

Najib unveils RM900 wage floor for peninsula, RM800 in Sabah and Sarawak
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By Shannon Teoh

PUTRAJAYA, April 30 — The private sector minimum wage will be RM900 and RM800 per month for the peninsula and east Malaysia, respectively, Datuk Seri Najib Razak announced tonight.

The prime minister also said employers will be given six months to meet what he called a “game-changer to transform the labour market”, although “micro-enterprises” will be given a year.

Tonight’s announcement confirms a recent report by The Malaysian Insider.

“So the minimum wage will not burden employers or see workers losing out, part of allowances or fixed cash payments will be allowed in calculating the minimum wage,” he said on the eve of Labour Day.

He added that the minimum wage for all states would be equalised within three years.

“The minimum wage is not static. It will be reviewed from time to time, according to the capability, productivity and [competitiveness] of the nation,” the Umno president said.

The policy will take effect once it is gazetted, which stakeholders say will happen within a few weeks as the matter is already before the Cabinet.

The Malaysian Insider reported early this month that employers and workers had argued in a recent National Wages Consultative Council (NWCC) meeting over whether allowances and other benefits can be included as part of a base wage.

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

Putrajaya had initially aimed to announce a base wage policy by the end of last year but the various stakeholders refused to come to an accord.

Najib was then slated to announce a minimum wage amount last month, after the NWCC made enough headway to agree on a floor figure.

But The Malaysian Insider understands that pressure from employers had forced the government to return to the negotiating table despite the risk of upsetting trade unions, which have said that a minimum wage is long overdue.

The Malaysian Insider also reported that the 16 mainly Chinese industry associations that called a press conference on March 6 to ask for a staggered implementation of floor wages, had first sought out MCA president Datuk Seri Dr Chua Soi Lek for help before lobbying

Putrajaya directly.

The Barisan Nasional (BN) government, which has been unable to win back Chinese support so far, has since held several meetings with the associations that are largely made up of SMIs.

SMIs say they make up 99 per cent of operational companies and employ 59 per cent of all workers as they are the most labour-intensive outfits and will be hardest hit by a hike in wage bills.

Bloomberg reported last month that government officials are preparing for June 3 federal polls and Najib would announce a minimum wage of just under RM1,000 a month to win support from low and unskilled labour that makes up 75 per cent of the workforce.

Households earning under RM1,500 per month also make up 40 per cent of the population.

Najib added today that the policy will cover all private sector workers aside from domestic workers.

Professional firms such as dental and medical clinics as well as law and architectural practices will not be allowed the extra six months afforded to "micro-enterprises."

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