

Gov't forks out RM139mil to end monopoly
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The government has paid more than RM139 million - and counting - in compensation after cancelling a contract with an automotive training company.

This was stated in a parliamentary written reply to Pandan MP and former transport minister Ong Tee Keat (left in photo) dated July 27.

He had asked his successor Kong Cho Ha (right in photo) how much compensation has been paid to Automotic Centre of Excellence Sdn Bhd (ACE) as a result of the cancellation of its contract to provide mandatory refresher courses to drivers of heavy vehicles.

"What were the factors taken into consideration when formulating the compensation?" asked Ong, who was transport minister from 2008 to 2010.

Kong said the government has paid out RM139,419,498 in compensation.

"There is still a balance of RM63,732,000 to be paid after the transfer of assets to the government, which is free of charge as stated in the Settlement Agreement between the government and the company," he said.

The minister also revealed that the factors to be taken into consideration are the loss of revenue for ACE, the cost of equipment purchases as well as administration expenditures.

Five-year monopoly

It was previously reported that ACE had been given a monopoly in issuing Public Service Vehicle (PSV) vocational licences and the Goods Vehicle Driving Licences (GDL) for Class D and E programmes in a 2005 directive from the Road Transport Department.

However, it is understood that the directive was cancelled in July 2006 when 17 driving schools took the department and the government to court over loss of income and damage to their reputation.

It is understood toll booths and commercial vehicle lorry 151206ood that ACE had initially intended to charge RM500-1,450 per driver for the two-day course.

The government then stepped in to subsidise the charges heavily to the extent that each driver would only have to pay RM100.

The balance was to be subsidised by the Human Resources Development Fund and the Public Transport Trust Fund, according to a 2008 report in Star.

It was only when premier Najib Abdul Razak took over the administration in 2009 that the contract was rescinded with cabinet endorsement.