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Region-specific poverty line needed

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PETALING JAYA: The revision of the poverty line to RM2,208 is commendable, but experts believe different indexes should be introduced for different regions.

They said recognising and differentiating the cost of living between urban dwellers and those in rural areas would ensure a more accurate classification to allow for the provision of more targeted aid.

Kingsley Strategic Institute economic advisor Prof Dr Hoo Ke Ping said identifying a single poverty line based on the national household income average would be unfair to those living in major cities.

He said individuals in cities would spend much more on their monthly commitments and daily necessities

Current index does not differentiate between individuals earning same amount in city or kampung, says economics professor

than those in rural areas.

"Earning RM2,000 in Kuala Lumpur compared with RM2,000 in Ibanau, Sabah or Kapit in Sarawak makes a whole world of difference," he told theSun yesterday.

"Acknowledging that those earning RM2,000 a month in KL as being in poverty is meaningful. But in rural areas, RM2,000 is certainly more than what can be considered poor. Some would even call them 'raja kampung'. Food is much cheaper there, and so are houses, rentals and even transportation."

Hoo said by introducing differing poverty lines based on the local cost of living would guarantee more accurate and targeted assistance, as those in rural areas earning the same amount as individuals in urban cities might require less aid.

He was responding to the recent revision of the national poverty line from a monthly household income of RM980 to RM2,208, the first time it was revised since 2005.

The revision meant the country's poverty rate is now at 5.6% compared with 0.4% previously, with 403,441

now falling into this category, up from just 24,700 in 2016.

Economist Prof Dr Barjojay Bardai concurred that the poverty line should not be based on a single figure across the board.

The Universiti Tun Abdul Razak academician said other than coming up with different lines based on urban-rural locations, the index should also factor in the "circumstances of individual households", including the number of people staying under the same roof.

"For instance, we can have a household of five, with a combined income of RM2,400, and they are not categorised in the poverty bracket, but a single man can live in a kampung earning RM2,200, and he is considered poor.

"Which is why the current poverty line should be taken with a pinch of

salt. The government needs to truly identify the needy groups in society and help them based on circumstances."

He said it was not impossible for the government to obtain all the necessary data to ensure a more flexible poverty line index, noting that the country has the required technology to do so.

On whether the revised poverty line would necessitate a revision of the minimum wage, Barjojay said it was not necessary, as doing so would benefit foreigners more than it does locals.

"Generally, most of those earning minimum wage are the foreigners. Very few I would say are Malaysians.

"My only suggestion is for the government to restructure the salary scheme of civil servants. Their pay is usually very low," he said.