

JURNAL AKADEMIK

December 2006 - January 2007

- | | |
|---|---|
| 1. UiTM AS A WORLD-CLASS UNIVERSITY:
PROSPECTS AND CHALLENGES | Prof Madya Hj Shafi Mohamad |
| 2. PHD AND DBA: ARE THEY DIFFERENT? | Kuldip Singh |
| 3. SOCIAL PROTECTION FOR THE
AGEING POPULATION IN MALAYSIA | Prof. Madya Mary Magdaline
Pereira |
| 4. THE INCLINATION AND CHALLENGES
OF MALAY ENTREPRENEURS IN THE
FOOD SERVICE INDUSTRY | Jelani Razali, Noraida Omar
and Chong Leng Fook |
| 5. ANALISIS PRESTASI BANK
PERDAGANGAN DI MALAYSIA | Prof. Madya Dr. Rosita
Suhaimi |
| 6. PENGAJIAN TINGGI PASCA WTO:
DILEMA, FALSAPAH DAN INTEGRITI | Abdul Jabbar Abdullah and
Dr. Yaacob Yusoff Awang |
| 7. FASISME DAN NEO-FASISME DARI
SUDUT FALSAPAH DAN IDEOLOGI
POLITIK | Nadrawina Haji Isnin |
| 8. HISTORICAL COST ACCOUNTING
VERSUS CURRENT COST
ACCOUNTING: A REVIEW | Nur Barizah Abu Bakar and
Julia Mohd. Said |
| 9. A COMPLEMENTARY TEST FOR
ADF TESTS WITH AN APPLICATION
TO EXCHANGE RATE RETURNS | Venus Khim-Sen Liew,
Sie-Hoe Lau and Siew-Eng Ling |
| 10. ESSENTIAL OIL FROM STEMS OF
<i>LITSEA MACHILIFOLIA</i> | Khong Heng Yen |



UNIVERSITI TEKNOLOGI MARA KAMPUS SAMARAHAN

Usaha Taqwa Mulia

**JURNAL AKADEMIK
UNIVERSITI TEKNOLOGI
MARA
SARAWAK**

PENAUNG

*Prof. Datuk Seri Dr. Ibrahim Abu
Shah
Naib Canselor, UiTM*

PENASIHAT

*Prof. Madya Dr. Jamil Hj. Hamali
Pengarah Kampus UiTM Sarawak*

SETIAUSAHA

*Prof. Madya Dr. Simon Botley
@ Faizal Hakim
Jabatan Bahasa, UiTM Sarawak*

**SIDANG REDAKSI
JURNAL AKADEMIK**

*Prof. Madya Dr. Fatimah Bujang
En. Sick Goh Ngong
Pn. Mary Gunjew*

Jurnal Akademik diterbitkan oleh Sidang Redaksi Jurnal Akademik, Universiti Teknologi MARA Sarawak. Ia diterbitkan sekurang-kurangnya sekali setahun. Jurnal ini memuatkan artikel hasil daripada penyelidikan dan juga analisis penulis tentang pelbagai aspek dalam pelbagai bidang.

Para penyumbang yang ingin memuatkan artikel mereka di dalam Jurnal ini diminta merujuk kepada 'Garis Panduan kepada Penulis' di bahagian belakang Jurnal ini dan sila hantar artikel atau pertanyaan anda kepada:

**Setiausaha Sidang Redaksi
Jurnal Akademik
Universiti Teknologi MARA
Cawangan Sarawak,
Kampus Samarahan
Peti Surat 1258
93912 Kuching
Sarawak**

ISSN 0128-2635

JURNAL AKADEMIK

Hakcipta terpelihara.

Tidak dibenarkan mengeluarkan mana-mana bahagian bahan cetak ini atau memindahkannya dalam sebarang cara sama ada elektronik, mekanik, rakaman semula atau sebarang bentuk penyimpanan maklumat sebelum mendapat izin bertulis dari Sidang Redaksi Jurnal Akademik Sarawak.

Pandangan dan pendapat yang dikemukakan dalam jurnal ini tidak mencerminkan pandangan atau pendapat Sidang Redaksi Jurnal atau Universiti Teknologi MARA Sarawak.

