

Press Statement Released at Joint Press Conference by Persatuan Agensi Pekerjaan Malaysia (PAPA), Pertubuhan Kebangsaan Agensi Pekerjaan Swasta Malaysia (PIKAP) and Pertubuhan Kebangsaan Sumber Manusia Malaysia (PUSMA)

We are Agensi Pekerjaan Swasta (APS) or Private Employment Agency regulated by Akta Agensi Pekerjaan Swasta 1981 (Act 246) under the enforcement of Ministry of Human Resources through the Jabatan Tenaga Kerja or Labour Department.

We are deeply concerned over the remark made by the Honorable Minister of Human Resources YB Dato' Sri Ramanan which was published by Star Newspaper on 4th February, 2026.

There are several issues which we, the three associations, namely Persatuan Agensi Pekerjaan Malaysia (P.A.P.A), Pertubuhan Kebangsaan Agensi Pekerjaan Swasta Malaysia (PIKAP) and Pertubuhan Kebangsaan Sumber Manusia Malaysia (PUSMA) wish to seek the clarification from the Honorable Minister as well as we wish to clarify several issues which made our industry as a scapegoat.

(1) Elimination of 3rd Party Agent or middlemen

The Honorable Minister has expressed his intention to eliminate the 3rd party agents in order to pave way for Malaysian employers to directly hire migrant workers.

We would appreciate if the Honorable Minister could clarify if APSs licensed by JTK are deemed to be a 3rd party agent.

If the answer is "YES", then what is the role of license "C" under Akta APS 1981 which requires every APS to place a deposit of RM 250,000 with JTK.

Our license has clearly state that permission to bring non-citizen employees.

We wish to make it clear that migrant workers brough in by license APS are protected in the aspects as stated below.

- Assurance with job.

APSs look for job for them and obliged to ensure the availability of jobs.

- Render of protection

APSs will step up in the event migrant workers face trouble such as employers are in none compliance to the employment act where migrant workers' right is exploited . These incidences include none compliance to minimum wage, overtime not paid in accordance to the employment act, unlawfully deduction

of salary, overcrowd accommodation, unlawful termination, delay or non-payment of salary and etc.

- Assistance in getting new employer under the purview of JTK

To look for new employers in the event that the company served was ceased operation due to various reasons.

- Payment of air ticket

Some employers may refuse to pay for return airport upon completion of contract which is absolutely in violation of the employment contract. APSs will purchase ticket for migrant workers to return home safely without any delay.

- Provision of counselling service

There are a lot of hiccup issues during then first few months of arrival due to cultural shock or differences. Big corporation may be able to handle these hiccups due to having an effective H.R department., but for small enterprises , this hiccup may lead to the said migrant workers to be repatriated to their country of origin, after paying their service fee the agent in the country of origin. They may land with financial problems in their country of origin. This is extremely inhumane.

(2) Attestation of JOB Order at Respective Embassy

- Malaysian Employers are required to sign a job order and get it attested at respective Embassy. In the Job order, all terms and conditions are clearly spelled out. These job order contains all clauses spelled out in the employment Act. Normally, APSs assist in the preparation of these documentations.

Under this process, the issue of misrepresentation from Malaysia side or APSs do not arise.

(3) Ethical Foreign Recruiting Agents (FRA)

Many incidences where workers were cheated by the unlicensed foreign recruiting agents which do not own recruiting license, but tag with license agents.

Recruitment in source countries are basically conducted via multilayer of unlicensed agent or sponsor. Migrant workers who live in remote area were usually paid to these sponsors in order to get job as most of them are denied of accessing the mass due to poor infrastructure.

Therefore, interview via visual is challenging. However, employers are encouraged to conduct physical interview at the premises of the foreign recruiting agents. This will eradicate a lot of post arrival problems as employers are able to evaluate the workers' ability, directly explain the terms and conditions of employment and also to brief the migrant workers on the company background. Workers are given the opportunity to ask about the company background.

We would say that this method of interview is effective and is prevailing as at now. Recruitment via APS and FRA is basically safe.

(4) Exorbitant Fee, Exploitation, Debt Bondage and Modern Slavery

There were the known facts that Bangladeshi workers were "forced" to pay for exorbitant fee and we deem its as exploitation. In order to pay for this huge fee, workers were forced to borrow from various sources, included in taking loan from loan shark.

We should ask why these workers were compelled to pay for high fee? All Bangladeshi workers were compelled to go through a platform agreed by Malaysian and Bangladeshi government then in order to get clearance for working in Malaysia. The Bangladeshi Recruiting agents were selected by the platform from an initial stage of 25 recruiting agencies and later gradually increased to 100 Bangladeshi recruiting agents. The workers were forced to pay for exorbitant "hidden fee".

This was nothing concerned with Malaysian Recruiting Agent (APS). APS was paid by the foreign recruiting agent and the amount was decided by them. For the case of Indonesia, APS merely receives RM 200 to RM 400 per head only after doing all the lengthy work.

Hence, Exorbitant fee, exploitation, debt bondage and modern slavery are not done by APS, but foreign recruiting agent.

