



Sarawak Budget

2026

**“Empowering PEOPLE, Advancing PROSPERITY,
Building a RESILIENT FUTURE”**

TABLE OF CONTENT

Budget Key Summary	2
Budget Overview and Commentary	3
Key Highlights	4
Economic Performance	6
Budget Allocation	8
 Budget 2026 Key Initiatives	
• Revenue & Expenditure	9
• Agriculture Sector Allocations	9
• Environment, Climate Change & Forestry	10
• Investment, Industrialisation & SMEs	11
• Tourism, Culture & Eco-Tourism	11
• Education & Human Capital	12
• Federal Funding	12
• Social Protection & Welfare	13
• Rural Development, Utility & Infrastructure	14
 Sarawak Budget Conference	15
About SALIHIN	16
Sarawak Desk	18

Sarawak Budget 2026 Key Summary

Driving Sarawak's Future Agenda

“

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).

”

**Datuk Patinggi Tan Sri (Dr) Abang
Haji Abdul Rahman Zohari Bin Tun
Datuk Abang Haji Openg**

Premier of Sarawak

24th November 2025



*Source: The Star

Budget Overview and Commentary

“

This year's strategic emphasis on human capital development, rural transformation, green transition and digital capability reflects a State that is not only progressing steadily, but deliberately shaping a stronger and more resilient future. The priorities articulated signal a clear ambition to elevate economic competitiveness while ensuring inclusivity and shared prosperity. Together, these commitments lay a solid foundation for long-term growth and societal well-being—an aspiration firmly embodied in the Sarawak Budget 2026.

”

**YBhg. Dato (Dr.) Haji —
Salihin Bin Abang**

Founder & Group Managing Partner
SALIHIN International



“

The Sarawak Budget 2026 demonstrates Sarawak's clear focus on strengthening competitiveness while ensuring no community is left behind. Significant allocations for infrastructure, social protection, talent development, and climate action reflect a forward-looking Sarawak State in preparing for new economic frontiers. It provides a strong platform for investors, industries and communities to participate in Sarawak's transformation towards a high-income, sustainable and innovation-driven economy.

— **En. Syihabuddin Mohamad Mud**

”

Director
SALIHIN Sarawak Desk



Sarawak Budget 2026 Key Highlights



Shaped by 3 core priorities

- Empowering People
- Driving and advancing prosperity
- Strengthening long-term resilience

Revenue Performance (as of October 2025 Update)

RM10.3 billion **73%** of project target

- Sarawak collected **RM10.3 billion**, which is **73%** of the projected target.
- Total projected revenue for 2025 revised to **RM12.1 billion**.



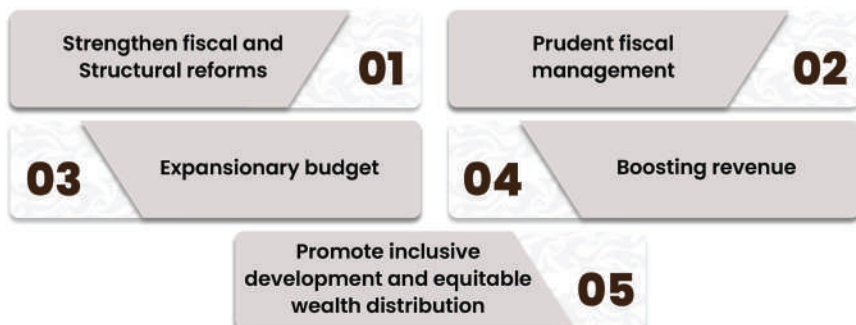
This is RM2.1 billion (15%) lower than the original estimate of RM14.2 billion.



