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MAS domestic fare hike request still under study

KUALA LUMPUR, Mon. - The Government is still studying Malaysia Airlines' proposal to raise domestic airfares, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister, however, admitted that there was a need to increase the domestic airfares as MAS' rates were only one-third of that being charged by Indonesia's national carrier.

"They (MAS) are losing millions of dollars because of this and it is not fair for a public company to be asked to bear the burden of subsidising something that should be with the Government," he said after launching a book entitled A Vision Realised - The Transformation of a National Oil Corporation.

The 425-page book, authored by Datuk Paddy Bowie, is on the history of Petronas and its activities over the last 25 years.

The Business Times today, quoting sources, said the Government was believed to have consented to an increase of up to 30 per cent in domestic airfare so that MAS can return the loss-making sector to profitability.

Those travelling first and business class will have to pay up to 30 per cent more while those travelling in economy class, will be charged an additional 10 per cent.

The fare increase, which is crucial to turning around the national carrier, is believed to be only for routes in Peninsular Malaysia, it said. The increased airfares would not affect Sabah and Sarawak.

An announcement is expected "anytime between now and August".

The airline has also been informed by the Transport Ministry to prepare for the increase in the second quarter of its current financial year.

The airline last raised airfares in July 1992 and has been granted only five airfare increases in the last 26 years.

Transport Ministry Parliamentary Secretary Donald Lim Siang Chai when contacted today said no decision had been made on the quantum of increase.

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