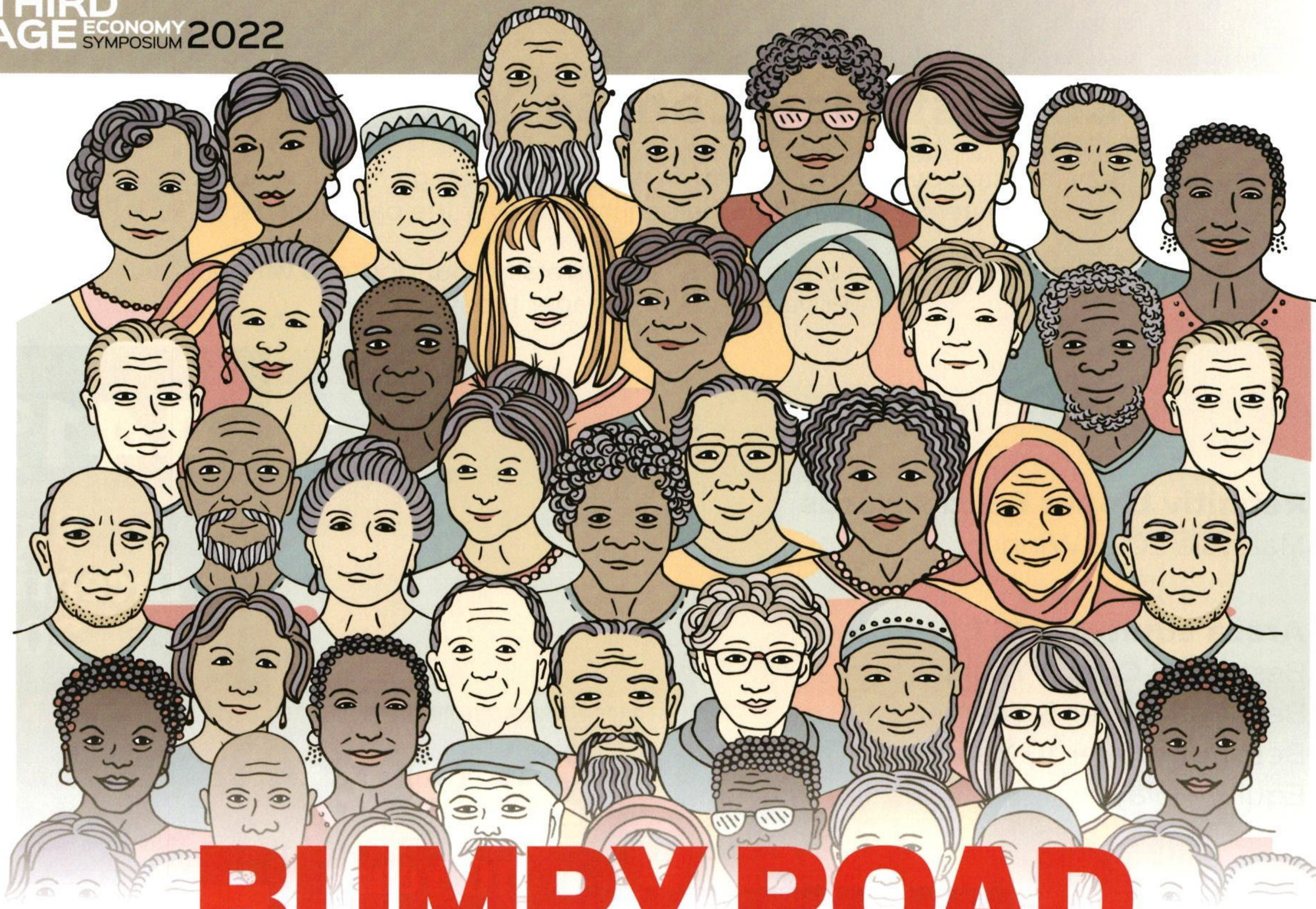




BUMPY ROAD AHEAD

Malaysia's population is ageing, with 14% expected to be above 65 years by 2044. The consensus view is that the country is not responding quickly enough to this trend.

BY KUEK SER KWANG ZHE

Malaysia needs to start preparing to become an aged society by 2044 when 14% of its population will be aged 65 and above. The percentage will rise to 20% in another 12 years, according to the World Bank, which will make the country a super-aged nation like Japan in 2056.

