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Data crucial in shaping policies to raise income

DATA CRUCIAL IN SHAPING POLICIES TO RAISE INCOME

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DOSM statistics help in government initiatives to improve household income levels

THE repercussions of poverty on both the economy and society are severe, such as reduced social mobility, housing issues, homelessness and a segregated society, among others.
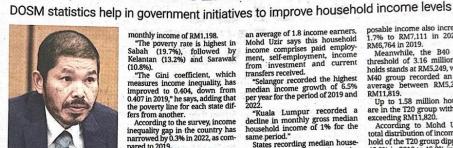
Recognising this, many countries have made eradicating poverty one of their priorities – Malaysia included.

Good policies and a proper method of tracking progress need to be in place to achieve this goal.

The Department of Statistics Malaysia (DOSM) has published three reports on poverty – Malaysia's Poverty Report 2022, Income Inequality Report 2022 and Income Expenditure Poverty Inequality Summary 2022. These three reports are among the 33 reports released by the agency.

DOSM chief statistician Datuk Seri Dr Mohd Uzir Mahidin says this is the first time that special analytical reports on Malaysia's poverty and income inequality are published.

"Accurate statistics enables policymakers (the government) to make precise and effective decisions on changes to help the rakyat. It (statistics) is used to analyse data – helping us understand trends and patterns, draw conclusions and make predictions about future events and behaviours," says Mohd Uzir at the household income and expenditure survey announcement ceremony at Putrajaya on July 28.

Present were Economy Minister Rafizi Ramli and Economy Minis-

'Accurate statistics enables policymakers (the government) to make precise and effective decisions on changes to help the rakyat,' says Mohd Uzir.

try secretary-general Datuk Nor Azmie Diron.

The Household Income Survey Report (HIS) examines income received by households, while the Household Expenditure Survey Report (HES) provides insights into the consumption expenditure patterns of households in Malaysia.

Noting that an estimated 487,576 households are living in poverty, Mohd Uzir says the number of "hardcore poor" households decreased to 0.2% as compared to 0.4% in 2019.

"Our report indicates a decrease from 8.2% in 2021 to 6.2% in 2022. The national poverty line for 2022 was defined as a monthly income of RM2,589 and below, while hardcore poverty was defined as a

monthly income of RM1,198.

"The poverty rate is highest in Sabah (19.7%), followed by Kelantan (13.2%) and Sarawak (10.8%).

"The Gini coefficient, which measures income inequality, has improved to 0.404, down from 0.407 in 2019," he says, adding that the poverty line for each state differs from another.

According to the survey, income inequality gap in the country has narrowed by 0.3% in 2022, as compared to 2019.

"However, income gap between Chinese and bumiputera ethnic groups is at a ratio of 1:0.71 in 2022, compared to 1:0.72 in 2019, while the income gap between ethnic Chinese and ethnic Indians was 1:085 in 2022, a marginal improvement as compared to 1:0.83 in 2019," says Mohd Uzir.

Household income on the rise

DOSM's HIS reveals that median household income of Malaysians for 2022 hiked by 2.5% to RM6,338, while mean household income also jumped 2.4% to RM8,479 the same year.

Six states reached median income above the national level – Kuala Lumpur (RM10,234); Putrajaya (RM10,056); Selangor (RM9,983); Labuan (RM6,904); Johor (RM6,879) and Penang (RM6,502).

Noting that the income value takes into consideration the mean household size of 3.8 persons with

an average of 1.8 income earners, Mohd Uzir says this household income comprises paid employment, self-employment, income from investment and current transfers received.

"Selangor recorded the highest median income growth of 6.5% per year for the period of 2019 and 2022.

"Kuala Lumpur recorded a decline in monthly gross median household income of 1% for the same period."

States recording median household incomes lower than the national average were Kelantan (RM3,614), Kedah (RM4,402), Perak (RM4,494), Sabah (RM4,577), Perlis (RM4,713), Pahang (RM4,753) and Sarawak (RM4,978).

Negri Sembilan, Terengganu and Melaka had a median household income of RM5,226, RM5,878 and RM6,210 respectively.

DOSM found that of the 10 lowest median household gross income by district, three were in Sabah, four were in Sarawak and three were in Kelantan.

"The district with the lowest median household income was in Pitas, Sabah, at RM2,329, while the top earning district was Sepang, Selangor, with RM12,608.

"Putrajaya recorded the highest the monthly mean gross household income at RM13,473, followed by Kuala Lumpur (RM13,325), Selangor (RM12,233) and Johor (RM8,517), higher than the national average of RM8,479.

He adds that mean monthly dis-

posable income also increased by 1.7% to RM7,111 in 2021 from RM6,764 in 2019.

Meanwhile, the B40 income threshold of 3.16 million households stands at RM5,249, while the M40 group recorded an income average between RM5,250 and RM11,819.

Up to 1.58 million households are in the T20 group with income exceeding RM11,820.

According to Mohd Uzir, the total distribution of income household of the T20 group dipped from 46.8% in 2019 to 46.3% in 2022.

"The M40 group comprised 37.6% while the B40 only represented 16.1% of the total income."

Rakyat as facilitators

Mohd Uzir says DOSM welcomes and greatly appreciates the cooperation of respondents in providing information and ensuring the success of the surveys.

DOSM is conducting the Economic Census 2023 as well as developing an income and poverty statistics dashboard which will include geospatial.

Additionally, it has launched OpenDOSM NextGen – an open source data sharing platform – as a medium that provides a catalogue of data and visualisation to facilitate users in analysing various data.

For more information, go to www.dosm.gov.my and open.dosm.gov.my.