

MEF says Riot gave misleading account of insurance payout

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MEF executive director says minister Richard Riot Jaem did not give the whole picture of what was discussed about the Employment Insurance System (EIS).



PETALING JAYA: The Malaysian Employers Federation (MEF) says the human resources minister has given a “misleading statement” about the Employment Insurance System (EIS) payout to employees who are terminated or retrenched.

Richard Riot Jaem had said it was disappointing that employers were still opposing the EIS despite the monthly contribution rate lowered from 0.5% to 0.2%, which would be contributed equally by employers and employees.

But MEF’s executive director Shamsuddin Bardan said the minister had not given the whole picture of what was discussed in the meeting with Second Finance Minister Johari Abdul Ghani on Aug 10.

“It was agreed in principle, the EIS is only applicable to employees that are terminated or retrenched but not paid retrenchment or termination benefits.

“What the minister said in his statement was that the EIS was on top of the termination or retrenchment benefits, meaning that an employee is paid termination or retrenchment benefits by the employer and still collects the EIS.”

Shamsuddin said this was not part of the agreement reached at the meeting with Johari and Riot.

“What was agreed in the meeting was that the EIS was only applicable if the employee was retrenched but not paid termination or retrenchment benefits.

“Only in these cases would the EIS be applicable, and the employee can be paid up to three months’ wages. That is all.

“The EIS will not cover job matching, job training or retraining as this is done by the 1MOC (1Malaysia Outplacement Centre). This is why we agreed to collect 0.2% as the employees’ contribution.”

Shamsuddin said they had even agreed that if the sum collected for the month was enough, there would be no need to collect further contributions for the month.

“This would mean we would suspend the collection itself.

“At 0.2%, the collection per year would amount to RM600 million, which is more than sufficient to pay the non-payment of termination benefits.”

He said the minister and ministry were supposed to meet with stakeholders to discuss in detail some of the issues that remained unresolved before the matter was re-tabled in Parliament.

“I can say that there was no such meeting to meet the stakeholders called by the ministry.”

Shamsuddin added that the employers had no disagreements with what was agreed upon during the meeting.

“But now the ministry is not keeping to what was agreed during the meeting we had.”