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Not unfair to redistribute oil royalty

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WHETHER it was a mistake, an oversight or a good intention turned terribly wrong, the petroleum royalty is making Terengganu, now a Pas-ruled State, very, very rich.

The Utusan Malaysia and The Sun newspapers on Friday headlined the Prime Minister's statement that the award of petroleum royalty to the State was a mistake.

Datuk Seri Dr Mahathir Mohamad was quoted by The Sun as saying that the central Government had failed to consider the rights of other States when it gave Terengganu the five-per cent royalty.

When production sharing agreements were negotiated between Petronas and the oil companies in 1976, only Sabah and Sarawak were producing oil. Even so, most of it was offshore.

The two States had traditionally been enjoying some benefits from the petroleum revenues.

As a consideration, it was incorporated into the agreement between Petronas and the oil companies that Sabah and Sarawak would receive a five-per cent royalty.

When the agreement was being negotiated, oil and gas reserves had just been discovered off the coast of Terengganu. While some oil and gas fields in Sabah and Sarawak are located inshore, all of Terengganu's fields are situated far out in the sea - as far as 150 kilometres.

Legally, the State has no jurisdiction over these faraway oil and gas fields. Under the law, they belong to the Federal Government.

But since Sabah and Sarawak were entitled to the royalty, the same was extended to Terengganu, which at that point of time posed no controversy as it was ruled by the Barisan Nasional.

In fact, the royalty was considered a handy way of developing the State, which was then among the poorest in the country. The extra income was, to a large degree, effectively used to develop the State.

Now that Terengganu has fallen into opposition hands, the rising revenue from the royalty, which amounts to RM800 million this year, sticks out like a sore thumb. Understandably, it attracts the attention of other States, in particular the poorer ones, which incidently are also under threat from Pas.

This motivated the maverick Perlis Menteri Besar, Datuk Seri Shahidan Kassim, to demand that other States be given a share of the royalty. If oil and gas royalty is intended to help a poor State, a State like Perlis is equally entitled. Thus, Shahidan's demand makes sense.

He had gone to the extent of suggesting that he would test his case in court. But if he really takes it to court, he is, in reality, challenging the Federal Government.

What is clear is the production sharing agreement is largely a matter between Petronas and the oil contractors. The States have little or no part in it. The royalty they receive is purely a goodwill payment.

The question now is, how do we take it back from Terengganu without doing likewise with Sabah and Sarawak or how do we distribute it more widely so that other States can also enjoy it too?

Even Pas-led Kelantan may welcome the additional income.

IF the award of oil and gas royalty to Terengganu was a mistake, the same may also be true with some of the laws made by the Barisan Nasional-controlled Parliament and State legislatures.

They can or may prove to be detrimental to its own well-being if a State falls into the hands of the opposition.

Or as the recent arrest of 25 Muslims at a restaurant in Damansara shows, a State does not have to fall into opposition hands for the BN and Umno to be made the subject of ridicule.

The Muslims were arrested by officers of the Selangor Religious Affairs Department (Jais) for being in a place that sells arak (alcoholic drinks).

Although the Selangor Menteri Besar, Datuk Seri Abu Hassan Omar, later announced that the officers had misinterpreted the law under which the arrests were made and, therefore, no action would be taken against the 25, the Government was put in a fix.

One can rest assured that the Jais officers are not too happy with Abu Hassan's decision. This is not the first time the officers, in their zeal to enforce the law, had embarrassed the State Government.

Some years ago, they raided a beauty contest and arrested three Muslim contestants for exposing aurat (the part of the body that should be covered).

They could have discouraged the teenage girls from taking part in the contest by reminding them of the offence. Instead they sat through the contest and arrested them after they had completed their routine.

Islam in Arabic means peace and it puts the teaching of awareness ahead of punishment. But it seems that people empowered with religious authority are more inclined to bring shame to fellow Muslims than peace.

Having said that, it is unfair to put the blame squarely on Jais officers. I have said this before and I am saying it again. The Menteri Besar and his fellow Yang Berhormat must share the blame.

Who enacted these laws? Not the Jais officers involved in the raid. The laws were enacted by the State legislature and, understandably, with the agreement of the Menteri Besar and the Muslim State Assemblymen.

Until last November's general election, every single Muslim member of the Selangor State Legislative Assembly were from Umno. Only now there are two Pas members in the dewan.

