

04 MAR 1996
MTUC-EPF
MTUC ACCEPTS EPF DIVIDEND

KUALA LUMPUR, March 4 (Bernama) -- The Malaysian Trades Union Congress (MTUC) today accepted the 7.5 per cent dividend announced by the Employees Provident Fund (EPF) for last year and will not resort to picketing as proposed earlier.

The decision was reached after a three-and-a-half hour heart-to-heart talk between an MTUC delegation led by its president, Zainal Rampak, and EPF chairman Tan Sri Sallehuddin Mohamed at the EPF headquarters, here.

Zainal said the MTUC would be meeting Deputy Prime Minister Datuk Seri Anwar Ibrahim, who is also Finance Minister, on Thursday and would submit to him the proposals to relax the conditions to enable the EPF to increase its investments.

He said the proposals included allowing the EPF to invest more than the current limit of 15 per cent of its accumulated funds. The EPF currently has about RM100 billion in accumulated funds.

"We hope that the EPF will pay 8 per cent dividend or more in future," he told reporters after the discussion.

Earlier the MTUC had been criticised by Prime Minister Datuk Seri Dr Mahathir Mohamad who described the congress as arrogant for not wanting to meet the EPF in the absence of Anwar.

The MTUC general counsel was earlier scheduled to meet on Saturday to decide whether to picket to show its dissatisfaction over the 7.5 per cent dividend for last year, the lowest in 15 years.

Sallehuddin said the EPF would convey to the government the MTUC's proposal that the minimum dividend rate of 2.5 per cent, which was fixed in 1951, be amended in keeping with the current economic growth.

The EPF and the MTUC also agreed to hold periodic dialogues to explain the EPF's investment activities and enlighten its contributors on its running.

During the discussion Sallehuddin also explained the types of investments and loans approved by the EPF.

He clarified that the EPF had given loans to five independent power producers at an interest rate of between 8.75 per cent and 10 per cent and not 8 per cent as reported.

On loans totalling RM130 million to Perwaja Steel, he said the loans carried a bank guarantee and if the company could not settle them, the EPF would suffer no loss.

"Every loan given by the EPF is backed by bank guarantee and this reduces its risks," he said.

Sallehuddin also said that the EPF would start the low-cost housing project in Selangor soon through Malaysian Building Society Bhd. -- Bernama

DAB JK