

CIRCULAR NO: 16/2016

TO: ALL MPMA MEMBERS

DATE: 12 May 2016

MINIMUM WAGE ORDER 2016

We wish to inform that the Minister of Human Resources had issued the Minimum Wages Order 2016 via gazette notification P.U. (A) 116 dated 29 April 2016.

Members are advised to take note of the following:

1. The Minimum Wages Order 2016 shall take effect from **1 JULY 2016** for all employers in the private sector irrespective of the number of employees under their employment.
2. **Non-Application**
The Minimum Wages Order 2016 shall not apply to domestic servants as defined under the Employment Act.
3. **Minimum Wage Rates**

Regional Areas	Minimum Wage Rates	
	Monthly	Hourly
Peninsular Malaysia	RM1,000	RM4.81
Sabah, Sarawak and the Federal Territory of Labuan	RM920	RM4.42

4. **Minimum Wage Rates for Probationers**
Under the Minimum Wages Order 2016 there is no provision to reduce the minimum wages for probationers. Effective 1 July 2016, **all probationers will be subjected to the minimum wages** as stipulated in the Minimum Wages Order 2016.
5. **Negotiations for Restructuring of Wages**
Under the Minimum Wages Order 2016, there is no provision for negotiations on restructuring of wages. This means that **any allowances now paid** which is not part of the minimum wages currently in force **CANNOT be incorporated to make up the minimum wages** of RM1,000 per month.
6. **Rates of Wages for employee paid based only on piece rate, tonnage etc.**
In relations to an employee who is not paid basic wages but is paid wages based only on piece rate, tonnage, task, trip or commission, the rate of monthly wages payable shall not be less than the following rate:

Regional Areas	Rate of Wages (Monthly)
Peninsular Malaysia	RM1,000
Sabah, Sarawak and the Federal Territory of Labuan	RM920

For further clarification, please contact Mr SC Chan of MPMA Secretariat at Tel: 603-7876 3027 or Email: scchan@mpma.org.my.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'ST GIAM', written in a cursive style.

ST GIAM
Executive Director