

‘Deferment of Amendment to EA 1955 gives employers opportunity to address manpower shortage’

PETALING JAYA: MEF fully supports the decision of the Minister of Human Resources Datuk Seri M. Saravanan to defer the implementation of the amended Employment Act 1955 (EA 1955) from 1 Sept to 1 Jan 2023.

MEF President Datuk Dr Syed Hussain Syed Husman PJN JP said employers welcome the deferment of the EA 1955 as this would allow employers more time to ensure that the implementation of the amended EA 1955 is done smoothly and properly.

“The implementation of the amended EA 1955 has to be done right as this would involve all employees in the private sector estimated to be more than 10 million employees,” said Datuk Dr Syed Hussain.

“Proper planning of the implementation of amended EA 1955 will take time as 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 implementation of the amendments to the EA 1955 to 1 January 2023.”

Among other things, the amended EA 1955 reduces weekly working hours from 48 to 45 hours, 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 RM2,000 per month to RM4,000 per month. The amendments have huge cost implications up to the tune of RM110 billion/year to businesses, and it require businesses to have policy and procedural guidelines to be devised for compliance.

On Friday, YB Datuk Seri M. Saravanan announced that the enforcement of the amended EA 1955 would be deferred from 1 Sept 2022 to 1 Jan 2023 to help employers address the issue of labour shortage. On 16th August 2022 Malaysian Employers' Federation (MEF), National Chamber of Commerce and Industry of Malaysia (NCCIM) and other business associations had an engagement session with Minister of Human Resources, YB Datuk Seri M Saravanan where the issues of foreign workers and the implementation of amendments to Employment Act 1955 were discussed.

“Industries are facing shortage of about 1.2 million workers and the arrival of about 47,000 new foreign workers thus far is far below this,” said Datuk Dr Syed Hussain.

“We appreciate the proactive measures taken by the Ministry of Human Resources to ensure that the application for foreign workers continue to be opened even though the system to process applications for new foreign workers is being revamped.”

Datuk Dr Syed Hussain said the shortage of workers had caused huge and prolong operational problems to businesses. Addressing the shortage of manpower is vital for the recovery of the industries and granting industry some space would help resolve the manpower shortages.

“The decision of the Minister of Human Resources will also boost investors’ confidence, both local and foreign, and to maintain competitiveness.”

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

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