

71. Next year, the Sabah Government will allocate **RM1 million** to begin preparing the Kudat Blue Economy Industrial Park Master Plan, which will help identify potential priority areas for the blue economy in Sabah. In addition, **RM900 thousand** is allocated to the **Department of Fisheries Sabah** to implement the Fisheries Blue Economy Initiative, providing economic and social benefits for current and future generations by supporting food security, a healthy living environment, poverty eradication, and a reliable food supply.

## INDUSTRIAL SECTOR

### Foreign and Domestic Investment

Mr. Speaker,

72. As of the second quarter of year 2025, Sabah has successfully attracted **RM11.368 billion** in investments, comprising foreign and domestic investments involving **Services, Manufacturing and Main Sectors**. This achievement positions Sabah as **the fifth highest investment recipient in Malaysia** and surpasses 2024 total investment value of **RM6.458 billion**, showing a significant increase of 76 per cent.

73. Of the total investments, the Manufacturing Sector remains the main contributor with an investment value of **RM7.472 billion**, followed by the Services Sector at **RM3.139 billion**, while the **Main Sector (Industrial,**

**Tourism and Agricultural)** contributed **RM757 million**. This demonstrates investors' confidence in Sabah's stable economic environment, investor-friendly policies and the Sabah Government's commitment to strengthen the industrial ecosystem.

74. The consistent efforts of Sabah Government in strengthening the Industrial Sector through inclusive policies, the implementation of high-impact projects and the provision of conducive industrial infrastructure continues to yield positive results. Sabah's Manufacturing Sector continues to showcase a strong performance, with a contribution of 7.2 per cent to Sabah's GDP, a growth of 1.2 per cent in year 2024. This increase demonstrates that Sabah's industrial sector remains resilient despite facing global economic uncertainty.

75. Among major investments driving the growth of Sabah's Industrial Sector is Esteel Enterprise Sabah Sdn. Bhd. phase 1 investment, a Singapore-based company, with a total value of RM6.592 billion. This investment involves the construction of a green steel manufacturing plant for the production of iron ore concentration, iron ore pellet and hot briquetted iron (HBI) at Sipitang Oil and Gas Industrial Park (SOGIP). Initial site preparation works have commenced and will proceed with the construction of a private jetty to support the company's logistic activities. This project is expected not only to strengthen the local industrial supply chain, but also to generate high-skilled employment opportunities, increase

the participation of local vendors and enhance the steel industry supply chain in Sabah.

## **Industrial and Entrepreneurship Sector Development**

Mr. Speaker,

76. In line with the Sabah Government's aspiration to further accelerate the development of the Industrial Sector, an allocation of **RM249.19 million** is provided for the development of this sector in year 2026. This includes an allocation of **RM194.04 million** to the **Ministry of Industry, Entrepreneurship and Transport (KPKP) and its Departments and Agencies** to drive the growth of the Industrial Sector, increase promotional activities to attract investment and intensify trade activities in Sabah.

77. The development of Small and Medium Industries (IKS) continues to be prioritised as a key supporting industry and a catalyst for the growth of the Manufacturing Sector. In year 2026, under RMKe-13, the Sabah Government through KPKP will introduce the **State Entrepreneurship Programme**, aimed at enhancing the competitiveness of Sabah's IKS entrepreneurs to national and international levels, with an allocation of **RM5 million**. Meanwhile, KPKP is allocated **RM16.86 million** to participate in several local and international expositions, in order to expand the market of Sabah's IKS entrepreneurs products overseas.

78. Apart from KPKP and its respective departments and agencies, the Government also allocates **RM18.55 million** through the Ministry of Finance; the Ministry of Education, Science, Technology and Innovation; as well as Sabah Ministry of Rural Development (KPLB) to continue implementing various Sabah local entrepreneurship development programmes. A total of **RM15 million** is allocated to continue the SME-UP Assistance Programme, aimed at enhancing the capacity and productivity of IKS entrepreneurs.

79. Meanwhile, an allocation of **RM1.5 million** is for the implementation of Rural Products Empowerment and District Skills Development Programme by KPLB, while **RM2.05 million** is for the implementation of high-impact programmes such as the Sabah Sandbox Accelerate 2026, Creative Incubator 2026 and Pitchborneo through Ministry of Education, Science, Technology and Innovation. These initiatives will drive growth in terms of innovation, digital and creativity, providing direct benefits to communities and the economy.

80. Furthermore, under RMKe-13, an approved ceiling of **RM500.1 million** is allocated for the implementation of **123 programmes/projects**, comprising **34 continuation projects** and **89 new projects**. Part of this allocation will be distributed to agencies under KPKP, such as the Sabah Economic Development Corporation (SEDCO), Kota Kinabalu Industrial Park (KKIP) Sdn. Bhd., POIC Sabah Sdn. Bhd., and Sabah Oil & Gas

Development Corporation (SOGDC) Sdn. Bhd., to fund development projects.

81. An amount of **RM43.53 million** is allocated to implement Industrial Parks infrastructure and utility development projects in Kota Kinabalu Industrial Park (KKIP), POIC Lahad Datu and SOGIP next year, in order to create a more conducive environment and attract investment opportunities to Sabah.

