

## Grumbling over new minimum wage, employers claim will face extra RM11b cost when implemented next year



MEF president Datuk Syed Hussain Syed Husman said that employers have already been burdened with an additional RM4 billion in costs since the new minimum wage law was introduced in May this year. — Reuters pic

KUALA LUMPUR, Dec 28 — Employers are expected to pay additional costs of RM9.25 billion per month or RM111 billion per year for workers once the new employment law is implemented next year, says Malaysian Employers' Federation (MEF) president Datuk Syed Hussain Syed Husman.

In an interview with *Utusan Malaysia*, MEF claimed the sudden increase in costs will burden employers and he feared that many employers will lay off workers to avoid going out of business.

He also claimed that the changes brought by the Employment (Amendment) Act 2022, including raising of minimum wage from RM1,200 to RM1,500, reduced working hours, and a bigger overtime pay coverage, are too much for the employers to handle in a short period of time.

“The new employment law should be implemented in stages to enable employers to prepare to bear the increase in operating costs.

“Phased implementation allows increased costs to be absorbed over a longer period of time and not suddenly,” he reportedly said.

He added that employers have already been burdened with an additional RM4 billion in costs since the new minimum wage law was introduced in May this year.

“At this stage, most employers are still struggling with cash flow problems, especially the micro, and small and medium enterprises (SMEs).

“And most employers are still trying to restore their businesses after damage caused by the pandemic, floods, and international geopolitical conflicts.

“What’s more, 2023 is predicted to be a difficult year and the government should help employers to sustain their businesses and stabilise our national labour market,” he was quoted saying.

Meanwhile, Malaysian Hotel Owner Association’s (MAHO) executive director Shaharuddin M. Saaid urged the government to postpone the said amendment because the economic sector is not fully recovered to take on new challenges.

He reportedly said in a separate report by *Utusan Malaysia* that the new amendment will increase the costs of operations in the absence of workers.

“We cannot afford the cost. When working hours were changed from 45 hours a week to 48 hours a week, what became a problem was in terms of hotel staff being reduced.

“So it will cause the need for staff to work overtime, meaning the cost of employment for staff will increase,” he said.

Therefore, he hoped the government would consider postponing the Act’s implementation until a more suitable time.

On December 21, Minister of Human Resources V. Sivakumar said that the Employment Act (Amendment) 2022 which was postponed earlier this year will come into effect starting on the first day of 2023.

He added that the enforcement from next year needs to be implemented even if the industry asked for the postponement to be extended because most of the amendments were based on the International Labour Organisation (ILO) Convention.