

**Mixed reaction to proposed Pension Fund**  
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The Malaysian Employers Federation (MEF), the country's premier employers organisation, today proposed that the Employees Provident Fund (EPF) be revamped into a pension scheme for private sector workers.

Its executive director, Shamsuddin Bardan, said a separate pension scheme which is being considered by the government would merely be a duplication of the EPF.

He was commenting on the announcement by Human Resources Minister S Subramaniam that the government was studying the possibility of introducing such a scheme next year.

He told Bernama that it would be unfair and costly for the private sector employers to be imposed with compulsory contributions to the EPF and also the proposed pension scheme.

Shamsuddin said the MEF was surprised at the minister's statement because the proposal was not discussed with the stakeholders prior to the announcement.

He said the MEF was also surprised at the minister's announcement on the setting up of the retrenchment fund.

He said the issue of the retrenchment fund was last raised at the tripartite National Labour Advisory Council (NLAC) meeting on July 23 last year where the MEF requested a copy of the terms of reference be issued to the consultant who was doing the study on the subject.

"However, till today, we are yet to receive the copy. As such, the MEF was of the view that the retrenchment fund issue was still under discussion without any conclusive decision," he added.

Notwithstanding this, he said the MEF was also of the view that the retrenchment fund would merely serve "to bail out recalcitrant and badly managed companies."

He said the MEF wanted the government to allow individual companies to manage their own retrenchment fund.

Moreover, there was no necessity to set up such fund because there were adequate labour laws to punish errant employers and ensure the protection of retrenched workers, he added.

MTUC surprised too

Meanwhile, the Malaysian Trades Union Congress (MTUC) was also taken aback by the minister's announcement.

Its general secretary, G Rajasegaran, said it would have been better if the minister had first discussed the issues at the NLAC before making such a far-reaching decision public.

Nevertheless, the MTUC welcomed the proposal of a pension scheme for private sector workers because the EPF did not guarantee old-age security for the workers.

Studies had shown that the majority of EPF contributors who withdraw the money upon retirement were left penniless after three or four years, he said.

"At least with a monthly pension, their future could be more secure," he said.

At present only public sector workers in the country enjoy pension benefits which include a minimum monthly payment of RM720 plus free medical treatment at all government hospitals and clinics.

On the retrenchment fund, Rajasegaran said the MTUC proposed this fund way back in the 1990s but it had yet to be implemented.

Its proposal was for the employer to contribute RM1 per worker per month with a matching amount from the employee towards the fund, which could total to about RM10 million per month.

"If the fund had been set up then, we could now have had almost a billion ringgit which could be used to help workers who were retrenched," he added.

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