

Move to postpone EMC levy welcomed

NATION KUALA LUMPUR: The Cabinet's decision to postpone the Employer Mandatory Commitment (EMC) levy has been welcomed by bosses although an economist says continuing to be dependent on foreign labour could stunt Malaysia's growth.

At the same time, Minister in the Prime Minister's Department Datuk Paul Low said there were plans to amend the Employment (Restriction) Act to increase the penalty of those caught hiring illegals to a fine of RM10,000 for every illegal found in their employment.

The Government had announced Wednesday that the proposed EMC levy, which was to come into force this year, would be delayed until 2018 to give employers time to adjust to the new ruling.

The move, which comes after nearly a year of negotiations, is meant to reduce the number of foreign workers being brought in by "middlemen" agents and to force companies to adopt more humane employment practices in accordance with international labour laws.

Several associations and bosses publicly came out against the move.

Responding to the latest development, Malaysian Employers Federation executive director Datuk Shamsuddin Bardan said companies generally agreed that reliance on foreign workers has to be reduced, although employers needed time to get used to the EMC.

"We can hardly absorb the new costs because of the challenging economic situation.

"The one-year time frame given can be utilised fully to re-look how we manage foreign workers and for the Government to revamp the recruitment system," he said.

SME Association of Malaysia president Datuk Michael Kang said the Government should take this time to address the recruitment process of foreign workers, which usually is done via third party agencies that bring in more workers than necessary.

Master Builders Association Malaysia (MBAM) in a statement, however, still said it was pushing for the EMC levy to be scrapped but said the postponement could do some good in addressing long-running issues in the labour industry.

The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) welcomed the move and said it would continue to hold talks with the Government on how to achieve the goal of zero illegal foreign workers, but in an “orderly and not hasty manner”.

Friday, 13 Jan 2017

“We hope the Government will pay attention to the chain reaction caused by the relevant policy in order to create a healthy hiring mechanism that will not adversely impact the nation’s commerce and industry,” it said in a statement.

Meanwhile, prominent Malaysian economist Tan Sri Ramon Navaratnam said the EMC was still needed, calling it medicine that employers have to swallow to avoid getting sicker.

By **Nicholas Cheng**

“This economy cannot last.

“It is being sustained by cheap labour but before long, we will be beaten by other countries and we will lose our advantage of building up our value chain and technology base.

“We are just having a cold now. If we neglect it, it could grow to become pneumonia and we will perish,” said the former Finance Ministry deputy secretary-general.

In PUTRAJAYA, Low said after chairing a dialogue with employers that it had finished drafting the amendments.

“Hopefully, we can get it tabled by the March sessions,” he said. Currently, the penalty is a maximum RM50,000 fine for each illegal employee.

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Levy , ECM