



# REACHING GREATER HEIGHTS





# Mission Statement

To promote a commercially viable, consumer-oriented and resilient civil aviation industry which supports the nation's economic growth.



# MAVCOM's Functions

The Malaysian Aviation Commission Act 2015 [Act 771] is an Act to establish the Malaysian Aviation Commission to regulate economic matters relating to the civil aviation industry and to provide for its functions and powers and related matters. MAVCOM's functions as envisaged in Act 771 include, but are not limited to the following:

## MAVCOM'S FUNCTIONS AS STIPULATED IN ACT 771



### ESTABLISH A COMPETITIVE FRAMEWORK WHICH PROMOTES A HEALTHY, STABLE AND SUSTAINABLE COMMERCIAL ENVIRONMENT

**Oversee and encourage effective competition** in the aviation industry

**Promote timely investments** in the civil aviation industry

**Maximise the economic value of any financial support** by the Federal Government to the civil aviation industry

**Provide a mechanism for dispute resolution** between aviation service providers



### DRIVE AWARENESS OF CONSUMER RIGHTS AND PROVIDE A PLATFORM FOR COMPLAINTS RESOLUTION

Provide a **mechanism for the resolution of consumer complaints**

**Consult the industry, government and other consumer groups** on matters of interest to consumers

Promote an environment which allows **aviation consumers to have access and information in a transparent manner** to choices of products and services of high quality and at fair prices

**Receive and disseminate information on matters of interest** to consumers or services provided by licencees and permit holders



### TO PROMOTE DOMESTIC AND INTERNATIONAL CONNECTIVITY TO DRIVE ECONOMIC GROWTH AND NATION BUILDING

**Improve Malaysia's connectivity, both globally and locally** as well as to promote economic ties, integration, growth, trade, investment and tourism

**Facilitate and coordinate matters of interest to the Malaysian civil aviation industry** between the service providers of aviation services and government agencies, locally and internationally

**Advise the government, administer and manage routes under public service obligations** (such as Rural Air Services in East Malaysia)

Administer, allocate and manage **Air Traffic Rights**

**Monitor slot allocation** for airlines or other aircraft operators

To perform **any other functions** that are incidental or consequential to the functions under Act 771

The role of MAVCOM differs from those of the Ministry of Transport (MOT) and the Civil Aviation Authority of Malaysia (CAAM). The MOT is responsible for industry policy-making and government-to-government discussions (including to spearhead bilateral or multilateral negotiations on Air Traffic Rights), while the CAAM regulates technical and safety matters for Malaysia's civil aviation industry.





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# Minister of Transport's Foreword



**In December 2022, I was given the opportunity to once again be at the helm of the Ministry of Transport (MOT) and tasked to continue and develop an efficient, economical, and safe air transport system for consumers and cargo as well as to plan and implement infrastructural projects to meet the demands of air transport. My appointment as the Minister of Transport came during a rare and challenging time for Malaysia's civil aviation industry as aviation players were still deeply impacted by the aftermath of the COVID-19 pandemic while the country entered its endemic phase.**

Nevertheless, 2022 was a pivotal year for the aviation industry as the international borders were lifted on 1 April 2022. This positive progress propelled the significant recovery of the sector, whereby total passenger traffic grew by 398.7 per cent year-on-year (YoY), reaching 54.9 million passengers. This translates to 50.3 per cent of the pre-COVID-19 pandemic level.

Despite a stable recovery momentum, airlines still faced challenging operating environments and significant financial challenges. Many airlines struggled with capacity issues due to the shortages of aircraft, pilots, and cabin crew, as well as the lack of technical and non-

technical staff. This is due in part to company retrenchments, downsizing of operations, and business restructuring by aviation companies, or a combination of these factors throughout the pandemic.

This shortage also inadvertently led to flight disruptions and the public voicing their concerns regarding the level of service displayed by airlines and airports, especially during periods of increased travel such as the festive seasons.

While the aviation industry is undertaking efforts to improve its operations, high airfares during peak travel periods remain a prevalent issue, especially for those who wish to travel to their hometowns in Sabah and Sarawak for the festive seasons such as Chinese New Year, Hari Raya Aidilfitri, Gawai and Kaamatan, as well as Christmas and New Year celebrations, after not being able to return home in 2020 and 2021 following the outbreak of the pandemic.

**MOT takes the complaints and grievances of consumers regarding this matter seriously as flying is the main mode of transport to their hometowns. As such, MOT has introduced several initiatives in 2022 and 2023 to ease the burden of the rakyat.**

For example, MOT, together with the Malaysian Aviation Commission (MAVCOM) and domestic airlines, were able to significantly reduce the airfares for one-way economy class flight tickets for most routes from Peninsular Malaysia to Sabah and Sarawak during the Hari Raya Aidilfitri celebration period in 2022 through the increase of flight frequencies. Based on the Commission's observation on 16 April 2022, the majority of flight ticket prices fell between RM300 and RM500, a lower range as compared to RM700 and RM1,200 as observed on and before 14 April 2022.



In July 2023, MOT first announced “FlySiswa”, a RM300 airfare subsidy for public university students that aims to address the cost-of-living issue and strengthen the relationships between Peninsular Malaysia and Sabah, Sarawak, and Labuan. Through the financial contributions by the government and the Commission, the initiative would benefit over 56,000 students nationwide. FlySiswa was subsequently extended to students from polytechnics and community colleges under the Ministry of Higher Education (MoHE), as well as matriculations and Teacher Education Institutes under the Education Ministry (MOE).

I intend to further explore other avenues such as encouraging airlines to increase capacity during peak travel periods such as festive seasons, instead of opting to enforce an airfare control mechanism, which will inherently lead to the distortion of markets. Instead, it is more beneficial for the growth of Malaysia’s aviation sector for airlines to practice “Dynamic Pricing” which allows flight ticket prices to be optimised on routes according to supply and demand. This concept is adopted by airlines globally as it encourages the promotion of healthy competition within the industry, which benefits consumers by providing increased options and costs.

Despite these challenges, the industry still experienced notable milestones, such as the entry of new airlines into the market. In terms of network expansions, the year saw Malaysia’s air connectivity ranking improve to fifth in ASEAN, overtaking the Philippines. During the year under review, Malaysia was connected to 83 international destinations, which is the third-highest number of connections among ASEAN countries.

Meanwhile, KL International Airport, Terminal 1 and Terminal 2 (KLIA Terminal 1 and 2) maintains its position as the fourth-most connected airport in ASEAN. The improvement in air connectivity was attributed to the higher deployment of international seats to key destinations after the lifting of international border restrictions. The lifting of international border restrictions allowed airlines to add more international capacity, especially in the second half of 2022 (2H22). On average, the ASEAN countries recorded a 262.1 per cent YoY growth in international seat capacity in 2022.

As the industry continuously recovers from the pandemic, we also saw the ramped-up efforts to enhance aviation consumer protection. In this regard, I commend the Commission for successfully organising Malaysia’s first hybrid international webinar on aviation consumer protection entitled, “Charting a New Frontier: Aviation Consumer Protection Needs Today and Beyond”. The webinar was part of the government’s lobbying strategy and one of its key initiatives in collaboration with both regulators, MAVCOM, and the Civil Aviation Authority of Malaysia (CAAM) for the re-election of Malaysia as an International Civil Aviation Organization (ICAO) Council Member under Part III for its sixth consecutive term. Malaysia successfully reached its goal to be re-elected and it was amazing to see the coming together of participants from all around the world representing governments, regulators, aviation service providers, as well as experts in aviation and consumer protection to do more in protecting consumer rights while maintaining industry competitiveness in this new era of aviation. Resulting from the webinar, learnings are being put towards the enhancement of the Malaysian Aviation Consumer Protection Code 2016 (MACPC) that is due for gazettment in 2024.

**“Another important milestone for the industry was achieved in October 2022 when CAAM was reinstated as a Category 1 safety and technical regulator in the International Aviation Safety Assessment rating by the United States Federal Aviation Administration (FAA), granting aviation consumers the confidence to fly again and charting a positive impact on the nation’s economy.”**





2022 also witnessed multiple internationally recognised awards presented by the Airports Council International (ACI) to Malaysian airports for the Asia-Pacific category. KLIA Terminal 1 & 2 won the Cleanest and Most Enjoyable Airport award as well as the Airport with the Most Dedicated Staff and Easiest Airport Journey award. Whereas Langkawi International Airport (LGK) won Best Airports by Size and Region for Asia-Pacific under 2 to 5 million passengers per year. These accolades were due to the Commission's introduction of the Airports Quality of Service (QoS) Framework, which is critical in ensuring that our airports operate efficiently and provide a seamless experience to passengers and the overall airport community. Its performance criteria provide valuable learnings and a guideline for Malaysian airports to emulate the highest global standards possible.

I am pleased that the enforcement of the Airports QoS Framework resumed in April 2022 after 26 months of moratorium to assist the aviation sector's recovery post-pandemic. The complete implementation of the QoS Framework at KLIA Terminal 1 and 2 is targeted to be concluded in the second quarter of 2024 (Q2 2024). As for other airports, the development phase of the Airports QoS Framework at Subang, Kota Kinabalu, and Langkawi airports has also been completed in 2023. Work is currently in progress to complete the Airports QoS Framework for other airports in Malaysia, progressively.

Despite the progress made and awards received, we recognise the need for further improvements at airports to benefit the rakyat and encourage connectivity. In line with this, various initiatives such as the development of Sultan Abdul Aziz Shah Airport (SZB) and upgrading of Penang International Airport (PEN), as well as the development of the aerotrain and baggage handling system (BHS) at KLIA Terminal 1 that will be conducted in the upcoming year. For the Rural Air Services (RAS) user, we are also prioritising inclusivity for Passengers with Reduced Mobility (PRM) to travel with improved wheelchair ramp facilities at 7 airports in Sabah and Sarawak which includes Kota Kinabalu (BKI), Kuching (KCH), Sibul (SBW), Labuan (LBU), Lahad Datu (LDU), Limbang (LMN), and Miri (MYN). The Commission's

significant financial contribution to this project is commendable as the fabrication of 7-unit wheelchair ramps have been completed and released for operation in 2 stages in 2023.

Moreover, in 2023, we will drive further adoption of Environmental, Social, and Governance (ESG) practices in the industry by encouraging more local airlines to use sustainable aviation fuel (SAF). This is in line with the country's efforts towards achieving net zero carbon emissions by 2050 and our commitment to the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), modernise the aircraft fleet and improve the operational efficiency to reduce the rate of carbon emissions in the country.

I hope this momentum continues in 2023 onwards to further strengthen the aviation sector post-pandemic. To effect change, all parties must not rest on their laurels. Policymakers, regulators, airlines, airports, ground handlers, and other players will need to get the aviation industry back to pre-pandemic levels and build resilience in the industry. It is my hope that Malaysia becomes a vibrant aviation hub once again in the Southeast Asia region.

With these deliverables in mind, I look forward to continuing to work closely with the Commission to propel the recovery of the sector and develop a sustainable and robust aviation industry for the future. Moreover, I wish to extend my deepest respect and appreciation to not only the Commission, but also other stakeholders such as CAAM, airlines, airport operators, ground handlers, and all other aviation service providers for their commitment to the betterment of the sector and initiatives undertaken in 2022.

**Anthony Loke Siew Fook**

Minister of Transport





# Executive Chairman's Message



**As we present this annual report, it is with great pleasure that I extend a warm welcome to the Honourable Minister of Transport, YB Tuan Anthony Loke Siew Fook, and the Deputy Minister of Transport, YB Datuk Haji Hasbi bin Haji Habibollah, for their second tour of duty. Their leadership and vision for Malaysia's transport sector have been instrumental in accelerating the recovery of the aviation industry post-COVID-19 pandemic.**

Additionally, I would also like to wish heartiest congratulations to Datuk Seri Long See Wool on his reappointment as a Member of the Commission, as well as to Datuk Roger Tan Kor Mee and Dato' Wan Kamaruzaman Wan Ahmad on their appointments as the newest Members of the Commission. Their vast knowledge and experience in both the private and public sectors are immense assets to the Commission and the aviation industry.

The past year has been a testament to the resilience and adaptability of the aviation industry. The aviation industry is now witnessing signs of vigorous recovery and growth after having navigated through the unprecedented challenges posed by the COVID-19 pandemic. The series of positive developments includes the reopening of

Malaysia's international borders in April 2022 that revitalised air travel and connectivity, bolstering passenger movements and re-engaging the nation with the global community.

## 2022 – A YEAR IN REVIEW & OUTLOOK OF MALAYSIA'S AVIATION INDUSTRY

The year 2022 marked a pivotal moment for the industry, with airlines beginning to see the light at the end of the tunnel. According to the International Air Transport Association (IATA), airline net losses were expected to decrease significantly from the previous years, with a forecast of returning to profitability in 2023. This optimism is supported by projected revenues and an increase in flight inventories, signalling a robust demand for air travel and cargo services. The Malaysian Aviation Commission (MAVCOM) further anticipates a substantial rise in air passenger traffic, reinforcing the positive trajectory for our industry.

In the year under review, we witnessed the resurgence of travel demand by consumers also known as 'Revenge Travel'. The resumption and introduction of new air service routes by local airlines, as well as the relaxation of travel restrictions around the world have contributed significantly to the recovery of passenger traffic to Malaysia. The total passenger traffic grew by 398.7 per cent year-on-year (YoY), reaching 54.9 million passengers, which translates to 50.3 per cent of the pre-pandemic level. The Commission forecasts that the passenger traffic for 2023 will be between 74.6 million and 80.8 million passengers. This is a growth projection between 40 per cent and 52 per cent YoY that would bring Malaysian traffic up to 68 per cent to 74 per cent of 2019 levels. Based on these figures, we can anticipate that the increased passenger traffic will contribute to a positive economic impact on Malaysia.



Amidst these developments, we continue to witness the strategic expansion of air cargo volumes, driven by the e-commerce boom and the demand for electrical and electronic (E&E) components. Due to this reason, the air cargo traffic for 2023 is forecasted to grow between 3 per cent and 4.8 per cent YoY to between 22.4 billion and 22.8 billion Freight Tonne Kilometre (FTK). These elements are crucial for our national economy and the global supply chain, reflecting the essential role of air cargo services in today's interconnected world.

Moreover, the Commission received a total of 136 ATR applications compared to 83 ATR applications received in the previous year. With 130 out of the 136 ATR applications approved, this represented a high approval rate of 95.6 per cent. The total ATR applications received in 2022 also reached 78 per cent of the 175 ATR applications received by the Commission pre-pandemic in 2019. The gradual resumption of air travel has boosted the ATR applications rate as well as number of ATR applications received and awarded for local destinations in the final quarter of 2022 (Q4 2022). This is mainly attributed to MYAirline Sdn. Bhd. (MYAirline), Malaysia's newest low-cost passenger airline, which began operating in December 2022. In addition, we saw another new Air Service Licence (ASL) entrant, SKS Airways Sdn. Bhd. (SKS Airways) that began operating in January 2022. The Commission had also granted an Air Service Permit (ASP) to MHS Aviation Berhad, as well as issuances of Conditional Approvals (CA) for an ASP to PrimaJet Airways Sdn. Bhd. and Gading Air Services Sdn. Bhd. All signalling positive movements towards a new era of diversity and competition within our skies.

**“Through this recovery period, the Commission remains steadfast in its mandate to ensure a competitive and consumer-friendly aviation ecosystem. Our efforts have yielded notable achievements, including the facilitation of strategic joint ventures and mergers to enhance service quality and consumer benefits.”**

We reviewed several competition-related applications, including but not limited to, the Renewal Applications for Individual Exemptions of Joint Ventures between major airlines such as All Nippon Airways Co., Ltd. and United Airlines, Inc., Singapore Airlines Limited and Deutsche Lufthansa AG, as well as between Malaysia Airlines Berhad and Japan Airlines Co., Ltd. Additionally, The Commission reviewed the Application for an Individual Exemption for the Joint Business between Malaysia Airlines Berhad and Cathay Pacific Airways Limited, as well as between Malaysia Airlines Berhad and Singapore Airlines Limited. The reviews of these applications and the public consultations carried out pursuant to such reviews are instrumental in promoting fair competition and directly benefits consumers, such as enhanced service levels, expanded options, and more competitive pricing.

The year 2022 also saw the Commission taking strides in enhancing consumer protection and promoting air travel rights. The Commission held its first international aviation webinar in June 2022 entitled, “Charting a New Frontier: Aviation Consumer Protection Needs Today and Beyond” that saw more than 380 registered attendees worldwide. A first for Malaysia, the hybrid webinar presented a unique opportunity for participants to discover new developments in the realm of aviation consumer protection as well as future trends, engage in meaningful discourse, and receive communication firsthand from thought leaders and experts within the air travel consumer protection and aviation sector. In addition, we released a Consultation Paper on the Proposed Amendments to the Malaysian Aviation Consumer Protection Code 2016 (MACPC) in October 2022, aiming to strengthen the rights of aviation consumers based on key learnings from the pandemic. Additionally, to raise public awareness about air travel rights and addressed concerns over refunds and high airfares, we collaborated with a content creator to release a series of social media videos and participated in the National Consumer Day 2022 celebration organised by the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), now known as the Ministry of Domestic Trade and Cost of Living (KPDN).



**For the industry, the Commission continues to publish our bi-annual *Waypoint* reports and quarterly ATR bulletin updates as a reference guide for industry players and stakeholders alike. These publications serve as critical tools, offering insights into the aviation sector's trends, challenges, and opportunities.**

The Commission also held a stakeholder engagement session for the First Consultation Paper on the Long-Term Framework for the Regulation of Aviation Services Charges (ASC) in August 2022. This Consultation Paper discusses all charges specified in the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and its amendments, as well as any other charges which may be included. It also explores the Commission's regulatory principles, addressing market uncertainty, the proposed short-term method, transitional methods, and the considerations in implementing a cost-based framework.

## A SPECIAL THANK YOU

As we reflect on the significant strides made in 2022 and look forward to the opportunities ahead, we are encouraged by the industry's resilience and the collective efforts of all stakeholders. The Commission is proud to be part of this journey, and we remain dedicated to advancing Malaysia's aviation industry to new heights and look forward to brighter skies ahead. Our focus on innovation, consumer protection, and sustainable growth will continue to guide us as we navigate the future of aviation, ensuring that Malaysia remains a key player on the international stage. Our re-election as a Member of the International Civil Aviation Organization (ICAO) Council under Part III for the sixth consecutive term highlights our country's ongoing commitment and contribution to the international aviation community.

All that we have accomplished thus far reflects our exceptional staff at the Commission's dedication and hard work. Prioritising staff welfare and

retention have always been key to our success, alongside celebrating staff achievements and empowering our colleagues through specialised industry training and community service. As part of giving back to the industry and community, the Commission's Management team has presented at significant international and local forums, such as the Passenger Terminal Conference 2022 and a Meet the Expert Session at the University College of MAIWP International (UCMI). I am also proud of the Commission's staff volunteering alongside the Ministry of Transport (MOT) and other government agencies during one of the nation's floods in history at the beginning of the year. Their action underscores our commitment to giving back to the community and shaping the future of aviation.

Our contributions since the establishment of the Commission in 2016 until present not only highlights the Commission's role as a regulator but also our dedication to ensuring Malaysia's aviation industry remains competitive, sustainable, and aligned with global best practices. As we move forward, the Commission remains committed to building on these foundations, driving positive change, and ensuring the Malaysian aviation sector's continued growth and success.

In closing, I would like to express my sincerest gratitude to the Minister of Transport, YB Tuan Anthony Loke Siew Fook, MOT as well as industry stakeholders for the relentless support during this pivotal time for the industry to reflect, recover, and revive. Together, with the invaluable contributions of Members of the Commission, Committee Members, agency partners and the dedication of our team, we are confident in our journey towards a brighter future for aviation in Malaysia. I look forward for the Commission to achieve even greater success, driving the recovery and future prosperity of Malaysia's aviation sector.

**Datuk Seri Hj. Saripuddin Hj. Kasim**

Executive Chairman





## Part 1

# Air Traffic Rights & Licensing

## 1.1 AIR TRAFFIC RIGHTS (ATR)

In the first quarter of 2022 (Q1 2022), airlines focused on domestic operations and awaited the announcement of the reopening of Malaysia's international borders. Following the announcement of the international border reopening in April 2022, Air Traffic Rights (ATR) applications from airlines increased, which signalled a gradual transition towards full recovery of the aviation industry.

For the Hari Raya Aidilfitri festive travel period from 27 April to 8 May 2022, the Commission approved a total of 3,603 flight frequencies from KL International Airport (KLIA) and klia2, now known as KL International Airport Terminal 1 and Terminal 2, as well as Sultan Abdul Aziz Shah Airport (SZB) to destinations within Peninsular Malaysia. Additionally, 1,318 flight frequencies were approved for routes between Peninsular Malaysia to East Malaysia for destinations such as Kota Kinabalu, Tawau, Sandakan, Sibul, Kuching, Bintulu, Miri and Labuan to assist the government in addressing the issue of high airfares during the festive period.

The Commission observed that most economy one-way airfares for flights from Peninsular Malaysia to East Malaysia during the same travel period ranged between RM200 to RM500 due to the approval of increased flight frequencies that allowed for more seats to become available for the public to purchase. In the same period, airlines explored new sectors as part of their post-COVID-19 pandemic recovery strategy, including Penang to Denpasar, Phnom Penh and Pekanbaru, as well as Johor Bahru to Phnom Penh, Pekanbaru and Kualanamu.

