

MEF: Not the right time to review minimum wages

PETALING JAYA: News that the government may decide to review the national minimum wages are making employers very nervous.

MEF President Dato' Dr. Syed Hussain Syed Husman J.P., in responding to the Prime Minister YAB Tan Sri Muhyiddin Yassin's Labour Day message on May 1 regarding the matter, said whilst acknowledging the difficulties faced by employees, the employers were also being greatly impacted by Covid-19.

"Employers are being faced with insurmountable challenges and last year alone more than 32,000 companies had closed down.

"Covid-19 has devastated the global economy and Malaysia had not been spared its onslaught.

"Many employers are still struggling to remain in business as the situation is unceasing. We appeal to the YAB Prime Minister to delay the review of minimum wages which is due in February 2022."

Dato' Dr. Syed Hussain said due to the loss of business, it was not the right time to add to the cost of doing business as employers were being forced to resort to retrenchment and downsizing, as well as impose pay cuts between 30% and 50%.

"The majority of employers, especially the SMEs, are not able to pay rental and cost of operations, and many don't even have three months of funding budget to manage the business.

"While we are grateful to the government for the handouts to bridge some of the gaps, but this had barely addressed their needs issues.

"The continuing uncertainty with regards to the Covid-19 adds to this detrimental predicament which threatens the overall survivability of business and the economy.

"MEF is of the position that the status quo should remain for the next two years at least in view of the pandemic."

In the long term, Dato' Dr Syed Hussain said increases in minimum wages were unavoidable due to political factors, the mistaken perception on the revised poverty line index and the living wage formulation of Bank Negara Malaysia.

He said the revised poverty line index of RM2,280 was based on gross monthly household income and not based on the basic income of individuals, while the RM2,700 living wage of Bank Negara was for Kuala Lumpur only.

“Instead of basic wages, we need to redefine the minimum wages to gross wages which should refer to as total take home pay – including allowances, commission, incentives, service charge for hotels, and overtime,” he said.

“Minimum wages should also be determined based on geographical location, whereby less developed states such as Sabah and Kelantan should have lower minimum wages to encourage employers to move there and create employment for the locals.

“This would reduce the impact on the employers and provide them the option when the unavoidable increases in minimum wages were to be implemented.”

“We need at least between two years for things to stabilise with more certainty before we are able to consider discussing this matter because this is not a straight forward matter concerning cost of living.

“We appeal to the government not to add to the burden of employers at this juncture with the pandemic still flaring, and give the employers some breathing space to stabilize the business and create employment.”

He said private sector employers should be continuously assisted and incentivised to create more job opportunities, whilst some of the jobs need to be rebranded and enriched to attract locals and reduce dependence on foreign workers.

For further information, contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email mef-hq@mef.org.my.

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