

Dr M: Don't blame EPF management

STAR

28 FEB 2001

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SHAH ALAM: Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday refuted claims that the lower dividend declared by the Employees Provident Fund was due to failure of the fund's management.

He attributed the lower dividend to the sluggish share market and not due to any weakness on the part of the fund managers.

"EPF returns from its investments are down because the market is down. If it wants to guarantee a high dividend, then it will have to sell its investment in counters which are giving them higher returns.

"This is not a good business decision as it will mean a loss in the long run," he told reporters at the Subang RMAF base upon his arrival from China.

Asked if the fund would be asked to review its policies to make it

more profitable, Dr Mahathir said that was already in progress.

He said since the fund was now under a new management, its policies were already under review. Former chief secretary to the Government Tan Sri Abdul Halim Ali is now its new chairman.

The move was a normal occurrence and did not reflect failure of the fund's management, he said.

"This is normal. We must analyse the policies first, then decide on how to increase profit," he said.

The Prime Minister said even so, there was no guarantee that the fund would always be able to declare a high dividend.

He said it was unrealistic of members to expect the fund to always declare a high dividend since its profits came from business transactions and the stock market which were beyond its control.

EPF had declared a dividend of 6% for last year compared with 6.84% for 1999.