



Amardeep Singh Toor
Partner
**Employment &
Industrial Relations**
E: ast@lh-ag.com



Ashreyna Kaur Bhatia
Associate
**Employment &
Industrial Relations**
E: akb@lh-ag.com



Ng Choon Kiat
Pupil
**Employment &
Industrial Relations**
E: ckng@lh-ag.com

19 OCTOBER 2023

Budget 2024: Enhancing the Welfare of Gig Workers

The gig economy involves the exchange of labour and resources, typically on digital platforms which connect freelancers with customers to provide short-term services or asset-sharing.¹ In Malaysia, participation in the gig economy remains a popular choice. There are approximately 1.12 million people working in the gig economy in Malaysia.² The key question that often arises relates to the scope of labour rights afforded to those drawing an income through gig work.

Present-Day Rights of Gig Workers in Malaysia: A Snapshot

Gig workers are not entitled to essential employee benefits, social security protection, and welfare schemes due to their work status or classification, as independent contractors instead of employees. In

¹ <https://www.weforum.org/agenda/2021/05/what-gig-economy-workers/>

² <https://www.freemalaysiatoday.com/category/highlight/2023/07/26/gig-workers-need-minimum-wage-other-protections-too/>

Loh Guet Ching,³ the High Court held that e-hailing drivers are neither employees nor workmen.

One of the recent amendments to the Employment Act 1955 attempts to address this legal lacuna by introducing a ‘presumption of employment’ in cases where a written contract of service is absent.⁴ However, these amendments do not automatically boost social security protection and welfare schemes for gig workers.

Enhancement of Gig Workers’ Welfare: Budget 2024

During the second tabling of Budget 2024 on 13.10.2023, the Malaysian government reaffirmed its commitment to enhancing the welfare of gig workers by addressing initiatives designed to expand the social protection afforded to gig workers,⁵ as set out below:

	Measure	Why does this matter?
(a)	Enhancement of the SOCSO Self-Employment Social Security Scheme ⁶ - The government’s contribution will be increased to 90% from the prevailing 80%. Operating companies are urged to cover the remaining 10% of the contribution.	Will provide a social safety net against unforeseen employment injuries, including occupational diseases and accidents during work-related activities, to gig workers.
(b)	Continuation of the Career Building Programme ⁷ - Fund training fees and income replacement incentives for 9,000 gig workers attending training programmes.	Will encourage gig workers’ continuous learning and upskilling via micro-credential skill training programmes, and act as a buffer for income

³ Loh Guet Ching v Menteri Sumber Manusia & Ors [2022] 1 LNS 2388

⁴ Section 101C of the Employment Act 1955

⁵ <https://belanjawan.mof.gov.my/pdf/belanjawan2024/ucapan/ub24-BI.pdf>

⁶ <https://www.perkeso.gov.my/uncategorised/51-social-security-protection/818-self-employment-social-security-scheme.html>

⁷ An upskilling programme dedicated to informal workers including gig workers that possessed Sijil Pelajaran Malaysia (SPM) qualifications and below - <https://themalaysianreserve.com/2023/07/27/rm42m-for-career-building-programme-through-socso/>

		loss during training periods.
(c)	EPF's i-Saraan Programme ⁸ – The government's contribution limit will be increased to RM500 per year from the prevailing RM300 per year.	Will offer an opportunity for gig workers to accrue more savings for retirement purposes.
(d)	Driving Test Fees – The government continues bearing, among others, e-hailing driving test fees.	Will ease the financial burden of underprivileged youths working as e-hailing drivers.
(e)	TEKUN Belia Mobilepreneur scheme ⁹ - To be continued as capital for young people to venture into delivery services using motorcycles.	Will provide enhanced financing facilities to delivery-service entrepreneurs for the purchase and/or repair of motorcycles, as well as working capital, thus enabling and encouraging participation in gig work.

Looking to the Future: Next Steps

While the initiatives outlined in Budget 2024 are promising, challenges still lie ahead. The abovementioned initiatives address the matter of the gig economy in broad, generalised strokes – which may not necessarily cater to the unique needs of all members across the varied gig economy landscape.

A more beneficial measure may involve crafting comprehensive laws and policies addressing and recognising specific needs of gig workers. Currently, the Ministry of Human Resources is crafting a guideline that will serve as a reference for gig

⁸ The EPF introduced the voluntary contribution initiative called i-Saraan. It offers an opportunity for self-employed Members without fixed incomes and employees of the gig economy to obtain exclusive government incentives for retirement purposes, subject to the established requirements - <https://www.kwsp.gov.my/member/contribution/i-saraan>

⁹ <https://www.tekun.gov.my/ms/usahawan-tekun/skim-pembiayaan-tekun-mobilepreneur-4-0/>

Head Office

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia
Tel: +603 6208 5888
Fax: +603 6201 0122

Johor Office

Suite 21.01
21st Floor, Public Bank Tower
No.19, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel: +607 278 3833
Fax: +607 278 2833

Penang Office

51-12-E, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050
Penang
Tel: +604 299 9668
Fax: +604 299 9628

Email

enquiry@lh-ag.com

Website

www.lh-ag.com

industries,¹⁰ which will encompass the definition of a ‘gig worker’, the rights they are entitled to, and the scope of social protection afforded to gig workers.¹¹ It is hoped that this undertaking by the Minister of Human Resources will herald favourable developments for gig workers.

Written by: Amardeep Singh Toor, Ashreyna Kaur Bhatia, and Ng Choon Kiat (Pupil-In Chambers)

If you have any queries, please contact Associate, **Ashreyna Kaur Bhatia** (akb@lh-ag.com), or her team Partner, **Amardeep Singh Toor** (ast@lh-ag.com).

¹⁰ <https://www.thestar.com.my/news/nation/2023/06/05/guidelines-for-gig-industry-being-drafted-says-minister>

¹¹ <https://www.thestar.com.my/news/nation/2023/07/17/gig-economy-commission-to-be-set-up-to-improve-welfare-of-workers>