2. ECONOMIC WELL-BEING

Preamble

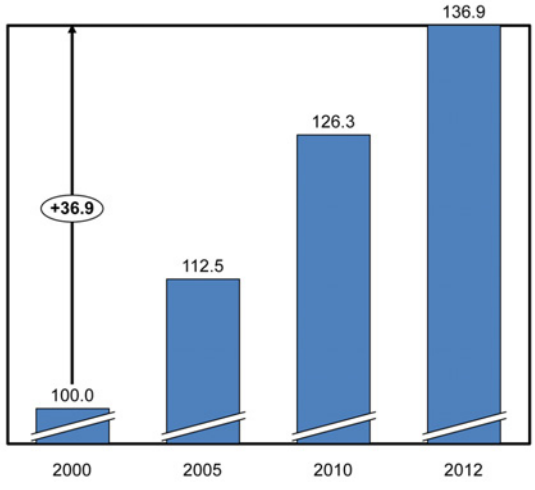
Within the economic well-being sub-composite index, all of the components recorded improvements above 30 points except for working life. The transport and communications components scored the highest points with 36.9 points and 36.2 points, respectively. The working life component recorded the least improvement at 28.6 points.

Transport Component Index

Transportation is an important enabler for most day-to-day activities as well as for pursuing economic and social activities. The importance of public transport in the last two decades has been on the rise particularly in the Klang Valley.

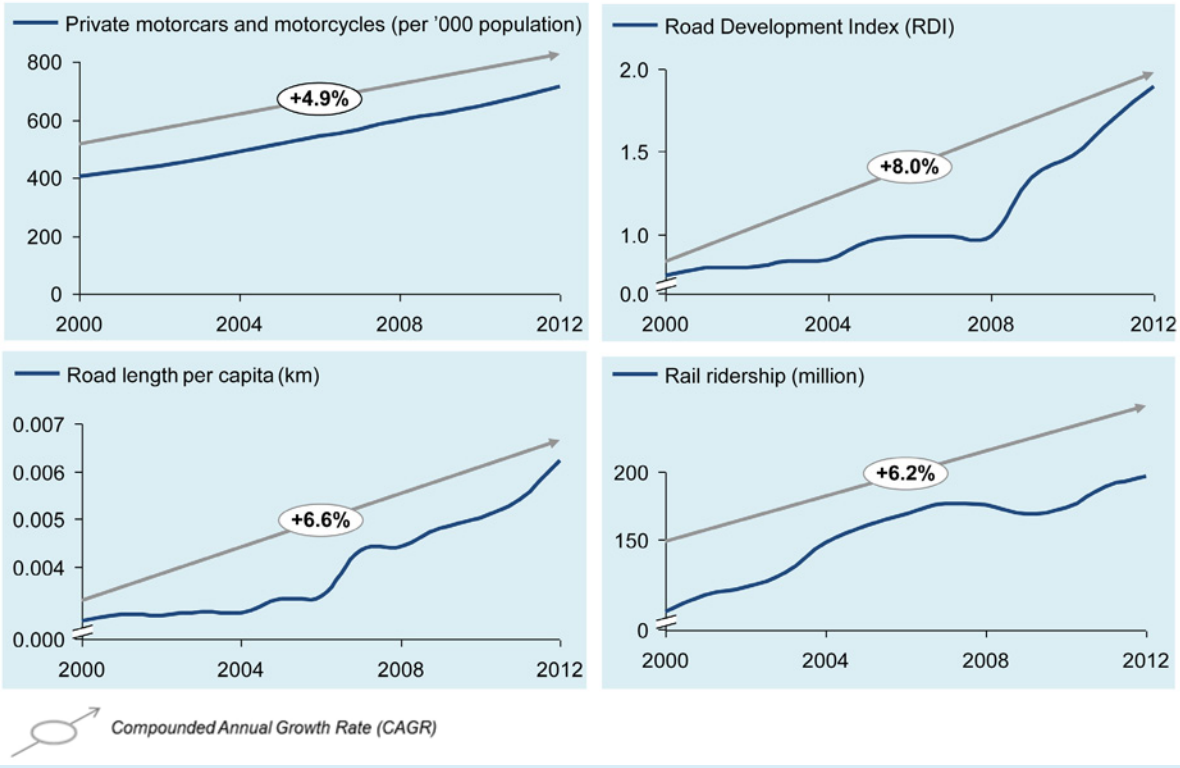
During the period of 2000 to 2012, the transport component index increased by 36.9 points. All indicators, namely private cars and motorcycles ownership, Road Development Index (RDI), road length per capita and rail ridership increased between 35.1 to 39.8 points. Rail ridership showed the highest increase by 39.8 points followed by private motorcars and motorcycles ownership at 37.5 points. The lowest increase was the road length per capita at 35.1 points whereas the RDI increased by 35.4 points, as shown in *Figure 2.1*.

Figure 2.1 Transport Component Index



INDICATOR	Index Point Change (2000-2012)
Rail ridership	39.8
Private motorcars and motorcycles	37.5
Road Development Index (RDI)	35.4
Road length per capita	35.1

