

31st ASEAN SOCIAL SECURITY ASSOCIATION BOARD MEETING

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# ASSA

2015

ASEAN Social Security Association

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01

**EPF Malaysia  
Organised Largest  
Members'  
Consultation Exercise**

02

**Singapore's  
Workright Initiative  
Wins Top UN  
Public Service Prize**

03

**The National Health  
Security Office  
Achieved Human  
Rights Award**



EPF INTERNATIONAL SEMINAR  
MIGRATION CHANGING THE WORLD  
RECOGNISING THE CONTRIBUTIONS OF IMMIGRANTS





# CONTENTS

2015

ASEAN Social Security Association

page **6**  
Towards Creating A Sustainable Social Security Ecosystem

page **8**  
Vietnam Social Security Has Become The ISSA Affiliated Member

page **9**  
NFV's Efforts To Improve The Well-Being Of The Veterans

page **10**  
The SSO Increases Benefits And Extends The Coverage

page **11**  
Establishment And Operation Of The National Social Security Fund Office In Lao P.D.R

page **12**  
EPF Malaysia Organised Largest Members' Consultation Exercise

page **14**  
The National Health Security Office Achieved Human Rights Award

page **15**  
Global Money Week 2015

page **16**  
BPJS Ketenagakerjaan Launched Its Return To Work Programme

page **20**  
Asean-Japan Fund For Building Social Safety Nets, Tripartite Workshop On Good Practices In Implementation Of Employment Injury Insurance & Health Insurance Schemes.

page **22**  
Reforms And Development In The Philippine Employees Compensation Program

page **27**  
PERKESO Rehabilitation Centre

page **28**  
Singapore's Workright Initiative Wins Top UN Public Service Prize

page **33**  
E-Caruman: Fast And Secure Transactions For Employers

page **29**  
Prime Minister Nguyen Tan Dung Launched Vietnam Social Security's Web Portal

page **30**  
BPJS Ketenagakerjaan: New Era Of Social Security For Workers In Indonesia

page **32**  
(RAS) Retirement Advisory Service

# ASSA CHAIRMAN Statement

The 32nd ASSA Board Meeting in Singapore is indeed an auspicious event that marks yet another meaningful achievement for ASSA as member countries convene to discuss and exchange ideas to bring ASEAN's social security development to the next level.

ASEAN, a region with great economic potential and importance plays a vital role in shaping the region's social security framework. We are indeed privileged to be part of the team to formulate a robust social security infrastructure which shall unleash the region's potential in both economic and social development.

The field of social security is wide and encompasses several key elements aimed at delivering adequate and sustainable benefits to ensure the general well-being of the population. In this regards, a lot has been achieved through ongoing networking activities, in-depth knowledge sharing sessions

among countries and active discussions on current issues and forthcoming challenges.

As a region, ASEAN is at a crossroads and we need to take bold steps forward to propel ASEAN in light of emerging trends, challenges and opportunities. It is therefore vital to demonstrate our proactive commitment towards formulating a more comprehensive and cohesive social security system for the region, aligned with international best practises.

Our recommendations should be relevant, taking into account the current economic realities and stage of development of member countries to address the common burning issues collectively. Megatrends that challenge us all namely the changes in labour market, climate change, demographic transition and weakening social values must be at the forefront of our agenda. With the gathering of great minds from the region, I am confident that we would be able to forge ahead to drive the social security agenda for the betterment of ASEAN people as a whole.

This year, as a testament of our commitment towards social security excellence, we are pleased to introduce the inaugural awards and recognition for member countries' achievements. These awards celebrate achievements in innovation, transformation, customer service, continuous improvement, strategic communications, information technology, insurance coverage and financial literacy by our member countries.

It is hoped that such recognition will continue to encourage all of us to contribute more innovative ideas to further strengthen the region's social security ecosystem. The spirit of knowledge sharing between member countries helps us all on this long journey.

Malaysia would like to express our heartfelt appreciation to all organisations and various institutions that have contributed positively throughout the year in developing ASSA into a stronger organisation. I am confident that the incoming chairperson will continue to hold the torch to bring ASSA to greater heights.

## SHAHRIL RIDZA RIDZUAN CHAIRMAN

ASEAN SOCIAL SECURITY ASSOCIATION  
CHIEF EXECUTIVE OFFICER  
EMPLOYEES PROVIDENT FUND OF MALAYSIA





# ASSA *SECRETARY -GENERAL'S Statement*

It has been a momentous year for Malaysia as it undertakes the role of host country for ASSA. We are indeed humbled to be part of this dynamic association which is committed to enhance the social security system for ASEAN countries.

Every year, ASSA delegates will convene, bringing together industry players and experts from the region and around the world to discuss, share best practices, exchange ideas, and seek solutions for issues and challenges on social security matters.

The year 2015 had witnessed proactive knowledge exchange sessions being conducted to share the experiences on social security coverage, omnichannels services, health insurance as well as EPF members' consultation exercise. Across the region, various annual social security conferences were organised by member countries to raise awareness and enhance understanding on latest developments in the field of social security. Thus far, such events and collaboration have greatly benefited member countries as it helps them to further refine their respective social security system.

The key megatrends such as the rapidly changing demographic profile in ASEAN and the digital resolution will see social security agenda becoming more pertinent. Towards this end, efforts and initiatives need to be accelerated in order to deal with decreasing fertility rates, ageing population, inadequate replacement income to cater for retirement, regional migration, access to basic healthcare and education. If the preparation to address these circumstances is not put in place, the implications can be far reaching for ASEAN in terms of economic and social fronts.

Our long-standing commitment towards joint collaboration has entailed in profound outcomes for ASEAN economic and social progress. I wish all member countries the best in making a difference in this journey and I am confident our joint efforts will bear fruitful results for years to come.

**TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS**  
**SECRETARY-GENERAL**  
ASEAN SOCIAL SECURITY ASSOCIATION  
DEPUTY CHIEF EXECUTIVE OFFICER (STRATEGY)  
EMPLOYEES PROVIDENT FUND OF MALAYSIA

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## Towards Creating A Sustainable *Social Security Ecosystem*

International and local pension experts, policy makers and more than 400 participants convened in at a May conference themed “Sustainable Social Security Ecosystem Within An Ageing Society”, jointly organised by the Employees Provident Fund Malaysia (EPF) and J.P. Morgan in Kuala Lumpur.

The fifth EPF International Social Security Conference, which was graced by Malaysia’s Deputy Finance Minister, Datuk Chua Tee Yong, continues to serve as an important annual knowledge sharing platform among the speakers and participants. It provided participants with vast opportunities to exchange ideas and gain valuable insights on matters covering social security and retirement.

This year, the EPF had designed the conference specifically to address the key developments and concerns within the sphere of social security against the current economic realities and rapidly changing demographics. Good practices of social security in developed countries and current and forthcoming challenges in Southeast Asian region covering economic prospects and retirement security were among the topics discussed at the conference.

In his keynote address at the event, Datuk Chua Tee Yong applauded the EPF’s effort to bring issues and challenges facing the country’s social security to the forefront. In order to achieve the sustainable social security system demanded by the country, concerted efforts involving the highest level of authorities encompassing several ministries, agencies and statutory bodies” one required.

According to the Department of Statistics, Malaysia will become an aged nation by 2030, with the elderly accounting for more than 14% of population, and will become super-aged by 2054. Over the next few decades, the population over 60 will increase at a pace 4 times greater than Malaysia’s overall population growth. In addition, as a consequence of continuing fertility decline and increases in life expectancy, Malaysia is ageing at a more rapid pace in comparison to the experience of developed nations.

The EPF’s Chairman, Tan Sri Samsudin Osman said “EPF as the oldest provident fund in the world, like many other institutions in Southeast Asia providing social security services is at the precipice of change, driven by the changing demographics which have huge ramifications to the country’s infrastructure and socio-economic development.”

The phenomenon of rapidly ageing population coupled with declining fertility described as a “demographic time bomb”, will have profound economic and social implications for Malaysia in the future.

The EPF recognised that challenges posed by such phenomenon need to be addressed at a much earlier stage. This is why repositioning of the whole social security infrastructure and the need for evidence-based policies to respond to such rapid changes have become increasingly critical.



