

Chapter 5

Social Protection in Brunei Darussalam – Current and Challenges

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CHAPTER 5

Social Protection in Brunei Darussalam – Current State and Challenges

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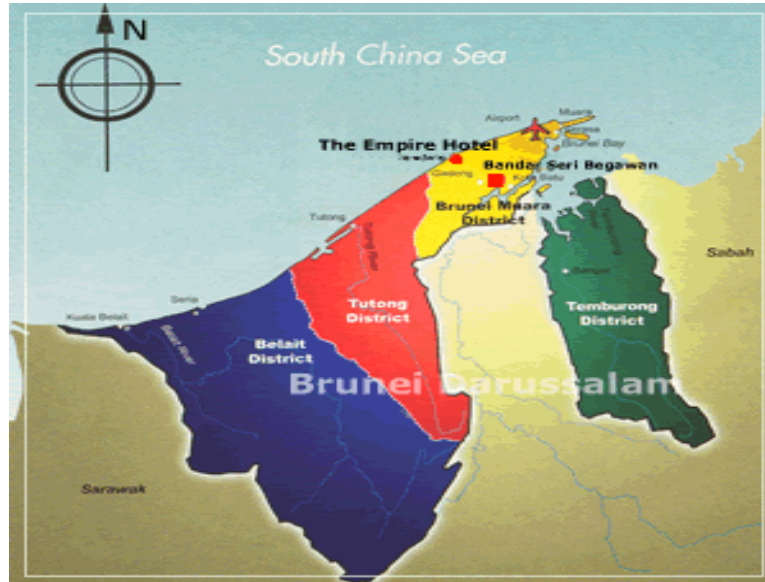
Brunei Darussalam is a small state with a population of 406,200 (2009). Its government plays an important role in the social protection of its populace. Through its national development plans, the country has, to date, attained all the objectives which were set out and required to be achieved by 2015 in the Millennium Development Goals. Now Brunei Darussalam is headed towards a future based on its newly established Vision 2035. Its economy is currently highly dependent on revenues from its oil and gas industry while diversification policies have long been put in place.

These revenues fund all development projects and programs, including providing social protection for all citizens and residents of the country. This can be seen from the development of the social protection system in Brunei Darussalam which includes existing features catering for retirement such as the pension schemes, the employee trust fund (TAP), and the supplementary contribution pension (SCP). Government pension provisions for its retirees were replaced in 1993 with TAP, an end of service fund, which is also expanded to the private sector. Later early this year 2010, the government introduced an additional scheme – SCP- to all sectors of the society, which requires citizens to make savings provisions for their retirement incomes.

This paper first outlines the background of Brunei Darussalam. It then explores the current existing social protection system and its benefits. The paper also examines limitations and challenges to this existing system, before finally, concluding and providing some policy recommendations, relating them to the new Vision 2035.

1. Background on Brunei Darussalam

Figure 1. Map of Brunei Darussalam



Brunei Darussalam is situated on the northwest coast of the island of Borneo, 422 kilometres north of the Equator. It is surrounded and split into two parts by the East Malaysian State of Sarawak with the South China Sea to the north. The western part consists of the Brunei-Muara, Tutong and Belait districts, while the eastern part consists of the district of Temburong. Its total land area is about 5,765 square kilometers with 80% of which is covered by tropical rainforest. The capital and main population centre is Bandar Seri Begawan, whose area has been recently enlarged.

1.1. Political System

The national philosophy of Brunei Darussalam is the Malay Islamic Monarchy or Melayu Islam Beraja (MIB). The word Malay refers to both the people and the culture. Islam is its official religion and monarchy is the system of government. Hence, its political system is based on an absolute monarchy with a ministerial system. This means that the Sultan has absolute power in the state; he is the king, the head of State, head of religion, the head of Government, the Prime Minister, the Minister of Finance and the Minister of Defense. The government comprises thirteen ministries, including

the Prime Minister's Office. Ministers are appointed by the Sultan and are answerable to him. The Sultan is assisted by four councils: the Privy Council, the Council of Succession, The Religious Council and the Council of Cabinet Ministers. The Legislative Council resumed operation in 2008; its primary function are to monitor and review all national policies, their implementation and performance. This council is comprised of members appointed by the Sultan.

1.2. National Development Plans

The development of the country is guided by its five-year national development plans. The first national development plan was launched in 1953 and covered the 5-year period from 1953 to 1958. The main objectives of the plan were to lift Brunei Darussalam from its lowly status in Southeast Asia; to modernize Brunei Darussalam within the framework of the Malay Islamic Monarchy; to improve the living standards of Bruneians and to develop non-oil and gas industries. It gave special emphasis to the expansion of education and medical services; the implementation of resettlement schemes; the provision of water supplies; the improvement of agricultural methods and fisheries; the extension of roads and communications; the construction of bridges, buildings and electrical stations; and the installation of broadcasting and telephone systems.

More than 59.78% of the budget was spent on infrastructure development with Health, Education and Welfare receiving 21.77% of the funding. Most importantly, the plan also focused on improving the social welfare of Bruneians. The living standards of Bruneians have improved tremendously. After many successive development plans, about 25-30% of the national development budget continues to be allocated to socio-economic development.

1.3. Economy

There is no personal income tax in Brunei Darussalam. Its currency is pegged to the Singapore dollar. Its economy depends to a great extent on oil and gas exports, equivalent to almost 99% percent of total exports which makes up about 70% of the country's GDP, and is responsible for over 90% of all government revenue. Its economic growth ranged from 7.5% in 2003 to 15.9% in 2006 and GDP per capita stood

at B\$47,300 in 2007. However, in recent years, the country has been experiencing a deficit of about 2% (Brunei Government, 2009).

In contrast to oil and gas industries, Brunei Darussalam's agriculture and industrial sectors are less developed. Economic diversification strategies were embarked on by the government as early as the 1980s but met with limited success. The recent issue of food security has forced a revision of these strategies by policy makers.

Table 1. Brunei Darussalam: Gross Domestic Product (2006-2008)

	2006	2007	2008
GDP at current prices (BND million)	18,225.8	18,458.4	20,397.9
Oil & gas sector	12,491.0	12,332.9	14,300.0
Non-oil & gas sector	5,734.7	6,125.5	6,097.9
Government sector	2,008.5	2,239.4	2,152.2
Private sector	3,726.2	3,886.1	3,945.7
Per capita GDP at current prices (BND thousand)	47.6	47.3	51.3
GDP at constant prices (BND million)	11,967.8	11,986.3	11,753.9
Oil & gas sector	6,469.9	6,023.7	5,650.5
Non-oil & gas sector	5,497.9	5,962.6	6,103.4
Government sector	1,977.6	2,206.5	2,266.9
Private sector	3,520.3	3,756.1	3,836.5
Real GDP growth rate (%)	4.4	0.2	(1.9)

Source: Brunei Darussalam Key Indicators 2009 (Brunei Government, 2009).

1.4. Vision 2035

Brunei Darussalam's National Vision or Wawasan was authorized by His Majesty Sultan Haji Hassanal Bolkiah, Sultan and Yang Di-Pertuan of Brunei Darussalam, and launched in January 2008. By 2035, Brunei Darussalam aims to be recognized for the accomplishments of its well-educated and highly skilled people, their quality of life and its dynamic, sustainable economy (Brunei Government, 2008). Although oil and gas resources have contributed much to the nation's prosperity, economic growth has, on the whole, not kept pace with population growth. The public sector which is the main employer of the majority of the citizens and residents can no longer adequately absorb the growing numbers of young people wishing to enter the work force each year. There is a widening gap between the expectations and capabilities of the nation's youth and the employment opportunities currently being created. The oil and gas sector, which makes up about half of the economy and over 90% of export earnings employs less than

3% of the work force. The local business community continues to be underdeveloped and is unable to create the employment opportunities now required.