82. Meanwhile, on continuous efforts to strengthen economic development across all districts in Sabah, SEDCO is allocated a total of **RM16.90 million** to continue implementing existing projects, including the construction of Shop Houses in Kalabakan and Tungku, Matunggong Shops, 2 Blocks of Shop and Hotel Buildings in Pulau Bum-Bum Semporna, as well as shops in Weston and Kampung Padas Damit Beaufort.

Mr. Speaker,

83. In line with the changes in the names and portfolios of the Ministries, and to support the Sabah Government's aspiration to strengthen the Industrial Sector through improved transportation network, the Sabah State Railway Department and the Department of Ports and Harbours have now been placed under KPKP. Therefore, the **Sabah State Railway Department (JKNS)** is allocated **RM66.59 million** for operational and

development expenditure next year. Among the main projects to be implemented are the Repair of Padas River Slopes and Embankment along the Beaufort – Tenom stretch, valued at **RM4 million**. For information of this August House, a ceiling of **RM80.25 million** has been approved for **JKNS**, to finance **47 development projects**, comprising **eight (8) continuation projects** and **39 new projects** under RMKe-13.

84. In addition, for year 2026, JKNS will also construct a pedestrian walkway in Petagas, upgrade public level crossings in phases, and procure one (1) locomotive and two (2) new Diesel Multiple Units (DMUs) worth **RM5.80 million**. These initiatives are aimed at ensuring that railway services in Sabah remain relevant, affordable, safe and efficient.

85. Next year, **Sabah Ports and Harbours Department (JPDS)** is allocated **RM27.64 million** for Operational and Development Expenditure to strengthen port infrastructure as a key driver of Sabah’s economy. Under RMKe-13, JPDS has been approved a ceiling of **RM32.23 million**, comprising **23 projects** with **five (5) continuation projects** and **18 new projects**. Among the projects to be implemented are hydrographic surveys in Wallace Bay, installation of a Vessel Traffic Monitoring System in Tawau, upgrading of the Menumbok Ferry Terminal Phase 4, construction of a new pontoon jetty in Karakit as well as Preliminary Works of Ferry Terminal between Pulau Bum-Bum and Semporna.

86. JPDS will also prioritise scheduled maintenance of port facilities such as government wharves, barter trade jetties, navigational aid and departmental vessel structures to ensure operational safety and efficiency. These efforts are essential to ensure a smooth logistics system and strengthen the competitiveness of Sabah's maritime sector.

## **TOURISM SECTOR**

### **Tourism Industry**

Mr. Speaker,

87. The international tourism industry is expected to maintain its positive momentum, driven by strong travel demand, improved flight connectivity, and consumer confidence revival. However, competition has intensified not only globally but also domestically, as other states continue to offer more creative and competitive tourism products and experiences.

88. With this, **RM174.45 million** is allocated to the **Ministry of Tourism, Culture and Environment (KePKAS) and its Departments and Agencies**, as part of the Government's initiative to support the development of tourism industry in Sabah. This initiative not only enhances economic prospects but also contributes to the rehabilitation of cultural heritage values as well as environmental sustainability.

89. In conjunction with Visit Malaysia Year 2026, Sabah Government will accelerate high-impact initiatives, programmes and events to attract more tourists to Sabah. Among the efforts planned includes organising a large-scale Festival of Culture and Nature, promoting Community-Based Tourism, and strengthening digital marketing campaigns to attract more international visitors.

90. To sustain the positive momentum from Visit Malaysia Year 2026, Sabah Government is currently in the planning stage to organise “Visit Sabah Year 2027”. This event is anticipated to be a major catalyst in enhancing Sabah's standing as a world-class tourism destination, while ensuring the continuity of sustainable and inclusive growth within the tourism industry.

Mr. Speaker,

91. Ecotourism, unique cultural identity, rich natural heritage, and pristine natural beauty are Sabah's true strengths. For the information of this August House, the ceiling approved for KePKAS under RMKe-13 is **RM493.02 million**, covering **53 development projects**, comprising **19 continuation projects** and **34 new projects**. Among the projects to be implemented are Study on the Development of a New Sabah Museum, Establishment of Kota Kinabalu Performing Arts Centre (KKPAC), Construction of Arte Museum (Digital Museum), Development of Marine

Gallery at Taman Tun Mustapha Kudat and Upgrading of facilities on Bohey Dulang Island, Semporna.

92. In addition, the Sabah Government will improve existing facilities and infrastructure, with an allocation of **RM38.70 million**. Among the main projects to be implemented next year are the Upgrading of Facilities at Petagas War Memorial Park; Construction of Ranau Ethnic Museum; Upgrading of Penampang Cultural Centre and enhancing tourism products in Murut Cultural Centre Tenom.

93. The Sabah Government will allocate **RM6.7 million** next year to the **Sabah Museum Department** to preserve and restore existing museum facilities, as well as to continue improving exhibition spaces so that Sabah's cultural assets and collections can be displayed and showcased while awaiting the completion of the new museum building. Meanwhile, **RM18.97 million** is allocated for operational expenditure.

