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MTUC threatens picket unless EPF acts on grouses

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KUALA LUMPUR, Tues. - The Malaysian Trades Union Congress has threatened a nationwide picket if the Employees Provident Fund does not address four of six issues the MTUC raised in a nine-page memorandum dated April 27, 2001.

MTUC secretary-general G. Rajasekaran said a picket planned for May 12 last year had been called off because of the intervention of Prime Minister Datuk Seri Dr Mahathir Mohamad, who helped scrap the poorly planned EPF annuity scheme.

"By lapse of time, MTUC's complaint against the arbitrary reduction of the rate of employees' share of contribution to their EPF account has resolved itself and not through any initiative of the Board," he said.

In a memorandum handed to the EPF today, MTUC said EPF has yet to address the seven per cent penalty on those withdrawing from EPF annuity scheme, reduction in death and incapacitation benefits from RM30,000 to RM2,000, the low dividend declared of six per cent for year 2000 (lowest in 27 years), and the Government's refusal to make the EPF Investment Panel accountable to the EPF Board.

Rajasekaran said the seven per cent penalty imposed on thousands of contributors who were lured into the flawed annuity scheme remained a contentious issue.

"It is estimated that insurance companies have taken RM300 million from more than 280,000 contributors by imposing a seven per cent penalty."

Rajasekaran said an EPF representative had told 230 union leaders at Dewan Persidangan MTUC on Nov 26, 2000 that contributors who withdrew from the annuity scheme would have to pay only RM50 and not seven per cent.

As for the reduction in death and incapacitation benefits, Rajasekaran said there was no justification for such a drastic reduction and it did not reflect the oft repeated cry of "a caring society".

Rajasekaran said the MTUC is still of the view that the investment panel did not strictly comply with the provisions of Section 26A of the Act in granting loans and investment in shares.

"It is learnt that every year since 1994, the EPF's investments in its associated companies have incurred substantial losses."

An example, he said, was the worth of the EPF's equity in one of its subsidiaries, the Malaysia Building Society Berhad - RM706 million at book value but only RM340 million at market value.

Since 1995, the EPF has lent MBSB an average of RM90 million a year, and total loans now stand at RM846 million.

"MBSB's auditors express doubts about the viability of the company unless the EPF continues to provide financial assistance," he added.

Over RM900 million was claimed in lawsuits outstanding against MBSB at the end of 1999.

MTUC also wants the computer scheme scrapped completely.