

Pua: 'Easy housing loan' scheme breaches EPF Act
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Using funds from the Employee Provident Fund (EPF) to provide loans for the government's social housing scheme is against the EPF Act 1991, said DAP.

NONEIts national publicity secretary Tony Pua (right) blasted Prime Minister Najib Razak and Federal Territories Minister Raja Nong Chik's "feeble attempt at justifying the use of EPF funds" for the scheme, that he said abused the people's retirement funds for political purposes.

"Firstly the prime minister must be castigated for having the cheek to claim that the RM1.5 billion is an insignificant amount relative to the EPF fund size.

"Regardless of whether it is RM1.5 million or RM1.5 billion or even RM15 billion, the EPF funds must be managed stringently and not be subjected to abuse," said Pua in a statement today.

He said Clause 26 of the EPF Act permitted the fund to lend money to federal and state governments as well as registered corporate bodies in the country, but not to individuals, in this case, private home buyers.

"No where in the Act does it say it can provide loans to individuals to acquire low-cost apartments using the property as a collateral.

"Despite the 'guarantee' from DBKL, the loans are being made out directly to the property owners who may or may not have contributed to EPF," Pua added.

Therefore, he said, the social housing loan scheme is in breach of the Act.

Nong Chik's flawed logic

On Monday, Raja Nong Chik reportedly announced an "easy financing scheme" for 20,000 eligible PPR tenants and potential buyers who could not obtain bank loans.

The opposition criticised the government for abusing the people's retirement savings for the BN's alleged "vote-buying on a whim".

NONEPua, who is also PJ Utrara MP, further attacked Nong Chik's (right) excuse that EPF account holders had no cause for concern as the properties the scheme will be funding are collateral-worthy.

"If the low-cost properties are so collateral-worthy, that the market price is much higher than the purchase price, then why can't these loans be made via commercial banks and not through EPF social lending programmes?

"If DBKL is able to provide the guarantee, and the guarantee is even "better than normal corporate property", then surely, banks will be rushing to provide the loans and not shy away from them," said Pua.

The MP suggested the government borrow directly from the EPF instead.

"The federal government if need be, can borrow directly from EPF as it does normally, for its social welfare programmes. The EPF should not, however, be directed to provide loans directly to the general public and put itself at risk of default by the individual borrowers."

He said that while he supported the government's move to aid the poor to own homes, it should not be "at

the expense of abusing Malaysian workers' retirement savings".

Therefore, said Pua, Najib as finance minister had a duty to ensure compliance with the EPF act by stopping the loan scheme.

EPF abuse 'despicable and disgraceful'

Meanwhile Lembah Pantai MP Nurul Izzah Anwar continued slamming the loan scheme as a sign of "the abject failure of the government to provide proper home ownership assistance to the needy using its own funds".

nurul izzah pc 050112 02 "This is a case of blatant abuse of public funds in the form of workers' retirement savings for political mileage especially to win votes among the urban poor and low-income earners ahead of GE13.

"The EPF is not the personal piggy bank of the BN government," said Nurul Izzah (right), who is also PKR vice president.

"Abuse or misuse of public funds, disguised as a social welfare programme is despicable and disgraceful," she added.

Nurul Izzah said EPF contributors had every right to question the scheme and whether the venture will maximise returns for their savings at the lowest possible risk, as the Fund has a duty to safeguard the contributors's interests.

"Although the so-called 'guaranteed returns' of 5.5 percent seem rather high, do they commensurate with the risks undertaken in the best interest of EPF contributors?" she asked.

She reiterated the fact that commercial banks staying away from such loans indicated it was a high risk venture.

Present unpaid EPF loans a lesson

She further questioned if the guarantee by DBKL was sound, as it was contingent on timely repayment of the loans by the house owners.

"What will happen if a huge number of - i.e. more than 20 percent of home buyers - fail to service their loans and this shortfall exceeds the amount of the reserve redemption account?

"Will DBKL be then able to buy back all houses for resale later? In this case, will DBKL be able to offer the guaranteed returns to EPF?

"A cursory glance at past government budgets will highlight the amount of yet unpaid loans to the EPF," she said.

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