Taking into account the above, an integrated and well-coordinated national strategy is sought, involving all sectors and comprising the following key elements:

- **An education strategy** that will prepare our youth for employment and achievement in a world that is increasingly competitive and knowledge-based.
- **An economic strategy** that will create new employment opportunities for our people and expand business opportunities within Brunei Darussalam through the promotion of investment, foreign and domestic, both in downstream industries as well as in economic clusters beyond the oil and gas industry.
- **A security strategy** that will safeguard our political stability and our sovereignty as a nation and which links our defense and diplomatic capabilities and our capacity to respond to threats from disease and natural catastrophe.
- **An institutional development strategy** that will enhance good governance in both the public and private sectors, high quality public services, modern and pragmatic legal and regulatory frameworks and efficient government procedures that entail a minimum of bureaucratic “red tape”.
- **A local business development strategy** that will enhance opportunities for local small and medium sized enterprises (SMEs) as well as enable Brunei Malays to achieve leadership in business and industry by developing greater competitive strength.
- **An infrastructure development strategy** that will ensure continued investment by government and through public-private sector partnerships in developing and maintaining world-class infrastructure with special emphasis placed on education, health and industry.
- **A social security strategy** that ensures that, as the nation prospers, all citizens are properly cared for.
- **An environmental strategy** that ensures the proper conservation of our natural environment and cultural habitat. It will provide health and safety in line with the highest international practices.

The government intends to ensure that the lifelong basic needs of all citizens and residents of Brunei Darussalam are adequately met, especially in terms of higher education, housing and healthcare as well as their means of livelihood.

1.5. Population

Brunei Darussalam is, today, a small nation. The 2001 population census recorded a population of 332,844, an increase of 72,362 or about 25% from 260,482 in 1991. This represents an annual growth rate of about 2.5%. This rate has declined over the last four decades since the population boom at the end of the Second World War.

Table 2. Brunei Darussalam Population (2006-2009)

	2006	2007	2008	2009*
Total (thousands)	383.0	390.0	398.0	406.2
Male	203.3	206.9	211.0	215.0
Female	179.7	183.1	187.0	191.2
Annual rate of increase (%)	3.5	1.8	2.1	2.1
Population density (per km ²)	66	68	69	70
Population by racial group (thousands)				
Malays	255.5	259.6	265.1	269.4
Chinese	42.7	43.1	43.7	44.6
Others	84.8	87.3	89.2	92.2
Population by district (thousands)				
Brunei-Muara	264.7	270.3	276.6	283.3
Belait	63.9	64.9	66.0	67.1
Tutong	44.4	44.8	45.3	45.7
Temburong	10.0	10.0	10.0	10.1
Population by residential status (thousands)				
Brunei Citizens	244.8	250.5	257.0	262.9
Permanent Residents	32.1	32.5	32.2	32.8
Temporary Residents	106.1	107.0	108.8	110.5
Population by age-group (thousands)				
0-4	35.1	34.9	35.2	34.7
5-19	103.1	103.7	105.3	106.4
20-54	218.1	223.1	227.1	232.5
55-64	14.8	15.8	17.2	18.8
65 & Over	11.9	12.5	13.2	13.8
Population median age (year)	26.2	26.3	26.4	26.6

Source: Brunei Darussalam Key Indicators 2009 (Brunei Government, 2009).

Note: * Mid-year estimate.

Table 2 shows the population growth in recent years. In 2008 and 2009, the annual rate of increase was about 2.1%. By mid-2009, the population was estimated to be 406,200. The development of the Bruneian education system may have contributed to the low level of population growth, through compulsory education for all children and the growing number of women pursuing higher education. Another reason for women to pursue their first degrees was that until last year, married women without a first degree were employed in the public sector only on a month-to-month basis. (Unmarried

women could be employed on a permanent basis. This will have contributed to an increase in the numbers of unmarried women and those who chose to defer marriage.) It also helps to explain the increasing number of women joining the workforce.

Table 3. Brunei Darussalam Population by Age Groups and Gender, 1991 and 2001

Age Group	Persons		Male		Female	
	1991 (%)	2001 (%)	1991 (%)	2001 (%)	1991 (%)	2001 (%)
0-14	89,757 (34.5)	100,912 (30.3)	46,298 (33.7)	52,304 (31.0)	43,459 (35.4)	48,608 (29.7)
15-29	76,450 (29.4)	96,340(28.9)	39,716 (28.9)	47,288 (28.0)	36,734 (29.9)	49,052 (29.9)
30-44	63,135 (24.2)	87,337 (26.2)	34,990 (25.4)	44,443 (26.3)	28,145 (22.9)	42,894 (26.2)
45-64	24,045 (9.2)	38,938 (11.7)	12,937 (9.4)	20,373 (12.1)	11,108 (9.0)	18,565 (11.3)
65+	6,994 (2.7)	9,317 (2.8)	3,602 (2.6)	4,566 (2.7)	3,392 (2.8)	4,751 (2.9)
Total	260,381 (100)	332,844 (100)	137,543 (100)	168,974 (100)	122,838 (100)	163,870 (100)

Source: Brunei Darussalam Report on the 2001 Population Census (Brunei Government, 2003).

In terms of population by district, the Brunei-Muara District has the highest population of between 264,700 in 2006 and 283,300 in mid-2009. This was due to the migration of people from outside the district in search of employment and goods and services as the district houses the capital city, centre of government, main commercial development and the international airport.

1.5.1. Old Age

The baby boom after the Second World War accounts for the bulk of the current population aged above 50 years and soon to qualify for the ageing population category. The 2001 population census indicated that those above 65 years of age comprised 2.9% of the population in the country while the overall Dependency Ratio was 48.8. Today, the above 65 category had increased to 13,800 persons (3.4%) by mid-2009. In addition, with the rapid development in local Health Delivery Systems, the life expectancy at birth is now 76.6 years for males and 79.8 years for females. Although women, on average, live longer than men on average, they usually have lower exposure to employment (as well as being faced with the issue of permanent employment status versus the month-to-month status of married women without a first degree until last year) in the formal sector and earn wages that are lower than men on average. Thus,

women become more exposed to the risk of poverty in old age and this issue has become very important in relation to social security protection.

With advanced medical services and treatment, more and more people will survive well into their seventies and eighties. An ageing population would put pressure on traditional social protection systems as more people in the younger age groups are increasingly less able to provide for the greater number of older family and community members. Due to population ageing, weakening of family-based support, and other factors, old-age income support is becoming an issue of growing importance, given that demographic transition is already well under way. Systemic failures are expected to be low coverage, inadequate benefits, lack of financial sustainability, and insufficient support for the elderly poor.

Regardless of the existence of modern medicine, the seven leading causes of death in Brunei Darussalam in the last decade were Cancer, Heart Diseases, Diabetes Mellitus, Cerebro-vascular Diseases, Hypertensive Diseases, Emphysema & Asthma, and Influenza& Pneumonia (Brunei Government, 2008). The number of sufferers increases in direct proportion to increases in age. The majority of deaths amongst elderly population are caused by one or more of the above-mentioned diseases.

Table 4. Brunei Darussalam Labor Force (2006-2009)

Labor	2006	2007	2009*
Labor force (thousands)	181.7	184.8	188.8
Male	109.9	111.8	114.4
Female	71.8	73.0	74.4
Employed (thousands)	174.4	178.5	181.8
Male	106.7	109.1	111.2
Female	67.7	69.4	70.6
Unemployed (thousands)	7.3	6.3	7.0
Male	3.2	2.7	3.2
Female	4.1	3.6	3.8
Labor force participation rate (%)	68.4	67.8	67.8
Male	78.2	77.6	77.7
Female	57.3	56.9	56.7
Unemployment rate (%)	4.0	3.4	3.7
Male	2.9	2.4	2.8
Female	5.7	4.9	5.1

Note: * mid-year estimate.

Source: Brunei Darussalam Key Indicators 2009 (Brunei Government, 2009).

