

# Nikolaev Biznes

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State money meant for the transportation of state beneficiaries is not getting to the carriers...



No space for state beneficiaries

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INVESTIGATION

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**Conflicts between bus drivers and state beneficiaries in Nikolaev happen on a daily basis. Elderly men and women are either kicked out or allowed to ride as a big favor. At the same time, in just the past two years more than UAH 2 million was transferred to Nikolaev bus carriers from the state budget for the transportation of beneficiaries. How can we explain the dislike of bus drivers for the elderly if they paid such a considerable amount of money from the state treasury? NB correspondents tried to find out the answer to this question.**



No space for state beneficiaries

### Those who get blamed, get paid

The fact that conflict-free transportation of beneficiaries is almost unreal was confirmed by the statistics on complaints to city authorities. According to officials, the offended retirees mostly disapprove of the performance of municipal transportation. The flow of complaints has not diminished from year to year. As reported by the transportation department, in 2008 they received 134 complaints, a year later - 128. Surprisingly, a large number of complaints were about carriers that received state compensation. For example, the drivers of “Pik” company refused beneficiaries 31 times, while their colleagues from “Auto-Viola plus” no less than 28 times. At the same time, according to the city finance department, these companies received UAH 200 thousand each in the past two years. Incidentally, the biggest amounts were received by companies that serve not only the city but suburbs as well: “Alan-techno” LLC (UAH 774 thousand) and “Orion-auto” Ltd. (UAH 861 thousand).

### The state pays:

Compensation for beneficiary transportation from the state budget (UAH thousands)

	2008	2009
“Alan-techno” LLC	467	466
“Orion-auto” Ltd.	335	526
PE “Pik”	85	127
PE “Auto-Viola plus”	80	120
“Ukrtrans” LLC	-	54
PE “Bershadsky”	4	-

Data from the department of finance of the Nikolaev city executive committee

### Who is driving?

In order to understand how one can make a profit on state beneficiaries, we should explain the passenger traffic scheme that has emerged in our city.

And here we have something to be proud of! This simple and smart business scheme for drivers and passengers probably does not exist in any other oblast. In Nikolaev, the transportation sector works on a single principle – the company close to the authorities gets the routes via a city competition and then involves businessmen for the transportation. Thus, the typical Nikolaev

carrier can hardly be called a “transportation company”. It does not have any buses of its own or employees. The company’s staff is limited to the director, accountant and other personnel for paperwork.

The majority of routes belong to PE “Pik” (21 routes), SPE “TFT” (20) and PE “Auto-Viola plus” (10). But, as it turned out, they have no buses or minibuses of their own.

“TFT” company, having been around for more than ten years, has acquired only... four buses. The other “major” company “Auto-Viola plus” owns only six vehicles out of 318 it has licensed. PE “Pik” is an exception - it has purchased 35 buses. However, taking into consideration the total amount of vehicles working under this enterprise (621) and that the local routes run by the company includes more than a dozen suburb and oblast routes its own fleet is just a drop in the bucket.

Therefore, transportation is mainly carried out by bus owners and drivers. They purchase fuel, spare parts, pay State Vehicle Inspectorate fines, process necessary documents, and to be quite frank, pay the company for the route at their own expense.

Enterprise	2008		2010		city routes amount
	Own autopark	vehicles total	Own autopark	vehicles total	
“Ukrtrans” Ltd.	18	36	27	61	4
SPE “TFT”	1	561	4	512	20
PE “Autoviola plus”	2	286	6	318	10
PE “Iva”	4	68	4	99	4
PE “Mis”	0	47	2	112	6
PE “Pik”	18	310	35	621	21
“Alan-techno” Ltd.	28	133	28	125	5
“Gurig-service” Ltd.	0	120	0	133	6
“Privatautolyuks” Ltd.	5	267	5	248	11
“Orion-auto” Ltd.	—	—	32	156	—

Data by Nikolaev region SAJ, Nikolaev city council, Technical Department of Chief Police Department on vehicles in Nikolaev region

### Beneficiaries are an extra burden

If a transportation company gets compensation for state beneficiaries, then entrepreneurs and drivers should receive some of it. We have selected the main routes served by the happy recipients of compensation and off we went.

“I drive beneficiaries on a regular basis,” said the owner and driver of a minibus that follows a route belonging to PE “Auto-Viola plus”. “On average, I carry 10 to 15 people per day. But for the four years I have worked, no one has ever mentioned compensation.”

We inspected five more routes but did not meet any lucky drivers that got compensation for their patrons. However, the enterprise received compensation on the regular basis. The owners of the minibuses did not get any other benefits from the company. Quite the contrary, route payments have increased.

We found the same situation on the routes of private enterprise “Pik”.

“Our route is not profitable, we drive either empty or beneficiaries”, said the driver and owner of a minibus quite frankly. “Once they reassured us that the company would cover our losses. We kept records, wrote down the numbers of beneficiaries and their names at the route stops like crazy. We noted up to 100 people per day! But we did not get a cent from the company.”

