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Helping the retrenched (HL)

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KUALA LUMPUR, Sat. - The Government intends to implement a national retrenchment scheme if this receives employers' support, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The scheme will provide financial aid to workers who are not paid retrenchment benefits if the companies employing them go bust and are unable to meet their obligations.

"The bottom line is that we need to formulate a scheme so that retrenched workers will receive some form of compensation in the event they are not paid by their employers," he said at a Workers' Day gathering at the Putra Stadium in Bukit Jalil.

Dr Mahathir said if employers were not agreeable to a proposal by the Malaysian Trades Union Congress that a fund be set up where workers will contribute RM1 each and employers another RM1 for each worker, the Malaysian Employers Federation could submit its own proposal.

The Malaysian Employers Federation, the Federation of Malaysian Manufacturers and the Malaysian Agricultural Producers Association had previously objected to the setting up of such a scheme as it would increase the members' operational expenditure.

In an immediate response today, MEF executive director Shamsuddin Bardan said although employers were open to discussions, it was unlikely they would agree to the proposal.

"We are of the view that the relevant laws are sufficient in terms of retrenchment. The Employment Act has also been amended several times to safeguard workers' rights in the event they are retrenched," he said.

Amendments to the Companies Act which require receivers of bankrupt companies to pay compensation to workers first instead of creditors was another example, he said.

"In short, we do not want a situation where good companies are made to suffer due to the inability of others to fulfil their obligations," he said, adding that good employers would end up subsidising bad performers.

The Prime Minister was also asked the rationale behind the Government's move to introduce a retrenchment scheme when almost 90 per cent of retrenched workers were paid compensation as provided under the law.

"We know that but there were some retrenched workers who were not paid any compensation ... we need to take care of them as well. After all, we are not asking for much," he said.

"The MEF had objected to this previously. Maybe, if we reduce a little, they might agree. I hope they will reconsider," he said.

Asked how the authorities would ensure the scheme was not abused by unscrupulous employers who deliberately wind up their companies and then refuse to pay compensation to their workers, Dr Mahathir warned that stern action would be taken against them.

He said the authorities would discuss the matter with the employers to convince them on the need for such a scheme. "At times, the employers can be difficult. They refuse everything. We (employers) need to agree to certain things. If you can't pay RM1, then 50 sen is also all right."

Earlier, Dr Mahathir thanked workers on behalf of the Government for their perseverance and contributions during the economic crisis.

He said if the workers had reacted irresponsibly by taking industrial actions or making ridiculous claims, efforts to rehabilitate the economy would have been unsuccessful.

"We should be grateful that we are not easily influenced by the ways of foreigners who love to get into a test of strength to solve workers' issues," he said.

Dr Mahathir, giving an example, said a developed country which produced and exported several variants of cars and other machinery including electronic items, today produced none of these due to continued industrial action taken by its workers.

"Their workers asked for increases in salaries which the companies could not afford. They then resorted to strikes, not even allowing those who wanted to work to continue working.

"Today, their employers have relocated and due to this, their Government does not get any revenue," he said, adding that this had also led to unemployment.

On another note, Dr Mahathir said if a "very high" minimum wage system was implemented, it would reduce the competitiveness of Malaysian goods.

"We have to study the issue of minimum wage thoroughly. The Government is also doing a study to see how much an increase we can afford."

Dr Mahathir later gave away prizes to winners such as Tokoh Pekerja (for both man and women, able and disabled workers) and model employer.

Also present were employers' representatives, trade union officials and senior government officials. About 10,000 workers from multinationals, local companies and government departments attended the celebration.

Dr Mahathir also presented awards to winners of several competitions for this year's Workers' Day celebrations.

Among these were Motorola Malaysia Sdn Bhd, Petaling Jaya (Caring Employer Award), Malayan Banking Berhad (encouraging employees to save), Ladang Moccis, Teluk Intan, Perak (best plantation award), Peninsular Malaysia Customs Officers Union (model union, public sector), Union of Telecom Employees, Sarawak (model union, private sector), Rohani Jaafar (female model worker, disabled) from SNR Fashion, Taman Keramat, Kuala Lumpur, and Mitsubishi Electronic (best slogan for this year's Workers' Day gathering).

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