

## Announcement on minimum wage 'premature', says MEF

By [Dhesegaan Bala Krishnan](#) - March 21, 2022 @ 2:08pm



(Pic for illustration purposes) The Malaysian Employers Federation (MEF) has described the prime minister's announcement on increasing the minimum wage, effective May 1, as "premature". - File pic.

**KUALA LUMPUR:** The Malaysian Employers Federation (MEF) has described the prime minister's announcement on increasing the minimum wage, effective May 1, as "premature".

Its president Datuk Dr Syed Hussain Syed Husman said this was because the National Wages Consultative Council (NWCC) will only be meeting to discuss the matter on March 24.

During his winding-speech at the Umno General Assembly last Saturday, Prime Minister Datuk Seri Ismail Sabri Yaakob announced that the minimum wage will be increased to RM1,500 for private companies with at least five employees, effective May 1.

However, Syed Hussain said many stakeholders are still in the dark on the details of the implementation of a new minimum wage.

"There are many details that need to be discussed with the stakeholders before the RM1,500 minimum wages can be immediately implemented. The devil is in the details of its execution.

"MEF is of the view that increases in minimum wages should be done gradually.

"A sudden increase of between 25 to 36 per cent in the minimum wage rate will put a lot of financial pressures on businesses, especially, with many trying to rebuild their businesses impacted by Covid-19.

"Private sector employers urgently require intervention from the government to mitigate the increasing cost of doing business.

"This will ensure their sustainability and at the same time, allow them to assist the government to create more jobs and stabilise the labour market," he said in a statement today.

Syed Hussain also urged the government to allow micro, small and medium enterprises (MSMEs) to postpone the implementation of the minimum wage hike.

He said, the deferment would give a reasonable chance for MSMEs – that comprise 98 per cent of businesses in Malaysia – to recover from their financial losses due to the Covid-19 pandemic.

Syed Hussain also hoped for the government to exempt companies with 20 employees and below from implementing the RM1,500 minimum wage.

"MEF appeals to the government not to implement the RM1,500 minimum wages across the board but rather based on affordability of the individual business, sectors and industries.

'For example, the hotels, services and tourism industry are still suffering. Businesses have not picked up yet. Implementing the RM1,500 across the board will be too taxing and can force many businesses to close.

"The issue is not only the basic RM1,500 minimum wages cost. For businesses, it involves many other related matters.

"It includes levy, housing, food, Employees Provident Fund (EPF) contribution, insurances, and other benefits too. The net cost of doing business is much more than what it looks.

"MEF is of the view that the higher cost of living cannot be passed to employers as that will put business out of survival.

M40 groups. The higher cost of living must be addressed and controlled by the government to make life easier for all Malaysians," he said.