

12/03/2001

Expedite setting up of retrenchment fund: Zainal

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THE Malaysian Trades Union Congress (MTUC) has urged the Government to expedite the formation of the National Retrenchment Fund in view of the possible threat posed by the US economic slowdown on job security of Malaysian workers.

MTUC president Senator Zainal Rampak said the setting up of the fund is now more urgent than ever as the Malaysian economy, although on a strong recovery track, may be affected by the global economic situation.

"Although some people have dismissed the proposed fund as unnecessary since the economy has recovered, we should not close our eyes to the external factors that may affect our economy and, thus, the employability of local workers," he said when contacted in Petaling Jaya on Friday.

Zainal said the US economic slowdown may already be felt here, as seen in the move by US-based Seagate Technology Inc to close its manufacturing facility in Seberang Perai which will make 4,000 workers jobless by year-end.

Just five months ago, Seagate announced the closing down of its facility in Ipoh, which affected some 2,000 workers.

Newsreports from Penang have quoted the Seagate management as saying that they will assist the retrenched workers find jobs in other companies. The firm has also assured the Penang Government that the affected workers will be adequately compensated.

Zainal said although it is the prerogative of employers to retrench workers, they should think of their social obligations. He said companies should not think of profits only, whereby they expand operations during good times close down and move out of the country during bad times, leaving the workers without jobs.

"This is not fair. If it goes on like this, there will not be enough factories to absorb all the retrenched workers," he said.

While the Ministry of International Trade and Industry's move in going all out to attract foreign investment into the country is laudable, he said, the ministry should convince existing foreign investors to continue their operations here.

Zainal also said he will bring up the National Retrenchment Scheme (NRS) issue at the Dewan Negara when it begins its sitting this year.

"I will continue to raise the matter until the scheme is implemented.

"I have always maintained that the fund should be established during good times, so that workers who are laid off without compensation during bad times can be protected," he said.

He added that the Human Resources Ministry should conclude discussions with employers as soon as possible because the formation of the fund is very important to safeguard workers from economic hiccups.

The retrenchment fund or NRS was proposed by the MTUC at the height of the Asian financial crisis that left more than 150,000 workers in the country jobless.

Some of the retrenched workers did not receive any compensation or mandatory benefits from their employers.

The proposed fund, which requires a RM1 monthly contribution from employers (for every worker) and workers, seeks to ease the financial burden of workers who are retrenched without any compensation.

The proposal was opposed by employer organisations such as the Malaysian Employers Federation (MEF), the Federation of Malaysian Manufacturers and

Malayan Agricultural Producers' Association on several grounds, including the the fact that it affects operational costs and leaves responsible employers bearing the burden of the "black sheep" who lay off workers without compensation.

Prime Minister Datuk Seri Dr Mahathir Mohamad at the Workers Day celebrations in May last year expressed the Government's willingness to implement the NRS if the employers agreed to it. He suggested a 50 sen monthly contribution to the fund.

Human Resources Minister Datuk Dr Fong Chan On on March 1 gave employers two months to study the ministry's proposal paper on the NRS.

Among the suggestions in the paper are that retrenched workers who are abandoned by their employers be entitled to benefits from the fund and that legal action will be taken against the employers concerned.

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