Garis panduan kepada penulis

1. Artikel boleh ditulis dalam **Bahasa Malaysia** atau **Bahasa Inggeris**.
2. Artikel hendaklah ditaip **2 baris langkau** dengan menggunakan **kertas A4**. **Margin kiri** ialah **3.5cm**, **margin kanan, atas dan bawah** ialah **2.5cm**.
3. Artikel anda mestilah **ditaip** dengan **menggunakan komputer**, iaitu dengan **saiz huruf 12 'points'** dan jenis huruf **Times New Roman**.
4. Artikel yang dihantar mestilah **tidak pernah diterbitkan** atau dihantar ke jurnal lain. Panjang artikel mestilah tidak melebihi **7,500 perkataan** dan penulis juga dikehendaki menulis **abstrak sepanjang 200 perkataan**. Pemilihan artikel untuk disiarkan dalam jurnal akan dilakukan oleh Jawatankuasa Sidang Redaksi. Walau bagaimanapun, semua artikel yang diterbitkan adalah hasil penulis yang berkenaan dan tidak mencerminkan pendapat Jawatankuasa Sidang Redaksi.
5. Penulis mestilah menghantar artikel di dalam **tiga (3)** salinan dan dialamatkan kepada:

**Setiausaha,
Jurnal Akademik, UiTM Sarawak,
Universiti Teknologi MARA Cawangan Sarawak,
Kampus Samarahan
P. O Box 1258
93912 Kuching
Sarawak**

atau

E-mel: splotley@sarawak.uitm.edu.my atau splotley@yahoo.co.uk

6. Penulis sendiri mestilah **menyimpan artikel** mereka di dalam **disket**. Jika artikel anda diterima untuk diterbitkan, maka pihak Jawatankuasa akan meminta disket tersebut daripada penulis. **Pihak Jawatankuasa tidak akan bertanggungjawab terhadap sebarang kehilangan atau kerosakan salinan artikel dan disket.**
7. Artikel yang dihantar boleh menggunakan **nota hujung dan nota kaki**.

Contoh nota hujung adalah seperti berikut:

a) Jika ditulis di dalam teks, ia ditulis seperti berikut, contoh:
Beberapa contoh...RM880.05 output tanaman getah bagi setiap RM1000.00 input perantara sektor masing-masing ¹

b) Jika ditulis di bahagian nota hujung, ia ditulis seperti berikut, contoh:

¹ Angka-angka ini dirujuk daripada jadual input-output, Jabatan Perangkaan.

8. **Bibliografi** mestilah ditaip di dalam muka surat yang baru dan mengikut **susunan abjad**. Contoh bentuk penulisan bibliografi adalah seperti berikut:

a) **Artikel daripada jurnal**

Arnold, P.J., Hammond, T.D. and Oakes, L.S. (1994). 'The contemporary discourse on health care costs: conflicting meanings and meaningful conflicts', *Accounting, Auditing and Accountability Journal*, Vol. 7, No. 3, pp. 50-67.

b) **Kertas kerja seminar**

Zamimi Awang. (1994). *Micro Accounting System for Medical Care Service Programme*, Paper presented at the Malaysian Ministry of Health Micro Accounting System Course (October), Kuala Lumpur, mimeo.

c) **Buku**

Bailey, K.N. (1978). *Methods of Social Research*, New York: The Free Press.

d) **Akta**

Fees Act 1951. (Revised 1973). Act 209, Laws of Malaysia.

e) **Bab di dalam buku**

Doh, J.C. (1981). 'Budgeting as an instrument of development: the Malaysian experience', in A. Premchand and J. Burkhead (eds.), *Comparative International Budgeting and Finance*, New Brunswick, New Jersey: Transaction Books.

f) **Buku laporan**

Department of Statistics Malaysia. (1991). *Yearbook of Statistics, 1990*, Kuala Lumpur.

g) **Laman Web**

Office of the Prime Minister of Malaysia, <http://www.pmo.gov.my/website/webdb.nsf/Eng+Main+Frameset?OpenFrameSet>. 8th April, 2004.

