Debate No. 2 of 07.04.09

ORAL ANSWERS TO QUESTIONS

UNREvised

AIR MAURITIUS LTD – FINANCIAL FORECAST 2008-09, HEDGING ISSUE, ETC

The Leader of the Opposition (Mr P. Bérenger) (By Private Notice) asked the Vice-Prime Minister, Minister of Tourism, Leisure and External Communications whether, in regard to the financial situation of Air Mauritius Ltd., he will, for the benefit of the House, obtain from the Company, information as to -

(a) its revised financial forecast for 2008-2009, indicating the sustainability of its monthly cash flow;

(b) if it has an on-going Action Plan, indicating the main measures and initiatives contained therein and taken for its survival;

(c) the impact of the slowdown of tourists arrival thereon;

(d) where matters stand concerning the hedging issue, and

(e) how the leadership issue, if any, thereat, is being addressed.

The Vice-Prime Minister, Minister of Tourism, Leisure and External Communications (Mr X. L. Duval): Mr Speaker, Sir, in my replies to PQ Nos. B/30, B/38 and B/63 on Air Mauritius last week, I had informed the House that I was not in a position to disclose any figures relating to the financial situation of the Company other than for the 09 months ended December 2008 which had already been published by the Company, and which indicated a loss of 18.2 m euros for that period.

I wish to reiterate that I am still not able to disclose figures for the full financial year ended 31 March 2009 because, as the House is aware, Air Mauritius is a Company incorporated under the Companies Act and managed by its Board of Directors. Moreover, it is a listed Company quoted on the Mauritius Stock Exchange whereby Listing Rules 11.3 in particular requires that all sensitive information liable to affect the share price should be given in priority to the Stock Exchange. This is further supported by Section 87 of the Securities Act.
I am however, Mr Speaker, fully appreciative of the rightful concern of the hon. Leader of the Opposition and of Members of the House. I will therefore try to provide such information as is possible within the limits of the law.

Mr Speaker, Sir, it is important for the House to appreciate that the current financial difficulties of Air Mauritius are the result of a number of factors triggered by the international economic crisis, namely, the volatility of the Euro vis-à-vis the Dollar, the fluctuation in the price of oil and recession in the main tourist markets. These factors are beyond the control of the Company. However, I must reassure the House that a series of measures are being taken by the Company so that it can face the onslaught of the current and future challenges, principally with regard to achieving maximum load factors on its flights, reduction in its operating costs and sale of non-core assets.

Mr Speaker, Sir, I am informed by Air Mauritius Ltd that on the basis of assumption such as -

(a) the current level of Brent;
(b) the Euro-USD ratio;
(c) the forecast level of its operational revenues;
(d) the projected sale of some of its non-core assets, and
(e) internal cost savings.

The projected monthly cash flow is expected to be positive and sustainable, within the overdraft and loan facilities already obtained by the Company. However, the House will note that this situation is subject to external factors such as the ratio Euro-USD and fuel prices over which the Company has no control. A deterioration in any of these parameters may still seriously affect cash flows. The Company is, therefore, planning a Right Issue of 35 m. euros to cater for unforeseen circumstances and to strengthen its balance sheet.

The House may note, as at the beginning of April, the Company had in place overdraft facilities of 67.7 m. euros available cash facilities, after taking into account these overdraft facilities were approximately 40 m. euros, that is, some Rs3 billion as at 01 April 2009.
As regards part (b), I am informed that Air Mauritius Ltd has embarked on a Plan to address its current financial difficulties. This Plan seeks on the one hand to enhance the revenues of the Company and on the other hand to implement a cost reduction programme. The Plan includes the following key initiatives -

(i) disposal of the non-core assets, namely, sale of its interest in MEDCOR Building;
(ii) outright sale of A340 engine and sale and lease back of 2 A340 engines.

