

KERATAN AKHBAR

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'New wage plan is voluntary'

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Rafizi: Companies will be given cash incentives

PETALING JAYA: Implementation of progressive wages by employers will be voluntary, says Rafizi Ramli.

This was among several key measures announced by the Economy Minister when tabling the White Paper on Progressive Wages in Parliament yesterday following prior engagements with the relevant industries and sectors.

"A majority of selected industries agree with the progressive wages policy when it was tabled at the National Economic Action Council.

"Among their concerns was that the programme should be voluntary and that space is given to determine if a company is financially able and capable to register for the programme," he said when tabling the motion in Dewan Rakyat yesterday.

Rafizi said that companies registered under the progressive wages programme will be given

cash incentives by the government.

"A survey involving 2,038 workers saw about 60% agreeing with progressive wages if it can increase wages systematically.

"These workers also agree that skills and productivity must be increased to get higher wages," he said.

He said the pilot project programme will be rolled out by June next year involving about 1,000 companies.

The progressive wages programme, Rafizi said, is targeting employees earning between the RM1,500 and below RM5,000, a month.

"This proposal will cover a large section of the workforce, about 66% or four million," he said.

He added that the progressive wages programme aims to improve employees' skills and productivity.

He said that employers can pro-

vide a maximum increase in wages of between RM200 and RM300 for a 12-month period.

The employers will be bound to offer these workers higher wages after the cash incentive programme ends.

He said that the progressive wages programme will help address the problem of lower wages in the country.

"Based on statistics on formal sector wages for the first quarter of 2023, 73.3% out of 6.54 million workers earn less than RM5,000 a month.

"Almost 56% of those receiving reasonable income of about RM3,047 a month while 47% earn below the Poverty Income Line 2022 of RM2,589 a month," he said.

Rafizi said that an estimated RM2bil is forecast for the progressive wages programme when implemented.

"It will benefit 1.05 million workers with an increase in gross



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domestic product by RM3.3bil," he said.

He also said that EPF contributions would increase by RM790mil while increasing tax revenue by RM1.8bil from the 37,529 new tax

payers a year after the programme is implemented.

The programme includes training programmes offered by recognised agencies to improve employees' skill and productivity.