



BUDGET SPEECH

2021

SABAH MAJU JAYA

**PEOPLE'S PROSPERITY
SUSTAINABLE ECONOMY**

18 DECEMBER 2020 (FRIDAY)



BY

THE RIGHT HONOURABLE DATUK SERI PANGLIMA HAJI HAJI BIN HAJI NOOR
SABAH CHIEF MINISTER AND MINISTER OF FINANCE



THE 2021 BUDGET SPEECH

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THE RIGHT HONOURABLE

Y.A.B. DATUK SERI PANGLIMA HAJI HAJI BIN HAJI NOOR

CHIEF MINISTER AND FINANCE MINISTER OF SABAH

AT THE STATE LEGISLATIVE ASSEMBLY

ON THE 18TH OF DECEMBER 2020 (FRIDAY)

(03 JAMADILAWAL 1442H)

“PEOPLE’S PROSPERITY, SUSTAINABLE ECONOMY”

Assalamu'alaikum Warahmatullahi Wabarakatuh and Good Afternoon

Datuk Speaker,

1. With all due respect and reverence, I beg to propose the 2021 Sabah State Budget for the approval of this August House.

PREAMBLE

Datuk Speaker,

2. *Bismillahirrahmanirrahim, Alhamdulillah Rabbil Alamin.* Thanks and praises to *Allah Subhanahu Wataala.* Blessings and greetings to the great esteemed Prophet *Muhammad Sallallahualaihi Wassalam,* his family and confidants.
3. I would like to express my highest gratitude and thanks to our God of the universe for His grace and greatness, for being able to stand before this August House, on this Friday evening, 18 December 2020, to carry out my responsibility for the first time as the Minister of Finance in tabling the Sabah State Budget 2021.
4. On behalf of the State Government, I would like to take this opportunity to express my highest appreciation to the people of Sabah who have given their trust to *Gabungan Rakyat Sabah (GRS)* to lead and administer the State Government. *Insyah Allah,* my fellow leaders and I in GRS will do our best to fulfil the aspirations of the people, and at the same time to ensure that the people's mandate and the State's interests will never be in vain and disregarded.

5. Congratulations to all 73 State Assemblymen who have been elected through the 16th State Elections, and to six State Assemblymen appointed recently. The State Government would like to express its condolences to the family members of Bugaya State Assemblywoman, for the passing of the late Datin Manis Muka Mohd Darah on 17 November this year. May her soul rest in peace.

Datuk Speaker,

6. Although the GRS won with a convincing number of seats, we are fully aware of the various challenges ahead. Therefore, the State Government under the leadership of GRS is determined and committed to face and deal any forthcoming obstacles and challenges. Rest assured we will take every effort to overcome all the challenges.
7. Therefore, I call on all Honorable State Legislative members to appreciate and evaluate the presentation of the 2021 Budget in the spirit of unity and openness. Insyallah with the mandate and trust of the people, GRS leadership will thrive to ensure that the State continues to be progressive, prosperous and peaceful.

*Dari Kudat ke Pekan Tuaran,
Pandangan indah di pagi hari,
Salam muafakat kami hулurkan,
Bersatu sepakat majukan negeri.*

ECONOMY'S PERFORMANCE AND PROSPECTS: THE WORLD AND MALAYSIA

Datuk Speaker,

8. Early this year, we have faced an extraordinary health and safety crisis due to COVID-19 virus outbreak which has become a global pandemic. To date, this pandemic has not been successfully repressed globally, and Sabah has become one of the states with the highest number of cases in Malaysia.

9. Apart from public health issues, this pandemic also has various implications to Sabah. Even more unfortunate, the pandemic has affected the people's socio-economy. The whole world is facing major challenges in dealing with the COVID-19 pandemic and its direct impact on global economy.

GLOBAL ECONOMY

10. Global economic growth is projected to contract at **negative rate of 4.4 percent** in year 2020 before recovering strongly to **5.2 percent** in year 2021. These projections are the result of disruptions in domestic activities, shocks in demand due to movement restrictions, prudent spending and uncertainty in the investment sector. Consumption and investment rates are expected to increase again next year but not as invigorate as before.

11. Almost all countries except China will see their economic growth forecasted to plummet to a negative level this year. The United States of America economy is projected at **a negative rate of 4.3 percent** in year 2020 and is expected

to increase to a rate of **3.1 percent** by year 2021. The European Union economy is projected at a **negative rate of 8.3 percent** in year 2020 and to rebound to a rate of **5.2 percent** in year 2021.

12. China's economic growth with the support of the country's stimulus and import policy is projected to grow at **1.9 percent** by year 2020 and expected to grow at a rate of **8.2 percent** by year 2021. Meanwhile, India's economy is projected to be at a **negative rate of 10.3 percent** in year 2020 and expected to rebound to **8.8 percent** by year 2021.

MALAYSIAN ECONOMY

Datuk Speaker,

13. The Malaysian economy is of no exception to the effects of this pandemic with the country's Gross Domestic Product (GDP) rate in year 2020 projected to decline to **negative 4.5 percent**. This is due to changes in global economic growth forecasted by International Monetary Fund (IMF) and also the period of the Movement Control Order (MCO) which has affected the national economy.
14. Malaysia's GDP growth is expected to recover between **6.5 percent to 7.5 percent** by year 2021 as external conditions improved and the economic and labour market position gradually returns to normal. Meanwhile, Bank Negara Malaysia's international reserves have increased to **USD105.2 billion** from previously recorded **USD104.9 billion**.

ECONOMIC PERFORMANCE AND PROSPECTS: SABAH

Datuk Speaker,

15. The economic growth performance of Sabah in year 2020 is expected to contract to **15.0 percent till 19.0 percent** compared to the rate of **0.5 percent** in year 2019. Dependency on palm oil and crude oil has continue to influence the overall economic growth of Sabah.

16. The growth of the agricultural sector is supported by palm oil as its sub-sector which is also the biggest contributor to Sabah's agricultural GDP. By mid-2020, crude palm oil production in Sabah reached **2.26 million metric tonnes**. This number has shown a decrease of **11.4 percent** compared to the same period in the previous year. Although the government has allowed flexibility for operators to operate in order to meet market demand but revenues for the companies involved are still affected due to the decrease in production quantity resulting from the closure of operations during the implementation of MCO. From January to June 2020, the total crude palm oil exported was **2.15 million metric tonnes** with a generated export revenue of **RM5.7 billion**.

17. The Mining and Quarrying Sector recorded a decrease in total export value of crude petroleum and refined petroleum products by **35.7 percent** and **25.9 percent** respectively in mid-2020 compared to the same period in the previous year. This decline is indirectly caused by the continuous drop in world crude oil price following COVID-19 pandemic and the trade crisis between China and the United States.