Sarawak Budget 2026 is framed across nine Strategic Thrusts as follows:



The Sarawak Budget 2026 focuses on five overarching goals:

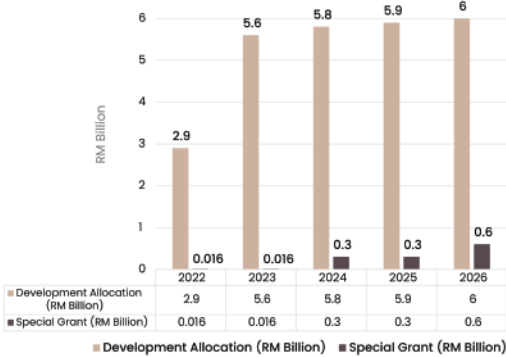


Economic Performance

Federal Funding for Sarawak State

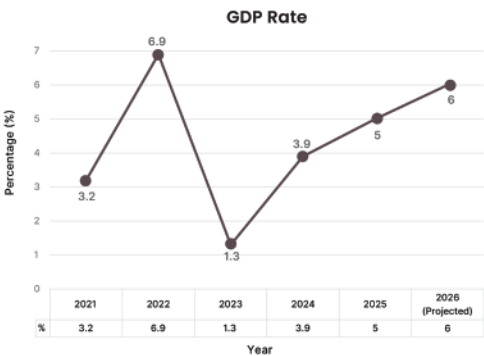
This bar graph highlights rising federal support for Sarawak across 2022–2026. Development allocations grew steadily **from RM2.9 billion to RM6 billion**, underscoring stronger investment in state infrastructure. Special Grants expanded markedly **from RM0.016 billion to RM0.6 billion**, signalling increased federal responsibility and MA63-driven fiscal adjustments to strengthen Sarawak’s development trajectory.

Federal Funding for Sarawak State FY2022–2026



Sarawak’s GDP Rate

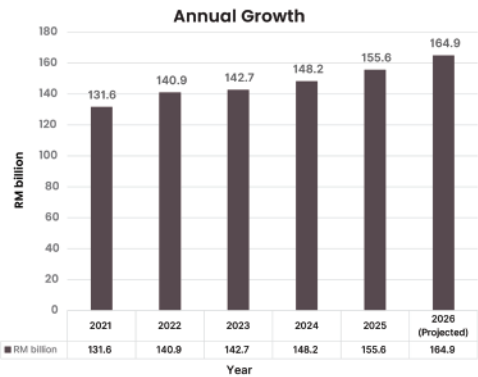
The graph highlights **Sarawak’s GDP performance** from 2021 to 2026. After rising from 3.2% in 2021 to 6.9% in 2022, growth moderated to 1.3% in 2023 and rebounded to 3.9% in 2024. Forecasts indicate sustained momentum, with GDP expected at 4.5–5.0% in 2025 and **5.0–6.0% in 2026**.



Source: Department of Statistics Malaysia © 2025 Public Sector Open Data

Sarawak Annual Growth FY 2021–2025 (RM Billion)

The bar chart shows **Sarawak’s steady economic expansion**, with GDP rising from RM131.6 billion in 2021 to RM148.2 billion in 2024. Growth is expected to continue, reaching RM155.6 billion in 2025 and **RM164.9 billion in 2026**, supported by **stronger investments**, domestic demand, and PCDS 2030 initiatives.

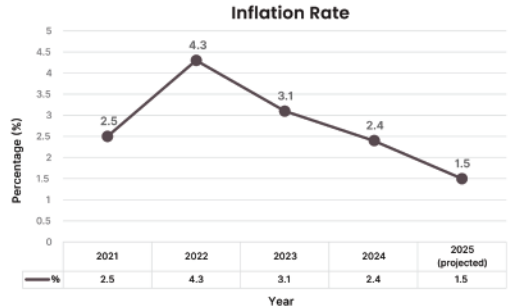


Source: Department of Statistics Malaysia © 2025 Public Sector Open Data

Economic Performance (Cont'd)

Sarawak's Inflation Rate

The graph shows a clear downward trend in Sarawak's inflation rate from 2021 to 2025. After peaking at 4.3% in 2022, inflation eased to 3.1% in 2023 and 2.4% in 2024. For 2025, inflation is projected to moderate further to around 1.5%, indicating improving price stability and a more balanced economic environment moving forward.

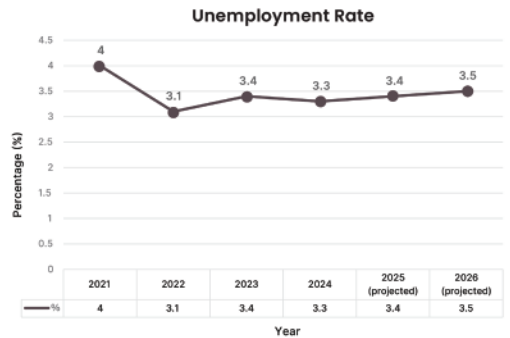


Source: Department of Statistics Malaysia © 2025 Public Sector Open Data

Sarawak's Unemployment Rate

The Sarawak's unemployment trend from 2021 to 2026, indicating overall stability with gradual improvements over time. The unemployment rate declined from 4.0% in 2021 to 3.1% in 2022, reflecting post-pandemic labour market recovery.

