

**Bil.12**

**Isnin  
28 April 2014**



**MALAYSIA**

## **LAPORAN PROSIDING**

### **MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA**

#### **Mengenai:**

#### **Kuala Lumpur International Airport 2**

- Perancang dan Pelaksanaan Operasi AirAsia

#### **Kota Kinabalu International Airport**

- Pemindahan Operasi AirAsia dari Terminal 2 ke Terminal 1

**PARLIMEN KETIGA BELAS  
PENGGAL KEDUA**



---

**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA  
BILIK MESYUARAT JAWATANKUASA 1,  
PARLIMEN MALAYSIA  
ISNIN, 28 APRIL 2014**

---

**AHLI-AHLI JAWATANKUASA**

**Hadir**

YB. Datuk Nur Jazlan bin Mohamed - *Pengerusi*  
YB. Dr. Tan Seng Giaw [Kepong] - *Timbalan Pengerusi*  
YB. Datuk Seri Reezal Merican [Kepala Batas]  
YB. Puan Mas Ermieyati binti Samsudin [Masjid Tanah]  
YB. Datuk Madius bin Tangau [Tuaran]  
YB. Tuan Haji Hasbi bin Haji Habibollah [Limbang]  
YB. Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]  
YB. Dato' Kamarul Baharin bin Abbas [Telok Kemang]  
YB. Dato' Kamarudin bin Jaffar [Tumpat]  
YBhg. Datuk Roosme binti Hamzah - *Setiausaha*

**Tidak Hadir [*Dengan Maaf*]**

YB. Datuk Chua Tee Yong [Labis]  
YB. Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]  
YB. Tuan Liang Teck Meng [Simpang Renggam]  
YB. Datuk Wee Jeck Seng [Tanjong Piai]  
YB. Tuan William Leong Jee Keen [Selayang]

**URUS SETIA**

Encik Che Seman bin Pa Chik [Setiausaha Bahagian Pengurusan Dewan]  
Encik Nasrul Izani bin Ramli [Penolong Setiausaha (Perundangan dan Prosiding)]  
Encik Alfian bin Mesebah [Penolong Setiausaha (Perundangan dan Prosiding)]  
Encik Ahmad Fauzi bin Mustafa [Pegawai Penyelidik, Parlimen]  
Encik Ahmad Johan (Pegawai Khas kepada YB Pengerusi)

**HADIR BERSAMA**

**Jabatan Audit Negara**

YBhg. Datuk Haji Anwari bin Suri [Timbalan Ketua Audit Negara (Persekutuan)]  
Puan Jacinta Wong Ngouk Hua [Timbalan Pengarah Audit Persekutuan (Pengangkutan)]

**Jabatan Akauntan Negara**

Dr. Yacob Mustafa [Timbalan Pengarah]

*samb/-*

**HADIR BERSAMA** *(samb/-)*

**Kementerian Kewangan**

Encik Rosli bin Yaakub [Ketua Unit (Parlimen dan Kabinet)]

Encik Dzulhilmil bin Dzulkarnain [Ketua Penolong Setiausaha Bahagian (Kawalan dan Pemantauan)]

Puan Norazura binti Tadzim [Ketua Penolong Setiausaha]

**Unit Perancang Ekonomi**

Dr. Zunika binti Mohamed [Timbalan Pengarah I]

Puan Wan Norashikin binti Mohd Thair [Ketua Penolong Pengarah]

**Jabatan Perkhidmatan Awam**

Encik Mohd. Azraie bin Harun [Ketua Unit (Integriti)]

**SAKSI-SAKSI**

**AirAsia Berhad**

YBhg. Tan Sri Dr. Tony Fernandes [Ketua Pegawai Eksekutif Kumpulan]

YBhg. Datuk Kamarudin Meranun [Pengerusi Eksekutif]

Encik Ashok Kumar [Ketua Wilayah Ibu Pejabat (Lapangan Terbang dan Insentif)]

Cik Aireen Omar [Ketua Pegawai Eksekutif]

Cik Elina Effendi [Pengurus Hubungan Pelaburan]

Cik Vijaya Priya Ananthan [Pengurus Hubungan Parlimen]

**KLIA Premier Holdings Sdn. Bhd.**

YBhg. Tan Sri Jamilus Hussein [Ketua Pegawai Eksekutif]

**G&P Professionals Sdn. Bhd.**

Encik Tan Yean Chin [Pengarah Kanan]

**LAPORAN PROSIDING****MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA  
PARLIMEN KETIGA BELAS, PENGGAL PERTAMA****Bilik Mesyuarat Jawatankuasa 1, Parlimen Malaysia, Kuala Lumpur****Isnin, 28 April 2014****Mesyuarat dimulakan pada pukul 10.44 pagi***[Yang Berhormat Datuk Nur Jazlan bin Mohamed  
mempengerusikan Mesyuarat]*

**Tuan Pengerusi:** *Bismillahi Rahmani Rahim.* Yang saya hormati Timbalan Pengerusi, Ahli-ahli Jawatankuasa PAC, Datuk Haji Anwari serta wakil-wakil daripada kementerian. *Assalamualaikum warahmatullahi wabarakatuh.*

Pada pagi ini, tujuan kita mengadakan Mesyuarat PAC adalah untuk meneruskan prosiding kita mengenai KLIA2 khusus kepada tujuan untuk hendak memanggil AirAsia Berhad untuk memberikan taklimat, itu satu, dan kedua, untuk memberikan peluang kepada AirAsia untuk menjawab apa-apa maklumat yang telah diberikan oleh MAHB kepada kita tempoh hari. Jadi, kita perlu bersikap adil memberikan peluang kepada AirAsia untuk memberikan penjelasan mereka sendiri mengenai isu KLIA2 ini.

Saya juga ingin mencadangkan kepada Ahli-ahli PAC, kalau ada soalan lain yang hendak ditanya, kalau boleh, kita *limitkan* kepada KLIA2 tetapi kalau hendak menyimpang pun boleh menyimpang kepada industri penerbangan negara kerana saya rasa isu seperti penggabungan AirAsia dengan MAS pun boleh ditanya apakah rasionalnya, *at the end*lah, untuk kita mendapat sedikit pandangan daripada AirAsia yang menjadi syarikat penerbangan yang boleh beroperasi dengan keuntungan berbanding dengan Syarikat MAS, syarikat penerbangan negara kita sendiri yang menghadapi masalah daripada semasa ke semasa menghadapi kerugian. Jadi itu juga kita boleh tanyalah. Akan tetapi saya harap kalau boleh *limitkan* kepada skop itu, ya.

Untuk makluman Ahli Jawatankuasa, saya juga ingin memaklumkan bahawa tarikh-tarikh untuk mesyuarat PAC akan datang telah ditetapkan dan saya berharap kalau ada Ahli-ahli PAC yang tidak dapat hadir, sila maklumkan lebih awal supaya tarikh mesyuarat ini boleh dipinda sekiranya perlu, ya. Jadi pada 7 Mei, cadangan mesyuarat PAC adalah untuk membincangkan mengenai draf Laporan Jawatankuasa Kira-kira Wang Negara mengenai Kelemahan Pengurusan Hasil Bagi Lembaga Hasil Dalam Negeri dan Jabatan Kastam Diraja Malaysia.

**Seorang Ahli:** *On what date?*

**Datuk Roosme binti Hamzah [Setiausaha]:** Rabu, Rabu.

**Tuan Pengerusi:** Rabu, 7 Mei, kita cadangkan untuk hendak buat *housekeeping*lah sebenarnya mengenai laporan kita mengenai Lembaga Hasil Dalam Negeri dan Jabatan Kastam. Itu panjang laporan itu.

**Datuk Roosme binti Hamzah:** Nanti kita edarkan senarai ini dekat Yang Berhormat. Surat dan juga laporan draf.

**Tuan Pengerusi:** Selepas itu cadangan tarikh kedua adalah 8 Mei, hari berikutnya, untuk *housekeeping* juga, hendak membincangkan mengenai draf laporan kita mengenai Pengurusan Kehilangan Aset Kerajaan Bagi KDN dan Polis Diraja Malaysia. Kementerian Dalam Negeri dan Polis Diraja Malaysia. Pada 14 Mei, minggu selepas itu, kita cadangkan satu mesyuarat untuk membincangkan draf laporan Jawatankuasa Kira-kira Wang Negara mengenai Pengurusan Perolehan Kapal Pendidikan dan Latihan, *RV Discovery* oleh Universiti Malaysia Terengganu dan juga Pengurusan Perkhidmatan Kawalan Keselamatan di Institusi Pendidikan dan Sekolah.

Hari berikutnya iaitu 15 Mei, saya cadangkan kita buat mesyuarat untuk hendak membincangkan, *housekeeping* juga ya, untuk membincangkan mengenai Laporan Pengurusan Loji Insinerator Jabatan Pengurusan Sisa Pepejal Negara dan juga Pengurusan Aset Jabatan Bomba dan Penyelamatan Malaysia. Pada 20 Mei, cadangan untuk membuat mesyuarat mengenai Tahap Prestasi Pengurusan Kewangan FINAS Yang Tidak Memuaskan mengenai perkara yang tertangguh iaitu kita hendak memanggil bekas Ketua Setiausaha Kementerian dan juga dua orang Ketua Pengarah FINAS yang bertugas sewaktu perkara – perkara apa? Akaun FINAS yang bertegur? Itu ia punya *official terminology*?

**Seorang Ahli:** Teguran.

**Tuan Pengerusi:** Teguranlah, ya. Teguran mengenai akaun FINAS tahun 2012. Jadi itulah...

■1050

**Datuk Roosme binti Hamzah:** Semua yang kita buat *housekeeping*, *one* kita panggil FINASlah.

**Tuan Pengerusi:** *One* kita panggil semua FINASlah.

**Datuk Roosme binti Hamzah:** Yang lain semua *housekeeping*.

**Tuan Pengerusi:** Yang lain semua *housekeeping*. Saya cadang hendak habiskan semua ini pada bulan Mei... [Disampuk] Cadangan masa pukul 11. Tidak, ini cadangan ya. Maknanya sesiapa-sesiapa yang tidak- Yang Berhormat boleh?

**Datuk Roosme binti Hamzah:** Pukul 10.30?

**Tuan Pengerusi:** Pukul 10.30? Setengah jam awal, pukul 10, 10.30 bolehlah. Hendak 10 atau 10.30?

**Seorang Ahli:** Pukul 10.30 lah.

**Datuk Roosme binti Hamzah:** 10.30.

**Tuan Pengerusi:** *So you all voted 10.30 am. [Ketawa]*

**Datuk Roosme binti Hamzah:** Tidak, setengah itu *flight from Sabah, Sarawak.*

**Tuan Pengerusi:** *Actually to give time to come.*

**Seorang Ahli:** *[Menyampuk]*

**Tuan Pengerusi:** *Please be understanding [Ketawa]* Okey, jadi pada hari ini cadangannya ialah untuk memanggil wakil AirAsia masuk tanpa ada wakil kementerian atau wakil MAHB bersama dalam bilik ini.

**Dato' Kamarul Baharin Abbas [Telok Kemang]:** Permintaan diakah?

**Tuan Pengerusi:** Tidak, kita. Sebab nanti kita tidak mahu ada tohmahan bahawa AirAsia tidak memberikan keterangan tidak berkecuali, *independent.*

**Datuk Roosme binti Hamzah:** Bermakna *all the seat* itu untuk AirAsia sahaja.

**Tuan Pengerusi:** AirAsia.

**Datuk Roosme binti Hamzah:** *Three and two more officers* dialah.

**Tuan Pengerusi:** *If need be then we called the* KSU dengan MAHB. Mereka sudah bersedia di luar. Kalau perlu. Saya pun sebenarnya kalau boleh hari ini hendak selesaikan semua keterangan daripada saksi-saksi dan kita boleh terus kepada *report* punya *preparation* stagelah. Satu lagi, saya minta hari ini kita- ini permintaan daripada AirAsia, dia minta prosiding ini diadakan dalam bahasa Inggeris untuk memudahkan- Nama Tony apa semua ini, masalah sahaja *[Ketawa]* Untuk memudahkan prosiding pada hari ini.

**Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]:** Tuan Pengerusi, ini semua sangkaan jahat.

**Datuk Roosme binti Hamzah:** Tuan Pengerusi, *let him request* dalam itu, Tuan Pengerusi beri kebenaran.

**Tuan Pengerusi:** Okey.

**Datuk Roosme binti Hamzah:** Jangan terus sahaja. *Let him request*, sebut.

**Tuan Pengerusi:** Jadi sebelum saya hendak teruskan dengan memanggil AirAsia, ada apa-apa pandangan lain daripada Jawatankuasa?

**Datuk Haji Anwari bin Suri [Timbalan Ketua Audit Negara (Persekutuan)]:** Tuan Pengerusi, kalau boleh isu Lapangan Terbang Antarabangsa Kota Kinabalu yang tidak pindah itu elok ditanya sekalilah.

**Tuan Pengerusi:** Saya lupa. Kita ada satu perkara tertunggak daripada KKIA itu hari...

**Datuk Roosme binti Hamzah:** Ya, dalam senarai ini kita tulis. So kita *remain.*

**Tuan Pengerusi:** ...Di mana kita hendak tanya mengenai persediaan AirAsia untuk berpindah daripada Terminal 2 *Kota Kinabalu International Airport* kepada Terminal 1.

**Datuk Haji Anwari bin Suri:** So Tuan Pengerusi, ada *paper* yang telah diedarkan. Boleh *refer*lah sebagai *guide*. Muka surat 4, muka surat 9, muka surat 12. Ada?... Tidak ada?

**Tuan Pengerusi:** [*Bercakap tanpa menggunakan pembesar suara*]

**Datuk Haji Anwari bin Suri:** Belum edar ya?

**Beberapa Ahli:** [*Berbincang sesama sendiri*]

**Tuan Pengerusi:** Ahli-ahli Jawatankuasa PAC, dimintalah bukalah e-mel. Kesian Audit sudah hantar awal-awal [*Ketawa*]

**Beberapa Ahli:** [*Bercakap tanpa menggunakan pembesar suara*]

**Tuan Pengerusi:** Tidak e-mel pada Jawatankuasa?

**Seorang Ahli:** [*Bercakap tanpa menggunakan pembesar suara*]

**Tuan Pengerusi:** Oh!

**Datuk Roosme binti Hamzah:** Lain kali *email* pada SUDR.

**Tuan Pengerusi:** Oh! Okey, okey.

**Datuk Roosme binti Hamzah:** Kerani dapat, Setiausaha tidak dapat.

**Seorang Ahli:** Sebenarnya pada Encik Ami.

**Tuan Pengerusi:** Kita betulkan dia punya *lines of communication*. Selepas ini e-mel kepada Encik Amisyahrizan berserta dengan SUDR. Yalah, itu dia punya *official line of communication*. Saya ingat sudah hantar kepada semua sebab itulah dia... [*Disampuk*] [*Ketawa*] Okey? Jadi ada apa-apa pandangan lain sebelum saya memanggil AirAsia?... Boleh ya? Okey, panggil wakil daripada AirAsia masuk.

[*Saksi-saksi dari AirAsia Berhad mengambil tempat di hadapan Jawatankuasa*]

10.58 pg.

**Tuan Pengerusi:** Selamat pagi saya ucapkan kepada Tan Sri Dr. Tony Fernandes- Group CEO AirAsia Berhad; Datuk Kamarudin Meranun- Pengerusi Eksekutif AirAsia Berhad; Tan Sri Jamilus Hussien- Konsultan KLIACS; Cik Aireen Omar- CEO AirAsia Berhad, seterusnya pegawai-pegawai daripada AirAsia. Selamat pagi saya ucapkan kepada tuan-tuan dan puan-puan sekalian.

Pada hari ini Tan Sri, saya bagi pihak PAC sememangnya menunggu-nunggu kedatangan Tan Sri ke majlis ini untuk memberikan keterangan mengenai isu pembinaan *Kuala Lumpur International Airport 2, KLIA2*. Tujuannya sebenarnya adalah mendapatkan keterangan daripada Tan Sri untuk menjawab apa-apa maklumat dan juga keterangan-keterangan yang telah diberikan oleh Malaysia Airport Holdings Berhad dan juga daripada Kementerian Pengangkutan mengenai isu pembinaan KLIA2 ini. Isu ini memang sudah panas dilaporkan dalam media tempatan dan juga media antarabangsa dan isu ini menimbulkan kebimbangan di kalangan rakyat yang saya rasa perlu dijawab melalui platform



PAC ini. Jadi, tujuan dia pada hari ini adalah untuk Tan Sri memberikan penjelasan dan sekiranya Tan Sri ada apa-apa lagi perkara yang hendak disebut, hendak memberi pandangan mengenai KLIA itu sendiri ataupun industri penerbangan negara.

■1100

Ini kerana ada lagi satu isu yang kami juga berminat untuk mendengar pandangan Tan Sri iaitu isu mengenai penggabungan AirAsia dan MAS yang telah berlaku dan kemudian dibatalkan pada beberapa tahun lepas yang telah menimbulkan satu kontroversi iaitu kedua-dua syarikat didenda oleh MyCC, *Malaysia Competition Commission*. Jadi timbul juga isu bahawa berlakunya monopoli dalam industri penerbangan negara yang mungkin tidak sihat untuk para pengguna industri penerbangan. Kalau ada pandangan daripada Tan Sri juga, kita boleh mendengar pandangan tersebut.

Satu lagi perkara yang kita hendak dengar penjelasan Tan Sri juga ialah mengenai *Kota Kinabalu International Airport*. Pembinaan *airport* tersebut telah diselesaikan, tetapi ada isu yang timbul pada beberapa bulan lepas iaitu AirAsia tidak berminat ataupun belum lagi bersedia untuk hendak pindah dari Terminal 2 *Kota Kinabalu International Airport* itu ke Terminal 1 yang baru dibina dan telah pun beroperasi.

Jadi, kalau Tan Sri hendak bercakap dalam bahasa Inggeris, saya rasa kita boleh benarkan. *Feel free because if it is something that will make your testimony easier then feel free to speak in English*. So, tanpa melengahkan masa lagi, saya minta Tan Sri untuk memperkenalkan pasukan Tan Sri dan sesiapa yang terlibat, seterusnya membuat pembentangan jika ada dan menerima soalan daripada PAC.

Saya hendak maklumkan kepada Tan Sri bahawa kalau ada *statement* yang hendak dibuat yang tidak mahu direkodkan, tutup *mike*. Jangan buka *mike*. Bila buka *mike*, *statement* daripada Tan Sri akan direkodkan. Laporan PAC dibuat secara verbatim. Setiap perkataan dicatat dalam laporan tersebut dan akan dibentangkan dalam Parlimen dalam bentuk itu. Jadi kalau ada perkara-perkara yang sensitif, yang tidak hendak direkodkan, tutup *mike* dan teruskan dengan keterangan. Jadi saya jemput Tan Sri untuk memberikan keterangan kepada PAC. Terima kasih.