Figure 2.2 Transport Indicators

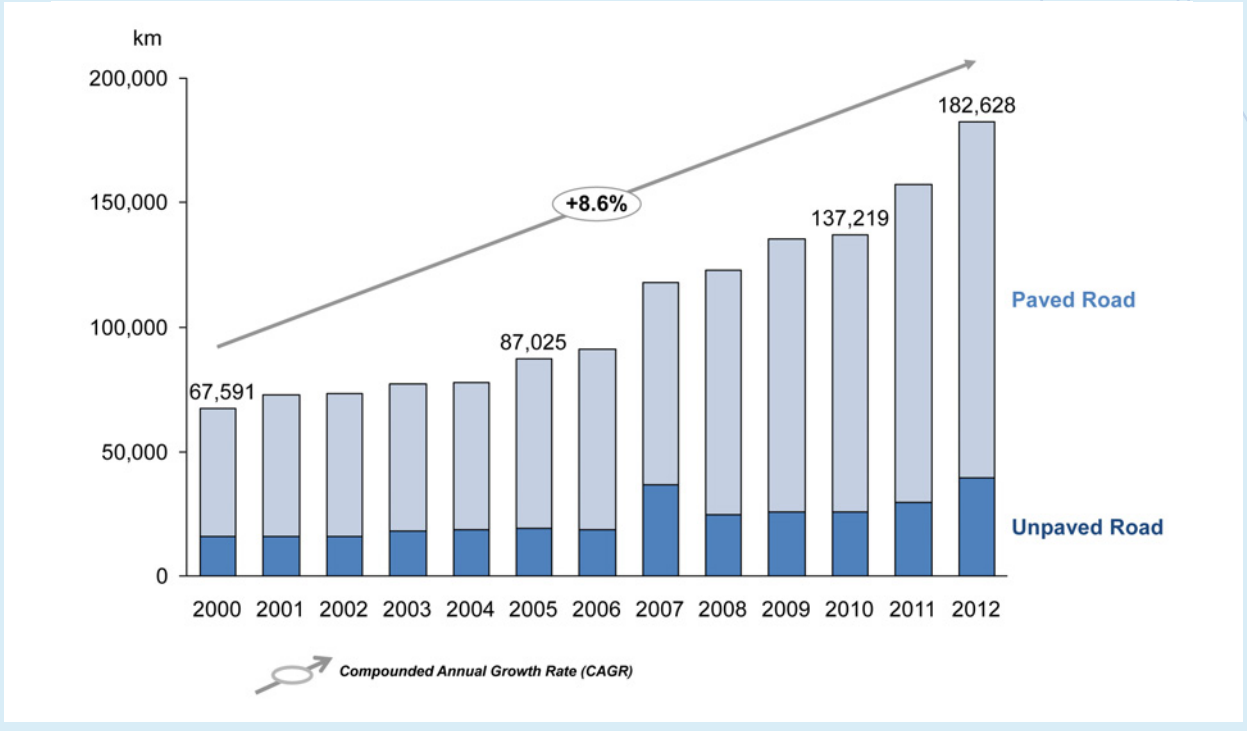


The private motorcars and motorcycles ownership indicator increased by 37.5 points in 2012. There were 9.5 million registered private vehicles in 2000 and doubled to 20.9 million in 2012. This reflects increased affordability among Malaysians in owning private cars and motorcycles and greater preference for private mode of transportation.

The road development programme is undertaken with emphasis on improving inter-urban accessibility and extending the road network to connect new growth nodes and rural areas. In tandem with this expansion, the RDI increased from 0.75 in 2000 to 1.91 in 2012, as shown in *Figure 2.2*. The rapid rate of construction of highways and expressways, coupled with privatization of major road networks, has improved connectivity. The total road length increased from 67,591 kilometres in 2000 to 182,628 in 2012, as shown in *Figure 2.3*.

The increase of more than 100 per cent in RDI and total road length signifies the Government efforts to catalyse economic development, and thus the well-being of the *rakyat*. Under the Ninth Malaysia Plan (9MP), construction of new roads and upgrading of old roads resulted in the pavement of as much as 110,000 km of roads. New highways and extension of several existing highways contributed an additional 15,095 km. Under the National Key Results Area (NKRA) programme, roads in rural area increased by 7,345 km. This has improved accessibility for rural folk and opened new opportunities for the *rakyat* to improve their well-being.

Figure 2.3 Length of Paved and Unpaved Roads



Under the Tenth Malaysia Plan (10MP), upgrading of roads and building new highways were given priority. This included the construction of seven new highways in Peninsular Malaysia with road network of 14,000 km. By the end of the 10MP period, the road network would be increased to more than 200,000 km, taking into consideration the projected growth rate of private cars in the next five to ten years.

Besides road development, emphasis was also given to rail and bus services as an alternative mode of public transport. This is a strategic move since more than 70.0 per cent of the population is residing in urban areas.

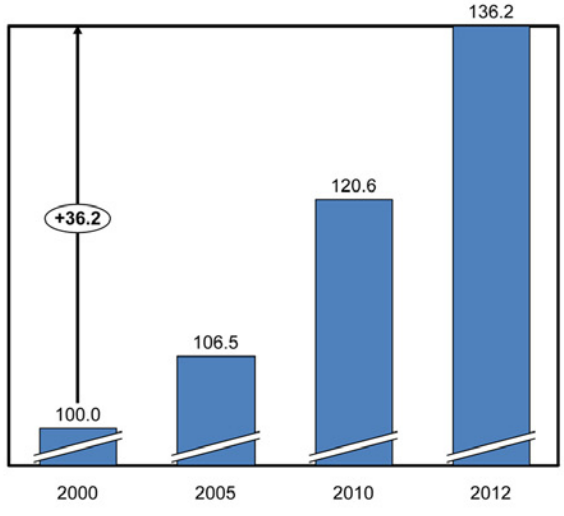
The rail ridership index rose significantly by 39.8 points between 2000 and 2012. The number of rail ridership increased more than double to 197.3 million in 2012 from 95.9 million in 2000. In 2012, urban rail services contributed 98.0 per cent of total ridership. These services are mainly in Klang Valley and efforts are being taken so that other urban areas would have their own urban rail services. The inter-city rail ridership increased by 10.0 per cent in 2012 to 4.2 million from 3.8 million in 2000.

In the 9MP, several initiatives on urban public transport was introduced, especially in Klang Valley. Firstly, more capacity was added to urban rail services with more space for commuters. These resulted in the increase of ridership, from 164.5 million in 2009 to 193.0 million in 2012. Secondly, the introduction of Bus Express Transit (BET) in 2010 had made inter-city travel time by bus reduced by half. Thirdly, more car parks were built around public transport stations, especially in urban rail stations. This multi-storey parking built around Klang Valley facilitate the use of public transport. Efforts to improve public transport have been continued in the 10MP where focus was given to extend efficient public transport to other cities such as Kuantan, Penang and Kota Bharu.

Communications Component Index

Communications is an important enabler that connects people and enhances accessibility to resources that promotes efficiency and productivity. The advancement in communications technology and Internet infrastructure allows real time connectivity across the globe and leads to better socio-economic well-being. The communications component index increased to 136.2 points in 2012, contributed by a higher number of fixed and mobile telephone lines, Internet subscribers, hotspot locations as well as registered domain names, as shown in *Figure 2.4*.

