Social Security Research Centre

EMPLOYEES PROVIDENT FUND

SSRC Working Paper Series
No. 2014-2

Social Security in Malaysia: Stock-take on Players, Available Products and Databases

Norma Mansor
Sharifah Nabilah Syed Salleh
Tan Lih Yoong
Evangelos Koutronas
Sarala Aikanathan

September 2014

About Social Security Research Centre

The Social Security Research Centre (SSRC) was established in March 2011 at the Faculty of Economics and Administration (FEA), University of Malaya to initiate and carry out research, teaching and dissemination of evidence-based knowledge in the area of social security, including old age financial protection in order to enhance the understanding of this critical topic to promote economic development and social cohesion in Malaysia.

To support the research in social security in general and old-age financial protection in particular the Employee Provident Fund (EPF) of Malaysia has graciously provided an endowment fund to create the nation's first endowed Chair in Old Age Financial Protection (OAFPC) at University of Malaya. OAFPC has the over-riding objectives to help formulate policies to promote better social security and improve old age financial protection, and to help formulate policies to promote economic growth in an aging society for consideration by the Government of Malaysia.

The interest in social security and old-age financial protection is ever growing in view of an ageing population. Malaysia is also subjected to rising life expectancy and falling fertility rates, the perceived inadequacy of current social security provisions, coupled with the added fear that simply more expenditure may not be conducive to the development and growth objectives of the society. This calls for innovative policy solutions that may be inspired by international experience based on an empirical grounding in national data and analysis.

Social Security in Malaysia: Stock-take on Players, Available Products and Databases

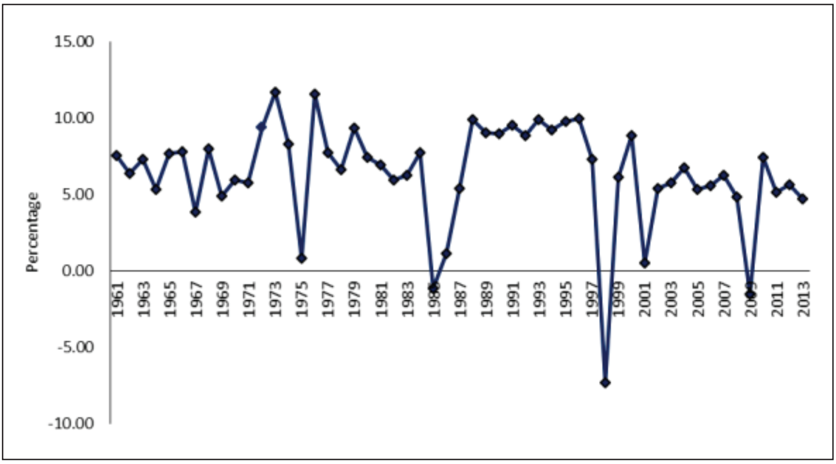
Abstract

The main aim of this article is to provide an overview of social security in Malaysia. The focus is on relevant services, players and databases in the country. The development of social security in Malaysia is captured in Malaysia's Five Year Development plans with a twin goal of achieving good growth and equitable development. Hence, social security policies in the more recent development plans were part of the distribution policies. The study uses the ILO's three-dimensional approach to social protection as a benchmark for analysis. The first dimension refers to the proactive measures to provide social assistance to the non-productive and productive groups in society by ensuring access to basic essential goods and services. The basic protection floor has improved over the years with programmes targeted at equitable development and inclusive growth as seen in the NEM and the 10th MP. The second dimension refers to the social insurance system to prevent or at least mitigate the impact of risks borne by society. The four main schemes such as pension for civil servants, the LTAT, the EPF, and SOCSO have contributed to a relatively higher score for Malaysia (same income group), in the Social Protection Index (SPI) introduced by the ADB (2003). However, post-1997 Asian Financial Crisis saw social security policies beginning to incorporate labour market programmes, the third dimension of the ILO's framework which aims at promoting the potentials and opportunities for individuals to contribute positively to society. Several agencies that are accountable to different authorities are responsible for the programmes. Yet, there is no effective coordination; in other words, no supreme body to oversee the products of social security and to link them all to meet the national framework and policy. The absence of an overarching social policy is not helping either. All social protection service providers and government agencies collect data and information in order to support their own programmes. As a result, the single-user data collection remains isolated with no mega-database as an interface among social security providers.

1. Background

The economic success enjoyed by Malaysia since 1987 has enabled the country to rid itself of hardcore poverty. As depicted in the tables and figures below (Figure 1, Table 1 and Table 2), the poverty rate has declined significantly and currently stands at 0.7 % (10th Malaysia Plan) but growth has been more or less consistent.

Figure 1: Annual Percentage of GDP Growth for Malaysia



Source: Department of Statistics Malaysia (DOSM), 2014

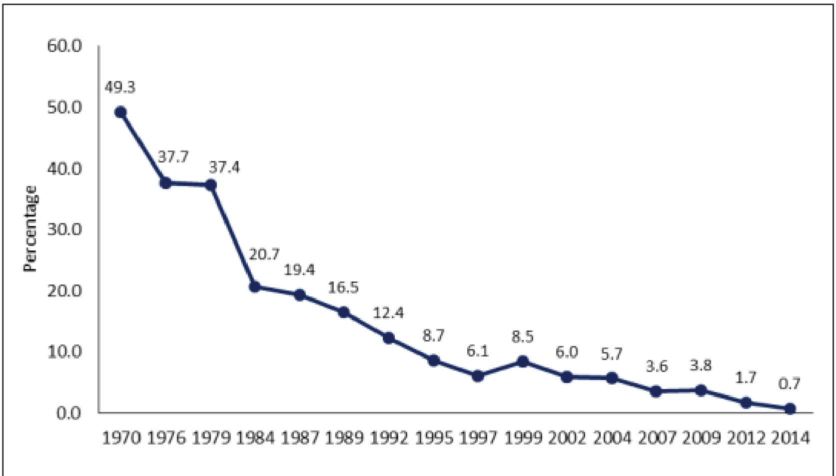
From Figure 1, it is evident that the country has achieved an average annual GDP growth of 6.4% since 1960s. The increased revenues as a result of good economic performance have contributed towards better delivery of social services and improved infrastructure in the country. The incidence of poverty which is measured by the Poverty Line Income (PLI) is defined as "*an income that is necessary to buy a group of foods that would meet the nutritional needs of the members of a household. The income is also to meet other basic necessities such as clothing, rent, fuel and utilities, transport and communications, medical expenses, education and recreation*."(EPU 2010) The PLI in Malaysia has increased over the years as a result of rising costs of living (Table 1).

Table 1: Poverty Line Income for Malaysia

Area	1990 (RM)	1995 (RM)	1999 (RM)	2002 (RM)	2004 (RM)	2009 (RM)
Peninsular Malaysia	370	425	510	529	543	763
Sabah	544	601	685	690	704	1048
Sarawak	452	516	584	600	608	912

Source: Economic Planning Unit (EPU), 2014

Figure 2: Incidence of Poverty as Percentage of Total Households Malaysia, 1970-2014



Source: Economic Planning Unit (EPU), 2014

Malaysia has also succeeded in achieving the targets of Millennium Development Goals (MDGs),by reducing the number of households living below the poverty line by 50% between 1990 and 2015 (UN, 2011). To further uplift the conditions of the poor, the Minimum Wages Order was introduced in 2012 which set the basic wages including work based on the piece-rates, tonnage, trip or commission. The minimum wages rate is as follows:

Table 2: Minimum Wages Rate for Malaysia

Minimum Wages Rate					
Territory	**Monthly**	**Hourly**	**Daily (As per the Guidelines on the Implementation of the Minimum Wages Order 2012)**		
			Number of days worked in a week		
			6	**5**	**4**
Peninsular Malaysia	RM900	RM4.33	RM34.62	RM41.54	RM51.92
Sabah, Sarawak, and Labuan	RM800	RM3.85	RM30.77	RM36.92	RM46.15

Source: Ministry of Human Resources Malaysia, 2014

As part of the poverty eradication strategy, the Government introduced social welfare policies in phases to support the poor. Various strategies, policies and programmes were introduced under the supervision of different ministries and departments. Part one of this article traces the development of social security policy in Malaysia. Part two indicates the expenditure allocation over the years while Part three provides definitions and discusses the ILO's three-dimensional approach which provides the framework for this paper to better understand the social security scenario in the country. Part four examines the different products and players in the social security services while Part five provides information on different databases.

2. Overview of the Development of Social Security Policies in Malaysia

Social security programmes were contained in Malaysia's Five Year Development plans. Policies and strategies were designed under the rubric of social and community services to advance the welfare of rural and urban population by providing improved housing, community facilities, welfare and other services. The emphasis however, has changed over the years, including the policy rationalisation.

Table 3: The Development of Social Security Policies in Malaysia

Colonial Administration (1951)	○ Establishment of the Employees Provident Fund.
First Malaysia Plan (1966-1970)	○ Establishment of Old Folks Homes, Children's Homes, Homes for the Handicapped, Women and Girl's Protection Homes and reformatory institutions in Malaya, Sabah and Sarawak.
Second Malaysia Plan (1971 – 1975)	○ A re-orientation of the welfare system was formulated by the Ministry of Welfare Services with the participation of voluntary organisations, which focused on the preventive and development aspects of welfare services. ○ Launch of the Social Security Organisation (SOCSO) in 1971.
Third Malaysia Plan (1976 – 1980)	○ Social welfare assistance was consolidated and expanded with priorities for the physically and socially handicapped. Three centres with residential facilities for the handicapped were established to provide vocational training including programmes to find employment for them.
Fourth Malaysia Plan (1981 – 1985)	○ Further improvement on the existing social welfare programmes and facilities. ○ Voluntary welfare organisations were identified. ○ The Child Care Act was introduced in 1984.
Fifth Malaysia Plan (1986 – 1990)	○ Formulation of the National Social Welfare Policy.
Sixth Malaysia Plan (1990 – 1995)	○ Focused on measures aimed at inculcating self-reliance among the disadvantaged groups. ○ Protection of children was further strengthened. ○ Establishment of the National Coordinating Council on Eradication of Child Abuse.
Seventh Malaysia Plan (1996 – 2000)	○ Continued with the strategy of enabling the disabled to gainfully participate in the economy by providing better care for the disabled. ○ Establishment of Community-based rehabilitation schemes and training centres. ○ Active labour market policies. ○ Establishment if Micro credits: AIM and TEKUN.
Eighth Malaysia Plan (2001 – 2005)	○ Launching of the National Policy for the Elderly. ○ Launching of a database on the disabled.
Ninth Malaysia Plan (2006 – 2010)	○ Enhancement of the enforcement of the Child Care Act 1984.
Tenth Malaysia Plan (2011 – 2015)	○ Focused on strengthening social safety net to reduce vulnerability of disadvantaged groups. ○ Improve active participation in the economy.

Source: Various Malaysia Plans

The British introduced a retirement savings plan in 1951, the Employers Provident Fund (EPF), which is basically a trust fund for the private sector and non-pensionable public sector employers. The First Malaysia Plan provided basic services for the aged and the handicapped while the Second Malaysia Plan (1971-75) marked a new phase in the economic and social development of Malaysia s based on the New Economic Policy (NEP). A re-orientation of the welfare system was formulated by the Ministry of Welfare Services with the participation of voluntary organisations which focused on the preventive and development aspects of welfare services. Projects were designed to improve and extend facilities for care, relief and rehabilitation of the less fortunate members of society as well as the provision for additional staff quarters for training of personnel. A milestone in the development of social security in Malaysia was the launch of the Social Security Organisation (SOCSO) in 1971 providing protection to employees through the employment injury schemes and invalidity pension schemes. There will be an in-depth discussion on the role of SOCSO in Section 3 of this article.

There was greater emphasis on service-oriented programmes under the Third Malaysia Plan (1976-1980) by promoting initiatives to assist an individual within his own community and family as distinct from institutional care. Social welfare assistance was consolidated and expanded with priorities for the physically and socially handicapped. Three centres with residential facilities for the handicapped were established to provide vocational training including programmes to find employment for them. Residential training centres were set up to train serving officers. A significant policy decision was also made under this Plan whereby schemes were introduced to cover sickness, maternity and survivors' pension.

Apart from establishing new centres for the handicapped, the Fourth Malaysia Plan (1981-1985) also focused on improving existing social welfare programmes and facilities. It emphasised capacity building by providing training for the staff of the Ministry of Welfare as well as for those from voluntary welfare bodies. Voluntary welfare organisations were identified and their services coordinated to complement and supplement the services rendered by the government.

Under the same plan, the Child Care Act was introduced in 1984 to monitor and supervise the operations of nurseries and child care centres. The Act stipulates the minimum standard of care for children.

The National Social Welfare Policy was formulated during the Fifth Malaysia Plan (1986-1990) in an attempt to integrate social factors into the development process with the objective of meeting the needs of the disadvantaged and disabled groups and enable their full economic participation. The strategy was to increase the participation of the community in caring for its disadvantaged and disabled. It was an endeavour that sought to prevent these vulnerable groups from relying solely on welfare assistance. It was also perceived that the Department of Social Welfare, the police and the courts were working in silos in addressing crimes among minors or juveniles. The collaboration between the three departments was enhanced to provide more effective reformatory services for juvenile delinquents.

