



E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION

Chairman's Message

Eric Kiu Kwong Seng



Dear Members,

The recent development in our industry highlight both the challenges and opportunities ahead. The MPOB Technology Transfer (TOT) program continues to push innovation, with six new technologies introduced this year, two of which are already commercialized. This showcases the crucial role that research and development play in diversifying our market and strengthening the industry's future.

The engagement session on taxation organized by the Ministry of Plantations and Commodities (KPK) also brought forward important discussions regarding the restructuring of our tax system. This included an in-dept review of the Windfall Profit Levy (WPL) and other taxes that heavily impact our sector. Various suggestions, including aligning the WPL threshold values and potential reforms, were proposed to make our industry more competitive.

Moreover, the cost of production remains a key concern, with rising expenses in labor, fertilizer, and fuel driving up production costs significantly, especially in Sarawak. Addressing these cost issues is essential as we navigate the future.

At SOPPOA, we remain committed to sustainability and compliance. The MSPO certification process continues to advance, with significant progress in Sarawak. However, challenges such as labor shortages, rising production costs, and regulatory burdens continue to place pressure on operations.

On a positive note, the recently held East Malaysia Palm Oil Forum (emPOC) 2024 provided a platform to discuss these pressing issues, particularly regarding Sarawak's perspective on sustainability and industry growth. This forum emphasized collaboration, innovation, and exploring potential solutions to market access challenges like the European Union's deforestation regulations.

Finally, we also acknowledge the importance of digital transformation with Malaysia's shift to e-invoicing, streamlining business processes and improving tax management efficiency across the palm oil industry.

Thank you for your continued dedication and support as we navigate these evolving times together.

Happy reading.

I am also pleased to announce that **SOPPOA has been reappointed to the MPOB Board.**

This reappointment provides a valuable platform for SOPPOA to directly contribute to policy discussions, influence research priorities, and advocate for solutions that address the pressing needs of our industry. It is an opportunity for us to collaborate more closely with key stakeholders and drive progress toward sustainable growth and innovation in the palm oil sector.

We would like to extend our sincere gratitude to YB Datuk Seri Johari Abdul Ghani, Minister of Plantation and Commodities, and his ministry for their continued support and commitment to ensuring the long-term success and sustainability of the palm oil industry particularly in Sarawak.



Program Pemindahan Teknologi Sawit (TOT) MPOB 2024 On 4 Jul

What is MPOB TOT



The Malaysian Palm Oil Board (MPOB) Technology Transfer (TOT) program is an initiative designed to facilitate the transfer of cutting-edge technologies and research findings from MPOB to industry stakeholders.

Through TOT, the MPOB aims to enhance the productivity, sustainability, and competitiveness of the palm oil industry by providing access to innovative tools, techniques, and knowledge.

TOT 2024

Plantation and Commodities Minister YB Datuk Seri Johari Abdul Ghani, who officiated the event, emphasized the important of R&D innovations in diversifying the palm oil market beyond food applications.

There were six new technologies introduced this year, including two have already secured commercialization agreements with private companies.

Three of the technologies relevant to oil palm plantation is highlighted herein.



TS195: Oil Palm Pest And Rodent Biocontrol Service

In line with efforts to introduce nature-based solutions, MPOB has developed an artificial hunting perches for biological rodent pest control in oil palm plantation.

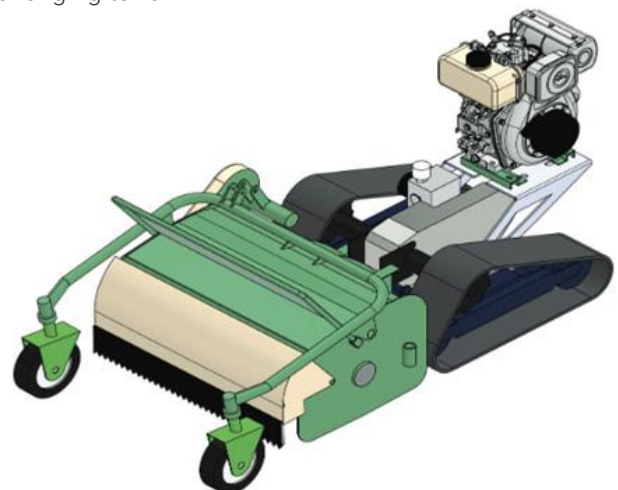
TS687: Palm-based Sticky Glue For Plantation Pest Control

This technology discloses the preparation of a novel palm-based sticky glue from palm-based materials and its derivatives. Field trials conducted in oil palm plantations exhibited bagworm trapped on the plastic surface.



TT685: Radio-Controlled Hydrostatic Flail Mower

The invention is an engine-powered hydrostatic flail mower with a radio-controlled feature. The machine can be manoeuvred and mowed with only a single power and cover large areas of plantations. Its radio controlled feature allows operator to safely and efficiently manoeuvre the mower from a distance, reducing the risk of injury in challenging terrain.





Kajian Penstrukturan Semula Sistem Percukaian Industri Sawit Di Malaysia Bersama YBM KPK On 26 Jul

The Meeting

The Ministry of Plantations and Commodities (KPK) has appointed USIM Tjjarah Holdings Sdn Bhd in collaboration with KPMG Malaysia to carry out a study on the restructuring of the taxation system for the oil palm industry in Malaysia. The objective of this study is to re-evaluate the existing oil palm tax system and develop a more comprehensive tax structure to ensure the oil palm industry remains competitive in the international market.