***“The phenomenon of population ageing rapidly gaining momentum, described as a “demographic time bomb”, will have profound economic and social implications for Malaysia in the future”***

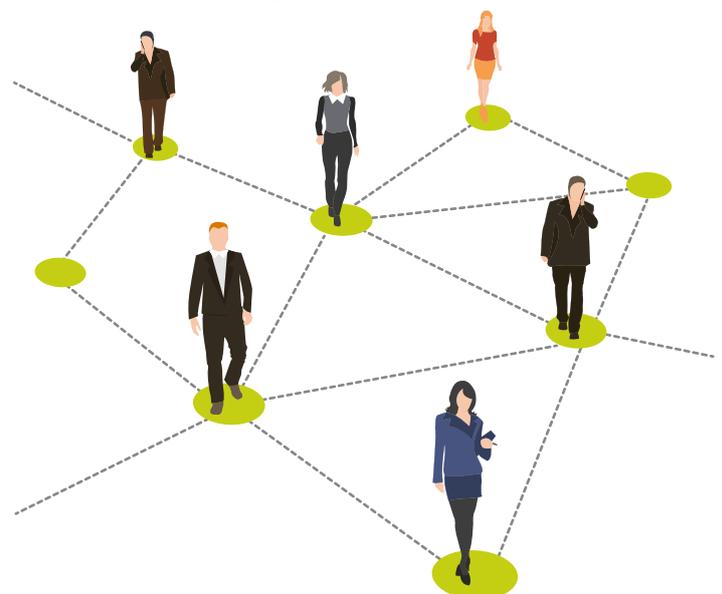
Changing demographics profile need to be reassessed to cater to the needs of a society whose proportion of the elderly is growing at an unprecedented rate. At the organisation level, the EPF had established an endowment chair at University of Malaya (UM), Malaysia with the objective to provide better understanding of social security and improve old-age financial provisions.

The Social Security Research Centre was consequently established under UM to support the activities and initiatives carried out under the Chair. Other than helping to create awareness, transfer knowledge and disseminate information on elderly protection, the role of the Centre also includes acting as a focal point for policy papers, consultancy work and academic research on social security serving both Malaysians and the international community.

At the policy-making level, the Government of Malaysia had established a Pension Reform Committee in 2009, chaired by the Ministry of Finance and the committee has successfully implemented several notable initiatives since its establishment. Some key initiatives include the establishment of 1Malaysia Retirement Scheme for the self-employed in 2010; the establishment of the Private Retirement Scheme in 2012; and the introduction of both minimum wage and minimum retirement age in 2013. Such measures certainly contribute to the welfare of Malaysians, particularly the elderly segment who are subjected to longevity risks amidst a weakening social values and familial support system.

The latest initiative announced by the Government of Malaysia was the establishment of a national advisory body to formulate a holistic plan and infrastructure to coordinate and synchronise the delivery of social security initiatives at a national level as well as to enhance the social security provisions in Malaysia.

The mandate of this advisory body is to integrate the resources and activities within our currently fragmented social security system towards a more comprehensive and cohesive ecosystem. This would promote the elements that support the well-being of the greying population encompassing savings, redistribution of income and insurance to meet the country’s future needs and challenges.



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INTERNATIONAL SOCIAL SECURITY ASSOCIATION



## ***VIETNAM SOCIAL SECURITY*** has become the ***ISSA affiliated member***

In 2015, Vietnam Social Security (VSS) has joined Malaysia, Indonesia, Myanmar, Philippines, Singapore and Thailand to become the latest ASSA member to join the International Social Security Association (ISSA). ISSA is the world's leading international organisation for social security institutions, government departments and agencies that promotes excellence in social security administration through professional guidelines, expert knowledge, services and support to enable its members to develop dynamic social security system and policy throughout the world.

Founded in 1927 under auspices of the International Labor Organisation (ILO), ISSA is located in Geneva, Switzerland with the basic mission to provide access to information, expert advice, business standards, practical guidelines and serves as a platform for member countries to build and promote dynamic social security systems.

ISSA focuses on technical and administrative improvements in social security for its members and works towards strengthening the role of social security institutions which include amongst others facilitating the national social security policy debates.

Being an ISSA affiliated member organisation, VSS can take opportunities in building capacity, exchanging experience and transferring knowledge through participation in events, forums and international conferences. Furthermore, through ISSA networks, VSS can have access to information, expert advice, practical guidelines and can utilise its platforms to strengthen Vietnam's social security system.

**Currently, ISSA has more than 330 member organization  
in over 160 countries.**

# NFV'S EFFORTS TO IMPROVE THE WELL-BEING OF THE VETERANS



The veterans have contributed significantly to bring about peace and stability in Cambodia. In response to their invaluable sacrifice; and with great respect and gratitude, the Royal Government of Cambodia (RGC) gives priority to improve the living standard of the veterans through the adoption of the National Policy for the Veterans and taking concrete measures to ensure the implementation of an array of activities in order to ensure the veterans are living a stable and dignified life in the society. 21st June is marked as the national day for the veterans.

The National Fund for Veterans (NFV), which is currently the public administration institution, was created and is mandated to administer the payment of social security benefits to the veterans, ensuring the payment is timely and to the right beneficiaries; and in accordance with the principle of good governance; and to contribute to the development of finance sector and social security net in Cambodia. Up to now, the veterans across the country receive their pension payments through the banking system. Assessment of social security benefits levels for the veterans is conducted regularly and adjusted to provide increment level on top of the current benefits in accordance with the economic growth of the country.

Job placement program is undertaken to create jobs for the veterans so that they can earn supplementary income to support their living. The Sub-decree of the RGC states "All security companies, institutions and enterprises must give priority in the employment of policemen, soldiers and civil servants who retire and are physically fit to work as security personnel in their respective security companies." To put the spirit of the sub-decree in practice, the meeting with 41 security companies was held to discuss the possibility of the job placement. It was collectively agreed that 700 veterans will be employed by these security companies. It is expected that the scale of employment will increase in the future.

Currently, the veterans do not benefit from health insurance provision and they are facing hardships due to rising cost of medical care. To address this challenging issue, NFV has planned to conduct a study on health insurance provision for the veterans and the implementation of the plan is now in the pipeline. Furthermore, NFV has also planned to carry out a survey on the social security policies and benefits provided to the veterans by regions and conduct a baseline study on the living conditions and the needs of the veterans in Cambodia. These studies and survey will inform the future design of social security scheme for the veterans in a holistic and comprehensive way.



# ***THE SSO INCREASES BENEFITS AND EXTENDS THE COVERAGE***

**The present Social Security Act B.E.2533 contains provision inconsistent with current social and economic situations. The Social Security Office (SSO), Thailand amended the law to increase the benefits and extend the coverage to the insured persons under the Social Security Scheme. The Social Security Act (No.4) B.E.2558 (2015) has already passed on 22 June 2015 and will come into force within 120 days.**

**The contents of the amendment are as described below,**

## **◆ Injury or sickness benefits**

Normally, medical services include medical diagnosis and treatment, lodging, meals and hospitalisation, medicine and medical supplies, ambulance or transportation. The amended Act will provide health promotion and prevention coupled with initial assistance payment to the insured persons to protect the patient from high and rising medical cost. In addition, the Act will provide death benefits to the insured patient with chronic diseases despite premature demise.

## **◆ Maternity benefits and child allowance**

At present, the insured persons will be entitled to receive maternity benefits for a maximum of 2 confinements. The amended act will offer unlimited number of confinements. As for child allowance, it will allow benefits claims for 3 children instead of 2 children previously.

## **◆ Unemployment benefit**

In the Social Security Act B.E.2533 (1990), the unemployment benefit will be paid both in cases of resignation or dismissal while the amended law will provide unemployment benefits in cases of forced leave where employers temporarily close the business without being laid off the employees.

## **◆ Invalidity benefits**

The social Security Act B.E.2558 (2015) will provide person who experience less than 50% assessed loss of earning capacity with invalidity benefits while the former act allowed any persons with more than 50% assessed loss of earning capacity to claim such benefit.

Besides, at the initial stage, the former Social Security Act provided cash benefits to those with invalidity for 15 years while the amended act will allow cash benefit to be paid to persons with invalidity before 1955 for the entire life.

## **◆ Death benefits**

At this moment, if the person subscribes to death insurance and paid contributions for 3 years or more, funds equal to one and a half months of the deceased wages will be granted to his/her survivors. If more than 10 years of contribution is paid, the survivors will be grant fund equal to 3 months wages.

The amended Act stipulates that upon death, insured person who has paid contributions up to 36 months but not more than 120 months, his/her survivors will receive 50% of monthly wages multiplied by 4. For persons who have paid contributions more than 120 months, the survivors will receive 50% of monthly wages multiplied by 12.

Moreover, as part of old age benefits; the insured persons can notify the name of the beneficiary upon the death of insured persons in advance. He or she will have the right to receive the old age benefits together with his or her heir/heiress. In cases where the insured person has no heir/heiress or any other persons notified in writing, the benefit will accrue to brothers, sisters, grandparents, aunts and uncles of the deceased.

In the previous act, normally the insured persons or eligible persons can submit claims for all benefits within 1 year. The amended act allows for submission within 2 years.