Additionally, the year saw a steady increase in ATR applications and approvals, which was attributed to the gradual reopening of regional and international immigration borders, the downward trend in the spread of the COVID-19 pandemic, the reactivation of aircraft by airlines, and a surge in air passenger services to destinations with pent-up demand. As of 31 December 2022, the Commission received a total of 136 ATR applications compared to 83 ATR applications received in the previous year. With 130 out of the 136 ATR applications approved, this represented a high approval rate of 95.6 per cent.





In 2022, the Commission received 78 per cent of the total number of ATR applications it had received in 2019, prior to the pandemic. Additionally, it is noteworthy that the total number of ATR applications approved by the Commission in 2022 reached 75 per cent of ATR applications approved in 2019.

Reflecting this, the majority of the ATR approvals granted by the Commission in 2022 were for destinations in the Asia Pacific region, with 11, 9, and 4 ATR applications approved for routes in ASEAN, Asia, and Australasia destinations, respectively. ATR approvals for the year were also granted to various airlines for new destinations across the Asia Pacific, such as Australia and Bangladesh, among others. This included approvals for 4,241 extra seats for scheduled flight services to Australia, daily flights to Dubai, 7 weekly flights each for Jeddah and Madinah, as well as flights to Amritsar and Trivandrum in India.

For Malaysia's 15th General Election (GE15) travelling period between 16 to 20 November 2022, the Commission worked closely with the Ministry of Transport (MOT) and local airlines to ensure enough affordable flights were available to various domestic destinations. To facilitate the *rakyat's* return to their hometowns for GE15, the Commission approved a total of 106 additional flights as of 15 November 2022. The total approved additional flights for GE15 consisted of 32 flights from KLIA Terminal 1, and 20 flights from SZB, both to selected locations within Peninsular Malaysia.

In addition, 65 extra flights were operated between Peninsular Malaysia and East Malaysia, as well as to selected destinations within East Malaysia under the Rural Air Services (RAS) programme. Also, 8

additional flights were operated between Subang and Seletar, Singapore.

As for the air cargo sector in 2022, the post-pandemic has brought about the revival of aviation passenger services that resulted in increased belly space cargo capacity. This, in return, caused a 27 per cent decline in ATR allocations to Air Service Licence (ASL) holders for both domestic and international scheduled air cargo operations compared to 37 ATRs allocated in the previous year. Concurrently, record-high cargo air freight rates in December 2021 dipped by 37 per cent, from an average of USD 8.64 per kilogram (kg) to USD 5.46 per kg for the same period in 2022. Nevertheless, the Commission noted that the average cargo air freight rates of USD 2.84 per kg to USD 5.46 per kg recorded in 2022 were higher than the pre-pandemic rates in 2019. This lack of cargo capacity in specific markets indicates opportunities for potential growth in the air cargo sector.

Wrapping up a year of recovery for airlines and the aviation industry, the gradual resumption of air travel has boosted the ATR applications rate, with a significant 220 per cent increase in ATR applications received and awarded for local destinations in the final quarter of 2022 (Q4 2022). This is mainly attributed to MYAirline Sdn. Bhd. (MYAirline), Malaysia's newest low-cost passenger airline, which began operating in December 2022.

The Commission also approved daily direct routes from Penang to Singapore and Kualanamu, Indonesia. This demonstrates that the nation's aviation industry will remain on a steady path to recovery by 2024, as forecasted by the International Air Transport Association (IATA).

**Table 1.1** Number of ATR Applications Received and Approved

ATR Applications	Domestic			International		
	2019	2021	2022	2019	2021	2022
Received	62	32	33	113	51	103
Approved	60	31	32	113	51	98

Source: MAVCOM

**Table 1.2 Breakdown of ATRs Awarded**

Airline	Domestic			International		
	2019	2021	2022	2019	2021	2022
AirAsia Berhad	23	5	3	39	4	21
AirAsia X Berhad	-	-	8	12	9	18
FlyFirefly Sdn. Bhd.	3	2	-	1	-	2
MAB Kargo Sdn. Bhd.	0	1	1	7	11	7
Malaysia Airlines Berhad	13	3	1	20	2	6
Malindo Airways Sdn. Bhd. (Batik Air)	18	3	-	29	-	26
MASwings Sdn. Bhd.	1	-	2	0	-	-
M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.)	0	2	-	0	1	3
MYAirline Sdn. Bhd.	0	-	12	0	-	-
MyJet Xpress Sdn. Bhd.	2	6	-	1	19	7
Raya Airways Sdn. Bhd.	0	1	1	4	1	5
SKS Airways Sdn. Bhd.	0	-	4	0	-	-
World Cargo Airline Sdn. Bhd.	0	8	-	0	4	3
<b>TOTAL</b>	<b>60</b>	<b>31</b>	<b>32</b>	<b>113</b>	<b>51</b>	<b>98</b>

Source: MAVCOM

**Table 1.3 Breakdown by Countries/Region for Domestic and International ATR Allocations**

Airline/Countries/ Region	Domestic			ASEAN			Rest of Asia			Australasia			China			Europe			India			Middle East		
	2019	2021	2022	2019	2021	2022	2019	2021	2022	2019	2021	2022	2019	2021	2022	2019	2021	2022	2019	2021	2022	2019	2021	2022
AirAsia Berhad	23	5	3	31	2	14	1	-	2	-	-	1	5	2	-	-	-	-	2	-	4	-	-	-
AirAsia X Berhad	-	-	8	3	-	7	5	4	1	-	-	7	4	2	-	-	-	1	-	3	-	-	-	2
FlyFirefly Sdn. Bhd.	3	2	-	1	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAB Kargo Sdn. Bhd.	2	1	1	2	3	-	1	2	1	-	-	1	2	6	1	-	-	2	2	-	2	-	-	-
Malaysia Airlines Berhad	1	3	1	8	2	1	2	-	1	4	-	-	3	-	-	-	-	-	1	-	-	2	-	4
Malindo Airways Sdn. Bhd. (Batik Air)	18	3	-	10	-	5	3	-	6	2	-	9	12	-	3	-	-	-	1	-	-	1	-	3
MASwings Sdn. Bhd.	1	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M Jets International Sdn. Bhd.*	-	2	-	-	-	-	-	1	1	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
MYAirline Sdn. Bhd.	-	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MyJet Xpress Sdn. Bhd.	2	6	-	1	5	2	-	-	-	-	-	-	-	12	5	-	-	-	-	2	-	-	-	-
Raya Airways Sdn. Bhd.	-	1	1	4	-	3	-	-	-	-	-	-	-	-	2	-	-	-	-	1	-	-	-	-
SKS Airways Sdn. Bhd.	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
World Cargo Airline Sdn. Bhd.	-	8	-	-	2	1	-	-	-	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>50</b>	<b>31</b>	<b>32</b>	<b>60</b>	<b>14</b>	<b>35</b>	<b>12</b>	<b>7</b>	<b>12</b>	<b>6</b>	<b>-</b>	<b>18</b>	<b>26</b>	<b>24</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>9</b>

Note: \*Now known as MJets Air Sdn. Bhd.

Source: MAVCOM


**Table 1.4** Types of Approved Filing Applications

Types of Approved Filing Applications	2019	2021	2022
Commercial Scheduled Flights	1,101	2,309	2,104
Commercial Scheduled – Extra Flights	281	779	508
Commercial Non-Scheduled (Charter) Flights	414	1,828	1,578
Ad-hoc Flights	396	1,030	750
<b>TOTAL</b>	<b>2,192</b>	<b>5,946</b>	<b>4,940</b>

Source: MAVCOM

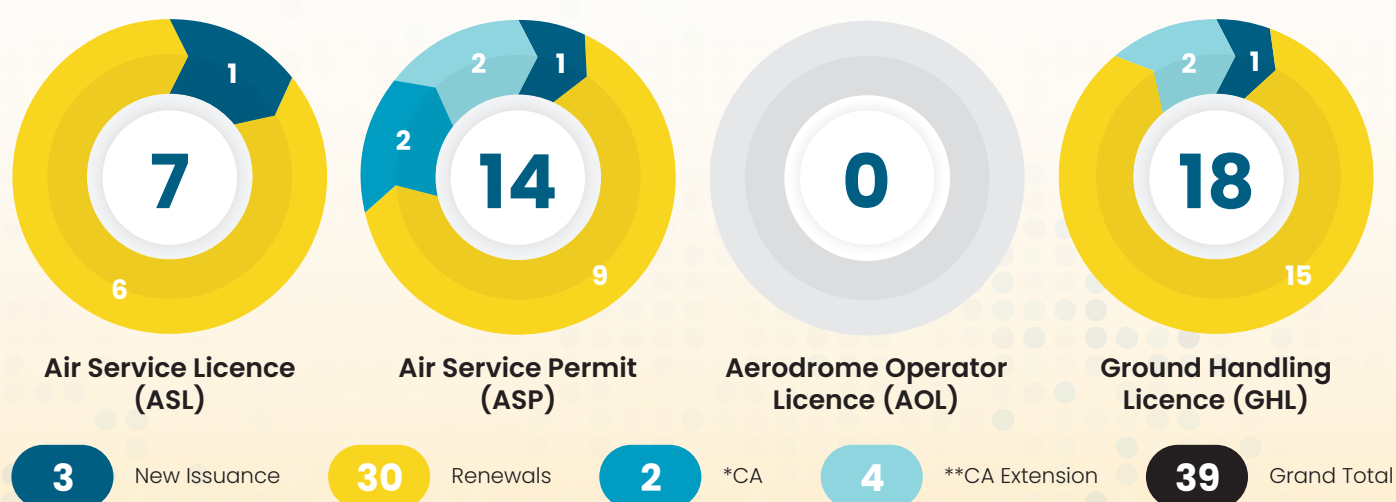
## 1.2 LICENSING

Among the Commission's responsibilities is the issuance of commercial aviation licences and permits, including Air Service Licences (ASL) for journeys with a fixed schedule, such as timetabled commercial flights, and Air Service Permits (ASP) for non-scheduled services, such as chartered flights. The Commission also issues Aerodrome Operator Licences (AOL) for airport operators and Ground Handling Licences (GHL) to carry out ground handling services in Malaysia.

Prior to granting a full commercial licence or permit, the Commission may issue a Conditional Approval (CA) to entities intending to operate as a Malaysian aviation service provider, where they are required to undergo a thorough assessment based on stringent

criteria, including ownership structure, demand for air transport in the proposed location of the company's operations, financial track record, and management expertise.

In line with its mandate to support industry players to fully recover from the effects of the COVID-19 pandemic, the Commission continued to actively review and approve commercial aviation licences and permits received to spur industry growth. In 2022, the Commission issued a total of 33 commercial aviation licences and permits, of which 30 were licence and permit renewals, and 3 were newly issued. The Commission also granted 2 CA and 4 CA extensions in 2022.

**Figure 1.1** Number of Commercial Aviation Licences and Permits Awarded and Renewed, including Conditional Approvals (CA) Granted and Extended in 2022


Source: MAVCOM

\*The two (2) CAs for an ASP were awarded to PrimaJet Airways Sdn. Bhd. and Gading Air Services Sdn. Bhd.

\*\*Two (2) out of four (4) CA extensions were granted to Aerotree Defence and Services (CA for an ASP) and one each to TransAsia Services Sdn. Bhd. (CA for a GHL) and M Jets International Sdn. Bhd. [now known as MJets Air Sdn. Bhd.] (CA for a GHL) respectively.

**Table 1.5** List of Air Service Licence (ASL) Holders in 2022

An ASL applies only to journeys with a fixed schedule such as a timetabled commercial flight

No.	ASL Holder	No.	ASL Holder
1	AirAsia Berhad	8	MyJet Xpress Airlines Sdn. Bhd.
2	AirAsia X Berhad	9	M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.)
3	FlyFirefly Sdn. Bhd.	10	Raya Airways Sdn. Bhd.
4	Malaysia Airlines Berhad	11	SKS Airways Sdn. Bhd.
5	Malindo Airways Sdn. Bhd. (Batik Air)	12	World Cargo Airline Sdn. Bhd.
6	MASwings Sdn. Bhd.		
7	MyJet Express Sdn. Bhd.		

Source: MAVCOM

**Table 1.6** List of Air Service Permit (ASP) Holders in 2022

An ASP applies to unscheduled journeys only such as chartered flights

No.	ASP Holder
1	Asia Jet Partners Malaysia Sdn. Bhd.
2	Berjaya Air Sdn. Bhd.
3	Cempaka Helicopter Corporation Sdn. Bhd.
4	Helistar Resources Sdn. Bhd.
5	HAS International Sdn. Bhd. (formerly known as Hevilift (M) Sdn. Bhd.)
6	Hornbill Skyways Sdn. Bhd.
7	Jet Premier One (M) Sdn. Bhd.
8	Layang Layang Aerospace Sdn. Bhd.
9	MHS Aviation Berhad
10	Myballoon Adventure Sdn. Bhd.
11	Prima Air Sdn. Bhd.
12	Sabah Air Aviation Sdn. Bhd.
13	Sazma Aviation Sdn. Bhd.
14	Systematic Aviation Services Sdn. Bhd.
15	Weststar Aviation Services Sdn. Bhd.

Source: MAVCOM

**Table 1.7** List of Aerodrome Operator Licence (AOL) Holders in 2022

An AOL is required to operate an aerodrome in Malaysia for the take-off and landing of any aircraft engaged in the carriage of passengers, mail or cargo for hire or reward

No.	AOL Holder
1	Malaysia Airports (Sepang) Sdn. Bhd.
2	Malaysia Airports Sdn. Bhd.
3	Senai Airport Terminal Services Sdn. Bhd.
4	Tanjung Manis Development Sdn. Bhd.

Source: MAVCOM




**Table 1.8** List of Ground Handling Licence (GHL) Holders in 2022

A GHL is required by any person or entity to carry out ground handling services for the aviation industry in Malaysia

No.	GHL Holder
1	AeroDarat Services Sdn. Bhd. (formerly known as MAB Ground Handling Services)
2	Aerohandlers Sdn. Bhd.
3	Asia Digital Engineering Sdn. Bhd.
4	BCS Contract & Supply Services Sdn. Bhd.
5	Brahim's Food Services Sdn. Bhd.
6	Cloudera Aviation Services Sdn. Bhd.
7	Dviation Solutions Sdn. Bhd.
8	Execujet Handling Services Sdn. Bhd.
9	Ground Team Red Sdn. Bhd. (formerly known as AirAsia Berhad)
10	Hasrat Asia (M) Sdn. Bhd.
11	Hornbill Skyways Sdn. Bhd.
12	Jet Fuels Sdn. Bhd.
13	KLM Line Maintenance Sdn. Bhd.
14	Layang Layang Aerospace Sdn. Bhd.
15	MAB Kargo Sdn. Bhd.
16	Malindo Airways Sdn. Bhd. (Batik Air)
17	Mas Awana Services Sdn. Bhd.
18	MNM Aviation Services Sdn. Bhd.
19	Nusantara Aviation Services Sdn. Bhd.
20	Petron Malaysia Refining & Marketing Berhad
21	Petronas Dagangan Berhad
22	Pos Aviation Engineering Services Sdn. Bhd.
23	Pos Aviation Sdn. Bhd. (formerly known as KL Airport Services Sdn. Bhd.)
24	Prosky Services Sdn. Bhd.
25	Raya Airways Sdn. Bhd.
26	Sabah Air Aviation Sdn. Bhd.
27	Select Inflight Services Sdn. Bhd.
28	Senai Airport Terminal Services Sdn. Bhd.
29	Shell Malaysia Trading Sdn. Bhd.
30	Shell Timur Sdn. Bhd.
31	Skypark FBO Malaysia Sdn. Bhd.
32	Smooth Route Sdn. Bhd.

Source: MAVCOM

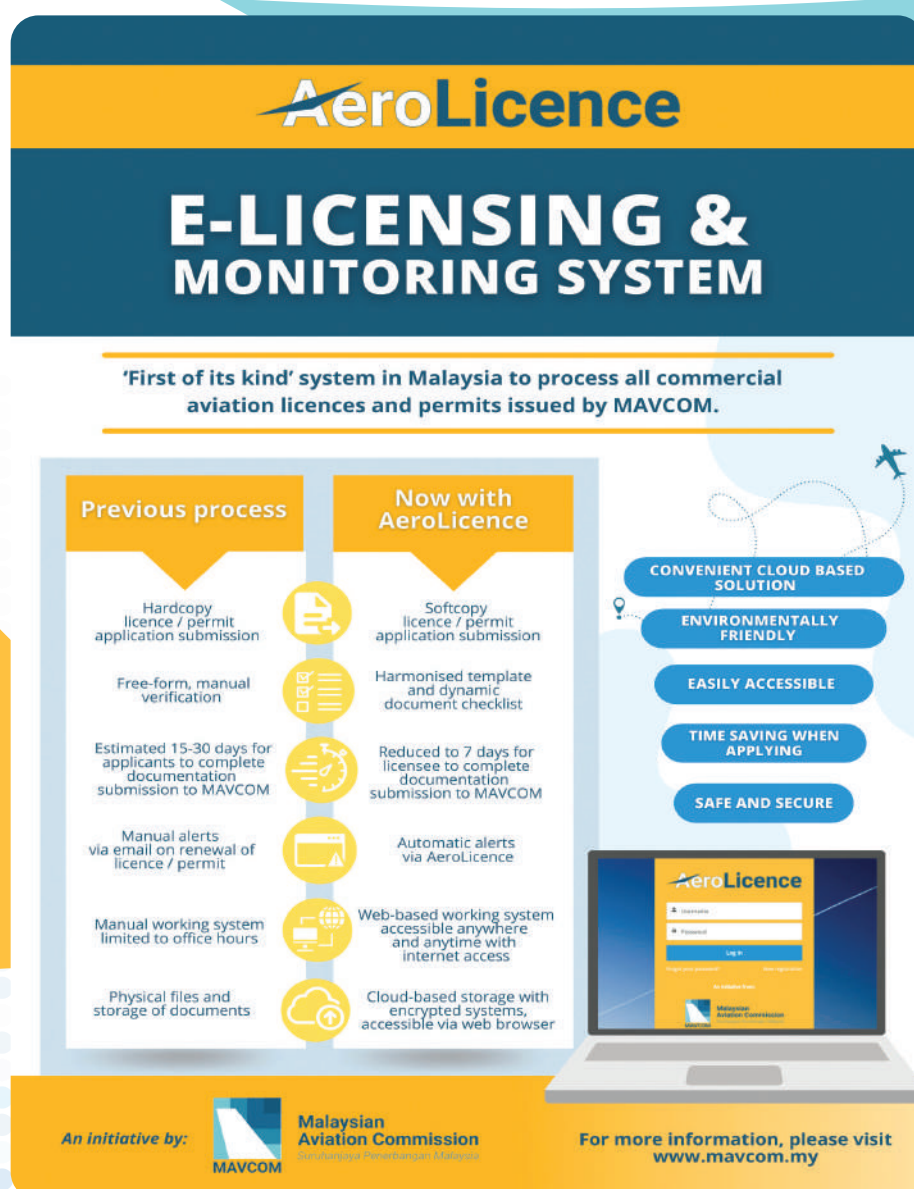


## 1.3 EASE OF LICENSING PROCESS TO FACILITATE THE INDUSTRY'S FULL RECOVERY POST-COVID-19 PANDEMIC

The Commission officially launched AeroLicence in November 2021 to further enhance its efficiency in processing commercial licences and permits for the civil aviation industry in Malaysia. In addition to being one of the Commission's key digital initiatives for the industry, AeroLicence is Malaysia's first end-to-end licensing system to process all commercial licences and permits (ASLs, ASPs, GHs and AOs) issued by the Commission.

AeroLicence is a secure, contactless, and cloud-based solution that is accessible anywhere and

anytime by registered industry players with an internet connection. Since its launch, AeroLicence has garnered a total of 67 users as of 31 December 2022. Through this system as well, the Commission has received 50 commercial aviation licence and permit applications throughout the year. With the introduction of AeroLicence, the processing time for commercial aviation licence and permit applications has decreased from an average of 90 days to 64 days.





## Part 2

# Consumer-Driven Initiatives

## 2.1 CONSUMER REPORTS

The aviation industry has persistently grown from strength to strength as the COVID-19 pandemic turbulence gradually eased, with more air passengers returning to travel from April 2022 onwards due to the reopening of international borders. As such, the recovery of domestic air passenger traffic was the main driver for the aviation industry's recovery. Notwithstanding the recovery, airlines' commercial seat capacity is being challenged by the increase in fuel prices, as well as the operational and resource limitations brought on by the pandemic's extended circumstances.

Since its inception, the Commission has received various feedback from aviation consumers, including complaints, requests, enquiries, and compliments regarding their experience while travelling and products or services offered by aviation service providers. This feedback is also part of the Commission's monitoring in order to ensure that aviation service providers comply with the standards set out in the Malaysian Aviation Consumer Protection Code 2016 (MACPC).

The Commission analyses consumer feedback from the Commission's Complaints Management System (CMS), which captures consumer feedback through multiple channels, including written correspondence, phone calls, emails, websites, social media platforms, and the FlySmart mobile application. To foster transparency and confidence in the aviation sector, the Commission published 2 bi-annual Consumer Reports, providing a detailed overview and analysis of aviation consumers' feedback and grievances reported to the Commission throughout 2022.

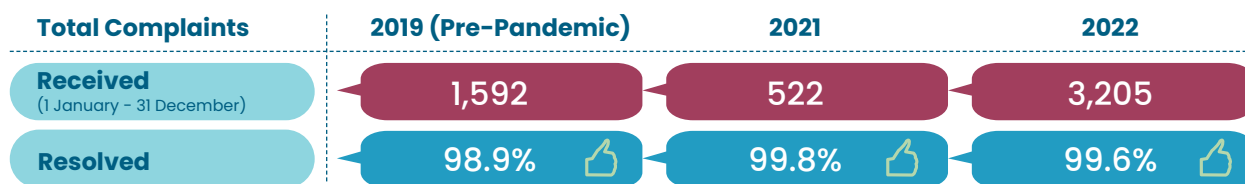
A total of **8,743 cases were registered** with the Commission during the year under review. The total number of cases that were actionable requiring further investigation by the aviation service provider was 4,692 (44 per cent), while the remaining 4,051 (46 per cent) could not be acted upon. The reason for the unactionable cases was due to incomplete documentation from consumers or where the airlines or airports concerned had fulfilled their obligations under the MACPC, among others.

