

PM: Audit of previous deals a normal procedure

The former chairman and other board members of the airline are not under investigation, says Dr Mahathir

By EIRMALASAREBANI

PRIME Minister Datuk Seri Dr Mahathir Mohamad said the move to audit contracts and review decisions made by the previous management of Malaysian Airline System Bhd (MAS) is a normal procedure in any takeover exercise.

He also said former chairman Tan Sri Tajudin Ramli, who helmed the national carrier prior to the Government's decision to buy him out of MAS, and other board members during his stewardship are not under investigation.

"No. They are not under investigation. They may have

made bad decisions, that's all. So, we have to look into these decisions made previously (to see) whether they are prudent or not.

"If it is criminal, yes, we have to take action but if it is not, like (the previous management was) not prudent, not efficient, that is different," Dr Mahathir told reporters after a smartcard presentation ceremony in Bukit Jalil yesterday.

The Prime Minister said the problems faced by MAS and other Bumiputera conglomerates, namely United Engineers (Malaysia) Bhd (UEM) and Renong Bhd, are not a setback to the Government's privatization efforts.

"We had to intervene because that was the only way to revive not only UEM and Renong but also those companies under the UEM-Renong stable," he said.

As for MAS, he said the sharp rise in its losses prompted the Government to take over the national carrier.

"The company reported losses of between RM700 million and RM800 million in 1999, but it rose sharply to RM1.33 billion last year. We have to take over quickly before the damage gets worse until it (MAS) cannot be revived anymore," Dr Mahathir said.

MAS has reported losses for the last five financial years. The RM1.33 billion setback for the year ended March 31 2001, however, was its single biggest after-tax loss since being listed on the Kuala Lumpur Stock Exchange in December 16 1985.

The Government bought over Tajudin's 29.09 per cent stake in MAS, which he owned through Naluri Bhd, for RM1.79 billion or RM8 a

share last December.

The new chairman of MAS, Tan Sri Azizan Zainul Abidin, said on Monday that an audit of contracts awarded previously is under way.

"If it is obvious that there had been criminal activity, the process of law will take place," Azizan said, adding that the exercise is aimed at determining if MAS is paying more than it should for some services.

On developments in Indonesia, Dr Mahathir said the political uncertainty there will have a mild effect on South-East Asian nations as a whole.

"I think we can handle the changes. There have been changes in the Philippines, now in Indonesia. Even Thailand has had a change of prime minister," he added.

Dr Mahathir said Malaysia is willing to help Indonesia

revive its economy if the country, which offers investors the biggest market in the region, makes such a request.

This is because any economic problems faced by the Indonesians will have an impact on Malaysia, such as an increased influx of illegal immigrants into the country, he added.

Megawati Sukarnoputri was sworn in as Indonesian President on Monday after the national assembly dismissed Abdurrahman Wahid and elected her in a unanimous vote.

Asked to clarify Malaysia's position on the matter, Dr Mahathir said the decision should be made by Indonesia alone. "We do not try to evaluate which government is better. Whoever they (the people of Indonesia) choose we are happy to work with them."