94. Furthermore, the Sabah Government will continue its initiative to empower Sabah's culture and heritage through the development of **Ethnic Cultural Mapping 2026-2030**, ensuring that Sabah's diverse ethnic groups and cultures are systematically documented for current and future generations reference.

## HUMAN CAPITAL AND PEOPLE'S WELFARE

### Human Capital Development

Mr. Speaker,

95. Developing high-skilled human capital provides a vital foundation for transitioning Sabah's economy towards high-value and knowledge-driven activities. It is undeniable that investment in human capital is essential not only for elevating social status, but also for improving the economic standing and well-being of individuals and communities.

96. Thus, the Government will allocate **RM437.93 million** next year to develop and empower human capital, addressing both academic and spiritual aspects. Under RMKe-13, a ceiling of **RM112.4 million** is approved to finance **36 projects** under the **Ministry of Education, Science, Technology and Innovation** and **Sabah Islamic Affairs Department (JHEAINS)**.

97. Among the main human capital development programmes to be implemented are:

- (i) Development and operation of Islamic religious affairs covering Islamic Religious Schools and mosques under JHEAINS with a total allocation of **RM151.08 million**;

- (ii) Development of religious affairs and Non-Islamic Religious Bodies as well as private and missionary schools with a total allocation of **RM90 million**;
- (iii) Development and operation of library services, including Rural Libraries and Mobile Libraries, totalling **RM47.3 million**;
- (iv) Language and Information Communication Technology (ICT) courses and training, Technical and Vocational Education and Training (TVET); Science, Technology, Engineering, and Mathematics (STEM), as well as innovation and digital technology, oil and gas, hospitality, safety and health, agriculture and training in the oil palm plantation sector under Ministry of Education, Science, Technology and Innovation with a total allocation of **RM39.24 million**;
- (v) Implementation of various training programmes and skills courses including operations at the Human Resource Development Department with a total of **RM27.96 million**; and
- (vi) Implementation of various courses related to crop agriculture, fisheries and livestock at Departments, Agencies and Institutions, MAFFI with an allocation totalling **RM32.85 million**.

## Information and Communication Technology Infrastructure

Mr. Speaker,

98. In efforts to strengthen government service delivery through information technology, the **Sabah Computer Services Department (JPKN)** has been allocated **RM32.31 million** for Operational and Development Expenditures. Of this, **RM9.59 million** is allocated to continuously strengthen the Government's service delivery system, including the supply of computers and ICT networks to Sabah Government Agencies, management of data centre, enhancement of cybersecurity, and development of government application systems.

99. Under RMKe-13, JPKN has been approved a ceiling of **RM15.28 million** to fund **three (3) projects**, comprising **one (1) continuation project** and **two (2) new projects**. The Small and Medium Telecommunication Tower Installation Project, covering 109 locations across Sabah, is a new project scheduled to commence next year. An amount of **RM1.5 million** is allocated for year 2026 to implement the project at 10 Sabah Government premises to enhance 100 Megabyte per second (Mbps) high-speed internet access, thereby strengthening the Sabah Government's communication infrastructure.

100. In addition, the Sabah Government, through Sabah Net, will continue to serve as the backbone of Sabah's digital infrastructure, supporting 1,000

government premises, 31 e-Desa Centres and 300 Starlink sites to ensure high-speed internet access is made available to people across Sabah.

## **Educational Assistance**

Mr. Speaker,

101. The Sabah Government is always concerned with the needs of the people, particularly concerning educational institutions and the welfare of students who are Sabah's future leaders. Therefore, to cultivate quality human capital and provide more opportunities for Sabah's children to pursue higher education, the Sabah Government offers various educational assistance in the form of funding and facilities, as follows:

- (i) Scholarships, bursaries and assistance to students under the Sabah Public Service Departments will be continued;
- (ii) 13 existing Educational Assistance initiatives will be continued next year such as One-off Higher Learning Institute Registration Cash Assistance (BUDI); Computer Assistance (BAIK); Special Cash Assistance for Examination (BAKTI); Sabah Student Flight Ticket Subsidy (SUBFLY) as well as Assistance for Tertiary Education Students in Sabah (SENTOSA); and

- (iii) The newly introduced MUET Registration Fee Assistance (BAYU) of **RM150.00 per person** is expected to benefit 8,458 students who will sit for the MUET examination in year 2026.

102. For the information of this August House, other agencies namely Yayasan Sabah and the Sabah Islamic Religious Council (MUIS) also offer educational assistance that benefits the people.

