



## **PRESS STATEMENT**

(FOR IMMEDIATE RELEASE)

### **STA SAYS NO TO THE UNUTILISED 30% OF LEVY CONTRIBUTIONS FROM EMPLOYERS FOR 1MALAYSIAGRIP TO CONSOLIDATED FUND ON 1 APRIL 2016**

The Association is disappointed with the lack of transparency and consultation on how Pembangunan Sumber Manusia Berhad (PSMB) manages the fund contributed by employers pursuant to Pembangunan Sumber Manusia Berhad Act (2001) (PSMB 2001). The Association understands that since June last year, 30% of the total fund paid by PSMB registered employers has been placed in employer's individual 1Malaysia Globally Recognised Industry Professional Certificate Programme (1MalaysiaGRIP) account. According to the Chief Executive of PSMB, Dato' C.M. Vignaesvaran, this is to encourage employers to train their employees under 1MalaysiaGRIP and 1MalaysiaGRIP will be supported with a matching grant from the Government. Despite the noble objective of PSMB to train more employees, the Association has received many complaints from members since beginning of this year expressing their disappointment that amongst others, quota for training for approved courses at approved Training Providers is always full when registration forms were submitted to PSMB, course could not be offered due to insufficient number of participants, insufficient fund in the individual employer 1MalaysiaGRIP accounts (i.e. 30% deducted from employers' monthly 1% contribution since June 2015). Some training providers are rather slow to respond (in term of sending 1MalaysiaGRIP available courses and information) and some are unreachable (no proper websites or emails). Furthermore, most of the 1MalaysiaGRIP courses were relatively expensive; ranges from RM 5,000 to more than RM 10,000. Therefore, most companies prefer to organize such similar courses in-house so as to benefit more employees rather than to send one or two staffs to attend the courses. Most courses that were offered by 1MalaysiaGRIP are also irrelevant to the prevailing major industries in Sarawak i.e. Timber, Oil Palm Plantation and etc.

According to the Employer's Circular No.9/2015 published in PSMB website, as of December 2015, the accumulated fund collected under 1MalaysiaGRIP is RM86.3 million with only a 17.3% utilisation or RM15.2 million and this gives rise to an unutilised balance of RM71.1 million. Hence, PSMB has proposed to transfer the unutilised balance of RM71.1 million to a consolidated fund to be utilised by registered employers of PSMB only on "first-come; first-served" basis. PSMB in its Circular urged all employers to utilise the balance of their respective 30% 1MalaysiaGRIP fund before 1 April 2016 by encouraging their employees to apply for certification courses under 1MalaysiaGRIP.

Given all the problems on the 1MalaysiaGRIP highlighted above, the Association is indeed puzzled how could PSMB urge employers to utilise the unutilised fund in their respective accounts, when there is no way employers could utilise their own contribution accumulated in their own 1MalaysiaGRIP account. The Association believes this explains why there was still RM71.1 million unutilised 1MalaysiaGRIP in employers' account which PMSB decided to transfer to a consolidated fund on 1 April 2016.

The Association is rather upset with PSMB's decision to transfer the RM71.1 million unutilised fund to a consolidated fund without prior consultation between PSMB and employers. Whether the fund is in a consolidated fund or maintained in the employer's individual 1MalaysiaGRIP account, it is to be used to benefit employees. Hence, it is paramount that PMSB ensures training programmes are readily accessible and available for training rather than merely posting information on PSMB portal and when enquired by employers, these training programmes are always not available. If the training programme is available, the employers could always utilise such fund for the benefits of their employees. There is no need to transfer to a consolidated fund. Therefore, the Association asked that PSMB not to transfer the unutilised fund to a consolidated fund but rather to work with employer to discuss ways to better promote training for the benefit of employees. The act of transferring to a consolidated account would only further create more concerns and also unhappiness within employers on how the fund is being used or addressed.

In addition, when the Association wrote to PSMB on 11 January 2016 on the problems encountered by its members, the Association was informed that the Government fund has been fully utilised. It is indeed hard to understand how the matching grant could be fully utilised at such a short span of time. The Association feels that being a corporation incorporated under the Companies Act 1965 and made as a trustee to the fund established under PSMB 2001, PSMB owes a high standard of duty of care to the employers and public at large as the fund whether from employer's contribution or matching grant from the Government is meant to benefit a large number of employees. In this regard, the Association urges PSMB to give details including but not limited to how, who and when the matching grant is utilised.

Sarawak Timber Association  
30 March 2016