

Proposal to use fund to compensate laid-off workers

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THE Human Resources Ministry is looking into the possibility of allowing employers to withdraw from the proposed retrenchment fund as part of the compensation for workers to be laid off.

Human Resources Minister Datuk Dr Fong Chan Onn said the proposal is to allow responsible employers, who have allocation for retrenchment benefits before laying off their workers, to benefit from the fund.

"One of the employers' objection to the fund is that they don't want responsible employers to be forced to bear the burden of irresponsible employers who close down the companies and leave without paying compensation to retrenched workers," he told a news conference after chairing the ministry's post-Cabinet meeting in Kuala Lumpur yesterday.

Fong, however, said the proposal has to be studied in detail as the workers might not agree with it.

The fund will materialise if employers agree to the proposed National Retrenchment Scheme (NRS) that seeks to ease the financial burden of workers retrenched without any compensation.

Employers' organisations such as Malaysian Employers Federation (MEF), the Federation of Malaysian Manufacturers and Malayan Agricultural Producers' Association have objected to the scheme when it was proposed by the Malaysian Trade Union Congress in 1998 and had never changed their stance.

Prime Minister Seri Dr Mahathir Mohamad, during the Workers Day celebration recently, had said the Government is prepared to implement the NRS if the employers agree to it.

Fong said the Cabinet on Wednesday had asked the ministry to continue discussion with employers regarding the NRS.

"I've already started talking to the MEF. Although employers are still not supportive of the fund, we can make some changes to the concept, and may be they will accept it," he said.

The minister said the employers have also objected to the fund on the ground that it may not be sufficient to cover the compensation for retrenched workers.

He said if there are 4.5 million active workers on payroll and if each worker and employer pay 50 sen each to the fund every month, the fund would have about RM50 million a year.

"If there is an average 10,000 workers laid off by employers without any compensation, the fund will soon be eaten up," he said.

For this, he said the ministry has come out with a proposal to make the retrenchment fund as a revolving fund where workers will contribute back to the fund once they have secured their retrenchment benefits from former employers through Court action.

Under the proposed scheme, retrenched workers will only be allowed to get financial assistance from the fund if they have been unemployed for more than three months. The MTUC has also proposed that the fund to be managed by the Social Security Organisation, which has the resources to manage a large fund.

Under the original proposal, each employer is required to contribute RM1 per worker a month to a retrenchment fund, while the workers should also contribute RM1 each.

Dr Mahathir had suggested that employers could consider paying 50 sen to the fund if they find RM1 contribution is costly. -- *By Hamisah Hamid*