In addition, the Company is implementing a series of cost saving measures which include -

(i) re-negotiation of contract with main suppliers;
(ii) reduction of administrative costs;
(iii) review of representation in outstations;
(iv) review of operating pattern, particularly fleet utilization, that is, back to back operations on certain routes (Australia and Hong Kong), and
(v) return of one A340 in October 2009 and the possibility of leasing out another A340 during the current financial year.

Furthermore, the Company is reviewing its manpower plan, especially, in the Flight Operations Department, termination of contract of some expatriate pilots, non-renewal of contracts of expatriate pilots and, more importantly, the implementation of a leave without pay policy whereby both local employees and expatriates are being encouraged to take leave without pay for a maximum period of up to 2 years. These measures will relieve the monthly labour costs.

Mr Speaker, Sir, I am further informed that a Transformation Programme has been initiated since October 2006 following the recommendations made by McKinsey. This programme consists of some 119 initiatives and the total realized savings as well as revenue enhanced in financial year ending March 2008 amounted to some 30 m. euros and are expected to yield some 47 m. euros for the financial year just ended.
72 initiatives have been successfully implemented and 39 are in progress.

Regarding part (c) of the question, the House would wish to know that the cost of air travel has, in general, affected tourist arrivals the world over. Indeed, all destinations have been affected by this global phenomenon, and Mauritius is not shielded from its impact.

Mr Speaker, Sir, in its Press Release dated 24 March 2009, IATA has announced a revised outlook for the global air transport industry with losses of USD 4.7 billion in 2009. The Release indicates that these figures are significantly worse than the Association’s December 2008 forecast for a USD 2.5 billion loss. This reflects a rapid deterioration of the global economic conditions.

Mr Speaker, Sir, there is no doubt that the slowdown in tourist arrivals has impacted negatively on the operating revenue of Air Mauritius Ltd with the result that its financial figures for the last quarter have witnessed a decline of some 20%, against the corresponding quarter of last year.

Consequently, the Company has had to review its capacity deployment to reflect the declining trend in passenger and cargo traffic. Similarly, the difficult financial situation of Air Mauritius implies that the airline is less able to operate marginal flights and to service marginal markets. It is opportune for me, Mr Speaker, Sir, to make an appeal to all stakeholders, tour operators and hoteliers, to promote the markets which are served by Air Mauritius and to ensure that adequate pricing and allocation of room capacity are made on those markets.

With regard to part (d) of the question, the Company is currently working with Lazard Frères, a renowned investment bank in order to review its hedging transactions. Following the recommendations of Lazard Frères, a restructuring exercise is being undertaken so as to:

(i) reduce exposure and collateral risks associated with falling prices, and

(ii) reduce the monthly hedge settlements.

Already, 40% of the hedge portfolio has been unwound at a cost of 50 m. euros. As disclosed by the Company in a cautionary announcement dated 06 April 2009, the Company has mainly used the cash collateral previously deposited with the hedging counterparties to complete the close-out transaction. Lazard Frères is at present holding discussions with hedging
counterparties with a view to making recommendations regarding the remaining portfolios.

Mr Speaker, Sir, as regards part (e), I wish to reiterate to the House that the current management of Air Mauritius Ltd has a good track record as I have shown above. Were it not for the unfortunate hedging issue, the Company would have been able to fully withstand the current economic crisis. I wish to reassure the House that Air Mauritius Ltd has recently finalised the appointment of a high profile professional to oversee its Finance and IT Department. I am informed that the incumbent will assume duty this week.

Mr Speaker, Sir, I wish to state to the House that Government is fully supportive of all the efforts of Air Mauritius Ltd. I wish to make an appeal now to all staff members to show great commercial awareness, provide excellent service on ground and in flight, participate fully in cost savings measures and to act in a responsible manner so that the Company comes out of this situation stronger than ever.

Mr Bérenger: Mr Speaker, Sir, I had asked the hon. Minister the revised financial forecast for financial year 2008-2009 at Air Mauritius which ends in March 2009. I asked for the revised financial forecast, not the audited or final accounts. Can I remind the hon. Minister that he, himself, on 12 June 2008 gave an estimate for financial year of 2008/2009 and his figure was a profit of some 4 m. euros? Can I ask instead, en ordre de grandeur, of 4 m. euros, am I right in saying that there will be a loss of more than 20 m. euros?