In this regards, KPK has invited representatives from palm oil industry to an engagement session with YB Minister to get input regarding the tax system in particularly Windfall Profit Levy (WPL).

- WPL on the production of fresh fruit bunches (FFB) is charges at a rate of 3% if the CPO price exceeds RM3,000 per ton in Peninsular Malaysia and exceeds RM3,500 per ton in Sabah and Sarawak. In Indonesia, no WPL is imposed on CPO production.
- Malaysia also imposes a cess of RM16 per metric ton of CPO production from the industry, compared to Indonesia where no cess is imposed on CPO production.
- The export duty for the upstream sector imposed on Peninsular Malaysia, Sabah dan Sarawak is the same which is 8% based on the current CPO price. However, the actual rate paid by industry in Sabah and Sarawak

Observation

- Upstream - Malaysia**
 - Generally, upstream palm oil companies in Malaysia are required to pay four types of taxes –
 - corporate tax at the prevailing rate of 24%
 - export duty (based on the CPO market price)
 - windfall tax (levied on FFB production when CPO price exceeds the threshold)
 - other cess (based on the production).
 - Additionally, upstream palm oil companies in East Malaysia are subjected to states sales tax in Sabah and Sarawak up to the rate of 7.5% and 5% respectively, and exportations from these states may be eligible to a 30% rebate compared to Peninsular Malaysia.
 - Another significant tax cost impact would be the windfall tax for palm oil companies in Peninsular Malaysia which is substantially higher than in Sabah and Sarawak, because the threshold for charging windfall tax is lower.
 - Overall, Sabah entities incur the highest total tax burden due to the 7.5% sales tax on CPO as compared to other states. Sarawak follows with a lower sales tax rate that ranges between 2.5% and 5%. Peninsular Malaysia has significantly lower tax costs because there is no sales tax on CPO, although subjected to higher export duty and windfall tax.
- Upstream - Indonesia**
 - Palm oil companies in Indonesia pay a slightly lower corporate tax rate of 22% than in Malaysia. Palm oil companies in Indonesia pay two primary tax costs: export duty and export levy, which are applied on a progressive scale of pricing.
 - Indonesia does not levy a windfall tax or other cess, as Malaysia does. However, the export duty and levy charges are significantly greater than Malaysia's windfall tax and other cess.
 - Furthermore, the consumption tax, which is both payable and recoverable, is netted off, thus generally lower to no tax impact on upstream producers. This widens the gap in tax costs between Malaysia and Indonesia.
 - As a result, upstream players in Indonesia pay lower taxes for domestic markets than their Malaysian counterparts, but higher taxes for exported products.
- Downstream Malaysia**
 - Consumption tax, export duty, windfall tax and other cess, are not imposed on the sale of palm oil derivatives.
- Downstream Indonesia**
 - Indonesian palm oil companies incur higher tax costs due to the export duty and levy are imposed on export sales.
- Observation**
 - Both Malaysia and Indonesia tend to average the tax burden across various tax components applied to the sector.
 - Malaysia has additional taxes like MPOB cess and windfall tax applicable when CPO price exceeds a certain threshold. Indonesia imposes export duties and levies based on CPO prices.
 - Tax regime in West Malaysia seem more similar to Indonesia's, while East Malaysia (Sabah and Sarawak) has a distinct system with a consumption tax (i.e. state sales tax).
 - While corporate tax rates in Malaysia and Indonesia are similar, Indonesia introduces additional tax considerations for exporters. Export duties and levies would be applicable, and the rate increases as the global CPO price increase.
 - Other forms of taxes, e.g. consumption tax, windfall tax and MPOB cess are not applicable at these stages of the value chain.

Presentation by KPMG

KPMG presented a tax comparison for the upstream and downstream sectors for Peninsular Malaysia, Sabah, Sarawak and Indonesia as followings:-

- The upstream sector in Malaysia is subject to four types of taxes, namely corporate tax, export tax, WPL and cess. For Sabah and Sarawak, the state government imposes an additional sales tax of 7.5% in Sabah and 5% in Sarawak.

is lower due to the grating of a 30% discount on the CPO export duty rate for CPO exported directly from Sabah and Sarawak.

- In Indonesia, the upstream sector is subject to two main taxes which are export duty and export levy for the export market. For the domestic market, the industry is only subject to corporate tax of 22%.
- Both countries impose export duty on CPO. Indonesia uses a more dynamic progressive tax rate based on global CPO prices, charge rate ranging from USD0 to USD431 per metric ton of CPO.

▶ Cont.04

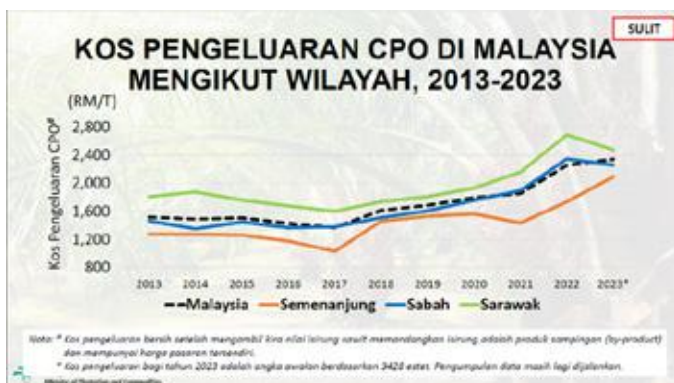


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Presentation by MPOB

Based on data and information obtained through a survey among the licensed estates, MPOB reported that:-

