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`Government to fix quantum'

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KUALA LUMPUR, Thurs. - The Federal Government will determine the quantum of the special payment to Terengganu under its new arrangement to channel the funds directly to the people, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said this was because the funds that Terengganu had been receiving all this while was only a special payment and not oil royalty.

"It is not royalty. It is a special payment that we have been giving Terengganu because it was then the poorest State. But things have changed now," he told reporters at the Kuala Lumpur International Airport in Sepang on arrival from London.

Dr Mahathir, who was on a working visit to the United States, made a brief stopover in London to change aircraft. After speaking to reporters, he left the airport to chair the fourth meeting of the Multimedia Super Corridor's International Advisory Panel in Cyberjaya.

The Prime Minister was earlier asked about a Treasury announcement on Tuesday that the special payment would go directly to the people and not through the State Government under the new "Program Pembiayaan Wang Ehsan".

Dr Mahathir said the special payment was previously referred to as "royalty" although under the law, Terengganu had no right to receive oil royalty.

"The oil is not from Terengganu. It is off-shore oil and as such, under the law, it belongs to the Federal Government," he said.

The special payment would be managed by a Federal-level committee specially set up to draw up and implement development programmes for Terengganu.

The money will be used, among other things, on town and rural roads, water and power supply, low-cost housing for fishermen and the hardcore poor, loans for the purchase of fishing boats and related equipment, bursaries and schooling aid.

Asked whether the quantum of the special payment would remain at five per cent of oil revenue as has been before, Dr Mahathir said the Federal Government would determine that.

However, Dr Mahathir gave the assurance that the people would stand to benefit from the new mechanism as the funds would be channelled in various people-oriented ways.

Dr Mahathir said Terengganu was in no way being discriminated as the state has actually no right to receive oil royalty just as the other states in the Peninsula.

He said the Federal Government had in the past agreed to give the special payment based on a rate normally given as oil royalty because it did not foresee that the amount would exceed RM50 million.

"But now it is almost RM1 billion," he said.

Dr Mahathir said the special payment was given out in accordance with existing laws.

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