1.5.2. Labor Force

The labor force participation rate of the country for females has increased from 48.3% in 1991 to 58.8% in 2001 (Table 4) and stabilized at about 56% in the last couple of years (Table 5). According to the Brunei Darussalam Report on the 2001 Population Census, in 1991 alone, out of the total workforce of 106,746, 48,998 or 45.9% worked in the public sector while 57,748 or 54.1% worked in the private sector. In 2001, there were 146,254 employed people; 54,865 or 37.5% were employed in the public sector and 91,389 or 62.5% in the private sector. Recent figures (as at November 2009) from the Public Service Department website give a total of 46,757 employees in the public sector, out of which 23,511 are males and 23,246 females (Table 6). 10,576 female employees who were under a month-to-month basis are now employed on a permanent basis. The change was mainly due to the perceived need for equality in employment between the genders.

Table 5. Brunei Darussalam Labor Force Participation Rates (%) by Age and Gender, 1991 and 2001

Age Group	Male		Female	
	1991	2001	1991	2001
15-19	23.8	22.5	13.7	18.6
20-24	84.2	82.4	58.2	66.2
25-29	97.1	96.1	63.9	75.8
30-34	98.1	96.6	60.7	74.0
35-39	98.4	96.2	56.7	68.9
40-44	98.3	95.5	51.5	62.8
45-49	96.3	93.0	43.4	56.7
50-54	94.0	89.8	34.9	46.1
55-59	72.1	50.0	17.6	15.8
60-64	71.0	45.5	13.2	11.2
65+	32.2	13.2	4.2	2.1
15-64	84.3	82.0	48.3	58.8
15+	82.2	78.8	46.4	56.1

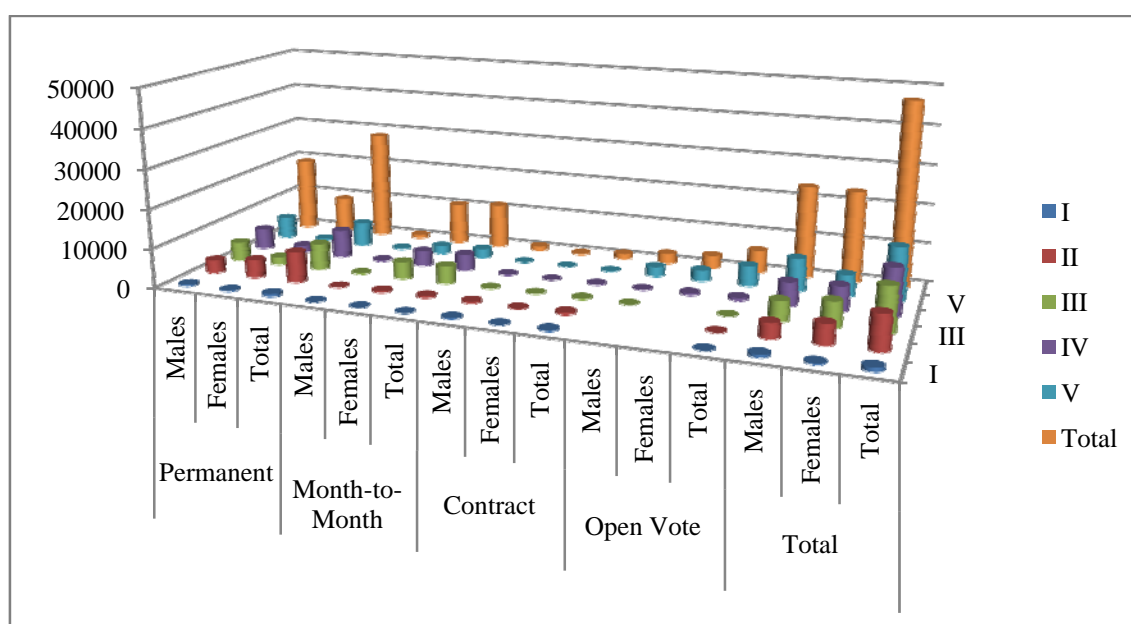
Source: Brunei Darussalam Report on the 2001 Population Census (Brunei Government, 2003).

The increase in the numbers joining the private sector was due to the establishment of the Employee Trust Fund or *Tabung Amanah Pekerja* (TAP) in late 1992, which became fully effective in January 1993 making it easier for workers to enjoy employment mobility among the various sectors. While personnel who entered the government permanent workforce prior to those dates are still on government pension

schemes, and are eligible to retire at 55, those in the private sector and those in the trust fund, now with the newly added Supplementary Contribution Pension (SCP), are eligible to retire at 60, at which age eligible citizens and permanent residents would obtain an old age pension. Others, including foreign employees, employed under contracts of service are given gratuity among other benefits upon completion of their contract.

Table 6. Brunei Darussalam Public Sector Labor Force as at November 2009

Type of service	Gender	Divisions					Total
		I	II	III	IV	V	
Permanent	Males	408	3246	4724	5258	5517	19153
	Females	245	4548	1915	1809	613	9130
	Total	653	7794	6639	7067	6130	28283
Month-to-Month	Males	6	67	166	282	289	810
	Females	11	369	4292	3865	2039	10576
	Total	17	436	4458	4147	2328	11386
Contract	Males	239	419	122	184	55	1019
	Females	30	92	87	17	51	277
	Total	269	511	209	201	106	1296
Open Vote	Males			1	138	2390	2529
	Females				534	2729	3263
	Total	0	0	1	672	5119	5792
Total	Males	653	3732	5013	5862	8251	23511
	Females	286	5009	6294	6225	5432	23246
	Total	939	8741	11307	12087	13683	46757



Source: Brunei Darussalam Public Service Department (2010), <http://www.jpa.gov.bn>.

1.5.3. Unemployment

Unemployment rates are recorded to have increased from 4.7% in 1991 to 7.2% in 2001 (Table 8). Unemployment rates have risen most sharply in the 15-19 and 20-24 age groups, from 37.4% in 1991 to 52.4% in 2001 and from 11.8% to 17.5%, respectively, due to school leavers or graduates looking for their first full-time job, or individuals reluctant to take up employment, until they received a job offer that met their aspirations. Sometimes, these young people have no choice due to their ineligibility to continue their studies in local higher institutions of learning while the local job market may not offer employment opportunities commensurate with their qualifications. There is no unemployment benefit in Brunei Darussalam.

Table 8. Brunei Darussalam Unemployment Rates (%) by Age Group and Gender, 1991 and 2001

Age Group	Males		Females		Persons	
	1991	2001	1991	2001	1991	2001
15-19	33.7	54.8	44.4	49.5	37.4	52.4
20-24	9.7	18.6	15.0	16.3	11.8	17.5
25-29	2.3	7.6	4.2	5.9	3.0	6.9
30-34	1.2	4.1	2.2	2.8	1.5	3.5
35-39	0.6	2.6	1.7	1.7	1.0	2.2
40-44	0.5	1.7	1.3	1.5	0.7	1.6
45-49	0.7	0.9	0.6	0.6	0.7	0.8
50-54	0.6	0.5	1.0	0.2	0.7	0.4
55-59	1.2	0.3	0.7	0.2	1.1	0.2
60-64	0.7	0.1	0.9	0.0	0.8	0.0
15-64	3.7	7.3	6.7	7.1	4.7	7.2

Source: Brunei Darussalam Report on the 2001 Population Census (Brunei Government, 2003).