***“The present system of beneficiary aid is far from perfect and does not allow for the use of state subsidies effectively. According to financial experts interviewed by the authors, the problem of social beneficiary support could be solved by the adoption of targeted payments for expenses related to public transportation. This would not only reduce the level of corruption but also support the real carriers.”***

The responses of vehicle owners and drivers working for “Alan-techno” Ltd. were almost the same. However, the complaints to the company’s management were not as numerous because “Alan-Techno” prefers to work with its vehicles and drivers.

We tried our best to find lucky drivers that have received money from their carrier companies. Unfortunately, there were none on city routes (we visited about 20 of them). But lists of transferred beneficiaries were submitted by questioned drivers and owners regularly. Why? For the majority of bus drivers, it is still a mystery.

### **Virtual beneficiaries**

Where do all the beneficiary lists go? Why do carrier companies demand detailed reports? We headed to the department of finance of the city executive committee, which is responsible for the distribution of budgetary funds, to find the answer.

To the city financial specialists’ credit, we were given full and exhaustive information. It turned out that beneficiary lists with their names and certificate numbers were kept by the enterprises for use by oversight and law enforcement bodies. The department only got general information about the quantity of beneficiaries carried by THEM and... the sum required. We were lucky enough to examine some of them and were very surprised...



**Gennadiy Pogorelov, the head of regional State Motor Vehicle Inspectorate, on the organization of bus transportation in the city (from a press-conference on May 13 of this year):**

“Such outrageous things (frequent driver strikes - ed.) can take place only in Nikolaev region... I’m certain that all the strikes are organized by the management of carrier-transportation companies. Here is an example, as soon as we started operation “Bus 2010”, I got a call and was told: you have made a mess...

“Our transportation companies do not have vehicles of their own, our buses work under contracts. **If they had their own buses, they would go about their work in a different way as it is quite expensive to keep their own vehicles: maintenance and salary expenses.** At present, the carrier takes a plan from every bus and he does not care whether a hundred or two hundred of buses work the routes. The main thing is the more vehicles, the more profit for the enterprise... But the State Motor Vehicle Inspectorate alone cannot do a thing. This should interest the clients of the transportation companies: the city executive board or regional and local authorities...”

The most interesting report was from the company “Avto-Viola plus”. As it turned out, in September 2008, this enterprise managed to carry a record number of beneficiaries (according to documents) - more than 11 thousand! This was despite the fact that the enterprise, according to the transportation department, in summer 2008 owned only... two vehicles. So Auto-Viola buses carried 150 beneficiaries per day or about 20 per route?! Nikolaev has not seen such generosity ever before.

As for “Pik”, it has more modest needs, judging by the reports. In December of the same year, they carried about three thousand beneficiaries. Maybe the carrier’s modesty was caused by the end of the budget year, when the financial limits were exhausted. However, if we take into consideration that in summer 2008, this company had only 18 buses of its own and not even ten routes, including local, regional and even intercity ones, probably the beneficiary lists submitted for compensation were taken their supportive businessmen.

For comparison: “Orion-Auto” carried almost six thousands of beneficiaries at that time, “Alan-Techno” - more than 23 thousand. But these enterprises at least owned more vehicles: 32 and 28, respectively. And buses had greater capacities.

**Who to blame**

Carrier company	Quantity of citizens addresses for:		
	2008	2009	01.05.2010
<b>SPE “TFT”</b>	41	31	13
<b>PE “PiK”</b>	31	21	10
<b>PE “Auto-Viola plus”</b>	28	25	12
<b>“Privatautolyuks” LLC</b>	10	18	8
<b>“Gurig-Service” LLC</b>	8	6	2
<b>Transport Company “Cargo Auto Ukraine”</b>	4	8	1
<b>PE “Iva”</b>	3	5	0
<b>“Ukrtrans” LLC</b>	5	6	0

“Alan-Techno” LLC	2	4	5
PE “MIS”	2	3	3
“MITAP” LLC	0	1	0
<b>Total:</b>	134	128	54

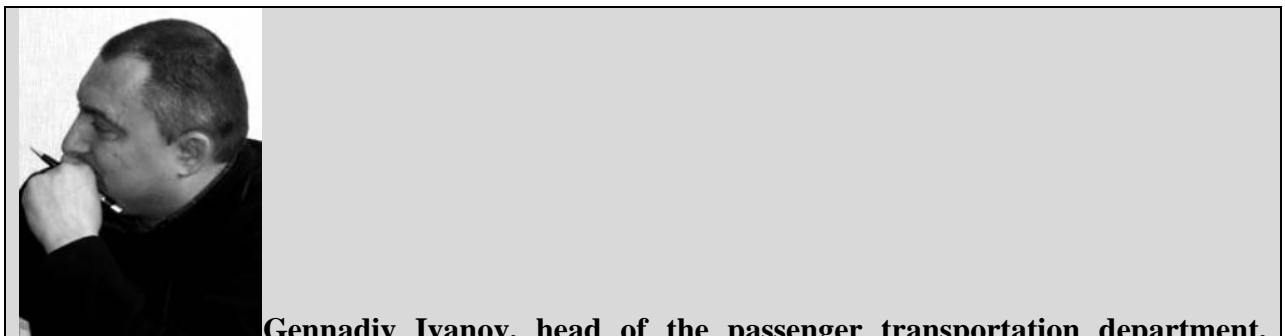
Data provided by transportation department of the Nikolaev city council

### Four in one

The discovery we made at the finance department of the city executive committee. We decided to ask the directors of the enterprises about the nature of numbers we saw in the reports. Jumping ahead, we note that it was not easy to find the enterprises. If information about the addresses of “Orion-Auto”, “Alan-techno”, and “Ukrtrans” could be found inside their buses or, at worst, on the Internet, “PiK” and “Auto-Viola plus” were found only with the assistance of the city council.

