



# Your View, Our Vision: **Elevating Malaysian Skies**



**Malaysian  
Aviation Commission**  
*Suruhanjaya Penerbangan Malaysia*

**ANNUAL REPORT 2023**





# 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 (MAVCOM) 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 licensees 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 (RAS) in East Malaysia)

Administer, allocate and manage Air Traffic Rights (ATR)

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 policymaking and government-to-government discussions (including to spearhead bilateral or multilateral negotiations on ATR), while the CAAM regulates technical and safety matters for Malaysia's civil aviation industry.

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# MINISTER OF TRANSPORT'S FOREWORD

**Anthony Loke Siew Fook**

*Minister of Transport*



**The past year has witnessed Malaysia's aviation industry making significant strides toward recovery and laying a robust foundation for future growth. The focus must now shift towards not just recovery but sustainable growth and innovation in the face of a rapidly changing global aviation landscape.**

In 2023, Malaysia saw an impressive resurgence in air passenger traffic, recording 85.0 million passengers. This represents a 54.6 per cent year-on-year (YoY) growth, which has reached 77.8 per cent of the 2019 pre-pandemic level, a clear indicator of the sector's strong recovery trajectory. The growth observed was primarily driven by robust demand for post-pandemic travel, especially in the international sector.

Looking ahead to 2024, passenger traffic is anticipated to reach between 93.9 million and 107.1 million passengers. While these projections are optimistic, it is important to remain aware of potential downside risks. Factors such as fluctuating foreign exchange rates and jet fuel prices, delays in aircraft deliveries, a shortage of original equipment manufacturer (OEM) spare parts, and ongoing manpower-related issues could pose risks to this outlook.

I am proud to say that the Malaysian aviation industry has shown remarkable resilience and adaptability during these ongoing recovery times. This would not have been possible without the dedication and tireless efforts of the Commission, airlines, airports, and various other industry stakeholders.

While a full recovery in passenger traffic is foreseen in 2024, it is imperative to aim higher, look further, and anticipate the industry's evolving challenges.

During the year under review, the Ministry remained dedicated to implementing critical initiatives aimed at revitalising and strengthening Malaysia's aviation sector. These strategic initiatives were designed to enhance our airport infrastructure, support our airlines, and foster sustainable practices in the industry.

A cornerstone of these efforts, amongst others, has been the focus on airport development and modernisation. The approval of the Subang Airport Regeneration Plan (SARP) by the Cabinet in early 2024 marks a significant step towards transforming Sultan Abdul Aziz Shah Airport (LTSAAS) into a regional aviation hub. There are also plans to upgrade Penang International Airport (PIA), Sultan Ismail Petra Airport (LTSIP) in Pengkalan Chepa, Kelantan, and Tawau Airport (TWU) in Sabah. These developments are guided by the National Airport Strategic Plan and the National Transport Policy, ensuring that existing infrastructure is optimised while preparing for future growth.

In the first half of 2023, the Commission successfully completed the development and implementation of the Airports Quality of Service (QoS) Framework at Kota Kinabalu International Airport (BKI) and Langkawi International Airport (LGK). This will result in improved quality of service for consumers at these airports, with plans to expand to more airports in 2024.

In the airline sector, measures have been taken to improve quality of service and support regional connectivity. I commend the Commission for introducing key performance indicators for flight punctuality. The Commission's monitoring of flight cancellations demonstrates a commitment to enhancing the passenger experience.

With sustainability being at the forefront of our agenda, the Ministry of Transport (MOT) developed a national blueprint for the decarbonisation of the aviation industry, which involves strategy and policy for the Long-Term Aspiration Goal (LTAG) of achieving net zero carbon emissions by 2050, including facilitating the adoption of Sustainable Aviation Fuel (SAF). These efforts align with Malaysia's unwavering commitment to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and position the country as a potential hub for sustainable aviation solutions. MOT has also principally agreed to allow airlines to impose minimal extra fee to cover for carbon emissions, balancing our environmental obligations with the need to keep air travel affordable. This will involve making enhancements to the Malaysian Aviation Consumer Protection Code 2016 (MACPC), which will further improve consumer rights and protection within the aviation sector.

On another note, the crucial issue of airfare affordability, particularly during peak travel periods, has been addressed. Working closely with airlines, additional flights at fixed low fares were announced for the Chinese New Year festive season in 2023. To make air travel more accessible to all Malaysians, MOT introduced targeted subsidies for one-way economy class tickets from Peninsular Malaysia to Sabah, Sarawak, and the Federal Territory of Labuan during major holidays as approved by the Government. This subsidy programme first began with the 2023 Pesta Kaamatan and Hari Gawai festivals, where the Government agreed to purchase all remaining one-way economy class tickets from Peninsular Malaysia to Sabah, Sarawak, and the Federal Territory of Labuan on the 3 days before each festival and cap airfares at RM300, excluding fees, taxes and charges. This was followed by setting a maximum airfare of RM599, excluding fees, taxes and charges for 3 days before the Christmas holidays, with the Government subsidising the airfare difference with the maximum airfare. The Government's subsidy initiative will continue in 2024 for other major festivals such as the Chinese New Year, Hari Raya Aidilfitri, Pesta Kaamatan, Hari Gawai, and Christmas.

Throughout these efforts, the balance between the industry's economic interests and social needs has been maintained, recognising the importance of affordable tickets while considering airlines' profitability. These comprehensive measures show our commitment to ensuring air travel remains accessible to the rakyat while supporting a sustainable aviation industry.

The aviation sector plays a crucial role in supporting Visit Malaysia 2025 and reinforcing Malaysia as the gateway to Asia and beyond. In 2023, the country welcomed 20.1 million foreign arrivals, generating RM71.3 billion (USD 14.9 billion) for the local economy. While impressive, these figures are still below the 2019 level of 26.1 million arrivals and RM86.1 billion (USD 18 billion) in revenue.

For 2024, the Government has set ambitious targets of 27.3 million international arrivals and RM102.7 billion in tourism revenue. Achieving these goals requires maximising the potential of the aviation sector. Ongoing airport developments, airline support initiatives, and efforts to enhance connectivity are all aligned with positioning Malaysia as a preferred tourist destination in the global economy.

While 2023 saw greater signs of recovery in the aviation industry, challenges remained. The suspension of MYAirline Sdn. Bhd.'s (MYAirline) operation was a stark reminder of the vulnerabilities still present in the aviation industry. This unexpected event, triggered by an abrupt withdrawal of investors, had significant consequences for consumers, employees, and suppliers alike. In light of this, I am grateful for the prompt action taken by the Commission to assist the affected consumers. The Commission provided assistance to the affected consumers and set up a dedicated Task Force to address passenger refunds. Furthermore, the Commission worked in collaboration with Bank Negara Malaysia to facilitate chargebacks for affected consumers.

This incident has underscored the need for enhanced financial monitoring and reporting requirements for airlines, particularly clearer guidelines for communication and support for passengers in case of sudden closure.

In strengthening our aviation sector, progress is being made with the merger between the Commission and the Civil Aviation Authority of Malaysia (CAAM). The Commission's good work will continue through the merged entity, which will be better equipped to support Malaysia's aviation industry's future growth and development.

As the industry moves forward, it must be acknowledged that challenges and opportunities will arise. The aviation sector needs to carefully navigate potential hurdles while leveraging new prospects to ensure a sustainable and thriving future. The Commission's commitment to this vision is crucial in driving the industry's recovery and laying the groundwork for its future success.

Lastly, I extend my heartfelt gratitude to the Commission and all stakeholders, including airlines, airport operators, ground handlers, and other aviation service providers. Their unwavering dedication and proactive initiatives in 2023 have been instrumental in advancing Malaysia's aviation sector. The goal is to continue working towards improvement and growth, ensuring Malaysia's skies remain open, safe, and full of opportunity.

**Anthony Loke Siew Fook**  
*Minister of Transport*



# EXECUTIVE CHAIRMAN'S MESSAGE



**Throughout 2023, the Malaysian aviation sector saw a strong growth momentum and remarkable resilience in the face of ongoing global challenges. Malaysia recorded a total of 85 million passenger traffic, representing an impressive 54.6 per cent year-on-year (YoY) growth, and this milestone aligns with the forecast by the Commission, which is 77.8 per cent of the pre-pandemic 2019 level.**

The robust growth was primarily driven by a strong resurgence in international travel demand. This is evident with international traffic increasing by 134.3 per cent YoY, with both ASEAN and non-ASEAN travel registering at 114.1 per cent and 163.9 per cent YoY rise, respectively. The domestic sector passenger traffic also grew by 19.9 per cent YoY. Looking at these figures, the Commission anticipates a further recovery in passenger traffic ranging between 93.9 million and 107.1 million passengers, reflecting a 10.0 per cent to 25.0 per cent YoY growth. This forecast suggests we could reach up to 91.5 per cent of our 2019 level by the end of 2024, as the recovery momentum would be significantly influenced by international travel, particularly from China and within the ASEAN region.

In 2023, the air cargo industry recorded 18.9 billion FTK, marking a 13.7 per cent YoY decline. This contraction was primarily due to weakened external demand, slower global growth, and ongoing geopolitical crises. However, we anticipate a potential turnaround in 2024, projecting growth between 6.0 per cent and 6.6 per cent YoY, which would translate to 19.8 billion to 20.0 billion FTK. This anticipated growth in the cargo sector is underpinned by several factors, including the low base set in 2023, a potential upturn in the global technology cycle, continued economic recovery in China, and expected global economic stabilisation. The latter is likely to be supported by major central banks nearing the end of their monetary tightening cycles, which should bolster resilient consumer spending.

## NAVIGATING TURBULENCE

While we have made significant strides in recovery, the lingering effects of the COVID-19 pandemic continue to pose challenges for the aviation industry in Malaysia and the surrounding region. Although the immediate health crisis has largely subsided, aviation players are still navigating a complex web of after-effects as they adapt to a new normal. This year, supply chain disruptions continue to have far-reaching effects on our industry, particularly impacting the availability of spare parts for aircraft maintenance, repair, and overhaul (MRO) operations, which has strained airlines' ability to maintain and grow their fleets efficiently. As a result, flight capacity constraints have become a primary concern, with high demand, especially during peak seasons, often exceeding available capacity.

Compounding these operational challenges is a shortage of professional talents. The industry is facing a lack of skilled professionals, particularly in critical areas such as engineering, aircraft maintenance, and ground handling. Financial pressures due to the strength of the US Dollar in 2023 have put additional pressure on airlines' operating costs, compounding the financial challenges they face in the recovery phase.

The sudden discontinuation of MYAirline Sdn. Bhd.'s (MYAirline) operations in 2023 presented a significant challenge to the aviation industry. During this challenging period, the Commission primarily focused on safeguarding consumer interests and maintaining industry stability. Affected consumers were promptly provided with pertinent information and assistance for chargeback processes. Additionally, we collaborated closely with BNM to explore potential refund solutions for unfulfilled flight bookings. A Task Force was established to oversee the consumer refund process and propose enhancements to the Commission's

licensing approval process. This resulted in strengthened provisions and a more robust licensing framework. After extensive due process, the Commission decided to suspend MYAirline's Air Service Licence (ASL).

## STEERING SUSTAINABLE GROWTH

During the year under review, the Commission undertook a series of impactful projects and initiatives, all aimed at ensuring smooth travel, enhancing consumer awareness, and maintaining high standards in the aviation industry. In anticipation of increased flight capacity and passenger traffic during the Chinese New Year and Hari Raya Aidilfitri festive seasons, we issued directives to all airlines to improve the management of flight disruptions and reminded them of their obligations under the Malaysian Aviation Consumer Protection Code 2016 (MACPC). Additionally, Members of the Commission, Consumer Protection Committee Members, and Senior Management conducted surprise inspections at KL International Airport Terminal 1 and 2 (KUL T1 and T2), as well as Sultan Abdul Aziz Shah Airport (LTSAAS), to assess operational processes and passenger handling.

We also significantly expanded our consumer outreach programmes in 2023 through engagements with key media, appearances on RTM and TV3's Malaysia Hari Ini, as well as awareness programmes about air travel rights and industry developments. To reach a wider audience, we rebranded FlySmart's social media channels on Facebook and Instagram to the MAVCOM brand and launched a new presence on X (formerly Twitter).

Recognising our commitment to consumer satisfaction, we maintained our ISO 10002:2018: Quality Management – Customer Satisfaction – Guidelines for Complaints Handling in Organisations certification for complaints handling. In 2023, we registered a total of 6,860 complaints, with 4,943 cases, or 72 per cent, requiring further investigation. Despite this volume, we maintained a high resolution rate of 99.9 per cent. We also launched another initiative beginning April 2023, where consumers who have lodged an official complaint would receive an automatic survey to assess consumer satisfaction with our complaint management process.

Additionally, we made significant progress in implementing the Airports Quality of Service (QoS) Framework across Malaysian airports. At KUL Terminal 1 and 2, we successfully implemented 20 service quality elements and aim to complete all 28 elements by 2024. We also completed the implementation of the Airports QoS Framework at Kota Kinabalu International Airport (BKI) and Langkawi International Airport (LGK), with plans to extend it to Kuching, Miri, and Senai airports by 2024 and gradually to all remaining airports in Malaysia by 2027.

In line with Part VII of Malaysian Aviation Commission Act 2015 [Act 771], we continued to regulate economic matters in the civil aviation industry, focusing on fostering healthy competition. In 2023, we reviewed 5 joint ventures and 1 anticipated merger, issuing 2 exemption orders and 2 final decisions aimed at balancing industry growth with consumer benefits. The Commission also continued to monitor airfares for all domestic routes for the period under review and providing prompt updates to the Ministry of Transport (MOT) on a weekly basis.

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For industry awareness and engagement, we conducted news releases on Air Traffic Rights (ATR) allocations, consultation sessions in developing the Long-Term Framework for the Regulation of Aviation Services Charges (ASC), and presentations at international conferences. Additionally, the Commission released our 13th and 14th *Waypoint* Industry Reports, along with 2 bi-annual Consumer Reports, highlighting the Malaysian aviation sector's strong recovery in early 2023 and demonstrating the industry's resilience.

I also would like to extend a warm welcome to YBhg. Dato Ir. Alice Jawan Empaling, the Permanent Secretary of the Ministry of Transport Sarawak (MOTS), who has been appointed by the Minister of Transport as the Commission's newest Member of the Commission. Dato Ir. Alice brings a wealth of experience and expertise to our Commission, especially in regards of the aviation sector in Sabah and Sarawak, and we look forward to her valuable contributions in the coming years.

## EMBRACING A NEW CHAPTER

The Commission will continue to adhere to its mandate as outlined in Act 771. As we approach the merger with the Civil Aviation Authority of Malaysia (CAAM), we recognise the critical importance of retaining talent within the aviation sector. The skills, experience, and institutional knowledge possessed by our employees are invaluable assets, and in ensuring a smooth and seamless merger, our top priority is to ensure the retention of our skilled workforce throughout this transition and beyond.

## FUTURE RECOVERY AND OUTLOOK

2023 has been a year of significant progress for the Commission. As we look ahead, we are filled with optimism for the continued recovery and growth of Malaysia's aviation sector. We are proud to be part of the aviation industry's journey and are determined to ensure that Malaysia remains a key player on the international stage.

Our accomplishments so far are a testament to the dedication and tireless efforts of our exceptional staff at the Commission. Our deepest gratitude goes to the Minister of Transport, YB Tuan Anthony Loke Siew Fook, and all of our industry stakeholders for their steadfast support and collaboration. Their trust in MAVCOM and a shared vision for a robust aviation sector have been crucial in navigating the complexities of the past year. With the continued support of our dedicated team and partners, we are confident in upholding our mandate and working towards a brighter, more sustainable future for aviation in Malaysia.