1. The average cost of CPO production in Malaysia is around RM2,341. For Peninsular Malaysia, the average production cost is as much as RM2,092, while in Sabah RM2,260 and Sarawak RM2,480.
2. For the years 2009 and 2023, the cost of CPO production increased by 130%, while the price of CPO increased by 72% in the same period.
3. Based on simulations, if the WPL threshold value is increased by RM250, the WPL burden for the oil palm industry in Peninsular Malaysia will decrease by RM38 to TM87 per ton of CPO and production costs will decrease by 4%. Meanwhile for Sabah and Sarawak, the WPL burden will reduced by RM31 to RM18 per ton of CPO and production costs will be reduced by 1%.
4. MPOB proposes that the WPL be abolished and changed to Prosperity Tax. In this regard, companies with taxable income up to the first RM100 million will be subject to income tax of 24% and the remaining income taxed at a rate of 33%.
5. If the WPL is maintained, the threshold value of the WPL is proposed to be increased to RM3,250 for Peninsular Malaysia, Sabah is maintained at RM3,500 and Sarawak is increased to RM3,750.



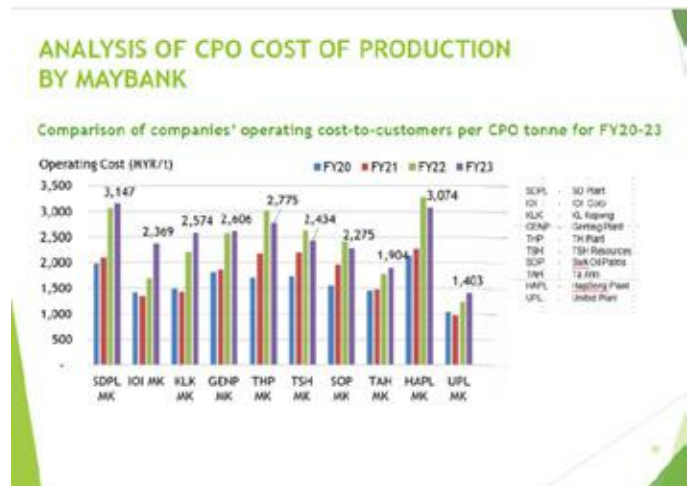
Presentation by Associations

KPK has requested for only one unified presentation from the industry to be presented by MPOA.

1. WPL should be imposed on a one-off basis based on extraordinary profits received by the company instead of being imposed continuously.
2. Based on a comparison of CPO prices for the years 2020 and 2022, the tax rate to be borne by large companies in Peninsular Malaysia increased from 29% to 31% of company profits. Taking into account the capital of RM80,000 per hectare, the increased in CPO price from RM2,686 in 2020 to RM5,088 in 2022, the ROI for the company increased from 3.7% for 2020 to 13.2% in 2022. This shows that at a CPO price of RM3,000 which is at the WPL threshold value, the company's ROI is 5%.
3. Based on analysis by CIMB, the production cost per ton of CPO for 2023 was RM3,492 in Peninsular Malaysia, RM3,597 in Sabah and RM4,083 in Sarawak. Production costs increased significantly due to the increase in the cost of wages, the purchase of fertilizers, fuel and chemicals.
4. In this regard, the current WPL threshold is unreasonable and needs to be reviewed.
5. The industry proposed that the WPL threshold value for Peninsular Malaysia to be increased to RM4,000, while Sabah and Sarawak to RM5,000. In addition, it was suggested that the levy rate for Sabah and Sarawak to be lowered from 3% to 1.5%.

Note: SOPPOA's Proposed Options:

1. Complete abolishment of WPL.
2. Increase threshold from RM3,500 to RM4,500 with levy rate of 1.5%.
3. Increase threshold to RM6,000 should levy rate maintains at 3%.



► Cont.05



► From..04

Presentation by MEOA

The followings are proposed by MEOA:-

1. The WPL threshold to be reviewed by taking into account the cost of CPO production for the year 2024 and ROI of 10% after tax.
2. The proposed new threshold is RM4,700 for Peninsular Malaysia, RM5,800 for Sabah and RM6,300 for Sarawak at current levy rate of 3%.
3. The WPL calculation is proposed using the average CPO reference price according to the respective region.
4. The threshold should be reviewed every three years.

Outcome of the Meeting

The proposed new WPL threshold value varies depending on the calculation method used. Given these discrepancies, the threshold value must be re-evaluated before the KPK finalizes a reasonable standard for further consideration by MOF.

MPOB is asked to coordinate and standardize the cost structure so that the KPK can fatten the application based on a reasonable structure.



Webinar On E-Invoicing On 2 Aug

LIVE WEBINAR
E-INVOICING

Understanding the e-invoice concepts and requirements based on LHDN's latest guidelines.