It then remained relatively steady, at 3.4% in 2023 and 3.3% in 2024, supported by continued economic activity and job creation. The rate is projected to remain steady within the range of 3.2% to 3.5% in 2026, reflecting a relatively resilient and balanced labour market.

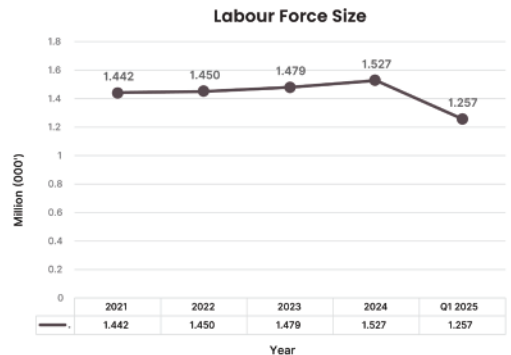


Source: Department of Statistics Malaysia © 2025 Public Sector Open Data

Sarawak Labour Force Size

The Sarawak's labour force size from 2021 to the first quarter of 2025, reflecting steady growth before a correction in early 2025. The labour force expanded from 1.442 million in 2021 to 1.527 million in 2024, driven by higher participation and improved job market conditions.

In Q1 2025, the labour force registered 1.257 million, representing a measurement for the first quarter rather than the full year, as reported in the Budget Speech. Overall, the figures indicate a generally expanding workforce aligned with Sarawak's economic development momentum.



Source: Department of Statistics Malaysia © 2025 Public Sector Open Data

Sarawak Budget 2026

Allocation Breakdown



Revenue

**RM13.1
billion**

Driven by SST, petroleum receipts and non-tax revenue, supporting Sarawak's resilient fiscal position amid global uncertainties.



Ordinary Expenditure

**RM12.9
billion**

Funds government operations, public services, administrative functions, emoluments, pension, gratuities and essential supplies.



Development Expenditure

**RM9.3
billion**

Supports major development projects, infrastructure upgrades and economic growth, with strong emphasis on rural transformation.



Agriculture

**RM557.3
million**

Boosts food security, modern farming, agroparks, aquaculture, livestock and farmer support to strengthen Sarawak's agro-economy.



Tourism, Culture & Eco-Tourism

**RM347
million**

Enhances tourism infrastructure, cultural programmes, ecotourism and promotions to grow visitor arrivals and creative industries.



Investment, Industrialisation & SMEs

**RM154.45
million**

Supports SMEs, industrial parks and investment missions to stimulate economic diversification and job creation.



Education & Talent Development

**RM665
million**

Strengthens human capital through Free Tertiary Education Scheme (FTES), e.g. *RM250 million free tertiary education for Sarawakians at State-owned universities, covering 64 bachelor programmes*, early education, international schools, TVET, student assistance and digital talent programmes.



Environment, Climate Change & Forestry

**RM118.66
million**

Funds conservation, Net Zero initiatives, carbon studies, enforcement, and forest protection for a sustainable, low-carbon Sarawak.



Rural Development, Utility & Infrastructure

**RM1.32
billion**

Expands electricity, water, roads, and public transport, prioritising equitable development for rural and remote communities.



Social Protection & Welfare

**RM1.26
billion**

Supports families, children, OKU, seniors, rental aid, food assistance and housing to strengthen social wellbeing and inclusivity.



Federal Funding

**RM6
billion**

Supports federal-led development projects including infrastructure, schools, utilities, health facilities and rural upgrades in Sarawak.

Revenue & Expenditure

1.

Sarawak's 2026 **total revenue** is projected at **RM13.1 billion**, comprising tax revenue mainly from SST, non-tax revenue from O&G compensation, dividends, land receipts, and federal grants.



2.