Without proper facilities and aged care services accessible to the masses, many senior citizens could be left to fend for themselves. The burden of caring for the elderly could end up being borne by the next generation, which is shrinking in proportion, or by the public healthcare sector and taxpayers.

The good news is that Malaysia still has the runway to transition to a super-aged nation. The bad news, however, is that our country is falling behind in preparation, according to industry players and experts.

Fong Muntoh, chief operating officer at nursing home operator Jasper Lodge, says there are about 1,700 aged care centres in the country, with 15 publicly run and funded. Based on his observation, this brings the total to 40,000 beds for the elderly, catering to only 10% of market demand.

"There are 360,000 more elderly people who need to be taken care of [by third-party service providers]. And this is just a conservative estimate," he adds.

He points out that these are elderly people who are medically, physically or mentally unfit and need a trained caregiver or nurse to take care of their medical needs or daily activities.



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Most of these aged care centres are not registered with the Department of Social Welfare (otherwise known as JKM) and do not possess the necessary licences and certificates, including a licence from the local council and a fire certificate issued by the Fire and Rescue Department. This could potentially threaten the safety of the seniors living at those centres, says Fong.

"The issue with aged care centres is that the licences are hard to obtain," he adds. Moreover, the licence application process is lengthy and time-consuming.

The affordability of the services at the aged care centres is another issue that families and the elderly face, especially those living in the city centre, says Dr Lim Geng Yan, CEO of Jasper Healthcare Group. Jasper Healthcare is a senior care group comprising several entities, including Jasper Lodge and Pillar, a provider of home care services.

Lim, also a director of LYC Healthcare Bhd, says the cost of building a quality 100-bed aged care centre in urban areas, such as Petaling Jaya, is about RM60 million, which translates to RM600,000 per bed. This includes the cost of land, building, furniture and all other necessary expenses.

"So, how can they charge, let's say, RM500 per month to provide aged care services? They won't get back their money, and nobody will invest. The operator has to charge a higher fee. Thus, only the affluent can afford it," he says.

The rising inflation that is happening globally has compounded the issue of affordability. For instance, nursing homes under Jasper Lodge recently had to raise their prices by about 10%

as inflation reared its ugly head. "The price increase affects those who are paying for nursing home services," says Lim.

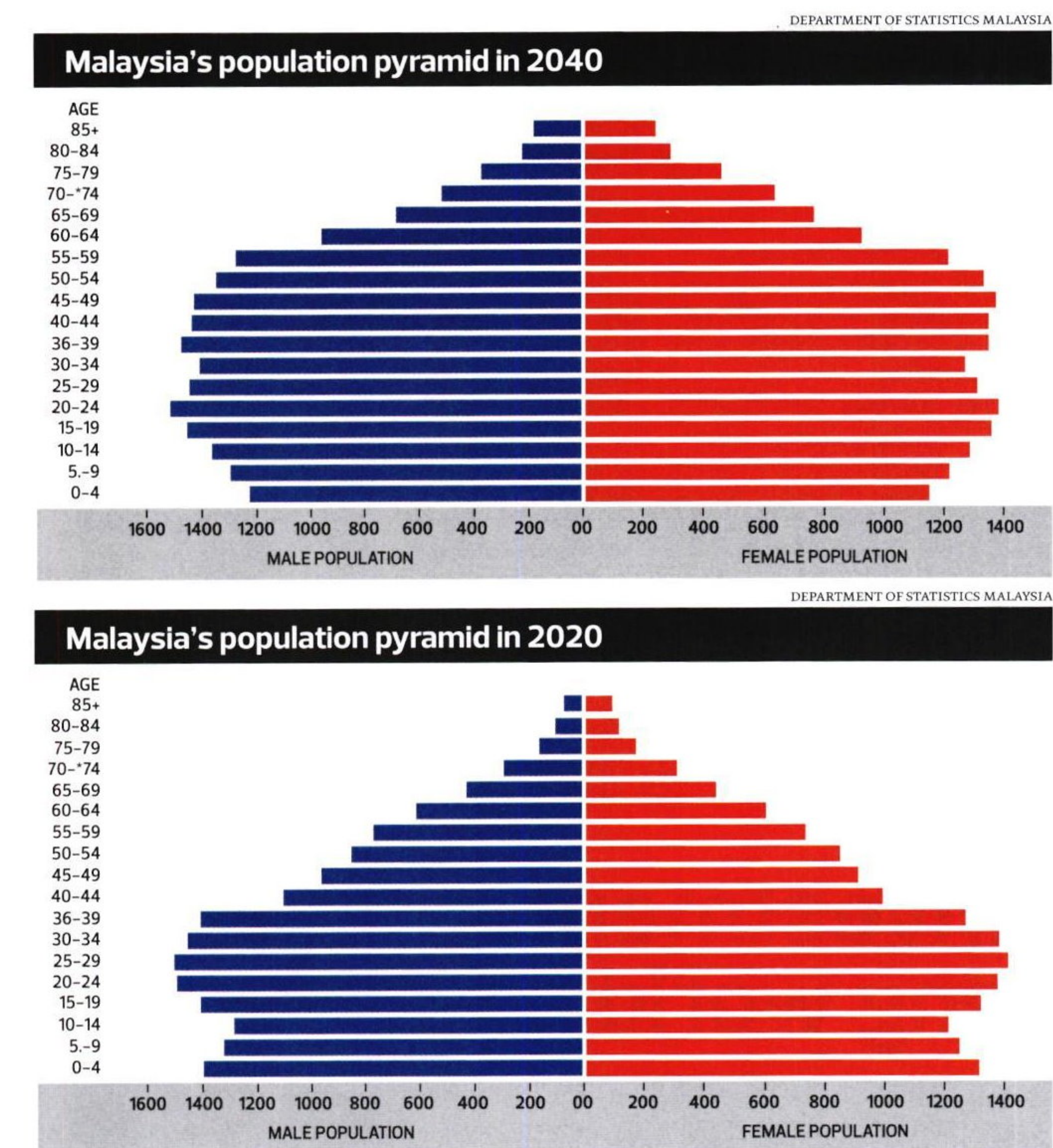
Yet, Fong says people need to understand that the operators of aged care centres and nursing homes mostly earn single-digit profit margins, at about 7% in general. Most of the extra charges tend to go to the caregivers, who are paid RM2,000 to RM2,500 per month. Skilled nurses are paid more.