DATE: 2 AUGUST 2024
TIME: 2:00-4:00PM

Opening address: Eric Kiu Kwong Seng, Chairman, SOPPOA

Speaker: Connie Ling, Lecturer, Methodist Pilley Institute Sibu cum HRDCorp Accredited Trainer

Scan to Register: [QR Code]

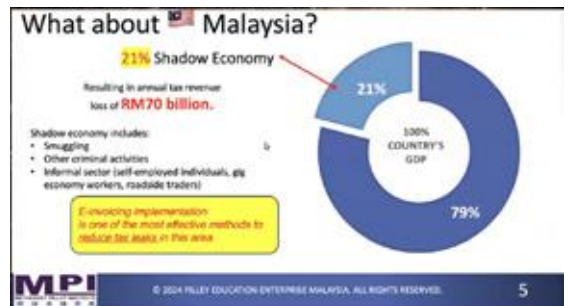
Register in advance for this meeting: <https://forms.gle/b5An3JVv4nuzGTBW8>
(Registration deadline: 30 July 2024)

Organized by Sarawak Oil Palm Plantation Owners Association

Targeted Taxpayers	Implementation Date
Taxpayers with an annual turnover or revenue of more than RM100 million	1 August 2024
Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million	1 January 2025
All taxpayers	1 July 2025

Shadow Economy

One of the reasons the government is implementing e-invoicing is to combat the shadow economy. The shadow economy, also known as the underground or informal economy, includes unreported or illicit economic activities that avoid taxation and regulation.



Background

This e-invoicing webinar, organized by SOPPOA as part of its capacity-building efforts, featured a lecture by a Methodist Pilley Institute expert and attracted 340 participants.

Malaysia's Road to E-invoicing

To support growth of the digital economy, the government is implementing e-invoicing in stages in effort to enhance the efficiency of the country's tax administration management.

Malaysia is not the first country to adopt e-invoicing. Many other countries implemented e-invoicing 10 to 20 years ago.

What is E-invoicing

E-invoicing is a digital method of generating, sending, and receiving invoices. It replaces traditional paper-based processes, enabling businesses to streamline their invoicing, reduce errors, and accelerate payments.



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E-invoicing must be validated by the Director General of the Inland Revenue Board of Malaysia (IRBM). To do this, taxpayers can select the most suitable mechanism to transmit e-invoices to IRBM based on their business requirements and specific situation.

The two options for the e-invoice transmission mechanisms are MyInvois Portal, hosted by IRBM, and Application Programming Interface (API), which is a set of programming code that enables direct data transmission between the taxpayers' system and MyInvois system.





Sesi Libat Urus Belanjawan 2025 Bersama YBM KPK Dengan Industri Sawit Serta Biojisim Dan Biobahan Api On 9 Aug



Background

The Ministry of Plantation and Commodities (KPK) will convene with the Ministry of Finance (MOF) to provide input for Budget 2025 on Aug 13, 24.

In preparation for this crucial meeting, BISS and BBA have organized an engagement session with the Minister KPK focused on the 2025 budget, specifically targeting the oil palm industry, as well as the biomass and biofuel sectors, and requested each association to submit three priority items for consideration during this session.

The priority lists submitted by all the associations can be categorized into four keys areas:

WISHLIST BAJET 2025

 01 CUKAI	 02 INSENTIF/GERAN	 03 TENAGA BURUH	 04 TADBIR URUS
<ol style="list-style-type: none"> Windaifil Profit Levy-nilai ambang dan kadar levi Duti eksport/Import Pengecualian cukai bagi tanam semula, pembelian peralatan dan perlindungan alam sekitar serta R&D 	<ol style="list-style-type: none"> Tanam semula Research & Development (mekanisasi & kajian lanjut 3MCPDE & GE) Pembelian & penyelenggaraan peralatan/jentera Tabung Pembangunan Pekebun Kecil Negara (TPPKN) 	<ol style="list-style-type: none"> Semakan semula mekanisme penetapan gaji minimum mengikut industri dan kawasan 	<ol style="list-style-type: none"> Pemeriksaan koperasi pekebun kecil Sinergi antara KPK dengan Kerajaan Negeri Pemeriksaan Pejabat Negeri MPOB

CUKAI

Bil.	Cadangan	Daripada
Keuntungan Luar Biasa (WPL)		
1.	Semakan semula WPL ke atas minyak sawit dengan menaikkan ambang.	MPOAMEOA
2.	Kadar levi WPL untuk Sabah dan Sarawak diturunkan semula kepada 1.5%.	MPOAMEOA
3.	WPL disusun atur semula selaras dengan kutipan cukai atas 'keuntungan' dan bukannya atas 'harga jualan' ataupun 'hasil'.	PORAM
Duti Eksport / Duti Import		
4.	Cukai dan duti eksport minyak sawit merah yang sedang dikaji oleh konsultan dinilai semula agar lebih kompetitif bagi sektor hiliran di Malaysia.	PORAM
5.	Duti eksport CPO tidak boleh dihadkan pada 8% untuk harga melebihi RM3,450 satu tan. Duti eksport perlu dinaikkan secara berperingkat seiring dengan kenaikan harga CPO.	MOMG
6.	Pemansuhan pengecualian duti eksport ke atas CPKO dan RBDPKO.	MOMG
7.	Pengecualian duti import dan cukai jualan ke atas peralatan dan jentera	POMA
Pengurangan / Insentif Cukai		
8.	Pelaburan yang dibuat untuk perlindungan alam sekitar diberikan insentif cukai.	POMA/FMM
9.	Potongan cukai berganda ke atas aktiviti R&D.	MEOA
10.	Insentif cukai pelaburan bagi Waste-to-Value Technologies.	SOPPOA

