

# Wage subsidy extension will reduce job cuts, says employers group

By **Minderjeet Kaur** - September 24, 2020 11:04 AM



*Companies will need to keep their employees at least until March next year under the Wage Subsidy Programme 2.0, says MEF.*

PETALING JAYA: Malaysian Employers Federation (MEF) has welcomed the extension of the wage subsidy programme as a move that will reduce retrenchments.

MEF executive director Shamsuddin Bardan said the announcement by Prime Minister Muhyiddin Yassin had removed fears of massive retrenchments after Sept 30, when the programme, which came into effect in April, was originally set to end.

“Although the amount remains the same at RM600 an employee, it will help stabilise the labour market,” he told FMT.

Yesterday, Muhyiddin unveiled a slew of initiatives under the Kita Prihatin stimulus package worth RM10 billion to help the nation cope with the effects of the Covid-19 pandemic. It includes what it called, Wage Subsidy Programme 2.0.

The prime minister said the programme was aimed at helping companies still affected by the recovery movement control order, particularly those seeing a drop in revenue of 30% from last year.

Shamsuddin noted that under the first wage subsidy, companies eligible for the programme would need to retain their staff until the end of the year.

“Now, under the second wage subsidy programme, companies will need to keep their staff till March next year,” he said, adding that this would slow down the cutting of jobs.



*Shamsuddin Bardan.*

According to the Statistics Department, the unemployment rate rose to 5.3% in May due to the movement control order. In July, it went down to 4.9% after businesses were allowed to reopen.

Malay Economic Action Council president Halim Husin said the new stimulus package would help 200,000 micro-businesses.



*Halim Husin.*

He said most companies were restarting business and were in need of funds for their operations and the package would allow them to weather the economic slowdown.

He called for quick distribution of the funds, noting that there were complaints of delays under the stimulus package announced in March.

Halim also said the tourism sector, which is hardest hit by the pandemic, had benefitted from the various measures taken by the government, including the wage subsidy programme.

“With the country’s economy recovering gradually, Malaysians have started travelling again locally, which is a good sign,” he said.

It has been reported that hotels in Langkawi and Melaka have been registering increases in bookings.