The lack of retirement savings is of no help to the overall situation, says Lee Heng Guie, executive director at the Associated Chinese Chambers of Commerce and Industry of Malaysia's (ACCCIM) Socio-Economic Research Centre.

"Malaysians are generally not financially prepared to ensure that quality of life is kept at a satisfactory level when they retire and exit the workforce. The increasing healthcare and aged-care-related expenses will eat into their life savings," he adds. According to data provided by the Employees Provident Fund (EPF), almost 60% of retirees use up their savings within three years of leaving the workforce, Lee points out.

At the time of writing, there is little to no subsidies being provided to senior citizens for aged-care-related expenses, according to industry players. Sunway University Business School economics professor Dr Yeah Kim Leng says the bottom 40% income group (B40) will bear the brunt of financial issues if this persists over the next two decades.

"The impact [of an aged nation] is easier for developed countries like Japan and Singapore to manage as they are wealthier and can



allocate funds to build aged care facilities to protect the elderly. But in developing countries like ours, if one doesn't get rich before he gets old, the situation will be much more challenging," he adds.

PRIVATE PLAYERS FILLING THE GAP

Yeah says what is encouraging is that private sector players are increasingly investing and getting involved in the provision of senior living facilities. This is despite the trend being in its early stage and the services provided by these developers tend to come at a higher price.

According to a news report in the *City & Country* pullout of *The Edge* in April last year, there are at least seven senior living facilities in the country. The seven are Eden on the Park (Sarawak), GreenAcres (Perak), Ara Greens, The Parque@Eco Sanctuary, Tuai Residence, Green Leaf and Rei Seraya (Selangor).

In October last year, Tan & Tan Developments Bhd, a wholly-owned subsidiary of IGB Bhd, signed an agreement with Meaningfull Life Sdn Bhd to set up a joint-venture company called ReU Living Sdn Bhd to operate convalescent/post-hospitalisation services and senior living facilities.

Sunway Medical Centre will house the independent and assisted living block in Tower D to cater for the elderly. The facility will be fully equipped with senior-friendly features and assistive technology for the disabled, elderly and frail, according to its website.

On July 28, Jasper Healthcare inked a memorandum of understanding (MoU) with Penang-based developer Jayamas Property Group (JPG) to offer assisted living care services via JPG's The Bagan Suite in Taman Bagan, Butterworth.

Sunway University's Yeah says the government and private players will need to make these services more affordable, otherwise the burden will eventually shift to the public healthcare system. "The higher-income group can pay for such services, but more importance should be placed on the masses, mainly those from the B40."