**Tan Sri Dr. Tony Fernandes [Ketua Pegawai Eksekutif Kumpulan AirAsia Berhad]:** *Good morning, thank you Yang Berhormat, Members of the PAC. We have a presentation, take you through a little bit about the history of AirAsia as well, what got us to where we are. I think it is important that the Members of the Public Accounts Committee understand the business model of AirAsia. Then we will talk to you about the KLIA, KK and the whole aviation industry as per you request, Yang Berhormat.*

*So, we start with the presentation. We started the airline 12 years ago, me and Datuk Kamarudin, both of us are from the music business. I bought Datuk Kamarudin's record company, RAP which was the biggest headache of my life, Roslan Aziz's Production, I actually overpaid, so I told them*

*the next time we do a deal, you should be on the same side of the table as me. This was 12 years ago. We had not a lot of money between us but we have a dream and an idea.*

*We bought AirAsia from DRB HICOM on the September 8, 2001 subject to due diligence. We said subject to due diligence because both of us did not have enough money to actually— we don't have much working capital and both of us remortgage the houses to raise about a million dollars. We actually— and DRB HICOM was very, very supportive in— they did not want the airline but they knew that they will help us in getting to where we are.*

*So, even though we didn't own the airline, on September 8, after signing, they allowed us to go in there and start changing things. AirAsia had been two aircrafts operations, full service carrier and operating at Subang and accumulated losses in the five years of RM160 millions. On the December 8, 2001, we took over the airline. That is the day actually that we took over, me and Datuk Kamarudin standing in old AirAsia livery. There were five original founders of the airline. Aziz Bakar, who was also from the music industry, BMG Music, I was at Warner Music and Datuk Kamarudin was that RAP, Datuk Pahamin Rajab who we knew through anti piracy. He was the KSU of Ministry of Domestic Trade.*

*And Connor McCharthy who was the Chief Operating Officer of an airline called Ryanair which is probably the most successful low cost carrier in the world and where we based most our model on.*

*Just give you some history.*

*We bought AirAsia for RM1 and took over of a RM20 millions of debts. It is important to noted that we paid all the debts in full. There were three main creditors, Petronas, Malaysia Airport and Malaysia Airlines. We as shareholders never ask for a hair cut. We said, "We will pay you back. Give us eight months to pay you back and we will pay you back". We ask Petronas to give us a deal in terms of— when we pay them back, give us a good incentive which they did. I am not sure anyone actually believe we had paid them back but we did in full and no creditors ever loss any money.*

*I want to tell you that, the history of AirAsia has been nothing short of spectacular if I may say so. The staffs in AirAsia are quite amazing people. We started with two planes 12 years ago and now we had 169 aircrafts. First year we carried 280,000 passengers. This year we will carry in excess of 50 million passengers. No airline has grown as quicker as we have in the history of aviation.*

*Since we started, 228 million people have flown on AirAsia. Most of this people never flew before, never had a change to fly. It was just too expensive. Since AirAsia, Malaysia we have really gone to be an ASEAN brand and hopefully an Asian brand in a very, very competitive environment. We have Thai AirAsia, Indonesia AirAsia. We started at separate company called AirAsiaX. We have Phillipines AirAsia and hopefully this week, today is the last day of proving fly, we will be the first foreign airline to get a license in India. We will restart Japan in early of next year, we received the license. We have been asked to start in all, we have application from 22 countries that after us to start*

*an airline. From Africa to South America to even Europe. As a Malaysia brand, it has shown that we are recognized in the world as someone who knows what we are doing. I think it is important to note.*

*In these 12 years, we have been through every calamity. Nothing has been easy for us, nothing. We had SARS, bird flues, tsunami, earthquakes, revolution, we have to deal with national carriers etc. It took us seven years to get Kuala Lumpur-Singapore as a route. It was just not feasible. It's took us four years to get the first international route. It took me and Datuk Kamarudin, six months to get one extra flight to Langkawi when we first started. Nothing has come easy for us. It has been a very, very hard slough to get to where we have got to. But we always be positive, we always found the way. We had paid a bonus to our staff every year. We have never made any staff redundant in AirAsia in our 12 years.*

■1110

*Even during the tough time like SARS- no one wanted to fly during SARS. Everyone thought they would die if they fly but I remember telling our Marketing Department that this is the best time to build our brand. So I said, triple our advertising now because no one else is advertising. People will know us. Plus, I said, and lower the price. I said I know Malaysian very well. If you put a fare lower enough, they will risk their lives. RM800 to Kota Kinabalu, SARS- RM18, who cares? I am going. This is the same for Bali and this is the same for all the problems.*

*The point through this is that, what have kept AirAsia in business is low fares. Be it SARS, be it terrorism, being the airport closed. In Bangkok, we are being able to build a strong business and make money every year except for one year when the oil crisis came. When the oil went from USD150 to USD40, we lost a lot of money through hedging. Apart from that, we have always been able to generate a profit.*

*I want to also show that we had never been given credit. We are always seen as the bad boys, we always given a hard time. It is very tough for an airline such as ours because we are- in someway, the two biggest components of the airlines industry are owned by the government. Malaysian Airport has the big government ownership and Malaysian Airlines. For many years we could not get route because Malaysian Airlines block us in many places and etc. Plus, we had to compete with the subsidized airlines. Malaysian Airline has been- domestic operation was fully subsidized. Even now, they constantly get funds so that they can compete with us. They lost RM1.8 billion and government would top up their account. So if they really want a competition, they would not be able to compete with our fares.*

*On top of that, we had to- obviously, well documented our issues with Malaysian Airport which I will cover some of them. But you would see that AirAsia, if you take AirAsia growth out of Malaysian Airport, Malaysian Airport only grown 3.4%. We have added 38% compound growth over last 12 years. What have delivered this, had been low cost and low fares.*

*If you look at East Malaysia, the number of flight we created- there was no direct flight to Tawau, there was no direct flight to Sandakan before AirAsia. The number of flights we had to Kota Kinabalu and Kuching- we just started the flight that no one would have dreamt of, Kuching-Langkawi. We have fantastic hub in Kota Kinabalu. We would like to develop a hub in Kuching but we restricted by the high airport charges, similarly Langkawi, which I will talk to you in a second.*

*But again, I go back to the main point that we have beaten Singapore and Thailand. Remember, Singapore was the hub of South East Asia. We are now almost bigger than Singapore. Just now we met President Obama and even he was saying, "When you are going to fly to America because many people want to use AirAsia for connectivity". All of this comes from low cost and stimulating the market. If every car in Malaysia was a Mercedes Benz, the market will be very small. If every hotel in Malaysia was a five stars hotel, the market would be very small.*

*I put to the PAC today that every airport is a full service airport. Malaysian Airport would have only grown at 3%. There is a different product and a different type of operation for each type of airlines. One doesn't fit all. That is what we have been battling for 12 years. That is how 228 millions people have flown because we made it very affordable from what it was 12 years ago.*

*Secondly, if you look at our fares, we have not been able to increase fares even though oil has going up from USD30 when we started this airline, me and Datuk Kamarudin, to now jet oil is trading about USD120. We are still remained our fares where we have. We have driven ancillary income and reduce cost to do this. So, even RM1 may not seem a lot to members in this room but RM1 makes a big difference to our market. RM5 makes a huge difference to our market.*

*That is why we push very hard to keep the charges down. To the consumer, they just don't look at the air fare, they look at how much cost to get to the airport, how much is the airport tax, how much is the hotel etc to travel. Is not just the AirAsia air fare which is the components in making you to decide to travel. That is why we work hard in getting cheap busses to the LCCT. We have not had the advantage of ERL. We were promised a link to the LCCT, but that never happened. So, we had to innervate and create bus companies to used that at RM9 as oppose to taxi fares which are in excess of RM17.*

*Our average fare, again, is RM150 across the whole network. So, airport tax when it is RM30 or even top was of RM60 is 50% of the air fare when your average fare was RM150. So, it is really important to understand the sensitivity and the elasticity of this business.*

*So, bargain too much detail- obviously, the LCCT was build for 10 million people. We are currently almost operating 20 million people in that airport and that it is super crowded and that is not a pleasant experience. We had been requesting for a new terminal for a long time. We even actually went on our own initiative to try and build on our own airport in Labu which was initially accepted and then rescinded. We believe we could have build an airport for RM1.8 billion. A whole new airport, brand new airport with tower, runways and everything and look at PSC of RM10 for international. That was our*

target. Our goal was to moved and carries 17 million people and make Kuala Lumpur the Dubai of South East Asia that everyone who wants to travel in Asia comes here. This was a volume game. And, that was rejected. We were assured by Malaysian Airport with the Prime Minister there many times when our Labu plan was rejected, that the airport will be build for RM2 billion, there will be no increase in charges and the airport will be ready in 2011.

I think the rest of the presentation will try and refute some of the things that I have been talked about how that we cause the delays and we cause the increases. I also want to give you a bit of history. If you look at the LCCT, we made it as cheap as possible. It is not pleasant, but again, to people who can never fly, it is a chance to fly. Of course we want great facilities, of course aerobridges work, of course we want walkalator in the airport. But we were able to build LCCT and MAB was able to build it for RM200 million. First phase RM150 million and then by the end after some extension and expansion, I think RM320 million.

That airport with a big mode investment would have been fine. That airport, we insist on having low charges, low cost, so that we could charge people less. We said build it on a capital asset model. If you put RM400 million into it, what returned do you want and then charged people appropriately. We are not getting the money. The airport is. We said to MAB, you will get volume.

Initially, MAB wants to charges us the same airport tax as the main terminal. We said, how can we are facilities are so much more inferior, we have no walkalator, we have no lift, people walk to the planes etc. After appeal to Yang Amat Berhormat Prime Minister who was Deputy Prime Minister at the Cabinet, they reduce the airport charge from RM45 to RM25. That enables us to grow to the level that we are able to grow over this last few years, the low airport tax.

We had six different dates for starting this airport. The first one was September 11, the next one was December, March, October, May, June of 2013 and now finally 2<sup>nd</sup> of May 2014. We want to officially stated, we never said we were not going to move. We want to make sure that the airport was safe and I think Tan Sri Jamilus who has been involved in building KLIA before I was born, will be able to give you a much deeper insight into that whole airport planning.

■1120

Again, just to put on record, an average airline takes eight months to move to a new terminal. We've been given about a month to move. This is not a small operation. We have 500 flights a day from the LCCT. British Airway took nine months to move to terminal five. We contend- of course we want to move. Of course we want to be in a better place at the right charges but we want to be operationally good as well. We don't believe there is been enough testing in terms of the size of the airport that were moving to.

So, just to put on record, we want to make sure the airport was safe. We still contend that there's going to be lots of operational difficulties and Tan Sri Jamilus will take you through that. And we

*feel there is not enough ORAT testing for an airline of our size. I think, again, Tan Sri Jamilus will tell you that an average an airline move takes about eight months. This is, Member of the PAC, our fourth moved. No airline has to move as many times that we have. We were pushed out of Subang to the main terminal building- from main terminal building to LCCT and now LCCT to KLIA2. We have to do it overnight on 9<sup>th</sup> May, 62 planes would have to be transfer over to KLIA2, which is – even if you move a house, it is not that easy to move in one day and test everything.*

*Just a quick look at Labu, our plan, I won't spend so long in it, it's history. But just to highlight one number, we ask we are going to build for 30 million passengers. It is important number because that number has always been in our head and suddenly became 45 million passengers. We never request of that. If you look at our original proposal, you will see a simple structure which would cost a lot less, a much better structure, and in fact, the original design, which again, Tan Sri Jamilus who will talk about, asked for finger pier airport which is what a general low cost airport is.*

*What we have in KLIA2 is a mirror of MTB, is a full service terminal. It is not a low cost terminal. In fact, MAB said, "Yes, we build a full services terminal for low cost carrier" which is an oxymoron statement, in any stretch of the imagination.*

*So, this was the original plan which we thought will get ready by 2009. You'll see again, the finger pier. People go to a main terminal, two floors for separation. Right now we have five floors in a main terminal and people will walk to the planes, no aerobridges. I would talk about aerobridges. That is sort of another emotional topic. But you will see some ideas of what the picture was, and the pre qualify designs, again Tan Sri Jamilus was involved in it. He was part of the team that put this design spec together, was a finger pier concept. When Labu was rejected, MAB assured Prime Minister that AirAsia would be involved in every step of the way. We were not involved because what we have in this terminal is not what we wanted.*

*We will make do and we will find a way but it is going to hard and charges will go up which defeat the whole objectives of a low cost. We are trying to make it cheaper for the rakyat to fly. This terminal will make it more expensive.*

*Just some more pictures of what the airport would have looked like but you can see it. Finally this is what we end up with. This is bigger than main terminal building. I know- the one positive side is, Datuk Kamaruddin and myself will lose weight, because walking from one side to the other is almost seven kilometers, when you do all the piers. So, if I just go back to what we requested a low cost airport, so that charges remain without sound like a broken record, is a simple layout, finger pier concept, not a high-end airport. We want to do 25 minutes turn around. I'll take you through our model very quickly. But 25 minutes turn around is very quick. No use of an aerobridge. Again, I want to clear the misconception. Aerobridge is not about cost, it's element of cost. It's about a quick turn around. It's about boarding 180 passengers in two doors, very quickly.*

*When you have one aerobridge, everyone goes in it. If you fall on an aerobridge, there were always be traffic jams at the aerobridge because 180 peoples are going through that terminal. In terms of steps, we can board from the back and the front. The 25 minutes allow us to have more flights per day which mean our cost per seat goes down. We all pay the same price for an aeroplane. If we use the aeroplane more, our cost per seat goes down. So using aerobridges is a major issue for us which now we have to find the way to come and get it.*

*Again, I won't repeat this, but the philosophy of AirAsia is to stripe out unnecessary cost and give people a choice. So, if you fly on a full service carrier, you will be given a meal. You may think that the meal is free, but it is billed in your ticket price. All we are doing is unbundling all those charges and giving you a chance to choose what you want. You want to buy food, you buy food. You don't want to buy food; you don't get charge for it. You want to board the aircraft first, we give you an option. If you don't, we don't charge for it. And let me explain you bags which have been discuss in Parliament.*

*A person who carries no bags is much cheaper, to me, than a person who carries five bags. Let me explain to you why. If someone brings five bags, I need more man to carry those bags. I need more baggage factors to move those bags from the main terminal to the aircraft. And because we are so cost efficient, the plane become heavier when you have more bags on the plane. Every month in the old days, I would carry bag. People who fly with us generally bring their house with them. Is like two and half tons we have to move within 25 minutes. The issue is that we- and the person who doesn't bring bag is invariably subsidizing the person who brings a lot of bags. So we feel it's fair to charge people for bags and to not charge people who don't bring bags. So everything is democratic bases to make it fly. Anything, there is a choice, you have an option to pay or not an option to pay for.*

*So, the next slide actually just- this is our recipe, ladies and gentlemen. This is what has made one of Malaysia biggest brand. This is what taken Malaysia from a very small aviation industry to now one of the biggest industry in Asia if not the world. AirAsia has committed to buy 500 aircraft. We are the biggest owner of airbus aircraft.*

*Again, an airport needs an airline. You can build the most fantastic airport. If there is no passenger coming to that airport, then you have a massive white elephant. The industry is driven by airlines who take the risk in buying the aircraft, who take the risk in studying up new routes, who take the risk in advertising.*

*About 50% of our routes are route that will never do before. Kuala Lumpur-Bandung, I know Bandung because I used to be the king of dangdut music. [Ketawa] I recorded most of the dangdut in Malaysia, Amelina, Shida, all were my artist and we used to record them in Bandung. So when I started AirAsia, I said why don't we start a flight to Bandung? And no one flew. No one flew to Bandung. Now we have 32 flights to Bandung. Similarly, I used that big artist in Tawau and we used to go to KK and I said why don't we start a direct flight to Tawau? And now we have five flights a day to Tawau. This is*

*our strength, and the strength arises from this graph. This is our Kentucky Fried Chicken secret, low cost- low cost equal low fare. There is no other recipe from that. You can see in comparison with the rest of the world, we are the lowest cost by far, and that enables us to have low fare.*

■1130

*So the next slide gives you a quick one class configuration- all first class you treated great, 180 seats. Point-to-point, we don't do hubbing. I will describe you what we doing with AirAsiaX which is slight differentiated model but it still cost it up differently. One type of aircraft, every single one of our aircraft is exactly the same. From seats to engines which mean our pilots and engineers have lowest cost. If you have three different types of aircrafts, you need three different types of engines, three different types of doors etc. Every single one of our aircraft is the same. We have a young fleet; our average age is about four years. We owned all of our aircraft. I think we are unique in the aviation world. The 92% of our aircraft is owned by us, not lease. Again, Aireen has done all the financing of these aircraft with Datuk Kamarudin.*

*Twenty five minute turnaround, that is so important because if we use the aircraft less- on average of full service carrier uses the aircraft, eight to nine hours. We use our aircraft 12 to 14 hours. Which means we can do more flights per day. There are no safety issues on that and hence you mortising your cost over more flights. That's why the 25 minute turnaround is so important and that's why we don't like aerobridges. Of course people want aerobridges but if you start having to pay for it and no one start to fly, we have a major problem.*

*Simple airport operation, very clear- I saw my guys now they are buying all these bikes and stuffs. They said it is too far for them to walk. We never had this, I don't know what they call, use two-wheel thing where they moving around the airport. They didn't tell me about it. I saw it in Twitter. They bought too.*

*We had the lowest interest. Aireen is a fantastic example of AirAsia which I really want to spend a bit time on how we develop people. We have a truly Malaysian multi-racial company on meritocracy. Kamarudin, me, Aziz and Datuk Pahamin, we always said, let's make this a truly Malaysian company and we develop people. We have boys who carried bags for us who are now pilots. We have a boy from Sibul that I used to carry bags with, and I said you are super smart, go be a pilot.*

*He said, "No, I left school at 12". I said it doesn't matter. I was lucky to have a good education. You have a much bigger brain than me and he's now a captain. He joined to carry bags with us. Our first 18 cadets came from within the company, 11 of them.*

*There was no female pilots in Malaysia before AirAsia. Now we have 52 female pilots. The other day was history. Captain was female, co-pilot was female, all the cabin crew were female and all the passengers were male. [Ketawa] Last point is not quite true but again, we would have lash out a huge talent pool and I'm very, very proud of it. Kamarudin hired Aireen as an investment analyst and we saw*



something in her. I told her many years ago, I said one day you can be CEO and she said "No, I can't, got a lot to learn", normal Malaysian response. She has done a phenomenal job.

We have the lowest interest rate in the world for our planes. Out of 160 planes across the whole fleet, we are paying just about 4% and these are banks from France, banks from America and our recent planes, Aireen has negotiate with JP Morgan, under 3%. We are paying 2.8%. That is better than Malaysian sovereign debt and I think Aireen gets full credit along with Kamarudin for doing this.

People, I've talked about, we have an amazing company and I really urge you all to come and have a look at AirAsia and see the people, see the energy and see the drive. There are 12,000 staffs, no union, so much internal promotion, so much people had joined at different levels etc. Cabin crew who are now pilots, cabin crew who are engineers, boys who carried bags was pilots, etc. It is an amazing company and that is how we been able to have low cost because everyone has one direction. We have pilots who actually talked to engineers. If pilot and engineer don't get on, it cost a lot of money and I can give you 100 examples of that. But the strength of the airline is the people and the amazing energy and it is truly Malaysian company. Our CFO is bumiputera, our CEO is bumiputera, our Head of Commercial is Chinese, our Head of Network is Indian and it is a fantastic environment to be in. We are hammered all the time, I am personally. But I always go back and I see it worth fighting because we having credible staff in our company.