Yet another discovery was awaiting us. Four transport companies, for some reason, had same phone number (42-78-90). Certainly we did not waste the opportunity to communicate with four directors at once and after we found out the address, via the number, we headed to Ternovka. As we were told, that’s where all the major city carriers are stationed: PE “PiK”, PE “Auto-Viola plus”, OOO “Mitap” and PE “Iva”...

The address, Sofiyivska 1, did not tell us much, so we started asking local residents where the transportation companies responsible for about a half of city routes were located. But our interviewees only shrugged their shoulders in astonishment. It was the first time they heard about a bus station in Ternovka.



**Gennadiy Ivanov, head of the passenger transportation department, communications and telecommunications development for the city executive committee (from an interview with “Nikolaev News” newspaper on May 4 of this year):**

“According to conditions of contracts signed with the city council, companies should replace 10 percent of their vehicles every year. In 2008, companies renewed 30 percent of their fleets; everything was purchased on credit. But then the crisis came... Companies switched to buses with more capacity...”

If there was municipal transportation - it would reduce the number of problems. We last raised prices in 2008. We constantly ask carriers not to raise passenger fares; they make concessions, but there is no profit for the enterprises. That’s why we have this quality and this service...”

Nevertheless, after some difficulty, we have found the object of our interest. The bus station was located by a railway crossing at the site of an old gas station (on photo). At the entrance, we noticed a promising advertising poster, which modestly stated that PE “Pik” was “the major passenger carrier of the southern region”. But the bus station of the major carrier was not that

big. One bus was being repaired in a small inspection pit, there were few cars in the parking lot of several square meters, and security was provided by some plain but good-natured dogs.

We were not allowed in the company's office, a one-story brick building, as "the director was away".

"Come by tomorrow morning," the security officer and janitor politely advised simultaneously.

In the morning, we dialed the number and were lucky enough to reach the assistant director of "Auto-Viola plus", Mr. Terekhin. But the official, known for his dislike of media outlets, refused to communicate with the press:

"We strongly disdain you and there's nothing to talk about..."

To get the full picture, we visited "Alan-techno" and were brushed off as the director was away and there was nobody to answer our questions. But to the company's credit, the bus station we saw was quite similar to what we expected. On the fenced in territory, we have noticed more than a dozen big buses and minibuses.

### **Drivers are the weak link!**

State subsidies to compensate for the transportation of state beneficiaries is given to cover the financial loss caused by the transportation of beneficiaries, informed the department of finance. Though it does not take a financial expert to understand that most of the expenses for transporting beneficiaries are borne not by the companies but by private entrepreneurs (bus owners). And that is only provided that they are driving themselves. See for yourself: usually an entrepreneur is strictly committed to the company – to turn in an established sum of earned money on a monthly basis. No one cares what expenses you bear in terms of fuel purchase, spare parts, or State Motor Vehicle Inspectorate fines.

But the weakest and most powerless link in the chain is the drivers. Practically, beneficiary transportation is done at their expense. Bus owner set a daily plan, which includes a sum of money that has to be handed in. The more people he carries, the more he gets. Therefore each beneficiary for him is persona non grata.

### **No extremes?**

What are the thoughts of passenger transportation companies' clients, the city council, on the matter? Do city officials consider the existing scheme of compensation distribution to be fair? Why in reality are beneficiaries carried by one entity while the other one gets the money? Unfortunately, we got evidence that the city council cares for the needy, war veterans, retired and disabled only by word of mouth. And it preferred to wash its hands of specifics. It was sad but none of the officials responsible for the city's transportation wanted to talk to "NB" correspondents. The assistant mayor and chairman of the transportation tender committee Alexander Zhenzherukha did not manage to find time to communicate with us, instead, we were told to address his subordinate - "transportation worker" Gennadiy Ivanov. But as it turned out, the head of transportation department was quite busy as well - meeting after meeting. And as a matter of fact, said Mr. Ivanov, we should go to the department's press service.



**Alexander Zhenzherukha did not manage to find time for the newspaper**

Apparently, the current system works pretty well for transportation companies and for city authorities. But does it suit the beneficiaries? – that is the question.

**Oleg OGANOV**  
**Yaroslav CHEPURNOY**

*P.S. The editors are not closing discussion of this topic. We are ready to hear from and publish the thoughts of all sides that deal with passenger transportation.*



**There are several carriers located at the address Sofiyivska 1**



**“Alan-techno” bus station**