

Uproar over hike in minimum wage

NATION

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PETALING JAYA: Manufacturers and bosses are questioning the timing as well as the list of 57 major towns and cities that will see a hike in the minimum wage from RM1,100 to RM1,200 beginning Jan 1, 2020.

Some are even warning consumers to expect price increases.

Federation of Malaysian Manufacturers (FMM) president Tan Sri Soh Thian Lai said how the 57 areas were chosen was ambiguous and not clear.

“The ministry should state the per capita income of the 57 towns,” he said.

Soh said areas like Jempol, Langkawi, Taiping, Manjung, Kemaman, Dungun, Kubang Pasu and Padawan should be properly defined before they were listed.

“The Human Resources Ministry should hold a consultation immediately with relevant stakeholders on the definition of the areas chosen and the method of implementation of the minimum wage,” he said.

He also questioned whether the ministry had consulted stakeholders before coming to its decision, which did not give manufacturers much time to prepare.

“The notice period given by the government was too short for such a minimum wage to be implemented by manufacturers in these towns.

“Furthermore, this minimum wage is supposed to be gazetted under Minimum Wage Order.

“The time given to employers is too short for any proper preparation,” Soh added.

Besides state capitals such as Johor Baru, Kota Kinabalu, Ipoh, Shah Alam, Kuching Utara and Selatan, and Kuala Lumpur, other areas listed are Petaling Jaya, Bentong, Temerloh and Taiping.

The minimum wage increase from RM1,100 to RM1,200 was first announced in Budget 2020 in October, but the list of actual towns and cities – beyond the 13 state capitals – was only revealed on Wednesday.

The increase in the minimum wage in these areas is meant to help workers cope with elevated living costs and is in line with the government's wish to achieve a minimum wage of RM1,500 a month within the first five years of the Pakatan Harapan administration.

Malaysia last raised the minimum wage to the current rate nationwide in January 2019 from RM1,000 in Peninsular Malaysia and RM920 in Sabah, Sarawak and Labuan previously.

Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan said the decision did not weigh the fact where the wages would finally end up and if it would help the local economy.

"Most of these lower-end workers, whose wages are to be raised in

line with this ruling, are foreign workers.

"We cannot discriminate between foreign and local workers, but the fact is most of them are foreigners.

"These foreign workers would only spend a bare minimum here and remit most of their wages to their home countries. How will this assist the local economy?"

"As it is, the current economic situation is a bad one for local companies. Even big retail companies are closing stores in major cities.

"With such a ruling to increase the minimum wage to RM1,200 by January 2020, I expect more companies will have to shut as well," said Shamsuddin.

He also said the main stakeholders such as employers were not consulted.

"I can't reveal who the ministry consulted but this decision must take into account the current economic situation and be reviewed to provide a win-win situation for employers and employees," Shamsuddin said.

Malaysian Rubber Glove Manufacturers Association president Denis Low Jau Foo said the prices of medical rubber gloves were expected to rise next year when the increased minimum wage comes into effect.

"The latest wage increase for urban workers is inevitable given the higher cost of living in the cities, but it will have a ripple effect on everything from support services, packaging materials, logistics and chemicals to raw ingredients.

"We will have to adjust and factor in this additional cost to our products.

"The cost increase may hover around US\$0.45 to US\$0.75 (RM1.86 to RM3.11) for every 1,000 pieces, depending on the glove type and production efficiency.

"We understand where the government is coming from and the need to alleviate the burden of rising living costs for the rakyat, but the cost of doing business is also fast rising.

“We would like to urge the government to refrain from increasing the cost of water, electricity and other amenities to keep Malaysian manufacturers competitive,” Low said.

He also pointed out that there was a severe shortage of workers and this had hampered productivity.

“We are concerned that delivery of this very important medical device may not be enough to cater to the requirements of the hospitals around the world.

“The medical rubber glove is a critical protective device which doctors, dentists and healthcare workers need to use frequently on a daily basis,” Low stressed.

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