I've talked about high utilization, I've talked about distribution. We use internet. Again, no one use the internet before AirAsia. About 82% of our sales are done on the internet. Economies of scale and we only focus on plane. We don't own an engineering company; we don't own a catering company. We think airlines are poor return of its capital because they do too many things. If you look at Singapore Airlines or Malaysian Airlines, they have full service-long haul, full service-short haul. The difference between long haul model and short haul model is very, very different. Apart from that, they have first class, business class, premier economy and economy. It's a very complicated model. Then they have cargo operation, they own engineering etc. AirAsia all of our capital goes into short haul model. So you can see we are very, very focus and we are very dedicated to simplified model which resonates back to simplified airport.

We are continuing to save money. Everything is about reducing fare. We don't laid back and say with the lowest cost, we continue to find ways to lower the cost. We drove Airbus into creating the winglets which saves 4% on fuel. That was our initiative- our engineers led by Anas who was just a junior engineer in MAS and now Chief Engineer with us and he drove this initiative.

He also had driven initiative to put six more seats onto A320 which will further reduce the cost. The only sacrifices is the toilet to be a little bit smaller but us Malaysians are much smaller than Americans, so the will be no issue. We tested it out with our biggest person, Kamarudin and he's fine.

*We are bought the new neo which will save us 12% of fuel and obviously we are pushing very hard for LCC Terminal everywhere. In my closing remarks on aviation strategy, we could develop so much more if we had low cost terminal in Kuching, if we had low cost facilities in Langkawi. Langkawi is such a waste and I will talk in a second about that. We continue to invest in cost efficient technologies.*

*One of most saddest thing is we invested with the fantastic Malaysian company to build the world first check-in machine where you can actually tag your bags, weight your bags and put them in. This was done by Malaysian company. It's been accepted in Singapore, it's been accepted in Indonesia except KLIA2. We are not allowed to use our own check-in machines. We are not even allowed to put our own branding at the airport. Our branding is great, it makes people feel fun etc. We have branded our check-in counters all over the world including when we flying to London. Stansted Airport gave us our own ability to brand. In KLIA2 we're not. We can't use check-in machine, we can't use any branding whatsoever. I will talk about regulations at the end because it is one way street at the moment.*

*This I've talked you about already, one fleet, you'll see our seats versus everyone else. Just one other thing we done on AirAsiaX, we added a premium class because it was flight for more than eight hours. We put eight seats which has worked very well, asleep per seats. Some of the other long haul low cost carrier has done that but AirAsia predominantly one class, next.*

*I've talked to you about this already, why aerobridges we are not keen on them. Again, we have no choice now but to use aerobridges. We were promise ramps. It was promised at every stage of the airport and we said don't waste your money on aerobridges. It is important to note to PAC, we are 92% of the passengers in KLIA2. Yet, the airport has not asked us what we want. They could have save RM200 million from not using aerobridges by just building ramps. In the end they did not build ramps. It's about three flights of steps to walk up. Plus, the tarmac because of the depression will get flooded, so we are forced to use aerobridges which means our cost would go up.*

**■1140**

*Just the next one, I won't go through too much, but again, with the cutting edge of the technology, we were working with Facebook – we were the biggest Facebook site in the world for airlines. Three percent of our businesses are now come from Facebook. There is no airline that is work closely with conceivably than AirAsia. We have the best mobile apps that are coming out, and again, it is such a shame that other country will see the self checking desk are not in our own country because we are forced to use MAB's not a good technology and more expensive.*

*There are other things I want to add. Whenever we do a promotion where we give away one millions seats, we give away two million seats; we still pay full airport tax. The airport never helps us in that. What we are doing with promoting flight- let me just explain to you our model.*

We want to stimulate someone who never thought about fly by having low fares. So, six months before- the trick is to know... Once you playing the tax off, and the seat is empty- that revenue gone forever. The trick is to try and stimulate people who never thought about fly by having low fares and we give away about 30% of our seats early. We hope that some they will buy, some ancillary income, some foods, and etc. But for us, the marginal cost of having one extra person that is very small. So, we must give it away and of course air fare goes up the closer you get to the booking, our fare are higher during high demand periods, etc. It normal revenue manage situation.

I told to you about lots and lots of our staff, I can talk for hour. It is most proudest thing for me and Kamarudin is what we have developed with our staff. And the efficiency of our people, it is far greater than any airlines in the world and we do everything ourselves. We have 85 staff for aircraft, versus a normal carrier, double that, and in some cases, triple that.

Next page is very clear. I want to tell you also, Ryanair and EasyJet, both are big airlines in UK, operate from full service airport – low cost airport really. Gatwick and Luton Airport, they do not use aerobridges. Stansted which is a very big airport in UK does not use aerobridges- 25 minutes. They had given tremendous incentive. Stansted just got a huge incentive package to Ryanair and Luton Airport give a huge deal and Gatwick Airport to EasyJet to stimulate more travel. We used this incentive to start new route for advertising. Our loses are very big in the initial stage of new route.

Again, this is being done by Bank Negara. AirAsia direct contribution to the GDP is 1%. The number of job we created both indirect and direct are huge. You see, for every one aircraft to Malaysia, it is RM135 million per year, 100 new jobs and 31 highly-skilled jobs. The number of pilots we created, 2,000 you know, the numbers of engineers, the number of jobs in MMRO is huge. All of this will disappear if the low cost industry is not supported.

So now I split this with Tan Sri Jamilus and goes through some of the issues that have been highlighted. I want to give you a good understanding of what the model is and what our contributions is to the country. The issues and the perception we been led to believe and so we will try cover them to our best ability. Issues regarding to runway, regarding to us requesting for the 45 million terminals, requesting that we asked- we went from a manual system to fully automated system. We believe the cost is not RM4 billion. We always have been very consistent. In the end, it would end up something like RM4.5 to RM5 billion. AirAsia requested for 76 stands, we requested for A380 facilities, we requested for a museum and spa, and we requested for use for the passenger loading bridges. We will talk about all those issues now. We will show you clearly the timelines when the discussion took place and hence there was no caused to the delay and no change to the original RM2 billion budgets.

So, I will start with the issue of the runway. The runway was always meant to be 4,000 meters in that area, 3,900 because again, AirAsia X was there. Why would we build a new airport, have a new runway and AirAsia X can't land on it? In a need statement, it was agreed in a need statement when

they started the cost started running, they decide to cut it to short-haul and in fact, Khazanah highlighted to me when they went up to the tower, and they said, "Do you ask for the shorter runway?" I said, "No, of course we needed the longer runway". So, in the need statement which you will see, it was always meant to be to for A330 and A320 operations. And you will see from that timeline, again, by the time MAB said that they were changing it, it was well in the first date of September on second revision.

A runway was needed because of the site that MAB choose. It is very far from the other two runways and if we did not have a third runway, it will take about 15 to 20 minutes to get to the other runway and of course a lot of fuel burn. So when they choose KLIA west, they have to build the runway.

They was never a decision- it was a dare decision to build it there and put the runway there and the runway length was always meant for 330. The reason, I won't go through there. And you will see the timeline again, on 16<sup>th</sup> of December 2010, they agreed that the runway would be extended by 300 meters to 3,960 meters which of course, was acceptable to us. In 29<sup>th</sup> of June, they talk about a shorter runway and both DCA and AirAsia requested for the reinstatement of runway length to 4,000 meters. It was always in original need statements and always in original budget of RM2 billion.

The second issue is that, we ask for a change for the 45 million's terminal. Like I said in Labu, we said 30, we always contended to be 30 and then later extended. We never asked once for 45 million's terminal. If you look on at the side page, you would see the passenger pick hours, where we quoted the passengers. MAB never change the airport from the RM2 billion. It is exactly the same. All they change was the comfort level. So suddenly went up from the 30 million to 45 million to try and justify the cost increased. There was no change. We requested as you will see later, 80 stands, 30 million terminals etc. It was always there. There was never a request and it is incorrect for them to say that we asked for 45 million, we never did.

And I stress to the PAC, the building that was meant to be open in 2011 and the building now that is open in 2014 is the same size with the same number of stands. All they have done is they change the passengers level comfort and so they squeeze us in a bit more to bring out this 45 million number. There was no increase in stands, there was no increase in floor space at all. I think Tan Sri Jamlus who was part of that original plan will tell you from the detail airport size.

Third issue, we never saw the airport because they never ever show us, as system in LCCT is manual. The bags come out, the boys are there waiting for the bag, they drives it to the plane. It works, there is no breakdown, there is no issue. When we finally saw the terminal, we was, "Wow", we were shock a bit and so we said okay, but again, we didn't want to increase the charges because increasing the charges with meant more charges to the rakyat.

■1150

Every point, and Datuk Kamarudin can tell us, we asking the Prime Minister, please make sure the charges don't go up, the cost don't go up because eventually someone has to pay for it. And Tan Sri

*Bashir promise the Prime Minister it will not go up more than two billion when me and Kamarudin, and Ashok were there at the time.*

*When we saw- we said okay, we will take a semi automated system which is much cheaper than fully automated system and everyone agreed on the semi automatic option. The MAB bought unilaterally disagreed themselves to go fully automatic, had nothing to do with AirAsia. We were quite happy with the semi automated system. The decision which are more costly and will incur some delays, were the decision of the Board of Malaysian Airport. We were quite happy with option two which initially agreed and then the board decided to go with fully automated system. Again, if you look at timeline, you can see none of the timeline even of this one would have caused the slight delay, they should not been able to meet their dateline for opening the airport.*

*Issue four, it just for an interest sake, we think there is still a lot of variation order, still a lot of work to be done which I think Tan Sri Jamilus can fill you in and that terminal won't in no way would cost RM4 billion. I think three years ago, I was hammered by many when I said this airport will be three years late and would cost RM4 to RM5 billion. My prophecy has been 100% right.*

*AirAsia requested for 76 stands. We always, if you look at the right hand side, there is need statement done in February 2009. We ask for 80 stands. There has never been a change. We never ask for less. So, we cannot be blamed for increasing the airport. From day one, we said we need 80 stands for 30 million passengers. That has always been our stand and you'll see the documentarily evident on the right hand side and you see that we confirm that in February 2009 and MAB come back and said the airport will cost RM2 billion, which was very similar to our figure in Labu.*

*Provision of A380- again, you know, I don't think a low cost carrier would ever, ever buy A380. That is the most expensive aircraft man will ever make. Any plane with more than two engines is crazy. I have no idea where MAB said that is AirAsia requested to have A380. I think in all my million and one press interviews, you'll never see AirAsia talking about A380. In fact, I said the 380 and we upset Airbus by saying it's a white elephant aircraft. And you can see in this world, bar Emirate, no one is buying the 380. So I'm not sure what possess MAB to say we wanted the 380.*

*A museum, this is we said, give us a piece of land, we want to get kids involve. We want to build a Smithsonian to make it a bit more interesting. So we said, it's our cost, we will build it. Just give a piece of land so we can build it, so school kids can get into aviation. They can test the simulator, etc. They never gave us a piece of land and it never went anyway. We never ask MAB to build the museum. It was our initiative to get young kids involved into aviation.*

*The spa, I have no record of that. Having walked in that airport, I think spa would very useful and I think it would be fantastic commercial venture for Malaysian Airport but AirAsia never requested spa.*

*I talk you at length about passenger loading bridges. This is something that we quite upset about, to be honest, because we said from day one, we never want passenger loading bridges. And yet, MAB has just completely ignored this. I'm not sure who regulates because it seems that they can do whatever they want, and we will talk about that later. Maybe I just hand over to Tan Sri Jamilus now, who may fill in some others about low cost facility and history.*

**Tan Sri Jamilus Hussein [Ketua Pegawai Eksekutif KLIA Premier Holding Sdn Bhd]:** *Bismillahi Rahmani Rahim. Nama saya Jamilus. Yang Berhormat Tuan Pengerusi PAC, Ahli-ahli Yang Berhormat Ahli PAC, tuan-tuan, puan-puan, hadiran sekalian.*

*Saya terlibat dalam AirAsia baru-baru ini kerana AirAsia tidak melantik company saya, KLIA Consult to assist them in Operational Readiness and Airport Transfer (ORAT). Before that, I'm never involved with AirAsia. Am I right, Tan Sri?*

*So, we go back a bit in history, macam mana KLIA Consult terlibat dengan projek LCCT. We were never involved in KLIA2. We only involved in LCCT. When they move up to KLIA2, upgrading, we were not with them anymore. Jadi pada awal tahun 2009, pihak Malaysia Airport Berhad datang berjumpa saya untuk menubuhkan sebuah company. Dia kata, "Jamilus, why not we combine together?" AirAsia got technical company called MACS, Malaysia Airport Consultancy Company, civil services dengan KLIA Consult. So, saya kata pada masa itu, our culture is different, I said why not we formed an incorporated joint venture company first, we do it incorporated. In other words, lets be boyfriend and girlfriend before we get married. So, that was the idea, So, we did form that company and MAB used that joint venture company and send it to Ministry of Transport for the appointment for LCCT.*

*What happen? MOF only approved that KLIA Consult be the PMC and MAB should retain to be an airport operator. Akan tetapi saya keep to my philosophy of honoring what I have agreed when they appointed us in June of 2009, we took MAB personnel on board. About 40% of the personnel on board to manage LCCT at that time are MAB senior staff and they hold very important position. For example, a senior construction manager for airside and the landside, senior construction manager for the main terminal building and satellite, senior construction manager for ICT, construction manager for mechanical, electrical and system and also a liaison officer.*

**Tuan Tony Pua Kiam Wee:** *Clarify sedikit. Ini LCCT yang sedia ada sekarang atau KLIA2 yang...*

**Tan Sri Jamilus Hussein:** *We were involved when it was LCCT...*

**Tuan Tony Pua Kiam Wee:** *You are talking about the current LCCT?*

**Tan Sri Jamilus Hussein:** *Yes, yes.*

**Tuan Tony Pua Kiam Wee:** *Okey.*

**Tan Sri Jamilus Hussein:** *Current LCCT because at that time when we were appointed, KLIA2 wasn't there. It was LCCT 2. So, to cut our story short, lets us understand where our roles is.*

**Tan Sri Dr. Tony Fernandes:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Jamilus Hussein:** *LCCT 2, which now KLIA2.*

**Tuan Tony Pua Kiam Wee:** *That's why I am a little bit confused. So that 2009 appointment is for KLIA – what we know KLIA2 sekaranglah, bukan yang LCCT yang kita guna...*

**Tan Sri Jamilus Hussein:** *Not the existing one.*

**Tuan Tony Pua Kiam Wee:** *Not the existing one. So you're entire conversation, report before*

...

**Tan Sri Jamilus Hussein:** *Entire appointment is for KLIA2 but at that time it is known as LCCT 2.*

**Datuk Seri Reezal Merican [Kepala Batas]:** *I think let us terms it as KLIA2.*

**Tuan Tony Pua Kiam Wee:** *Ya, KLIA2- to avoid confusion.*

**Tan Sri Jamilus Hussein:** *Because this the process, so I didn't want to- sorry.*

**Beberapa Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Jamilus Hussein:** *Thank you. Jadi with MACS ataupun 40% of the staff are MAB staff with us, in actual fact, commercially we are on the losing side because their salary are much higher than the officers that were involved in my own company. But it is okay, we thought we want to work together, we talk about long term. As a result of that, KLIA Consult has to work very hard to cover the huge increase in scope of work when it is migrated from what was intended to be LCCT 2 to KLIA2 because it's much bigger and the cost also much higher...*

**Tuan Tony Pua Kiam Wee:** *Sorry, don't understand. So you are saying migrating from LCCT 2 to KLIA2, you are referring to a shift in location or you are referring to shift in the current terminal...*

**Tan Sri Jamilus Hussein:** *Concept, shift in concept.*

**Tuan Tony Pua Kiam Wee:** *Design? Not location, just purely on design.*

**Tan Sri Jamilus Hussein:** *No, no, no. Just in concept.*

**Tuan Tony Pua Kiam Wee:** *So that was a change in design from the original LCCT...*

**Tan Sri Jamilus Hussein:** *Which I will come to that later.*

**Tuan Tony Pua Kiam Wee:** *Okey.*

#### ■1200

**Tuan Pengerusi:** *Tan Sri, before you proceed, I just want to put some perspective into your testimony today because you are not part of the testimony today. But, your testimony is important to basically give us a background on the issue of why your contract was not extended as the KLIA2 planning was in progress. So I just want to put on record, your testimony here is important because that was a question to MAHB which they couldn't be answer. You know, "Why did you not renew the services of your original consultant?" So, please limit your testimony to answering that particular query. Thank you.*

**Tan Sri Jamilus Hussein:** *In short, although we were appointed as a project management consultant, the scope of work under the terms of reference that we signed with MAB, the scope of work is more like a support consultant. Because, within MAB themselves, they have their own team and we have to answer to that particular team. At the same time, they also appointed consultant to do detail design. So we as project management, we manage the decision of policy given out by Malaysia Airport Berhad and to make sure that the consultant do the job. So the one thing that we cannot, why we... It's not that we were terminated, I have to stress that. We were not continued and we also do not want to continue because there are issues that we cannot agree. There are two issues that we cannot agree with them at that time.*

*One is on the scope of work. The scope of work has increase tremendously from what was originally intended for a budget of RM2 billion, for a timeline of about two years. The other one is on the cost and the time. The cost when we left in September of 2011, in our book, is already RM3.6 billion and as far as the client is concerned, they are still sticking to their budget of RM2 billion. We said we must announce this. So we do not want to associate ourselves, at the end of the day, to answer a lot of question like, you know, we have to face PAC like this. So when our contract ends in September 2011, we also do not want to continue with them. So the two major issues that we cannot agree is that, on the timeline, the manner in which the scope of work has increased.*

*You see, in the project management, there are many phases. The first phase is the intention to build. The second one, what we called requirement sculpture. We have to identify the internal and the external stakeholders and get the requirement from the stakeholders. From that, we do the scope of work, and then on we do the concept design. But in this particular case, there was no proper management of requirement sculpture. They go straight to appointing of design consultants and appointing of their architect.*

*Now, there are many concepts. One, proposed by the airport planner they engaged, Netherlands Airport Consultants, is to use a finger pier concept. So there were eight participants. Out of the eight participants, only one deviated from finger pier concept and they go for a satellite concept. That participant...*

**Tuan Pengerusi:** *This is the design contest, so called beauty contest that MAHB said they were doing.*

**Tan Sri Jamilus Hussein:** *That's right.*

**Tuan Pengerusi:** *To determine the design of the terminal building.*

**Tan Sri Jamilus Hussein:** *Yes. So with all these issues that we cannot agree with them and I think, why they increase this is the selection of the concept. Because of the satellite concept and because of the high- the called it skybridge, the building has to be very high because, could see aircraft taxing underneath it. Now, because of the high of the building, then the question of building bridges*



*become necessary. Because the high of the building and the configuration, they have to have a tunnel to connect the satellite to the terminal building. They need to have control tower because from the present control tower, they cannot see the runway because the high of the building is blocking it...*

**Tuan Tony Pua Kiam Wee:** *Just to repeats and confirm. There were eight designs submitted, that was only one design that deviated from the finger pier requirement and that design was selected.*

