

EPF Must Not Be Abused By Govt
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It was reported on the front page of The Sun two days ago on 30th January that "some RM1.5 billion will be channelled from the Employees Provident Fund (EPF) to finance the special funding scheme for the sale of houses in public housing programmes in Kuala Lumpur."

Federal Territories and Urban Well-being Minister Raja Nong Chik Raja Zainal Abidin said the funds will be given to the Federal Territories Foundation to help some 20,000 eligible tenants. He added that "the scheme, announced by Prime Minister Najib Abdul Razak, will help those who are eligible to buy public housing units but are unable to obtain loans from banks, due to them being retired or not having steady income."

Raja Nong Chik added that "these loans will be repaid over a period of 15 to 25 years... there will be an interest charged, but it will be much lower than current housing loan interest rates charged by banks."

We support the fact measures by the Government to put in place low-cost and affordable housing schemes to help put a roof over the head of poor Malaysians. However such programmes must not be financed by the EPF whose mission is to protect the hard-earned retirement income of 11 million working Malaysians, by maximising returns with the lowest possible investment risk.

On EPF's own website, it says that "the EPF is Malaysia's national provident fund that aims to provide financial security for its members' retirement purposes. The fund is committed to preserving and growing the savings of its members in a prudent manner in accordance with best practices in investments and corporate conduct."

The EPF is not a lender of the last resort for the poor and neither is it a social welfare organisation. By utilising RM1.5 billion of Malaysian workers' monies to lend to house-buyers who are unable to secure financing from commercial banks will only jeopardise their retirement funds and 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 is EPF funds being mobilised to give housing loans?

Instead of using the EPF, the Government should make full use of existing institutions such as Bank Rakyat or even Malaysia Building Society Bhd (MBSB) by channel special allocations to them via the social welfare and housing funds approved in the annual Federal Government budget for the purpose of providing soft loans to those in need.

By setting a precedent for EPF to be used "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.

We call upon the Government to source its own funds for the housing programme and not direct EPF to fund its social welfare schemes. We also call upon the Board and Investment Panel of the EPF to thoroughly review the scheme to ensure that it is the workers' interest which is being prioritised and reject proposals which may harm the financial returns for our workers.

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