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EPF annuity plan deferred (HL)

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KUALA LUMPUR, Wed. - The Cabinet today decided to defer the controversial Employees' Provident Fund annuity scheme pending the outcome of a study conducted by a panel of experts.

Following this, the Malaysian Trades Union Congress said it would put off its May 12 nationwide picketing as the Government's position was conveyed to it by Prime Minister Datuk Seri Dr Mahathir Mohamad in a letter dated yesterday.

"The MTUC wants the scheme to be deferred as one of the conditions to postpone the picket," Human Resources Minister Datuk Dr Fong Chan Onn told the New Straits Times.

The scheme is a retirement programme where workers' contributions, upon agreement, are managed by private insurance companies and given out like pension payments on a monthly basis after they cross 55.

The MTUC is against this. It wants EPF to manage the workers' money instead of giving it to private insurance companies who could make huge profits.

The Prime Minister, in a letter addressed to MTUC president Senator Zainal Rampak, has agreed in lieu of their appeal to:

- \* defer the privatisation of workers' retirement scheme through the annuity scheme managed by private insurance companies till completion of study by consultants;

- \* reverse the drastic reduction of death and incapacitation benefits from RM30,000 to RM2,000; and,

- \* ensure that the EPF money is managed without causing any doubt among any quarters.

At a Press conference held at Wisma MTUC, Zainal who chaired an Emergency General Council meeting, said the members had unanimously agreed to defer the picketing till Aug 9.

Within the three-month period, they would proceed with action on the memorandum sent to the EPF on issues raised by them.

"MTUC accepts the assurance given by the Prime Minister," he said.

However, Zainal declined to say when the letter was handed to him and where, but said that they accepted the assurance given by Dr Mahathir that the annuity scheme was deferred till the consultant study was prepared.

"The EPF has also agreed that the consultant will meet MTUC officials to get their inputs on the matter. As far as we are concerned, we want the annuity scheme to be handled by the EPF and not privatised to insurance companies."

As for the death and incapacitation benefits, Zainal said they were happy that it was restored and backdated to July 1, 2000.

As for EPF investments, he said MTUC wanted to see transparency and good governance in the management of workers' money.

Zainal said he intended to propose at the next general council meeting a watchdog committee to monitor all activities involving workers' money in the EPF.

MTUC officials are scheduled to meet Dr Mahathir on June 25 for further discussion on issues raised by them, including that 50 per cent of the EPF board comprise workers' representatives.