**Tan Sri Jamilus Hussein:** *Yes.*

**Tuan Pengerusi:** *Well, I was quite amazed and quite receptive of MAHB's assertion that the part where the design of the building where the airplane can actually go below the bridge was the first in the world. I was impressed but I am not being in airline man, so I thought... Now you say that is a stupid design... [Ketawa] That is sort of clears the air.*

**Tan Sri Jamilus Hussein:** *Yang Berhormat, they can do what they want. But, don't have to blamed others for it. That is the message that I want to impart today.*

**Tuan Pengerusi:** *Tan Sri, I think what triggers my interest is this. Was there any intention to basically disengage you from the whole planning process, because I have seen the word "deviation" from the statement. That means they could be an intention to basically just add more things, upsize the scale of the building and therefore increase the cost of the whole project. Is that something that is possible in this case?*

**Tan Sri Jamilus Hussein:** *I am not really involved in the competition that they organized. I think they handle it by themselves. But what I thought is, if we want to have a low cost operation, it has to be a low cost terminal rather than high-end, I do not call it hybrid. It is quite similar to KLIA1 because we built KLIA1 before we understand. The only difference is that, the connectivity from the terminal building to the satellite, we use the train, and here they use a skybridge because they much closer. That was the difference.*

**Tuan Pengerusi:** *Is a beauty contest to call people to submit design to build an airport; is it a normal thing that is practice throughout the world?*

**Tan Sri Jamilus Hussein:** *Ya, we do. Even in KLIA also there was a contest and Dr. Kisho Kurokawa won the contest. In this particular case, the contest is not selected the concept but more to select an architect who they can work with on a finger pier concept. But this one- probably it looks nice. Everybody was taken by it, you know, very dramatic, we are having skybridge and what not and it was taken on board. I don't know. That is their problem...*

**Tuan Pengerusi:** *Tan Sri, I am worried your statement is sounding more like an accusation. Is that something that you feel very strongly about? I mean, the design was held basically manipulated to let they prefer the architect win and therefore that was a start of the whole problem with KLIA2?*

**Tan Sri Jamilus Hussein:** *It's because of the configuration of the terminal. A lot of cost could have been save if a finger pier concept has been accepted. But it is their prerogative Yang Berhormat. They can have any kind of airport they want. Is that only...*

**Tuan Pengerusi:** *No, no. It's not their prerogative. It's their prerogative to deliver the best airport at the lowest cost and value for money for the people. Is not their prerogative to basically just increase the scale of the airport and therefore, the size of the contract that will come that will associate with it. I am more interested in the question about consultants.*

**Tan Sri Jamilus Hussein:** *I think it is whether to have an audit Yang Berhormat. For me to say it, I think it's not fair.*

**Tuan Tony Pua Kiam Wee:** *Tuan Pengerusi, have you...*

**Datuk Seri Reezal Merican:** *Can I ask...*

**Tuan Tony Pua Kiam Wee:** *Wait, wait. Have you finish your slide before we ask the question?*

**Tuan Pengerusi:** *Time to be basically said sometime [Ketawa]*

**Tan Sri Jamilus Hussein:** *Never mind...*

**Tuan Tony Pua Kiam Wee:** *No, no. That is fine.*

**Tan Sri Jamilus Hussein:** *Can asks the question now.*

**Tuan Tony Pua Kiam Wee:** *More or less, the point that you want to raise have been raised?*

**Tan Sri Jamilus Hussein:** *Ya, ya. The point is we cannot agree with them on the timeline and the cost.*

**Tuan Tony Pua Kiam Wee:** *So I just wants to clarify ...*

**Tan Sri Dr. Tony Fernandes:** *Yang Berhormat, if I just can add one point. The needs statement all talked about finger pier when they are ask for the contest.*

**Datuk Seri Reezal Merican:** *That is why I want to ask. The needs statement, has it been conclusively agreed to tell within the requirement of the client and also the service provider and then, they has got to follow that. And then, why suddenly this is an absent, I means...*

■1210

**Tan Sri Jamilus Hussein:** *I cannot answers that Yang Berhormat. I wasn't involved. All I know is that, the objectives of the competition was to select an architect to work with, to come out with a formal design. So there are few term. The term of references also is....*

**Dr. Tan Seng Giaw [Kepong]:** *Mr. Chairman, actually I have been dying to ask questions for a long time but let him finish the briefing.*

**Tuan Pengerusi:** *No, my point is, Tan Sri made a very strong statement saying that he was involved and then he was out. There was an original needs statement which he was a part of it, the earlier part. And then when he was out, the needs statement change and therefore the planning of the airport change. That is my real question.*

**Tan Sri Jamilus Hussein:** *It wasn't like that Yang Berhormat. It wasn't like that. We were involved. We had a term contract with them for two years because that was the original plan, RM2 billion budgets and a two year contract. So, during the process within those two years, in the beginning of the project, there was this competition organized by Malaysian Airports Berhad. We were not involved. But, my staffs were involved in the evaluation, in doing- because we were the support consultant to them. All decisions and recommendations done by Malaysian Airports Berhad.*

*What I am trying to impress here is that, the concept suggested by the airport planner they engaged which is Netherlands Airport Consultants is the finger pier. Out of the eight that participated, only one did not follow the finger pier concept but came up with the satellite concept, and this guy won. That is what it is.*

**Tuan Haji Hasbi bin Haji Habibollah [Limbang]:** *Tan Sri Jamilus, tadi ada soalan berkenaan tentang you mentioned your staff was involved. You are not involved but your staffs were involved. Was your company involving di dalam...? [Disampuk] Ya.*

**Tan Sri Jamilus Hussein:** *We are not involved because whatever our recommendation will never used. They have their own.*

**Tuan Haji Hasbi bin Haji Habibollah:** *But what was the role of your staff that involved itu tadi?*

**Tan Sri Jamilus Hussein:** *He is an architect. He did the documentation but he is not in a position to do a selection.*

**Tuan Tony Pua Kiam Wee:** *I want to confirm this particular fact because we were informed by MAHB bahawa the reason why the design has to be a satellite based terminal is because otherwise you cannot cope with 45 million passengers. That was quite explicitly put to us that there is no other way you can have a simple design like LCCT sekarang sebab 45 million passengers you have to have your multilevel, you have to have your satellite terminal otherwise you cannot cope with 45 million. How does that?*

**Tan Sri Jamilus Hussein:** *In my understanding, I think we can. There are many forms. One is a satellite concept. The finger pier concept can. Amsterdam is a finger pier concept. They are handling more than 50 million passengers per annum. They can. With finger pier, you can do modular expansion.*

**Tan Sri Dr. Tony Fernandes:** *Which was always our plan because we said build it for 30 million, once we reaching that number, then modular expanded which is no different from the LCCT. It can be expanded as we change the parking and we added more finger piers.*

**Tuan Tony Pua Kiam Wee:** *Is there an issue with regards to the distance you have to walk relative to a satellite terminal versus a finger pier terminal? Being disadvantages for 45 million, just trying to cover all angles.*

**Tan Sri Jamilus Hussein:** *I think the finger pier is shorter, much shorter.*

**Tuan Tony Pua Kiam Wee:** *One of the comments made in the earlier presentation by MAHB when we asked why was location shifted from the original site of KLIA North to KLIA West which had a lot more problems in term of the soil condition. That was in the original 1991 airport master plan. One of the responses that were given the other day was the fact that this decision was made together with the same consultant who did the 1991 airport. So, it is not like – they were arguing that this decision to move from North to West was not a unilateral decision by MAHB but was done together with the same consultant who did that report. They approved the new airport master plan.*

**Tan Sri Jamilus Hussein:** *True. We were involved in the revise of the master plan in 2009. So, you see, in 1992 there was a master plan. At that time, low cost carrier terminal did not exist. So, the expansion of legacy airlines is to have a mirror image of what it is today, beginning with the Satellite B location. So, the only location available and the Runway 3 have already been there- there are five runways. Runway 3 and Runway 4 is on the west. So, ideally, the location, this is done together with us but our expert is Netherlands Airport Consultants. They are the expert in the airport planning. They suggested and we went through and presented to MAB and they also agreed that is the location. The soil being what it is, is well known, because Runway 2 is build on similar ground.*

*But the methodology in which we did then and this one differ because our solution before was two-two solution, meaning we dig out all the soft material and fill it up with selected material and compacted so that we do not have a problem on the time dependent solution, where the one done at KLIA2 is a time dependent solution, nothing wrong with it, where you have vertical drains planted into the original ground and you surcharged it and you accelerate the consolidation and this consolidation is time dependent.*

**Tuan Pengerusi:** *Tan Sri, can you please explain what surcharged mean for the benefit of the...*

**Tan Sri Jamilus Hussein:** *I think can I ask Mr. Tan Yean Chin. Engineer Tan Yean Chin here is the consultant, geotechnical consultant. He will explain.*

**Seorang Ahli:** *Maybe you just finish your...*

**Tan Sri Jamilus Hussein:** *Ya. Can Mr. Tan answer that question about the...*

**Tuan Pengerusi:** *This is just for the record. Surcharge mean – you know, what material does it?*

**Tan Sri Jamilus Hussein:** *Surcharge means the extra amount of loading that we had to put on top of the finished level. You have the original ground, you have the formation level. The surcharge is an extra volume of earth we put on top of it so that the original ground will be subjected to a higher loading than what it is supposed to be subjected when it is in operation, to accelerate consolidation.*

**Tuan Pengerusi:** *This is the cause of the subsidence that is happening around the side, affecting the runways and taxiway?*

**Tan Sri Jamilus Hussein:** Yes, which Mr. Tan will explain in more detail...

**Tuan Pengerusi:** No need to explain more detail. I just want you to explain in simple terms so that I can relate it back to the issue of soil subsidence on the runways.

**Tan Sri Jamilus Hussein:** Yes, it does because if we removes the surcharge early and the consolidation is not complete, it would keep on settling.

**Tuan Tony Pua Kiam Wee:** So, the question we have and the concern we have with the regards to the migration from the KLIA North- I mean, that was the original plan to build the KLIA2 or the LCCT 2 at the north location. That was subsequently changed in the master plan to move to the west location and there were two proposal, one was by KLICS which is to remove everything and put in new stuff and the second one which is used by MAB which is basically just to top up and let it settle into flat ground.

Now the concern we have is essentially on the cost impact to KLIA2. So, the way that MAHB has done it has resulted in the reclamation itself or the adding of soil itself costing RM800 million or at least that is the number that was given to us- RM800 million over.

**Tan Sri Jamilus Hussein:** Correct.

**Tuan Tony Pua Kiam Wee:** Would it had been different if they used your method with regard to timeliness, cost, and ability to launch the airport?

**Tan Sri Jamilus Hussein:** Very good question. There are many ways to solve the problem of having an infrastructure in pit soil. One is to have total dig out. The other one is a time dependence solution using vertical drains and surcharged and the light. When we did ours in KLIA1, we do a total dig out, it is not cheaper. It is more expensive than the vertical drain with surcharged.

■1220

But, why we decide – we did a value engineering exercise. Because our tenders are lower than what we anticipated at that time. So that is a saving. So we said why not we use this saving and pay more but we don't have a problem. That's what we did. So to answer your question which one is cheaper, I think doing the vertical drains is cheaper, but it is time dependent.

**Tuan Tony Pua Kiam Wee:** So, my question would then be, how could MAHB then contains the cost within RM2 billion if the minimum cost of toping up that soil on pit land already is RM800 million and I mean, as you mention, the complete replacement will be even more expensive. So how even possible that it was RM2 billion in a first place?

**Tan Sri Jamilus Hussein:** I think sorry to say that, I don't think they read the report. In the report at the time, with a smaller area, the cost indicated approximately RM300 million plus. But their budget for the RM2 billion, they put only RM35 million. So I think the initial budget was totally out of line for what it is today.

**Tuan Tony Pua Kiam Wee:** *Initially they budgeted for RM35 million for smaller area and which was suppose...*

**Tan Sri Jamilus Hussein:** *Even...*

**Tuan Tony Pua Kiam Wee:** *...To be for RM300 million and because they expanded the area, the cost actually went up to RM800 million?*

**Tan Sri Jamilus Hussein:** *Yes. In the report to do for a smaller area is already RM300 million plus. But in their budget for the RM2 billion, they put only RM35 million for earth work. Then the actual one come out to RM800 million.*

**Tuan Pengerusi:** *I'm attracted by Tan Sri statement earlier when you said that you propose to build the Labu Airport for RM2 billion and then Cabinet agreed. Later it was rescinded because MAHB said they can build the terminal KLIA2 for RM2 billion. So was MAHB just putting the figure of RM2 billion without doing proper costing just to scuttle your plan to ask for the new airport. Now, if you want to answer that on record Sir, you can switch on the mike. But if you don't, if you don't want to, you can off the mike.*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Tuan Pengerusi:** *Well, on issue of PSC, passenger service charges, MAHB said, it's not their control, it's government. Government only allows them to revise every five years. But the quantum is determined by the government. Is that true?*

**Tuan Tony Pua Kiam Wee:** *I just want to add to what our Tuan Pengerusi says on the passenger services tax. What was specifically highlighted in the last meeting was that MAHB is happy to follow their concession agreement with the government which is to revise the price of PSC in accordance to the CPI every five years. So it's actually a discount to the CPI. Every five years, accumulative CPI, they will raise it only the discount to the CPI. CPI is around two percent a year. Also I asked, based on your projected figures, you only increase it thereabout eight percent to eleven percent every five years. They said, yes.*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *You want to put on record or not?*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *Okay. Then switch on the mike, please.*

**Cik Aireen Omar [Ketua Pegawai Eksekutif AirAsia Berhad]:** *What we have, We put on the slide about the passenger service charges. This is a based on the operating agreement on LCCT. This is actually an agreement which is accessible to all – to analyst really. So, whatever analyst actually shows this, it is what it is. From that formula between consumer price index and minus 0.1% every five*

years, in order to bridge that range whereby Malaysian Government will have to subsidize if there is, if the charges are lower than what it should be, the inflation need to increase by about 5.5%. Right now, the inflation that we are actually looking at are roughly around 2%, so we think that by based on the current inflation with based on the formula, the passenger service charge should not be increase until 2024. But it was increased in November 2011...

**Tuan Tony Pua Kiam Wee:** RM25 to RM30?

**Cik Aireen Omar:** Yes, that's right.

**Tuan Tony Pua Kiam Wee:** I'm trying to understand what you mention just now. You are saying that the November increased in 2012. The proportion of increase is way higher than the inflation rate as part of the concession agreement. If they use that increase, actually they should only increase that amount in 2024.

**Cik Aireen Omar:** That's right.

**Tuan Tony Pua Kiam Wee:** Okay. That's history. Fair enough, that's history. That has been increased and what we asked MAHB was going forward. Do you need to drastically increase the rate? They said, no. They are happy to follow the concession agreement. Would AirAsia be happy with the- From now onwards, based on current rate, every five years increased by CPI minus point one percent?

**Tan Sri Dr. Tony Fernandes:** Yes, I think we would be happy with that.

**Tuan Tony Pua Kiam Wee:** The question is whether MAHB will stick to that concession agreement.

**Tan Sri Dr. Tony Fernandes:** It is important to note PAC Members that actually apart from PSC going up, parking and landing charges has been increased 60% over the next three years. So, it's not just the PSC parking, landing charges has also grown up.

**Tuan Pengerusi:** Wait a minute. MAHB says that govern regulates every charge that they can...

**Tan Sri Dr. Tony Fernandes:** They get the permission from the government, yes. But they have to come out...

**Tuan Pengerusi:** But they don't follow the actual basis of calculation.

**Tan Sri Dr. Tony Fernandes:** No, no. It's about 60%. Correct, Aireen?

**Tuan Tony Pua Kiam Wee:** My question then will be for parking landing charges. Are they governed by the same concession terms? That mean, five years inflation minus point one percent?

**Tan Sri Dr. Tony Fernandes:** We don't think so. It's just PSC.

**Tuan Tony Pua Kiam Wee:** So only the PSC is governed, then the rest is up to MAHB to propose to the government?

■1230

[Perbincangan secara off-record – mikrofon dimatikan]

**Tuan Pengerusi:** *I'm trying to narrow down the focus now because our objective here today is basically to find the reason why the airport has been build at such a huge cost. First conclusion that I sort of picked up from Tan Sri Jamilus's testimony is there was a change in design. There was, not to say improper selection but there was selection of the architect which was deviated from the original needs statement. Okay.*

*Number two, another factor in increase of the cost is the shifting of the terminal building and the shift was done on the portion of land of that airport which is known to be very, very soft. In the process, there were also dispute between how the treatment of the land was to be done. And that, under your method Tan Sri, it would have cost more but I seem to think that because of MAHB commitment to the government that they can build the terminal for RM2 billion and therefore denying AirAsia proposal to build the terminal Labu, they were already under pressure in terms of cost- one.*

*And number two, because of the upscale in design and the other complexities, they were also under pressure in terms of time. Therefore, as the project progress, there was an attempt to basically speed up the construction without really looking at the overall usefulness of the airport, as one. And number two, because of the upscale of the size of the terminal, that also cause timeliness problems and they had to basically race against time to complete the terminal.*

*I am actually quite disturb that our executive may have made a decision to continue with the KLIA2 as it is today because of the recommendations of the MAHB management and board which is turn out to be fraud with many, many questions. That is what I think. I'm summarizing it. Is my summary accurate in anyway?*

**Tan Sri Dr. Tony Fernandes:** *Ya. I think it is very accurate summation. I think the fact that the main factor was, "Let make sure Labu doesn't happen. Let's build an airport at this price." And then I think, they were always on the back foot in terms of making that price and making that timeline. They did not have matters by building a full service airport. Obviously, if you build the much more complicated airport, it's going to cost much more. You could still build a RM2 billion low cost finger pier terminal in our opinion. It would never made in 2011 because the soil just takes a long time to settle. But it would not take until 2014.*

**Dr. Tan Seng Giaw:** *Tan Sri, is it true that Labu will be too near to KLIA?*

**Tan Sri Dr. Tony Fernandes:** *Do you know Sir, when the time we sat with DCA, it was all okay. It was all about planning, airspace planning. Sir, if you look at Heathrow, if you look at London and four airports within very close distance. If you look at New York, there is LaGuardia Airport, JFK and Newark. There is no problem. You effectively have built a Labu in KLIA west. It's effectively another airport. It has. We want to stress to you, Heathrow airport has two runways and carries 18 million people. We are the only airport in the world with three towers and three runways.*

**Tuan Tony Pua Kiam Wee:** *Why is it three towers, not two?*



**Tan Sri Dr. Tony Fernandes:** *There's one in satellite building- Apron Tower.*

**Datuk Seri Reezal Merican:** *Satellite building, ya.*

**Tuan Pengerusi:** *But we must build the tallest airport control tower in the world. That is essential in promoting Malaysia. [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *Yesterday I went to KLIA2 and they put up all these posters defending the cost and the high end. One of the defenses is the tower was from 73 meters to 93 meters and that's purely because they put the tower in the wrong place.*

*Can I also add one thing which is never been made up and we see some blogs writing this? Is that, we didn't want to move into the airport because our office wasn't ready... [Disampuk] Yes, our office isn't ready because we have to move it. MAB agreed on a piece of land, we were ready to build it, we have spent money on architecture. Because they place the tower in the wrong place, our offices with seven floors, block the tower. So we had to throw away and spent RM11 million in reject fees to move our office through no fault of ours because the tower was blocking three bases- three or four bases. Correct?... [Disampuk] Six bases so, we even ask the DCA, we don't have to see it, the TV camera etc. You know many airports actually the towers are actually underground, they can see the... But DCA rejected and said we must have line outside. So we have to scrap our office building and now move it to completely different area. So not the case at all, because our office building.*

