

Press Release

MEF SURVEYS: HRDF HAS NO RIGHT TO CONSOLIDATE 30% OF EMPLOYERS' FUNDS

PETALING JAYA, 17 May 2016 – The results of the MEF Surveys on '*Implementation of Consolidated Fund from Unutilised Levy of 1MyGRIP & Establishment of 30% Common Pool from Employer Contribution to HRDF*' were announced by MEF President Y.Bhg. Tan Sri Azman Shah Dato' Seri Haron at the MEF Headquarters here today.

The '*Survey on Implementation of Consolidated Fund from Unutilised Levy of 1MyGRIP*' revealed that 91% of respondents do not agree that the unutilised employers' contribution to the 1MyGRIP be converted to consolidated fund.

Tan Sri Azman stated that the survey results indicated a very strong reaction from HRDF contributors to the setting up of a consolidated fund from the unutilised balance of their own funds.

Among the reasons cited by the survey respondents for their strong objection were that it was against the trust principle. Section 23 of the Pembangunan Sumber Manusia Act 2001 states that the HRDF is a trustee of fund – implying that HRDF is obliged to function as trustee only and should not consolidate and/or utilise individual employer's contributions for the purpose of training of other companies' employees.

"HRDF should be holding true to their commitment to contributors who contributed on the understanding that the fund would be available for training for the contributors' employees only.

"It's unfair to the company, and there were problems of training programmes and providers, and the lack of transparency on the part of HRDF. The HRDF cannot ignore this and should credit the unutilised portion of the 1MyGRIP to the individual HRDF contributor's account," said Tan Sri Azman.

The '*Survey on Establishment of 30% Common Pool from Employer Contribution to HRDF*' indicated that 58 per cent of the companies were aware of the 30 per cent HRDF common pool but 92 per cent of them were not agreeable because the fund contributed by employer is for their own respective employees' development and skills upgrading.

"The contributions should remain in HRDF contributor's individual account and not pooled into a common fund," he added.

The Survey also indicated that companies' right to decide the type of training needed for their employees by utilising their own fund should be respected and preserved as training under the common pool may not serve the company as well as the industry needs.

By deducting 30 per cent of HRDF funds to put into a common pool, employers would end up having reduced funds to plan for training that is really required. Companies are also adopting cost-cutting measures in times of economic downturn so it is vital to have access to all their HRDF contributions to train their own employees.

For further information, contact the MEF Secretariat at 03-7955-7778, or fax 03-7955-9008, or email mef-hq@mef.org.my.