

**UCAPAN BELANJAWAN BAGI TAHUN 2021 OLEH YANG AMAT BERHORMAT  
DATUK PATINGGI (DR) ABANG HAJI ABDUL RAHMAN ZOHARI BIN TUN DATUK  
ABANG HAJI OPENG, KETUA MENTERI MERANGKAP MENTERI KEWANGAN &  
PERANCANGAN EKONOMI SARAWAK**

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**Datuk Amar Speaker,**

Saya mohon mencadangkan supaya Rang Undang-Undang bertajuk "Suatu Ordinan bagi menggunakan sejumlah wang daripada Kumpulan Wang Disatukan untuk perkhidmatan bagi tahun 2021 dan bagi memperuntukkan wang itu untuk perkhidmatan tahun itu" dibacakan bagi kali kedua.

Bismillahirrahmanirrahim,

2. Alhamdulillah saya ingin merafakkan rasa syukur setinggi-tingginya ke hadrat Allah S.W.T kerana dengan izinNya saya berpeluang untuk membentangkan Bajet Negeri Sarawak Tahun 2021 dalam Dewan yang mulia ini.

**Datuk Amar Speaker,**

3. Saya membentangkan Bajet Negeri pada kali ini dalam keadaan ekonomi global yang sangat mencabar, berlatarbelakangkan krisis

ekonomi dunia yang serius di tengah-tengah kesan penularan pandemik COVID-19. Wabak ini telah menimbulkan ancaman besar kepada ekonomi negeri dan rakyat keseluruhannya. Keadaan yang getir ini memerlukan kita untuk mengambil **tindakan pemulihan segera** bagi menangani ancaman wabak tersebut, seterusnya **memulih dan membina semula** ekonomi negeri.

4. Sejak dari awal lagi, Kerajaan GPS sentiasa meletakkan **kesejahteraan rakyat** sebagai **keutamaan** dalam segala **perancangan** dan tindakan kita. Ini adalah selaras dengan **perjuangan** kita dalam melindungi hak dan menjaga kepentingan Sarawak di bawah moto "**Utamakan Sarawak**"; "**Sarawak First**".

5. Berbekalkan komitmen ini, Bajet Negeri 2021 akan memfokuskan kepada keperluan untuk **memulihkan dan membangunkan semula** ekonomi negeri dengan **mempercepatkan pelaksanaan pelbagai projek prasarana** termasuk kemudahan infrastruktur, kemudahan awam, inisiatif ekonomi digital, perumahan, pendidikan, pengembangan bakat dan pembangunan sosial. Langkah ini akan memberi **kesan penggandaan** atau *multiplier effects* yang akan mewujudkan lebih banyak peluang pekerjaan, meningkatkan taraf hidup rakyat, dan memastikan kelangsungan perniagaan.

**Datuk Amar Speaker,**

6. Before I go into the details of 2021 State Budget, I would like to update this august House on the latest **economic performance** for the year 2020 and the **outlook** for 2021 as a backdrop to State 2021 Budget Proposal.

#### **GLOBAL ECONOMY OUTLOOK**

7. 2020 is indeed a very **challenging year** with the world confronting with a **health and economic crisis never experienced** before. The outbreak of COVID-19 has created **tremendous global economic shock**, leading to the **worst recession and collapsing of global activities**.

8. The global economy is projected to experience a deep downturn, with negative growth of 4.4 percent in 2020 as COVID-19 pandemic continues to **sow uncertainty** and businesses around the world struggle to operate. Many countries have implemented various containment measures such as lockdowns, quarantines, closure of schools and non-essential business, social distancing and travel

restrictions to break the spread of COVID-19 and to ease the strain on health care systems. Although these measures have, to a certain extent, flatten the curve of the spread, the tightening measures have resulted in large short-term economic losses and decline in global economic activities. Consumption and investment are affected, and the entire global supply chains are disrupted.

9. Growth in the advanced economy is projected at negative 5.8 percent in 2020 before strengthening to 3.9 percent in 2021. Deep economic downturns are foreseen in the United States with projected growth of negative 4.3 percent, Euro Area at negative 8.3 percent and Japan at negative 5.3 percent in 2020.

10. Growth in the emerging markets and developing economies is forecasted to contract by 3.3 percent in 2020 as a result of weaker external demand and disruptions associated with domestic containment measures. Declining commodity prices added to the challenging growth in the emerging markets and developing economies. Whilst other countries are struggling to reopen their economy, China economy bounces into growth after a steep slump in the first quarter of 2020. For the year, the China economy is projected to grow at 1.9 percent and rebound strongly to 8.2 percent growth in 2021. India's economy is

projected to contract by 10.3 percent following a longer period of lockdowns and slower recovery. Growth in India is projected to pick up to 8.8 percent in 2021 with the resumption of normal economic activities. The overall growth in the emerging markets and developing economies is expected at 6.0 percent in 2021.

11. World trade, as reflected through **weak demand** due to disrupted global value chains and limited international travel, is projected to contract by 10.4 percent in 2020. Nonetheless, as the global economy improves, world trade is projected to rebound to 8.3 percent growth in 2021.

**Datuk Amar Speaker,**

**NATIONAL ECONOMIC PERFORMANCE 2020  
AND PROSPECTS FOR 2021**

12. Malaysia economy is expected to **contract** by 4.5 percent in 2020 before **rebounding** between 6.5 percent and 7.5 percent in 2021.

13. The pandemic has hit the Malaysian economy **severely** in the second quarter of 2020 with GDP contracted by 17.1 percent. Weak growth was recorded across all economic sectors because of **weak**

**external demand and strict containment** measures imposed to combat COVID-19.

14. Nevertheless, there is sign of economic recovery as activity gradually pick up since re-opening of the economy in early May 2020. Thus, the Malaysia economy is expecting a **gradual recovery** in the second half of 2020 as both domestic and external demand improves.

**Datuk Amar Speaker,**

#### **STATE ECONOMIC PERFORMANCE IN 2020 AND PROSPECTS FOR 2021**

15. In Sarawak, our economy is expected to contract between 3.5 percent and 5.0 percent this year. Negative growth is expected across all sectors of the economy, with the **worst hit** being the tourism and manufacturing sectors. The decline in tourism has **spilled over effect** on other services sectors, particularly affecting the transport and logistics, hotel and accommodations, wholesale and retail trade as well as food and beverages industries. For the first nine months of 2020, visitors' arrivals contracted by 64.1 percent due to travel restrictions and closure of international border. The services sector is expected to register a

negative growth of 1.4 percent in 2020. We anticipate that the tourism industry will take some time to **fully recover**.

16. The **manufacturing sector** is projected to contract by 6.9 percent in 2020 as production activities were disrupted across the global supply chain and firms were constrained to operate at limited capacity mainly during the first three months of Movement Control Order (MCO) period.

17. In the **mining sector**, growth is projected to contract to 2.9 percent in 2020 attributed to lower production of crude oil and natural gas. The sharp decline was due to the MCO as well as the on-going maintenance works and the disruption of Sabah-Sarawak Gas Pipeline, particularly in the first half of 2020.

18. Activity in the **construction sector** was also disrupted as almost all activities came to a standstill during the MCO lockdowns. Many firms and contractors were struggling to comply with the strict COVID-19 Standard Operating Procedures while also having to face with the shortage of construction materials and workers due to supply disruptions and cross-border restriction. Thus, the construction sector is projected to register negative growth of 9.5 percent in 2020. The

situation however, is expected to gradually improve and for 2021 this sector is anticipated to register a stronger growth.

19. Due to lockdowns imposed by countries across the globe particularly in the first half of 2020, the **agriculture sector** is projected to contract by 1.5 percent in 2020. For the first five months, production of palm oil contracted by negative 2.1 percent before it gradually picked up starting June 2020. With the easing of the COVID-19 lockdowns, the palm oil industry is **gradually recovering** entering the second half of 2020, supported by **improvement in global consumption**. The 100 percent exemption from export duty on crude palm oil, crude palm kernel oil and processed palm kernel oil starting 1<sup>st</sup> July 2020 to 31<sup>st</sup> December 2020 under PENJANA initiative further adds to the **increasing demand**, notably from China and India.

**Datuk Amar Speaker,**

### **Demand Side**

20. On the **demand side**, trade slowed down since the last quarter of 2019. The situation was made worst by the pandemic, with restrictions on travels and lockdowns by countries across the globe. For the first

eight months of 2020, total trade contracted by 20.9 percent. Both export and import experienced double-digit contraction of 24.8 percent and 12.1 percent, respectively.

