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Ascertain States' rights to oil royalty

KUALA LUMPUR, Mon. - Perlis Menteri Besar Datuk Seri Shahidan Kassim today asked the National Finance Council to ascertain the legal position of States' rights to petroleum royalties.

He said he had raised this at the council meeting chaired by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi today and asked for the situation to be made clear.

"I believe that the council will look into it," he told the New Straits Times, adding that he hoped the issue would be discussed at the Cabinet as well.

The council meeting was attended by Menteri's Besar and Chief Ministers to discuss finance and administrative matters involving the Federal and State Governments.

Shahidan said he wanted the legal position to be ascertained first before proposing that royalties be distributed to all States.

He said he raised this because he disagreed with Deputy Finance Minister Datuk Shafie Mohd Salleh's reply in the Dewan Rakyat on the matter last week.

Shafie had said that oil royalties would only be paid to Terengganu, Sabah and Sarawak as it was not proper to make payments to States which did not produce oil.

Shahidan disputed this, saying that there were no oil-producing States as petroleum was found in the country's exclusive economic zone and belonged to the Federal Government.

He said his comments did not refer to Sabah and Sarawak which were in a different position, but only to Peninsular Malaysia.

He said he agreed with Prime Minister Datuk Seri Dr Mahathir Mohamad who had stated in the past that petroleum areas were in international waters off the Malaysian coast and thus oil reserves did not belong to Terengganu.

Shahidan called for the law to be studied and the legal situation made clear.

At the Dewan Rakyat last week, Barisan Nasional MPs had also called for petroleum royalties to be paid to all States on the basis that the oil was not found in Terengganu.

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