Figure 2.4 Communications Component Index



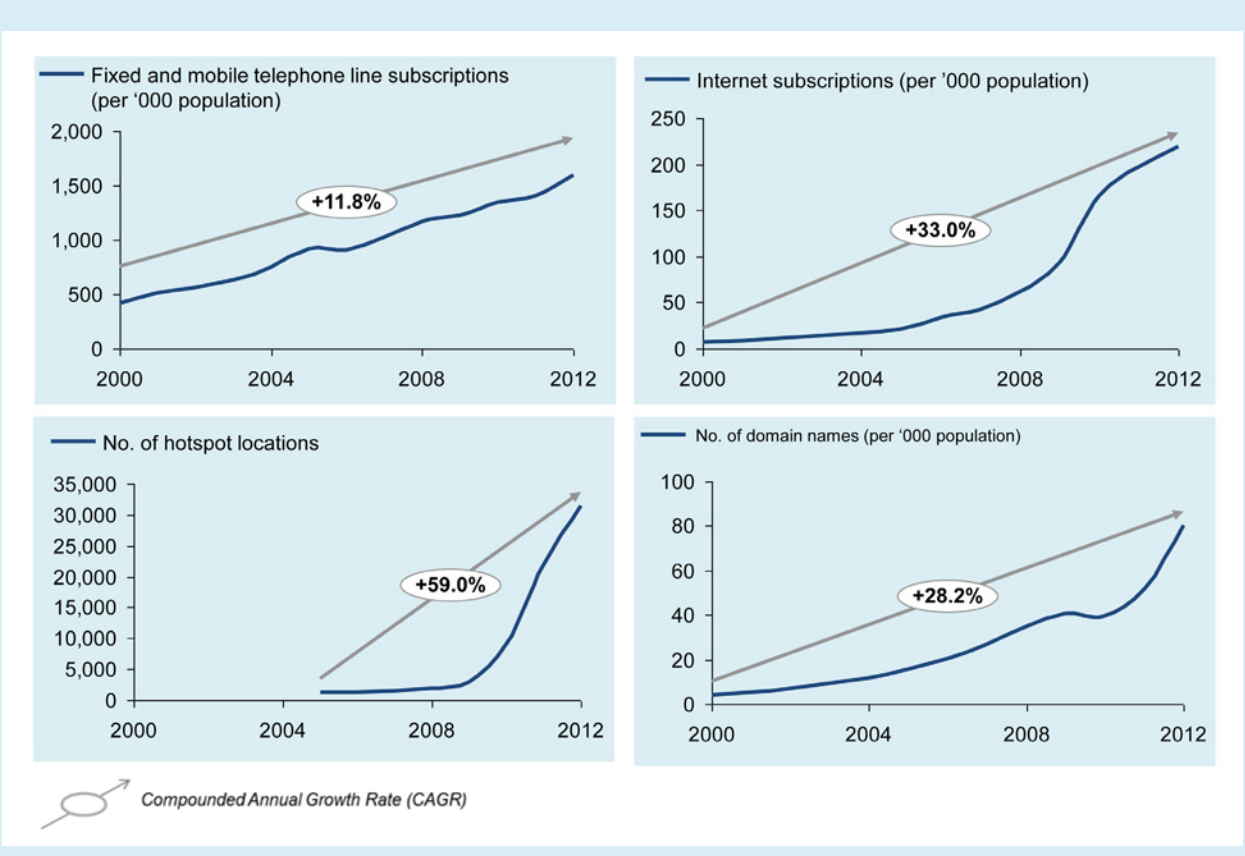
INDICATOR	Index Point Change (2000-2012)
Number of domain names	39.6
Fixed and mobile telephone line subscriptions	38.5
Number of hotspot locations	35.2
Internet subscriptions	31.6

Fixed and mobile telephone lines subscribtions index increased by 38.5 points in 2012. A total of 2.4 million people subscribed to fixed lines in 2012 as compared to 4.5 million in 2000. The significant drop in fixed line subscriptions reflects the substitution effect as preferences shifted towards mobile telephones. In addition, the increase in GDP per capita and purchasing power, advancement of mobile technology as well as greater ICT awareness can be attributed to the increased demand. There were 41.1 million mobile telephone subscriptions in 2012 as compared to 6.0 million in 2000, as shown in *Figure 2.5*.

The Internet subscriptions index increased by 31.6 points in 2012 due to higher Internet subscribers to 219 per 1,000 population compared with seven in 2000. This is in line with the roll out of the High-Speed Broadband (HSBB) and the implementation of the Broadband for General Population (BBGP), which provided greater accessibility.

The National Broadband Plan (NBP) was launched in 2004 to speed up broadband service take-up through hotspots. Several programmes were introduced under the plan such as Community Broadband Centres (CBC), *Kampung Tanpa Wayar 1Malaysia*, Mini CBC and 1Malaysia Community Broadband Library (CBL). In 2012, a total of 31,493 hotspots were established covering both urban and rural areas as compared to 1,227 hotspots in 2005 resulting in the increased of the index by 35.2 points.

Figure 2.5 Communications Indicators



Domain names index increased by 39.6 points in 2012. Since the establishment of the my DOMAIN REGISTRY[2] in 2006, registrations of domain names increased by four times from 53,938 in 2006 to 208,936 in 2012. This was due to greater awareness of opportunities made available by online services as an alternative mode for business and marketing.

Overall, the communications component index improved over the last decade. The highest growth was that of the domain name indicator. This was in line with Government efforts to drive the growth in communications services from infrastructure and access to applications and content.

2 *The myDOMAIN REGISTRY is the sole administrator for web addresses that end with dot my in Malaysia. The agency's role is to manage the registration of domain names as well as maintain and operate the domain.*

BOX 2.1 DROP CALLS IN MALAYSIA

Of the numerous performance metrics applicable to mobile telephone systems, probably the most important for customer satisfaction is the dropped calls rate. The rate at which calls are dropped has direct influence on customer satisfaction with the service provided by service providers.

According to the Malaysian Communications and Multimedia Commission (MCMC), dropped calls refer to the termination of calls in progress before either party intentionally ends the call. This termination could be due to several reasons, of which are; caller moves into an area which has no signal or coverage known as blind spots; interference created from re-use of frequencies; faulty hardware in base station or transmission equipment; and disconnected due to inability of devices to sustain weak signal from base station to base station.

MCMC through the Communications and Multimedia Act 1998 has adopted the Mandatory Standards for Quality of Service (QOS) (Public Cellular Services) in 2002. The main objectives of the QOS is to improve the quality of services on billing, complaints handling, operator services, endpoint service availability as well as dropped calls. Through the QOS, MCMC performs test calls from time to time and conducts observation sampling to ensure compliance by service providers. In relation to this, the Dropped Call Rate (DCR) for Malaysia has been set at three per cent of inter and intra network calls. As a comparison, the DCR in Singapore is set at one per cent while Philippine at two per cent. In the first half of 2012, tests conducted by MCMC on service providers found that dropped calls did not exceed 2.6 per cent.

Despite the compliance by service providers, there is still room for improvement. It is imperative that service providers regard the DCR as an important key performance indicator (KPI) to assess the performance of their networks. The service providers must aim at reducing the DCR to ensure better quality of service to their customers.

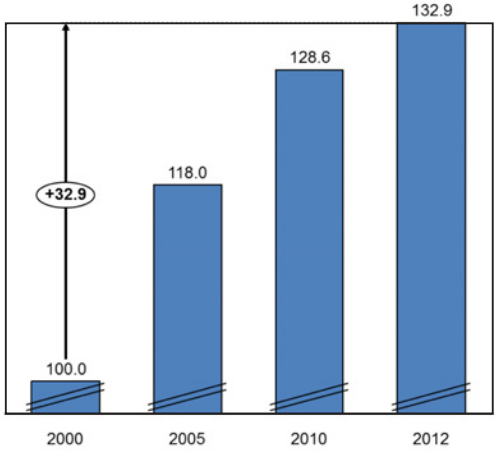
Source: Malaysian Communication and Multimedia Commission

Education Component Index

The education system plays a key role in providing the *rakyat* with knowledge, skills and competencies needed to participate effectively for economic and social advancement. It helps in building social capital and improving people's lives in areas such as personal advancement, health and happiness.