18. The Construction Sector involving residential and non-residential buildings as well as civil engineering activities were also affected and were not able to operate during the implementation of the MCO. It was reflected in the decrease in imports of building materials such as iron and steel in the first half of year 2020 which decreased by **50.1 percent** compared to the same period in the previous year which was a decrease from **68,986 metric tonnes** to **34,430 metric tonnes**.

19. The Services sector is also affected by this pandemic, but most restaurant operators and the retails sector are trying to increase their sales by leveraging the use of technology such as online orders and take away services. Most entrepreneurs have taken the advantages from wage subsidies and moratorium initiatives as well as applying for loan repayment flexibility.

Datuk Speaker,

20. The tourism sector is among the sectors that are severely affected due to flight restrictions from outside entering the State of Sabah. The performance of tourism activities contracted to a blank figure after the closure of the border following the MCO was implemented. The number of international visitor arrivals recorded a declining rate of **75.1 percent** in January to June 2020 compared to the same period in year 2019. While the total number of domestic arrivals also recorded a declining rate of **57.2 percent**.

21. Sabah's inflation rate was lower at **negative 3.1 percent** in mid-2020 compared to **0.5 percent** in mid-2019 due to a reduction in consumer spending during the implementation of the MCO and consumer's lack of confidence due to the uncertainty over occupational safety and stability.

22. Sabah has recorded a total investment of **RM11,727.0 million** by mid 2020. Factors that contributed to the increase in investment were the transfer of floating liquefied natural gas (LNG), Petronas Floating LNG Facility (PFLNG 1), Petroleum Nasional Bhd (Petronas) from the Kumang cluster farm, off the coast of Sarawak to the Keabangan cluster farm off the coast of Sabah.

23. The implementation of fiscal expansion policy by the Federal and State Governments is important to stimulate the economy and to protect the well-being of the people as well as to stimulate the economy affected by COVID-19 pandemic. The implementation of this stimulus package has helped to reduce the economic slowdown.

SMJ PLAN – SABAH MAJU JAYA DEVELOPMENT PLAN 2021 - 2025

Datuk Speaker,

24. The State Government that I lead starting from 29 September 2020 is facing a challenging reality and economic position. We need to act immediately to address the contracting growth of certain sectors and sub-sectors and to identify new resources to strengthen and increase state revenue. At the same time, the socio-economic position of the people needs to be prioritized through efforts that will lead to the improvement of the people's economy.

25. In this regard, besides focusing on addressing public health issues, efforts have been taken by the government to formulate strategies and approaches in stimulating the state development to relieve Sabah from the effects of the COVID-19 pandemic and also to further increase the state progress for the future.

26. For that objective, the existence of a development plan framework is crucial for Sabah. The plan serves as a guideline to the direction of government policies and programmes, as well as to manoeuvre the implementation so that it is executed in a planned and strategic manner in order to achieve goals and targets that are in line with the State development's needs.
27. *Alhamdulillah*, we are in the final stage of preparing the agenda and direction of the State development which is currently in the engagement session to finalize the appropriate initiatives. The strategic direction of the development of this State is called *Sabah Maju Jaya* Development Plan (SMJ Plan).
28. *Sabah Maju Jaya* which has been the State slogan all along hence selected as the name of this development plan. This selection was made with the intention to bring the image of inclusivity, joint ownership and responsibility of every Sabahan to ensure the success of the State development plan. Each of us yearn for the State to change towards being more developed and prosperous.

Datuk Speaker,

29. *Sabah Maju Jaya* Development Plan will be tabled in January 2021 and its implementation will involve a period of five years from 2021 to 2025. This plan will move in line with the main framework of national development through the Shared Prosperity Vision (WKB). SMJ Plan objectives include:

Firstly : To build a united, peaceful and prosperous State and Society.

Secondly : To optimize State resources and revenue.

Thirdly : To stimulate economic recovery.

Fourthly : To improve *People's* economy,

Fifthly : To develop human capital.

30. Meanwhile, the core of the SMJ Plan will involve three main elements, namely:

S	Agricultural, Industrial and Tourism Sector as a Focus on Economic Growth;
M	Human Capital and People's Well-being;
J	Green Infrastructure and Sustainability Network

31. At the same time, the implementation of this plan will also be supported through the involvement of the private sector from within and outside the country. For that purpose, the government has established the Sabah Economic Advisory Council. The Sabah Economic Advisory Council (SEAC) comprised of industry players, academician, and Non-Governmental Organization (NGO) activists. The main role of SEAC is to attract and bring external investments into the State because we are confident that foreign investment will boost the State development.

32. In the process of finalizing the initiatives in the SMJ Plan, we welcome recommendations and suggestions from the Honorable State Legislative Members. In addition to the debates leading to the 2021 Budget, inputs and recommendations will be considered in the implementation of the Sabah Maju Jaya Development Plan. The 2021 Budget will be the first budget in the implementation of this plan.

FEDERAL GOVERNMENT COMMITMENT

Datuk Speaker,

33. Before presenting the Sabah State Budget 2021, the State Government would like to express its appreciation to the Federal Government's commitment to assist and further boost the development in Sabah. 2021 Federal Budget tabled on 6th November 2020, the Federal Government has allocated development allocation amounting to **RM5.1 billion** for the State. This allocation is, amongst others, to build and upgrade infrastructures of water supply, electricity and road infrastructure, as well as health and education facilities.

34. Among the main infrastructure developments is the alignment of the Sabah Pan Borneo Highway for Packages from Serusop to Pituru; continuation for the expansion of Sepanggar Bay Container Port Project under the Sabah Development Corridor and allocations for upgrading buildings and school infrastructure especially for those dilapidated schools.

35. The people of Sabah will also benefit from the National Digital Network (JENDELA) initiative, the Native Customary Rights programme and also PRIHATIN Special Grant (Geran Khas Prihatin Tambahan) amounting to **RM1,000.00** to traders and hawkers, taxi drivers, e-hailing, rental cars and tourist guides that are severely affected due to low tourist arrivals.

Datuk Speaker,

36. On 7 December 2020, PETRONAS and the Sarawak Government signed a Commercial Settlement Agreement to resolve the State Sales Tax and regulatory authority over oil and gas resources in Sarawak. Following that, the Most

Honorable Prime Minister, Tan Sri Datuk Seri Panglima Hj. Muhyiddin Bin Hj. Mohd. Yassin has announced that PETRONAS will meet with the newly formed Sabah State Government, to begin immediate negotiations for the same purpose.

