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Consumers Association of Penang
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Letter to the Editor

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Time to Reform the Pension Scheme for Elected Representatives in Malaysia

The Consumers' Association of Penang (CAP) urges the government to exercise its role as stewards of public trust and fiscal responsibility by continually evaluating and adapting existing pension policies to serve the best interests of all Malaysians. We call for a comprehensive review and scaling down of the pension schemes for Ministers and elected representatives, including Members of Parliament (MPs) and state assemblypersons.

There is a compelling case for reform as the government must act with fiscal responsibility to review the entire pension scheme structure. Malaysia is currently facing significant economic challenges and budget constraints, and allocating substantial funds to pensions for elected representatives diverts resources from critical areas such as healthcare, education, and infrastructure development.

According to Datuk Armizan Mohd Ali, Minister in the Prime Minister's Department, an elected representative can receive multiple pensions depending on their service under different Acts, ordinances, or enactments. For instance, a state elected representative may receive a pension under a state ordinance while also receiving another pension as an MP under the Members of Parliament (Remuneration) Act 1980.

This situation highlights the need for a reassessment of the pension structure to ensure fairness and sustainability. The Members of Parliament (Remuneration) Act 1980 is a good place to start with, particularly its First Schedule while deals with remuneration of MPs.

It is noteworthy that while civil servants must complete 30 years of service to receive a full pension, parliamentarians are eligible for a lifelong pension after serving just 36 months. We propose that parliamentarians should serve at least 48 months of reckonable service before being entitled to a lifelong pension.

The pension scheme for parliamentarians is structured into a tiered system that provides different levels of benefits based on the duration of service. This system, designed to offer retirement benefits to MPs and ministers, grants gratuities ranging from RM1 million to RM2 million based on their years of service.

Elected representatives already enjoy high salaries and allowances, making the additional pension benefits appear excessive. In the spirit of good governance and transparency, it is crucial that elected officials lead by example. Reforming or abolishing multiple pensions will reinforce the public's trust in their leaders and demonstrate a commitment to shared sacrifice and responsibility.

If the pension scheme is abolished, it should be replaced by a system similar to the Employees Provident Fund (EPF) or a hybrid scheme combining EPF and pension elements. This change would reduce the dependence on tax revenues to fund pensions, ensuring a more sustainable fiscal approach.

We also urge the government to consider revising the pension payout policy for Ministers and elected representatives, deferring pension payments until after the age of 60. This change would address the potential unfairness of individuals resuming their professional careers immediately after completing their term of office while simultaneously collecting pensions and gratuity. Implementing such a measure would ensure a more equitable approach to pension distribution, preventing dual income streams that could be perceived as unjust by the public.

Elected office should be driven by a commitment to serve the people, not by financial incentives. By scaling down or abolishing pensions, we emphasize the principle that public service is a duty and honour, rather than a pathway to personal financial security.

We urge the establishment of a bipartisan committee to conduct a thorough review of the current pension schemes for elected representatives. This committee should evaluate the financial impact and explore alternative models that align with fiscal prudence and public interest.

Malaysia's path to sustainable and equitable governance requires difficult decisions and a steadfast commitment to reform. By addressing the disproportionate pension benefits for elected representatives, the government can take a significant step toward a more just and financially responsible future.

We call upon all stakeholders, including parliamentarians, civil society, and the general public, to support this call for reform. Together, we can ensure that our nation's resources are used in the most equitable and efficient manner, fostering a government that truly serves its people.

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