2026 SARAWAK BUDGET SPEECH

“EMPOWERING PEOPLE, ADVANCING PROSPERITY, BUILDING A RESILIENT FUTURE”

**YAB PREMIER SARAWAK MERANGKAP
MENTERI KEWANGAN DAN EKONOMI BAHARU
SARAWAK**

Introducing:

THE SUPPLY (2026) BILL, 2025

In Dewan Undangan Negeri Sarawak

MONDAY, 24th NOVEMBER 2025

Tan Sri 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 2026 dan bagi memperuntukkan wang itu untuk perkhidmatan tahun itu” dibacakan bagi kali kedua.

Bismillahirrahmanirrahim,
Assalamu’alaikum Warahmatullahi Wabarakatuh dan Salam Sejahtera.

Tan Sri Datuk Amar Speaker,

1. Alhamdulillah, saya merafakkan setinggi-tinggi kesyukuran ke hadrat Allah S.W.T. atas limpah rahmat dan izin-Nya, saya dikurniakan kesempatan untuk membentangkan Bajet Negeri Sarawak Tahun 2026 dalam Dewan yang mulia ini.

2. This Budget is not merely a statement of numbers and allocations; it is a manifestation of our collective vision – a roadmap that charts Sarawak's journey towards a prosperous, inclusive, and sustainable future, in line with the aspirations of our Post-COVID -19 Development Strategy 2030 (PCDS 2030).

3. The global landscape is undergoing rapid transformation economically, politically, and socially. As we shape our fiscal path for 2026, we must be vigilant to the evolving economic and geopolitical forces that continue to influence the global, national, and state landscapes. These forces, often volatile and unpredictable, necessitate a budgetary framework that is responsive to new challenges, resilient against volatility, and strategically aligned with our long-term objectives.

4. In this regard, the 2026 State Budget shall be anchored on three core imperatives:

i) **Strategic Responsiveness** – We must remain agile in our allocations, ensuring that resources are directed toward sectors that drive inclusive growth and national competitiveness.

ii) **Fiscal Resilience** – We will strengthen our financial buffers and adopt prudent measures to safeguard public finances against external shocks and domestic volatility.

iii) **Policy Alignment** – Our budgetary decisions will reflect the priorities set forth in our State development agenda, with clear linkages to outcomes sets in our PCDS 2030 that is anchored on 3 pillars: Economic Prosperity, Inclusive Society and Environmental Sustainability.

5. In this spirit, I will share with this august House an overview of the economic performance and key challenges of 2025, together with the outlook for 2026, which underpins the strategic framing of the 2026 State Budget.

Tan Sri Datuk Amar Speaker,

ECONOMIC PERFORMANCE 2025 AND PROSPECT FOR 2026

Global Economy

6. As we approach the close of 2025, the global economy is entering a period of slower and more uneven growth. Shifts in trade policies, rising protectionism, and differing fiscal responses across major economies have created an environment of heightened uncertainty. While the easing of tariffs has helped stabilise markets, global growth remains modest. The International Monetary Fund, in its October 2025 World Economic Outlook, projects global growth to moderate to 3.2 percent in 2025.

7. Growth in advanced economies is expected to ease to 1.6 percent in 2025, weighed down by tighter financial conditions and slower labour force expansion. In the United States, growth

is projected at 2.0 percent, as household spending and business investment moderate amid high borrowing costs and the gradual impact of recent tariffs on consumer prices. The Euro Area is expected to record a mild improvement, with growth rising to 1.2 percent, supported by export recovery and a more accommodative fiscal stance.

8. Emerging Markets and Developing Economies continue to anchor global growth, expanding by 4.2 percent in 2025 on the back of robust domestic demand, digital transformation, and ongoing structural reforms that are enhancing productivity and resilience. This trend is particularly evident in economies investing heavily in artificial intelligence (AI), renewable energy, and advanced manufacturing. India remains a key driver of expansion, with growth projected at 6.6 percent, while China's economy is set to grow by 4.8 percent, reflecting ongoing property sector adjustments and softer external demand, partly offset by targeted policy support and stronger regional trade links.

9. World trade is expected to expand by 2.9 percent in 2025, slower than the 3.5 percent recorded in 2024, as early shipments and inventory adjustments ahead of potential trade policy changes, provide only a temporary support.

10. With pressures from energy and commodity prices continuing to ease and supply chain conditions improving, global inflation is projected to decline from 4.2 percent in 2025 to 3.7 percent in 2026. However, it remains above target in several advanced economies while staying subdued in much of Asia.

11. Downside risks persist, including renewed trade tensions, financial market volatility, and climate-related disruptions. Nonetheless, the global economy is expected to expand by **3.1 percent in 2026**, supported by gradually easing monetary conditions and continued momentum in emerging markets.

Tan Sri Datuk Amar Speaker,

Malaysia Economic Performance 2025 and Prospect for 2026

12. Against this global backdrop, Malaysia's economy continues to demonstrate resilience, supported by firm domestic demand, a robust labour market, and sustained policy reforms. In the first half of 2025, GDP expanded by 4.4 percent, with full-year growth projected between 4.0 percent and 4.8 percent. Growth is underpinned by robust private consumption, stable labour market conditions, and continued policy support under Ekonomi MADANI.

13. Export recovery, particularly in the Electrical and Electronics and manufacturing sectors, is gradually strengthening in tandem with improving global demand. Nevertheless, the contribution from external trade remains moderate compared to domestic drivers of growth. Private investment momentum continues to be robust, driven by high-

value sectors such as semiconductors, renewable energy and digital technology.

14. Malaysia's inflation rate is projected to range between 2.0 percent and 3.5 percent in 2025. For the first nine months of the year, inflation moderated to 1.4 percent, down from 1.8 percent during the same period in 2024. This moderation reflects easing global cost pressures, stable supply conditions, and the absence of excessive domestic demand. The Government's targeted subsidy rationalisation and price control measures have also cushioned households from rising living costs. Meanwhile, the labour market remains stable, with the unemployment rate at 3.0 percent in the second quarter of 2025, the lowest in a decade.

15. Fiscal consolidation efforts have also progressed, with the deficit expected to narrow to 3.8 percent in 2025, from 4.1 percent in 2024. This improvement is supported by higher

revenue collection of RM343.1 billion, enhanced governance, and more targeted subsidies.

16. Looking ahead, Budget MADANI 2026 underscores the Government's commitment to strengthening fiscal discipline while promoting inclusive and sustainable growth. Malaysia's economy is projected to grow between **4.0 percent and 4.5 percent in 2026**, anchored by ongoing reforms and resilient domestic demand, ongoing infrastructure projects, and strong private investment. The tourism industry is also expected to gain momentum under the *Tahun Melawat Malaysia* 2026 campaign, which targets 47 million visitors and RM329 billion in receipts.

Tan Sri Datuk Amar Speaker,

Sarawak Economic Performance in 2025 and Prospects for 2026

17. I shall now move to the Sarawak economy. Sarawak economic growth is projected to remain resilient in the face of evolving global conditions. For 2025, Sarawak's economy is expected to grow by around **4.5 percent to 5.0 percent,** underpinned by increased domestic activities and easing inflationary pressures.

Supply Side

18. On the supply side, the services sector, which contributes almost 40 percent to Sarawak's economy, is expected to expand by 6.4 percent in 2025. This growth is supported by improvement in the tourism and hospitality industry, with business visitors, investors, and tourist arrivals increasing by 7.0 percent between January and September 2025

compared to the same period last year. Sarawak's continued push to broaden trade and logistics activities is set to stimulate growth across key supporting subsectors, including utilities, transport, storage and communication, and government services. Complementing these efforts is the accelerated development of telco towers, which is expanding digital reach and improving service delivery.

19. The mining sector is expected to record stronger performance in 2025, with growth projected at 3.6 percent. This expansion is driven by higher output from existing natural gas fields, and the commencement of new projects such as Jerun Gas Field, and Kasawari Gas Development Project, particularly in second half of 2025. Growth is further supported by demand for natural gas as feedstock for the Sarawak Petchem methanol plant in Bintulu, supplied via dedicated pipelines from Sarawak's own gas resources. With PETROS now serving as the sole gas aggregator, Sarawak is well positioned to optimise gas resource

management and enhance value creation across the energy supply chains.

20. Meanwhile, the manufacturing sector is projected to grow moderately between 2.0 percent to 2.5 percent in 2025, reflecting a temporary moderation in liquefied natural gas (LNG) output due to unplanned downtime and planned shutdown activities, including at the Bintulu Crude Oil Terminal. Nonetheless, the operations of the Sarawak Petchem methanol plant in Bintulu have expanded the State's manufacturing base and export capacity, strengthening downstream linkages within the industrial ecosystem.

21. The agriculture sector is expected to record moderate growth, with crude palm oil (CPO) production expanded by 1.7 percent from January to September 2025. Productivity improved as fresh fruit bunch yields rising from 10.97 tonnes per hectare in 2024 to 11.17 tonnes per hectare in 2025. Over the same period, the average CPO price in Sarawak stood at

RM4,258 per tonne. Moving forward, CPO production is expected to maintain its upward momentum, driven by strong demand from major importing countries such as India and China. Consequently, the agriculture sector is projected to expand by 1.6 percent in 2025.

22. The construction sector is expected to maintain strong momentum, with growth projected at 9.4 percent in 2025. This expansion is primarily driven by the active implementation of major infrastructure projects, particularly in the civil engineering subsector, alongside sustained progress in the residential building segment.

Tan Sri Datuk Amar Speaker,

Demand Side

23. On the demand side, firm consumer spending and steady investment momentum continue to support Sarawak's

domestic economic growth in 2025. While external trade recorded a total of RM118.7 billion between January and August 2025, compared to RM132.3 billion in the same period last year, the decline reflects temporary adjustments in global commodity demand and export prices.

24. During the first eight months of 2025, exports of LNG and crude petroleum contracted by 17.9 percent and 20.3 percent, respectively, in line with the lower average Brent crude oil price of around USD69 per barrel. Conversely, exports of CPO increased by 3.5 percent in value, supported by higher prices.

25. On the investment front, the Sarawak Government remains committed to economic diversification by actively promoting private investment, particularly in emerging and high-value sectors. In the first half of 2025, Sarawak recorded RM4.08 billion in approved private investments across various industries. Within the manufacturing sector, investments totalling RM2.14 billion were approved for the period from

January to September 2025, mainly in the basic metal and food processing industries, underscoring continued investor confidence in Sarawak's manufacturing landscape. Meanwhile, investment in capital goods reached RM12.2 billion during the first eight months of 2025, highlighting ongoing capacity expansion and capital formation across Sarawak's economy.

26. Public investment is projected to grow by 16.7 percent in 2025, supported by ongoing infrastructure development led by both Sarawak and Federal Governments, which allocated RM10.9 billion and RM5.9 billion, respectively. This reflects continued efforts to strengthen transport and utility networks, enhance public amenities, and accelerate regional development as Sarawak continue to pursue achieving the 12th Malaysia Plan overall targets.

27. Public consumption growth remains firm, driven by sustained government expenditure on emoluments and operational costs aimed at enhancing the capacity and efficiency

of the civil service. The rollout of the *Sistem Saraan Perkhidmatan Awam* further lifts public expenditure, reflecting the Government's commitment to strengthening service delivery and productivity.

28. Private consumption is projected to grow by 5.9 percent in 2025, supported by stable employment, steady economic activity, and easing inflation. The implementation of the *Sistem Saraan Perkhidmatan Awam* and the new minimum wage policy are expected to further increase disposable income and strengthen household purchasing power, reinforcing domestic demand and sustaining Sarawak's overall economic resilience. Together with continued financial assistance through *Sumbangan Keperluan Asas Sarawak* (SKAS), *Sumbangan Tunai Rahmah* (STR) and *Sumbangan Asas Rahmah* (SARA), as well as targeted support for healthcare, housing, and small business development, household spending power is expected to improve further.