2. Social Protection Arrangements

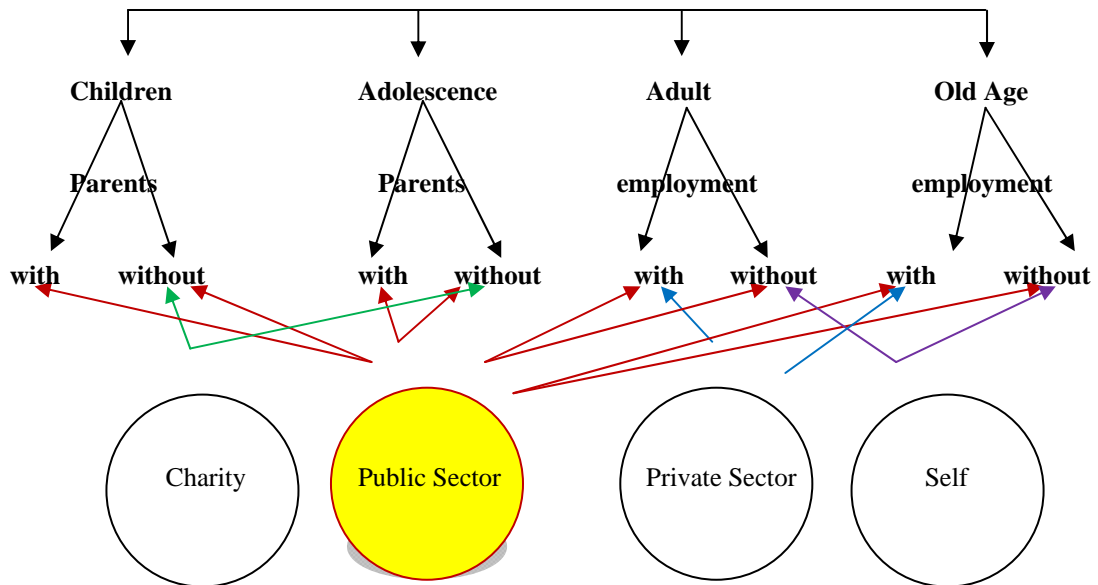
The government of Brunei Darussalam has taken a wide variety of steps to ensure social protection for all of its citizens and residents. The most important ones relate to the education system, housing provision, the health system, retirement packages, and pensions for the aged and the disabled population.

2.1. Current State of Social Protection Systems

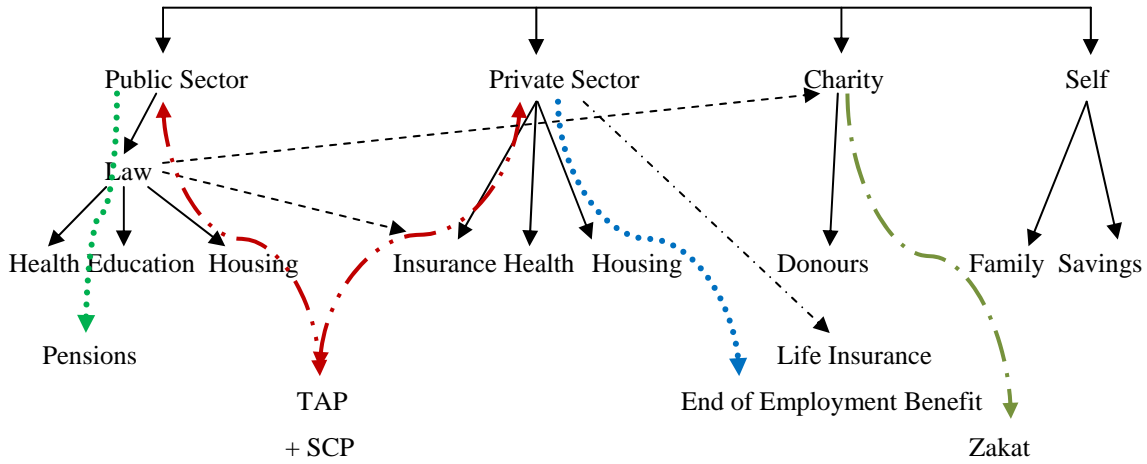
The schematic diagrams below (Figure 2) illustrate the social protection systems in Brunei Darussalam and their relationships. The public sector or the government of Brunei Darussalam is largely responsible for the social protection of the people of Brunei Darussalam. The government provides pensions, health care, education, housing, various allowances and subsidies to the entire population. Since 1993, new entrants to the public sector have been covered by the TAP scheme while those who were employed and confirmed in post prior to 1993 were the last cohorts of the public sector pension scheme.

Figure 2. Brunei Darussalam Social Protection Systems

a) Brunei Darussalam Social Protection Systems, by Groupings



b) Brunei Darussalam Social Protection Systems, by Sectors



Keys:

- ▶ direct relation
-▶ benefit for retirement
- - - -▶ end of employment benefit
- . . .▶ additional plan
- - - -▶ legality

The private sector, depending on company capabilities, provides insurance, healthcare and housing for those employed within it and their dependents. Large private sector companies also provide end of employment benefit to their employees. This arrangement still continues despite the compulsory introduction of the TAP on 1st January 1993 for the private sector.

In 2009, the government introduced an additional contributory scheme – SCP – that came into effect in January 2010. The private sector, through insurance companies or commercial banks, also provides life and/or social insurance to their customers under a wide variety of schemes at different premium rates.

Other pensions distributed by the government are administered by the Ministry of Culture, Youths and Sports. These are better known as social services schemes handled by the Department of Social Services and Community Affairs. The pension is set at B\$250 per month.

Other protection systems available in Brunei Darussalam can be classified under charity or self. Charity comprises voluntary contributions, in kind or money, from the public as well as voluntary associations. *Zakat* monies are in this category and further explanation can be found under *Miscellaneous*. Other charity donors include large private sector companies which may have divisions within their organizations to deal with their corporate social responsibilities, among which is their responsibility to give something back to the public or to the community. The “self” refers to personal savings or family financial means. This is related to the pooled resources of extended families, which may provide for the family members in need.

2.2. Education

Table 9. Brunei Darussalam Literacy Rates (1981, 1991 & 2001)

Literacy Rates for Ages 9 and above	1981	1991	2001
Total	80.3	89.2	93.7
Male	86.3	93.1	95.8
Female	73.3	84.7	91.5

Source: Brunei Darussalam Key Indicators 2009 (Brunei Government, 2009).

Table 10. Brunei Darussalam Literacy Rates (1991 & 2001)

Age Group	Males		Females		Total	
	1991	2001	1991	2001	1991	2001
9-14	96.7	99.6	96.6	99.6	99.6	99.6
15-19	98.9	99.4	98.7	99.4	98.8	99.4
20-24	97.4	98.4	97.5	98.5	97.5	98.5
25-29	96.9	97.4	96.0	97.8	96.5	97.6
30-34	96.1	96.8	94.4	96.7	95.4	96.8
35-39	95.9	96.8	89.5	95.4	93.1	96.1
40-44	94.6	96.5	77.0	93.9	87.1	95.3
45-49	90.0	96.7	57.2	90.1	75.9	93.6
50-54	84.0	94.9	39.3	76.8	63.1	86.2
55-59	72.4	90.2	24.4	55.2	48.0	73.7
60+	51.4	64.3	13.6	25.7	33.4	44.6

Source: Brunei Government Report on the 2001 Population Census (Brunei Government, 2003).

The government of Brunei Darussalam has regarded education as the backbone of national development since the establishment of its first national development plan.

The knowledge and skills acquired through education guide a person in future life. Tables 9 & 10 show Brunei Darussalam literacy rates for ages 9 and above. In 2001, the overall rate was 93.7%; the male literacy stood at 95.8% while the literacy rate for the females stood at 91.5%. The rates among the young population (age groups 9-14 and 15-19) are very high averaging more than 99% in 2001 due to the compulsory education system. Brunei Darussalam's bilingual education system established in 1986 has also equipped students with two basic languages, namely, the Malay Language and the English Language.

The relatively high literacy rate and emphasis on education policies within the country are expected to bring it to the same level as advanced economies in the near future. The government attaches great importance to education with the provision of free education at the primary and secondary level being available to all children, and full scholarships offered to children at the highest level of attainment. Expenditure on universal education in the country constitutes a major proportion of social expenditure. This has the expansion of education facilities and institutions. In total, there are 267 educational institutions in the country. Over the past three years, the country has been upgrading a number of its tertiary educational institutes to become universities. To date, three universities and a university college have been established in the country (Table 11).