(5) WE support ILO Principle of collecting recruitment fee equivalent to worker's one month salary

We fully support this principle and urge KESUMA makes its compulsory that all recruitment must be through FRA and APS.

We will play a surveillance role in ensuring all APS adhere to this requirement.

(6) Ethical Recruitment

PAPA has routine engagement with IOM and we are currently working toward the direction of making Malaysian being a country to implement the ethical recruitment

in the coming 10 to 15 years. IOM is fully aware of the current status of Malaysian SMEs which have no capability to fully implement ethical recruitment.

In order to achieve this goal, we have started our educational program and we had jointly conducted a preliminary training for our members last year with 30 members participated in it. It was an introductory program for International Recruitment Integrity System (IRIS)

(7) As to the Nepali guards who were forced to pay up to RM 10,000 to get a job.

This happened due to direct hiring. A lot of security guard companies prefer direct hiring so that they could ask foreign recruiting agent to defray their expenses in Malaysia such as Levy, FOMEMA, SPIKPA, uniform and training expenses in Malaysia. APSs were made scapegoat for this accusation.

We are here today is to explain to the Honorable Minister what has actually transpired and ensure that minister has sufficient input to differentiate what have actually happened on the ground. We have no intention whatsoever to challenge the minister.

(8) Current Challenges in Complying with Act 446 which resulted in failure in getting 60K

A. Property Restrictions:

Low-cost housing, affordable homes, and PPR units cannot be converted into hostels, forcing employers to secure costly alternatives such as landed houses, apartments or condominiums, often far from workplaces or to rent from CLQ or TLQ for higher rental.

B. High Conversion Costs:

Even when properties such as shophouses can be converted, Development Order (KM) approvals and architect fees range from RM20,000 to RM40,000 per unit, which many SMEs cannot afford.

C. CLQ Feasibility Issues:

Constructing a Centralised Labour Quarters (CLQ) for 1,000 workers requires over RM10 million, with an ROI exceeding 10 years, which is unattractive for most private developers.

(9) Risks of Maintaining Status Quo

After a 2.5-year moratorium on migrant workers, industries are already at a breaking point. Without flexible pathways to compliance, Malaysia risks:

- **Increased illegal employment** as employers struggle to meet hostel pre-requisites.
- **Worker poaching** between companies, repeating post-COVID disruptions.
- **Reduced productivity** in key sectors, impacting economic recovery and investor confidence.

Our Proposed Win-Win Solutions

- **Streamlined Conversion Process:**
Collaborate with the Ministry of Housing and Local Government to simplify KM applications and reduce associated fees, enabling more employers to meet Act 446 standards quickly.
- **Government-Led CLQs:**
The government to spearhead CLQ construction in industrial areas, ensuring consistent quality and compliance while creating new PPP (public-private partnership) opportunities.
- **Flexibility for Small Employers:**
Exempt employers with fewer than five migrant workers from the requirement to own or manage compliant hostels.
- **Transitional Compliance Option:**
Allow employers to hire workers upon signing an undertaking to provide compliant hostels within one year from the date of arrival of workers, supported by a refundable deposit.

(10) Recognition of New Critical Sectors

- **Car Wash Services:**
With over 15,000 outlets nationwide, employing an estimated 75,000 workers, this is a clear “3D” job (dirty, difficult, dangerous) with negligible local interest and high turnover. Migrant workers are essential to sustain this sector. Car wash services are proliferating in response to strong demand from residents living in high-rise buildings.
- **Caregiving Services:**
Licensing caregiver companies to deploy professionally trained caregivers will reduce domestic worker abscondment, particularly for those overloaded with caregiving duties beyond their original employment terms.
- **Nursing Homes, Elderly Homes and Charitable Welfare Homes** for elderly and retarded persons are facing acute shortage of caregivers which risks them at the

edge of infringement of laws or shutting down, particularly those that are charitable in nature.

Benefits to MOHR and the Nation

By adopting these proposals, MOHR will:

- **Boost compliance** with Act 446 without burdening SMEs beyond their means.
- **Reduce illegal employment**, strengthening Malaysia's global labour reputation.
- **Safeguard economic recovery** by ensuring workforce stability and also in critical sectors.
- **Position MOHR as a responsive and pragmatic regulator**, balancing worker welfare with economic realities.

(11) Policy vs. Market Demand

- While policies and KPIs are administrative constructs, the market's demand for labour is a fundamental economic reality.
- Prioritizing rigid policy adherence or KPI targets at the expense of market needs risks compromising business productivity and overall economic growth.

We urge the government to adopt a more flexible, demand-driven approach in this regard.

(12) Concern over “An Invisible Hand” in Attempting to Monopolise the Labour Supplying Market in Malaysia

- Recent letter sent by Ministry of Foreign Affairs to Labour supplying countries to ask for the list of agencies with specific size and also a presentation of a new proposed platform as claimed that the new proposal is in line with the guidelines of ILO and IOM, have raised deep concerns by our 3 associations.
- This has given a perception that “an invisible hand” is beginning to interfere into the Labour Industry in Malaysia.