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

*Executive Chairman*







## PART 1

# AIR TRAFFIC RIGHTS AND LICENSING

## 1.1 AIR TRAFFIC RIGHTS (ATR)

In 2023, the global aviation industry continued its trajectory toward recovery, with the Asia Pacific region leading the resurgence, particularly following the reopening of China's international borders. The year marked a significant milestone as air travel demand approached pre-pandemic levels, accompanied by a return to financial profitability for the industry. However, this path to recovery was not without its challenges. Airlines faced several hurdles throughout the year, including disruptions in global supply chains for aircraft spares, a shortage of skilled personnel, uncertainty in jet fuel prices and US Dollar fluctuations, and the ongoing impact of geopolitical conflicts in Europe and the Middle East. The anticipated surge in travel from China's border reopening materialised gradually rather than abruptly, prompting airlines to shift their focus to other markets, for example, India, while awaiting signs of international travel recovery from the Chinese market. The difficulty faced by airlines due to shortages in the global supply chain for aircraft spares and delays in aircraft delivery necessitated a review of aircraft deployment and network strategies.

In response to these dynamics in 2023, the Commission prioritised several strategic initiatives to support the growth and resilience of the aviation sector. One of the Commission's key initiatives is allowing flexibility in Air Traffic Rights (ATR) to enable airlines to reinstate their networks and explore new opportunities post-COVID-19, particularly routes to China and Indonesia. Another priority is tracking and publishing airlines' on-time performance (OTP) statistics on the Commission's website to drive operational efficiency, which has been implemented in April 2024 and is updated on a monthly basis.

In 2023, the aviation industry continued to show strong signs of recovery, as evidenced by the significant increase in ATR applications approved. The Commission approved a total of 239 ATRs throughout the year, marking an 84 per cent increase compared to 2022. Of the 239 ATRs awarded, 177 were allocated for international routes, while 62 were designated for domestic operations.

The air cargo sector faced its own set of challenges in 2023, primarily due to a decline in demand as more belly-space cargo from scheduled passenger flights was added to the market. Full-year cargo tonne-kilometres (CTKs) decreased by 1.9 per cent compared to 2022, with international operations declining by 2.2 per cent. Compared to pre-pandemic levels in 2019, CTKs were down by 3.6 per cent overall, whereas international operations were down by 3.8 per cent. As for capacity, measured in available cargo tonne-kilometres (ACTKs), there was an increase of 11.3 per cent year-on-year (YoY) and 9.6 per cent YoY for international operations due to cargo airlines expanding their networks

following China's reopening. Compared to 2019 levels, capacity was up 2.5 per cent, while it remained unchanged for international operations. Despite political and economic challenges, the year saw air cargo markets regain ground lost in 2022 after the COVID peak in 2021. Although full-year demand was shy of pre-COVID levels by 3.6 per cent, the significant strengthening in the last quarter indicated a stabilisation towards normalised demand patterns, setting a positive trajectory for 2024. While this trend is encouraging, the intensifying instability in geopolitics and economic forces necessitates a cautious outlook for the future of the air cargo sector.

 **Table 1.1** Number of ATR Applications Received and Approved in 2022 versus 2023

TYPE OF ATR APPLICATIONS	DOMESTIC		INTERNATIONAL	
	2022	2023	2022	2023
Received	33	63	103	182
Approved	32	62	98	177

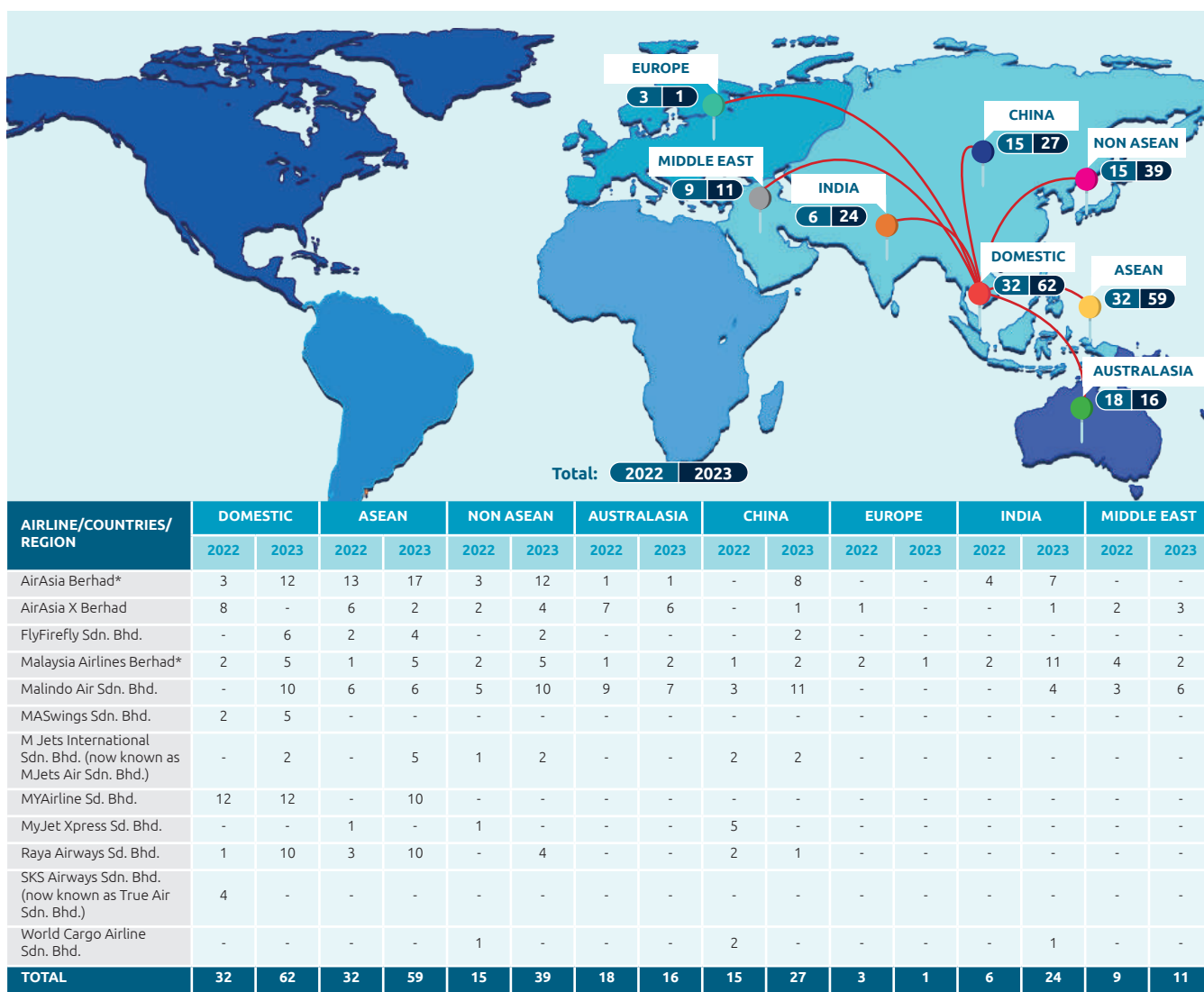
*Note: The ATR applications that were denied were due to high flight cancellations, overcapacity, and insufficient traffic rights allocated to all carriers*

 **Table 1.2** Breakdown of ATRs Awarded in 2022 versus 2023

AIRLINE	DOMESTIC		INTERNATIONAL	
	2022	2023	2022	2023
AirAsia Berhad*	3	12	21	45
AirAsia X Berhad	8	–	18	17
FlyFirefly Sdn. Bhd.	–	6	2	8
Malaysia Airlines Berhad*	2	5	13	28
Malindo Airways Sdn. Bhd.	–	10	26	44
MASwings Sdn. Bhd.	2	5	–	–
M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.)	–	2	3	9
MYAirline Sdn. Bhd.	12	12	–	10
MyJet Xpress Sdn. Bhd.	–	–	7	–
Raya Airways Sdn. Bhd.	1	10	5	15
SKS Airways Sdn. Bhd. (now known as True Air Sdn. Bhd.)	4	–	–	–
World Cargo Airline Sdn. Bhd.	–	–	3	1
<b>TOTAL</b>	<b>32</b>	<b>62</b>	<b>98</b>	<b>177</b>

\*Note: Including cargo

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



\*Note: Including cargo

**Table 1.4 Types of Approved Filing Applications**

The approved filing applications in 2023 were reduced by 17 per cent compared to 2022 due to a reduction in schedule change request. This was a result of airlines filing their schedules more consistently and with minimal changes in 2023 compared to the previous year.

TYPES OF APPROVED FILING APPLICATIONS	2022	2023
Commercial Scheduled Flights	2,104	1,820
Commercial Scheduled - Extra Flights	508	358
Commercial Non-Scheduled (Charter) Flights	1,578	1,260
Ad-hoc Flights	750	662
<b>TOTAL</b>	<b>4,940</b>	<b>4,100</b>

The key performance indicator (KPI) for the processing of commercial scheduled and non-scheduled flights is 5 days and 3 days, respectively. In 2023, the average processing time for each application filed for commercial scheduled flights was 1.4 days and for non-scheduled flights, it was 0.2 days (4.8 hours). Both of these processing times are below the established KPI.

## 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 fixed schedules, 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 those who wish 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, management expertise, among others.

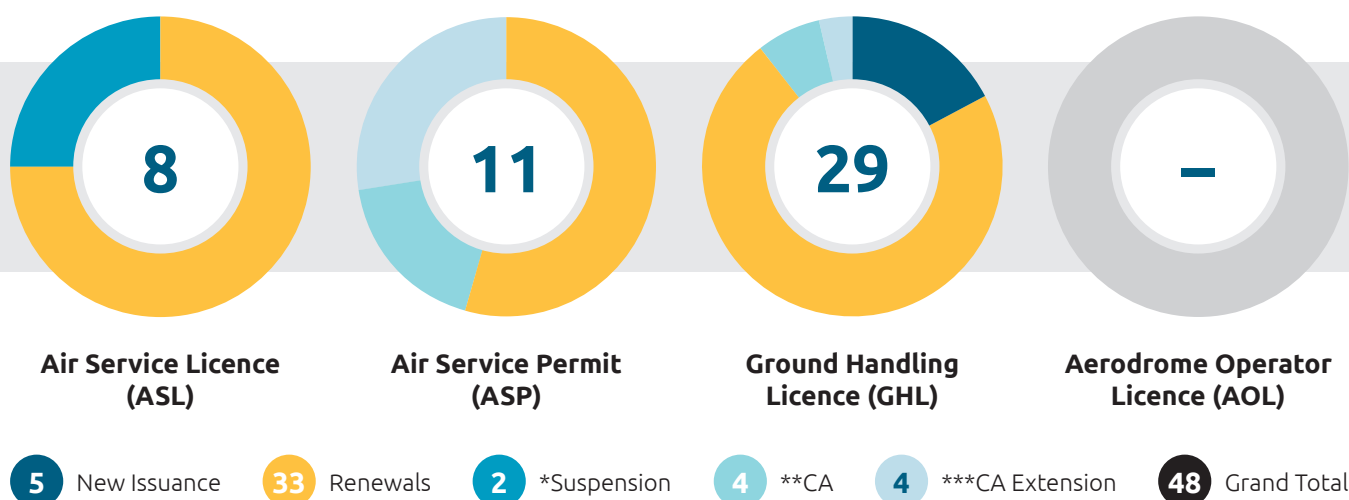
In line with its mandate to support the industry's recovery and growth, the Commission continued to actively review and approve commercial aviation licences and permits. In 2023, the Commission issued a total of 46 commercial aviation licences and permits, representing an 18 per cent increase from 2022. Of these, 33 were licence renewals, while 5 were newly issued Ground Handling Licences (GHL). Notably, 3 of the new GHL issuances were granted to Approved Maintenance Organisations (AMO), namely Safeair Technical Sdn. Bhd., MAZ Gerbang Sdn. Bhd., and MAB Engineering Services Sdn. Bhd. However, the Commission also took regulatory actions where necessary, suspending two ASLs held by MYAirline Sdn. Bhd. (MYAirline) and My Jet Xpress Airlines Sdn. Bhd. on 1 November 2023. The total number of licenses processed was 48.

On 24 October 2023, the Commission established a Special Task Force to address passenger refunds resulting from the abrupt flight cancellations by MYAirline. In addition to MAVCOM's consumer hotline, the Commission also made available a Frequently Asked Questions (FAQ) sheet and other important information to enable consumers to contact the Commission directly.

The MYAirline incident prompted a thorough review of the Commission's internal licensing framework and standard operation procedures to identify shortcomings in the assessments for aviation licences. The Task Force examined the criteria for evaluating licence applications, the stringency of financial assessments, fit and proper person guidelines, and oversight procedures for existing licensees, among others. This review led to the implementation of several internal improvements, with the Commission committing to continuous improvements to ensure the effectiveness of the licensing framework and processes.

Building upon its review of the licensing framework and processes, the Commission also re-evaluated the conditions attached to the licences. This resulted in the revisions of the general licensing conditions, focusing on strengthening the provisions related to the cessation of operations, requiring frequent updates on the fit and proper declarations of licensees, financial requirements, and more. To further strengthen the regulatory framework, the Commission initiated formal partnerships and engagements with other statutory and regulatory bodies, including Bank Negara Malaysia, the Securities Commission, Social Security Organization (SOCSO), and Employees Provident Fund (EPF). These collaborations aim to improve the monitoring of licensee compliance in areas of integrity and statutory payments. Additionally, the Commission is conducting a comprehensive review of the ground handling, business and general aviation sectors, which contributes to the enhancement of the current licensing framework and processes.

**Figure 1.1** Number of Commercial Aviation Licences and Permits Awarded, Renewed, and Suspended, including Conditional Approvals (CA) Granted and Extended in 2023



Note:

\*The 2 ASL suspensions relate to MYAirline Sdn. Bhd. and My Jet Xpress Airlines Sdn. Bhd. effective 1 November 2023

\*\*The 4 CAs were awarded to ATAS Aero Engineering Sdn. Bhd. and MTR Express Sdn. Bhd., and Foursquare Diversified Sdn. Bhd. and MyMenzies Sdn. Bhd., for ASPs and GHLs respectively

\*\*\*2 out of 4 CA extensions were granted to Aerotree Defence & Services Sdn. Bhd. (CA for an ASP) and 1 each to Gading Air Services Sdn. Bhd. (CA for an ASP) and M Jets International Sdn. Bhd. (now known as M Jets Air Sdn. Bhd.) (CA for a GHL), respectively

**Table 1.5** List of Air Service Licence (ASL) Holders in 2023

MYAirline suspended its operations from 12 October 2023. The Commission suspended MYAirline's ASL effective 1 November 2023, thereafter, the ASL expired and ceased to take effect from 16 November 2023.

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

Note: \*My Jet Xpress Airline's ASL was suspended effective 1 November 2023

**Table 1.6 List of Air Service Permit (ASP) Holders in 2023**

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

**Table 1.7 List of Aerodrome Operator Licence (AOL) Holders in 2023**

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.

**Table 1.8 List of Ground Handling Licence (GHL) Holders in 2023**

No.	GHL HOLDER
1	AeroDarat Services Sdn. Bhd.
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.
10	Hasrat Asia (M) Sdn. Bhd.
11	Hornbill Skyways Sdn. Bhd.
12	KLM Line Maintenance Sdn. Bhd.
13	Layang Layang Aerospace Sdn. Bhd.
14	MAB Engineering Services Sdn. Bhd.
15	MAB Kargo Sdn. Bhd.
16	Malindo Airways Sdn. Bhd.