Jasper's Lim says those at the lower rung of the M40 group will also find it challenging to access aged care services if the current situation persists. He notes that the upper M40 group is being served by some players, such as Jasper Lodge, that charge between RM3,000 and RM8,000 per month, depending on the services provided. Their clients tend to be managers of companies and owners of small and medium enterprises. But those from the lower M40 group are underserved.

"To a certain extent, the B40 still can access the aged care services provided by the government and NGOs (non-governmental organisations). I would say the lower M40 group is a bit worse off than the B40. They are kind of like being neglected," he says.

Lim says lowering its fees to serve the upper rung of the M40 is already a challenging task and Jasper Lodge is constantly looking for ways to bring down costs. These include leasing the land for its aged care centre instead of buying it. One could also use prefabricated materials to build the centre and adopt technology to run it more efficiently, he adds.

THINGS THAT CAN BE DONE

Yeah says the government should start paying attention as soon as possible, including exploring the possibility of allocating funds to support the aged care industry. "The liability [of an aged society] will rise. The government should start preparing early to avoid a cliff-like effect when it suddenly has to spend so much on the elderly."

The government and private sector, he adds, should work together to provide more aged care services to the masses at affordable prices. "A part of the government budget should be allocated to building affordable aged care centres or senior living facilities, just like how funds are being channelled to build affordable houses for the public."

All this should be done under a master plan or blueprint formulated by the government to let private sector players know how they can address market gaps and work



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As Malaysia moves closer to becoming an aged nation, this model is unsustainable. Multigenerational living is on the decline, which means more elderly will not have family members to rely on for care. Furthermore, most of the caregiving responsibilities are usually borne by women, who likely already bear childcare responsibilities."

> Lee



with the government to develop the industry. "We must also enhance the legal and regulatory framework that governs the [aged care] sector. We can learn from developed nations on how they build and run aged care centres. Without regulations, you will hear horror stories of abuses, scams and rundown facilities," says Yeah.

"Unregulated centres have been set up by concerned citizens. But there can be abuses and deterioration in the living conditions of the elderly. These centres rely on donations and can run out of funds. The elderly who live there could be worse off [than staying at home]. And that creates a whole new set of problems for society."

He adds that better financial literacy and the promotion of the healthy ageing concept play an important role in helping the nation better prepare for the future.

Lee Min Hui, public policy analyst at the Institute of Strategic and International Studies Malaysia (ISIS), concurs. She says Malaysia needs a comprehensive action plan and strategy on ageing that is universal, broadly accessible, sustainable and affordable.

"There are already so many policy examples from developed countries that Malaysia can use to guide its approach. For instance, Japan's system is predicated on shifting caring responsibilities from individual and family to society. Whereas in Singapore, the focus is on 'ageing in place' and community, or home-based care where individuals or families remain the primary unit of care supported by the government. Malaysia can benefit from adopting a mix of both methods to ensure everyone is eligible to receive at least a baseline level of care," says Lee.

Today, Malaysia's primary model of care for the elderly remains largely informal, she adds, with family members taking up the bulk of aged care work on an unpaid basis.

"As Malaysia moves closer to becoming an aged nation, this model is unsustainable. Multigenerational living is on the decline, which means more elderly will not have family members to rely on for care."

"Furthermore, most of the caregiving responsibilities are usually borne by women, who likely already bear childcare responsibilities. Aged care in itself is a complex task and usually takes a physical and mental toll on caregivers."

Lee says the consequences of the country being unprepared to deal with an aged nation is dire, with a dampening effect on women's labour force participation. "This is something the country can ill afford as the nation's workforce dwindles due to ageing."

The aged care industry itself can contribute to the country's long-term economic growth if it is planned well and ahead by the government. "However, policymakers need to keep in mind the complexities of ageing, which makes it important to be addressed from all angles, including from a well-being, preventive healthcare, disability and active ageing perspective," she says.

Jasper Lodge's Fong says that on the ground, the government can streamline the licensing process for aged care centres so they can be set up more easily. "The government can gazette parcels of land for them in specific areas."

The manpower issue needs to be addressed, which means opening the sector to foreign aged care workers. "We stopped importing foreign caregivers in 2009 as the government wanted such services to be performed by locals," he says.

"After that, they [the government] started running [caregiving] courses. But very few people took up the courses. Among them were women in their fifties or sixties who wanted to learn to take care of their parents. The younger ones do not take the courses. They would rather take a nursing course and find a job in the Middle East."