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`Set up panel to determine reason for SMET's layoffs'

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THE Malaysian Trades Union Congress (MTUC) has proposed the setting up of a commission of inquiry to determine the actual reasons behind SME Technologies Sdn Bhd (SMET)'s move to terminate the services of its 202 workers.

MTUC president Senator Datuk Zainal Rampak said there have been contradicting reports on SMET's move to end the services of its staff by the end of this month.

He said while SMET had explained that it had to lay off the 202 staff as it is on the verge of closing down due to the Defence Ministry's move to end the RM350 million supply contract for 106,000 Steyr guns recently, there was also a report saying that SMET and other subsidiaries of SME Industries, namely SME Aerospace and SME Ordnance are undergoing a restructuring exercise.

It is learnt that these three subsidiaries of SME Industries, owned by Khazanah Holdings Bhd, will be placed under one new entity to be called the National Aerospace and Defence Industry.

Under the Labour Act 1955, Zainal said if a company is going to be restructured and placed under a new management, it will have to offer jobs to the present workers and it is up to the workers whether to continue to work in the new company or otherwise.

"In contrast, the 202 workers were not offered new employment but were given notice that their services will be terminated by February 28 as SMET will be closed down for good," he told a press conference on the SMET issue in Petaling Jaya.

And to rub salt into the wound, he said it was also learnt that the 20 executives working in SMET have been offered new jobs by the new management.

"This is really unfair. If the company says that it is incurring losses, its management should be changed, not the workers. There should not be any discrimination," he said.

Zainal said the setting up of such a commission is necessary to ensure that such a situation will not be perpetuated by other companies which are set up by the Government with national interest.

"The SMET was set up to produce our own defence weapons and to show the world that we can also compete in the industry. It was also to help us reduce our foreign exchange. So, we need to keep it," he said.

Zainal said Senator Abdul Aziz Abdul Rahman and himself had proposed that Lembaga Tabung Angkatan Tentera should take over the management of SMET during the Dewan Negara's sitting in December last year.

"The Defence Ministry had replied that it will take into consideration the proposal but it came as a shock to us that SMET will be closed down by next month," he said.

Zainal said he had also submitted a letter to Prime Minister Datuk Seri Dr Mahathir Mohamad last Thursday to intervene and resolve the issue.

"I hope the Prime Minister will respond to this as the nation's pride is at stake," he said.

SMET produces Steyr guns and other products such as water bottle/mess tin, ammunition tooling and gauges as well as medical prothesis for orthopedic use. The company registered a profit of RM77 million in 1999.

SME Aerospace, meanwhile, was the manufacturer of the MD-3 light aircraft but had stopped making the aircraft recently. It now produces

parts for the aircraft but has yet to make a profit, having registered a loss of RM34 million in 1999.

The other subsidiary, SME Ordnance, which produces the 5.56mm ammunition, posted a profit of RM34 million during the same period.

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