The education component index increased by 32.9 points in 2012, as shown in *Figure 2.6* due to the improvements in its two sub-components of education equality and education quality. Indicators used in the equality sub-component are participation rates for pre-school, primary, secondary and tertiary education. Indicators used in the quality education sub-component are primary and secondary education survival rates, achievements in public examinations and qualification of teachers in primary and secondary levels and that of lecturers in the tertiary level.

Figure 2.6 Education Component Index

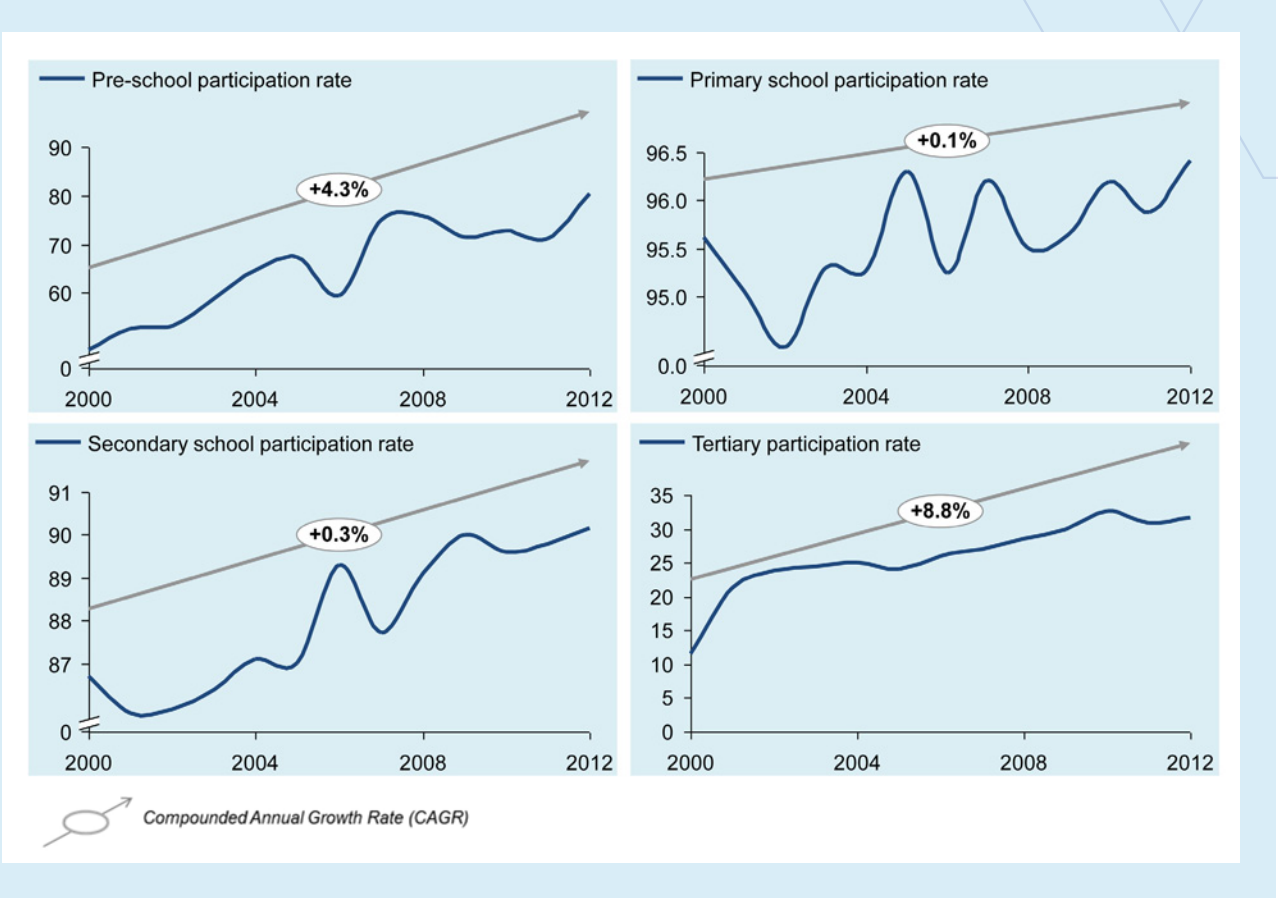


INDICATOR	Index Point Change (2000-2012)
Sub-component: Equality	**32.7**
Tertiary participation rate	52.2
Pre-school participation rate	40.0
Secondary school participation rate	23.9
Primary school participation rate	14.7
Sub-component: Quality	**33.2**
% of graduate teachers in secondary schools	39.6
Literacy rate	37.7
National Average Grade UPSR	37.3
Number of lecturers with PhD	36.7
National Average Grade SPM	35.0
% of graduate teachers in primary schools	31.5
Secondary education survival rate	26.6
Primary education survival rate	20.9

All indicators of the education equality sub-component increased over the 2000 to 2012 period. The tertiary participation rate index recorded the highest improvement by 52.2 points, followed by pre-school by 40.0 points, secondary school by 23.9 points and primary school by 14.7 points. The tertiary level participation rate increased at an annual growth rate of 8.8 per cent, as shown in *Figure 2.7*.

This was followed by the pre-school participation rate with an increase of 4.3 per cent annually. This upward trend reflects the success of Government efforts towards ensuring greater education access. For example, primary education is almost universal and based on current performances, the country is on track to achieve universal secondary education within the next few years.

