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Experts laud Govt's move to transfer control

SABAH GAS SUPPLY

EXPERTS LAUD GOVT'S MOVE TO TRANSFER CONTROL

They say state will have timely info on gas supply and demand conditions to set prices

KUALA LUMPUR

ECONOMISTS believe the government's decision to transfer full regulatory control of gas supply to the Sabah government signifies a step ahead in efforts to uphold the Malaysia Agreement 1963 (MA63).

This, they said, could also aid Sabah by giving it better knowledge and timely information on the local gas supply and demand conditions, enabling the state to set prices.

Putra Business School Associate Professor Dr Ahmed Razman Abdul Latiff said the decision, which forms part of the government's obligation under MA63, reflected the government's sincerity in ensuring that all parties under the agreement were accorded fair treatment.

"The transfer of power means that the state government of Sabah can start to take control of the price competitiveness of the gas supply.

"This can only benefit the state in the long run and ensure its sustainability," he told the *New Straits Times*.

His views were echoed by Sunway University professor of economics Dr Yeah Kim Leng, who

said from a federal-state relationship perspective, the benefits included greater autonomy and decentralisation to enable better management of the Sabah economy.

"It is a positive move as the state government will also have better knowledge and timely information on the local gas supply and demand conditions to set prices."

With its major oil and gas deposits offshore, Sabah has long been a key part of the country's hydrocarbons industry, and a significant driver of the Malaysian economy, in which oil and gas consistently make up a significant number of the state's revenues.

The state had, in October, projected about RM2.45 billion in annual revenue from oil and gas royalties, as well as Sales and Services Tax.

Yesterday, Prime Minister Datuk Seri Anwar Ibrahim said the government had agreed to transfer the full regulatory control of gas supply to the Sabah government.

Anwar, who is also the finance minister, said the matter was decided as part of the government's efforts to uphold the MA63.

The move echoed one involving Sarawak, where effective June 1 last year, the Sarawak government was given full control of gas distribution activities in the state after the federal government granted an exemption to obtain

permission under the Petroleum Development Act 1974 and a licence under the Supply Control Act 1962.



Associate Professor Dr Ahmed Razman Abdul Latiff



Dr Yeah Kim Leng