21. Besides lower demand from importing countries on oil and gas, the decline in crude oil price dampens further the growth in export. Crude oil prices dropped by 34.3 percent or from USD\$65.1 per barrel in the first eight months of 2019 to USD\$42.8 per barrel in the first eight months of 2020. Export to our major importing countries, largely from Japan and Peninsular Malaysia contracted by 15.1 percent and 36.9 percent, respectively.

22. At the same time, import of capital and intermediate goods dropped by 11.4 percent in line with the **slowing down of economic activities** particularly during the MCO period.

23. **Private investment** is expected to contract by 11.3 percent in 2020 as a lot of groundwork has been put on halt, adversely affected by the COVID-19 pandemic. Private investors and firms are anticipated to remain on a cautious note amidst slower production and disruptions to global supply chains.

24. Growth in **public investment** is also projected to drop significantly in 2020 due to a slowdown in the economic activities affected by the movement restrictions and COVID-19 mitigation measures.

25. **Public consumption** is projected to expand at 33.6 percent in 2020 with higher spending on supplies and emoluments. More spending, particularly on the COVID-19 measures by both the Sarawak and Federal Government are expected to contribute to the growth in public consumption.

26. On the other hand, **private consumption** is projected to decline by 1.9 percent in 2020. The strict MCO has largely affected household spending, resulting in widespread income losses across wide spectrum of business sectors. However, the disbursement of ***Bantuan Khas Sarawakku Sayang*** and ***Bantuan Prihatin Nasional*** as well as the implementation of loan moratorium has provided some cushioning on consumption spending.

27. Overall, the State economy is projected to **gradually recover** once the COVID-19 pandemic situation improves, driving both domestic

and external demand. Thus, the State economy is projected to grow between 6.0 percent to 8.0 percent in 2021.

### **Inflation**

28. Sarawak recorded a negative 1.6 percent **inflation rate** in the first nine months of 2020. Notwithstanding the **negative inflation**, the decline in prices was not broad based. For the whole of 2020, inflation rate is expected to be between negative 1.5 percent and negative 2.0 percent.

### **Labour Market**

29. Based on the record from Labour Department of Sarawak, there are 72,251 vacancies reported from January until September 2020. It is noted that, there are a total of 1,956 retrenchments up to September 2020, which were mostly found in the hotels and restaurant, wholesale and retail, and construction sectors. We foresee that there will be a rise in unemployment rate to between 5.0 and 5.5 percent.

**Datuk Amar Speaker,**

**STATE TWELFTH MALAYSIA PLAN**

30. Now let me touch briefly on the preparation of **State Twelfth Malaysia Plan (12<sup>th</sup> Malaysia Plan)**, which will cover the period of 2021 to 2025.

31. Given the COVID-19 pandemic, we would certainly not be able operate on "**Business as Usual**" mode anymore, neither could we be **complacent and rest on our laurels**. **Adjusting and adopting** ourselves to the "**new normal**" is the **only way forward**. For this reason, I have formed the **Sarawak Economic Action Council or SEAC** to look into the **post COVID-19 Exit Economic Strategy 2030**, which would encompass the forthcoming 12<sup>th</sup> Malaysia Plan.

32. We have formulated the **State development strategies** under the 12<sup>th</sup> Malaysia Plan of which **seven (7) core economic sectors** and **six (6) key enablers** have been identified to **drive Sarawak towards a high-income economy by 2030**. The seven (7) key economic sectors are:

- (i) **Commercial Agriculture and Commodities**, focusing on smart or precision farming;
- (ii) **Manufacturing** with Industrial Revolution (IR) 4.0;

- (iii) **Forestry**, with a focus on reforestation, industrial forest, and sustainable logging;
- (iv) **Tourism** with continuous efforts to enhance connectivity for both leisure and business visitors;
- (v) **Mining exploration** towards a greater downstream value chain;
- (vi) **Renewable energy** towards the development of hydrogen, biomass, and solar power; and
- (vii) **Services sector**.

33. Whereas the six (6) key enablers are:

- (i) **Education and Skills Enhancement;**
- (ii) **Digital Transformation;**
- (iii) **Infrastructure Development;**
- (iv) **Transport System Networks;**
- (v) **Utilities Provision; and**
- (vi) **Innovation and Research & Development.**

**Datuk Amar Speaker,**

**IMPACTS OF COVID-19 PANDEMIC TO STATE ECONOMY  
AND STATE IMMEDIATE MITIGATION MEASURES**

34. The COVID-19 pandemic has **severely affected** our economy and the **livelihood** of the people. It has **disproportionately** impacted all levels of society and businesses, particularly the **vulnerable groups**. **Proactive actions** and **whole-of-government approach** are required to not only **save lives** but also the **health of our economy**.

35. As a Caring Government, we have implemented **Sarawakku Sayang Special Aid Packages (BKSS)** under **BKSS 1.0, BKSS 2.0, BKSS 3.0 and BKSS 4.0** with a total allocation of **RM1.741 billion** to cushion and mitigate the impact brought about by the pandemic. The various measures implemented have provided **needful assistances** covering people of various backgrounds, from individuals to businesses which among others, include the following:-

- (i) **Cash incentives** for B40 under *Bantuan Sara Hidup* of **RM250** per month for six (6) months, from April 2020 to September 2020 amounting to **RM645.0 million**;
- (ii) **Cash incentives** to front-liners for 6 months amounting to **RM20.4 million** as follows:
  - **RM300** per month for doctors and nurses;
  - **RM200** per month for personnel in Immigration Department, Royal Malaysian Customs Department,

Local Authorities, Angkatan Pertahanan Awam, Jabatan Bomba dan Penyelamat, Polis DiRaja Malaysia and RELA;

(iii) **One-off financial assistance** amounting to **RM237.4 million** for the following groups:

- RM500 for **347,806 singles** age 21 years old earning income RM2,000 and below;
- RM1,500 to about **30,000 Head of Household** (Ketua Isi Rumah);
- RM500 to **199 owner and operator of *penambang*** registered with Sarawak Rivers Board;
- RM600 to **959 licensed van operators**;
- RM600 to **1,976 taxi drivers**;
- RM600 to **739 school bus and van**;
- RM1,500 special assistance to **145 licensed tourist and 113 park guides**; and
- RM1,500 to **500 media front liners**.

36. As at 31<sup>st</sup> August 2020, a sum of **RM714.50 million** cash incentives has been **disbursed** to these recipients.

**Datuk Amar Speaker,**

37. The State has also provided assistance to the business community to support hawkers, petty traders, micro, small and medium sized enterprises, which include the following:

- (i) **RM2,250 special grant to more than 65,000 hawkers and petty traders through Sarawak Pay and cash vouchers involving a total sum of RM147.25 million;**
- (ii) **Interest Free Soft Loan for SMEs to more than 40,000 SMEs with an allocation of RM80.7 million;**
- (iii) Provision of **additional RM20 million** funds from existing RM30 million approved for **Micro-Credit Scheme** for SMEs to expand and sustain their businesses;
- (iv) **Deferment of loan repayment** for borrowers of *Skim Pinjaman Industri Kecil dan Sederhana* (SPIKS) covering a period of six (6) months effective from March 2020 worth **RM1.3 million;**
- (v) **Abolishment** of 2 percent interest rates to 0 percent for three and a half years under Micro-Credit Scheme involving an allocation of **RM3.0 million;**

- (vi) **Waiver of rentals** to SMEs in retail sector operating on premises owned by State Statutory Bodies and GLCs involving a sum of **RM1.0 million**;
- (vii) **50 percent discount for rental** of market and stalls covering a period of six (6) months benefiting more than 10,000 hawkers involving a sum of **RM2.08 million**; and
- (viii) **Waiver of permits and licences fees** to traders, hawkers and petty traders in the various Local Authorities involving a sum of **RM8.24 million**.

38. Apart from the cash incentives, the State Government has also introduced additional measures which include the following:

- (i) **50 percent rental discount** on renting of Housing Development Corporation (HDC) housing unit for a period of six (6) months to more than 3,200 tenants;
- (ii) **Six (6) months electricity and water bill discount** worth **RM157.43 million**;

- (iii) 25 percent discount on **annual assessment rates** above RM400 threshold to residential, commercial, industrial and special purpose holdings for 2020 involving a sum of **RM74.58 million**;
- (iv) 30 percent **discount for land rents** to all land uses for year 2020 benefitting **52,403** commercials, industrial, residential, large-scale plantations, and other public facilities involving a sum of **RM11.84 million**; and
- (v) **One-off deferment of land premium payment** for year 2020 benefitting **1,721 stakeholders** across Sarawak which include agriculture, residential, commercial and industrial units as well as private and public institutions involving a sum of **RM166.3 million**.