Figure 2.7 Education Equality Indicators

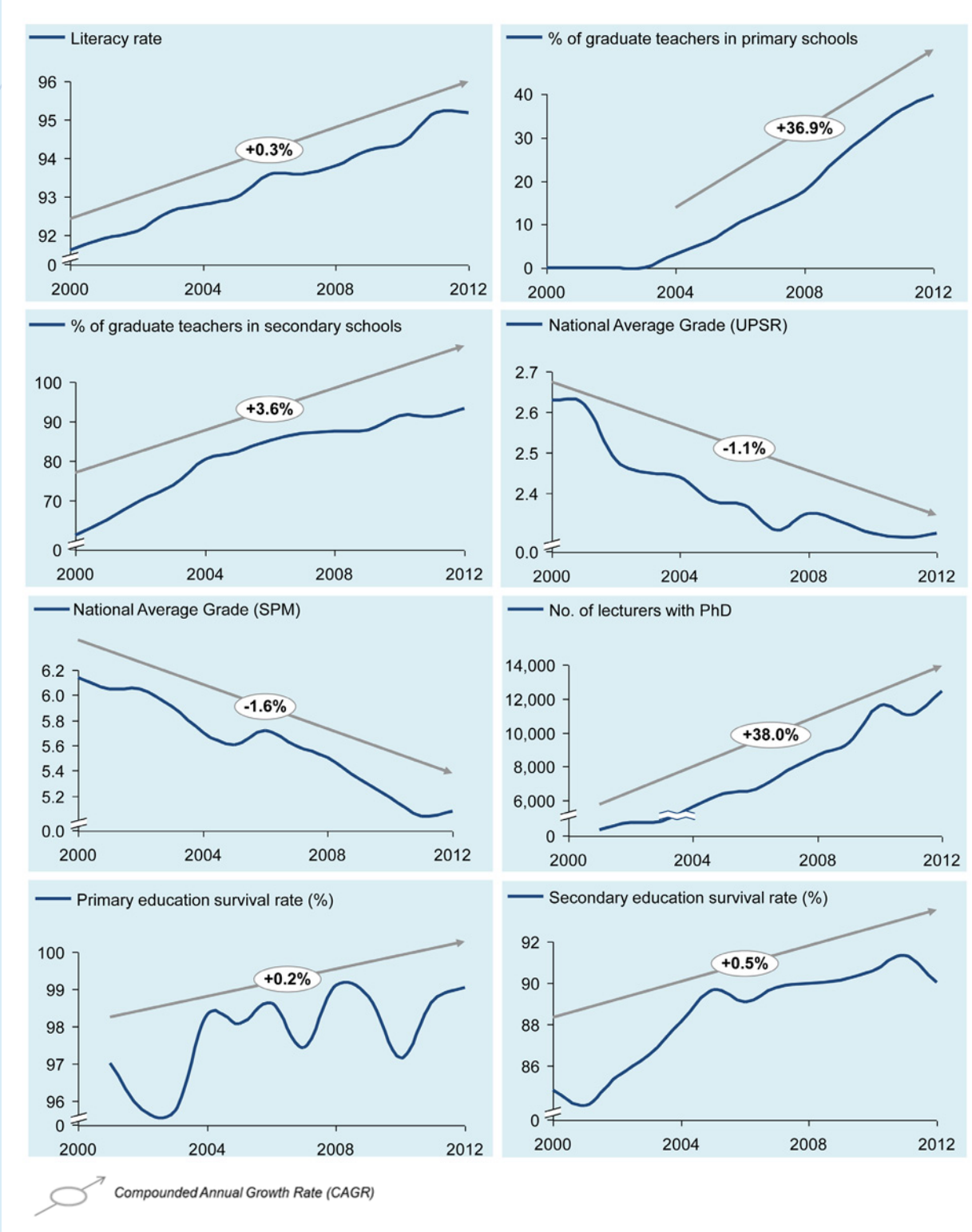


The increase in tertiary education participation was due to the liberalisation of education sector with the introduction of Private Higher Education (PHE) Act in 1996. Through the PHE Act, the private education providers were encouraged to establish more universities, colleges and training centres. In addition, provision of more loans under the National Higher Education Fund Corporation (PTPTN) established in 1997 also contributed to this improvement.

The emphasis on pre-school education under the 10MP resulted in the establishment of more public and private pre-schools as well as early childhood care centres. This contributed to the increase in the pre-school participation rate to 80.5 per cent in 2012 and on track to achieve the 10MP target of 92.0 per cent.

All indicators of the education quality sub-component increased over the 2000 to 2012 period. The literacy rate index increased by 37.7 points in 2012 from 91.6 per cent in 2000, as shown in *Figure 2.8*.

Figure 2.8 Education Quality Indicators



BOX 2.2 INTERNATIONAL STUDENT ASSESSMENT

The Trends in International Mathematics and Science Study (TIMSS) is an international assessment based on the curricula of schools around the world. It assesses students in Grades 4 (the Malaysian equivalent of Year 4) and Grade 8 (the Malaysian equivalent of Form 2) along two aspects: content such as algebra and geometry, and cognitive skills, namely the thinking processes of knowing, applying and reasoning. The test was first administered in 1995. Today, over 59 countries participate in the assessment which is conducted every four years. Malaysia has participated in TIMSS since 1999, although only with Form 2 students.

The Programme for International Student Assessment (PISA) coordinated by the Organization for Economic Co-operation and Development (OECD) is another widely recognised international assessment. Conducted every three years, PISA aims to evaluate proficiency in reading, mathematics and science in students aged 15 years. Its focus is not on curriculum content, but on students' ability to apply their knowledge in real-world settings. Participant countries extend beyond OECD members, with 74 countries taking part in the most recent assessment in 2009. Malaysia participated for the first time in 2010, as part of the 2009 PISA assessment cycle.

Over the past two decades, PISA and TIMSS emerged as a means of directly measuring the quality of educational outcomes across different systems. TIMSS tests focus on elements of the curricula common to participating countries, while PISA tests focus on applied assessments of real-world problems. The common strand in both is that the programmes assess a variety of cognitive skills such as application and reasoning.

When Malaysia first participated in TIMSS 1999, its average student score was higher than the international average in both Mathematics and Science. By 2007, the last published cycle of results, Malaysia's performance had slipped to below the international average in both subjects with a commensurate drop in ranking. The results from PISA 2009 which Malaysia participated for the first time were also not encouraging. Malaysia's ranking is in the bottom third of 74 participating countries and scoring below the international and OECD average. Malaysia's performance in TIMSS and PISA demonstrate the lack of higher-order thinking skills among our students. The new Education Blueprint 2013-2025 is addressing this issue through several strategies which include launching a new *Kurrikulum Standard Sekolah Menengah* (KSSM) and *Kurrikulum Standard Sekolah Rendah* (KSSR); realigning and benchmarking standards for student outcomes and learning with that of high-performing education systems; and revamping national examinations and school-based assessments to test for higher-order thinking skills.

Source: Malaysia Education Blueprint 2013-2025, Ministry of Education

Quality teachers in schools and quality lecturers in universities are the most important institutional-based determinant of student outcomes. Given the important role of teachers and lecturers in uplifting the quality of education, professional development and scholarships for teaching personnel have been generously provided in the 10MP. The percentage of graduate teachers in secondary schools increased from 61.2 per cent in 2000 to 93.3 per cent in 2012 while in primary schools, from 3.2 per cent in 2004 to 39.8 per cent in 2012. The number of lecturers with PhD index increased by 36.7 points during 2001 to 2012 period. There are 12,504 faculty members with PhD qualifications in 2012 as compared to only 362 in 2001. Under the 10MP, it is targeted that 75.0 per cent of faculty members in research universities will have PhD qualifications, while for non-research universities the target is set at 60.0 per cent.

The improved performance of students in the UPSR and SPM examinations also contributed positively to the education quality sub-component. This is based on the National Average Grade (NAG), as a common measure. During 2000 to 2012 period, the NAG for *Ujian Penilaian Sekolah Rendah* (UPSR) improved by 11.5 per cent while NAG for *Sijil Pelajaran Malaysia* (SPM) improved by 16.4 per cent.

