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Decision to close MAGB not finalised – Tengku Zafrul

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Malaysia Aviation Group

KUALA LUMPUR, 15 Dec – The decision to close or terminate the operations of Malaysia Aviation Group Bhd (MAGB) has not yet been finalised and depends on the outcome of its negotiations with creditors and lessors to restructure the company.

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said at the same time, the management of Khazanah Nasional Bhd, which fully owns MAGB, would also do its best to ensure the welfare of MAGB's staff is safeguarded including, if necessary, appropriate compensation payments according to labour laws.

"As at Aug 31, 2020, the total liquidity owned by MAGB group is about RM366 million, besides about RM578 million available for use from the funds allocated by Khazanah.

"To date, Khazanah has injected about RM28 billion into the airline company while MAGB's current total liabilities to be restructured is estimated at RM16 billion," he said in a written reply in the Dewan Rakyat today.

He was replying to a question from Chan Foong Hin (PH-Kota Kinabalu) who asked to state whether the management of Malaysia Airlines Bhd (MAB) had obtained the government's blessing to announce the closure if negotiations with the aircraft leasing company on the restructuring plan failed, and whether the government would conduct a 'bailout' to save the national airline.

Although he will not be involved in any plans to save MAB, Tengku Zafrul said the government will hold further negotiations with Khazanah to identify the direction of the company especially in strengthening its financial position and identifying the best strategic solution for the aviation group.

MAB was established on Nov 7, 2014 to take over the operations, assets and liabilities of Malaysian Airline System Bhd (MAS) and MAB has been placed under MAGB which is wholly-owned by Khazanah.

Meanwhile, in a separate reply, Tengku Zafrul said as the government did not have any shareholding in MAGB and MAB, any proposed recovery and restructuring of the company was subject to the consideration and approval of the Khazanah board of directors, as the sole shareholder of the company.

"The government through the Skim Jaminan Prihatin Danajamin (SJPD) provides a financing programme worth RM50 billion with a guarantee of 80 per cent on financing for companies' working capital.

"Nevertheless, this guarantee facility is provided for the benefit of all companies operating in Malaysia in all sectors including the aviation sector subject to the eligibility requirements that have been set," he said.

He was answering a question from Datuk Seri Muhkriz Tun Dr Mahathir (Independent-Jerlun) who wanted to know whether the government thought the country would no longer need a national airline if MAS was saddled with critical financial problems.

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