Tan Sri Datuk Amar Speaker,

Inflation

29. Inflation in Sarawak eased to 2.4 percent in 2024, indicating a more stable price environment. In 2025, inflation is expected to moderate further, with the average rate for the first nine months recorded at 0.9 percent. The decline was mainly driven by lower inflation in the Housing, Water, Electricity, Gas and Other Fuels category, reflecting improved price conditions and stabilising input costs. Consequently, overall inflation for 2025 is projected to soften further, ranging between 1.2 percent and 1.5 percent, supported by contained global cost pressures, improved supply conditions, and ongoing domestic price management measures.

Labour Market

30. The labour market in Sarawak remained stable in the first half of 2025, with the labour force increasing slightly to 1.257 million persons compared to 1.252 million persons in the same period of 2024. Employment conditions continued to improve, while the unemployment rate held steady at 3.4 percent. Looking ahead, the unemployment rate is expected to remain stable within the range of 3.2 percent to 3.5 percent as economic activities continue to strengthen. These indicators reflect a resilient and steady labour market, supported by sustained growth in key sectors such as services, construction, and manufacturing.

31. Overall, Sarawak's economy is expected to maintain its positive trajectory, supported primarily by favourable domestic conditions, even as external demand shows signs of moderation. For 2026, growth is projected between **5.0 percent and 6.0 percent**, reflecting continued resilience amid global

uncertainties. This outlook is underpinned by steady expansion across key sectors such as services, manufacturing, and construction, alongside sustained investments in infrastructure and energy.

32. Strong private consumption and public-sector spending will further reinforce growth momentum, as Sarawak remains focused on building a diversified and high-value economy that promotes balanced regional development and inclusive growth.

Tan Sri Datuk Amar Speaker,

FINANCIAL PERFORMANCE OF THE STATE IN 2025

33. Before I proceed to table the proposed 2026 State Budget, allow me first to update this august House on the State's financial performance for the year 2025.

REVENUE, 2025

34. I am pleased to inform this august House that, as of October 2025, our revenue collection has reached **RM10.3 billion**, representing **73 percent** of our projected target for the year. However, based on current trends, we are now projecting the total revenue for 2025 to reach **RM12.1 billion**. This marks a reduction of RM2.1 billion, or 15 percent, from our original estimates of **RM14.2 billion**. The primary factor contributing to this shortfall is the sustained decline in global crude oil prices, which have hovered at an average of USD69 per barrel throughout the year.

35. The actual revenue collection of **RM10.3 billion** is mainly from the following major sources:

(I) State sales tax of **RM3.9 billion,** mainly comprised the following:

(a) Petroleum products of **RM2.9 billion**;

(b) Crude palm oil and palm kernel oil of **RM801 million**;

(c) Aluminium of **RM64 million**;

(d) Lottery of **RM59 million**;

(e) Timber products of **RM21 million**;

(f) Ferro-alloys of **RM20 million**; and

(g) Polysilicon of **RM9 million**.

(II) Cash compensation in lieu of oil and gas rights of **RM2.2 billion**;

(III) Dividend of **RM1.1 billion**;

(IV) Interest and return from investment of **RM640 million**;

(V) Raw water royalty of **RM562 million**;

(VI) Land premium of **RM232 million**;

(VII) Forestry of **RM209 million**;

(VIII) Cash compensation in lieu of imports and excise duties on petroleum products of **RM120 million**;

(IX) Federal grants and reimbursement of **RM744 million**; and

(X) Other sources such as mining royalties, water sales and land rents of **RM593 million**.

EXPENDITURES, 2025

36. The 2025 Ordinary Expenditure has been revised upwards from RM13.715 billion to **RM14.061 billion**, an increase of RM346 million or 2.5 percent. As of October 2025, **RM9.86 billion or 70 percent of the Ordinary Expenditure** has been expended, of which RM3.96 billion was for operating expenditure, while RM5.9 billion was appropriated to Statutory Funds.

37. For Development Expenditure, a sum of **RM5.46 billion** out of **RM11.07 billion** or **49 percent** has been expended for the same period. As the development momentum continues to pick

up and project implementation intensifies, the expenditure is expected to increase towards the end of the year.

Tan Sri Datuk Amar Speaker,

SARAWAK BUDGET PROPOSAL FOR 2026

38. Now, I would like to present the 2026 Sarawak Budget proposal with the theme **"EMPOWERING PEOPLE, ADVANCING PROSPERITY, BUILDING A RESILIENT FUTURE"**. This theme reflects the firm conviction of this Government that our greatest asset is our people; and that the role of the State is to empower every Sarawakian - rural and urban, young and old, men and women - to participate fully and meaningfully in the progress of our beloved State.

39. As we gather in this august House, the global economy continues to face uncertainty and volatility. The world is witnessing the reconfiguration of trade alliances, the resurgence

of protectionist policies, and the profound impact of technological transformation. Yet, amidst these challenges, Sarawak continues to stand strong - resilient, adaptive, and confident in its long-term vision.

40. This year's budget is crafted at a time when the world economy is adjusting to the impact of renewed United States protectionist measures, including the reintroduction of tariffs under the Trump Administration, and to the softening of global oil prices, which have fallen from an average of USD88 per barrel in early 2025 to around USD74 per barrel by the third quarter of the year. These factors inevitably affect National's revenue and, consequently, the fiscal space available to the State as well.

41. However, Sarawak's fiscal position remains strong, anchored by prudent financial management, diversified revenue streams, and robust reserves. The State Government's foresight in introducing new sources of revenue, including sales tax on petroleum products and dividends from State-owned enterprises

(SOEs) has provided Sarawak with a sustainable fiscal buffer against external shocks.

42. Building on this solid foundation, this Budget has been carefully crafted to ensure Sarawak remains resilient, competitive, and agile in the face of global uncertainties. Anchored by past accomplishments and a strong foundation, we are well-positioned to meet future challenges, protecting the welfare of our people and advancing shared prosperity across the State.

Tan Sri Datuk Amar Speaker,

2026 Sarawak Budget Fiscal Framework

43. The 2026 Sarawak Budget Fiscal Framework is anchored by five (5) strategic pillars as follows:

First, we will **strengthen fiscal and structural reforms** to ensure our financial systems remain robust, transparent, and adaptive to the evolving economic landscape. These reforms are essential to building a foundation that supports long-term growth and stability.

Second, we reaffirm our commitment to **prudent fiscal management**. Every ringgit spent must deliver value to the *rakyat*, and every investment must be aligned with the State broader development agenda. Fiscal discipline will remain the cornerstone of our governance.

Third, we will pursue an **expansionary budget** that stimulates economic growth and domestic demand. By investing in infrastructure, education and human capital, research and development, and innovation, digitalization, and environmental sustainability, we aim to unlock new opportunities and drive Sarawak's economy to greater heights.

Fourth, we are committed to **boosting revenue** through diversified sources, including targeted investment in strategic industries, expansion of digital economy initiatives and the sustainable management of our natural resources. This will empower us to fund transformative, high impact projects that stimulate economic growth, uplift the living standard and secure long-term prosperity for the *rakyat*.

Finally, we will **promote inclusive development and equitable wealth distribution** to ensure no Sarawakian will be left behind. We will bridge regional disparities and ensure that prosperity is shared across all segments of society.

Tan Sri Datuk Amar Speaker,

2026 Sarawak Budget Goals and Strategic Thrusts

44. The 2026 Sarawak Budget is centred towards achieving five (5) overarching goals as follows:

i) Transforming Sarawak towards higher income economy;

ii) Enhancing the *rakyat's* social well-being through people-centric and development-focused initiatives;

iii) Strengthening the State fiscal position towards long-term financial sustainability;

iv) Positioning Sarawak as a regional economic powerhouse and key investment destination in Malaysia; and

v) Transforming Sarawak into a renewable energy and green hub.

45. Guided by these goals, the 2026 Sarawak Budget is framed across nine (9) Strategic Thrusts as follows**:**

First	:	Transform and Diversify Sarawak Economy
Second	:	Promote Investment and Foster Strategic Industries

Third	:	Build High Quality Education and Human Capital
Fourth	:	Protect and Sustainably Manage Natural Resources for Environmental Sustainability
Fifth	:	Bridge Development Gap and Drive Rural Economic Growth
Sixth	:	Safeguard the *Rakyat's* Livelihood
Seventh	:	Enhance Culture, Sports and Youth Development
Eighth	:	Spur Research & Development, Science & Technology and Innovations
Ninth	:	Strengthen Government Capacity and Public Service Delivery

Tan Sri Datuk Amar Speaker,

REVENUE ESTIMATES, 2026

46. In light of the 2026 global economic outlook and Sarawak's continued reliance on natural resources, particularly

crude oil as its primary source of income, the total revenue for 2026 is projected to reach **RM13.1 billion**. This marks a slight decline compared to 2025 revenue forecast, reflecting the volatility of global commodity markets and the challenges posed by external economic pressures.

47. The 2026 State's revenue estimates are derived from the following major sources:

(I) **Tax Revenue** totalling **RM5.8 billion** or **44 percent** of the total expected revenue in 2026, comprising the following:

(a) **RM4.6 billion** from State Sales Tax, of which **RM3.5 billion** from crude oil, liquefied natural gas and other petroleum products; **RM885 million** from crude palm oil and crude palm kernel oil; **RM75 million** from lottery; **RM88 million** from aluminium products; **RM32 million** from ferro-alloys; **RM26 million** from timber products; while the remaining **RM13 million** from polysilicon;

(b) **RM650 million** from raw water royalty;

(c) **RM226 million** from forest royalty and timber premium; and

(d) **RM301 million** from mining royalties, land rents and others.

(II) **Non–Tax Revenue** is estimated at **RM6.3 billion** or **49 percent**, mainly derived from the following sources:

(a) **RM2.6 billion** from cash compensation in lieu of oil and gas rights;

(b) **RM2.3 billion** from dividend income;

(c) **RM811 million** from interest income;

(d) **RM350 million** from land premium;

(e) **RM120 million** from cash compensation in lieu of import and excise duties on petroleum products; and

(f) **RM150 million** from others, including licences, service fees, permits and rentals.

(III) **Non–Revenue Receipt** is expected to be **RM29 million**, mainly from liquidated ascertained damages, compounds, fees and penalties; and

(IV) **Federal Grants and Reimbursements** are projected to reach **RM899 million** mainly from the interim payment of Special Grant amounting to RM600 million.

48. As we navigate global economic uncertainty, we are accelerating efforts to diversify income streams and reduce

dependence on natural resources. Our strategy will focus on developing strategic sectors, driving digital transformation, and embracing sustainable resource management. These initiatives are not only aimed at unlocking new pathways for economic growth, but also at enhancing the well-being of our people and securing long-term financial sustainability for the State.

Tan Sri Datuk Amar Speaker,

ORDINARY EXPENDITURE, 2026

49. The 2026 Sarawak Budget proposes a total Ordinary Expenditure of **RM12.9 billion,** of which **RM5.6 billion** is for Operating Expenditure, while **RM7.3 billion** is for appropriation to Development Fund Account. This appropriation is to top-up the brought forward balance in the Development Fund Account to finance 2026 Development Expenditure budgeted at **RM9.3 billion**.

50. The Operating Expenditure of **RM5.6 billion** is allocated to finance the following expenses:

(i) **RM1.4 billion** or **25 percent** for personnel emoluments;

(ii) **RM2.2 billion** or **38 percent** for supplies and services;

(iii) **RM1.8 billion** or **32 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, and scholarships, including financial and welfare assistances;

(iv) **RM99 million** for procurement of assets; and

(v) **RM150 million** for other operating expenses.

Budget Surplus, 2026

51. I am pleased to inform this august House that with the **projected revenue of RM13.05 billion** and total **Ordinary Expenditure of RM12.91 billion**, the 2026 Sarawak Budget is expected to generate a **surplus** of **RM144 million**.

52. The 2026 Sarawak Budget remains a **strategic and expansionary budget** built on the success of revenue reengineering and prudent financial management. It empowers us to make bold investments in infrastructure, digital transformation, and sustainable development, while placing the well-being of the *rakyat* at the heart of our priorities.