**Of the 4,692 actionable cases, complaints accounted for 3,205 (68 per cent).** In comparison to the previous financial year, complaints from consumers increased by more than sixfold this year. The top 3 categories of consumer complaints in 2022 were centred around flight cancellations, flight rescheduling, and online bookings.

In addition to the 3,205 consumer complaints for the year, the Commission also received **2,809 complaints that could not be acted upon** due to the following reasons:

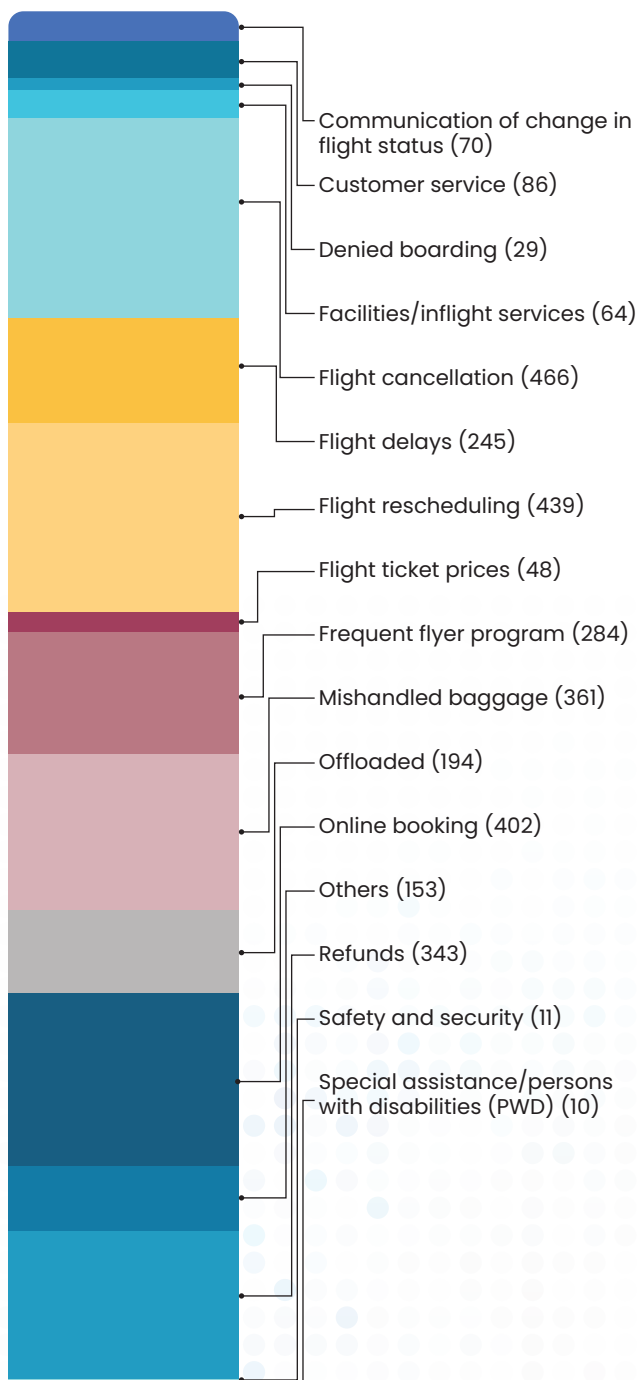
- 2,410 complaints were related to incomplete document submission by consumers, which resulted in the Commission's inability to accurately and fairly evaluate the complaints, despite the Commission's follow-up;
- 128 complaints could not be pursued, as according to the Commission's assessment, it was established that the airline or airport concerned had fulfilled its obligation under the MACPC;
- 121 complaints were beyond the jurisdiction of MACPC;
- 80 complaints were withdrawn by consumers after the airlines had provided satisfactory resolutions;
- 46 complaints were related to bookings made through travel agents;
- 24 complaints were more than 1 year from the date of the incident and not related to the aviation industry.

The Commission's complaints resolution rate has remained consistently high, at an annual average of 98 per cent. Since its inception, the Commission has received 31,588 consumer feedback, including complaints, requests, feedback, enquiries, and compliments. 17,438 of the cases registered with the Commission were actionable and of the actionable cases, 10,585 (61 per cent) were complaints.

**Figure 2.1****Total Complaints Received And Resolved**  
(1 JANUARY–31 DECEMBER)

Source: MAVCOM

The remaining percentage of unresolved complaints required an extended investigation period due to the complexity of the issues. These complaints were resolved by the Commission in the following months.

**Figure 2.2****Breakdown of Complaints by Category in 2022**

Source: MAVCOM

**Figure 2.3****Breakdown of Complaints by Airlines and Airports in 2022**

Airline / Airport	Total number of complaints in 2022
AirAsia Berhad	1,170
AirAsia X Berhad	244
Malindo Airways Sdn. Bhd. (Batik Air)	239
FlyFirefly Sdn. Bhd.	69
Foreign airlines	102
Kota Bharu Airport	1
Kota Kinabalu International Airport	1
KL International Airport Terminal 1	8
KL International Airport Terminal 2	3
Kuching International Airport	1
Langkawi International Airport	1
Malaysia Airlines Berhad	1,339
MASwings Sdn. Bhd.	13
MYAirline Sdn. Bhd.	6
Penang International Airport	3
Sandakan Airport	1
Senai International Airport	1
SKS Airways Sdn. Bhd.	2
Tawau Airport	1

Source: MAVCOM





## 2.2 CONSUMER SURVEY

The Commission had appointed NielsenIQ to conduct a survey from 15 November to 16 December 2022 to better appraise the travel behaviour of Malaysian aviation consumers in the post-COVID-19 pandemic period. The survey interviews were carried out online as well as face-to-face at Malaysian airports with both Malaysian and foreign travellers who had travelled to or from Malaysian airports in the 12 months prior to the survey.

The survey results reveal that the awareness of air travel rights among flyers has remained steady, indicating that nearly 6 out of 10 flyers possess knowledge of their air travel rights. However, a notable trend emerges, showcasing lower levels of awareness among individuals aged 60 and above, as well as those residing in the East Coast and East Malaysia.

The awareness of the Commission, however, has witnessed a significant decline across diverse demographic segments and geographical regions. Notably, the recall of the Commission among individuals aged 18-39, as well as in the East Coast and East Malaysia region, is particularly low. Interestingly, a strong link is evident between the awareness of the Commission and awareness of air travel rights. Those who attribute their awareness of air travel rights to the Commission display 18 per cent higher knowledge of their air travel rights compared to those who rely on other information sources.

The survey findings reveal that air travel rights awareness remains stable, with 60 per cent of consumers being aware of their rights. Notably, higher awareness is observed among female consumers, younger audiences within the age group of 18-39 years, and individuals residing in the North and Central regions of Malaysia. Additionally, the study underlines the dominant role of social media and online sources in disseminating information about air travel rights to consumers.

Overall, the survey underscores the relative stable of awareness concerning air travel rights. The Commission will continue with its efforts to target specific demographics and regions with lower levels of awareness and explore advertising channels that effectively reach the intended audience.





## 2.3 MALAYSIAN AVIATION CONSUMER PROTECTION CODE 2016 (MACPC)

Learning from the COVID-19 pandemic's impact on the civil aviation industry, industry players and its consumers, the Commission is of the view that regulations on aviation consumer protection must continue to evolve and remain relevant.

In this stead, the Commission hosted its first international webinar on aviation consumer protection titled "Charting a New Frontier: Aviation Consumer Protection Needs Today and Beyond". The aim of the webinar was to bring together industry players, consumer experts and industry professionals on a common platform to discuss the latest developments and future trends in aviation consumer protection. Participants had the opportunity to engage in interactive discussions and explore the latest advancements in the field.

The webinar saw more than 380 registered attendees comprising government representatives, key aviation and consumer industry leaders, international aviation associations, local consumer associations, members of the media, and aviation industry stakeholders from Malaysia, Singapore, Brunei, Thailand, Laos DPR, Indonesia, Canada, United States of America, Brazil, Belgium, and France. The distinguished speakers at the webinar were from different countries including Hong Kong, United States, United Kingdom, France, Indonesia, Singapore, and Laos PDR, among others.

Alongside a distinguished lineup of panellists was the Commission's Director of Consumer and Public Affairs, Pushpalatha Subramaniam's participation, who presented on "The Nuts and Bolts of Air Travel Consumer Protection in Malaysia and Challenges Ahead".

The invaluable feedback and comments from the event were incorporated into the proposed enhancement of the MACPC.

On 19 October 2022, the Commission released a Consultation Paper on the proposed enhancements to the MACPC aimed at gathering public feedback to better address shortcomings that have come to light post-pandemic. The Commission also held stakeholder engagement sessions to provide an opportunity for aviation service providers to

provide feedback, ensuring that the proposed enhancements champion aviation consumer rights, whilst still supporting aviation industry players' business operations.

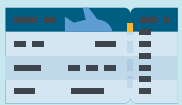
The proposed enhancements to the MACPC include increased consumer protection concerning refunds, consumer entitlement, as well as the removal of cancelled flights from airlines' booking systems, among others.

Since the first release of the MACPC in July 2016, this will be the second revision of the MACPC, following the first revision in 2019. The amendments in 2019 included eliminating hidden charges for air travellers to ensure greater transparency on airlines' obligations towards consumers and clearer guidance for consumers on their rights and interests as air travellers. The target gazettment and implementation of the enhanced MACPC will be in 2024.





## Key Compensation and Care Enlisted in the MACPC



### Full Disclosure of Airfare

When buying flight tickets, consumers should be informed of the full cost of the ticket at the point of purchase, which includes base fare, government-imposed taxes and fees, fees and charges, and charges for optional services.



### Claims and Compensation

If a baggage or mobility equipment does not arrive on the same flight or is lost or damaged, passengers may claim compensation from the airline.



### Flight Delay and Cancellation

Passengers should be provided care and compensation for a delay of more than 2 hours. If the flight is cancelled, rescheduled or ceased operations, an airline is required to provide a refund or reroute passengers with comparable transport conditions.



### Denied Boarding

Passengers are entitled to receive compensation if they are denied from boarding their flight.



### Persons with Disability (PWD)

The airline must provide assistance from the time passengers arrive at the airport to departure. Consumers with an *Orang Kurang Upaya* (OKU) card are entitled to free wheelchair service.



### Refunds

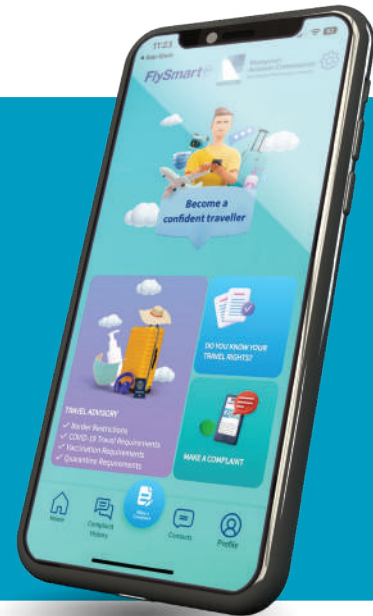
Airlines must remit any refunds to consumers or travel agents within 30 days from the initial request date. Consumers are entitled to a refund of Passenger Service Charges (PSC), taxes, fees and charges. This applies to a refundable or non-refundable flight ticket.





## 2.4 FlySmart

FlySmart is the Commission's sub-brand to drive awareness, educate and empower travellers regarding their air travel rights with reference to the MACPC. Through FlySmart, the Commission educates and raises awareness on air travel rights via a variety of communication channels across multi-platforms such as the FlySmart website, social media pages on Facebook and Instagram, as well as its mobile application that is available for Android and iOS software devices that can be downloaded from Google Play Store or Apple App Store respectively.



Even after the reopening of borders in most countries in 2022, the Commission remains steadfast in its efforts to provide travellers with valuable information. This includes travel requirements, necessary documents, health advisories, visas, and more through the FlySmart website and mobile application via its extensive Travel Advisory feature.

Additionally, communication campaigns and activities were conducted throughout 2022 to raise awareness of aviation consumer rights, such as:

- The National Consumer Day 2022 celebration organised by the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), which is now known as the Ministry of Domestic Trade and Cost of Living (KPDN) with the theme "Digitalisation of Consumers"; and
- Media engagements, which include the BFM Morning Run interviews with the Commission's Director of Consumer and Public Affairs, Pushpalatha Subramaniam, concerning consumer rights over flight delays and rescheduling, as well as the Commission's proposed amendments to the MACPC which will enhance the protection of air travel consumers.

In 2023, FlySmart will undergo a rebranding of its social media pages to its parent brand, the Commission, as an effort to reach a wider audience by sharing engaging and consistent updates on the Commission's initiatives pertaining to the aviation industry, including matters related to air travel rights. The primary objective of the rebranding exercise is to cultivate the Commission's social media channels into an engaging and educational platform for aviation consumers, industry stakeholders, as well as the general public interested in the Malaysian commercial aviation sector.

Additionally, digital media campaigns will be produced throughout the year to raise awareness and educate aviation consumers on their air travel rights as well as to promote FlySmart. The Commission also intends to enhance the existing Travel Advisory feature on the FlySmart mobile application by incorporating passport and travel visa requirements through our collaboration with the International Air Transport Association (IATA), recognising the importance of these documents for seamless travel.



## Part 3

# SNAPSHOT ON AIRPORTS

## 3.1 AIRPORTS IN MALAYSIA

Malaysia has a total of 6 international airports, 19 domestic airports and 17 Short Take-Off and Landing ports (STOLports). As the main airport operator in Malaysia, Malaysia Airports Holdings Berhad (MAHB) manages 39 out of 42 commercial airports under a single ownership and operating structure. Meanwhile, Senai Airport Terminal Services Sdn. Bhd. (SATS) manages Johor Bahru's Senai International Airport and Kerteh Airport, whilst Tanjung Manis Development Sdn. Bhd. manages Tanjung Manis Airport.

**Figure 3.1** List of Airports in Malaysia



### International Airports

1	Kuala Lumpur International Airport (KUL)	4	Langkawi International Airport (LGK)
2	Kota Kinabalu International Airport (BKI)	5	Penang International Airport (PEN)
3	Kuching International Airport (KCH)	6	Senai International Airport (JHB)

### Domestic Airports

1	Sultan Abdul Halim, Alor Setar (AOR)	11	Mulu (MZV)
2	Bintulu (BTU)	12	Sibu (SBW)
3	Sultan Azlan Shah, Ipoh (IPH)	13	Sultan Abdul Aziz Shah, Subang (SZB)
4	Kerteh (KTE)	14	Sultan Ahmad Shah, Kuantan (KUA)
5	Labuan (LBU)	15	Sultan Ismail Petra, Kota Bharu (KBR)
6	Lahad Datu (LDU)	16	Sultan Mahmud, Kuala Terengganu (TGG)
7	Limbang (LMN)	17	Sandakan (SDK)
8	Melaka (MKZ)	18	Tanjung Manis (TGC)
9	Miri (MYY)	19	Tawau (TWU)
10	Mukah (MKM)		

### STOLports

1	Bario (BBN)
2	Bakalalan (BKM)
3	Belaga (BLG)
4	Kapit (KPI)
5	Kudat (KUD)
6	Lawas (LWY)
7	Long Akah (LKH)
8	Long Banga (LBP)
9	Long Lellang (LGL)
10	Long Pasia (GSA)
11	Long Semado (LSM)
12	Long Seridan (ODN)
13	Marudi (MUR)
14	Pangkor (PKG)
15	Redang (RDN)
16	Semporna (SMM)
17	Tioman (TOD)

Source: MAVCOM



## 3.2 AIRPORTS QUALITY OF SERVICE (QoS) FRAMEWORK

### 3.2.1 Introduction to Airports QoS Framework

The development of the Airports Quality of Service (QoS) Framework was first announced in October 2016 with the objectives to enhance passenger comfort at the airport, ensure consumer service levels are prioritised, and facilitate improved airport user experience for passengers and other users of airports such as airlines and ground handlers.

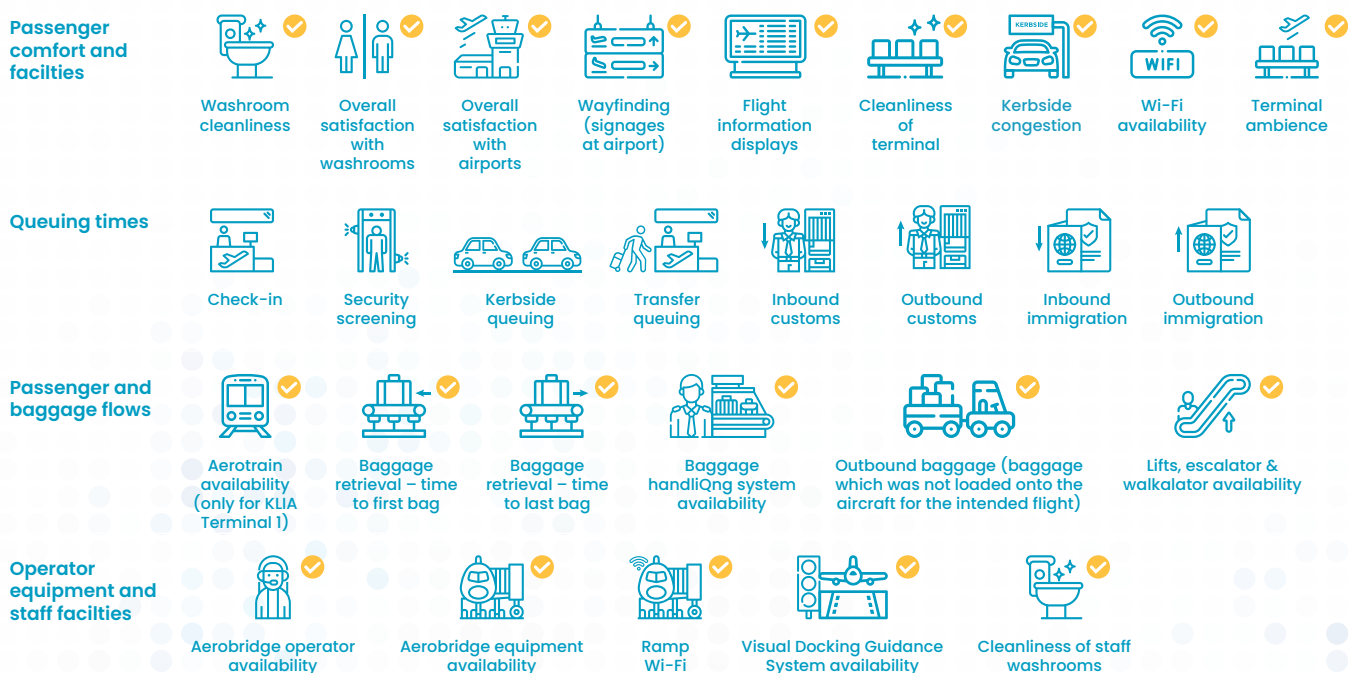
Throughout 2017, the Commission engaged and gathered feedback from various stakeholders on the published Consultation Paper for the Airports QoS Framework that resulted in its subsequent implementation at KL International Airport Terminal 1 and 2 (KLIA Terminal 1 and 2) in stages. The Airports QoS Framework essentially serves as a guide for airports to operate efficiently whilst providing convenience for the benefit of passengers, airlines, ground handling operators, and other airport users.

### 3.2.2 Monitoring of Airports QoS Framework in 2022

The Airports QoS Framework sets standards and Key Performance Indicators (KPIs) associated with airport services that serve as a crucial reference point for airport operators to methodically monitor, evaluate, maintain, and improve their services.

Under the Airports QoS Framework, 28 service quality elements are specified at KLIA Terminal 1 and 2 based on **4 key service quality categories**, consisting of **passenger comfort and facilities, queuing times, passenger and baggage flows**, as well as **operator equipment and staff facilities**. To maintain the quality of service provided at airports, service quality elements are enforced based on specific measurement mechanisms, such as passenger surveys, on-the-ground independent inspections, and report submissions by the aerodrome operators.

**Figure 3.2** Airports QoS Framework in KLIA Terminal 1 & 2



✓ Ticks indicate the operationalised service quality elements in 2022 applicable only to KLIA Terminal 1 & 2. The Airports QoS Framework is only applicable at airports within Malaysia and does not include Short Take-Off and Landing Ports (STOLports).

