

MEDIA RELEASE

MEF FULLY SUPPORTS THE MINISTER OF HUMAN RESOURCES ON THE DEFERMENT OF IMPLEMENTATION OF EMPLOYMENT ACT AMENDMENT

PETALING JAYA: The amended Employment Act 1955 (EA 1955), among other things, reduces weekly working hours from 48 to 45, maternity leave has been increased from 60 days to 98 days while paternity leave of 7 days was introduced for the first time. The amended EA 1955 also increased the upper limit of entitlement to overtime, payment for work on rest days and public holidays from RM 2,000 /month to RM 4,000 /month. On 26th August 2022, the Minister of Human Resources, Datuk Seri M. Saravanan announced that the enforcement had been deferred from 1st September 2022 to 1st January 2023 to help employers address the labour shortage. The MTUC stated that the Human Resources Ministry should discuss the deferment of the implementation of amendments to the Employment Act with the Congress.

MEF President Datuk Dr Syed Hussain Syed Husman, PJN, JP, states that “MEF fully supports the Minister of Human Resources Datuk Seri M. Saravanan on the deferment of the implementation of the amendment to EA 1955 to 1st January 2023 to assist employers to address the labour shortage facing the industries. Industries are facing shortage of about 1.2 million workers. The arrival of about 47,000 new foreign workers thus far is far below the shortage of 1.2 million workers faced by industries.”

“Industries appreciate the proactive measures taken by the MoHR in ensuring that the application for foreign workers continued to be opened even though the MoHR is in the midst of revamping the system to process applications for new foreign workers.”

“The shortage of workers had caused operational problems to businesses. Some businesses in the manufacturing sector had to turn down new orders for fear of not being able to meet the deadlines. Construction companies had to bear

penalties for late deliveries. Restaurants and other eateries were being bombarded with complaints from customers for slow services and hotels were also being criticised for not being able to check in the guests on time due to rooms being not ready. The construction sector in the country is facing a serious shortage of workers causing some major construction projects to fall behind schedule.” adds Datuk Dr Syed Hussain.

“Shortage of workers severely impacted production especially for the E& E industries, disrupted supply chain and business operations resulting in delays and being unable to meet new orders from both local and foreign buyers. It is estimated that the manufacturing sector faces 40% of manpower shortage. The restaurant operators face about 40,000 shortage of workers while the hotel industry face about 20,000 shortage of workers.”

“The plantation sector depends on available harvesters to harvest the crops at the right time failing which the fruits will turn bad and will be considered as total loss which will not be able to be recovered. Palm oil plantations face acute shortage of about 72,000 workers that continue to result in loss of revenue for planters of more than RM 32 bil and income to the government due to loss in palm oil yield.”

Datuk Dr Syed Hussain states further that “addressing the shortage of manpower is vital for the recovery of the industries. Granting some space is critical for industries to resolve the manpower shortages. Such decision by the Minister of Human Resources will further boost investors’ confidence both local and foreign investors and to maintain competitiveness.”

“The implementation of the substantial amendment to the EA 1955 has to be done right. The implementation of the amended EA 1955 involved all employees in the private sector estimated to be more than 10 million employees. Proper planning of the implementation of amended EA1955 takes time. The successful execution of any plan is in the details. The Minister of Human Resources, YB Datuk Seri M. Saravanan understands this and allowed for it to be done right by

deferring the implantation of the amendment to the EA 1955 to 1st January 2023."

For further information, please contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email mef-hq@mef.org.my.

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