

**Privatise MAS to save airline, says Dr Mahathir
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A day after an MP accused Malaysia Airlines unions of blocking efforts to turn around the ailing airline, the country's longest-serving prime minister said MAS should be privatised and be run by those who can work with the unions to revive its fortunes.

Malaysians with experience in the aviation business and who can work with the national carrier's powerful unions should help bring the airline back into profitability, said Tun Dr Mahathir Mohamad in an interview with Malaysian Reserve today.

Privatisation, he said, would be the best option as the airline needed to undergo radical restructuring from top to bottom.

He said its major shareholder, Khazanah Nasional Bhd, should also exit MAS upon privatisation because it had neither the expertise nor energy to focus on the airline.

"Khazanah may hold some shares but I don't think it is necessary. They are having too many companies in its stable, thus the focus cannot be 100% on MAS," Dr Mahathir was quoted as saying by the financial daily.

"MAS requires very intensive examination to look into where the holes are and how to correct them."

(Dr Mahathir was a former Khazanah chairman.)

Dr Mahathir's proposal to privatise MAS is not new. During his tenure as prime minister, Dr Mahathir brokered a deal that saw Tan Sri Tajuddin Ramli take out a RM1.79 billion loan in 1994 to buy a 32% majority stake in MAS.

Tajudin, a former MAS executive chairman, was badly affected by the 1997 Asian financial crisis and ended up selling his stake in the ailing airline to the government for RM1.79 billion – or RM8 a share – the same he paid in 2001; the company's closing share price at the time was RM3.68.

But the flag carrier's problems did not end there. In the years since, MAS has undergone three business turnarounds at an estimated cost of nearly RM20 billion to the government.

Dr Tan Seng Giaw, the eight-term MP for Kepong, said yesterday the MAS unions were too powerful and had been making incredible demands.

"If we have unions that don't understand the airline industry today, MAS cannot survive. If they make too many demands, how can MAS survive?" Dr Tan was quoted as saying by Bernama.

Dr Tan is the deputy chairman of Parliament's Public Accounts Committee (PAC).

His target was MAS Employees Union of Peninsular Malaysia (Maseu), the largest union in MAS.

On May 16, Maseu urged Prime Minister Datuk Seri Najib Razak to carry out a restructuring programme of the airline's top management, just hours after Najib said that it might be too late to save the struggling national flag carrier.

Dr Mahathir said today once privatised, the airline could attract fresh talent, who might be able to deal with Maseu) had told him that they would agree to such a proposal.

"I have met with the union. They said to me that they are quite willing to be privatised. They are not against privatisation because they think the airline cannot go on like this," he said.

The MAS management also needed to adopt 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 despite a 25% raise, the unions were still unhappy, indicating that "something (must be) wrong".

MAS reported losses of RM443.4 million in the first quarter of the year, from a net loss of RM278.8 million in the same period last year. Losses in 2013 amounted to RM1.17 billion.

MAS said that the Q1 loss was due to missing flight MH370, where it saw high numbers of cancellations and a decline in long-haul travel after March 8 incident.

Acting Transport Minister Datuk Seri Hishammuddin Hussein also said that Putrajaya would not rescue MAS following the airline's dismal performance.

Dr Mahathir suggested that MAS follow the path of ANA Japan, Japan Airlines and Garuda Indonesia, which were privatised following years of bleeding taxpayer funds.

"(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 was quoted as saying.

He also rejected the idea of selling its profit-making engineering and cargo businesses, as the divorce would hurt MAS financially.

"Those are the profit centres. You remove the profit centres, MAS will go deeper down."

Maybank Investment Bank Bhd had said the privatisation of Malaysia Airlines would cost Khazanah about RM1.18 billion, but it could get back RM1.25 billion if those assets were spun off and listed. – June 16, 2014.

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