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# Govt urged to extend WSP to year-end

NATION

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PETALING JAYA: Bosses are urging the government to extend applications for the Wage Subsidy Programme (WSP) to the end of this year to help them maintain company operations and spare employees from losing their jobs.

"It really makes sense to inject more money into the WSP and to extend the application to the end of the year.

"Hopefully by that time, the situation will be better and employers need not retrench their staff," Malaysian Employers Federation executive director Datuk Shamsuddin Bardan said.

"Although the WSP payout is not that big, it is useful in helping employers retain their workers."

Applications for the WSP will close on Sept 30.

The WSP is a financial aid paid to employers for every local employee earning RM4,000 and below for a period of three months and each company can claim for up to 200 workers.

The amount of subsidy given depends on the size of the workforce in the company.

On June 23, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the WSP had saved 2.4 million jobs.

Shamsuddin said employers could be more financially burdened after September as it would also see the end of the six-month Human Resources Development Fund (HRDF) levy exemption for its registered members.

"With these initiatives timed to end in September, the cost increase for employers will be tremendous come October," he said.

He was concerned about the situation when the WSP ends since "employers may not even have financially recovered by that time as many are still struggling due to the weak local market and stricter consumer spending".

Furthermore, he said the end of the year could see a jump in unemployment with the additional yearly entrance of 500,000 people into the labour market.

"If the trend continues, the unemployment figure may even go to double digit; it was already at 5% in

April," he said.

Shamsuddin said the government should consider suspending the HRDF contribution beyond September and also look into reducing the mandatory employer Employees Provident Fund (EPF) contributions.

"Consider reducing the employers' EPF contribution to 5% from the current mandatory minimum of 12% so that the private sector is given better cash flow injection and they can sustain themselves without retrenching people," he said.

The SME Association of Malaysia president Datuk Michael Kang also called on the government to consider extending the WSP applications until the end of the year as many small and medium enterprises (SMEs) needed it to pay staff salaries.

"Many SMEs apply for the programme because they are facing cash flow problems or they may have to otherwise retrench their staff.

"Plus, when the loan moratorium period ends in September, it will be worse for SMEs because people will have less spending power.

"Even now, sales have not picked up 100% yet," he said.

He said SMEs were facing difficulties and would need a loan extension after September.

"If businesses have to service their loans after September and the WSP applications also stop at the same time, many will face deeper financial problems," he said.

Kang said government intervention in providing an extension of the loan moratorium would be good as banks might not want to give extensions on their own accord.

On March 25, Bank Negara announced that banking institutions would offer a deferment of all loan and financing repayments for six months, starting April 1.

It was part of the government's initiatives to help individuals, SMEs and corporations to manage the fallout from the Covid-19 pandemic.

Malaysia Retail Chain Association president Datuk Seri Garry Chua said the WSP was useful in aiding smaller SMEs but applications should be extended beyond September and the scope expanded to also aid the "meatier SMEs".

The WSP only covered up to 200 employees per company but Chua said the bigger SMEs had more than that and many businesses, except for those in essential services such as medicine and food, were struggling.

He also called on the government to extend the loan moratorium for SMEs that were in need as banks were unlikely to take the initiative to do so.