

EPF Debate Welcomed On A Level Playing Field
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The Malay Mail reported yesterday that Federal Territories and Urban Wellbeing Minister Raja Nong Chik Zainal Abidin has challenged both of us “to a one-to-one public debate” on “use of money from the Employees’ Provident Fund (EPF) for a low-cost housing loan scheme.”

Raja Nong Chik said “these impoverished people cannot get housing without help. Are they saying that these people do not deserve housing?” However, he added that we should debate him “one-to-one in front of all the residents.”

First and foremost, we have repeatedly stated that Pakatan Rakyat fully support the noble objective of ensuring that affordable housing for low income urban dwellers. However, the fulfilment of this aim - home ownership for the urban poor - is the responsibility of the government of the day, and not the responsibility of Malaysian workers.

Hence, we are more than happy to debate with the Minister in the interest of the public to ensure that all relevant issues are thrashed out in an open and transparent fashion. In order to ensure that the public receives the full story behind the controversy, the debate must be conducted on a level playing field.

The debate must not only be open to low-cost housing residents in Kuala Lumpur, it should be open to all Malaysians, especially the stakeholders who are EPF contributors. Preferably, the debate should be televised to ensure that Malaysians who are not able to make it to the debate like contributors from East Malaysia have the opportunity to listen to both sides of the argument.

In addition, in the interest of transparency and accountability, we believe that Raja Nong Chik who is willing to openly debate this issue, will have no problems providing full disclosure of the agreements made between all the government entities and EPF. Only then all the members of parliament as well as the public can have full information access to debate this issue.

Raja Nong Chik had in the Malay Mail report even tried to teach us what is “sub-prime” loan. He said the MPs were mistaken in comparing the loans to the sub-prime loans which he said referred to inflated loans sold at double the property value.

“Do they even know what subprime lending is? These properties are worth double or even triple of what City Hall is asking,” he explained.

Perhaps in the Minister’s attempt to be clever, he is asking for pie in his face. The Federal Deposit of Insurance Corporation (FDIC), and independent agency of the United States Federal Government clearly refers “sub-prime” as “the credit characteristics of individual borrowers. Subprime borrowers typically have weakened credit histories that include payment delinquencies... They may also display reduced repayment capacity as measured by credit scores, debt-to-income ratios, or other criteria that may encompass borrowers with incomplete credit histories” with no mention of “property value”.

What we have here today is the EPF lending money to borrowers who Raja Nong Chik himself has admitted will not qualify for loans from commercial banks. The fact that the low-cost property value, which Raja Nong Chik claims to be worth double or triple the selling price, has nothing to do with the issue of “sub-prime”.

Perhaps the Minister might want to polish up his knowledge of subprime credit and lending before taking on the challenge to debate either one of us, to save himself from further public embarrassment.

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