

Government has accord on wage floor, says DPM
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By Melissa Chi

KUALA LUMPUR, March 4 — Tan Sri Muhyiddin Yassin said today the government has reached an agreement for a minimum wage policy in the private sector with labour unions and employers.

“We have reached an agreement with many of the parties involved like employers, workers’ unions, and even the human resources minister has made proposals,” the deputy prime minister told reporters at Dataran Merdeka this morning.

However, he was mum on the details of the deal.

“When the time is right, sometime soon, the prime minister will announce it,” he added.

Prime Minister Datuk Seri Najib Razak’s target of a high-income nation by 2020 has prompted the government to review pay scales for all sectors.

The Malaysian Insider reported yesterday that Cabinet has agreed to set a minimum wage of below RM1,000 for the 3.2 million workers in the private sector, with a RM100 difference between states in the Malay peninsula and East Malaysia.

Sources disclosed that the Najib administration decided on a regional difference in wages rather than sectoral differences although some industries will be excluded from the policy.

“There will be a minimum wage below RM1,000 as the minister has said before and the Cabinet has approved it,” a source said previously, referring to Human Resources Minister Datuk Seri Dr S. Subramaniam who said two weeks ago that the Cabinet will decide soon.

Subramaniam said last month that the wage structure was proposed after taking into account studies by the World Bank, which included factors such as the cost of living, poverty line index, median range, productivity and unemployment rate.

The Malaysian Insider understands the government will set minimum wage at between RM800 and RM1,000 a month, lower than what most labour unions have been asking for, which is between RM1,200 and RM1,500 a month.

The new rates will have a bigger impact in Sabah as the average salary there is RM577, followed by Sarawak, at RM758.

In the peninsula, the mean wage is RM1,131. Close to 33 per cent of workers in the private sector are said to be earning less than RM700 a month, which is below the poverty line, according to a New Straits Times report.

Subramaniam added that this would be reviewed once every two years, reminding employers that they risked a maximum RM10,000 fine per worker if they failed to comply

with the policy.

The Congress of Unions of Employees in the Public and Civil Services (Cuepacs) told The Malaysian Insider it welcomed news of the Najib administration's decision to set minimum wage at below RM1,000 but said the amount must not stay stagnant.

"The reason for this policy is because over the past 10 years, there had been an increase of only 2.6 per cent per year, and we were lagging behind other countries that have set a minimum wage standard.

The federal government has revamped the civil service pay since January 1 but it ran into problems after government workers' umbrella union group Cuepacs complained the pay hike was uneven with some 2,000 senior officers getting a huge rise while the 1.3 million others received paltry increments.

Private and government sector unions have been asking for minimum pay for years but employers say it will not be constructive in the local market especially with competition from regional economies that use cheap labour.

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