

OIL ROYALTY A MISTAKE

30 JUN 2000

By SEEMA VISWANATHAN

BANGI, Thurs: The government failed to consider the rights of other states when it gave Terengganu oil royalty, said Datuk Seri Dr Mahathir Mohamad.

"When Terengganu was under Umno, we did not take into consideration the rights of the different states, so we gave the royalty in the belief that it is a poor state.

"And we believed then that oil reserves were so small that Terengganu would get only about RM50 million.

"But now it is RM800 million and if oil prices continue as it is now, the royalty may grow to about RM1 billion," the Prime Minister said after opening Universiti Tenaga Nasional today.

He said if Petronas' profit next year reaches RM32 billion, of which 5% will go to Terengganu, the state will receive more than RM1 billion.

On Monday, Mahathir said Terengganu's oil royalty contract with the government will be reviewed because the state is not entitled to it, unlike Sabah and Sarawak. He said the state's usage of the funds will be studied to make sure that it is not abused.

Following the disclosure that Terengganu's royalty is not a right, Perlis Menteri Besar Datuk Seri Shahidan Kassim said his state will sue the national oil corporation for the money.

Mahathir commented: "If they go to court, it will become very embarrassing if it is found that Petronas has not been giving royalty according to the rules. Then, we will look bad. That's why Shahidan should think very carefully about this."
