

BN's Glaring Lack Of Commitment To Reduce Poverty
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By Lim Guan Eng

Prime Minister Najib Tun Razak's announcement of a floor wage for the private sector at RM 900 per month for workers in the Peninsular and RM 800 per month for those in Sabah and Sarawak is grossly insufficient as it is lower than Pakatan Rakyat's RM 1,100 minimum take-home pay every month. PR had proposed RM1,100 minimum monthly take home pay, inclusive of all fixed allowances, but excluding over-time payments.

BN Federal Government's minimum monthly wage of RM 900 in Peninsular Malaysia and RM 800 in Sabah and Sarawak is insufficient as it is not only discriminatory against workers but demonstrates a glaring lack of commitment by BN to reduce poverty when it is far below the poverty line for East Malaysia. The reality of life in Malaysia is such that the quantum of RM900/RM800 is simply insufficient to cover the basic needs of a worker. While it will be marginal relief for the one third of workers in our country who currently earn below RM 700 per month, the fact is that RM 800 per month for Sabah and Sarawak will still mean that workers there will continue to live in poverty.

According to the 9th Malaysia Plan, the Poverty Line Indicator (PLI) is RM830 per month for Sarawak and RM960 per month for Sabah. This is because the cost of living in those two states is much higher compared to the Peninsular, which has a PLI of RM720 per month. In other words, even if the RM800 per month minimum wage is implemented in Sabah and Sarawak, it will still be far below the PLI as defined by the Malaysian Government.

In addition to the proposed PR minimum wage of RM1,100 that will be able to meet the basic needs of workers across the country, we must also be aware that Malaysia is fast-becoming an indebted nation where families spend everything and beyond what they earn. For example, Bank Negara's Annual Report 2010 revealed that Malaysia's household debt at the end of 2010 was RM581 billion or 76 per cent of GDP, thus giving us the dubious honour of having the second-highest level of household debt in Asia, after South Korea.

In addition, the Malaysian household debt service ratio stood at 47.8 per cent in 2010, meaning that nearly half of the average family's income goes to repaying debts. As a rule, banks would not lend money to those whose total servicing of loans exceeded one third of their income. In other words, we are spiralling into an indebted nation.

Thus, even a minimum wage is not enough without two important considerations. Firstly, the minimum wage quantum must be indexed to the Consumer Price Index, so that it is adjusted with the rate of inflation. This will ensure that standard of living and quality of life will be protected and maintained.

Secondly, increasing the livelihood of Malaysians also requires an holistic economic strategy that is targetted at raising disposable income. In other words, we need to put more money into people's pockets. However, this cannot be done just by setting a minimum wage. In the larger picture, we have to address the influx of unskilled foreign workers and their wage-suppressing effect, upgrade skills and productivity of our local workforce and also increase the participation of women in the workforce.

Besides that, the government must also invest in key sectors such as public transport, housing and healthcare. If cost of living is lower, disposable income will automatically increase. This concept is very simple – if it costs less to commute, buy a house and pay medical bills, then everyone will have more

money. Imagine if every Malaysian had just RM10 extra every day, the economic multiplier effect will result in RM280 million extra circulating in the economy every day. That is no small amount. In other words, if we can increase the purchasing power of our people, especially amongst the lower-income groups, we will be able to increase domestic demand and create a healthier economy for all Malaysians.

Therefore, we are extremely disappointed with the minimum wage of RM900 in Peninsular and RM800 in Sabah and Sarawak set by the Federal Government, which is not only insufficient to cover the basic needs of workers, but in fact below the poverty line indicator of RM830 per month in Sarawak and RM960 per month in Sabah.

As for the Penang State Government, we are committed to the PR-proposed figure of RM1,100 and in fact have already achieved the minimum monthly wage of RM1,100 (including allowances and cost of living) excluding overtime. In other words, all government servants in all state agencies and GLCs in Penang as well as the local councils MPPP and MPSP get much more than RM 1,100 monthly. Last year, the lowest paid road sweeper and drain cleaners at local authorities in Majlis Perbandaran Pulau Pinang and Majlis Perbandaran Seberang Perai were given an extra monthly incentive of RM150.

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