SOCIAL PROTECTION FOR THE AGEING POPULATION IN MALAYSIA

Associate Professor Mary Magdaline Pereira

**Faculty of Administrative Science and Policy Studies
MARA University of Technology, Sarawak**

ABSTRACT

This paper analyses social protection provided by the Malaysian government for the elderly in a country that boasts of annual growth rates as high as 9% and poverty rates as low as 5.5%. This includes the provision of old age pensions, mandatory retirement savings, healthcare and poverty-alleviation measures. It is based primarily on an examination of data from secondary sources supplemented by anecdotal data and interviews with relevant parties. Analysis of the existing system shows that large segments of the population who are self-employed or who work in the informal sector, especially women, do not enjoy any form of income security in their old age. Even for those who do have pensions or mandatory retirement savings, it is often inadequate to sustain them throughout their old age. The approach taken by the government in providing social security renders old age savings and pensions is vulnerable to economic shocks and downturns. Women who choose to be homemakers or caregivers are not entitled to any old age pension. Although public health care is available to all citizens, the elderly are confronted with long waiting lists, unequal access and high out-of-pocket payments. The effectiveness of poverty-alleviation and welfare programmes is reduced by weaknesses in policy design, bureaucratic inefficiency and corruption; thus, rural, urban and hardcore poverty still exist and the elderly are also found within these pockets of poverty. Social protection for the ageing population in Malaysia is in need of serious reforms; this can be done effectively only with the involvement of all the relevant stakeholders.

1. INTRODUCTION

In many parts of the world today, the population is ageing rapidly. In the less developed regions, old-age dependency ratios are expected to rise to three times their present level. This trend has led to serious discussions on the so-called “ageing crisis”.

Article 25 of the Universal Declaration of Human Rights asserts that everyone has the right to a standard of living adequate for his/her health and well-being and the right to security in the event of old age.

What is the situation of the elderly in Malaysia? In 2002, the National Council of Senior Citizens Organizations Malaysia (Nascom) stated that 5% of the

1.4 million elderly people in Malaysia belong to the hardcore poor who do not have proper shelter and food.

It is interesting to note that this is the reality in a country seen as an 'emerging tiger', where the annual growth rate had soared to as high as 9% with full employment, and the poverty rate has fallen to as low as 5.5%. In terms of the social protection system, Malaysia outranked most of her neighbours in the Southeast Asian region.

But there is more to development and economic activity than just higher growth rates and full employment.

"Equitable, sustainable and democratic development...development that promotes societal well-being and conforms to the basic principles of social justice." (Stiglitz, 2002).

The economic crisis of 1997 revealed serious weaknesses in the social safety nets of even the 'emerging tigers' and proved just how greatly vulnerable many households were to economic shocks, especially with deeper integration with the world economy resulting in greater exposure to global economic pressures.

Globalization has meant greater uncertainty and insecurity for many countries, especially on the economic front. Uncertainty in the dynamics of the economy means that there is a great deal of uncertainty about the consequences of any policy.

It has also forced a rethinking of the "positive orientalism" approach taken by some governments who believe that rapid economic growth and full employment negate the dependency culture and preclude the need for an elaborate system of social protection.

2. OBJECTIVES AND METHODOLOGY

This paper will examine and analyse the existing social security system vis-à-vis the elderly in Malaysia. Specifically, it will look at the retirement, healthcare and welfare benefits made available to Malaysian citizens by the government. This paper will examine only the formal social security schemes in Malaysia, i.e., schemes and benefits provided or managed by the government to provide income security. Thus, it does not include social security schemes provided by individual employers, the commercial market or non-profit entities in the third sector.

This paper aims to highlight some weaknesses and concerns regarding the present policy and its implementation that result in inadequate protection for the ageing population of Malaysia. It will also propose some measures to overcome the present inadequacies and improve social protection for the elderly in Malaysia.

This should enable the government, labour representatives and like-minded individuals/groups to work out some strategies to overcome the weaknesses of the existing system and strengthen the social protection system in Malaysia.

This paper is based primarily on data from secondary sources. It is supplemented with anecdotal data from informal discussions with trade unionists, workers and volunteers/staff of private welfare organizations.

3. DEFINITION OF KEY TERMS AND CONCEPTS

Social security has been defined as the protection which society provides for its members through a series of public measures. It is designed to offset the absence or substantial reduction of income resulting from various outcomes or unforeseen circumstances such as sickness, childbirth, employment injury, unemployment, invalidity, old age and death of the breadwinner; to provide people with health care; and to provide benefits to families with children (ILO, 2000). It includes financing individuals in their old age so as to alleviate poverty and to prevent a significant and abrupt drop in their standard of living upon retirement.