INSENTIF/GERAN

Bil.	Cadangan	Daripada
Tanam Semula		
1.	Mengembalikan Skim Tanam Semula Pekebun Kecil Sawit kepada geran sepenuhnya.	NASH
2.	Insentif kewangan kepada SME untuk tanaman semula sama seperti yang diberikan kepada pekebun kecil.	EMPA
3.	Mewujudkan Tabung Pembangunan Pekebun kecil Negara (TPPKN) sebanyak RM30 juta.	NASH
Mekanisasi/Peralatan & Kajian		
4.	Tambahan dana R&D untuk mekanisasi.	MEOA
5.	Bantuan/Geran dari kerajaan kepada KPK dan KKM untuk membuat kajian lanjut tentang keperluan menetapkan had untuk 3-MCPD dan GE selaras dengan saranan oleh WHO.	PORAM
6.	Insentif untuk penempatan semula pusat pengeluaran, pengedaran dan selepas jualan bagi syarikat asing yang mengeluarkan jentera atau teknologi di Malaysia.	MEOA
7.	Geran atau pinjaman dengan faedah rendah khusus untuk membeli dan menyelenggara peralatan pematuhan.	SOPPOA
8.	Geran dan subsidi untuk pembangunan dan menaik taraf kemudahan pemrosesan sisa.	SOPPOA

TENAGA BURUH

Bil.	Cadangan	Daripada
1.	Mengkaji semula mekanisme pengiraan gaji minimum dengan mengambil kira kawasan geografi dan tidak menyamakan industri sawit dengan industri lain.	MEOA

TADBIR URUS

Bil.	Cadangan	Daripada
1.	Mengelompokkan pekebun kecil melalui pemerikasaan koperasi.	NASH
2.	Meningkatkan sinergi antara KPK dan MAFFI Sabah yang melibatkan isu-isu industri sawit.	EMPA
3.	Sumber MPOB di Sabah diperkukuh untuk menyokong Pekebun Kecil dan PKS dengan lebih baik.	EMPA





East Malaysia Palm Oil Forum (emPOF) 2024 On 22 Aug



It is confident that the revised Malaysian Sustainable Palm Oil (MSPO) with its enhanced sustainability requirements, will position the Malaysian palm oil in meeting EUDR demands.

emPOF 2024

Bursa Malaysia Derivatives (BMD) in collaboration with the Malaysian Palm Oil Council (MPOC) has organized the East Malaysia Palm Oil Forum (emPOF) 2024 at the Sheraton Hotel, Kuching recently.

This forum is specially curated for East Malaysia palm oil players to explore strategies, trends, and potential collaborations that drive palm oil trade growth and prosperity in the region.

The forum covered a series of educational workshop, paper presentations and expert speakers on the latest developments of the East Malaysia palm oil industry.

As a key contributor within the palm oil sector, SOPPOA has been invited to support emPOF 2024 and to present a paper on the topic, "Progress in East Malaysia Palm Oil Industry: Update on Key Sectoral Aspects with a Focus on Sarawak's Perspective."

Welcoming Remarks by MPOC

Sarawak plays a crucial role in Malaysian palm oil industry. With 1.62 million hectares planted with oil palm, this represents 28.6% of Malaysia's total planted area. Furthermore, Sarawak is home to over 400,000 smallholders, whose combined efforts span more than 234,000 hectares.

MPOC has been instrumental in expanding Malaysian palm oil exports worldwide. It has six offices across five regions enable them to promote sustainable palm oil on a global scale.

Malaysian palm oil faces significant challenges such as perception issues, non-tariff barriers, and other obstacles that restrict market access.

MPOC is actively collaborating with stakeholders to mitigate the European Union Deforestation Regulation (EUDR) impact on the Malaysian palm oil sectors.

SOPPOA's Presentation

Introduction

Sarawak's oil palm industry, a crucial pillar of the region's economy, has witnessed significant growth over the past decades. However, this progress is accompanied by a series of challenges that impact operations, compliance, and sustainability efforts. This presentation provides a comprehensive overview of the key issues, advancements, and future directions for the oil palm sector in Sarawak.

1. MSPO Certification Progress and Challenges

The Malaysian Sustainable Palm Oil (MSPO) certification is a cornerstone of sustainable palm oil production, ensuring that the industry adheres to stringent environmental and social standards. In Sarawak, the MSPO certification uptake has shown substantial progress, with 73.16% of plantation areas, 85.99% of organized smallholders, and 73.07% of independent smallholders as of July 2024. For palm oil mills, 86.21% have achieved certification.

The introduction of MS2530:2022, which builds upon existing MS2530:2013, introduces new elements aimed at enhancing sustainability practices. Sarawak's oil palm growers are making strides in adapting to these new standards, but the journey is complex, with barriers such as logistical issues, financial constraints, and the need for greater awareness and training.





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2. Labor Shortages: A Critical Operational Challenge

One of the most pressing challenges facing Sarawak's oil palm sector is the severe shortage of labor. The industry relies heavily on foreign workers, who constitute 80% of the field workforce, with locals making up the remaining 20% in management roles. The labor-to-area ratio, traditionally set at 1 worker per 8 hectares, has been strained by the rapid expansion of oil palm plantations.

During the Covid-19 pandemic, the industry had suffered critical labor shortages as many foreign workers left the country, and new recruitment was hampered by boarder restrictions and recruitments freezes. The pandemic highlighted the vulnerability of the industry's reliance on foreign labor and underscored the need for more resilient and diversified workforce strategies moving forward.

3. Pests and Diseases: A Growing Threat

Sarawak's oil palm plantations are increasingly vulnerable to pests and diseases, which pose significant economic risks. Common issues include infestation by bagworms, bunch moths, termites, rhinoceros beetles, and rats, as well as the pervasive threat of Ganoderma, which causes basal stem rot.