A similar strategy was employed in the subsequent Sixth Malaysia Plan (1990-1995) namely, reinforcing measures aimed at inculcating self-reliance among the disadvantaged groups. Comprehensive industrial rehabilitation centres were developed for the orthopedically challenged, including additional facilities for the chronically ill.

Due to an increase and rampant child abuse cases, protection of children became a top priority. Research noted destabilised families and poverty among the social ills that had led to an alarming increase in child abuse cases. This led to the establishment of the National Coordinating Council on Eradication of Child Abuse which worked together with the child protection teams to safeguard welfare and interests of children.

The Seventh Malaysia Plan (1996-2000) continued with the strategy of enabling the disabled to gainfully participate in the economy by providing better care for them. Community-based rehabilitation schemes and training centres were established and facilities improved to promote ease of mobility for the disabled.

The 7th and the 8th plans were implemented post 1997 Asian Financial Crisis (AFC) when several policy measures were introduced in response to the crisis. It was largely to support the labour market through active policies such as the labour market exchange system and retraining schemes for retrenched workers. Financial support for the informal sector which serves as an important source of employment during economic shocks was further intensified through the establishment of micro credit schemes such as the *Amanah Ikhtiar Malaysia (AIM)* and the Y*ayasan Tekun Malaysia (TEKUN).* The micro credits continued to be strengthened under subsequent plans.

The National Policy for the Elderly was implemented under the Eighth Plan (2001-2005). A total of 19 day-care centres were established to assist the elderly by providing them care during the day when family members are at their workplaces. The Government also undertook to ensure a healthy and friendly environment for the elderly and the disabled by providing well-equipped facilities that correspond to the high rate of urbanisation. A database was also developed to provide up-to-date information on the elderly for better planning in the future. The database is maintained by the Department of Social Welfare and information sourced from the registration system for persons with disabilities established under the PWD Act (NECIC, 2013).

Improving delivery systems became the focus of the Ninth Malaysia Plan (2006-2010) for the socially-vulnerable group. The strategy of fortifying community participation was further strengthened especially in addressing issues of violence against children by enforcing the Child Care Act 1984 stringently. The aim was to provide excellent quality of care for children. Under this Plan, the Government continued to provide institutional care for orphans, abused and neglected children.

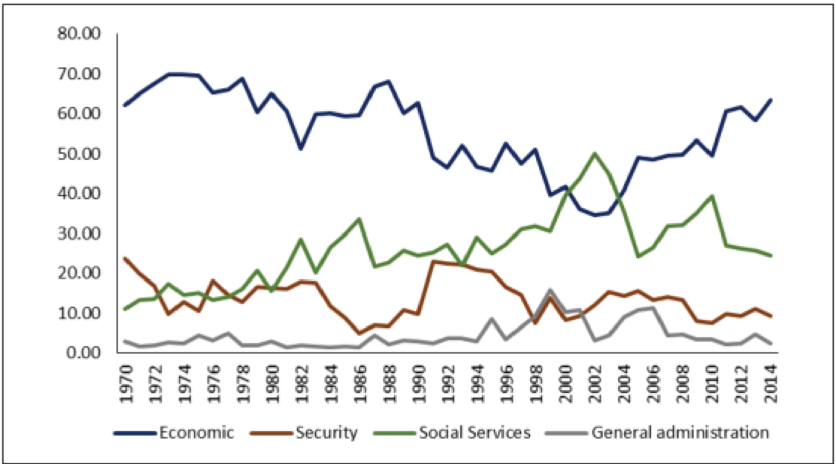
For persons with disabilities, the government organised awareness campaigns to encourage them to register with relevant government bodies and avail themselves of the many benefits as well as having access to amenities and facilities. Trainings were organised under the community-based rehabilitation schemes that would assist the disabled to be self-reliant and aid them to return to mainstream activities. The focus of the programmes for the elderly was shifted from welfare to development approach to cater to the ever increasing numbers of the elderly in Malaysia. The programmes promoted healthy lifestyles, participation in social and recreational activities as well as encouraging family members to take care of the elderly. In addition, various benefits and privileges were introduced for the elderly.

The Tenth Malaysia Plan (2011-2015) focused on strengthening social safety nets to reduce vulnerability of disadvantaged groups. The main objective was to ensure that the target groups received acceptable standard of accommodation, adequate medical care and access to basic necessities and services. Programmes were directed at the bottom 40% of the population earning a monthly average of RM1, 440 as at 2009 (10th MP).

3. Expenditure Allocations for Social Security

The development plans defined social services as social and community services, health, education and housing. Relative to other sectors such as the economic sector, the security sector and the general government administration over the years is depicted in Figure 3 below.

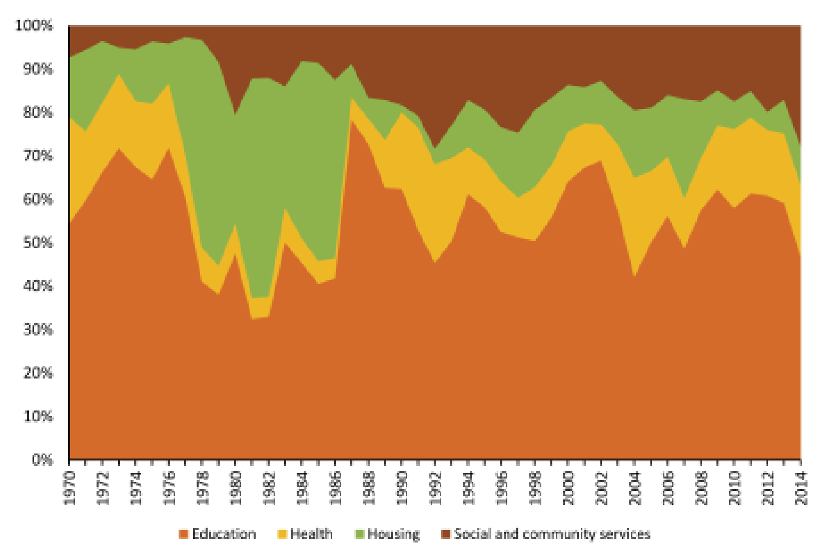
Figure 3: Allocation of Development Expenditure of Malaysia, 1970-2014



Source: Central Bank (BNM), 2014 and MOF Economic reports, 2014

Figure 3 illustrates the patterns of government expenditure for selected sectors (1990 – 2014). Economic services have always received the biggest share of government allocation. The second largest allocation goes to social services which have seen a steady rise though it declined post-1997 financial crisis. Figure 3 shows a steady decline in the proportion of economic service expenditure but an increase in social service expenditure (Mohd, 2012). The allocation for the different categories of social service expenditure between 1970 and 2014 is as follows (Figure 4).

Figure 4: Allocation of Social Services Expenditure 1970–2014



Source: Central Bank (BNM), 2014 and Economic report (MOF), 2014

Within the social services sector, the largest share of public expenditure went to education followed by housing and health. Prior to the 1980s, social and community services received the least attention in development planning but began receiving serious attention from the 1980s onwards.

4. Definition of Social Security

Social security and social protection are often used interchangeably by researchers and international agencies (Soh, 2014). Devereux and Sabates-Wheeler (2004) defines social protection as a "*set of all* *initiatives, both formal and informal, that provide social assistance to extremely poor individuals and households; social services to groups who need special care or would otherwise be denied access to basic services; social insurance to protect people against the risks and consequences of livelihood shocks; and social equity to protect people against social risks such as discrimination or abuse*." In a similar vein, the World Bank led by Holzmann (Holzmann & Jorgensen, 2000), the ADB led by Ortiz (2001) view social protection as a collective measure to improve or protect human capital, ranging from labour market interventions, including publicly-mandated unemployment, disability, or old-age insurance as income support. Social protection interventions assist individuals, households, and communities to better manage the income risks that could render people vulnerable.

A framework proposed by the ILO (2004) serves as a guide for policy makers all over the world to design and plan for social security. It is a standard that measures the comprehensiveness and adequacy of social security starting with a two-dimensional framework which includes the elements of welfare and safety net that society provides for its members which are contingency measures to protect them from economic and social distress caused by absence or reduction of income. These contingencies relate to sickness, maternity, employment injury, unemployment, invalidity, old age, and death of breadwinner. The strategy employs the horizontal dimension and vertical dimension. The horizontal dimension aims at establishing and maintaining social protection floor as fundamental elements of social security standards while the vertical dimension targets at pursuing strategies that extend coverage to as many people as possible to progressively ensure higher levels of social security.

The horizontal dimension represents the implementation of Social Protection Floors that contain basic social security guarantees for those who want to access essential healthcare and security of income at a nationally defined minimum level. The four basic guarantees under the Social Protection Floor are: Access to essential healthcare services for all; basic income security for children; basic income security for all those in active age group who are unable to earn sufficient income; and basic income security for the aged and with disabilities.

The extension of coverage of social security in the vertical dimension is based on the social security staircase (ILO, 2011). The floor level includes access to basic guarantees for all as included in the Social Protection Floor. The second level is for those with tax-paying or contributory capacity. Those with income levels higher than the poverty line would seek and have a right of access to social security measures for themselves that provide income replacement in case of loss of income. The top floor provides voluntary private insurance arrangements for those who wish higher levels of protection. The vertical dimension can be designed to provide a broader range and higher levels of benefits and a wider scope of personal coverage.

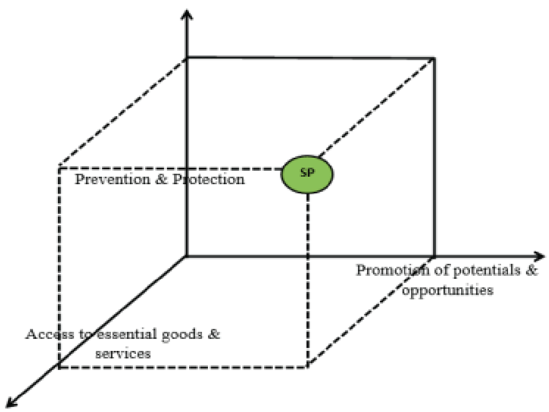
In addition, as suggested by ILO and World Health Organization (WHO, 2009), in order for social protection floor to remain sustainable, it should be built on existing social protection measures and systems with clear definition of rights that govern the relationship between the citizens and the state, avoiding long-term dependencies (at households and macro levels) and moral hazards, encouraging and facilitating market and social inclusion and ensuring continued and predictable funding.

The social protection floor is essentially the first step towards a higher level of protection. The floor can stimulate virtuous circle of development as suggested by the ILO, which can begin once the floor is in place and it can provide an exit route out of poverty and inequality. In addition, it gravitates towards a long-term economic resilience and inclusive growth. The principle is to propagate self-propelling mechanisms which anchor on human development progress in a virtuous circle created by social protection. However, the intervention has to be sustainable and able to be reproduced, thus leading to development.

The two-dimensional approach nevertheless, has its limitations and evolved from the pre-industrial and during the industrial period when it primarily focused on the provision of social assistance to cover the risks of abject poverty by ensuring that everyone is able to meet their basic needs. During the industrial period, the focus changed from social assistance to the provision of income security which included the introduction of saving schemes and also legislations which compelled employers to provide assistance for sick and injured workers. At the same time, various benefits were also introduced to cover a wider range of risks such as unemployment, invalidity due to age and workplace injury (Garcia & Gruat, 2003). Thus, the basic objective of safety nets was broadened to include more proactive protection and preventive measures. However, as the field develops and opportunities abound especially with rapid industrialisation, the concept of social protection has been expanded to promote human and social potentials. In other words, for human survival, social protection should assist in developing and unleashing human potentials, facilitate structural changes, increase stability, advance social justice and cohesion and promote economic dynamism which consequently, would enhance an individual's quality of life and society at large.

Hence, a third dimension was added to the two-dimensional approach (ILO, 2004). The new framework is to achieve three main objectives: to guarantee access to essential goods and services; to promote active socio-economic security and to advance individual and social potentials for poverty reduction and sustainable development. As mentioned earlier, the first dimension relates to access to essential goods and services; the second is prevention and protection against various risks and the third is promotion of potentials and opportunities in order to break vicious circles and pervasive tendencies as shown in Figure 5. Thus, people would less likely depend on assistance and at the same time less vulnerable to risks. This would involve developing, promoting and providing opportunities to disadvantaged groups in society through targeted programmes which include education and training, active labour market policies or micro-credit strategies. (Holzmann, 2000; Garcia & Gruat, 2003).

Figure 5: The Three Dimensions of Social Protection



Source: Garcia and Gruat (2003)

5. Development of Social Security

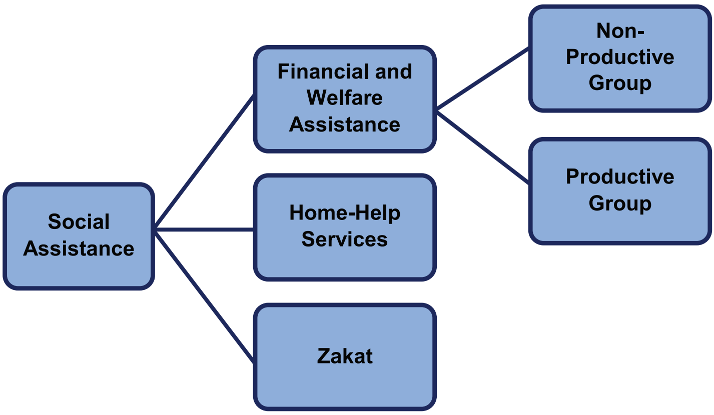
In mapping out relevant players, products and databases in the country, the ILO's three-dimensional approach as explained above is employed.

