

Pakatan: EPF housing loans bid to hide debt
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Pakatan Rakyat today charged that the government's move to use RM1.5 billion from the Employees Provident Fund (EPF) for a low cost housing loan scheme as an attempt to hide its national debt.

NONE In a joint statement by Lembah Pantai MP Nurul Izzah (right) and Petaling Jaya Utara MP Tony Pua, the duo said the move was unusual as welfare programmes are normally funded through tax revenues or by issuing bonds.

"We can only conclude that the government did not want to borrow directly from EPF, and passed the buck to EPF to lend directly to the low-cost housing purchasers because the government does not want to further increase its much criticised and already high debt levels."

The national debt, they added, had reached RM456 billion at the end of 2011, an 88.4 percent increase from 242 billion in 2006.

"Instead of issuing debt papers, the Finance Ministry is attempting to hide its debt exposure by issuing government guarantees instead.

Risking financial crisis

The scheme that the government has proposed asks the EPF to set aside RM1.5 billion as loan to those who fail to secure bank loans for low cost housing purchases.

The loans will also be 'guaranteed' by the federal government, which means the amount will not be reflected as an increase government debt, said Pua and Nurul Izzah.

NONE "In the event that some of these guaranteed loans go into default, then the federal government will be directly exposed to the debt and this will trigger a debt induced financial crisis in Malaysia."

For example, they said, the government's guarantee for RM3.6 billion Port Klang Free Zone has resulted in the government having to extend at least RM4.6 billion in loans to bail out the project.

"In the current climate of sovereign credit crisis, especially in Europe as epitomised by the Greek financial fiasco, the federal government is attempting what is called an 'off balance sheet financing' to hide from public view its total debt exposure."

The Finance Ministry and Federal Territories Ministry, they said, must come clean on its reason for risking worker's retirement savings and why it is unable to fund housing for the poor directly.

The loan scheme announced by FT Minister Raja Nong Chik recently has drawn fierce criticism from the public.

Nurul Izzah has called the move "vote buying" ahead of the next general election using workers' savings as BN's private "piggy bank", while Pua has charged that the move violates the EPF Act 1991.

Malaysian Trade Union Congress (MTUC) secretary-general Abdul Halim Mansor also issued a statement last week blasting the scheme.

