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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/
Loh Guet Ching, 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. 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, as set out below:

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<tr>
<th>Measure</th>
<th>Why does this matter?</th>
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<td>(a) Enhancement of the SOCSO Self-Employment Social Security Scheme - 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.</td>
<td>Will provide a social safety net against unforeseen employment injuries, including occupational diseases and accidents during work-related activities, to gig workers.</td>
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<td>(b) Continuation of the Career Building Programme - Fund training fees and income replacement incentives for 9,000 gig workers attending training programmes.</td>
<td>Will encourage gig workers’ continuous learning and upskilling via micro-credential skill training programmes, and act as a buffer for income</td>
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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
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-scoso/
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

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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/
industries,\textsuperscript{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.\textsuperscript{11}

It is hoped that this undertaking by the Minister of Human Resources will herald favourable developments for gig workers.

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