37. The State Government also appreciates the high commitment by the Right Honourable Prime Minister who has instructed the Ministry of Finance Malaysia to immediately formalize the process of negotiations pertaining to oil and gas industry between the two parties.

38. This commitment was also expressed through the formation of the Special Council of the 1963 Malaysia Agreement which was convened for the first time on 2 December 2020. We are confident that the various major delayed issues underlying the relationship between the State Government and the Federal Government will be addressed wisely through deliberation. This effort is important to preserve the rights and interests of Sabah in the Federation of Malaysia as well as increase the share of State revenue required in the State development budget every year.

THEME AND FOCUS OF 2021 STATE BUDGET

Datuk Speaker,

39. The theme of the State Budget for 2021 is "**People's Prosperity, Sustainable Economy**" which is based on the aspirations and commitment of the government with the slogan SABAH MAJU JAYA to instil noble values and responsibilities among the people to unite and work together to build a progress and successful State.

40. To achieve this, the State Government proposes an estimated budget for the year 2021 amounting to **RM4,303.26 million** compared to the estimated revenue collection of **RM4,481.96 million** with a **Surplus Budget** amounting to **RM178.70 million**. This shows that the financial position of the State Government remains stable.

41. The allocation distribution of State Supply and Development Budget in year 2021 according to the ministries are as follows:

- First : Ministry of Finance, Supply Budget **RM1,747.50 million** and Development Budget **RM5.80 million**;
- Second : Ministry of Works, Supply Budget **RM762.00 million** and Development Budget **RM233.69 million**;
- Third : Chief Minister Department, Supply Budget **RM471.68 million** and Development Budget **RM169.64 million**;
- Fourth : Ministry of Agriculture and Fisheries, Supply Budget **RM324.59 million** and Development Budget **RM102.49 million**;
- Fifth : Ministry of Science, Technology and Innovation, Supply Budget **RM207.65 million** and Development Budget **RM9.12 million**;
- Sixth : Ministry of Tourism, Culture and Environment, Supply Budget **RM113.34 million** and Development Budget **RM17.02 million**;
- Seventh : Ministry of Community Development and People's Wellbeing, Supply Budget **RM122.14 million** and Development Budget **RM10.33 million**;
- Eighth : Sabah Ministry of Rural Development, Supply Budget **RM99.95 million** and Development Budget **RM125.50 million**;

- Ninth : Sabah Ministry of Youth and Sports, Supply Budget **RM91.60 million** and Development Budget **RM15.10 million**;
- Tenth : Ministry of Local Government and Housing, Supply Budget **RM120.56 million** and Development Budget **RM11.85 million**;
- Eleventh : Sabah Ministry of Industrial Development, Supply Budget **RM16.79 million** and Development Budget **RM32.56 million**;
- Twelfth : Charged Expenditure, Supply Budget **RM194.35 million**; and
- Thirteenth : Expenditure not included in the ministries, Supply Budget **RM31.11 million**.

THE 2021 TOTAL REVENUE AND EXPENDITURE ESTIMATES

Revenue Estimates 2021

Datuk Speaker,

42. The State Government revenue is estimated at **RM4,481.96 million** in year 2021. The estimated revenue is projected to increase by **7 percent** or **RM289.54 million** compared to the current year's estimate of **RM4,192.42 million**. The increase in revenue is due to the availability of new revenue sources from the State Sales Tax collection. The revenue composition for 2021 consists of **Tax Revenue** of **RM2,220.85 million**, equivalent to **50 percent**; **Non-Tax Revenue** of **RM1,805.22 million** or **40 percent**; and **Non-Revenue Receipts** of **RM455.89 million** or **10 percent**.

43. **Sales Tax on Petroleum Products**, is the largest contributor with an estimated revenue of **RM1.25 billion** or represents **27.9 percent** of the total budget for year 2021. The State Government will ensure that revenue through this sales tax collection utilized to the best of our ability for the purpose of development expenditure and the well-being of the people of Sabah.

Datuk Speaker,

44. The Covid-19 Pandemic outbreak had made a significant impact on the State Government's performance in terms of revenue collections. Almost all state revenue sources were also affected this year. The estimated revenue revised by 2020 is projected to decrease by **17.0 percent** or **RM721.42 million** to **RM3,471.00 million** compared to the original estimate. This reduction due to low production and average price of crude oil has affected the collection from this source of revenue. The actual revenue collection of Petroleum Royalty in 2020 is **RM1.13 billion** compared to the original estimate of **RM1.70 billion**. Revenue from the Crude Palm Oil Sales Tax is projected to decrease to **RM793.00 million** compared to the original estimate for 2020 of **RM825.00 million**. This is due to the lower productions of crude Palm Oil even though the price has been good.
45. In year 2021, the **State Sales Tax Collection** is the main contributor in the **Tax Revenue Category** which is projected to be **46.5 percent** or **RM2.08 billion** from the total estimated revenue for year 2021. As I have mentioned earlier, the **Petroleum Products Sales Tax** is the biggest contributor in the State Revenue with an estimated collection of **RM1.25 billion**. Followed by the **Crude Palm Oil Sales Tax** with an estimated revenue collection of **RM787.50 million** or **17.6 percent** from the 2021 total estimates. Apart from the State Sales Tax, other contributors to this category includes **Land Leasing** as well as **Ports and**

Harbours Taxes with an estimated collection of RM88.00 million and RM49.34 million respectively.

46. **Petroleum Royalty** is expected to continue to be one of the main contributors in the **Non-Tax Collection Category** for the State Government's revenue with an estimate of **RM911.00 million** or **20 percent** from the year 2021 total estimates. Other contributors in this category are **Sales of Water, Interest and Returns on Investments**, and **Land Premium** with an estimates collection of RM300.00 million; RM227.60 million and RM146.00 million respectively.

Datuk Speaker,

47. Federal Government's Grants are the main contributor under the **Non-Revenue Collections**, with a contributions of **RM455.89 million** equivalent to **10 percent** from the total revenue estimates for year 2021. Types of collections and contributions received from the federal government includes, Special Grants, Capitation Grants, Revenue Growth Grants, Grants in Aid of operating expenses for Department under the Concurrent List, Grant in Contribution towards implementation cost of Federal Development Projects (Service Charge), Grant to replace Import/Excess duty on Petroleum, and Tourism Grants. As such, the Federal Government's commitment and support to the State Government are crucial in making the Development Agenda in Sabah a reality.
48. Despite the challenges faced by The State Government that affects the State's revenue resources, the State Government will continue to strengthen and maximise the state revenue collection through other initiatives such as, enhancing the collection from existing resources, improving the sales tax collection and to identify new source of revenue.