39. In addition to that, other assistances provided by the State Government are as follows:

- (i) Distribution of **free face mask** throughout Sarawak costing **RM3.2 million**;

- (ii) **One-off Assistance funds** to Hospitals throughout Sarawak (Hospital needs & PPE) amounting to **RM10.0 million**; and
  
- (iii) **Food packages** for front-liners amounting to **RM1.0 million**.

**Datuk Amar Speaker,**

40. In view of the **current surge** in the COVID-19 cases in the country, my Administration have decided to extend **seven (7) measures** under **BKSS 4.0** involving a sum of **RM104.84 million**. These measures are:

(i) **Electricity Bill Discount**

Domestic, Commercial and Industrial consumers **will continue to be given discount** of 5 percent to 25 percent on their monthly electricity bill for October until December 2020. The discount will benefit **686,847 users** throughout Sarawak. This special one-off discount of electricity bill will involve a sum of **RM83.4 million**.

**(ii) Water Bill Discount**

Domestic, Commercial and Industrial consumers **will continue to be given discount** of 10 percent to 25 percent on their monthly water bill for October until December 2020. This special one-off discount will benefit **568,247 consumers** throughout the State which involve a sum of **RM12.63 million**.

**(iii) 50 percent Discount on HDC Rental**

A **discount** of 50 percent for rental of Housing Development Corporation (HDC) houses will also **be extended** covering a period of three (3) months from October to December 2020. This assistance is expected to benefit more than **3,200 tenants** involving a sum of **RM1.3 million**.

**(iv) 50 percent Discount for Rental of Market and Stalls**

A **discount** of 50 percent for rental of market and stalls will also **be extended** for a period of three (3) months up to December 2020. This assistance is expected to benefit more

than **10,000 hawkers** under the various Local Councils. A sum of **RM0.8 million** is allocated for this purpose.

**(v) Waiver of Permits and Licenses Fees**

We will continue to provide waiver of permits and licenses fees to traders, hawkers, night market traders, and *tamu* operations, to ease their financing burden and this initiative is amounting to **RM4.12 Million**.

**(vi) Waiver of Rentals to SMEs in Retail Sector Operating on Premises Owned by State GLCs and Statutory Bodies**

The **waiver of rentals** to SMEs in the retail sectors which are operating on premises owned by Government-Linked Companies (GLCs) such as Sarawak Economic Development Corporation (SEDC), Land Custody Development Authority (LCDA) and Bintulu Development Authority (BDA) will also be **extended** for a period of 3-months until December 2020, involving a sum of **RM1.0 million**.

**(vii) Assistance to e-hailing Driver and Instructor**

A **one-off cash assistance** of RM500 covering a period of 3-months until December 2020, will be given to **3,186 drivers and instructors**, involving a total sum of **RM1.59 million**.

Datuk Amar Speaker,

#### FINANCIAL PERFORMANCE OF THE STATE IN 2020

41. Now, I would like to update this august House on the **State financial performance in 2020**.

#### REVENUE, 2020

42. Taking into account the actual revenue collection as of 31<sup>st</sup> October 2020, the State is **anticipated** to collect a sum of **RM10.703 billion** this year including receipt of outstanding State Sales Tax (SST) on crude oil, liquefied natural gas and other petroleum products amounting to **RM2.957 billion** from Petronas.

43. Our efforts in expanding the State's revenue base via **imposition of the SST** has proven to be a **strategic move** by the State Government in **achieving the fiscal flexibility** its much needed to **strategize and manage**

its economic development agenda and financial affairs. This revenue source would also greatly assist to ease the State in facing current economic downturn and in combating impacts of COVID-19 pandemic.

## **EXPENDITURES, 2020**

### **Ordinary Expenditure**

44. The 2020 Ordinary Expenditure has been revised upwards from **RM9.694 billion** to **RM10.408 billion**, an increase of **RM714 million** or **7.4 percent**. This is mainly meant for **State Disaster Relief Fund** to cater for the special assistance to address the impact of COVID-19 Pandemic under **Sarawakku Sayang Special Aid Packages (BKSS)**.

45. As at 31<sup>st</sup> October 2020, an amount of **RM8.948 billion** of Ordinary Expenditure or 86 percent had been expended. Out of the total amount of Ordinary Expenditure expended during the period, **RM3.569 billion** was for Operating Expenditure, **RM4.8 billion** was meant for Development Expenditure while the balance of **RM578 million** was for State Disaster Relief Fund.

### **Development Expenditure**

46. The Development Expenditure for 2020 has also been revised upwards from **RM6.597 billion** to **RM7.386 billion**, an increase of **RM789 million** or about 12 percent. The revised Development Expenditure estimate has been approved by Dewan Undangan Negeri in its sitting in May 2020. Out of this amount, **RM3.834 billion** or 52 percent has been expended for the period ended 31<sup>st</sup> October 2020. The performance is affected by the **slowdown** in the activities due to MCO and COVID-19 mitigation measures. Nonetheless, the expenditure is expected to **increase further as development momentum on the ground continues to pick up** towards the end of the year.

Datuk Amar Speaker,

#### **GPS GOVERNMENT ACHIEVEMENTS**

47. Over the last three and a half years, the State government has been **rigorously and rapidly moving to deliver the promises made to the rakyat**. Since taking office and **continue the good work** of my predecessor, the late Yang Amat Berbahagia Pehin Sri Tan Sri (Dr.) Haji Adenan bin Haji Satem, my Administration has **enacted, introduced, and implemented** over hundred initiatives to fulfil these promises. **Promises Made. Promises Kept. "Janji Mestilah Ditepati"**.

48. Notwithstanding the facts that there are **obstacles** along the way caused by the outbreak of COVID-19 and subsequent shortage of labour on the ground, we will **persevere** and **remain focus** to secure a **brighter future** for Sarawak. Since these various people-oriented initiatives and achievements are too numerous for me to list down, suffice for me to highlight some of key ones as follows:

- (i) **Fighting** for and **safeguarding** Sarawak's rights, interest and status under the MA63;
- (ii) **Revenue reengineering** and diversifying Sarawak revenue base through imposition of sales tax;
- (iii) Implementing the **Sarawak Digital Economy Roadmap**;
- (iv) Establishing **Sarawak Multimedia Authority**, Sarawak Digital Economic Corporation, and CENTEX to drive digital economy transformation, talent and start up development;
- (v) Expanding **electrification** and **water supply** especially to **rural areas**;
- (vi) Protecting **people's rights** over ownership through recognition of native territorial domain;

- (vii) Establishing the **Sarawak TV** to introduce and promote Sarawak nationwide;
- (viii) **Financial aid** for Government-aided Schools (Chinese Medium and Mission School);
- (ix) **Modernizing** public transport; and
- (x) Setting up of **Sarawak coastal guard** to protect our shoreline.

49. This is what the **government for the people does** - protect **what matters most**, fulfil the people's aspirations and **plan ahead** for the future.

Datuk Amar Speaker,

#### **STRATEGIC APPROACH TOWARDS RECOVERY**

50. Given the on-going global recession with COVID-19 pandemic still very much ravaging worldwide, it makes the **task of managing** our economy even more **daunting** and **onerous**. This drives us **to relook** at our approach and review our strategic direction. In doing so, the focus shall be based on the following five (5) key objectives:

**First, we must strengthen our firewalls against these risks by ensuring our socio-economic stability and prudent fiscal management are at all-time achieved and sustained;**

**Second, we continue to support and rely on our domestic demand and local markets to cushion the slowdown in economy and this is crucial given the disruptions in the global supply chain;**

**Third, we must be agile and resourceful to continue formulating and designing resilient recovery policies and initiatives to “build back better” the economy for *rakyat* wellbeing and inclusiveness;**

**Fourth, we must exploit and optimise the use of digital technologies and create innovation ecosystem to drive our transformation efforts both in public and private sectors; and**

**Fifth, we need to give special emphasis on the development of green growth and green technologies towards sustainable environmental management and resources conservation.**

Datuk Amar Speaker,

## STATE BUDGET PROPOSAL FOR 2021

51. I would now like to table the 2021 State Budget proposal with the theme **“Reinvigorating the Economy towards a Resilient, Caring and Inclusive Society”**.

52. Year 2021 will mark the **first year** of the **12<sup>th</sup> Malaysia Plan (2021-2025)** implementation period. To achieve the **State’s aspiration** towards a **high-income economy by 2030**, the State development strategic **thrusts and directions** are being formulated to take into account the post-COVID-19 **Exit Economic Strategy 2030** that will encompass the forthcoming 12<sup>th</sup> Malaysia Plan.

