KERATAN AKHBAR

TARIKH : 17 NOVEMBER 2023

AKHBAR : NEW STRAITS TIMES

MUKA SURAT : 8

Income reclassification to help identify those in need

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THE reclassification of income categories in the Central Database Hub (Padu) will help the government to effectively identify Malaysians who need assistance.

Economy Minister Rafizi Ramli said once the Padu system was fully established in January, the government would be able to retrieve comprehensive information on household income, instead of individual income.

"Padu will have the data on each family and household. The system is also expected to have more than 120 variables for household income.

"Hence, this will allow us to shift from the previous methods (of income classification), which relied solely on income (of an individual) to an approach that takes into account the net income of a household.

"This means looking at an income that has deducted commitment, location, distance and assets, which will allow for fairer distribution," he said during minister's question time yesterday.

Rafizi added that the government could only look into the reclassification of income categories once Padu was established.

"(And) when we have the data based on the net household income, the methods remain the same and we will examine the distribution (of assistance) for each family and household.

"Subsequently, the government can ensure that the assistance for specific and targeted groups is more complex than the methods used before."

Rafizi said this to a supplementary question by Datuk Mohd Isam Mohd Isa (BN-Tampin) on whether the government was considering the reclassification of income groups based on household income.

Meanwhile, in terms of median household income based on race, Rafizi said that the the 2022 Household Income and Expenditure Survey had found that the Chinese remained highest with RM8,167, followed by Indian (RM6,627) and Bumiputera (RM5,793).

He added that the survey also revealed that the national Poverty Line Income (PLI) value indicated an incidence of 6.2 per cent covering 488,000 households, and the incidence of hardcore poverty was at 0.2 per cent covering 18,000 households.

"The national PLI last year has also increased to RM2,589 per household from RM2,208 in 2019. At the same time, the food PLI used to measure hardcore poverty is RM1,198 compared with RM1,169 for 2019."

Rafizi Ramli