Mr X. L. Duval: Mr Speaker, Sir, that is a problem with issuing forecasts. In fact, the forecast is already finished, but it is an estimate of what happened last year. There is a problem, it has to be disclosed on the Stock Exchange. There were some representations last time when I actually gave the figures to the House. That is the first thing.

Secondly, there are two things impacting the accounts, Mr Speaker, Sir.

Firstly, there are the realised hedging losses which, I think, have already been disclosed should amount about 40 m. euros.

Secondly, Mr Speaker, Sir, there are the unwound transactions which have been effected within the last few days and which will cause a loss of about 50 m. euros. We know that around, Mr Speaker, Sir, 50 m.
100 m. euros will be hedging losses which are realised or unwound transactions. The rest, Mr Speaker, Sir, is the operating result which, as far as the figures we know, at the moment, are going to be positive. But, unfortunately, I cannot give any accurate estimate before the audit and respecting the stock exchange priority on information.

**Mr Bérenger:** The hon. Minister said that the cash flow is sustainable, will be positive. I am sure he will agree with me that right now Air Mauritius is making a loss monthly. Being given that, by the end of the day, Government have guaranteed something like Rs11 billion on two hedging parts; one already done and the other one requested, and then the loan to be guaranteed from the National Pension Fund – billions and billions. Can I know how Air Mauritius is planning to reimburse that money?

**Mr X. L. Duval:** Mr Speaker, Sir, firstly, we are talking about guarantees of U$D165 m or U$D170 m, which are about Rs6 billion. It is not as much as estimated by the Leader of the Opposition.

Secondly, Mr Speaker, Sir, we are talking about guarantees. We must understand the difference between guarantees and cash actually given to the companies. Guarantees are not reimbursed. They lapsed after some time. Guarantees are being given to the hedge counterparties and to banks to cover overdrafts and cover the collateral that are required. Everyday, in fact, these sums of these guarantees are lapsing as time goes by and with the pick up in the U$D in the cost of the price of the barrel of oil. We are not talking of reimbursement. Air Mauritius will not have to reimburse one penny to the Government because Government has not given it even R1, but it has to ensure that it meets its commitments to the bank so that, in fact, these guarantees do not crystallised.

**Mr Bérenger:** The figures which I have used are the figures provided by the Minister last week. Already the guarantees given by Government, already US$135 m., then he told us that a further 135 m. euros any time – it is probably been done already - and then on the prices of petroleum products a further 137 m. euros. Obviously, I have never said that the Company will have to refund Government, but Government will have to foot the bill if Air Mauritius does not pay those banks. How is Air Mauritius planning to pay those banks on the hedging and the National Pension Fund loan?

**Mr X. L. Duval:** Mr Speaker, Sir, if I may allow myself to say this. I think there is some confusion as to what is the guarantee that is given and the realised loss of Air Mauritius. These are two different things. The guarantee that has given is the US$135 m. and the 135 m. euros. These are
guarantees. Now, the loss that Air Mauritius has made is different from the guarantees. How it is going to finance a loss that is another issue. The hon. Leader of the Opposition is presuming, firstly, it is going to make a loss. This is the worse case situation, firstly, but, secondly, the hon. Leader of the Opposition is presuming that it will come to Government to ask a guarantee. It is not presuming to do, as I mentioned.

As far the cash flow is concerned, it is important to know that, as we speak today, the euro and the dollar rate is approximately 132/133. This is very positive for Government.

The second issue is that the price of barrel of oil is US$52/53. Again, this is very positive. I mean if this continues like this, we do not have a major problem for Air Mauritius. However, this is what I mentioned - and I think everybody knows this – any fall in the ratio of the US$ and the euro has a substantial impact on the cash flow of the Air Mauritius. Its main revenues are in euro and its main expenditures are in dollars. Obviously, a 10% fall in the ratio euro to US$ will have consequential impact on the performance. Mr Speaker, Sir, to reiterate, as at today’s date, if we continue like this, then it is comfortable. No one can predict whether the euro rate will stay like that or what is going to be the price of the barrel of petrol, but as at to day’s date we are comfortable.