53. The priority of my Administration is to provide **additional resources and assistance** including for the **vulnerable section** of our society, **speed up development** in both urban and rural areas as well as enhance provision of **infrastructure and utilities**. Therefore, the 2021 State Budget is framed across **eight (8) strategic thrusts** aimed at steering and reinvigorating the economy towards **recovery and sustainable**

**growth. This approach will enable us to build a resilient society, strengthen social inclusivity, and enhanced environmental sustainability.**

54. The eight (8) strategic thrusts anchoring the 2021 State Budget are:

- (i) Steering Economic Recovery;**
- (ii) Securing the People's Wellbeing;**
- (iii) Ensuring Food Security and Transformation of Agriculture Production;**
- (iv) Strengthening Social Security;**
- (v) Advancing Digital Economy;**
- (vi) Human Capital Development;**
- (vii) Promoting Environmental Sustainability; and**
- (viii) Enhancing Government Service Delivery.**

55. In taking this up, the 2021 State Budget will continue to be **expansionary budget aims to stimulate the State economic growth that was severely impacted by the COVID-19 pandemic while ensuring balance socio-economic development between urban and rural areas. The focus of the Budget will be:**

- (i) Development Biased Budget;**
- (ii) Rural Biased Budget;**

- (iii) **Paving Way for Economic Recovery; and**
- (iv) **Improving Sustainable Living.**

56. It is the **philosophy of the GPS Government** that in our continuous efforts to develop the State, **no one will be left behind. Every Sarawakians** no matter where they are, **should be able to reap and enjoy the fruits of development**, and it is the responsibility of my Administration to create an enabling environment for our people to do so. We fully commit ourselves to take care of Sarawak and protect Sarawak from unscrupulous elements, **"JAGA SARAWAK. INTU SARAWAK."**

**Datuk Amar Speaker,**

#### **REVENUE ESTIMATES, 2021**

57. The State revenue for year 2021 is projected at **RM10.012 billion**, comprises the following:

- (i) **Tax Revenue** totalling **RM4.742 billion** or 47 percent of the total expected revenue in 2021, consisting of the following:
  - (a) **RM3.687 billion from State Sales Tax**, of which **RM3.034 billion** from crude oil, liquefied natural gas and other

petroleum products; RM505 million from crude palm oil and crude palm kernel oil; RM80 million from lottery, RM58 million from aluminium products, while the remaining RM10 million from tyre;

- (b) **RM600 million from raw water royalty;**
- (c) **RM183 million expected from forestry royalty and RM144 million from timber premium;** and
- (d) **RM128 million from mining royalties, land rents and others.**

(ii) The **Non-Tax Revenue** is estimated at **RM4.994 billion** or about 50 percent, mainly derived from the following major sources:

- (a) **RM1.883 billion** from 5 percent cash **compensation** in lieu of oil and gas rights or royalty on oil and gas;
- (b) **RM1.8 billion from dividend income;**
- (c) **RM822 million from interest income;**
- (d) **RM250 million from land premium;**
- (e) **RM120 million from cash compensation** in lieu of import and excise duties on petroleum products; and
- (f) **RM119 million** from others, including licences, service fees, permits and rentals.

- (iii) **Non-Revenue Receipt**, which is expected to be **RM16 million**, mainly from forest liquidated damages, disposal of assets, and forest compounds; and
- (iv) **Federal Grants and Reimbursements** is expected to be at **RM260 million**.

Datuk Amar Speaker,

#### **ORDINARY EXPENDITURE, 2021**

58. Under the Ordinary Expenditure, a sum of **RM9.832 billion** is proposed for 2021. Out of this, **RM3.832 billion** is for operating expenditure while a sum of **RM6.0 billion** is proposed to be appropriated to **Development Fund Account** to finance the implementation of various development programmes and projects.

59. The proposed Operating Expenditure of **RM3.832 billion** in 2021 consists of the following:

- (i) **RM874 million** or 23 percent for **personnel emoluments**;
- (ii) **RM1.269 billion** or 33 percent for **supplies and services**;

- (iii) **RM1.295 billion** or 34 percent for **grants and fixed payments** which includes operating grants to Statutory Bodies and Local Authorities, servicing of public debts and payments of gratuities, pensions, scholarships including financial and welfare assistance under BKSS;
- (iv) **RM73 million** for the **procurement of assets**; and
- (v) **RM321 million** for other **operating expenses**.

#### **DEVELOPMENT EXPENDITURE, 2021**

60. A sum of **RM6.304 billion** is proposed under the Development Expenditure Estimates for 2021 to finance various programmes and projects. This estimate has taken into consideration amongst others:

- (i) **Commitment** to complete the implementation of the on-going projects from the 11<sup>th</sup> Malaysia Plan;
- (ii) **Capacity** to implement projects during the year; and
- (iii) Implementation of **catalytic, high impact, and people-centric projects**.

#### **BUDGET SURPLUS, 2021**

61. I am pleased to inform this august House that, with the estimated revenue of **RM10.012 billion** and a total proposed Ordinary Expenditure of **RM9.832 billion**, the proposed 2021 Budget is expected to **generate a surplus of RM180 million**.

### **STATE ALTERNATIVE FUNDING INITIATIVES**

62. As the State aspires to attain high-income economy by 2030, substantial amount of funding is required to spur the growth of the State economy. Apart from diversifying our revenue resources through revenue reengineering, we will continue to leverage on State Alternative Funding Initiatives to complement the State development budget. This is necessary to fund major infrastructure projects such as roads and bridges; provision of water and electricity supplies; telecommunication and digital economy projects.

**Datuk Amar Speaker,**

### **STRATEGIC THRUSTS AND INITIATIVES UNDER 2021 BUDGET**

63. Various **immediate and multipronged measures** have been introduced while **more robust medium and long terms measures** will be implemented to address the **economic and social challenges** brought

about by the pandemic, paving way for **economic recovery in 2021** and beyond.

**Datuk Amar Speaker,**

## **STRATEGIC THRUST ONE: STEERING ECONOMIC RECOVERY**

### **Strategic Initiative No. 1: Development and Rural Biased Budget**

64. The 2021 State Budget will continue to be a **development biased budget**, which focuses on **people centric projects** aims at **accelerating the economic activities** of which, **RM6.304 billion** or 62 percent of State Budget will be allocated for development expenditure.

65. The State will continue to **hasten the development in rural areas** in order to **bridge the development gap** between the urban and rural areas. For this purpose, a sum of **RM4.251 billion** or 67 percent of the total development expenditure will be set aside for the implementation of programmes and projects in the rural areas, while the remaining **RM2.053 billion** or 33 percent is for urban areas.

66. I shall now highlight **specific initiatives**, projects, and programs which would have a **transformative impact** on our economy and **the lives**

and welfare of our people. Among the projects, including those funded under State Alternative Funding Initiatives, are as follows:

- (i) RM1.152 billion for **Coastal Road Network**;
- (ii) RM1.687 billion for various projects under **RECODA**;
- (iii) RM494 million for **Second Trunk Road**;
- (v) RM792 million for projects under **Integrated Regional Samarahan Development Agency (IRSDA)**;
- (vi) RM430 million for construction of the **Lawas/Limbang Road**;
- (vii) RM500 million for implementation of **Projek Rakyat**;
- (viii) RM400 million for **Rural Transformation Projects (RTP)**; and
- (ix) RM235 million for **Minor Rural Projects (MRP)**.

67. The implementation of all these projects would enable the *rakyat* to enjoy better public amenities and infrastructures that would ultimately help to improve their standard of living. Furthermore, these projects create multiplier effects to the local economy, generating thousands of job opportunities for the local folks, and boosting the constructions and service sectors.

## **Strategic Initiative No. 2: Improving Connectivity and Accessibility**

68. **Connectivity and accessibility** are **two critical** elements to spur economic growth and development. **Improving connectivity and accessibility** means more roads, bridges, water and air transport would need to be put in place **to create economic vibrancy** in the surrounding areas, improving liveability and mobility of local communities, as well as creating business and employment opportunities. A total sum of **RM5.939 billion** will be allocated next year, both via **State Budget** and **State Alternative Funding Initiatives**, to implement various projects under the Transport sub-sector such as roads and bridges, ports, airport and other mode of transport.