## **◆ Extension the coverage**

In the new Act, the Social Security Fund (SSF) has extended its coverage to all types of temporary government employees (now covers only monthly temporary government employees) In addition, the amended act will cover employees whose employer's office is in the country but are being stationed abroad.

The SSO hopes that our insured persons will enjoy all new benefits provided to them. The amendments of this law took 15 years to be completed.

# *ESTABLISHMENT AND OPERATION*

## **OF THE NATIONAL SOCIAL SECURITY FUND OFFICE IN LAO P.D.R**

To establish the mechanism and necessary measures for a unified social security system in the Lao PDR, the Ministry of Labor and Social Welfare has merged the two social security schemes into the national social security system. This combination results from the integration of two decrees, namely the Decree No. 207/PM on the Social Security Scheme for Enterprises Workers and Decree No. 70/PM on the Social Security Scheme for Civil Servants into a Law on Social Security No. 34/NA which was approved by the National Assembly on the 26th July 2013.

The Law on Social Security has come into force since October 2014. Thus, the Minister of Labor and Social Welfare issued the recommendation No.2434/MLSW, dated 29th July 2014, to ensure the effective implementation of the law and sound management of the social security fund. In addition, the government also issued the Decree No.152/PM, dated 28th April 2014 on the appointment of the Board of Directors of the National Social Security Fund, chaired by minister of Labor and Social Welfare. This Board consists of 21 members, including 11 representatives of the government, 4 representatives of employer and 5 representatives of the employee. The Board is a non-standing committee and is responsible to implement and manage the social security fund legally, centrally and universally across the nation. Moreover, the Minister of Labor and Social Welfare issued the Agreement No. 3122/MLSW, dated 14th October 2014, regarding the establishment of the National Social Security Fund Office.

**The ultimate aim is to guarantee the basic living needs, unity and harmony as well as to contribute to the socio-economic development of the nation.**

At the same time, the government has appointed a new management team who is responsible for daily implementation and management of the National Social Security Fund Office under the supervision of the board of directors in order to protect the rights and interests of employers and employees by providing social security benefits to its members. The ultimate aim is to guarantee the basic living needs, unity and harmony as well as to contribute to the socio-economic development of the nation.

The enactment of the new law on social security provides an opportunity to undertake a comprehensive reform of the existing system. The law is set to implement a viable, efficient and transparent social security fund that serves the needs of insured persons and their family members in the event of social risks. The new law is committed to extend its coverage to the informal sector and provide eight types of benefits, namely: healthcare benefit, maternity benefit, employment injury, occupational and other accident benefit (including loss of working capacity or invalidity), sickness benefit, old-age pension, death grant, survivor pension and unemployment benefits.

The law is a key legislative achievement and the government policy regarding the provision of the basic framework in the development of a national social security system in the Lao PDR. However, the new law does not provide transition measures from the existing segmented schemes to the combination of system, thus a number of substantial issues remain to be resolved.



# EPF MALAYSIA ORGANISED LARGEST MEMBERS' CONSULTATION EXERCISE

## EFFORT WAS TO RAISE MEMBERS' SAVINGS THROUGH POLICY ENHANCEMENT INITIATIVES



Recognising the growing concerns on inadequacy and insufficiency of retirement savings, the EPF had conducted a members' consultation exercise in April 2015 to obtain its members' feedback and comments on four proposals of enhancement initiatives to the EPF scheme. (Refer to Chart 1)



**Chart 1: EPF's Proposed Enhancement Initiatives**

The consultation exercise, which was conducted via an online survey on EPF website, was reckoned as the largest consultation exercise in the country and it received 96,448 responses from EPF members within two weeks. The proposals are designed to address issues related to the inadequacy of retirement savings among EPF members for the long term.

DatukShahril Ridza Ridzuan, EPF Chief Executive Officer said, "We received overwhelming response from our members and the relevant stakeholders as they had taken this opportunity to interact with us and provide constructive feedback. It is also a good platform for members to understand the issues and challenges concerning their retirement well-being. Their valuable insights on the proposals allow us to look at the best way of implementing the initiatives."

The exercise had also sparked healthy debates among the stakeholders, academicians and public on matters pertaining to retirement. More importantly, it had helped to increase members' awareness on the importance of planning for their retirement.

## ◆ RESULTS OF MEMBERS' CONSULTATION EXERCISE

**For Initiative One** - options on aligning the Full Withdrawal age with the Minimum Retirement Age, 94.4 per cent of the respondents chose to retain the full withdrawal at age of 55, while new contributions from age 55 to 60 can only be withdrawn at 60.

**For Initiative Two** - aligning minimum contributions with the Minimum Wage legislation, 74.6 per cent agreed to the proposal. This would make it compulsory for both employers and employees to calculate their EPF contributions based on wages stipulated by the Minimum Wage legislation.

**For Initiative Three** - extending dividend payments from age 75 to 100, 61.3 per cent said they wish to continue to keep their savings with the EPF after they retire, indicated their preference to continue receiving dividends until age 100.

**For Initiative Four** – option to have a Shariah –compliant account – a total of 71.0 per cent agreed with the proposal by EPF to allow its members to switch to a Shariah-compliant retirement savings, from the existing retirement savings.

As a custodian of retirement savings for close to half of the Malaysian population, the EPF has the responsibility to introduce enhancement initiatives which are relevant in line with the changing demands and needs.

These initiatives may include extending the accumulation phase of retirement savings to increase members' savings and contributions extending the age for dividend payments so members can leverage on the compounding effect; enhancing members' awareness on the importance of retirement planning so they can make vital decisions pertaining to their personal finances.

### ➤ INITIATIVE 1: INCREASING MEMBERS' RETIREMENT SAVINGS



91,047 members had opted for Option 2, which entails **retaining the full withdrawal age of 55 years** and to **lock in new contributions until age 60**.

### ➤ INITIATIVE 2: ALIGNING MINIMUM CONTRIBUTIONS WITH THE MINIMUM WAGE LEGISLATION



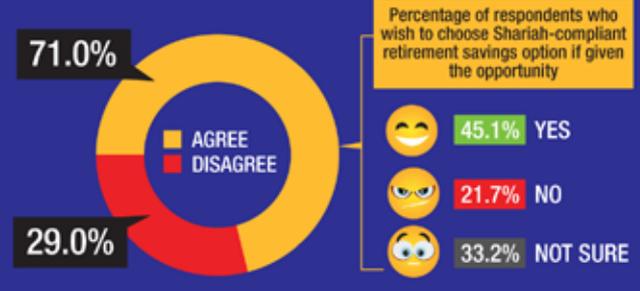
71,950 members agreed that this proposal would help to **increase low-paid employees' retirement savings**.

### ➤ INITIATIVE 3: EXTENDING DIVIDEND PAYMENTS FROM AGE 75 TO 100



61.3% of members who wish to continue to keep their savings with EPF after they retire indicated their preference to **continue receiving dividends until age 100**.

### ➤ INITIATIVE 4: SHARIAH-COMPLIANT RETIREMENT SAVINGS OPTION



71.0% of members agreed to switch to a **Shariah-compliant retirement savings**.

# นสิทธิมนุษยชนสากล ๑๐ ธันวาคม ประจำปี ๒๐๑๔

## “ปฏิรูปประเทศไทย ต้องเข้าใจสิทธิมนุษยชน”

### Reform Thailand : Understand Human Rights



## *THE NATIONAL HEALTH SECURITY OFFICE Achieved Human Rights Award*

**A**t the international human rights day 2014 ceremony on “Reform Thailand : Understand Human Rights” celebrated on 12 December 2014 at the Government Complex on Chaengwattana Road, the awards were presented to individuals and organisations achieved outstanding performance in promoting, preventing, and protecting human rights for 2013 - 2014. The National Health Security Office (NHSO) has been awarded as a government organization that has outstanding performance in promoting, preventing, and protecting human rights,.

The National Health Security Office achieved Human Rights Award twelve years working on Universal Coverage Scheme, the NHSO by Dr. WinaiSawasdivorn, Secretary-General achieved the Human Rights Award in a role of “The outstanding organisation in promoting, preventing, and protecting human rights” from the National Human Rights Commission (NHRC).

Professor Amara Pongsapich, Chairperson of the NHRC said the NHRC has considered this award to the NHSO because of its outstanding performance in its mission in promoting healthcare right protection and accessibility to health services in the past twelve years.