Source: MAVCOM





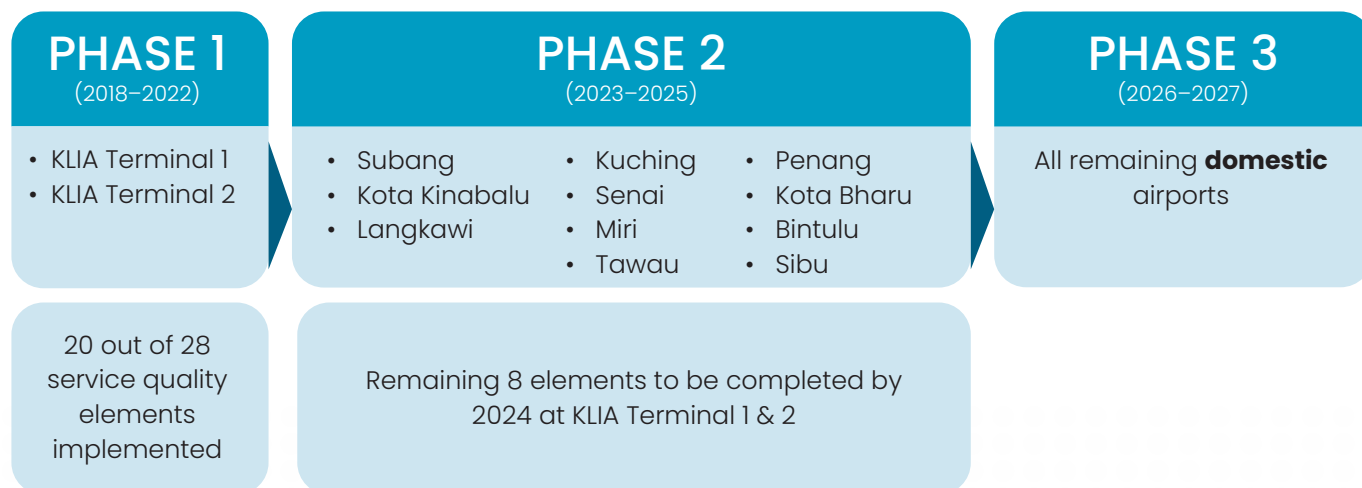
### 3.3 IMPLEMENTATION OF AIRPORTS QoS FRAMEWORK POST-COVID-19 PANDEMIC

The Commission's moratorium for the enforcement of the Airports QoS Framework ended on 31 March 2022, after a total of 26 months since 1 February 2020. The moratorium was aimed at assisting the aviation sector's recovery post-pandemic. As such, enforcement of the Airports QoS Framework resumed in April 2022.

During the non-enforcement period, the Commission continued to engage the airport operator on their monthly performances and requested relevant information and data to ensure that services provided are at optimum levels.

With the resumption of international travel in 2022, the Commission intends to fully implement the Airports QoS Framework across all international and domestic airports in Malaysia. The implementation of the framework will be in phases, with the goal of ensuring that airports in Malaysia meet the highest standards of quality and service.

**Figure 3.3**



Source: MAVCOM

At KLIA Terminal 1 and 2, the Commission had successfully implemented 20 service quality elements for both terminals. The Commission resumed its efforts to implement the 8 remaining service quality elements under queueing times, which cover kerbside, check-in, passenger security search, immigration, and customs queues. The implementation of these service quality elements was put on hold from 2020 to 2021 due to the Movement Control Order (MCO) enforced by the Malaysian government in response to the pandemic. The Commission aims to complete the implementation of all 28 service quality elements at KLIA Terminal 1 and 2 in 2024.

As for other airports, the Commission has implemented the Airports QoS Framework at Kota Kinabalu and Langkawi airports in 2023. The Commission is currently developing the Airports QoS Framework at Kuching, Miri and Senai airports which is targeted to be completed in 2024. The Airports QoS Framework will also be developed and implemented gradually at the remaining airports by 2027.



### 3.3.1 Imposition of Financial Penalty for Non-Compliance to the MACPC and Airports Quality of Service Framework

During the period between 1 February 2020 to 31 March 2022, a moratorium was placed on the enforcement of the Airports QoS Framework and the Malaysian Aviation Consumer Protection Code 2016 (MACPC). This decision was made by the Commission to support aviation players, helping them to endure the global pandemic and continue its full services in the near future.

Following the lifting of the international travel ban on 1 April 2022, the Commission resumed its enforcement activities. This section provides an update on the penalties imposed by the Commission for non-compliance with the targets set for airports and airlines, since its inception until the end of 2022.

#### Airports

The Airports QoS Framework was implemented progressively in KLIA Terminal 1 and 2 since September 2018. It consists of 28 service quality elements that are divided into 4 service quality categories: passenger comfort and facilities, operator equipment and staff facilities, queuing times, as well as passenger, and baggage flows. Failure of the airport operator to meet the set standards on any of the service quality elements will result in a financial penalty of up to 5 per cent of the airport's aeronautical revenue.

The Commission is responsible for monitoring the adherence of airport operators to the standards set in the Airports QoS Framework to ensure efficient operations and services for passengers and other users. To date, the Commission has imposed a financial penalty of RM2.9 million on MA Sepang, a subsidiary of MAHB, for failing to comply with the Airports QoS Framework.

#### Airlines

It is mandatory for airlines to comply with the MACPC. Failure to do so may result in financial penalties being imposed. Depending on the nature and extent of any non-compliance with the MACPC, airlines may be imposed a financial penalty of up to RM200,000 for the first offence, and 10 times the penalty for a second or subsequent non-compliance with the MACPC.

By the end of 2022, the Commission had imposed penalties amounting to RM2.36 million on AirAsia Berhad (AirAsia) and AirAsia X Berhad (AirAsia X), respectively, for 3 non-compliances with the MACPC. The contraventions included the airlines failing to disclose the final price of airfares. As prescribed in the MACPC, an airline shall indicate the final price of airfares to be paid for the air transport service offered or published by an airline in any form, including the Internet.



### 3.4 AIRPORT DEVELOPMENT AND THE LONG-TERM FRAMEWORK FOR THE REGULATION OF AVIATION SERVICES CHARGES IN MALAYSIA

Air connectivity plays a vital role in fostering Malaysia's economic development. Since air connectivity and airport development are inextricably intertwined and mutually beneficial, the setting of Malaysia's Aviation Services Charges (ASC) is crucial for the country's long-term overall economic growth.

Recognising its significance, the Commission is developing a framework to set ASC at airports in Malaysia. These include the Passenger Service Charges (PSC), landing and parking charges, as well as all charges contained in the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and its amendments.

In the short term, the Commission is proposing that the regulatory framework focus on encouraging air travel and aiding the recovery of the aviation sector from the COVID-19 pandemic. In the medium to long-term, the regulatory framework should encourage efficient airport investment and operation, allow the airport to recover its prudent and efficient cost, and enable the airport to be self-funded. Ultimately, the goal is to have a robust and equitable framework that balances the needs of all parties involved in the aspect of charges for fair use of airport facilities. This will indirectly strengthen Malaysia's air connectivity in alignment with the national goal to be a strong global aviation hub to serve travellers better.

The Commission began work on developing the long-term framework in July 2021. In August 2022, the Commission published its First Consultation Paper on the Regulation of Aviation Services Charges. The paper explores the Commission's regulatory principles, addressing market uncertainty, the proposed short-term method, transitional methods, and the considerations in implementing a cost-based framework.

Subsequently, the Second Consultation Paper on the Regulation of Aviation Services Charges was published in March 2023. It addresses feedback provided by stakeholders from the first Consultation Paper and includes the Commission's proposed ASC for the first regulatory period (2024 – 2026). Moreover, it outlined the proposed form of regulatory control and regulatory till to be applied from the second regulatory period onwards.

Both Consultation Papers on the long-term framework for the regulation of ASC can be found on the Commission's website at [www.mavcom.my](http://www.mavcom.my).





## Part 4

# POLICY ADVISORY AND COMPETITION

## 4.1 POLICY ADVISORY

The Commission is focused on the sustainability of the civil aviation industry in Malaysia. As part of its mandate, the Commission provides the government of Malaysia with recommendations from an economic perspective for policy matters relating to civil aviation. In addition, the Commission works closely with the Ministry of Transport (MOT) providing advisory pertaining to competition and civil aviation.

The Commission monitors domestic airfares and recognises the potential impact of enforcing an airfare control mechanism, understanding that it could lead to unintended market distortions. Instead of heavy-handed price regulation, Malaysia's aviation sector is better served by granting airlines the flexibility to adjust prices according to supply and demand dynamics, allowing for organic development.

During the year under review, average fares in Malaysia have increased by 45 per cent compared to the pre-pandemic averages in 2019. The rise primarily stemmed from the surge in jet fuel prices, strengthened US Dollar, as well as a spike in demand for travel which surpassed the airline's available capacity where the total capacity in 2022 only reached 46.5 per cent of that in 2019.

Average jet fuel price increased significantly from USD 79 per barrel (bbl) in 2019 to USD 141 per bbl in 2022, marking a notable 78.5 per cent increase. As

a result, domestic average fares have increased by 11.5 per cent, ASEAN average fares increased by 54.5 per cent, whilst international beyond ASEAN average fares experienced the highest increase of 115.5 per cent compared to 2019. In 2022, the international beyond ASEAN flights only reached 20.8 per cent of pre-pandemic capacity. The increase in average fares is not confined only to Malaysia; rather, it is a pervasive trend experienced globally.

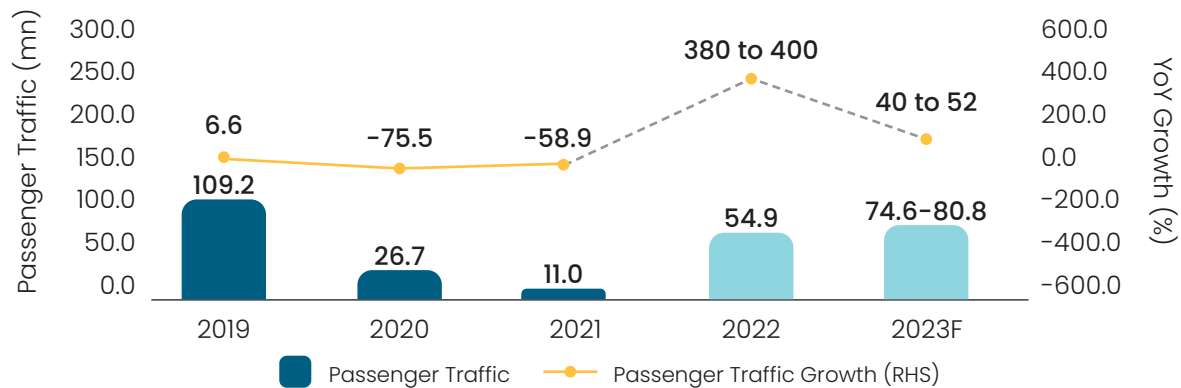
In 2022, the Commission had recommended the MOT to encourage airlines to add more capacity during the Hari Raya Aidilfitri travel period to meet the high demand. The increase in capacity was able to significantly reduce airfares for one-way economy class flight tickets for most routes from Peninsular Malaysia to Sabah and Sarawak during the Hari Raya Aidilfitri celebration period. Based on the Commission's observation on 16 April 2022, the majority of flight ticket prices fell between RM300 and RM500, a lower range as compared to RM700 and RM1,200 as observed on and before 14 April 2022.

The Commission remains committed to monitoring domestic airfares as well as providing prompt updates to the MOT on a weekly basis. The Commission is also dedicated to ensuring fair and competitive pricing within the aviation industry and will continue to work closely with stakeholders to address any issues that may arise.

## 4.2 PASSENGER TRAFFIC AND OUTLOOK

In 2022, total passenger traffic grew by 398.7 per cent year-on-year (YoY), reaching 54.9 million passengers. This translates to 50.3 per cent of the pre-pandemic level. The resumption and introduction of new air service routes by local airlines, as well as the relaxation of travel restrictions around the world, have contributed significantly to the recovery of passenger traffic to Malaysia.

The Commission forecasts that the passenger traffic for 2023 will be between 74.6 million and 80.8 million passengers. This is a growth projection between 40 per cent and 52 per cent YoY and would bring Malaysian traffic up to 68 per cent to 74 per cent of 2019 levels. The Commission anticipates that the increased passenger traffic will contribute to a positive economic impact on Malaysia.


**Figure 4.1** Malaysia's Passenger Traffic, 2019 – 2023F


Source: MAVCOM, Aerodrome Operator Licence (AOL) holders

RHS refers to Right Hand Side

This growth will be driven by the gradual restoration of key markets beginning in the fourth quarter of 2022 (Q4 2022) with local carriers, including Malaysia Airlines Berhad (Malaysia Airlines), AirAsia Berhad (AirAsia), AirAsia X Berhad (AirAsia X), FlyFirefly Sdn. Bhd. (Firefly) and Malindo Airways Sdn. Bhd. (Batik Air), having made plans to restore capacity and increase frequency, particularly in relation to popular destinations such as Hong Kong, Japan, Taiwan, Australia, and the Middle East.

The Commission is also pleased to share that the cargo traffic for 2023 is forecasted to grow between 3.0 per cent and 4.8 per cent YoY to between 22.4 billion and 22.8 billion Freight Tonne Kilometre (FTK) due to the continued growth of e-commerce and the electrical and electronics (E&E) sector. Nonetheless, the sector faces potential challenges in the year ahead, such as persistent inflationary pressure, rising interest rates, strengthening of the US Dollar, and recession fears.

Given the fact that improving connectivity is one of the Commission's regulatory functions, the Commission's bi-annual industry report, *Waypoint*, also highlighted current air connectivity statistics and made various recommendations to improve Malaysia's air connectivity.

It is imperative to note that air connectivity continues to be a vital driver of economic growth, and as such, it is important to review the quality of Malaysia's connections and align future expansion with the national economic development agenda.

While China's zero COVID-19 policy continues to affect passenger traffic in Malaysia and globally, ongoing recovery in other international markets has dampened its impact. The Commission will continue to do our part in supporting the industry and its players, particularly through our various industry-focused initiatives, including the *Waypoint* report, which provides in-depth insights into pertinent aviation trends.





## 4.3 COMPETITION

Part VII of the Malaysian Aviation Commission Act 2015 [Act 771] empowers the Commission to regulate commercial matters of the civil aviation industry in Malaysia, covering areas of competition such as anti-competitive agreements, abuse of dominant position, and mergers. This is in line with the Commission's commitment to overseeing and encouraging healthy competition in the aviation industry.

An industry with healthy competition spurs and reignites the aviation sector for the immediate term as well as sustains a healthy and robust aviation sector for the long-term. Moreover, effective competition allows consumers to benefit from increased service options, improved access, and affordability in ticket prices.

During the period under review, the Commission assessed a renewal of an individual exemption application between All Nippon Airways Co., Ltd. and United Airlines, Inc. on their joint venture for scheduled air passenger services between the Americas and Malaysia via transpacific routes. The objective of the joint venture is to enhance and provide greater options for scheduled air passenger services on routes between cities in Asia and the Americas. The application provides that the joint venture would offer benefits such as fare reduction for consumers and expansion of network and offerings, amongst others. After a thorough evaluation, the Commission issued its decision to grant the individual exemption until 18 October 2027.

On 31 March 2022, the Commission assessed a renewal application for an individual exemption between Singapore Airlines Limited and Deutsche Lufthansa AG for their joint venture arrangement with regard to scheduled air passenger services between Malaysia and Europe. The objective of the exemption is to enhance scheduled air passenger services between the airlines' respective home markets. Following the Commission's review, it is found that the joint venture is unlikely to lead to any significant reduction in competition, among other justifications. The Commission was also satisfied

that there had been a reduction in fares on key routes between Malaysia and Europe, as claimed by the parties to the joint venture. Therefore, the Commission issued its decision to grant the individual exemption for 3 years until 4 December 2025. Apart from the individual exemptions granted, the Commission has also continued its review of the second merger application it received, namely, the acquisition by SIA Engineering Company Limited of Pos Aviation Engineering Services Sdn. Bhd. The Commission had issued its proposed decision to approve the acquisition as the Commission found that there would be significant identifiable benefits that would arise from the acquisition.

The Commission also reviewed and evaluated other applications received within the year. On 18 May 2022, the Commission received a renewal application for an individual exemption between Malaysia Airlines and Japan Airlines Co. Ltd., for their metal-neutral\* joint business partnership with regard to all scheduled air passenger services between Malaysia and Japan. Additionally, the Commission is analysing an individual exemption application for the Joint Business between Malaysia Airlines and Singapore Airlines Limited, involving the busiest international route in the world, which is Kuala Lumpur to Singapore. Furthermore, Malaysia Airlines together with Cathay Pacific Airways Limited is seeking an individual exemption for their metal-neutral\* joint business partnership involving all scheduled air passenger services operated by both airlines between Malaysia and Hong Kong. The Commission's review of these applications is expected to conclude in 2023.

The Commission carries out robust legal and economic analyses of its competition applications and publishes full texts of its decisions containing the details of its analysis to ensure a high degree of transparency as well as to encourage the development of competition jurisprudence in Malaysia's developing competition law. The Commission's competition decisions can be found on the Commission's website.

\*Metal-neutral: An occurrence in which each airline will be incentivised to regard all flights operated by the other airline as flights on their own network.





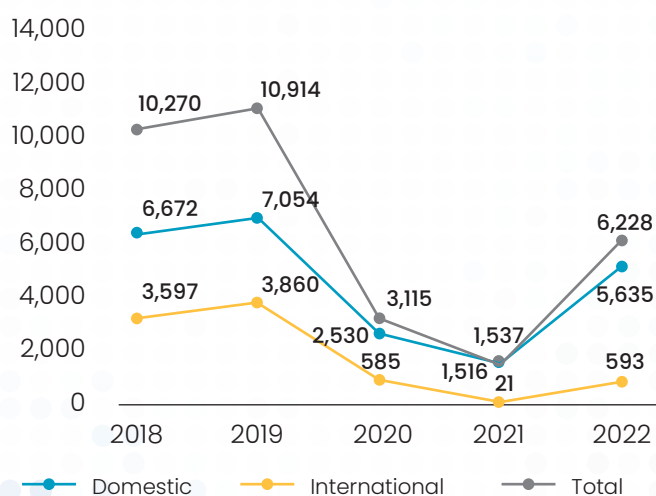
## Part 5

# AVIATION SERVICES IN SABAH AND SARAWAK

## 5.1 SNAPSHOT ON SABAH AND SARAWAK

The aviation sector within Sabah and Sarawak has entered a phase of significant revival in the year 2022. This period has seen a substantial increase in passenger traffic, marking a departure from the downturn experienced during the COVID-19 pandemic. This recovery can be primarily ascribed to the relaxation of travel constraints and a renewal of consumer confidence in air travel.

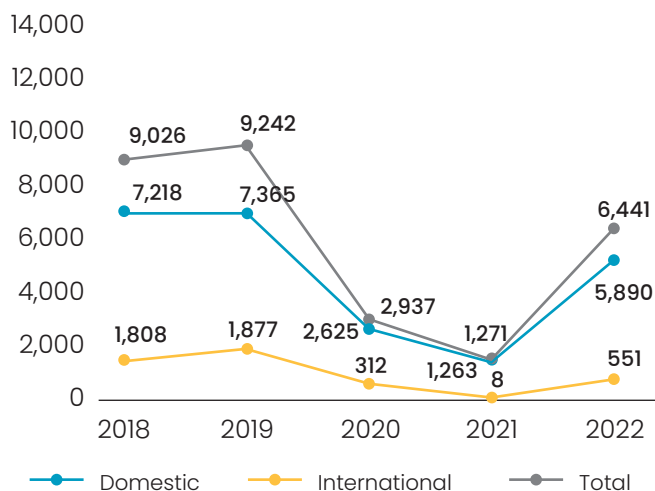
**Figure 5.1** Passenger Traffic Movements in Sabah from 2018 to 2022 ('000)



Source: AirportIS

The aviation landscape in Sabah in 2022 has been characterised by a robust recovery, as evidenced by the rise in passenger movements compared to the previous year. The domestic travel sector has shown remarkable improvement, with passenger numbers rising to 5,631,000 from a mere 1,516,000 in 2021, indicating a gradual return to pre-pandemic levels of 10,914,000 passengers in 2019. While international travel has yet to match the heights of the pre-pandemic era, the domestic passenger traffic was 5,635,000, almost matching 2019 domestic levels.



**Figure 5.2** Passenger Traffic Movements in Sarawak from 2018 to 2022 ('000)*Source: AirportIS*

Sarawak's domestic aviation market has exhibited a similar pattern, with a notable surge in passenger numbers. The rise in domestic passengers from 1,263,000 in 2021 to 5,890,000 in 2022 is a clear indication of a strong recovery path toward the pre-pandemic levels of 7,365,000 passengers in 2019. The international sector in Sarawak recorded a notable increase in passenger traffic from 8,000 in

2021 to 551,000 in 2022. It is noteworthy that Sarawak has achieved an impressive milestone of 29.4 per cent of the pre-pandemic international traffic level in 2019. In comparison, the neighbouring state of Sabah has recorded only 15.4 per cent of the pre-pandemic international traffic level in 2019.

Combining the data from both states, it is apparent that the total passenger traffic experienced a notable year-on-year (YoY) improvement. However, when comparing these figures to the pre-pandemic levels of 2019, it is clear that while domestic travel is nearing or exceeding pre-pandemic levels, international travel has not fully rebounded.

The year 2022 has been a turning point for the aviation industry in Sabah and Sarawak, with the domestic sector's robust resurgence indicative of a renewed confidence in air travel and promising for the future of the industry. The current trends indicate a favourable forecast for 2023, with the anticipation of continued growth as international travel gradually returns to normalcy.



**Table 5.1**
**Air Traffic Rights (ATRs) Awarded by the Commission to Local Carriers for Operations in Sabah and Sarawak from March 2016 to December 2022**

Airline	Sabah		Sarawak	
	Domestic	International	Domestic	International
AirAsia Berhad	34	17	35	11
AirAsia X Berhad	4	2	4	0
FlyFirefly Sdn. Bhd.	1	0	1	0
Malaysia Airlines Berhad	13*	21	16*	9
Malindo Airways Sdn. Bhd. (Batik Air)	11	33	10	2
MASwings Sdn. Bhd.	1	0	5	0
Raya Airways Sdn. Bhd.	7	3	3	1
MyJet Xpress Sdn. Bhd.	7	17	5	0
MYAirline Sdn. Bhd.	3	0	3	0
M Jets International Sdn. Bhd.**	1	2	1	1
World Cargo Airline Sdn. Bhd.	4	1	4	1
<b>Total</b>	<b>86</b>	<b>96</b>	<b>87</b>	<b>25</b>
<b>Total for Sabah/Sarawak</b>	<b>182</b>		<b>112</b>	

\*Including MAB Kargo

\*\*Now known as MJets Air Sdn. Bhd.

