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New EPF Board to hold first meeting on July 2

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THE new Employees Provident Fund (EPF) Board, whose members have just been appointed for a two-year term starting June 1, is expected to hold its first meeting on July 2.

Checks by Business Times show that three members who represent workers on the EPF Board have been re-appointed to fresh two-year terms from June 1 until May 31 2003.

MTUC president Senator Zainal Rampak, Sarawak Bank Employees Union general-secretary Andrew Lo Kian Nyan and Congress of Unions of Employees in the Public and Civil Services president N. Sivasubramaniam have been re-appointed to the board through letters dated June 11 signed by Prime Minister Datuk Seri Dr Mahathir Mohamad, who is acting Finance Minister.

The new EPF Board's term started on June 1 but the union leaders received their appointment letters from the Finance Ministry only on Tuesday.

It is widely believed that Tun Daim Zainuddin's resignation as finance minister contributed to the "delay" in the appointment of the new EPF Board. Daim took two months' leave from his Cabinet post before handing in his resignation letter to Dr Mahathir.

Under the EPF Act, board members are appointed by the Minister of Finance.

EPF officials were not available to comment whether more seats have been allocated for workers' representatives on the board, as requested by the unions.

However, EPF chairman Tan Sri Abdul Halim Ali said in a recent press briefing that he did not see the need to allocate more seats to the unions as the current composition is effective in making decisions.

The MTUC has been asking the Government to increase the number of workers' representatives from the current five to nine. It reasoned that workers are not adequately represented at the board although all of them are EPF members.

The fund, established under the EPF Ordinance 1951 and subsequently the EPF Act 1951 (which was amended as the EPF Act 1991), is managed by a board comprising a chairman, deputy chairman and not more than 18 other members.

The board will be able to discuss at their July 2 meeting an actuarial study on the EPF Annuity Scheme, which is currently being conducted by a consultant appointed by the Fund.

Industry players and unions are expecting the study to be completed either by the end of this month or latest by early July.

A consulting firm, AON Consultant (M) Sdn Bhd, is looking into details of the requirements which need to be fulfilled by the EPF if the Annuity Scheme is to be managed in-house.

The study will also determine whether the scheme, which has been suspended since May 9, will continue to be managed by a consortium of insurance firms and takaful operators, or be transferred to the EPF.

An official from the MTUC who attended the briefing by the consultant on May 24 said they were told that the findings of the study would be presented to the EPF Board as soon as possible. However, there is no deadline for the consulting firm to complete its study.

The EPF Board, after considering the consultant's report, will determine whether or not the annuity scheme should be run by the Fund.

The EPF, which manages the largest pension fund in the country, provides post-retirement financial security to its members through a mandatory pay-as-you-earn savings scheme.

Employers contribute 12 per cent while employees contribute 11 per cent of their salaries every month.

As at the end of last year, the pension fund had RM185 billion of assets and RM179 billion of investment funds in its coffers, covering about 10.7 million members.

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