No.	GHL HOLDER
17	Mas Awana Services Sdn. Bhd.
18	MAZ Gerbang Sdn. Bhd.
19	M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.)
20	MNM Aviation Services Sdn. Bhd.
21	Nusantara Aviation Services Sdn. Bhd.
22	Petron Malaysia Refining & Marketing Berhad
23	Petronas Dagangan Berhad
24	Pos Aviation Engineering Services Sdn. Bhd.
25	Pos Aviation Sdn. Bhd. (formerly KL Airport Services Sdn. Bhd.)
26	Prosky Services Sdn. Bhd.
27	Raya Airways Sdn. Bhd.
28	Sabah Air Aviation Sdn. Bhd.
29	Safeair Technical Sdn. Bhd.
30	Senai Airport Terminal Services Sdn. Bhd.
31	Shell Malaysia Trading Sdn. Bhd.
32	Shell Timur Sdn. Bhd.
33	Skypark FBO Malaysia Sdn. Bhd.
34	Smooth Route Sdn. Bhd.
35	TransAsia Services Sdn. Bhd.


PART 2

CONSUMER-DRIVEN INITIATIVES

2.1 CONSUMER REPORTS

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, walk-ins, social media platforms, and the FlySmart mobile application.

 **Table 2.1** Total Complaints Registered in 2022 and 2023

	TOTAL REEGISTERED COMPLAINTS	2022	2023
	TOTAL COMPLAINTS	6,014	6,860
	JUSTIFIED COMPLAINTS	3,205 (53%)	4,943 (72%)
	UNJUSTIFIED COMPLAINTS	2,809 (47%)	1,917 (28%)

Note: The data on MYAirline has been excluded from key highlights in 2023.

A total of **6,860 complaints 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 4,943 (72 per cent), while the remaining 1,917 (28 per cent) could not be acted upon.

The increase in justified complaints of **54 per cent** denotes that consumers were providing the relevant documents, enabling the Commission to provide a fair and equitable resolution to their complaints.

The top 3 categories of consumer complaints in 2023 were cases involving refunds, flight cancellations, and mishandled baggage. Compared to the year before, the top 3 categories for 2022 were flight cancellations, flight rescheduling, and online booking.

In addition to the 4,943 consumer complaints for the year, the Commission also received 1,917 **complaints that could not be acted upon** due to the following reasons:

- 1,261 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;
- 281 complaints were beyond the jurisdiction of Malaysian Aviation Consumer Protection Code 2016 (MACPC);
- 131 complaints could not be pursued, as the Commission established that the airline or airport had fulfilled its obligation under the MACPC;
- 83 complaints were related to bookings made through travel agents;
- 64 complaints were not related to the aviation industry;
- 49 consumers requested to withdraw the complaint as a fair resolution was provided by the airline;
- 32 complaints regarding aviation service providers (Immigration and Customs); and
- 16 complaints were more than 1 year from the date of the incident.

**Table 2.2 Total Cases Registered Since MAVCOM's Inception in 2016 until 2023**

	TOTAL FEEDBACK	JUSTIFIED FEEDBACK	JUSTIFIED COMPLAINTS
Since inception (2016 – 2022)	31,588	17,438	10,585
2023	8,682	6,293	4,943
<b>TOTAL CASES SINCE INCEPTION</b>	<b>40,270</b>	<b>23,731</b>	<b>15,528</b>

Note:

**Total feedback** includes different types of complaints, requests, inquiries, and compliments received by the Commission

**Justified feedback** refers to responses that have merit and require further review or action by airlines or airports.

**Justified complaints** are complaints with complete documentation that are registered with the Commission.

**Table 2.3 Breakdown of Complaints by Category in 2023**

CATEGORY	CASES
Refunds	907
Flight Cancellations	808
Mishandled Baggage	584
Online Booking	556
Rescheduled Flight	538
Flight Delays	522
Frequent Flyer Programme	276
Offloaded	244
Customer Service	118
Facilities/Inflight Services	107
Price of Tickets	101
Others	77
Communication of Change in Flight Status	44
Denied Boarding	30
Safety and Security	16
Special Assistance/ Persons with Disabilities (PWD)	15
<b>TOTAL</b>	<b>4,943</b>

Others: Complaints include restricted terms for travel vouchers, consumers' inability to book flights with the travel vouchers, excessive baggage fees, separate seat assignments despite 1 ticket, and complaints of missing valuables in airports offloaded by the airport security, dissatisfaction with the terms and condition of the airline, delayed compensation, aircraft downgrade and unhappiness with the cabin pressure.

**Table 2.4 Breakdown of Complaints by Airlines and Airports in 2023**

AIRLINE	Total number of complaints in 2023
AirAsia Berhad	1,844
Malaysia Airlines Berhad	1,580
AirAsia X Berhad	576
Malindo Airways Sdn. Bhd. (Batik Air)	480
FlyFirefly Sdn. Bhd.	241
Foreign Airlines	133
MASwings Sdn. Bhd.	26
SKS Airways Sdn. Bhd. (now known as True Air Sdn. Bhd.)	3
<b>TOTAL</b>	<b>4,883</b>

AIRPORT	Total number of complaints in 2023
KL International Airport Terminal 1	18
KL International Airport Terminal 2	12
Kota Kinabalu International Airport	7
Penang International Airport	6
Senai International Airport	5
Sultan Abdul Aziz Shah Airport, Subang	4
Kuching International Airport	3
Sultan Azlan Shah Airport, Ipoh	2
Sultan Ismail Petra Airport, Kota Bharu	2
Kuala Terengganu Airport	1
<b>TOTAL</b>	<b>60</b>

Apart from 4,943 justified complaints, the Commission received 4,668 **cases were registered** involving the suspension of MYAirline Sdn. Bhd. (MYAirline) operation on 12 October 2023. The Commission engaged with Bank Negara Malaysia and developed Frequently Asked Questions (FAQs) to address MYAirline's unrendered services. To ensure widespread dissemination, these FAQs and a chargeback

Factsheet were featured on the Commission's official website and social media platforms, including Facebook, Instagram, and X (Twitter). The Commission took proactive measures to assist affected consumers, providing detailed information on chargeback processes via e-mail to those who contacted the Commission regarding MYAirline's flight cancellations.

## 2.2 CONSUMER SATISFACTION SURVEY

In April 2023, the Commission implemented an automated survey to consumers who had lodged a complaint to us. The objective of the survey is to gauge consumer satisfaction with the Commission's complaints management process and obtain feedback to further improve our process.

From April to December 2023, a total of 5,333 surveys were distributed to consumers. Of these, 1,072 consumers (20 per cent) responded, while 3,907 (73 per cent) did not participate, and 354 (7 per cent) left the survey incomplete. The survey results indicate that 61 per cent of respondents were satisfied with the Commission's complaint management. These consumers commended the Commission's responsiveness, the user-friendly complaint lodging process via the Commission's website and mobile app, and the knowledgeable and efficient staff.

However, 39 per cent of respondents reported dissatisfaction, citing a perceived lack of assertiveness from the Commission, inability to take action in relation to airlines' or airports' commercial decisions, dissatisfaction as no action was taken against airlines for flight status changes, lack of case status updates after lodging a complaint with the Commission, and concerns over high airfare prices and refund policies.

In response to these findings, the Commission conducted a thorough review of the suggestions and implemented several improvements. To improve communication with consumers regarding their case status, an email is sent to consumers on the case timeline and processes. These measures demonstrate the Commission's commitment to enhancing its services based on consumer feedback. The Commission continues to strive for excellence in managing aviation-related complaints and ensuring consumer satisfaction in the rapidly evolving post-pandemic air travel landscape.



## 2.3 FLYSMART AND CONSUMER AWARENESS INITIATIVES

### FlySmart

FlySmart, an initiative by the Commission, is dedicated to promoting awareness, educating, and empowering travellers about their air travel rights as outlined in the MACPC. The Commission uses FlySmart to disseminate information and raise awareness through various communication channels. These include the FlySmart website, social media platforms such as Facebook, Instagram, and X (Twitter), as well as a mobile application compatible with Android and iOS devices, available for download from the Google Play Store and Apple App Store. Consumers can learn about their travel rights through these platforms, which explains the obligation by airlines during flight delays, cancellations, denied boarding, and lost or damaged baggage. Whether travellers are at home, on the go, or at the airport, they can easily access the information they need to protect their rights during air travel.

A digital consumer campaign encompassing educational videos on air travel rights was also produced and published on various platforms from December 2022 to February 2023, with the main objective of enhancing travellers' understanding of their rights in situations such as flight delays, flight cancellations, delayed and damaged baggage. This effort not only contributed to a more informed public but also reinforced MAVCOM's dedication to consumer protection within the aviation sector. These initiatives have set the stage for future digital efforts aimed at empowering and educating air travellers across Malaysia.

### Rebranding of Social Media Pages

In 2023, FlySmart's social media channels, specifically Facebook and Instagram, were strategically rebranded under the MAVCOM brand. This rebranding was undertaken to expand the audience reach and reinforce MAVCOM's position as the economic and commercial regulator. By aligning FlySmart's identity more closely with MAVCOM, the initiative was aimed to create a stronger association between FlySmart and MAVCOM as a regulatory authority, thereby enhancing the visibility for travellers within the industry.

Additionally, the Commission launched its X page (formerly known as Twitter) in June 2023. This expansion into the X platform reflects MAVCOM's commitment to engaging with a broader and more diverse audience, ensuring that information on air travel rights and related regulatory matters reaches as many travellers and stakeholders as possible. The introduction of X as a communication channel further solidifies MAVCOM's presence in the digital space, providing yet another platform for educating and empowering the public about their rights within the aviation sector.

As part of its ongoing digital strategy, the Commission plans to introduce more interactive content across its digital platforms, aiming to deepen engagement with travellers and provide real-time support and information. The Commission continues to explore opportunities to expand its presence on emerging digital platforms, ensuring that it remains at the forefront of providing accessible and reliable information to air travellers.





## Other Consumer Awareness Initiatives

In 2023, MAVCOM held a series of media engagement sessions across Kuala Lumpur, Sarawak, and Sabah, aimed at strengthening relationships with the media. These sessions, led by the Executive Chairman, provided an opportunity for direct dialogue with prominent media houses. The Commission shared insights into its roles and ongoing initiatives, addressing queries and discussing the sector's outlook and challenges. Through these engagements, the Commission sought to promote transparency and foster a deeper understanding of its work, ensuring accurate and comprehensive media coverage.

During the sessions, MAVCOM provided updates on significant projects, including the development of the Airports Quality of Service (QoS) Framework and the planned enhancements to the MACPC. These discussions allowed media representatives to gain a clearer understanding of the Commission's initiatives and future plans, encouraging better collaboration and communication between MAVCOM and its stakeholders.

In addition to the media outreach, MAVCOM participated in the Langkawi International Maritime and Aerospace Exhibition (LIMA 2023), where it engaged with industry stakeholders and the public. A notable highlight was a presentation on the evolution of the MACPC, focusing on consumer rights in air travel and future improvements to safeguard aviation consumers. While the event facilitated meaningful exchanges, MAVCOM remained committed to its media engagements as a key focus for the year.

Overall, the media sessions provided a valuable platform for fostering stronger ties with media outlets, promoting a transparent approach to the Commission's work, and ensuring effective communication about its initiatives and goals for the aviation sector.





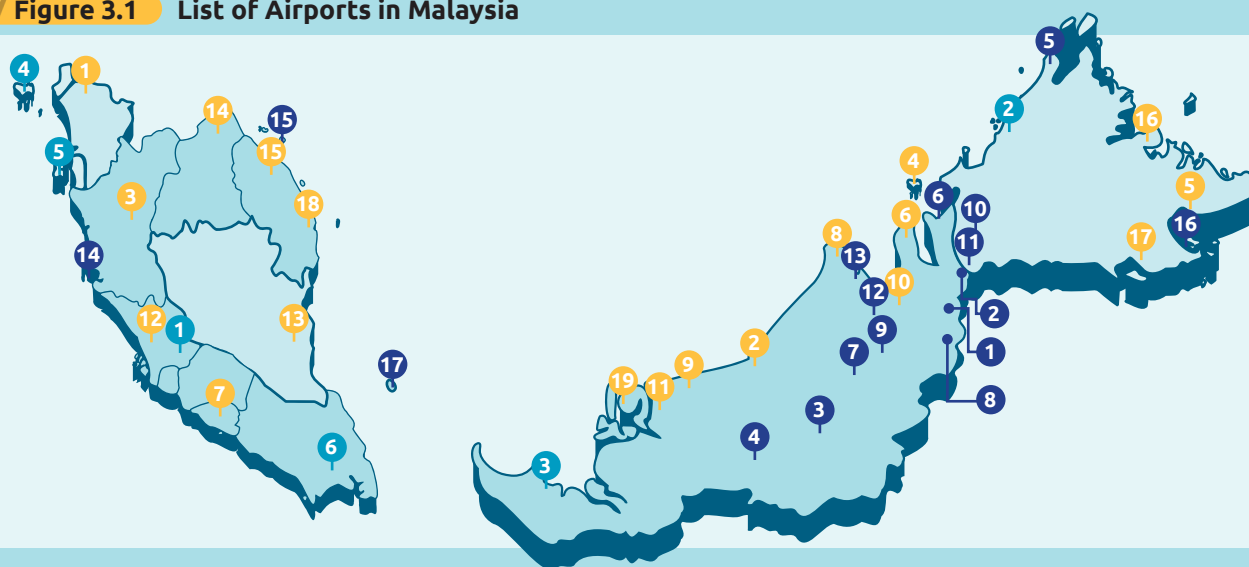
## PART 3

## 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), through its subsidiaries, 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

Airport operator: **Malaysia Airports Holdings Berhad (MAHB)**

- |   |  |
|---|--|
| 1 KL International Airport (KUL)            | 4 Langkawi International Airport (LGK) |
| 2 Kota Kinabalu International Airport (BKI) | 5 Penang International Airport (PEN)   |
| 3 Kuching International Airport (KCH)       |  |

Airport operator: **Senai Airport Terminal Services Sdn. Bhd. (SATS)**

- |                                     |
|-------------------------------------|
| 6 Senai International Airport (JHB) |
|-------------------------------------|

## DOMESTIC AIRPORTS

Airport operator: **Malaysia Airports Holdings Berhad (MAHB)**

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

Airport operator: **Senai Airport Terminal Services Sdn. Bhd. (SATS)**

- |                 |
|-----------------|
| 18 Kerteh (KTE) |
|-----------------|

Airport operator: **Tanjung Manis Development Sdn. Bhd.**

- |                        |
|------------------------|
| 19 Tanjung Manis (TGC) |
|------------------------|

## STOLports

Airport operator:  
**Malaysia Airports Holdings Berhad (MAHB)**

- |                       |
|-----------------------|
| 1 Bario (BBN)         |
| 2 Ba'kelalan (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)       |

## 3.2 AIRPORTS QUALITY OF SERVICE (QOS) FRAMEWORK

### 3.2.1 INTRODUCTION TO AIRPORTS QOS FRAMEWORK

The development of the Airports QoS Framework was first announced in October 2016 with the objectives of **enhancing passenger comfort at the airport, ensuring consumer service levels are prioritised, and facilitating 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 (KUL Terminal 1 and 2) in stages. The Airports QoS Framework essentially serves as a guide for airports to operate efficiently while providing convenience for passengers, airlines, ground handling operators, and other airport users.

### 3.2.2 MONITORING OF AIRPORTS QOS FRAMEWORK IN 2023

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 KUL Terminal 1 and 2 based on **4 key service quality categories**, consisting of **passenger comfort and facilities, queueing times, passenger and baggage flows**, as well as **operator equipment and staff facilities**. The broad 4 categories provide a standardised QoS Framework for assessing service quality across airports in Malaysia. However, the specific service quality elements within each category may differ by airport depending on the airport QoS requirement.



































The Commission utilises a data-driven approach to determine the service quality elements at each airport. The determining factor of each service quality element focuses on passenger traffic, operational efficiency, service quality data, and feedback from the airport community and consumers, forming a comprehensive approach to airport service quality management. This adaptability ensures the service quality elements remain relevant to the changing needs of the airport and its users.

