

From oil royalty to goodwill payment, Kelantan seeks Putrajaya's explanation

Malaysiakini

27 November 2021

Kelantan Menteri Besar Ahmad Yakob has urged the federal government to clarify Finance Minister Tengku Zafrul Abdul Aziz's statement that Petronas will not be paying the state any royalty for its petroleum.

Ahmad (above) in a statement said Zafrul's written parliamentary response on Thursday has clearly gone against the government's previous statement on the matter.

"The state government views Tengku Zafrul's written statement seriously and seeks further clarification from the federal government as the answer is not aligned with its previous statements.

"For the record, the federal government through the National Finance Council that convened on June 7, 2018, has decided to abolish the goodwill payment programme and for petroleum cash payments to be channelled directly to the

state government," he said.

Zafrul had said the federal government will only channel goodwill payment for petroleum produced in the waters near Kelantan.

Responding to Pasir Mas MP Ahmad Fadhli Shaari, Zafrul said this was as the oil rig was actually located outside of Kelantan's waters.

Ahmad further said the royalty payment for Kelantan had been authorised by the federal government in the Dewan Rakyat on Oct 30, 2019, and July 28 last year, under the Economic Affairs Ministry and Minister in the Prime Minister's Department (Economy) at the time.

"The state government is of the stand that cash payment is the correct method based on the clear provision under a 1975 agreement between the state government and Petronas.

"This is also in line with the federal government's past stance and decision," he said.

Ahmad added PAS' stance is also in line with the spirit of federalism and Putrajaya's new Keluarga Malaysia agenda, for the betterment of all Kelantanese.

Kelantan has been persistent in demanding the payment of petroleum royalty for years, particularly after it first joined the previous Perikatan Nasional federal government under former premier Muhyiddin Yassin.

For the record, Kelantan's demands for royalty payment had started since the era of the late Nik Abdul Aziz Nik Mat, with the case even being heard in court.

Then Kelantan senior state exco Husam Musa had filed a suit against Petronas and the then BN federal government over refusing to pay royalty for oil produced in Kelantan waters since 2014.

The suit involved claims of breach of contract and constitutional matters.

The Kelantan state government, however, withdrew the suit in October 2018, following the commitment of the then Harapan government to pay royalty to Kelantan and Terengganu, as decided by the National Finance Council.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <https://www.malaysiakini.com/news/600870>