In addition, school retention as measured by survival rates in primary and secondary education levels also showed improvement during the same period. The survival rates for primary education in 2012 improved by 2.2 percentage points from 96.9 per cent in 2000. A bigger improvement of 5.2 percentage points from 84.8 per cent in 2000 was recorded for the secondary level.

The education component has shown significant improvements since the last decade in achieving education equality and quality. The most significant growth is recorded in pre-school and tertiary education, percentage of graduate teachers in primary and secondary schools and the number of university lecturers with PhD. Participation rates in primary and secondary schools also showed an upward trend progressing towards achieving universal enrolment[3]. The sustained high levels of investments in education and implementation of initiatives under the Malaysia Education Blueprint (2013-2025) will ensure that the Malaysian education system is on track to be among the world's best. These include stringent monitoring of the initiatives' implementation and setting specific targets such as 100 per cent enrolment across all levels of education; scoring among the top third of countries in international assessments such as PISA and TIMSS; and a 50.0 per cent reduction in the achievement gaps between urban-rural, socio-economic and gender by 2020.

BOX 2.3 GRADUATE EMPLOYABILITY

Malaysia is now advancing towards a high technology and services oriented economy that requires highly skilled human capital. This requirement has posted challenges in the area of labour supply, particularly in terms of a more competitive employability landscape. This is especially for the graduates of institutions of higher learning (IHL).

While the IHL are adjusting for the needs of the economy, six major issues concerning graduate employability (GE) have been identified and demand immediate attention. They are:

i. labour market size;
ii. intake and exit attributes except for a few professional courses;
iii. poor intake attributes;
iv. the notion that industry prefers ready-made instead of fundamentals;
v. stop-gap measures versus immersion at IHL level; and
vi. inability to obtain the right choice of courses.

Accordingly, The National Graduate Employability Blueprint (GEB) was developed and launched on 4th December 2012. The Blueprint provides a comprehensive guide on higher education environment that encourage the growth of premier knowledge centres and producing competent, knowledgeable and innovative graduates with high moral values and attributes.

The GEB comprises three core components: Higher Education Qualifications and Employability, Nurturing Employability Attributes, and Sustaining Graduate Employability. The Blueprint layouts strategies to foster a higher education system that encourages growth in Malaysia's human capital; while for IHL it provides strategies to develop and produce employable graduates, and to continuously provide the right workforce to meet economic demands and changing competency landscapes.

Graduate Employability Taskforce (GET) chaired by Ministry of Education (MOE) together with the Economic Planning Unit of the Prime Minister's Department, provides oversight in the implementation of GEB. Through GET, the Government will be working closely with the private sectors to review the required supply and demand in every sector of the economy.

An online system, Sistem Kajian Pengesanan Graduan I (SKPG I) or Tracer Study was established in MOE as an instrument to monitor and report graduates

[3] *Malaysia Education Blueprint (2013-2025)*

employment status within six months after graduation. The graduates are required to submit information about their employment and further education, perceptions of institutional emphases, gains in knowledge and skills. Additionally, Sistem Kajian Pengesanan Graduan II (SKPG II) was also developed to monitor graduates employment status after one year of graduation.

Source : Ministry of Education

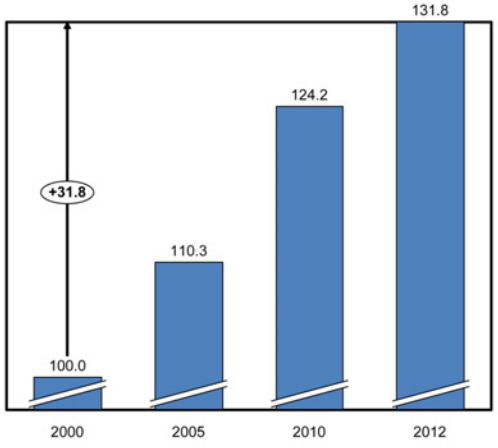
Income and Distribution Component Index

The economic policies pursued since independence underpinned by the development philosophy of growth with distribution, provided decades of outstanding economic performance. This resulted in significant poverty reduction, narrowing income gap and a more balanced economic participation.

The income and distribution component index improved by 31.8 points from 2000 to 2012, due to the increase in the national real per capita income, a reduction in poverty incidence and a better income distribution, as shown in *Figure 2.9*. The incidence of poverty index recorded the best performance with an increase of 42.0 points. The real per capita income index rose by 35.0 points while the Gini coefficient index, a measure of overall household income distribution, improved by 18.6 points.

The Gross National Income (GNI) per capita in current prices grew by 6.5 per cent per annum from RM14,529 in 2000 to RM30,856 in 2012 in tandem with the growth in GDP at 4.8 per cent per annum. The improvement in the GNI is mostly due to the positive performance of factors such as capital formation, human capital and productivity. In terms of capital formation, total investment in constant 2005 prices increased from RM112.8 billion in 2000 to RM201.7 billion in 2012. The level of GNI per capita for Malaysia was among the highest within Association of South East Asian Nations (ASEAN) countries.

Figure 2.9 Income and Distribution Component Index

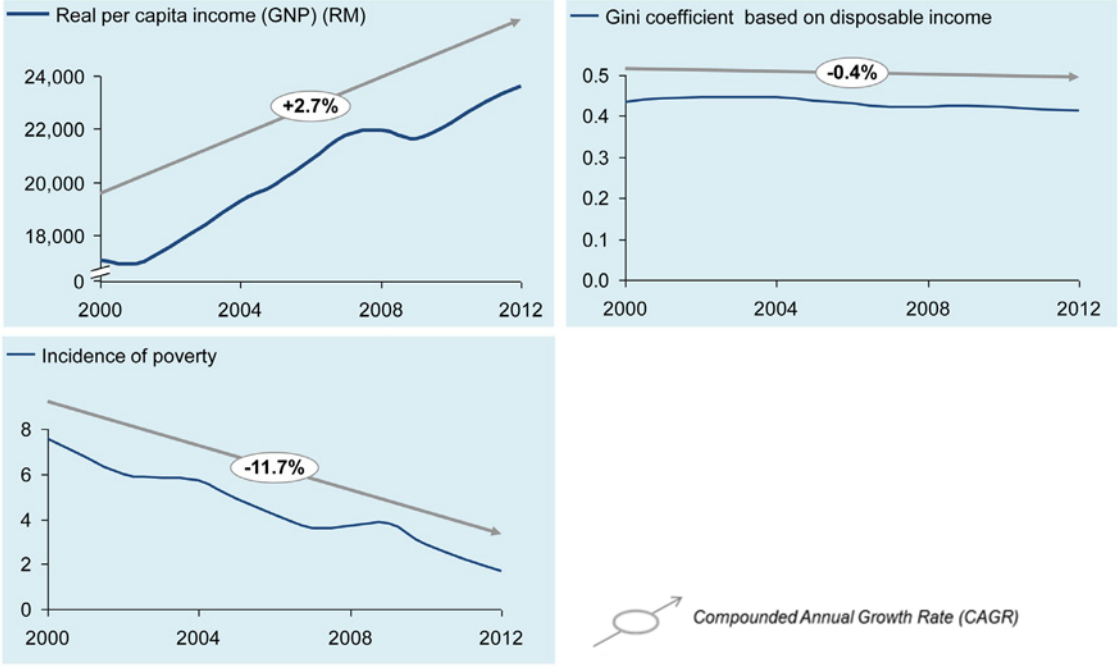


INDICATOR	Index Point Change (2000-2012)
Incidence of poverty	42.0
Real per capita income	35.0
Gini coefficient based on disposable income	18.6

Note : Figure for 2000 refers to 1999.