Zainah Annuar of Sisters in Islam has a point when she asserted in a Malaysiakini Internet news report that over-zealous Muslims caught up in the throes of Islamic revivalism very often contributed to enacting legislation that violates fundamental Islamic principles of justice, equality and freedom.

The Umno Menteri Besar and State Assemblymen may not count as over-zealous Muslims. But they cannot deny responsibility of being a party to the enactment of these laws.

In fact, there have been instances when the State Government appeared to have given in to the wishes of the more extreme elements in the Muslim society to gain popularity and political mileage.

Some years ago, the State Government, under former Menteri Besar Tan Sri Muhammad Taib, even encouraged vigilantes who peeped on courting couples and pried into household privacy.

They organised themselves into bands and were issued with authorisation cards by State authorities. Their spying and prying ended rather abruptly when some of them were caught extorting money and other favours from the people they "arrested", including foreign workers.

These tough and all-encompassing laws and regulations are not much of a bother when Umno is in power and in full control of the situation.

But when Umno loses control of a State or when its control of the situation is less than complete, the very laws and regulations it helped to enact will come back to haunt it.

The Selangor incident is a good indicator. Previously, the civil servants did not take sides in politics. They served the Government of the

day. But in recent years, some civil servants have not only become partisan, they are clearly against the BN Government at the centre and the States.

This led to a lot of people seeing a political motive in the arrest of the 25 people. The fact that it happened so close to the Organisation of Islamic Conference Foreign Ministers meeting in Kuala Lumpur caused others to see conspiracy in the arrest.

Perhaps Zainah's call to the Government to set up a committee comprising progressive Islamic scholars and constitutional experts to review the Syariah Criminal Offences Enactments enacted by the States, should be given favourable consideration.

For the time being, I would like to warn Muslim curut (cigar) lovers to be mindful when entering any "wain & curut" shop to buy their RM100-a-piece Cohiba cigar.

Wain, I must tell them, is not the owner of the shop but somebody's Bahasa Malaysia spelling for wine - wine & cigar shop.

WHILE we take pride in the national oil company's highest ever profit - a whopping RM21.6 billion for the year ended March 31, 2000 - we must be reminded of the fact that our oil and gas reserves will not last forever and not all state-owned companies are making money.

We have to make the best use of these non-renewable resources while they last. In recent years, there has been little debate on our oil and gas policy.

Many have forgotten the difficult days when production sharing negotiations were conducted by the very young Petronas and the very experienced multinational companies back in the 1970s.

Whatever is being discussed now centres generally around the manner oil and gas revenues are expended. This is not to say that the way oil and gas revenues are spent is not important. It is important.

But we should also be concerned with the exploitation of these depleting resources. Already major international oil companies are expanding research and investing in non-petroleum energy sources.

There is another important issue to be addressed. While state-owned companies like Petronas, Tenaga Nasional Berhad, Telekom Malaysia Berhad and Permodalan Nasional Berhad are doing well, there are those which are haemorrhaging and are draining our financial resources.

With the economy, both in the public and private sectors, going through the restructuring process in the aftermath of the 1997/98 regional financial crisis, it is good to take the bull by the horns, so to speak.

The Government itself has privatised many state-owned companies and agencies. Understandably, some are doing well while others are not. Whatever the case may be, they are not a drain on government financial resources any more.

This leaves Perwaja, the national steel project, sticking out like a sore thumb. Years have passed since efforts were initiated to revitalise it, but losses mount.

Successive "owners" and management teams have not been able to turn it around. While many factors like exchange rates and global competition in the steel industry are outside the control of the company, the fact remains that the cost of keeping the project running is high.

Datuk Mustapa Mohamed, when he was Second Finance Minister, said in Parliament in April last year that the Government would continue to inject capital into Perwaja as it had the potential to make profits. He said losses would be worse if it was shut down.

Maybe we do not have to take such a drastic measure as closing down the project. There have been reports that there are investors, including major foreign steel mills, showing interest in the company.

In the parliamentary reply, Mustapa also revealed that the Corporate Debt Restructuring Committee and a foreign consultant were conducting studies on the project and would submit their recommendations to the Government.

Let us hope that these recommendations will lead to the final solution to the Perwaja problem.

As they say in business, if you cannot make money, cut your losses.

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