Mr Bérenger: I asked the hon. Vice-Prime Minister whether Air Mauritius has a Plan of Action because he, himself, was adamant and said– I am quoting him in ‘Business Magazine’ of 04 February –

“Nous avons un plan d’action; la lumière est au bout du tunnel. Nous savons exactement ce que nous devons faire.” on his part. Then he made reference to the fact that since 2006, there is a Transformation Programme being operated by Air Mauritius and then we have the virtual Chief Executive Officer, Sir Kishore Beegoo, who comes forward with his own plan, re-inventing Air Mauritius and splitting it into five different companies, five different parts. Can I know which is which? I do not think it is a laughable matter. We want to know which is which? Is there a Plan of Action agreed by everybody?

Mr X. L. Duval: Mr Speaker, Sir, let me say, firstly, of the Transformation Programme. I must say that when we took over the prospects – I was talking about three years ago – for Air Mauritius in the light of liberalisation of the air was, in fact, difficult. Air Mauritius appointed Mckinsey and Mckinsey came up with big plan. This plan has yielded results, Mr Speaker, Sir.
Mr X.L. Duval: There are very substantial and identifiable results from the McKinsey initiative which I mentioned. I think more than 40 million euros saving and revenue in hands are coming from McKinsey which deals with operational things and maintenance issues, etc. This has a renegotiable maintenance contract, etc. This is a fact, Mr Speaker, Sir. On top of that, with the financial crisis, Air Mauritius has had to tighten its belt further and, no doubt, will tighten further as things go on. This tightening of the belt of Air Mauritius is expected to yield something like 10 million euros of additional savings, additional to the McKinsey initiative.

Mr Bérenger: Mr Speaker, Sir, the hon. Minister gave us some of the measures that are being taken by Air Mauritius to survive, including rights issue. Can I know whether the rights issue will be opened to existing shareholders or to anybody?

Mr X.L. Duval: Mr Speaker, Sir, by definition a rights issue is to existing shareholders. Existing shareholders may sell their rights. This is why it is called rights issue. They may sell their rights to outside shareholders. But the rights issue is better to issue to existing shareholders.

Mr Bérenger: Will it be opened to others?

Mr X.L. Duval: Mr Speaker, Sir, the rights issue is opened only to shareholders, who are able to sell or not to sell their rights to others.

Mr Bérenger: But nothing prevents Government or Air Mauritius to opening to new shareholders. My point is whether it will be opened to new shareholders.

Mr X.L. Duval: In this case, it will not be a rights issue. It will be an increase in capital. Let’s say that the share price is low at the moment. Therefore, it would be unfair to accept outside shareholders. Government itself may lose out, because they would be selling at a very low price. This is why the rights issue is being resorted to, which will address to existing shareholders. It has been said that shareholders can sell their rights, that’s their problem. But, this is to protect the existing shareholders and to avoid a dilution of their shares at a time when the shares are trading at a very low price.

Mr Bérenger: Amongst the measures envisaged, can I ask the hon. Minister whether he will confirm that, at this stage, at least, that no layoffs are envisaged?
Mr X. L. Duval: Mr Speaker, Sir, on the issue of layoffs, it is good for me to mention a fact. I am not going to go into the political situation, but it just happens that, under the last Government, there was a 25% increase in manpower at Air Mauritius. That is a fact, Mr Speaker, Sir. 1,200 people were hired; some left, and the net increase in the staffing of Air Mauritius – that is, the 25% - turned out to 500 people additional. Since we took over, there has been a net decrease of some 300 people in the staffing of Air Mauritius. Nobody can say what the future will hold. But, we are making an appeal to all the staff members, to the unions, to everybody to assume fully their responsibilities. Obviously, no Government is in the business of firing people. This is not our business. We will do our best to protect the interest of everybody concerned, including the interest of Air Mauritius and the interest of Mauritius. It is not our wish to do so, but at that moment that may be inevitable if people do not take their responsibility. However, Mr Speaker, Sir, we are resorting to some termination of contracts for the expatriates, particularly pilots. As there has been a reduction in the flights flown by Air Mauritius, there has been a reduction in expatriate pilots and there is a programme of offering leave without pay; many of the staff want to pursue further studies, and we are asking some of the expatriate pilots to take some leave for some time to see their families and I must say, Mr Speaker, Sir, that every airline is resorting to this practice.