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 KUL Terminal 1 and 2**

At KUL Terminal 1 and 2, the Commission 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 Commission aims to complete the implementation of all 28 service quality elements at KUL Terminal 1 and 2 in 2024.

<b>Passenger comfort &amp; facilities</b>	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓
	Cleanliness of washrooms	Overall satisfaction with washrooms	Overall satisfaction with airports	Wayfinding (signages at airport)	Flight information displays	Cleanliness of terminal	Kerbside congestion	Wi-Fi availability	Terminal ambience
<b>Queueing times</b>	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 *	 *	 *
	Passenger security search	Inbound customs	Outbound customs	Inbound immigration	Outbound immigration	Transfer immigration	Check-in counters		Kerbside (arrival and departure)
<b>Passenger &amp; baggage flows</b>	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓
	Bus availability (only for KUL Terminal 1)	Aerotrain availability (only for KUL Terminal 1)	Baggage retrieval – time for first bag to arrive at carousel	Baggage retrieval – time for last bag to arrive at carousel	Baggage handling system availability	Outbound baggage (baggage which was not loaded onto the aircraft for the intended flight)			Lifts, escalators & walkalators availability
<b>Operator equipment &amp; staff facilities</b>	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓	 ✓		
	Aerobridge operator availability	Aerobridge equipment availability	Ramp Wi-Fi availability	Visual Docking Guidance System availability	Cleanliness of staff washrooms				

✓ Indicates the service quality elements that have been implemented at KUL T1 and T2

✓ Indicates the service quality elements that will be implemented in Q2 2024 at KUL T1 and T2

\* Indicates the 2 remaining service quality elements under Queueing Times that will be implemented in Q4 2024 at KUL T1 and T2

Note: Passenger journey and service quality elements may vary from airport to airport

Source: MAVCOM

### 3.3 IMPLEMENTATION OF AIRPORTS QOS FRAMEWORK

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** Implementation of the Airports QoS Framework in Stages



**Note:** Airport priority may change over time, based on cosumer volume, terminal utilisation, and airport service performance.  
\*Sultan Abdul Aziz Shah Airport in Subang is currently undergoing development as part of the Subang Airport Regeneration Plan (SARP).

#### Successful implementation of MAVCOM's Airports Quality of Service at Kota Kinabalu International Airport and Langkawi International Airport

In the first half of 2023, the Commission completed the development and implementation phase of the Airports QoS at Kota Kinabalu International Airport (BKI) and Langkawi International Airport (LGK). The Airports QoS Framework serves as a guide for airport operators to evaluate, monitor, maintain, and enhance their services based on the standards and key performance indicators set by the Commission.

















Under the Airports QoS Framework, the Commission has developed and subsequently enforced 18 service quality elements at BKI and the remaining service quality element, kerbside congestion will be implemented by Q4 2024. As of July 2023, 11 service quality elements were successfully implemented at LGK. The Commission also conducts regular inspections to ensure that the airport operator complies with these elements.

The service quality elements implemented at BKI and LGK are based on 4 key service quality pillars consisting of passenger comfort and facilities, queueing times, passenger and baggage flows, and operator and staff facilities. The Commission is pleased to note that BKI and LGK have been meeting their respective targets for their service quality elements from May 2023 to December 2023.

Aside from BKI and LGK, the Airports QoS Framework targets will also be implemented at other airports in Malaysia, such as Senai, Kuching, and Miri Airport. The development phase for these 3 airports commenced in Q3 2023 and is expected to be implemented by Q3 2024.

**Figure 3.4** 19 Service Quality Elements Introduced at Kota Kinabalu International Airport (BKI)

### Airports QoS Framework at Kota Kinabalu International Airport (BKI)

Passenger comfort & facilities	 Overall satisfaction with airports	 Cleanliness of terminal	 Terminal ambience	 Wayfinding (signages at airport)	 Flight information displays	 Wi-Fi availability	 Overall cleanliness of washrooms	 Availability of washrooms	 Washroom cleanliness
Passenger & baggage flows	 Baggage handling system availability	 Lifts, escalators & walkalators availability	Operator equipment & staff facilities						
			 Aerobridge operator availability		 Aerobridge equipment availability				
Queueing times	 Check-in counters	 Security screening	 Outbound immigration	 Kerbside queueing	 Visual Docking Guidance System availability				
					 Cleanliness of staff washrooms				

Note: All service quality elements under Queueing times to be enforced by 2024.

**Figure 3.5** 11 Service Quality Elements Introduced at Langkawi International Airport (LGK)

### Airports QoS Framework at Langkawi International Airport (LGK)

Passenger comfort & facilities	Overall satisfaction with airports	Cleanliness of terminal	Terminal ambience	Flight information displays	Wi-Fi availability	Overall cleanliness of washrooms	Washroom cleanliness
Operator equipment & staff facilities	Cleanliness of staff washrooms	Queueing times					
		Check-in counters	Security screening	Outbound immigration			

### 3.3.1 IMPOSITION OF FINANCIAL PENALTY FOR AIRLINES NON-COMPLIANCE TO THE MACPC AND AIRPORTS QOS

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 in 2016 until the end of 2023.

#### Airports

The Airports QoS Framework was implemented progressively in KUL Terminal 1 and 2 since September 2018. The Framework is divided into 4 service quality categories: passenger comfort and facilities, operator equipment and staff facilities, queueing 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. As of **August 2024** the Commission has imposed a financial penalty of **RM2.9 million** cumulatively on Malaysia Airports (Sepang) Sdn. Bhd. (MA Sepang), a subsidiary of MAHB, for failing to comply with the Airports QoS Framework. Specifically, the areas of non-compliance included the cleanliness of passenger and staff washrooms, the availability of ramp Wi-Fi service, outbound baggage (bags that were not uploaded onto the intended aircraft) as well as inbound baggage (the time to retrieve the first and last bags at the baggage carousel).

#### Airlines

It is mandatory for airlines to comply with the Malaysian Aviation Consumer Protection Code 2016 (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.

In 2023, the Commission imposed financial penalties amounting to RM40,000 on Batik Air for non-compliance with the MACPC for failure to communicate about changes in flight schedule to consumers. As of **August 2024** the Commission has imposed a financial penalty of **RM4.8 million cumulatively** on AirAsia, AirAsia X, and Batik Air for failing to comply with the MACPC.

The penalties collected from various non-compliance cases are specifically allocated for development activities. These activities include the Commission's efforts in developing new regulatory policies or framework, as well as projects, studies, or campaigns aimed at improving the aviation industry, including benefits for consumers. This approach ensures that the penalties are reinvested into the industry and consumers, while the Commission covers its operational expenses through its other source of income.





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

The establishment of Aviation Services Charges (ASC) is crucial for the nation's long-term economic growth, as airport development and air connectivity are interdependent. Due to its significance, the Commission is developing a framework to determine ASC at Malaysian airports, including Passenger Service Charges (PSC), landing and parking charges, as well as other charges outlined in the Malaysian Aviation Commission ASC Regulations 2016 and its amendments.

In the short-term, the Commission proposes that the regulatory framework focus on stimulating air travel and supporting the aviation sector's recovery from the COVID-19 pandemic. For the medium to long-term, the regulatory framework should encourage efficient airport investment and operations to support prudent cost recovery and enable airports to be self-funded. Fundamentally, the goal is to create a fair and robust framework that balances the needs of all parties involved in the aspect of charges for fair use of airport facilities. Indirectly, this will enhance Malaysia's air connectivity, which aligns with the national ambition to become a robust global aviation hub to serve travellers better.

In July 2021, the Commission commenced the development of the long-term framework. The Commission published its First Consultation Paper on the Regulation of Aviation Services Charges in August 2022, discussing regulatory principles, market uncertainty, the proposed short-term method, transitional approaches, and the considerations for implementing a cost-based framework.

The Second Consultation Paper on the Regulation of Aviation Services Charges was published in March 2023. The paper addressed stakeholder feedback from the first Consultation Paper and included the Commission's proposed ASC for the first regulatory period (2024–2026). It also outlined the proposed form of regulatory control and regulatory till that would be applied to the subsequent regulatory periods.

On 12 March 2024, the Commission published the Decision Paper on the Regulation of Aviation Services Charges for the First Regulatory Period (RP1) and has announced the revisions to the ASC for RP1, spanning from 1 June 2024 to 31 December 2026. The amendments to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 (P.U. (A) 115 and P.U. (A) 136) were gazetted on 29 April 2024 and 29 May 2024.

The Consultation and Decision Papers on the long-term framework for the regulation of ASC, as well as the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and its amendments are available 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 engaged in a range of policy advisory activities in 2023, one of which focused on improving Malaysia's air connectivity. Based on MAVCOM's Air Connectivity Index, Malaysia ranked fifth in Association of Southeast Asian Nations (ASEAN) behind Thailand, Singapore, Vietnam, and Indonesia. This finding suggests that Malaysia's air connectivity has significant potential to grow in this region. During the year under review, the Commission carried out an assessment of the international hub passenger connectivity of airports in ASEAN and published the findings in the December 2023 *Waypoint* publication.

The Commission is of the view that improving air connectivity requires a collaborative approach, which involves participation from various Ministries, government

agencies, and industry players. During the year under review, the Commission was involved in several discussions on improving air connectivity with the MOT and airport, as well as advocating the importance of air connectivity in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) region during the Sarawak Transport Conference 2023. The Commission anticipates extensive work on improving air connectivity in 2024 through the Commission's participation in the Airport Air Connectivity Development Committee, operating under the National Airport Performance Committee. In 2023, the Commission was also involved in other policy advisory work through its involvement in the National Aviation Council, the National Logistic Taskforce, and the National Airport Strategic Plan Committee.

The Commission's advisory work also includes offering advice to MOT during the Air Services Agreements (ASAs) negotiation between Malaysia and other countries. For instance, the Commission participated in the MOT delegation for ASA negotiations between Malaysia and the United Kingdom, providing regulatory, economic, and competition-related advice to the MOT.

## 4.2 INDUSTRY PERFORMANCE AND OUTLOOK

In 2023, Malaysia recorded **85.0 million air passenger traffic**, marking a remarkable **growth of 54.9** per cent year-on-year (YoY). This total passenger traffic was within the Commission's forecast of between 54.0 per cent YoY to 58.0 per cent YoY growth. Notably, the 2023 passenger traffic has recovered to 77.8 per cent of the pre-pandemic 2019 levels, indicating a robust rebound in the industry.

The growth was mainly attributed to the strong demand for post-pandemic travel, especially in the international sector. International traffic grew by 134.3 per cent YoY, equally driven by both ASEAN and non-ASEAN travel, registering 114.1 per cent and 163.9 per cent YoY growth, respectively. The domestic sector also contributed, with passenger traffic growing by 19.9 per cent YoY.

Malaysia's total seat capacity increased by an impressive 61.1 per cent YoY as carriers focused on capacity expansion for international destinations. Despite higher average fares and higher seat capacity, the average load factor increased from 64.9 per cent in 2022 to 69.3 per cent in 2023, indicating a

strong demand for air travel during the year under review. This strong performance was further evidenced by Malaysian carriers' revenue, which surged from RM14.8 billion in 2022 to RM30.0 billion in 2023, a 102.5 per cent increase, surpassing even the 2019 revenue of RM25.2 billion.

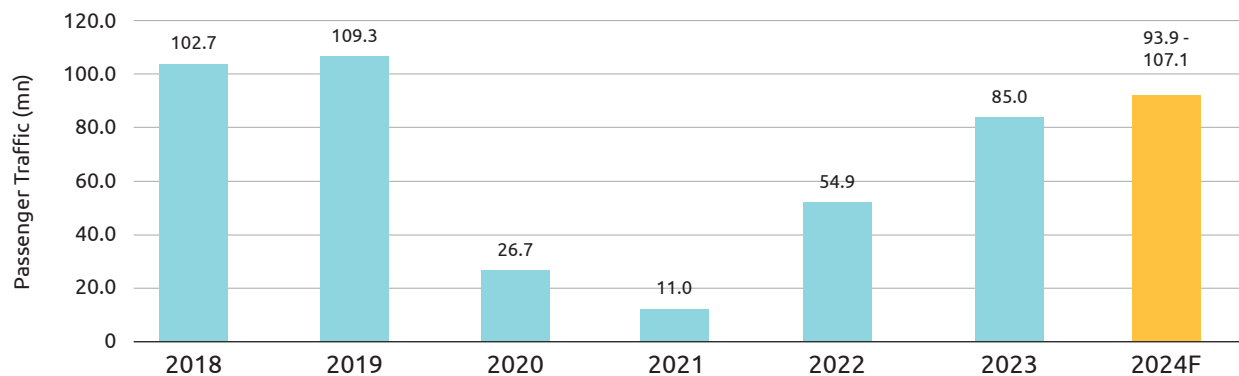
Looking ahead to 2024, the Commission anticipates passenger traffic to reach between 93.9 million and 107.1 million passengers, reflecting a 10.0 per cent to 25.0 per cent YoY growth. This forecast signifies a recovery of up to around 91.5 per cent of 2019 levels in 2024. The recovery momentum in 2024 is expected to be influenced significantly by the implementation of 30-day visa exemptions for tourists from China and India, as well as international travel to China and the ASEAN region.

While the passenger traffic forecast for 2024 is optimistic, potential downside risks warrant consideration. These include heightened jet fuel prices, depreciation of the Ringgit, delays in aircraft deliveries, and manpower-related issues.

During the year under review, the Commission participated in the International Air Transport Association (IATA) Air Cargo Day 2023, presenting the industry performance and outlook of the cargo industry. In 2023, the cargo industry recorded 18.9 billion Freight Tonne Kilometres (FTK), a decline of 13.3 per cent YoY due to weakened external demand, slower global growth, and geopolitical crisis. However, a potential turnaround is expected in 2024, with the Commission projecting a growth between 6.0 per cent and 6.6 per cent YoY, translating to 19.8 billion to 20.0 billion FTK.

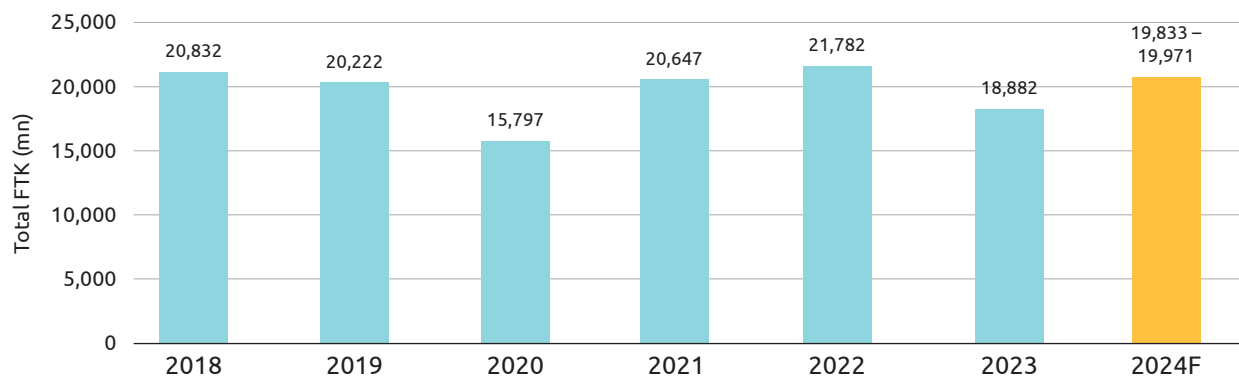
This anticipated growth can be attributed to factors including the low base in 2023, a potential upturn in the global technology cycle, continued recovery in China, and expected economic stabilisation, which will be supported by major central banks nearing the end of the monetary tightening cycle, thereby bolstering resilient consumer spending.