## **WELL-BEING AND WELFARE OF THE PEOPLE**

### **People's Welfare**

Mr. Speaker,

103. The Sabah Government will allocate **RM173.56 million** in year 2026 to the **Ministry of Women, Health and People's Well-being (KWKKR), its departments and agencies**, to implement the people's well-being and welfare agenda. Among the programmes provided by the Sabah Government are as follows:

- (i) **RM26.06 million** for the **School Social Assistance Programme**, which includes school uniforms, shoes and stationery, benefiting 227,660 pupils in national and Chinese vernacular primary schools across 1,074 schools throughout Sabah;
- (ii) **RM71.29 million** for the **Welfare Assistance Programme**, which covers assistance schemes for People with Disabilities (OKU), senior

- citizens, children, single mothers, Orphan Assistance Scheme, as well as Food Assistance Programme for the Destitute and Poor;
- (iii) **RM10.05 million** for the **Disaster Relief Fund**, aimed at providing assistance to victims of natural disasters such as fires, floods, landslides and others;
  - (iv) **RM4.02 million** for **Haemodialysis Treatment Fee Assistance** at government health facilities, benefitting 2,182 kidney patients;
  - (v) **RM670 thousand** allocated for the expansion of **Sabah Autism Centre (PAUS)** to provide quality and affordable early education for children with autism aged three (3) to seven (7). These centres will be developed in Tawau, Sandakan, Kudat and Beaufort in phases beginning year 2026. PAUS Kota Kinabalu (Sembulan) has been established and is operating effectively, successfully accommodating a total of 55 children with autism in Kota Kinabalu;
  - (vi) **RM500 thousand** is allocated for the new **Kasih dan Kongsi Programme**, introduced in year 2026 to support early childhood education transformation efforts through Children Development Centres in rural Sabah; and
  - (vii) Continuation of the **Homeward Programme**, to support vulnerable groups such as bedridden patients and People with Disabilities (OKU).

104. The Sabah Government also allocates **RM3.2 million** in grants to the Sabah Council of Social Service (MPMS) to further strengthen community–government relations through voluntary social welfare organisations or Non-Government Organisations (NGOs) as well as the implementation of Healthy Breakfast Assistance Programme for 750 children at Children Development Centres.

Mr. Speaker,

105. The Sabah Government places great importance on the welfare of institutions, such as old folks' homes, *Taman Didikan Kanak-Kanak Kurang Upaya* and Welfare Offices in all districts. Therefore, an amount of **RM4.37 million** is allocated for operations and maintenance next year to ensure that these institutions function effectively in a conducive and safe environment.

106. In addition, under RMKe-13, a ceiling of **RM39.83 million is allocated to KWKKR** to implement **12 projects**, comprising **eight (8) continuation projects** and **four (4) new projects**. An amount of **RM12.69 million** is allocated next year to commence one (1) new project namely the construction of *Taman Didikan Kanak-Kanak Kelainan Upaya* in Nabawan District, and to continue eight (8) continuation projects.

107. Furthermore, Sabah Government through **KWKKR** will continue implementing various awareness programmes such as Family

Development, Health, Consumerism and Women Leadership Programmes with an allocation of **RM960 thousand** to empower communities with knowledge and skills while promoting a healthy lifestyle. An allocation of **RM550 thousand** is allocated to the Malaysian Anti-Drug Association (PEMADAM) Sabah to continue awareness and prevention programmes, particularly for students, youth and local communities in year 2026.

## **Women's Development**

Mr. Speaker,

108. The Sabah Government deeply values and recognises the vital role and contributions of women in raising, nurturing and educating the next generation of future leaders.

109. With this, **RM8.24 million** is allocated to the **Sabah Women's Affairs Department (JHEWA)** for operations and implementation of various women empowerment programmes. Several new programmes will be introduced in year 2026 such as JHEWA BizBloom that focuses on economic empowerment for women, particularly single mothers and women in the B40 group; *Keluarga Sejahtera Wanita Unggul*, Women Of Substance, Entrepreneurship Training and Skills, as well as Product Development and Promotion Programmes.

110. Under RMKe-13, JHEWA is allocated a ceiling of **RM1.80 million** to implement **one (1) new project** that is Construction of Women's Hostel Phase 2 Project at Wisma Wanita. A sum of **RM500 thousand** is allocated next year for preliminary works.

111. Meanwhile, the Sabah Government, through **Yayasan Usaha Maju (YUM)**, has been allocated **RM12.12 million** for operational purposes and to continue the Credit Community Programme for low-income women engaged in small-scale businesses in generating household income.

## **Youth and Sports Development**

Mr. Speaker,

112. Youths are valuable assets and leaders of Sabah's future generations. Therefore, the Sabah Government fully understands the aspirations and needs of youths and sports enthusiasts in Sabah.

113. The Government commits **RM98.06 million** next year to the **Ministry of Youth, Sports Development and Creative Economy** for operational and development expenditures, for the development of youth and sports. Of this amount, **RM16.75 million** is specifically for youth human capital development and grants to youth associations, while **RM27.21 million** is designated for sports development.

114. Sabah athletes have achieved numerous accomplishments. With this, I extend my highest congratulations on their outstanding success in

defending the overall championship title at the 22nd Malaysian Deaf Sports Games (SOPMA) 2025, winning the championship for two consecutive years in the biennial event. Likewise, to all athletes who have brought honour to Sabah on the international stage in their respective sporting events such as Nor Farah binti Mazlan, Mohd Shahrul Zeckry bin Sulaiman, Siti Nur Khairunissa binti Hail and Sazzlan bin Yuga (Pencak Silat athletes); Zmarul Al Adam, Meilaura Dora Jimmy and Nazri Pulong (Bodybuilding athletes); Jellson Jabilin (Diving athlete) as well as Ealtond Rayner (E-sports athlete).

