

# **MALAYSIAN TRADES UNION CONGRESS**

## **SARAWAK BRANCH**

### **THE TRUTH EXPOSED**

#### **WORDS OF MASS DECEPTION**

#### **On The Implementation**

#### **Of the**

#### **Amended Sarawak Labour Ordinance ( SLO)**

**22 September 2005**

**If SLO not FULLY Implemented by 1 October  
2005, on 2/October 2005, MTUC will:**

- **Take protest & Industrial Actions**
- **Instruct all workers not to work overtime**

#### **Against**

- **All Employers who are affiliates of MEF, either  
directly or indirectly through SCCI and SMA,  
including all Banks.**

# 1 EMPLOYERS EXPOSED

On 19 September 2005 the Malaysian Employers Federation (MEF) declared that they have no qualms about implementing the new SLO except Schedule 1 of the Act.

## Is this true?

We publish below official MEF documents and statements made by MEF & SCCI officials and reported in the press on 19 September 2005 in Kuching

Schedule 1 state that on-manual workers whose wages n does not exceed RM2500 workers shall be covered under the new SLO.

Schedule 1 also state that all manual workers shall be covered, irrespective of their wages.

To be covered by the new SLO a worker must fall within the definition of an employee under schedule 1. This is not just for the purposes of overtime but other benefits like maternity, sick leave, annual leave and retrenchment benefits.

Therefore by suspending the 1st schedule, NO WORKER shall be covered even if the new SLO is implemented VT Nathan, Vice President of MEF is a very senior and highly respected lawyer. Surely he is aware of this.

**The only logical conclusion is that MEF does not want the New SLO to be implemented at all. They are using the overtime issue to mask their true intention.**

By demanding that the schedule is suspended and introduce new bill to follow the EMPLOYMENT ACT 1955 reinforces our long held views that they are using Sarawakians Workers as pawns to keep the ceiling in the **Employment Act at RM1500** for peninsular workers. They are prepared to keep exploiting Sarawakians workers exploited

They are prepared to continue to deny Sarawakians workers basic Human Rights entitlement of Maternity leave, sick leave, annual leave, retrenchment benefit and the right to due inquiry before dismissal.

MEF vice president V T Nathan said that as the amendments to the ordinance were an act of Parliament, they were not trying to prevent its implementation but the disparity in the threshold for overtime must be on "justifiable grounds".

"So we suggest that if we are running out of time, you can defer Schedule 1 but we implement the rest until we can conduct a full study. This is our viewpoint and this is the national viewpoint," he told reporters here.

MEF vice president, MD I. S. Abdul

**MEF Employers' Plan of Action**

Letter to

**YAB Chief Minister of Sarawak to:**

- **Suspend implementation of First Schedule of the 2005 Amendments to the Sarawak Labour Ordinance on the extension of coverage of employees earning monthly wages of up to RM2,500.**

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**MEF MEF Recommendations**

- **suspend the operation of First Schedule and present a new Bill to amend the coverage to employees whose monthly wages do not exceed RM1,500 in line with the First Schedule of the Employment Act 1955;**

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**MEF Recommendations**

- **implement the new provisions of the Labour Ordinance of Sarawak with the exception of the First Schedule on the extension of coverage to employees whose monthly wages do not exceed RM2,500;**

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## 2 Why the ceiling of RM2500 is more than justified.

The ceiling in the Employment Act (EA) was \$1000 in 1984, increased to \$1250 five years later in 1989 and another \$250 five later in 1995. It is due for review and the Federal Government has indicated that will review it soon.

if the Federal government decides to review the amendments.

But if uniformity is the goal in amending the labour laws, it is also possible that the Federal government would decide to go ahead with the implementation of the SLO and amend the Employment Act later to comply with the RM2,500 wage threshold.

After all, the Employment Act has been amended five times since 1955. Starting out at RM500 in 1955, it was amended to RM750 in 1969, RM1,000 in 1984, RM1,250 in 1989 and RM1,500 in 1995. Each time it was amended, it was increased by RM250 and going by the interval between amendments, it would appear that the Act is due for a revision and the next amendment could send the wage threshold up to RM2,000.

Since the ceiling has been increased by \$250 every five years, and the last review was 10 years ago, it would be reasonable to expect that the new ceiling for the EA will be at **least \$2000**.

Please take cognizance of the fact that the Federal Government, State Government, & Government Agencies and Statutory Bodies pays a Regional Allowance ranging between 15 to 25% of the basic salary to ALL government employees (irrespective whether they are transferred from Peninsular or Sarawakians. serving in Sarawak, because of the higher cost of living in Sarawak

For the private sector, employees in the Banking, Telekom, Petronas & Shell are also paid similar cost of living allowance.

So if the Employment Act ceiling is to be reviewed to at least \$2000 then the ceiling in Sarawak should be \$2000 X 25% = \$2500.

This is more than enough justification that threshold should be higher in Sarawak as the wages is higher to compensate for the higher costs of living.