With increasing GNI per capita, the income level of the households in Malaysia also improved. The average monthly household income increased by 5.6 per cent from RM2,472 in 1999 to RM5,000 in 2012. As the inflation rate increased slower at 2.2 per cent during this period, the income improvement reflected a higher standard of living for the *rakyat*.

Figure 2.10 Income and Distribution Indicators



Poverty incidence decreased to 1.7 per cent in 2012 from 8.5 per cent in 1999 while income inequality improved, as reflected by the lower Gini coefficient at 0.414 in 2012 as compared to 0.443 in 1999, as shown in *Figure 2.10*. Malaysia's success in eradicating poverty and narrowing income disparity is mainly due to the continuous Government efforts to create greater economic opportunities for all Malaysians. The success in poverty eradication was also made possible with greater participation of the private sector and civil society. Various income generating programmes such as capacity building, education and training as well as entrepreneurship were implemented. In addition, the provision of basic infrastructure as well as other amenities further elevated target groups' standard of living. In line with the inclusiveness agenda, specific programmes were implemented to address relative poverty and pockets of poverty, particularly among the *Orang Asli* in the Peninsular and the minority groups in Sabah and Sarawak. The programmes included integrated land development, income generating activities as well as education and training. The main objective of these programmes was mainstreaming the poor into the development process.

The issue of inequality was further addressed through the inclusive development strategy. The 10MP focuses on providing quality opportunities for all Malaysians, particularly the bottom 40 per cent income group, to enhance their capability to participate in, and benefit from, economic development. This will ensure equitable access to economic opportunities for all Malaysians towards a fair and socially just society. Households, irrespective of ethnicity or location, are also provided with better quality opportunities and various support programmes based on specific needs.

BOX 2.4 MALAYSIA'S SUCCESS IN ERADICATING POVERTY

Malaysia has subscribed strongly to the belief that economic development must benefit all citizens, reduce poverty and improve disparity. This belief has been translated in various economic development policies since 1970s through the development strategy of growth with equity which started off during the New Economic Policy (NEP), 1971-1990.

The main strategies for poverty eradication under the NEP have been on income-generation, expansion of education and training facilities, employment generation and modernisation of rural life as well as improvement in living conditions. During the early years of the NEP period, these strategies were implemented through agrarian reform as the major instrument in transforming rural areas and the poverty-stricken communities into a more prosperous Malaysian society. Focus was given to mobilizing rural resources through land development programmes and reorganising institutions towards modernizing and developing the agriculture and rural sector.

As the country progressed and the economic structure was transformed from agriculture to manufacturing in the 1980s, education and training as well as entrepreneurship programmes played a vital role in addressing poverty. The private sector and Non-Governmental Organizations (NGOs) supported Government efforts to reduce poverty through various programmes in providing basic amenities and services to the poor as well as microcredit facilities.

Poverty eradication remained as an integral component and thrust of the subsequent development policies after NEP, namely National Development Policy (NDP), 1991-2000; National Vision Policy (NVP) 2001-2010; and 10MP, 2011-2015. However, the focus and implementation of initiatives and programmes have been realigned with the development needs and challenges.

The achievement in poverty reduction was remarkable. By the end of the NEP period, the incidence of poverty declined to 16.5 per cent in 1990 as compared to 49.3 per cent in 1970. Malaysia is considered among the fastest country to achieve the first goal of the Millennium Development Goals (MDG) to halve the poverty by 2015. In terms of extreme poverty, which is measured by the proportion of people living on less than USD1.25 a day, Malaysia has registered zero level in 2010. Based on the national poverty line income (PLI), the incidence of hard core poverty has been eradicated in 2010 while general

core poverty has been eradicated in 2010 while general poverty decreased to 1.7 per cent in 2012.

The 10MP is premised upon an economic transformation programme aimed at moving Malaysia towards a high-income nation with inclusiveness and sustainability. Inclusiveness is addressed from multiple dimensions with specific focus on the needs of the bottom 40 per cent income group, particularly the *Orang Asli* in Peninsular Malaysia and the minority groups in Sabah and Sarawak.

The initiatives to address issues of inequality and disparity have been designed through a pragmatic approach in the context of an expanding economy to enable all Malaysians to get access to better quality opportunities. A comprehensive social safety net is also provided for disadvantaged groups and those who are affected by economic crises/slowdown and natural disasters.

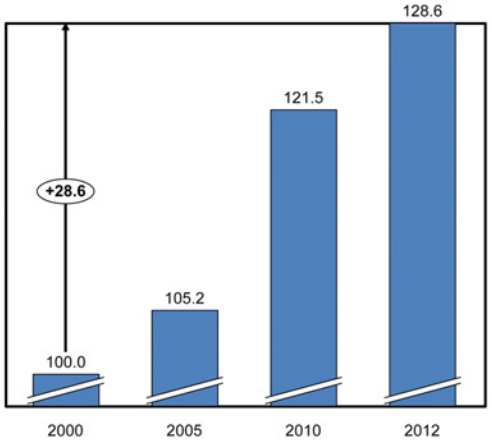
Source : Economic Planning Unit, Prime Minister's Department.

Working Life Component Index

As Malaysia aspires to be a high income advanced nation, the quality of working life becomes an increasingly important factor influencing general well-being. Quality of working life can be measured from a range of improvements in the working environment. Such improvements will help increase employees' satisfaction, productivity and performance, resulting in enhancement of well-being.

The quality of working life was assessed through four indicators, namely industrial accidents rate, trade disputes, man-days lost due to industrial actions and average working hours. Overall, the working life component index registered an improvement by 28.6 points, contributed by the positive developments made in all four indicators during the period 2000 to 2012, as shown in *Figure 2.11*.

