

PROPOSED WAGE POLICY IS VOLUNTARY

PM says it'll be based on incentives and linked to productivity

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THE proposed progressive wage policy that will complement the minimum wage structure will be voluntary in nature, and is incentive-based and productivity-linked.

Prime Minister Datuk Seri Anwar Ibrahim yesterday said the policy, which was discussed in



the National Economic Action Council, would serve to boost the labour market.

"The policy model was proposed after the council took into consideration the views and interests of employers and workers.

"This policy, which complements the minimum wage policy, will be followed by guidelines for the annual progressive wage for each sector, job and level."

Anwar, who is also finance minister, said preliminary engagement sessions showed that 62 per cent of employees and 80 per cent of companies had given positive feedback on the proposed

policy, while the council hoped that it would be well received by as many employers and workers as possible.

Further discussions and engagement sessions with stakeholders, especially industry players, businesses and employees would be held, he said.

He said the matter would be taken to the cabinet to fine-tune the implementation mechanism, set to be done in stages, as well as to explore the need for funding for incentives.

"The council is of the view that the progressive wage policy will ensure Malaysian workers are not burdened with the cost of living and can enjoy dignified salaries.

"It will also ensure the wellbeing of the people and boost the economy."

He said the Madani Economy: Empowering the People

blueprint determined the country's direction in the medium term, especially in placing Malaysia as an economic driver in Asia and among the 30 largest economies in the world.

"At the same time, following the wage-share ratio drop from 37.2 per cent in 2020 to 32.4 per cent in 2022, the government aims to increase the ratio to 45 per cent of overall earnings.

"The wage issue is a main concern that can no longer be neglected."

According to statistics on wage (formal sector) for the first quarter of 2023 released last week, more than two million workers earned a monthly salary of less than RM2,000, he said.

He said this situation was even more alarming for those aged 20 to 24 where the median monthly wage was RM1,682.

"For most employees, their salary would only reach RM3,500 when they are aged between 40 and 49, the highest in their career."

The government recently announced plans to introduce a progressive wage model to address structural defects in the economy.

The Economy Ministry said a policy paper would be presented to the government early this month.

The policy, it said, aimed to ensure annual salary increments aligned with a certain level of commitment from the economy.

Among the concerns raised about the proposed model is the suppression of wages by employers, which has led to growing wealth inequality and a widening wealth gap, particularly between top and bottom earners.