### Sarawak Allowance

- (a) Employees covered by this Agreement shall, during its currency, be paid a monthly Sarawak Allowance at the rates paid by Government as Regional Allowance in Sarawak. The present rates are as follows :-

Salary Allowance	Sabah
Below RM623.62	25%
RM623.63 – RM871.67	22½%
RM871.68 – RM1,427.06	20%
RM1,427.07 - RM2,852.83	17½%
RM2,852.84 – RM4,839.65	15%
RM4,839.66 and above	12½%
(To the nearest Ringgit).	

### 3 Why MEF claims are simply Incredible

In the Briefing to more than 100 employers representatives MEF declared: amongst others,



**IMPACT OF 2005 AMENDMENTS TO THE SARAWAK LABOUR ORDINANCE ON COMPETITIVENESS AND PRODUCTIVITY**

Sept 19, 2005

**Projection on Cost Implications**

386,655 employees earning between **RM1,500 and RM2,500** per month

**Sabah (49.7% of 386,655 employees)**

Cost of OT (Normal Day): RM172,990,995.84  
 Cost for work (Rest Day): RM 31,033,527.84  
 Cost of OT (Rest Day): RM 7,762,416.48  
 Cost of Work (Pub Hol): RM 20,689,018.56  
 Cost of OT (Pub Hol): RM 7,762,416.48  
**Total: RM240,238,375.20**

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How in the world does Sabah has 386,655 employees earning between RM1500 and RM2500 is beyond comprehension.

If there are almost 400,000 employees earning between RM1500 & RM2500, there must be at least 2 millions employees in the PRIVATE SECTOR in Sabah (based on MTUC's very reasonable calculation that those earning between 1500 and 2500 will be about 20% of the workforce

EPF Figures as at 31/12/2004 shows that there are ONLY a total of 220,797 active contributors to the EPF in Sabah and those earning between RM1500-RM2500 cannot be more than 22, 273. EPF has also 95% coverage, meaning that 95% of employees are contributing EPF for their employees

President of MEF En Jafaar Carim is also Chairman of the Internal Audit Committee of the EPF and he signs off EPF accounts and annual report.

So either he is saying that EPF figures are wrong or employers are breaking the law and do not contribute EPF for more than 1 million employees in Sabah. Or is it that MEF plucked their figures from some rambutan trees at Tanjong.

Profile of EPF contributors – Salary Range

SALARY RANGE	P Mysia	SABAH	SARAWAK	TOTAL
RM	No of Contributors			
<1000	1839534	147576	<b>178950</b>	<b>2166060</b>
1001-2000	184290	6638	<b>10576</b>	<b>201504</b>
2001-3000	1062902	37909	<b>59938</b>	<b>1160749</b>
3001-4000	446658	14268	<b>22879</b>	<b>483805</b>
4001-5000	204387	5926	<b>10327</b>	<b>220640</b>
>5000	329793	8580	<b>17211</b>	<b>355584</b>
<b>TOTAL</b>	<b>4067564</b>	<b>220897</b>	<b>299881</b>	<b>4588342</b>

Source EPF

For Sarawak, MEF claims that the higher ceiling of RM2500 instead of \$1500 will cost employers an additional RM330,371.532.00 a year

However SCCI has admitted that they have not done any study and DO NOT KNOW THE COST IMPLICATIONS. It is in their **Imagination!! Quote " he imagine it would be in the millions of ringgit"**

Projection on Cost Implications	
53,149 employees earning between <b>RM1,500 and RM2,500</b> per month	
<b>Sarawak (49.7% of 53,159 employees)</b>	
Cost of OT (Normal Day):	RM 237,894,134.40
Cost for work (Rest Day):	RM 42,676,754.40
Cost of OT (Rest Day):	RM 10,674,736.80
Cost of work (Pub Hol):	RM 28,451,169.60
Cost of OT (Pub Hol):	RM 10,674,736.80
Total:	<b>RM330,371,532.00</b>

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Also MEF made wild assumption that **every employee** will work 2 hours overtime **everyday** - including rest days and public holidays. This would mean that every worker would have to work at least 60 extra hours a month, 720 hours a year without being paid a single sen. 720 hours is 30 complete days!

If at all true, it only goes to show employers have been exploiting workers by making them work excess hours without paying them. And they want the Chief Minister to allow them to continue to exploit workers

**state differently.**  
**Karim said he did not know when the amended SLO would be enforced. He also said they did not yet know what the cost implication would be on the employers though he imagined it would be in the millions of ringgit.**  
**Karim denied that their seminar**

Be that is it may be, 2 hours overtime a day would equate to 14 hours a week, = 35 percent of total works hours a week,

By claiming that the total cost is RM330, 000,000 a year = RM27.5 million a month = 77% of total salaries of RM35, 045.000 (EPF Figures). In Sabah, MEF showed that the ratio will be is 90.4%.

Since when does any employer have an overtime cost that is almost the same as the salary cost for executive employees?????????

**Perhaps Inland Revenue should audit these employers on these figures and assessed back tax, if any.**

**And MEF have the cheek to accuse that the Ministry of Human Resources Survey did not portraying the true picture. The MOHR survey indicates that the cost implications are reasonable and manageable.**

Cost to Employers

**MOHR calculations not projecting the true picture**

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## 4 MEF INSULTS SARAWAKIAN EXECUTIVES

MEF does not even respect and trust their own executives and accusing that they will be encouraged to delay their work just to claim overtime and become clock watchers

MEF is saying that Sarawakians executives who are Masters Degree holders & Doctorates are lazy and clock watchers and will delay their work just to claim overtime.