**Figure 4.1** Malaysia's Passenger Traffic, 2018 - 2023



Source: Aerodrome Operator Licence (AOL) Holders

**Figure 4.2** Malaysia's Cargo Traffic, 2018 - 2023



Source: IATA CargoIS

The aviation industry in Malaysia and the surrounding region faces several interconnected challenges. Supply chain disruptions, initially triggered by the COVID-19 pandemic and exacerbated by subsequent global events, continue to have far-reaching effects on the aviation industry. While the immediate impacts of the pandemic have largely subsided, the sector is still grappling with the after effects and adapting to a new normal. These ongoing disruptions impact the availability of spare parts for aircraft maintenance, repair, and overhaul (MRO) operations, straining the industry's ability to maintain and grow its fleet.

The disruptions have led to significant aircraft delivery delays, which not only increase costs but also hinder airlines' ability to deploy new aircraft and expand operational capacity. As a result, flight capacity constraints are a primary concern, with high demand, especially during peak seasons, often exceeding available capacity.

Manpower shortages compound these operational challenges, with the industry facing a lack of skilled professionals, particularly engineers, aircraft maintenance technicians, and ground handling workers. This shortage can lead to operational inefficiencies and potentially compromise service quality. Additionally, the strength of the US Dollar in 2023 has put pressure on airlines' operating costs.

## 4.3 DOMESTIC AIRFARES

The Commission continued to monitor airfares for all domestic routes for the period under review, providing prompt updates to the MOT on a weekly basis. In 2023, the Commission observed a noticeable trend in domestic air travel, with average fares increasing by 3.7 per cent YoY, reaching RM151.30 compared to RM145.90 in 2022. The rise in average fares was attributed to several factors, including higher operating costs for airlines and increased demand for domestic travel, particularly during super-peak travel periods.

The economic environment also played a significant role in the increase in average fares. While the Ringgit depreciated against the US Dollar, averaging RM4.56/USD in 2023 compared to RM4.40/USD in 2022, the impact on airfares was cushioned by a reduction of crude oil average price from USD 141 per barrel (bbl) in 2022 to USD 114 per bbl in 2023.

During the year under review, the MOT introduced FlySiswa, an RM300 airfare subsidy for public university students, aimed at addressing cost-of-living issues and strengthening relationships between Peninsular Malaysia and Sabah, Sarawak, and the Federal Territory of Labuan issues and strengthening relationships between Peninsular Malaysia and Sabah, Sarawak, and the Federal Territory of Labuan. Supported by the Commission, the initiative was planned to benefit over 56,000 students for Sabah, Sarawak, and the Federal Territory of Labuan. Following the programme's

success, FlySiswa's eligibility was extended to students from polytechnics and community colleges under the Ministry of Higher Education (MoHE), as well as matriculation and Teacher Education Institutes under the Ministry of Education (MOE).

Furthermore, the MOT implemented subsidies for the purchase of one-way economy class flight tickets for the Pesta Kaamatan and Hari Gawai travel period between 27 to 29 May 2023 for flights from Peninsular Malaysia to Sabah and the Federal Territory of Labuan as well as between 29 to 31 May 2023 for flights from Peninsular Malaysia to Sarawak. For this subsidy initiative, MOT purchased all remaining one-way economy class flight tickets from Peninsular Malaysia to Sabah, Sarawak and the Federal Territory of Labuan for the relevant travel period and capped airfares to consumers at RM300 excluding taxes, fees and charges. This subsidy initiative was further revised for the Christmas travel period between 22 to 24 December 2023, where one-way economy class airfares for flights from Peninsular Malaysia to Sabah, Sarawak and the Federal Territory of Labuan were capped at a maximum of RM599, excluding taxes, fees and charges, with the Government subsidising the airfare difference with the maximum airfare for sold seats only. This subsidy policy will be continued in 2024, covering other major festivals such as Chinese New Year, Hari Raya Aidilfitri, Pesta Kaamatan, Hari Gawai, and Christmas to ease the financial burden of Sabah, Sarawak, and Labuan travellers during festive seasons.

## 4.4 COMPETITION

Part VII of the Malaysian Aviation Commission Act 2015 [Act 771] empowers the Commission to regulate commercial matters in 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 and service levels, improved access, and affordability in ticket prices.

During the period under review, the Commission made several significant decisions regarding joint ventures and exemptions. On 13 June 2023, the individual exemption order for the joint venture between All Nippon Airways Co., Ltd. and United Airlines, Inc. was gazetted by the Attorney-General's Chambers, pursuant to the Commission's decision to grant the individual exemption on 19 October 2022 for a period of 5 years. The exemption granted is a renewal of the individual exemption previously granted to the joint venture on 11 May 2017. The joint venture covers scheduled

air passenger services between Malaysia and the Americas. Also on 13 June 2023, the individual exemption order for the joint business between Singapore Airlines Limited and Deutsche Lufthansa AG was gazetted pursuant to the Commission's decision to grant the individual exemption for a 3 year period on 5 December 2022. This exemption is also a renewal exemption granted to the joint venture, of which the initial exemption was granted on 3 September 2019. The joint venture covers scheduled air passenger services between Malaysia and Europe. The Commission also granted an individual exemption for 5 years for the joint business between Malaysia Airlines Berhad and Japan Airlines Co., Ltd. relating to scheduled air passenger services between Malaysia and Japan. The decision to grant the exemption was made on 2 May 2023, which also renews the exemption that was initially granted for the joint business on 9 December 2019.

The Commission assessed an individual exemption application for the joint business between Malaysia Airlines Berhad and Cathay Pacific Airways Limited. Following an extensive review by the Commission, it was found that the joint business will significantly reduce competition, particularly in the Kuala Lumpur-Hong Kong and Penang-Hong Kong markets, which concerns were communicated to the parties



of the joint business. The Parties ultimately withdrew their application, and the Commission announced the conclusion of its assessment on its website on 15 September 2023.

On 19 June 2023, the Commission granted its approval to the anticipated merger between SIA Engineering Company Limited and Pos Aviation Engineering Services Sdn. Bhd. This marked the first merger review in the ground handling sector, specifically concerning the market for line maintenance services. The issuance of the Commission's decision marked the second full text decision on an effects-based merger review for competition in Malaysia, following the first merger decision issued by the Commission for the merger between Korean Air Lines Co., Ltd. and Asiana Airlines, Inc. in 2021. The Commission found that the merger, which involves SIA Engineering Company Limited acquiring a 49 per cent stake in Pos Aviation Engineering Services Sdn. Bhd., would not result in a substantial lessening of competition (SLC) and would likely bring about benefits and economic efficiencies.

The Commission has continued to assess the individual exemption application for the joint business between Malaysia Airlines Berhad and Singapore Airlines Limited. This application, initially submitted on 30 October 2019, was closed due to the impact of COVID-19 and the need for the Parties to submit a substantial amount of data relating to the changes in the market. The Parties then resubmitted their application for the joint business on 12 July 2022, which application was also closed on 24 November 2023 due to the parties' intention to reduce the scope of the joint business. The Parties have since resubmitted their application for the joint business on 22 February 2024.

In supporting its assessment process, the Commission conducted a survey on the substitutability of other modes of transport to air transport for travel between Kuala Lumpur and Singapore, in relation to the Commission's assessment of the individual exemption application for the joint business

between Malaysia Airlines Berhad and Singapore Airlines Limited. The survey found that passengers flying between Malaysia and Singapore would not switch to other modes of transport when faced with a small but significant non-transitory increase in price (SSNIP) of flights. Hence, the Commission concluded that other modes of transport are not substitutable to air transport for this route. The survey results were used to supplement the Commission's assessment on market definition, relating to analysing the impact of the said joint business on competition in the air transport market between Kuala Lumpur and Singapore.

The Commission actively participated in the Special Committee Meeting on Competition (SCMC), a bi-annual meeting organised by the Malaysia Competition Commission (MyCC). As a committee member, MAVCOM contributes to these meetings, which provide a valuable platform for competition authorities to exchange views on regulation and enforcement in their respective industries.

Furthermore, the Commission engaged with industry members at the Langkawi International Maritime and Aerospace Exhibition 2023 (LIMA 2023) from 23 to 27 May 2023. The Commission presented a session on "Aviation Sustainability: Competition and Future Outlook," providing insights into the current state of the aviation sector and emphasising the importance of competition in revitalising the industry post-pandemic.

The Commission carries out robust legal and economic analyses of its competition applications and publishes the full text 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 MAVCOM's website at [www.mavcom.my](http://www.mavcom.my).





## PART 5

# AVIATION SERVICES IN SABAH AND SARAWAK

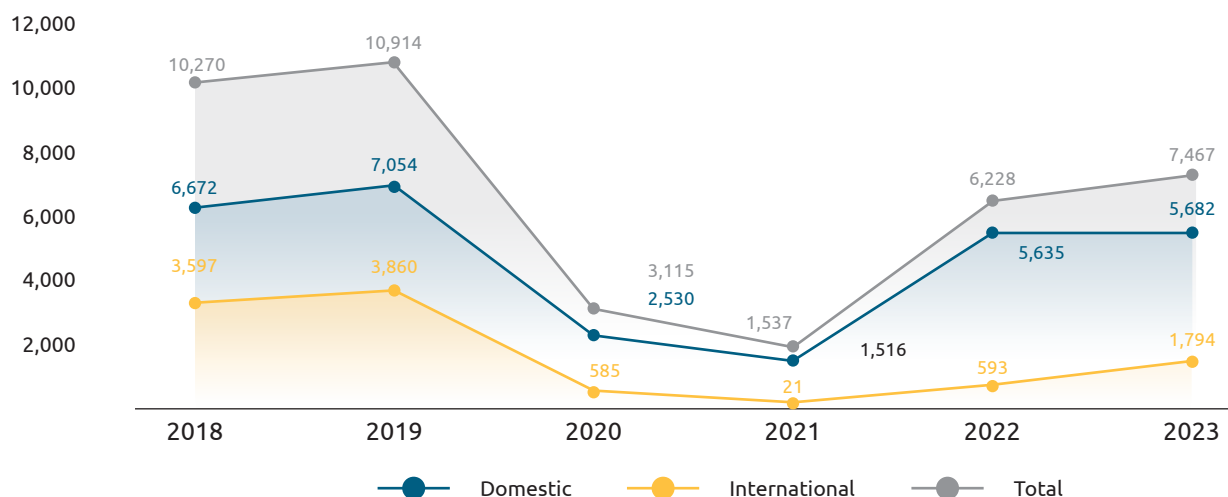
### 5.1 SNAPSHOT ON SABAH AND SARAWAK

The aviation sector within Sabah and Sarawak has shown greater signs of recovery in 2023. This period has seen an increase in passenger traffic by 17 per cent compared to 2022, primarily driven by the strong resurgence in international travel demand.

#### Sabah

The aviation landscape in Sabah in 2023 has been characterised by a robust recovery, as evidenced by the rise in passenger movements compared to the previous year. Domestic travel has shown a slight improvement, with the number of passengers rising to 5,682,000 from 5,635,000 in 2022. While international travel has yet to match the heights of the pre-pandemic era in 2019, it has shown robust signs of revival, increasing from 593,000 to an impressive 1,794,000 passengers, recording a threefold increase from the previous year's figures.

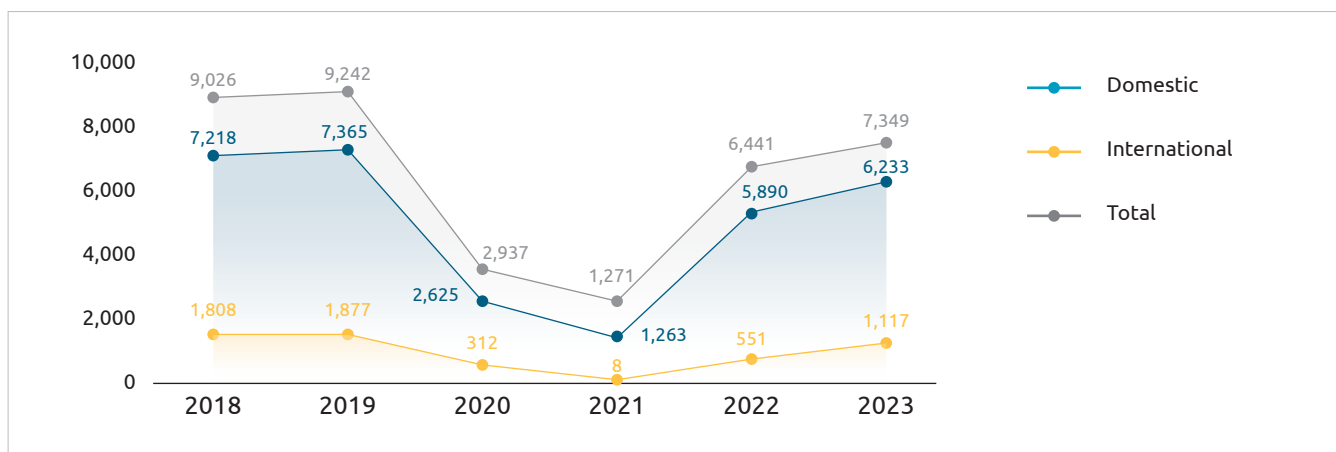
**Figure 5.1** Passenger Traffic Movements in Sabah from 2018 to 2023 ('000)



## Sarawak

Sarawak's domestic aviation market has exhibited a similar pattern, with a notable surge in passenger numbers. The rise in domestic passengers from 5,890,000 in 2022 to 6,233,000 in 2023 is a clear indication of a steady recovery 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 551,000 in 2022 to 1,117,000 passengers in 2023. Notably, Sarawak has achieved a remarkable milestone of 59.5 per cent of the pre-pandemic international traffic level in 2019. In comparison, the neighbouring state of Sabah recorded 46.5 per cent of the pre-pandemic international traffic level in 2019.

**Figure 5.2** Passenger Traffic Movements in Sarawak from 2018 to 2023 ('000)



## Sabah and Sarawak

Combining the data from both states, it is apparent that the total passenger traffic experienced a notable year-on-year (YoY) improvement of 17 per cent from 2022 to 2023. This growth was reflected not only in passenger numbers but also in Air Traffic Rights (ATR), which saw a significant 124 per cent increase for routes involving Sabah and Sarawak during the same period. However, when comparing these figures to the pre-pandemic levels of 2019, it is evident that while domestic travel is nearing pre-pandemic levels, international travel has not yet fully rebounded.

Despite the positive trends in passenger traffic and ATR growth, aviation players in Sabah and Sarawak faced some challenges in 2023. The challenges faced include a shortfall in available aircraft and manpower. Additionally, they had to navigate the complexities of fluctuating fuel costs and currency exchange rates, which continued to impact their operational efficiency and financial performance.



**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 2023

AIRLINE	DOMESTIC	INTERNATIONAL
AirAsia Berhad	78	37
AirAsia X Berhad	8	2
FlyFirefly Sdn. Bhd.	8	4
Malaysia Airlines Berhad	34	30
Malindo Airways Sdn. Bhd. (Batik Air)	24	37
MASwings Sdn. Bhd.	11	–
Raya Airways Sdn. Bhd.	20	3
MyJet Xpress Sdn. Bhd.	12	14
MYAirline Sdn. Bhd.	15	–
M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.)	4	5
World Cargo Airline Sdn. Bhd.	8	4
<b>TOTAL</b>	<b>222</b>	<b>136</b>



**Table 5.2** List of Licence and Permit Holders Operating in Sabah and Sarawak 2023 versus 2022 – Remains Unchanged

	NO.	LICENCE AND PERMIT 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

	NO.	LICENCE AND PERMIT HOLDER	BASE	TYPE
<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

## 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 enables essential air connectivity to remote, sparsely populated, or otherwise inaccessible parts of Malaysia, along with the rest of the country.