115. I would also like to extend my congratulations to the Sabah Sports Council (MSNS) contingent for their outstanding achievement as the overall champion at the 65th Malaysian Schools Sports Council (MSSM) Athletics Championship 2025. On this occasion, I would also like to congratulate the Sabah FC football team for successfully reaching the FA Cup final, ending a 27-year wait. The last time Sabah reached the FA Cup final was in 1998. Let us all come together to support our team as they face Johor Darul Ta'zim (JDT) on 14 December 2025.

Mr. Speaker,

116. To further strengthen Sabah's sports excellence, **RM20 million** is allocated to MSNS to implement athlete talent search programmes, high-performance athlete training, as well as preparations for Paralympic athletes in conjunction with the 2026 Malaysian Games (SUKMA) Selangor.

117. In addition, a grant of **RM5.05 million** is allocated to 54 State Sports Associations, while **RM800 thousand** is also allocated to organise Mass Sports in order to attract wider community participation. The Sabah Government has also allocated **RM25 million** to the Sabah Sports Board for operational expenditures to maintain and manage sports facilities for the benefit of the people.

118. Under RMKe-13, a ceiling of **RM445.63 million** has been approved for the implementation of **20 development projects**, comprising **six (6) continuation projects** and **14 new projects**. In line with efforts to promote a healthy lifestyle, an amount of **RM10.05 million** is allocated next year for the construction and upgrading of sports facilities throughout Sabah. For the information of Honourable Members and this August House, a feasibility study on the construction of Kota Kinabalu Main Stadium will commence in year 2026 under RMKe-13.

## **Poverty Eradication Programme**

Mr Speaker,

119. The Sabah Government remains committed to improve the people's welfare, particularly through poverty eradication efforts throughout Sabah. To realise this aspiration, the Sabah Government in collaboration with the Federal Government, has implemented the Hardcore Poverty Eradication

Model, under the Sabah Hardcore Poverty Eradication Programme. This programme focuses on five (5) key interventions namely: (i) Housing; (ii) Employment; (iii) Education; (iv) Welfare and Financial; (v) Entrepreneurship and Training, which aims to assist hardcore poor Household Heads (KIR) to be liberated from poverty.

120. In year 2025, the *Sentuhan Kasih Rakyat* (SYUKUR) programme was launched, providing financial assistance of RM300 monthly to 100,000 recipients of poor and hardcore poor households to help ease their cost of living. Alhamdulillah, on 26 August 2025, Sabah achieved zero hardcore poverty. Based on eKasih data as of 3 November 2025, Sabah recorded zero (0) hardcore poor KIR, while 55,782 KIR remain in poverty and will be the focus of further intervention efforts.

121. Poverty eradication will remain a key priority for the Sabah Government next year. Following the implementation of the new Poverty Line Income (PGK) threshold for year 2024, which will come into effect in year 2026, the poverty rate in Sabah is expected to reach 30 per cent.

122. High-impact programmes such as MySMJ Profiling, Rumah Mesra SMJ, Education Assistance, MySMJ Kerja and SYUKUR Programme will be further intensified and expanded to help cushion the rise in poverty numbers following the implementation of the new PGK threshold.

123. For the information of Honourable Members and this August House, the Government will increase the Rumah Mesra SMJ quota from 40 units to 50 units for each state constituency in year 2026. The additional 10 units of Rumah Mesra SMJ are specifically for those aged 40 and below, married and do not own a home.

124. The Government will also conduct a study to provide **First Home Deposit Payment Subsidy Assistance** to underprivileged youths. However, the eligibility criteria and requirements will be scrutinised and prepared by the **Ministry of Local Government and Housing**.

## **Rural Development**

Mr. Speaker,

125. The Government aspires to ensure that all Sabahans have access to basic amenities, economic opportunities, and a better quality of life. Therefore, balanced regional development is essential in narrowing the development gap between urban and rural areas in Sabah.

126. As the agency entrusted with facilitating the Sabah Government's development initiatives at the district level, the **Ministry of Rural Development Sabah (KPLB)**, District and Sub-District Offices are allocated **RM317.72 million** for operational and development expenditures.

127. In year 2026, KPLB will implement various new high-impact programmes and projects that will significantly enhance the well-being of rural communities, particularly those in remote areas lacking basic amenities such as electricity, clean water as well as safe and accessible road network.

128. To ensure that district level governance meets Government's standards, the Sabah District Officers Conference will be a strategic coordination platform to ensure rural development policies are implemented efficiently, transparently and effectively.

129. Under RMKe-13, a ceiling of **RM1.71 billion** is approved to implement **13 new projects**. In year 2026, KPLB will implement *Bekalan Elektrik Luar Bandar Alternatif* (BELBA) Programme, *Bekalan Air Luar Bandar Alternatif* (BALBA) Programme and *Jambatan Kecil Luar Bandar* (JKLB) Project. These programmes are designed specifically to enhance living standards of communities in rural areas by improving access to electricity, clean water and safer infrastructure networks.

