

# 'Appealing court's reasoning'

## Govt is only challenging 'errors in the judgment'

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**KUALA LUMPUR:** The Federal Government will appeal only the grounds of judgment in the Kota Kinabalu High Court's ruling on Sabah's 40% revenue entitlement, and not the judgment as a whole.

The appeal will focus solely on specific aspects of the court's reasoning and not the entitlement itself, says Prime Minister Datuk Seri Anwar Ibrahim.

He said the government was not challenging Sabah's constitutional right to the special grant, but only parts of the High Court's reasoning, which it considers flawed, excessive and beyond the legal scope of the court.

Anwar said the written judgment implied that successive federal and state governments since 1974 had acted unlawfully, irrationally, procedurally improperly and neglected their constitutional responsibilities to Sabah.

"This means that from the time of Tun Abdul Razak, Tun Hussein Onn, Tun Dr Mahathir Mohamad and every Prime Minister up to now, as well as former Sabah Chief Ministers Tun Datu Mustapha and Tun Fuad Stephens to the present, all had acted unlawfully and improperly. We believe this is not a correct statement and therefore must be appealed," he said.

"We are appealing against the errors in the judgment, as the reasoning contained statements that exceeded legal boundaries," Anwar said during Minister's



**Working together:** Anwar attending the opening ceremony of the 2025 International Higher Education Islamic Studies Convention at UKM in Bangi. – Bernama

Question Time yesterday.

Anwar said the Attorney General had advised the Cabinet on weaknesses in the judgment, including claims that reviews of the special grant after 2021 were unlawful, unreasonable, procedurally flawed and disproportionate.

The High Court ruled on Oct 17 that the Federal Government's failure over nearly 50 years to pay Sabah 40% of its net revenue was unlawful and unconstitutional.

The court also ordered both federal and state governments to conduct a fresh review for each financial year from 1974 to 2021 within 90 days and reach an agreement within 180 days.

Anwar said the Finance Ministry's secretary-general has officially written to the Sabah state secretary.

"At the very least, technical discussions - including points raised in the judgment - can begin

through a technical committee. Decisions requiring approval from the Finance Minister, Chief Minister, or Cabinet will wait until after the state election and formation of a new government.

"But preliminary talks can start now," he said.

Anwar also clarified that the 40% entitlement was a distinct constitutional provision, separate from other federal development allocations, though the overall financial relationship between the federal and state governments must be considered holistically.

The Finance Ministry interprets net revenue as comprising direct taxes, indirect taxes, non-tax revenue and petroleum revenue.

Meanwhile, he said Sabah continues to receive the highest development funding among all states, with allocations of RM17bil.

Under the Malaysia Agreement 1963 (MA63), the regulation of electricity supply falls under

Sabah's jurisdiction, and the responsibility was handed over in January 2024.

"Even though the state now manages electricity, the Federal Government continues to provide about RM1.2bil for its energy needs," he said.

He also cited other major projects, including RM765mil for the Southern Link transmission line, Solar Hybrid Madani systems in rural villages, clean water initiatives worth RM1bil, a seabed pipeline projects costing RM2bil and the Pan Borneo Highway.

"Negotiations will move faster if both sides adopt a positive approach. An antagonistic stance will only delay matters further."