DEVELOPMENT EXPENDITURE, 2026

53. The 2026 Sarawak Budget provides an allocation of **RM9.3 billion** for development purposes. This budget reflects our conscious response to global economic uncertainties,

including commodity price fluctuations and geopolitical tensions that continue to shape fiscal realities worldwide.

54. Nonetheless, let us be reminded that the true value of this Budget is not defined by its size, but by its purpose. It is not the quantum of allocation that matters most, it is the impact we seek to deliver.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUSTS AND INITIATIVES

55. I will now highlight the strategic thrusts and various initiatives under the 2026 Sarawak Budget.

STRATEGIC THRUST ONE: TRANSFORM AND DIVERSIFY SARAWAK ECONOMY

Initiative One: Transforming Agriculture Based-Economy

56. Agriculture continues to serve as a vital pillar of Sarawak's economic development, ranking as the fourth largest contributor to the State's Gross Domestic Product. Notably, in 2024, the sector accounted for 10.2 percent of Sarawak's GDP, amounting to RM15.1 billion.

57. Despite facing numerous challenges such as climate change, resource constraint and inadequate infrastructure, agriculture sector strives to remain resilient and continue to transform. Under the PCDS 2030, the agriculture sector will be driven by technology to ensure food security and subsequently Sarawak will become a net food exporter.

58. In 2026, we will intensify our efforts to industrialise the agrofood industry by developing an integrated and resilient

supply chain, with a particular focus on export-oriented commodities such as pineapple, coconut, shrimp, fish, and swine.

(I) Modernize Agriculture Practices

59. Under the strategic thrust to modernize agricultural practices, the Government will continue to **invest in modern and smart farming technologies**. This initiative is central to enhancing the competitiveness and sustainability of Sarawak's agriculture sector.

60. To this end, we are actively promoting the adoption of advanced technologies across the entire agricultural supply chain. A sum of **RM73 million** will be allocated under the 2026 Budget for the following:

i) **RM19.5 million** for development of Sarawak Agrotechnology Park (SARTECH) in Semenggok and Tarat;

ii) **RM27.5 million** for development of Precision Farming Park in Kabuloh, Sg. Sebiew and Rampangi;

iii) **RM20 million** for development of Metropolitan Food Cluster in Opar (MFC); and

iv) **RM5.9 million** for implementation of Internet of Things (IoT) system for agriculture and aquaculture.

61. Recognising the critical role of innovation in agriculture, we will allocate **RM5.6 million** in 2026 to strengthen agricultural research and development efforts. This allocation will support initiatives in crop science, plant protection and quarantine, as well as sustainable soil management.

(II) Develop Agro-Based Industries

62. In advancing Sarawak’s agricultural transformation, commercial agriculture will play a pivotal role in driving high-impact growth. Our focus is to cultivate a technology-enabled, high-yield, and sustainable agro-industry that not only strengthens food security but also elevates rural incomes.

63. To further strengthen the commercial agriculture sector, we will intensify efforts to expand food production zones and enhance supporting infrastructure. These measures are designed to create an enabling environment that encourages greater private-sector involvement, fosters innovation, and drives productivity in high-value farming.

64. In support of this agenda, a total of **RM21.4 million** will be allocated under the 2026 Budget. This includes:

i) **RM12.4 million** for the development of Agroparks, which will serve as hubs for modern, technology-based agricultural activities; and

ii) **RM9 million** for the development of Aquaculture Parks, aimed at boosting our fisheries output and reinforcing food production capacity.

Tan Sri Datuk Amar Speaker,

(III) Enhance Food Security

65. Producing sufficient supply of rice is of utmost importance to achieve food security in Sarawak. Currently, the Self-Sufficiency Level (SSL) for rice stood at 21 percent. For us to achieve 60 percent SSL for rice, various key initiatives to boost rice production are included in the 2026 Budget as follows:

i) **RM20.4 million** for development of drainage and irrigation infrastructure at existing and new paddy areas;

ii) **RM25.1 million** for rehabilitation of Mid Sadong 1 (Lubok Punggor) Scheme; and

iii) **RM900 thousand** for various assistances to paddy farmers.

66. In addition, Sarawak also aims to increase the SSL for beef to 25 percent by 2030, reflecting its commitment to strengthening local livestock production and reducing dependency on imports. For 2026, a sum of **RM33 million** will be allocated for cattle industry development programmes and projects, among others as follows:

i) Establishment of cattle breeding and fattening farms;
ii) Acquisition of quality breeder stocks;
iii) Development of Ruminant Biotechnology Centre; and
iv) Development of oil palm-based animal feed.

(IV) Enhanced Infrastructure, Facilities and Logistics

67. To accelerate the transformation of our agricultural sector, we will continue to strengthen and expand the development of essential infrastructure and facilities. For 2026, a total of **RM34.2 million** will be allocated for the following:

i) **RM21.5 million** for development of agricultural infrastructure;

ii) **RM11 million** for farm road development programme; and

iii) **RM1.7 million** for establishment of Collection, Processing and Packaging Centre or Agrofood Terminal.

(V) Policy and Institutional Support

i) Empowering Agricultural and Fisheries Communities

68. In our continued effort to empower Sarawak's agricultural and fisheries communities, we remain committed to supporting smallholder farmers and fishermen who face increasing production costs. Through targeted interventions, we aim to boost productivity, raise income levels, and ensure the long-term sustainability of their livelihoods.

69. Under the 2026 Budget, the following allocations will be made available to strengthen the sector:

For farmers and agropreneurs:

a) **RM17 million** for the Crop Development Programme;
b) **RM6.1 million** for the Agriculture Promotion Programme;
c) **RM2.7 million** for the Farm Mechanisation Programme;

d) **RM800 thousand** for the Food Industry and Entrepreneurship Development Programme; and

e) **RM25 million** for the Oil Palm Replanting Programme under SALCRA.

For fishermen and livestock producers:

a) **RM4.8 million** for the Fisheries and Aquaculture Development Programme; and

b) **RM10.8 million** for the Livestock Development and Veterinary Services Programme.

ii) Agriculture Assistance Programme

70. We will also continue to empower our agropreneurs and rural communities to enhance agricultural productivity and development. Among the key initiatives are the Agriculture Facilitation Fund (AFF) and the AFF Jaya Tani Programme.

71. Since the inception of Agriculture Facilitation Fund, a total of RM265 million has been disbursed. As of October 2025, **RM247 million** has been expended benefiting about **182 thousand participants**.

72. Under the AFF Jaya Tani programme, a total of RM50 million has been allocated. To date, RM19.7 million has been spent. An additional sum of **RM5 million** will be allocated under this Budget to supplement the remaining balance carried forward from previous year for continuation of the programme.

iii) Strengthening Farmers' Organisation

73. Farmers' organisations play a key role in improving market access by strengthening the collective capacity of smallholders. In 2026, a sum of **RM6.5 million** will be allocated to *Pertubuhan Peladang Negeri Sarawak* and *Pertubuhan Peladang Kawasan* to enhance their roles and efficiency in operations.

Tan Sri Datuk Amar Speaker,

Initiative Two: Advancing Tourism Sector

74. Sarawak aspires to be recognised as one of the leading destinations for eco-tourism and business events within the ASEAN region. We aim to deliver signature Sarawakian experiences that reflect our identity, celebrate our diversity, and position Sarawak as a destination of choice for discerning travellers.

(I) Enhancement Of Tourism-Related Infrastructure and Facilities

75. In support of the State's aspiration, sustained investment will be directed towards the development and modernisation of tourism-related infrastructure and facilities. For this purpose, **RM129 million** will be set aside next year which include, among others, the following:

i) Transformation of Old DUN Building into Performing Arts Centre;
ii) Redevelopment of MBKS Swimming Pool into Water Fun Park and Centre of UNESCO Creative City of Gastronomy;
iii) Sadong Jaya Mangrove Tourism; and
iv) Museum projects.

(II) Tourism Marketing and Promotion Programme

76. To amplify Sarawak's presence in key markets and attract high-yield visitors, we will allocate **RM194 million** to the Ministry of Tourism, Creative Industry and Performing Arts for its operations and the execution of targeted tourism marketing and promotional programmes, including the following:

i) Hosting events and festivals that highlight Sarawak's cultural vibrancy of **RM45 million**;

ii) Grant to Sarawak Tourism Board, Business Events Sarawak, Sarawak Art Council, and Sarawak Craft Council totalling **RM106 million**;

iii) Sponsorship grants for cultural and heritage of **RM10 million**;

iv) Research Grant of **RM5 million**; and

v) Other tourism-related grant of **RM1 million**.

(III) Enhancing Sarawak Eco-tourism

77. In strengthening Sarawak's position as a leading eco-tourism destination, the Government is actively implementing strategic initiatives and reforestation programs to rejuvenate our nature reserves. For this purpose, **RM24 million** will be allocated to Sarawak Forestry Corporation next year for implementation of strategic projects, including the following:

i) Gunung Mulu National Park management;

ii) Bako National Park Gateway redevelopment;

iii) Nature Discovery Centre at Piasau Nature Reserve; and

iv) Sarawak Park Guides Training and Management System.

78. These efforts aim to deliver meaningful, sustainable experiences that intertwine environmental care with Sarawak's rich cultural legacy. We will continue to protect and promote iconic sites such as the UNESCO-recognised Gunung Mulu and Niah National Parks.

(IV) Enhancing Sarawak's Connectivity and Visibility

79. In 2026, we will intensify our efforts in enhancing Sarawak's visibility to attract more visitors, harnessing digital and social media marketing, partnering with travel agencies and airlines, and by participating in international trade fairs and exhibitions. The launching of our airline flagship **AirBorneo**

serves as a catalyst not only for domestic connectivity but also to further promote Sarawak as "Gateway to Borneo" in ASEAN and global regions.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST TWO: PROMOTE INVESTMENT AND FOSTER STRATEGIC INDUSTRIES

80. We remain committed to attracting high-impact investments and nurturing strategic industries with strong growth potential. These efforts are aimed at diversifying Sarawak's economic base and strengthening long-term resilience.

81. To support the development of these strategic sectors, we are implementing enabling policies, enhancing infrastructure, and streamlining regulatory frameworks to foster a more conducive environment for innovation, competitiveness, and sustainable growth.

Initiative One: Strengthening Sarawak's Investment Ecosystem (Ease of Doing Business)

82. As we advance under the PCDS 2030, our priority is to create an enabling environment where businesses can thrive, innovate, and contribute meaningfully to our State's economic growth.

83. We are enhancing the **ease of doing business** by streamlining regulatory processes, enhancing digital infrastructure, and reducing bureaucratic barriers. Beginning next year, we will integrate existing systems into a **single digital platform** to expedite approvals and foster a business-friendly environment.

84. Complementing Federal initiatives, Sarawak is committed to accelerating industrial development through a comprehensive package of incentives and facilitation measures. Agencies like **InvestSarawak** serve as strategic partners, facilitating funding access, streamlining investor services, and

providing local knowledge to position Sarawak as a preferred destination for high-impact investments.

85. In addition, the Government is formulating the **Sarawak Investment Policy**, which aims to establish a comprehensive regulatory framework encompassing incentives, strategic interventions, and support mechanisms. This policy will provide greater clarity and direction for government agencies and investors, thereby enhancing coordination, transparency, and confidence in Sarawak's investment landscape.

Initiative Two: Advancing Enterprise Development and Strengthening Local Industrial Ecosystems

86. Micro, Small, and Medium Enterprises (Micro SMEs) continue to serve as a backbone of Sarawak's economy, representing up to 96 percent of total business establishments. The Government will continue to cultivate a vibrant entrepreneurial ecosystem by empowering local communities to pursue business ownership as a viable and sustainable pathway

to economic prosperity. Through targeted support and inclusive policies, we aim to unlock the full potential of Micro SMEs as engine of growth for Sarawak.

87. Under this Budget, an allocation of **RM31 million** will be made available to support the growth and development of Micro SMEs across Sarawak.

88. Key initiatives include the *Skim Kredit Mikro Sarawak*, *Skim Pinjaman Industri Kecil dan Sederhana*, *Program Peningkatan Usahawan Bumiputera*, *Pusat Inkubator dan Bimbingan Usahawan*, *Program Pembangunan Kontraktor dan Pembekal Bumiputera*, *Program Kontraktor Berdaya Saing*, *Program Graduan ke Arah Keusahawanan*, *Program Usahawan Teknikal dan Vokasional*, Go Digital Programme and Special Relief Fund.

