Malaysia: MTUC proposes RM500 cost of living allowance

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PETALING JAYA: The Malaysian Trades Union Congress (MTUC) has called for a monthly minimum of RM500 in cost of living allowance (Cola) in its Budget 2020 proposals, especially after the nation's poverty rate was questioned.

MTUC secretary-general J Solomon said the government must accept that Malaysians in the middle- and lower-income levels were unable to make ends meet and those with families were actually struggling.

"We are not asking for higher take-home wages, we are only asking for real living wages. The UN findings show that the poverty rate is as high as 15% to 20%, and this has direct relevance to low wages," he said in a statement.

A United Nations human rights expert recently said that the government uses a low poverty line that fails to reflect the actual conditions of the country.

UN Special Rapporteur Philip Alston said the official poverty line does not portray the cost of living in the country and excludes vulnerable populations in its official figures.

The national poverty line is currently set at RM980 per household per month.

Solomon also urged for government to consider the Bank Negara Malaysia report which states that a working bachelor in Kuala Lumpur needs a minimum of RM2,700 a month to enjoy a decent living, while a married couple with two children has to earn about RM6,500.

It is timely, he said, for Putrajaya to consider a real living wage.

Solomon said the introduction of Cola would be an effective way to address the income disparity and the "pittance" minimum wage.

It would also strengthen the aggregate demand and boost economic growth.

"With the current low wages and the high cost of living, workers are in a 'make or break situation'. The RM500 would be a major boost for the B40 and M40 category of workers who are the hardest hit," he said.

MTUC is also proposing for the retirement age to be increased to 65 due to the lack of sufficient income to sustain retirement as well as the expected increase in Malaysian lifespan to 80 years.

Solomon said increasing the retirement age would boost the EPF savings of those in the lower-income category and senior citizens who could then depend less on their children, society and the government for old-age support.

“We propose that the extension of retirement age be made optional and, at the same time, the EPF withdrawal should also be optional at the age of 55 as the current practice.

“For those who withdraw at 55, they will still have continuous savings up to 65 years of age with the extension of the mandatory retirement age,” he said.

MTUC is also mooting the introduction of human and workers’ rights in schools; enhancing accessibility to technical and vocational education and training (TVET) programmes; introduction of mandatory reskilling and resettlement programmes; and enhancing employee welfare and better employment opportunities.

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