Dr. WinaiSawasdivorn said that NHSO does not only protecting human rights in health services for 48 million populations in Thailand who do not have any public healthcare coverage but also promoting quality of health services including health promotion and disease prevention and medical rehabilitation. Furthermore, promoting equity in health services has also been one of our key missions. All of the NHSO’s staff is aware of these tasks;

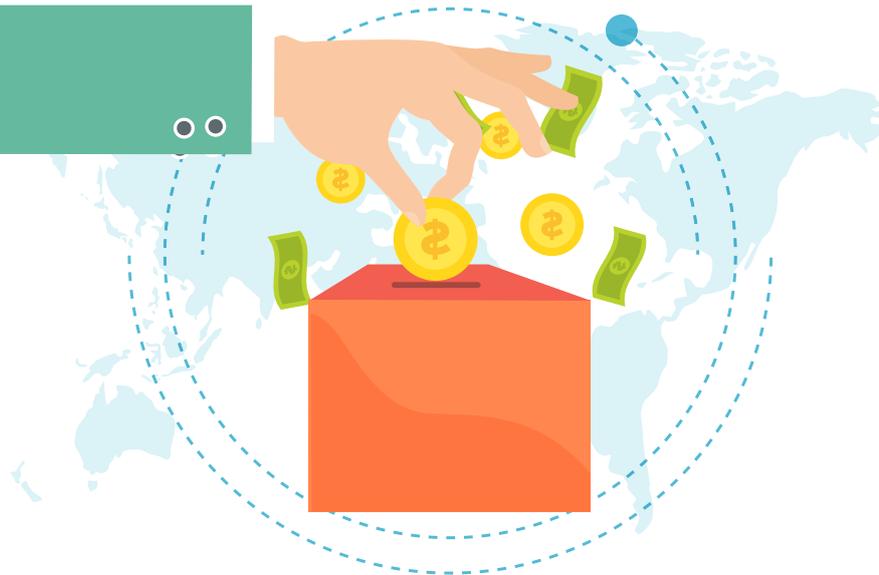


therefore, the Universal Coverage Fund management and benefit packages have continued to be improved. However, the mission would not be achieved without a great support and collaboration from stakeholders especially health service providers including physicians, nurses, and other health and non-health teams of hospitals.

In addition, the National Health Security Act B.E.2545 (A.D. 2002) has also protected consumers and providers harmed from health services with preliminary compensation according to Section 41 and Section 18(3), respectively.

It’s our great honor to be awarded as “The outstanding organisation in promoting, preventing, and protecting human rights.” The award has not only reflected achievement in our hard work to protecting healthcare right of the population but also encouraged stakeholders to continue improvement toward better universal health coverage in the country.

# GLOBAL MONEY WEEK 2015



The Employees Trust Fund (TAP), in collaboration with the Ministry of Education, continued its annual participation in the Global Money Week for the year 2015. The event aimed to increase awareness on the importance of financial planning to the Brunei Darussalam youths. It was also part of TAP's efforts in providing youths with practical exposures of the basic of financial planning.

The Global Money Week allowed youths to get involved in activities that would teach them about savings, earning incomes, employment and entrepreneurship. It is a financial inclusion programme for youths coordinated by the Child and Youth Finance International (CYFI).

This year's event saw students from 11 schools came together to immerse themselves in financial related activities. The spirit of learning was enlivened throughout the week and such event was hoped to instill attitudes of savings for future needs and to prevent overspending.

Accredited financial planners from several financial institutions in Brunei Darussalam were invited as mentors for this year's cohorts. TAP managed to contact a total of 5 financial institutions to agree to participate as mentors during the event. The activities

encompassed; Banner-Making Competition, A Day with Financial Planners, and The Financial ExploRace.

This will be TAP's ongoing effort in making sure Brunei Darussalam youths and future generations are well aware of the need to save and care for their well-beings and also for the well-being of their loved ones in the future. TAP is proud to be among the agencies taking part in this type of event as such event plays a vital role in shaping the future generation's destiny.



# ***BPJS KETENAGAKERJAAN LAUNCHED ITS RETURN TO WORK PROGRAM : INVESTING IN PEOPLE THROUGH RETURN TO WORK AND REINTEGRATION***



Elvyn G. Masassya,  
CEO BPJS Ketenagakerjaan

Since transforming on 1 January 2014, BPJS Ketenagakerjaan continue to provide more values to its participants. Not only on service delivery but also in term of benefits. Having a new mandate to be a bridge of workers welfare, BPJS Ketenagakerjaan is encouraged to deliver active protection and provide adequate benefits to all workers in Indonesia. Social security must ensure financial independency of workers when faced into a case of social risk particularly in the event of accident, invalidity, retirement, etc.

Oftentimes, workers who are having an accident, are also losing their income. Oftentimes, workers who are having an accident, are unable to get back to work. Oftentimes, workers who are having an accident, are becoming a burden to their family and their community. Therefore, BPJS Ketenagakerjaan, is now transforming the Employment Injury Benefits into Return-to-Work Programme to support the injured workers to overcome their economic & social difficulties.

On April 2015, BPJS Ketenagakerjaan officially launched its Return-to-Work. It was designed to improve workers welfare. Under the operation of this system, BPJS Ketenagakerjaan will ensure that participants can return to work after a work-related accident which may or has resulted in a permanent disability.

***“Oftentimes, workers who are having an accident, are also losing their income. Oftentimes, workers who are having an accident, are unable to get back to work. Oftentimes, workers who are having an accident, are becoming a burden to their family and their community. Therefore, BPJS Ketenagakerjaan, is now transforming the Work-related Accident Programme into Return-to-work***





**From its launched in April 2015 to July 2015, BPJS Ketenagakerjaan has handled 52 cases (37 of them already return to work). In terms of infrastructure, BPJS Ketenagakerjaan had cooperation with 2,600 traumatic center facilities and 721 enterprises that agreed to hire disability workers.**

According to that, the benefit will be provided if a worker suffers a work-related accident which requires curative treatment at a Trauma Center Hospital. If a worker becomes disabled, BPJS Ketenagakerjaan will provide physical and mental rehabilitations after obtaining consent from the respective worker and their employer. In carrying the return-to-work process, the respective worker will be accompanied by a Case Manager. The Case Manager will also monitor and supervise treatment and medication provided to the worker in order to achieve an effective and speedy recovery.

After the recovery process finished, Case Manager will continue to provide post-disability training to motivate and prepare them before they return to work. If the worker is still unable to work, the Case Manager will work to find another solution for the worker, such as re-skilling so that the worker can be employed in another unit at the same company.

Mr. M. Hanif Dhakiri, The Minister of Manpower, on behalf of The Government of The Republic of Indonesia declared Return-to-Work Program together with Ministry of Social Affair, Ministry of Health, Ministry of National Development Planning/Bappenas, National Social Security Council, BPJS Ketenagakerjaan, employers (Indonesian Employers' Associations), and employees (Labour union).





# INTERNATIONAL SOCIAL SECURITY CONFERENCE

Sustana



# *ASEAN-JAPAN FUND FOR BUILDING SOCIAL SAFETY NETS, TRIPARTITE WORKSHOP ON*

## **GOOD PRACTICES IN IMPLEMENTATION OF EMPLOYMENT INJURY INSURANCE AND HEALTH INSURANCE SCHEMES.**

AT PHNOM PENH HOTEL, CAMBODIA | (17-18 SEPTEMBER 2014)

**The ASEAN workshop on Good Practices in Implementation of Employment Injury Insurance and Health Insurance Schemes was conducted from 17 to 18 September 2014, in Phnom Penh, Cambodia. The workshop was organised by the National Social Security Fund (NSSF) of the Ministry of Labour and Vocational Training of Cambodia, supported by ASEAN–Japan Fund for Building Social Safety Nets. The workshop was attended by delegates from ASEAN Member States.**

In his welcome speech, HE. Seng Sakda shared the implementation of social security schemes for employees working in private sectors, which has been implemented by the National Social Security Fund of the Ministry of Labour and Vocational training. The schemes have been complied with the Law on Social Security Schemes for Persons Defined by the Provisions of the Labour Law in 2002. Tripartite members have been established since 2007. As a success remark, he noted that NSSF has implemented the first step called Employment Injury Insurance since November 2008, and until August 2014, 6,106 enterprises representing 936,136 workers are registered to the schemes. The second step of Health Insurance Scheme will be implemented at the end of 2014, which currently the pilot project is ongoing for 8,106 employees at 11 garment factories. The third step will be implemented in 2015.

HE. Huy Hansong expressed his appreciation to all ASEAN countries and Japan Government that have provided a great support and cooperation. He mentioned that social protection has been considered as the priority sector in ASEAN community plan, which it has been included in the 3rd pillar “Socio–Cultural Community” in order to form the social safety nets and to protect the negative impacts of integration and globalization through promoting social security and developing social security standard. In related to this, the commitment of ASEAN Member States conveyed in some statements and or joint statements i.e. ASEAN statement on the promotion and protection of the rights of migrant workers in Cebu, Philippines in 2007; joint statement of Labour Ministries during ASEAN plus three summit in Phnom Penh, May 2012; Statement on ASEAN human rights emphasising social security rights on November 2012; Bali declaration; and ASEAN action plan on social safety nets.