(I) **Major Roads and Bridges Projects**

69. Road infrastructure development including bridges has always been **given a priority** by the State Government as we strive to connect all areas in Sarawak. Under the 2021 State Budget, a total sum of **RM1.273 billion** will be provided for the implementation of various roads and bridges projects such as:

- (i) **Upgrading** of Five (5) Roundabouts Along Kuching-Samarahan Expressway;
- (ii) **Proposed Construction** of Road from Kampung Bako to Kampung Buntal, Kuching;

- (iii) **Proposed** Jalan Nanga Ibau/ Ulu Sg. Ibau, Kapit;
- (iv) **Proposed** Jalan Sg. Bidut/Kpg Tutus/ Kpg Sebedil/ Kpg Bungan Kecil, Sibuh;
- (v) **Proposed** Road to Rumah Panjang Nicholas Anak Sandom, Sungai Sigu Pandan, Sebauh, Bintulu;
- (vi) **Proposed** Marudi Bridge Over Batang Baram, Miri;
- (vii) **Proposed** Sg. Limbang Bridge, Sg. Bunut No.2 Bridge and connecting roads, Limbang;
- (viii) **Construction** of Rantau Panjang/Rassau Road, Batang Igan Phase 1, Mukah;
- (ix) **Proposed** Nanga Kesit – Ulu Lemanak-Engkari Road, Lubok Antu, Sri Aman; and
- (x) Jalan Tanjung Manis, Sibuh Sebena dan Ilas, Sarikei.

70. On top of this, the State Government is **vigorously implementing** a number of **high impact projects** such as Coastal Road Network and Second Trunk Road projects.

## (II) **Port Development**

71. As the **landscape** of the shipping industry is **ever-changing**, the safety of the access channel to our State ports is essential in meeting our future logistic demand. In this regard, the installation of Aids to

Navigations or AtoNs for the Batang Rajang Access Channel to Tanjung Manis Port will be provided with an allocation of **RM25.0 million** for continuation and completion of the project in 2021. AtoNs are basic infrastructure that will **enhance the navigational safety and security** of our Sarawak Ports.

(III) **Seamless Transportation**

72. Transport infrastructure acts as a **key enabler** to ensure **seamless mobility and connectivity** to all growth areas in the State. Thus, the State Integrated Transportation Master Plan up to 2050 will be formulated to chart the policy directions, plan, strategies and initiatives for the sector.

73. One of the major initiatives is the development of **Kuching Urban Transport System** or KUTS for **Autonomous Rapid Transit (ART)** to address traffic congestion in Kuching–Samarahan areas and at the same time **promote efficient and sustainable transport system**. For this purpose, a sum of **RM384.0 million** will be allocated next year for its implementation.

**Datuk Amar Speaker,**

### **Strategic Initiative No. 3: Intensifying State Industrialization Programme**

74. The State will continue to place **greater emphasis** on securing more **quality investments** both **foreign and domestic** as well as **enhancing** trade by **penetrating global markets** to boost up economic growth.

75. Efforts to **diversify** our industrial sector will be **intensified** through **deepening and strengthening the value chains** in oil and gas, energy intensive, high-tech, food, and shipbuilding, alongside the traditional timber-based, oil palm-based, and other manufacturing activities.

76. Under the 2021 Budget, a sum of **RM140.3 million** will be provided to implement the following initiatives:

**(I) Industrial Estates**

77. The State Government will continue to develop **industrial parks** and **business premises** to attract both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI). In this regard, a sum of **RM88.3 million** will be provided to implement, among others the following projects:

**(i) Expansion of Demak Laut Industrial Park;**

- (ii) **Samalaju SME Cluster**; and
- (iii) **Industrial Estate** in Sibu, Sematan, Betong, Sri Aman, Bau, Marudi, and Rantau Panjang, Sibu.

**(II) Entrepreneurship Development Programmes**

78. The State Government fully recognises the difficulties and challenges faced by our entrepreneurs especially those from the small, medium and micro enterprises. In tandem with this, the State Government has implemented various initiatives which include the following:

**(a) Innovation Hubs**

79. Currently, there are seven (7) operating innovation hubs that provide mentorship, support, guidance, and innovation-focused entrepreneurial programs to Sarawakians start-ups and SMEs across the State. These facilities have benefitted more than 50,000 entrepreneurs and innovators, from students to adults. This initiative would require a sum of RM18.0 million.

**(b) SME and Other Entrepreneurship Programmes**

80. The State Government will **continue to encourage** more people to venture into business activities as this will not only help to uplift their socio-economic wellbeing but also spur the growth of the local economy. With an allocation of **RM11.0 million** in 2020, various entrepreneurship programmes are being implemented that benefit more than **12,500 entrepreneurs**.

81. The State Government will also implement **SME Digitalization Packages** to assist the local enterprises to become more competitive, while operating in the “new normal” and today’s challenging business environment. A total of **RM10.0 million** is proposed next year for the implementation of the program that will benefit more than **1,000 entrepreneurs**.

(c) **Anjung Usahawan**

82. Apart from the entrepreneurship skill programme, the State also continues to construct **new Anjung Usahawan** in other part of Sarawak including Telok Melano in Lundu, Gedong, Limbang and Lawas. Anjung Usahawan is a **one-stop centre** that serves as a platform for budding entrepreneurs to develop and thrive. A sum of **RM19.2 million** will be provided next year for this purpose.

**(d) Supporting the Recovery of Businesses and SMEs**

83. In facilitating the recovery of businesses and SMEs that have been severely hit by the pandemic, the following measures will be continued to be implemented:

- (i) **Sarawak Micro Credit Scheme** that will provide financial assistance to entrepreneurs for their business expansion and diversification. This initiative has been implemented beginning this year with an allocation of **RM37.0 million**. Under the 2021 Budget, another **RM50.0 million** will be provided for this scheme.
  
- (ii) **Special Relief Fund (Interest Subsidy)** scheme where the SMEs will enjoy interest free loans over three and a half years. This year, a sum of **RM17.3 million** is expected to be disbursed to the participating banks while under the 2021 Budget, **RM19.0 million** will be allocated. This scheme is

expected to benefit more than 40,000 SMEs throughout Sarawak.

- (iii) **Deferment of Loan Repayment for *Skim Pinjaman Industri Kecil dan Sederhana* (SPIKS)** has also been implemented to ease the SMEs cash flow and lessen their financial burden. This measure will benefit **144 borrowers of SPIKS.**

**Datuk Amar Speaker,**

#### **Strategic Initiative No. 4: Accelerating SCORE Development**

84. With the formation of the **three Development Agencies** under RECODA namely Upper Rajang Development Agency (**URDA**), Highland Development Agency (**HDA**) and Northern Region Development Agency (**NRDA**), the State Government has approved the implementation of over **250 infrastructure and socio-economic projects** including roads and bridges, water and electricity supplies, improvement and repair of dilapidated schools.

85. To date, **eighty-six (86) projects** amounting to RM1.7 billion have been awarded while the remaining projects worth RM2.8 billion will soon be awarded. Hence, to meet the **contractual obligations** next year, a sum of **RM1.687 billion** will be required.

**Datuk Amar Speaker,**

#### **Strategic Initiative No. 5: Boosting Tourism Sector**

86. Over the last ten years, the State tourism industry **has grown significantly** both in terms of visitor arrivals as well as its **contribution to the growth** of the State economy. However, the COVID-19 pandemic coupled with the movement restriction has caused a sharp decline in travel and leisure activities.

87. The State will continue to **provide allocation** to develop new tourism attractions and upgrade the existing ones which are as follows:

- (i) **Sarawak Culture Museum** in Kuching;
- (ii) **Santubong Archaeological Park** and **Wallace Centre**;
- (iii) **Cascading Waterfall** at Fort Margherita;
- (iv) **Upgrading of Wind Caves** and **Fairy Caves**;

- (v) Upgrading of **forts** including Fort Emma, Fort Lily, Fort Brooke, Fort Sylvia etc;
- (vi) Transformation of **Brooke Dockyard into Maritime Museum**;
- (vii) **Performing Arts Centre at Old DUN Building**; and
- (viii) **Sadong Jaya Mangrove Tourism**.

88. Under the 2021 Budget, a total sum of **RM252.0 million** will be allocated to Ministry of Tourism, Art and Culture to carry out various tourism programmes including marketing and promotion, bidding for business events, festivals and events as well as tourism infrastructure development.

**Datuk Amar Speaker,**

## **STRATEGIC THRUST TWO: SECURING THE PEOPLE'S WELLBEING**

### **Strategic Initiative No. 1: Creating a Liveable Environment**

#### **(i) Providing Affordable Housing**

89. The State Government is committed to **provide shelter and improve the well-being** of the *rakyat* through provision of **quality and affordable houses** with well-developed amenities. A sum of **RM93.0**

million will be provided under this Budget for the implementation of various **affordable housing** projects which include **Rumah Mampu Milik** at Darul Hana, Kuching and **Rumah Spektra Permata** in Kuching, Sibul, Mukah, Betong and Miri.