5.1 Social Assistance (SA)

Social assistance (SA) is a form of compensation to the population at large, or segments of the population to provide coverage to extend assistance to those suffering from certain disabilities above a particular age, and benefits are "means-tested". The SA is funded through government revenue and without direct contributions to the scheme by, or on behalf of, potential beneficiaries. (OECD, 2013).

In Malaysia, SA been organised along three components as shown in Figure 6. There are two categories of target groups identified as productive and non-productive groups.

Figure 6: Components of Social Assistance



5.1.1 Financial and Welfare Assistance

The financial and welfare assistance are meant for both non-productive and productive groups in society. The elderly, the sick and the severely disabled are categorised under the non-productive group. The productive group includes poor families, single-parent families and dependents, persons with disabilities, ex-residents of welfare institutions, children and dependents of the sick, prisoners and detainees. The objectives of the financial and welfare assistance are to assist the target group to meet their basic needs, encourage it (productive target group) to work and live independently and to improve its quality of life. Most of the federal financial assistance programmes are administered by the Department of Social Welfare Malaysia under the Ministry of Women, Family and Community Development.

a. The Non-Productive Group

The specific objective of the financial and welfare assistance for the non-productive group is to secure its basic needs for survival. Various programmes and activities have been introduced by the Malaysian government and welfare institutions to this group as depicted in Table 4.

Table 4: Type of Assistance Provided by Department of Social Welfare Malaysia for the Non-Productive Group

No.	Type of Assistance	Description
1.	Financial Assistance for the Elderly (above 60 years old).	• The elderly poor are given RM300 per month. This financial assistance is for those who do not have any source of income and do not have family who can support them financially.
2.	The Elderly Activity Centre.	• The elderly activity centre or *Pusat Aktiviti Warga Emas* (PAWE) was established with the objective to provide the target group assistance in r the daily activities especially those living alone while their families or caretakers are at work.
3.	The Elderly Care Unit.	• The elderly care unit or *Unit Penyayang Warga Emas* (UPWE) is a joint venture programme between the Department of Social Welfare and Central Welfare Council of Malaysia. • Transport facilities are provided for the elderly to receive treatment from the hospital or clinic. • It caters for the elderly who live alone or with a family which is unable to support them financially.
4.	Financial Assistance for Carers of the Bed-Ridden, Disabled and Chronically ill.	• A monthly allowance of RM300 per person is given to reduce the financial burden of family members who live with Persons with Severe Disabilities/Chronically ill. • This assistance is to encourage better care of persons with disabilities (PWD) especially the chronically ill and improve the quality of life of this targeted group. • It is envisaged that it would further strengthen family ties as well as avoid or minimise their admissions into welfare institutions.

Source: Department of Social Welfare Malaysia, 2014

b. The Productive Group

A temporary financial assistance aimed at assisting the productive group to secure its basic needs and live above the social protection floor.

Table 5: Type of Assistance Provided by Department of Social Welfare Malaysia/ Inland Revenue Board of Malaysia for Productive Group

No.	Type of Assistance	Description
1.	Incentive: Allowance for Disabled Workers	• RM300 monthly allowance is given to persons with disabilities (PWDs). • This incentive is to encourage PWDs to be employed, and become independent and a productive member of the community.
2.	Financial Assistance for PWDs Who are Incapable of Working	• RM150 monthly allowance is given to PWDs who are not able to work and keep them out of welfare institutions. • It is also for those who have a small income such as pensions, SOCSO compensations, monthly assistance and insurance payments among others which have made them ineligible for financial assistance.
3.	Financial Assistance for Artificial Aids /Assistive Devices	• The cost price of the artificial aid /assistive devices will be quoted to help PWDs who cannot afford to buy the support tools that are recommended by doctors or specialists. • The objective is to assist PWDs to improve their capabilities and become self-reliant.
4.	Financial Assistance for Children	• RM100 is given to each child. However, the maximum amount is RM450 per month for one family. • This is to assist the underprivileged and needy children so that they could continue living with their family and receive the needed affection, care and attention. • It is also to nurture and strengthen the family institution so that parents can become independent and continue to provide proper care for their children.
5.	Financial Assistance for Foster Care Children	• RM250 monthly is provided for each child with the maximum of RM500 for each family who cares for two or more foster children. • This is to encourage children to continue living in their community and not admitted into any welfare institution. This would allow them to live in a family environment. • This assistance recognises the rights of the child for protection and assistance when living with foster families and the role and responsibility of foster families who are entrusted to take care of them.
6.	Launching Grant	• Maximum amount of RM 2,700 (one-off). • The grant is a financial incentive to recipients who are keen and have good business potential. • This grant helps them to become self-reliant and not dependent on the government's assistance.

7.	Public Assistance (for the Federal Territories of Kuala Lumpur, Labuan and Putrajaya)	• Minimum of RM80 per person and maximum of RM350 for a family. • This assistance is provided to target groups to alleviate their financial difficulties on a temporary basis or until they are independent. • Among those who are eligible to receive such assistance are those who live below the poverty line, the disabled, the destitute, abused woman and girls. However, other factors will also be taken into consideration such as number of dependents, home situation and age, among others.
8.	General Assistance at the state level	• This assistance is provided for the poor and needy family. • The rate varies according to the provisions given by each State government. Housing and education financial assistance are also provided.
9.	Apprenticeship Allowance	• RM200 per month. • This incentive is provided to youths or children to seek vocational training.
10.	1AZAM Programme	• The objective of this programme is to create income opportunities for low income households. • The four programmes under 1AZAM are: a) Azam Tani – provides resources to embark on agro-based industries. b) Azam Niaga – provides training to become entrepreneurs. c) Azam Khidmat – encourages ventures in service based industries. d) Azam Kerja – provides job opportunities.
11.	Disaster Aid	• Department of Social Welfare Malaysia is also responsible for disaster management and providing assistance to those involved in the disaster. • Disaster is defined as an occurrence of a sudden, complex incident resulting in loss of life, damage to property or the environment and affects the activity of the local community. Therefore, effective coordination is required for managing resources, equipment, and manpower frequency from across agencies.
12.	*Bantuan Rakyat 1 Malaysia* (BR1M)	• A one-time cash payment introduced by the government in December 2011 amounting to RM500 per household earning less than RM3,000 a month and the payment of RM250 a month for singles earning below RM2,000. • The amount was raised to RM650 and RM450 for households earning RM3,000 to RM4,000 a month and for singles RM350 in 2013 with an additional RM50 as income protection insurance (with coverage up to RM30, 000 for death and permanent disability). • In 2014, the financial assistance was extended to households earning less than RM3,000 a month with a payment of RM950 and those earning RM3,000 to RM 4,000 a month RM750 was provided and for single household earning less than RM2,000 a month, RM350 was given.

Source: Department of Social Welfare Malaysia & Inland Revenue Board of Malaysia, 2014

5.1.2 Home-help Services

Home-help services programme was introduced by the Department of Social Welfare Malaysia in 1994. This programme was introduced as an alternative approach to assist the elderly poor and the disabled who live alone or those who live with family but in need of assistance. This programme is implemented by the Non-governmental Welfare Organisations such as the Central Welfare Council of Malaysia, Malaysian Golden Age Welfare Association (USIAMAS), Gerontological Association of Malaysia and other NGOs. It is essentially a community support endeavour with the cooperation of volunteers who undertake to become caregivers to the elderly. Training is provided to volunteers before they make regular visits to the homes of the elderly to help them in their daily activities such as cleaning the house, accompanying them for shopping or paying the bills or for health check-ups.

In 2011, there were a total of 207 volunteers from Central Welfare Council of Malaysia and *USIAMAS* who were involved in the programme and they were able to reach out to 915 elderly people. It is clearly a very small number relative to the population of the elderly.

5.1.3 Zakat

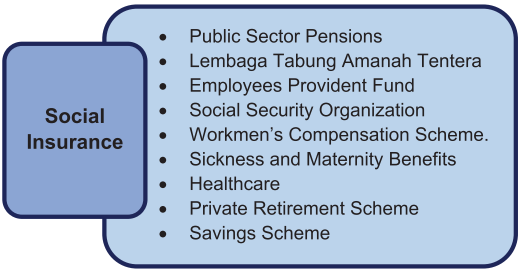
Zakat in Islam is a socio-economic tool to improve the welfare and well-being of needy Muslims. It is associated with "purification" where the payment of zakat purifies and cleanses the wealth and heart of the person who pays zakat (Samad & Glenn, 2010) and is one of the fundamental pillars of Islam; all Muslims are obligated to pay zakat. The zakat collected will be distributed to Muslims under the eight eligible groups or *Asnaf* in order to assist them to obtain basic necessities in life. The eight groups that are eligible to receive zakat are: the poor, the needy, the wayfarer, the heavily indebted, freed slaves, new converts to Islam, those employed to administer the fund and those who strive for the cause of the religion.

About 64% of the Malaysian population is Muslim and zakat funds can play a significant role in social assistance. The administration of zakat in Malaysia comes under the jurisdiction of the State Islamic Religious Councils, known as *Majlis Agama Islam Negeri* (MAIN). There are 14 State Islamic Religious Councils for the 13 states and one Federal Territory. Some of the States have privatised either their zakat collection or zakat distribution and in some cases both in an effort to increase the efficiency of zakat administration. Currently, Sabah, Sarawak, Selangor and Penang have privatised both zakat distribution and collection services (Norazlina & Abdul Rahim, 2013) while Negeri Sembilan, Kuala Lumpur Federal Territory, Malacca and Pahang have privatised only zakat collection. The rest of the States have not privatised either collection or distribution (Hairunnizam & Radiah, 2010). Since the administration of zakat falls under state jurisdiction, the management and programme for each state differs from one another. Each State conducts different programmes for the disbursement of zakat collections to the *Asnaf* and therefore, an effective system to administer the collection and distribution of zakat funds would improve the SA programme in the country.

5.2 Social Insurance (SI)

Social insurance (SI) is a mode of financing for social security schemes. In principle, out of nine SI listed below, only Social Security Organization (SOCSO) schemes are based on the principles of social insurance whereby contribution is compulsory for the covered groups – the scheme operates on social pooling of risks and benefits and a fund is created with no individual accounts (Figure 7). The government pension scheme on the other hand is financed through tax revenue. The EPF is a provident fund with individual accounts, a type of forced savings for old age. Similarly, in the case of LTAT, members are forced to save for old age. The EPF and LTAT schemes are essentially defined contribution schemes without risk-pooling. Malaysia's health services are currently financed by tax revenue and the proposed National Health Insurance Scheme remains on the drawing board. Nevertheless, based on earlier proposals, no decision has been made as to whether the national health scheme will be based on social insurance or SA or other modes of financing.

Figure 7: Components of Social Insurance



5.2.1 Public Sector Pensions

The pension scheme is often regarded as an appreciation of service rendered by the employees to the Government and as bond to retain their services. In addition, the public sector offers relatively low salaries and hence the pension scheme is aimed at providing financial security and benefits for retired civil servants. It is also to ensure that high ranking government officials do not have to seek employment in the sector they had regulated. However, the issue of fiscal sustainability is often debated. (World Bank, 2006)

Public Services Department of Malaysia (PSD) was established as an agency to manage human resources for the public sector. The Post-Service Division under the PSD formulates policies and monitors their implementation especially pertaining to retirement and retirement benefits and to manage the disbursement of retirement benefits and cessation of service benefits. The different types of pension schemes under PSD are tabulated below:

Table 6: Type of Pension Schemes under PSD

No.	Type	Description
1.	Compulsory Pension Under Section 10 Act 227/239.	-
2.	Compulsory Retirement Under Section 11 Act 227/239.	i. <u>On the ground of national interest.</u> If the Government requires that a pensionable officer/personnel be appointed to another post under a different appointing authority and is agreeable by that officer/personnel, he may be retired on the grounds of national interest. ii. <u>In the interest of the public service or statutory bodies or local authorities.</u> The Government may require that a pensionable officer/personnel with low or declining performance over a certain period or has persistent health problems but not to so serious as to warrant being referred to Medical Board, to retire, if he or she agrees.
3.	Optional Retirement Under Section 12 Act 227/239.	Pensionable personnel upon attaining 40 years of age may apply for optional retirement. The period of reckonable service not less than 10 years is required to enable pension benefits be paid to the personnel. Payment for service gratuity is made on the date of retirement while pension would be paid when attaining the eligible age as stipulated in the Pension Laws.
4.	Retirement due to Privatisation of a Government Agency Under Sections 10(5) (b), 12 and 12A/13 Act 227/239.	Upon the Government's approval, pensionable personnel may be retired when a public agency or part of it is privatised. The retirement is on voluntary basis made via an offer of option.

Source: Public Service Department, 2014

There are five types of pension benefits: a) Monthly payment of service pension which is calculated based on the years of service and a certain percentage of the last drawn basic salary. In the case of Malaysia, half of the gross monthly salary is allowances which are not part of the pension formula. In most cases, the monthly pension is very small especially for lower level civil servants; b) Lump-sum payment of service gratuity. The rate of gratuity and pension depend on the period of reckonable service and the last drawn salary. In addition, a one-off cash award is given in lieu of unused annual leave.

A government officer required to retire due to health reasons will be given disability pension. The criteria that govern the eligibility to receive this benefit include the officer's recurring health problems during the course of performing official duty, contracting a disease during to the course of his or her duty or exposed to certain diseases due the nature of his/her duty and sustaining an injury due to accident while travelling not due to negligence. The rate of payment is based on the degree of health impairment and health problems.

