IN 20 YEARS' TIME

DECLINING BIRTHS A LOOMING LABOUR PAIN

Shrinking workforce will put serious strain on ageing population, warns economist

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MALAYSIA'S labour market is set to face "severe challenges" in 20 years if the downward trend in birth rates continues in an already ageing population, said an economist.

Universiti Malaya's Faculty of Business and Economics Associate Professor Dr Tey Nai Peng said the country could begin to feel the impact of this imbalance within 10 to 15 years.

By then, there will be more people aged 60 and above than those aged 18 to 59, a situation the associate professor in business and economics described as "alarming".

Birth rates have been on a consistent downward trajectory since the 1960s, falling below replacement level in 2013.

Between 2000 and 2023, live births dropped from 537,853 to 455,761. This year, the number of live births per quarter hit a record low — well below the 100,000 mark.

According to Statistics Department data, there were only 93,500 live births in the first quarter of this year, compared with the 105,613 in the corresponding period a year ago.

"With a shrinking working-age population, the demand for workers in critical sectors such as healthcare, eldercare, manufacturing and agriculture will intensify, leading to an even greater reliance on foreign labour.

"This demographic imbalance will further weaken inter-generational support structures, placing an escalating burden on the shrinking working population. This burden includes healthcare and pension costs skyrocketing amid a shrinking taxbase.

"While extending the retirement age from 60 to 65 may offer a temporary reprieve, the fundamental issue remains: fewer working-age individuals will be available to support a burgeoning older population."

> *This is compounded by the income insecurity due to job precarity for employees and irregular income for the self-employed. Beyond costs, there is the growing embrace of individualism and changing lifestyle preferences.*
>
> **ASSOCIATE PROFESSOR DR TEY NAI PENG**
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Tey said starting a family can be daunting due to the escalating cost of living, combined with stagnant wages.

"This is compounded by the income insecurity due to job precarity for employees and irregular income for the self-employed.

"Beyond costs, there is the growing embrace of individualism and changing lifestyle preferences."

He said the dwindling birthrate was more pronounced in urban areas, where housing costs consumed a disproportionately large share of household income, leaving little for essential childcare, education and other child-related expenditures.

"Societal pressure for quality education, including private tuition and enrichment activities, further exacerbates financial strain.

"While the government offers a tax rebate of up to RM3,000 per child per year for childcare fees, and companies provide subsidies or workplace childcare, these measures are often insufficient to offset the overall burden."

THE WAY FORWARD

To help reverse the situation, Tey said government policies must support young adults to have more children.

He pointed out that existing initiatives such as Bantuan Warga Emas (elderly assistance), healthcare subsidies, as well as various preferential discounts, were predominantly targeted at older adults.

"In stark contrast, family support policies remain fragmented and often modest in their scope and impact. While housing affordability programmes, childcare support and family-friendly employment policies exist, they receive considerably less attention and investment relative to the magnitude of the fertility challenge."

However, Tey said, money alone would not solve the issue.

While countries like Singapore, South Korea and Japan invest billions in pro-natalist polices, they persistently have low fertility rates.

This is because of deeply entrenched gender norms, intense work pressures and highly competitive educational environments that undermine efforts to encourage larger families.

In contrast, France and Sweden have achieved relatively higher fertility rates thanks to comprehensive and long-standing family support systems, deeply ingrained gender-equal policies and robust work-life balance initiatives.

He said Malaysia could take a leaf out of the book of European countries by increasing parental leave, providing childcare subsidies, encouraging flexible work arrangements and providing tax relief for families.

Universiti Putra Malaysia Associate Professor in economics Dr Ida Md Yasin echoed Tey's concern.

"For example, South Korea and Japan are among those ageing nations. In Japan, their productivity is impacted because fewer young people are working.

"If you go to a fast-food restaurant there, the one serving you is an elderly person because there is a lack of young people," she said, adding that those nations had implemented immigrant-friendly policies due to a lack of talent.

"If we are not careful, then we will end up like Japan at the end of the day."

TABLE 1: LIVE BIRTHS 2024 AND 2025 (PRELIMINARY DATA)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024	Q1 2025
Johor	12,831	12,207	12,796	13,103	50,937	11,522
Kedah	7,977	7,330	7,651	7,616	30,574	6,996
Kelantan	8,246	7,734	7,808	8,025	31,813	7,190
Melaka	3,196	2,990	3,053	3,277	12,516	2,737
Negri Sembilan	3,767	3,565	3,665	3,682	14,679	3,462
Pahang	5,519	5,309	5,340	5,297	21,465	4,693
Perak	7,013	6,802	6,853	6,932	27,600	6,191
Perlis	895	863	932	876	3,566	788
Pulau Pinang	4,594	4,407	4,560	4,599	18,160	3,974
Sabah	10,592	10,347	10,470	10,584	41,993	9,478
Sarawak	7,642	7,166	7,642	7,761	30,211	6,847
Selangor	20,438	19,637	20,032	20,202	80,309	18,254
Terengganu	6,243	5,640	5,894	5,906	23,683	5,366
W.P. Kuala Lumpur	5,941	5,689	5,908	6,158	23,696	5,383
W.P. Labuan	324	315	333	335	1,307	278
W.P. Putrajaya	395	382	423	379	1,579	351
MALAYSIA	**105,613**	**100,383**	**103,360**	**104,732**	**414,088**	**93,500**

Note: Based on birth registration from National Registration Department
Source: Department of Statistics Malaysia

TABLE 2: CRUDE BIRTH RATE PER 1,000 POPULATION 2024 AND 2025 (PRELIMINARY DATA)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024	Q1 2025
Johor	3.1	2.9	3.1	3.1	12.2	2.7
Kedah	3.6	3.3	3.4	3.4	13.7	3.1
Kelantan	4.4	4.1	4.1	4.2	16.8	3.8
Melaka	3.1	2.9	2.9	3.1	12.0	2.6
Negri Sembilan	3.0	2.9	3.0	3.0	11.9	2.8
Pahang	3.3	3.2	3.2	3.2	12.9	2.8
Perak	2.7	2.6	2.7	2.7	10.7	2.4
Perlis	3.0	2.9	3.1	2.9	11.9	2.6
Pulau Pinang	2.5	2.4	2.5	2.5	9.9	2.2
Sabah	2.8	2.8	2.8	2.8	11.2	2.5
Sarawak	3.0	2.8	3.0	3.1	11.9	2.7
Selangor	2.8	2.7	2.7	2.7	10.9	2.5
Terengganu	5.1	4.6	4.8	4.8	19.3	4.3
W.P. Kuala Lumpur	2.9	2.8	2.9	3.0	11.5	2.6
W.P. Labuan	3.2	3.1	3.3	3.3	11.6	2.7
W.P. Putrajaya	3.3	3.2	3.5	3.1	12.9	2.9
MALAYSIA	**3.1**	**2.9**	**3.0**	**3.1**	**12.2**	**2.7**

Source: Department of Statistics Malaysia (DOSM)

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