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Airline's current setup has run its course

FROM P1 MAS

think the airline cannot go on like this."

He said the airline needed to find a less confrontational approach towards its unions.

"They make you a success or a failure, so you have to consult them, take into consideration their views. Not necessarily 100% but they have some good ideas." He said the Congress of Unions of Employees in the Public and Civil Services (Cuepacs) and Maseu used to hate him, but relations improved when they got to know each other better.

"When I became prime minister, the Cuepacs head at that time was confronting me and against me. But when I retired, Cuepacs was 100% with me. Why? Because I respected their position and they respected my position. There were no more strikes.

"During my time, they didn't threaten. Yes, they asked for a revision and so on. The revision that I gave never exceeded 10%. But MAS gave 25% increase in pay and the unions are still not satisfied. There must be something wrong," he added.

Despite previous corrections in the structure of MAS, Dr Mahathir said the airline still has a problem with bad managers and expensive tickets.

"When I ask them why the fares are very high, MAS said they, however, filled the planes but if you fill your plane, how come you are losing money? Unless someone is stealing money, high ticket fares and full plane should be making money," he pointed out.

"I'm not saying that I'm promoting this (privatisation). But when you reject something, it's a very simple decision which is a no brainer. You have to study

and bring means to overcome this problem."

Dr Mahathir said the airline's current setup has run its course, and the whole structure of MAS has to be thoroughly revamped — from its weak management to its over-staffing. He said MAS should refer to similar airliner privatisation success stories such as ANA Japan, Japan Airlines and Garuda Indonesia.

"(If they can do it), why not MAS? It is a much bigger airline, much older and has got some experience so far. It was making money before this," he pointed out.

Mahathir also rejected the idea of separating MAS from its profit-making engineering and cargo businesses, as the divorce would plunge MAS further deeper, financially.

"Those are the profit centres. You remove the profit centres,

MAS will go deeper down. Those profit centres should be managed as part of MAS but they should be again, properly managed, to maximise the profits that they contribute to MAS. I think it still can be done," he said.

Maybank Investment Bank Bhd had said the possible privatisation of Malaysia Airlines would cost its principal stakeholder Khazanah about RM1.18 billion, but it could get back RM1.25 billion if those assets are spun off and listed.

MAS has been in the red in 10 out of the last 12 quarters. For the financial year ended 2013, MAS saw a net loss of RM1.17 billion compared to RM432.58 million in the previous year, due to higher depreciation and finance charges, coupled with unrealised foreign exchange loss and high jet fuel cost.