

Guan Eng: Punish those responsible for MAS losses
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By Clara Chooi

KUALA LUMPUR, March 1 — Lim Guan Eng today called for heads to roll over Malaysia Airlines' (MAS) staggering RM2.52 billion in losses recorded for last year, demanding the government investigate those responsible.

"The people expect nothing less from a responsible government," Lim said in a statement here.

The Penang chief minister also suggested that MAS management employ his administration's CAT principles (competency, accountability and transparency) to move ahead, pointing out that this had helped his state government shave its debts and record budget surpluses every year since 2008.

He said the whopping multibillion ringgit losses suffered by MAS, the largest in its history, was a stark reminder of how mismanagement could lead the one-reputable airline to crisis.

MAS, added Lim (picture), is now flying on "fumes" instead of fuel.

"The current business model employed by MAS is clearly a failed one. If MAS continues to subscribe to the old centrally-planned model and political interference that breeds corruption and inefficiency, our national carrier is doomed," he said.

When announcing MAS's losses yesterday, its CEO Ahmad Jauhari Yahya said the carrier, now in "crisis", would focus on executing the business turnaround plan that was announced in December.

The airline had reported a massive net loss of RM1.28 billion in the fourth quarter of last year, which was about as much as the first three quarters combined.

Ahmad said that the losses were due to higher expenses including a 25 per cent increase in fuel expenses and a 50 per cent increase in non-fuel expenses.

The company's cash reserves more than halved to RM1 billion at the end of last year from RM2.1 billion at the end of 2010 and net assets plunged from RM3.5 billion to RM1.1 billion.

Lim said that MAS could not blame prevailing poor global economic conditions for its poor performance, noting that in contrast, Singapore Airlines had managed to record profits last year.

On the local front, Lim pointed out that even budget carrier AirAsia had been able to outdo MAS "by miles" .

AirAsia's market capitalisation, he said, currently stands at RM10.1 billion compared to MAS's RM4.8 billion, despite the former carrier being only a decade old and far smaller in operations.

“There must be something wrong when a budget airline that charges far lesser fares can make more money than an airline that charges more.

“The viability of our national airline is in question until and unless the fundamental issues are resolved. Is it a question of a failed business model or management failure, or both?” he asked.

Lim reminded that when Minister in the Prime Minister’s Department Datuk Seri Idris Jala helmed MAS as CEO in 2005, he had successfully turned the company around to record a profit of RM850 million in 2007, against a loss of RM1.3 billion two years before.

“Why is it that Datuk Seri Idris was able to turn around MAS and leave it in healthier conditions but all his hard work has been undone? Do we need Datuk Seri Idris Jala back at the MAS cockpit to save the doomed airline?” Lim asked.

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