Official: Regional inequalities taken into account in setting minimum wage

KUCHING: Sarawak, Sabah and Peninsular Malaysia will have different minimum wages, according to an official involved in drafting the national minimum wage.

Dr Nurhani Aba Ibrahim, a member of the National Wage Council Technical committee, said regional inequalities were taken into consideration in determining the minimum wages.

"We will not have a standard minimum wage in Sarawak as in Peninsular Malaysia," she said during a question-and-answer session at the annual corporate economic briefing by the Malaysian Institute of Economic Research (M1ER) at the Grand Margherita Hotel here yesterday.

MIER executive director Dr Zakariah Abdul Rashid gave the briefing chaired by Sarawak Chamber of Commerce and Industry president Datuk Abang Abdul Karim Tun Openg.

Dr Nurhani said besides regional inequalities, the different levels of poverty rate in Sarawak, Sabah and Peninsular Malaysia were used as the formula to come up with the minimum wage.

Based on official figures, the poverty line income per month in Peninsular Malaysia is RM763 as compared with RM912 in Sarawak and RM1,048 in Sabah. The monthly hardcore poverty income are RM464, RM590 and RM626 respectively.

Prime Minister Datuk Seri Najib Tun Razak is expected to unveil the national minimum wage on April 30, the eve of World Labour Day.

Najib first announced the national minimum wage in his 2011 National Budget.

Also Universiti Teknologi Mara Sarawak senior lecturer, Dr Nurhani said the technical committee gathered views through consultations with stakeholders here and in Sibu and Miri in August last year before drafting the minimum wage.

Minimum wage good for the long term, says expert

"After the minimum wage is announced, we will go to the ground again to consult the stakeholders to ensure smooth implementation," she added.

Dr Nurhani said workers should be rewarded and given a portion of the increased productivity they had delivered.

She said the implementation of the minimum wage was only expected to have slight impact on the country's inflation rate.

According to Dr Zakariah, the 2010 figures revealed that there were 30.6% of total wage earners in the country living on basic wages of less than RM700 per month, which was below the poverty line income.

Between 1980 and 2008, incomes had been strong for only top 20% of income earners while incomes for the bottom 40% had stagnated for the past 28 years.

Dr Zakariah expects the implementation of the minimum wage to create disruptions to businesses in the short term, saying, however, that it would provide good long term benefits if well implemented.

He said Malaysian companies had to adopt up-to-date technologies in their business operations if they were to compete with other countries, like Singapore.

"Firms are not charitable organisations and workers have the responsibility to produce." He said based on findings of the World Bank's study, minimum wage would insignificantly affect unemployment.

Dr Zakariah said it was time for cheap labour to end, and that the country had to move from low-cost labour by reducing dependency on excessive foreign labour and correcting the inefficiencies in the labour market.