**Table 5.2**
**List of Licence and Permit Holders Operating in Sabah and Sarawak 2022 Versus 2021 – Remains Unchanged**

No	Licence Holder	Base	Type
<b>SABAH</b>			
1	Sabah Air Aviation Sdn. Bhd.	Kota Kinabalu	ASP
2	Sabah Air Aviation Sdn. Bhd.	Kota Kinabalu	GHL
3	Sazma Aviation Sdn. Bhd.	Kota Kinabalu	ASP
<b>SARAWAK</b>			
1	Layang Layang Aerospace Sdn. Bhd.	Miri	ASP
2	Layang Layang Aerospace Sdn. Bhd.	Miri	GHL
3	Hornbill Skyways Sdn. Bhd.	Kuching	ASP
4	Hornbill Skyways Sdn. Bhd.	Kuching	GHL
5	Tanjung Manis Development Sdn. Bhd.	Kuching	AOL

**Acronyms:**

AOL Aerodrome Operator Licence

ASP Air Service Permit

GHL Ground Handling Licence



## 5.2 RURAL AIR SERVICES (RAS)

The Commission is empowered to administer and manage Public Service Obligations (PSO) routes under the Rural Air Services (RAS) programme in accordance with Section 68 of the Malaysian Aviation Commission Act 2015 [Act 771]. The government of Malaysia, in particular the Ministry of Transport (MOT), remains the principal policy decision-maker. The RAS enable essential air connectivity to remote, sparsely populated, or otherwise inaccessible parts of Malaysia with the rest of the country.

The RAS underwent substantial operational adaptations in response to the COVID-19 pandemic. The resulting route rationalisation became imperative due to a complex interplay of improving air travel demand and economic headwinds marked by volatility in foreign currency and jet fuel prices.

The easing of travel restrictions and the lifting of the state of emergency for Sarawak towards the end of 2021 signalled a resurgence in air travel demand. However, this revival was quickly tempered by a surge in global jet fuel prices, driven by a shortfall in crude oil supply. Given that fuel expenses constitute a substantial portion of operational costs, estimated at 20 per cent to 25 per cent, the aviation sector has been confronted with the daunting prospect of escalating operating losses.

In anticipation of these challenges, MASwings Sdn. Bhd. (MASwings) adopted a 'Seasonality Flexibility' approach for its RAS network, strategically operating at 83 per cent of its pre-pandemic schedule. This prudent capacity management during peak and

non-peak periods is aimed to optimise seat factors and mitigate operating losses. Consequently, the total flights for 2022 were planned at 34,985, a 29 per cent increase from 2021, across its ATR72-500 (ATR72) and DHC6-400 (DHT) services and lower by 14 per cent compared to 40,878 flights planned in 2019 (pre-pandemic).

MASwings successfully operated 81 per cent of its RAS flight schedule in 2022, completing 33,662 flights, reflecting a notable 65 per cent increase from the flights completed in 2021. The airline's operational efficiency is highlighted by the completion of 98.9 per cent of its ATR services and 97.7 per cent of its DHT services as planned.

Passengers carriage for 2022 stood at 805,269, signifying a 139 per cent increase from 2021. While this figure represents a marginal 5 per cent decrease from 2019, the improvements are significant, especially given the operational constraints during the period. Notably, May 2022 witnessed a historical peak with 83,720 passengers, surpassing the same period in 2019 by 21 per cent.

The average seat factor for 2022 was 54 per cent, reflecting a 5 per cent improvement from 2021 and a 9 per cent increase from 2019. This improvement in seat factor is attributable to the strategic capacity management and the heightened demand for domestic air travel when cross-border land and sea travel restrictions were in place between Brunei and Malaysia.





The restriction of cross-border travel via land and sea necessitated additional flights, particularly on routes from Miri to Limbang and between Kuching and Limbang. The weekly flight frequencies were adjusted to accommodate domestic travel demand, with notable increments on the Miri to Limbang and Miri to Lawas routes. The Kuching to Limbang route also saw an increase in services during peak travel periods, with this route achieving the highest seat factor at 91 per cent.

Conversely, the Kota Kinabalu to Sandakan via Kudat route has been suspended until further notice, underscoring the dynamic adjustments airlines have had to make in response to fluctuating demand and operational viability.

The RAS has successfully navigated a challenging fiscal year marked by external economic pressures and the lingering impacts of the pandemic. Through strategic adjustments and a focus on operational efficiency, MASwings has managed to sustain and, in some cases, improve upon its service offerings. While the threat of increased operational costs looms due to rising fuel prices, the RAS' performance in 2022 provides a resilient foundation for the continuation of vital air services for rural communities. As travel demand continues to recover, the RAS is poised to play a crucial role in reconnecting and supporting the economic development of these regions.

**Table 5.3** List of RAS Routes Operated by MASwings as of December 2022

Route	Sector (Route Structure)	Northern Summer 27 March 2022 – 29 October 2022 (Shoulder/Low Season)		Northern Summer 27 March 2022 – 29 October 2022 (Peak Season)	
		Weekly Frequency		Weekly Frequency	
		ATR72	DHT	ATR72	DHT
SABAH (INTERNAL)					
Kota Kinabalu–Labuan	Kota Kinabalu–Labuan v.v.	21	–	28	–
Kota Kinabalu–Lahad Datu	Kota Kinabalu–Lahad Datu v.v.	21	–	28	–
Lahad Datu–Sandakan	Lahad Datu–Sandakan v.v.	7	–	7	–
Sandakan–Tawau	Sandakan–Tawau v.v.	7	–	7	–
Kota Kinabalu–Kudat	Kota Kinabalu–Kudat v.v.	–	0	–	0
Kudat–Sandakan	Kudat–Sandakan v.v.	–	0	–	0
SARAWAK (INTERNAL)					
Miri–Limbang	Miri–Limbang v.v.	28	–	28	–
Miri–Mulu	Miri–Mulu v.v.	12	–	12	–
Miri–Sibu	Miri–Sibu v.v.	21	–	28	–
Sibu–Bintulu	Sibu–Bintulu v.v.	7	–	7	–
Miri–Bintulu	Miri–Bintulu v.v.	7	–	7	–
Kuching–Mulu	Kuching–Mulu v.v.	7	–	7	–
Kuching–Limbang	Kuching–Limbang v.v.	3	–	3	–
Miri–Lawas	Miri–Lawas v.v.	–	44	–	44
	Lawas–Bakalalan v.v.	–	3	–	3
Miri–Bakalalan	Miri–Lawas–Bakalalan v.v.	–	3	–	3





Lawas-Bakalalan	Lawas-Bakalalan v.v.	-	3	-	3
Miri-Bario	Miri-Bario v.v.	-	14	-	14
Marudi-Bario	Marudi-Bario v.v.	-	7	-	7
Miri-Marudi	Miri-Marudi v.v.	-	18	-	18
	Miri-Marudi-Long Lellang v.v.	-	2	-	2
	Miri-Marudi-Long Akah v.v.	-	1	-	1
	Miri-Marudi-Long Seridan v.v.	-	1	-	1
	Miri-Marudi-Long Banga v.v.	-	2	-	2
Miri-Long Lellang	Miri-Long Lellang v.v.	-	1	-	1
	Miri-Marudi-Long Lellang v.v.	-	2	-	2
Marudi-Long Lellang	Miri-Marudi-Long Lellang v.v.	-	2	-	2
Miri-Long Akah	Miri-Long Akah v.v.	-	1	-	1
	Miri-Marudi-Long Akah v.v.	-	1	-	1
Marudi-Long Akah	Marudi-Long Akah v.v.	-	1	-	1
	Miri-Marudi-Long Akah v.v.	-	1	-	1
Miri-Long Seridan	Miri-Long Seridan v.v.	-	1	-	1
	Miri-Marudi-Long Seridan v.v.	-	1	-	1
Marudi-Long Seridan	Marudi-Long Seridan v.v.	-	1	-	1
	Miri-Marudi-Long Seridan v.v.	-	1	-	1
Miri-Long Banga	Miri-Long Banga v.v.	-	0	-	0
Miri-Long Banga	Miri-Marudi-Long Banga v.v.	-	2	-	2
Marudi-Long Banga	Miri-Marudi-Long Banga v.v.	-	2	-	2
Limbang-Lawas	Limbang-Lawas v.v.	-	2	-	2
Mukah-Kuching	Mukah-Kuching v.v.	7	14	7	14
Mukah-Miri	Mukah-Miri v.v.	-	7	-	7
Mukah-Sibu	Sibu-Mukah v.v.	-	3	-	3
Mukah-Bintulu	Mukah-Bintulu v.v.	-	2	-	2
Bario-Bakalalan	Bario-Bakalalan v.v.	-	1	-	1
Bario-Long Seridan	Bario-Long Seridan v.v.	-	1	-	1
Bario-Long Lellang	Bario-Long Lellang v.v.	-	1	-	1
Kuching-Tanjung Manis	Kuching-Tanjung Manis v.v.	-	7	-	7
<b>SABAH/SARAWAK (INTERSTATE)</b>					
Miri-Labuan	Miri-Labuan v.v.	21	-	28	-
Kota Kinabalu-Mulu	Kota Kinabalu-Mulu v.v.	7	-	7	-
Kota Kinabalu-Limbang	Kota Kinabalu-Limbang v.v.	-	3	-	3
Kota Kinabalu-Lawas	Kota Kinabalu-Lawas v.v.	-	2	-	2

v.v. = vice versa



## 5.3 FUTURE SCHEDULING AND POTENTIAL ROUTE ADJUSTMENTS

The RAS Network is set to maintain its current routes and operations through the Northern Summer season, extending until October 2023. This continuity reflects a strategic approach to ensuring consistent air service provision to rural areas during a period of anticipated stable demand.

The decision to extend the RAS Network aligns with the broader objectives of supporting regional connectivity and accessibility. By maintaining the status quo, the RAS ensures that the communities reliant on air travel for business, healthcare, and connectivity to urban centres will continue to receive these essential services without disruption. Furthermore, it allows for the stabilisation of services post-pandemic and offers a reliable travel framework for rural communities.

The extension also suggests a period of monitoring and evaluation, allowing for data to be collected on travel patterns and demand which would be beneficial for future scheduling and potential route adjustments post-October 2023.





# The Commission and Governance

As the regulator for economic and commercial matters related to civil aviation in Malaysia, the Commission upholds good governance to ensure robust and effective decision-making through adequate processes and policies. The Commission practices good governance through sound principles of management and strict adherence to the Malaysian Aviation Commission Act 2015 [Act 771].

## POWERS OF THE COMMISSION

To enable the Commission to uphold its functions efficiently and effectively, Act 771 confers the Commission powers, *inter alia*, to carry out all activities which appears to the Commission to be requisite, advantageous or convenient for or in connection with the performance of its functions; to cooperate or act in association with any government agency, company, or individual; to require information of stakeholders in the civil aviation industry; to utilise the Commission's assets and appoint such agents, experts or consultants; to impose fees, costs or charges for rendering

its services; to formulate and implement human resource development and fund co-operation programmes; to grant loans and scholarships to employees of the Commission; and to manage information dissemination concerning matters of its functions.

Importantly, the powers of the Commission ensures that the Commission is able to carry out its functions, whilst keeping its regulatory decisions consistent and impartial.

## MEMBERSHIP OF THE COMMISSION

The Commission is comprised of diverse, driven, and experienced Members who will chart its success through exemplary and knowledgeable leadership. Act 771 states that the membership of the Commission shall consist of the Executive Chairman who shall be appointed by the Prime Minister.

Supporting the Executive Chairman are 2 representatives of the Federal Government comprising the Secretary General of the Ministry of Transport (MOT), and the Director General of the Economic Planning Unit (EPU) of the Prime Minister's Department (PMD).

The remaining Members of the Commission are made up of no less than 4 but not more than 6 other Members appointed by the Minister upon consultation with the Prime Minister.

Members of the Commission are highly regarded individuals chosen based on their skills and expertise, or capacity and professionalism in matters relating to economics, finance, aviation, business, administration, law, and any other areas that may be relevant to the roles and responsibilities of the Commission.



## CODE OF CONDUCT

Under section 15 of Act 771, the Commission shall prescribe a code of conduct to be observed by the Members of the Commission and the Members of a Committee.

The Commission acknowledges that adherence to Malaysian Aviation Commission (Code of Conduct) Regulations 2018 is essential in upholding good governance. It prescribes that a Member of the Commission should always discharge their

duties with upmost integrity by placing public interest in the highest regard. In line with this, each Member of the Commission and Members of a Committee are held accountable for their actions, and interactions with the Commission's stakeholders as their decisions are to be independent and free from external influence to avoid conflict of interest.

## COMMISSION MEETINGS

The minimum number of Commission Meetings to be held shall be not less than 3 meetings in a year.

In 2022, the Commission convened a total of 9 meetings, the details of which are as follows:

No.	Date	Meetings
1	13 January 2022	01/2022 Commission Meeting
2	21 February 2022	02/2022 Commission Meeting
3	16 June 2022	03/2022 Commission Meeting
4	7 July 2022	04/2022 Commission Meeting
5	10 August 2022	05/2022 Commission Meeting
6	8 September 2022	06/2022 Commission Meeting
7	11 October 2022	07/2022 Commission Meeting
8	10 November 2022	08/2022 Commission Meeting
9	8 December 2022	09/2022 Commission Meeting





**Members of the Commission** and their attendance at the 9 Commission Meetings in 2022 are listed below:

Members of the Commission in 2022	Total Attendance
Datuk Seri Hj. Saripuddin Hj. Kasim	09/09
Datuk Seri Isham Ishak	09/09
Datuk Seri Saiful Anuar Lebai Hussien <sup>1</sup> (Ex-Officio Member of the Commission until 14 October 2022)	05/07
Datuk Seri Long See Wool	09/09
Dato' Fauziah Yaacob <sup>2</sup>	02/02
Dato' Mah Weng Kwai	02/02
Datuk Roger Tan Kor Mee <sup>3</sup>	06/07
Dato' Wan Kamaruzaman Wan Ahmad <sup>4</sup>	07/07
Puan Hidayah Misran <sup>5</sup> (Alternate Member of the Commission for Datuk Seri Saiful Anuar Lebai Hussien until 14 October 2022)	02/07

<sup>1</sup> Datuk Seri Saiful Anuar Lebai Hussien was conferred with *Darjah Kebesaran Seri Mahkota Wilayah (SMW)* on 1 February 2022. He is an Ex-Officio Member of the Commission until 14 October 2022.

<sup>2</sup> Dato' Fauziah Yaacob vacated her office as Member of the Commission on 28 February 2022.

<sup>3</sup> Datuk Roger Tan Kor Mee has been appointed as a Member of the Commission on 8 June 2022.

<sup>4</sup> Dato' Wan Kamaruzaman Wan Ahmad has been appointed as a Member of the Commission on 8 June 2022.

<sup>5</sup> Puan Hidayah Misran vacated her office as Alternate Member of the Commission for Datuk Seri Saiful Anuar Lebai Hussien on 14 October 2022.









## COMMITTEES OF THE COMMISSION

In reference to section 12(1) of Act 771, the Commission may establish Committees it considers necessary and expedient to assist in executing the Commission's functions. The Commission may also elect any of its members to be the Chairman of a Committee and appoint any person to be a member of any Committee established.

Section 20(1) of Act 771 authorises the Commission to delegate its functions and powers to a Member of the Commission or a Committee, and such delegated functions and powers shall be performed and exercised in the name and on behalf of the Commission.

The following tables outlines the Committees formed by the Commission to date and an overview of each Committee's functions for 2022:

Audit & Risk Committee (ARC)			
	Overview of the Committee's Functions	The ARC oversees the Commission's financial reporting, financial management, budgeting, internal controls, risk management, regulatory compliance, internal audits, and external audits on the Commission.	
	No. of Meetings held in 2022	3	
	Members & Attendance	Dato' Fauziah Yaacob <sup>5</sup> Dato' Wan Kamaruzaman Wan Ahmad <sup>6</sup> Datuk Mohd Nasir Ahmad Encik Mohd Rashid Mohd Yusof	01/01 02/02 03/03 03/03

Competition & Economics Committee (CEC)			
	Overview of the Committee's Functions	The CEC provides strategic guidance and recommendation to the Commission on any economic matters related to the civil aviation industry, aviation service market reviews, and competition guidelines. Moreover, the Committee oversees and evaluates the Management's recommendations on any matters carried out pursuant to the functions provided under Part VII (Competition) of Act 771, particularly those relating to investigations of or decisions on suspected infringement of prohibitions, applications for individual and block exemptions and applications regarding mergers or anticipated mergers.	
	No. of Meetings held in 2022	5	
	Members & Attendance	Datuk Seri Saiful Anuar Lebai Hussen <sup>7</sup> Datuk Seri Long See Wool <sup>8</sup> Dr. Cassey Lee Hong Kim Dato' Normah Osman Associate Professor Dr. Haniff Ahamat <sup>9</sup>	04/04 05/05 05/05 04/05 02/02

<sup>5</sup> Dato' Fauziah Yaacob vacated her office as a Member and the Chairman of the ARC on 28 February 2022.

<sup>6</sup> Dato' Wan Kamaruzaman Wan Ahmad was appointed as a Member and the Chairman of the ARC on 16 June 2022

<sup>7</sup> Datuk Seri Saiful Anuar Lebai Hussen vacated his office as the Ex-Officio Member and Chairman of the CEC on 14 October 2022. Dato' Nor Azmie Diron was appointed as the Chairman of the CEC on 8 March 2024.

<sup>8</sup> Datuk Seri Long See Wool was appointed as the Acting Chairman of the CEC on 28 September 2022.

<sup>9</sup> Associate Professor Dr. Haniff Ahamat was appointed as a Member of the CEC on 22 August 2022.

**Consumer Protection Committee (CPC)****Overview of the Committee's Functions**

The CPC provides strategic guidance in relation to consumer protection in the aviation industry and monitors and reviews the nature of complaints received by the Commission through periodic reports furnished to the Committee.

The Committee also:

- reviews, deliberates, and recommends changes to the Malaysian Aviation Consumer Protection Code 2016 (MACPC); and
- makes recommendations to the Commission on the appropriate financial penalty to be imposed on a provider of aviation service for non-compliance with the MACPC pursuant to Section 69 of Act 771.

**No. of Meetings held in 2022**

4

**Members & Attendance**

Datuk Seri Long See Wool  
Professor Emeritus Dato' Dr. Sothi Rachagan  
Associate Professor Dr. Ezlika Mohd Ghazali<sup>10</sup>

04/04  
04/04  
04/04

**Licensing & Air Traffic Rights Committee (LATRC)****Overview of the Committee's Functions**

The LATRC evaluates the Management's proposals, among others, pertaining to:

- any application for Air Service Licences (ASL), Air Service Permits (ASP), Ground Handling Licences (GHL), and Aerodrome Operator Licences (AOL) prior to recommending to the Commission for final approval; and
- the allocation of new and existing Air Traffic Rights (ATR) where there are insufficient rights and/or competitive bids for the said rights.

**No. of Meetings held in 2022**

10

**Members & Attendance**

Datuk Seri Long See Wool  
Dato' Fauziah Yaacob<sup>11</sup>  
Encik Wee Hock Kee  
Encik Mohamad Radzuan Mazlan  
Dato' Wan Kamaruzaman Wan Ahmad<sup>12</sup>

10/10  
03/03  
10/10  
10/10  
04/05




<sup>10</sup>Associate Professor Dr. Ezlika Mohd Ghazali vacated her office as a Member of the CPC on 18 December 2022.

<sup>11</sup>Dato' Fauziah Yaacob vacated her office as a Member of the LATRC on 28 February 2022.




<sup>12</sup>Dato' Wan Kamaruzaman Wan Ahmad was appointed as a Member of the LATRC on 10 August 2022.



### Legal, Regulatory & Dispute Resolution Committee (LRDC)

	Overview of the Committee's Functions	The LRDC provides strategic legal guidance and recommendations to the Commission on any legal matter. Apart from that, the Committee also reviews, deliberates, contributes, and/or provides guidance on any proposed drafts of new laws, regulations, codes, and guidelines or any other forms of subsidiary legislations. The Committee oversees the conduct and disposition of all material litigation and regulatory inquiries or proceedings involving the Commission.	
	No. of Meetings held in 2022	4	
	Members & Attendance	Datuk Roger Tan Kor Mee Encik Abdul Kadir Kassim <sup>13</sup> Encik Ragunath Kesavan Encik Goh Keng Tat Datuk Ng Kong Peng <sup>14</sup>	04/04 00/04 03/04 04/04 03/03

### Nomination & Remuneration Committee (NRC)

	Overview of the Committee's Functions	The NRC assesses candidates for appointment of Committee Members and Senior Management with the consideration of their experience, qualification, and attributes. The Committee also formulates and evaluates remuneration and emolument packages for the Senior Management as well as determines the bonus quantum for all employees including the Senior Management.	
	No. of Meetings held in 2022	3	
	Members & Attendance	Dato' Fauziah Yaacob <sup>15</sup> Dato' Wan Kamaruzaman Wan Ahmad <sup>16</sup> Dato' Razali Mohamad <sup>17</sup> Puan Hjh. Badariah Abdul Jalil	01/01 02/02 02/03 03/03

<sup>13</sup>Encik Abdul Kadir Kassim was unable to attend any LRDC meetings due to medical reasons. 20 April 2023 was his last date of office.