**(II) Kampung Extension and Resettlement Schemes**

90. **Kampung Extension and Resettlement Schemes** were introduced to **relieve congestion** in the existing settlements or traditional kampungs by providing well planned residential lots with infrastructure to households from low income group. For 2021, a sum of **RM36.5 million** will be allocated under this Budget to continue with this noble initiative as part of the **GPS Government continuous effort** in poverty alleviation and **uplifting livelihood of the rakyat**.

**(III) End Financing for Affordable Housing and Longhouses**

91. To address the **end-financing problem** faced by house buyers from **low-income (B40)** and **middle income (M40)** groups, Mutiara Mortgage and Credit Sdn. Bhd. (**Mutiara Mortgage**) has been established

to provide soft loans to eligible house buyers. Currently, the loan is confined to public housing projects implemented by HDC. To date, Mutiara Mortgage has disbursed a total of RM37.0 million to **865 successful applicants**. For 2021, a sum of **RM50.0 million** will be made available by Mutiara Mortgage for this purpose.

92. Apart from that, the State Government is also implementing **Longhouse Loan Scheme**, where an **interest free loan** is given to the longhouse dwellers for repair of their units or building new longhouses. In 2020, the State Government had allocated a sum of **RM50.0 million** which benefit 1,667 longhouse dwellers. This scheme will be continued next year with an additional allocation of **RM50.0 million**.

**(IV) Program Pembaikan Rumah Rakyat Miskin Sarawak (MRP-PPRMS)**

93. This programme was introduced in 2018, aimed at assisting the **B40 group to repair their dilapidated houses** to enable them to have a decent home. For 2021, a sum of **RM80.0 million** will be allocated for continuation of this programme.

**(V) Sarawak Rental Assistance Scheme**

94. To assist working low income group in reducing cost of living and mitigate urban poverty especially in urban areas, my Administration will introduce a new Scheme called **Sarawak Rental Assistance Scheme** next year. Under this scheme, eligible applicant from the **low-income group** will receive a rental assistance of **RM200 per month** for up to a maximum period of 36 months or 3 years. A sum of **RM48.0 million** will be set aside under this Budget that will benefit about **20,000 eligible households**.

#### **(VI) Urban Renewal Programme**

95. In our efforts to address urban related issues and overcome overcrowded settlement, the State Government has been implementing urban renewal programmes. For 2021, an allocation of **RM390.0 million** will be provided for the implementation of urban renewal projects which include:

- (i) **Darul Hana Redevelopment Project;**
- (ii) **Sungai Bedaun Redevelopment Project;**
- (iii) **Kampung Tabuan Melayu Redevelopment Project;**
- (iv) **Infrastructure works at Kemuyang Sibul;**
- (v) **Infrastructure works at Kampung Jepak, Bintulu;**

- (vi) Infrastructure works at **Kampung Baru, Samarahan;**
- (vii) Infrastructure works at **Kampung Segedup/Maong, Kuching;** and
- (viii) Infrastructure works at **Kampung Spaoh, Betong.**

**(VII) Kuching City Local Plan 2030 Study**

96. The Government is undertaking the Kuching City Local Plan 2030 Study that will provide an overall physical land use development direction through zoning plan and use-class order as a guide for a holistic and sustainable urban development for the city. A sum of **RM2.0 million** will be allocated next year for this purpose.

**Datuk Amar Speaker,**

**Strategic Initiative No. 2: Expanding Coverage of Treated Water Supply and Electricity Supply**

**(I) Water Supply Programme**

97. Expanding the coverage of treated water supply has always been the top priority of the State Government to accelerate development in the rural areas. Efforts to provide reliable, efficient, resilient, safe, and sustainable water supply will be intensified with the implementation of various projects such as:

- (i) Pipeline for Darul Hana Project;
- (ii) Upgrading of Berawan Water Treatment Plant;
- (iii) High Level Tank at Balai Ruai, Saratok;
- (iv) Long Lama Water Supply (Phase III); and
- (v) Suai Water Treatment Plant Raw Water Intake.

98. For this purpose, a sum of **RM85.275 million** will be provided under this Budget.

99. Another initiative is the implementation of **Sarawak Water Supply Grid Programme for Stressed Areas** of which a sum of **RM1.710 billion** will be provided under the State Alternative Funding Initiatives in 2021.

(II) **Electricity Supply Programme**

100. The **State Government's goal is to light up all corners of Sarawak** with various electricity programmes are being implemented to **resolve immediate issues of service delivery and coverage**. In this connection, a sum of **RM1.398 billion** will be provided next year for **Rural Electrification Scheme (RES)** under the State Alternative Funding Initiatives.

101. Assistance is also given to the **rural community for connection of electricity to their houses via Additional Late Applicant Funds (ALAF) and Assisted Wiring Scheme (AWS)**. As I have announced last year in my Budget speech, the urban households will also be assisted for connection of electricity to their houses via **Connection Charges Government Financial Assistance (CCGFA)**. This programme will be continued next year with an allocation of **RM2.3 million** under this Budget.

Datuk Amar Speaker,

### **STRATEGIC THRUST THREE:**

#### **ENSURING FOOD SECURITY AND TRANSFORMATION OF AGRICULTURE PRODUCTION**

##### **Strategic Initiative No. 1: Agriculture Transformation**

102. We **aspire to develop the State agriculture sector into a technology-driven and competitive sector, ensuring food security and safety, and creating wealth for our farming community**. In this regard, a

sum of **RM1.123 billion** will be allocated next year to implement various programmes such as:

- (i) Establishment of **Agro-Park** at Sg. Baji, Sarikei and Sadong Jaya, Samarahan;
- (ii) Establishment of **Agro-based Industry Incubator** at Southern and Northern Regions;
- (iii) Establishment of **Pig Farming Area** in Simunjan, Selangau and Samarakan;
  
- (iv) **Agrofood Development Programme**;
- (v) **Commodity crops Development Programme**; and
- (vi) **Drainage and Irrigation projects.**

## **Strategic Initiative 2: Food Security**

103. Efforts will be **intensified** to increase the **self-sufficient level** of rice from 51 percent to 70 percent by 2030 through **upgrading and rehabilitating** of drainage and irrigation. This is necessary to enable **farm mechanization, precision farming practices, and to plant paddy** for two (2) seasons a year that will boost paddy production and productivity.

104. **To increase the supply of beef, buffalo and goat meat to meet the growing domestic demand, a sum of RM13.5 million will be allocated in 2021 State Budget to procure cattle, buffalo and goat breeder stocks to strengthen the ruminant integration with oil palm plantations programme towards achieving a target of producing 150,000 heads of cattle by 2025.**

### **Strategic Initiative 3: Growing Rural Economy**

#### **(i) Agriculture Facilitation Fund (AFF)**

105. **The programme was introduced this year to finance various income diversification initiatives, provision of equipment and infrastructure support and other agriculture-related activities. It is providing facilitation fund as an incentive to rural entrepreneurs, small holders and farmers for their involvement in agriculture projects. To date, a sum of RM265 million has been allocated for the programme and its implementation will be continued next year.**

**(II) Rural Growth Centres**

106. To create **economic vibrancy** in the rural areas, infrastructure development will continue to be carried out. In this connection, a total sum of **RM41.3 million** will be allocated under this Budget for the completion of infrastructure projects at **Rural Growth Centres** in Opar, Beladin, and Semop.

**(III) Special Assistance Scheme to Fishermen and Farmers**

107. As a Government that gives **top priority** to the **welfare of the rakyat** and **empathise with their plight**, we have made available a sum of **RM29.0 million** in 2021 to assist fishermen **in cushioning the impact of inactivity** during *landas* season.

108. We have also decided to extend the assistance to farmers in Sarawak who are involved in the **cultivation of oil palm and pepper commodity** on a **small-scale farm**. We understand that their **livelihood** has been **adversely affected** in recent months due to commodities' price

fluctuation compounded by the rising cost of fertilisers and agro-chemicals as these commodities are their major source of income. A sum of **RM60.0 million** will be provided in this Budget that is expected to **benefit 75,000 farmers**.

**(IV) Sarawak Reef Ball Project**

109. The Sarawak Reef Ball project is another initiative undertaken by the State Government to **increase the income** of the local fisherman. This project involved deployment of 16,800 units Reef Ball along approximately 1,000 km coastal waters of Sarawak stretching from Tanjung Datu from Sematan District to Lawas. By end of 2020, a total of 9,300 units Reef Ball will be deployed while the remaining 7,500 units will be deployed next year involving a sum of **RM23.0 million**.