In 2023, MASwings Sdn. Bhd. (MASwings) carried 800,964 passengers, slightly lower by 1 per cent compared to 805,269 passengers carried in 2022 and lesser by 5 per cent compared to 845,192 passengers in 2019. During the Q1 2023, MASwings registered its highest growth, with passenger numbers reaching 197,374, which is a 17 per cent increase compared to the same period in FY2022. Notably, this performance surpassed pre-pandemic levels, showing a 4 per cent improvement over the 189,078 passengers recorded in Q1 2019. MASwings recorded an average seat factor of 54 per cent in 2023, consistent with the previous year and representing a significant 9 per cent improvement from the 45 per cent recorded in 2019.

In response to evolving market needs, 2 new routes were introduced in 2023, serviced by the Twin Otter (DHC6-400) aircraft on a twice-weekly basis, namely the route between Miri and Long Banga (MYL-LBP) and the route between Bario and Long Banga (BBN-LBP). The direct service MYL-LBP commenced operations on 31 March 2023, while the BBN-LBP service commenced on 29 October 2023. The dual operation on the high-demand Kuching-Mukah (KCH-MKM) route was maintained in 2023, offering 14 weekly flights on ATR72-500 aircraft and 7 weekly flights on Twin Otter (DHC6-400). However, the Kota Kinabalu-Kudat (BKI-KUD) and Kudat-Sandakan (KUD-SDK) routes, typically serviced twice weekly by Twin Otter (DHC6-400) aircraft, remained suspended throughout 2023.

Notably, it was announced that the Sarawak government would take over the operation of RAS in both Sabah and Sarawak following its acquisition of MASwings. On 20 July 2023, a Memorandum of Understanding (MoU) was signed between the federal and state Transport Ministries to initiate discussions and facilitate the takeover of RAS operations by the Sarawak government. The new RAS agreement is set to take effect on 1 January 2025, marking a pivotal shift in the management of rural air connectivity in Sabah and Sarawak.





**Table 5.3 List of RAS Routes Operated by MASwings as of December 2023**

Route	Sector (Route Structure)	2023 (Low Season)		2023 (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.	14	–	21	–
Miri-Mulu	Miri-Mulu v.v.	14	–	14	–
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.	–	35	–	35
	Lawas-Ba’kelalan v.v.	–	3	–	3
Miri-Ba’kelalan	Miri-Lawas-Ba’kelalan v.v.	–	3	–	3
Lawas-Ba’kelalan	Lawas-Ba’kelalan 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.	–	16	–	16
Miri-Long Lellang	Miri-Long Lellang v.v.	–	1	–	1
	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.	–	2	–	2
Miri-Long Seridan	Miri-Long Seridan v.v.	–	2	–	2
	Miri-Marudi-Long Seridan v.v.	–	2	–	2



**SARAWAK (INTERNAL)**

Miri-Long Banga	Miri-Long Banga v.v.	–	2	–	2
	Miri-Marudi-Long Banga v.v.	–	1	–	1
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	–	2	–	2
Bario-Ba'kelalan	Bario-Ba'kelalan 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
Bario – Long Banga	Bario – Long Banga v.v.	–	2	–	2

**SARAWAK (INTERSTATE)**

Miri-Labuan	Miri-Labuan v.v.	28	–	32	–
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



## 5.3 FUTURE SCHEDULING

The RAS Network is set to continue its operations based on a 'Seasonality Flexibility' approach beyond 2024. This strategic scheduling method reflects a commitment to prudent capacity management, designed to optimise seat factors and mitigate operating losses during both peak and non-peak periods.

By adopting this flexible approach, the RAS ensures that the communities reliant on air travel for business, healthcare, and connectivity to urban centres will continue receiving these essential services while maintaining operational efficiency. This strategy allows for adjustments in service frequency and capacity in response to fluctuating demand patterns throughout the year.

This approach also provides a framework for ongoing monitoring and evaluation of travel patterns and demand. The data collected will be invaluable for future route planning and potential adjustments post-2024, ensuring that the RAS continues to meet the evolving needs of rural communities while maintaining operational viability.



# 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 appear 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 ensure 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)<sup>1</sup> 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 the utmost 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.

<sup>1</sup>The function of the Director General of the Economic Planning Unit (EPU) of the Prime Minister's Department (PMD) is now assumed by the Secretary General of the Ministry of Economy.



## COMMISSION MEETINGS

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

In 2023, the Commission convened a total of 10 meetings, the details of which are as follows:

No.	Date	Meetings
1	12 January 2023	01/2023 Commission Meeting
2	16 February 2023	02/2023 Commission Meeting
3	9 March 2023	03/2023 Commission Meeting
4	13 April 2023	04/2023 Commission Meeting
5	13 June 2023	05/2023 Commission Meeting
6	17 July 2023	06/2023 Commission Meeting
7	10 August 2023	07/2023 Commission Meeting
8	11 September 2023	08/2023 Commission Meeting
9	12 October 2023	09/2023 Commission Meeting
10	1 November 2023	10/2023 Commission Meeting

**Members of the Commission** and their attendance at the 10 Commission Meetings in 2023 are listed below:




Members of the Commission in 2023	Total Attendance
Datuk Seri Hj. Saripuddin Hj. Kasim	10/10
Dato' Jana Santhiran Muniayan	10/10
Datuk Seri Long See Wool	10/10
Datuk Roger Tan Kor Mee	10/10
Dato' Wan Kamaruzaman Wan Ahmad	10/10
Dato Ir. Alice Jawan Empaling	07/07




## 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 outline the Committees formed by the Commission to date and an overview of each Committee's functions for 2023:

Audit & Risk Committee (ARC)			
	<b>Overview of the Committee's Functions</b>	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.	
	<b>No. of Meetings held in 2023</b>	4	
	<b>Members &amp; Attendance</b>	Dato' Wan Kamaruzaman Wan Ahmad	04/04
		Tan Sri Mohd Nasir Ahmad	03/04
		Encik Mohd Rashid Mohd Yusof	04/04




Competition & Economics Committee (CEC)			
	<b>Overview of the Committee's Functions</b>	The CEC provides strategic guidance and recommendations 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.	
	<b>No. of Meetings held in 2023</b>	7	
	<b>Members &amp; Attendance</b>	Datuk Seri Long See Wool	07/07
		Dr. Cassey Lee Hong Kim	07/07
		Dato' Normah Osman	07/07
		Associate Professor Dr. Haniff Ahamat	07/07






### Consumer Protection Committee (CPC)

	<b>Overview of the Committee's Functions</b>	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: <ul style="list-style-type: none"><li>• reviews, deliberates, and recommends changes to the Malaysian Aviation Consumer Protection Code 2016 (MACPC); and</li><li>• 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.</li></ul>	
	<b>No. of Meetings held in 2023</b>	10	
	<b>Members &amp; Attendance</b>	Datuk Seri Long See Wool	10/10
		Professor Emeritus Dato' Dr. Sothi Rachagan	10/10
		Datuk Roger Tan Kor Mee	10/10
		Dato Ir. Alice Jawan Empaling	02/04




### Licensing & Air Traffic Rights Committee (LATRC)

	<b>Overview of the Committee's Functions</b>	The LATRC evaluates the Management's proposals, among others, pertaining to: <ul style="list-style-type: none"><li>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</li><li>the allocation of new and existing Air Traffic Rights (ATR) where there are insufficient rights and/or competitive bids for the said rights.</li></ul>	
	<b>No. of Meetings held in 2023</b>	13	
	<b>Members &amp; Attendance</b>	Datuk Seri Long See Wool	13/13
		Encik Wee Hock Kee	13/13
		Encik Mohamad Radzuan Mazlan	13/13
		Dato' Wan Kamaruzaman Wan Ahmad	13/13




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

	<b>Overview of the Committee's Functions</b>	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.	
	<b>No. of Meetings held in 2023</b>	10	
	<b>Members &amp; Attendance</b>	Datuk Roger Tan Kor Mee	10/10
		Encik Ragunath Kesavan	09/10
		Encik Goh Keng Tat	10/10
		Datuk Ng Kong Peng	10/10

### Nomination & Remuneration Committee (NRC)

	<b>Overview of the Committee's Functions</b>	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.							
	<b>No. of Meetings held in 2023</b>	3							
	<b>Members &amp; Attendance</b>	<table><tr><td>Dato' Wan Kamaruzaman Wan Ahmad</td><td>03/03</td></tr><tr><td>Dato' Razali Mohamad</td><td>02/03</td></tr><tr><td>Puan Hj Badariah Abdul Jalil</td><td>03/03</td></tr></table> <p><i>Note: 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.</i></p>		Dato' Wan Kamaruzaman Wan Ahmad	03/03	Dato' Razali Mohamad	02/03	Puan Hj Badariah Abdul Jalil	03/03
Dato' Wan Kamaruzaman Wan Ahmad	03/03								
Dato' Razali Mohamad	02/03								
Puan Hj Badariah Abdul Jalil	03/03								

### Task Force on MYAirline's Suspension of Operations (TF-Z9)

	<b>Overview of the Committee's Functions</b>	The functions of TF-Z9 consist as below: <ul style="list-style-type: none"><li>• Deal with issues of passengers' refunds following MYAirline's suspension of operations.</li><li>• Provide recommendations on possible ways forward for the Commission in enhancing its licensing process, assessment, conditions and other related matters.</li><li>• Deliberate on MYAirline's written representation and any other related matters to MYAirline's suspension of operations.</li></ul>													
	<b>No. of Meetings held in 2023</b>	2													
	<b>Members &amp; Attendance</b>	<table><tr><td>Datuk Roger Tan Kor Mee</td><td>02/02</td></tr><tr><td>Datuk Ng Kong Peng</td><td>02/02</td></tr><tr><td>Encik Ragunath Kesavan</td><td>02/02</td></tr><tr><td>Encik Goh Keng Tat</td><td>02/02</td></tr><tr><td>Professor Emeritus Dato' Dr. Sothi Rachagan</td><td>02/02</td></tr><tr><td>Encik Wee Hock Kee</td><td>02/02</td></tr></table> <p><i>Note: The Commission approved the establishment of the TF-Z9 on 26 October 2023, and the TF-Z9 have completed its task on 26 January 2024.</i></p>		Datuk Roger Tan Kor Mee	02/02	Datuk Ng Kong Peng	02/02	Encik Ragunath Kesavan	02/02	Encik Goh Keng Tat	02/02	Professor Emeritus Dato' Dr. Sothi Rachagan	02/02	Encik Wee Hock Kee	02/02
Datuk Roger Tan Kor Mee	02/02														
Datuk Ng Kong Peng	02/02														
Encik Ragunath Kesavan	02/02														
Encik Goh Keng Tat	02/02														
Professor Emeritus Dato' Dr. Sothi Rachagan	02/02														
Encik Wee Hock Kee	02/02														

# 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 left to right:** Dato Ir. Alice Jawan Empaling, Dato' Wan Kamaruzaman Wan Ahmad, Datuk Roger Tan Kor Mee, Dato' Nor Azmie Diron, Datuk Seri Long See Wool



## 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 a Member of the Commission 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, Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Secretary General of the Ministry of Human Resources. Prior to his retirement from the Malaysian Civil Service in November 2019, he served as the Secretary General of the Ministry of Federal Territories.

Datuk Seri Hj. Saripuddin holds a Bachelor of Economics (Hons) from the University Malaya, an 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.



## Dato' Jana Santhiran Muniayan

Dato' Jana Santhiran Muniayan is currently the Secretary General for the 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 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

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 Diron (cont'd.)

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 Long See Wool

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).



### Datuk Roger Tan Kor Mee

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 Tan Kor Mee (cont'd.)

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.

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 a trustee of the Tunku Abdul Rahman College (TARC) Education Foundation and a Life Fellow of the Institute of Corporate Directors Malaysia.



### Dato' Wan Kamaruzaman Wan Ahmad

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 postings 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 until 13 June 2024)*

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.

# 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 left to right:** Abdul Kadir Mohamed Abd Salam, Jaffar Derus Ahmad, Pushpalatha Subramaniam



## 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 MAVCOM's Chief Operating Officer, leading the management team in its industry development and regulatory efforts. Prior to his appointment, he was the Group Chief Executive Officer and Chief Financial Officer of Malaysia Airports Holdings Berhad (MAHB). Raja Azmi was also the Executive Director and Group Chief Financial Officer 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 Internal Auditor and Marketing Accountant. His other work experiences include serving as Chief Executive Officer/ Managing Director of Zelan Berhad, Senior Director, Group Finance of UEM Group Berhad and Executive Director of Time Engineering Berhad. He also held positions as the Chief Financial Officer of Tronoh Consolidated Malaysia Berhad and Group Financial Controller of Sapura Telecommunications Berhad.

Raja Azmi is a Member of the Association of Chartered Certified Accountants (ACCA), Malaysian Institute of Certified Public Accountants (MICPA), and the Malaysian Institute of Accountants (MIA). He holds a Master of Business Administration (MBA) from the University of Bath, United Kingdom.

*Note: Raja Azmi concluded his role as COO of the Commission on 14 September 2024.*



## Pushpalatha Subramaniam

### Director, Consumer and Public Affairs

Pushpalatha Subramaniam heads the Consumer and Public Affairs Department at MAVCOM. In 2015, Pushpa was part of the establishment of the Malaysian Aviation Commission for Malaysia. She played a crucial role in developing the first Malaysian Aviation Consumer Protection Code (MACPC) in 2016, a regulation designed to protect travellers in the civil aviation industry. Since the gazettelement of the MACPC, Pushpa has spearheaded efforts to continuously enhance consumer protection within the civil aviation industry in Malaysia, considering the evolution in consumer protection locally and internationally.

Under her leadership, she had led the implementation of various consumer awareness and education initiatives, empowering travellers with information on their 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 2022 and 2023, 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 passengers' convenience and comfort, and more importantly ensuring efficiencies at airports in Malaysia. Under her leadership, the Framework has been implemented at both the terminals at KUL, Kota Kinabalu, and Langkawi, while airports in Kuching, Miri, and Senai are in the development phase and are expected to be implemented by the Q3 2024. Other airports planned for development in the Q4 2024 are Subang and Penang. Meanwhile, the remaining airports will be implemented progressively until 2027.

Prior to her role at MAVCOM, she was the Senior Vice President in charge of customer experience at 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 and has niche expertise in managing consumer affairs. She holds a Bachelor's in Business Administration (BBA) degree from the Royal Melbourne Institute of Technology (RMIT), Australia. Pushpa 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).



### Jaffar Derus Ahmad

#### Director, Aviation Development

Jaffar Derus Ahmad leads the Aviation Development Department in MAVCOM.

Jaffar has over 31 years of in-depth experience across vast areas in the aviation industry. His career in aviation started in 1988 when he was employed as a Fuel Accounts Administrator for WestAir Commuter Airlines (doing business as United Express), a regional airline based in California, United States. He continued his career in aviation when he joined Malaysia Airline System Berhad (MAS) in 1993 as a Business Development Controller. His journey in MAS, which was subsequently known as Malaysia Airlines Berhad (MAB), then evolved in managing different areas of expertise, including but not limited to network development, government and international relations, ground handling, airline alliances, and airport operations.