**Dr. Tan Seng Giaw:** *Tan Sri, because it's already nearly 1 o'clock. Now...*

**Tan Sri Dr. Tony Fernandes:** *It's 12 years of frustration, Sir. No one has ever listened to us. We are so appreciate.*

**Dr. Tan Seng Giaw:** *No, no. I've been dying to hear anyway.*

**Datuk Seri Reezal Merican:** *To touch all of you, he saying that he have been dying.*

**Dr. Tan Seng Giaw:** *It has been because I've heard it enough in Parliaments some of the MPs were accusing AirAsia with all sort of names. I have heard but now it's all your time...*

**Tan Sri Dr. Tony Fernandes:** *Mostly to me.*

**Datuk Seri Reezal Merican:** *None of us.*

**Dr. Tan Seng Giaw:** *Tan Sri, why do you think that MAHB insist on building aerobridges and banning your check-in machines?*

**Tan Sri Dr. Tony Fernandes:** *It's a profit motives, Sir. Aerobridges I don't understand, I really don't. They have actually subcontracted the management of the aerobridges to another third party.*

**Tuan Pengerusi:** *MAHB doesn't do their own management...*

**Tan Sri Dr. Tony Fernandes:** *Nope, it is been subcontracted which we ourselves said, if you are forcing the use of aerobridges, we would like to operated ourselves.*

**Tuan Pengerusi:** *Is it a subsidiary company of MAHB?*

## ■1240

**Tan Sri Dr. Tony Fernandes:** *Nope. We are being told that's completely outsource to someone else.*

**Tuan Pengerusi:** *Third party?*

**Tan Sri Dr. Tony Fernandes:** *Yes. And when we ask whether we can operate them, they said, "Sorry, we signed the contract already". That is number one. Number two, on the check-in machine, its' cost RM7 million more to operate on their check-in machine. They signed the unilateral contract with SITA, bought the machines and then told us, we have to use it. This is pure monopoly behavior.*

**Tuan Pengerusi:** *They said for consolidation purposes because KLIA is uses SITA. So therefore, it is just an extension to KLIA2.*

**Tan Sri Dr. Tony Fernandes:** *But in Changi Airport uses SITA as well but they are allows us to use our own machines because they know that is cheaper and quicker. Hong Kong Airport allows us to use. Lots and lots of airport allows because they understand that we require lower charges.*

**Datuk Seri Reezal Merican:** *That was an allegation they said, the other airport so using SITA. Now you are saying that...*

**Tan Sri Dr. Tony Fernandes:** *No...*

**Datuk Seri Reezal Merican:** *Allows you to use.*

**Datuk Kamarudin Meranun [Pengerusi Eksekutif AirAsia Berhad]:** *There is only two airport that we use SITA, Bali and Surabaya. The rest we use our own, even though those airports use SITA.*

**Datuk Seri Reezal Merican:** *Tan Sri, I am quite sympathetic about all these hardship that you have got to go through. Seriously, all this eight issues that you have highlighted indicated to me a serious mismatch of your business model and the actual- and it is not compatible at all just to have LCCT operating in this airport. That is what you are saying and then, with SITA thing, with the aerobridges, there will probably be a lot of added cost. Have you done the forecast? Because I saw- I mean, it is something to be proud of and incremental jump throughout 13 years you have like- how many people flying with you?*

**Tan Sri Dr. Tony Fernandes:** *About 240 million.*

**Datuk Seri Reezal Merican:** *Jumlah 228 million and then you will be occupying like 80% of the...*

**Tan Sri Dr. Tony Fernandes:** *92%.*

**Datuk Seri Reezal Merican:** *Oh, 92%, now again. They said it was 80%. Okay, anyway...*

**Tuan Pengerusi:** *Your figure and MAH figures divert quite a bit.*

**Tuan Tony Pua Kiam Wee:** *I think the- my guest is, the 82%...*

**Datuk Seri Reezal Merican:** *Ya.*

**Tuan Tony Pua Kiam Wee:** *The 92% is based on as it is.*

**Datuk Seri Reezal Merican:** *As it is, ya.*

**Tuan Tony Pua Kiam Wee:** *And MAHB were projected other airlines coming...*

**Datuk Seri Reezal Merican:** *And then they are hopinglah.*

**Tan Sri Dr. Tony Fernandes:** *Praying that other people are coming in to break our dominant.*

**Datuk Seri Reezal Merican:** *My question is that, after you have seen all these and then with your, I mean, you will be occupying 82%, substantial enough to contribute to the success of that airport, KLIA2. With all this added cost, have you done financial forecast? How much that badly you will affect on the passengers, on the probably your profitability on all the commercial aspect?*

**Tan Sri Dr. Tony Fernandes:** *On the record and off the record. On the record, we have to already increase charges by RM3. We have a separate charge now which has to go in, in KLIA. It is actually about RM5 but we are sacrificing RM2. This is the actual charges, the SITA, the aerobridges, the extra staff and etc.*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Tan Sri Dr. Tony Fernandes:** *On the record, as Tan Sri Jamilus was said, we are being forced to move to an airport with about three weeks of checking. Yesterday, our pilot won't be able to line up the plane per the VDG. It is because it wasn't calibrated properly and then the aerobridge guys couldn't line up with the door.*

**Datuk Seri Reezal Merican:** *What you have to say about – I mean the claim that ICAO has certified that they have achieved a minimum requirement of the international standard, things like that.*

**Tan Sri Dr. Tony Fernandes:** *Sir, I think two things. ICAO just said the airport is safe. ICAO doesn't look at the operational aspects. I don't think they – it takes nine months to check everything. ICAO was here for one week. They focus on the soil etc which we still think is the problem. It will flood and our pilots feel the depression. Pilot reported to Cik Aireen on the depression.*

**Datuk Seri Reezal Merican:** *Then, this thing need to be publish publicly because ICAO just presented to Cabinet...*

**Tan Sri Dr. Tony Fernandes:** *We didn't asking for the ICAO report.*

**Datuk Seri Reezal Merican:** *Ya.*

**Tan Sri Dr. Tony Fernandes:** *We haven't got...*

**Datuk Seri Reezal Merican:** *Because there is serious misleading from...*

**Tan Sri Dr. Tony Fernandes:** *Have a look at this picture... [Merujuk kepada slaid pembentangan]*

**Seorang Ahli:** *This was early April, isn't it?*

**Tan Sri Dr. Tony Fernandes:** *Listen to us.*

**Cik Aireen Omar:** *The apron is lower than the drainage system and that was after one hour after five minutes rainfall. So, we highlighted this to MAB two weeks ago and they said they will look into it.*

**Tan Sri Dr. Tony Fernandes:** *No, our ramp boys discovered that the marking on the runway were wrong. Two of our plane if they were push back at the same time, there was 17 centimeters gap. And so, they have to repaint the parking lines now. They have done that but we highlighted that. We don't know what else are there. We are going in a little bit blind.*

**Tuan Pengerusi:** *I am worried about your statement because MAHB keeps talking about great things going forward. They are building a new airport in Turkey, in Hyderabad, but their main home country project, in terms of project management, they are not doing as well.*

**Tan Sri Jamilus Hussein:** *Yang Berhormat, can I say something about Hyderabad? I was involved in it. That was way back during Tun Lim Liong Sik was the Minister. Me, and other party-another Environmental Engineering Consultant (EEC)- we helped MGR to participate in India, in Hyderabad. It is our concept that MGR got it. Then, they came back to us and say that it is build and transfer. They need an operator to operate the airport. I was the one who bring Datuk Adnan to see, semasa itu Tun Lim Liong Sik, you know, to make MAB commits. They don't want the money. They want them to flash only, so that they have an operator, so they get the job. So, theirs' involvement in Hyderabad is questionable whether they are the project manager or they are the operator of the airport or a shareholder. So, the experience there is "in what capacity?" It is because we have...*

**Tuan Pengerusi:** *Later on I found out also that for the Turkey airport, they just the minority shareholder, 20%. Therefore, they don't play a big role in the planning or construction of the airport.*

**Tan Sri Dr. Tony Fernandes:** *I think there is three issues here, Sir. Oh, no, four issues which I haven't cover. Firstly are the cost and the complexity of the airport which we never wanted. The second is we think the airport has been built too quickly and hence, have a lot of inadequacy. It may look nice but there is a lot of inadequacy. I think we have seen many building like that here.*

*The third aspect is one of ourselves airlines testing out the operation. We are ready to move. LCCT is terrible. No ones can say it is great. Who wants to be there? But, it is being great for us to get there but there is no point rushing it. It is only three years delay. We said let do it properly and move over properly. ORAT, if you see, we won't go through the detail because it taking a lot time, but an average is six to eight months, we ask for six months to do it. The CCC only came out last week. So, we are moving into an airport where we doing 500 flights a day. We asked to do it in two weeks. But you know, these are the things that our staff will find the way and do it.*

*The fourth issue is what is the national aviation policy? How is it regulated? It is because MAB has seen to be able to do what they want. It rise charges what they want, it built full service terminal for*

low cost carries. It decides the date and we all have to move and unilaterally closes the low cost terminal which put us in- what do we do?

■1250

They close the terminal. They said on the 9<sup>th</sup>, it will be closed. We have to operate, right? So, there is real- and if I can just reiterate, I think no one regulate the charges from MAB properly, whether they are overcharging or undercharging, whether they are efficient, and the consumer in the end will pay.

Number two, to go through our terminal, I don't know if have you been to the terminal, you have to go through the shopping mall. I have never seen that anywhere in the world. You have to go through a shopping mall to get to a check-in desk. That is number one. Where is the regulation on this? We have asked for a fair incentives scheme, we generate the most demand and revenue to MAB.

And the second part is, LCCT just for your reference, the McDonald in LCCT is a biggest McDonald in South East Asia. Who brings those people to McDonald? AirAsia. It's our passengers in our meet and greet. The ancillary income, you can't move it in LCCT. There is shop every where, there is shop in front of the toilet now, serving food. It's all through out passenger. So, we asked for a fare incentives to develop new routes and we done that. About 52% of our routes are route that had never been done before. We asked for a low airport charges that's well established.

Number three I think is very imported, it must be independent. Not for the benefit of AirAsia, not for the benefit of MAB but for the benefit of the country. What is the right charge, why should Kuching not have the low cost airport? Langkawi, let me give you five minute on Langkawi. Compare Langkawi with Phuket, there is one international flight in Langkawi, Langkawi-Singapore, that's it. We have requested MAB for eight years to give us RM15 airport charge. We said we will put Langkawi-Jakarta, Langkawi-Bangkok, etc. We said there is no extra cost to you if I land the plane- really a marginal cost. You up side it by three or four new flights, they would spent in the shop, you get RM15 more that you'll get, It's a common business...

**Tuan Pengerusi:** Volume.

**Tan Sri Dr. Tony Fernandes:** Volume. The airport opens, whether we land or not, you still have to turn the lights on, you still have to man the runway. It is way under capacity and the hotel in Langkawi not full- vise versa in KK, where they all full because low cost terminal. Yet, MAB refuses to do that. So, you have one international flight where there is an airline whose willing to base five planes there, start all the international flight etc.

Kuching could be a massive hub for us but the airport taxes is RM65. We manage to persuaded YB Prime Minister to reduce Miri. We started international flights from Miri. There were never international flights in Miri. We now have Miri-Singapore, Miri-Manila, we are about to start Miri-

*Bangkok because we have RM25. Isn't that better than the airport empty? We are now – KK, you have brought out, I just cover it quickly and you'll see in slide later on, the growth in KK has been fantastic.*

**Tuan Pengerusi:** *Are you moving from Terminal 2 to Terminal 1?*

**Tan Sri Dr. Tony Fernandes:** *If we are forced to move, we will be forced to move and if the charges RM65, we will have to close on half the flight and especially now with the Chinese problem. Why can't you build something great in KK? The hotel loves, the industry loves, we use all facility and build it- expanded, extended, build the new low cost terminal.*

*Malaysia Airlines don't want us in the main terminal because it will cause traffic. In fact, when I went to KK and YB from Tenom was there, etc, MAB said we agree with AirAsia, we don't want them there because of the traffic it will cause but MAB is hell bent and if you moved- our average fare to China from KK is about RM180. The airport tax in LCCT in KK is RM32. If we move it up to RM65, it becomes almost 40% of the fare. And with all the problem we having with China, it will destroy the market we built. So we need to have an independent commission that really looks at what's good for Malaysian aviation, not for AirAsia, not for MAS, not for MAB but what is good for the country. We are not allowed to fly a rural air services which is ludicrous. The government is subsidizing. We are willing to do BKI-Sibu which- and the government doesn't have to subsidize that route, and they can have jet, aircraft on there. We not allowed. MOT said no rural air services, it purely for MASwings. But we said, "we save you money" but still not allowed.*

*The development of the airport infrastructure support system, I think we covered very well, harmonization of regulation; it's all come under the regulations. We never know what the regulation is. You know, how do we invest? We are investing billions. We never know what the charges are going to be. We asked to move to a new terminal- can you imagine, you move to a new office and you don't know what your rent is going to be. We has spent an average aircraft cost USD40 million. We bought 500 of them. That is USD20 billion. Yet, we have no idea what are the charges are going to be. And once we moved, it's not like we going to move out. We were stuck there.*

*Point seven- we have our own academy and etc. but really- again, on Malaysian Airlines, you know, we are competing against the airline that is fully subsidies. Whatever loses they made, Khazanah puts more money in.*

**Tuan Pengerusi:** *No, it is EPF and KWAP now, not Khazanah money. Let me correct you on that.*

**Tan Sri Dr. Tony Fernandes:** *Okay, same girl, different head... [Ketawa]*

**Tuan Pengerusi:** *No...*

**Tan Sri Dr. Tony Fernandes:** *Same girl, different dress.*

**Tuan Pengerusi:** *Without asking the depositor of the EPF and KWAP whether they are actually want to invest in MAS.*

**Tan Sri Dr. Tony Fernandes:** *So, here you have an efficient airlines, Malaysian Airlines compete with us, loses RM1.8 billion and we have to lower the fares. Consumer feels happy but at the end of the day, if we go bust, consumer will loose out in the end. So, it is been- I know it's very long and we really appreciate you. This is the first time anyone...*

**Tuan Pengerusi:** *It's a therapy for you... [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *It is. I'm going to put that on Twitter actually, "PAC- my new syringes."... [Ketawa] But as YB Kepala Batas has said, it has been very, very, very hard to operate here.*

**Datuk Seri Reezal Merican:** *I got another question but I has got nothing to do with what the report. Can I?*

**Tan Sri Dr. Tony Fernandes:** *Yes.*

**Datuk Seri Reezal Merican:** *What has triggered you to change from the attractive looking skirt to jeans?... [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *Say again, say again.*

**Tuan Tony Pua Kiam Wee:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** *Why do we do it?... Just because we thought to give them a little bit of variety- everyday they wearing... [Disampuk] Sorry?*

**Datuk Seri Reezal Merican:** *Have they wearing skirt still? The crews...*

**Tuan Tony Pua Kiam Wee:** *Jeans are weekend only.*

**Tan Sri Dr. Tony Fernandes:** *It's only on the weekend.*

**Datuk Seri Reezal Merican:** *Oh! Okay. Oh, you are the attendant flight...*

**Tuan Tony Pua Kiam Wee:** *I watch them everyday.*

**Tan Sri Dr. Tony Fernandes:** *No, Monday to Friday is skirt, Saturday and Sunday jeans. Just to give them a little bit of variety.*

**Dr. Tan Seng Giaw:** *Tan Sri, I have told Dato' Seri Hisham although he said that he went to visit and said that the KLIA2 is safe and all that, so I asked him to ensure that the safety in all aspects. Now, I ask this question to Tan Sri Bashir, I want to repeat to you. I ask him, how he see that the timeline for the project KLIA and ceiling for the cost move? Why do you- is that the usual airport practice to move the timeline and to move the cost? I ask him, he said it is a normal practice now.*

**Tan Sri Dr. Tony Fernandes:** *I think...*

**Tuan Tony Pua Kiam Wee:** *I just to qualify a bit. What was stated by MAHB is that it is important for MAHB to change with the fast changing requirement in the industry and hence, along the construction process as AirAsia requested for premium lounge, requested for your hotel and spa, and hence, the cost is natural to grow up because we cannot commit to something that was decided three years ago and the industry has change.*

**Tan Sri Dr. Tony Fernandes:** *I think that's an excellent couple of points, gentleman. Firstly, I stressed at the beginning of my presentation what is low cost model is. For 12 years, our model has remain the same. Only the fact that we now move passengers between AirAsia and AirAsia X which we called fly through. We cost that out, we charge passenger for the benefit of moving between airlines. It not likes full service carrier that you interconnect. So, if you want to move from Sydney to Hat Yai, you take AirAsia X from Sydney to KL, you then change plane. We test it out for two years to make sure it did not affect our model and then we price it at RM60 and we charge passengers for that privilege.*

■1300

*We have not changed our model. I think Malaysian Airport, how can they say that we are changing- I think they have said that we are changing our model to a full service carrier. How can they tell us... We operated this airline for 12 years and we constantly in media saying, "We don't want aerobridges, we want low cost, we want..." I don't think It's their right to say we are changing the model especially we are self said, we are not changing our model. That we are exactly the same 12 years ago and now we almost exactly the same.*

*We have started by this and in fact in Thailand, we have been able to move to a simply airport from Suvarnabhumi and now unfortunately, because of the political situation, they were about to reduce the charges at the airport. Again, just like MAB said where AirAsia uses aerobridges in other places, they pay high airport tax in other country. Yes, correct. But look at our growth in Malaysia versus Indonesia and Thailand. Our growth in Malaysia is spectacular. In Thailand which is much bigger tourism market, our growth is a quarter because the airport charges is high. Our growth in Indonesia is- we not even making money in Indonesia because the airport charges is high.*

*So, it's not because other people are charge us. Let's look at what made us successful. Look at the volume we given, look at the growth. Take outside our growth and MAB over 12 years has only grown 3% and our growth is 38% compound. So, how can they not talk to the main customer and say what do you need to continue to growth 38%? It has been unilaterally decided for us and to hear comments that they have made various politician and various organization that we think AirAsia will going to be a full service model one day. It's unlawful words.*

**Tuan Pengerusi:** *Tan Sri, Tan Sri Bashir said that- did not he personally assisted you in planning for LLCT before, the original one. Is that true?*

**Tan Sri Dr. Tony Fernandes:** *Let me tells you the whole story. Tan Sri Bashir is a very good friend of mine, maybe not anymore... [Ketawa] We used to watch Wimbledon together, we played hockey together. He was an advisor to the Ministry of Transport and was very, very influential in the beginning. That is absolutely correct. I lobbied with Datuk Kamarudin very hard to stay in Subang. We wanted to the stay in Subang because that is a perfect low cost airport. Tan Sri Bashir said, "No way, but I will help you find a low cost terminal". We drove together around the airport, that is true and he*



said, "This is the best place". And I said at that time, "Please make this permanent". And he said, "I don't think it will be permanent but you can be here for a long, long time". We agreed there will be very lower chargers etc, etc, etc. But along the way, we loss- you know, he build what we wanted. LCCT is what we wanted and we have succeeded, 220 million passengers is a success and he did help us. I publicly said that many time but over the last since, you know, we lost this cooperation.

