

# Planned funds shock bosses

## MEF: They will affect business cost

**PETALING JAYA:** The Malaysian Employers Federation (MEF) has expressed surprise over the Government's announcement of new pension and retrenchment funds.

No discussions had been held by the Human Resources Ministry with MEF and other stakeholders on the matter, MEF executive director Shamsuddin Bardan said, adding that the funds would have a major impact on the cost of doing business.

Human Resources Minister Datuk Dr S. Subramaniam had announced that a pension scheme for the aged and self-employed and a retrenchment fund for private sector employees would be introduced next year.

"The MEF Council is taken aback by the announcement that the ministry is already in the process of introducing the retrenchment fund for private sector employees although the proposed funds are still under discussion, and no final conclusion has been reached," Shamsuddin said in a statement after the council meeting yesterday.

He said there was no need for a new retrenchment fund as the present system worked well, and current labour laws were adequate to punish delinquent employers.

Shamsuddin said employees were entitled to retrenchment benefits and an employer's failure to fulfil this requirement constituted a very serious breach of law.

"The proposed retrenchment fund would be a bailout for recalcitrant and badly-managed companies while punishing good and well-managed employers," he added.

"(Good) employers have to contribute to the fund on a monthly basis and in the event of a retrenchment, they have to pay termination benefits from their own funds. Employers should be allowed to manage and administer their own funds for retrenchment benefits.

"Reliable statistics should be made available to indicate the actual number of employers who have not paid their employees retrenchment benefits over the years."

On the pension fund for the aged and self-employed, Shamsuddin said it was a duplication of the efforts by the Employees Provident Fund, which required monthly contributions from private sector employees (8%) and employers (12%).

It was unfair and costly for private sector employers to contribute to EPF as well as to the proposed pension fund, he added.