Mr Bérenger: Mr Speaker, Sir, the figures I have heard in reference to the impact on the finances of Air Mauritius, of the slowdown of tourist arrival thereon, are very disturbing. Can I ask the Minister whether it is a fact that Air Mauritius is losing market share, especially to British Airways and to Emirates and partly as a result of cancelled flights and last minute cancellation of flights?

Mr X.L. Duval: I must admit, Mr Speaker, Sir, that there has been some erratic behaviour which has been raised with the management of Air Mauritius. In fact, when we are talking about a fall in revenue of 20%, we are talking about a fall in passenger members of 15% of the last six months. Obviously, Mr Speaker, Sir, the troubles that Air Mauritius has had, it may have impacted on its ability to promote. I do not have relative figures as far as the other airlines are concerned, but I must say that we are monitoring the load factors of Air Mauritius very carefully and the other airlines and I must say for some time now it is defending itself on the markets.

Mr Bérenger: On the hedging issue, can I ask the hon. Minister whether there has been a full-fledged inquiry on what took place? What was the role of the former Chairperson who chaired the committee that dealt with
it, whether it is linked to the departure of Mr Bhujoharry from Air Mauritius, what exactly happened? Who bears responsibility for that hedging mess?

Mr X.L. Duval: Mr Speaker, Sir, as it is said the road to hell is paved with good intentions and this is exactly what happened to Air Mauritius. Faced with an unprecedented situation of rises in the price of fuel, unexpected rises up to about 200 to have attended per barrel, the management reacted to the increase in the hedge ratio from 45% to reach about 80% of its expected fuel requirements and it did so in the light of the information that was available. Obviously, Mr Speaker, Sir, it is an unfortunate decision. Nobody can deny that. At that time nobody could say what was the situation, but there has been an inquiry and following that inquiry, as the House is aware, the Financial Controller and the Chairperson left the company.

Mr Bérenger: The Minister has given us some new figures on the hedging issue. Does he remember that he gave wrong information to the House when a Private Notice Question was answered on 12 June 2008. He said then that 41% of the fuel costs were covered – in fact, it is 80% - and the hedging arrangements were for one year only. Can I ask the hon. Minister whether he has inquired into that? Was he fed with the wrong information or he got it wrong?

Mr X.L. Duval: Mr Speaker, Sir, at the time of answering the PNQ, it was 41%, but I accept that if you look carefully at the contract, although it is for one year, it is extendable for another year. I accept that second part about the one year. There is no doubt about that. Obviously, not all contracts are extendable and some are extendable and these are the ones at the moment. So, this is partially right, the 41% was right as far as I am aware. I can accept that.

Mr Bérenger: We know what salaries and what fringe benefits Mr Viljoen will get from Air Mauritius. Can we know the fees that were finally paid to Lazard frères?

Mr X.L. Duval: Mr Speaker, Sir, we do not know what are the fees payable to Mr Viljoen. I must say – and that is unfortunate - that the figures that have repeatedly been quoted in the press are grossly exaggerated. I give the previous Prime Minister the information. Mr Viljoen is not earning more than earned Mr Cornwell Muleya who was appointed by the previous Government. The hon. Leader of the Opposition can go and check the figures and he will see that the press is grossly overstating the amount. That is unfortunate, at a time when a company is down; you don’t kick a man
when he is down. That is not right. Thank you, Mr Speaker, for giving me the opportunity to clarify this issue so far as Mr Viljoen is concerned. Mr Viljoen has an impressive track record as CEO of South African Airways and is assuming two roles of Chief Finance Officer and Chief Information Officer. As regards the Lazard frères, Mr Speaker, Sir, the main part of their nomination will be on a success basis if, in fact, they achieve a certain success. It is not possible to determine more at this stage what it is, it will be a win win basis. The more Air Mauritius gets, then they will be paid part of it.

