

Population Ageing and Social Protection in Malaysia

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Abstract: The New Economic Model for Malaysia (NEM) 2010 defines inclusiveness as one of the three pillars of a developed society in the next decade and beyond. The underlying principle of the inclusiveness objective of the plan is to enable every Malaysian to have access to opportunities in order to contribute to the economy and to ensure that essential needs of the people are met. The question is to what extent does the present scenario support this objective of equalising opportunities? Also, in ensuring that essential needs of the people are met without marginalising any group, are the existing social safety nets policies adequate to support every Malaysian to sustain a decent living standard? This is of particular concern to the old age group that is getting bigger due to a very low population growth and an increasing average life span of 71.7 years for males and 75 years for females. Hence, this paper attempts to answer these questions and other related issues. It is divided into three parts: the first part defines the key concepts and framework employed in this paper; the second part examines the existing social protection schemes in Malaysia and analyses some case studies of NGOs working with the elderly and the final part offers some policy recommendations as a way forward.

Keywords: Ageing population, multi-pillar, public assistance, social insurance, social protection
JEL classification: H55, J14, I38

1. Introduction

The growing number of the elderly in many countries of the world poses new challenges to these governments. Rapid demographic changes in population due to a decline in birth rate and an increase in life expectancy in many countries have had a huge impact on national development economically and socially, all the more acute and prominent during an economic crisis. Against the realisation that this group can easily fall into the poor and hard core poor group, in recent years many countries have initiated policies on employment for the elderly, formalised the pension system and have improved social protection and safety nets for the aged. Malaysia is one of the countries where the population is ageing and is forecasted to become an aged nation by 2030 when 15 per cent of the population will be classified as elderly. Currently, households headed by the elderly experience a high incidence of poverty, at 22.7 per cent (8th Malaysia Plan). Table 1 shows the percentage of 60 years and above in

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