

## **'Don't fall for BN economic mismanagement traps'**

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MP SPEAKS The Federation of Malaysian Manufacturers' (FMM) warning that an increase in tolled road charges will raise prices of raw materials - which will be passed on as higher prices of consumer goods - is not surprising.

FMM said that the recent increase in electricity rates and the proposed toll hikes would also dampen domestic consumption and affect export competitiveness. FMM's survey of their members showed that transportation providers are expected to increase their transportation fees by up to 30 percent when toll charges were increased, coupled with an increase in travelling claims of their staff.

However, the full impact of the implementation of minimum wage policy that covers foreign workers have not been factored in, especially the adverse impact on small- and medium-scale enterprises (SMEs).

The full implementation of the minimum wage policy (RM900 in the peninsula and RM800 in Sabah and Sarawak) in 2014 affects nearly 1.8 million workers, mostly migrant workers, as compared to 1.5 million workers in 2013.

The Malaysian Employers Federation estimated that the labour cost of foreign workers in SMEs is estimated to increase by 40 percent to 60 percent, resulting in an increase in total costs for some SMEs by up to 10 percent. The average increase in productivity by two to three percent per year would not be sufficient to compensate for the increase in costs of 10 percent.

The impact from the minimum wage would come from higher overtime charges for foreign employees who work an average of four hours of overtime per day as well as on rest days and public holidays.

The price hikes in sugar, petrol, Tenaga Nasional Berhad power tariffs and highway road tolls together with the minimum wage enjoyed by all foreign workers, could adversely result in a clear and definite danger of either inflation or business closures of SMEs.

Malaysia loses out

DAP proposes that the minimum monthly wage be increased to RM 1,100. This

combined with a grace period to SMEs for five years from extending to foreign workers would help to increase incomes for 14.2 million Malaysian workers and help economic growth by protecting Malaysian SMEs.

This rise in minimum wage for Malaysian workers will help to offset rising prices. RM 1,100 monthly is acceptable to SMEs provided that it does not cover foreign workers. After the five years' grace period, SMEs have to pay the same minimum monthly wage to all foreign and local workers.

Furthermore, Malaysia loses out when foreign workers send most of their money home. Remittances by legal foreign workers doubled from RM 10 billion in 2009 to almost RM20 billion last year.

The top five countries that received remittances from Malaysia in 2012 are Bangladesh (RM3 billion), Indonesia (RM3 billion), Nepal (RM2 billion), India (RM625 million) and the Philippines (RM561 million).

The RM20 billion foreign workers' remittances are expected to rise to nearly RM 30 billion when the minimum wage is fully applied to all foreign workers beginning from Jan 1, 2014.

Malaysian employers and employees should be looked after first by ensuring that employees enjoy a higher minimum monthly wage of RM 1,100 and giving SMEs, a grace period of at least five years for SMEs to adjust before extending this minimum wage to foreign workers.

Unlike BN, the Pakatan state government in Penang is proud that we did not increase business licence fees, water rates, and quit rent and assessment charges. To distract attention from the price hikes by the BN federal government in sugar, petrol, power tariffs and road tolls, BN stokes the fires of racial and religious hatred.

We should not fall into BN's traps of economic mismanagement that has caused the people to suffer rising costs of living.