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Employers reject national retrenchment fund proposal

Sarban Singh

KUALA LUMPUR, Thurs. - Employers have rejected a proposal to set up a national retrenchment fund as they will incur additional expenses, said Human Resources Minister Datuk Lim Ah Lek.

He said "bosses" were also against the idea as they felt retrenched workers were already adequately covered under the Employment Act.

The Malaysian Employers Federation and the Malaysian Agricultural Producers Association had announced their decisions today after discussing the matter within their respective councils, he said.

It is learnt the Federation of Malaysian Manufacturers had also objected to the idea in a letter to Lim about three weeks ago.

"MEF and Mapa have objected to the proposal very strongly," he told reporters after chairing the four-hour National Labour Advisory Council meeting at his ministry.

The NLAC is the highest tripartite body overseeing labour policies and programmes.

It comprises representatives from the relevant government agencies, employers and unions.

The Cabinet had given the ministry the go-ahead on June 24 to discuss with employers the proposal to set up the fund.

Under the proposal by the Malaysian Trades Union Congress, each worker was to contribute RM1 monthly to the fund.

The employer was also required to pay RM1 for each worker.

Asked his opinion on the matter, Lim said:

"I am neutral. The employers and workers were supposed to have reached a solution ... It is important we reach a consensus on such matters."

Lim said the MTUC would, however, meet employers individually to convince them of the scheme's benefit.

He also said the protection provided for retrenched workers under the recent amendments to the Employment Act were adequate.

He said the ministry's records showed more than 80 per cent of the over 40,000 workers retrenched so far received their benefits on time - which was within seven days of being laid-off.

The others he said, also received their benefits but they were delayed because some companies faced cash-flow problems.

Lim said as most of the retrenched workers had gained employment elsewhere, there was no rush to set up such a fund.

On another development, Lim said the Government was considering providing more financial assistance for the retraining of retrenched workers under the Human Resources Development Fund.

"We will also decide whether those working in sectors which are not contributing to the fund, such as banking and construction, be allowed to apply for money for retraining purposes," he said.

On whether the Government would extend the six-month grace period given to employers to contribute to the HRDF following the economic slowdown, Lim said he would make an announcement next week.

Employers are required to pay one per cent of their total wage expenditure to the HRDF. The six month grace period ends on Aug 12.

Earlier in his speech, Lim said Prime Minister Datuk Seri Dr Mahathir Mohamad would launch this year's Workers day celebrations to be held at the Putra World trade Centre on Aug 18.

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