

EPF loan scheme not for unlocking DBKL assets, says minister

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KUALA LUMPUR, April 15 — A federal minister today denied claims that the RM1.5 billion from Malaysia's largest pension fund was being used to liquidate Kuala Lumpur City Hall's (DBKL) assets.

Datuk Raja Nong Chik Raja Zainal Abidin (picture) had previously announced that money borrowed from the Employees' Provident Fund (EPF) would be used to finance DBKL's low-cost housing schemes.

This led to Pakatan Rakyat (PR) lawmakers questioning the rationale behind the loan exercise, and why EPF funds were being used as a source to finance new projects.

"This has never been the intention (of the loan scheme) never the purpose to unlock assets for DBKL.

"This (scheme) is merely to assist buyers who are unable to get a loan from banks," the federal territories and urban well-being minister told reporters.

"It is about accessibility to the loans. These people cannot get access...if they can get access to other forms of financing, then they should go ahead," he said today after officiating a function here.

Earlier in his speech, Raja Nong Chik accused Opposition MPs of attacking and sabotaging the government's effort to assist Malaysians without coming out with a concrete alternative.

"Only when its nearing elections, then they want to talk about welfare, to come up with something.

"They promise you with sweet dreams but we in Barisan Nasional don't make promises. We deliver," said the minister.

The EPF is providing the first tranche of RM300 million to a special purpose vehicle (SPV) undertaking the financing for those buying some 24,000 low-cost flats in the capital city.

The minister said last month that DBKL had decided against making direct loans to up to 35,000 city dwellers who are still renting and unable to borrow from banks as it needs funds for "future projects."

Raja Nong Chik had earlier told Parliament that under the current rate of 6.5 per cent, a loan of RM36,100 over 25 years would incur a monthly repayment of RM243, or 50 per cent more than would be applicable with a 2.5 per cent interest rate.

"If we reduce it to 2.5 per cent, it will be RM161. It is only RM82 difference. This is just political posturing by the opposition," the senator had said, and that the RM36,100 figure was for the newest and most expensive low-cost homes; the rest would be sold for less.

This did not sit well with PR MPs, who accused the Umno minister of being “insensitive” to rising costs of living among the poor in the city.

Raja Nong Chik triggered public outcry in January when he disclosed the proposed loan scheme will allow unqualified City Hall tenants to buy homes using up to RM1.5 billion from the EPF, which is tasked with safeguarding the retirement funds of over 5.7 million active contributors.

The Malaysian Insider reported last month that the plan to lend an initial RM300 million from the EPF to unqualified house buyers in the capital has hit a deadlock over security conditions demanded by the country’s largest retirement fund.

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