

Call for transparency in use of HRDF funds

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The Malaysian Employers Federation says contributing companies should not be charged for administrative expenses.



Shamsuddin Bardan proposes elections for HRDF board members. (File pic)

PETALING JAYA: The Malaysian Employers Federation (MEF) has called for a probe to find out whether the funds that companies remit to the Human Resources Development Fund (HRDF) are properly used.

Speaking to FMT, MEF executive director Shamsuddin Bardan said the investigation should be one of the tasks of the oversight committee that was recently set up to decide whether to abolish the HRDF.

He said companies contributing to the fund at present did not know whether their money was being used solely for training. They would object if their contributions were also used to pay the wages of HRDF's employees and other costs of operating the fund, he added.

"This is a critical point," he said. "We should not be charged for HRDF's administrative purposes. The committee should reform HRDF to be more transparent."

Shamsuddin was responding to Human Resources Minister M Kulasegaran's announcement that the government had set up an oversight committee to look into issues concerning the HRDF.

The five-member panel is headed by Rebecca Fatimah Sta Maria, a former secretary-general of the international trade and industry ministry. The other members are debt recovery expert Fiona Soh, human rights lawyer Fahri Azzat, chartered accountant S Dhamodaran and journalist R Nadeswaran.

Shamsuddin welcomed the appointments, saying he believed the team could bring about reforms and put in place good-governance practices in HRDF.

He proposed that the committee initiate elections for HRDF board members, noting that the board was currently appointed.

He also called for a rule prohibiting HDRF employees from becoming board directors.

“There should be no conflict of interest,” he said. “HDRF employees should not be involved in the decision-making process.”

Currently, companies with more than 10 employees must pay a HRDF levy for each working employee at the rate of 1% of the employee’s monthly wage. The amount goes down to 0.5% for businesses with five to nine employees.

Of the amount contributed by a firm, 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, the collection was RM712 million, of which RM480.46 million was disbursed for training. Disbursements to the consolidated fund amounted to RM198.316 million.