2021 SUPPLY BUGDET ESTIMATES

Datuk Speaker,

49. For the purpose of financing the governments operations and administrations, a total of **RM4,303.26 million** proposed for the **Supply Budget Estimates 2021**. This shows an increase of **RM159.39 million** or **3.85 percent** compared to the early estimates for the year 2020 which is **RM4,143.87 million**. The total estimates are distributed accordingly for the payment of Emoluments, Recurrent Expenditure and Special Expenditure.
50. A portion of **RM736.65 million** from the total sum of Supply Budget Estimates 2021 is allocated for **Emoluments**. This allocation shows a decrement of **RM2.94 million** or **0.40 percent** compared to **RM739.59 million** for the year 2020 estimates. This decreased in estimates involves the rationalization process in Public services.
51. Meanwhile, a total of **RM1,602.86 million** are allocated for **Recurrent Expenditure** in the year 2021. This shows an increase of **RM106.98 million** or **7.15 percent** compared to the year 2020 estimates which is **RM1,495.88 million**. The Recurrent Expenditure increase takes into account the increase in Railway Maintenance, Replacement of Major Railway Components and the Procurement of One Unit Railbus, Sports Progress Development Administration, Recurrent Programmes under the Department of Public Works, Water Production Operations, and the establishment of the Sabah Sewerage Services Department.

52. On the other hand, **RM1,963.76 million** is allocated for **Special Expenditure** in the year 2021. This allocation also shows an increase in total of **RM55.36 million** or equivalent to **2.90 percent** compared to the year 2020 estimates of **RM1,908.40 million**. The increment in Special Expenditure for the year 2021 is caused by allocations in relations to the Covid-19 Pandemic and post Covid-19 Relief, as well as contributions to accommodate the shortage under the State's Trust Fund.

2021 DEVELOPMENT BUDGET ESTIMATES

Datuk Speaker,

53. **State Development Expenditure** is an important source required to spur the state economic growth. These expenses are allocated and controlled through the Development Budget, where the allocation for this purpose is derived from the State Supply Estimates Contribution as well as Federal Financial Resources in the form of Grants and Loans.
54. For the purpose of Development Expenditure, a total of **RM964.15 million** is proposed to be allocated in the year 2021. This amount includes the **Sabah Government Allocations** of **RM733.10 million** and the **Federal Allocations** of **RM231.05 million**. The Federal Government's Allocations includes the Federal Reimbursable Grants amounting of **RM31.65 million** and Federal Loans of **RM199.40 million**.

55. In line with the essence of the theme for the State Budget 2021, the distribution of development allocation next year is focused on the **Economic Sector** as the recipient of the largest amount of **RM475.59 million** or equivalent to **65.0 percent**. This is followed by the **Social Sector** which is distributed by **RM239.86 million** or **33.0 percent** and the **General Administration Sector** of **RM17.65 million** which is equivalent to **2.0 percent** of the total development allocation for the year 2021.
56. For information, during the 12th Malaysia Plan period, 2021-2025, the State Government has approved a ceiling of **RM4,217.56 million** for the Development Allocation to finance a total of **764 development projects**. Of the total projects approved, a total of **182 projects** are **continuation projects**. Meanwhile, another **582 projects** are **new projects**.

DEVELOPMENT OF GROWTH SECTORS

Datuk Speaker,

57. Strategies and approaches in order to invigorate the development will be focused on the growth of these main productive sectors, namely agriculture, tourism and industries. In year 2021, the State Government will allocate **RM931.21 million** for the development of those three sectors. The amount is **RM34.89 million** or equivalent to **3.89 percent** higher than the year 2020 allocation of **RM896.32 million**.

AGRICULTURE SECTOR

Datuk Speaker,

58. State Government recognizes the role of agriculture sector in providing food for the people, business and working opportunity, as well as raw materials to the production sector. Therefore, a total of **RM560.39 million** is allocated for agriculture sector.
59. The Ministry of Agriculture and Fisheries (MAF) will continue to focus on food crop production, farm certification, agricultural research and innovation, quarantine enforcement and empowerment of entrepreneurs. The focus is to increase rice self-sufficiency, improve project implementation mechanisms, prioritize downstream industries, export-oriented basis, increase government revenue, boost private investor involvement, strengthen agricultural industry and the use of modern technology. Therefore, a total of **RM72.35 million** is allocated to MAF under supply expenditure for this purpose.
60. The Department of Agriculture is allocated **RM113.15 million** for supply and development expenditure. Of that amount, a total of **RM32.68 million** will be used to implement development projects. Rice production continues to be intensified through increasing paddy cultivation to meet domestic needs. In addition, the focus is on the cultivation of fruits, vegetables, cash crops and coconuts to increase income for farmers from RM2,000.00 to RM4,000.00 per month.

61. To further increase the production of livestock-based food, the Department of Veterinary Services (JPV) will continue to focus on the production of ruminant livestock, namely cattle, buffalo and sheep and the production of fresh milk. An allocation of **RM71.03 million** will be distributed to the department. Of that amount, a total of **RM16.36 million** is used to implement 43 new development projects and one (1) continuation project.

62. Meanwhile, the Rural Development Corporation (KPD) will receive a supply and development allocation of **RM18.57 million**. KPD will implement **27 development projects** involving 2,005 rural participants. The Contract Farming System is maintained as the main strategy to increase the production of agricultural products and help generate additional income for the participants involved.

63. The Fisheries and Aquaculture Sector is very important in improving Sabah's economy. Therefore, the allocation of supply and development will be distributed to the Department of Fisheries and Ko-Nelayan, amounting to **RM35.60 million** and **RM15.65 million** respectively. Among the targets is to increase the production of fish products to the optimum level and intensify the production of seaweed and ornamental fish products.

64. Ko-Nelayan will implement the Fisheries Infrastructure Development Programme, Fisheries Sustainability Development Programme and Aquaculture Development Programme which will require an allocation of **RM6.65 Million**.

65. For rubber commodity crops, the Sabah Rubber Industry Board (LIGS) will continue to implement High Impact Project (HIP) New Planting and Group

Replanting Programme which has been able to produce Sabah rubber exports of 23,538 tonnes with a value of RM123.42 million contribution to Sabah's GDP as of August 2020. Therefore, an allocation of **RM15.20 million** will be distributed to help streamline the role of LIGS.

66. The Department of Irrigation and Drainage (DID) plays an important role in water resource management, provision of paddy development infrastructure and flood mitigation. For this purpose, the State Government has allocated **RM115.53 million** for the purpose of supply and development expenditure. Of the total allocation of **RM22.33 million** was distributed for management and development of flood mitigation, rivers and beaches. Meanwhile, a total of **RM3.2 million** is allocated to develop several irrigation and drainage facilities in Keningau and Beaufort districts. The remaining **RM103.30 million** is allocated to the Forestry Department, Land and Survey Department, SAFODA and Sabah Land Development Board (SLDB) for works related to agriculture and land development.

