

28/02/2001

PM tells why EPF can't pay higher dividend

Ramlan Said

PETALING JAYA, Tues. - The Employees' Provident Fund was not able to pay a higher dividend for last year due to lower profits from its investment in the share market, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said investors should learn to accept that not all investments would generate profits as they desired, especially at a time when the market was weak.

He was perplexed that people were banking on making some gains from their investment although companies were not making money.

"Even though the KLSE (Kuala Lumpur Stock Exchange) index is down, profit must be made. This is the Mat Jenin-type of investment ... all the time, you must make money," he said.

Dr Mahathir said this when asked to comment on the six per cent dividend declared by EPF yesterday, which was lower than the 6.84 per cent for 1999.

He was speaking at the Royal Malaysian Air Force base in Subang upon his return from Hainan, China, where he delivered a keynote address at the inaugural Boao Forum for Asia.

Dr Mahathir said one could not expect the EPF to give a guarantee that it would pay a high dividend every year as this could create problems later.

"If EPF wants to give high dividend, the good counters will be sold, and it will be left with the not-so-good counters.

"Therefore, it is up to EPF to decide on how much dividend to pay," he said.

"If a guarantee (of high dividend) is made, and we don't have the money, we then have to dispose of the profitable shares ... this will only worsen the situation later."

Dr Mahathir said EPF could not just dispose of its profitable shares in order to pay high dividend.

In business, he said, there were times when gains and losses were made, adding that what was more important was finding ways to generate more profit.

On reports that the fund had been told to undertake a comprehensive review of its investment policies to reflect market realities, Dr Mahathir was confident that EPF would implement measures to improve its performance.

"With a new management, it is normal that such reviews are carried out," he said in reference to the recent appointment of former Chief Secretary to the Government Tan Sri Abdul Halim Ali as EPF chairman.

On views that the BFA benefited China only, Dr Mahathir said this was not true, adding that the forum would not affect the interests of other parties.

He argued that Asian countries had the right to meet and hold discussions about problems affecting them, and to look for beneficial economic measures.

On whether he was satisfied with what had been achieved at the forum, Dr Mahathir said he had only attended its opening.

On the response to his suggestion for an infrastructure tax where rich countries would be taxed and funds used to finance the construction of infrastructure projects in poor countries, Dr Mahathir said he only exchanged ideas with Chinese President Jiang Zemin whom he met yesterday.

Jiang, he added, did not reject the idea.
(END)