89. Furthermore, the Sarawak Recovery BizFund has been instrumental in revitalizing affected enterprises. To further

enhance training and upskilling programmes of the SMEs, a further sum of **RM20 million** will be provided for this purpose.

90. To empower rural and remote communities with the means to start and grow their businesses, my Administration has introduced the *Anjung Usahawan* development programme. For this purpose, **RM9.6 million** will be allocated in 2026 to establish **16 entrepreneurship centres** across Sarawak. These centres will serve as vital platforms for enterprise development, capacity building, and market access.

Initiative Three: Intensify Industrialisation Programme

91. We will continue to prioritize the development of a robust and efficient ecosystem for private investment, with a strong focus on industrial parks development featuring modern infrastructure and comprehensive amenities.

92. To support this, **RM58.2 million** will be allocated under this Budget and among the projects are as follows:

i) Industrial Parks in Kuching, Sibu, Lawas and Limbang;

ii) Kuching High-Tech Park (Free Zone);

iii) Industrial Areas in Kapit, Bau and Sebuyau;

iv) Samalaju SME Cluster; and

v) Rantau Panjang Industrial Estate.

93. We will undertake a comprehensive **Impact Assessment Study on Industrial Parks in Sarawak** with an allocation of **RM2.65 million** next year. This study will guide future planning and ensure that our industrial infrastructure delivers optimal value to the State's growth agenda.

Investment Promotion Programmes

94. We are committed to attracting strategic investments in key sectors such as energy transition, petrochemicals, advanced manufacturing, tourism, and services.

95. To strengthen our export capabilities, we will empower SMEs to become export-ready through targeted trade expos and facilitation programmes. In 2026, **RM6 million** will be allocated to intensify trade and investment promotion efforts, encouraging greater participation from both foreign and domestic investors, as well as SMEs in key sectors.

96. Concurrently, a sum of **RM6 million** will be allocated to InvestSarawak to lead targeted trade and investment missions across domestic and international markets.

97. To complement our investment promotion efforts, an allocation of **RM21 million** will be provided next year to support

the operations of Sarawak Trade and Tourism Offices in Singapore, Brunei, and soon, Pontianak, Kalimantan. These offices will continue to serve as strategic gateways, enhancing Sarawak's investment outreach and deepening our trade integration within the ASEAN region.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST THREE: BUILD HIGH QUALITY EDUCATION AND HUMAN CAPITAL

Initiative One: Free Education for Sarawakian Students

98. Beginning 2026, all Sarawakians who enrol in Sarawak-owned universities will receive free education under the Free Tertiary Education Scheme (FTES). FTES is a transformative initiative aimed at cultivating a future-ready workforce. It is designed to ensure that access to higher education is based on merit and capability, not constrained by financial circumstances.

99. Following extensive consultations with our State-owned universities and Yayasan Sarawak, 64 undergraduate degree programmes have been identified for inclusion under this scheme. For this purpose, **RM250 million** will be made available for FTES in 2026.

Initiative Two: Enhancing Sarawak Education System and Facilities

(I) Sarawak International School Development

100. I wish to draw the attention of this august House to a significant milestone in Sarawak's education landscape, which is the establishment of the Yayasan Sarawak International Secondary School. This initiative represents a major step forward in our education strategy, offering the Cambridge curriculum and aligning Sarawak's education system with international standards. To ensure the continued operation and effective administration of these institutions, **RM36 million** will be allocated next year. In addition, **RM13 million** under

Alternative Funding has been earmarked for preliminary works to expand Yayasan Sarawak International Secondary School campuses to Bintulu and Miri, complementing the existing campuses in Kuching and Sibu.

(II) Strengthening Early Childhood Education

101. Recognising the importance of nurturing talent from an early age, we will continue to strengthen the early childhood education sector through strategic investments aimed at expanding access and enhancing quality. To advance this effort, **RM22 million** will be allocated next year to SeDidik for its operational and developmental needs.

102. In addition, **RM14 million** will be allocated under the Annual Special Grant to support all registered early childhood institutions across Sarawak, thereby reinforcing their capacity to deliver inclusive and high-quality services. To further broaden access to quality early childhood education, **RM4 million** will be

set aside for TADIKA and TASKA fee subsidies, directly benefiting **4,000 children** from households with a monthly income of RM7,000 and below.

(III) English as Medium of Instruction – Cambridge Standard Dual Language Programme

103. The assessment for the Sarawak Dual Language Programme was implemented in October this year as a key mechanism to evaluate teaching and learning outcomes in Science, Mathematics, and English.

104. This initiative, which is in collaboration with *Lembaga Peperiksaan* and *Jabatan Pendidikan Negeri Sarawak* is supported by international partners including Swinburne Innovation Malaysia and Cambridge University Press and Assessment. The examination papers have undergone rigorous validation to ensure alignment with global standards; reinforcing the credibility of the programme and preparing our students to thrive in a competitive, globalised education landscape.

105. Under this Budget, **RM6 million** will be provided for continued implementation of this initiative.

Tan Sri Datuk Amar Speaker,

Initiative Three: Rebuilding and Rehabilitation of Dilapidated Schools

106. Ensuring safe and conducive learning environments for both teachers and students’ remains a top priority for my Administration. While it may not be feasible to address all dilapidated schools simultaneously, we remain unwavering in our commitment to systematically upgrade and rebuild educational facilities across the State.

107. This commitment is further demonstrated through the provision of **RM1 billion** by the Sarawak Government as an advance payment on Federal loans. Administered under the jurisdiction of the Ministry of Education Malaysia and implemented by JKR Sarawak, this strategic investment

underscores our resolve to accelerate improvements in educational infrastructure. To date, **RM700 million** of this sum has been disbursed to the Federal Government.

Initiative Four: Enabling Equitable Learning Opportunities

(I) Sarawak Education Enhancement Programme

108. The Sarawak Education Enhancement Programme, or SEEP, stands as a strategic initiative dedicated to advancing the quality and equity of education across our State. A cornerstone of SEEP is the provision of complimentary tuition for underperforming students in Form 3, 4, and 5; focusing on eight (8) critical SPM subjects namely Science, Mathematics, History, English, Biology, Chemistry, Additional Mathematics, and Physics.

109. To further enhance learning outcomes, SEEP delivers customised teaching and learning resources developed by

subject matter experts from the *Jabatan Pendidikan Negeri Sarawak*. This comprehensive effort benefits about **63 thousand students** across **185 secondary schools** under the Ministry of Education Malaysia throughout Sarawak.

110. SEEP will help to elevate the State's SPM performance to match the national average within five years. Now in its second year, the programme continues to deliver targeted academic interventions. To ensure its continued success, we will allocate **RM20 million** next year.

(II) Free Laptop & Book Voucher Assistance

111. In order to promote equitable access to education, we will continue our two key initiatives aimed at supporting students from low-income backgrounds, ensuring that financial constraints do not hinder their ability to thrive in modern learning environments.

112. First, the **Free Laptop Programme**, with an allocation of **RM30.5 million** next year, will provide first-year Diploma and Degree students with essential digital tools to support online learning, academic research, and coursework.

113. Complementing this, **RM2 million** will be allocated under this Budget for the **Book Voucher Programme**, enabling students to acquire textbooks and other critical academic materials necessary for their success.

(III) Discount for PTPTN Loans

114. The Government will also continue to subsidize PTPTN loan repayment for Sarawakian borrowers who have demonstrated responsible financial discipline by settling more than 30 percent of their total loan amount. This initiative is **fully funded by the Sarawak Government** and administered through Yayasan Sarawak. Sarawak is the **only State in Malaysia** that

offers a state-funded PTPTN loan repayment discount programme.

115. To date, approximately **RM117 million** has been disbursed, directly benefiting about **33 thousand Sarawakian PTPTN borrowers**. In 2026, **RM15 million** will be allocated to sustain this meaningful financial assistance programme.

(IV) Special Assistance to University Students

116. In our effort to promote educational equity and support student well-being, we will continue providing financial assistance to Sarawakian students enrolled in Diploma and Degree programmes at recognised institutions of higher learning across Malaysia.

117. For this purpose, an allocation of **RM60 million** will be provided next year to help cover essential living expenses such as food and daily necessities.

(V) *Graduan Pulang Sarawak* (i-GPS) Initiative

118. This initiative which was introduced in 2019 provides flight ticket subsidies to students studying in Peninsular Malaysia, Sabah, and Labuan, enabling their return journeys home. Each eligible student may claim the subsidy twice annually, up to RM300 per trip.

119. Since its implementation till now, **RM35 million** has been disbursed to subsidise around **117 thousand return trips**. To continue supporting this initiative, we will allocate an additional **RM8 million** next year.

Tan Sri Datuk Amar Speaker,

Initiative Five: Investing in Talent Development

(I) Sarawak Talent Development Policy

120. We will be introducing the Sarawak Talent Development Policy and Blueprint, a landmark initiative that embodies our long-term commitment to nurturing, retaining, and attracting talent in Sarawak.

121. Scheduled for completion in 2026, this comprehensive policy and blueprint is our strategic response to the evolving workforce demands of Sarawak's economy. We want to cultivate a technically skilled, agile, innovative, and future-ready workforce that will propel Sarawak's economic transformation and secure long-term sustainability. For the completion of this study, **RM1 million** will be allocated next year.

(II) Enhancing Sarawak's Workforce

122. In our pursuit of advancing Sarawak's strategic agenda to strengthen the capabilities of our workforce, the following initiatives will continue to be implemented:

i) Skilled Enhancement Programmes for Graduates

123. To address graduate unemployment and ensure our young Sarawakians are equipped with the skills demanded by today's job market, we will continue with the implementation of the Graduate Enhancement Training Sarawak (GETS) Programme. Under this initiative, participating graduates will receive a monthly allowance of RM1,500 and be provided with training opportunities in both the public and private sectors, with a focus on soft skills, leadership development, and team-building competencies. Under this Budget, **RM20 million** will be allocated next year, benefiting **1,000 graduates** and

empowering them to transition more effectively into the workforce.

ii) Strengthening TVET for a Future-Ready Workforce

124. To develop a technically skilled and industry-ready workforce, we are intensifying our current effort on Technical and Vocational Education and Training (TVET). Various key TVET initiatives will continue to be implemented in Sarawak which covers the following:

(a) Strengthening TVET Ecosystem

125. To strengthen Sarawak's TVET ecosystem, we will continue expanding our network of technical training institutions, including Sarawak Skills, i-CATS University College, CENTEX campuses, and Kolej Laila Taib. An allocation of **RM96.2 million** will be provided to support their operational expenditure next year.

126. In addition, **RM18 million** will be committed for development initiatives, including capital expenditure to Sarawak Skills, Advance Automotive Training Centre and the upgrading of Sarawak Skills SAVTI (Sarawak Agriculture Vocational Training Institute) campus.

(b) NextGen TVET

127. This program emphasizes industry-based learning and lifelong education, reinforcing TVET as a foundation for Sarawak's global competitiveness. A sum of **RM4.5 million** will be provided next year for the implementation of NextGen Digital and Innovation Talent Programme for schools and Sarawak Digital and Innovation Talent Acceleration Programme.

(c) Intensifying Industry Collaboration and Partnership

128. We will continue to strengthen collaboration between the industry players and key economic sectors to ensure our

workforce is equipped with industry-relevant skills. Sarawak's TVET Institutions such as Sarawak Skills and i-CATS University College are working closely with partners in energy, engineering, agriculture, and digital technology to co-develop training programmes that reflect real-world demands and evolving market needs.

129. Our commitment to industry collaboration is further demonstrated through our active participation in WorldSkills Malaysia Sarawak 2025. This biennial competition now serves as a strategic platform to identify and nurture technical talent, with industry partners directly involved in project design and performance evaluation.