Social protection involves the willingness of each individual in a community to take care of its members who are disadvantaged or need support. It includes not only public social security schemes but also private or non-statutory schemes with similar objectives. The main function of social protection is to provide income security and access to health care and basic social services (ILO, 2000). Thus, an effective social protection system is one which provides relief and assistance not just when individuals face distress now and then during contingencies but also guarantees individuals physical survival so that individuals can meet their basic needs and enjoy a decent minimal level of security at all times, including during the sunset years of their life.

Income security is one facet of socio-economic security. Income security is not only about the adequacy of income but also its regularity. It means that individuals, including the elderly, must have an income that is adequate for subsistence. It also means there are no fluctuations of income so that individuals can maintain the standard of living to which they have become accustomed. The family, institutions of civil society, enterprises, the commercial market and public institutions provide income security (ILO, 2000).

4. SOCIAL SECURITY FOR THE ELDERLY IN MALAYSIA

In Malaysia, there are social security schemes for the elderly that are managed by the government, some from as far back as 1951. While some are specifically targeted for the elderly, others are for all citizens or the poor, which invariably include

the elderly. These schemes include statutory compulsory schemes that provide retirement savings, old-age pensions, a universal public healthcare system and social assistance schemes for the poor.

4.1 The current social security system

The government provides protection during old age and retirement, including early retirement due to invalidity, through 3 major statutory schemes, i.e., the Government Pension scheme for civil servants, the Armed Forces Provident Fund for members of the Malaysian armed forces, and the Employees Provident Fund (EPF) for most employees in the private sector and civil servants who opt out of the government pension scheme. These schemes aim to provide socio-economic security to individuals after they reach retirement age, which is usually at 55 or 56 years of age.

There is no universal pension scheme in Malaysia. The government has implemented many poverty alleviation programmes, which address structural socio-economic insecurity. These have earned praise from many groups, including the United Nations. Most of these programmes are biased towards the rural sector where the incidence of poverty was seen to be the highest. These include land development schemes, provision of subsidies to farmers and smallholders, setting up of cooperatives for fishermen and farmers, skills development courses, setting up of trust funds with easy access to loans, and infrastructure development. These have generally resulted in reducing the incidence of poverty and raising income levels over the years.

Means-tested social assistance schemes also exist and are administered by a few different government departments under the Ministry of Women, Family and Community Development, the Ministry of Health, the Rural and Regional Development Ministry and the state governments. Benefits may be in the form of cash benefits or benefits in kind such as food items and clothing. Target groups include the hard-core poor, the handicapped and the elderly who are destitute. There are nine government-run homes for the elderly. These can cater to the needs of about 2,500 people.

The majority of Malaysians have access to a universal healthcare system, which is highly subsidized by the government and considered one of the best among developing countries. The World Health Organisation had ranked Malaysia as 49th out of 191 member states in terms of healthcare quality.

Wage levels have a direct bearing on the elderly because they determine the level of retirement savings and pensions in Malaysia. There is no national minimum wage regulation in Malaysia. At present, there is minimum wage regulation for some categories of workers, i.e. hotel and catering workers, shop assistants, cinema

workers, stevedores and cargo handlers. Recently, an agreement has finally been reached between the employer representatives and worker representatives regarding minimum monthly wages for plantation workers of rubber and oil palm estates.

4.2 Inadequacies of the current social security system

While the existing schemes have provided some measure of social protection for sections of the elderly, there are still weaknesses in the relevant policies and implementation of these policies that may result in many elderly persons falling through the gaps in the safety net.

4.2.1 Inadequacies in mandatory retirement savings and pensions

Many serious concerns have been raised about the EPF and the government pension schemes in providing social protection for the elderly in Malaysia.

4.2.1.1 Inadequate coverage

As far as income security is concerned, one of the long-standing issues is the ineffective coverage and hence, absence of protection for those who do not fall within the statutory definition of “employee”. These include the self-employed and workers in the informal sector, including short-term contract workers, part-time workers, home-workers, casual workers, fishermen, farmers, and hawkers. There is no uniformity in the legal definition of “employee” in Malaysia. More than 20% of the working population in Malaysia is estimated to be self-employed with the majority of them in the rural sector (Ragayah et. al., 2002). Global trends indicate that the informal sector will expand in the urban sector as well, with stock market volatility leading to the growth of precarious employment relationships in the form of casual and short-term employment, especially among women.

It is estimated that about 30% of the working population in Malaysia or about 3 million people, inclusive of foreign workers, are not covered by any formal retirement scheme (Rajasekaran, 2001). If one were to include those in the non-working population, such as full-time housewives and the mentally and physically challenged, then the numbers will be staggering.