4. Rising Production Costs



The financial landscape of the oil palm industry in Sarawak is marked by rising production costs and fluctuating profit margins. The cost of production for CPO has increased from around RM2,000 per tonne in 2014 to RM3,200 per tonne in 2023. Despite the CPO price peaking at RM5,500 per tonne in 2022, profit margins remain modest, with a maximum of 7.31% in the same year.

7. Tax Burden on the Industry

The oil palm sector is one of the most heavily taxed industries, with a collective tax burden reaching 45%. Beyond corporate taxes, the industry is subject to MPOC

Cess, WPL, Sarawak Sales Tax, export duty, and various other levies. These taxes, while contributing to state and national revenues, add substantial costs to the operation and reduce overall profitability.



5. Compliance Fatigue

The industry is also burdened by the need to comply with over 60 international and domestic laws and regulations. These regulations cover a wide range of areas, including labor, manufacturing, and environmental protection. The extensive compliance requirements necessitate dedicate manpower and increase operational costs, contributing to what is termed as 'compliance fatigue' within the industry.

6. International Pressure and Industry Response

The industry also faces significant international pressure, particularly regarding labor practices, deforestation, and environmental sustainability.

This pressure has manifested in various forms, including the EU's phasing out of palm oil biofuel by 2030, the US Customs and Border Protection (CBP) imposing Withhold Release Orders (WROs) due to labor concerns, and increasing scrutiny from NGOs and consumer advocacy groups. The industry is responding by enhancing transparency, adopting sustainable practices, and engaging in dialogue with international stakeholders to mitigate these pressures.





Konvensyen Banteras Eksploitasi Pekerja 2024 On 25 Aug



Introduction

The Deputy Prime Minister, Dato Sri Fadillah Yusof, officiated the one-day Convention Against Workers Exploitation at Borneo Convention Center Kuching (BCKK) which was organized by the Department of Labor Sarawak.

He said it is imperative that Malaysia step up its efforts against forced labor and human trafficking in the country. Through the strong efforts taken by the Ministry of Home Affairs, Ministry of Human Resources and all relevant ministries and agencies, Malaysia ranked at Tier 2 Watch List in 2023.

The effort needs to continue to ensure that Malaysia not only its position but also to upgrade to Tier 1 in the near future.

He also pointed out that though cases of forced labor and human trafficking in Malaysia were considerably low, there were still two reported cases in Peninsular Malaysia between January and July this year.

In this regard, Fadillah hoped to see more programs such as the Convention Against Workers Exploitation being organized not only at the employment sector level but also at the school level.



From Left: Pn. Jamillah Bt. Putit, Ketua Bahagian Standard Perburuhan; Tn. Awang Raduan B. Awang Omar, Pengarah Tenaga Kerja Sarawak; Tn. Ewiin Ak Michael Sinar, Ketua Bahagian Penggajian Pekerja Bukan Pemastautin

WHAT IS FORCED LABOUR?

- ILO** Forced Labour Convention No. 29 defines forced labour as "all work or service which is exacted from any persons under the threat of a penalty and for which the person has not offered himself or herself voluntarily". Source: International Labour Organization
- UN (PALERMO PROTOCOL)** "Trafficking in persons" shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Source: Protocol to Prevent, Suppress and Punish Trafficking in Persons
- MALAYSIA** Article 9 of the Malaysian Federal Constitution prohibits slavery and all forms of forced labour.
 - No person shall be held in slavery.
 - All forms of forced labour are prohibited, but Parliament may by law provide for compulsory service for national purposes. Source: Federal Constitution of Malaysia

Section 374 of the Penal Code states that it is a criminal offence to unlawfully compel "any person to labour against the will of that person". Source: Penal Code

ILO 11 INDICATOR OF FORCED LABOUR

01	Restriction of Movement
02	Retention of identity document
03	Isolation
04	Abuse of Vulnerability
05	Abusive working and living condition
06	Excessive Overtime
07	Physical and Sexual Violence
08	Intimidation and Threats
09	Withholding of wages
10	Deception
11	Debt Bondage

International Labor Organization (ILO)

The ILO is a specialized agency of the United Nations that focuses on promoting social justice and internationally recognized human and labor rights. Established in 1919 as part of the Treaty of Versailles, the ILO became the first specialized agency of the UN in 1946.

Key Functions of the ILO

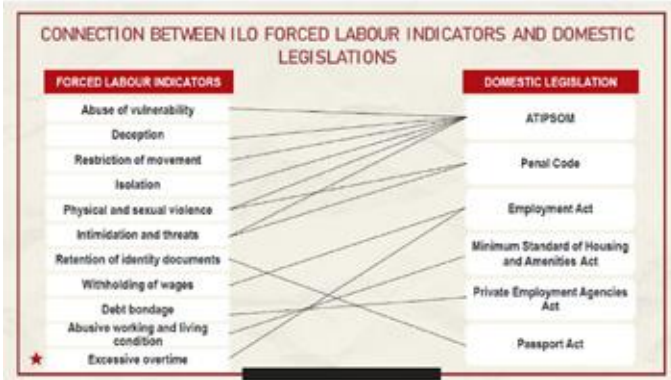
1. Standard Setting – The ILO formulates international labor standards in the form of conventions and recommendations. These standards cover a wide range of issues including working conditions, social protection, occupation safety, and workers’ rights.
2. Technical Assistance – The ILO provides technical assistance to member states to help implement labor standards. This includes training, capacity building, and policy advice in areas such as labor law reform, employment policy, social protection, and workplace safety.
3. Supervision of International Labor Standards – The ILO monitors the implementation of international labor standards through a supervisory system. Member states required to report on the measures they have taken to implement the conventions they have ratified, and the ILO assesses their compliance.
4. Advocacy and Awareness – The ILO advocates for decent work and social justice globally. It raises awareness about labor issues and promotes the importance of fair treatment, equal opportunities, and protection for all workers.