The final benefit is the pension given to dependents of the officer who dies from injury sustained during the course of official duty or contracting a disease or due to accident while travelling. The condition set for the eligibility of this benefit is that the death should occur within seven years of sustaining the injury or contracting the disease.

5.2.2 Armed Forces Trust Fund Board or Lembaga Tabung Amanah Tentera (LTAT)

Armed Forces Fund Board known as *Lembaga Tabung Angkatan Tentera* (LTAT) is a statutory body established in August 1972 by an Act of Parliament (Act 101). The main objective is to provide retirement and other benefits to members of the armed forces who are compulsory contributors. It also enables officers and members of the volunteer forces in the service to participate in a savings scheme.

Under the superannuation scheme, the contributions will be made by both employers and employees. The government as an employer will contribute 15% of the monthly salary for serving members of the armed forces while the members are required to contribute 10% of their monthly salary. As for the officers, participation is voluntary and the contributions are stipulated at a minimum of RM25 or a maximum of

RM750 monthly. However, as at April 2014, the maximum amount of monthly contributions has been revised and increased to RM1,000. The total amount of contributions increased from RM5,851.5 million in 2008 to RM7,767.2 million in 2012 (LTAT, 2012).

The LTAT fund is also used to promote socio-economic development and provide welfare and other benefits for the retiring and retired personnel of the armed forces. In line with this, the funds are utilised with the objective of improving effectiveness and quality of their management especially in terms fulfilling their expectations based on services rendered and enjoy the returns. The benefits are enjoyed by both serving members as well as retiring and retired members of the Armed Forces. The benefits for serving members are:

a. <u>Lump Sum Withdrawal Inclusive of Dividends and Bonuses</u>

   The contributors are categorised under three groups: non-pensionable compulsory contributors, pensionable compulsory contributors and voluntary contributors. The non-pensionable compulsory contributors will be paid in lump-sum inclusive of government contributions and cumulative yearly dividends and bonuses when they pass away or retire or discharged from service, or upon attaining the age of 50. However, as for the pensionable compulsory contributors, they will be paid in lump-sum with cumulative yearly dividends and bonuses only for their portion of contributions. The contribution of the government is channelled into the Consolidated Pension Fund for payment as monthly pensions. For voluntary contributors, savings can be withdrawn at any time and even after the withdrawal has been made, they are allowed to re-contribute. In addition, special bonuses will be given in form of unit trusts depending on the LTAT's financial performance every year. As at 2012, the LTAT had made payments amounting to RM600.7 million to a total of 4,975 contributors upon completion of service with the Armed Forces (LTAT, 2012).

b. <u>Death And Disablement Benefits Scheme</u>

   Compulsory and voluntary contributors are automatically covered under the LTAT Death and Disablement Benefits Scheme. This scheme is designed to provide contributors with a reasonable sum of money upon discharge from service due to infirmity of mind or body, or to the next of kin upon death while in service. The LTAT had made payments to 58 contributors amounting to RM1.5 million under the Disablement Benefits Scheme while payments totalling RM3.5 million have been made to 137 dependents as death benefits (LTAT, 2012).

c. Partial Withdrawal To Purchase a House

This benefit is offered to all compulsory contributors who intend to purchase their first house or a piece of land for the purposes of building a home. They are allowed to withdraw not more than 40% of their contributions or 10% of the cost of the property or RM10,000, whichever is lower. As at 2012, a total amount of RM15.7 million was withdrawn by 2,531 contributors for to purchase a house. The value declined from 2011 where 4,034 contributors withdrew a total of RM23.2 million to purchase their first house (LTAT, 2012).

5.2.3 Employees Provident Fund (EPF)

The Employees Provident Fund (EPF) is a trust fund established under the EPF Ordinance, 1951 which was amended as the EPF Act in 1991. The EPF functions as a trustee for its members by providing retirement benefits through efficient and reliable management of their savings. The members are private sector employees and non-pensionable public sector staff. In 1977, the EPF Ordinance allowed the self-employed to contribute to the fund.

The EPF is a defined contribution plan based on a prescribed rate of contribution by employers and employees and accumulated as savings in a personal account entitling them to full withdrawal upon reaching retirement age. A defined contribution plan is a retirement scheme in which the contribution by the employer is specified and the employee can also contribute if applicable. There are additional investment earnings from the total amount. The contributions, made by both employees and employers, are based on wages and in accordance with rates stipulated by EPF.

Table 7: EPF Contribution Rates

Year	Employee	Employer	Total
June 1952 – June 1975	5%	5%	10%
July 1975 – November 1980	6%	7%	13%
December 1980 – December 1992	9%	11%	20%
January 1993 – December 1995	10%	12%	22%
January 1996 – March 2001	11%	12%	23%
April 2001 – May 2002	9%	12%	21%
April 2002 – May 2003	11%	12%	23%
June 2003 – May 2004	9%	12%	21%
June 2004 – May 2005	11%	12%	23%
June 2005 – December 2008	11%	12%	23%
January 2009 – December 2010	8%	12%	20%
January 2011 – December 2011	11%	12%	23%
January 2012 – Present			
Income RM5,000 and less	11%	13%	24%
Income more than RM5,000	11%	12%	23%

Source: EPF Annual Report, 2013

The rates of contribution both for the employees and employers vary since the establishment of the fund (Table 7 above). The current rate of contribution effective since January 1991 is 11% for employees and 13% for employers for those with monthly incomes of less than RM5,000 while for those earning more than RM5,000 per month, the contribution rate is 11% for employees and only 12% for employers. The contributions made by the members are invested by EPF to generate reasonable returns to ensure the well-being of their members. The return on investments (ROI) is in the form of dividends and added into the contributions.

Table 8: Dividend Rates

Year	Percentage Per Annum (%)
1952	2.50
1960	4.00
1970	5.75
1980	8.00
1990	8.00
2000	6.00
2010	5.80
2013	6.35

Source: EPF Annual Report, 2013

A minimum annual dividend of 2.5% is guaranteed by the EPF and this amount increases based on the ROI. The highest dividend rate declared by EPF is 8.50% between 1983 and 1987.

Table 9: Active Members' Contributions

Year	Total Members	Total Savings (RM)
2006	5,293,808	224,496,982,274.01
2007	5,409,153	228,779,446,041.12
2008	5,706,192	256,522,840,056.48
2009	5,792,366	274,008,289,313.38
2010	6,038,650	298,761,257,707.43
2011	6,262,832	327,834,517,772.46
2012	6,389,080	360,174,209,819.08
2013	6,530,838	396,531,238,139.28

Source: EPF Annual Reports 2006 – 2013
Note: Total amount from 2009 to 2013 is not inclusive of annual dividends

The number of active members increased from 5.29 million in 2006 to 6.53 million in 2013. Total contributions also increased from RM224.49 billion in 2006 to RM396.53 billion in 2013. The increase in the contributions results in higher investment capacity and thus, increasing the opportunity for higher dividend pay-outs.

The EPF savings is structured into two types of accounts namely, Account 1 and Account 2. Each account is designed to serve the different needs of contributors. Account 1 comprises 70% of member's savings for retirement in line with the primary objective of the scheme which is to ensure that members have sufficient cash savings for retirement. The savings from this account can only be withdrawn when members reach the age of 55. The balance under Account 2 can be utilised as pre-retirement withdrawals aimed at enhancing members' well-being. The types of withdrawals are as follows:

Table 10: Types of Withdrawal of EPF

No.	Type	Account	Purpose
1.	Age 55 years withdrawal	Account 1 Account 2	• Members can withdraw all of their savings either in a lump sum or partially for financial support during retirement period.
2.	Incapacitation withdrawal	Account 1 Account 2	• Members can withdraw all of their savings should they become physically or mentally incapacitated to work, having achieved the level of Maximum Medical Rehabilitation (MMI). This is to ensure their survival.
3.	Pensionable employees' withdrawal and optional retirement withdrawal	Account 1 Account 2	• This allows members who are still employed in the Public Service and have been placed in the pensionable establishment to withdraw their share of contribution including the dividends accrued after returning the government's share to the Retirement Fund. • This allows the members who opted for early retirement from the Public Service to withdraw their share of contributions, including the dividends accrued for periods where it was compulsory to contribute to EPF while in the Public Service.

4.	Leaving the country withdrawal	Account 1 Account 2	• Withdrawal can be made by Malaysian citizens who have renounced their citizenship in order to migrate to another country OR foreign citizens (members who contributed before 1 August 1998) who have ceased to be employed in this country and wish to return to their country of origin.
5.	Death withdrawal	Account 1 Account 2	• This withdrawal allows member's nominees or administrators or next-of-kin to withdraw the savings in the event of his/her death.
6.	Savings of more than RM1 million withdrawal	Account 1 Account 2	• Members can withdraw their savings if the credit totals RM1.05 million as RM1 million is viewed as adequate to finance their basic retirement needs. • Members are eligible to withdraw not less than RM50,000 which will be taken from Account 2, and if it is insufficient, the balance will be taken from Account 1.
7.	Members' investment withdrawal	Account 1	• Members can invest not more than 20% of their savings in Account 1 in excess of basic savings to increase their retirement savings.
8.	Age 50 years withdrawal	Account 2	• Members can withdraw all of their savings in Account 2 upon reaching 50 years of age to prepare and plan for their retirement earlier.
9.	Withdrawal to reduce / redeem housing loan	Account 2	• Members can withdraw their savings in Account 2 to reduce or redeem the housing loan balance with the financial institution approved by EPF. • Withdrawal to reduce or redeem the housing loan balance for a second house is allowed when the first house is sold or disposal of ownership has taken place.
10.	Education withdrawal	Account 2	• Members can withdraw their savings in Account 2 to finance the education of their children (including step-children and legally adopted children) at an Institution of Higher Learning either locally or abroad.
11.	Withdrawal to purchase a house or to build a house	Account 2	• Members can withdraw their savings in Account 2 to finance the purchase of a house and withdrawal to purchase a second house is allowed after the first house is sold or disposal of ownership has taken place. • Members can withdraw their savings in Account 2 to finance the building of a house and withdrawal to purchase a second house is allowed after the first house is sold or disposal of ownership has taken place.
12.	Housing loan monthly instalment withdrawal	Account 2	• Members can withdraw their savings in Account 2 as monthly repayment for the purpose of buying or building a house. • This is an addition to the existing withdrawal, which is to reduce or redeem housing loan.
13.	Flexible housing withdrawal	Account 2	• Set aside a part of savings in member's Account 2 for the Flexible Housing Withdrawal Account to enable members obtain a higher housing loan to purchase or build a house. • Members can obtain a higher loan amount since the credit assessment on the net income also takes the EPF contributions into consideration.
14.	Health withdrawal	Account 2	• Members can withdraw their savings in Account 2 to pay for medical expenses incurred for the treatment of critical illnesses and/or to buy medical aid equipment as approved by the EPF Board for own use or permitted family members.
15.	Hajj withdrawal	Account 2	• Members can withdraw their savings in Account 2 to perform their Hajj effective January 2013.

Source: Employees Provident Fund (EPF), 2014

The EPF also provides two additional benefits for its members which are incapacitation and death benefits. Death benefits of RM2,500 will be given to the dependents of deceased members provided that the application is made within six months from the date of member's death. An incapacitation benefit amounting to RM5,000 will be given provided that the application for incapacitation withdrawal is made within a year from the date when the member became unemployed as a result of incapacitation.

5.2.4 Social Security Organisation (SOCSO)

The SOCSO was established under the Ministry of Human Resources in 1971, principally to implement and administer the social security scheme under the Employees' Social Security Act 1969. The SOCSO evolved into a statutory body in July 1985 and has successfully implemented its own remuneration system known as "*Sistem Saraan Baru Perkeso (SSBP)".*

The SOCSO's two social insurance schemes, the Employment and Injury Scheme and Invalidity Pension Scheme, are aimed at protecting workers against risks of injury and invalidity during the course of employment.

The SOCSO schemes are compulsory for employees who earn a monthly wage of RM3,000 and below. For those whose wages are above RM3,000 per month, they can be covered upon mutual agreement with the employer. The SOCSO applies the principle of "Once-In-Always-In" that indicates that once the employee starts to contribute, they will have to continue their contribution regardless if their wages exceed RM3,000 per month. However, the contribution threshold currently is capped at RM3,000.

