

# MEF 'no' to retrenchment insurance plan

**PETALING JAYA:** The Malaysian Employers Federation has objected to the proposed Employment Insurance Scheme (EIS).

"It will be an additional burden to the already high cost of doing business and will make Malaysian employers less competitive, especially given the challenging economic outlook," the federation said in a statement, adding that employers cannot afford to absorb any cost increases.

It has also submitted a memorandum to the Prime Minister expressing the employers' view on the matter.

The federation was responding to a draft Bill to set up the EIS aimed at assisting retrenched workers and likely to be tabled in the next parliamentary meeting.

The federation claimed that 99.4% of

employers would not benefit from the EIS.

"The retrenchment rate, even during the bad years, was at an average of 0.6% of total private sector employees.

"If the EIS were to be set up, only 0.6% of EIS contributors would benefit," it said.

Furthermore, it said Malaysian bosses had been diligently paying termination benefits and Malaysia was one of only 12 countries in the world that have statutory termination benefits.

Instead, it said the private sector had proposed that a savings scheme be set up to provide assistance to retrenched employees.

Under the savings scheme, it was proposed that a third EPF account be brought back whereby employees would contribute about 1% of their salary into it.