130. To further advance industry collaboration, Sarawak is strengthening its semiconductor ecosystem through global partnerships led by SMD Semiconductor. Key initiatives include the following:

a) AI-enabled power systems, developed with SEB, Weeteq, and Compound Semiconductor Applications Catapult (CSAC), to enhance energy efficiency and support renewable energy ambitions.

b) A partnership with Silicon Catalyst to expand global market access for Sarawak-born technologies.

c) Joint efforts with CSAC on chiplet and heterogeneous integration, unlocking potential in AI, 5G, and autonomous systems.

d) Development of Gallium Nitride prototypes with Cambridge Microelectronics, X-FAB, and CSAC, marking a milestone in energy-efficient power electronics.

131. Under this Budget, **RM18 million** will be provided to SMD Semiconductor to accelerate Sarawak's transformation into a national semiconductor hub.

132. In total, a sum of **RM665 million** will be provided for education and talent development initiatives in 2026, reflecting our continued resolve to transform Sarawak education sector for the advancement of our current and future generation.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST FOUR:PROTECT AND SUSTAINABLY MANAGE NATURAL RESOURCES FOR ENVIRONMENTAL SUSTAINABILITY

Initiative One: Promoting Climate Change Initiative

133. My Administration is fully committed in taking responsible action on climate change with the implementation of several key initiatives, namely the Climate Change Roadmap,

the pursuit of Net Zero Emissions, the setting up of the Sarawak Climate Change Centre and the introduction of Carbon Levy.

(I) Climate Change Roadmap

134. The Sarawak Climate Change Roadmap sets the direction for our transition to a low-carbon and climate-resilient economy. The roadmap builds on the Environment (Reduction of Greenhouse Gases Emission) Ordinance, 2023, which gives Sarawak the legal authority to regulate and reduce greenhouse gas emissions.

135. The roadmap also supports the implementation of the Sarawak Greenhouse Gas Management System (GHG-MS), a digital platform that will track emissions across sectors and help industries comply with emission requirements. Through these initiatives, Sarawak aims to achieve better coordination in climate policy implementation, stronger capacity to manage

carbon emissions, and wider adoption of sustainable practices across industries.

136. For 2026, **RM3.4 million** will be set aside to strengthen institutional readiness and accelerate our efforts towards measurable emission reductions and environmental sustainability.

(II) Net Zero Emissions

137. Our long-term goal is to achieve net-zero carbon emissions by 2050 through the Sarawak Net Zero Strategy and Carbon Plan. The focus is on clean energy transition, low-carbon industries, and sustainable forest management to ensure balanced and responsible growth.

138. To support these efforts, the Flaring and Venting Rules 2025 were enacted to regulate greenhouse-gas emissions from

the oil and gas sector, reinforcing Sarawak’s commitment to zero routine flaring by 2030.

139. For 2026, **RM7 million** will be allocated to implement the following:

i) Sarawak Net Zero Strategy and Carbon Plan;
ii) Study on Carbon Levy and Carbon Pricing of Sarawak;
iii) Sarawak Energy Transition Policy Implementation Programme; and
iv) Quantifying Forest Carbon Stock in Sarawak.

(III) Climate Change Centre

140. The Sarawak Climate Change Centre will be established as the central hub for coordinating and monitoring climate action across the State. The Centre will focus on policy integration, research and data management to support evidence-based decision-making and strengthen Sarawak’s capacity in climate

governance. It will also serve as a platform for collaboration with industries, academia, and international partners to promote innovation, build technical expertise, and enhance public awareness towards achieving a low-carbon and climate-resilient Sarawak.

Tan Sri Datuk Amar Speaker,

(IV) Carbon Levy

141. Building on the Environmental (Reduction of Greenhouse Gases) Ordinance 2023, we will introduce a carbon levy on the oil and gas and energy sectors starting in 2026.

142. As Sarawak advances toward net zero emissions by 2050, carbon pricing becomes a crucial policy instrument — internalising environmental and social costs, reducing emissions in high-emitting sectors, accelerating the green economy

transition, and ensuring a just and equitable transition for workers and communities.

143. The levy will apply to emissions generated within Sarawak by regulated facilities in the oil and gas and energy sectors. Revenue collected from this levy will be channelled into a dedicated Climate Change Fund, supporting renewable energy deployment, energy-efficiency initiatives, grid modernisation, forest conservation, and climate-resilience projects that will benefit communities across Sarawak.

144. Sarawak stands ready to work closely with the Federal Government to ensure Malaysia's future national carbon tax and carbon-pricing architecture are harmonised. With our Ordinance already in force, established Measurement, Reporting and Verification systems, advanced modelling, and detailed policy design underway, Sarawak is well-positioned to support and lead Malaysia's overall decarbonisation efforts, Nationally

Determined Contribution achievement, and the development of a strong domestic carbon market.

145. Therefore, the **carbon levy** is also poised to become a **future revenue source** for Sarawak.

Tan Sri Datuk Amar Speaker,

Initiative Two: Intensifying Environmental Sustainability

146. We will continue to strengthen our commitment to conserve and sustainably manage the environment. Efforts are focused on protecting natural ecosystems, restoring degraded landscapes, and promoting responsible use of resources to ensure long-term ecological balance and social well-being.

(I) Sustainable Environmental Management

147. The Sustainable Environmental Management Framework builds on the Sarawak Sustainability Blueprint 2030 that promotes responsible use of natural resources, cleaner energy, biodiversity conservation, and pollution control. In line with this, a total sum of **RM30.73 million** will be allocated in 2026 to strengthen the environmental governance and promote sustainable industries and among the projects are:

i) Bio Industrial Park and Sarawak Biodiversity Centre Bioprocesses Commercial Centre in Samarahan, with an allocation of **RM10 million**;

ii) Sarawak's First GMP-Certified Facility for Manufacturing Nutraceutical Products from Sarawak biological resources, with an allocation of **RM6 million**;

iii) Development of Sustainable Forest Management Centre in Loba Kara, Kuching, with an allocation of **RM3 million**;

iv) Environmental Programs by Natural Resources Environmental Board (NREB), with an allocation of **RM6.2 million**; and

v) Strengthening Forest Enforcement Through Advancing the Technology and Equipment, with an allocation of **RM1.4 million**.

(II) Forest Landscape Restoration Program

148. The Forest Landscape Restoration Programme focuses on restoring degraded forests, enhancing biodiversity, and boosting carbon capture. In 2026, **RM2.4 million** will be allocated to scale up restoration efforts, expand nurseries, and encourage community and private-sector involvement.

(III) Totally Protected Area and Wildlife Protection and Management

149. The protection of wildlife and biodiversity remains a key priority under Sarawak’s conservation agenda. In 2026, **RM4.8 million** will be allocated to strengthen the management of Totally Protected Areas, including upgrading facilities and enhancing conservation efforts at priority sites.

150. To ensure these conservation efforts are carried out effectively on the ground, the Sarawak Forestry Corporation will continue to lead operational, enforcement, and wildlife management activities across the State. In support of these functions, a sum of **RM62 million** will be allocated for its operations in 2026.

(IV) Environmental Conservation

151. Environmental conservation remains as one of our priority areas as we continue to protect our natural landscapes

and unique geological assets. The Sarawak Delta's journey toward UNESCO Global Geopark status reached a major milestone with its "Green Card" recognition in June 2025. To continue these efforts, **RM2.13 million** will be allocated in 2026 comprising the following:

i) **RM1.4 million** for Sarawak Delta Geopark programmes; and

ii) **RM730 thousand** for wetland and watershed conservation within the Heart of Borneo.

152. In addition, to strengthen environmental research, forest protection and biodiversity conservation, **RM6.2 million** will be allocated through several key initiatives, as follows:

i) Development of an Urban Forest Park at Kayangeran Forest Reserve in Lawas;

ii) Artificial Intelligence and Forensic Timber Identification for forest protection and revenue generation;

iii) Upgrading of Forest Research Centre and Sarawak Forest Research projects; and

iv) Research of Intensified Management of Bio-Rich Areas of Sarawak.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST FIVE: BRIDGE DEVELOPMENT GAP AND DRIVE RURAL ECONOMIC GROWTH

153. We will continue to accelerate rural development and intensify the implementation of infrastructure projects to bridge the development gap between urban and rural areas, as well as between regions.

Initiative One: Strengthening Regional Economic Development

(I) Enhancing Urban-Rural Economic Integration

154. In our efforts to narrow the urban-rural development gap, our 2026 Budget will continue to be rural-biased. Of the **RM9.3 billion** proposed for Development Expenditure, **RM6.1 billion** or 66 percent will be dedicated to rural development initiatives. This strategic allocation reaffirms our unwavering commitment to reach every corner of Sarawak, ensuring no one is left behind in our journey towards shared prosperity. In this regard, we will continue to provide allocation to fund the following initiatives:

i) **RM350 million** for Rural Transformation Projects (RTP);
ii) **RM315 million** for Regional Development Agencies;
iii) **RM267 million** for *Program Projek Khas*; and
iv) **RM100 million** for the implementation of *Projek Rakyat*.

(II) Improving Land Connectivity

155. Providing better land connectivity means better access to healthcare, education, and markets. Enhanced connectivity supports agriculture, tourism, and small businesses in rural areas, thus promote rural economy. In 2026, a sum of **RM1.05 billion** will be set aside for construction of roads and bridges throughout the State, which include, among others, the following projects:

i) Upgrading of Jalan Musi-Buso, Bau;

ii) Upgrading of Jalan Teku/ Jalan Teku Pasai Siong/ Jalan Kemuyang, Sibu;

iii) Serian-Gedong-Samarahan Dual Carriageway Highway;

iv) Jalan Bawang Assan / Tanjung Manis / Sg Illas / Kpg Sebena, Daerah Meradong, Sarikei;

v) Jalan Menuju ke Rumah Panjang Nicholas ak Sandom, Sg Sigu Pandan, Sebauh, Bintulu;

vi) Road at Kpg. Medong Seberang / Kpg. Kekan Seberang, Mukah;

vii) Sg. Limbang Bridge, Sg. Bunut No. 2 Bridge and connecting roads, Limbang;

viii) Rural Bridges Transformation Programme; and

ix) Construction and Completion of Proposed Jalan Sungai Passin / Matu, Mukah.

156. Under Alternative Funding, **RM3.22 billion** will be provided next year to fund the ongoing major road infrastructure projects such as:

i) Sarawak Coastal Road;

ii) Sarawak Second Trunk Road;

iii) Northern Coastal Highway;

iv) Sultan Tengah Road and New Santubong Bridge; and

v) Various infrastructure projects under RECODA.

(III) Enhancing Air Connectivity

157. We will strengthen Sarawak's aviation links, supporting both passenger and freight movement, and open new pathways for tourism, trade, and regional collaboration. Therefore, under this Budget, fund will be allocated next year for the following projects:

i) **RM51 million** for Bebuling Airport;
ii) **RM6 million** for Site Verification, Feasibility Study and Integrated Masterplan for Proposed Development of New Kuching International Airport; and
iii) **RM1 million** for Study on International Air Connectivity into Sarawak.

(IV) Strengthening Port Sector

158. To support Sarawak's expanding trade, logistics, and regional integration, this Budget will prioritize the development of

a resilient and future-ready port sector. Our investments will focus in ensuring that every part of Sarawak benefits from improved connectivity and economic access.

159. Key components under this initiative include port infrastructure, navigational safety enhancements, riverine infrastructure development and digital port operations.

160. Under this Budget, a sum of **RM118.1 million** will be provided next year to implement various initiatives, such as:

i) Vessel Tracking Management System and Aids to Navigation for Sungai Miri and Kuala Baram, Sarawak,
ii) Relocation of Tanjung Kidurong Lighthouse to Tanjung Likau, Bintulu;
iii) Vehicle Yard and Associated Facilities at Senari Port;
iv) Port development and maintenance dredging grants to State Port Authorities;
v) Masterplan Study for Ports; and

vi) Construction of wharves, jetties, river wall and waterfront.