INDUSTRIAL SECTOR

Datuk Speaker,

67. In year 2019, the manufacturing sector recorded a **negative growth of 0.6 percent** compared to **2.4 percent** in year 2018. In terms of actual contribution to GDP, the contribution of the manufacturing sector was also affected from **RM6.51 billion** or **7.7 percent** in year 2018 to **RM6.47 billion** or **7.6 percent** in year 2019. Most of the growth involved oil and fat groups from vegetables and animals as well as food processing which accounted for **68.9 percent** to the manufacturing sector.

68. The global economic crisis does not impinge Sabah's prospects as an attractive investment destination. The inflow of domestic and foreign investment funds in the manufacturing sector in year 2019 increased significantly to **RM6.48 billion** from **RM0.23 billion** in the previous year.
69. For the first quarter of year 2020, the value of investments approved was **RM11.7 billion**. This proves that Sabah continues to remain an attractive investment destination for foreign investors. The State Government has targeted the growth of this sector at **17.0 percent** per annum with a projected contribution to GDP of **35.0 percent** by year 2030.
70. In total, the State Government will allocate **RM142.85 million** for the development of the industrial and trade sectors under the Ministry of Finance, Ministry of Industrial Development, Ministry of Rural Development (KPLB) and the Chief Minister's Department in year 2021. Of that amount, **RM49.35 million** is allocated to the Ministry of Industrial Development (KPP) including the Department of Industrial Development and Research to implement various programmes such as industrial infrastructure development, entrepreneurship, promoting investment, and efforts to enhance the competitiveness of industry by leveraging Industry Revolution (IR) 4.0.
71. Small and Medium Industry Assistance (BAIKS) of **RM10.0 million** has been allocated to increase production capacity, improve quality and quantity, promotional products that are beneficial to 1079 entrepreneurs. To help SMEs affected by the COVID-19 pandemic, a total of **RM20.0 million** is allocated this year for micro and cottage entrepreneurs earning RM50 thousand and below. A total of 20,000 entrepreneurs will benefit from this allocation.

72. The Government also continues to assist the Rural Entrepreneur Development Programme in order to improve the skills and quality of local products through KPLB with an allocation of **RM2.0 million** next year. The remaining **RM71.50 million** is allocated under the Ministry of Finance and the Chief Minister's Department.

TOURISM SECTOR

Datuk Speaker

73. COVID-19 pandemic that struck early this year has severely impacted the tourism sector. A **66.2 percent** decline in tourist arrivals in the first seven months of the year, has reduced the estimated tourism receipts by **69.7 percent**, i.e **RM3.6 billion** compared in the same period last year. However, the State Government is committed in continuing to help and plan strategies to further boost the tourism sector through various programmes and developments in line with 12th Malaysia Plan.
74. A total of **RM227.97 million** will be allocated to fund the Ministry of Tourism, Culture and Environment Sabah (KePKAS) and also its departments and agencies to stimulate growth in the tourism sector. Various programmes and developments in tourism will be intensified as part of the efforts to restore the tourism sector as targeted by the State Government.
75. In year 2021, **1.3 million** tourist arrivals is expected and the estimated revenue is **RM2.51 billion**. Nevertheless, it is subject to the reopening of Sabah borders for the tourists. KePKAS will continue to increase efforts to attract airlines that

have stopped its non-stop international flight routes and chartered flights to Sabah after the reopening of the international borders.

76. The State Government will allocate **RM130.36 million** to KePKAS including **RM16.55 million** to be allocated to Sabah Museum for operation and development expenditure in year 2021. Of this amount, a total of **RM17.02 million** is also allocated under Rural Tourism Development and become Ministry's main focus under the 12th Malaysian Plan. Meanwhile, conservation and preservation programmes, as well as documenting heritage and culture, will be continued to ensure that these are preserved, valued and maintained for future generations.

77. Sabah has a unique and diverse cultural heritage comprises **35 ethnics** and **217 sub-ethnics** that needs to be preserved and protected as a symbol of civilization to the society. Therefore, an allocation of **RM9.50 million** is distributed to the Sabah Cultural Board and **RM1.60 million** to the cultural activities, arts and language associations. In the 12th Malaysia Plan, the Sabah State Cultural Development Master Plan for a period of 10 years will be implemented as an effort to elevate and preserve heritage to a higher level. In addition, the Development of a Cultural Mapping System which will load ethnic cultural data throughout Sabah in an integrated manner will be developed through a digital platform in year 2021.

78. Sabah is known for its great flora and fauna resources. It has directly become the main attraction and the pillar in the State tourism sector. In relation to this, a total of **RM60.97 million** will be allocated to the Sabah Wildlife Department, Sabah Parks, and Sabah Environment Protection Department in year 2021. Besides that, a total of **RM97.60 million** will be distributed to other departments and agencies which also contribute to the development of the tourism sector such as the Sabah Forestry Department and Sabah Biodiversity Centre.

INFRASTRUCTURE AND UTILITY DEVELOPMENT

Datuk Speaker,

79. Efficient infrastructures and utilities are fundamental and become a necessity to enhance productivity, economic growth, and the well-being of the people. However, quality and reliable connectivity and public amenities issues remain a problem for the people in Sabah. In recognizing these issues, the State Government will continue to give priority and focus on the development of infrastructure and utilities in the 12th Malaysia Plan as accordance to Sabah Maju Jaya Plan.
80. For this, a total of **RM1,390.76 million** or **32.98 percent** is distributed to all departments and agencies under Ministry of Works (KKR) which is the highest allocation given under State Government Development Fund Programme in the 12th Malaysia Plan amounting to **RM4,217.56 million**.
81. In year 2021, the State Government has allocated **RM1,117.7 million to public utilities and infrastructures sector**. Out of this, KKR along with its departments and agencies, will be allocated **RM762.01 million** to cover operation, recurrent expenditure, upgrading, and maintenance. Meanwhile, an amount of **RM231.49 million** is allocated for development. Of that amount, **RM9.88 million** will be allocated to KKR.
82. Overall, KKR will be provided an amount of **RM292.75 million** from the supply and development expenditure allocations in year 2021 to implement new construction and maintenance programmes; restoring and upgrading roads,

slope repairs, bridges, buildings as well as the State Government-owned assets including rental and other services.

Datuk Speaker,

83. The State Government will continue to emphasize on the development of a clean, efficient and sustainable water supply system to consumers, as well as industries, businesses and communities in the rural areas. Therefore, the Sabah State Water Department will be allocated **RM529.89 million** in year 2021.

