

# Businesses, employers voice opposition to EIS

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KUCHING: The Sarawak Business Federation (SBF) and the Malaysian Employers Federation (MEF) jointly oppose the Ministry of Human Resources' proposal to set up the Employment Insurance Scheme (EIS).

It was reported earlier that the Minister of Human Resources plans to table the proposed EIS Bill in Parliament in July.

The EIS — a scheme to assist retrenched workers by providing temporary financial assistance and opportunities for re-skilling and upskilling — requires employers and employees to contribute a percentage of their salaries to a common pool to be managed by the Social Security Organisation (Socso).

“Based on past retrenchment figures, the EIS stands to collect hundreds of millions of ringgit every year but the pay out to retrenched staff would not even reach 20 per cent of that amount,” said MEF executive director Datuk Shamsuddin Bardan in a press statement.

“We have rejected the EIS based on the moral principle that the good employers should not be made to pay for recalcitrant employers.

“The EIS is excessive as incidences of unpaid retrenchment benefits is not more than 5 per cent, even during the Asian financial crisis in 1997–98.

“The amount to be collected by the proposed EIS fund is way in excess of the unpaid retrenchment benefits.”

He said the cost and resources needed to set up and run the proposed EIS could also be very prohibitive, adding there is no need for the EIS as the current system of paying employment termination and lay-off benefits under

the law and payment of retrenchment benefits under collective agreements and the Sarawak Labour Ordinance are working very well.

“Everyone will be penalised as revenues and salaries are being deducted. Worse, it will encourage irresponsible employers to forgo paying retrenchment benefits because they know the employees will be taken care of,” he added.

SBF president Datuk Abang Abdul Karim Tun Openg expressed discontent, saying the EIS will be burdensome on the private sector.

“The costs of doing business have now become more expensive. There is also a lack of consultation and an absence of public information to enable an open discourse on the scheme.

“Sarawakian employers find it untenable to have the EIS when there are already other safety nets in place which provide severance payment for retrenched employees.”

He added that under the SBF umbrella, the private sector speaks with a united voice.

“It is our duty to raise the concerns of this issue as it affects employers in Sarawak. The scheme, approved by the Human Resources Minister and the National Economic Council (NEC) in January this year was hastened following the growing numbers of retrenchment in the country, which is said to be a loss of 38,000 workers in 2016.”

Both SBF and MEF would instead support an alternative savings scheme to help retrenched employees where employees, employers and the government take equal responsibility but with limited liability.

For further information, contact SBF on 082-237148 or MEF on 03-79557778.