The two schemes under the SOCSO scheme are as follows:

a) <u>Employment Injury Insurance Scheme</u>
This scheme protects employees against accident while carrying out their duties, or while commuting between their homes to the place of work, or between their work place to eatery during the break, or while traveling en-route to discharging their duties. Under the Employment Injury Scheme, the employer contributes 1.25% of the wage with no contribution from the employee. Employer is categorised under principal and immediate employer. All employees that fit the criteria are eligible to register to get coverage

and protection under SOCSO, regardless of their employment status whether permanent, part-time, contract and temporary staff or under probation. And unlike the second scheme which covers an employee until the age of 60, this scheme covers an employee as a long as or she is employed. However, the coverage is only for Malaysian citizens and permanent residents. The benefits provided in this scheme are outlined in the following table:

Table 11: Type of Benefits under Employment Injury Insurance Scheme

No.	Item	Description
1.	Medical Benefit	• Protection for employees injured in work related accidents or occupational diseases. Employees can get free medical treatment at SOCSO's panel clinics or government clinics/hospitals until they are fully recovered. • For serious injuries, employees can get medical treatment from government hospitals and eligible for second class ward treatment and special treatment will be provided if necessary. • Reimbursement of medical claims can be made if the employees receive treatment from non SOCSO panel clinics/hospitals. However, this is subject to the conditions determined by the organisation.
2.	Temporary Disablement Benefit	• This benefit is paid to an employee who has been certified unfit to work by a doctor for not less than four days including the day of the accident.
3.	Permanent Disablement Benefit	• Permanent disability is defined as a lasting disability due to an employment injury that reduces the ability to perform duties. • The claim can be made after the last day of temporary disablement.
4.	Constant Attendance Allowance	• This allowance is paid to an employee who is suffering from permanent total disablement (i.e. 100% loss of earning capacity), and is so severely incapacitated that he/she requires personal attendance of another person round the clock. • As at January 2013, the rate is fixed at RM500 per month.
5.	Physical and Vocational Rehabilitation	• Facilities for vocational and physical rehabilitation are provided free of charge to an employee who suffers from permanent disablement. • Among the facilities provided for physical rehabilitation are occupational therapy, reconstructive surgery, orthopaedic aids and physiotherapy. • Vocational rehabilitation includes skills training wiring, sewing, plumbing, stenography, secretarial duties and return-to-work programme.
6.	Return To Work Programme	• This programme facilitates efficient treatment plan for employees with injuries or diseases to ensure that they can return to work early and in a safe condition.
7.	Dependent's Benefit	• Eligibility of dependents to receive this benefit if the employee dies as a result of injuries sustained during employment.
8.	Funeral Benefit	• If an employee dies as a result of an injury sustained during employment or while receiving disablement benefit, the eligible person will be compensated the expenditure incurred or RM1500, whichever is lower.
9.	Education Benefit	• This benefit comes in the form of a loan or scholarship given to dependent's children of an insured employee who is receipt recipient of a monthly benefit.

Source: Social Security Organisation (SOCSO), 2014

b) Invalidity Pension Scheme

This scheme provides the insured persons 24-hour coverage against invalidity or death due to a cause not related to employment. Invalidity refers to permanent morbid conditions that is either incurable or is unlikely to be cured that result in the employee losing at least 1/3 of his or her normal functions or capability compared with a normal individual and which ultimately leads to loss of income for the employee. The contribution is 1% of the employee's wage: 0.5% contributed by the employer and the rest contributed by the employee. The coverage for this scheme however, stops at age 60.

The benefits provided in this scheme include the following:

Table 12: Types of Benefits under Invalidity Pension Scheme

No.	Item	Description
1.	Invalidity Pension	• Coverage includes invalidity caused by any circumstances not relating to work. This includes invalidity due to chronic diseases such as heart attacks, kidney failure, cancer, mental illness, asthma, etc. • The payment rate is based on the eligibility and the minimum monthly pension is set at RM475 as at January 2012.
2.	Invalidity Grant	• This benefit is for the employee that has been certified as invalid by the Medical Board; however, the employee is not eligible for invalidity pension as he or she does not meet any qualifying conditions.
3.	Constant Attendance Allowance	• This allowance is paid to an employee who is suffering from permanent total disablement (i.e. 100% loss of earning capacity), and is severely incapacitated requiring the personal attendance of a helper. • As at January 2013, the rate is fixed at RM500 per month.
4.	Survivor's Pension	• Survivors' Pension is payable to eligible dependents of an employee who dies irrespective of the cause of death unrelated to employment.
5.	Funeral Benefit	• If an employee dies due to any cause, the eligible person will be compensated the expenditure incurred or RM1500 whichever is lower.
6.	Physical and Vocational Rehabilitati on	• Facilities for vocational and physical rehabilitation are provided free of charge to an employee who suffers from invalidity. • Among the facilities provided for physical rehabilitation are occupational therapy, reconstructive surgery, orthopaedic aids and physiotherapy and dialysis treatment. • Vocational rehabilitation includes providing skills training in electrical, sewing, typing and secretarial work.
7.	Return To Work Programme	• This programme facilitates efficient treatment plan for employees with injuries or diseases to ensure that they can return to work early and in a safe condition.
8.	Education Benefit	• This benefit comes in the form of a loan or scholarship to a dependent's children of an insured employee who is in receipt of a monthly benefit.

Source: Social Security Organisation (SOCSO), 2014

The total pay-out made to the employees for these 10 benefits increased from RM1,186.08 million in 2008 to RM2,000.01 million in 2011. The increase is a result of benefits claimed by the employees as well as cost of living. The breakdown of the benefits payments made by SOCSO between 2008 until 2012 is as follows:

Table 13: Benefits Expenditure

ITEM / YEAR	2008 (RM)	2009 (RM)	2010 (RM)	2011 (RM)	2012 (RM)
Temporary Disablement Benefit	94,063,947	104,007,611	109,177,424	119,770,229	135,623,005
Permanent Disablement Benefit	214,624,319	274,841,608	306,382,930	326,173,140	363,510,920
Dependent's Benefit	151,523,040	160,205,336	205,316,141	192,631,812	216,012,135
Funeral Benefit	12,231,968	13,382,455	13,311,564	14,335,185	14,550,077
Medical Benefit	4,937,432	4,916,986	5,098,960	5,318,467	4,678,024
Constant Attendance Allowance	12,077,442	13,371,741	16 ,657,428	17,143,630	20,906,153
Invalidity Pension & Grant	243,447,308	266,920,273	345,566,000	340,967,277	413,392,077
Survivor's Pension	398,973,488	449,153,104	581,519,646	583,761,116	704,287,285
Physical and Vocational Rehabilitation	54,207,201	67, 328,502	95,129,959	110,665,281	127,050,884
TOTAL	**1,186,086,145**	**1,354,127,616**	**1,678,160,052**	**1,710,766,137**	**2,000,010,560**

Source: Social Security Organisation Annual Report, 2012
Note: Invalidity pension and grant are combined and return-to-work is excluded. More info on return to work is found in Section 5.3

These four main schemes has contributed to the relatively higher score for Malaysia (same income group) in the Social Protection Index (SPI) introduced by the ADB (2003).

5.2.5 Workmen's Compensation Scheme

The Workmen's Compensation Scheme was stipulated under the Workmen's Compensation Act 1952 which provides compensation for the injured or deceased workman or employee. Unlike SOCSO, this scheme operates as a law, governing the terms and amounts of compensation in the case of death. The employer is fully responsible for the social insurance provided by private companies and does not handle or manage the fund. The scheme has never attained much significance especially after the establishment of SOCSO (Ragayah et. al, 2002). In 1993, foreign workers were no longer covered by SOCSO. However, in 1996 an amendment was made for the Workmen's Compensation Act where it became the major source of indemnity for foreign workers. The Foreign Workers' Compensation Scheme was introduced in 1998.

5.2.6 Sickness and Maternity Benefits

The Employment Act 1955 stipulates that sick leave is granted at full pay for a certain number of days annually ranging from 14-22 days, depending on the employee's length of service. Those who have been employed for less than two years are eligible for 14 days of leave, if employed for two years or more but less than five years, the person has 18 days entitlement while those who have been employed for more than five years are given 22 days of leave. If hospitalisation is required, the number of days for sick leave increases to 60 days per year. As for maternity benefits, women employees are eligible for maternity benefits of not less than 60 days. Civil servants are allowed to take maternity leave between 60-90 days annually but not more than 300 days throughout their service (The Commissioner of Law Revision, 2006).

5.2.7 Healthcare System

The healthcare system in Malaysia is divided into the public and private sector. The public healthcare sector is heavily funded by the Government where the Ministry of Health Malaysia (MOH) is the largest healthcare provider and together with other agencies work towards providing the best healthcare system for the nation. Among the agencies under the public sector is Ministry of Higher Education Malaysia (MOHE) that manages the university hospitals which provide healthcare services including training and research on health-related activities. There are also 17 federal agencies such as the National Institute of Occupational Safety and Health Malaysia (NIOSH), Department of Occupational Safety and Health Malaysia (DOSH), National Anti-Drug Agency, Prison Department and Civil Defence Department. Local authorities and state government are also involved in public health services. In addition, the Ministry of Defence Malaysia (MOD) also provides healthcare services through its army hospitals and Armed Forces Medical and Dental Centre.

The patients only pay a nominal sum for treatment received from public healthcare facilities while for private healthcare services, the patient, employers or insurance companies bear the full amount. The healthcare services in Malaysia are expanding both in the public and private sector. There is a steady increase in the number of hospitals, clinics and other medical centres.

Table 14: Government Healthcare Facilities

Item	No.	Beds (official)
Hospitals	132	34,078
Special Medical Institutions	8	4,900
Dental Clinics	50	441
Mobile Dental Clinics	27	44
Health Clinics	1,025	-
Community Clinics (Klinik Desa)	1,831	-
Mobile Health Clinics (Teams)	-	197
Flying Doctor Services (Teams)	5	12
1Malaysia Clinics	178	-
1Malaysia Mobile Clinics (Bus)	5	8
1Malaysia Mobile Clinics (Boat)	1	2
1Malaysia Dental Clinics	3	3
1Malaysia Dental Mobile Clinics (Bus)	1	1

Source: Ministry of Health Malaysia, Health Facts 2013

Table 14 above shows government healthcare facilities as at December 2012. Apart from the 140 hospitals and specialist medical institutions under MOH, there are additional seven non-MOH hospitals. The specialist medical institutions consist of one Rehabilitation Hospital, one Women and Children Hospital, one Leprosy, one Respiratory and four Psychiatrics Institutions.

The 1Malaysia Clinics were established to deliver equitable and quality healthcare to society making healthcare more accessible and affordable especially to the urban poor. The first 1Malaysia Clinic was launched in 2009 at Lembah Pantai and the total number of clinics was 178 (2013). The medical assistants and staff nurses manage the clinics and medical officer makes weekly visits. The treatment charges are RM1 for Malaysians and RM15 for non-Malaysians. These clinics provide treatment for minor ailments such as flu, cough, minor surgical procedures and simple laboratory tests.

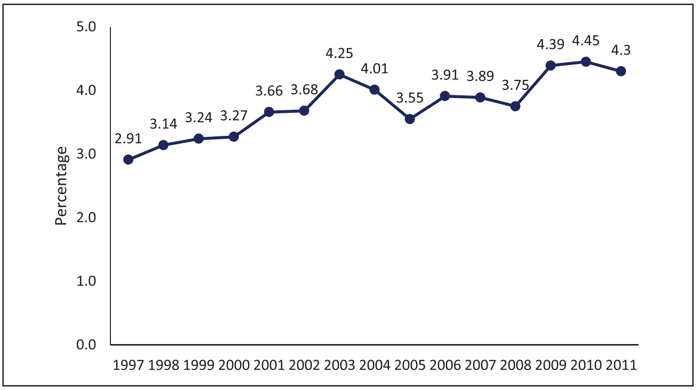
Table 15: Private Healthcare Facilities

Licensed	No.	Beds (official)
Hospitals	209	13,667
Maternity Homes	23	96
Nursing Homes	15	364
Hospice	4	38
Ambulatory Care Centre	49	101
Blood Bank	5	23
Haemodialysis Centre	363	3,347
Community Mental Health Centre	0	0
Combined Facilities	1	14
Registered		
Medical Clinics	6,675	-
Dental Clinics	1,623	-

Source: Ministry of Health Malaysia, Health Facts 2013

Table 15 above lists the number of private healthcare facilities as at December 2012. The Blood Banks consists of four Cord Blood Stem Cells Banks and one Regenerative Medical Research Lab and Services. The combined facilities refer to Ambulatory Care and Haemodialysis Centre.

Figure 8: Total Health Expenditure as Percentage of GDP



Source: Ministry of Health Malaysia, 2012

Figure 8 above indicates that expenditure for healthcare as percentage of GDP increased from 2.91% in 1997 to 4.45% in 2010. Malaysia implemented a dual system for healthcare. In 2011, 55% of government healthcare spending was for subsidising healthcare through public hospitals and clinics (“How Sustainable”, 2014). The public healthcare services facilities are highly subsidised by the MOH. Outpatient visit is only RM1 which includes consultation, medicine, laboratory test and others (Rohaizat et. al, 2012). The inpatient charges for public hospitals are nominal but not more than RM500 for the admission in the 3rd class general ward.

Medical tourism has been recognised as one of the drivers of the Economic Transformation Programme (ETP) due to the vast potentials of the sector and promoted through public-private partnerships.

5.2.8 Private Retirement Scheme (PRS)

Private Retirement Scheme (PRS) contributions are essentially voluntary and complement Malaysia's mandatory contribution schemes. The objective of the PRS is to secure the standard of living of retirees through additional savings. The PRS in Malaysia is regulated and supervised by the Securities Commission Malaysia (SC). The SC is responsible to ensure the proper functioning of the PRS industry by monitoring intermediaries who are providers, administrators, distributors and scheme trustees. The PRS is offered by approved providers who have a wide variety of products from which the individuals can select. As at 2012, there were eight PRS providers approved by the SC which are: CIMB-Principal Asset Management Bhd; RHB Investment Management Sdn. Bhd; American International Assurance Bhd; AmInvestment Management Sdn. Bhd; Hwang Investment Management Bhd; Manulife Unit Trust Bhd; Public Mutual Bhd; and ING Funds Bhd.