Although there is provision within the legislation for coverage of the self-employed, it is ineffective since their participation in the scheme is voluntary. To date, the EPF has not been able to ensure significant participation of these groups, though the issue has been under study for some time.

The rest of the population will have to “purchase social protection” during old age from the commercial market in the form of personal insurance. The government

has introduced tax exemptions for this purpose over the last few years. However, the low-income groups generally will not be able to afford private insurance and hence, do not have recourse to any form of protection when they grow old and are unable to work or provide for themselves.

This serves to highlight the highly vulnerable position of Malaysians who do not qualify as “employees” under the statutory definition.

4.2.1.2 Inadequate savings

Even among those covered by the EPF, about 60% of the contributors earn less than RM 1000 per month. As there is no pooling of risks and benefits are based directly on contributions, this means that the vast majority of workers from the private sector will retire with very little savings in their retirement fund.

This is compounded by four factors. Firstly, the definition of “wages” as stipulated in the EPF Act does not include overtime payment. Many low-income workers such as security guards earn a basic salary which may be as low as RM 250 per month but whose overtime payments constitute 50% of their income. However, the calculation of EPF contributions for both the worker and employer does not take into account the overtime payment. This is a big saving for the employer but a great loss for the worker.

Secondly, the retirement savings are further reduced by periodical withdrawals for purchase of a house, a computer, educational and medical expenses. Most low-income workers do not have access to any other source of funds for these purposes.

Thirdly, the dividends paid out by the EPF to the contributors have dropped over the years from 8.5% in the late 1980s to 4.5% in 2003, giving very low yield on their savings.

Fourthly, the life expectancy of Malaysians has increased over the years. It is estimated that by 2020 the number of people above the age of 55 years in Malaysia will more than double to about 3.8 million.

This, together with the lack of transparency, questionable accounting practices, poor investments and fraudulent withdrawals, has shaken the confidence of contributors in the ability of the EPF to safeguard their retirement savings.

The EPF Board Chairman stated that 72% of EPF contributors who withdraw their savings at the age of 55 years tend to spend all their money within 3 years and so the EPF wants to educate their members on how to use their savings prudently and invest the money well (Star, 5/2/2002).

But what really is the reason why these retirees are in dire straits –is it because they spent their money/invested it foolishly or that they just do not have adequate income/savings in their old age?

For Government pensioners, pension calculation is based on a maximum of 25 years of service, not the total number of years of service with the government. It also does not include allowances, which make up a significant percentage of gross salary for many civil servants. It has been estimated that 70% of government pensioners receive a pension of less than RM 500 per month.

4.2.1.3 Non-indexation of benefits

The inadequacy of retirement benefits is also a major concern of many government pensioners. Although fulfillment of the full qualifying period entitles them to a maximum of 50% of their last drawn salary, this amounts to RM 180 per month for civil servants in the lowest income bracket, far below the official poverty line income. Just before the 1999 General Elections, the Malaysian Government Pensioners Association highlighted the fact that 20% of the 380,000 pensioners were in this category; it was highlighted again just before the recent general Elections. There is no automatic or periodic indexation of pensions in Malaysia. Pensions are often overtaken by inflationary spirals, resulting in a drop in purchasing power, and are thus unable to protect the living standards of pensioners.

This problem is even more acute among former armed forces personnel, many of whom retire when they are in their 40s, with young school-going children to support. Their retirement benefits are usually used to purchase a house, as they have to leave their quarters upon retirement. Many of the lower ranking personnel do not have the necessary skills or qualifications to help them secure a good job. Thus, many of them are only able to find employment as security personnel or drivers. As many of them work in the unorganized sector where there is no trade union or association to promote and defend their interests, their position is very vulnerable and open to exploitation.

The government expects the family and community to play a major role in providing social protection. However, the capacity of the family and community to provide protection against insecurity is limited if there is inequitable income distribution or during an economic crisis when there is a general drop in real wages and higher incidence of unemployment.

Furthermore, global trends indicate smaller nuclear families, higher labour mobility, higher divorce rates, increase in single-parent households and higher old-age dependency ratio. All these trends have grave implications for income security for the elderly. As one trade union leader accurately put it, “Many Malaysians will have to work until the day they die.”