Tan Sri Datuk Amar Speaker,

Initiative Two: Expanding Access to Quality Public Services and Basic Public Amenities

(I) Expanding Water Supply Coverage

161. Sarawak achieved an overall water supply coverage of **86 percent**, with full access in urban areas and **70 percent** in rural regions. With this achievement, our focus now shifts to expanding water supply coverage to rural areas. Guided by the Sarawak Water Supply Master Plan, initiatives like the Water Supply Grid and SAWAS are critical to reach even the most remote households, especially where grid extension is not feasible.

162. To advance these efforts, **RM409 million** will be allocated next year for the implementation of various projects to ensure an efficient, secure, and sustainable water supply to meet this objective. The projects, among others, are as follows:

i) Engkilili Regional Water Treatment Plant, Sri Aman

ii) Upgrading of Treatment Plant Salim, Sibu;

iii) Serian Regional Water Supply Phase II;

iv) Upgrading of Treatment Plant No.4 Batu Kitang;

v) Mukah Water Treatment Plant;

vi) Pipeline for Darul Hana programme; and

vii) Lundu/Sematan Regional Water Supply, Kuching.

163. In addition, **RM402 million** will be provided under Alternative Funding to implement Sarawak Water Supply Grid Program for Stressed Areas and Upgrading and Replacement of Water Pipelines Programme.

164. We welcome the participation of private sector in the implementation of our water supply initiatives. Through strategic partnerships, private investors with the requisite expertise and innovative technological solutions can collaborate with local partners to finance, build, and operate water supply systems to remote villages or longhouses across Sarawak, or for Non-Revenue Water reduction.

(II) Free Water Program

165. Introduced in January 2020, my Administration subsidizes the first RM5 of the monthly domestic water bill to reduce the financial burden of the *rakyat*. The program will continue in 2026, with approximately **RM21 million** to be borne by the Sarawak Government to fund the subsidy.

(III) Accelerating Rural Electrification

166. We remain committed to achieving full electricity coverage across the State. Currently, urban areas enjoy complete access to electricity, while rural coverage stands at an impressive **98.6 percent**.

167. Under this Budget, **RM46 million** will be allocated next year to implement rural electricity supply projects, such as:

i) Additional and Late Application Fund (ALAF);
ii) Connect Stand-alone Sarawak Alternative Rural Electrification Scheme (SARES) villages or longhouses to nearby grid with road access;
iii) Replacement of Batteries and Key Components for Stand Alone Solar System; and
iv) Upgrading of Electricity Supply in Samarahan Division.

168. This effort is further intensified through a provision of **RM153 million** under the Alternative Funding next year to implement the Rural Electrification Scheme.

(IV) Government Financial Assistance for Connection Charges

169. Introduced in January 2020, the Connection Charges Government Financial Assistance aims to assist and ease the financial burden of low-income urban households for access to basic utility needs. The program will continue in 2026 with an allocation of **RM12 million**.

Tan Sri Datuk Amar Speaker,

Initiative Three: Strengthening Public Transportation System

170. In 2026, under the Alternative Funding initiative, my Administration will allocate a capital expenditure budget of **RM1 billion** to continue with the construction of Autonomous

Rapid Transit (ART) infrastructure and system. Phase 1 of the Kuching Urban Transportation System (KUTS), including ART stations and the Blue Line Package 1 route from Rembus to Riveria, is scheduled to begin operations in the fourth quarter of 2026. Construction on Blue Line Package 2, from Stutong to Hikmah Exchange, and the Red Line is ongoing, while works on the Green Line are expected to start in the second quarter of 2026.

171. Additionally, a sum of **RM90 million** will be allocated under Sarawak Metro for its operations and maintenance.

172. Efforts to enhance Sarawak's conventional public transport system will continue in 2026, with an allocation of **RM16.8 million** to support key initiatives. These include the implementation of smart buses in Miri City, the rollout of a new stage bus service in Sibu, ongoing operational subsidies for stage bus services, and the construction of a new bus terminal

in Kapit. These projects aim to improve accessibility, reliability, and overall public mobility across urban and semi-urban areas.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST SIX: SAFEGUARD THE *RAKYAT*'S LIVELIHOOD

Initiative One: Strengthening Social Safety Nets

173. In our commitment to strengthening social services and enhancing social protection for every Sarawakian, we will continue to provide targeted assistance as follows:

(I) Assistance to Mothers and Children

174. Every child deserves a strong start in life, and every mother deserves support. That is why we, as a caring GPS government, are continuing the **Endowment Fund Sarawak**, with **RM20 million** allocated next year to help every newborn to

begin life with a financial foundation. Additionally, the ***Bantuan Ibu Bersalin*** Programme will receive **RM5 million** to ease the burden on mothers during childbirth.

175. We are equally committed to support children with special needs. The One-Stop Early Intervention Centre (OSEIC) offers therapy, assessments, and parental support in a nurturing environment. In 2026, we will provide **RM3.9 million** to strengthen OSEIC services in Kuching, Dalat, and Miri.

(II) Welfare Aids and Financial Assistance

176. In 2026, a total of **RM55.8 million** will be allocated to continue with key programmes under our social protection framework. These include *Bantuan Am, Bantuan Belia-Beliawanis, Bantuan Kanak-Kanak*, *Bantuan OKU Tidak Berupaya Bekerja* and *Bantuan Bencana.*

Tan Sri Datuk Amar Speaker,

(III) *Sumbangan Keperluan Asas Sarawak*

177. Last year, I had the honour of announcing the launch of the *Sumbangan Keperluan Asas Sarawak* (SKAS) initiative, an effort rooted in compassion and designed to uplift our people through targeted financial assistance. This year, SKAS was successfully implemented, providing annual support ranging from RM250 to RM800 to eligible Sarawakians, with an allocation of **RM557 million**, benefiting over **1.03 million** eligible Sarawakians.

178. Today, I am pleased to announce that we, the GPS Government, will be increasing the amount of this assistance to better reflect the needs of our *rakyat* and help them to mitigate cost of living. This is to ensure that they will always have food on the table.

179. Therefore, the revised assistance which will be disbursed once in every four months, are as follows:

i) Households with income of RM5,000 and below will see their annual support **increased by RM150, from RM800 to RM950.** For each disbursement, recipient will receive **RM316**;

ii) Senior citizens without partners or children, earning RM5,000 and below, will receive an **increase of RM100, from RM400 to RM500.** For each disbursement, recipient will receive **RM166**; and

iii) Single individuals with income of RM2,500 and below will benefit from an **increase of RM50, raising their assistance from RM250 to RM300.** For each disbursement, recipient will receive **RM100**.

180. With this increase, we are allocating **RM640 million** under the 2026 Budget, and we anticipate that **more than one (1) million recipients** will benefit from this expanded support.

181. This is the GPS Government in action - listening, responding, and delivering. We are not just managing budgets; we are improving lives. Let us continue to build a Sarawak where no one is left behind, and every citizen feels the care of a government that truly serves.

(IV) Health Assistance for Vulnerable Groups

182. The well-being of our vulnerable communities remains a central pillar of the Sarawak Government’s social agenda. In 2026, we will continue to implement targeted health assistance programmes that reflect our compassion and responsibility toward those most in need.

183. The Senior Citizens Health Benefit, launched in August 2024, provides cashless outpatient treatment at panel clinics for those with household incomes of RM7,000 and below, up to RM500 per person annually. An allocation of **RM50 million** in 2026 will benefit **100,000 senior citizens** across Sarawak.

184. The **Death Compassionate Assistance for Kenyalang Gold Card** holders will be extended, with RM1,800 allocated to support bereaved families and ease funeral expenses. For this purpose, a sum of **RM10 million** will be allocated under the 2026 Budget.

185. Additionally, an allocation of **RM4 million** for *Bantuan Khas Pesakit Buah Pinggang* will be provided next year, ensuring patients receive timely treatment and easing the burden of dialysis for those with end-stage kidney failure.

(V) Social Support Infrastructure

186. As a responsible and caring Government, we are also expanding the social support infrastructure to better serve those in need, especially individuals and families facing hardship, recovery, or special challenges. In 2026, allocation will be set aside for the establishment of care infrastructure as follows: -

i) **RM3 million** for establishment of the Special Needs Community Centre;

ii) **RM1 million** for establishment and operation of Community Social Support Centres in Kuching, Sri Aman, Sibu, Bintulu, Lawas, and Mukah; and

iii) **RM600 thousand** for establishment of Temporary Shelters for Low-Income Recovery Community in Sibu and Bintulu.

Initiative Two: Strengthening Livelihoods Through Job Creation and Income Growth

187. We remain firmly committed to empowering vulnerable communities through inclusive economic initiatives. Across Sarawak, many women household heads, persons with disabilities, single mothers, and low-income families possess the determination to improve their livelihoods. We believe, with the right support, they can transform their potential into progress in their lives. Therefore, in 2026, we will allocate:

i) **RM2.6 million** for the continued implementation of **Women and Family Development Programme** covering ***Bantuan Ketua Isi Rumah Wanita Sarawak***, skills training, empowerment initiatives, and family support;

ii) **RM2.5 million** for ***Usahawan Mikro Kebajikan* Programme**, which provides training, capital, and market access to 835 micro-entrepreneurs from the B40 group, including persons with disabilities, single mothers, and widows;

iii) **RM600 thousand** for Low-Income Family Empowerment Programme, supporting 120 families in small business ventures; and

iv) **RM600 thousand** to support Non-Governmental Organizations in delivering community-based social interventions.

Tan Sri Datuk Amar Speaker,

Initiative Three: Empowering Home Ownership for Sarawakians

(I) Affordable Housing Projects

188. In ensuring access to affordable housing for the low-income (B40) group, a sum of **RM121 million** will be allocated

to Housing Development Corporation next year for the implementation of 11 housing development projects, comprising 1,547 units of affordable housing across Kuching, Betong, Sibu, Mukah, Bintulu, Miri, and Limbang.

189. Complementing this, **RM20 million** will be allocated to Mutiara Mortgage and Credit Sdn. Bhd. to support home financing for B40 and M40 groups, ensuring broader access to affordable housing alongside the ongoing housing development projects. As of September 2025, **RM83.5 million** has been successfully disbursed to **1,371** eligible home buyers.

(II) Longhouse Loan Scheme

190. In our continued efforts to improve the quality of life for rural communities, we will continue implementing the Longhouse Loan Scheme, offering interest-free loans in the form of building materials and hardware. Under this scheme, RM30,000 per

door is provided for refurbishment, and RM50,000 per door for new construction.

191. From 2022 to September 2025, **RM313 million** has been disbursed benefiting **391** longhouses, encompassing a total of **8,033** doors across Sarawak.

192. My Administration will provide an annual allocation of **RM50 million** to implement this scheme, ensuring eligible longhouses can access the support they need for safe and dignified housing.

(III) Sarawak Rental Assistance Scheme

193. Introduced in 2021, the Sarawak Rental Assistance Scheme was designed to ease the rental burden for low-income households in major districts such as Kuching, Samarahan, Sibu, Bintulu, and Miri. Eligible households earning RM4,556 or below receive RM200 per month for up to 36 months.

194. With an allocation of **RM48 million**, the scheme is expected to benefit 20,000 households. In 2024, coverage was expanded to include students in higher learning institutions, and in 2025, extended to civil service tenants residing in government quarters. As of September 2025, a total of 6,457 applications has been approved involving a sum of **RM31.4 million**.

(IV) Resettlement Scheme and Village Extension Scheme

195. The implementation of the Resettlement Scheme (SPS) and Village Extension Scheme (SPK) will be continued in 2026. With a budget of **RM224 million**, these schemes will secure residential lots for eligible households from low- and middle-income families, helping them to build safe and comfortable homes.

196. The projects that will be implemented throughout the State, among others are as follows:

i) SPK Gedong;

ii) SPK Beliong, Asajaya;

iii) SPK Sambir, Samarahan;

iv) SPK Semariang;

v) SPK Noor Islam, Kuala Lawas;

vi) SPS Tukau Parabena, Miri;

vii) SPS Limbang; and

viii) SPS Balingian, Mukah.

(V) Urban Renewal Project

197. We will continue to advance our urban renewal and kampung redevelopment initiatives aimed at revitalising ageing settlements and enhancing community infrastructure.

