

Foreign workers' levy payment deferred to 2018

Industry employers express relief, call for holistic management of issue

BY SANGEETHA AMARTHALINGAM

KUALA LUMPUR: Widespread relief was felt among industry employers after the government postponed the mandatory imposition of foreign workers' levy payment on employers until 2018.

Transport Minister Datuk Seri Liow Tiong Lai said yesterday the deferment was necessary in the absence of a proper ecosystem under the newly introduced Employer Mandatory Commitment (EMC) to resolve issues involving foreign workers.

Revealing the cabinet's decision after a thorough discussion and a presentation on the findings by Minister in the Prime Minister's Department Datuk Paul Low from stakeholder meetings, Liow said it was a wise move.

"For the EMC to work, there ought to be an ecosystem. It cannot only be on the levy, it has to be overall. Today (yesterday), Low presented that the employers need the right to go direct to workers than [to] middlemen, how to cut down bureaucracy to get workers and many others. Currently, the ecosystem is not there.

"In view of that, the cabinet has decided to defer the levy till 2018. We need to look at the whole ecosystem. We find that it is wise to delay the implementation, so we can put everything in place. There are a lot of unresolved factors, so we [will] delay till next year to sort it out," he said.

Speaking to reporters after the meeting, Liow said Prime Minister Datuk Seri Najib Razak would coordinate with the home ministry and human resources ministry to

overcome the "hiccups" related to foreign workers.

"Today (yesterday), we also voiced out that employment of foreign workers needs to be regulated and must ensure that it can support economic growth of the country. On one hand, we need workers for economic growth but on the other, it must not give rise to social problems," he said.

Liow said it was also agreed that employers be given the right to source and employ workers for any industry, thus cutting red tape.

The EMC aims to instil responsibility on employers for their foreign workers by making them pay for the levies of between RM1,500 and RM2,500, which is currently deducted from the workers' monthly salary.

The EMC also sought to ensure the protection of foreign workers' well-being, cut the number of foreign workers absconding, stopping them from becoming illegal workers, and removing foreign workers' agencies acting as middlemen.

Employers, who were caught off guard on Dec 31, 2016 with the 11th hour announcement by Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi on implementation effective Jan 1, 2017, heaved a sigh of relief over the one-year reprieve.

Malaysian Employers Federation executive director Datuk Shamsuddin Bardan told *The Edge Financial Daily* that it will give employers time to review their labour issue under the EMC and consider mechanisation.

"The deferment gives us a breather and time to relook at some issues under EMC including housing provision for workers, the "security deposit" on workers, and the need to ensure all foreign workers

are recorded. Employers could also consider mechanisation [to reduce reliance on workers]," he said.

Shamsuddin reiterated both legal and illegal foreign workers must be allowed to register with the Immigration Department for free, and the government can decide who remains in Malaysia.

"We have no idea how many illegal workers are out there. We understand that there could be an equal amount of illegal workers against legal foreign workers or double that.

"The reprieve gives the government time to deal with illegal workers and labour outsourcing agencies where we incur a third of the [hiring] cost apart from problems," he said.

Master Builders Association Malaysia president Foo Chek Lee, who was pleased despite not achieving 100% of its demands such as dismissal of the levy burden on them, said he understood the government's position and problems.

"We understand the government's position after being briefed by Low yesterday. With the reprieve, we can at least prepare our budget for next year. It is not shocking anymore," he said over the telephone.

On Monday, Foo called for the rescission of EMC because the construction industry contractors would bear a financial burden of about RM2 billion.

This included a huge escalation in costs imposed by the government, starting from the increase in levy from RM1,200 to RM1,850 [per worker] less than a year ago, increase in minimum wage, fuel prices [as well as increase in construction materials] all of which were compounded by the depreciation of the ringgit.

Foo said EMC would also not dis-

courage foreign labour from job-hopping; instead it will encourage them to abscond because employers have no legal power to hold them. Workers would also be able move more freely as there is no monetary obligation holding them back.

However, he said, the government could provide training and manage local workers to meet industry demand which could reduce the number of foreign workers in the long run.

SME Association of Malaysia president Datuk Kang Hua Keong said employers and the government should come up with a holistic management of foreign workers to address the issue as it has reached a "critical level".

"They should also come up with a whole package to look after foreign and local workers in terms of their benefits. This was one of the requests we raised in a meeting with Low yesterday.

