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Progressive wage policy to improve wellbeing of people, economy

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PUTRAJAYA: The progressive wage policy being mooted by the government will be voluntary in nature, says Datuk Seri Anwar Ibrahim.

The Prime Minister said the policy is an initiative to reform Malaysia's labour market to ensure workers will not be burdened with the cost of living and will benefit from employment that comes with decent wages.

He added that the proposed policy would also improve the wellbeing of the people and boost the country's economic agenda.

The progressive wage policy was among the issues discussed at the National Economic Action Council (NEAC) meeting that the Prime Minister chaired yesterday.

"The proposed policy will ensure salary increments will be more consistent, as well as a more balanced distribution of wages.

"The policy will be voluntary in nature, incentive-based and linked to productivity," Anwar said in a statement after the meeting.

The progressive wage policy is a wage structure to uplift workers' low wages by upgrading skills and improving productivity, he said.

Anwar also said that the policy was proposed after the NEAC sought the views of employers as well as workers, adding that it would complement the minimum wage policy.

A guideline on annual progres-



Fairer wages: Anwar discussing the policy at the NEAC meeting yesterday.

sive wages would be drawn up for every sector, Anwar said.

"Engagement sessions and surveys carried out showed that 62% of workers and 80% of companies have welcomed the proposed progressive wage policy.

"The council hopes that the policy will be widely accepted and that as many companies and workers as possible will participate in it," he said.

Anwar said the next move would be to hold more discussions and engagements with stakeholders, especially industry players, businesses and workers.

He said the matter would be raised with the Cabinet, which

would look into how the implementation mechanism of this policy could be refined.

Anwar said the Cabinet would also explore the need to allocate funds as an incentive to implement progressive wages, to be determined based on the government's financial standing.

He said the issue of wages must no longer be ignored, pointing to the Employee Wages Statistics (Formal Sector) Report for the first quarter of 2023.

The report found 10.2% of the 6.45 million formal workers were paid below RM1,500, 82% were paid less than RM5,000, and 35% were paid RM2,000 and below as

of March this year.

"Empowering the people is one of the medium-term policies that we have in place to place Malaysia as the leading economy in Asia and among the world's top 30," Anwar added.

Economy Minister Rafizi Ramli earlier said that the progressive wage model would not be burdensome to employers and that the policy was necessary as wages have regressed over the years.

The Malaysian Employers Federation had said that clear parameters and conditions for all stakeholders must be in place for the progressive wage model to be implemented successfully.