**Tuan Pengerusi:** Its led to my next question and this question will be a very honest one. Do you think that government has helped you to grow?... Because you need a home, you need Malaysia as your home. Indonesia is not going to be your home, Thailand is not going to be your home. To be fair, only the Malaysia Government has given you the facilities and the low cost of operations to enable you to grow to where you are today. Now, let's be fair to the government. I don't want this hearing to be one sided. What is your opinion? Has the government help you to grow where you are today become a major power?

**Tan Sri Dr. Tony Fernandes:** If I can takes aside the government first. MAB has helped us at the beginning. We have to have an airport operator who did what they did. They builds a low cost terminal. It is stop there. The government then helps us by reducing the PSC to RM25. That was hundred percent Prime Minister who was Deputy Prime Minister at that time. We made a presentation, we show the volume and he said, "I buy this". And he went to Cabinet that week and he reduces so, hundred percent. That is accurate that the government has helped us...

**Tuan Pengerusi:** Over the years?

**Tan Sri Dr. Tony Fernandes:** Yes.

**Tuan Pengerusi:** Since you took over.

**Tan Sri Dr. Tony Fernandes:** Yes.

**Tuan Pengerusi:** You admit that the government has helped you tremendously?

**Tan Sri Dr. Tony Fernandes:** I admit. The government has given the given us air rights. Without the air rights, we cannot grow. The government has given us the air rights, the government has agreed to a two airlines operations which is now become three, four, whatever it will be. The government through MAB builds us a low cost terminal but the most important part, if there is low cost terminal RM45 which is the same as the main terminal, we will not see- the government major contribution was the reduction of the PSC.

**Tuan Pengerusi:** I have a feeling that our Executive has been mislead with information that has basically become the basis of decision that are being made which is not the right decision for the industry as a whole

**Tan Sri Dr. Tony Fernandes:** The main problem is we do not have access. There is myth out there that we have access, we can see anybody, we can tell. We are very poor relative.

**Tuan Pengerusi:** You got your Tan Sri-ship...

**Tan Sri Dr. Tony Fernandes:** *Sorry?*

**Tuan Pengerusi:** *You got your Tan Sri ship from the government, so you must get that by the top leadership.... [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *But I think you can hear our issues now, can't you? Maybe I got it for something else... [Ketawa] But, we don't have. I think if you see the number of letters, if I can...*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Datuk Seri Reezal Merican:** *But Tan Sri, it is quite difficult for me to consumed that you have difficulty in getting access to get the message across to Executive, what more to the Prime Minister. I mean I am quite sure Datuk Kamarudin Meranun has ...*

**Tan Sri Dr. Tony Fernandes:** *I haven't met the Minister of Transport.*

**Datuk Seri Reezal Merican:** *Until now?*

**Tan Sri Dr. Tony Fernandes:** *Once, at Hari Raya function.*

**Datuk Seri Reezal Merican:** *The predecessor?*

**Tan Sri Dr. Tony Fernandes:** *Very rarely- the one before that- yes and Ling Liong Sik, yes. Now, we haven't and there is many, many gate keepers. It is very hard to see the Executive.*

**Tuan Pengerusi:** *And you know who the gate keepers are? [Ketawa]*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Tuan Haji Hasbi bin Haji Habibollah:** *Anyway Mr. Chairman. Ini Tan Sri, kita retract balik ke belakang sedikit. Tadi kita cerita pasal keselamatan di airport. Malindo akan beroperasi 2 Mei ini nanti. Tadi Cik Aireen cerita pasal runway flooding, all these things. We are talking about safety here. MH370 pun belum selesai, MH192 pun sudah mula siasatan. Jadi, apa mungkin among your airline operators ada berbisik-bisik sesama sendirikah? Apa Malindo cakap dalam hal ini?*

■1310

Ini kerana kalau betul-betul as *what you said airport* ini belum selamat, ini belum selamat, esok lusa Malindo hendak operate, kalau apa-apa terjadi, *you know, it is going to be another headache for the country.* Jadi kita hendak dengar mungkin antara *you all* apa bisik-bisik antara mereka. Mungkin dapat dia punya perbandingan. Kita hendak dengar. *We don't care* siapa, tapi yang dia bawa ini manusia. AirAsia kah, Malindo kah, MAS kah, tidak kira. Akan tetapi *if anything happened, it is going to be a headache for the country again.* Ini kita hendak dengar, mungkin ada apa-apa kompelin daripada Malindo juga seperti apa yang di *raised up* oleh AirAsia.

**Tuan Pengerusi:** *Either way, Yang Berhormat daripada Limbang is our residence JKR expert. He was an engineer.*

*I just want to narrow the question to about this whether MAHB's attitude in managing the project and also in managing operations of the airport is lackadaisical. Because, when we asked them about doing the rectification work on the apron and on the runway, they said, "We will do the management overtime, we will do the rectification overtime" without considering the great operational difficulties that you will be facing as their doing it. You shoot the pictures just now about the heavy rain can just disrupt your operations by more than, I do not know how long it will take but it will disrupt. So, they seem to have lackadaisical attitude about managing operations itself. I am not even talking about managing the project. So, can you please just elaborate on that too?*

**Tan Sri Dr. Tony Fernandes:** *First of all, in Malindo's case, they are much smaller airline. You know, Civil Pacific, they all got five or six planes. So, if there is an operational problem, it is not a major issue for them to move the aircraft. They can even move back to KLIA where they are operating now. Civil Pacific has one flight a day. For us, I do think and I do think Malaysian Airport is fully aware that this is going to be disruptive to us, In fact, recently I been led to believe and Aireen, they even said maybe you want to delay May 9<sup>th</sup>. I think that was made known to you.*

**Cik Aireen Omar:** *But the things is they did warned us that if we delay, then the 2<sup>nd</sup> May of opening will be delayed too because they can't afford more than one week gap between the first opening date and the second opening date because of lack of manpower resource for immigration, CIQ and all that. So, we told them if you are committed to 2<sup>nd</sup> May which Datuk Azmi said yes he is committed to it then we will just stick to it because we do not want us to be used as another reason for the delay of the KLIA2.*

**Tan Sri Dr. Tony Fernandes:** *Sir, I cannot say hundred percent that everything is going to be great because we just haven't had enough time to test. As has been said, Aireen was on the landing with our head of safety, Captain Saiful and you can feel the depression. The fact that the VDG is not aligned up property. We are couple of weeks away. How can the VDG not be lining up? The docking system.*

**Tuan Haji Hasbi bin Haji Habibollah:** *Tan Sri if I interject. Ini soal keselamatan, Tan Sri, whichever airlines kalau betul-betul masalah ini kena highlight. If anything happened, let say dalam PAC ini Tan Sri raise up all this things, Malindo tidak ada duduk di sini hendak cerita mungkin the same problem, tetapi this is a national punya cerita, kepentingan keselamatan rakyat negara kita ataupun passenger daripada luar. Jadi dalam cerita ini kita kena pastikan betul-betul apa yang terjadi, what is happening now. Tidak boleh hendak di selindung. We cannot afford kalau apa-apa terjadi with all the depression on the runway, everything, tidak kiralah Malindo atau AirAsia, they land on the same*

runway. *It would be a problem. Jadi inilah kita hendak- it is not a matter of volume or not. Walaupun sebuah kapal terbang buat hal di sana, it is enough to be a headache for the country.*

**Tan Sri Dr. Tony Fernandes:** *Sir, again, we are not comfortable honestly. But I think you can see from the media, and the statements, we are under enormous pressure to move. So, what do we do? Honestly, I don't think anyone from AirAsia is really comfortable to move that we haven't done enough testing. But all the way, every message has been, we are the bad guys, move, move, move, everything is safe, etc.*

*The safety, I think it is safe. I think there will be lots of operational problems. But the safety issue, for me, is that AirAsia as an airline hasn't had enough testing to do everything. That is something I am concern about.*

**Dr. Tan Seng Giaw:** *But what do you propose we do to make sure that it is truly safe?*

**Tan Sri Dr. Tony Fernandes:** *We kept saying that we wanted six months from the CCC date. Just to show you how lackadaisical it was. We asked for insurance. When they asked us to start doing some ORAT trials, Operational Readiness Trial, we said please give us the insurance because you don't have the CCC, our insurance provider will not insure us. We have to protect the safety of our staff, we have to protect the safety of our equipment. MAB would not give us the insurance. So, we couldn't do any testing. But yet, we were made out to be difficult, we not doing testing. We only got the insurance coverage a week ago? [Disampuk] Two weeks ago. Effectively two weeks and now you got 11 days to move 500 flights a day, to move 8,000 staffs.*

*You don't even know our car park situation is not solve, my cabin crew. You don't know how many problems we had with cabin crew car park in LCCT. How many of our staff we have cost. How much MAB promise us security etc. We don't even have enough car park spots now for our staff. We had to build our car park ourselves right now. They increase car park charges tremendously for our staff.*

*Yes, ICAO will look at it and say, yes, it is within the pressure, whatever, I don't know, but our pilots can actually feel it. But it is the operational readiness that I am concern about. But what do we do? They said they are closing the airport on the 9<sup>th</sup>. We are made out to be the bad guys. We have to move. But, no one in the airlines is confidence or comfortable.*

**Tuan Pengerusi:** *So, I guess I won't be traveling AirAsia for the next three months... [Ketawa] I will travel in the next few days but not next three month, I supposed, after you moved.*

*But one question which I asked Tan Sri Bashir before was about service level agreement. You are the customers, they are the managers, the owner of the projects, surely there must be some sort of a – well, it doesn't have to be a definite Service Level Agreement (SLA) but it can be a very loose one with ranges and targets. But is that the normal practice in the airline industry?*

**Tan Sri Dr. Tony Fernandes:** *We have the- Ashok Kumar actually he was 35 years veterans with Malaysian Airlines and ten years veterans with us and has been in the hospital three times since he has been with us. Has got about 17 volumes of SLA discussion and maybe Ashok you can say. But presently, we have none. Just to add, Aireen has...*

**Tuan Pengerusi:** *The reason is because Tan Sri Bashir said, there is no need to do one – it is not in industry practice.*

**Tan Sri Dr. Tony Fernandes:** *It is industry practise. Ryanair has one with Stansted, EasyJet has one with Gatwick. Let say they closed down half of the airport because of this cracks, there is no indemnification for us. We have none. We moved in there. We have no contract with MAB. We have been putting USD20 billion of investment and we have not a leg to stand on. They had fires in LCCT. They had constant power failures. The air condition never works. We just have to accept it.*

**Tuan Tony Pua Kiam Wee:** *You are moving in without even a draft contract being seen from MAHB?*

**Tan Sri Dr. Tony Fernandes:** *Ashok, maybe you...*

**Encik Ashok Kumar [Ketua Wilayah Ibu Pejabat (Lapangan Terbang dan Insentif) AirAsia Berhad]:** *MAB have introduced what they called a condition of use contract, and this is a document...*

**Tuan Pengerusi:** *Please speaks closer to the mic.*

**Encik Ashok Kumar:** *MAHB has introduced a document they called the condition of use contract, but this document is very one sided. Everything is in favour of MAHB. So, we had numerous discussions with them to develop a SLA which is look in the interest of both parties. But unfortunately, after various discussions and coming to an agreement or a document, they back out and say we do not require an SLA, you have to abide by the COU.*

■1320

**Tuan Tony Pua Kiam Wee:** *This is exercising monopoly control.*

**Tan Sri Dr. Tony Fernandes:** *Yes. That's the real issue. If I'm in their position, they force us to use aerobridges, they force us to use checking machine, why on earth would they give us SLA? They don't need to. No one's telling them to do it. There are laws unto they own hands.*

**Tuan Pengerusi:** *But from MAHB shareholders perspective, they are doing the best because they are minimizing their risk... [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *Absolutely, I would agree. But can I just add one thing from MAHB shareholders point of view? If AirAsia or any airlines don't do well, they will be affected, right? I think ultimately, what's good for the country? I stand on that. Put people first, I think that's a motto. Don't say whether it is good for AirAsia, whether it is good for- you know, I can't believe. Even I go through this presentation how we've been able to do what we've been- the obstacle put in front of us. So, I still think there is need to be a clear policy but just to suffice to the PAC, there is none of the extra charges*

or the delayed were caused by AirAsia. AirAsia did not want the terminal that is got and, you know, there's no one really regulating in this industry.

**Tuan Pengerusi:** *I'm trying to basically wind down. I think you must be quite tired after being – it's like...*

**Datuk Seri Reezal Merican:** *Therapy, therapy.*

**Tan Sri Dr. Tony Fernandes:** *Could we just shows you a little bit about the depression?*

**Tuan Pengerusi:** *Yes. I mean, can you just summarize the important things that you want to put forward to us and then we can wind down with the final question. Thank you.*

**Encik Tan Yean Chin [Pengarah Kanan G&P Professionals Sdn Bhd]:** *Yang Berhormat, thank you. Basically I want to bring you all to the attention is that, this is the fact that...*

**Tuan Pengerusi:** *Can you introduce yourself?*

**Encik Tan Yean Chin:** *Yes. My name is Engineer Tan Yean Chin. I'm a registered with the board also as checker for geotechnical.*

**Tuan Pengerusi:** *Okay, thank you.*

**Encik Tan Yean Chin:** *Okay. Basically, if you look at the facts, basically these are reported by IKRAM. You are having 2.1 cm per month of settlement still on going on the taxiway and apron. What it means that- can you go to the next slide?... [Merujuk kepada slaid pembentangan]*

*Okay, minor depression in all these A is okay. [Merujuk kepada slaid pembentangan]. So, it's still within the standard of ICAO. That's what ICAO certified is okay. But the issue is that, this are continue to happen and reported by IKRAM, 2.1 cm per month. So, what it mean is that they need to do further running scanning. What it means is that, this may happen again. And why it happens? Why and how?*

*The reason is that all their services are on pave. Actually the development technology- I can't comment too much on this. We are using this in 70's but in the 90's actually most of the highway, expressway and even in double track and in all these, we are not using this anymore. So the reason is that, your soil will continue to settle but the one all your services on pave do not settle. So, this is what you'll get. So this in between the pave structure which is very rigid and unpaved structure. [Merujuk kepada slaid pembentangan] You can see the depression. The depression is a soil. The one not depressing is a service and it will continue and they need to top up very often and this, I think would have maintenance problem...*

**Tuan Pengerusi:** *That piece of plank you put on the...*

**Encik Tan Yean Chin:** *Yes, to show you the depression.*

**Tuan Pengerusi:** *The depression.*

**Encik Tan Yean Chin:** *The reason of this photo, sometimes very difficult to see because its two dimensional, okay. Continue. These all the photos that I want to show you... [Merujuk kepada slaid pembentangan]*

*Okay, and because the drain are on pave mostly, so the platform is not on pave. So you'll have a drain higher than a platform. So how water going to flow? So these are the area of concerned... [Merujuk kepada slaid pembentangan]*

*So in summary, I just want to show you – just now Tan Sri trying to explain what consolidation is and what is surcharging. Okay, if you look at the vertical axis... [Merujuk kepada slaid pembentangan] Basically this is the filling that you going to do, okay. And this will be the settlement that will take place with time. So if you look at this, this is a time... [Merujuk kepada slaid pembentangan]*

*So what you do is that use the surcharge higher so that you can have a higher settlement at a shorter time so that you can remove it and have your airport earlier which is using vertical drain like Tan Sri Jamilus has mentioned. So what you needed is that you surcharge higher, then after that you remove. But this one requires time, okay. If the time not enough, it will still continue to settle and this is required, let's say in the graphical form that means you put the fill on top, you thought you reach the level you want which is this line... [Merujuk kepada slaid pembentangan] But actually with time, it will continue to settle.*

*So, most of the time, the technology used is right. The technology they use is right, which is using the vertical drain to remove the settlement but you need time. But the issue is that, even though you do the surcharging, there are still some settlements on going. If your services are all on pave which is very rigid, you have all this differential movement which is causing the crack. I just want to show you the graph which we downloaded from Boeing which is you are here... [Merujuk kepada slaid pembentangan] And yes, you are still in acceptable limit. But if the settlement continues as reported by IKRAM, you all can check with IKRAM of 2.1 cm, would it still safe if you don't do the maintenance? So, these are the question we need to. Therefore, all this taxiway we need to re-mill even as short as one month.*

*In summary, there are some recommendations we give out to them. I think the key point is that, the settlement is still on going and likely you'll have a close interval of services and maintenance which is your milling and this will be the issue that PAC may need to consider. Thank you.*

**Tuan Haji Hasbi bin Haji Habibollah:** *I just want to ask. How bad is the runway? It's where the plane land and takeoff.*

**Encik Tan Yean Chin:** *So far the runway as reported, according to IKRAM, is only minor depression. So they are doing another scanning but the major one that we shown are actually on the taxiway and apron.*

**Tuan Pengerusi:** *The runway doesn't have any drains in the middle of the runway? Anything else Tan Sri, that you want to basically highlight before we go through the final session? Final question and answer session...*

**Tan Sri Dr. Tony Fernandes:** *No, Sir.*

**Tuan Pengerusi:** *Okay, shall we go around? I'm sure we start with- no we will start on this side, because I'm sure Yang Berhormat PJU will have a lot more question.*

**Datuk Seri Reezal Merican:** *We start with himlah,*

**Tuan Pengerusi:** *Start with him? Can you go first?... [Bertanya kepada Yang Berhormat Petaling Jaya Utara] You'll be taking a lot of our time... [Ketawa] Okay, we start with Yang Berhormat PJU, last question.*

**Tuan Tony Pua Kiam Wee:** *Okay, Tan Sri Jamilus, I think referring to the earlier discussion with regard to the shift of airport from North to West. Can I conclude to say that had the shift not been done or the decision not to shift the airport location from KLIA north to KLIA west where it is now, we would not be faced with the severity of the soil problems that has caused two things, which is one, the obvious increase in cost and two, the time being taken to develop that airport? So, on hindsight of course, we should have stay at KLIA north. Even though original plan was a mirror design, we could have change the mirror design to a low cost finger pier design. And I have seen actually intermediate plan before the switch of location was done where that will be the location for the new low cost airport.*

**Tan Sri Jamilus Hussein:** *Okay Yang Berhormat, I think for a low cost carrier terminal operation, I think the present KLIA2 position is the better one. But if you want legacy airlines terminal, then the north is.*

**Seorang Ahli:** *Why?*

**Tan Sri Jamilus Hussein:** *Why? Because their type of operational different.*

**Tuan Tony Pua Kiam Wee:** *No, I'm trying to understand why a shift in location whatever it is, 30 acres or 100 acres of it, from one place to the other would actually change its use for a low cost airline, because the services wouldn't be the same. It's just where you park.*

**Seorang Ahli:** *[Menyampuk]*

**Tuan Tony Pua Kiam Wee:** *No, no. Services would be the same whether you are in the north or in the west. It's just where you park the plane. And, there's also the other advantage which is you can share the existing runway, you don't have actually to build immediately the third runway.*

**Tan Sri Jamilus Hussein:** *You mean the north is the satellite be? Is it about this?*

**Tan Sri Dr. Tony Fernandes:** *Behind the tower where Concorde Hotel is.*

**Tan Sri Jamilus Hussein:** *Oh! Where the Concorde Hotel is? That will be the expansion of legacy airlines terminal, the mirror image because the original design, we can expand the present KLIA*



into 100 million passengers per annum. At the moment it's about 30 million. So, when satellite B comes in, it will be 45 million. Once it reach 65 million, then we need the mirror image.