His last position at MAB was Head of Government Relations, which he held since September 2015 until his retirement in November 2021. He was responsible for the development, implementation, and management of strategic relationships with government officials and regulatory authorities, at both national and international levels. His other work experience includes 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

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 in 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 Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of Malaysian Institute of Accountants (MIA). 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 STATEMENTS





**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
MALAYSIA AVIATION COMMISSION  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 Malaysia Aviation Commission. The financial statements comprise the Statements of Financial Position as at 31 December 2023 of Malaysia Aviation Commission and the Statements 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 Malaysia Aviation Commission as at 31 December 2023 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 Malaysia 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 Malaysia Aviation Commission is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Malaysia 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 are responsible for the preparation of Financial Statements of the Malaysia 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 are also responsible for such internal control as the Commissioners determines is necessary to enable the preparation of the Financial Statements of the Malaysia Aviation Commission that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Malaysia Aviation Commission, the Commissioners are responsible for assessing the Malaysia 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 Malaysia 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:



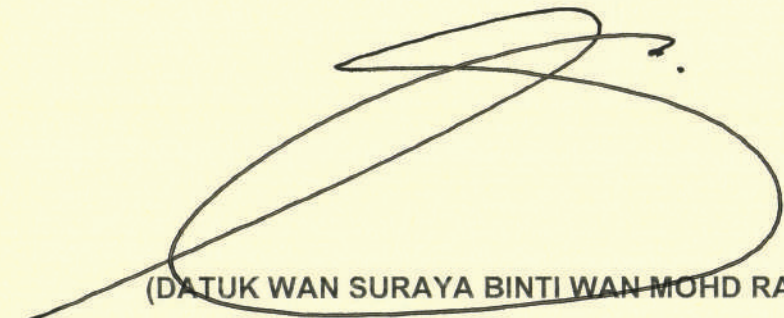
- a. identify and assess the risks of material misstatement of the Financial Statements of the Malaysia Aviation Commission, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Malaysia 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 Malaysia 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 Malaysia 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 Malaysia 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 Malaysia 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 Malaysia 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

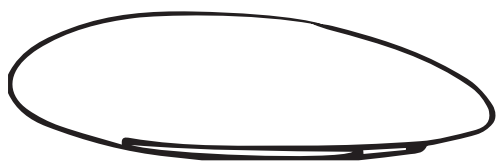
PUTRAJAYA  
9 AUGUST 2024



## 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 2023** 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: 5 Mar 2024

Kuala Lumpur



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

Date: 5 Mar 2024

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 5 MAR 2024 )



ABDUL KADIR BIN MOHAMED ABD SALAM

Before me:



COMMISSIONER FOR OATHS



## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2023

	Note	2023 RM	2022 RM
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	73,488	98,191
Intangible assets	6	202,128	295,137
Total non-current assets		275,616	393,328
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	68,022,807	40,762,681
Fees receivables	8	7,690,330	5,926,520
Deposits, prepayments and other receivables	9	1,026,697	960,889
Total current assets		76,739,834	47,650,090
<b>TOTAL ASSETS</b>		<b>77,015,450</b>	<b>48,043,418</b>
<b>RESERVE</b>			
Accumulated surplus		59,216,487	45,304,021
		59,216,487	45,304,021
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	10	17,715,820	2,681,824
Provision for taxation		83,143	57,573
Total current liabilities		17,798,963	2,739,397
<b>TOTAL LIABILITIES</b>		<b>17,798,963</b>	<b>2,739,397</b>
<b>TOTAL RESERVE AND LIABILITIES</b>		<b>77,015,450</b>	<b>48,043,418</b>

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

# STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
<b>INCOME</b>			
<u>Non-exchange transactions:</u>			
Regulatory Services Charge		36,868,069	24,295,863
Penalties		40,000	666,000
<u>Exchange transactions:</u>			
Interest income		1,902,353	925,858
Gain on disposal of assets		62,999	218
Other income		3,446	1,530
Total income		38,876,867	25,889,469
Amortisation of Public Service Fund	11	205,432,591	182,092,496
		244,309,458	207,981,965
<b>OPERATING EXPENDITURES</b>			
Staff cost	12	(11,964,742)	(10,729,818)
Other expenditures	13	(12,542,268)	(9,880,767)
Total operating expenditures		(24,507,010)	(20,610,585)
Public Service Fund expenditure	11	(205,432,591)	(182,092,496)
Surplus before tax		14,369,857	5,278,884
Tax expense	14	(457,392)	(222,573)
<b>SURPLUS AFTER TAX</b>		<b>13,912,465</b>	<b>5,056,311</b>

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

## STATEMENT OF CHANGES IN NET ASSETS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Accumulated surplus RM
As at 1 January 2023	45,304,021
Surplus after tax for the year	13,912,465
As at 31 December 2023	59,216,486
As at 1 January 2022	40,247,710
Surplus after tax for the year	5,056,311
As at 31 December 2022	45,304,021

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	14,369,857	5,278,884
<u>Adjustments for:</u>		
Provision for doubtful debt	849,644	(130,860)
Depreciation of property and equipment	64,452	73,377
Amortisation of intangible assets	93,009	183,669
Gain on disposal of assets	(62,999)	(218)
Operating surplus before working capital changes	15,313,963	5,404,852
<u>Changes in working capital:</u>		
Fees receivables	(2,613,454)	(3,022,778)
Deposits, prepayments and other receivables	(65,808)	982,571
Other payables and accruals	15,033,996	1,904,825
Deferred income	-	(666,000)
Cash flows generated from/(used in) operation	27,668,697	(4,603,470)
Tax paid	(431,821)	(195,477)
Net cash flows generated from operating activities	27,236,876	4,407,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(39,750)	(64,500)
Purchase of intangible assets	-	(193,344)
Proceeds from disposal of assets	63,000	220
Net cash flows generated from/(used in) investing activities	23,250	(257,624)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,260,126	4,150,369
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	40,762,681	36,612,312
CASH AND CASH EQUIVALENTS CARRIED FORWARD	68,022,807	40,762,681

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 2023

	Budget Amount		Actual Amount RM	Variance RM
	Original RM	Final RM		
<b>2023</b>				
Income				
Public Service Fund	205,432,591	205,432,591	205,432,591	-
Total	205,432,591	205,432,591	205,432,591	-
<b>Expenditure</b>				
Public Service Fund Expenditure	205,432,591	205,432,591	205,432,591	-
Total	205,432,591	205,432,591	205,432,591	-
<b>2022</b>				
Income				
Public Service Fund	182,092,496	182,092,496	182,092,496	-
Total	182,092,496	182,092,496	182,092,496	-
<b>Expenditure</b>				
Public Service Fund Expenditure	182,092,496	182,092,496	182,092,496	-
Total	182,092,496	182,092,496	182,092,496	-

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 2023

## 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 26 FEB 2024

## 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.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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.

## NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Impairment of non-financial assets

An impairment loss arises 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.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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.



## NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

## NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### 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 per cent of the economic life of the underlying asset, the present value of lease payment is at least 90 per cent 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.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 5. PROPERTY AND EQUIPMENT

	Renovations RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Computer equipment RM	Total RM
<b>2023</b>					
<b>Cost</b>					
At 1 January 2023	395,937	311,447	2,388,451	225,463	3,321,298
Additions	-	-	-	39,750	39,750
Disposal	-	(143,250)	-	(4,398)	(147,648)
At 31 December 2023	395,937	168,197	2,388,451	260,815	3,213,400
<b>Accumulated depreciation</b>					
At 1 January 2023	395,924	292,399	2,375,594	159,190	3,223,107
Charge for the year	-	19,044	8,313	37,095	64,452
Disposal	-	(143,249)	-	(4,398)	(147,647)
At 31 December 2023	395,924	168,194	2,383,907	191,887	3,139,912
<b>Net book value</b>					
At 31 December 2023	13	3	4,544	68,928	73,488

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 5. PROPERTY AND EQUIPMENT (CONTINUED)

	Renovations RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Computer equipment RM	Total RM
<b>2022</b>					
<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

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 6. INTANGIBLE ASSETS

	Computer software RM	Work-in- Progress RM	Total RM
<b>2023</b>			
<b>Cost</b>			
At 1 January 2023	1,892,945	149,460	2,042,405
Additions	-	-	-
Transfer to computer software	149,460	(149,460)	-
At 31 December 2023	2,042,405	-	2,042,405
<b>Accumulated amortisation</b>			
At 1 January 2023	1,747,268	-	1,747,268
Amortisation charge for the year	93,009	-	93,009
At 31 December 2023	1,840,277	-	1,840,277
<b>Net book value</b>			
At 31 December 2023	202,128	-	202,128
<b>2022</b>			
<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



## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 7. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Cash and bank balances	10,387,074	1,740,017
Fixed deposits with licensed bank	57,635,733	39,022,664
	68,022,807	40,762,681

The fixed deposits presented as cash equivalents are with maturity dates between January 2023 and December 2023 (2022: between January 2022 and December 2022) and interest rates ranging from 2.40 per cent to 3.95 per cent (2022: ranging from 2.75 per cent to 4.05 per cent).

Included in the cash and cash equivalents is a fund from Ministry of Transport (MOT) amounting to RM14,927,480 for purpose of disbursement to the airlines for the FlySiswa and festive season airfare subsidy initiatives by the Government for travel on domestic routes between Peninsular, East Malaysia and the Federal Territory of Labuan.

#### 8. FEES RECEIVABLES

	2023 RM	2022 RM
Fees receivables	8,519,964	5,951,431
Provision for doubtful debt	(849,644)	(4,901)
Bad debts recovered/(written-off)	20,010	(20,010)
	7,690,330	5,926,520

Fees receivables consist of Regulatory Services Charge (RSC) billed and accrued as of 31 December 2023. 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

	2023 RM	2022 RM
Deposits	517,458	509,273
Prepayments	449,551	407,253
Interest receivables	59,688	44,363
	1,026,697	960,889

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.

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 10. OTHER PAYABLES AND ACCRUALS

	2023 RM	2022 RM
Accrued expenditures	1,965,858	2,414,486
Other payables	822,482	267,338
Fund from Ministry of Transport (MOT)	14,927,480	-
	17,715,820	2,681,824

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.

Fund from Ministry of Transport (MOT) is for purpose of disbursement to the airlines for the FlySiswa and festive season airfare subsidy initiatives by the Government for travel on domestic routes between Peninsular, East Malaysia and the Federal Territory of Labuan.

#### 11. AMORTISATION AND EXPENDITURE OF PUBLIC SERVICE FUND

During the financial year ended 31 December 2023, MAVCOM received RM205,432,591 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 2023 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.

#### 12. STAFF COSTS

	2023 RM	2022 RM
Salaries and allowances	9,108,609	8,733,369
Contribution to EPF and Socso	1,263,450	1,048,703
Staff benefits	1,205,013	842,622
Staff training	387,670	105,124
	11,964,742	10,729,818

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 13. OTHER EXPENDITURES

	2023 RM	2022 RM
<b>Establishment costs</b>		
Rental of premises	1,309,303	1,297,764
Amortisation of intangible assets	93,009	183,669
Depreciation of property and equipment	64,453	73,377
Utilities expenditures	83,968	86,828
	1,550,733	1,641,638
	2023 RM	2022 RM
<b>Administrative and general expenditures</b>		
Professional fees	4,512,048	4,114,725
Books and subscription	609,276	771,609
Licenses and charges	1,467,757	1,157,717
Commissioners' allowances and expenses	1,000,538	666,782
Communication expenditures	151,541	136,445
IT maintenance and support	262,579	248,906
Printing and stationary	114,334	147,815
Travelling and accommodation	1,108,578	447,828
Promotional and awareness campaign	309,096	242,764
Service tax	79,350	70,933
Realised foreign exchange loss	-	11,302
Provision for doubtful debt		
- Current year provision	849,644	4,901
- Reversal of provision for doubtful debt	(4,901)	(135,761)
Bad debts (recovered)/written-off	(20,010)	20,010
Contribution for Ministry of Transport (MOT)'s initiative	220,684	54,422
Other administrative and general expenditures	331,021	278,731
	10,991,535	8,239,129
Total other expenditures	12,542,268	9,880,767

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 14. TAX EXPENSE

	2023 RM	2022 RM
Current year income tax expense	457,392	222,573
Total income tax expense	457,392	222,573
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 before tax	14,369,857	5,278,884
Tax at the statutory rate of 24 per cent	3,448,766	1,266,932
Tax effect of:		
Income not subjected to tax	(8,873,057)	(5,990,899)
Expense not deductible for tax purpose	5,881,683	4,946,540
Tax expense	457,392	222,573

#### 15. 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:

	2023 RM	2022 RM
Future minimum lease payments		
- Not later than one year	1,364,316	1,365,654
- More than one to five years	1,364,316	2,728,632
Total lease commitments payable	2,728,632	4,094,286
The lease payment recognised as expense	1,311,532	1,307,601



## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 16. 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 follow:

	2023 RM	2022 RM
Total compensation	955,623	597,290
Number of key management personnel	7	6

#### 17. RATIONALISATIONS OF REGULATORY BODIES IN THE AVIATION INDUSTRY

The Ministry of Transport (MOT) 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 HIGHLIGHTS FOR MAVCOM IN 2023

## JANUARY

- 6** Published December 2022 ATR Bulletin
- 10** MAVCOM's COO, presented to the media on the topic of Regulatory Oversight of the Economic and Commercial Regulator during MAG's Airline 101 Programme  
  
Issued a news release entitled MAVCOM Prepares the Aviation Industry for Chinese New Year
- 12** Renewal of Pos Aviation Engineering Services Sdn. Bhd.'s GHL  
  
Renewal of AeroHandlers Sdn. Bhd.'s GHL  
  
Renewal of Mas Awana Services Sdn. Bhd.'s GHL
- 13** Issued a news release entitled MAVCOM Updates Regarding Investigations on AirAsia X and Batik Air Flight Disruptions
- 17** Issued a news release entitled MAVCOM Conducts Airport Inspection Ahead of Chinese New Year
- 31** Issued a news release entitled Air Traffic Rights Applications in Q4 2022 Surpasses Pre-Pandemic Levels

## FEBRUARY

- 3** Received an official visit by the Deputy Minister of MOT, YB Datuk Haji Hasbi bin Habibollah to MAVCOM
- 8** Published January 2023 ATR Bulletin
- 13** Received a working visit by the Secretary General of MOT, YBhg. Dato' Jana Santhiran Muniayan to MAVCOM
- 16** Renewal of PETRONAS Dagangan Berhad's GHL  
  
Renewal of Senai Airport Terminal Services Sdn. Bhd.'s GHL  
  
Renewal of MAB Kargo Sdn. Bhd.'s GHL  
  
Renewal of Malindo Airways Sdn. Bhd.'s [doing business as Batik Air Malaysia] ASL and GHL  
  
Renewal of FlyFirefly Sdn. Bhd.'s [doing business as Firefly] ASL  
  
Renewal of HAS International Sdn. Bhd.'s ASP  
  
Issuance of MTR Express Sdn. Bhd.'s CA for an ASP  
  
Renewal of AeroDarat Services Sdn. Bhd.'s GHL  
  
Renewal of Execujet Handling Services Sdn. Bhd.'s GHL

## MARCH

- 6** MAVCOM's EC led an engagement session with major media houses in Kuala Lumpur to address the media's queries about the Commission's role, its initiatives, and its future plans
- 7** Published February 2023 ATR Bulletin
- 9** Renewal of World Cargo Airline Sdn. Bhd.'s ASL  
  
Renewal of Prima Air Sdn. Bhd.'s ASP  
  
Extension of M Jets International Sdn. Bhd. (now known as MJets Air Sdn. Bhd.) CA for a GHL  
  
Issuance of ATAS Aero Engineering Sdn. Bhd.'s CA for an ASP
- 10** Issuance of the second consultation paper on the Long-Term Framework for the Regulation of Aviation Services Charges (ASC)
- 21** MAVCOM's COO led a consultation session with analysts and industry stakeholders on the concept and considerations in developing the Long-Term Framework for the Regulation of ASC
- 22** Conducted a special feature on women empowerment and involvement within the aviation industry, published by Harian Metro
- 27** Issuance and publication of the Proposed Decision on the Application for an Individual Exemption of the Joint Business between Malaysia Airlines Berhad and Japan Airlines Co., Ltd. for public consultation



