

Kelantan to PM: Your dad said oil royalty will be paid
Malaysiakini.com
November 10 ,2011
by Aidila Razak

The Kelantan government today submitted a letter to Prime Minister Najib Abdul Razak, pointing out to him that an answer to Parliament given by his father, then PM Abdul Razak Hussein, supports the state's claim for oil royalty.

Citing a verbal answer to a question to then 34-year-old MP Lim Kit Siang on Nov 12, 1975, Razak, who oversaw the gazetting of the Petroleum Act 1974, said royalty should be paid even if oil was found offshore.

"The question was on the rights of states to petroleum royalty. Razak said that states deserve royalty if oil is found onshore or offshore," Kelantan senior exco member Husam Musa said.

"I have sent a copy of (Razak's) statement to (Minister in the Prime Minister's Department) Nazri Aziz as his representative. We hope the PM has come back from the haj with an open heart, to return the oil royalties as stated by his father.

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The entourage of Kelantan assemblypersons and exco members were in Kuala Lumpur today to hand over the letter to PM Najib Abdul Razak two days ahead of the actual anniversary of Abdul Razak's statement as Nov 12 falls on a Saturday this year.

Abdul Razak had said: "According to the agreement (between states and petroleum agencies), each state will receive 5 percent from the value of petroleum found on or off the shore of the state, which is sold to Petronas or its agents or its contractors."

In the two-page letter, Husam also cited answers in the Dewan Negara by cabinet ministers Chon Hon Nyan in 1977 and Kasitah Gaddam in 1989.

Chon told the Parliament upper house on Jan 1, 1977 that "Petronas has come into an agreement with the states... for the royalty of 10 percent to be divided between the two parties."

Kasitah, in an answer to senator Hassan Harun on April 4, 1989, said that "if the petroleum is obtained in an area in front of Kelantan then the state government will receive royalty of 5 percent from oil and gas extracted, as received by Terengganu, Sabah and Sarawak."

"(Abdul) Razak had set up the Petroleum Act 1974, and had himself spelled out the spirit of the agreement. Others who come after him do not have the basis (to contradict the statement)," he said.

In a flyer printed to commemorate the anniversary of Abdul Razak's statement, the Kelantan government also cites a Berita Harian news report quoting then-menteri besar Mohamad Yaacob.

"The state government will receive royalty of 5 percent from the federal government through the extraction of oil and gas from the economic zone which borders Kelantan and Thai shores," Mohamad was quoted as saying on Nov 22, 1983.

'Betrayed his father's trust'

It contrasts this with PM Najib's statement in the Dewan Rakyat in 2009, where he said that "there is no production of petroleum from the Kelantan and Terengganu waters" and thus the states "have no right to claim petroleum royalty".

“Najib had betrayed his father’s trust,” said the flyer, which also lauds Gua Musang MP and Petronas’ first chairperson Tengku Razaleigh Hamzah as an “honest heir”.

The Kelantan government is currently pursuing legal action against Petronas on the matter.

Meanwhile, Husam said that he has also written to Petronas urging the company to process gas extracted from the North Malay basin be processed in Bachok, Kelantan where a 2000 acre petroleum industry zone has been built.

The national petroleum company had in September announced that it will process the gas extracted from there in Kerteh, Terengganu via a 200km underwater gas pipeline.

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