We appeal to Prime Minister Dato' Sri Anwar Ibrahim, Minister of Human Resources Dato' Sri Ramanan Ramakrishnan, and Minister of Home Affairs Dato' Sri Saifuddin Nasution Ismail to stand firm against this interference, if any, to safeguard and protect the independent operation of the Human Resources industry.

As for the issues relating to Kementerian Dalam Negeri, we wish to take this opportunity to highlight a few issues which we have written to YB Menteri Dato' Sri Saifuddin Nasution Ismail.

1. Difficulty in Securing Appointments at the One-Stop Centre

Since the implementation of the online appointment system, employers have been required to log in at midnight to secure appointments. However, all available slots are typically taken within one minute, leaving the majority of employers unable to even submit their applications.

This challenge stems from:

1. The short application window (19 January 2026 – 31 March 2026), which is only 2 months and 12 days.
2. Pent-up demand following past freezes in applications, leading to panic submissions by employers unsure when future opportunities will open.
3. Can't have a proper yearly manpower planning.
4. Unrealistic reliance on local recruitment despite clear shortages, and lack of an effective mechanism to connect local jobseekers with available vacancies.

2. Realistic Labour Market Situation

According to data from the Department of Statistics Malaysia, the unemployment rate as of November 2025 stood at 2.9%, out of a total workforce of approximately 17 million people, indicating roughly 0.5 million unemployed persons.

When considering there are approximately 1.5 million undocumented workers, even after all unemployed locals fill up jobs taken by undocumented workers, the nation still faces a shortfall of at least 1 million workers.

This mismatch between labour supply and industrial demand has serious implications for productivity and economic growth.

3. Impact of the Proposed Reduction in Migrant Worker Quota

The 13th Malaysia Plan aims to reduce the migrant workforce cap from 15% to 10% by 2030. Currently, at the 15% cap, Malaysia allows approximately 2.55 million migrant workers. Reducing this to 10% would shrink the allowable number to 1.7 million, a drastic cut of 0.85 million.

Combining this with the current shortages, Malaysia faces an estimated actual demand gap of 2.355 million workers, broken down as follows:

Category	Estimated Shortage
Undocumented workers	1.0 million
Reduction from 15% to 10% cap	0.855 million
Current shortage	0.5 million
Total Estimated Shortage	2.355 million

4. Economic and Business Implications

Without an adequate foreign labour supply, particularly the freeze on Manufacturing and construction sectors, Malaysia may soon face severe national repercussions, including:

1. Closure of labour-intensive industries — particularly SMEs established in the 1980s–1990s that cannot substitute automation overnight.
2. Sharp decline in national productivity, especially in key sectors like agriculture, manufacturing, plantation, and construction.
3. Discouragement of new foreign direct investment (FDI), as investors will perceive Malaysia as facing chronic labour shortages and operational uncertainties.
4. Increased informal employment and illegal hiring, not out of intent to violate law but as a matter of survival for ongoing operations.
5. Potential increase in inflationary pressure, as labour shortages drive up wage costs and disrupt supply chains.

5. Policy Recommendations

To address this crisis, we respectfully urge the Ministry to consider:

1. Extending the application period beyond the current window to allow more equitable participation.
2. Expanding quota allocations temporarily to address accumulated backlog in demand.
3. Enhancing automation of appointment systems with fair queue and allocation mechanisms.
4. Implementing a hybrid recruitment strategy, combining migrant workers with local workforce training and placement programs supported by effective government incentives.
5. Lastly, Normalising application as yearlong affairs like previously before MCO will resolve all the issues as mentioned above and also the business outrages.
6. Reassessing the planned quota reduction to 10%, allowing for data-driven, sector-specific reviews rather than an across-the-board cut.

6. Broader Socio-Political Considerations

Malaysia's aspiration to achieve high-income status depends on maintaining industrial stability. Labour shortages could unintentionally:

- Undermine political confidence among business communities and foreign investors,
- Exacerbate illegal migration issues, as employers turn to undocumented means to meet operational needs, and
- Create socioeconomic strain in states heavily dependent on migrant workers, particularly in manufacturing hubs.

7. Operational Challenges in Jabatan Immigration, Shah Alam and Issue via QueBee numbering system

The issue of difficulty in securing number and long waited for approval at Shah Alam Immigration office has been in existence for years.

Significant difficulties in securing appointment exist are as follows:

- Slots are extremely limited and fill within **one minute**.
- Users must log in at **5.59 am**. to compete for availability.
- Repeat no-shows remain a systemic problem.

Long delay in granting approval

- Approval for maids' application will take 1 to 2 months or even longer. This has caused foreign recruiting agents to charge more fee for food and accommodation of maids in Training Centres.
- Endorsement of PLKS will take the same length of time. APSs' staff require to frequently visit Shah Alam JIM office as to the status. This has increased the unnecessary cost for APSs.

Proposal for Improvement

- Separate slots for direct employers and APS. To increase capacity of slot to accommodation users.
- Allow advance booking at least one week ahead.
- Block users who fail to attend more than three appointments; clearance through JIM required.

12 February 2026