Total expenditure is **RM12.9 billion**, covering operating costs including personnel, services, grants, assets and others, alongside a substantial allocation to the Development Fund.



3.

The 2026 Budget records a **surplus** of **RM144 million**, reflecting prudent financial management and the State's commitment to maintaining a stable fiscal position.



4.

Development expenditure totals **RM9.3 billion** with 66% directed toward rural development to enhance infrastructure and community well-being.



Agriculture Sector Allocations

1.

A total of **RM73 million** supports **agricultural modernisation**, including the Sarawak Agrotechnology Park, Precision Farming Parks, the Metropolitan Food Cluster, and IoT applications to boost productivity.



2.

RM5.6 million is allocated for **agriculture R&D** to enhance crop innovation, improve farming techniques, and strengthen sector productivity.



3.

RM21.4 million supports **agroparks and aquaculture parks** to expand agro-industry capacity, strengthen value chains, and boost rural-based agribusiness growth.



4.

RM79.4 million strengthens **food security** through paddy and irrigation upgrades, drainage works, Mid Sadong rehabilitation, farmer assistance, and for the cattle industry.



5.

RM34.2 million enhances **agricultural infrastructure**, including farm road upgrades and improved collection and packaging centres to support efficient supply chains.



6.

A total of **RM67.2 million** supports for **farmers and fishermen** in terms of crop development, promotion, mechanisation, agro-entrepreneurship, fisheries and livestock to boost rural productivity.



7.

RM270 million supports the **agriculture facilitation fund**, including RM247 million in cumulative spending and RM50 million for the Jaya Tani assistance programme.



8.

RM6.5 million strengthens **Persatuan Peladang Negeri (PPN)** and **Pertubuhan Peladang Kawasan (PPK)** to improve services, coordination, and support for farmers.



Environment, Climate Change & Forestry

1.

Environmental efforts receive **RM3.4 million** for the **Climate Change Roadmap**, **RM7 million** for **Net Zero Strategy**, and **RM2.4 million** for **forest restoration programmes**.



2.

RM26.6 million supports **environmental management** including the Bio Industrial Park, nutraceutical facility, forest management, NREB programmes, and enforcement technology.



3.

Environmental conservation is strengthened through **RM8.33 million** in support for geoparks, wetlands, biodiversity work, forest research, and AI-based protection.



4.

RM66.8 million supports conservation and Sarawak Forestry Corporation (SFC) operations, strengthening **Sarawak's protected areas** and ensuring long-term protection of critical ecosystems.



Investment, Industrialisation & SMEs

1.

To strengthen Sarawak's **SME development**, **RM60.6 million** supports micro enterprises, skills training, and the establishment of 16 *Anjung Usahawan* centres statewide.



2.

RM60.85 million advances **industrial park** development across key divisions, including site preparation and impact assessments to attract investment and expand industrial capacity.



3.

RM33 million supports **trade and investment promotion**, including Invest Sarawak missions and the operations of Sarawak Trade and Tourism Offices in key regional hubs.



Tourism, Culture & Eco-Tourism

1.

Upgrading facilities, enhancing accessibility, and expanding key sites are the focus of the **RM129 million** allocation to strengthen **Sarawak's tourism infrastructure**.



2.

To boost visitor arrivals and cultural visibility, **RM194 million** supports events, agency grants, cultural sponsorships, research activities, and other **tourism promotion initiatives**.



3.

Strengthening conservation and sustainable tourism efforts, **RM24 million** is channelled into **eco-tourism and forestry programmes** to protect Sarawak's natural environment.



Education & Human Capital

1.

RM250 million will be allocated in 2026 for the **Free Tertiary Education Scheme (FTES)**, covering 64 undergraduate programmes in partnership with state-owned universities and *Yayasan Sarawak* to expand access and strengthen talent development.



2.

A **RM36 million** allocation strengthens **international school operations**, while **RM13 million** supports **new campuses** in Bintulu and Miri, expanding capacity and enhancing global-standard education access.



3.

Early childhood learning is boosted through **RM40 million** for SeDidik improvements, special grants, and fee subsidies benefiting 4,000 young learners across Sarawak.



4.

RM6 million strengthens the **Dual Language Programme**, while **RM1 billion** accelerates **school rebuilding** and **RM20 million** supports **Sarawak Education Enhancement Programme (SEEP)** assistance for 63,000 students statewide.



