

## **JOINT PRESS RELEASE**

### **Minimum wages: “PH government must share equally increases in minimum wages or maintain status quo”**

THE Pakatan Harapan Government had not fulfilled their manifesto promise no 34 to equally share the burden of employers arising from increases in minimum wages from 1,000 to RM1,500 during the first term in office.

Representatives of 37 employer and business organisations gathered at the MEF Headquarters in Petaling Jaya today to express serious concerns over the latest decision of the government to raise minimum wages to RM1,200 in major cities and towns citing unfair cost increases, discrimination and breach of promise of the Pakatan Harapan government manifesto.

“The government raised minimum wages three times since 2018 and all the cost increases are wholly borne by the employers. This is unfair and reflects lack of integrity on the part of the Pakatan Harapan government in fulfilling their promise to share 50% of the cost increases for setting higher minimum wages,” said MEF Executive Director Datuk Hj. Shamsuddin Bardan.

“The present moment is hardly the time to increase cost of doing business. Malaysia is affected by the sluggish global economy and this is reflected by the high number of retrenchments. If the government cannot fulfil their promise to share 50% of the cost then there should not be any further increases in minimum wages. The status quo should remain.

“Furthermore, any increases in minimum wages would largely benefit the foreign workers and not the local workers. The foreign workers would repatriate the extra income to their home country resulting in the Ringgit being further weakened. It is estimated that the increase in minimum wages would result in about RM2.5 billion yearly in remittances to the home country. Currently, foreign workers repatriate about RM34 billion yearly. The amount of remittances had not taken into account remittances made by the illegal foreign workers.”

He said the government’s decision to implement RM1,200 minimum wages in major cities and towns would also cause distress and anxiety among the employers and employees as the demarcation of geographical boundaries is unclear, and that it is also discriminatory and contradicts the government’s policy of inclusiveness.

For example, the palm oil industry will face major problems as the estates will be located within the 57 major cities and towns and also the other local councils. Such plantation estates will be subjected to a lot of scrutiny by the RSPO and MSPO in terms of alleged discriminatory practices.

“We urge the government to reconsider its decision to raise minimum wages at this juncture as it would be too burdensome on private sector employers. Instead of raising minimum wages, the policies implemented should focus on improving productivity and competitiveness.”

Since 1st January 2018, the minimum wages were reviewed upwards three times from RM1,000 and RM920 (for Peninsular Malaysia and Sabah and Sarawak respectively) to RM1,050 and RM970, and thereafter to RM1,100 across Malaysia.

The increase in minimum wages to RM1,200 was first announced during the Budget 2020 on 11th October 2019 by the Minister of Finance for bigger cities.

However the announcement by the Ministry of Human Resources on 18th December 2019 extended the coverage for minimum wages of RM1,200 to 57 bigger cities and towns instead of limiting the coverage to bigger cities as initially announced during 2020 Budget.

These revisions of minimum wages for three times since 2018 is against the principle laid down in the National Wages Consultative Council Act 2011 (NWCC Act 2011) which provides that minimum wages may be reviewed every two years. The review of minimum wages rate to be done every two years was also clearly stated in Pakatan Harapan manifesto.

**23 DECEMBER 2019**