In addition, he expected this workshop to be the opportunity to share experience for ASEAN social security development which reflects the commitment to implement the ASEAN community plan on the third pillar of “ASEAN Socio-Security Community”. It also has an important role to give input of knowledge to expand, to strengthen and to develop employment injury insurance scheme as it serves as the foundation for the implementation of the social health at the end of 2014. In particular, HE. Huy Hansong also conveyed that this workshop has contributed to the development of social security sector in Cambodia and wishes it will proceed successfully and achieve fruitful results as expected.

The workshop was concluded with remarks from Mr. Ouk Samvithyea, Executive Director of the National Social Security Fund (NSSF), Cambodia. He expressed his deep thanks to Excellencies, ladies and gentlemen, delegations of ASEAN Member States, National and International guests that have spent their valuable time to associate this workshop on “Good Practices in Implementation of Employment Injury Insurance and Health Insurance Schemes” which was held in the Kingdom of Cambodia.



He also would like to record his appreciation to the Ministry of Health, Labour, and Welfare of Japan, which has provided support to organise the workshop and ASEAN-Secretariat for coordinating the workshop smoothly. He added that the participation of Excellencies, ladies and gentlemen during this time has indicated the strong progressing cooperation of solidarity, and unity to share the fruitful results of the joint development, especially for implementing ASEAN Social Security and reflects the commitment of participating in implementing ASEAN plan in 2015 on the third pillar, ASEAN Socio-Cultural Community, in organising Social Safety Nets and preventing the negative impact on the integrity and ASEAN regionalisation. In the context of Cambodia, this workshop has been held just in time when NSSF was expanding, strengthening, and developing its own operation, especially for Employment Injury Insurance and Health Insurance Schemes which had been planned to be carried out at the end of 2014.

This workshop will provide resource of knowledge and new additional practical experiences to support the development process of NSSF. NSSF will take these experiences and valuable recommendations to develop its own operation better.

Furthermore, he concluded that in terms of Employment Injury, some countries would be based on the employer’s ability, and some other countries would be based to the provision of social mechanism. There are some countries that have mixed approaches and he pointed out that this workshop gave great experience and would be a good opportunity for knowledge sharing about employment insurance scheme although the employment insurance is unlikely the same for each country, but it has the same philosophy. Finally, he expressed his appreciation to the ASEAN delegates and speakers for their contributions and active participation during the workshop, and he officially announced to close this workshop from now on.



# REFORMS AND DEVELOPMENT

## IN THE PHILIPPINE EMPLOYEES' COMPENSATION PROGRAM

### ◆ THE EMPLOYEES' COMPENSATION PROGRAMME (ECP)

#### A THE EMPLOYEES' COMPENSATION COMMISSION (ECC)

The Employees' Compensation Commission and the State Insurance Fund was established by virtue of Presidential Decree 626 on 1 January 1975 to initiate, rationalise and coordinate the policies of the employees' compensation programme. It functions as both an appellate and policy making body of the Employees' Compensation Programme.

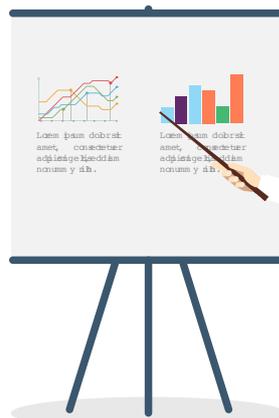
The ECC is attached to the Department of Labour and Employment for policy coordination and guidance. Among its powers and duties under P.D. 626 are to upgrade and add new benefits after making the necessary actuarial studies, without any corresponding increase in premium and subject to the approval of the President, and to fix the amount of premium contributions.

The ECC Governing Board is chaired by the Secretary of Labour and its members include the heads of GSIS, SSS and DOH as ex-officio members and the Executive Director of the ECC Secretariat and two members, one each from the employees and employers sector, as appointive directors.

#### B THE EMPLOYEES' COMPENSATION PROGRAMME (ECP)

The ECP provides workers with protection from income loss as a result of work-connected sickness, disability or death. It covers both private and public sector workers with employer-employee relationship. The SSS administers the ECP for the private sector while the GSIS administers the ECP for state workers including uniformed personnel of the AFP, PNP, BJMP and BFP, members of the judiciary and constitutional commissions.

The ECP which is a social insurance programme replaced the old workmen's compensation concept under the Workmen's Compensation Act which existed since 1927 where employers are responsible to compensate their employees for work-related contingencies and where litigation process to determine the liability of employers was the order.



## ◆ EC BENEFIT REFORMS AND DEVELOPMENT PLATFORM

As an attached agency of the Department of Labour and Employment (DOLE), the ECC is committed to develop and implement relevant policies to strengthen social protection for both private and public sector workers by ensuring access to adequate and quality social security services.

This strategic goal is consistent with the President Benigno S. Aquino administration's 22-point labour and employment agenda to enhance social protection such as social security and workmens' compensation to make it adequate as an income security programme. The goal is also guided by the Philippine National Social Protection Operational Framework's major component on social insurance for vulnerable workers and consistent with the national goal of the Philippine Development Plan 2011-2016 on poverty reduction and inclusive growth.

### A KEY REFORM AREAS ON EC BENEFITS

To meet the challenge of providing adequate and fair EC benefits, the ECC's platform for reform and development for EC benefits is summarized in three key areas. Reforms are likewise guided by actuarial studies and the condition that increases in benefits will not require any increase in premium contribution and has to be approved by the President.

#### 1 Equalization of Benefits

With different administering agencies for private and public employees, different amounts of premium contributions as well as number of target clients, the ECP is bound to have different amounts of benefits. As far as practicable, the ECC reviews and updates old policies to address disparity in benefits.

#### 2 Enhancement of Benefits

The ECC also reviews existing EC benefits to determine its adequacy as an income replacement, taking into consideration factors such as minimum wage and per capita/family poverty threshold.

#### 3 Expansion of Benefits

The ECC is likewise committed to develop new benefits or programmes benchmarking on the good practices in other countries.

### B EC BENEFIT REFORMS UNDER THE PNOY ADMINISTRATION

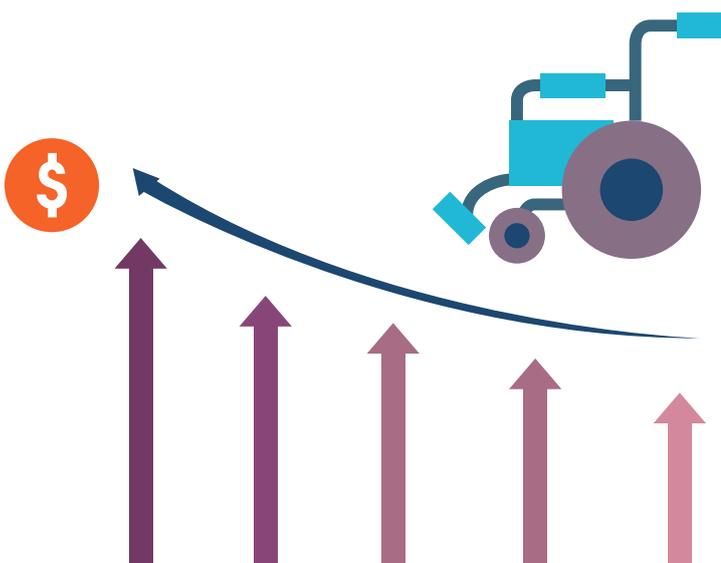
#### 1 Equalized Benefits

From 2011 to date, a review of EC benefits have been made where six EC benefits have been increased or rationalized so far to pursue equalization of benefits for private and public sector workers. Most of the benefits have not been reviewed or increased since the 1980's and 1990's. Increases were particularly focused on the public sector EC benefits given that benefits for this sector have not been increased for many years due to the deficit in the EC SIF at GSIS which was mentioned earlier.

The sickness benefit or total temporary disability (TTD) was increased from a maximum of Php 90 prevailing since 1987 to Php 200 which was adopted in 1996 for private sector workers. Funeral benefit was also equalized from Php 3,000 prevailing since 1987 for the public sector to Php 10k which was enjoyed by the private sector since 1997.

A new benefit, the carer's allowance of Php 575/month was also introduced for public workers to replicate the same benefit enjoyed in the private sector since 1991. The carers' allowance is a supplemental benefit provided to all beneficiaries of permanent partial or permanent total disability benefits, whether they need carers or not.

The rate of reimbursement for doctor's professional fees was also increased from Php 50-Php 60 for the public sector which was a policy since 1984 to equalize with that of the private sector which is at Php 100 for the initial visit and Php 80 for succeeding visits to General Practitioners and Php 150 for initial visit and Php 100 for succeeding visits to Specialists.



