

# **Dr M: EPF main source to finance Budget**

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THE Employees Provident Fund (EPF) has been identified as the main internal source for financing the 1999 Budget deficit, Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad said.

It was estimated that two-thirds of the financing needs would be obtained from internal resources while the rest would be external, he said when winding up the Budget debate at policy stage.

Second Finance Minister Datuk Mustapa Mohamed read out Dr Mahathir's speech.

Apart from the EPF, other internal resources were Socso and Tabung Haji, he said, adding that the EPF was identified as the main internal resource which was capable

of collecting contributions totalling RM1bil monthly.

The Government, he said, would not utilise financial resources from the banking system to ensure the private sector could obtain adequate loans to finance economic activities.

"At the same time, the Government is holding discussions to obtain external loans from various institutions and certain countries," Mustapa said.

He said the country could still afford to borrow funds, noting that the Federal Government's external debt of RM11.9bil or 4.6% of GNP was still low, adding that its debt service ratio (DSR) was only 0.9%.

"Taking into consideration the external debts of

the private sector and non-financial public enterprises, the country's external DSR is 7.2%, which is much lower than the world average DSR of 20%. Therefore, we can still borrow," he added.

Mustapa said that EPF's investment in the share market was carried out for long-term gains.

The Government, he added, would ensure that contributors' interests were protected and EPF investments were always in check.

To suggestions that contributions by employers be reduced from 12% to 10%, Mustapa said the Government felt it was appropriate that employers and employees continued to contribute according to the monthly rate fixed by the Act.