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RM1.5 billion sets new MA63 benchmark

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KUCHING: The RM1.5 billion interim Special Grant has strengthened public confidence in Putrajaya’s commitment to Sarawak while establishing a new benchmark for future financial negotiations under the Malaysia Agreement 1963 (MA63).

Political analyst Datuk Dr Lee Kuok Tiung described Putrajaya’s decision to raise Sarawak’s interim Special Grant from RM600 million to RM1.5 billion as a landmark development with significant political, fiscal and institutional implications for MA63.

The associate professor from Universiti Malaysia Sabah (UMS) said the announcement by Prime Minister Datuk Seri Anwar Ibrahim would shape how Sarawakians perceive Putrajaya’s sincerity in addressing long-standing constitutional rights, particularly under Article 112D of

the Federal Constitution.

“The increment surely carries substantial political, fiscal and institutional weight,” Lee said.

He argued that beyond its financial value, the increase reflects the bargaining dynamics underpinning MA63 and strengthens public perception of the federal government’s willingness to negotiate with Sarawak.

“It will shape public perception in Sarawak of Putrajaya’s sincerity — and, even more so, Prime Minister Anwar Ibrahim’s personal sincerity,” he said.

Anwar announced the increase during the national-level Malaysia Day celebration in Kuching, saying the RM1.5 billion payment would take effect this year while negotiations continue on a permanent annual formula for Sarawak and Sabah’s Special Grant.

Lee stressed that Sarawakians should understand that the RM1.5 billion is not the final settlement but an interim payment pending the conclusion of negotiations

under Article 112D.

“What needs to be emphasised is that the jump from RM300 million to RM600 million and now RM1.5 billion represents an interim payment. The negotiation process is ongoing, meaning the figure is expected to rise further,” he explained.

The Special Grant has increased steadily in recent years. Following the Article 112D review, Sarawak received RM300 million in 2023 and RM306 million in 2024, before the interim payment was raised to RM600 million for 2025 and subsequent years. The latest announcement effectively replaces the RM600 million interim amount with RM1.5 billion while negotiations continue.

Lee noted that Sarawak’s constitutional position differs from Sabah’s. While Sabah has an explicit 40 per cent net revenue entitlement under Article 112C and the Tenth Schedule, Sarawak has no fixed constitutional formula.

However, he said this provides

greater flexibility.

“Because Sarawak’s review under Article 112D is not tied to a rigid 40 per cent formula, bilateral negotiations are open-ended and could ultimately produce a settlement that is either higher or lower than 40 per cent,” he said.

Looking ahead, Lee believes the RM1.5 billion figure will influence future state-federal negotiations regardless of which coalition forms the federal government.

“In any case, RM1.5 billion has become the benchmark for negotiations under Article 112D,” he said.

“Any future federal administration must consider a higher sum. It cannot realistically be less than RM1.5 billion.”

He added that the latest development also demonstrates the effectiveness of sustained negotiations between Putrajaya and Sarawak’s leadership, reinforcing MA63 as an evolving constitutional framework shaped through dialogue rather than confrontation.



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SUMMARIES

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