Plan to aid first-time buyers

10PC INCREASE: Extra funds in EPF Account 2 to help with housing deposits, says Johari

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Second Finance Minister **Datuk Johari Abdul Ghani** delivering a keynote address at a National Chamber of Commerce and Industry Malaysia roundtable session at Menara MATRADE in **Kuala Lumpur** yesterday. Pic by Mohd Yusni Ariffin

TALKS are ongoing to potentially increase funds in the Employees Provident Fund (Account 2) by 10 per cent.

Second Finance Minister Datuk Johari Abdul Ghani said the increase to 40 per cent from 30 per cent, would give better prospects to first-time homebuyers in paying their deposits.

Johari said allowing first-time homebuyers to withdraw more money from their EPF savings was a good suggestion to bridge the difference between an applicant's loan and the price of a house.

However, he said details surrounding the plan needed to be worked out.

Johari made it clear that even if the plan materialised, it would only benefit first-time homebuyers who bought affordable houses.

"As with unit trusts, house buyers must return proceeds from any subsequent sale back to their EPF accounts.

"There will not be a blanket increase. We are looking at a specific percentage and how EPF can allow some of the money to be used by first-time homebuyers for their downpayments," he said at a media briefing following his keynote address at a National Chamber of Commerce and Industry of Malaysia conference here yesterday.

In an immediate response, EPF chief executive officer Datuk Shahril Ridza Ridzuan said the fund would not be able to commit to any certainty with regard to the proposal for now and that the EPF was in the midst of exploring options with the Finance Ministry.

"The suggestion to increase (contributions into the second account) from 30 per cent to 40 per cent is from property developers and not us.

"In fact, the quantum is not even confirmed... (it) could even be less. This is only one of the suggestions on the table.

"The ministry is looking at suggestions to enable the people to buy homes and this is one of the many suggestions. I do not know whether this will be announced as one of the initiatives in the 2017 Budget," he said, adding that it was a question for the ministry to answer.

On the 2017 Budget, Johari said the government wanted to ensure zero duplication of programmes between ministries to reduce operational expenses.

A number of ministries have been identified to conduct similar entrepreneurship as well as research and development programmes.

"We need to look at it effectively so that every ringgit we spend will benefit the people."

He said emoluments, which form a large chunk of the operating expenditure, remained an area which could not be slashed as it involved the salaries of 1.6 million civil servants and pensioners.

"We need to manage that (the salaries, pensions and bonuses). We want to improve the productivity of every civil servant."

There should be adjustments to the spending, with the drop in oil revenue, royalties and petroleum taxes, from RM65 billion in 2014 to RM35 billion last year, he added.

Johari described the budget, which would be tabled later this month, as "rakyat friendly" as funding for projects such as schools, hospitals and rural projects, would continue.

He said the government was focused on reducing the fiscal deficit to 3.1 per cent of gross domestic product this year.

Johari dismissed a suggestion that the 2017 Budget would be an election budget.

On the development expenditure, he said the government would proceed with mega projects that provided long-term benefits for the people, such as the mass rapid transit, light rail transit, Malaysia-Singapore High-Speed Rail and the Pan-Borneo Highway.

He said they were not only crucial in ensuring sustainability of the economy, but also in enhancing productivity.

It also promoted a greater sense of inclusiveness, by reducing regional differences and allowing access to more Malaysians through public transformation projects.

"We hope these key development projects will boost the economy, spurring a multiplier effect on small and medium-sized enterprises."

Johari said the positive shift in oil prices and improving global demand would also contribute to an improvement in the entire spectrum.

In his speech, he said targeted cash handouts, such as 1Malaysia People's Aid, had been helping Malaysians, particularly the B40 group, address the rising cost of living and the impact of the Goods and Services Tax in their spending.