

Joint Media Statement: Feasibility Study for an Unemployment Insurance Scheme

JOINT MEDIA STATEMENT

by

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and

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It has come to our attention that there has been concern expressed in news reports over the last few days on the issue surrounding the Unemployment Insurance Scheme especially from the Small and Medium Enterprises.

We wish to inform that the Feasibility Study for an Unemployment Insurance Scheme is still at its fact finding and consensus building stage. A Tripartite Project Committee chaired by the Chief Executive Officer of SOCSO and comprising representatives of the Ministry of Human Resources, Malaysian Employers Federation (MEF) and the Malaysian Trade Union Congress (MTUC) has been formed to monitor and guide the study.

No decision has been made either as to its structure, implementation or its funding mechanism. The Government has no intention to introduce the Unemployment Insurance Scheme until all stakeholders are fully engaged and consulted prior to finalising the study.

As Small and Medium Enterprises (SMEs) comprise 99 per cent of business establishments, MITI will take the lead to engage with this industry segment for consultation. MITI will channel this feedback to the Tripartite Project Committee and would like to assure all SMEs that their views will be taken into consideration before any decision is made.

The first phase of this study involves fact finding by the ILO as well engagement sessions with the tripartite dialogue partners. Towards this end, both the MEF and the MTUC have organized workshops and meetings respectively in April and May to obtain views of their constituent members. A National Tripartite Workshop was held on 24 May 2012 to discuss the employers and workers views on the matter. Regional workshops were also held in Kuching and Kota Kinabalu. The Tripartite Project Committee continues to engage other relevant stakeholders including SMEs to build a consensus for the development of a suitable and appropriate scheme acceptable to both employers and workers.

We have directed the Tripartite Project Committee to stay engaged with all relevant parties so that the findings of the study take into consideration the positions and views of the dialogue partners as well as that of the industry.

For the record, the Social Security Organization (SOCSO) has commissioned the International Labour Organization (ILO) to undertake a feasibility study of a suitable safety net for the benefit of workers who are retrenched due to economic reasons. The study was commissioned because of the increasing number of workers who are retrenched and unable to get compensation from their employers as provided for under the Termination and Lay-Off Benefit provisions of the Employment Act 1955. The study commenced in January 2012 and scheduled for completion by the end of the year.

We would like to again assure all stakeholders especially SMEs that the Government will seriously consider their views before the Tripartite Project Committee finalises its report.

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