**Tuan Tony Pua Kiam Wee:** Right. So, what I'm saying is we are not even at satellite B yet.

**Tan Sri Jamilus Hussein:** Yes, correct.

**Tuan Tony Pua Kiam Wee:** We are not even anywhere close to 45 million that satellite A is suppose to be able to cope. So we have plenty of room in satellite B. Would it has been more feasible to convert KLIA west from the 100 million expansion into the new low cost airport which will then enable the operations to use both runways? Of course this is on hindsight but I would like an educated opinion.

**Tan Sri Jamilus Hussein:** Okay. Of course the north is on a better ground where we would save money on the treatment of the pit soil. But then, if we don't consider the expansion of legacy airlines, it's okay but it will cost less definitely.

■1330

**Tuan Tony Pua Kiam Wee:** So that will be only consideration, the expansion for legacy airlines, perhaps in 20 years time or 30 years time if we were to reach that sort of numbers?

**Tan Sri Jamilus Hussein:** Yes.

**Tuan Tony Pua Kiam Wee:** Okey.

**Tan Sri Dr. Tony Fernandes:** Can I just add? Obviously, Tan Sri Jamilus is involved in very first airport planning. So, for the plan, I think no one want to change that plan, you know. Nice four satellite terminals, you got up to 100 million. AirAsia's position was always to be in that north. We always felt that this was difficult. I can understand Tan Sri Jamilus's position quite clearly because there was a plan for future legacy growth.

What has changed from the original master plan was the start of AirAsia and the whole new industry that wasn't there before. So, I would have still taken the approach of- well, we need this now, this is the best land, we don't need to build another runaway, let's do this. And then, there was enough space for another satellite anyway. I think 100 million in KLIA without low cost is a long, long way. Heathrow is not even there. So I would have definitely, if I was running the airport, I would have say, "Well, look. Here's someone can give us 30 to 40 million. Let's utilize our two runways." It's better, it's quicker, it's better soil. You know, we still got space for further legacy to take it up to maybe 70 million. Everything would have been happy.

We contended over and over again. We were very concern on the soil, we were very concern on the delay and the cost. But we kept being assured, "Don't worry about the cost, don't worry. It will be done, the charges won't go up." So, our position has been very clear from day one, build it in the north. Of course that spoils the whole master plan.

**Tuan Pengerusi:** Can I just interject? Tan Sri Bashir when we ask the question about why the shift from 30 million to 45 million passengers, he said- when we ask, "Did you do any independent study

to verify those figures?" He said there is no need because they just do the internal forecast and through internal forecast, growth has been up by 10% a year. Therefore, in 10 years, it will hit 45 million. Now you are telling me that the growth that MAHB has achieved all these years is through your business. So my point is, did they basically use your success as a justification to basically build the new terminal whether it's on north side or whether it's on west side?

**Tan Sri Dr. Tony Fernandes:** I ask Kamarudin to explain this because this is one of his special. But in terms of – I still find the 45 million is an X-file mystery. The airport was 30 million, 80 stands and the square footage. When they increase the cost, when suddenly they announce there was RM3.6 billion, it suddenly became a 45 million passengers' terminal. We never requested a 45 million passengers' terminal. Never- so that's the first point.

In terms of forecast, the best person to give the forecast is us. Right? Whether it's 80%, 90%, whatever, we know how many planes we bought, we shared everything with MAHB. There was never a discussion. It was always built for 30 million, and remembers, the airport supposed to be ready in 2011. We realize that we will have an expansion from 30 million onwards but we were said, let's do it modular. It supposed to be finger pier, build it from 30 million, fill it up and then spend more money, right? It's been done all wrong but at no point that we ask for 45 million. The 45 million suddenly came, they divided some numbers and it became– well, this is cheaper than LCCT. And I think the only way they justified the 45 million they said the passengers' comfort has been reduced. We are getting different answers. Some of them said that we based them on aerobridge study etc.

**Tuan Pengerusi:** Reduce congestion.

**Tan Sri Dr. Tony Fernandes:** Sorry?

**Tuan Pengerusi:** They said they build the airport terminal up to a comfort level where 45 million passengers can move around. A bit tight but they can still move around.

**Tan Sri Dr. Tony Fernandes:** Yes, so they reduce the comfort level. I think that was convenient...

**Tuan Pengerusi:** My problem is I think that was convenient excuse to build a terminal as big as this.

**Tan Sri Dr. Tony Fernandes:** To justified the RM3.6 billion.

**Tuan Pengerusi:** Yes.

**Tan Sri Dr. Tony Fernandes:** Actually Sir, if I can just say, I don't think it was- they didn't make it bigger. It was always 80 stands. It was never changed. That's the point I've been trying to say. The terminal was 80 stands it was built. They didn't increase it to build it to 45 million. They didn't.

**Tuan Pengerusi:** That's a worse statement to me because that just saying that they pluck the figure 45 million from the air to justify their original plan to make it as huge as it is.

**Tan Sri Dr. Tony Fernandes:** *On the record with red light, everything on. That's exactly what I'm saying.*

**Tuan Pengerusi:** *So, just a matter of interest. When do you think the 45 million passenger level will be reach because they seem to be confident that it will be reach in ten years?*

**Tan Sri Dr. Tony Fernandes:** *Depends if they increase charges or not... [Ketawa] If they keep it the way it is, and they reduce charges, we are estimating seven years to eight years. Is that correct, Ashok? Ya. We have slow down our growth. This year will be the slowest growth ever for AirAsia. I have cut, together with Aireen and Datuk Kamaruddin, we were supposed to take 24 planes this year, in fact, 30 initially- now we down to 17 planes. Next year we're taking 12 planes. Malaysia is only getting three because we're nervous about the cost structure and whether we can fill the planes. No one has asked us. Here, you know, as I said, every year we will put in at least eight or nine planes a year to Malaysia. This year is the slowest growth and not a single plane is going into KL actually. It's Penang, Johor, and KK. Next year is even worse.*

*First time in our history we went to Airbus to cut our order. It's a real. And because we are strong with Airbus, they are able to do it. We have cut 28 planes already from our order. Take that from that slide where we show you the investment and the jobs we create and because we just not sure about this whole cost structure- this one here... [Merujuk kepada slaid pembentangan] So 2,800 jobs have been lost because these are pilots, these are cabin crews etc that will have fired. MAB hasn't sat down with us.*

*I give you an example. A small airport for us in Australia, they come down and sit with us for the economic planning. What do you need, what do you give us – what do we need to give you to get to these numbers. Yes, Gold Coast, Sydney and I can say Senai in Johor sit with us to plan and say what do we need to get to your numbers. It's very different. Malaysian Airports is very different. Even Changi, you know, we are the biggest airline, we are bigger than Singapore low cost carrier. We're bigger than Tiger, we're bigger than Jetstar. Tomorrow, we win the award for the best airline in Changi Airport. They sit with us and give us what we require. They help us to build new routes and they don't particularly like us. Let me be clear, they much rather support Tiger and Jetstar but it's a business. So they have to sit with us. I think they resent having to give us an award tomorrow especially me. I bring my cap and I put it on Minister's head etc... [Ketawa] But they have no choice.*

*It's a very different approach at Malaysian Airports. It wasn't like that at the beginning. That is correct and I stand by it. We drove. Me and Tan Sri Bashir drove. We went around, we search for the airport. We work very well with Tan Sri Jamilus and I think his key statement, even for me today was, he steps out because the need statement went from a low cost terminal to a full service terminal. Am I right in saying this?*

**Tan Sri Jamilus Hussein:** Yes.

**Tan Sri Dr. Tony Fernandes:** *Something is very wrong. How can they do this?*

**Tuan Tony Pua Kiam Wee:** *I also need confirmation that two runways are more than sufficient to cater both airport, the full service airport and the low cost airport for many, many years to come, perhaps even more than a decade.*

**Tan Sri Dr. Tony Fernandes:** *Yang Berhormat, you need to look at Heathrow Airport which has two runways and carries 90 million passengers.*

**Tuan Tony Pua Kiam Wee:** *We were told by MAHB because you fly more planes – you have smaller plane, so you fly more planes. And hence, it's not a fair comparison between Heathrow and what we're having here.*

**Tan Sri Dr. Tony Fernandes:** *Gatwick Airport is a very good comparison. Gatwick is a short haul airline generally, EasyJet etc. Gatwick does about 50 million passengers I think with one runway.*

■1340

**Tuan Haji Hasbi bin Haji Habibollah:** *Tan Sri, when you move to KLIA2, so your plane will flying from Runway 3?*

**Tan Sri Dr. Tony Fernandes:** *Yes, Sir.*

**Tuan Haji Hasbi bin Haji Habibollah:** *Ini hendak tanya dengan Tan Sri Jamilus, pembinaan runway ketiga ini dan pendapat Tan Srilah apakah ianya satu pembaziran sahaja?*

**Tan Sri Jamilus Hussein:** *I think pembaziran tidaklah tetapi over providing probably. Berapa runway ini bukan depend on MAB, ia Department of Civil Aviation (DCA), its' level of confident and the equipment yang kita ada dekat control tower itu. Ia bukan number of plane served, ia pick hour. Ia selalu pick hour. Berapa in one hour, how many plane are landing. Whether they can handle it depends on the equipments. So hendak katakan kalau kita bina Runway 3 itu pembaziran, tidak.*

**Tuan Tony Pua Kiam Wee:** *Akan tetapi kalau katakan kita dah memutuskan untuk memindahkan LCCT itu kepada kawasan KLIA west, terpaksa kita bina runway ketiga itu.*

**Tan Sri Jamilus Hussein:** *Ya.*

**Tuan Tony Pua Kiam Wee:** *Kalau kita teruskan di KLIA north, then the two runways is more than sufficient.*

**Tan Sri Jamilus Hussein:** *It depends on the Department of Civil Aviation. Their level of confidents...*

**Tuan Tony Pua Kiam Wee:** *I means, even with two runways...*

**Tan Sri Jamilus Hussein:** *If we increase in the movements...*

**Tuan Tony Pua Kiam Wee:** *Ya.*

**Tan Sri Jamilus Hussein:** *Probably you still need the third runway.*

**Tuan Tony Pua Kiam Wee:** *But currently we are only at 30 million.*

**Tan Sri Jamilus Hussein:** *Now is 30 million.*

**Tuan Tony Pua Kiam Wee:** Ya.

**Tan Sri Jamilus Hussein:** *It's about 30 million.*

**Tuan Tony Pua Kiam Wee:** *So Gatwick is like one runway with 50 million- Heathrow 80 million with two runways so by enlarge, it is should be sufficient, two runways.*

**Tuan Pengerusi:** *If manage properly.*

**Tan Sri Dr. Tony Fernandes:** *There is some – you know, we been asking for- we don't do parallel landing and takeoff. They are still missing some software.*

**Tuan Tony Pua Kiam Wee:** *So, it's just system upgrade, ya?*

**Tan Sri Dr. Tony Fernandes:** Yes.

**Tan Sri Jamilus Hussein:** *I think he bring upon- baru saya teringat. Dia ada dua runways, whether...*

**Tan Sri Dr. Tony Fernandes:** *Airspace planning is very poor.*

**Tan Sri Jamilus Hussein:** *Yes whether it's a mix mode or dedicated mode. Sekarang ini ia dedicated mode. One runway for takeoff, one runway for landing, tetapi kalau yang lain-lain itu dia pakai mix mode.*

**Tuan Tony Pua Kiam Wee:** *The issue isn't the number of runway. The issue is your software in managing the landing and takeoff.*

**Tan Sri Jamilus Hussein:** *Yes, and the airspace planning.*

**Tuan Pengerusi:** *No wonder they built the second control tower with all the fancy screen there.*

**Tan Sri Jamilus Hussein:** Ya.

**Tan Sri Dr. Tony Fernandes:** *It's a very nice tower.*

**Tuan Pengerusi:** *I know. We wouldn't worry. What worried...*

**Tan Sri Dr. Tony Fernandes:** *When me and Cik Aireen went up, we rather being push off.*

**Tuan Pengerusi:** *But we have the dual capability to manage the...*

**Tan Sri Dr. Tony Fernandes:** *It will be multimode- it is something that MAB did actually delivers for us. I think just to add, it is not just the multi mode. Parallel takeoff and landing means a plane can takeoff and land on the two runways at the same time. That is not being done right now. So, a plane has to land and then they will sequence other plane to takeoff, as oppose to in most airport with two runways, they come in at the same time.*

**Tuan Pengerusi:** *No wonder there is a traffic jammed at certain hour...*

**Tan Sri Dr. Tony Fernandes:** *Ya. I think we are about 40 landing per hour... [Disampuk] 38 to be precise.*

**Tuan Pengerusi:** *If you fly from KLIA at seven, eight and nine o'clock in the morning...*

**Tan Sri Dr. Tony Fernandes:** *Ya and a lot of time they shut one runway.*

**Tuan Pengerusi:** *What, they shut one runway?*

**Tan Sri Dr. Tony Fernandes:** *For maintenance during- they suppose to do it most of it at night but they do a lot of maintenance...*

**Tuan Pengerusi:** *But not many planes fly at night.*

**Tan Sri Dr. Tony Fernandes:** *They don't do it at night.*

**Beberapa Ahli:** *They supposed to do at night.*

**Tuan Pengerusi:** *You know, one of the reason given to us for the third runway is because first and second is approaching capacity of 30 million.*

**Tuan Tony Pua Kiam Wee:** *Okay, that's the runway issue. There is a request from me to AirAsia. In your presentation just now, there was several document that you referred to with regards to, one, 30 million passengers and two, on the automated baggage handling. Could we perhaps at a later stage get copies of those letters...*

**Tan Sri Dr. Tony Fernandes:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *To shows that it is actually MAHB decision and nothing to do with...*

**Tan Sri Dr. Tony Fernandes:** *Yes, we have all of that.*

**Tuan Tony Pua Kiam Wee:** *Okay.*

**Tan Sri Dr. Tony Fernandes:** *We are going to donated to a museum.*

**Tuan Tony Pua Kiam Wee:** *I am a bit surprise by the fact that you are actually now going to use the bridges because we were informed by MAHB, although the bridges are there, AirAsia is still free not to use the bridges. So what was the...*

**Tan Sri Dr. Tony Fernandes:** *If you come to the airport and you see how much people have to walk, it is going to be a major problem for us.*

**Tuan Pengerusi:** *We did it.*

**Tuan Tony Pua Kiam Wee:** *We need the walk, but I referring to the aerobridges...*

**Tan Sri Dr. Tony Fernandes:** *No, the walk up down the steps, up the steps is a long walk because it is five floors, Yang Berhormat. So it is not like... You know, you have to walk down step and then you walk up another steps.*

**Tuan Tony Pua Kiam Wee:** *So like LCCT?*

**Tan Sri Dr. Tony Fernandes:** *No, and we have to walk up the ramp on top of the step.*

**Datuk Kamarudin Meranun:** *Not only is a long ramp but also the way they built where you have the aerobridges and the pillar and all that is so close to each other. So, for the trucks to come in nearby, it just not conducive for people to get down to the ramp and walk up.*

**Tan Sri Dr. Tony Fernandes:** *And other thing is we anticipate flooding. So people are going to get their feet wet etc. As Cik Aireen said, the drain were built above the level of the taxiway.*

**Tuan Tony Pua Kiam Wee:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** Yes.

**Tuan Tony Pua Kiam Wee:** So, can I say that, then AirAsia is essentially not really left with a choice, you left with hopeless choice. You are forced to use the aerobridges even though the option of not using it is technically there.

**Tan Sri Dr. Tony Fernandes:** Technically is there, we try very hard. I gave Cik Aireen a very hard time and in fact, Datuk Kamarudin got involved and he was the one who told me and said, "Bro, we can't do it". We try and- we will get more complaints, then it is not worth it.

**Tuan Pengerusi:** As far as I see...

**Tan Sri Dr. Tony Fernandes:** Our models has changed in 12 years...

**Tuan Pengerusi:** That is why Tan Sri Bashir was concern and he provided an option. It is up to AirAsia to use it or not.

**Tan Sri Dr. Tony Fernandes:** The true option which should have been provided which is guaranteed was a ramp. That was the true option. They have box us into a corner. It is no two ways about it. This is an official or unofficial, whatever.

**Tuan Tony Pua Kiam Wee:** The last question, on KKIA. In the presentation that you have, I think there are various reasons you gave why you didn't want to move but perhaps the bigger concern you have would be the items number one which capacity limitation. Currently Terminal 1 allows up to nine million passengers per annum. The concerns were then be, if you are forced to move, when would you have to move again once the limits gets rich? What would be the growth projection?

**Tan Sri Dr. Tony Fernandes:** I think Cik Aireen can answer that but I think, we almost- we show the projection that within two years that airport is full already. There is no forward planning. We made it very clear. I went to KK myself, Deputy Ministry was there and everyone agreed. MAS agreed and all the stakeholders were there. If you ask MAS, they will agree with us, the airport is going to be full. The congestion is two ways Yang Berhormat, one is passenger, and two is actual parking space. Because, do not forget in...

**Tuan Tony Pua Kiam Wee:** Paid parking or passenger parking?

**Tan Sri Dr. Tony Fernandes:** Passenger parking- I haven't thought about that parking, but passenger parking... [Disampuk] Aircraft parking- and there is because of a lot of 'turbo probe' in KKIA for the rural air services, the whole spinning of aircraft and moving it, it will get- the guys most against us moving is the CEO of MASwing, whose said, "We support exactly what AirAsia stand is, keep them at Terminal 2".

