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'Ministries to study options'

PROGRESSIVE WAGE INCREASE

'MINISTRIES TO STUDY OPTIONS'

Mechanisms will be decided only after comprehensive considerations, says Rafizi

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THE Economy Ministry is working with the Human Resources Ministry to formulate several policy options to be presented to the National Economic Action Council for discussion on the best strategies to enhance wages.

Economy Minister Rafizi Ramli said yesterday the details and mechanisms of the final policies would be decided based on comprehensive considerations.

They include the capacity and cost implications for the private sector, phased implementation,

and a tripartite agreement between the government, employers and workers.

Earlier, the Malaysian Employers Federation (MEF) had expressed its bewilderment at a recent proposal by Rafizi regarding a progressive wage increase in both the private and public sectors, as wage-related policies fell under the jurisdiction of the Human Resources Ministry.

On Tuesday, the *New Straits Times* reported Rafizi saying the wage model was one of the most "unpopular" reforms he would implement as a policymaker.

Yesterday, he also said engagement sessions involving key stakeholders, namely the govern-

ment, employers and workers, would be conducted.

"The issue of unequal wages in relation to the cost of living is a fundamental barrier to Malaysia's transition towards a high-income economy.

"Dependence on low-skilled workers is one of the factors leading to imbalanced wages compared to the value of their contributions to the economy."

According to Rafizi, the compensation of employees (CE) ratio to gross domestic product in Malaysia for 2019 was 35.9 per cent — significantly lower than other advanced countries such as Germany (59.4 per cent), the United Kingdom (55.5 per

cent), Australia (46.9 per cent), and South Korea (46.8 per cent).

He said the real median wages and entry-level wages had declined after the Covid-19 pandemic and remained lower compared to pre-pandemic levels.

"The mandate of the Economy Ministry is to address structural issues in the economy that may hinder the country's economic growth.

"Wage growth is one of the key focuses of structural reform in order to achieve the country's CE target,

as stated in the 12th Malaysia Plan."

Rafizi also said his ministry would prioritise the fair increase in wages for all parties involved.



Rafizi Ramli