**Datuk Amar Speaker,**

**STRATEGIC THRUST FOUR: STRENGTHENING SOCIAL SECURITY**

110. In the efforts to **ensure sustainable social protection** for the rakyat especially the **vulnerable groups**, the State Government will continue to strengthen its social protection programmes through the

implementation of the various initiatives. For 2021, the State Government shall implement new initiatives as follows:

**(I) Suri Voluntary Contribution Incentive Scheme or i-SURI**

111. This initiative is to provide a **financial safety net** to **housewives, single mothers and single women** at the age below 60 and registered in the e-Kasih system. i-Suri members will be entitled for an **annual grant** from the Federal Government amounting to RM480.00. Apart from this, they will also **entitle** to receive annual dividend, disabilities assistance and death benefit.

112. Under this Scheme, the State Government will assist the eligible recipient to contribute RM60.00 annually to each EPF i-Suri account. For this purpose, a sum of **RM4.2 million** will be set aside in 2021 State Budget that will **benefit 70,000 housewives**.

**(II) Low Income Household Empowering Programme (e-Life)**

113. This programme will be introduced in 2021 to **empower** the poor to increase their income through **small business ventures** by providing starter kits and materials as well as entrepreneurship skills. The target group includes the poor and welfare recipients or family members

to enable them to be financially independent. In 2021, an allocation of **RM10.0 million** will be provided to implement this programme.

**(III) State Health Insurance for e-Kasih Recipient**

114. This initiative will provide **health insurance coverage** for Sarawakians aged 18 years and below from e-Kasih household members who are not covered under MySalam scheme of the Federal Government. This initiative will provide **equal opportunities** to all low-income households to enjoy quality healthcare service without incurring high out-of-pocket healthcare expenses. A sum of RM400.00 per year for primary healthcare will be given to about **12,500 eligible recipients** next year. A sum of **RM5.0 million** will be allocated for the scheme under this Budget.

115. On the top of these, the State Government will continue implementing the following on-going initiatives. Among them are:

- (i) **Annual Welfare Assistance of RM57.0 million** for various welfare aids such as Bantuan Am, Bantuan Orang Kelainan Upaya (OKU) and Bantuan Warga Emas;

- (ii) **Endowment Fund Sarawak (EFS)** of **RM26.0 million** that will benefit about **26,000 Sarawakian new-borns**;
- (iii) **Post-Natal Care Assistance** of **RM16.0 million** that will benefit about **36,000 mothers**;
- (iv) **Free School Bus Programme** of **RM2.6 million** for extension of the services to other major towns such as Sibu, Bintulu and Miri;
- (v) Operating grant of **RM1.71 million** for the operation of **One-Stop Early Intervention Centre (OSEIC)** that will provide diagnosis, intervention and support services to children with **special needs** such as autism, down syndrome and learning disabilities aged below 7 years old;
- (vi) **Haemodialysis Assistance** of **RM3.24 million** for Sarawakian kidney patient who need treatment for Haemodialysis, Continuous Ambulatory Peritoneal Dialysis (CAPD) and Transplant;

(vii) **Kenyalang Gold Card** of **RM12.0 million** to assist local senior citizens aged 60 and above. This initiative provides facilities in the form of discounts, rebates and other facilities from various organizations and commercial entities. Besides that, the eligible KGC holders will also entitle for **Compassionate Allowances (Bantuan Ehsan Kematian)** of **RM3,000**; and

(viii) **Fire Relief Assistance (Bantuan Wang Ehsan Kebakaran)** of **RM55.0 million** to fire victims as **financial assistance** to repair and rebuild burnt houses which is not covered by fire insurance.

Datuk Amar Speaker,

**STRATEGIC THRUST FIVE: ADVANCING DIGITAL ECONOMY**

116. The State Government is committed to **spearhead the Digital Economy Initiatives to optimize the potential of digital technology and digitalization to leapfrog the State towards a high-income economy by 2030**. The initiatives will continue to be implemented next year with an allocation of **RM540.0 million**.

### **Strategic Initiative 1: Digital Connectivity**

117. In **accelerating digitization** of the economy, provision of good digital infrastructure is **critical** to boost the growth in businesses, creating **greater economic opportunities, opening up the local economy as well as strengthening digital connection** with the rest of the world. The initiatives, among others are:

- (i) **Enhancing Digital Connectivity in the Rural Areas** by providing **free internet connection** via SarawakNet infrastructure – VSAT technology, with a capacity between 20Mbps to 30Mbps bandwidth per site with an allocation of **RM16.5 million**; and
- (ii) **Construction of Telecommunication Towers** throughout Sarawak particularly in the remote areas. To date, 300

towers have been constructed and at various stages of implementation while another 300 towers will kick start next year.

## **Strategic Initiative 2 : Embarking on Smart Technology**

118. The State Government will **aggressively embark on smart technologies** that will allow **full exploitation** of the digital revolution while **minimizing job dislocation**. Among the initiatives being planned and implemented are:

- (i) **Smart Agriculture.** Based on the encouraging success of the **Taman Kekal Pengeluaran Makanan Rampangi**, the State Government will replicate the IoT technologies to other agriculture stations such as Agriculture Research Centre, Agriculture Institute, Northern Region Agriculture Research Centre Kubuloh, ATC Oya and ATC Kubong.
  
- (ii) **Sarawak Pay Fintech.** The **Sarawak Pay e-wallet** has become a mainstream mode of payment in Sarawak with registered users of **more than 453,000** in 2020. During the COVID-19 pandemic, financial assistance to about **65,000 hawkers and**

**petty traders** was paid through Sarawak Pay. The usage of Sarawak Pay services will be extended to enable users to have more choices that include implementation of smart parking platform, Telecommunication Reload Services, Digital Banking like Micro-Financing (B2B Payment) and Interoperable with affiliated partner e-Wallet.

(iii) **Sarawak Integrated Operation Centre (SIOC)**. The State Government will also be embarking on the implementation of SIOC which is envisaged as the **brain of a Smart City** that links **smart applications and systems to support decision-making**. SIOC will enable Central agencies to monitor any situation in real time, give accurate and timely inputs, getting reports and feedbacks from the public regarding incidents, outbreak, disaster, complaints, etc. The project which has commenced this year will be implemented in phases.

(iv) **Smart Traffic Light**. The State Government is also embarking on **Smart Traffic Light** aims to **reduce traffic congestion and travel time**, increase road safety and provide data for further transportation improvement. The upgrading of

the existing 42 traffic light junctions in Kuching has shown reduction of time travel by at least 15 percent. This programme will be continued to equip other major cities in Sarawak with similar system.

Datuk Amar Speaker,

### **STRATEGIC THRUST SIX: HUMAN CAPITAL DEVELOPMENT**

119. Our education and human capital development strategies must be able to produce talented and agile workforce that are capable of driving the State's vision and generate economic prosperity. The key initiatives that contribute significantly to the enhancement of quality of education in the State, among others are:

#### **(i) Safe and Conducive Teaching and Learning Environment**

120. The State Government is committed to address the issue of dilapidated schools as part of the State education agenda. With the RM1.0 billion allocation, more than 140 schools will be upgraded or rebuilt. In addition, the State Government will also provide funding amounting to **RM83.3 million** for the construction and completion of SK

Agama Kuching No.2, SK Ulu Segan, Bintulu, SK Maludam Betong, SK Merpati Jepang, SK Pulo, Kuching and SK Penasu, Daro, Mukah.

121. Apart from the school construction, the State will also allocate **RM10.0 million** under this Budget to provide reliable electricity from public grid to 110 schools in the rural areas.

## (II) Enhancing Quality of Education

122. As a strategic effort to enhance the scientific and technological capability of our students in future, we have embarked on teaching of Mathematics and Science subjects in English in all Government schools in Sarawak. Under this initiative, the State Government has allocated a sum of **RM5.2 million** this year to provide 1,265 primary schools in the State with STEM resources in English. For next year, another **RM15.0 million** will be provided for continuation of this programme.

123. For furtherance of studies at renowned universities, the State through Yayasan Sarawak provides assistance to qualified students to study in the four (4) top Universities namely Cambridge University, London School of Economics, Oxford University and Stanford University.

### **(III) Early Childhood Development**

124. The State Government recognizes early education is **vital for mental and physical development** of our children. In this regard, we will continue with the implementation of **Early Childhood and Care Institutions Programme** with an allocation of **RM16.0 million** to be provided in 2021.