**Tuan Tony Pua Kiam Wee:** Then why don't MAHB want to have just two terminal given that the capacity...

**Tan Sri Dr. Tony Fernandes:** Because I think, it is commercial decision. They think by moving us over...

**Tuan Pengerusi:** *Then they get more money from...*

**Tan Sri Dr. Tony Fernandes:** *We pays RM65.*

**Beberapa Ahli:** *[Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *I told you commercial, Tony.*

**Beberapa Ahli:** *[Ketawa]*

**Tuan Pengerusi:** *Aviation makes millionaire out of billionaire but are you still a billionaire?...*

*[Ketawa] Anyway, so in KLIA2, they are over optimistic and in KKIA, they are very pessimistic in their forecast, which also tells me about the actual management...*

**Tan Sri Dr. Tony Fernandes:** *I don't think there is any long terms vision in MAB.*

**Tuan Pengerusi:** *Okay.*

**Tan Sri Dr. Tony Fernandes:** *To sit down and really plan properly.*

**Tuan Pengerusi:** *Alright.*

**Tan Sri Dr. Tony Fernandes:** *And they don't sit down with the stakeholders.*

**Tuan Pengerusi:** *So, they administered but they don't managed.*

**Tan Sri Dr. Tony Fernandes:** *Ya. I mean, they don't sit down with us. And just to let you know...*

**Tuan Pengerusi:** *There is no good to give them concession for 25 years- should give them concession for five years.*

*[Perbincangan secara off-record – mikrofon dimatikan]*

■1350

**Tuan Pengerusi:** *No Tan Sri, they operating as a beneficiary of a good- pay increase, large bonus payment.*

**Seorang Ahli:** *Tuan Pengerusi.*

**Tuan Pengerusi:** *So they have to charge. They always to looking at ...*

**Tan Sri Dr. Tony Fernandes:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *Ya. The CFO when he came here he was very proud. He said Malaysian Airport Berhad share price...*

**Tuan Tony Pua Kiam Wee:** *They got fourth month bonus in MAHB.*

**Tan Sri Dr. Tony Fernandes:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *The basically doing it for their own personal interests instead of the interests of the nation.*

**Tuan Tony Pua Kiam Wee:** *Tan Sri, just one little thing. The meeting in KKIA where all parties were involved, there were minute to the meeting?*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*



**Tan Sri Dr. Tony Fernandes:** *They haven't seen minute, we haven't seen minute.*

**Tuan Tony Pua Kiam Wee:** *So we can't get any documentation to say that all stakeholder were largely agreeable to keep it to two terminal.*

**Tan Sri Dr. Tony Fernandes:** *One of the thing is, I am always asking for the minute. Priya, was there a minute?... [Bertanya kepada pegawai yang bertugas] No. We kept asking minute actually, they weren't any. There was supposed to be a press conference but they cancel. Deputy Minister of Transport appears agree with us on all points and said we made sense but then we don't know what happens since.*

**Datuk Seri Reezal Merican:** *What was funny, the project of such magnitude of RM4 billion hasn't got anything documented.*

**Tuan Tony Pua Kiam Wee:** *Not that one, the KKIA.*

**Datuk Seri Reezal Merican:** *KKIA. Oh! Samalah.*

**Tuan Tony Pua Kiam Wee:** *KKIA. That one where everyone agreed that is best not to shift but MAHB is insisting...*

**Datuk Seri Reezal Merican:** *Yalah, but KLIA2 too, the need statement. I am quite sure there is supposed to be a minute.*

**Dato' Kamarudin bin Jaffar [Tumpat]:** *Terima kasih Tuan Pengerusi. Terima kasih Tan Sri-Tan Sri dan Dato'-Dato'. Yalah, all of you have made very elaborate presentation to us and we thank you for that.*

*Lot of question has been asked and you have answered quite fully to done. I am simply surprise to be very honest, I'm simply very surprise that I heard all this kind of complaints, number one to number eight, from planning stages to even how and what time period you need to move from where you are now to a new building. Normally PAC would deal with government department and the private company, contractor and things like that but obviously, we are looking at two companies fighting out between you two and obviously the Minister not doing anything.*

*The government is not doing much to even to be fair moderator or arbitrator and make sure that thing in the end is good for the whole country, so I don't not know how... [Disampuk] Badly advised by another set of consultant somewhere. Obviously I don't not know personally, how you going to sort this out. Hopefully we have new government when the time right... [Ketawa] Thank you.*

**Datuk Seri Reezal Merican:** *The last sentence need to be strikeout.*

**Tan Sri Dr. Tony Fernandes:** *Can I just say? I think I will echo... For me and Datuk Kamaruddin, who have been around for 12 years. This is very different environment and fantastic opportunity that you allow us to present at such length. I know AirAsia charges for food and you may start your lunch as well... [Ketawa] But the main point... [Disampuk] If you fly with us, we give you free nasi lemak.*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** *The main point I think Sir, is when you present the case as we have, it is compelling. It is compelling that things haven't been right. But I stand by the chairman of the PAC and I think if I can be very frank, in some cases, it's has been easy to demonized us and the advise has been less than correct and the Executive have heard advise just from one sight and it has been very easy, again, I am very frank to demonize some like myself that is seen as outspoken, arrogant and brash. I think as I said it earlier, I'm very proud of being Malaysian. I don't think it's wrong to want to be the best. To one to push and be the best, I don't think that is wrong but that's turned a round to be arrogant, these and that, all kinds of things. Any one who knows me knows that I am the most down to earth person in the world...*

**Tuan Tony Pua Kiam Wee:** *[Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *Tony Pua doesn't know me... [Ketawa] So I have to rest on the fact that they had been advised.*

*[Bercakap tanpa menggunakan pembesar suara]*

**Datuk Madius bin Tangau [Tuaran]:** *Saya mengenai EIA. There is an issue of EIA in KK Airport. Was there any time when EIA consultant AirAsia in the design- any part of design... [Dismapuk] Environmental Impact Assessment. Environmental Impact Assessment is one of big issue in that airport where you operating now, Terminal 2, the certificate were only submitted... [Disampuk] Actually it was presented to Prime Minister when it was officially open. I'm interested to know whether you were consulted or was you, in anyway, asked in the design process at that time including the EIA consultant people?*

**Tan Sri Dr. Tony Fernandes:** *For which airport Sir?*

**Datuk Madius bin Tangau:** *Kota Kinabalu.*

**Tan Sri Dr. Tony Fernandes:** *No, we weren't.*

**Datuk Madius bin Tangau:** *Okay, that my first question. Second, it's appears to me that in the whole process while the- it appears to me that the government not facilitating in the whole process of, you know, in your whole, how to say, frustration. And yet, you have actually push the industry, the aviation industry to such a great extend. I'm just amazed that a level of communication between you, the industry and the government for so long, it didn't have the line of communication or things like that. It amazed me. What is the problem? Why you have this difficulty in communicating with the government? What is needed? I mean, you start by saying that you start from business model, low cost model and things like that which is you know, and it appears that you not able to communicate the government but why is that? What is the problem?*

**Tan Sri Dr. Tony Fernandes:** *If I can be frank, I just think Malaysian Airport have done a better job at getting their story across than we have and they have much more access than we do. The*

most important thing is the Chief Secretary to Ministry Transport since he is on board, so constantly he will tell the minister these what happening, this is wrong with AirAsia or whatever.

■1400

We do not have a point of coming back. So it is very easy to make us out to be the bad boy in the industry. Maybe my personality does not help the issue either... [Disampuk] [Ketawa] That's a fine one to talk... [Ketawa] I follow you now. It is amazing actually. In other countries, I don't know, I cannot understand that fully. Maybe Datuk Kamarudin can- I tell MAHB just better plus they have more access.

**Tuan Pengerusi:** Minister has got to protect MAB because MAB produce the income for the government, for Khazanah. That's it.

**Tan Sri Dr. Tony Fernandes:** I think AirAsia producing income as well.

**Tuan Pengerusi:** Ya, but it is not going to Malaysian Government coffers.

**Tan Sri Dr. Tony Fernandes:** I think taxes.

**Tuan Pengerusi:** The taxes okay but you always want to reduce the passenger charges...

[Ketawa]

**Datuk Kamarudin bin Meranun:** But the spin of that we brought. That is why...

**Tuan Pengerusi:** I am just making the statement to say that directly the Minister will have to listen to the KSU...

**Datuk Kamarudin bin Meranun:** Sure.

**Tuan Pengerusi:** Because of the direct flow of...

**Tan Sri Dr. Tony Fernandes:** That is the real issues, Sir. Is that the KSU sits on MAHB Board.

**Tuan Pengerusi:** But the Minister of Finance interested in tax revenue from AirAsia. Minister of Transport is not. But his interest is this link to the KSU...

[Perbincangan secara off-record – mikrofon dimatikan]

**Tuan Pengerusi:** Datuk, I think you should switch on your microphone to explain this because it will have been in the report, unless it is sensitive. [Ketawa]

**Datuk Kamarudin bin Meranun:** Early one is sensitive. [Ketawa]

**Tan Sri Dr. Tony Fernandes:** I think everything he said was being off record. That is why he is light, I am not... [Ketawa]

**Datuk Kamarudin bin Meranun:** No, no I think...

**Tuan Pengerusi:** Don't naming the person. Just say the position. [Ketawa]

**Datuk Kamarudin bin Meranun:** No, no the fact is this. We have a slide actually a presentation he wanted to show the government that this is actually a smart partnership between us and MAB, if they can see right. Because, here with whatever incentive and whatever assistances that we need, we were

able to grow this things. Who is going to fill that 25 millions terminal if not us? So, we will be prime driver in actually filling up that terminal. But in a way that it will not sacrifice them because whatever incentive or whatever the assistance that they provide us, they will get back many more time in... And the whole countries then to gain.

**Tan Sri Dr. Tony Fernandes:** *I think Langkawi...*

**Tuan Pengerusi:** *You can actually quantifies this.*

**Datuk Kamarudin bin Meranun:** *Yes, yes, we can.*

**Tuan Pengerusi:** *You said just now you give away RM2 million...*

**Tan Sri Dr. Tony Fernandes:** *We always say only give us an incentive if we deliver. If we deliver 10 million extra passengers, give us an incentive. If we don't deliver, don't give us anything. Again, the best example of how non-commercial MAHB is Langkawi Airport. You have an airport that has 15% capacity. Some cost- lights are on, tower is on, an airline is willing to invest USD200 million to put five planes in there and another RM100 million on advertising to start route that were never done before but we have got nowhere. This was requested to me by Idris Jala. He got the permission of Prime Minister. They came and ask me "What rate did you want? We want to develop Langkawi". I said, "RM15 I will put five planes there" and I confirm that with Aireen. The Prime Minister...*

**Tuan Pengerusi:** *Off the microphone if you do not want to... [Ketawa] We understand the gist of it is, you generate for the government more revenue than what you ever received in an incentive over the years. Is that a fair statement?*

**Tan Sri Dr. Tony Fernandes:** *Incentives are about RM30 million a year versus our revenue used to them are about RM600 million.*

**Tuan Pengerusi:** *Is that tax revenue?*

**Cik Aireen bin Omar:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** *RM700 million. PSC, landing and parking charges and the retail side we estimate from their figures. We asks for about less than 10%. So we give this volume, we said give us this discount which we give back in terms of developing new routes. Every airport in the world does that.*

**Datuk Kamarudin bin Meranun:** *We don't understands when they said that "Okay, if we give it to you, we got to give to everybody else" which is fine for us because, at the end of the day, whoever develop the volume, they deserve the incentive. So, what they don't see is that, actually with that bigger volume coming from other airlines, the whole terminal will be full.*

**Tuan Pengerusi:** *The barrier to entry to the airline industry is huge. So it is not easy for somebody just to take incentive and make it as a success as what you have done.*

**Tan Sri Dr. Tony Fernandes:** *But Sir, I just also- we are free marketers. We never protest that Malindo or any airlines that come in. Any foreign airline that is coming for right, we have- when it's*

circulated around, we always said yes. We believe the only way to win is to compete and to be better. So when Malindo was put- we never say, "Don't have them", "Stop them", whatever. We only said fair competition.

**Datuk Kamarudin bin Meranun:** Sorry Yang Berhormat. Another thing is this. What we have done is we also ask MAB to look at the model that we have doing because if we were too depended on just the fare alone like MAB depended on PSC, we will never be able to grow. So that is why we have ancillary income and all that, likewise we asking the Malaysian Airport to look at the ancillary income. If we were to actually price out- you know, we got a couple of route which is exclusive to us. You know, Bandung, it's used to be exclusive to us. But if you noticed, we have never put out any of the fare even though it is monopoly. We believe in stimulating and we feel that MAB should also do the same, because this should be smart partnership where we both stimulate the market and actually build Malaysia as a hub...

**Tuan Pengerusi:** KLIA2 they need passenger to fill their shopping center upfront. Usually shopping center- the shopping is inside after the Immigration but in KLIA...

**Datuk Kamarudin bin Meranun:** No, the shopping is before the Immigration.

**Tuan Pengerusi:** Oh! Before- they should actually let's you stimulate demand so that more passenger will come and actually use their shopping center.

**Tan Sri Dr. Tony Fernandes:** Yes, exactly. If you look at the...

**Tuan Pengerusi:** And spent more money when they are eating and shopping, more than the part of the ticket that they are going to take.

**Tan Sri Dr. Tony Fernandes:** Correct. Our passenger is actually passenger are spend more time at the airport, the leisure passenger. We just seen IATA has just put out a statement to say the Government of Malaysia should increase the charges to RM45 to level it up with the main terminal. IATA, they will be driven by MAHB. IATA has no low cost carrier in their member. They is full service airline.

**Dr. Tan Seng Giaw:** Tan Sri, since the acting Transport Minister, Dato' Seri Hishammuddin says that it will be in full operation and it's safe, so we ask him to show us how he is going to ensure that all aspects including runway will be safe for the KLIA2. Now, actually we heard enough- I think what we should do is all of us should be able to voice out for fairness and justice for all. We do appreciate that your efforts as a free enterprise- the energy and the passion to get it going with fair competition. Now, just last questions. What happen to the football team in the UK?

■1410

[Perbincangan secara off-record – mikrofon dimatikan]

**Tuan Pengerusi:** Okay, before I wrapped up, I just have another question about the ERL. You mention just now in your earlier presentation, you said you were promised that the ERL would actually

stops at the original LCCT. I am beginning to think that, you know, ERL wouldn't want to do it anyway because they are charging them a fix rate of RM35 per trip, and RM70 return. So, it wouldn't fit into your low cost objectives anyway.

Now, I don't know whether this is a correct question or not, but the ERL extension, we were told that the cost is RM100 million but ERL will continue to charge the same rate. Wouldn't that be counter productive? First of all, it is wrong in the sense that if government had to pay for it, RM100 million upfront, and then they charge a rate of RM35 per trip against the low cost model of the KLIA2, so I think that the ERL making a free ride out of the whole project.

**Tan Sri Dr. Tony Fernandes:** I think there is two issues here. One is either that has to be a commercial decision. From the very beginning, even with the main terminal building, I requested a cheaper price for the ERL. I think it is difficult for them to charge differently because otherwise everyone will go to Terminal 2 and then just walk across or whatever. But I think they won't get the success at RM35 that they could if it was lowered, but I don't that is something we can really control. But for us, there are alternatives in the busses.

If I can just add, I am not sure you are aware but it is unique in Malaysia to move between one terminal and the other, they charges RM2. No where else in the world does that happen. You don't pay to move from Terminal 4 to Terminal 3 in Heathrow Airport or in JFK or in Paris, Charles de Gaulle or even in Singapore but in Malaysia, ERL is charging RM2. We just think that is wrong, morally. I mean, we do not see many passengers coming from the main terminal to us and vice versa but some of our staff are inconvenient because they have to park like a miles away so they are using it. I think it doesn't set the right scene for Malaysia that we charge between terminals. I just think it just morally wrong. But it is not something- we have bigger battles to fight than that. Just to give you the full information of what we are facing.

**Datuk Kamarudin Meranun:** Yang Berhormat, even if you talk about the RM100 million investment they had to put for the extension, but we got 20 over million passengers that had gone to LCCT that couldn't have uses the ERL because there is no connectivity between the two. So, a percentage of that 22 million people maybe able to go on the ERL to get to KLIA2, so the way we done the numbers, if 15% of the existing passengers uses the ERL, they won't get back their RM100 million within a year. So, that will be a great investment. Any commercial decision you should have done that as oppose to compositing the RM100 million.

**Tuan Tony Pua Kiam Wee:** Are you also confirm that the price of the ticket of the ERL are- is it the price of the ticket for every passenger that even goes to LCCT today that don't uses the ERL, part of the PSC actually goes to the ERL? Is that correct even for the LCCT passengers?

**Tan Sri Dr. Tony Fernandes:** Let me answer. Yes, we are led to believe that. Yes. The agreement covers like half of the state. It does the terminal everywhere within...

**Datuk Kamarudin Meranun:** *Greater KLIA. Any new terminal within the Greater KLIA they entitled to collect.*

**Tan Sri Dr. Tony Fernandes:** *We were told even Labu would have to pay for it.*

**Tuan Pengerusi:** *That is the side track. Anyway, last question just as a matter of interest. Anymore side contract, third party contracts had been given by MAHB at KLIA2? You mention one just now. [Ketawa] It can be off records. Management of the aerobridges contractor...*

*[Perbincangan secara off-record – mikrofon dimatikan]*

■1420

**Tuan Tony Pua Kiam Wee:** *More expensive than KLCC? Is that different between the main terminal and the budget terminal?*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Tuan Pengerusi:** *It has been build as...*

**Tan Sri Dr. Tony Fernandes:** *Our rental of office space is USD55 per square meter.*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** *This is in the LCCT, above. Our office space is USD55 and the rental is going up. It's very bad for us to hear this. But the say it's going up because of the success of AirAsia. There is more demand... [Ketawa] Can you imagine how the brash guy feels? When I see a report back to say we have to increase it because AirAsia has increased the demand for that, rental space.*

**Tuan Pengerusi:** *And then you are the victim of your own success... [Ketawa]*

**Tan Sri Dr. Tony Fernandes:** *Yes.*

**Tuan Pengerusi:** *Your office in the KLIA or...*

**Tan Sri Dr. Tony Fernandes:** *Office in LCCT.*

**Tuan Pengerusi:** *LCCT.*

**Tan Sri Dr. Tony Fernandes:** *I think if you look at our office, the new one is even worst. But never mind, we won't go there.*

**Tuan Pengerusi:** *Okay.*

**Tan Sri Dr. Tony Fernandes:** *We hope message repainting is that someone's need to arbitrate and you know, we have a monopoly commission.*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tan Sri Dr. Tony Fernandes:** *Ya, but...*

**Tuan Pengerusi:** *You can't merger with MAS.*

**Tan Sri Dr. Tony Fernandes:** *Sorry?*

**Tuan Pengerusi:** *You can't merge with MAS. You can't marry MAS and produce children.*

**Tony Fernandes:** *I think you know when you get married once and you divorce, you probably want to stay that way? [Ketawa] Once you burned, you don't want to go down that road again.*

**Tuan Pengerusi:** *Give a little background, why did it all fall apart? Short answer, and why did the Competitive Commission fine you?*

*[Perbincangan secara off-record – mikrofon dimatikan]*

**Tuan Pengerusi:** *Since there are no more questions, I think Tan Sri, this is time for us to thank you for nearly – wow! Three hours. We have done extremely well as guest of ours and we also are quite satisfied with your explanation. In fact, you have improved our sympathy with you, because your reputation carry a lots of weight in a negative way which today... [Disampuk] I'm trying to find a right word express since it's in record. But we satisfied with your explanation and we hope that you have been very forthright with us with your suggestions as well, how to go forward with national aviation policy. I think we will be focusing in our report on your recommendations too, to improve your communications with the government and the... You know, we wish you success in your future and ever. Again, on behalf of the PAC would like to thank you for appearing and now we would like to invite you for the customary photo session. Thank you.*

**Tan Sri Dr. Tony Fernandes:** *On behalf of AirAsia and Tan Sri Jamilus- I just to thank you very much for listening to us for three and half hours. I just have one last thing that, you know, I would really recommend if you have a time to come and visit AirAsia. It is 12,000 amazing staff, and just to add, it is a Malaysia brand run by Malaysian. And for the last five years, we have won the World Best Low Cost Carrier as voted by passenger, SKYTRAX, the most reputed Airline Award. We won it for five years in a row. So that something right but thank you very much for listening to us and we appreciate the therapy, the candle and the support. Please support us in Parliament when were attacked next time. Thank you.*

**Tuan Tony Pua Kiam Wee:** *Tell for the press, right?... [Ketawa]*

**[Mesyuarat ditangguhkan pada pukul 2.25 petang.]**