

Pakatan: 'Reasonable' minimum wage is above RM1,000

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KUALA LUMPUR, March 4 — The minimum wage for the country's 3.2 million workers in the private sector needs to be set between RM1,000 and RM1,200 in light of the rising cost of living, Pakatan Rakyat (PR) MPs today.

The opposition leaders also criticised former prime minister Tun Dr Mahathir Mohamed for saying that a minimum wage policy may lead to bankruptcy, adding that rampant corruption and mismanagement of public money at the federal level has led to the country becoming insolvent.

DAP's Tony Pua said having a minimum wage policy is about giving and returning dignity to Malaysian workers suffering from repressed wages due to a lack of bargaining power. — file pic

"A higher increase in minimum wage will increase productivity and innovation. Workers will spend this money," DAP's Charles Santiago told The Malaysian Insider.

"What we should be looking for is an equal sharing distribution between employer and employee. A proper amount should be around RM1,000 to RM1,200," the Klang MP added.

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 peninsula and East Malaysia.

PAS research director Dzulkefly Ahmad concurred with his PR colleague, and said that a RM1,200 figure was "doable" and "manageable."

"I think that is really uncalled for that kind of comment. This is what we call the alarmist approach, inciting fear or bankruptcy. It is not caused by that. It is caused by gross leakages and unaccounted illicit outflow of funds, all the leakages from corruption," the Kuala Selangor MP said, referring to Dr Mahathir's statement posted on his chedet blog last Friday.

The PAS lawmaker said that neighbouring Indonesia and Thailand already have in place a minimum wage policy, and that it is high time Malaysia followed suit.

"The middle income trap really requires some real structural reform and putting in place minimum wage in private and public sectors is almost like a breakthrough strategy," Dzulkefly told The Malaysian Insider.

DAP's Charles Santiago said, "A higher increase in minimum wage will increase productivity and innovation." — file pic

DAP national publicity secretary Tony Pua pointed out that having a minimum wage policy is not about inflating wages to unrealistic levels but giving and returning dignity to Malaysian workers suffering from repressed wages due to a lack of bargaining power.

"What will bankrupt the nation are Dr Mahathir's policies favouring cronies which suck taxpayers dry. His policies of privatising mega-projects and government-linked companies to Barisan Nasional-supported businessmen has led to the loss billions of ringgit to the government, and is still reverberating today," he told The Malaysian Insider.

PKR vice-president Nurul Izzah Anwar charged that Dr Mahathir's previous "low wage" policy had allowed massive inflow of lower-skilled foreign labour and that businesses exploited this policy of cheap labour without having to make crucial investments in productivity training and better technology.

"Dr Mahathir's prescription is no longer tenable for today's Malaysia. To escape the middle-income trap, businesses and workers need to work together to find a solution.

"The solution has to come with an overriding sense of fairness. Minimum wage is exactly that, paying what is the minimum fair rate for work performed," she said.

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.

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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.

Earlier today, Deputy Prime Minister Tan Sri Muhyiddin Yassin said the government has reached an agreement on the floor wage in the private sector with labour unions and employers, but added that the Prime Minister Datuk Seri Najib Razak will soon reveal the details of the deal.

Najib's target of a high-income nation by 2020 has prompted the government to review pay scales for all sectors.

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.

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 the minimum wage at below RM1,000 but said the amount must not stay stagnant.

The federal government revamped civil service pay on January 1 but the initiative ran into problems after government workers' umbrella union group Cuepacs complained the pay hike is uneven with some 2,000 senior officers getting a huge raise while 1.3 million other staff received paltry increments.

Private and government sector unions have pressed 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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