



Prime Minister Datuk Seri Anwar Ibrahim posing for a picture with employees after the opening of the Employees Provident Fund's new building in Kwasa Damansara, Selangor, yesterday. PIX BY ASYRAF HAMZAH

POLICY EFFECTIVENESS

'LEAKAGES ARE THE CULPRIT'

RM22b spent to eradicate hardcore poverty, but results not encouraging, says prime minister

QISTINA SALLEHUDDIN
AND S. BIRRUNTHA
SUNGAIBULOH
news@nst.com.my

PRIME Minister Datuk Seri Anwar Ibrahim has questioned the effectiveness of the government's programmes to eradicate hardcore poverty.

He said, even though the government had spent RM22 billion on the issue over the years, the results were not encouraging.

Anwar, who is also finance minister, said he was convinced that spending leakages were among the main factors why the programmes did not reach their full potential.

He said he had asked the Employees Provident Fund (EPF) research division, Khazanah Nasional Bhd, and Bank Negara Malaysia to study the issue and identify what had gone wrong.

"How were the funds spent? Did the funds reach the target groups? Do we need to overhaul the approaches we take?"

"We have to do this because we have spent a lot of money, yet the results are not what we expected," he said at the opening of the new Kwasa Damansara EPF building.

He said he was confident that government efforts to eradicate hardcore poverty could achieve their goals as government-linked companies (GLCs) and government-linked investment companies (GLICs) had a considerable amount of assets.

"It's impossible that with the RM1 trillion in assets that EPF has, the development the country has seen, the capabilities we have and with such beautiful buildings, we cannot eradicate hardcore poverty."

"I say that if we all work together — GLCs, GLICs, EPF, Khazanah and the rest — we can avoid leakages and we can aid the people who need help."

Anwar said he hoped EPF would shift its investment portfolio to comprise 70 per cent domestic investments by year end.

He said EPF's domestic investments last year reached 64 per cent and increasing this would help the government in the battle against hardcore poverty.

"We need to remember the people's needs (when investing)."

He said a discussion had been held with Khazanah and EPF to identify strategic approaches to help the people, particularly to encourage the youth to join

start-up initiatives.

"We need a strategic approach. Yes, we have strategies for infrastructure, such as the implementation of the PLUS Expressway and the SMART tunnel.

"But we need an approach that can allow our children to participate more in the start-up ecosystem, which is one of the main focuses for the country's investment."

The prime minister reiterated his decision not to allow another round of EPF withdrawals.

Anwar said even though this was not a popular decision, contributors' savings must be protected to ensure they had enough money for the future.

"Contributors' money is like a promise and an *akad*, which is underlined under the agreement for future use.

"It was allowed to be withdrawn previously due to the pandemic."

Anwar also said the cabinet had yet to discuss the proposal for employers to increase EPF contributions to 20 per cent.

"Not yet. No discussions yet," he said briefly.

On the eve of Labour Day, workers union Uni Malaysia Labour Centre (Uni-MLC) proposed that employers' EPF contributions be raised from the 13 per cent to 20 per cent, especially for employees earning RM4,000 a month or less.

It said this would ensure the workers had enough savings

when they retire.

It also suggested that the retirement age be raised from 60-years-old.

The proposal met with stiff resistance from the Malaysian Employers Federation, saying such moves would increase the cost of doing business, which could kill many businesses. It said it was unfair to raise only employers' contributions as the retirement fund was employees' responsibility too.