

# '40% talks await new Sabah govt'

## Sabah's 40% Revenue Court Case

The Sabah Law Society (SLS) took the Federal Government to court over Sabah's right to 40% of federal revenue collected from the state - a constitutional guarantee under the Malaysia Agreement 1963 (MA63).

The case, filed in 2022, challenges decades of delay in revenue reviews and has become a landmark test of Sabah's fiscal rights.

Nov 11, 2022 Kota Kinabalu High Court grants leave to SLS to commence a judicial review application on the case.	<b>June 18, 2024</b> Court of Appeal dismisses the Federal Government's appeal against the High Court's leave decision. This means the judicial review moves to a full hearing on the merits.	<b>May 21, 2025</b> Public notice that the full hearing will commence July 7, 2025. SLS prepares a town hall to explain the background.	<b>July 7, 2025</b> The full hearing commences at the Sabah High Court. The case is held before Justice Datuk Celestina Stuel Galid.	<b>July 8, 2025</b> High Court sets Aug 7, 2025 for an e-review to decide next steps. Judgment not delivered immediately; case management postponed.	<b>Aug 7, 2025</b> Case management date set by the Court. The "e-review" to decide whether further clarification is needed or to set a judgment date.	<b>Aug 12, 2025</b> The Court fixes Oct 3, 2025 to deliver its decision.	<b>Oct 18, 2025</b> High Court judgment favours Sabah.
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## Legal process and a new state govt must precede negotiations, says PM

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**KUALA LUMPUR:** Negotiations between the Federal Government and Sabah regarding the state's right to 40% of federal revenue derived from the state will be fast-tracked once a new state government is formed, says Prime Minister Datuk Seri Anwar Ibrahim.

"Some people had asked why a decision cannot be made immediately. We cannot do that. We have a process. For any judicial decision, the Attorney General is the government's legal counsel.

"So we have to hear from them first, then the Cabinet will discuss and decide," he told Datuk Dr Richard Rapu (GPS-Betong) during the Prime Minister's Question Time in Dewan Rakyat yesterday.

Once the state government is formed, Anwar said he would direct that negotiations be expedited, "possibly in the first week of December".

The Kota Kinabalu High Court

ruled last month that Putrajaya had acted unlawfully by not fulfilling Sabah's 40% entitlement for nearly 50 years.

Furthermore, the court issued a mandamus order which compelled the Federal Government to review the revenue allocation with the Sabah government.

"Regarding the mandamus order, the Kota Kinabalu judge stated that negotiations must be initiated. However, at present, it is an interim government, and we cannot negotiate yet," Anwar said.

Putrajaya has previously stated its commitment to resolving the issue regarding Sabah's entitlement to 40% of federal revenue collected within the state, as outlined in the Malaysia Agreement 1963 (MA63). Furthermore, it has assured that all discussions will be conducted in good faith.

Yesterday, in a statement, the Attorney General's Chambers (AGC) said the Federal Government will commence the negotiation process with the Sabah government immediately

On Monday, Datuk Ewon

Benedick tendered his resignation as Entrepreneur Development and Cooperatives Minister over what he said was "disregard" by the AGC for Sabah's constitutional right to 40% of federal revenue derived from the state.

In Kota Kinabalu, Sabah Chief Minister Datuk Seri Hajiji Noor said the Federal Government's decision not to appeal the High Court decision regarding the state's 40% revenue rights "reflects the strong working relationship between the Gabungan Rakyat Sabah (GRS)-led state government and Putrajaya".

"In my meetings and engagements with the Prime Minister, I have conveyed the state government's firm position that Sabah's constitutional rights must be respected, honoured and fulfilled," he added.

In expressing the Sabah government's gratitude to the Prime Minister, Hajiji said that the decision not to appeal the ruling reaffirming Sabah's constitutional right to the 40% special grant was "historic".

By honouring the court's deci-

sion, he said it represents a step towards narrowing Sabah's development gap with Peninsular Malaysia.

"Sabahans have waited long enough. What is needed now is firm action and genuine political will to honour and implement the 40% entitlement," he said.

The Chief Minister reiterated that the state government remains ready to engage with the Federal Government to implement the court's directive to review and finalise the agreement, while calling on the people to continue supporting the Prime Minister's leadership.

Domestic Trade and Cost of Living Minister Datuk Seri Armizan Mohd Ali, who is the sole Sabahan in the federal Cabinet, said he is grateful to the Prime Minister and fellow Cabinet members for respecting Sabah's rights.

"This right is enshrined in the Federal Constitution. The Madani government is the first Federal Government to officially and openly recognise this right, as expressed through the Cabinet

meeting," he said yesterday.

MA63 had set out the terms and conditions in which North Borneo (as Sabah was called then), Sarawak and Singapore agreed to merge with the Federation of Malaya to form the Federation of Malaysia in 1963.

Former Sabah chief minister Datuk Seri Yong Teck Lee described the decision not to appeal the court decision as a stunning victory for Sabahans.

The Sabah Progressive Party president said that it was undeniable that the Federal Government was forced by the power of Sabahans to concede the High Court judgement on the 40% net revenue claim.

"Sabahans must continue our struggle so that the full amount of the 40%, including the 48 lost years, is paid back to Sabah," he said.