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Mahathir-EPF

LOWER EPF DIVIDEND LIKELY FOR 2002, SAYS DR MAHATHIR

PETALING JAYA, Oct 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today hinted that the 10 million-odd contributors of the Employees Provident Fund (EPF) could again receive a lower dividend payout this year.

The current low earnings from investments in the stock market had made it impossible for the EPF to announce high dividends, he told a news conference after opening the Malaysian-China Economic Forum here.

For 2001, the EPF declared a five per cent dividend, the lowest since 1967 and less than the six per cent announced in 2000.

Dr Mahathir said EPF contributors should not expect a high dividend now as investments in the stock market did not yield good returns not only for EPF but for all investors.

"A lot of people even have to meet margin calls and they lost money. So if you have a low dividend, that, I think, is already a good payout," he said.

He also said that nobody should expect the EPF to declare high dividends every year irrespective of the performance of the economy.

"All over the world today, business is very bad, everybody is very jittery about the possibility of war. If you look at the Dow Jones, Japan (Nikkei Index) and (stock exchanges in) other countries, all are down by a percentage that is much greater than in Malaysia.

"You cannot expect to receive big dividends all the time. If you want big dividends, help Malaysia to grow economically and we (will) pay you good dividends," he said.

Asked whether the EPF should continue investing in US-dollar denominated bonds, Dr Mahathir said earnings from this kind of investment were still yielding positive returns.

Dr Mahathir also said that the government borrowed money from the EPF, and in return gave it a fixed interest rate. "In a way, this is like investing in government bonds."

On whether there were plans for a revision of EPF's investment portfolio, he said there was not much choice available at the moment.

"Can you tell me which company we should invest in?" he said.

The prime minister was also asked whether he had confidence in the present EPF investment panel.

"Yes. you can change the investment board but it is not going to make a difference. It is the companies that were not doing well and not the board," he said.

In April this year, the Malaysian Trades Union Congress (MTUC) passed a vote of no confidence against the investment panel for its failure to ensure fair returns on contributors' savings.

The seven-member investment panel is appointed by the Minister of Finance. They set down the investment policies of the EPF and act under guidelines in section 26 of the EPF Act 1991.

Dr Mahathir was also asked whether the drop in foreign direct investments into Malaysia -- which declined to RM2.2 billion in 2002 from RM13.8 billion 2001 -- was due to Malaysia being linked to terrorism.

Dismissing such a notion, he said: "I don't think much money is going around and much capital (has already) been invested in most cities, so it is not surprising investments from foreign sources are low."

In the 2003 Budget, "we stressed domestic investment and not foreign investments," he said.

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