From...17

Malaysia has been a member of the ILO since 1957. The ILO membership fee is CHF1.2 million per year. Since then, Malaysia has ratified 15 conventions and 1 protocol under ILO namely:

CONVENTION	CONVENTION	MALAYSIA'S TRIPARTITE CONSTITUENTS
FUNDAMENTAL TYPE	1. C29 : Forced Labour Convention (1930)	
	2. C98 : Right to Organise and Collective Bargaining Convention (1948)	
	3. C100 : Equal Remuneration Convention (1951)	
	4. C138 : Minimum Age Convention (1973)	
	5. C182 : Worst Forms of Child Labour Convention (2002)	
	6. C187 : Promotional Framework for Occupational Safety and Health Convention (2002)	
	7. C155 : Occupational Safety and Health Convention (2002)	
GOVERNANCE TYPE	8. C81 : Labour Inspection Convention (1947)	
	9. C144 : Tripartite Consultation (ILO) Convention (2002)	
TECHNICAL TYPE	10. C288 : Employment Service Convention (1974)	
	11. C133 : Protection of Wages Convention (1948)	
	12. C191 : Guarding of Machinery Convention (1933)	
	13. C123 : Minimum Age (Underground Work) Convention (1974)	
	14. C131 : Minimum Wage Fixing Convention (2002)	
	15. MLC, 2006 - Maritime Labour Convention (2006)	
PROTOCOL	16. F027 - Protocol of 2014 to the Forced Labour Convention, 1930 (ratified on 21 Mar 2022)	



Adakah Buruh Paksa Sebagai Suatu Kesalahan Jenayah?

1. Perlembagaan Persekutuan
 - a. Keabadian dan keabadian kerja paksa dilarang Perkara 6
 - i) Tiada seorang pun boleh ditahan sebagai abdi
 - ii) Segala bentuk kerja paksa adalah dilarang, tetapi Parlimen boleh melalui undang-undang membuat peruntukan mengenai perkhidmatan wajib bagi maksud-maksud negara
2. Kanun Keseksaan
 - a. Kerja paksa yang menyalahi undang-undang Seksyen 374
 - i) Barang siapa dengan menyalahi undang-undang memaksa mana-mana orang bekerja bertentangan dengan kemahuan orang itu, hendaklah diseksa dengan penjara selama tempoh yang boleh sampai setahun, atau dengan denda, atau dengan kedua-duanya
3. Akta Kerja 1955
 - a. Forced Labor
 - i) i. Any employer who threatens, deceives or forces an employee to do any activity, service or work and prevents that employee from proceeding beyond the place or area where such activity, service or work is done, commits an offence and shall, on conviction, be liable to a fine not exceeding one hundred thousand ringgit or to imprisonment for a term not exceeding two years or to both

4. Akta ATIPSOM 2007
 - a. Taksiran Seksyen 2
 - i) i. "Pemerdagangan orang" ertinya segala perbuatan merekrut, mengangkut, memindahkan, memperolehi, mengekalkan, melindungi, menyediakan atau menerima, seseorang, bagi maksud eksploitasi, dengan cara yang berikut:
 - o Ancaman atau penggunaan kekerasan atau bentuk paksaan yang lain
 - o Pemelarian
 - o Fraud
 - o Penyalahgunaan kuasa
 - o Penyalahgunaan kedudukan orang yang mudah terdedah kepada bahaya perbuatan pemerdagangan orang, atau
 - o Pemberian atau penerimaan bayaran atau faedah untuk memperolehi kerelaan seseorang yang mempunyai kawalan
 - ii) "eksploitasi" termasuklah segala bentuk eksploitasi seks, kerja atau perkhidmatan paksa, perhambaan atau amalan yang menyerupai perhambaan, pengabdian, apa-apa aktiviti yang menyalahi undang-undang atau pemindahan organ manusia
 - b. Kesalahan pemerdagangan orang Seksyen 12
 - i) Mana-mana orang, yang memperdagangkan orang yang bukan merupakan seorang kanak-kanak atau yang bukan seseorang yang tidak dapat menjaga atau melindungi dirinya sendiri sepenuhnya disebabkan kehilangan upaya atau keadaan fizikal atau mental, melakukan suatu kesalahan dan hendaklah, apabila disabitkan, dihukumkan dengan pemenjaraan selama tempoh tidak melebihi dua puluh tahun, dan boleh juga didenda
 - c. Kesalahan pemerdagangan kanak-kanak Seksyen 14
 - i) Mana-mana orang, yang memperdagangkan orang yang merupakan seorang kanak-kanak atau seseorang yang tidak dapat menjaga atau melindungi dirinya sendiri sepenuhnya disebabkan kehilangan upaya atau keadaan fizikal atau mental, melakukan suatu kesalahan dan hendaklah, apabila disabitkan, dihukum dengan pemenjaraan seumur hidup atau dengan pemenjaraan selama tempoh tidak kurang daripada lima tahun, dan boleh juga dihukum dengan hukuman sebat
 - b. Taksiran Seksyen 2
 - i) "kanak-kanak" ertinya seseorang yang di bawah umur lapan belas tahun