**It appears to us that MEF has a siege mentality and does not even trust their own highly qualified executives!!!!**

### MEF Implications

- Higher cost of labour in East Malaysia compared with Peninsular Malaysia
- Encourage development of unhealthy and negative work culture – 'clock watchers'
- Fresh graduates unwilling to work beyond call of working hours without overtime

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And if they cannot even trust their own executives, **CAN YOU TRUST MEF ANY MORE??**

**How about Sarawak Chamber of Commerce and Industry (SCCI)?**

All participants to the gathering on 19 September 2005 were given and copies of a standard letter addressed to the Chief Minister. Yet SCCI denied this

cost for overtime.

SCCI president Datuk Abang Karim Tun Openg when met after Lo's press conference, denied that they had circulated such letters and he also denied Lo's allegation that they had used scare tactics during the seminar to get employers to oppose the wage threshold.

He pointed out that they did not

### MEF Employers' Plan of Action

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### MEF Employers' Plan of Action

**Template of Letter to YAB Chief Minister in your folder!!!**

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## 5 Doctorate only earns 11 Ringgit extra.

In another joke, MEF claims that the salaries of Doctorate holders are only RM11 higher than Master's Degree Holders. No wonder the country is facing a serious problem of brain drain

MEF Survey	
Average Minimum Monthly Basic Salary for Executives <i>(with no working experience)</i>	
▪ Diploma:	RM1,209.00
▪ Basic Degree:	RM1,666.00
▪ Honours Degree:	RM1,828.00
▪ Masters Degree:	RM2,359.00
▪ Doctorate:	RM2,370.00

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MEF also claimed that the Average Minimum Basic Salary for Executives for a basic Degree is RM1666 throughout their whole working lives. Otherwise why the heck do they claim that all executives will fall within the RM2500 limit???

Any person with primary education would realize that

MEF figures are those for starting salaries and would increase over time and would fall out of SLO coverage once they cross the \$2500 limit.

### Who are they trying to fool?

AS AN ORGANISATION REPRESENTING EMPLOYERS, we would expect it to be transparent and professional. They have stooped down to such a low.

Remember how George Bush tried to convince the United Nations to invade Iraq? **Where are the Weapons of Mass Destructions?**

### We now appear to be hearing Words of Mass Deception?

footnote

The Sabah Labour Ordinance will also be implemented on Oct 1. Sabah's Resource Development and Information Technology Minister Datuk Dr Yee Moh Chai had told reporters in Kota Kinabalu on Tuesday that he did not foresee that the RM2,500 threshold would be amended soon. Dr Yee said employers were free to make representation to amend the ordinance if they were not happy about it. There is a big possibility, at least for Sarawak, that the implementation of the amended SLO would be delayed if the Federal government decides to review the amendments.

## **6 ONCE LAST CHANCE FOR MEF TO REDEEM THEMSELVES.**

The Chief Minister of Sarawak on 21 September 2005 has declared that the State Government has no objection to the RM2500 limit. He is only concerned that the ceiling should be standardized nationwide. We agree.

The Chief Minister, however, made it clear yesterday that his main concern was a standard wage threshold for overtime for the whole country and not whether it should be at RM2,500 or RM1,500.

Taib also indicated that he was

## **Taib expresses co**

**By Raynore Mering**

**KUCHING:** Chief Minister Pehin Sri Abdul Taib Mahmud is not against the amended Sarawak Labour Ordinance's (SLO) RM2,500 maximum wage for overtime but he wants uniformity throughout Malaysia.

Asked by reporters yesterday if he objected to the RM2,500 wage threshold, he said: "No, I want it to be uniform whatever it is.

"It has to be uniform, otherwise Sarawak would be less competitive. We should have uniform treatment."

**Up to employers now: MTUC**

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## **MEF claims that it wants standardization.**

MEF president MD Jafar Abdul Carrim said MEF has been promoting the standardisation of labour laws between the Peninsula and East Malaysia for a long time and though they very much welcomed the amendments to the SLO, the disparity must be addressed. Among other things, he said that at RM2,500 it would cover

SCCI manufacturing sub-committee chairman Anne Kung added: "We welcome the standardisation. What we are very concerned about is why Sarawak employers are being discriminated.

"Why are we made to pay overtime up to RM2,500 when in West Malaysia under the Employment Act it's still RM1,500? With this act, given the choice, where do you think investors will set up their businesses?"

She also pointed out that the disparity would cause complications for Peninsula-based companies that set up their branches in Sarawak because they have to pay their workers in the Peninsula and in the State differently.

*Taib said he did not know when*

**So we call on MEF as well as Employers in Sarawak to do the decent thing and demand the Federal Government review the EA ceiling to RM2500 immediately.**

*Due to the urgency in preparing this document, we acknowledge that there may be typo errors. Please check with MTUC at 019-8860819 if in doubt*