4.2.1.4 Economic vulnerability

Questions also arise regarding the policy approach of the government because it relies on rapid growth and full employment with limited provision of a public safety net. This renders people vulnerable to economic downturns and has a direct effect on their retirement savings and well being during old age.

Official statistics have shown Malaysia as enjoying full employment — but events over the last few years have changed that. These include the East Asian financial crisis of 1997-1998, the attack on the World Trade Center, the war in Iraq and the onslaught of the Severe Acute Respiratory Syndrome (SARS).

The socio-economic impact of the financial crisis was felt largely by workers in the informal sector, especially women, and foreign workers in Malaysia. In fact, the large number of foreign workers within the Malaysian labour force provided an extensive cushion for Malaysian workers as they bore the brunt of the impact (Atinc, 2003). Thus, open unemployment was limited or camouflaged.

However, the SARS outbreak has significantly affected the local workforce, especially in the travel and tourism sectors. Many Malaysians, including both employees and the self-employed, have suffered a drastic reduction or loss of earnings.

These events served to highlight the highly vulnerable position of certain sectors of Malaysian society and exposed the serious limitations in the ability of private and public safety nets to cope with unexpected shocks of such magnitude.

In addition, employees are also in a vulnerable position if they are retrenched due to winding-up of the enterprise. If the company is declared bankrupt, creditors are given precedence over the employees in settlement of any payments by the employers. This is a serious deficiency in the law and has been highlighted many times over the years by some trade union leaders but to no avail.

Official figures indicate 21,206 retrenchments in 2003, majority being from the manufacturing sector. This only refers to the reported cases, usually focusing on formal unemployment. The increasing number of mergers and outsourcing threatens the standard employment relationship of even professionals and management staff (Auer and Daniel, 2002).

Unemployment and underemployment in the informal sector, falling wages, forced pay-cuts, voluntary severance and movement of workers from the formal sector to low-paying jobs in the informal sector are usually not captured by official statistics. This often results in these issues not being addressed or given inadequate attention by the policy-makers.

4.2.1.5 Women

The participation rate of women in the Malaysian workforce has increased significantly over the years but social protection for women has not kept pace with this development. As such, many women in Malaysia reach retirement age with low or zero pension entitlements. This is because these women are unable to take up full-time employment due to their caring responsibilities in the family or are only able to work in the informal sector where there is no social security coverage.

“Caring labour”, generally comprising homemakers or women who stay home to care for children, aged parents or invalid family members are not given any economic value in Malaysian society. Whether a mother should stay home to look after her children or seek employment outside is seen as a personal choice that does not call for any social policy action. Thus, there are no statutory retirement savings or old age pensions for homemakers and women who choose or are forced to give up employment to look after family members.

There is very little support from the government, employers, trade unions and society at large in the form of services and benefits for working mothers and caring labour in general that can enable women to reconcile work and family commitments.

In the last few years, women made up more than 50% of retrenchments. Women dominate the foot-loose electronics industry in Malaysia. In this industry where retrenchment takes place often, a woman may have worked for 15 years but still earn only about RM 450 per month because she has been retrenched every few years and has to start from scratch with loss of seniority every time she finds employment in another electronics factory. This has a direct negative impact on the amount of retirement savings of this group of people.

4.2.2 Inadequacies in poverty alleviation measures

Poverty can be defined as an inadequate level of personal income and insufficient access to social services. Old age often has a positive correlation with poverty in the less developed countries where there is an absence of universal social security schemes.

4.2.2.1 Increase in relative poverty and urban poverty

Poverty eradication and the redistribution of income have been the twin pillars of Malaysia’s development plans since 1970 with government statistics indicating a high level of success. While absolute poverty has been on the decline, the relative distribution of income shows a widening disparity between the rich and

the poor in Malaysia since the 1990s. According to the Asian Development Bank, this disparity is worse in Malaysia compared to most of the other countries in the region. 10% of households in Sabah, Kelantan, Terengganu and Perlis live below the poverty line (The Star, 17 April 2004).

Over the years, there has been increasing concern over the rising level of urban poverty and the ineffectiveness of existing programmes to overcome the problem. Thus, the worsening urban poverty is manifested through the rise in the number of squatters, illegal hawkers and petty traders, drug trafficking and addiction, gangsterism, prostitution and other social problems; the elderly are also found in these pockets of poverty.