Figure 2.11 Working Life Component Index

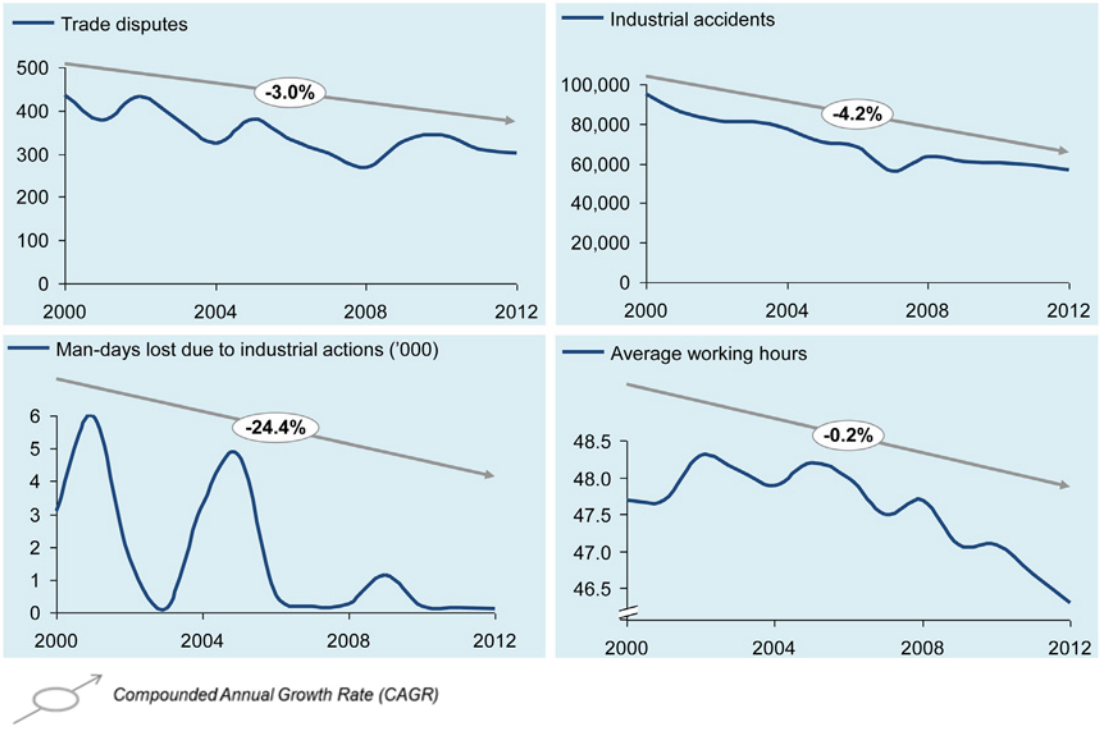


INDICATOR	Index Point Change (2000-2012)
Industrial accidents	39.5
Trade disputes	33.5
Average working hours	24.7
Man-days lost due to industrial actions	16.8

The industrial accidents index improved from 2000 to 2012 by 39.5 points. The number of reported industrial accident cases declined by 4.2 per cent per annum from about 95,000 cases in 2000 to 57,000 cases in 2012. The enhanced Occupational Safety and Health (OSH) programme to promote awareness for a safer and healthier workplace was one of the strategies that contributed to this improvement. The programme involved more rigorous enforcement of new and revised regulations as well as development of guidelines to improve code of practices that contributed to fewer accidents at the workplace.

The number of trade disputes dropped by 30.7 per cent, from 436 cases in 2000 to 302 cases in 2012, as shown in *Figure 2.12,* due to favourable working conditions and better industrial relations. This improvement contributed to an increase of 33.5 points in the trade disputes index. In 2011, 76.0 per cent of trade disputes were resolved via negotiations, an indication of the harmonious relations between employers and trade unions.

Figure 2.12 Working Life Indicators



The man-days lost due to industrial actions index improved by 16.8 points. The number of man-days lost due to industrial actions decreased from 3,100 man-days in 2000 to 110 man-days in 2012, a substantial reduction of 96.5 per cent.

BOX 2.5 IMPROVING WORKING CONDITIONS THROUGH HARMONISING LABOUR LAWS AND REGULATIONS

The 10MP has outlined labour market reforms as one of the strategic plans to ensure a balance between labour market flexibility and job security. Efforts to review provisions of labour legislation are continuously undertaken to ensure its relevance to the current business environment while balancing the rights and benefits of employers and employees.

The Part-Time Regulations under the Employment Act 1955 has been gazetted to define the employment terms of part-time and full-time employees. This is to encourage the hiring of part-time employment such as homeworking, part time work and flexible working time as an alternative to employers.

Industrial harmony between employers and employees need to be maintained in creating a conducive working environment. Focus is given to programmes that encourage better relations between employers and trade unions through harmonious visits, tripartite dialogues, advisory services and workplace inspections.

In providing a comprehensive social safety net to assist workers, The Minimum Wages Order 2012 (the Order) has come into effect on 1 January 2013 for employers with six or more workers as well as to employers in professional activities whilst 1 July 2013 is effective to employers with five workers or less. The Order requires employers to pay minimum wages of RM900 a month in Peninsular Malaysia or RM800 a month in Sabah, Sarawak and Federal Territory of Labuan

The scope of the Employment Injury Insurance Scheme operated by Social Security Organisation (SOCSO) has been widened to also cover the temporary and contract workers in public sector. Government had also amended provisions in the Workers' Social Security Act 1969 to increase the age eligibility for the Invalidity Pension Scheme from below 55 to 60 years old to synchronise the age limit with the Minimum Retirement Age Act 2012. With constantly increasing trend of Malaysian average life expectancy of which currently at 75 years, the purpose of the Minimum Retirement Age Act 2012 which was enforced on 1 July 2013 is to extend income earning years and savings. The setting of extended retirement age and the implementation of minimum wages to the private sector is aimed to also bolster workers' saving in the Employees Provident Fund (EPF) to ensure the welfare of the retirees.

An important aspect of working life is the amount of time a person spends at work. As such, average weekly working hours is included in the working life component index. The trend showed a slight decline in the average weekly working hours from 47.7 hours in 2000 to 46.3 hours in 2012. This contributed to an increase of 24.7 points of this index.

Malaysia registered relatively longer average weekly working hours as compared to European Union (EU). In the EU, the Working Time Directive of 1993 stipulated 48 hours as maximum weekly working hours[4]. However, average working hours in several EU countries is lower than the maximum weekly working hours such as Denmark 41.1 hours, Germany 35.5 hours and Norway 33.9 hours in 2011. Taking this as a reference, Malaysia together with South Korea, Indonesia and Thailand are categorised as long working hour countries.

Various policies and initiatives have been introduced to enhance the quality of work life and well-being of workers. Efforts are continuously being undertaken to reform the labour market, including the provision of flexible working hours, minimum wages, extended retirement age as well as enhancing the social safety net for workers.

[4] *Lee, McCann and Messenger, (2007). Working Time Around the World, Routledge, London and New York.*