Mr. Speaker,

130. For urban and rural development, the **Ministry of Local Government and Housing (KKTP)**, and its departments and agencies, is allocated **RM257.44 million** for operational and development expenditure. Under RMKe-13, a ceiling of **RM280.19 million** is approved to implement

**70 development projects**, comprising **24 continuation projects** and **46 new projects**.

131. A total of **RM11.14 million** is allocated next year as capital grants to Local Authorities (PBT) to implement various continuation and new projects across Sabah. Among the key projects includes the construction of the Melalap Weekly Tamu; the upgrading of Kota Marudu Community Hall; the construction of new bus terminals as well as new markets in major districts such as Beaufort and Keningau. These projects will not only strengthen the basic administrative and local trade infrastructure, but also create new economic opportunities for small traders as well as facilitate public access to Local Government services.

132. In addition, the Sabah Government remains committed to ensure that the people enjoy a clean, healthy and quality environment. Therefore, various efforts will be implemented by KKTP such as upgrading solid waste disposal sites in Semporna, Keningau, Papar, Beaufort, Kudat and Tawau; implementing initiatives to reduce waste sent to landfills; and scrutinising an integrated solid waste management model to coordinate implementation among PBT and KKTP, as well as to encourage private sector participation.

Mr. Speaker,

133. The Sabah Government also prioritises balanced urban and regional development planning, including territorial waters throughout Sabah, in

order to be more organised, progressive and sustainable. Therefore, the **Town and Regional Planning Department** is allocated **RM6.57 million** next year. Of this amount, **RM500 thousand** is allocated for the preparation of district development plans in Semporna and Kunak.

134. In addition, the Sabah Government, through the **Sabah Native Affairs Department**, has been allocated **RM84.40 million** for Operational Expenditure and the implementation of various programmes to ensure welfare and natives' customaries are continuously preserved. Of this amount, **RM69.98 million** is for allowances and administrative expenditure for Native Chiefs, while **RM2.70 million** is allocated to continue the construction of Native Courts in Tamparuli, Sook and Paitan.

## INFRASTRUCTURE NETWORK

### Infrastructure and Utility Development

Mr. Speaker,

135. The Sabah Government is attentive to the grievances and concerns raised by the people about basic infrastructure that has not been completely resolved. Therefore, the Government's commitment in addressing these issues is reflected through a substantial development ceiling allocated to the **Ministry of Works and Utilities** as well as **its departments**, amounting to **RM4.80 billion**, equivalent to **39.92 per cent**

of the overall ceiling under RMKe-13. This approved ceiling is to implement **318 development projects**, comprising **106 continuation projects** and **212 new projects**.

136. Under RMKe-13, a ceiling of **RM2.67 billion** has been approved for the **Public Works Department (JKR)** to fund a total of **173 projects**, comprising **49 continuation projects** and **124 new projects**. An amount of **RM600.69 million** is allocated to JKR next year for operations and implementation of roads, bridges, slopes, government building projects as well as traffic management and road safety programmes. This allocation also covers repairs and rehabilitation works for slopes affected by landslides, such as in Jalan Tambunan and Jalan Keningau–Kimanis.

Mr. Speaker,

137. The Sabah Government has allocated a ceiling of **RM1.77 billion** to the **Sabah Water Department** under RMKe-13 with **77 development projects**, comprising **26 continuation projects** and **51 new projects**. Next year, **RM848 million** is allocated to this Department for Operational and Development Expenditure. Among the projects to be implemented are the construction and upgrading of new Water Treatment Plants (WTP) in Papar, Lahad Datu, Tawau, Kota Kinabalu and Sandakan, as well as pump replacement works to enhance operational efficiency of existing systems. Maintenance of critical assets such as Telibong II WTP, Urban Water Supply System, Milau Kudat WTP and Segaliud Sandakan WTP, will also

be prioritised. This demonstrates the Government's commitment to ensure quality, comprehensive and continuous treated water supply can be enjoyed by all Sabahans.

138. Under RMKe-13, a ceiling of **RM347.84 million** has been approved for the **Sabah Sewerage Services Department (JPPS)** for **65 development projects**, comprising **28 continuation projects** and **37 new projects**. The Sabah Government has allocated **RM203.91 million** to **JPPS** for Operational and Development Expenditure in year 2026. Among the main projects to be implemented includes the repair of critical sewerage pipes in Kota Kinabalu and Tawau as well as the construction of the Ranau Sludge Treatment Plant. Moreover, starting year 2026, JPPS will implement a Review of the Sabah Sewerage System Master Plan with an allocation of **RM2 million**.

139. Through **Federal Loans**, JPPS will continue implementing several continuation projects such as Sewerage Schemes in Tambunan, Sandakan, Ranau, Putatan, Kota Marudu, KKIP, Lahad Datu as well as Design Study Proposal with an allocation of **RM89.80 million**. For new projects, the focus will be on constructing Sludge Treatment Plants in Papar, Penampang, Kudat and Upgrading Oxidation Pond Project in Inanam with an allocation of **RM30.01 million**.

140. In addition, two (2) high-impact projects namely Upgrading of Regional Sewerage Treatment Plant South Kota Kinabalu Project and

Construction of Sewerage Treatment Plant Tuaran Town Project will be implemented with an allocation of **RM20 million**.