4.2.2.2 Unrealistic poverty line income

The national poverty line income (PLI) of RM 529 per month for Peninsular Malaysia is also not a realistic and valid cut-off point as it does not take into account the significant rise in the cost of living, especially due to increases in the cost of food and medical services in the last few years. This is despite the fact that the PLI is revised every two years based on the Consumer Price Index.

The Government has also acknowledged that the official definition of “poor” is unrealistic and inappropriate (The Star, May 2004). This in effect means many households will not qualify for social assistance even though they are in dire straits.

4.2.2.3 Bureaucratic inefficiency and corruption

In spite of the many poverty-alleviation programmes implemented by the government, rural poverty, especially among the elderly, still exists in many parts of Malaysia. For example, the Minister of Agriculture disclosed in mid-2004 that 30% of the population of the Sik district in Kedah earned below RM 500 per month. Thousands of homes in rural Kelantan, Sarawak and Sabah still do not have even basic services such as treated water supply.

Coverage of means-tested social assistance schemes is again very limited with very little coordination between the different departments. Many social assistance programmes require the potential beneficiary to take the initiative to register with the relevant government body; the civil servants concerned do not take the initiative to reach out on a proactive basis, often citing shortage of manpower as the reason for inaction. The elderly who are poor are also often unaware of their rights and entitlements and are thus left without any government assistance. Even if they do receive social assistance, the cash benefit is usually inadequate to satisfy their basic needs.

There are also leakages from the system through fraud, misappropriation, negligence, racial and political discrimination and cronyism that result in the benefits falling into the wrong hands or a few hands with the right political connections. Some groups of hard-core poor such as the Orang Asli live under impoverished conditions with very little or no attention at all from the government (The Star, 22/4/2002).

4.2.2.4 Plantation workers

There is a trend in recent years for plantation companies to retrench their workers, evict them from their homes and convert the plantations into housing projects. Many of these workers are way past their prime years and very often have to support ageing parents who themselves were ex-plantation workers. Although the plantation company complies with the minimum statutory provisions for payment of retrenchment benefits, it is sorely inadequate and pushes these homeless and unskilled workers and their families further into the depths of poverty (Jeyakumar Devaraj, 2003).

The long-awaited minimum monthly wage of RM 350 for plantation workers is far below the national poverty line income. In the meantime, the plantation companies, some of which have the government as a shareholder, continue to reap profits (Kohila Yanasekaran, 2003).

4.2.2.5 Absence of effective minimum wage regulation

In imperfect democracies like ours, the voices of some groups such as commercial and financial interest groups are heard more loudly than others; the voices of labour and like-minded groups are drowned in the pursuit of higher profits and capital accumulation.

The Malaysian Trade Unions Congress (MTUC) have on numerous occasions called for a minimum living wage based on a basket of basic needs of a worker, including food, accommodation, education, clothing, medical care, transport, social security coverage and socio-cultural needs. Employer groups have always opposed this proposal. The Government is seen as lacking the political will to push this proposal through.

Although there is minimum wage regulation for some very limited numbers of workers in Malaysia, these wage levels are no longer relevant or applicable, as rising national income levels and inflation have overtaken them. A national minimum wage would help to widen the circle of prosperity within the country in terms of democratic stability and social justice.

It can ensure that all workers in the country have an income that is adequate for subsistence, and that meets basic needs at all times, as well as ensuring adequate retirement savings/pensions during old age.

4.2.3 Inadequacies in healthcare benefits

In recent years, concerns have been raised over some developments in the public healthcare system that have repercussions on the poorer sections of the population, including the aged and rural population.

4.2.3.1 Weak delivery system

The elderly who go to government hospitals often have to endure a long wait for treatment. Very little attention is given to basic issues of physical accessibility for the elderly at government hospitals. These include the availability of wheelchairs, ramps, lifts and transportation to hospitals. Unequal access to medical facilities is a serious problem, especially for the aged in rural areas where there are fewer doctors and greater geographical distance from medical facilities. The doctor: patient ratio in rural areas is more than 10 times that in urban areas in Malaysia.

4.2.3.2 High cost

Medical treatment in government hospitals sometimes involves high out-of-pocket payments for certain types of medical procedures and medication that the elderly who are poor cannot afford. The cost of treatment that involves expensive implants, special drugs or gadgets must be borne by the patient and can come up to thousands of Ringgit.

4.2.3.3 Privatisation

Corporatisation, privatisation of healthcare facilities, and the brain drain of medical personnel from government hospitals to the private sector will further aggravate the situation.

