

26 JUN 2000

Mahathir-Royalty

FEDERAL GOVERNMENT TO STUDY TERENGGANU'S RIGHT TO OIL ROYALTY

KUALA LUMPUR, June 26 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the federal government will study the Terengganu government's right to oil royalty.

He said that the federal government needs to conduct a study as to whether or not oil royalty forms part of a previous agreement with the Terengganu government.

"There is no entitlement for Terengganu to oil royalty whereas Sabah and Sarawak have definitely been entitled to it from the beginning," he told a news conference at the Sultan Abdul Aziz Shah Airport in Subang near here on his return from Egypt and Italy.

He said that Terengganu, like all the other states in the peninsula, was not entitled to be paid oil royalty.

"That is why we will have to conduct a study as to whether to pay or not," he said when asked to comment on a news report today quoting sources as saying that the Terengganu government is likely to be paid oil royalty amounting to RM810 million.

Dr Mahathir said that initially the federal government agree to pay oil royalty to Terengganu based on the consideration that the state was at that time the poorest.

He said that the government believed that the amount to be obtained by Terengganu could not possibly exceed RM50 million.

However, he said, due to Petronas' excellent management, the amount had increased.

"We will need to study how Terengganu spends the money and also how the other states spend money because we need to ensure that the money is not abused.

"We also want to review the legal provisions on royalty payment," he said.

He said that the utilisation of funds including oil royalty needs to be audited.

The prime minister said that the federal government was not very happy over the utilisation of funds by the states and as such felt that it had to undergo stringent auditing.

Asked whether the RM810 million will be paid, Dr Mahathir said that the federal government would first study Terengganu's right to the royalty payment.

To a suggestion that if the oil royalty is not paid, it will create problems, he said: "The law is the law".

Dr Mahathir said: "We will provide the money...even though not in the form of royalty, we can provide through a special allocation or other ways".

-- BERNAMA

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