84. To further improve the quality of railway services in the State, a total of **RM81.64 million** is allocated to the Sabah State Railway Department. This allocation will be utilised to upgrade and improve existing railway system and to redevelop the railway for the benefit of the people in rural areas.

85. The Sabah Ports and Harbours Department plays an important role in developing port facilities and providing water traffic control and safety services. The State Government will allocate **RM21.59 million** to the department for operational and development purposes next year.

86. In line with the efforts to further enhance sewerage services, Sabah Sewerage Services Department (JPP) will be allocated **RM57.75 million**. In addition, a total of **RM124.2 million** under Ministry of Finance is allocated for the purpose of contribution to the Road Maintenance, Water Supply and Sewerage Trust Fund.

HUMAN CAPITAL

Datuk Speaker,

87. Human capital is an invaluable asset. Therefore, the State Government will focus on efforts to strengthen human capital development towards producing generation that is competent, resilient and with high integrity. For this reason, the State Government allocates **RM429.59 million** for the development of human capital including religious programmes, facilities and supporting infrastructure for year 2021.
88. The State Government will continue its efforts towards human capital development based on Science, Technology, Engineering and Mathematics (STEM) with an allocation of **RM128.40 million** in line with the implementation of science, technology and innovation programmes.
89. An allocation of **RM22.96 million** is provided to conduct courses and skills training in technology, technical and commerce. An economic stimulus package of **RM6.0 million** will also be allocated to the Human Resource Development Department (JPSM) to help retrenched youths who lost their sources of income due to the COVID-19 pandemic.
90. The Government will continue to offer scholarships primarily to students who pursue their studies in skill-related courses and Technical and Vocational Education and Training (TVET) to a higher level. A total of **RM55.0 million** is allocated for this purpose.

91. The Sabah State Library is allocated **RM41.38 million** under supply and development expenditure to further inculcate reading interest among the community through Reading Movement Programme and additional reading collections, periodic publications, e-books and the construction of several new Library buildings.

92. The State Government will continue to implement religious programmes through supply and development expenditure allocation of **RM120.85 million** to the Department of Islamic Religious Affairs, Sabah Islamic Religious Council, and Baitulmal Corporation for development of infrastructure and facilities such as the Islamic Complex; mosques; prayer rooms; kindergartens and religious schools as well as orphanages. The State Government also provided an allocation of **RM43.0 million** for the development of religious bodies, non-Islamic private schools and missionary schools.

93. The State Government is concern with the burdens faced among the parents of M40 and B40 groups in funding their child's education expenses. As such, the State Government will allocate **RM12.0 million** next year as an assistance to Sabahans who will pursue their studies to the Institute of Higher Learning (IPT) as well as Form 5 and Form 6 students who will be taking exams. These one-off assistance consist of two categories, IPT Registration Cash Assistance (BUDI) of RM2,000.00 per person for first-time admission to IPT and RM200.00 per person for Special Assistance Cash Examinations (BAKTI) for students sitting for SPM, final semester STPM and STAM exams at the end of next year. This new Government initiative commitment is a manifestation of our high hopes for the younger generation who will shape the future of the State. To young Sabahan people:

Dari kecil ilmu diajari,
Besarnya biar bijak bistari,
Kelak taburlah BUDI dan BAKTI,
Kepada bangsa serta pertiwi.

ICT DEVELOPMENT

Datuk Speaker,

94. It is the Government's goal to produce knowledgeable and highly skilled human capital in various fields including ICT. In this regard, the State Government has allocated **RM76.94 million** for ICT training, courses and development. This includes an allocation under the Ministry of Science, Technology and Innovation of **RM35.19 million** and the Sabah State Computer Services Department amounting to **RM24.25 million**. Meanwhile, the remaining **RM17.50 million** is allocated to the Ministry of Finance and the Chief Minister's Department. This provision will be spent on continuing the Electronic Government development agenda (e-Government), Creative Innovation Programme and IT Development Programme.
95. These initiatives are in addition to the Federal Government's efforts through the Malaysian Communications and Multimedia Commission (MCMC) through JENDELA to enhance the high-speed broadband coverage infrastructure network including in rural Sabah. A total of 190,115 premises in Sabah will be provided with Gigabit speed services through the extension of fibre optic network. As for the mobile broadband services, a total of 425 new towers will be constructed, while a total of 2,202 existing communication transmitter tools will

be upgraded to 4G technology. All these initiatives involving RM2.5 billion, will be implemented in stages until the year 2022.

URBAN DEVELOPMENT

Datuk Speaker,

96. In line with the government's aspiration to create inclusive regional development, the Ministry of Local Government and Housing (KKTP) and its agencies including Local Authorities (PBT) continue to be committed in planning, managing and delivering quality services in order to improve the lives of people in urban areas and cities. Therefore, a total of **RM169.32 million** will be distributed for the purpose. From the total, KKTP will be allocated **RM135.69 million** for supply and development expenditure which comprises a total of **RM36.53 million** in contribution payments to local authorities and a total of **RM25.5 million** will be distributed to 24 PBT as the capital grant for the provision of various public amenities.
97. There are two (2) Local Plans that have been gazetted, namely Kota Kinabalu City Hall (DBKK) Local Plan and Sandakan Municipal Council (MPS) Local Plan. In the year 2021, KKTP will allocate **RM750 thousand** to draw up an additional plan. A sum of **RM4.0 million** is allocated to ensure the government's initiatives to continuously empower and spur the economic growths of new townships.
98. To further strengthen the management and development aspects of Kota Kinabalu City Hall as the state capital, the State Government has also provided a grant and development allocation of **RM33.63 million** to DBKK.

RURAL DEVELOPMENT

Datuk Speaker,

99. The State Government will continue on a more balanced development between regions including urban and rural areas. This is important in ensuring that the State prosperity is also enjoyed by all levels of society. To improve the standard of living and development in rural areas, the State Government allocates **RM225.45 million** to the Ministry of Rural Development (KPLB) for the purpose of supply and development expenditure in year 2021.
100. In the 12th Malaysia Plan, a total of **RM125.5 million** from the ceiling of **RM663.1 million** is approved to KPLB for the coming year to pursue existing programmes including poverty eradication projects such as the Mini Estate Sejahtera Programme (MESEJ) Agriculture, Aquaculture, Rural Amenity and Rural Economic Programme, One District One Product Programme, Rural Entrepreneur Development Programme, Alternative Rural Water Supply Programme, Alternative Electricity Supply Programme, and Additional Economic Activity Programme.