Two suspended benefits namely survivorship pension where payment beyond 5 years was suspended for public sector workers in 2004 and reimbursement of medical expenses were likewise reinstated considering that the same benefits are continuously being availed by the private sector. The suspension was imposed by GSIS as part of its policy to

prioritise payments from the EC SIF as a result of the SIF deficit.

Table 1 below summarizes the EC policy reforms on equalization of EC benefits during the PNoy Administration.

**Table 1. EC Benefits Equalized during the PNoy Administration**

BENEFIT	EC POLICIES BEFORE 2010		EC POLICY REFORMS UNDER THE PNOY ADMINISTRATION
	PUBLIC SECTOR	PRIVATE SECTOR	
Temporary Total Disability/ Sickness Benefit	Maximum of Php 90/day since 1987	Maximum of Php 200 per day since 1996	Equalized at Php 200/day (EO No. 135, 2013 )
Funeral Benefit	Php 3,000 since 1987	Php 10,000 since 1997	Equalized at Php 10,000 (EO No. 135, 2013)
Carer’s Allowance	None	Php 575 since 1991	Equalized at Php 575 (EO No. 134, 2013 )
Doctor’s Professional Fees	Initial visit: Php 60 Succeeding visit: Php 50	General practitioner: Initial visit – Php100 Succeeding visit – P100	Equalized at the private sector rate (EO No. 135, 2013)
EC Survivorship Pension	Suspended payment beyond 5 years since 2004	No suspension	Lifted suspension (ECC Board Resolution No. 12-07-16, 2012)
Reimbursement of medical expenses for retirees and workers separated from service	Suspended payment since 2004	No suspension	Lifted suspension (ECC Board Resolution No. 13-10-30, 2013)

There are further policies under review or scheduled for review to equalize the benefits in the private and public sectors. These include the following:

- Uniform reimbursement rate for certain laboratory and diagnostic examination fees. The same has been submitted for the President’s approval but awaiting actuarial study from SSS re implementation of new rates for 5 tests/examinations
- Review of computation formula for EC pension for both private and public sectors
- Review of Section 55 of R.A. 8291 or the GSIS Law to allow simultaneous recovery of GSIS and EC benefits by public sector workers. Presently, EC benefits are over and above the benefits for the same contingencies paid under the SSS Law.



**2 Enhanced Benefits**

Following the equalization of a number of benefits, the ECC has embarked on further enhancing these benefits. For instance, the funeral benefit was increased to Php 20,000 in 2014 for both the public and private sectors after successfully equalizing them at Php 10,000 in 2013. Due to increase in funeral-related expenses, and since this is a one-time expense, the ECC Secretariat will conduct a study if this could still be further increased to Php 30,000 effective 2016.

An across the board increase in EC pension for the private sector was also approved in 2013 after the last across the board increase in 2000. And just recently, the ECC approved the adoption of the SSS formula in computing its pension to be used in computing EC pension, technically increasing the EC pension for the private sector by 20-25%.

Another enhanced benefit is the extension of rehabilitation services to workers receiving EC sickness benefit and not just to those with permanent disabilities. There is a need to implement rehabilitation benefits to workers receiving EC sickness benefit in order to mitigate or prevent permanent disability and shorten the recovery time for employment re-entry. The increased number of partner hospitals in the regions for the provision of rehabilitation services and the identification of new rehabilitation services to cater to different categories of disabilities and impairments also enhanced the ECP. This is made possible following the recent establishment of ECC regional extension units in the different DOLE Regional Offices.

ECC Board Resolution No. 10-10-158 issued in September 2010 likewise increased the transportation and meal allowance of persons with work-related disabilities rehabilitees from Php 1,800 to Php 2,500 per month.

Table 2 below summarizes the EC benefits that were enhanced during the Pnoy administration

**Table 2. EC Benefits Enhanced During the Pnoy Administration**

BENEFIT	EC POLICIES BEFORE 2010		EC POLICY REFORMS UNDER THE PNOY ADMINISTRATION
	PUBLIC SECTOR	PRIVATE SECTOR	
Funeral Benefit	Php 10,000 since 2013	Php10,000 since 1993	Increased to P20,000 for both sectors
EC Pension	No across the Board increase since 1983	No across the Board increase since 2000	<ul style="list-style-type: none"> <li>•10% across the board increase in EC for the private sector (EO No. 16, 2014)</li> <li>•Adopted the SSS formula for computing pension resulting to an increase in EC pension for the public sector by 20-25% (ECC Board Resolution No. 15-06-30, 2015)</li> </ul>
Rehabilitation Services	Only permanent and total disability beneficiaries can avail of rehabilitation services at ECC		Extension of rehabilitation services to workers receiving EC Temporary total disability or sickness benefit

### 3

#### EC Benefits for Expansion

Benchmarking on good practices on employees' compensation of other countries, ECC is looking at covering self-employed and voluntary members of the SSS under the ECP as they are not covered at present.

Another important possible expansion of EC benefits is to adopt a hospital billing scheme instead of a reimbursement scheme in availing EC medical benefits, similar to how the Philhealth benefit is being availed by its members. This will reduce if not do away with out-of-pocket expenses by EC members.

The Institute of Labour Studies of DOLE is also starting a study that will look at the possibility of adopting a system similar to the Philhealth case rate system for the availing of EC medical benefits to replace existing schedules for reimbursement of out-of-pocket medical expenses which is administratively tedious and prolongs the processing of EC benefit claims.

### 4

#### Future Reforms on Benefit Equalisation and Expansion

There are other on-going and future benefit reforms to equalise and enhance EC benefits.

An actuarial study is being done to equalise the reimbursement rate for laboratory and diagnostic examination fees under the EC medical benefits. There is a need to review the computation formula for EC pension for both public and private sectors to synchronize the benefit amounts.

The reforms also include the proposed 10% across the board increase in EC pension for the public sector.

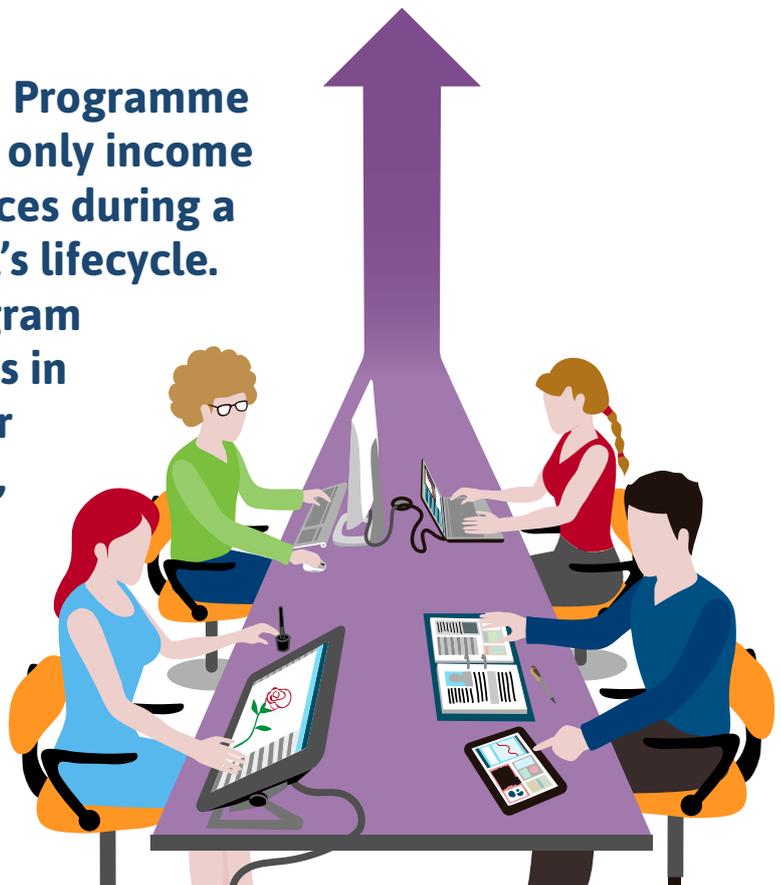
In terms of enhancement of benefits, the ECC Board recently increased the EC sickness benefit for the private sector to a minimum of Php 110/day from Php 10.00 and to a maximum of Php 480/day from Php 200 and this will be submitted to the President for approval.

With the equalization in reimbursement rate for doctors’ fees in 2013, an on-going review is being done to increase the amount of reimbursement for doctors’ professional fees. There is also a need to review the amount of carers’ allowance and a possible increase the amount of funeral benefit to Php 30,000.