5.

RM115.5 million is allocated for comprehensive **student support**, including laptops, book vouchers, PTPN aid, living assistance, and *Insentif Graduan Pulang Sarawak (i-GPS)* flight subsidies to ease student costs.



6.

Talent and TVET development receives **RM157.7 million**, covering the Talent Development Blueprint, Graduates Enhancement Training Sarawak (GETS), TVET expansion, digital talent initiatives, and semiconductor training programmes.



Federal Funding

1.

Federal Budget 2026 allocation to Sarawak: **RM6 billion** (up from **RM5.9 billion** in Budget 2025)



Social Protection & Welfare

1.

RM25 million supports **mothers and children assistance** through the Endowment Fund Sarawak and maternity assistance, strengthening early childhood wellbeing and family security.



2.

RM55.8 million enhances **welfare support**, including general aid, youth assistance, child aid, OKU assistance, and disaster relief to protect vulnerable households.



3.

Sumbangan Keperluan Asas Sarawak (SKAS) programme receives **RM640 million** to provide essential household support and ensure basic needs are met for low-income families across Sarawak.



4.

The **Sarawak Rental Assistance Scheme** receives **RM48 million** to ease housing costs, strengthen residential stability, and support vulnerable households across the state.



5.

RM68.6 million strengthens **health assistance for vulnerable groups**, expanding access to medical support and improving welfare outcomes for underserved communities.



6.

Job creation and income growth initiatives are supported through **RM6.3 million**, enhancing employment opportunities and improving economic mobility for Sarawakians.



7.

A total of **RM121 million** will deliver 1,547 **affordable housing** units across Kuching, Betong, Sibul, Mukah, Bintulu, Miri, and Limbang, expanding homeownership opportunities statewide.



8.

Resettlement schemes receive **RM224 million** alongside **RM50 million** for the **Longhouse Loan Scheme**, improving rural infrastructure and upgrading living conditions for longhouse families.



Rural Development, Utility & Infrastructure

1.

RM199 million advances **rural electrification** through new electricity projects and alternative funding schemes, expanding reliable power access for remote and underserved communities.



2.

Connection charges and essential **utility assistance** are supported through **RM12 million** to reduce household costs and improve access to basic services.



3.

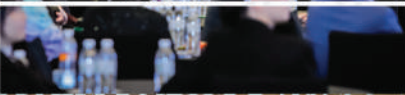
A total of **RM1.12 billion** strengthens **public transportation** via KUTS/ART infrastructure, Sarawak Metro operations, and improved conventional services including smart buses and Sibu routes.



SARAWAK BUDGET CONFERENCE

The Sarawak Budget Conference is a premier platform that convenes federal and state leaders, economists, industry strategists, and the business community for a comprehensive and incisive examination of the fiscal, financial, and taxation architecture shaping Sarawak's long-term economic trajectory. More than a conference, it functions as a strategic nexus for evaluating how federal-state budgetary decisions, financial reforms, and evolving tax regimes, including SST enhancements and digital tax infrastructure, recalibrate Sarawak's developmental priorities and economic competitiveness. Through rigorous analysis of fiscal sustainability, investment imperatives, revenue optimisation, and sectoral transformation, the conference equips stakeholders with informed perspectives and actionable frameworks to fortify financial resilience, elevate tax governance and compliance, catalyse digital and economic modernisation, and unlock high-value growth opportunities. Ultimately, it reinforces Sarawak's ambition to cultivate a robust, investment-conducive, and innovation-driven economy that is resilient, future-ready, and sustainably positioned for long-term prosperity.

Organised by:



About SALIHIN

SALIHIN is the brand name under which independent member firms of **SALIHIN International** operate to deliver quality professional services.



SALIHIN consistently embodies the **"Think Differently"** philosophy in serving its stakeholders. Think Differently is more than simply a phrase; it's a driving force behind empowering SALIHIN's professionals to uphold its core values.



Professional Services

Our comprehensive high-quality services include audit and assurance, tax, advisory and corporate finance, and education.

SALIHIN Assurance

Beyond statutory and compliance matters for improved corporate governance, greater transparency and accountability to diverse stakeholders.

SALIHIN Tax

Efficiently managing tax risks and costs in the increasingly complex tax environment is our assurance to you.

