

## KERATAN AKHBAR

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### Rafizi: Progressive wage model not burdensome

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**KUALA LUMPUR:** The progressive wage model that is being mooted by the government will not be burdensome to employers and will adopt a flexible approach, says Economic Affairs Minister Rafizi Ramli.

He said such a policy is necessary as wages have regressed over the years and any policy on this front should strike a right balance.

"I don't want to go into details as I still need to get government consent next week. We have to ensure (the policy) does not cripple our economy but we need to note that wages, especially starting wages

have regressed.

"We are aware that micro businesses will have difficulty coping," he said at a panel session at the National Tax Conference 2023 here yesterday.

Rafizi said his ministry had studied several policy options of other countries.

"The wage correction approach that was taken by Singapore in the late 70s had a mandatory wage increase. It was a tripartite agreement where governments and employers work side-by-side to see how much and who will pay for what.

"They achieved a double-digit growth (in

wages) for four consecutive years and resolved the wage problem in the late 70s and the early 80s. I wish we could do this but I don't think our economy or fiscal position allows it.

"At the other extreme, some other countries have adopted a policy that encourages employers to come on board. There was no commitment needed while it was just a policy statement, that wages have to grow to a certain target," he added.

Any policy would have to be between the two extremes which would involve a "carrot-and-stick" approach, Rafizi said.