PEOPLE'S WELFARE AND WELL-BEING

Datuk Speaker,

101. For the year 2021, the State Government allocates a total of **RM132.47 million** under supply and development expenditure to the Ministry of Community Development and People's Well-Being (KPMKR). From the total, **RM3.2 million** will be allocated to the Sabah Community Services Council (MPMS) to enhance the voluntary welfare and social working standards in Sabah. MPMS has helped in distributing food baskets to less fortunate communities affected by the COVID-19 pandemic.
102. A total of **RM104.3 million** will be allocated to the Welfare Services Department including a sum of **RM60.0 million** that will benefit 25,000 recipients comprises of People with Disabilities (OKU), senior citizens and single mothers throughout Sabah.
103. In the 12th Malaysia Plan, the State Government allocates a ceiling of **RM58.20 million** to the Welfare Services Department for the construction of facilities for the senior citizens and the disabled who need temporary or continuous protection. Of the said amount, an allocation of **RM22.7 million** has been approved for the construction of an **Integrated Complex for People with Disabilities (OKU) and Senior Citizens** as a business hub for OKU and paying senior citizens care center. A total of **RM8.45 million** is approved in year 2021.
104. School Social Assistance Program will be implemented with an allocation of **RM13.9 million**. This will involve the distribution of school uniforms, shoes and

stationeries to 1,074 Primary Schools throughout Sabah which aims to alleviate the burden of low-income and poor households in managing school expenses.

WOMEN, YOUTH AND SPORTS

Datuk Speaker,

105. Women play a vital role in the development of healthy family and community. Women also contribute towards the economic development of the state and country. Therefore, the welfare of women will be given serious attention by the State Government to ensure women get more opportunities and benefits from the economic development. For that purpose, **RM15.66 million** is allocated for Women Development Programme in which **RM9.80 million** will be provided under Yayasan Usaha Maju (YUM) for the provision of micro credit facilities to women and an allocation of **RM5.86 million** to Women Affairs Department (JHEWA) for various programmes and skill courses for single mothers and underprivileged women.

106. The State Government will continue its efforts towards **youth** development in Sabah. Sabah Ministry of Youth and Sports (KBS) will be allocated **RM106.70 million** for its operating and development expenditure. Of this, **RM13.84 million** will be used to implement youth and sports development Programme. Strategic Planning will be carried out with Sabah State Sports Board and Sabah Youth Council.

107. In an effort to uphold State of Sabah's image globally, **sports** is poised as a catalyst. With this, KBS will be provided with an allocation of **RM46.72 million** for sports development. Sports Infrastructure and Facilities will be improved including the construction of Kota Marudu Sports Complex and Tuaran Sports Complex.

ASSISTANCE TO PUBLIC AGENCIES

Datuk Speaker,

108. Statutory Bodies (BBN) and Government-Linked Companies (GLCs) play a vital role in the growth and socio-economic development of the people as well as assisting in the implementation of Government policies and programmes in accordance with good corporate governance practices. The State Government will continue to be committed in assisting and improving the capabilities as well as competitiveness of BBN and GLCs in order to achieve the objective of its establishment. However, BBN and GLCs are urged to continue its efforts to reduce its dependency on the State Government and contribute to State revenue.

109. The State Government is implementing a new approach to assess the annual performance of BBN and GLCs through its ability to contribute to State revenue. Under the new administration, a series of negotiations has been carried out to ensure the responsibility in paying dividends and loans are the priority of each BBN and GLCs. *Alhamdulillah*, for the year 2020, the State Government has received dividends from BBN and GLCs amounting to **RM100.0 million** compared to only **RM59.6 million** in year 2019.

110. The State Government would like to congratulate the BBN and GLCs namely Sabah Development Berhad, Sabah Credit Corporation, Warisan Harta Sabah Sdn Bhd, Sawit Kinabalu Sdn. Bhd., Sabah Energy Corporation Sdn. Bhd., Progressive Insurance Bhd., Desa Group of Companies, Borneo Development Corporation (Sabah) Sdn. Bhd. and Sabah Fish Marketing Sdn. Bhd. that have recorded profit and declared dividend to the State Government. Thank you to Sabah Economic Development Corporation (SEDCO), Sabah Islamic Religious Council (MUIS), Sabah Air Aviation Sdn. Bhd., Dewan Bandaraya Kota Kinabalu (DBKK) and Sabah Fish Marketing Sdn. Bhd. (SAFMA) for their annual repayment of loans to State Government amounting to RM21.9 million. Utmost appreciation to agencies that have sponsored and donated for COVID-19.

CIVIL SERVANTS

Datuk Speaker,

111. Civil service is the pulse and heart of the State Government. The Government needs to ensure Sabah civil service is at the highest level of efficiency at all times and able to deliver the best service to the whole community.

112. In line with the State Public Service aspiration to provide the future needs for human capital, the State Government will prioritize the development of human resource capabilities and competencies through key public service policies. Efforts on civil service digitalisation and digital economy will be the main focus in the coming year. Rationalization of government agencies will continue to be implemented to ensure the effectiveness of the government delivery system.

113. As of November 2020, a total of **762 civil servants** have received benefits of career advancement. The said total is **5.26 percent** of **14,492** state civil servants under Ministries, Departments and District Offices. The career advancement programme will be continuously carried out next year.

114. The programme is part of an effort to give recognition to the contributions and important roles of civil servants at all levels. In appreciation of civil servants, the State Government has agreed to provide special assistance of **RM600.00** to all State civil servants which will be paid in January 2021 involving an allocation of **RM8.7 million**. I hope this incentive will give a boost to the State civil servants to work harder to improve the quality of service to the people. At the same time, it is hoped that the public service can continue to function effectively through appropriate new normal strategies and approaches as well as to comply with the demands of the new norms during the COVID-19 pandemic.

DEALING WITH PANDEMIC COVID-19

Datuk Speaker,

115. The COVID-19 pandemic has brought great implication for all. The struggle to tackle this extraordinary challenge is still far and labyrinth. Alhamdulillah, with full determination of the country's leadership, we are able to stand firm together in combating this pandemic.

