

Sabah, Sarawak bosses wary of one national minimum wage

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Economies of East Malaysian states are more plantation based, and a uniform wage will pose problems, say employers.



Employers say that plantations, not manufacturing, dominate the economies of Sabah and Sarawak. (Bernama pic)

PETALING JAYA: A uniform national minimum wage may not be possible because of the dominance of plantations in the economies of Sabah and Sarawak, says the Malaysian Employers Federation.

MEF executive director Shamsuddin Bardan said it would not be feasible for the minimum wage in Sabah and Sarawak to be streamlined with that of the Peninsula in the near future.

“There are only a small number of manufacturing industries. Attempts to streamline the minimum wage rates is not doable at this stage because of the nature of economic activities,” he said.

“Published data about productivity showed Sabah and Sarawak recording the poorest productivity levels,” he told FMT.

The federal government proposes to implement a new minimum wage for the private sector by August. Last month, Human Resources Minister M Kulasegaran said a technical committee had already completed a review.

The current minimum wage is RM1,000 in Peninsular Malaysia and RM920 in Sabah and Sarawak.

The minimum wage review is part of Pakatan Harapan's 100-day election manifesto pledges, in which a uniform minimum wage will be set across the board.

Shamsuddin said employers in Sabah and Sarawak do not have the capacity to absorb such an increase in costs in the short term, but believed the wage gap with the Peninsula would be eliminated over at least four to five years.

"Of course if they are forced to do it, there may be adverse consequences to the implementation itself," he said.

He said many employers in Sabah and Sarawak had complained that they would not be able to absorb the costs.

A former president of the Federation of Sabah Industries, Mohd Basri Abd Gafar, said private sector employers in Sabah would not be able to cope in the short term.

"It is going to be difficult as most of the businesses here are small. Their capacity to increase the salaries of employees would be limited," he said. "The costs of raw materials, electricity and other utilities here are not consistent," he said.

Sabah Employers Association president Yap Cheen Boon said the current minimum wage review was unfairly asymmetric, and the situation was confusing.

"The human resource minister had first hinted at sectoral based minimum wage, then clarified that there is a disparity with the 100-day target," he said. "And then the plan to gradually increase to the much mooted RM1,500 in the next few years, without explaining the mechanism how the government would share half the burden with employers."

All that has not provided much needed clarity, while the current indication was that there will be one rate in the whole country, to be announced by Kulasegaran in the coming weeks.

He said the ministry had not taken into account the differences in the economies of the two East Malaysian states and the potential impact of the new wage.

The ministry should have consulted with all involved, including those from Sabah and Sarawak, he said.