**Table 3 below summarizes the future reforms on EC benefits**

EQUALIZATION OF BENEFITS	ENHANCEMENT OF BENEFITS
Uniform schedule of reimbursement rate for certain laboratory and diagnostic examination fees (ECC Board Resolution No. 15-02-07, 2015)	10% across the board increase in EC pension for the public sector (ECC Board Resolution No. 15-01-01, 2015)
Synchronized amount of EC pension for public and private sector workers	Increase in Temporary Total Disability or sickness benefit to a minimum of Php 110/day from Php 10.00 and to a maximum of Php 480/day from Php 200
	Increase in carer’s allowance
	Increase in funeral benefit
	Increase reimbursement rate for doctor’s fees based on current average practice rates

**The Employees’ Compensation Programme of the Philippines provides not only income security but other critical services during a trying moment in an individual’s lifecycle. As a key social protection program in the Philippines, it contributes in the over-all effort to prevent or alleviate poverty, vulnerability, and social exclusion towards improving the quality of life of workers and their families as part of our roadmap to achieving decent work and competitiveness.**



# *PERKESO*

## *Rehabilitation Centre*

**PERKESO Rehabilitation Centre** was built to prepare workers with injuries or diseases to return to the job market. The main objective of the centre is to provide a comprehensive physical and vocational rehabilitation services together with disability management to help PERKESO Insured Person with employment injuries and diseases to return to work and to improve the well-being of the Insured Persons.

The construction of the centre began since 2008 and it officially began operations on 1 October 2014. After two months of operations, PERKESO Rehabilitation Centre records a total number of 95 patients with different types of injuries and disabilities.

At PERKESO Rehabilitation Centre, the medical rehabilitation services include Physiotherapy, Occupational Therapy, Optometry, Audiology, Work Hardening and Vocational Rehabilitation. Treatment will cover the entire end to end service with references from doctors and other rehab professionals. All services will be supervised and enhanced

by the high quality medical rehabilitation equipment including Robotic therapy and the Industrial Rehab Training.

Located in Bandar Hijau, Hang Tuah Jaya Melaka, the centre comprises 5 main buildings known as Medical Rehabilitation Block (MRB), Vocational Rehabilitation Block (VRB), Hostel, Administration and Maintenance Block. Perkeso Rehabilitation Centre is located on 55 acres of undulating landscape, a primary spine for walking and buggy links the various clusters of buildings harmoniously. The area also consists of other main clusters such as Administration Block & Staff canteen, Medical & Vocational Rehabilitation Blocks, Hostel and Canteen Blocks, Allied Health Institute Block, Surau (Muslim prayer hall) & main car park and Service Blocks.

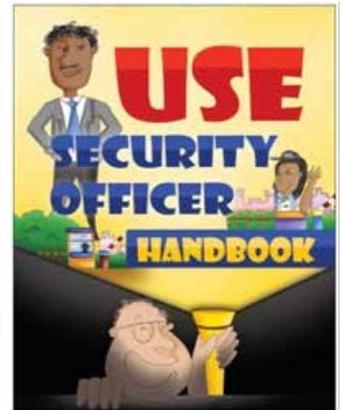
The main focus of PERKESO Rehabilitation Centre is to provide the best rehabilitation treatment for Insured Person and workers from all over Malaysia and at the same time accomplish the mission of returning them back to work and to improve the well-being of the person.





# SINGAPORE'S WORKRIGHT INITIATIVE WINS TOP UN PUBLIC SERVICE PRIZE

**Singapore has won the 2015 United Nations Public Service Awards (UNPSA) - the most prestigious international recognition of excellence in public service- in the category of "Promoting Whole-of-Government Approaches in the Information Age".**



*Comic book to educate security officers on their employment rights*

The UNPSA recognises the Ministry of Manpower (MOM) and the Central Provident Fund Board (CPF Board)'s achievements in raising national awareness of and compliance with employment laws through the WorkRight initiative ("WorkRight").

Launched in September 2012, the WorkRight initiative aims to create awareness of employment rights among low-wage workers and help ensure their retirement security. It also helps employers to be more familiar with their employment obligations, so that they can look after the rights and welfare of their workers.

CPF Board, together with MOM, use a mix of channels and creative engagement platforms to raise awareness of the employment rights messages to the target audience. This includes outreach channels such as print, broadcast, social and digital media. Educational materials targeted at both employees and employers were also produced, and this included a comic book to educate security officers about their employment rights.

In 2014, the CPF Board recovered about S\$378.2 million in CPF arrears, benefitting over 288,000 employees. The CPF arrears

recovered were from underpayment, non-payment and late payment of CPF contributions by employers. Of the S\$378.2 million, S\$14 million were for cases of underpayment or non-payment which the Board had recovered from close to 2,000 employers in industries such as security, cleaning and food & beverage. This benefitted more than 9,300 employees.

Mr Ng Hock Keong, CPF Board's Group Director of Employer Collections and Enforcement says, "We are starting to see the fruits of our labour from the WorkRight campaign launched three years ago. In 2014, we were able to reduce the number of non-compliant employers (who did not pay or underpaid their employees' CPF contributions) by close to 50%. Both employers and employees must recognise the importance of having CPF contributions as it helps employees meet their retirement, housing and healthcare needs."

As of 1 April 2015, WorkRight has benefitted more than 42,000 Singaporeans; of which, more than half were low-wage workers. These workers now enjoy their statutory entitlements such as timely payment of salary, CPF contributions and payment of overtime allowance.



# PRIME MINISTER NGUYEN TAN DUNG LAUNCHED VIETNAM SOCIAL SECURITY'S WEB PORTAL

Vietnam Social Security (VSS) formally launched their web portal on 18 May 2015 in Hanoi. Addressing the ceremony, Prime Minister HE. Mr. Nguyen Tan Dung highly appreciated efforts of the whole VSS system in implementing social security policies and administrative reforms. He emphasised the role of IT application and e-transaction in the sector in contributing to improve national competitiveness.

## ◆ Facilitate transaction of enterprises and citizens

Speaking at the ceremony, Director General of VSS Mrs. Nguyen Thi Minh informed that VSS has been intensively carrying out the administrative reform during the past two years pursuant to Resolution 19 of the Government on the key tasks and measures to promote business environment and enhance national competitiveness and Directive 24 of the Prime Minister on strengthening the management and administrative reform of taxation and customs fields.

Specifically, in order to cut down transaction time and business costs, VSS issued Decision 1018 dated 10 October 2014 to simplify forms, administrative procedures and modify business processes. This effort facilitated employers to save time in doing business with social security offices.

In 2014, transaction time has been reduced to 100 hours for each registered employer and administrative procedures have been cut from 263 to 115. These resulted in savings of 3,700 billion Vietnam Dong which exceeded targets assigned by the Government.

## ◆ Improve service quality

At the ceremony, Prime Minister Nguyen Tan Dung acknowledged and appreciated the efforts of VSS in implementing social insurance, health insurance and unemployment insurance policies in recent years. These policies are the main pillars of the national social security system.

The Prime Minister emphasised that reduction of transaction time and introduction of e-transaction in providing social security services have saved time and money for social security and improved the business environment. The Prime Minister asked VSS to continue its utmost effort in reducing transaction time to the level of ASEAN 4 next year. He affirmed that “We have capacity and willingness to achieve this target. This will better serve our people, our country and improve the national image”.

In the coming time, VSS will continue investing in IT infrastructure to modernise its system, issue the unique ID numbers for insured people, and develop a central database and softwares nationwide for its administration.



Prime Minister HE. Mr. Nguyen Tan Dung, HE. Mr. Minister of Finance Dinh Tien Dung and Vice Minister, Director General HE. Mrs. Nguyen Thi Minh launched VSS's web portal

# ***BPJS KETENAGAKERJAAN: NEW ERA OF SOCIAL SECURITY FOR WORKERS IN INDONESIA***

Severely hit by monetary crisis in 1998, the Government of Republic of Indonesia realised how important social security was to sustain the welfare. Seeing million of workers suddenly terminated from their previously established jobs (banking, retail, manufacturing industries) was one of the saddest national issues ever. Some of them continued their lives in the informal economy while others freely plunged to the new ironic situation, becoming poor.

In 2004, the Government enacted new law (Republic Act number 40/2004 concerning National Social Security System) mandating social security reforms for all workers. The previously fragmented system which exclusively covered formal workers, whilst the rest were left without any protection, was transformed into a new system for all people protected under 5 pillars of the social security programmes: Healthcare Benefit, Provident Fund, Pension Benefit, Employment Injury Benefit and Death Benefit.

It took 7 years to have another Act following Act Number 40/2004 in which the Government enacted Republic Act number 24/2011 concerning the Social Security Administering Board (BPJS) to implement the new system. The Act mandated the establishment of two Boards to run the new social security programme for all workers. First, BPJS

Kesehatan runs the healthcare benefit for all workers (±250 million people) and BPJS Ketenagakerjaan runs Provident Fund, Pension Benefit, Employment Injury Benefit and Death Benefit for all workers (±120 million workers), both formal- and informal workers.

