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MAHATHIR-EPF

EPF HAS AFFIRMED IT WILL STUDY WHAT IT MUST DO, SAYS PM

By: Siti Hawa Othman

SUBANG, Feb 27 (Bernama) -- The Prime Minister Datuk Seri Dr Mahathir Mohamad has said that the Employees Provident Fund (EPF) and its new management will certainly examine what it needs to do to raise the profitability of its operations

For this reason, efforts to review the fund's investment policy becomes a routine process, he told reporters here today on his return from attending the Boao Forum on Asia (BFA) in Hainan, China.

On the payment of relatively low dividends by the EPF, Dr Mahathir said the EPF's investments in the stock market had not been highly profitable because market conditions had been soft and weak in recent years and months.

"If we pay high dividends by selling good portfolio counters, EPF would be left with less valuable counters. It is up to EPF to decide how to pay its dividends," he said.

"If we guarantee (paying high dividends) and have insufficient funds for doing so, we must sell the portfolio shares, only to lose out later on. We cannot sell off the good-quality portfolio shares simply in order to pay high yearly dividends. Dividends reflect profits but such profits (through the selling of portfolio shares) are not realistic," the Prime Minister said.

According to Dr Mahathir, every business has its profits and losses and every business operator must find ways to make profits but there was no guarantee that profits would be earned all the time.

On Tuesday, the EPF declared a dividend payment of six percent on the back of earning a net income of RM10.18 billion last year. The dividend payment was lower than the rate of 6.84 percent declared for 1999.

Dr Mahathir said individual investors also could not be assured of earning profits every time and the investors would wonder why all investment funds could report profits even if operating companies reported losses.

"Even if the KLSE (stock exchange) index falls, we must still make profits. This is the Mat Jenin (idle dreamer's) idea of investing -- that every investment must invariably yield profits," the Prime Minister said.

Replying to the expressed criticism that the Boao Forum only served to benefit China, Dr Mahathir said this did not threaten the interest of any particular country.

According to him, the forum gave Asian countries the opportunity to meet and discuss their economic problems and seek ways to solve the problems.

He added that he felt satisfied with the outcome of the forum even though he only attended the official opening session.

Referring to the response of the forum participants to his proposal for an infrastructure tax (to be payable by developed-country governments), the Prime Minister said he did not know about the other leaders but the President of China Jiang Zemin did not reject or oppose the proposal.

In his keynote address at the BFA, Dr Mahathir proposed that an agency be set up under the aegis of the United Nations to collect a tax from the developed countries so that funds could be raised to pay for the development of infrastructural facilities in the poorer countries of the world.

The Prime Minister said the cost of developing infrastructural

facilities were very high and the poorer countries could not afford to develop such facilities without outside help.

He added that, since foreign aid for such development remained inadequate, a new source of funds must be created. -- BERNAMA

SHO MKO SEL MFJ