There is no fixed amount or fixed intervals for making the contributions under the PRS due to its voluntary nature. PRS is also flexible enabling an individual options to contribute to more than one product under the same provider or to other products offered by different PRS providers. The products under the PRS are categorised according to age groups and classified as growth fund, moderate fund or conservative fund (Securities Commission). The contributions are credited into two accounts: sub-account A which can be withdrawn upon reaching retirement age and sub-account B that can be withdrawn annually. The private pension administrator manages all transactions made by the members and ensures efficiency and effectiveness. However, the primary responsibility of the private pension administrator is to facilitate and carry out instruction from members instead of managing the funds internally or accept contributions.

Starting from 2012, tax incentives were provided to both individuals and employers for the first 10 years. Individuals will receive tax relief up to RM3,000 and tax deduction for employers on the contributions made on behalf of their employees above the statutory rate of up to 19% of employees' remuneration. The PRS contributions can be withdrawn in full or partially after the member has reached the retirement age of 55, death of member, permanent departure from the country and also as pre-retirement withdrawals. Pre-retirement withdrawal can be made from sub-account B by the member after one year of contribution and it can be withdrawn annually. Even though the pre-retirement withdrawal can be made once every year for any reason, tax penalty of 8% will be charged by the PRS providers before the amount can be credited into the member's account. Within two years of its existence, there were 128,977 members with an accumulated fund of RM716.1 million in 2014.

5.2.9 Savings Schemes

Unit trusts or collective investments allow investors to pool their investment funds which would be subsequently invested in a portfolio of securities and other assets. From the data provided by the Securities Commission, the number of approved unit trusts has increased from 291 in 2004 to 607 in 2013. The unit trusts include the government guaranteed scheme by the *Permodalan Nasional Berhad* such as National Unit Trust (ASN) and Bumiputera Unit Trust (ASB) and *Amanah Saham Wawasan 2020.* In addition, *Amanah Saham Gemilang* was launched in 2003 comprising unit trusts for education, health and pension.

The "*1Malaysia Retirement Savings Scheme*" was introduced in 2010. The scheme is managed by the EPF. The objective of this scheme is to ensure the self-employed and individuals without fixed monthly income such as petty traders, taxi drivers, farmers and housewives or those in the informal sector have their own retirement savings plan upon reaching retirement age. The amount of contributions is on a voluntarily basis with a minimum RM50 while the maximum is limited to RM60,000 yearly, effective from January 2013. The members of this scheme are entitled to receive dividends including 10% contribution from the Government subject to maximum amount of RM120 per year between 2014 until 2017.

5.3 Labour Market Programmes

The third dimension is the labour market programmes with the primary aim to promote employment, facilitate the efficient operation of the labour market and uphold protection of workers.

In Malaysia currently, there are seven programmes as depicted in Figure 9.

Figure 9: Components of Labour Market Programme

Labour Market Programme

- Retrenchment Benefits
- Retrenchment Monitoring Operations Room
- Electronic Labour Exchange
- Vocational Training Programme
- Training and Education Programme for Retired/Retiring Service Men
- Job Coaching
- Return-To-Work Programme
- Microcredits

5.3.1 Retrenchment benefits

Benefits upon termination or retrenchment are governed by the Employment (Termination and Lay-off Benefits) Regulations 1980 which mandates the benefits payment to be made by the employer to the employee no later than seven days after the relevant date. The benefits payment is based on the length of completed service. For those who have worked for more than a year but less than two years, are entitled to receive 10 days wages for every year of employment. For those who worked more than two years but less than five years are eligible to receive 15 days wages for every year of employment and those who have worked for more than five years are entitled to receive 20 days wages for every year of employment. However, employees are not entitled to receive retrenchment benefits if they have attained retirement age as stipulated in the contract, or if the employees commit misconduct and inconsistent with fulfilment of expression, voluntary termination and if the contract is renewed or the employees are re-engaged under the new contract by the same company.

During economic crises, the government introduced measures to induce employers to retain workers. There were several other measures introduced aimed at mitigating the impact of retrenchment during the crisis (the 1997 AFC is a case in point). For further information on this please refer to Mansor et.al 2000.

The New Economic Model (NEAC, 2010) has proposed Unemployment Insurance (UI) as one of the policy measures to protect against the risk of unemployment. While the retrenchment benefits require no contribution from employees, the unemployment insurance (UI) requires contribution from both employee and employer. Upon separation, the employee will get the benefits in accordance to a predetermined eligibility criteria (Vodopivec, 2013). Though retrenchment benefits may reduce the risk encountered by employees against unemployment, there is no protection during unemployment. In contrast, UI will protect employees from the consequences of unemployment even though it does not reduce the risks employees may encounter during unemployment (ILO, 2013). The difficulty of hiring and firing seems to constrain labour mobility in the country. Introducing UI will contribute to labour market flexibility. (NEAC, 2010). The proposal is currently being studied by the government. An Employment Insurance Scheme is being scrutinised to extend the scope of coverage of social safety net with respect to assistance during unemployment.

5.3.2 Retrenchment Monitoring Operations Room

The lessons learnt from the 1997 AFC was helpful in dealing with the 2008 global economic crisis. When the 2008 crisis hit Malaysia, the foundation built during the AFC was further developed. The measures employed during the AFC were integrated to form the Retrenchment and Job Placement Monitoring Operation Room. There are altogether 80 such centres throughout Malaysia with three main programmes such as Train and Place, JobsMalaysia Centre and JobsMalaysia Point. The main objectives are: to monitor and identify employees and employers involved in the retrenchment: to assist in job placement for retrenched workers; to collect information and data on retrenchment and; to promote the registration of job seekers and employers with JobsMalaysia Portal. Two stimulus packages (SP) were introduced: SP 1 (2002) and SP 2 (2009) with the fund of RM7 billion and RM16 billion respectively. A total of RM356 million was allocated for job placement of retrenched workers and RM230 million from Stimulus Package 1 for retraining.

5.3.3 Electronic Labour Exchange (ELX)

The ELX was introduced in 2002, as an online application project under the E- Government. It is a three-module integrated system namely, JobsMalaysia, Labour Market Database and Office Productivity Support System, principally to improve services, facilities and accessibilities to enhance labour market information through the use of ICT. The numbers are encouraging that in 2014, 144,602 new jobseekers registered; a total of 14,040 employers registered and 40,491 job placements made.

5.3.4 Vocational Training Programmes

The Department of Social Welfare Malaysia provides a total of seven homes known as "*Taman Sinar Harapan (TSH)*" for care, rehabilitation and training for persons with disabilities. The aim of this programme is to enable them to achieve their optimum capabilities through training so that they can be independent and become integrated into the society. Among the programmes and activities conducted in TSH are basic academic classes including self-management, religious and social development, pre-vocational training such as sewing and household skills as well as rehabilitation programme. In 2011, there were a total of 725 persons with disabilities registered under the seven TSH. In addition, "*Pusat Harian Bukit Tunku"* was established in 1989 to aid the recovery of the mentally ill in order to facilitate a speedier return to the society.

The Bangi Industrial Training and Rehabilitation Centre was established in 1999 under the Department of Social Welfare Malaysia. The Centre provides rehabilitation as well as training in the vocational and non-vocational skills to help persons with disabilities to have a productive life. The Centre can accommodate up to 300 persons at any one time. The primary objective of the Centre is to provide preliminary care to avoid injuries or disabilities from getting worse and to restore the disabled person's ability and skills to return to work and lead independent lives. The vocational training includes electrical, electronic, tailoring and fashion design and information system. The Centre also assists with job placements upon completion of the programme. This is to enhance their socio-economic status. In addition, two residential workshops were held by the Department of Social Welfare Malaysia in Klang and Sungai Petani. The main objective of these workshops is to provide employment for persons with disabilities who are unable to compete in the open labour market.

Community-Based Rehabilitation (CBR) is a strategy within community development for the rehabilitation, equalisation of opportunities and social inclusion of all people with disabilities (ILO, UNESCO and WHO, 2004). The CBR was implemented through the combined efforts of disabled people, families and communities and also the appropriate health, education, vocational and social services. The CBR promotes empowerment of persons with disabilities where it creates the environment for equal opportunity to improve the social status of persons with disabilities. Various activities are conducted under the CBR programme which is centred on three models: home based, centre-based and centre-home based.

5.3.5 Training and Education Programmes for Retired/Retiring Service men

The benefit for retiring and retired members of the Armed Forces is offered by *Perbadanan Hal Ehwal Bekas Angkatan Tentera* or better known as *PERHEBAT.* It was established in 1994 as one of the LTAT's wholly-owned corporation. The main objective of *PERHEBAT* is to promote socio-economic development of the retiring and retired personnel of the Armed Forces by providing training and retraining programme. This is to prepare them to embark on a second career. *PERHEBAT* receives an annual grant of RM32 million from the Government to conduct its programmes in the field of technical, vocational and professional as well as entrepreneurial development.

5.3.6 Job Coaching

Job Coach is a key player to support employment which was developed to change employment opportunities of persons with significant disabilities in integrated settings with on-going training and support at the work site. Job coach plays a role as a trainer and as intermediary between the persons with disabilities and the companies by providing support for both parties throughout the employment process. Job coaching is one of the employment support services under the project for capacity building for persons with disabilities that was established with the cooperation of the Department of Social Welfare Malaysia and Japan International Cooperation Agency (JICA) in 2005.

Job Coach Network Malaysia (JCNM) was established in 2008 by the Department of Social Welfare Malaysia to facilitate information sharing and partnerships among Job Coaches to promote sustainable employment for persons with disabilities. Job Coach is responsible in providing individualised on-site support for employees that includes assessment, job matching, initial intensive and systematic instruction and support at the preliminary stage of employment as well as follow-up when necessary. The main feature of job coaching, however, lies in the systematic instruction where the job coach is must understand the work demands by company and designing it in such a way that it can be taught to the persons with disabilities. This is to ensure that the tasks can be completed effectively and without compromising productivity levels.

5.3.7 Return-To-Work (RTW) Programme

Return-To-Work (RTW) Programme was introduced by the Social Security Organisation (SOCSO) in 2007. The main objective of this programme is to ensure that the insured workers with disabilities due to injuries and illnesses return to work at the earliest time in a good and safe manner. The workers are placed in a rehabilitation programme to restore their physical and mental capacity before returning to work. The RTW is a comprehensive rehabilitation programme with a systematic case management system where each case is managed by a case manager.

A Case Manager is central to the success of the RTW programme. They act as the coordinator between the insured person and various stakeholders that are involved in the process to ensure it is conducted in the best manner to achieve success. Each case will undergo an assessment process and visits by the case manager to gauge the status and motivation of the insured person to determine the success of the rehabilitation programme. Upon confirming the eligibility and motivation level of the insured person, case manager will work on the rehabilitation plan together with employer, specialist and doctor, rehabilitation centre and other parties involved.

A fast and comprehensive rehabilitation process is important to avoid complications and allow them to be independent and to assist the insured person to be physically, psychologically and socially independent again in order to return to active employment. Upon completion of the rehabilitation process, the insured person will be assisted with job placement based on his or her functional capacity. Training will also be provided if skills replacement is required to help them to return to work. After achieving success in the job placement, there is a six-month monitoring process to address any emerging issues during the process and to monitor the worker's conditions.

Table 16: Achievement of Return-to-Work Programme 2012

Item	Total	Percentage
Number of Cases Referred	3,475	-
Motivated	2,852	82.07
Not Motivated	623	17. 93
Current Status		
Returned To Work (For The Current Year)	1,557	54.59
Undergoing Rehabilitation	372	13.04
Job Seeking Process	270	9.47
Acute Status	436	15.29
Defaulted	217	7.61
Cases which Returned to Work In The Year 2011 (cases from previous year)	407	-
Hierarchy Return To Work		
Same Job with the Same Employer	904	46.02
Similar Job with the Same Employer	333	16.96
Different Job with the Same Employer	145	7.38
Same Job with Other Employer	74	3.77
Similar Job with Other Employer	28	1.43
Different Job with Other Employer	299	15.22
Self employed	181	9.22
Overall case Return to Work In The Year 2012	1964	-

Source: SOCSO Annual Report, 2012

In 2012, a total of 3,475 cases were referred for initial assessments by case managers and only 82.75% was considered as motivated. From that, 1,557 insured persons have successfully returned to work after undergoing rehabilitation and job placement process while 217 cases defaulted. The rest underwent rehabilitation process or in the process of seeking jobs or in an acute state. The total insured persons who have successfully returned to work in 2012 is 1,964 of which 1,557 were from the same year while 407 were cases from the previous year.

5.3.8 Microcredits

The government introduced several schemes after the AFC to support the self-employed such as the *Amanah Ikhtiar* (AIM), set up to provide financial assistance through micro-credit facilities to the hardcore poor to venture into income generating activities. The AIM acts as complementary agents of poverty eradication programmes of the Government under the National Development Policy. It is an interest-free loan to undertake income generating projects such as trading and farming and the loans are to be repaid on a weekly basis. Once the loans are fully settled, bigger loans will be offered. As at July 2014, AIM had a total of 347,640 registered members, of which 70% of them were between 20 and 50 years old. Most of the members were involved in the business sector (37%) followed by other sectors (16.3%), housing (14.4%) and agriculture (14.1%). In the first seven months of 2014, AIM approved total financing amounting to RM1.1 billion to 205,744 members (January-July 2013: RM1.1 billion, 204,061 members). The repayment rate for extended financing remains high at 98.7% during the same period (January – July 2013, 98.5%).

