

'Don't you dare touch our retirement money'
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YOURSAY 'Risk borne by government, not EPF - Khairy, is Umno paying the bill or taxpayers? Who are you kidding?'

Housing loan scheme: Risk borne by gov't, not EPF

your sayPemerhati: The clue to what is probably really happening comes from Umno Youth chief Khairy Jamaluddin's statement, "The quality of information coming from the government has been poor and response has been slow."

As we approach the elections in the next few months, PM Najib Razak is using the peoples' money to try and win the GE. So he is throwing around RM100 ringgit to some poor people, giving RM500 ringgit to some old people, increasing the salaries of the civil servants and the allowances of the Rela (People's Volunteer Corps) members.

Then someone in his election team probably came up with the bright idea of giving housing loans to a large number of people who cannot afford to buy houses. But since the government borrowing is already very high, they decided to whack the money of the workers who save their hard-earned money with the EPF (Employees Provident Fund).

Since the scheme has been severely criticised, Najib has now gone into damage control mode. So for starters, Khairy has come up with his NFC-style defence of the scheme.

Wanderer: Risk borne by government, not EPF - Khairy, is Umno paying the bill or taxpayers? Who are you kidding?

Little Han2: If there is no risk, please explain why the three banks approached by the government had refused to grant the funding to these 20,000 house buyers?

Gan Yee Chin: After the rebuttal from Khairy, what did we get? This is another case of 'using of taxpayer money to buy a gun, then use the gun to rob the taxpayer again'.

Doesn't it sound like PKFZ (Port Klang Free Zone), NFC (National Feedlot Corporation), BMF (Bumiputra Malaysia Finance), highway and water concessionaires cases?

HYL: Anything to do with the rakyat's hard-earn money is hands off, buster! Leave our money alone. I want to have a good and comfortable retirement, not that our EPF can provide that, but at least there's a tidy sum for me at my old age.

I don't want to have nothing when I'm old and not able to hold a job anymore because of some BN goons messed with my money.

Macha97: "But if EPF is lending to the government, what is the risk to EPF?" asked KJ (Khairy)

KJ, have you not heard of governments going bankrupt? And your assumption of what the PM was referring to as prices going up may be wrong. He may have been referring to the physical collateral (the property) increasing in value, so it can be sold/auctioned at a profit.

Such thinking was the basis for the sub-prime mortgage crisis - lend to unqualified borrowers on the view that even if they default, the underlying property would be easily and profitably saleable. This is shortsighted, populist nonsense.

And I disagree with shortsighted, populist nonsense, whichever side it comes from.

Little Han2: The government launched SPNB (Syarikat Perumahan Negara Bhd) in 1997 to provide for affordable homes. So what is this PR1MA (Perumahan Rakyat 1Malaysia) and what role is it playing vis-a-vis SPNB? Does it mean SPNB is now a failure?

Sarajun Hoda: Government money is people's money. EPF is people's savings. So, the people are taking loan from the people?

Clearly, the EPF and the government are the 'same cattle from the same cattle farms', to use a now popular analogy.

Come On Truth: The government shouldn't be tapping EPF's money as if it was theirs. If they wanted to give loans, then disburse from the government's own funds.

The issue now is the government does not have funds to take care of the people's housing problems. If so, is it because of the numerous scandals and losses which the public have been made to bear involving crony companies?

And why is the government lending money to NFC and asking EPF to lend money for housing projects?

Please do not bore us with asking us to trust the government. Be more transparent with EPF investments and the workers, who are the rightful shareholders of the fund, will be more trusting.

PJ Utara MP Tony Pua and the other critics are not throwing out red herrings. They are going by the facts provided, whereas KJ is the one who is making assumptions and pulling facts out of thin air.

KJ is neither competent or the right person to speak for EPF or the government, being a member of neither body. He is a people's representative who seems hell-bent on representing his bosses.

He has no facts to offer other than conjecture and has the gall and cheek to claim that other MPs give misleading statements. We have not forgotten nor forgiven him for giving misleading statements on the NFC fiasco.

Indeed, KJ should join Tony Pua in demanding an explanation and clarification from EPF and the government.

Queenie: How about cutting down defence spending substantially and channelling the money as loans to the intending qualified house buyers. After all, we are not going to war anytime soon, are we?

We've to get our priorities right I'd say. So what say you, KJ? Cant step on Defence Minister Zahidi Hamidi's toes, is it?

Anonymous_3f55: Khairy, good analysis, but I am afraid you're missing the point too. Based on your argument, EPF credit risk is the government and not the borrowers direct.

If that's the case, why bother bringing EPF into the picture at all. Why don't the government just issue debt papers to the market, like it does for some many other funding proposals.

Don't forget, as it is, the government is expected to raise some RM90 billion from the debt market this year, what is another RM1.5 billion after all?

Onyourtoes: KJ, you want to sound reasonable and rational, but your intention is to criticise and belittle the opposition. If it is the government who borrowed, then the loan should be reflected in the debt of the federal government.

If it is the government that is dishing out the money and eventually holds the responsibility of any default, then the government should rightly issue the Malaysian Government Securities (MGS) to finance this scheme.

By the way, please don't always assume that government's borrowing is risk free. If the government borrows excessively and without exercising prudence on the projects it is financing, the long-term implication could be as fatal.

Excessive high inflation and sovereign defaults could happen as in many countries in Europe today. The inability of the government to pay back (without resorting to printing press) is usually due to wastage and poor use of borrowing, which do not result income or GDP creation.

If you look at the federal budget the past up to ten years, there was no provision at all to pay back the loans raised.

The budget only provided for debt service charges (interest payments). So over time we can only hope for a bigger GDP to negate our high public sector debt. That is why government spending must help real GDP creation, not squander it away.

Gunner: In another words, EPF's money is used to 'bail out' an almost bankrupt government who fails to provide for sufficient funding to meet the needs of the rakyat. I remember during the Dr Mahathir Mohamad regime, EPF money were also used to bail out failed companies.

Manjit Bhatia: It's now said that the Umno-BN regime is offering 2.67 times the loan amount as 'surety' or guarantee.

At RM1.5 billion loan requirement to the regime for its Ponzi scheme, the surety comes to RM4 billion. If the regime can't raise RM1.5 billion through its own government bond sale, from where will it find RM4 billion to underwrite the loan sum?

That's quite a separate matter from this one: what is the effective interest rate to EPF contributors for the life of the RM1.5 billion loan?

Given the controversial and dubious nature of this scheme and the amount of money involved, especially from the EPF, should both the regime and EPF board not provide full details of this arrangement to an independent financial organisation or body, preferably with a few credible international participants, to study the scheme in its entirety and report back if this will or won't work?

This is because 'trust' is a very precious and diminishing commodity in Malaysia.

CiViC: Government's money has been all used up to give loans to ministers and family members to buy properties overseas, that's why they are taking from EPF.

And this doesn't make any difference, we, as EPF contributors, object to the government's call - don't touch our retirement money!

Patriot: I take my hats off for KJ in taking the time to explain and give meaningful suggestions to the government, and one must admit, some of the facts given are rational indeed.

But I wish to point out to KJ, that whether it's EPF money or government's money, ultimately, it is the rakyat's money. So I would suggest KJ, Tony Pua and his colleagues to sit down and have a meaningful debate on this.

After all, it is the rakyat who should benefit from all this.

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