"Most of the problems are caused by outsourced agents [who bring in more workers than are employed] and they end up as illegals. If there is no room for illegals to survive, the employers will not take them. The government must address it," he told *The Edge Financial Daily*.

Kang also asked the government to introduce a rehiring programme for undocumented foreign workers.

Meanwhile, the Malaysian Rubber Glove Manufacturers Association, which welcomed the government's positive move, said it was a great piece of news.

In a statement, it said the move showed the government's care and wish to nurture and assist industries in challenging times for manufacturers.

Court grants leave for Azmin's judicial review to declassify report

KUALA LUMPUR: The Kuala Lumpur High Court yesterday granted leave for Selangor Menteri Besar (MB) Datuk Seri Mohamed Azmin Ali's judicial review to declassify the Auditor General's report on 1Malaysia Development Bhd (1MDB).

Presently, the report is classified under Section 2C of the Official Secrets Act 1972.

In a statement yesterday issued through the office of the MB, Mohamed Azmin, who is also member of parliament for Gombak, said it was his duty to ensure the report was made known to the public in the interest of the taxpayers and citizens of Malaysia.

The statement added that Jus-

It opens the way for truth and justice to finally emerge from scandal-plagued 1MDB saga.

Justice Datuk Hanipah Farikullah dismissed the preliminary objections brought by the Attorney General's Chambers, who represented Prime Minister Datuk Seri Najib Razak, Auditor General Tan Sri Ambrin Buang and the federal government.

Mohamed Azmin was represented by lawyer Tommy Thomas.

The next case management will be on Feb 15.

Mohamed Azmin said the decision represented a victory for public interest and transparency.

"It opens the way for truth and justice to finally emerge from the scandal-plagued 1MDB saga," he said.

China an invaluable strategic partner — ACCCIM

BY YIMIE YONG

KUALA LUMPUR: The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) said China is an invaluable strategic partner that has led to numerous win-win situations in Malaysia, and China's investment commitments not only provide a direct boost to the economy but also enhance investor confidence in Malaysia.

As such, the organisation pointed out that both public and private sectors should build on this in order to attract more domestic and foreign investments, thereby enhancing economic development and growth.

In a statement yesterday, ACCCIM president Datuk Ter Leong Yap said, "Malaysia and China have always maintained close bilateral ties

since diplomatic relations were first established in 1974. In fact, the frequent exchanges and visits between the top leaders of both countries are a testament to these excellent relations, resulting in around US\$100 billion (RM447 billion) in bilateral trade as well as recent large-scale economic investment projects."

Ter noted that the social and economic benefits are clear as trade and economic cooperation with Chinese enterprises has created many business and employment opportunities.

"Many countries are trying hard to court Chinese investors and we must stay ahead of the curve by building on our position as the destination of choice for foreign investors, especially those from China," said Ter, who is also the vice president of the National Chamber of Commerce

and Industry of Malaysia.

The statement followed former deputy prime minister Tan Sri Muhyiddin Yassin's claims that investments from China will rob locals of their rice bowl.

In an interview with *Sin Chew Daily*, Muhyiddin, who is Parti Pribumi Bersatu Malaysia president, said Prime Minister Datuk Seri Najib Razak's courting of mainland Chinese investments into the country has become a source of unhappiness among locals, including the Malays and Chinese.

On the other hand, Ter opined that it is wrong to regard Chinese investments as a one-way street.

"In fact, China has proven itself to be a good partner in the way it takes the initiative to develop mutually beneficial projects in many regional economies. Some Malay-

sian companies are even working with Chinese investors to set up or expand production bases, incubation centres, high-tech enterprises and other businesses," he said.

In line with China's "One Belt, One Road" policy, Ter said Malaysia should take advantage of its unique position not only as Asean's gateway to China, but also China's gateway to Asean. As well as a burgeoning market for halal goods and services, Malaysia's high-tech industries, green energy sectors, and the digital economy are also expected to benefit from China's intensifying focus on these fields.

Ter noted that, "To thrive at the global stage, Malaysia should recognise and grasp these opportunities. In this respect, we are fortunate to have the Chinese as important strategic partners."



Ter: To thrive at the global stage, Malaysia should recognise and grasp these opportunities. Photo by Patrick Goh