Another important microcredit agency established after the AFC is TEKUN Nasional established under the Ministry of Entrepreneurial and Cooperative Development with the objectives of providing simple and quick financing facilities to small scale entrepreneurs in order to kick-start and further expand their businesses. The TEKUN provides easy financing from RM1,000 to RM50,000 with repayment period from six months up to five years to eligible persons. Over the years, it has been reformed as an institution that provides business as well as income generation opportunities, business capital financing and guidance and support services as well as providing a networking platform for entrepreneurs. (Mansor & Awang, 2002). TEKUN Nasional is reported to have disbursed a total of RM211.2 million to 16,005 micro entrepreneurs (January – July 2013, RM368.5 million, 29,668 micro entrepreneurs), with the bulk of the financing channelled to the services (48%) and the retail (36.4%) sectors. The TEKUN Nasional has provided financing totalling RM3.2 billion to 294,857 micro entrepreneurs since its establishment in 1998 until end-July 2014.

6. Players and Products

The majority of the social assistance products such as the financial and welfare services are managed by the Ministry of Women, Family and Community Development with a few programmes falling under the jurisdiction of the state governments. The agency responsible for the recent programme cash transfer, BRIM, however, is under the Inland Revenue Department.

The social insurance products are split between the public and private sectors. (Holzmann, 2014). While the public sector pension is under the purview of the Public Service Department and the armed forces under the LTAT fund. The private sector employees however, are managed by SOCSO and the EPF. The SOCSO is supervised by the Ministry of Human Resources and the EPF is answerable to the Ministry of Finance. The PRS on the other hand is governed and supervised by the Securities Commission.

The labour market programmes are mainly the responsibility of the Ministry of Human Resources and the Ministry of Women, Family and Community Development (MWFD). Programmes such as the Retrenchment Monitoring Operations Room, Electronic Labour Exchange and the SOCSO's Return to Work are managed and supervised by the Ministry of Human Resources. The Vocational Training Programme and the Job Coaching programme for disabilities fall under the responsibility of the MWFD.

The risks associated with working in silos and not being holistic is high when there are multiplayers who are accountable to different bodies. It is even more challenging when there is an absence of an overarching social security framework. This was also mentioned in the new economic model (NEAC, 2010). The multi-players and products contribute to incompleteness and fragmentation of social security in Malaysia where agencies are more focused on individual products. There is a currently a committee on social security with the Ministry of Finance as the secretariat. However, there needs to be a supreme body with more participation from different stakeholders. A National Security Council would be able to design a national social security policy.

7. Data and Information on Social Security

Every provider and government agency collects data and information in order to support its programme. There is no single agency responsible for coordinating the various programmes. As a result, the single-user data collection remains isolated with no interface among the social security service providers. Much of the data is sited at government agencies and departments such as the Ministry of Women, Family and Community Development, the Public Services Department, the Employees Provident Fund (EPF), the Economic Planning Unit, the Ministry of Human Resources, Ministry of Health, Department of Statistics, Department of Safety and Health (DOSH), Social Security Organisation (SOCSO) and recently the Department of Inland Revenue.

It is evident that the data are somewhat limited in their utility due to lack of incomplete information. Some of the data were not subjected to rigorous testing and analysis due to gaps in information and missing variables. There is a need to improve data collection process to ensure comprehensiveness of information that allows data-based research and support policy making. An integration of data would support a better coverage of social security situation in Malaysia.

Furthermore, if data is available across agencies, it is possible to push the frontiers by merging these data and viewing it in different perspectives to garner deeper insights into the issues on social security and financial protection. A full list of databases is provided in Appendix 1.

8. Conclusion

This paper has mapped out available products and players in the country. It has also highlighted the different databases on social security. Of the three dimensions, Malaysia’s coverage tend to be biased towards social insurance and provided a relatively better coverage for the higher income. During the Tenth Malaysia Plan, the SA coverage was extended under the BRIM programme but a one-time financial assistance seems inadequate. BRIM can be improved to become a more systematic and targeted cash transfer.

Under the social insurance schemes, the EPF and LTAT are essentially defined contribution schemes where it is a type of forced savings with individual accounts. The SOCSO on the other hand is based on the principle of solidarity fund whereby the contribution is compulsory for the targeted group. It involves social pooling of risks and benefits and its mechanism allows redistribution of income to pay benefits to employees who suffer disability or invalidity and pension to dependents in the case of death.

Although fiscal sustainability remains the main challenge for the government, better integration of the different types of funds can be a solution. The disparate nature of the management of the funds such as Zakat should be within the radar of possible funding.

Formal exclusion is hard to prove but the coverage remains an issue due to the nature of some of the social security programmes especially social insurance which only covers the formal sector leaving out about 30% of the informal workers. The third dimension is gaining traction with the introduction of the Electronic Labour Market Exchange (ELX). Fast information about job vacancies and matching evidently is effective as well as the retraining and other labour enhancement programmes that have helped to mitigate the negative impact of unemployment. It is a move in the right direction for the government to look into an employment insurance scheme without which in the long run may pose a big challenge if Malaysia wants its workers to be innovative and creative. Hence, the philosophy should be on protecting workers, not jobs.

There are evidences of the efficacy of microcredits. However, there are reports of the difficulty micro-entrepreneurs face in acquiring credits. Also, awareness among the entrepreneurs of such support evidently still remains an issue.

Currently, social security programmes are measured in terms of output. Hence, government agencies are not obliged to share and complement each other to arrive at a mutually satisfactory outcome. The government's effort to migrate to an outcome based budgeting (OBB) is a step in the right direction. It is part of the requirement of the OBB that agencies identify the outcomes of their programmes. The outcomes often involve other related agencies. Finally, the outcome will have to converge with the overall goal of the nation. Hence, the nation will have to define its overarching policy on social security.

An integration of data would improve coverage and would make tracing exclusions easier. It facilitates better fiscal planning and improves fiscal efficiency of the country which is vital as the country's aim to be inclusive and financially sustainable.

The Social Security Research Centre (SSRC) based at the University of Malaya is currently conducting research projects to improve the social security scenario in the country and facilitate better planning. The areas covered include: Savings Adequacy Among Retirees in Malaysia: Issues and Options, Closing the Coverage Gap for Old Age Protection in Malaysia: The Case for Universal Social Pensions, The Welfare of the Elderly: Yesterday, Today and Tomorrow, Work Injury and return to work incentives and processes and Informal workers, self-account workers and self-employed: How are they covered against main contingencies?

Acknowledgement

The authors would like to thank Professor Dr. Robert Holzmann and Dato' Dr. Soh Chee Seng for their valuable inputs to this paper.

References

Asian Development Bank. (2003). *Key Indicators*. ADB. Manila.

Azman A., Mohammad A. & Syed M. (2012). Zakat Institution in Malaysia: Problems and Issues. *Global Journal of Al-Taqafah*. 2(1), 35-41.

Bank Negara Malaysia. (2014). Federal Government Development Expenditure: A Functional Classification. *Monthly Statistical Bulletin*.

Department of Statistics. (2014). Annual Percentage of GDP Growth for Malaysia. Adapted from http://www.statistics.gov.my/

Department of Welfare. (2015). *Type of Assistance*. Adapted from http://www.jkm.gov.my/

Devereux, S. & Sebates-Wheeler, R. (2004). Transformative Social Protection. *IDS Working Paper 232*. England: Institute of Development Studies.

Economic Planning Unit. (2014). *Incidence of Poverty as Percentage of Total Households Malaysia, 1970-2014*. Putrajaya: Prime Minister Department.

Economic Planning Unit. (2014). *Poverty Line Income in Malaysia*. Putrajaya: Prime Minister Department.

Economic Planning Unit. (2010) *Tenth Malaysia Plan 2011-2015*. Putrajaya: Prime Minister Department.

Employees Provident Fund. *Annual Report 2006-2013* Retrieved from http://www.kwsp.gov.my/portal/en/web/kwsp/annual-report-2006-2013

Employees Provident: How Sustainable is Malaysian Healthcare? (April, 2014). *The Economist*. Retrieved from http://www.eiu.com/industry/article/1991716983/how-sustainable-is-malaysian-healthcare/2014-04-11#

Government of Malaysia. (1965). *First Malaysia Plan, 1966-1970*. Kuala Lumpur: Government Printers.

________ . (1970). *Second Malaysia Plan, 1971-1975*. Kuala Lumpur: Government Printers.

________ . (1975). *Third Malaysia Plan, 1976-1980*. Kuala Lumpur: Government Printers.

________ . (1980). *Fourth Malaysia Plan, 1981-1985*. Kuala Lumpur: Government Printers.

________ . (1986). *Fifth Malaysia Plan, 1986-1990*. Kuala Lumpur: Government Printers.

________ . (1991). *Sixth Malaysia Plan, 1991-1995*. Kuala Lumpur: Government Printers.

________ . (1996). *Seventh Malaysia Plan, 1996-2000*. Kuala Lumpur: Government Printers.

________ . (2001). *Eighth Malaysia Plan, 2001-2005*. Kuala Lumpur: Government Printers.

________ . (2006). *Ninth Malaysia Plan, 2006-2010*. Putrajaya: Economic Planning Unit, Prime Minister's Department.

________ . (2010). *Tenth Malaysia Plan, 2011-2015*. Putrajaya: Economic Planning Unit, Prime Minister's Department.

Holzmann, R. (2014). *Old-Age Financial Protection in Malaysia: Challenges and Options*. Policy paper prepared at the request of the leadership of the Employees Provident Fund (EPF) of Malaysia. (Unpublished).

Holzmann, R. & Jorgensen, S. (2000). Social Risk Management: A New Conceptual Framework for Social Protection and Beyond. *Social Protection Discussion Paper Series No. 0006.* World Bank: Social Protection Unit Human Development Network.

Husna Jamaluddin, Nabila Ahmad, Sharifah Nabilah Syed Salleh and Naziruddin Abdullah. (2011). *Zakat distribution in the economic development programme: a case study of Selangor.* In: Zakat and its poverty alleviation goal. IIUM Press, Kuala Lumpur, 103-119.

Garcia, A. B. & Gruat, J. V. (2003). *Social Protection: A Life Cycle Continuum Investment for Social Justice*. Poverty Reduction and Sustainable Development. Geneva.

Ginneken, W. V. (2009). Social Security and the Global Socio-Economic Floor: Towards a Human Rights-based Approach. *Global Social Policy*, 9(2): 228-245.

Hairunnizam Wahid & Radiah Abdul Kader. (2010). Localization of Malaysian Zakat Distribution: Perceptions of Amil and Zakat Recipients. Paper presented at the *Seventh International Conference-The Tawhidi Epistemology: Zakat and Waqf Economy*. Organised by Institute of Islam Hadhari, UKM, Malaysia Islamic Training Institute (ILIM) & Department of Awqaf, Zakat and Haj (JAWHAR). Prime Minister's Department.

Inland Revenue Board of Malaysia. (2015). *Bantuan Rakyat 1 Malaysia*. Adapted from http://www.br1m4.org/

International Labor Office. (2004). *World Commission on the Social Dimension of Glabalization: A Fair Globalization – Creating Opportunities for All.*

International Labor Office. (2011). *Social Protection Floor for a Fair and Inclusive Globalization.* Geneva.

International Labor Office. (2013). Unemployment Insurance, Income Security Measures and Active Labour Market Policies in ASEAN. *Proceedings of the ASEAN tripartite seminar Ho Chi Minh City, Viet Nam, 20–22 March 2012.*

International Labour Office, United Nations Educational, Scientific and Cultural Organization and World Health Organization. (2004). CBR: *A Strategy for Rehabilitation, Equalization of Opportunities, Poverty Reduction and Social Inclusion of People with Disabilities.*

International Labour Office and World Health Organization. (2009). *The Social Protection Floor.* A Joint Crisis Initiative of the UN Chief Executive Board for Co-Ordination on the Social Protection Floor. Geneva.

Lembaga Tabung Angkatan Tentera (LTAT). *Annual Report* 2012. Retrieved from http://www.ltat.org.my/webltat/borg/LTAT AnnualReport2012.pdf

Mansor, N. & Awang, H. (2002). The Role of Social Safety Nets in Malaysia: Trends and Prospect. In *Towards Asia's Sustainable Development: the Role of Social Protection.* OECD, 197-214.

Mansor, N., Chye, T. E., Boehanoeddin, A., Said, F., & Said, S. M. (2001). Malaysia: Protecting workers and fostering growth. In *East Asian Labor Markets and the Economic Crisis.* Washington, DC, and Geneva: World Bank and International Labour Office, 141-194.

Ministry of Finance. *Economic Report 2014/2015.*

Ministry of Health Malaysia. *Health Facts* 2013.

Ministry of Human Resource. (2014). *Minimum Wages Rate for Malaysia.*

Mohd, S. (2012). *Welfare Regime, Social Protection and Poverty Reduction. Policy Regimes and the Political Economy of Poverty Reduction in Malaysia.* New York: Palgrave Macmillan, 107-144.

National Economic Advisory Council. (2010). *New Economic Model for Malaysia, Part 1.* Kuala Lumpur: Malaysian National Press.

Norazlina A. W. & Abdul R. (2013). Determinants of Efficiency of Zakat Institutions in Malaysia: A Non-parametric Approach. *Asian Journal of Business and Accounting,* 6(2): 33-64.

Ortiz, I. (2001). *Social Protection in Asia and the Pacific.* Manila: Asian Development Bank.

