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Co-ops should stay out of business

ACCORDING to a Bernama report in July, the Malaysian National Co-operative Movement or Angkatan Koperasi Kebangsaan Malaysia Berhad (Angkasa) president Datuk Abdul Fattah Abdullah urged the Tourism and Culture Ministry to review the Tourism Industry Act, which compels cooperatives to set up subsidiary companies to apply for Tour Operating Business and Travel Agency Business (TOBTAB) licences.

He said: "It is sufficient to have the cooperatives. At present, we have to set up subsidiary companies to be involved in tourism. The result is that we lose out on many business opportunities.

"We want the Act to be amended to include cooperatives, or any organisation which is registered with the Malaysian Cooperatives Commission."

Recently, he told reporters after opening a business plan workshop in Kuala Lipis that Angkasa is willing to take charge of handling umrah if given the opportunity, and was confident of the ability of the cooperative to manage it well, as the sector has long been involved in the umrah business.

He added that his organisation will be able to offer more competitive prices because its main goal is to provide the best service, not to maximise profit.

The two reports are contradictory. In July, Angkasa complained that cooperatives could not obtain TOBTAB licences but the recent report stated that there are 42 cooperatives handling domestic and overseas tour packages, including umrah.

It is an open market for umrah tours, and up to licensed tour operators with Special Umrah Licence from the ministry to compete in pricing and service, including cooperatives that are offering tour packages to their members.

If so, why is Angkasa asking to take charge of handling umrah?

If any market is monopolised by a commercial entity, it would be against the Competition Act 2010, which also does not allow cartel practices such as price-fixing.

In any case, the problem with pilgrimage scams has little to do with licensed umrah tour operators and more to do with potential pilgrims trusting middlemen or were enticed by unlicensed bodies offering bargains.