<sup>14</sup>Datuk Ng Kong Peng was appointed as a Member of the LRDC on 18 August 2022.

<sup>15</sup>Dato' Fauziah Yaacob vacated her office as Member and Chairman of the NRC on 28 February 2022.

<sup>16</sup>Dato' Wan Kamaruzaman Wan Ahmad was appointed as Member and Chairman of the NRC on 16 June 2022.

<sup>17</sup>Dato' Razali Mohamad vacated his office as a Member of the NRC on 6 October 2023 and Dr. Nor Fuad Abdul Hamid, Deputy Secretary General (Management), MOT was appointed as a Member of the NRC on 20 December 2023.





# Members of the Commission



*Note: Above is a group picture of MAVCOM's Commissioners as of 1 August 2023 and is accurate at time of printing this Annual Report*

From bottom left to right: Datuk Seri Hj. Saripuddin Hj. Kasim, Dato' Jana Santhiran Muniayan

From top right to left: Datuk Seri Long See Wool, Datuk Roger Tan Kor Mee, Dato' Wan Kamaruzaman Wan Ahmad, Dato Ir. Alice Jawan Empaling

Dato' Nor Azmie Diron was appointed as a Member of the Commission on 8 March 2024



## Datuk Seri Hj. Saripuddin Hj. Kasim

Datuk Seri Hj. Saripuddin Hj. Kasim is MAVCOM's Executive Chairman and was appointed on 4 May 2020. He was previously appointed as Commissioner of MAVCOM on 1 March 2016, while serving in his capacity as the Secretary General of the Ministry of Transport (MOT) until 6 January 2019. He had also served as the Director General of Legal Affairs in the Prime Minister's Department (PMD), Secretary General of the Ministry of Domestic Trade and Consumer Affairs (KPDNKK) and Secretary General of the Ministry of Human Resources (MOHR). Prior to his retirement from the Malaysian Civil Service in November 2019, he served as the Secretary General of the Ministry of Federal Territories (KWP).

Datuk Seri Hj. Saripuddin holds a Bachelor of Economics (Honours) from the University of Malaya, Advanced Diploma in Public Management from the National Institute of Public Administration (INTAN) and a Master of Business Administration (MBA) degree in Corporate Finance from the University of Hartford, Connecticut, USA.



## Datuk Seri Isham Ishak

Datuk Seri Isham Ishak served as the Secretary General of the Ministry of Transport (MOT) from 25 November 2019 until 17 January 2023. He currently holds the position of Secretary General at the Ministry of Defence (MINDEF). Prior to this, he served as the Secretary General of the Ministry of International Trade and Industry (MITI) (now known as Ministry of Investment, Trade and Industry) and once held the position of Deputy Secretary General (Trade) there. Additionally, he also held the position of Secretary General at the Ministry of Tourism, Arts and Culture (MOTAC).

Datuk Seri Isham's career in the government sector started in 1994 in MITI, where he served in several divisions related to international and regional aspects of trade and industry such as the World Trade Organisation (WTO), Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN). He also served as the Minister Counsellor at the MITI Washington D.C. Office for 5 years. Datuk Seri Isham has also previously held the position of Deputy Chief Executive Officer (and prior to this, the Chief Operating Officer) of the Small and Medium Enterprise Corporation Malaysia (SME Corp. Malaysia).

Datuk Seri Isham holds a Master of Arts (MA) degree in Strategic Management from Claremont Graduate University, USA and has also attended the Oxford Advanced Management and Leadership Programme at the Oxford University, United Kingdom, as well as the Harvard Advanced Management Programme at Harvard Business School, USA.



## Dato' Jana Santhiran Muniayan

*(Effective from 18 January 2023)*

Dato' Jana Santhiran Muniayan is currently the Secretary General for Ministry of Transport (MOT). Prior to his appointment as the Secretary General, Dato' Jana Santhiran was the Secretary General of the Ministry of Youth and Sports Malaysia (KBS) from 5 January 2022 until 16 January 2023.

He has been serving the Malaysian government as an Administrative and Diplomatic Service Officer for 27 years where he started as an Assistant Director in the Ministry of Rural Development (KPLB) in 1995. One year later, he was posted to the Ministry of Education (MOE) as Assistant Secretary in the Development and Privatisation Division and was later promoted to be Principal Assistant Secretary in 2003 in the same division. In his time with the MOE, he was also the Project Manager for Asian Development Bank and World Bank's Education Projects in Malaysia.

Dato' Jana Santhiran then joined as a Principal Assistant Secretary in the Policy and Strategic Planning Unit, Ministry of Housing and Local Government (KPKT) where he was promoted to be the Secretary of Tribunal for Homebuyer Claims, in September 2007. In the following year, he was made the Director of Abandoned Projects Rehabilitation Division in KPKT. In December 2014, he was promoted as the Undersecretary, Administration and Finance Division, MOT. Later, he served at the Ministry of Finance (MOF) as Senior Deputy Director, National Strategic Unit from May 2016 until September 2018. He was then promoted as Deputy Secretary General (Management) of the MOT until December 2020. After that he was transferred to be the Head of

**Dato' Jana Santhiran Muniayan (cont'd.)**

Secretariat of the Investigative Committee for Governance, Procurement and Government Finance under the Prime Minister's Department (PMD) until August 2021. Later on, he was appointed as the Deputy Secretary General (Environment) for Ministry of Environment and Water.

Dato' Jana Santhiran has completed Bachelor of Arts (Honours) and Master in Management degrees from University of Malaya. He also holds a Postgraduate Diploma in Public Administration from National Institute of Public Administration (INTAN).

**Dato' Nor Azmie Diron**

*(Effective from 8 March 2024)*

Dato' Nor Azmie Diron is the Secretary General of the Ministry of Economy (MOE). He has served in the public sector for 31 years, in various State and Federal Government departments. Prior to the role of Secretary General at MOE, he served as the Deputy Director General (Macro) at the same Ministry, formerly known as Economic Planning Unit (EPU), Prime Minister's Department (PMD) since December 2021. He is responsible for socioeconomic development planning, resource allocation, coordination, implementation and monitoring, environment and natural resource management, service and manufacturing for the science and technology sector. He also serves as the Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas).

Dato' Nor Azmie had served the Selangor state for 14 years as State Finance Officer, Unit Director State Economic Planner (UPEN) and finally as State Secretary. He also served in the PMD, Ministry of Entrepreneur Development [currently known as Ministry of Entrepreneur and Cooperatives Development (KUSKOP)] and the Ministry of Rural Development [currently known as Ministry of Rural and Regional Development (KKLW)]. He specialised in socioeconomic policy formulation, management of human resource, natural resources, land development, project management and public finance.

Dato' Nor Azmie also contributed to the corporate sector in his capacity as Chairman and Board Member of various Public Listed and Government Linked Companies including Kumpulan Perangsang Selangor (KPS), Worldwide Holdings Berhad, Selangor State Development Corporation (PKNS), Air Selangor and Darul Ehsan Group Berhad (KDEB) which core business spanned across sectors like the property development and real estate, public utility management, investment as well as manufacturing industry. Currently, he also sits on several councils and boards such as Majlis Amanah Rakyat (MARA), East Coast Economic Region Development Council (ECERDC), Northern Corridor Implementation Authority (NCIA), Iskandar Regional Development Authority (IRDA), Sabah Economic Development and Investment Authority (SEDIA), Regional Corridor Development Authority (RECODA), and Johor Corporation (JCORP).

Dato' Nor Azmie graduated with a Masters in Information Technology from Universiti Kebangsaan Malaysia (UKM), a Bachelor's Degree in Economics from University of Malaya (UM) and a Diploma in Public Administration from the National Institute of Public Administration (INTAN).





## Datuk Seri Saiful Anuar Lebai Hussien

*(Ex-Officio Member of the Commission until 14 October 2022)*

Datuk Seri Saiful Anuar Lebai Hussien was appointed the Director General of the Economic Planning Unit (EPU) from the Prime Minister's Department (PMD) on 14 February 2020. Prior to this role, he served as the Secretary General for the Ministry of Economic Affairs (MEA) on 22 October 2018, before the change in the government administration and restructuring of ministries and agencies. Before his appointment as Secretary General, he served as Deputy Director General (Policy) of the EPU, under the PMD from 21 August 2017 to 21 October 2018, before the EPU was dissolved following the establishment of the MEA. Datuk Seri Saiful was also responsible for preparing the Mid-Term Review of the Eleventh Malaysia Plan, namely on the inclusive development and well-being, regional development, and human capital. He was also responsible for the overall preparation of the Twelfth Malaysia Plan, 2021-2025.

Previously, Datuk Seri Saiful served as the Deputy Secretary General (Management) for the Ministry of Health (MOH) from January 2015 to August 2017. He oversaw administrative, human resource and training matters related to public health service throughout Malaysia. He also was in the Public-Private Partnership Unit (UKAS), under the PMD as the Senior Director of the Policy and Development Section (April-December 2010) and the Director of the Corridor Development Section (2009-2010). Throughout his tenure in UKAS, he was responsible for formulating, implementing and monitoring the implementation of policies, strategies, programmes/projects of the Public-Private Partnership and the development of the 5 economic development regions/corridors.

Datuk Seri Saiful graduated with a Bachelor's degree in Economics from the University of Malaya and a Master's degree in Economics from the National University of Malaysia. He also holds a Diploma in Public Management from the National Institute of Public Administration (INTAN). Furthermore, he sits on several Councils and Board of Directors such as Iskandar Regional Development Authority (IRDA), East Coast Economic Region Development Council (ECERDC), Sabah Economic Development and Investment Authority (SEDIA), Sarawak Regional Corridor Development Authority (RECODA), Unit Peneraju Agenda Bumiputera (TERAJU), Majlis Amanah Rakyat (MARA), Ekuiti Nasional Berhad (EKUINAS), MyHSR Corporation (MyHSR Corp), Putrajaya Corporation (PPJ), Johor Corporation (JCORP) and Perbadanan Kemajuan Negeri Perak (PKNP).





## Datuk Seri Long See Wool

*(Reappointed as a Member of the Commission on 1 March 2022)*

Datuk Seri Long See Wool has spent more than 34 years serving in the Ministry of Transport (MOT) where he specialised in aviation. During his time with the Ministry, he served as an Assistant Secretary (Air Transport) and Principal Assistant Secretary (Airport Development) of the Aviation Division. He was subsequently appointed as Under Secretary (Aviation) of the Aviation Division from 16 May 2002 to 1 November 2006 and was then appointed as the Deputy Secretary General (Planning).

His most recent position was Secretary General of the MOT, which he held just prior to his retirement in 2014. Datuk Seri Long holds degrees and diplomas from the University of Malaya and National Institute of Public Administration (INTAN).



## Dato' Mah Weng Kwai

*(Member of the Commission until 28 February 2022)*

Dato' Mah Weng Kwai, a former judge retired from the High Court of Malaya and the Court of Appeal in 2015. He was appointed a Member of the Judicial Appointments Commission from 2018 to 2022 and Commissioner with the Human Rights Commission of Malaysia (SUHAKAM) from 2016 to 2022.

Dato' Mah was the President of the Malaysian Bar (2001–2003) and President of Law Association for Asia and the Pacific (LAWASIA) (2006–2008). He is presently a consultant in the law firm of MahWengKwai & Associates, and he is an Arbitrator on the panel of the Asian International Arbitration Centre (AIAC). In 2020, he was appointed an independent Director of the Securities Industry Dispute Resolution Centre (SIDREC) and is currently the Chairman of SIDREC.

Dato' Mah was called to the English Bar as a Barrister-at-Law in 1971 and to the Malaysian Bar as an Advocate and Solicitor in 1972. He also holds a Master of Laws degree from the University of Sydney, Australia where he was a Fellow of the Senate.



## Dato' Fauziah Yaacob

*(Member of the Commission until 28 February 2022)*

Dato' Fauziah Yaacob currently sits on the Board of Directors of Prokhas Sdn. Bhd. And has served the Federal Investment Managers Malaysia (FIMM). Her time with the civil service has seen her taken up several roles in the Ministry of Finance (MOF), Ministry of Education (MOE), and Ministry of Transport (MOT). Her most recent role prior to her retirement from the civil service in 2015 was as Deputy Secretary General of Treasury (Investment).

Dato' Fauziah also spent time as a Senior Manager of Kuala Lumpur International Airport Berhad from 1993 to 1996. She holds degrees and diplomas from a range of institutions including the University of Liverpool, University of Malaya and National Institute of Public Administration (INTAN).



## Datuk Roger Tan Kor Mee

*(Effective from 8 June 2022)*

Datuk Roger Tan Kor Mee is a senior lawyer. Called to the Malaysian and Singapore Bars in 1989, he was earlier admitted to the English Bar as a barrister of the Honourable Society of Gray's Inn, London in 1988. He holds a Bachelor of Laws (Honours) degree from Queen Mary College, University of London and a Master of Laws degree from the National University of Singapore.

He was a senior partner of Kuala Lumpur based law firm, Messrs Nik Saghir & Ismail from 1993 to 2009. Since 2010, he has been the managing partner of Messrs Roger Tan & Partners.

Datuk Roger had been elected to serve in the Bar Council between 2004 to 2009 and 2018 to 2023. He had also served as a Member of the Advocates and Solicitors Disciplinary Board for 2 terms (2013-2015 and 2017-2019).

Datuk Roger is no stranger to public service. He has served as an external legal consultant to the Johor government and several federal statutory bodies. In the 2000s, he helped the Ministry of Housing and Local Government (KPKT) pro bono to revamp the housing development laws as well as laws relating to solid waste management and public cleansing.

Datuk Roger was a Commissioner of the National Water Services Commission (SPAN) between June 2009 to May 2017. Between March 2009 to March 2015, he was also appointed as a Board Member of Solid Waste Management and Public Cleansing Corporation (SWCorp).

In July 2019, the then Minister of Home Affairs had also appointed him as a Member of the Task Force set up to investigate the disappearances of Pastor Raymond Koh and Amri Che Mat.



### **Datuk Roger Tan Kor Mee (cont'd.)**

In July 2015, Datuk Roger was appointed and later reappointed by the Minister of Housing and Local Government to serve as a President of the Strata Management Tribunal until June 2022.

On 22 March 2023, he was also appointed to the Panel of Experts of the Ministry of Local Government Development (now known as KPKT) by its Minister.

Datuk Roger is also currently a trustee of the Tunku Abdul Rahman College (TARC) Education Foundation.



### **Dato' Wan Kamaruzaman Wan Ahmad**

*(Effective from 8 June 2022)*

Dato' Wan Kamaruzaman Wan Ahmad was previously the Chief Executive Officer (CEO) of Retirement Fund (Incorporated) (KWAP) from May 2013 until October 2018. Prior to this, he had served as the General Manager, Treasury Department of the Employees Provident Fund (EPF) from October 2007 until April 2013. Dato' Wan Kamaruzaman started his working career with Maybank in 1981, mostly at Treasury Department with 2 overseas posting at Hamburg, Germany and London, United Kingdom as Treasury Manager and Chief Dealer. After leaving Maybank in 1994, he served as CEO and Director with several companies within the Affin Group until 2005. He then briefly served Kemuncak Facilities Management Sdn. Bhd. and Izoma (M) Sdn. Bhd. as Executive Director of Finance until 2007.

Dato' Wan Kamaruzaman was appointed as the first Chairman of the Institutional Investors Council which was established in 2015 to represent the collective interest of institutional investors in the Malaysian financial market. He was also an advisory Committee Member of the FTSE4Good Index (based in London) from 2015 to 2019. His contribution towards enhancing corporate governance practices in Malaysia earned him a special recognition award from Minority Shareholders Watchdog Group (MSWG).

Dato' Wan Kamaruzaman is also a Board of Director at several public listed companies namely Malaysian Resources Corporation Berhad (MRCB), Bermaz Auto, Al-Aqar Healthcare REIT and Al-Salam REIT. Additionally, he is an Investment Panel Member of EPF and Chairman of Iris Capital Partners, in addition to holding directorship at Mudarabah Innovation Fund Investment Ltd. (MIFIL), Global LNG Sdn. Bhd., Iplus Technologies Sdn. Bhd., Massive Equity Sdn. Bhd., and Lembaga Penduduk Dan Pembangunan Keluarga Negara (LPPKN). Most recently, he was appointed as Director at Bank of America Malaysia Berhad in July 2022.

He holds a Bachelor of Economics (Analytical Economics) (Honours) degree from University Malaya and is a Chartered Banker.



## Dato Ir. Alice Jawan Empaling

*(Effective from 28 March 2023)*

Dato Ir. Alice Jawan Empaling is the Permanent Secretary to the Ministry of Transport Sarawak (MOTS) since October 2022 after her role as Permanent Secretary to the Ministry of Utilities and Telecommunication Sarawak (formerly known as the Ministry of Public Utilities) from January 2017 to September 2022. She currently holds several Senior Management and Board positions that include Chairman of the Sarawak Buoys and Lights Board, Executive Chairman of the Sarawak Road Safety Council and Deputy Chairman of the Sarawak Rivers Board. Additionally, Dato Ir. Alice is an Adjunct Professor in the Faculty of Engineering at the University of Malaysia Sarawak (UNIMAS) since 2021.

During her tenure at the Ministry of Utilities and Telecommunication Sarawak, she was also Chairman of the Sibu Water Board, Board Member for the Kuching Water Board, LAKU Management Sdn. Bhd., and Sarawak Energy Berhad. Prior to that, she served Sibu Water Board in various positions for almost 30 years (1990–2017) from Executive Engineer to Deputy General Manager until her final post as General Manager from 2015 to 2017. Dato Ir. Alice was responsible for various aspects of water treatment from production to distribution, with special emphasis on Non-Revenue Water (NRW) Management. Moreover, she was instrumental in the development of the Sarawak Water Supply Master Plan & Grid System.

Her dedication as a leader has awarded her with the “Malaysia Outstanding Water Award for Women Leadership” in 2019 by the Malaysia Water Association and the “Sarawak Premier Women Leadership Award” in conjunction with Sarawak Women’s Day celebration in 2015.

Dato Ir. Alice holds a Bachelor of Science (BSc) in Civil Engineering degree from the University of Tennessee-Knoxville, USA, and an Executive Master of Business Administration from the University of Ohio, USA.



## Puan Hidah Misran

*(Alternate Member for Datuk Seri Saiful Anuar Lebai Hussien)  
(Member of the Commission until 14 October 2022)*

Puan Hidah Misran was appointed as Director of Infrastructure and Public Facilities Division (BINFRA), Economic Planning Unit (EPU), Prime Minister’s Department (PMD) on 3 February 2020. Her responsibilities include planning, evaluating, monitoring, and reviewing policies on roads, rail, airports, ports as well as other public utilities that provide support to other sectors in assisting economic growth.

Previously, she served as Deputy Director in the same Division from 2016 until 2018. Puan Hidah also held the position of Deputy Director of Equity Division (formerly known as the Distribution Division) from 2014 until 2016 and the Director of the International Cooperation Division, EPU from 2012 until 2014.

Puan Hidah holds a Bachelor of Business Management from Lamar University, Texas, USA and a Master’s degree in Business Management at University Putra Malaysia (UPM). She also holds a Diploma in Public Management from National Institute of Public Administration (INTAN). In addition, she is currently serving as a Board Member of GIATMARA Sdn. Bhd. And was previously a Board Member of the Malaysian Pepper Board (MPB).





# Senior Management



*Note: Above is a group picture of MAVCOM's Senior Management Team as of 1 August 2023 and is accurate at time of printing this Annual Report*

From bottom left to right: Datuk Seri Hj. Saripuddin Hj. Kasim, Raja Azmi Raja Nazuddin

From top right to left: Pushpalatha Subramaniam, Jaffar Derus Ahmad, Abdul Kadir Mohamed Abd Salam



## **Datuk Seri Hj. Saripuddin Hj. Kasim**

### **EXECUTIVE CHAIRMAN**

Profile of Datuk Seri Hj. Saripuddin Hj. Kasim can be found on [page 46](#) of this Annual Report.



## Raja Azmi Raja Nazuddin

### CHIEF OPERATING OFFICER

Raja Azmi is currently MAVCOM's Chief Operating Officer (COO), leading the management team in its industry development and regulatory efforts. Prior to his appointment, he was the Group Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of Malaysia Airports Holdings Berhad (MAHB). Raja Azmi was also the Executive Director and Group CFO of a leading real estate and property company, UDA Holdings Berhad.

He started his career in 1987 with Coopers & Lybrand Malaysia and later worked in Malaysian Tobacco Company Berhad as an Internal Auditor and Marketing Consultant. His other work experience includes serving as CEO / Managing Director of Zelan Berhad, Group Finance Director of UEM Group Berhad and Executive Director of Time Engineering Berhad. He also held positions as the CFO of Tronoh Consolidated Malaysia Berhad and Group Financial Controller of Sapura Telecommunications Berhad.

Raja Azmi is a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). He holds an MBA degree from the University of Bath, United Kingdom.



## Pushpalatha Subramaniam

### DIRECTOR, CONSUMER AND PUBLIC AFFAIRS

Pushpalatha Subramaniam heads the Consumer and Public Affairs Department in MAVCOM. In 2015, Pushpa was part of the establishment of an aviation commission in Malaysia. She has been instrumental in establishing the first Malaysian Aviation Consumer Protection Code (MACPC) in 2016 in Malaysia, a regulation to protect travellers in the civil aviation industry.

Under her leadership, she had led the implementation of various consumer awareness and education initiatives, empowering travellers with information on their air travel rights under the MACPC. In addition, her team has consistently achieved more than 90 per cent resolution of consumer complaints since the first year of MAVCOM's operation. Pushpa's commitment to quality and continuous improvement has enabled the Commission to receive the 10002:2018 ISO certification for the second consecutive year in 2023 and 2024, for quality management, consumer satisfaction, and guidelines for handling complaints in organisations.