SALIHIN Advisory

Unlocking the value shrouded in uncertainty and volatility, we provide better strategic ways for value creation by helping clients to align their objectives with market trends and best practices to achieve sustainable success.

SALIHIN Shariah

Count on us to effectively and efficiently manage the shariah compliance issues and challenges facing established or aspiring Shariah compliant businesses.

SALIHIN Digital

Our 'Think Differently' culture breathes new ways of thinking and practices to drive your digital innovation, strategy, and implementation.



We are SALIHIN, a home-nurtured and one of the leading professional services firms in Malaysia with a Shariah-based values of knowledge, accountability and harmony.



SALIHIN Outsourcing

SALIHIN Outsourcing Services offers personalized outsourcing services to businesses of all sizes, helping them navigate the complexities of today's market. In a time where companies are constantly seeking ways to improve efficiency, reduce costs, and gain access to specialized skills, we stand out as a valuable partner.

We specialize in providing excellent business process outsourcing services to both local and international businesses. By leveraging their expertise and resources for non-core functions, clients can concentrate on their main strengths, streamline operations, and allocate resources strategically. This allows businesses to focus on what they do best, ultimately leading to growth and success.

In collaboration with our network of competent professional teams, we offer a wide spectrum of services, including:

- Corporate Secretarial and Governance
- Finance and Accounting
- Financial Reporting
- Human Resources
- Insolvency and Restructuring
- Cybersecurity
- Corporate Legal

SALIHIN Sustainability

In an era defined by increasing environmental awareness and regulatory demands, SALIHIN's Sustainability is at the forefront of guiding businesses toward sustainable practices. We offer a comprehensive suite of services, including sustainability advisory, modern governance solutions, and aviation-specific strategies. Our approach is designed to help businesses not only comply with current standards but also anticipate future challenges, ensuring long-term resilience and fostering a positive impact on both the environment and society.

SALIHIN Sarawak Desk

With over two decades of footprints in Sarawak, our diverse expertise and extensive experience are essential for investors who seek to leverage on the dynamic market of Sarawak and its investor-friendly policies.



SARAWAK DESK

SALIHIN Sarawak Desk is a dedicated division of SALIHIN International. We bring over two decades of experience supporting investors and businesses in Sarawak. We provide a comprehensive suite of services, including business incorporation, tax advisory, project funding guidance, legal counsel, local authority registration, and residency and mobility support. By combining in-depth local knowledge with global best practices, we empower businesses to navigate Sarawak's unique business environment and achieve sustainable business growth.



We offer diverse expertise that enables investors and entrepreneurs to successfully navigate Sarawak's dynamic market and policies. We deliver effective guidance for sustainable investment, strategically supporting Sarawak's objectives to drive the state's economic growth.

By bridging education and real-world business support, this book reflects SALIHIN Academy's commitment to knowledge sharing while positioning SALIHIN Sarawak Desk as a trusted partner for informed decision-making. It serves as a resource for both local and international stakeholders, reinforcing the Desk's mission to drive business growth and contribute to Sarawak's dynamic entrepreneurial ecosystem.



CORE SERVICES

-  **Tax Compliance & Tax Advisory Services**
-  **Advisory on Project Funding**
-  **Sarawak Legal Advisory**
-  **Sarawak Mobility Advisory**
-  **Sarawak Malaysia My Second Home (S-MM2H)**
-  **Registration with Local Authorities & Agencies**
-  **Incorporation of Company & Business Setup in Sarawak**

SALIHIN Sarawak Desk

Lot 506, 1st Floor Section 1,
KTLD Jalan Kulas Tengah,
93400 Kuching, Sarawak

☎ +6082-240 378

📠 +6082-240 359

SALIHIN Corporate Centre

Level 25-02, Menara FELDA
No 11, Persiaran KLCC
50088 Kuala Lumpur

☎ +6 03 2181 3377

📠 +6 03 2181 0011

SALIHIN Headquarters

555, Jalan Samudra Utara 1,
Taman Samudra, 68100
Gombak, Selangor, Malaysia

☎ +6 03 6185 9970

📠 +60 3 6184 2524

Get in touch with us at

☎ 1 300 88 5678

✉ sarawak.desk@salihin.com



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