Table 11. Brunei Darussalam: Educational Institutions

Institutions\ Numbers\Years	2006	2007	2008
Nursery/Kindergarten/Primary/Secondary	84	85	85
Pre-School/Primary	122	122	122
Pre-School/Primary/Secondary	1	1	1
Arab Preparatory	2	2	2
Arab Preparatory/Arab Secondary	3	3	3
Secondary	34	34	34
Technical/Vocational	12	13	13
Nursing	1	1	1
Religious Teacher College (College University)	1	1	1
Institute	1	1	1
University	2	3	3
Total	263	266	267

Source: Brunei Darussalam Key Indicators 2009 (Brunei Government, 2009).

2.3. Housing

Resettlement schemes have been implemented since the early years of the British Residential Administration. Upon acquiring lands from traditional powers and placing them under the central government administration, the administration started relocating the population. Among the earlier projects was the resettlement of the Kampong Ayer people on land in Kampong Anggerek Desa and Kampong Bengkurong. Later under the first National Development Plan, new villages were established as new settlements. Examples are Kampong Mata-Mata and Kampong Burong Pinggai.

Since the mid-1970s, the government has supported an ongoing housing program through the National Development Plan to encourage and support home ownership for all citizens. Since the mid-1980s, citizens of Brunei Darussalam have been eligible for the National Housing Schemes upon reaching the age of 18 although eligibility may depend on criteria such as family eligibility. As of 2000, interest-free home loans have been available to all citizens although this policy may change as the government reconsiders the sustainability of its oil-based economy. Two national housing schemes that should be mentioned are the landless citizen's scheme and the resettlement scheme. Formerly, these schemes were administered by the Land Department and the Housing Development Department, respectively. In recent years, however, both of these schemes have come under the auspices of the Housing Development Department and the development projects are under the National Development Plan. Low cost housings on state land with infrastructure fully subsidized by the government is allocated to low-income citizens on a 99-year lease while higher income citizens are provided with a plot of land at B\$13,000.00. The ownership is transferable to next of kin. Through the Landless Indigenous Citizens Housing Schemes, the government has constructed at least eight housing project sites to offer affordable, modern housing to low-income residents. From 1972–2009, over 6,000 new homes were built. More new houses would be completed in the near future to meet the vision 2035.

2.4. Health

Table 12 gives the numbers of medical and health institutions available in Brunei Darussalam. The decentralization of health services from centralized hospitals in each district into residential zones located in central villages as satellite centers catering to a

much larger public within their own vicinities has taken place. For example, services from the RIPAS hospital in the Brunei-Muara District have been transferred to such satellite centers.

Table 12. Brunei Darussalam: Health Institutions

Institution\Number	2006	2007	2008
Hospitals	5	5	5
Medical Centers	6	9	9
Health Centers	15	16	16
Health Clinics	27	26	26
Beds in hospital	1,063	1,068	1,122
Physicians	399	393	564
Dentists	75	81	82
Nurses	1,754	1,915	1,941
Pharmacists	41	42	45
Midwives	429	457	515
Population per Doctor	960	992	706

Source: Brunei Darussalam Key Indicators 2009 (Brunei Darussalam, 2009).

Brunei Darussalam has well-developed health facilities. A primary healthcare system is in place. Medical care in rural areas includes a “flying-doctor” service to the villages, outdoor clinics, and mobile dispensaries, while the capital has a large, modern hospital and a smaller modern one is located in each district in the country. The provision of universal health services to the population is seen as a priority for human development.

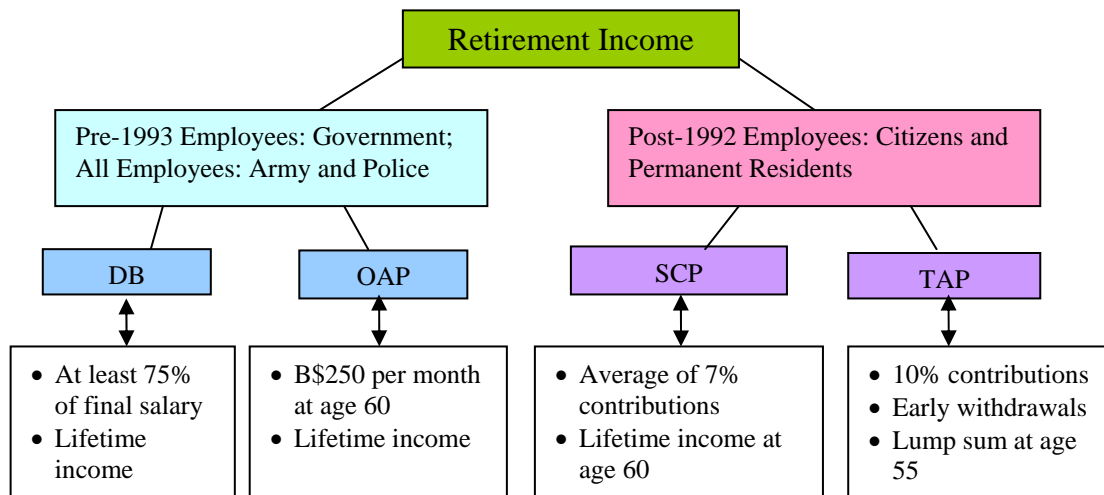
The quality of health and medical services is reflected in the life expectancy at birth of 78.2 and the death rate of 2.7 per 1,000 population in 2008. The virtually free immunization programs have resulted in positive health outcomes. Children are also given the basic WHO immunizations such as BCG, Rubella and Polio. Health and medical services are provided for all citizens and permanent residents at a highly subsidized minimal rate of B\$1 registration fee and B\$5 for foreigners. For example, vaccination against the H1N1 influenza is currently provided free to citizens and residents of Brunei Darussalam.

2.5. Retirement Schemes

Figure 3 illustrates how Brunei Darussalam plans retirement income for its economically active population. Pre-1993 Government employees and all Army and

Police personnel are eligible for the defined benefit (DB) plan and OAP (Old Age Pension), both of which provide lifetime income. In addition, the DB plan offers a partial lump sum withdrawal in exchange for a lower monthly income payment. These retirees should be able to continue to enjoy a similar standard of living in retirement that they enjoyed during their working years, as the DB plan, will pay at least 75% of final pre-retirement income during retirement. Upon reaching the age of 60, an additional monthly OAP will be received.

Figure 3. Brunei Darussalam: Retirement Income for Economically Active Population



Legend:

DB – direct benefit; OAP – old age pension; SCP – Supplementary Contribution Pension; TAP – Tabung Amanah Pekerja (Employee Trust Fund)

2.5.1. Direct Benefit

Based on the 1957 Pensions Act, (Chapter 38 - New Edition in 1984, Laws of Brunei Darussalam), the duration of service for government employee is up to the age of 55. This means that 55 years of age is the mandatory retirement age set by the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam. Civil servants are provided with retirement pensions or a reduced amount of pension plus gratuity, subject to the following conditions:

- Citizens and permanent residents of Brunei Darussalam;
- In permanent pensionable service;

- Served not less than 10 years;
- Appointment before 01 January 1993;
- Age 55 years.

Pension is a monthly financial provision after retirement. Eligible public service employees would be qualified to opt for either a pension or a reduced pension and gratuity. This Defined Benefit for the public sector is based on the following calculations (<http://www.jpa.gov.bn>).

1) A Pension:

$$\text{Pension} = [\text{Total service (months)} \times \text{Final Salary}] / 480 = \$ A \text{ per month}$$

2) A reduced pension and gratuity amount:

$$\text{Pension} = \frac{3}{4} \times \$ A \text{ per month}$$

$$\text{Gratuity} = \frac{1}{4} \times \$ A \times 15 \times 12 = \$ C \text{ in lump sum}$$

480 months or 40 years of service is the base of full pension using the minimum age of economically active population (15 years old). The gratuity is a lump sum pre-withdrawal from 15 years' pension. After 15 years of receiving a monthly reduced pension, retirees will be paid full pensions until death.

Public sector employees may also apply for early retirement with the following conditions:

- Minimum age of 50 years for male officers, or
- Minimum age of 45 years for female officers.

The calculations for their pension and gratuity remain the same. However, this is subject to government approval.

