

Pua: Don't abuse hard-earned EPF funds

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While supporting government initiatives to put in place low-cost and affordable housing schemes, the DAP has warned against the use of contributions to the Employees Provident Fund (EPF) for these projects.

"Such programmes must not be financed by the EPF, as its mission is to protect the hard-earned retirement income of 11 million working Malaysians by maximising returns with the lowest possible investment risks," DAP national publicity secretary Tony Pua said today.

NONE Pua pointed out that EPF's key role was to ensure financial security after retirement as it was committed to preserving and growing the savings in a "prudent manner in accordance with best practices in investments and corporate conduct".

"We call upon the government to source its own funds for the housing programmes and not direct EPF to fund its social welfare schemes," he said.

On Monday, The Sun reported that EPF would be contributing RM1.5 billion for an "easy financing scheme" for the sale of houses under the National Economic Action Council's People Housing Programme (PPR) and Kuala Lumpur City Hall (DBKL) public housing.

Prior to that, the newspaper quoted Federal Territories and Urban Well-being Minister Raja Nong Chik Raja Zainal Abidin as saying the funds would be given to the Federal Territories Foundation (FTF) to help some 20,000 eligible tenants and the loans would be repaid over a period of 15 to 25 years.

"The EPF is not a lender of the last resort for the poor and neither is it a social welfare organisation," retorted Pua, who is also the Petaling Jaya Utara MP.

Banks should use the houses as collateral

He said the money would be loaned to house buyers who were unable to "secure financing from commercial banks" and therefore, it would be jeopardising their retirement funds.

NONE "This is clearly an abuse by the government. Raja Nong Chik tried to allay fears that EPF could be at a losing end if the buyers default on their loans, by giving assurance that the loan is secure as it is guaranteed against the housing unit itself.

"However, if the housing unit is indeed a credit-worthy collateral, why can't commercial banks take it as a collateral? Why are EPF funds being mobilised to give housing loans?" he asked.

Instead of using the EPF, Pua suggested that the government makes full use of existing institutions such as Bank Rakyat or Malaysia Building Society Bhd (MBSB) by channelling a special allocation to the banks through the social welfare and housing funds approved in the annual budget to provide soft loans to those in need.

"By setting a precedent for EPF to be used for social welfare, the EPF could in future be further abused to finance political programmes to win votes under the guise of the same. It is a slippery slope which will jeopardise the future savings of Malaysian EPF members," Pua said.

He also urged EPF's Board and Investment Panel to thoroughly review the scheme to ensure that the interests of workers are prioritised and to reject proposals that might harm their financial returns.

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