

MEF: Scrap HRDF, allow bosses to handle training funds

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Shamsuddin Bardan says employers are unfairly made to contribute to the national fund when their money for training can be self-managed and monitored by HRDF.



Shamsuddin Bardan wants companies' HRDF contributions to be used exclusively to train their employees instead of being channelled for the fund's own purposes. (File pic)

PETALING JAYA: The Malaysian Employers Federation (MEF) wants the Human Resources Development Fund (HRDF) set up for employee training to be scrapped, saying companies prefer to manage staff-training themselves.

MEF executive director Shamsuddin Bardan said it was unfair to force employers to contribute to the fund.

He said many employers wanted to have control over their own money to train their workers instead of having to contribute to HRDF which would later disburse their share.

"Why should employers have a third party to manage their funds?" he told FMT.

"They can manage the funds themselves while HRDF could act as a monitoring body to ensure companies set aside the required money to train their staff."

At present, the employers' contributions were also used to pay for HRDF's building, infrastructure and staff salary, Shamsuddin claimed.

He said this was unfair as the money should be used exclusively to train the firms' employees.

Companies with more than 10 employees must now pay a HRDF levy for each working employee at the rate of 1% of the employee's monthly wage, while businesses with between five and nine employees contribute 0.5%.

Of the total amount contributed by a firm, only 70% is claimable for training purposes. The remaining 30% is held under a consolidated fund for common use regardless of the volume of the contribution.

The levy covers 63 sub-sectors in manufacturing, services, and mining and quarrying.

In 2017, some RM712 million in levies was collected, of which RM480.46 million was disbursed. Total disbursements from the consolidated fund amounted to RM198.316 million.

Shamsuddin said there were also concerns about inappropriate disbursements of the fund's pool of money that were not in accordance with what companies needed.

"Some may need more training while others may need less training to up-skill themselves."

He said HRDF should check on companies to ensure their workers were being sent for necessary training.

Shamsuddin also said HRDF often organised conferences and training sessions when it should focus on serving as a monitoring agency instead of competing with professional training providers.

Recently, HRDF CEO CM Vignaesvaran Jeyandran and three of its board members resigned following a town hall session with training providers held in the presence of Human Resources Minister M Kulasegaran.

An announcement on the members of a governance oversight committee to assist HRDF's board is expected to be made at the fund's annual general meeting this week.