

UNIVERSITI TEKNOLOGI MARA

**A CASE ANALYSIS OF THE
MALAYSIAN AVIATION
COMMISSION (MAVCOM) IN
REGULATING THE CIVIL
AVIATION INDUSTRY**

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ABSTRACT

The Malaysian Government established an independent agency named Malaysian Aviation Commission (MAVCOM) to oversee the economic regulation of the industry in response to the requirement of the industry and travelling public. MAVCOM was inaugurated through an Act of Parliament in March 2015. As it is the first time that there is an independent economic regulator for the aviation industry, there is a need to evaluate the performance of MAVCOM, particularly in regard to protecting the interest of the travelling public. The purpose of this research which covered the period up to June 2022 is to determine the performance as well as the public perception of MAVCOM in serving public interest through the decisions made and regulations imposed by MAVCOM in overseeing the economic regulation of the industry. The research method used is qualitative based on a case study of MAVCOM. The case study shows that MAVCOM has performed well in terms of meeting its obligations as provided for in the ACT. Nevertheless, there arose the perception, both from the industry players and the travelling public, that MAVCOM did not meet their respective expectations. Even the Government authority that established MAVCOM in the first place had a differing view with MAVCOM in dealing with some industry issues. Though this perception is not entirely justified, it nevertheless has resulted in the Government deciding to merge MAVCOM with the newly established Civil Aviation Authority of Malaysia (CAAM). The research submits recommendations on the need for further study on the benefits and desirability of having an independent body to regulate the industry as well the future of the proposed merged CAAM-MAVCOM body. The research analysis further shows that the political environment as well as the industry's readiness was not conducive to receiving such independence on the part of MAVCOM. There was no recourse to the Government for intervention as all disputes are to be resolved through the courts of law. The case study concludes that the establishment of independent regulatory bodies must take into account the willingness on the part of the Government and the industry to accept such independence. Unless this is the case, it would be futile to do so. The decision by the Government to merge MAVCOM and CAAM and to be placed under the purview of the Ministry of transport attests to this view. This case study indicates that there is a need for further research and deliberation on economic regulation on aviation which appears to be lacking in Malaysia. Similar case studies can also be done for other industries where there are regulators, independent or otherwise, to determine their performance in meeting the objectives established for them, particularly in regard to serving public interest. The requirement of having a national policy for the respective industries to guide the regulators also needs to be determined. The Theory of Regulation could be further extended to include other relevant theoretical stances.

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