Mr Bérenger: Will the hon. Minister agree with me that in a difficult situation like the one Air Mauritius is in - and Air Mauritius is Air Mauritius and Mauritius forms part of its name - if something wrong is published in the press, he must not have to wait for a Private Notice Question from the Leader of the Opposition, that Air Mauritius should do the necessary mise au point and correct the wrong information, if wrong information there is.

(Interruptions)

Mr X. L. Duval: Mr Speaker, Sir, everyday there is wrong information. “L’Express”, yesterday or a day before, said that I was using four or five limousines; in fact, literally there was a minibus. I can’t spend all my time replying to what happens, especially, Mr Speaker, Sir, since it is a difficult issue – salir someone; we don’t want to do that. Anyway, it is a fact and I have given the exact figures to the House.

Mr Speaker: Can we go to hon. Jugnauth first and then I’ll come back to the other Member?

Mr Jugnauth: Mr Speaker, Sir, since money borrowed by Air Mauritius, as a result of guarantees provided by Government, is being utilised for current expenditure, does the Vice-Prime Minister agree that such Government guarantees are, in fact, being provided in violation with section 8(1) of the Public Debt Management Act of 2008 and, if no, has he sought legal advice to that effect?

Mr X. L. Duval: Mr Speaker, Sir, obviously, this is something which relates more closely to the Ministry of Finance. But I am informed, firstly, that everything is legally in order; secondly, Mr Speaker, Sir, that money is fungible. You cannot, in fact, trace where it goes. It is fungible and, therefore, given these two factors, I am very comfortable with what has happened.

Mr Speaker: Hon. Bodha.
Mr Bodha: Thank you, Mr Speaker, Sir. May I ask the Vice-Prime Minister whether in these periods of turbulences, we should not have a clear-cut leadership in the cockpit of the Air Mauritius? Because we don’t have a Chairman of the Board; at the Risk Management Committee we don’t have a clear-cut team; we have somebody else coming as No. 2, and the impression we have is that it is a very haphazard team trying to implement a very hazy action plan.

Mr X. L. Duval: Mr Speaker, Sir, there are two ways you can look at the chairmanship issue, you can look at coming to reinforce the management structure or to divide the management structure. We all know this; you can divide the management structure. At the start, I must say it was a conscious decision to leave it like this, so that there is a very, very strong leadership at the Head, so far as the CEO is concerned, Mr Speaker, Sir.

If you look at the history of fights between Chairmen and Managing Directors, you will know what I am saying, Mr Speaker, Sir.

As far as the Risk Management Committee is concerned, Mr Speaker, Sir, I must say that right from the start, it was changed and, in fact, all members of the Board are, de facto, members of the Risk Management Committee. There is an Ag. Chairman as far as the Board of Director is concerned.

Mr Dulloo: Mr Speaker, Sir, the Vice-Prime Minister - especially Government - has systematically refused to communicate to the House the hedging contract, - this against all the norms of transparency and accountability - and the hon. Minister has just said that one of the measures being adopted is the renegotiating of contracts with partners and suppliers. So, will this include the renegotiation of the hedging contract and whether it is not one of the terms of this renegotiation that Government should give guarantees to all that Air Mauritius is doing? Because the creditors, including the hedging contractor, do not trust the creditworthiness of Air Mauritius.

Mr X. L. Duval: Mr Speaker, Sir, there is some mixture of things here. Firstly, we are unable to provide details over hedging contracts, because there are four banks, not just one bank. Not all the banks know what are the hedging contracts, maybe the other banks do; so, it is impossible. It would not make any sense for us to provide it, it would be counter-productive.