PT. Jamsostek (Persero) was transformed into BPJS Ketenagakerjaan in 1st January 2014 to implement the new mandate. However, BPJS Ketenagakerjaan was given another 18 months to transform its organizational capacity to deliver the new programmes, including the new Pension Benefit for the workers. Huge transformation processes since all of 4 programmes have new schemes and benefits.

## **CILACAP – CENTRAL JAVA, 1 JULY 2015**

On 1 July 2015, BPJS Ketenagakerjaan was officially launched at Teluk Penyu Beach which is the centre of the fishermen in Central Java by The President of Republic of Indonesia, Mr. Joko Widodo and accompanied by Ministry of Coordinating for Human Development and Culture, Ministry of Manpower, and Ministry of Marine and Fisheries.

# PERESMIAN OPERASIONAL PENUH BPJS KETENAGAKERJAAN



As stated by the CEO of BPJS Ketenagakerjaan, Mr. Elvyn G Masassya, shortly before the commencement of its full operations, BPJS Ketenagakerjaan is the sunrise of new welfare for Indonesian workers.

Under the new scheme of national social security system, BPJS Ketenagakerjaan provides new design of all programmes to ensure a better life of workers, as follows :

TITLE	OLD SCHEME	NEW SCHEME
Type of Institution	State Enterprises :	Public Entity :
Coverage	<ul style="list-style-type: none"> <li>Formal workers</li> </ul>	<ul style="list-style-type: none"> <li>Formal and informal Workers</li> <li>Civil servant/Army/Police)</li> <li>Foreign workers who work at least 6 month in Indonesia</li> </ul>
Benefits	Employment Injury Benefits – Compensation : <ul style="list-style-type: none"> <li>Medical treatment max. IDR 20 millions.</li> <li>Rehabilitation, Orthotics &amp; Prosthetics</li> <li>Transportation expenses</li> <li>Funeral costs</li> </ul>	Employment Injury – Return to Work : <ul style="list-style-type: none"> <li>Promotion &amp; Prevention</li> <li>Full coverage of medical treatment (based on medical need)</li> <li>Return-to-work (Orthotics &amp; Prosthetics, Rehabilitation, Vocational, and job placement)</li> <li>Money compensations</li> <li>Transportation expenses</li> <li>Funeral costs</li> <li>Scholarship for the children IDR 12 millions</li> </ul>
	Pension Benefits : None	Pension Benefits : <ul style="list-style-type: none"> <li>Define Benefit</li> <li>Old age pension  <math>\text{Formula} = 1\% \times (\text{contribution period}/12 \text{ months}) \times \text{weighted average wage during contribution period}</math> </li> <li>Disability pension : 100% x formula</li> <li>Widower pension : 50% x formula</li> <li>Children pension: 50% x formula</li> <li>Parent pension for unmarried workers: 20% x formula</li> </ul>
	Old-Age Benefits:	<ul style="list-style-type: none"> <li>Accumulated contribution with investment return.</li> <li>10% of the balance can be withdrawn within 10 years without taking housing ownership.</li> <li>30% of the current balance for housing loans downpayment.</li> </ul>
	Death Benefits : <ul style="list-style-type: none"> <li>Total compensation IDR 21 millions</li> </ul>	<ul style="list-style-type: none"> <li>Total compensation IDR 24 millions</li> <li>Scholarship for the children IDR 12 millions</li> </ul>
Additional Benefits	Housing and Scholarship	Housing, Scholarship, Transportation, Food, and Health
Business Model	Complicated and unintegrated	Simplified, flexible, integrated and robust
Financial Treatment	One financial report, Divided into Insurance-Non Insurance (JHT and non-JHT)	Five financial reports (individual for each programmes) No cross-subsidy.
Law Enforcement	No authorization	Having authorisation

This new scheme opens the way to realising that the existence of social security signaled the presence of The State in society - and thus social justice.

# (RAS) RETIREMENT ADVISORY SERVICE

**The Retirement Advisory Service (RAS) is a new initiative that was introduced in 2014 by the Employees Provident Fund, Malaysia to enhance its service channels to members. The objectives of RAS are:**

- i) To increase awareness and knowledge of the members on the importance of retirement and financial planning;
- ii) To offers coaching and guidance on options available to manage member's retirement savings and throughout their golden years; and
- iii) To address issues of inadequacy or leakage of their retirement savings.



## ◆ RAS OFFICERS

RAS units are fronted by officers highly trained in the areas of basic Financial and Retirement Planning. RAS officers are required to undergo the Certified Financial Planning programme that is run by the Malaysian Financial Planning Council and attachments with other registered advisory agencies in the country.

## ◆ TARGET GROUP

RAS is a complimentary service offered by EPF Malaysia to all its members. Aimed to educate and enhance the level of financial and retirement literacy among its members, especially those nearing retirement age.



## ◆ ROLLOUT PLAN

RAS launched its pilot project on 1 July 2014 at two (2) of EPF's branches in Kuala Lumpur and Petaling Jaya. Due to encouraging response from its members, the EPF plans to open six (6) additional RAS units at its Johor Bahru, Seberang Jaya, Kuching, Kuantan, Kota Kinabalu and Ipoh branches.

## ◆ ACHIEVEMENT OF RAS

To date, more than 4,800 members have visited and sought guidance from RAS, many of whom were low and middle income earners. Other than providing advice and guidance on basic retirement and financial planning, members were introduced to the various schemes offered by the EPF such as the EPF Members' Investment Scheme including options for voluntary contributions, contributions above the statutory rates and the 1 Malaysia Retirement Scheme (SP1M).

In addition, RAS also offers awareness and educational programmes as below:

- a) Pre-Retirement Planning
- b) Post Retirement Planning
- c) Current Retirement Savings
- d) Retirement Capital Sum
- e) Retirement Gap

RAS, however, does not make recommendations on investment matters, or promote services offered by third parties.

# *e-Caruman:* **PROVIDING FAST AND SECURE TRANSACTIONS FOR EMPLOYERS**

The e-Caruman is an online facility launched by the EPF Malaysia in 2013 to facilitate employers in submitting their monthly contribution details online, through the employers' i-Akaun in a secure, fast and accurate manner. This facility also enables employers to perform field format checking, verify members' particulars with EPF database and verify the summation of the 'header', 'trailer' and payment amounts.

## SUBMISSION OPTIONS

Submission of particulars under e-Caruman can be made by 3 options:

### **A** Submission of employees' particulars together with payment

This option allows employers to remit their monthly contributions and their employees details online. Payments can be made either by Direct Debit Authorisation (DDA), Bank Portal or Financial Process Exchange (FPX) through participating banks. To date, there are about 13 local and foreign banks providing the service.

### **B** Submission of Employees' particulars only

This option allows employers to submit their employee details online and make payments at EPF counters or at EPF-appointed bank counters.

### **C** Submission of Payments Only

This option allows employers to make their monthly payments through e-Caruman whilst submitting their employees' particulars through hardcopy/CD at the EPF counter.

## BENEFITS OF E-CARUMAN

**A** Reduces time of processing Form A and crediting of contribution amounts. Lessen printing and postage costs whilst minimizing errors;

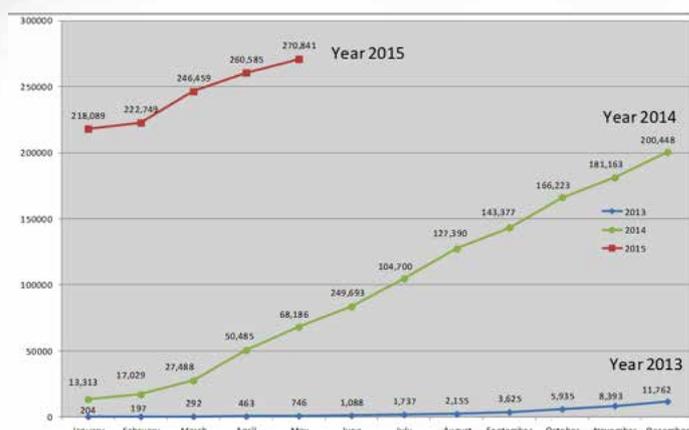
**B** Allows employers to submit employee particulars and payments anytime, anywhere hence saving their time and money from having to travel to EPF branches;

**C** Ensures accurate and swift crediting into employee accounts through a feature that enables direct verification from EPF's database;

**D** Fast and accurate crediting of payments into employees' accounts.

## USAGE TREND OF E-CARUMAN

The number of e-Caruman users has steadily increased from just 200 in January 2013 to 270,841 in May 2015. This constitutes 64.53% of the total number of employers registered with the EPF. Chart 1 shows the growth of e-Caruman from January 2013 until May 2015.



## MALAYSIA

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## BRUNEI

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