

KERATAN AKHBAR

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Progressive wage system will be voluntary, says Rafizi



Rafizi berkata, pelaksanaan inisiatif itu dijangka memberi nilai tambahan kepada keluaran dalam negara kasar (KDNK) sebanyak RM3.3 bilion - Foto fail

PETALING JAYA: The 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 on Thursday (Nov 30) following engagement with the relevant industries and sectors.

He said that the 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 must 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 White Paper on Thursday (Nov 30).

Rafizi said companies registered under the progressive wages programme will be given cash incentives by the government.

He informed the House that employers will be bound to offer their employees high wages after the cash incentive period ends.

The progressive wages programme, Rafizi said, would target employees earning between RM1,500 and below RM5,000 a month.

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

He added that the progressive wages programme is based on improving employee skills and increasing productivity.

He said that employers can provide a maximum increase in wages of between RM200 and RM300.

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

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

"Almost 56% receive a 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 forecasted for the progressive wages programme when implemented.

"It will benefit 1.05 million workers with an increase in gross domestic product by RM3.3bil," he said.

Rafizi said that Employees Provident Fund (EPF) contributions would also increase by RM790mil, adding that tax revenue would increase by RM1.8bil from the 37,529 new taxpayers a year after the programme is implemented.