

Terengganu gets back oil royalties
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The federal government will revert control of Terengganu's oil royalties to the state government, said Abdullah Ahmad Badawi.
MCPX

No deadline has been set for the move, as the details were still being finalised, the prime minister added.

"The federal government decided to return the oil royalty to Terengganu and the details, procedure and other measures to be taken will be determined after discussions with the Terengganu government are held," he said.

Abdullah made the announcement following his closed-door meeting with state Umno leaders in Kuala Terengganu as part of his one-day working visit to the oil-rich state.

oil drum barrel 130607The government had removed Terengganu's control over the five percent oil royalties, which reportedly amounted up to RM3 billion annually, following PAS' takeover of the state in 2000.

In place of the oil royalties, the federal government disbursed wang ehsan (goodwill money) to fund development projects in the state.

Parliament was told that RM7.364 billion were channeled to Terengganu during a three-year period between March 2004 to March 2007.

Critics have claimed that the funds were abused, such as in hosting the Monsoon Cup yatching competition.

PM: Spend prudently

Newly appointed Terengganu Menteri Besar Ahmad Said fueled the debate further by claiming that the state government was perpetually unaware of how the money was being spent.

ahmad said and terengganuFollowing the March 8 general election, pressure had been mounting on the federal government to revert control to the oil royalties.

The subject of oil royalties was also raised during a meeting between Ahmad and Abdullah in May.

Abdullah urged the Terengganu government to spend the oil royalty prudently.

"I'm confident it can be done. If we have the money, manage it wisely because we will face various situations that will require expenditure that may sometimes exceed our projection," he said.

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