

Khairy: EPF not at risk, loans made to Putrajaya
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KUALA LUMPUR, Feb 8 — The Employees Provident Fund's (EPF) low-cost home loan scheme will not expose the institution to bad credit risk as borrowings will be secured by the government, Khairy Jamaluddin said today.

The Umno Youth chief pointed out that the home loans, which will be extended to those with poor credit ratings, will be made out to a foundation controlled by Putrajaya, making it in effect a loan to the government itself.

"The loan from EPF is not 'subprime' because it is made to the government of Malaysia, which has a good credit rating," he said in a blog posting.

"It is not even the case where the loan is made directly to individual home purchasers and guaranteed by the government. It's a direct loan from EPF to the government."

The Rembau MP said this also meant opposition claims that the scheme breached the EPF Act, which only allows lending to government bodies and contributors, was untrue.

Khairy also questioned claims made by critics of the scheme that the loans would represent an opportunity cost to EPF, which would have channelled the funds into other, high-yield investments.

He said the scheme, which he stressed should be seen as just another loan to Putrajaya, must be compared to other investments made by EPF in the same asset class before such allegations were made.

"My view is if EPF can secure good returns from the government for this loan benchmarked against investments in a similar asset class, why shouldn't it give the loan?" he said.

Khairy, however, chided the government for its poor response to criticism of the home loan scheme, pointing out that it would be better for Putrajaya to provide more details to allay public suspicions and to pre-empt opposition attacks.

He said it was "only half useful" for the prime minister to assure EPF contributors their interests will be protected, noting that Datuk Seri Najib Razak had not provided any specific details.

The lawmaker said the government must specify which assets would be used to secure the loan, which houses would act as collateral, the value of the collateral in relation to the loan and whether Putrajaya would have to partially secure the loan with cash as well.

"Given that this is an EPF loan to the government, I am assuming it will be adequately secured with good collateral. But details would be good for the comfort of EPF contributors," he said.

"Answers to the questions that I have posed would also address public concerns much more

effectively than a blanket announcement from the relevant minister and a one-liner from the PM.”

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