116. On behalf of the State Government and the people of Sabah, I would like to express my highest gratitude to the Federal Government of Perikatan Nasional under the leadership of the Most Honorable Tan Sri Datuk Seri Panglima Hj Muhyiddin bin Hj Mohd Yassin. Utmost appreciation should be given to the Federal Government for their humble contribution and assistance to the State Government in overcoming the predicament of this pandemic.
117. For the information of this August House, the Federal Government has channelled **RM50.0 million** to the State Government through the National Disaster Management Agency (NADMA) on 26 October 2020. This fund is used to provide for the needs of Frontliners; provision of equipment at the COVID-19 Quarantine and Treatment Centres (PKRC); and the provision of District Disaster Operations Control Centres (PKOB) requirements throughout the State of Sabah.
118. This fund is an addition to the initial assistance received by the State Government during the period of the pandemic contagion amounting to **RM12.0 million**. It has been channelled to the Sabah State Disaster Fund. Donations in the form of equipment such as PPE and food baskets assistance have also been channelled to Sabah through federal agencies. In addition, a total of **RM5.0 million** has been allocated for the Economic Stimulus Package 2020 to help stimulate the State economy.
119. As of November 2020, the Ministry of Health Malaysia (MOH) has channelled an allocation of **RM157.63 million** and health equipment during the COVID-19 pandemic period through the Sabah Health Department. Additional mobilization of medical personnel and health workers to COVID-19 Hospitals in Sabah has been carried out to meet the urgent needs in the State.

120. The Federal Government has assisted in constructing the *Medan* Hospital through the Malaysian Armed Forces at the Tawau Sports Complex and assistance in the management of COVID-19 Quarantine and Treatment Centres (PKRC) throughout the State of Sabah.

Datuk Speaker,

121. Various initiatives at the Federal level have benefited the people of Sabah. As of October 2020, among the benefits are:

- i. *Bantuan Sara Hidup* (BSH 2020) involving a total of 406,000 recipients with an allocation of **RM474.0 million**;
- ii. *Bantuan Prihatin Nasional* (BPN) which benefited 904,567 recipients with a total allocation of **RM983.34 million**;
- iii. A total of 19,671 Small and Medium Enterprises (SMEs) have received *Geran Khas Prihatin* assistance involving an allocation of **RM59.01 million**;
- iv. A total of 17,144 employers in Sabah have benefited from the Wage Subsidy Program to retain a total of 134,867 employees with a payment of **RM571.28 million**.
- v. A total of 113,942 frontliners in Sabah have received COVID-19 Special Allowance worth **RM42.85 million**.

122. As for the State Government, among the initiatives and assistance that have been implemented were cash assistance to the affected people, namely poor and hardcore poor, Peoples with Disabilities (OKU), orphans, single mothers, taxi drivers, lorries and buses drivers, farmers, breeders, fishermen, tour guides,

mountain guides, porters, art activists, divemasters, hawkers and affected B40s group. The Government has also provided food baskets assistance, waiver of hawker stall license, exemption for hawker stall rental, rental exemption for PPR house, discount of electricity bills to domestic consumers, Micro Credit Loan Scheme and SMI funds. In year 2021, a total of **RM200.00 million** will be allocated to the Ministry of Finance for the COVID-19 initiatives.

Datuk Speaker,

123. The State Government would like to express its gratitude to all parties including the private and corporate sectors, NGOs and individuals who have contributed in handling the COVID-19 pandemic in Sabah. To all Honourable Legislative Members, let us together express our highest recognition and appreciation to all frontliners: health workers namely doctors, nurses and medical support staff; security personnel namely Police, Army, APM, RELA and others; as well as welfare workers and volunteers.

*Pulau Tiga jauh ke tengah,
Gunung Kinabalu gagah perkasa,
Hancur badan dikandung tanah,
Budi frontliners dikenang sentiasa.*

CONCLUSION

Datuk Speaker,

124. Before I conclude, I would like to emphasize on three main points. Firstly, this budget is the first budget after the COVID-19 pandemic. Secondly, it is presented by the new government chosen by the people; and thirdly, it is a budget to pave

the implementation of the Sabah Maju Jaya Development Plan (SMJ) which will commence next year.

125. Considering the current situation and preparation of post COVID-19, this budget is formulated to combat the pandemic challenge in order to achieve the budget theme **People's Prosperity, Sustainable Economy**. Reflecting on the reality of the pandemic effect to the people, strategies and approaches to assist and regenerate the people's economy will be the main focus. In addition, continuous efforts are made to increase access to key infrastructure facilities to build a more prosperous life for the people.
126. Recognizing the fact that the effects of the pandemic have stifled the State's economy, therefore efforts to stimulate the economy will be implemented immediately. This includes strategies to ensure the implementation of development projects to commence immediately, whether it involves State or Federal allocations and investments by private sectors. The main focus will also be given to the growth of the three important sectors namely Agriculture, Industry and Tourism by initiating a conducive approach with current situation and the effect of COVID-19. The government will carry out its utmost effort to ensure that this objective is materialised in order to develop people's prosperity and sustainable economy.

Datuk Speaker,

127. As I have mentioned, this is the first budget of the new government after the 16th PRN which was held on 26 September 2020. The government is formed as a result of the collaboration of the Perikatan Nasional (PN), Barisan Nasional (BN), Parti Bersatu Sabah (PBS) as well as three Independent ADUNs, known as Gabungan Rakyat Sabah (GRS) which form the Government of the day. We are

a Government for all Sabahans. This Government will uphold the trust of the people, irrespective of their differences and will execute the mandate to develop the people and the State.

128. With this commitment, my colleagues and I will work with an open mind together with all parties for the benefit of the people and our beloved State. During this period, we have to set aside partisan politics and work towards devotional service. As the elected representatives, we should shoulder the people's hope entrusted to us. The future of the State is determined by the actions and responsibilities of today's leaders. The State Government as well as the Opposition should not be divided but to serve the people and the State.

129. I am confident that as a Sabahan, we all love our State and willing to sacrifice for the benefit of the State. *Di mana bumi dipijak di situ langit di junjung.* Let us join together to develop our State.

*Yang jauh kita dekatkan,
Yang dekat kita rapatkan,
Yang lemah kita kuatkan,
Yang kurang kita lebihkan,
Yang kabur kita cerahkan.
Marilah kita bersatu,
Yang keruh kita jernihkan,
Yang salah kita perbetulkan,
Yang palsu kita tangkis,
Yang fitnah kita tepis,
Yang condong kita luruskan, dan akhirnya;
Yang kuat kita perkukuhkan.*

130. *Bulat air kerana pembentung, bulat manusia kerana muafakat.* This is the value of belonging and love for the State. May God unite us to work together for the wellbeing of the people and the development of the State as well as sustainability of the Federation.
131. I invite this August House to support the 2021 Budget presented as the first budget for us to initiate the implementation of the Sabah Maju Jaya Development Plan.
132. Our hope is to develop the State and the people to ensure that the development is valued and enjoyed by all the people. To Allah SWT we surrender and to HIM too, we ask for help and assistance.
133. Finally, I would like to take this opportunity to wish a Merry Christmas to all Christian State Legislative Members, civil servants and Sabahans and Happy New Year 2021. May the New Year 2021 bring prosperity and sustainable economy in accordance to the Sabah Maju Jaya agenda.

Datuk Speaker,

I beg to propose.