‘Minimum Wages is here to stay for good and there is no turning back’

by,
YB Dato’ Sri Richard Riot Anak Jaem,
Minister of Human Resources

Date : 25 June 2013 at NWCC meeting
WHAT IS MINIMUM WAGES?

Minimum Wages is BASIC WAGES, excluding any allowances and other payments.
**MINIMUM WAGES ORDER 2012**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Commencement Date: 1 January 2013 – 6 employees &amp; above and Under MASCO</td>
<td></td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Commencement Date: 1 July 2013 – 5 employees &amp; below</td>
<td></td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Application for Deferment</td>
<td></td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Non-application to Domestic Servant</td>
<td></td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>MW Rate: Monthly: RM900/ 800 Hourly: RM4.33/ 3.85</td>
<td></td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Reduced rate for Probationers</td>
<td></td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Negotiation for restructuring of wages before commencement date</td>
<td></td>
</tr>
<tr>
<td><strong>8</strong></td>
<td>Revocation of Orders made under Wages Council Act 1947 (Act 195)</td>
<td></td>
</tr>
<tr>
<td><strong>9</strong></td>
<td>Wages Council Orders under Act 195 continue to apply until the Order under Act 732 comes into operation (eg. For Security Guards)</td>
<td></td>
</tr>
</tbody>
</table>
LATEST DEVELOPMENTS

- Full enforcement started on 1.1.2014 to all employers
- Foreign workers Levy can be deducted
- Cost of Accommodation can be deducted
- 2014 BUDGET SPEECH – Double Tax Deduction
- Repackaging of Financing for SMEs
- Minimum Wages Portal (www.minimumwages.gov.my) launched on 3 December 2013
- Minimum Wages Clinics
- MIDA exit policy for foreign labour intensive industries (9 Sept 2013)
CHALLENGES OF MINIMUM WAGES

- Present MWs Rate too low!
- Separate MWs for Foreign Workers.
- MWs in SMEs.
- MWs in micro-enterprises.
- Restructuring of wages.
- MWs in Places of Worship/Welfare Homes etc.
- MWs for PWDs & Elderly workers.
- No application of probation period for Foreign Workers.
- MWs in hotel sector.
- Adjustment of MWs throughout the country.
- MWs increases labour cost.
**Part V – Act 732**

**Penalty First Time Offender**
- Fine of not more than **RM10,000 for each employee** if an employer fails to pay basic wages as specified in the MW order.
- Court may order employer to pay the difference between minimum wage rate and the basic wages paid and other payment accrued.

**General Penalty**
- Fine not exceeding **RM10,000** for offences for which no penalty is expressly provided.

**Penalty for continuing offence**
- For continuing offence fine not exceeding **RM1,000 for each day** the offence continues after conviction.

**Penalty for repeated offence**
- For repeated offence fine not exceeding **RM20,000 or imprisonment for a term not exceeding five years.**
Act 732 mandates MWO to be reviewed ONCE EVERY 2 YEARS.

- MWs Rate;
- Coverage of MWs Rate by Region;
- Date of enforcement;
- Application of MW rate
- Non application of MW
- etc....
MREPC members are urged to submit Views, Inputs and Recommendations, together with supporting data/reports to:

Secretary
National Wages Consultative Council,
Level 7, Block D3, Complex D, 62530, Putrajaya,
Email address: minimumwages@mohr.gov.my

before 30 April 2014
‘Many employees are still being paid below the minimum wages, despite employers earning huge profits and the minimum wages policy introduced last year’.

YAB Dato’ Seri Najib Tun Razak
Prime Minister of Malaysia

Date : 11 March 2013
MW policy is fairly new in Malaysia.

Challenges / Hiccups are inevitable.

All challenges & Hiccups will be addressed by the NWCC in a tripartite spirit.