Pushpa also leads the development of the Airports Quality of Service (QoS) Framework and oversees the implementation of the Framework with the aim of enhancing passenger's convenience and comfort, more importantly ensuring efficiencies at airports in Malaysia. The Airports QoS Framework has been implemented at KL International Airport Terminal 1 and 2, and work is still in progress for other airports in Malaysia.

Prior to this, she was the Senior Vice President in charge of Customer Experience in Malaysia Airlines (MAS) and later, Head of Customer Experience with Standard Chartered Bank Malaysia.

**Pushpalatha Subramaniam (cont'd.)**

Pushpa has more than 30 years of experience in the airline industry with niche expertise in managing consumer affairs. Pushpa holds a Bachelor's in Business Administration (BBA) degree from the Royal Melbourne Institute of Technology (RMIT), Australia. She also spent 5 years on the Board of the Worldwide Airline Customer Relations Association (WACRA) and is a member of the International Aviation Women's Association (IAWA).

**Dato' Che Azmi Murad****DIRECTOR, AVIATION DEVELOPMENT**

*(Effective from 3 May 2021 – 31 Mar 2022)*

Dato' Che Azmi Murad joined MAVCOM as the Director of Aviation Development team in May 2021 until March 2022. Dato' Azmi previously joined the Department of Civil Aviation in 1970, now known as the Civil Authority of Malaysia (CAAM), as an Air Traffic Controller. He then moved on to become Airport Manager, prior to the corporatisation of the airport operation in 1992.

Post-corporatisation, Dato' Azmi continued his role as Airport Manager with Malaysia Airports Holdings Berhad (MAHB). This kick-started his long-standing career with MAHB in various capacity involving core businesses such operation, management, maintenance and development of airports. His 30 years journey with MAHB culminated with his appointment as Chief Operating Officer (COO) effective 1 October 2020 until 4 March 2021.

During his stint at MAHB, Dato' Azmi was instrumental in the opening of KL International Airport (KLIA) in 1998 and managed its operations for many years. Prior to his most recent position as the COO of MAHB, he served as an Executive Director of the group's wholly owned subsidiary, Istanbul Sabiha Gökçen International Airport Investment Development and Operation Inc. in Türkiye.

Dato' Azmi has also previously held other key positions covering different portfolios, such as the General Manager of Sepang International Circuit in 2000 and the General Manager of Corporate Communications at MAHB. He was also the Chairman of the Airports Council International (ACI) World Facilitation and Services Standing Committee until November 2011 and had also sat on the board of Tourism Malaysia. In addition, Dato' Azmi was a Committee Member of the Kuala Lumpur Tourism Development Council (KLTDCC), as well as the Joint Malaysia-Singapore Business Council (MSBC) Tourism and Hospitality Committee.

**Jaffar Derus Ahmad****DIRECTOR, AVIATION DEVELOPMENT**

*(Effective from 21 June 2022)*

Jaffar Derus Ahmad assumed the leadership role at MAVCOM's Aviation Development Department in June 2022, bringing with him a wealth of expertise amassed over a 31-year career in the aviation industry.

His journey in aviation commenced in 1988 when he was employed as a Fuel Accounts Administrator for WestAir Commuter Airlines (doing business as United





### Jaffar Derus Ahmad (cont'd.)

Express), a regional airline based in California, United States. Upon returning to Malaysia, Jaffar continued his career in aviation when he joined Malaysia Airline System Berhad (MAS) in 1993 as a Business Development Controller. His tenure in MAS, which was subsequently known as Malaysia Airlines Berhad (MAB), showcased his versatility as he adeptly managed diverse areas, including network development, government and international relations, ground handling, airline alliances, and airport operations.

Culminating his tenure at MAB, Jaffar held the position of Head of Government Relations, from September 2015 until his retirement in November 2021. In this role, he spearheaded the development, implementation, and management of strategic relationships with government officials and regulatory authorities, at both national and international levels. His professional background include stints at the Kuala Lumpur Commodity Exchange (KLCE), Technology Resources Industries Berhad (TRI), and United Malayan Banking Corporation Berhad (UMBC), which is now known as RHB Bank Berhad.

He holds a Bachelor of Science in Business Administration (Accounting) degree from California State University, Fresno, United States.



### Abdul Kadir Mohamed Abd Salam

#### DIRECTOR, CORPORATE AFFAIRS AND STRATEGY

*(Effective from 1 July 2023)*

Kadir leads the Corporate Affairs and Strategy Department in MAVCOM, comprising areas of finance, human capital management, strategy and risk, as well as legal, secretarial, and regulatory development, enforcement and ICT.

Kadir joined MAVCOM in 2015 as a Senior Manager of Finance, where he was part of MAVCOM's pioneer team. He was instrumental in setting up the Commission's operational infrastructure, policies, and procedures during the pre-commencement stage of MAVCOM's establishment and led the daily financial management, including financial reporting, strategic planning as well as governance during his tenure. He was also entrusted to conduct a review of the Rural Air Services (RAS) operations in the interiors of East Malaysia. Due to his vast knowledge and strong financial acumen, he was appointed as Associate Director, Finance and Corporate Services in 2020.

Prior to MAVCOM, Kadir was a Manager of the Management Reporting & Performance Analysis team (Group Finance) at CIMB Group where he was primarily involved in internal and external management reporting processes such as performance analysis, statutory reporting, financial statements, and benchmarking. Kadir has also served as Executive Senior, Assurance (Financial Services) at PricewaterhouseCoopers (PwC) Malaysia.

Kadir is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He received a Bachelor of Arts (BA) in Accounting and Financial Management from the University of Sheffield, and a Diploma of the International Baccalaureate Organization from MARA College in Banting, Selangor. Kadir is also a proud alumnus of the Malay College Kuala Kangsar (MCKK).





# Financial Statements

CERTIFICATE OF THE AUDITOR GENERAL

STATEMENT BY THE EXECUTIVE CHAIRMAN AND A COMMISSIONER

STATUTORY DECLARATION

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

NOTES TO THE FINANCIAL STATEMENT



**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
MALAYSIAN AVIATION COMMISSION  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Certificate on the Audit of the Financial Statements**

**Opinion**

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Malaysian Aviation Commission. The financial statements comprise the Statement of Financial Position as at 31 December 2022 of the Malaysian Aviation Commission and the Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 23.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Malaysian Aviation Commission as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Malaysian Aviation Commission Act 2015 [Act 771] and the Malaysian Aviation Commission (Amendment) Act 2018 [Act A1559] requirements.

**Basis for Opinion**

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Independence and Other Ethical Responsibilities*

I am independent of the Malaysian Aviation Commission and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.



## **Information Other than the Financial Statements and Auditor's Certificate Thereon**

The Commissioners of the Malaysian Aviation Commission is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Malaysian Aviation Commission does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

## **Responsibilities of the Commissioners for the Financial Statements**

The Commissioners is responsible for the preparation of Financial Statements of the Malaysian Aviation Commission that give a true and fair view in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Malaysian Aviation Commission Act 2015 [Act 771] and the Malaysian Aviation Commission (Amendment) Act 2018 [Act A1559] requirements. The Commissioners is also responsible for such internal control as the Commissioners determines is necessary to enable the preparation of the Financial Statements of the Malaysian Aviation Commission that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Malaysian Aviation Commission, the Commissioners is responsible for assessing the Malaysian Aviation Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Malaysian Aviation Commission as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Malaysian Aviation Commission, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Malaysian Aviation Commission's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners;
- d. conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Malaysian Aviation Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Malaysian Aviation Commission or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Malaysian Aviation Commission to cease to continue as a going concern; and
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Malaysian Aviation Commission, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Commissioners has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.



## Other Matters

This certificate is made solely to the Commissioners of the Malaysian Aviation Commission in accordance with the Malaysian Aviation Commission Act 2015 [Act 771] and the Malaysian Aviation Commission (Amendment) Act 2018 [Act A1559] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



**(DATUK WAN SURAYA BINTI WAN MOHD RADZI)**  
AUDITOR GENERAL  
MALAYSIA

PUTRAJAYA

**21** AUGUST 2023





## STATEMENT BY THE EXECUTIVE CHAIRMAN AND A COMMISSIONER

We, Datuk Seri Hj Saripuddin Bin Hj Kasim and Dato' Wan Kamaruzaman Bin Wan Ahmad, being the Executive Chairman and a Commissioner of the **MALAYSIAN AVIATION COMMISSION** respectively, do hereby state that in the opinion of the Commissioners, the accompanying Financial Statements which comprises the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual together with the notes to the Financial Statements, are drawn up so as to give true and fair view of the state of affairs of the **MALAYSIAN AVIATION COMMISSION** as at **31 DECEMBER 2022** and of the results of its operations as well as changes to its financial position for the period ended on that date.

On behalf of the Malaysian Aviation Commission,

.....  
DATUK SERI HJ SARIPUDDIN BIN HJ KASIM  
Executive Chairman

Date: 9 MAR 2023

Kuala Lumpur

.....  
DATO' WAN KAMARUZAMAN BIN WAN AHMAD  
Commissioner

Date: 9 MAR 2023

Kuala Lumpur



## STATUTORY DECLARATION

### STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE MALAYSIAN AVIATION COMMISSION

I, Abdul Kadir Bin Mohamed Abd Salam, the officer primarily responsible for the accounting records and financial management of **MALAYSIAN AVIATION COMMISSION** do solemnly and sincerely declare that the Financial Statements comprises of Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual together with the notes to the Financial Statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly  
declared by the above named  
at Kuala Lumpur  
on 9 MAR 2023

)  
)  
)  
)

ABDUL KADIR BIN MOHAMED ABD SALAM

Before me:



79-1, First Floor, Sri Bunus,  
Off Jalan Masjid India,  
50100 Kuala Lumpur

COMMISSIONER FOR OATHS



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	98,191	107,070
Intangible assets	6	295,137	285,462
Total non-current assets		393,328	392,532
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	40,762,681	36,612,312
Fees receivables	8	5,926,520	2,772,882
Deposits, prepayments and other receivables	9	960,889	1,943,460
Total current assets		47,650,090	41,328,654
<b>TOTAL ASSETS</b>		<b>48,043,418</b>	<b>41,721,186</b>
<b>RESERVE</b>			
Accumulated surplus		45,304,021	40,247,710
		45,304,021	40,247,710
<b>CURRENT LIABILITIES</b>			
Deferred income	10	-	666,000
Other payables and accruals	11	2,681,824	776,999
Provision for taxation		57,573	30,477
Total current liabilities		2,739,397	1,473,476
<b>TOTAL LIABILITIES</b>		<b>2,739,397</b>	<b>1,473,476</b>
<b>TOTAL RESERVE AND LIABILITIES</b>		<b>48,043,418</b>	<b>41,721,186</b>

The accompanying notes form an integral part of these financial statements.





## STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
<b>INCOME</b>			
Non-exchange transactions:	Regulatory Services Charge	24,295,863	5,111,050
	Penalties	666,000	3,805,886
Exchange transactions:	Interest income	925,858	830,052
	Gain on disposal of assets	218	997
	Other income	1,530	487
Total income		25,889,469	9,748,472
Amortisation of Public Service Fund	12	182,092,496	190,854,432
		207,981,965	200,602,904
<b>OPERATING EXPENDITURES</b>			
Staff cost	13	(10,729,818)	(10,151,755)
Other expenditures	14	(9,880,767)	(4,126,417)
Total operating expenditures		(20,610,585)	(14,278,172)
Public Service Fund expenditure	12	(182,092,496)	(190,854,432)
Surplus/(deficit) before tax		5,278,884	(4,529,700)
Tax expense	15	(222,573)	(198,091)
<b>SURPLUS/(DEFICIT) AFTER TAX</b>		<b>5,056,311</b>	<b>(4,727,791)</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 RM	2021 RM
<b>Accumulated surplus</b>		
As at 1 January	40,247,710	44,975,501
Surplus/(deficit) after tax for the year	5,056,311	(4,727,791)
As at 31 December	45,304,021	40,247,710

The accompanying notes form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus/(deficit) before tax		5,278,884	(4,529,700)
Adjustments for:	Provision for doubtful debt	(130,860)	(2,128,735)
	Depreciation of property and equipment	73,377	76,219
	Amortisation of intangible assets	183,669	226,875
	Gain on disposal of assets	(218)	(997)
Operating surplus/(deficit) before working capital changes		5,404,852	(6,356,338)
Changes in working capital:	Fees receivables	(3,022,778)	1,103,638
	Deposits, prepayments and other receivables	982,571	2,601,516
	Other payables and accruals	1,904,825	319,859
	Deferred income	(666,000)	(2,664,000)
Cash flows used in operation		4,603,470	(4,995,325)
Tax paid		(195,477)	(254,107)
Net cash flows generated from/(used in) operating activities		4,407,993	(5,249,432)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(64,500)	(31,570)
Purchase of intangible assets		(193,344)	(159,530)
Proceeds from disposal of assets		220	1,000
Net cash flows used in investing activities		(257,624)	(190,100)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,150,369	(5,439,532)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		36,612,312	42,051,844
CASH AND CASH EQUIVALENTS CARRIED FORWARD		40,762,681	36,612,312

The accompanying notes form an integral part of these financial statements.



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2022	Budget Amount			
	Original RM	Final RM	Actual Amount RM	Variance RM
<b>Income</b>				
Public Service Fund	182,092,496	182,092,496	182,092,496	-
<b>Total</b>	<b>182,092,496</b>	<b>182,092,496</b>	<b>182,092,496</b>	<b>-</b>
<b>Expenditure</b>				
Public Service Fund Expenditure	182,092,496	182,092,496	182,092,496	-
<b>Total</b>	<b>182,092,496</b>	<b>182,092,496</b>	<b>182,092,496</b>	<b>-</b>

2021	Budget Amount			
	Original RM	Final RM	Actual Amount RM	Variance RM
<b>Income</b>				
Public Service Fund	190,854,432	190,854,432	190,854,432	-
<b>Total</b>	<b>190,854,432</b>	<b>190,854,432</b>	<b>190,854,432</b>	<b>-</b>
<b>Expenditure</b>				
Public Service Fund Expenditure	190,854,432	190,854,432	190,854,432	-
<b>Total</b>	<b>190,854,432</b>	<b>190,854,432</b>	<b>190,854,432</b>	<b>-</b>

MAVCOM manages the Public Service Fund in accordance with Section 27 of the Malaysian Aviation Commission Act 2015 (*Act 771*).

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Malaysian Aviation Commission (“MAVCOM” or “Commission”) was established on 1 March 2016 under the Malaysian Aviation Commission Act 2015 (*Act 771*) and the Malaysian Aviation Commission Act 2018 (Amendment) (*Act A1559*) to act as an independent entity to regulate economic and commercial matters related to civil aviation in Malaysia.

The registered office of MAVCOM is located at Level 19, Menara 1 Sentrum, 201 Jalan Tun Sambanthan, 50470 Kuala Lumpur.

The financial statements of MAVCOM are presented in Ringgit Malaysia (RM). The financial statements were authorised for issue by the Commissioners on 9 March 2023.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with accrual basis Malaysian Public Sector Accounting Standards (MPSAS).

The financial statements have been prepared in accordance with accrual basis under the historical cost convention except as disclosed in the summary of significant accounting policies. The cash flows statement is prepared using the indirect method.

The preparation of financial statements in conformity with the MPSAS requires the use of certain critical accounting estimates. It is also required for the management to exercise its judgement in the process of applying MAVCOM’s accounting policies. Areas involving a higher degree of judgement or complexity are disclosed in Note 4.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property and equipment

Property and equipment are initially stated at cost. The cost of an item of property and equipment initially recognised comprises its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of property and equipment valued at more than RM2,000 is recognised as an asset when it is probable that future economic benefits associated with the item will flow to MAVCOM and the cost of the item can be measured reliably. After initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.





### 3.1 Property and equipment (continued)

MAVCOM adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to MAVCOM. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income during the period in which they are incurred.

All property and equipment are depreciated using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives. The estimated useful lives range as follows:

Renovations	3 years
Motor vehicles	5 years
Furniture, fixtures, and office equipment	5 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last annual reporting date.

Property and equipment are impaired whenever there are indicators that it may be impaired. The policy for recognition and measurement of impairment is in accordance with Note 3.3.

Gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from the disposal with the carrying amount of property and equipment and is recognised in the statement of income.

### 3.2 Intangible assets

Acquired computer software are capitalised as intangible assets and stated at cost. The cost of computer software initially recognised comprises its purchase price and related cost that bring the specific software to its intended use by management. Intangible assets under development are classified as work-in-progress and will be transferred to computer software upon completion.

After the initial recognition, the costs are amortised over the estimated useful lives of three (3) years and are recorded at cost less accumulated amortisation and accumulated impairment, if any.

Cost associated with computer software licences are recognised as expenditures, when incurred.

The intangible assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last annual reporting date.

Intangible assets are impaired whenever there are indicators that it may be impaired. The policy for recognition and measurement of impairment is in accordance with Note 3.3.

Gain and loss on disposal of an item of intangible assets is determined by comparing the proceeds from the disposal with the carrying amount of intangible asset and is recognised in the statement of income.



### 3.3 Impairment of non-financial assets

An impairment loss rises when the carrying amount of MAVCOM's asset exceeds its recoverable amount. If any such indication exists, MAVCOM estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the value in use. MAVCOM determines the fair value less cost to sell of an asset in hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset, using reasonable and supportable management's budget and forecasts of five years and extrapolation of cash inflows for period beyond the five-year forecast or budget.

The impairment loss is recognised to statement of income. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date and any subsequent increase in recoverable amount is recognised in statement of income, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

### 3.4 Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

### 3.5 Income tax

A current tax for current period and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount is already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount MAVCOM expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

### 3.6 Provisions

Provisions are recognised when MAVCOM has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.



### 3.7 Income recognition

#### Income from non-exchange transactions

Non-exchange transactions are recognised as an asset when there is a future economic benefit or service potential expected to flow in an entity, it is due to past events and the fair value of the assets can be measured reliably. Non-exchange transaction recognised as assets shall be recognised as income, except to the extent that liabilities are also recognised in respect of the same inflows as deferred in the Statement of Financial Position. When the obligation of a liability has been met, the entity shall reduce the carrying amount of the recognised liability and recognise the amount of income equivalent to the deduction. Income from non-exchange transactions are as follows:

(a) Regulatory Services Charge

Regulatory Services Charge are collected from every departing passenger on an aircraft from any aerodrome within Malaysia as stipulated by the Malaysian Aviation Commission Act 2015 (*Act 771*) and is recognised when MAVCOM has an enforceable right to receive the charges.

(b) Penalties

Penalties are imposed on entities for breach of the conditions set out in the Malaysian Aviation Commission Act 2015 (*Act 771*) and is recognised when the payment is received.

#### Income from exchange transaction

Income from exchange transaction is recognised when it is probable that future economic benefits or service potential associated with the asset will flow to these entities and these benefits can be measured reliably. Income from exchange transaction is as follows:

(a) Interest income

Interest income is recognised using the effective interest method.



### 3.8 Employee benefit obligations

(a) Short term employee benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense in the year in which the services are rendered by employees of the Commission.

(b) Post-employment benefits – Defined contribution plan

The Commission makes statutory contributions to approved provident funds and the contributions made are charged to statement of income in the period to which they relate. When the contributions have been paid, the Commission has no further obligations.

### 3.9 Leases – accounting by lessee

(a) Operating lease

Leases of assets in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of income on a straight-line basis over the period of the lease.

(b) Finance leases

Leases of assets where MAVCOM has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised as asset and liability at the commencement of the lease at an amount equals to the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Initial direct costs incurred by MAVCOM in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in statement of income over the lease term on the same basis as the lease expense.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that MAVCOM will obtain ownership by the end of the lease term.

### 3.10 Borrowing costs

The borrowing costs of MAVCOM are finance lease liabilities calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

### 3.11 Foreign Currency Exchange

Transactions in foreign currency are translated to Ringgit Malaysia at the rates of exchange ruling on the dates of the transaction on initial recognition. At each reporting date, the transaction shall be translated at the exchange rate effective for the period. Any exchange gain or loss arising from the exchange differences is recognised accordingly in the Statement of Financial Performance.





## 4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

### 4.1 Judgements and assumptions applied

In the selection of accounting policies for MAVCOM, the area that require significant judgements and assumptions is in the classification of finance and operating leases.

MAVCOM classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As the lessee, MAVCOM recognises a lease as a financial lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgement, MAVCOM considers whether there is significant economic incentive to exercise purchase options and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of lease payment is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which only can be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

### 4.2 Estimation uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties are in depreciation of property and equipment and measurement of a provision.

#### Depreciation of property and equipment

The cost of an item of property and equipment is depreciated on the straight-line method. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property and equipment may differ from the estimates applied and this may lead to a gain or loss upon disposal of an item of property and equipment.

#### Measurement of a provision

MAVCOM uses a best estimate as the basis for measuring a provision. Management evaluates the estimates based on historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.