The public sector, the military, the police, public enterprises and large companies including commercial banks have their own social protection schemes for their employees. Public sector, military and police personnel continue to be on government pensionable schemes under their respective institutional arrangements with differing optional pension ages. Public and private enterprises have their own end of service arrangements. All have their own sets of regulations and policies.

Defined Benefit for private sector workers is based on the monthly contribution from the employer. The ratio and percentage are very much dependent on the size of the organization and its profitability. For example, banks usually contribute an amount

equivalent to 5% of their employee's salary in their End of Employment Benefit fund. This fund is internal to the organization and the amount is kept and invested by the organization. An employee can take out the accumulated fund in a lump sum once he or she resigns or retires.

2.5.2. Employee Trust Fund (TAP)

The local labor force is now provided with a mix of provident fund and employer liability legislation. Since 1993, the provident fund has been regulated by the Tabung Amanah Pekerja Act and Chapter 167 on employee trust funds and is under the responsibility of the Ministry of Finance. Both employers and employees make a contribution equivalent to 5% of the employee's salary.

By contrast, citizens and permanent residents not eligible for the DB plan will be covered by the OAP and TAP, which if converted to lifetime at age 55, would provide approximately 25% of pre-retirement income in retirement. It should be noted that, the final batch of pensionable government employees, excluding the military and police, will be 2032.

Table 13 illustrates the retirement benefits obtained with TAP contribution made by an employee at the age of 15 and at the lowest salary scale. With no dividend and no early withdrawals, the contributor would have accumulated about B\$38,678.00 at the age of 55. If the contributor keeps his or her TAP money in a bank savings account and takes out a monthly income of B\$161.16 for the next 20 years, using the age of 75 as average life span from birth, he or she is above the poverty line. (Using the international extreme poverty line of USD1 (B\$1.5) per day, a person must have an income at least B\$45-50 a month.)

At the 2008 dividend rate of 4.25 per annum, the employee will accumulate approximately B\$84,871.07 by the age of 55. If the amount is spread over the next 20 years, his or her monthly take-out will be about B\$353.63. But what would happen if the dividend rate fell to only 2% or there was no dividend at all? A TAP contributor would accumulate a far smaller amount than predicted. Furthermore, according to the TAP Act, retirees can withdraw their monies in one lump sum upon retirement at 55 and no revision has been made to extent the age of contribution to 60. Depending on the dividend, the amount barely covers housing loan repayments. Should the contributor

intend to maintain a monthly income of B\$400.00 for the next 15 years, he or she should maintain a savings of at least B\$27,000.00. Concerns about possibly insufficient monthly retirement income drove the government to introduce an additional scheme and increase the retirement age to 60 for TAP contributors earlier this year.

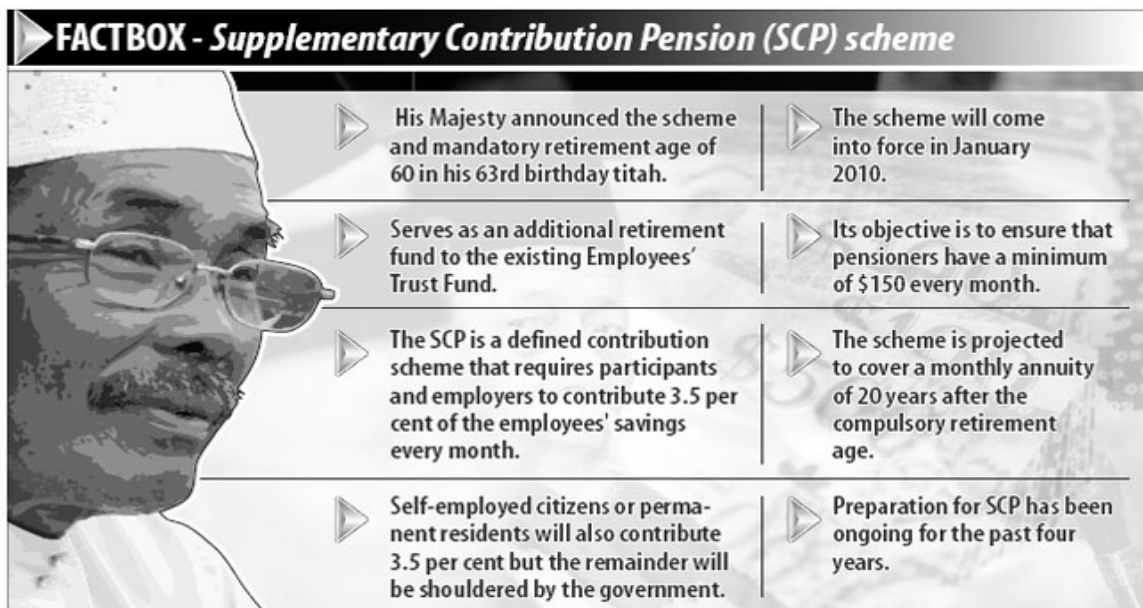
Table 13. Projected Accumulated TAP

Year	Age	Salary (B\$)	10% TAP(B\$)	Yearly (B\$)	Accum. (B\$)	2% div. (B\$)	4.25% div. (B\$)
1993	15	445	44.5	534	534	534.00	534.00
1994	16	455	45.5	546	1180	1090.68	1102.70
1995	17	465	46.5	558	1738	1670.49	1707.56
1996	18	475	47.5	570	2308	2273.90	2350.13
1997	19	495	49.5	594	2902	2913.38	3044.01
1998	20	505	50.5	606	3508	3577.65	3779.38
1999	21	515	51.5	618	4126	4267.20	4558.01
2000	22	525	52.5	630	4756	4982.55	5381.72
2001	23	550	55.0	660	5416	5742.20	6270.44
2002	24	560	56.0	672	6088	6529.04	7208.94
2003	25	570	57.0	684	6772	7343.62	8199.32
2004	26	580	58.0	696	7468	8186.49	9243.79
2005	27	590	59.0	708	8176	9058.22	10344.65
2006	28	745	74.5	894	9170	10133.39	11678.30
2007	29	760	76.0	912	10082	11248.06	13086.62
2008	30	775	77.5	930	11012	12403.02	14572.81
2009	31	790	79.0	948	11960	13599.08	16140.15
2010	32	805	80.5	966	12926	14837.06	17792.11
2011	33	820	82.0	984	13910	16117.80	19532.27
2012	34	835	83.5	1002	14912	17442.16	21364.39
2013	35	850	85.0	1020	15932	18811.00	23292.38
2014	36	865	86.5	1038	16970	20225.22	25320.31
2015	37	885	88.5	1062	18032	21691.72	27458.42
2016	38	905	90.5	1086	19118	23211.56	29711.40
2017	39	925	92.5	1110	20228	24785.79	32084.14
2018	40	945	94.5	1134	21362	26415.51	34581.71
2019	41	965	96.5	1158	22520	28101.82	37209.44
2020	42	985	98.5	1182	23702	29845.85	39972.84
2021	43	1005	100.5	1206	24908	31648.77	42877.68
2022	44	1025	102.5	1230	26138	33511.74	45929.98
2023	45	1045	104.5	1254	27392	35435.98	49136.01
2024	46	1045	104.5	1254	28646	37398.70	52478.29
2025	47	1045	104.5	1254	29900	39400.67	55962.62
2026	48	1045	104.5	1254	31154	41442.69	59595.03
2027	49	1045	104.5	1254	32408	43525.54	63381.81
2028	50	1045	104.5	1254	33662	45650.05	67329.54
2029	51	1045	104.5	1254	34916	47817.05	71445.05
2030	52	1045	104.5	1254	36170	50027.39	75735.46
2031	53	1045	104.5	1254	37424	52281.94	80208.22
2032	54	1045	104.5	1254	38678	54581.58	84871.07
Retirement at 55			55 - 59	Retaining 100%	161.16/mth	227.42/mth	353.63/mth
			60 - 75	+ OAP	411.16/mth	477.42/mth	603.63/mth

In addition to this government-initiated provident fund, most large companies in the private sector continue to have their own end-of-service benefits schemes. Sickness and maternity benefits are considered to be an employer's liability under which private sector employers are obliged to pay the medical costs incurred in government hospitals for treatment of their non-local employees. Work injury is an employer's liability and the employee, or the dependants, are paid a lump sum equal to 48 months of wages up to a maximum of B\$ 9,600 and an additional 25% if the employee requires the around-the-clock care.

