

Floor wage to be enforced within a year, says HR minister

The Malaysian Insider

April 22, 2012

By Ida Lim

KUALA LUMPUR, April 22 — The minimum wage policy will be in force within six months to a year, Datuk Seri S. Subramaniam told Sin Chew Daily.

The Malaysian Insider understands that employers have sought to delay its implementation, by up to 18 months' in some cases.

The Human Resources minister said the floor wage policy, to be set between RM800 and RM1,000, will also cover foreign workers, but appeared to suggest the government will be more lenient with enforcing the pay revision in Sabah and Sarawak.

He said that Sabah and Sarawak would have gradual adjustments instead of a one-off increase to prevent any problems as their wages are currently the lowest in the country.

Subramaniam had previously pointed out that there would be no difference in the minimum wage for rural and urban areas.

"Foreign employees will also be included within the scope of the minimum wage policy, otherwise employers will choose foreigners over locals as employees.

"However, under the minimum wage policy, the hiring costs for locals will be lower because no agent fee is required," Subramaniam was quoted by the Chinese-language daily in an exclusive report published today.

When asked if the domestic help sector will be included in the minimum wage policy, Subramaniam did not reply.

He said only one or two industry will not be affected by the minimum wage policy.

As an example, the minister described how the hotel industry charged service fees that employers could add to employee's low basic salaries. It is unclear if employers pass through such service fees directly to their hires.

Subramaniam added that Prime Minister Datuk Seri Najib Razak will announce the details on April 30 and that the government expects employers will take between six months and a year to make the necessary wage adjustments.

He pointed out there were various ways to calculate wages and that employers could discuss these with the National Wages Consultative Council, as long as they meet the minimum wage standard set.

Subramaniam said that some 200 employers had asked him during a meeting last Thursday to consider fixing minimum wage according to their respective sectors.

He said the government could not do so as the policy is aimed to help the lower-income

group and that employees of all industries have the same needs.

He said the government will work hard to standardise minimum wage across the country.

The Malaysian Trades Union Congress (MTUC) said on Tuesday that negotiations over a minimum wage policy have ended and Najib will announce the government's decision on April 30.

The umbrella body representing 800,000 workers from 390 labour unions had told a press conference that last month's National Wages Consultative Council meeting was the last round for stakeholders to air their views and it is now up to Putrajaya to decide on a final policy.

"There are no more talks after this. The Attorney-General will look through the legal aspects and the Cabinet will decide," MTUC president Khalid Atan said.

He added that the prime minister is expected to announce the policy in a live television broadcast on the eve of Labour Day.

The Malaysian Insider reported that employers and workers argued in a recent National Wages Consultative Council meeting over whether allowances and other benefits can be included as part of a base wage expected to be set at RM900 and RM800 for Peninsular and East Malaysia respectively.

The committee, which advises the government on wage policy, had met on the back of small-medium industries (SMIs) warning that 80 per cent of active businesses could fold under a blanket floor wage, cutting four million jobs from the labour market.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/floor-wage-to-be-enforced-within-a-year-says-hr-minister/>