## 5. PROPERTY AND EQUIPMENT

2022	Renovations RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Computer equipment RM	Total RM
<b>Cost</b>					
At 1 January 2022	395,937	311,447	2,388,451	182,093	3,277,928
Additions	-	-	-	64,500	64,500
Disposal	-	-	-	(21,130)	(21,130)
At 31 December 2022	395,937	311,447	2,388,451	225,463	3,321,298
<b>Accumulated depreciation</b>					
At 1 January 2022	395,922	259,747	2,358,586	156,603	3,170,858
Charge for the year	2	32,652	17,008	23,715	73,377
Disposal	-	-	-	(21,128)	(21,128)
At 31 December 2022	395,924	292,399	2,375,594	159,190	3,223,107
<b>Net book value</b>					
At 31 December 2022	13	19,048	12,857	66,273	98,191

2021	Renovations RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Computer equipment RM	Total RM
<b>Cost</b>					
At 1 January 2021	395,937	311,447	2,381,931	185,853	3,275,168
Additions	-	-	6,520	25,050	31,570
Disposal	-	-	-	(28,810)	(28,810)
At 31 December 2021	395,937	311,447	2,388,451	182,093	3,277,928
<b>Accumulated depreciation</b>					
At 1 January 2021	382,209	214,748	2,346,257	180,232	3,123,446
Charge for the year	13,713	44,999	12,329	5,178	76,219
Disposal	-	-	-	(28,807)	(28,807)
At 31 December 2021	395,922	259,747	2,358,586	156,603	3,170,858
<b>Net book value</b>					
At 31 December 2021	15	51,700	29,865	25,490	107,070



## 6. INTANGIBLE ASSETS

<b>2022</b>	Computer software RM	Work-in-progress RM	Total RM
<b>Cost</b>			
At 1 January 2022	1,849,061	-	1,849,061
Additions	43,884	149,460	193,344
At 31 December 2022	1,892,945	149,460	2,042,405
<b>Accumulated amortisation</b>			
At 1 January 2022	1,563,599	-	1,563,599
Amortisation charge for the year	183,669	-	183,669
At 31 December 2022	1,747,268	-	1,747,268
<b>Net book value</b>			
At 31 December 2022	145,677	149,460	295,137

<b>2021</b>	Computer software RM	Work-in-progress RM	Total RM
<b>Cost</b>			
At 1 January 2021	1,689,531	-	1,689,531
Additions	159,530	-	159,530
At 31 December 2021	1,849,061	-	1,849,061
<b>Accumulated amortisation</b>			
At 1 January 2021	1,336,724	-	1,336,724
Amortisation charge for the year	226,875	-	226,875
At 31 December 2021	1,563,599	-	1,563,599
<b>Net book value</b>			
At 31 December 2021	285,462	-	285,462



## 7. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
Cash and bank balances	1,740,017	1,668,237
Fixed deposits with licensed bank	39,022,664	34,944,075
	40,762,681	36,612,312

The fixed deposits presented as cash equivalents are with maturity dates between January 2023 and December 2023 (2021: between January 2022 and August 2022) and interest rates ranging from 2.75% to 4.05% (2021: ranging from 1.85% to 2.20%).

## 8. FEES RECEIVABLES

	2022 RM	2021 RM
Fees receivables	5,951,431	2,908,692
Provision for doubtful debt	(4,901)	(135,761)
Bad debt written off	(20,010)	(49)
	5,926,520	2,772,882

Fees receivables consist of Regulatory Services Charge (RSC) billed and accrued as of 31 December 2022. The allowance for provision for doubtful debt are determined principally on the basis of past collection experience as well as consideration of current economic conditions.

## 9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 RM	2021 RM
Deposits	509,273	532,817
Prepayments	407,253	498,797
Interest receivables	44,363	245,846
Penalty receivables	-	666,000
	960,889	1,943,460

The carrying amount of deposits, prepayments and other receivables are reasonable approximation of the fair value at the date of the statement of financial position as they are short term in nature.





## 10. DEFERRED INCOME

	2022 RM	2021 RM
Current – Not later than one year	-	666,000
	-	666,000

Deferred income arises from penalties issued for offences related to the non-compliance of the Malaysian Aviation Commission Consumer Protection Code 2016 (MACPC) which was resolved in Court via Consent Judgement filed by the Civil High Court on 14 September 2020. The Court ruled that the penalties owed shall be settled in monthly instalments by the penalised airlines within the period stipulated in the Consent Judgement.

## 11. OTHER PAYABLES AND ACCRUALS

	2022 RM	2021 RM
Accrued expenditures	2,414,486	714,741
Other payables	267,338	62,258
	2,681,824	776,999

The carrying amount of other payables and accruals are reasonable approximation of the fair value at the date of the statement of financial position as they are short term in nature.

## 12. AMORTISATION AND EXPENDITURE OF PUBLIC SERVICE FUND

During the financial year ended 31 December 2022, MAVCOM received RM182,092,496 from the Ministry of Transport (MOT) for the purposes of funding Rural Air Services (RAS) under the Public Service Fund (PSF) pursuant to Section 27 of the Malaysian Aviation Commission Act 2015 (*Act 771*). The same amount was fully paid out to the operator of the RAS during the financial year ended 31 December 2022 as reimbursement for their performance of the public service obligation.

Based on the current agreement between MOT and the RAS operator, MAVCOM will only act as an agent managing payment matters on behalf of MOT where the reimbursement fund will pass through MAVCOM to the RAS operator due to the requirement for MAVCOM to make payment to the RAS operator for their performance of public service obligation as stipulated in Section 68(e) of the Malaysian Aviation Commission Act 2015 (*Act 771*).

As such, MAVCOM will only recognise the liability and expenses for the above upon receiving the PSF from MOT and not at the point where the RAS invoices are submitted to MAVCOM by the RAS operator.

MAVCOM is not a party to the contract between MOT and the RAS operator and therefore, will not be held liable directly or indirectly, if there are any disputes with regards to the contract. In short, MAVCOM does not inherit the risk and reward for the RAS obligation.



## 13. STAFF COSTS

	2022 RM	2021 RM
Salaries and allowances	8,733,369	8,265,021
Contribution to EPF and Socso	1,048,703	1,161,977
Staff benefits	842,622	661,733
Staff training	105,124	63,024
	10,729,818	10,151,755

## 14. OTHER EXPENDITURES

	2022 RM	2021 RM
<b>Establishment costs</b>		
Rental of premises	1,297,764	1,364,316
Amortisation of intangible assets	183,669	226,875
Depreciation of property and equipment	73,377	76,219
Utilities expenditures	86,828	65,701
	1,641,638	1,733,111
<b>Administrative and general expenditures</b>		
Professional fees	4,114,725	1,617,638
Books and subscription	771,609	663,138
Licenses and charges	1,157,717	657,568
Commissioners' allowances and expenses	666,782	601,216
Communication expenditures	136,445	278,503
IT maintenance and support	248,906	233,960
Printing and stationery	147,815	123,557
Travelling and accommodation	447,828	23,044
Promotional and awareness campaign	242,764	15,757
Service tax	70,933	4,978
Realised foreign exchange loss	11,302	4,551
Provision for doubtful debt		
Current year provision	4,901	135,761
Reversal of provision for doubtful debt	(135,761)	(2,264,496)
Bad debt written off	20,010	49
Other administrative and general expenditures	333,153	298,082
	8,239,129	2,393,306
<b>Total other expenditures</b>	<b>9,880,767</b>	<b>4,126,417</b>



## 15. TAX EXPENSE

	2022 RM	2021 RM
Current year income tax expense	222,573	199,329
Prior year income tax expense overstated	-	(1,238)
<b>Total income tax expense</b>	<b>222,573</b>	<b>198,091</b>
The significant differences between tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:		
Surplus/(deficit) before tax	5,278,884	(4,529,700)
Tax at the statutory rate of 24%	1,266,932	(1,087,128)
Income not subjected to tax	(5,990,899)	(2,140,304)
Tax effect of:		
Expense not deductible for tax purpose	4,946,540	3,426,761
Prior year income tax overstated	-	(1,238)
<b>Tax expense</b>	<b>222,573</b>	<b>198,091</b>

## 16. LEASE COMMITMENTS

MAVCOM has lease commitments in respect of its office space and notebooks, all of which are classified as operating leases. Summary of the non-cancellable lease commitments are as follows:

	2022 RM	2021 RM
<b>Future minimum lease payments</b>		
Not later than one year	1,365,654	1,374,153
More than one to five years	2,728,632	1,338
<b>Total lease commitments payable</b>	<b>4,094,286</b>	<b>1,375,491</b>
<b>The lease payment recognised as expense</b>	<b>1,307,601</b>	<b>1,441,667</b>



## 17. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, either directly or indirectly. Payments for key management personnel are as follows:

	2022 RM	2021 RM
Total compensation	597,290	686,162
Number of key management personnel	6	6

## 18. RATIONALISATION OF REGULATORY BODIES IN THE AVIATION INDUSTRY

The Ministry of Transport has announced the Government's decision on 11 December 2019 for the regulatory bodies of the civil aviation industry in Malaysia to be rationalised and placed under one entity whereby MAVCOM would be dissolved, and the Commission's key functions would be transferred to CAAM. Nevertheless, the Commission is expected to continue its operation as usual until the Malaysian Aviation Commission Act 2015 (*Act 771*) is repealed.





# Index: Key Milestones for MAVCOM in 2022

## JANUARY

- 7** Published December 2021's Air Traffic Rights (ATR) Bulletin
- 19** Official visit by the Minister of Transport Sarawak, Yang Berhormat Dato Sri Lim Khee Shin, then Deputy Minister of Transport Malaysia, Yang Berhormat Dato Henry Sum Agong, and the Deputy Minister for Transport I, Sarawak, Yang Berhormat Datuk Dr. Jerip Susil to the Commission



Issued its quarterly ATR report for the 4th quarter of 2021, which details the Commission's ATR allocations for the Malaysian civil aviation sector

- 24** Raja Azmi Raja Nazuddin, Chief Operating Officer of the Malaysian Aviation Commission (MAVCOM), participated in an investor call by UBS Equity Research to discuss the state of Malaysia's aviation industry

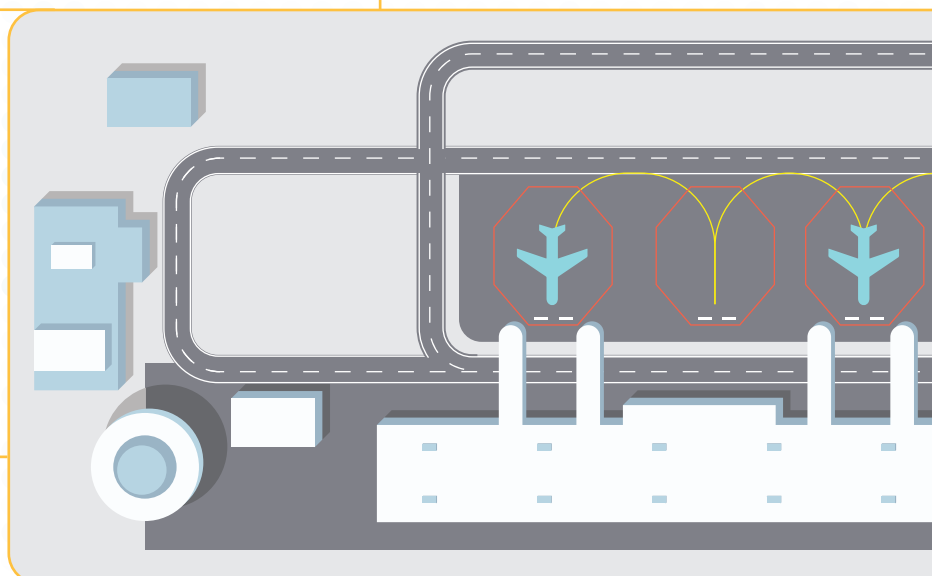
- 31** Renewal of AeroHandlers Sdn. Bhd.'s Ground Handling Licence (GHL)
- Renewal of Berjaya Air Sdn. Bhd. and Asia Jet Partners Malaysia Sdn. Bhd.'s Air Service Permit (ASP)

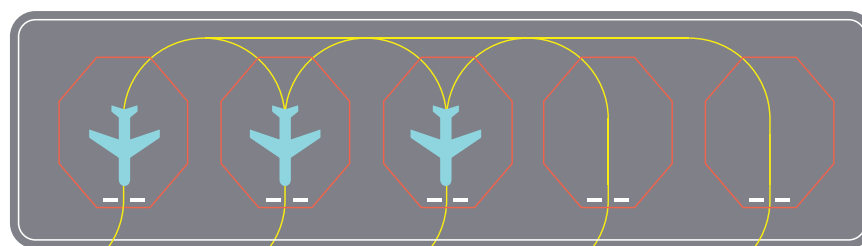
## FEBRUARY

- 7** Published January 2022's ATR Bulletin
- 14** Sought public feedback through a consultation on the Renewal Application for an Individual Exemption of the Joint Venture Agreement between All Nippon Airways Co., Ltd. and United Airlines, Inc.
- 21** Renewal of BCS Contract & Supply Services Sdn. Bhd. and Hasrat Asia (M) Sdn. Bhd.'s GHL
- 25** Renewal of Prima Air Sdn. Bhd.'s ASP
- Renewal of Malaysia Airlines Berhad (Malaysia Airlines), FlyFirefly Sdn. Bhd. (Firefly) and Malindo Airways Sdn. Bhd.'s (Batik Air) Air Service Licence (ASL)
- Renewal of AeroDarat Services Sdn. Bhd. and Batik Air's GHL

## MARCH

- 3** Published February 2022's ATR Bulletin
- 26** Participated in the National Consumer Day 2022 celebration organised by the Ministry of Domestic Trade and Consumer Affairs (now known as the Ministry of Domestic Trade and Cost of Living)





## APRIL



## MAY

## JUNE



- 6** Sought public feedback through a consultation on the Renewal Application for an Individual Exemption for the Joint Venture between Singapore Airlines Limited and Deutsche Lufthansa AG
- 7** Received a courtesy visit by Mr. Francis Peters, the Commercial Counsellor of the United States Embassy in Kuala Lumpur, Malaysia to the Commission
- 8** Received a courtesy visit by Mr. Ehab Rustam, Head of Line Maintenance International and Mr. Mena Fares, Business Development Manager of Qatar Airways to the Commission
- 11** Published March 2022's ATR Bulletin
- 21** Issued its quarterly ATR report for the first quarter of 2022 (Q1 2022), which details the Commission's ATR allocations for the Malaysian civil aviation sector

- 10** Announced the Commission's investigation of airlines making indiscriminate changes to flight schedules without adequate notice
- 12** Published April 2022's ATR Bulletin
- 13** Issued an advisory to consumers affected by flight delays during the Hari Raya Aidilfitri travelling period
- 20** Sought public feedback through a consultation on the Application for an Individual Exemption for the Joint Business between Malaysia Airlines Berhad and Cathay Pacific Airways Limited
- 30** Released initial findings of the Commission's investigation on flight delays during the Hari Raya Aidilfitri travelling period

- 2** Sought public feedback through a consultation on the Renewal Application for an Individual Exemption for Joint Business between Malaysia Airlines Berhad and Japan Airlines Co. Ltd.
- 3** Published May 2022's ATR Bulletin
- 12** Reappointment of Datuk Seri Long See Wool as a Member of the Commission as well as the appointment of 2 new Members of the Commission, Datuk Roger Tan Kor Mee and Dato' Wan Kamaruzaman Wan Ahmad
- 15** Pushpalatha Subramaniam, Director of Consumer and Public Affairs participated as a Speaker at the Passenger Terminal Conference 2022 in Paris, France, where she presented on Malaysia's Airports Quality of Service (QoS) Framework
- 17** Conducted a training session for stakeholders on the usage and functionalities of AeroLicence

- 20** Renewal of Nusantara Aviation Services Sdn. Bhd., Skypark FBO Malaysia Sdn. Bhd., MNM Aviation Services Sdn. Bhd., KLM Line Maintenance Sdn. Bhd., Aviation Technics Sdn. Bhd., and Asia Digital Engineering Sdn. Bhd.'s GHL

Renewal of Sazma Aviation Sdn. Bhd.'s ASP

Issuance of MHS Aviation Berhad's ASP

Extension of Aerotree Defence & Services Sdn. Bhd.'s Conditional Approval (CA) for an ASP

- 29** Held Malaysia's inaugural international aviation hybrid webinar with the theme "Charting a New Frontier: Aviation Consumer Protection Needs Today and Beyond"



# Index: Key Milestones for MAVCOM in 2022

## JULY



**5** Published June 2022's ATR Bulletin

**7** Renewal of MyBalloon Adventure Sdn. Bhd.'s ASP

Renewal of Prosky Services Sdn. Bhd.'s GHL

Issuance of the Proposed Decision on the Application of an Anticipated Merger under Section 55 of the Malaysian Aviation Commission Act 2015 [Act 771] by SIA Engineering Company Limited and Pos Aviation Engineering Services Sdn. Bhd.

Published the 11th edition of the industry report, *Waypoint*, which provides an overview of the country's aviation industry performance in Q1 2022, the industry outlook for 2022, as well as airfare trends since the beginning of the COVID-19 pandemic

**25** Issued its quarterly ATR report, which details the Commission's ATR allocations for the Malaysian civil aviation sector for the period of 1 April to 30 June 2022

Sought public feedback through a consultation on the Application for an Individual Exemption for Joint Business between Malaysia Airlines Berhad and Singapore Airlines Limited

## AUGUST

**9** Published July 2022's ATR Bulletin

**10** Issuance of the Proposed Decision on an Application for Individual Exemption under section 51 of Act 771 by All Nippon Airways Co., Ltd. and United Airlines, Inc.

**11** Published the First Consultation Paper on the Long-Term Framework for the Regulation of Aviation Services Charges

**16** Jaffar Derus Ahmad, Director of Aviation Development became a guest speaker at the University College of MAIWP International (UCMI) City Campus Kuala Lumpur and spoke on the topic of 'Introduction to International Air Transportation'

**24** Conducted a consultation session with analysts and industry stakeholders on the concept and considerations in developing the Long-Term Framework for the Regulation of Aviation Services Charges

## SEPTEMBER



**6** Published August 2022's ATR Bulletin

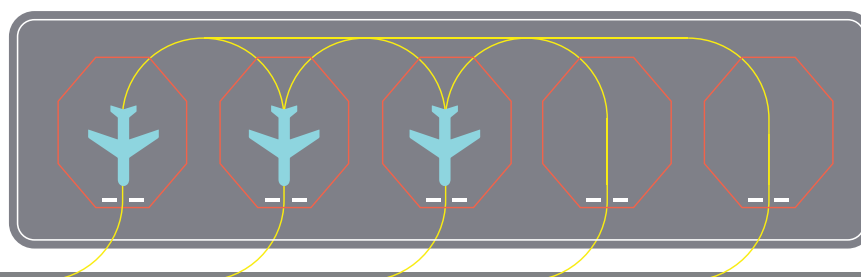
**7** Sought public feedback through a consultation on the Proposed Decision on the Renewal Application for an Individual Exemption of the Joint Venture Agreement between All Nippon Airways Co., Ltd. and United Airlines, Inc.

**8** Renewal of AirAsia Berhad (AirAsia) and AirAsia X Berhad's (AirAsia X) ASL

Renewal of Cempaka Helicopter Corporation Sdn. Bhd.'s ASP

Renewal of Sabah Air Aviation Sdn. Bhd.'s ASP and GHL

**19** Published the 12th issue of its bi-annual Consumer Report for the first half of 2022 (1H 2022) on the state of the aviation industry during the post-COVID-19 pandemic air travel recovery period and its impact on consumers



## OCTOBER



## NOVEMBER

## DECEMBER



**6** Published September 2022's ATR Bulletin

**11** Variation of AirAsia's ASL period  
Issuance of PrimaJet Airways Sdn. Bhd. and Gading Air Services Sdn. Bhd.'s CA for an ASP

Issuance of Brahim's Food Services Sdn. Bhd.'s GHL

Renewal of Pos Aviation Sdn. Bhd.'s GHL

Renewal of M Jets International Sdn. Bhd.'s (now known as MJets Air Sdn. Bhd.) ASL and extension of its CA for a GHL

Issuance of the Proposed Decision on an Application for Individual Exemption under Section 51 of Act 771 by Singapore Airlines Limited and Deutsche Lufthansa AG

**19** Released a Consultation Paper on the Proposed Amendments to the Malaysian Aviation Consumer Protection Code 2016 (MACPC)

Issuance of the Commission's decision on an Application for Individual Exemption under section 51 of Act 771 by All Nippon Airways Co., Ltd. and United Airlines, Inc.

**27** Completed review of airfares for domestic flights which operated in conjunction with Malaysia's 15th General Election (GE15)

**7** Published October 2022's ATR Bulletin

**8** Issued its quarterly ATR report, which details the Commission's ATR allocations for the Malaysian civil aviation sector in the third quarter of 2022 (Q3 2022)

**10** Renewal of Helistar Resources Sdn. Bhd.'s ASP

Issuance of MYAirline Sdn. Bhd.'s (MYAirline) ASL

**5** Issuance of the Commission's decision on an Application for Individual Exemption under Section 51 of Act 771 by Singapore Airlines Limited and Deutsche Lufthansa AG

**6** Published November 2022's ATR Bulletin

**8** Renewal of Layang Layang Aerospace Sdn. Bhd.'s ASP and GHL

Extension of TransAsia Services Sdn. Bhd.'s CA for a GHL

Extension of Aerotree Defence & Services Sdn. Bhd.'s CA for an ASP

**19** Published the 12th edition of the industry report, *Waypoint*, which highlights the Malaysian aviation sector's performance in Q3 2022 and air connectivity trends





# List of Publications by MAVCOM in 2022

## 1. Industry Research

- *Waypoint* Report: Malaysian Aviation Industry Outlook (July 2022)
- *Waypoint* Report: Malaysian Aviation Industry Outlook (December 2022)

## 2. Consumer Report

- Consumer Report (January 2022 – June 2022)
- Consumer Report (July 2022 – December 2022)


All publications listed are available for reference on [www.mavcom.my](http://www.mavcom.my)



# MAVCOM in the Media 2022



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