125. On top of this, a sum of **RM18.0 million** will be provided in 2021 for the operation of the **86 kindergartens and childcare centres** under Sedidik Sdn Bhd.

### **(IV) Sarawak Science Centre**

126. The State Government has embarked on the establishment of **Sarawak Science Centre** that will **further enhance the State human capital development**. This centre will provide an avenue for public engagement among students, teachers, and the public at large towards creating greater interest in STEM. The preliminary works for the project has

started this year and the construction is expected to commence next year.

**(VI) Sarawak International School**

127. Sarawak first International school will be located at 12<sup>th</sup> Mile, Jalan Kuching-Serian which will begin construction in 2021. The school will incorporate the Cambridge's International General Certificate of Secondary Education (IGCSE) and targeting the students from the B40 and M40 groups. A sum of **RM20.0 million** is proposed next year to kick starts the implementation of the project.

**(VII) School Voucher for Tuition Fees**

128. In tandem with the Government's objective **to create greater pool of high-performance students** including those from low-income group, I am pleased to announce that the State Government will provide **RM10.0 million** next year in the form of school vouchers to assist in funding the students' tuition fees. The assistance is **up to a maximum of RM150 per month or RM1,800 per year per secondary student**. This

initiative is expected to benefit about **5,600 secondary students** and will be coordinated by Yayasan Sarawak.

## **(VIII) Enhancing Quality of Human Capital**

129. Human capital enhancement is **important** as it acts as the **main catalyst** for the State to continue to develop in line with the notion of Industry 4.0. Numerous skill development programmes are being introduced to **empower locals** so that they can **contribute more** to the growth of the economy and **ultimately improve** their socio-economic status. The programmes include:

- (i) **Digital Talent** that focuses on **enhancing development of digital talent** among our **young workforce**. This programme will provide **opportunities** to the jobseekers; especially those affected by the global pandemic, to upskill, reskill and retool themselves with digital skills. This will be carried out by **Sarawak Digital Economy Corporation (SDEC)** and **CENTEX**.

(ii) **Graduates Enhancement Training Sarawak (GETS) 4.0 Programme.** This is a 12-months on-the-job training internship for graduates to acquire industry-relevant skills and enhance employability. An allocation of RM7.6 million will be provided next year and will benefit about 400 graduates.

(iii) **Greater Promotion of Technical and Vocational Education.** The State Government will intensify effort to develop highly trained technical workforce to meet the demand from the industries such as oil and gas, electrical and mechanical industries and many more. Under the 11<sup>th</sup> Malaysia Plan, the State has allocated RM261.0 million to enhance as well as establish new branches of CENTEXS namely in Kuching, Lundu, Betong, Dalat and Lawas. This effort will be continued where a sum of RM67.0 million will be made available next year.

Datuk Amar Speaker,

**STRATEGIC THRUST SEVEN: PROMOTING ENVIRONMENTAL SUSTAINABILITY**

130. The State Government will continue its effort in **strengthening sustainable forest management practices** in the State. Towards this, **RM13.62 million** will be allocated next year for the implementation of various projects such as follows:

- (i) Forest Landscape Restoration Programme throughout Sarawak;
- (ii) Establishment of Centre of Excellence for Planted Forest R&D;
- (iii) Establishment of Semenggoh Rainforest Discovery Center;  
and
- (iv) Research for Intensified Management of Bio-Rich Areas (RIMBA) of Sarawak.

**Datuk Amar Speaker,**

#### **STRATEGIC THRUST EIGHT: ENHANCING GOVERNMENT SERVICE DELIVERY**

##### **Strategic Initiative 1: Service Sarawak - One Government at Your Service, Anytime and Anywhere**

131. The State Government has in 2018, implemented Service Sarawak to realise the concept of **"One Government at Your Service, Anytime & Anywhere"**. To-date, we have operationalized Service Sarawak

Centre at UTC Kuching, Sibul and Miri where more than **700,000** customers had been served. **Service Sarawak Centre** will be expanded in Sri Aman and Serian Divisions and expected to be operationalized by the middle of 2021.

### **Strategic Initiative 2: Enhancement of Government ICT**

132. Efforts towards **providing excellent service delivery** will also be intensively pursued through **digitalization and system enhancement** of which **RM7.1 million** will be allocated in 2021 for the continuation of Government digitalization projects.

### **Strategic Initiative 3: Capacity Building of the State Civil Service**

133. The State Government will continue its efforts on **Leadership Development Programme** to enhance talent development in the State Civil Service to **help cultivate shared values and high-performance culture** amongst civil servants and harness their skills to **deliver excellent services**. Thus, a sum of **RM4.7 million** will be provided in this Budget to undertake this initiative.

Datuk Amar Speaker,

### **REVENUE RE-ENGINEERING**

134. The State Government will continue to **expand and diversify** the State revenue stream through **revenue re-engineering**. This effort is even **more crucial amidst** the current economic slowdown, where the bulk of our revenue comes from commodity-based source. One of the measures under this exercise is **to review** the rate of rental for renting of State Government properties.

Datuk Amar Speaker,

### **FEDERAL FUNDING**

135. I would like to take this opportunity to thank the Federal government for allocating a sum of **RM4.5 billion** in the 2021 Federal Budget to the State, among others, to improve infrastructure, health and education facilities, and for Native Customary Rights land perimeter survey. This allocation will help us to further accelerate the development in Sarawak.

Datuk Amar Speaker,

## **FINANCIAL PRUDENCE**

136. I am honoured to mention here that the State's 2019 financial account has earned the State a Clean Bill of Health for the 18<sup>th</sup> consecutive years. This is a clear indication of the State continuous sound financial management in exercising financial prudence and discipline at all levels.

137. However, we must not be complacent. We must look ahead and plan well. We have the sacred responsibility to spend prudently and wisely for the benefits and welfare of the *rakyat*. With these in mind, I urge all Controlling Officers of the various Ministries, Agencies, Statutory Bodies and Local Authorities to continue adopting and exercising good governance and practices, responsible financial management and on top of all these, inculcate integrity in our everyday life.

138. The State Government would prioritize the implementation of development programmes and public investments as to ensure the development agenda is met and the benefits are enjoyed by the *rakyat*. As such, my Administration is always emphasizing on the need to ensure

**“value for money” and prioritize spending that will warrant savings and cost optimization through the adoption of Value Management Framework in the planning and implementation of development projects.**

**Datuk Amar Speaker,**

## **CONCLUSION**

139. In spite of the criticism made against my Administration by certain irresponsible quarters that Sarawak will be bankrupt in three years' time, the GPS Government has shown that we have been able to **manage our financial resources prudently and even increase our revenue.** While I accept criticism as part of democracy, it cannot be based on **wild and baseless allegations,** as sooner or later, the people will know. **And, the truth will prevail.**

140. Therefore, we **will not waver in our efforts and continue to work hard for the people and the State.** We will always find **ways and**

means to resolve any challenges in the course of performing our duties. The establishment of the **State Development Coordination Committee Meeting (SDCCM)** of which I personally chair is one of the steps to address and solve problems involving projects on the ground.

141. Come what may, we **will defend this Government with every strength that we have, defend it for the people and for the love of our State. Only GPS led Government would fully comprehend the need and aspiration of our people.**

142. This is what **our struggle is all about**, a Government which all Sarawakians **can rely on**. In whatever situation, and more so in this COVID-19 trying period, my colleagues and **I will continue** with the State's development agenda and **give priority** to the **wellbeing of the rakyat**. This Budget, together with all the rest of the initiatives that we have undertaken is a **reflection of our commitment**.

**Datuk Amar Speaker,**

143. I would like to place on record our **immense debt and gratitude** to those who have **sacrificed** and **who serve and still served** on the frontline, our healthcare personnel and essential workers, civil servants,

volunteers, NGOs, and the media. There has been a lot of **hardship and suffering**, and we **mourned** for those who have passed. However, as long as we are **united and remain steadfast**, we shall overcome this crisis.

144. The battle against COVID-19 will be an **arduous** task and a **long one**. Thus, the 2021 Budget is a **manifestation of our total commitment to steer Sarawak out of this crisis**, for us to **recover, rebuild and become stronger**. I urge all Sarawakians whatever **their creed, race and political affiliation**, to **stay united as one people and work together** and ensure we all get through this, so that we can **continue our journey towards building a progressive and prosperous society**.

**Datuk Amar Speaker,**

145. Dengan ini saya memohon mencadangkan agar Rang Undang-Undang ini dibaca bagi kali yang kedua.

Terima kasih.