Secondly, Lazarre Frères have made it very clear to Government that this must stay confidential for it to be able to carry out its negotiation
separately with each of the banks. I am sure the hon. Member will understand that.

Now, to understand the hedging contracts, Mr Speaker, Sir, you must understand that the liability is paid upfront. In fact, we have paid upfront the liability up to August 2010, depending on market to market. So, in fact, there is no question that a renegotiation will entail future guarantees by Government because, in fact, the liability has already been assumed and has already been given as collateral to the hedging counterparties.

Mr Speaker: Hon. Lesjongard!

Mr Lesjongard: Thank you, Mr Speaker, Sir. The Vice-Prime Minister and Minister of Finance, in his reply to PQ No. B/27, last week, said that some of the money for Air Mauritius may have to come from the Contingency Fund. Can we get an indication of how much money will be used by Government from the Contingency Fund?

Mr X. L. Duval: Mr Speaker, Sir, I understand from my colleague that we are talking in the event that there is a rights issue, then some of the money. As I think was answered last week, no money has been disbursed by Government as at today, so there is no question a Contingency Fund at this stage. Now if and when – I suppose – it will happen anyway, there is a rights issue. I cannot answer in the name of the Minister of Finance, but it may come from the Contingency Fund.

(Interruptions)

Mr Speaker: Hon. Leader of the Opposition!

Mr Bérenger: My last question will relate to the leadership issue. I heard the Vice-Prime Minister, whilst replying to my own question and then to a supplementary question from hon. Bodha, gave the impression que tout va très bien, Madame la Marquise, in terms of leadership at Air Mauritius. Can I put it to the Vice-Prime Minister, and to the hon. Vice-Prime Minister that, this is not the case at all. We have a virtual Chief Executive Officer, Mr Beegoo, who insults Air Mauritius leadership, says anything. But, he is presented as the key man in this sector.

(Interruptions)

No, not at all! He is doing it at Air Mauritius. The General Manager has no authority left with that kind of situation. Then you have Mr Viljoen, who clearly will not be No. 2; he will be No 1(bis); then we have a political Chairperson. We hear that we have another political Chairperson, if we
don’t already have that. I mean, this is playing with fire in a situation like Air Mauritius. Can I put it to the hon. Prime Minister, and the hon. Vice-Prime Minister that we should pick carefully un oiseau rare, a strong Chairperson, with a strong track record, and a team player that will get all this together, will work with the Chief Executive Officer. And that kind of oiseau rare exists in Mauritius; and I am prepared to make suggestions to the hon. Prime Minister and to the hon. Vice-Prime Minister certainly.

Mr X. L. Duval: Mr Speaker, Sir, let me end on a consensus note. There is no doubt, Mr Speaker, Sir, that we must find and appoint the right person as a Chairperson at Air Mauritius. There is no doubt about that. As far as Mr Beegoo is concerned – I have four questions on that today – I must say that what has happened, as far as I understand, the Board has asked Mr Beegoo to help un dégel les relations between the unions and the Management.

Mr Beegoo, in the exercise of this particular function, which is time bound for another three weeks, I think, may have given his own opinion which may have been inter-related with the actual policy of Government. However, I must say that there is a good idea of actually encouraging the shop floor, les petites mains, the people who actually work in Air Mauritius to come up themselves with ideas on how to improve their work and the work of Air Mauritius. This is also what Mr Beegoo is talking about, which is a good idea, which is being implemented, which is revamped also as if, Mr Speaker, Sir, involving the whole rank and file in proposing the measures to make Air Mauritius more successful. Government is committed to Air Mauritius. I wish to reassure the House that it is committed and that it will do whatever is necessary to ensure its future prosperity. Thank you.

Mr Speaker: Time is over! The Table has been advised that PQ No. B/94 addressed to the hon. Prime Minister has been withdrawn. Questions addressed to the Dr. the hon. Prime Minister! Hon. Mrs Hanoomanjee!