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MEF-Fund

DON'T HEED CALLS TO SET UP RETRENCHMENT FUND - MEF

KUALA LUMPUR, June 15 (Bernama) -- The Malaysian Employers' Federation (MEF) today urged the government not to entertain requests to set up a Retrenchment Fund as the economic downturn had not resulted in substantial lay-offs.

Its Executive Director Datuk M. Zain Majid said while a large percentage of retrenched workers have found alternative jobs, the Employment Act 1955 required employers to pay termination and lay-off benefits in the event of retrenchment.

" This is a better approach to the issue and not via a Retrenchment Fund, the effect of which will be inequitable as employers who retain their workers will be paying for the obligation of the small number of employers who retrench," he said in a statement.

The Malaysian Trades Union Congress (MTUC) has called for the setting up of the fund to which all employers must contribute one per cent of their employees' earnings.

The proceeds will be disbursed to ease the financial burden of laid off workers.

Zain also welcomed Prime Minister Datuk Seri Dr Mahathir Mohamad's recent statement rejecting social safety net in the form of the dole or unemployment benefits.

He said Dr Mahathir was right that the emphasis should be to create jobs and that the dole would be a disincentive for the people to work.

Zain said countries paying unemployment benefits have found the scheme too costly.

Moreover, it was difficult to determine that claimants were genuinely unemployed and to prevent them from simultaneously receiving unemployment benefits and income from work, he said.

In the end, taxpayers would have to shoulder a bigger burden to finance such schemes, he added.

-- BERNAMA

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