Public Service Department. (2015). *Type of Pension Schemes*. Adapted from http://www.jpa.gov.my/

Samad, A. & Glenn, L. M. (2010). Development of Zakat and Zakat coverage in Monotheistic faiths. *International Journal of Social Economics*. 37(4): 302-315.

Samad, S. A. & Mansor, N. (2013). Population Ageing and Social Protection in Malaysia. *Malaysian Journal of Economic Studies*. 50 (2): 139-157.

Securities Commission Malaysia. *Private Retirement Scheme (PRS).* Retrieved from http://www.sc.com.my/wp-content/uploads/eng/html/ppa/PRS_booklet_web.pdf

Social Security Organization. *Annual Report 2012.* Retrieved from http://www.perkeso.gov.my/images/Laporan_Tahunan_2012.pdf

Soh, C. S. (2014). Social Security: Challenges and Issues. *SSRC Working Paper Series No. 2014-1.* Social Security Research Centre, University of Malaya.

The Commissioner of Law Revision. (2006). *Laws of Malaysia Act 265, Employment Act 1955. Malaysia.*

The World Bank. (2006). *Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance*. Washington, D. C.

United Nations. (2011). *Malaysia: The Millennium Development Goals at 2010*. Retrieved from http://www.unicef.org/malaysia/Malaysia-MDGs-Progress-Report-2010.pdf.

Vodopivec, M. (2013). Introducing Unemployment Insurance to Developing Countries. *IZA Journal of Labour Policy*. 2013, 2 (1).

World Bank Indicators. (2014). *Annual Percentage of GDP Growth for Malaysia*. World Bank.

World Health Organization (WHO). (2013). *Health, health systems and economic crisis in Europe: impact and policy implications*.

Zin, R. H. M., Lee, H. A., & Abdul-Rahman, S. (2002). Social Protection in Malaysia. Social Protection in Southeast and East Asia, 119-

Appendix 1

List of Data Sites – Custodians and Data Type for Malaysian Social Security

The International Labour Organisation (ILO) Social Security (Minimum Standards) Convention No. 102 established minimum social security standards involving nine areas, namely: Medical care; Sickness benefit; Unemployment benefit; Old-age benefit; Employment injury benefit; Family benefit; Maternity benefit; Invalidity benefit; and Survivors benefit.

Sectors	Custodians
Medical care	• Ministry of Health.
Sickness benefit	• Ministry of Health. • Social Security Organisation (SOCSO).
Retrenchment benefits	• Department of Statistics Malaysia (DOSM). • Economic Planning Unit (EPU). • Ministry of Human Resource.
Old-age benefit	• Employees Providential Fund (EPF). • Public Services Department (JPA).
Employment injury benefit	• SOCSO.
Family benefit	• National Population and Family Development Board (LPPKN). • Ministry of Welfare, Women and Family Development. • E-kasih (Implementation Coordination Unit).
Maternity benefit	• Ministry of Health. • JPA.
Invalidity benefit	• Ministry of Human Resource.
Survivors' benefit	• SOCSO. • EPF. • JPA.

No	Custodians	Data Types
1.	Ministry of Health.	• Health Facts Annual Report: 2000 to 2010. • MoH Annual Report: 2002 to 2011. • Malaysian's Health: 2004 to 2008. • Health Indicators: 2003 to 2010. • Ministry of Health Malaysia Strategic Plan (2006 - 2010). • Malaysia National Health Accounts (MNHA). • Technology Review Report (TR). • Health Technology Assessment (HTA). • Anaesthesia Clinic Protocols: 2012. • Sub-speciality Training Programme. Ministry of Health – Anaesthesiology. • Recommendations for Sedation and Analgesia by Non-Anaesthesiologists. • Malaysian Registry of Intensive Care Report for 2012. • Specialty and Subspecialty Framework of Ministry of Health Hospitals 10MP 2011-2015. • Malaysia's Telemedicine Blueprint. • Global Adult Tobacco Survey (GATS) Malaysia 2011 - Country Factsheet. • Economic Transformation Programme - A Roadmap for Malaysia.
2.	Social Security Organization (SOCSO).	• Employer and Employee Registration: Registration Department Database Registration of Employees and Employers. • SOCSO MOHR Self-Employed Workers. • SOCSO MOHR Rural Folk Working in Private Sector. • SOCSO Sole Recipient of Pensions. • Payment of Contributions.
3.	Department of Statistics Malaysia (DOSM).	**Economic Indicators** • Distribution and Use of Income Accounts and Capital Accounts. • Leading, Coincident and Lagging Indices. • Malaysia Input-Output Tables. **Demographic Statistics** • Vital Statistics, Malaysia. • Abridged Life Tables, Malaysia. • Time Series Vital Statistics, Malaysia. • State / Stratum Abridged Life Tables, Malaysia. • Revised Intercensal Mid-Year Population Estimates. **National Accounts Statistics** • Annual National Accounts GDP. • Quarterly National Accounts GDP. • Final National Accounts Statistics Malaysia 2000.

		Services Statistics • Census of Education Services (Private Sector). • Census of Health Services (Private Sector). **Prices, Income and Expenditure Statistics** • Producer Price Index. • Household Expenditure Survey. • Consumer Price Index, Malaysia. • Business Tendency Survey. • Business Expectations: Survey of Limited Companies. **Population and Housing Census Statistics** • Population Distribution and Basic Demographic. • Education and Social Characteristics of the Population. • Population Distribution by Local Authority Areas and Mukims. • Characteristics of Living Quarters. • Economic Characteristics of the Population. • Migration and Population Distribution. • Household Characteristics. • Census Atlas. • Monograph Series No. 1: Population Ageing Trends in Malaysia. • Monograph Series No. 2: Internal Migration in Malaysia. • Monograph Series No. 3: Orang Asli in Peninsular Malaysia. • Monograph Series No. 4: Urbanisation and Urban Growth in Malaysia. • Population Profile by Parliament and State Legislative Assembly Areas, Malaysia 2000. **Other data:** • Abridged Life Tables, Malaysia. • Household Expenditure. • Household Income. • Labour Force Survey Report. • Migration Survey Report. • Monthly Principal Statistics of Labour Force, Malaysia. • Population and Housing Census, Malaysia 2010. • Population Projections, Malaysia. **Time Series:** • Malaysia Economics Statistics, Time Series 2013. • Labour Force Survey Time Series Data, 1982 – 2012.

4.	Economic Planning Unit (EPU).	**Malaysian Economic Figures** • The Malaysian Economy in Figures (Annual Reports for 2000 and from 2006 to 2013). **Published Time Series Economic Statistics** • Population and Labour Force. • National Accounts. • Statistics of Major Agriculture Products. • Industrial Production Indicators. • Transportation. • Financial Data - BNM. • Public Sector. • External Trade. • Balance of Payments. • Prices. • Social Indicators. • Economic Indicators. • Selected World Indicators. **Household Income and Poverty** • Percentage Distribution of Households by Income Class, Malaysia, 1970-2012. • Mean Monthly Gross Household Income by Ethnicity, Strata and State, Malaysia, 1970-2012. • Income Share of Top 20%, Middle 40% and Bottom 40% of Households by Ethnicity and Strata, Malaysia, 1970-2012. • Mean Monthly Gross Household Income of Top 20%, Middle 40% and Bottom 40% of Households by Ethnicity and Strata, Malaysia, 1970-2012. • Gini Coefficient by Ethnicity, Strata and State, Malaysia, 1970-2012. • Incidence of Poverty by Ethnicity, Strata and State, Malaysia, 1970-2012. • Incidence of Hardcore Poverty by Ethnicity, Strata and State, Malaysia, 1984-2012.

5.	Employees Providential Fund (EPF).	**KWSP Online Statistics 2014** **Quarterly Reports on Investment** • EPF Total Investments. **Annual Reports:** • Annual Reports (2009 to 2013). **Dividend Rate** • Dividend Rates **List of Equity Investments** • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 30 June 2014. • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 31 March 2014. • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 31 December 2013. • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 30 September 2013. • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 30 June 2013. • List of Top 30 Equity Investments Listed on Bursa Malaysia by Quarter as at 31 March 2013.
6.	Public Services Department (JPA).	**Public Services Information:** • Service Principles. • Psychology Services. • Allowance and Incentives Sponsorships. **Pensioners:** • Improvement in Pension Benefits. • Cash Award in lieu of Accumulated Leave. • Derivative Pensions. • Pension Payment System via Pension Card. • Estimate Computation. **Other data:** • *Data Perjawatan.* • *Profil Perkhimatan dan data perkhidmatan.*
7.	National Population and Family Development Board (LPPKN).	**Population:** • Fifth Malaysian Population and Family Survey (MPFS-5). • Executive Summary Malaysian Family Well-being Index Study, 2011. • Factsheet Malaysia: Demographic Trends. • Population Info. • Opinion Review Report Blessing Father's Day 2013 (available in the Malaysian language only).

		Family Development: • Malaysia's Initiatives for Sustainable Family Development. • SMARTbelanja@LPPKN. • Parenting@Work. • LPPKN@Community. • LPPKN Family Centre. • Family Retreat Centre. • Family and Marriage Counselling Services. • SMARTSTART Module. • I'm in Control Module (Teenagers). • I'm in Control Module (Parent's). • Healthy Living Skills Module. • Family Development Module for Institutions of Higher Education. • KASIH Package Module. • Family Education @LPPKN. **Reproductive Health:** • Mammogram Subsidy. • Mammogram Centre Entry Points. • Mammogram Subsidy Form. • PVHPV (Human Papilloma Virus) - Malay Version Only. • LPPKN Subfertility Clinical Services - Malay Version Only. • Family Planning Services - Malay Version Only. • List of Clinic Nur Sejahtera. • NPFDB Mobile Unit (Bus). • kafe@TEEN Adolescent Centre. • List of Kafe@TEEN Centre. • List of Kafe@TEEN at UTC Centre. • The National Policy on Reproductive Health and Social Education and Plan of Action.
8.	E-kasih (Implementation Coordination Unit) Prime Minister's Department.	• Annual Reports: 2009 to 2014. • Poverty Rate. • Number of Families Registered. • Number of Assistance Given.
9.	Ministry of Human Resource (MOHR).	• Labour and Human Resources Statistics. • MOHR Annual Reports. • *Piawaan Pengelasan Pekerjaan Malaysia*. • MOHR ICT Strategic Plan.
10.	Ministry of Welfare, Women and Family Development.	• List of Volunteer Organisations. • Details on Natural Disaster Management. • Support Details for Children. • Support Details for the Elderly. • Disabled Persons Data and Support Facilities. • Family Support Information. • Destitute Persons Information.
11.	Inland Revenue Board of Malaysia.	• Bantuan Rakyat 1 Malaysia (BR1M). • Recipients of BR1M.

About the authors

PROFESSOR DATUK NORMA MANSOR

Norma Mansor was appointed as Secretary to the Malaysian National Economic Advisory Council (NEAC) in the Prime Minister's Department in 2008. Prior to the appointment, she was Director of Institute of Public Policy and Management and subsequently was appointed as Dean of Faculty Economics and Administration (FEA), University of Malaya (UM) since 2004. Currently, she is Professor and Director of Social Security Research Centre (SSRC), UM. She has written more than 100 academic reports, articles and chapters in books on topics ranging from public policy, public administration and governance. She also serves as reviewers and as editorial board member of several journals.

SHARIFAH NABILAH SYED SALLEH

Sharifah Nabilah binti Syed Salleh is a PhD Candidate at FEA, UM. She obtained her Master Degree and Bachelor Degree in Economics from International Islamic University Malaysia (IIUM). Currently she is working as research assistant with SSRC, UM. Her research interest includes financial economics, development economics, social protection and informality.

TAN LIH YOONG

Tan Lih Yoong is working as a research assistant at SSRC, UM. She has completed both Bachelor of Economics and Master of Economics at the FEA, UM. Her research interest includes finance, applied finance and applied statistics.

EVANGELOS KOUTRONAS

Evangelos Koutronas specializes in business, financial and economic analysis. He has an overall 10-year working experience with significant exposure to a wide variety of business fields. He graduated with Bachelor of Science as well as his first Master in Business Administration with concentration in Finance from University of La Verne, California and his second Master in Economics with concentration in Financial Economics and International Trade & Economics from West Virginia University, both in United States. Throughout his undergraduate studies, he participated in two national-level competitions in Economics where he received two distinctions.

Currently, Evangelos is pursuing his PhD in Economics with concentration in Social Security from UM. He is also working as a research assistant at SSRC, UM. His research interests span a wide range of topics including social security, financial economics, mathematical economic modelling, and labor economics.

DR. SARALA AIKANATHAN

She has about 28 years' experience in the field of environmental economics and natural sciences, with extensive experience in design and management of projects in Malaysia, South-east Asia and North Africa. She graduated with a PhD in Environmental Economic from University Malaya, Kuala Lumpur and has a Master of Science from the University of New Castle upon Tyne, England.

Currently, Sarala is working as research officer at SSRC, UM. She is also undertaking projects with the Malaysian Palm Oil Council (MPOC) and Institute Darul Ridzuan (IDR), Ipoh focusing on development policy and economics, agriculture sustainability and green trade development.

Recent Publication

No. 2014-1 : Social Security: Challenges and Issues

Social Security Research Centre (SSRC)
Faculty Economics and Administration
University of Malaya
50603 Kuala Lumpur, Malaysia.
Tel: 03- 7967 3774
Email: ssrc@um.edu.my
Website: http://ssrc.um.edu.my