

Minimum wage a must, say BN lawmakers
The Malaysian Insider
March 7 , 2012
By Shannon Teoh

KUALA LUMPUR, March 7 — Barisan Nasional (BN) leaders insist a minimum wage policy is “long overdue” but agreed in principle with employers’ suggestion that the wage floor be introduced in stages to prevent spiking labour costs from shutting down small and medium-size businesses.

Lawmakers from the ruling coalition told The Malaysian Insider the market must be allowed to adjust to the policy that is due to be announced later this month, which sources say states that workers will earn at least RM800 in Sabah and Sarawak, and RM900 in the Malay peninsula.

“A minimum wage is long overdue and we have to do something now. We just have to start, maybe gradually and overcome any shortcomings,” Deputy Higher Education Minister Datuk Saifuddin Abdullah said.

“A minimum wage is long overdue and we have to do something now. We just have to start, maybe gradually and overcome any shortcomings,” Deputy Higher Education Minister Datuk Saifuddin Abdullah said.

His Umno colleague, Datuk Tajuddin Abdullah Rahman, also said the government has to be “fair and give room for employers to adjust but it will be a win-win situation.”

“When there is more disposable income, the money will come back to businesses,” said the Pasir Salak MP.

Employers such as the Malaysian Employers Federation and SMI Association of Malaysia warned earlier this week up to 80 per cent of companies employing four million workers are at risk of folding under the proposed wage floor.

Sixteen manufacturing associations held a press conference yesterday calling on the government to give them time and assistance in increasing productivity as their profit margins are only between three to five per cent now despite paying basic wages as low as RM650 per month.

But Saifuddin said the government via the education, human resources and higher education ministries, has already pushed strongly on enhancing employability.

BN Backbenchers Club vice president Datuk Abdul Rahman Dahlan also said “we have to implement this as soon as possible as some salaries are just untenable.”

The human resources ministry has said that up to a third of workers are currently living under the poverty line.

Although Abdul Rahman said the government could introduce the policy in stages, “the opposition will start screaming.”

"We need to think about how to implement this without playing politics and just talking about a RM1,500 minimum wage just to be popular," the Kota Belud MP said.

He pointed out that although Pakatan Rakyat's (PR) Selangor government has announced a RM1,500 base wage for those employed by the state and state-owned companies, the private sector has not followed suit.

The Malaysian Insider reported over the weekend that the Cabinet has agreed to a minimum wage of below RM1,000 for the country, with a RM100 difference between east and west Malaysia, way below the RM1,200 to RM1,500 demanded by workers' unions.

This prompted the Malaysian Trade Unions Congress (MTUC), the umbrella body that represents 800,000 workers from 390 labour unions, to call for a minimum wage of RM900.

Tun Dr Mahathir Mohamad had said last week Malaysia may become bankrupt as is happening now in the West if the federal government caves in to public pressure and sets a minimum wage policy.

Still influential despite having retired from office in 2003, the former prime minister warned that the federal government's seeming haste to adopt a minimum wage policy without taking into account the spike in public holidays to include the weekends and the holy days of all major religions was a serious risk to the country's economy.

"Increasing incomes must raise the cost of production unless there is a corresponding increase in productivity," he had written in a blog posting.

Despite reaching an accord on a national minimum wage, Human Resources Minister Datuk Seri Dr S. Subramaniam has also backed Dr Mahathir's concern about the policy impact on the nation's productivity.

Deputy Prime Minister Tan Sri Muhyiddin Yassin has also said the decision to implement a minimum wage has been carefully studied and insisted "the important thing is to increase productivity so we are on par with developed nations."

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/minimum-wage-a-must-say-bn-lawmakers/>