2.5.3. *Supplementary Contribution Pension (SCP)*

Figure 4. Brunei Darussalam: Supplementary Contribution Pension



Source: Brunei Times, Dec 3 2009.

The Supplementary Contribution Pension (SCP) was designed to mandate additional savings, supported by employers who will match employees' contribution in order to raise the retirement income to about 50% of average pre-retirement levels, which is considered to be a suitable target for retirees. The SCP scheme is also open to self-employed persons. Figure 4 summarizes the SCP scheme.

The SCP scheme requires an additional contribution of 3.5% from the employee to be made. Employers are obliged to match this sum. The SCP scheme contribution

should amount to 7%. If the employee's contribution is below B\$17.50, the government will make up the difference. In the case of a self-employed person, he or she contributes 3.5% while the government will shoulder the additional 3.5%. This addition would ensure a retiree a benefit of at least B\$400 per month upon reaching the age of 60. As calculated earlier, the contributor has to accumulate at least B\$27,000 before he or she retires in order that he or she receives the intended monthly income for 15 years.

TAP scheme members will withdraw their TAP savings in the form of a lump sum once they retire, as opposed to the SCP scheme where retirees can only receive their monthly annuity as lifetime income. The investment of the fund monies is fully managed by the Department of TAP, under the Ministry of Finance.

2.4.4. Old Age Pension

The provisions for old age are the laws relating to Old Age, Disability and Survivorship passed in 1955 and updated in 1992. There is a universal pension of B\$250 payable to citizens at the age of 60. This scheme is administered by the Department of Community Development of the Ministry of Culture, Youth, and Sports. Table 14 shows the number of recipients, both citizens and permanent residents, 60 years of age and above between 2006 and 2009. Last year alone, there were 19,757 recipients. Over this three-year period, the number of old age pension recipients has increased by about 6%. Thanks to modern technology and medicine, the population enjoys a healthier and more secured old age. Currently, the government spends more than B\$4 million per month on old age pension.

Table 14. Brunei Darussalam Ministry of Culture, Youth and Sports Schemes – Old Age Pension

	2006	2007	2008	2009
No. of recipients	16,576	17,698	18,644	19,757
% of increase	n.a.	6.8	5.3	6.0
Total Expenditure	B\$4,144,000.00	B\$4,424,500.00	B\$4,661,000.00	B\$4,939,250.00

Source: Ministry of Culture, Youths & Sports.

Other pension schemes managed by the Ministry of Culture, Youths and Sports are pensions for the blind, widows and orphans, and the disabled. The schemes are in place and enjoyed by many Bruneians despite not having to make any contribution to the scheme. The schemes which originally paid B\$20 per month in 1957 now pay B\$250 a month to all eligible Bruneians. The pension is a flat monthly allowance. These allowances are not automatic. A person requiring any of these allowances must apply for them directly. Access to any of these pension types can only be gained after successful application to the Department of Community Development.

2.6. Miscellaneous

Another government-initiated welfare organization set up to assist those in financial need is the Brunei Islamic Council under the Ministry of Religious Affairs. This council collects *zakat* paid by all Muslims annually and distributes these alms to eight *asnafs* or beneficiaries stipulated by the Islamic teachings.

According to the teachings of Islam, every Muslim is required to pay two kinds of taxation, firstly, *zakat fitrah* or tithe of about B\$3 annually during the month of Ramadan and, secondly, *zakat harta* or property tax of 2.5% on their savings, goods or property kept untouched for a year. Last year 2009 at the command of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, the *zakat* monies kept in Baitulmal (money house or bank) were distributed and a number of *AlGarimin* or debtors were selected as recipients of these funds.

The Sultan Haji Hassanal Bolkiah Foundation is another organization providing funds for education, housing and other facilities and services for underprivileged people in the country. Applications are considered on a case by case basis and awards are decided upon by its committee. Another foundation to cater for orphans is the Dana DPMM Al-Muhtadee Billah. These organizations are operated independently.

Other arrangements are made by the private individual and the private sector. Private insurance companies provide protection over and above the state provided protection. Commercial banks in the country also provide insurance coverage for their customers. In addition, the local private sector has also established corporate social responsibility sections or foundations. These institutions have been active in cleaning

campaigns, tree planting campaigns, and other environmental issues. It is recommended that further study into this additional social support system be carried out.

Informal protection is still provided by family institutions in Brunei Darussalam. Parents and family members still support their grown-up or married children/family members who are unemployed. In exchange, unemployed family members normally assist the family by doing house work or taking care of children or aged family members. This system of extended family assistance should also be studied further in order to determine the reasons behind its deterioration over the years.

3. Challenges

Existing social protection schemes in place in Brunei Darussalam are very limited and can be characterized by the following challenges:

3.1. Coverage of Social Protection Schemes

First, the current labor force is covered by social safety nets, particularly pensions and health care (in contrast to high income countries which also cover long term care and unemployment). Health services are provided free or at heavily subsidized rates. For foreign workers, employers must purchase a worker's insurance as a social safety net. Expatriate officers under 3-year employment contracts are given a gratuity at their end of contract and provided with free passage to-and-from their place of domicile. Expatriate workers on two-year contracts, upon completion, are normally provided with a free passage home to their place of domicile. Before employment, workers should undergo a medical check-up. Provided the results of the check-up are satisfactory, an employment visa will be issued by the Labor Department.

The Government gives a variety of allowances to its employees – for instance, a subsistence allowance of B\$100, and another special subsistence allowance of B\$150, making public sector employment appear more secured and attractive than private sector employment. The government policy of replacing the non-contributory pension scheme for public sector employees with the contributory TAP scheme and extending

the scheme to all workers in both the public and private sectors has led to greater employment mobility of the local labor force.

It should be noted however that this coverage does not cover certain groups of people. For instance, unemployed people are excluded from the scheme and as previously mentioned, no unemployment benefit scheme exists in Brunei Darussalam. Job seekers often do not even possess the means to pay for transportation to job interviews, photocopy their certificates and qualifications, to print out letters of application, to purchase newspapers, or even to access the Internet to search for job opportunities. Due to inflation, the cost of goods and services has increased. Without any means or support from their families, the unemployed might be unemployed for a considerable length of time.

The second important group comprises divorcees, widows/widowers, single parents, orphans, the abused and the disabled. Without adequate education, government allowances or food and shelter, these people are at risk of becoming displaced in society. If they are still young adults, they may be in a better position to find employment although this situation might well change once they reach their late forties or above and job opportunities become scarcer.

The existing and new coverage of TAP and SCP schemes does not extend to retired workers who were once under the government Open Vote and Daily Paid categories with retirement at 50 or 55 before the TAP and SCP schemes were introduced. (These categories can be found in Table 6.) They were entitled to neither a gratuity nor a pension. If they retire at 55, they must wait until they reach the age of 60 in order to be eligible for an old age pension. This means that there will be a gap of 5 years between the ages of 55 and 60, during which time they may have to find some kind of livelihood.

Older people without families or those whose families, including their own children, refuse to take care of them are currently offered little state protection. Similarly, coverage for victims of domestic violence/abuse is still limited despite the existence of widows' pensions and orphans protection schemes in the country. Homes are being built to meet the housing needs of such people through programs put in place by the Department of Community Development, Ministry of Culture, Youth and Sports, or collaborative efforts from all sectors.

3.2. Adequacy and Sustainability of Benefits

Adequacy and sustainability of benefits requires careful and proper planning, in terms of individual, family, community or organization. Employees approaching retirement should be given access to retirement programs which included asset management or fund management. These programs should help them avoid the prospect of being trapped in poverty. Continual revision of the Old Age Pension and related schemes taking into consideration of current inflation should be carried out by the government.