198. To support these efforts, a total allocation of **RM247 million** has been earmarked for the implementation of Kampung Redevelopment Projects in Kuching, Sibu, Bintulu, and Limbang in 2026, to be undertaken by LCDA.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST SEVEN: ENHANCE CULTURE, SPORTS AND YOUTH DEVELOPMENT

Initiative One: Promoting Sports Development

199. Sarawak aspires to become a regional leader in sports excellence, leveraging sports as a catalyst for unity, youth empowerment, and economic growth.

200. Sarawak's sports development is spearheaded by the Sarawak Sports Corporation and *Majlis Sukan Negeri Sarawak*. Several key initiatives will continue next year to transform

Sarawak to become a sports powerhouse in Malaysia by 2030, including:

i) **SUKSAR (Sukan Sarawak):** A state-level multi-sport event to identify and nurture young talent, serving as a feeder for national competitions such as SUKMA;

ii) **Sarawak X-Tive Programme**: A flagship initiative by the Sarawak Government to build a healthier, more active, and socially cohesive society through youth-focused sports and cultural engagement. It serves as a grassroots platform to uncover and develop sporting potential across communities; and

iii) **International Sports Event Hosting**: Strategic collaborations with global sports bodies to bring world-class exposure to local athletes. Through global partnerships, Sarawak will co-host the SEA Games in 2027 and lead the return of the Borneo Games in 2025 to strengthen our role in international and regional sports.

201. To support these efforts, we will allocate a total sum of **RM117 million** to Ministry of Youths, Sports and Entrepreneur Development which include **RM73 million** to Sarawak Sports Corporation and *Majlis Sukan Negeri Sarawak* for their operations, and continuous youth and sports development programmes.

Initiative Two: Enhancing Sports Facilities

202. The upgrading and expansion of sports complexes and facilities will be carried out as part of the State's long-term strategy to strengthen readiness for future national and regional sporting events.

203. As Sarawak is set to co-host the SEA Games in 2027, the preparation and upgrading of sports venues and facilities will

commence in 2026. A total of 11 sports facilities has been designated as official venues for the 2027 SEA Games, which include Sarawak Stadium, Stadium Perpaduan, Lawn Bowl Centre, Sarawak Cricket Ground, Squash Centre, Shooting Range, Wushu Training Centre, Pandelela Rinong Aquatic Centre, and Archery Range. For this purpose, **RM107 million** will be provided next year.

204. In addition, **RM54 million** will be committed for the construction and enhancement of other sport complexes and facilities throughout the State.

Initiative Three: Promoting Youth and Entrepreneur Development Programme

205. We have embarked on the **Sarawak Youth Index 2.0**, a comprehensive study designed to assess the well-being, quality of life, and overall development of our youth. Its primary aim is to provide reliable empirical data on the current state of Sarawak's youth, serving as a strategic foundation for crafting

policies and programmes that are more focused, inclusive and impactful. An allocation of **RM1.5 million** will be made available for this study next year.

206. Complementing this effort, **RM1 million** will be allocated next year for Sarawak Youth Creative Industry Fund to empower young talents in film, music, performing arts, digital media, and heritage crafts. This initiative nurtures creative entrepreneurship and equips youth with the digital and adaptive skills needed for a resilient economy.

207. To empower Sarawak's youth and drive inclusive digital growth, **RM2.34 million** will be provided for entrepreneurship development programme next year to implement several key initiatives including Youth Technopreneur 2026, Sarawak Youth Startup Programme, Youth Entrepreneur Setup, and BeliaGoBiz.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST EIGHT: SPUR RESEARCH AND DEVELOPMENT, SCIENCE & TECHNOLOGY INNOVATION

208. Allow me now to speak on a matter of strategic importance to Sarawak – our mission to transition Sarawak from a resource-based economy to a technology-driven economy and society, as envisioned under the PCDS 2030.

209. Since the launch of our pioneering Sarawak Digital Economy Strategy 2018–2022 and the subsequent **Sarawak Digital Economy Blueprint 2030**, we have made significant and commendable progress in our digital transformation journey. However, to fully realise these ambitious goals, we must now accelerate our efforts particularly in the areas of research, development, and innovation.

210. Let me outline a suite of strategic initiatives that will empower Sarawak to lead in science, technology, and innovation.

Initiative One: Digital Infrastructure Expansion

211. Digital economy is a necessity, no longer a luxury. It is the foundation upon which we build inclusive prosperity, resilient communities, and globally competitive industries. To this end, Sarawak has made bold and strategic investments in digital infrastructure and ecosystem.

Expanding Connectivity Across Sarawak

212. Under the Sarawak Linking Urban, Rural and Nation (SALURAN) – Sarawak Rural Broadband Network (MySRBN) initiative, we have completed Phase 1 at a cost of RM24 million. Meanwhile, Phase 2 is progressing well and will further extend coverage to underserved communities.

213. Through collaboration with the Malaysian Communications and Multimedia Commission under JENDELA Phase 2, we are accelerating 4G and 5G network coverage, particularly in areas with challenging terrain and scattered settlements.

214. The SMART600 project aims at enhancing digital connectivity across more than 1,000 rural locations. It involves the construction of **600** new communication towers, and benefiting approximately **180,000 residents** in areas such as Marudi in Miri and Belaga, Sungai Belawai, and Sungai Encheremin in Kapit.

215. As of July 2025, 587 towers have been completed, of which 431 towers are already activated using Multi-Operator Core Network technology, while the remaining towers will be commissioned in stages.

216. For 2026, we will allocate **RM450 million** under Alternative Funding to support the continued implementation of the SMART tower projects and the MySRBN initiative. In addition, **RM27 million** will be provided to Sarawak Multimedia Authority (SMA) under this Budget to support its operational needs and strategic functions.

217. We will continue to allocate **RM20 million** next year to Sarawak Digital Economy Corporation to subsidize broadband charges for rural communities. This funding will ease the financial burden for households benefiting from MySRBN initiative, which provides high-speed internet access through fixed wireless technology.

Tan Sri Datuk Amar Speaker,

Initiative Two: Growing Digitalization

218. Digital transformation remains central to improving public service delivery in Sarawak. The launch of SarawakPass,

powered by SarawakID at IDECS 2025, marks a major milestone in this journey. SarawakPass provides a unified and secure digital identity that connects citizens and businesses seamlessly to government and private sector services.

219. Under the 13th Malaysia Plan, we are accelerating the rollout of digital services in land management, social services, and business facilitation through platforms such as eZone and the Integrated Social Platform. These initiatives enhance efficiency, accuracy, and inclusivity, ensuring that assistance and services reach those who need them most.

(I) Cybersecurity

220. As Sarawak advances its digital transformation, cybersecurity is a top priority. SMA is developing the State Cybersecurity Strategy and Roadmap 2030. This strategy will strengthen cyber resilience, safeguard our digital infrastructure and citizens’ data, and ensure that innovation is secure and

trusted. It also envisions the establishment of a dedicated entity to coordinate cybersecurity efforts across government and industry.

(II) Data Governance

221. Equally important is data governance. Data is now the key driver of progress, and SMA is formulating the Sarawak Data Governance Framework and Roadmap to ensure that data is properly managed, protected, and utilised responsibly. This will transform data into a strategic asset to enhance decision-making, improve service delivery, and unlock value for our economy, while upholding the highest standards of privacy and accountability.

Initiative Three: Investing in Sarawak's AI Future

222. In 2025, my Administration launched the Sarawak Artificial Intelligence Centre (SAIC), a strategic initiative to position Sarawak as a leader in technology-driven innovation.

SAIC will advance AI technologies across key sectors including healthcare, agriculture, education, and manufacturing. By fostering public-private partnerships and collaborating with local and international partners, the Centre aims to boost productivity and create high-value jobs, driving Sarawak toward a smart, innovation-led economy. In 2026, **RM5 million** will be allocated to SAIC for its operation and carry out its strategic functions.

Initiative Four: Promoting Digital Business Environment

223. Our journey towards a fully digital and inclusive Sarawak continues to make significant progress. The Government-owned **S Pay Global** platform has grown into a trusted digital payment ecosystem, now serving **1.6 million users**, **95,000 merchants**, and facilitating over **RM5.5 billion in transactions** since its launch.

224. Through S Pay Global, the Government has successfully channelled various forms of assistance such as SKAS, *Bantuan Komputer Riba Percuma* and *Baucar Buku Percuma* directly to eligible recipients across Sarawak, in Peninsular Malaysia, and even abroad. Linked to each individual's SarawakID, these transactions are secure, instant, and accountable, ensuring public funds are used responsibly.

225. With integration via DuitNow and UnionPay, S Pay Global now operates across Malaysia and internationally. Moving forward, it will evolve into a comprehensive digital banking platform, focused on serving Anak Sarawak - empowering them to save, transact, and invest seamlessly, anytime and anywhere.

226. Under this Budget, an allocation of **RM28 million** will be provided to S Pay Global next year to support its continued implementation and expansion as Sarawak's flagship digital payment and financial inclusion platform.

Initiative Five: Promoting Invention and Innovation

(I) Shaping the Future of Sarawak's Semiconductor

227. In 2025, Sarawak made bold strides toward becoming a regional semiconductor hub with the launch of the **Sarawak Semiconductor Roadmap 2030** and transformative projects such as the keteq.ai power converter and keteq.GaN platform. These milestones reflect our commitment to high-performance, energy-efficient technologies and global innovation leadership**.**

228. Moving forward, we will continue to build on this foundation by investing in the following:

i) the creation of three new intellectual property assets;

ii) producing Sarawak's first Gallium Nitride High Electron Mobility Transistor chip, a cutting-edge semiconductor device known for high-speed and high-efficiency performance; and

iii) planning for the establishment of AI Chip Integration Centre.

229. These efforts, in partnership with global leaders like Compound Semiconductor Applications Catapult (UK), X-FAB, and Rebellions Inc. (South Korea), aims at positioning Sarawak as the **Silicon Nerve of Asia**.

230. By nurturing homegrown breakthroughs, strengthening research partnerships, and gradually building technical capacity, we aim to build long-term economic resilience and achieve Sarawak's broader aspirations in the development of advanced technology.

(II) Research and Development, and Innovation for Sustainable Growth

231. We will continue to invest in high-impact research and development that supports science, technology, and innovation with strong potential for commercialisation.

232. Through the Sarawak Research and Development Council, to date we have invested RM18.3 million in 80 research projects across biotechnology, renewable energy, and green industrialisation. To further support these initiatives, **RM4 million** will be spent on research projects next year.

233. For 2026, we will allocate **RM50 million** to continue the construction of Sarawak Infectious Disease Centre, and **RM22 million** for its operations. Meanwhile, for Sarawak Science Centre, **RM48 million** will be provided for its completion and another **RM8 million** for its operations. A further sum of **RM11 million** will be provided to support various disease and research programmes.

Tan Sri Datuk Amar Speaker,

234. We will also provide allocation for other R&D initiatives as follows:

i) **RM36 million** to Sarawak Biodiversity Centre for its operations and ongoing R&D initiatives;

ii) **RM26.6 million** to CRAUN Research for its operations and ongoing research;

iii) **RM5 million** to Sago and Nipah Development Board; and

iv) **RM4.4 million** to Sarawak Tropical Peat Research Institute.

Tan Sri Datuk Amar Speaker,

STRATEGIC THRUST NINE: STRENGTHEN GOVERNMENT CAPACITY AND PUBLIC SERVICE DELIVERY

Initiative One: Enhancing Government Capacity and Capability

(I) Continuous Up-skilling and Re-skilling of Sarawak Civil Service

235. Sarawak Civil Service must be equipped with the right skills, knowledge and mindset to deliver quality public service and implement the Government development agenda effectively. To further strengthen the capacity of our officers at all levels, my Administration will continue to provide allocation for training and talent development. For 2026, a sum of **RM48.5 million** will be allocated for this purpose, which includes:

i) Technical Skills Development that focuses on strengthening functional and job-related competencies in specialised areas.

ii) In-Service Training which provides officers with opportunities to pursue formal studies and professional qualifications to strengthen their competencies.

iii) Leadership and Executive Development programs for senior and emerging leaders to build their strategic thinking, leadership capability and high-level management skills.

