

18/04/2001

EPF members to decide (HL)

Sarban Singh

KUALA LUMPUR, Tues. - The Government has left it to employees to decide on whether they want to reduce their Employees' Provident Fund contribution by two per cent.

The Prime Minister's Office said the decision was in line with the provisions of the EPF Act which allowed workers to opt to contribute more than the statutory requirement of 11 per cent.

"The Government today decided that workers are free to choose whether to accept the Government's suggestion to reduce their EPF contribution from 11 per cent to nine per cent or maintain their original rate of contribution," it said in a four-paragraph statement released here today.

The option on worker contribution to the EPF is allowed under section 43(4) of the Act.

This means workers who want to reduce their portion of contributions to the EPF will have to give their consent to employers before this can be done.

According to the statement, the suggestion to reduce workers' portion of contribution was a preliminary step to encourage consumption and spur the domestic economy following the slowdown in the economy of the United States, one of Malaysia's top trading partners.

"The Government is confident that its decision to allow workers to decide on their rate of contribution will be welcomed by all workers," it said.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said on March 27 that workers' portion of their EPF contributions would be temporarily reduced by two per cent for a period of a year to encourage consumption.

This was part of the several pre-emptive measures to be taken by the Government to offset the impact of a slowdown of the US economy.

However, employers' portion of the contributions for their workers remained at 12 per cent.

Two days later, Dr Mahathir said the Government was willing to rescind its directive if workers wished to maintain their rate of contribution.

The Malaysian Trades Union Congress had claimed that the move would affect workers' savings in the EPF which were meant for their retirement.

At a meeting on April 5, the MTUC working committee decided to go on a nationwide picket to protest against the Government's decision and several other issues concerning the EPF.

When contacted today, MTUC secretary-general G. Rajasekaran said the congress was glad that the Government had withdrawn its decision to make it compulsory for all workers to contribute less to the EPF.

"We have maintained all along that the EPF Act allowed contributors to contribute more than the statutory requirement. We are glad the Government has recognised that," he said.

Prior to today's announcement, he said, 23 of MTUC's affiliates had informed their employers to maintain their employees' EPF contributions at 11 per cent.

Asked whether the planned picket would be cancelled following today's announcement, Rajasekaran said the issue was not the main reason why the MTUC had decided to picket.

He said the congress was, among others, unhappy with the EPF's annuity scheme, reduction in EPF's death and incapacitation benefits from RM30,000 to RM2,000 since July last year and the use of the EPF logo by some

insurance schemes to promote their annuity schemes.

"We also want an assurance from the authorities that it would not go on rescue missions, such as that concerning RHB and Time dotCom," he said.

Cuepacs secretary-general Abdul Rahman Manan thanked the Government for the gesture.