

Mixed reactions over proposals

Employers wary of MTUC's Cola and raising retirement age call

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KUALA LUMPUR: Employers are wary of the suggestion by MTUC for the government to introduce a minimum monthly RM500 cost of living allowance (Cola) for all workers in Budget 2020.

But the other proposal to increase the mandatory retirement age to 65 received the full backing of National Council of Senior Citizens Organisations Malaysia (Nacscom).

Malaysian Employers Federation executive director Datuk Shamsuddin Bardan said the introduction of Cola – but without an increase in productivity from employees – would lessen the competitiveness of Malaysian companies.

Shamsuddin pointed out that RM500 Cola a month would increase

labour cost to about RM48bil per year.

He also said that should Cola be introduced for the private sector, employers would then have to pay Cola twice – as in the 1970s.

Then prime minister Tun Abdul Razak Hussein had asked for Cola to be absorbed into an employee's basic salary.

“The existing salary package already contains Cola elements, and to introduce another will mean that employers are paying double Cola. It will be unfair,” he said when contacted.

On MTUC's suggestion to increase the mandatory retirement age to 65, Shamsuddin said it could lead to an increase in unemployment among the younger generation.

“In July 2013, the (then) government had increased the mandatory

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Datuk Shamsuddin Bardan

retirement age to 60, leading to a loss of about one million job openings that should have come from the retirement of those over 55 (the then mandatory retirement age),” he said.

“In fact, unemployment among the younger generation rose by over three times, based on data collected between July 2013 and June last year.”

Nacscom president Datuk Dr Soon Ting Kueh said there were many senior citizens who were still able to contribute to the national economy.

“Those above 60 are now enjoying better health and longer life expectancy.

“And a mandatory retirement age of 65 would go in line with the government's agenda of active and productive ageing,” he said.

SME Association of Malaysia president Datuk Michael Kang echoed Shamsuddin's views that introducing Cola would lead to a drop in competitiveness.

“Workers should instead change

their mindset into improving their productivity and increasing their skills to earn more,” said Kang, adding that the current mandatory retirement age of 60 was sufficient.

Associated Chinese Chambers of Commerce and Industry of Malaysia president Tan Sri Ter Leong Yap said although Cola would benefit employees, the government also needed to factor in the difficulties faced by employers.

“In recent years, businesses have been absorbing high employment and operating costs such as higher minimum wage, levy payments and the Employment Insurance System.

“The proposed Cola would add to cost of labour – which is a major component in the cost of production,” he said.