## **SUSTAINABILITY OF BIODIVERSITY AND NATURAL RESOURCES**

Mr. Speaker,

141. In year 2026, the Sabah Government has allocated **RM195.56 million** to implement various programmes and initiatives focused on biodiversity and natural resources sustainability, emphasising on thematic environmental elements such as air, water, biodiversity and social aspects.

142. To ensure socio-economic growth is harmoniously balanced with environmental sustainability, an amount of **RM144.00 million** is allocated next year to **Sabah Forestry Department**. This allocation is to manage and prioritise the preservation of natural resources and assets through climate change mitigation and adaptation measures. Under RMKe-13, a ceiling of **RM123.45 million** has been approved for **30 development projects, comprising one (1) continuation project and 29 new projects**.

143. Following the approval of the Sabah Climate Change and Carbon Governance Enactment 2025, the Sabah Forestry Department will continue its efforts to explore new potential revenue sources through domestic and international carbon markets. This reflects the Government's

commitment in reducing greenhouse gas emissions to curb global warming and achieve net-zero emissions by year 2050.

144. The Climate Change Unit of Sabah Forestry Department, with Sabah Climate Registration and Inventory Centre of Natural Resources Office will measure, manage and report carbon sequestration from Sabah's forests. With this carbon inventory, Sabah will be better prepared to regulate carbon credit trading generated from forest conservation efforts. Proceeds from these carbon credits will be shared with local communities through benefit-sharing mechanisms, ensuring that Sabahans also enjoy the benefits of environmental conservation. Moreover, this centre will be the secretariat to the Sabah Climate Action Council, that coordinates joint actions with the Federal Government under the Malaysian Climate Action Council.

Mr. Speaker,

145. Under RMKe-13, the Sabah Government has approved a ceiling of **RM14.78 million** for the **Environmental Protection Department** to implement **eight (8) development projects**, comprising **five (5) continuation projects** and **three (3) new projects**. Next year, an amount of **RM8.89 million** is allocated to continue the implementation of various initiatives towards mainstreaming environmental protection efforts.

146. The Sabah Government remains committed to ensure wildlife protection and sustainability. Therefore, a ceiling of **RM22.65 million** has been approved under RMKe-13 for the **Wildlife Department** to implement **13 development projects**, comprising **four (4) continuation projects** and **nine (9) new projects**. A total of **RM35.55 million** is allocated next year for Operational Expenditure and to implement various awareness programmes, enforcement and wildlife protection activities, including efforts to effectively address human–wildlife conflict.

147. The Sabah Government is also taking steps to explore biological resources through the development of biotechnology, which is one of Sabah’s potential sources of wealth. Therefore, an amount of **RM2.08 million** is allocated to the **Sabah Biodiversity Centre** next year for operational purposes and to implement development programmes that will benefit the Industrial, Medical and Agricultural Sectors.

## **SABAH STATUTORY BODIES AND AGENCIES**

Mr. Speaker,

148. Good corporate governance forms the foundation for the success of any organisation, particularly Government-Linked Companies (GLC). Integrity, transparency, accountability and operational efficiency serve not only as measures for organisational performance but also as indicators of

public confidence in the Sabah Government's ability to manage public assets and investments effectively.

149. In this context, GLC such as SMJ Energy Sdn. Bhd. (SMJE), incorporated in year 2021, with an initial capital of RM50 million for the purpose of strategic investments in the Energy Sector has portrayed good financial discipline and efficient corporate strategies. SMJE now owns assets valued at RM4.9 billion and has provided a total of RM160 million in dividends to the Sabah Government since its inception. This achievement not only demonstrates efficient management capability but also proves the effectiveness of transparent corporate governance with integrity.

150. As part of the efforts to enhance the performance and achievements of Statutory Bodies and GLCs, the Ministry of Finance has established two (2) committees: the Sabah Statutory Bodies and State-Owned Companies Advisory and Monitoring Committee (JPP-KKNS) and the State Agencies' Loan and Investment Committee (SALIC). Both Committees will be chaired by the Assistant Minister of Finance to enhance the effectiveness and efficiency of meetings. In addition, in line with the directive from The Right Honourable Chief Minister, all Chief Executive Officers, Group General Managers as well as General Managers of Statutory Bodies and GLCs are required to submit quarterly written performance reports directly to The Right Honourable Chief Minister starting next year. This measure is crucial for monitoring each agency's project performance, financial position, service delivery and Key Performance Indicators (KPIs) respectively.

151. For the information of the Honourable Members and this August House, JPP-KKNS plays an important role in identifying and monitoring the spendings of Statutory Bodies and GLCs that demonstrate unsatisfactory performance, while also recommending corrective measures. Meanwhile, SALIC is responsible for reviewing and evaluating all loan applications and new investment proposals from Statutory Bodies and GLCs to ensure that submitted proposals are viable and able to generate optimal returns to the Sabah Government.