At present the government provides health care and education services free of charge. The focus here should be on the financial and fiscal sustainability of such existing schemes. In the case of social pensions and social assistance, effective delivery of benefits and their fiscal sustainability remain important issues for beneficiary satisfaction. Being fully sponsored by the government coffers, which are dependent on oil and gas revenues; when GDP growth encounters problems, alternative financing may be needed for these schemes. Moving from non-contributory to contributory schemes reduces the strain on government budget and spending. Should the country introduce income tax or property taxation in the future? Should the city tax be based on the Islamic *zakat harta* or property tax at 2.5% of the property value (the value being calculated annually at the end of the year of possession of the property)?

Being highly dependent on the government, complete economic diversification is yet to be attained. Still too dependent on government schemes – government initiatives includes TAP, SCP, amongst others, - the people should be regularly updated on government's vision and encouraged to be fully involved and participate in the country's development. The government formulates all laws and policies related to every aspect of people's lives within the country. This includes the investment of all trust fund monies. The investment portfolio of the two schemes, however, requires transparency.

Old age and disability pensions are governed by the 1955 (Old-Age and Disability Pensions), amended in 1984 (Universal Pension Amendment). This pension is not considered to be adequate. If an elderly person suffers an acute stroke and is either partially or completely paralyzed or bedridden, they will require such items as adult diapers, soap, wheelchair, nursing care, special food, medications and so forth. I was

informed that only one type of pension is given, either for the disabled or for the elderly. If the amount is insufficient to cover all the necessities, one can submit a written application for additional allowances and all applications are dealt with on a case-by-case basis, although there is no guarantee that an application will be successful.

Local youth unemployment may be due to an inability on the part of young people to meet the entry requirements of the local universities and higher institutions of learning, or to a lack of funds or access to scholarships to continue education at private institutions. Scholarships are only available for study at local government institutions and are not available for study at private institutions. An alternative option for these people would be to become self-employed. Of course, being self-employed does not guarantee financial security and may result in a somewhat 'hand-to-mouth' existence. Current local labor regulations do not assist local farmers and self-employed locals. A substantial number of foreign-operated companies, shops and stores employing foreign labor have contributed to the failure of local small and medium enterprises.

3.3. Management

Governance and management involves the extent to which provident and pension funds and other social security organizations are able to perform the core functions and adopt new technologies. The core functions are to ensure that laws and regulations are adhered to; to ensure the reliable and accurate collection of contributions/taxes and other receipts; and to make correct payments of benefits for each of the schemes without any discrepancies. In the case of pre-retirement loans, the management ensures their timely repayment. Under the TAP scheme, employers would be legally charged 1.5% or at least B\$10 per month for late payment or miss-payment of contribution to an employee's TAP. Section 6(1) of the Emergency Order of 1992 (TAP) provides the investment guidelines for the fund. The agency in charge should also secure financial management and productive investment of provident and pension funds assets. This aspect can be seen from the TAP and the *Zakat* monies. These assets are invested both locally and abroad to gain maximum returns. However, their activities are not transparent and not made known neither to the contributors nor to the public. They do not reveal their sources of funding nor where the TAP monies have been invested. Only

annual financial statements are sent to contributors. Last year, TAP recorded no dividend for its contributors.

The management of resources for social protection in Brunei Darussalam is fragmented among various ministries, departments and organizations. This management is in question. The criteria of eligibility to certain resources provided by the government are also being questioned as is committee membership and procedures related to allocation and selection. The recent distribution of *Zakat* funds to *AlGarimin* or debtors, for instance, also encountered criticisms by the public.

With the country's economy experiencing a deficit, future financing of social protection arrangements is uncertain. Provident fund beneficiaries would be taken care of by the new arrangements. Other groups may fare less well until the economy recovers, a recovery which depends on current revenues and investments.

The government bears ultimate responsibility for social protection. Transparency in the management of employees' assets could encourage and enhance participation by contributors. Trust between the management and the contributors would be strengthened since contributors would know where their retirement savings are invested and the rates of returns they are likely to obtain. The country still needs to review its present systems and consider what policy changes are necessary to implement better social security protection provisions in the future.

The most important challenge for Brunei Darussalam is to sustain its distributive policy. From where will future sources of government revenue come apart from revenue from its oil and gas or investments? To ensure sustainability of the social protection system, more emphasis should be attached to contributions from the individual and his or her family members rather than contributions made by the organization where he or she is employed.

4. Policy Recommendations and Conclusion

4.1. Conclusion

In recent years, Brunei Darussalam has attempted to expand its social protection system to encompass not only the formal sector but also the informal sector. It has, over

the years since its first national development plan, attached great importance to the basic needs of the people of Brunei Darussalam. The government has successfully and continuously implemented policies designed to bring the standards of living of the people in line with those in developed nations. The Millennium Development Goals for example have been long attained. The government ensures compulsory and inclusive provision of education, health care, housing, old age pensions and pensions for the disadvantaged and disabled.

By shifting from a non-contributory pension system for government employees entering into service as at 1st January 1993 to a defined contribution scheme covering both the public and the private sector employees, policymakers have already taken step toward a sustainable social security system for the Brunei Darussalam working population. This also ensures the population mobility in the labor force.

However, the existing social protection system in place in Brunei Darussalam is very limited and characterized by:

- coverage which is limited to a proportion of the formal sector labor force;
- focused mainly on old age protection at 60 and above;
- amounts which are insufficient to cover the basic necessities of the disabled, sick and the elderly (multiple); and,
- fragmented administration rather than coordinated management between various ministries, departments and organizations providing the protection.

The above also highlights the main challenges to the existing social protection system in Brunei Darussalam.

- There is a need to review the needs and rights of the informal sector as well as the formal one. The need for necessities like infrastructure such as public transportation, employment opportunities, and educational opportunities, should be given priority.
- The focus on old age pension at 60 and above began in 1959 but this was solely based on a healthy elderly person. The increase in the number of old age with diseases such as diabetes, high blood pressure, and heart problems should be reviewed as the cost of healthcare, food and other care is very high.

- The closing of the gap between retirement age at 55 and old age pension at 60 ensures the population to continue working and saving for their retirement or old age. More defined contribution schemes should be introduced to cover all sectors of the population through voluntary contributions and participation.
- The management of the funds should be made more transparent, independent and autonomous. In addition, contributors should be informed and given a choice of where they want the agency to invest under a signed *akad* or agreement.

4.2. Future Policy Directions

Although the government of Brunei Darussalam has undertaken measures to enhance the social protection of its people, there are limitations. Existing policies should be regularly reviewed and revised to ensure that implementation meets objectives and targets. Similarly, those governing the family institution should also be reviewed. The family institution should be strengthened and those with extended families should be applauded. Their roles and functions surpass those of other institutions. Concessions and incentives to support this mechanism should be promoted and enhanced. Local social or cultural value system should be enhanced. This is in line with the MIB philosophy of the country.

Financial management is another important tool to ensure that savings for retirement are managed to the fullest extent, and fruits of the harvest shared among contributors. This entails full guarantees by government. Islamic banking and finance could be explored to find the best means of management of such finance.

An independent organization, jointly sponsored by both the government and private sector, should manage a national social protection system to ensure coverage and adequacy with no overlaps. Expertise and guarantee in investment portfolio is a must.

In relation to finance, where will future finance come from? The government has had a diversification policy since the 1980s. The aim of the diversification was to ensure that the economy did not concentrate on the oil and gas sector but also on agriculture, tourism, and manufacturing sectors. Another financing option would be the collection of 2.5% tax of the value of people's property based on the Islamic *Zakat harta* or property taxation. These ideas should be further explored.

Other forms of non-monetary social protection should also be explored in the planning for each person's own future and their next generation. To ensure sustainability of the social protection system, contributions from the individual and his/her family members, could be an option, avoiding over-reliance on the organization where one is employed. A holistic yet integrated approach, bringing the private sector, civil society and the public sector together hand in hand, to meeting Brunei Darussalam's vision 2035 as outlined in the strategies should also be looked into.

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