

## **MEF tells Socso to control costs, not seek more money**

By Boo Su-Lyn

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KUALA LUMPUR, Aug 19 — The Malaysian Employers Federation (MEF) today told the Human Resources Ministry to rein in the national social security agency's ballooning operating costs and review its investments instead of raising the contribution rate.

Deputy Human Resources Minister Datuk Maznah Mazlan recently proposed for an increase in Social Security Organisation's (Socso) rates due to growing expenses in recent years, claiming it had not revised its rates — 1.75 per cent for employers and 0.5 per cent for employees earning below a minimum of RM3,000 — since its inception in 1971.

"The administrators of Socso should control and reduce the costs of managing Socso instead of increasing its rate of contribution," said MEF executive director Hj Shamsuddin Bardan in a statement today.

"Socso should explain to the stakeholders about the cost of managing the fund, particularly the percentage of annual collection that is used for administrative expenses," added Shamsuddin.

He also said that Maznah made a mistake in claiming there was no revision in Socso rates for the past three decades and said that the scope of coverage for compulsory contribution was raised from RM2,000 to RM3,000 in 2007.

The MEF executive director pointed out that the extension of coverage had significantly expanded the pool of contributors to include all employees in Malaysia based on the principle "once in, always in".

"Socso should share with the public on how it manages the funds on behalf of the employers and employees," said Shamsuddin, adding that stakeholders were not given much information on its operation and administrative expenses.

Last year, Socso received a total of RM1.8 billion from employers and workers. However, it paid out RM1.3 billion in compensation and pensions to 58,600 workers or their next of kin.

Shamsuddin also slammed Socso for making failed investments in buildings throughout the country, noting that most of the organisation's buildings were vacant.

"Socso should concentrate on its core business of providing social insurance instead of building more offices," he said.

Socso was established in 1971 under the Human Resources Ministry to implement and administer the social security schemes under the Employees' Social Security Act 1969 (Act 4), which is the Employment Injury Insurance Scheme and the Invalidity Pension Scheme.

Under this scheme, workers are protected against industrial accidents including accidents that occur while working, occupational diseases, invalidity or death due to any cause.