## APRIL

- 11** Issued a news release entitled MAVCOM Welcomes Appointment of a New Member to the Commission
- 12** Published a Consumer Report (July – December 2022)  
Published March 2023 ATR Bulletin
- 13** Renewal of Jet Premier One (M) Sdn. Bhd.'s ASP  
Renewal of BCS Contract & Supply Services Sdn. Bhd.'s GHL  
Issuance of MYMenzies Sdn. Bhd.'s (now known as Menzies Aviation (Malaysia) Sdn. Bhd.) CA for a GHL
- 19** Issued a news release entitled MAVCOM Ensures Smooth Flying for Hari Raya Aidilfitri Celebrations with Surprise Airport Inspections
- 27** Conducted an online Survey on the Substitutability of Other Modes of Transport to Air Transport between Kuala Lumpur and Singapore

## MAY

- 2** Renewal of Cloudera Aviation Services Sdn. Bhd.'s GHL  
Renewal of Dviation Technics Sdn. Bhd.'s GHL  
Renewal of Smooth Route Sdn. Bhd.'s GHL  
Renewal of Petron Malaysia Refining & Marketing Berhad's GHL  
Renewal of Shell Malaysia Trading Sdn. Bhd.'s GHL  
Renewal of Shell Timur Sdn. Bhd.'s GHL
- 5** Published April 2023 ATR Bulletin
- 23** Participated in the Langkawi International Maritime and Aerospace Exhibition 2023 (LIMA 2023)

## JUNE

- 9** Rebranded MAVCOM's social media pages from FlySmart to the MAVCOM brand  
Published May 2023 ATR Bulletin
- 13** Renewal of MHS Aviation Berhad's ASP  
Issuance of TransAsia Services Sdn. Bhd.'s GHL  
Extension of Aerotree Defence & Services Sdn. Bhd.'s CA for an ASP  
Gazettement of the Individual Exemption Order on the Application for an Individual Exemption of the Transpacific Joint Venture Agreement between All Nippon Airways Co., Ltd. and United Airlines, Inc.  
Gazettement of the Individual Exemption Order on the Application for an Individual Exemption of the Joint Venture Agreement between Singapore Airlines Limited and Deutsche Lufthansa AG
- 19** Issued a news release entitled Revival of Malaysia's Aviation Industry: Air Passenger Traffic Up 123.6 per cent YoY in Q1 2023  
Issued a news release entitled MAVCOM's Clarification on Kuala Lumpur to Sandakan Fare  
Published the 13<sup>th</sup> Waypoint Report  
Issuance of the Final Decision on the Application for the Anticipated Merger between SIA Engineering Company Limited and Pos Aviation Engineering Services Sdn. Bhd.
- 20** Conducted a survey on the Substitutability of Other Modes of Transport to Air Transport between Kuala Lumpur and Singapore at KUL T1, T2, Sultan Abdul Aziz Shah Airport, and Terminal Bersepadu Selatan
- 28** Conducted a second consultation paper on the Proposed Amendments to the MACPC



# INDEX: KEY HIGHLIGHTS FOR MAVCOM IN 2023

## JULY

- 12** Published June 2023 ATR Bulletin
- 17** Renewal of MyBalloon Adventure Sdn. Bhd.'s ASP

## AUGUST

- 7** Issued a news release entitled MAVCOM Grants Air Traffic Rights for Greater Connectivity to ASEAN and Beyond
- 10** Renewal of Nusantara Aviation Services Sdn. Bhd.'s GHL  
Renewal of Ground Team Red Sdn. Bhd.'s GHL
- 11** Published July 2023 ATR Bulletin

## SEPTEMBER

- 6** MAVCOM's COO presented at the Transport Sector Accelerating Trade and Investment in BIMP-EAGA Region Conference in Kuching, Sarawak, on the topic of Improving Air Connectivity in the EAGA Region
- 11** Published August 2023 ATR Bulletin  
Renewal of AirAsia X Berhad's ASL  
Renewal of AirAsia Berhad's ASL
- 12** Held an engagement session with the members of the media at Kuching, Sarawak
- 15** Issued a statement entitled The Malaysian Aviation Commission Ends Its Assessment of the Individual Exemption Application for the Proposed Joint Business between Malaysia Airlines Berhad and Cathay Pacific Airways Limited





## OCTOBER

- 9** Held an engagement session with the members of the media at Kota Kinabalu, Sabah
- Issued a news release entitled MAVCOM's Initiatives Enhance Passenger Protection and Improve Airports Quality of Service in Sabah

- 12** Issued a news release entitled MYAirline's Announcement on the Suspension of its Operations
- Renewal of M Jets International Sdn. Bhd.'s (now known as MJets Air Sdn. Bhd.) ASL and GHL
- Renewal of Brahim's Food Services Sdn. Bhd.'s GHL
- Issuance of MAB Engineering Services Sdn. Bhd.'s GHL
- Issuance of MAZ Gerbang Sdn. Bhd.'s GHL
- Extension of Gading Air Services Sdn. Bhd.'s CA for an ASP

- 16** Published September 2023 ATR Bulletin

- 26** Issued a news release entitled MYAirline Due to Submit Written Representation

## NOVEMBER

- 1** Issued a news release entitled MAVCOM Suspends MYAirline's ASL
- Suspension of MYAirline Sdn. Bhd.'s ASL
- Suspension of My Jet Xpress Airlines Sdn. Bhd.'s ASL

- 2** Co-hosted the CAPA Environmental Sustainability Awards for Excellence Gala Dinner 2023

- 3** Renewal of Helistar Resources Sdn. Bhd.'s ASP

- 6** Published a Consumer Report (January – June 2023)

- 7** MAVCOM's COO presented to international aviation players and stakeholders at GAD World 2023 in Barcelona, Spain on the topic of Regulating the Malaysian Airport Sector During and Post COVID-19 Pandemic: Initiatives Implemented and Proposed by the Regulator

- 10** Published October 2023 ATR Bulletin

- 21** Extension of Aerotree Defence & Services Sdn. Bhd.'s CA for an ASP
- Issuance of Prosky Services Sdn. Bhd.'s GHL
- Issuance of Safeair Technical Sdn. Bhd.'s GHL
- Issuance of Foursquare Diversified Sdn. Bhd.'s CA for a GHL

## DECEMBER

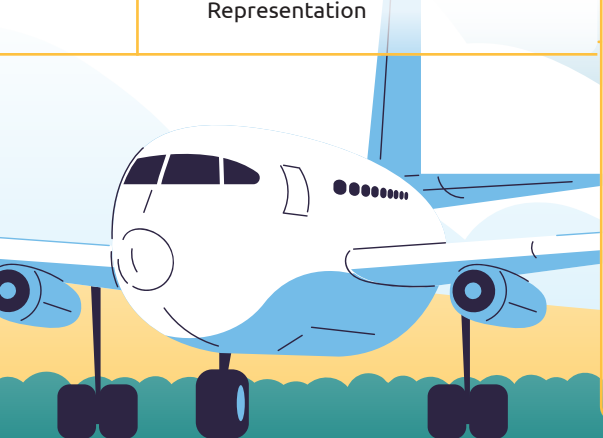
- 4** Published a FAQ/Factsheet on MYAirline's Consumer Refunds through Chargeback Process

- 5** Published November 2023 ATR Bulletin

- 26** Maintained the ISO 10002:2018 certification 'Quality Management – Customer Satisfaction – Guidelines for Complaints Handling in Organisations' during the year 2 Surveillance Audit

- 27** Issued a news release entitled Malaysia Soars to 69.9 Million Air Passengers in 10 Months, Exceeding Projections

Published the 14<sup>th</sup> Waypoint Report



# LIST OF PUBLICATIONS BY MAVCOM IN 2023

## Industry Research

- *Waypoint* Report: Malaysian Aviation Industry Outlook (June 2023)
- *Waypoint* Report: Malaysian Aviation Industry Outlook (December 2023)

## Consumer Report

- Consumer Report (January 2023 – June 2023)
- Consumer Report (July 2023 – December 2023)

All publications listed for reference can be found on [www.mavcom.my](http://www.mavcom.my).

# MAVCOM IN THE MEDIA









# ACRONYMS AND ABBREVIATIONS

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>Act 771</b>	Malaysian Aviation Commission Act 2015
<b>ACTK</b>	Available Cargo Tonne-Kilometres
<b>Airports QoS Framework</b>	Airports Quality of Service Framework
<b>AMO</b>	Approved Maintenance Organisations
<b>AOL</b>	Aerodrome Operator Licence
<b>ARC</b>	Audit and Risk Committee
<b>ASA</b>	Air Services Agreements
<b>ASC</b>	Aviation Services Charges
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASL</b>	Air Service Licence
<b>ASP</b>	Air Service Permit
<b>ATR</b>	Air Traffic Rights
<b>BA</b>	Bachelor of Arts
<b>BBA</b>	Bachelor's in Business Administration
<b>bbl</b>	Barrel unit symbol
<b>BIMP-EAGA</b>	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
<b>BSc</b>	Bachelor of Science
<b>CA</b>	Conditional Approvals
<b>CAAM</b>	Civil Aviation Authority of Malaysia
<b>CEC</b>	Competition and Economics Committee
<b>CEO</b>	Chief Executive Officer
<b>CMS</b>	Complaints Management System
<b>COO</b>	Chief Operating Officer
<b>CORSIA</b>	Carbon Offsetting and Reduction Scheme for International Aviation
<b>CPC</b>	Consumer Protection Committee
<b>CTK</b>	Cargo Tonne-Kilometres
<b>ECERDC</b>	East Coast Economic Region Development Council
<b>EPF</b>	Employees Provident Fund
<b>EPU</b>	Economic Planning Unit
<b>FAQ</b>	Frequently Asked Questions
<b>FTK</b>	Freight Tonne-Kilometres
<b>GHL</b>	Ground Handling Licence
<b>IATA</b>	International Air Transport Association
<b>IAWA</b>	International Aviation Womens Association
<b>ICAEW</b>	Institute of Chartered Accountants in England and Wales
<b>INTAN</b>	National Institute of Public Administration
<b>IRDA</b>	Iskandar Regional Development Authority
<b>JCORP</b>	Johor Corporation
<b>KBS</b>	Ministry of Youth and Sports
<b>KDEB</b>	Darul Ehsan Group Berhad
<b>KKLW</b>	Ministry of Rural and Regional Development

<b>KLCE</b>	Kuala Lumpur Commodity Exchange
<b>KPI</b>	Key Performance Indicators
<b>KPKT</b>	Ministry of Housing and Local Government
<b>KPLB</b>	Ministry of Rural Development
<b>KPS</b>	Kumpulan Perangsang Selangor
<b>KUL T1</b>	Kuala Lumpur International Airport Terminal 1
<b>KUL T2</b>	Kuala Lumpur International Airport Terminal 2
<b>KUSKOP</b>	Ministry of Entrepreneur and Cooperatives Development
<b>LATRC</b>	Licensing & Air Traffic Rights Committee
<b>LIMA</b>	Langkawi International Maritime and Aerospace Exhibition
<b>LPPKN</b>	Lembaga Penduduk Dan Pembangunan Keluarga Negara
<b>LRDC</b>	Legal, Regulatory & Dispute Resolution Committee
<b>LTAG</b>	Long-Term Aspiration Goal
<b>LTSIP</b>	Sultan Ismail Petra Airport
<b>MA Sepang</b>	Malaysia Airport (Sepang) Sdn. Bhd.
<b>MAB</b>	Malaysia Airlines Berhad
<b>MACPC</b>	Malaysian Aviation Consumer Protection Code 2016
<b>MAHB</b>	Malaysia Airports Holdings Berhad
<b>MARA</b>	Majlis Amanah Rakyat
<b>MAS</b>	Malaysia Airline System Berhad
<b>MASwings</b>	MASwings Sdn. Bhd.
<b>MAVCOM</b>	Malaysian Aviation Commission
<b>MBA</b>	Master of Business Administration
<b>MCKK</b>	Malay College Kuala Kangsar
<b>MIA</b>	Malaysian Institute of Accountants
<b>MIFIL</b>	Mudarabah Innovation Fund Investment Ltd.
<b>MOE</b>	Ministry of Education
<b>MOF</b>	Ministry of Finance
<b>MoHE</b>	Ministry of Higher Education
<b>MOT</b>	Ministry of Transport
<b>MOTS</b>	Ministry of Transport Sarawak
<b>MoU</b>	Memorandum of Understanding
<b>MRCB</b>	Malaysian Resources Corporation Berhad
<b>MRO</b>	Maintenance, Repair, and Overhaul
<b>MSWG</b>	Minority Shareholders Watchdog Group
<b>MYAirline</b>	MYAirline Sdn. Bhd.
<b>MyCC</b>	Malaysia Competition Commission
<b>NCIA</b>	Northern Corridor Implementation Authority
<b>NRC</b>	Nomination & Remuneration Committee
<b>OEM</b>	Original Equipment Manufacturer
<b>OTP</b>	On-Time Performance
<b>SOCISO</b>	Social Security Organisation
<b>PIA</b>	Penang International Airport
<b>PKNS</b>	Selangor State Development Corporation
<b>PMD</b>	Prime Minister's Department

PSC	Passenger Service Charges
PSO	Public Service Obligation
PwC	PricewaterhouseCoopers
PWD	Persons with Disabilities
Q1, Q2, Q3, Q4	First, second, third and fourth quarter
RAS	Rural Air Services
RECODA	Regional Corridor Development Authority
RMIT	Royal Melbourne Institute of Technology
SAF	Sustainable Aviation Fuel
SARP	Subang Airport Regeneration Plan
SATS	Senai Airport Terminal Services Sdn. Bhd.
SCMC	Special Committee Meeting on Competition
SEDIA	Sabah Economic Development and Investment Authority
SLC	Substantial Lessening of Competition
SPAN	National Water Services Commission
SSNIP	Small but significant non-transitory increase in price
STOLports	Short Take-Off and Landing ports
SWCorp	Solid Waste Management and Public Cleansing Corporation
TARC	Tunku Abdul Rahman College
TF-Z9	Task Force on MYAirline's Suspension of Operations
TRI	Technology Resources Industries Berhad
UKM	Universiti Kebangsaan Malaysia
UM	Universiti Malaya
UMBC	United Malayan Banking Corporation Berhad
UNIMAS	University of Malaysia Sarawak
UPEN	State Economic Planning Unit
WACRA	Worldwide Airline Customer Relations Association
YOY	Year-on-Year

## AIRPORT ABBREVIATIONS

AOR	Sultan Abdul Halim Airport
BBN	Bario Airport
BKI	Kota Kinabalu International Airport
BKM	Ba'kelalan Airport
BLG	Belaga Airport
BTU	Bintulu Airport
GSA	Long Pasia Airport
IPH	Sultan Azlan Shah Airport
JHB	Senai International Airport
KBR	Sultan Ismail Petra Airport
KCH	Kuching International Airport
KPI	Kapit Airport
KTE	Kerteh Airport
KUA	Sultan Ahmad Shah Airport
KUD	Kudat Airport
KUL	KL International Airport

<b>LBP</b>	Long Banga Airport
<b>LBU</b>	Labuan Airport
<b>LDU</b>	Lahad Datu Airport
<b>LGK</b>	Langkawi International Airport
<b>LGL</b>	Long Lellang Airport
<b>LKH</b>	Long Akah Airport
<b>LMN</b>	Limbang Airport
<b>LSM</b>	Long Semado Airport
<b>LWY</b>	Lawas Airport
<b>MKM</b>	Mukah Airport
<b>MKZ</b>	Melaka Airport
<b>MUR</b>	Marudi Airport
<b>MYY</b>	Miri Airport
<b>MZV</b>	Mulu Airport
<b>ODN</b>	Long Seridan Airport
<b>PEN</b>	Penang International Airport
<b>PKG</b>	Pangkor Airport
<b>RDN</b>	Redang Airport
<b>SBW</b>	Sibu Airport
<b>SDK</b>	Sandakan Airport
<b>SZB</b>	Sultan Abdul Aziz Shah Airport
<b>TGC</b>	Tanjung Manis Airport
<b>TGG</b>	Sultan Mahmud Airport
<b>TWU</b>	Tawau Airport



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