► From..12



Dasar dan Pelaksanaan Gaji di Malaysia

1. Objektif Gaji Minimum
 - i. Memastikan keperluan asas pekerja dan keluarga mereka dapat dipenuhi
 - ii. Memberi perlindungan sosial yang mencukupi kepada pekerja-pekerja
 - iii. Meningkatkan rantian pengeluaran global dengan melabur dalam teknologi intensif dan meningkatkan produktiviti
 - iv. Mengurangkan kebergantungan negara kepada pekerja asing tidak mahir
2. Definisi Gaji Minimum
 - i. Tafsiran Seksyen 2 Akta Majlis Perundingan Gaji Negara 2011 [Akta 732]: gaji minimum sebagai gaji pokok
 - ii. Tafsiran Pertubuhan Buruh Antarabangsa (International Labor Organization, ILO)
 - Gaji minimum sebagai ubah terendah yang patut dibayar kepada pekerja untuk kerja atau perkhidmatan yang dilakukan dalam tempoh tertentu, sama ada dikira berdasarkan masa atau output, yang tidak boleh dikurangkan oleh individu atau menerusi perjanjian Bersama
 - Dijamin oleh undang-undang
 - Ditetapkan bertujuan untuk menampung keperluan minimum kehidupan pekerja dan keluarganya berasaskan keadaan socio-ekonomi sesebuah negara

minimum dan untuk membuat syor kepada Kerajaan supaya membuat perintah gaji minimum mengikut sektor, jenis pekerjaan dan kawasan wilayah, dan untuk mengadakan peruntukan bagi perkara-perkara yang berhubungan.

Cabaran Gaji Minimum di Malaysia

1. Pengagihan Gaji Yang Tidak Seimbang
 - Pengagihan gaji yang tidak seimbang menyebabkan lebih separuh daripada pekerja terperangkap dalam kelompok gaji rendah. Sebanyak 56.3% menerima gaji di bawah RM3,000 pada Jun 2023.
 - Pekerja formal warganegara yang menerima upah kurang daripada RM1,500 meliputi 9.8% pada Jun 2023 telah berkurang (14.2%, Jun 2022). Namun, pekerja yang menerima gaji atas sedikit daripada gaji minimum semakin meningkat pada Jun 2023 iaitu 25.0% (24.0%, Jun 2022).
2. Peningkatan Pampasan Pekerja Yang Perlahan
 - Peningkatan keseluruhan pampasan pekerja yang perlahan akibat pengagihan gaji yang tidak seimbang.
 - Sistem gaji minimum memberi manfaat perlindungan kepada pekerja berkemahiran rendah manakala isu gaji dihadapi oleh pekerja separuh mahir masih berterusan.
 - Pertumbuhan gaji pekerja separuh mahir yang perlahan berbanding Kumpulan berkemahiran rendah memerlukan intervensi khusus menjangkau gaji minimum.

Majlis Perundingan Gaji Negara (MPGN)

MPGN adalah dipertanggungjawab untuk menjalankan kajian tentang semua perkara yang berkenaan dengan gaji

NGOs Dismiss A Hollywood Palm Oil Tale



emPOF 2024

A large group of conservation NGOs have come out against a new Hollywood take on palm oil, "Ozi: Voice of the Forest". The NGOs include Orangutan Land Trust, SOS, Chester Zoo, Durrell Institute of Conservation and Ecology (DICE), Borneo Futures and Hutan.

Anyone observing palm and conservation over the past decade or more will be aware that these are some of the most vocal figures on orangutan conservation, and also among the most technically accomplished.

The film itself is about an orangutan, Ozi, whose family and habitat are threatened by a plantation company – in other words, palm oil.

In a website post, the NGOs state:

Although the film captures the beauty of these important ecosystems and stresses the urgency of protecting

rainforests, we the undersigned are concerned about palm oil being characterised as the 'villain' in the story.

The vast majority of conservation organisations and experts do not agree with a blanket boycott of palm oil, and we are concerned that children and families watching this film will be left with the impression that this is the right action to take. We believe that one of the most effective ways to tackle forest loss and help orangutans like Ozi is to support sustainable palm oil, instead of boycotting it altogether.

Palm oil does not need to be produced at the expense of biodiverse forests or other vulnerable natural habitats – and the palm oil industry, especially in Indonesia and Malaysia, has taken great strides over the last 20 years to reduce its environmental footprint.

In other words, the key objection is that the film oversimplifies the arguments against palm oil, pitting it as a villain against orangutans.

This is something that just about every professional working in either conservation or agriculture in Malaysia and Indonesia has been working against for the past decade or more.

Those on the ground are acutely aware that this type of characterisation – and the promotion of boycotts – is completely unproductive for both conservation and for palm oil.

The question is how this project managed to get this far without actually using experts on the matter – there don't appear to be credits for any consultants on the subject of the film.

This indicates – more than anything else – carelessness and insensitivity towards Southeast Asia and its people and its environment. The film subsequently reeks of a superior, patronising attitude from wealthy Westerners towards those in developing countries.

But should we expect anything else from Hollywood? Once again, it's very easy for Hollywood to point the finger without having any experience of the complexity on the ground.

And, given that the film doesn't appear to be donating anything significant to actual conservation programs, it reads like an exploitative money-making exercise.

Source: Palm Oil Monitor