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Dewan passes White Paper on wage policy

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VOLUNTARY SCHEME

DEWAN PASSES WHITE PAPER ON WAGE POLICY

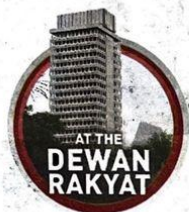
17 major policy shifts identified to increase workers' salaries, says Rafizi

KUALA LUMPUR

THE White Paper on the Progressive Wage Policy was tabled yesterday with the objective of increasing workers' salaries and achieving fairer income distribution.

Economy Minister Rafizi Ramli said it was also one of the government's strategies to increase the rate of employee compensation within a 10-year period.

He said 17 major policy shifts were identified to increase employee compensation.



These will include a focus on high-value and high-growth industries, such as technology and digital industries, as well as electricity and electronics.

Employers may apply to be part of the Progressive Wage Policy beginning April. The policy will initially be conducted on a voluntary basis.

The policy's mechanism includes three main criteria. These



Economy Minister Rafizi Ramli speaking at the Dewan Rakyat yesterday. BERNAMA PIC

are participation requirements, proposed annual wage increments and incentives based on rates and employee groups.

One of the participation requirements was that eligible employees must receive a monthly wage below RM5,000 and not less than the minimum wage of RM1,500.

"This proposal takes into account the number of employees receiving monthly wages of between RM1,500 and RM4,999, which is about 66.6 per cent of the workforce, or around four million workers.

"This wage limit would provide a broad coverage for private sector employees to benefit from this initiative," said Rafizi when tabling the white paper in the Dewan Rakyat.

He said employers taking part in the voluntary programme would get a fixed incentive from the government of up to RM200 per month for entry-level workers and up to RM300 per month

for non-entry level workers for 12 months.

The increments for these employees will depend on the productivity and skills of the staff.

"The allocation for the implementation of initiatives under the Progressive Wage Policy will be provided, taking into account the government's financial capabilities.

"The incentives would be channelled on a first-come, first-served basis, with payment mechanisms that would not burden small companies, especially micro, small- and medium-scale enterprises."

Later at a press conference, Rafizi said he was confident of employers' response on the initiative, even though it was voluntary.

He also admitted there might be an "oversubscription" to the initiative.

He added that there was apprehension about the policy in the beginning, as some were still

grappling with the mandatory implementation of the minimum wage.

Employers, he said, were concerned that another round of mandatory wage increase would remove their companies' competitiveness.

Rafizi said the ministry would conduct a dry run for the first 1,000 companies from June to September next year, and iron out any teething or operational problems, tracking issues and ensuring companies conformed to the conditions.

His ministry, he added, had set aside RM30 million for the programme and it would be only for entry-level graduates and semi-skilled Malaysians, as well as companies that were disadvantaged based on the current labour markets.

The Dewan Rakyat yesterday passed the White Paper on the Progressive Wage Policy via voice vote after debates from 18 members of parliament.