(II) New Scheme of Service

236. In line with the Federal Government's decision to implement the *Sistem Saraan Perkhidmatan Awam* (SSPA), the State adopted the new pay structure last year, with the first eight (8) percent salary increase taking effect early this year, involving

a total sum of **RM67 million**. For 2026, a further seven (7) percent increase will be implemented with an allocation of **RM56 million**. This revised salary scheme is intended to ease the financial pressures faced by officers and help them manage the rising cost of living.

(III) Building Healthy Workplaces

237. Building a healthy workplace is important to keep our officers motivated and able to do their best. For 2026, **RM1.26 million** will be provided to support programmes that improve overall well-being and work–life balance, as well as studies to guide future policies such as hybrid work arrangements, special needs support, and back-to-work initiatives.

(IV) Restructuring of Departments and Agencies

238. Growing expectations from the *rakyat* require us to keep improving the way we work and the services we provide. To support this, we are restructuring departments and agencies to **remove overlaps and streamline functions**, **giving greater clarity and accountability** across the system. This approach will help us build a leaner and more agile government that focuses on its core responsibilities, cuts unnecessary bureaucracy and delivers faster and better results to our people. The emphasis is on doing the right things with the right people, ensuring every organisation plays its role effectively in advancing PCDS 2030.

(V) Revision of Incentive Structure for Councillors

239. To support our councillors in their expanding responsibilities towards improving service delivery at the local level, we have undertaken a review of the remuneration and

benefits accorded to 864 councillors serving in 27 Local Authorities across Sarawak.

240. Following this review, I am pleased to unveil the following:

a) **Special Fixed Monthly Allowance**

The Special Fixed Monthly Allowance for all Councillors will be increased from **RM300 to RM1,000**. This adjustment will be applied uniformly across all 27 Local Authorities.

b) **Additional Medical Benefit**

In addition to the existing entitlement to medical treatment at Government facilities, Councillors will now be provided with a medical benefit of **RM1,000 per year** for basic treatment at private hospitals or clinics recognised by the Government.

241. The new rates of allowance and medical benefits will involve a total additional financial implication of **RM8.1 million** per year and will be implemented with effect from **1st January 2026**.

(VI) Adjustment of Remuneration for Community Leaders

242. The *Ketua Masyarakat* and *Ketua Kaum* (KMKK) form the backbone of Sarawak's grassroots governance. With over 7,700 appointed leaders, including Temenggong, Pemanca, Penghulu, and Ketua Kaum, they play a vital role in bridging the government and the *rakyat*. They are entrusted with maintaining social harmony, resolving local disputes, and supporting the implementation of government policies at the community level.

243. The last adjustment to their remuneration was made in 2018, with an increase of RM100. Since then, the cost of living has continued to rise, and the scope of responsibilities borne by KMKK has expanded significantly.

244. In recognition of their service and evolving responsibilities, I am also pleased to announce an increase of **RM400 in monthly remuneration for KMKK**, involving an additional allocation of **RM37 million** annually, with effect from **1st January 2026**.

Initiative Two: Strengthening Institutional Support for Sarawak Civil Service

245. Recognising the critical role of civil servants in delivering public services, we will continue our effort to improve access to quality housing. In 2026, **RM300 million** will be allocated to begin construction of new housing and related facilities in various Districts in Sarawak. This initiative reflects our dedication to improving living standards and strengthening institutional support for those who serve the State.

Initiative Three: Accelerating Digital Government Transformation

246. To strengthen the ease of doing business, we are now moving towards smarter and more connected service delivery. This includes simplifying processes, improving coordination across agencies, and using data, automation and platforms to deliver services in a faster and more seamless way.

247. For this purpose, **RM27 million** will be allocated to develop and upgrade ICT projects while **RM299 million** will be provided for system maintenance to ensure reliable and secure digital services in 2026.

Tan Sri Datuk Amar Speaker,

SARAWAK PUBLIC FINANCIAL TRANSFORMATION PROGRAMME

248. As I have mentioned publicly on several occasions, we are currently undertaking two (2) major reform initiatives namely, the Transformation of State-Owned Enterprises and Results-Based Budgeting.

249. We remain committed to strengthening our public financial management to ensure efficient and impactful utilisation of our resources. For 2026, **RM17.4 million** will be allocated for the continuation of these two (2) reform initiatives.

250. I would now like to elaborate more on these initiatives.

(I) State-Owned Enterprises (SOEs) Transformation Programme

i) State Ownership Policy

251. The Sarawak Government's State Ownership Policy is a major, first-of-its kind reform in Malaysia, designed to transform the governance and performance of its SOEs. The policy aims to establish the State as an active, professional, and accountable shareholder, adopting international best practices, and is being developed in partnership with the World Bank.

252. This policy represents a major shift in how Sarawak manages and governs its SOEs. Under this policy, each SOE will operate with a clear and defined mandate — be it strategic, developmental, commercial, or a hybrid — while fostering a performance-driven culture focused on delivering tangible outcomes for the people of Sarawak. **Why are we introducing this policy?**

First, we want to bring **greater clarity** to the ownership and purpose of our SOEs. It ensures a **clear separation** between policy-making, ownership, and regulatory functions.

Second, we want to **eliminate fragmentation and duplication** across entities that serve similar functions. It allows us to **streamline operations, consolidate assets, enhance board professionalism, and improve performance monitoring** — driving efficiency and value creation.

Third, we want to **reduce dependency on State funding** and build financially resilient enterprises.

Fourth, we want to have **centralized ownership** that enables closer coordination between SOEs' oversight and State's overall budgeting process. This ensures better alignment of dividends, reinvestment strategies, and fiscal priorities.

Above all, we want our SOEs to be **managed professionally, transparently, and with the highest standards of governance and integrity.**

ii) Sarawak Code of Corporate Governance

253. The Sarawak Code of Corporate Governance will set out clear standards of board independence, accountability, transparency, and ethical conduct.

254. This will strengthen oversight, prevent conflicts of interest, and ensure that decision-making is always in the best interest of the State and the *rakyat*.

255. To support this governance framework, a central monitoring mechanism will be established to track compliance and performance across all SOEs under the State’s portfolio.

iii) Study on the Roadmap Towards Financially Self-Reliant and High-Performing SOEs

256. We are also embarking on a study aims to create SOEs that are financially self-reliant and can contribute positively to the State's fiscal positions. The expected outcomes of the study are as follows:

a) Streamlined and consolidated SOEs — less in number, but stronger in capacity and focus;
b) Reduce burden on State finances while improving efficiency and performance; and
c) Unlock more opportunities for collaboration with the private sector as our SOEs become more commercially oriented.

257. In conclusion, the State Ownership Policy, together with the Code of Corporate Governance and the Self-Reliance Study, formed the foundation of Sarawak's long-term strategy to transform its SOEs into high-performing, sustainable, and

accountable institutions. These reforms will not only enhance the value of our state enterprises but will also strengthen Sarawak's position as a competitive, resilient, and forward-looking economy.

(II) Results-Based Budgeting

258. In 2024, we took a major step forward with the implementation of the Results-Based Budgeting (RBB) framework. However, **RBB alone cannot deliver the full transformation we envision**. It must operate within a broader and interconnected **Integrated Results-Based Management** (IRBM) ecosystem that aligns every part of government.

259. To achieve this, the Economic Planning Unit (EPU) Sarawak is entrusted to take the lead to establish the IRBM framework. This framework will form the foundation for a results-based governance framework that links policy vision, strategic

planning, budgeting, implementation, and evaluation into a seamless chain of accountability.

Tan Sri Datuk Amar Speaker,

FEDERAL FUNDING AND 2026 FEDERAL BUDGET

260. I wish to extend my sincere appreciation to Federal Government for the **RM6 billion** allocation to Sarawak under Malaysia Budget 2026. This increase, though incremental from RM5.9 billion last year, reflects a positive step toward addressing regional development disparities under the MADANI framework.

261. However, I must respectfully highlight that Sarawak's development needs still remain substantial. Given our vast geography and unique infrastructural challenges, this allocation, while welcomed, is not sufficient to fully bridge the gap between Sarawak and Peninsular Malaysia.

262. Sarawak is not merely a recipient of Federal funds. We contribute significantly to the national economy, particularly through oil and gas revenues. As we move forward, I hope that future budgets will reflect a more equitable alignment between Sarawak’s contributions and the scale of Federal investment required to unlock our full development potential and address our longstanding developmental needs.

CONCLUSION

Tan Sri Datuk Amar Speaker,

263. The journey towards a stronger Sarawak will be demanding. There will be trials and pressures that test our unity. Yet, as long as we stand together, committed to our common purpose, no force can divide us.

264. In this pivotal year, the GPS Government reaffirms its dedication to expanding opportunities and support for all. We call on every member of society to play their part in shaping a future Sarawak that is inclusive, empowered, and ready for the future.

265. Belanjawan Sarawak Tahun 2026 ini bukan sekadar dokumen kewangan, tetapi manifestasi jelas iltizam politik Kerajaan GPS untuk terus memacu Sarawak ke arah kemakmuran yang lebih setara dan berkualiti. Setiap ringgit

yang diperuntukkan mencerminkan keberanian kita membuat keputusan strategik, keutamaan yang berpaksikan rakyat, serta kesungguhan untuk memastikan Sarawak mampu bersaing di pentas serantau dan global. Inilah belanjawan yang disandarkan pada prinsip kebertanggungjawaban dan visi jangka panjang untuk membawa perubahan nyata kepada kehidupan rakyat.

Tan Sri Datuk Amar Speaker,

266. Pada kesimpulannya, Belanjawan ini bukan sekadar angka dan dasar. Ia adalah cerminan harapan dan tekad bersama. Di sebalik setiap perincian, tersulam usaha insan, yang bekerja tanpa jemu demi masa depan yang mapan.

267. The GPS Government has laid out strategic measures to further strengthen Sarawak's revenue base, with a firm commitment to exploring and diversifying new revenue stream in the years ahead.

268. For record, under my Administration, our revenue has increased by **2.4 times** from **RM5.9 billion** in 2016 to **RM14.2 billion** in 2024. This achievement was driven by the introduction of new revenue sources, particularly from State Sales Tax on petroleum products, aluminium, timber, ferro-alloy, and polysilicon; and the introduction of State Dividend policy. On the expenditure side, more than **RM10 billion** has been allocated annually since 2018 for both operating and development purposes towards fulfilling our commitment to the people.

269. Maka, dengan semangat keyakinan dan kesepaduan, saya menyeru seluruh Ahli Dewan, tanpa mengira perbezaan pandangan politik untuk bersama-sama menyokong belanjawan ini demi kepentingan Sarawak dan generasi masa depan.

270. Kita wajib menunjukkan kepada rakyat bahawa kepimpinan negeri ini bersatu dalam matlamat membina

Sarawak yang lebih maju, stabil dan progresif di bawah naungan kepimpinan yang utuh dan berpandangan jauh.

271. Di kesempatan ini, saya ingin merakamkan setinggi-tinggi penghargaan dan terima kasih kepada rakan-rakan saya dalam Kabinet, para Pegawai Pengawal di Kementerian dan Jabatan, serta seluruh warga kerja yang telah mencurahkan tenaga, masa dan komitmen dalam menjayakan penyediaan Belanjawan Sarawak Tahun 2026. Kecekalan, semangat kerja berpasukan dan profesionalisme yang ditunjukkan oleh semua pihak telah menjadi tunjang kepada perancangan belanjawan yang inklusif, berhemah dan berdaya tahan demi kesejahteraan rakyat.

272. Penghujung kalam sebagai bingkisan harapan, saya akhiri dengan dua rangkap pantun.

Pagi cerah mentari bersinar,

Petani gigih menanam padi,

Belanjawan bijak rakyat disinar,

Kemakmuran dikejar, masa depan lestari.

Gunung Santubong berbalam senja,

Awan berarak ke ufuk timur;

Tertib teratur mengurus belanja;

Moga Sarawak terus maju dan makmur.

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