### **Revenue from Dividends and Contributions of Public Agencies**

Mr. Speaker,

152. As of now, the Sabah Government has received dividends and contributions amounting to **RM125.37 million** from Public Agencies, and this figure is expected to further increase by end of the year. The Government would like to congratulate the Sabah Public Agencies that have recorded profits and paid dividends to the Sabah Government as follows:

- (i) SMJ Energy Sdn. Bhd;
- (ii) Sabah Credit Corporation;
- (iii) Sabah Energy Corporation Sdn. Bhd;
- (iv) Saham Amanah Sabah;

- (v) Innoprise Corporation Sdn. Bhd;
- (vi) Sawit Kinabalu Group of Companies;
- (vii) Desa Group of Companies;
- (viii) Sabah Economic Development Corporation;
- (ix) Sabah International Dairies Sdn. Bhd;
- (x) Qhazanah Sabah Berhad;
- (xi) Angkatan Hebat Sdn. Bhd.;
- (xii) Sabah Air Aviation Sdn. Bhd.;
- (xiii) Borneo Development Corporation Sdn. Bhd.;
- (xiv) Kinabalu International Hotel Sdn. Bhd.;
- (xv) Tabin Wildlife Sdn. Bhd; and
- (xvi) Sabaras Sdn. Bhd.

Meanwhile, dividends received from BURSA Malaysia listed companies are:

- (i) FGV Holdings Berhad;
- (ii) Petronas Dagangan Berhad; and
- (iii) Suria Capital Holdings Berhad.

The Sabah Government would like to extend its highest appreciation for the contributions made by Public Agencies:

- (i) Sabah Parks Board of Trustees;
- (ii) Tanjung Aru Eco Development Sdn. Bhd.;
- (iii) Rural Development Corporation;
- (iv) Sabah Mineral Management Sdn. Bhd.;
- (v) Sabah Fisheries and Fishermen Development Corporation;
- (vi) Sabah Rubber Industry Board;
- (vii) Sabapak Eco Sdn. Bhd.;
- (viii) Sabah Fish Marketing Sdn. Bhd.;
- (ix) Smart Sabah Corporation;
- (x) Angkatan Hebat Sdn. Bhd.;
- (xi) Sabah Tourism Board;
- (xii) Perkasa Hotel Sdn. Bhd.; and
- (xiii) Sabah Forestry Development Authority.

## SABAH PUBLIC SERVICE

Mr. Speaker,

153. The Civil Service forms the backbone of the Sabah Government and must consistently operate with efficiency and effectiveness to provide the best services to all segments of society. Accordingly, the Sabah Government has allocated **RM7.6 million** to promote lifelong learning among civil servants, aiming to develop officers who are knowledgeable, highly skilled, analytically proficient with future leadership qualities.

154. In addition, an amount of **RM16.85 million** is allocated to all Sabah Government Agencies under human capital development to ensure that civil servants are trained, efficient and equipped with the necessary knowledge and skills to face current challenges.

155. Sabah's civil servants are the driving force behind the Government's administration machinery. Therefore, in addition to the salary revision, the Sabah Government would like to announce good news to all Sabah public civil servants with the provision of a Special Financial Assistance equivalent to **a one-month's salary** or a **minimum of RM2,000.00** to all Sabah public civil servants, including Contract, Open Vote, and Daily Paid Workers. This Special Financial Assistance will benefit a total of **18,853 personnel**, with an estimated financial implication of **RM52.6 million**. This Financial Assistance will be paid in two (2) stages in year 2026, which is in

**February before Hari Raya Aidilfitri and before Kaamatan celebration.**

This will also be extended to Sabah Government Pensioners, amounting to **RM1,000.00** and will be disbursed **next year**.

## **CLOSING REMARKS**

Mr. Speaker,

156. First and foremost, on behalf of the newly formed Government, I would like to express my deepest appreciation to all Sabahans who have once again given us the mandate and trust to lead Sabah. This trust is not merely a privilege, but a responsibility that must be carried out with utmost integrity and dedication. This Government is committed to implementing development agendas that are inclusive, sustainable and people-centric.

157. As a Government that is entrusted with this mandate, we will ensure that every policy, plan and development project is carefully formulated and effectively implemented so that it brings benefits to the people regardless of political affiliation. This Government is committed to continuing existing development projects that are beneficial while introducing necessary reforms to enhance service quality and governance efficiency. The priorities of this Government are well-defined to improve the well-being of the people, stimulate economic growth, strengthen social stability and preserve the harmony of our multiracial society.

158. This Government will also uphold the principles of openness, transparency and accountability, and is ready to listen to all opinions and comments to ensure that every decision is made in the interest of the public and not for any particular group. I call upon all Honourable Members to work together in developing our beloved Sabah, putting aside personal interests. With our combined strength and unity, I am confident that we can chart a future that is brighter, more prosperous and more harmonious for the present and future generations.

Mr. Speaker,

159. I wish to emphasise that the 2026 Sabah Budget with the theme **“ACCELERATING DEVELOPMENT, FOR THE PEOPLE’S WELL-BEING”** is the Budget for the first year implementation of Sabah Maju Jaya Development Plan 2.0, as well as the beginning of RMKe-13 implementation. Therefore, let us join our efforts and resources to ensure that all the initiatives outlined in this Budget are implemented in line with the Government’s established pillars and direction.

160. Finally, I would like to take this opportunity to wish all Christian Assemblymen and Sabahans a **Merry Christmas**, and to all beloved Sabahans, a **Happy New Year 2026**.

Mr. Speaker,

I beg to propose.