There is a growing trend among employers, including the government, to encourage their employees to purchase personal health insurance from the commercial market. These risk-rated health insurance schemes generally cater to high-income earners and those with low health risks. This excludes the elderly who are poor. Even then, there have been many cases of delays and non-payment of claims by the insurance companies.

The government is considering a proposal to introduce a national health insurance scheme but this does not guarantee that the weaker and poorer sections of the population will be adequately protected.

5. CONCLUSION

Globalization and its concomitant uncertainties are inevitable. Hence, we need more social protection in a globalized world. Effective safety nets are a long-term investment. They work much better if they are established before a crisis, based on timely and accurate information, broad-based social dialogue and empowerment of marginalized groups (Marshall, 2003). The social protection system for the ageing population in Malaysia is in serious need of reforms. This paper suggests the following:

Universal pension scheme – The government should provide a minimum cash benefit on a monthly basis to all senior citizens, irrespective of employment record or income levels.

Accessible medical treatment – Medical treatment for the elderly must be exempted from any form of out-of-pocket payment. Facilities must be made elderly-friendly with separate counters and clinics for the elderly to allow easy access and cut down on waiting time.

Employment opportunities for the elderly – The elderly who are willing and able to work must be encouraged to delay retirement or remain in employment by creating suitable job opportunities and introducing flexible employment conditions that can accommodate the needs of the elderly.

Benefits for care-givers – The role and contribution of those who stay home to care for dependent family members must be appreciated and given economic value in the form of pensions and old-age benefits.

Incentives for employers – Employers must be given incentives by the government to encourage them to employ the elderly who want to work.

Indexation of government pensions – Pension for civil servants must be calculated based on their total years of service with automatic revision based on the consumer price index.

Reforms to the EPF – Changes must be made to the EPF laws and system to protect the savings of employees and generate higher returns on investment. Proactive measures must be introduced to increase coverage for the self-employed and those working in the informal sector.

Occupational/private pension schemes – Tax exemptions and other incentives must be given to employers to encourage them to provide retirement income for their employees through occupational/company pension schemes;

alternatively, private pension funds can be set up to supplement the basic universal pension provided by the government.

More retirement homes – The government should set up more retirement homes for the elderly who are destitute; it should also provide incentives to encourage more private retirement homes to be set up.

Wider range of benefits – The scope and types of benefits or facilities for the elderly must be further expanded to maintain their quality of life during the golden years.

Changes and improvements to social protection for the ageing population in Malaysia need to be carried out in an integrated and comprehensive manner. This calls for all the stakeholders to be proactive and cooperative so as to achieve equitable, sustainable and democratic development.

6. REFERENCES

Atinc, T. M. (2003). 'How the East Asian crisis changed the social situation', in K. Marshall and O. Butzbach (Eds.), *New social policy agendas for Europe and Asia*, Washington, DC: World Bank.

Auer, P. and Daniel, C. (Eds.) (2002). *The future of work, employment and social protection-The search for new securities in a world of growing uncertainties*, Geneva: International Labour Organization.

ILO (2000). *World Labour Report 2000*, Geneva: International Labour Organization.

Jeyakumar Devaraj (2003). 'End-game in Kamiri Estate', *Aliran Monthly*, vol. 23, no. 3.

Kohila Yanasekaran. (2003). 'A shameful deal', *Aliran Monthly*, vol. 23, no. 3.

Marshall, K. (2003). 'The East Asian Crisis: Lessons for the social policy agenda', in K. Marshall and O. Butzbach (Eds.), *New social policy agendas for Europe and Asia*, Washington, DC: World Bank.

Ragayah Haji Mat Zin, Hwok Aun Lee, and Saaidah Abdul Rahman. (2002). 'Social protection in Malaysia' in E. Adam, M. von Hauff and M. John, (Eds.), *Social protection in Southeast and South Asia*, Singapore: Friedrich Ebert Stiftung.

Rajasekaran, G. (2001). 'Re-engineering social policy in Malaysia: The workers' perspective', paper presented at the Conference on Re-engineering Social Policy: The Challenge (October), Kuala Lumpur.

Stiglitz, J. E. (2002). 'Employment, social justice and societal well-being', *International Labour Review*, vol. 141.

The Star Newspaper, 17th April 2004, 22nd April 2002, and May 2004.