

Introduce decent standard of living guide for all

July 31, 2020 @ 12:10am

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The national and state level of the Bottom 40 (B40), Middle 40 (M40), and Top 20 (T20) income thresholds for an average household as a relative measure of poverty were also released. -Pic for illustrations purposes only

LETTER: Recently, the Department of Statistics Malaysia (DOSM) announced a revision of the national Poverty Line Income (PLI) from RM980 to RM2,208. However, the PLI does not take into account the cost of living beyond a very basic budget.

It does not take into consideration expenditures like childcare, leisure, and social activities that not only draw from a household's income but are also determining factors in a person's ability to work and endure the potential hardships associated with balancing employment and other aspects of everyday life.

At the same time, the national and state level of the Bottom 40 (B40), Middle 40 (M40), and Top 20 (T20) income thresholds for an average household as a relative measure of poverty were also released. Several government assistance programmes, such as Bantuan Sara Hidup and the PeKA B40 healthcare scheme for the low-income group, use the national B40 threshold as one of their eligibility criteria.

However, the use of a single national-level B40 threshold discriminates the relatively non-well-off households that are in richer states. The differences in state-level B40, M40, and T20 income thresholds are large. For example, a household in Kelantan with an income of RM6,620 is considered a T20 household in the state, but the B40 threshold for an average household in Selangor is RM6,960.

This large disparity suggests that a one size fit all B40 threshold, which many government initiatives rely on as eligibility criteria, is not appropriate. With it, many who are in states with low average household income will enjoy the programme while the urban poor, especially in Kuala Lumpur, will be left out.

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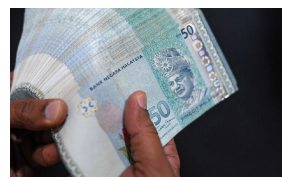
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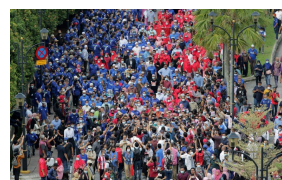
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If the rationale is that those in the B40 group should be assisted, then the group in Selangor with a household income of RM6,960 should also be assisted. A better alternative is not a relative poverty measure similar to the B40 threshold, but for Malaysia to use a decent standard of living measure or a living wage as a guide for compensation policy.

A decent standard of living measure will calculate the budget that will provide a worker with sufficient income to reach a decent standard of living based on the cost of accommodation, goods, and services within a particular locality. Furthermore, it should not only be measured at the state level but also the district level.

I believe the department has the data to calculate the decent standard of living at the district level as Bank Negara Malaysia and the Employees Provident Fund have estimated the living wage for those in Kuala Lumpur. The Shared Prosperity Vision aims to provide a decent standard of living to all Malaysians by 2030.

Many global cities, such as Berkeley, San Francisco, and London, have used the decent standard of living measure as a guide for workers' wages. The PLI may provide an optimum minimum to measure poverty. But as Malaysia progresses towards being a developed country, a decent standard of living is a more appropriate apparatus to measure the wellbeing of society.

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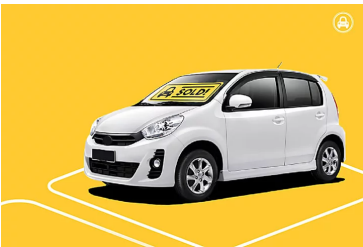
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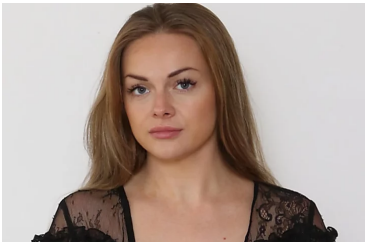
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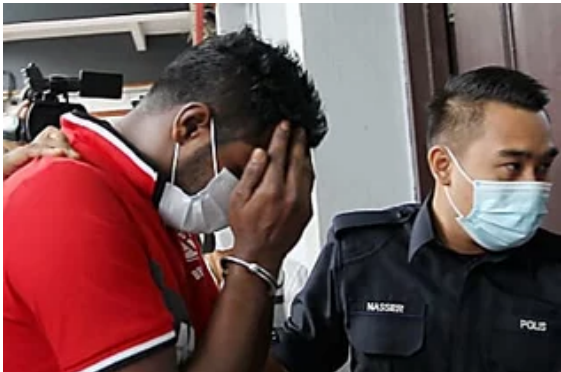
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