

Call to devise compensation mechanism  
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KUALA LUMPUR: The Government has been urged to come up with a standardised mechanism for awarding compensation for projects that are called off.

Public Accounts Committee (PAC) chairman Datuk Shahrir Abdul Samad said the select committee made the call after being informed by the Auditor-General's office that the Government had been compensating contractors for cancelled government projects. He said compensating contractors was not a new practice — it was being done long before the contractor for the crooked bridge sought compensation.

Shahrir said the Auditor-General's office had cited three cases, all involving the building of car parks at the Kuala Lumpur Hospital, Queen Elizabeth Hospital in Kota Kinabalu and the Lahad Datu Hospital, where the contractors were compensated when the projects were cancelled. He said the compensation was based on the type of project and this being the case, there was no standard formula on the quantum of compensation.

He said the Auditor-General informed the PAC that two aspects were taken into account. The first is to look at the work done while the second is on the work that was yet to be completed. Compensation is paid based on these two aspects of a cancelled project. Shahrir said that introducing a standardised mechanism as a clause in the agreement between the Government and the project contractor will streamline the whole process of compensation.

"We are of the view that only when the principle (on compensation) is settled, can the payment be determined," he told reporters after chairing the PAC meeting in Parliament yesterday. Shahrir also said the PAC had received the management audit report on the controversial Matrade project.