

Our ref : (8) PSMB/4/4 Kulit 1

Date : 28 March 2017

**EMPLOYERS CIRCULAR NO.2/2017
AMENDMENT OF THE FIRST SCHEDULE OF
THE PEMBANGUNAN SUMBER MANUSIA BERHAD ACT 2001**

1. PURPOSE

- 1.1** The purpose of this circular is to inform employers on the amendment of the First Schedule of the Pembangunan Sumber Manusia Berhad Act, 2001 (Act 612) (“**Act**”) effective from 1st April 2017 on the:
- 1.1.1** Standardisation of the number of employees for mandatory registration;
 - 1.1.2** Deletion on the requirement of paid up capital for mandatory registration; and
 - 1.1.3** Criteria for voluntary registration.

2. BACKGROUND

- 2.1** Pembangunan Sumber Manusia Berhad (“**PSMB**”) is entrusted by the Malaysian Government to administer and manage the Human Resource Development (“**HRD**”) Levy for the purpose of training, retraining and skills upgrading of the Malaysian workforce in the private sector.
- 2.2** PSMB’s vision is to be the human capital development authority in strengthening the economic development of Malaysia with a clear defined mission of spearheading the human capital learning and development through strategic interventions that fulfil the current and future needs of the industry.
- 2.3** Referring to the mandate derived from Chapter 5 of the Eleventh Malaysia Plan 2016-2020, under Strategy C2; “Improving Regulatory and Funding Support to Broaden Access”, the coverage of the Act will be expanded to include more sub-sectors which will consequently increase the number of Malaysian employees who will be eligible for financial assistance from PSMB by 58 per cent from 1.77 million local employees in 2014 to 2.8 million local employees in 2020.

- 2.4 Therefore, to ensure the accomplishment of the Eleventh Malaysia Plan and to facilitate the local employees' accessibility to training, PSMB is undergoing the first phase of the expansion of its coverage by amending the First Schedule of the Act. This is pursuant to section 49 of the Act which empowers the Minister to amend the First Schedule by way of an Order published in the Gazette.
- 2.5 In order to achieve the mandate from the Government, the First Schedule of the Act has been amended accordingly. On 7 March 2017, the Minister's order, that is, the Pembangunan Sumber Manusia Berhad (Amendment of the First Schedule) Order 2017 ("**Order**") was duly gazetted. The Order comes into effect on **1 April 2017**.
- 2.6 The amendment under this Order will affect all sectors within the Manufacturing Industry, Mining and Quarry Industry and Services Industry under the First Schedule of PSMB Act, 2001.
- 2.7 The amendment of the voluntary category will provide an opportunity for the existing 63 sub-sectors that employ five (5) to nine (9) local employees to register and receive financial assistance from PSMB.

3. **RATIONALE BEHIND THE AMENDMENT OF THE FIRST SCHEDULE OF THE ACT**

- 3.1 The rationale behind the amendment of the First Schedule of the Act is as follows:
- 3.1.1 To assist the Government to achieve its target of a 35 per cent skilled Malaysian workforce by 2020 as underlined in the Eleventh Malaysia Plan;
- 3.1.2 To increase the number of local employees who will be eligible for financial assistance from PSMB by 58 per cent from 1.77 million local employees in 2014 to 2.8 million local employees in 2020;
- 3.1.3 To enhance the country's global competitiveness and strengthen the capabilities of our local Small Medium Enterprise (SMEs). Malaysia's SME Master Plan 2015 – 2020 targets to raise the SMEs' contribution to the nation's Gross Domestic Product ("GDP") to 41 per cent and increase the share of the country's exports from SMEs to 23 per cent by 2020.

4. AMENDMENT OF THE FIRST SCHEDULE OF THE ACT

4.1 The summary of the amendment of the First Schedule is as follows:

Amendment	Imposed Rate of HRD Levy
To standardise the minimum number of local employees to register with PSMB to ten (10) for all employers under the existing coverage (63 sub-sectors)	1 per cent of the monthly wages of each of their Malaysian employees
To delete the requirement for paid up capital for the Manufacturing, Mining and Quarrying sectors	
To allow for voluntary registration to all employers under the existing 63 subsectors that employ five (5) to nine (9) local employees	0.5 per cent of the monthly wages of each of their Malaysian employees

5. DATE OF IMPLEMENTATION

5.1 The effective date of this circular is **1 April 2017**.

6. CONCLUSION

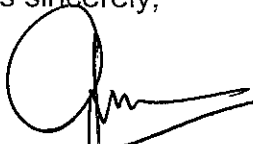
6.1 All liable employers are advised to register with PSMB to be eligible for financial assistance, incentives and other benefits provided by PSMB.

6.2 For further information, please visit our official website – www.hrdf.com.my or contact our toll free line at 1-800-88-4800.

Thank you.

"People, Prowess, Progress"
"Pekerja Kreatif Pencetus Inovasi"

Yours sincerely,



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CHIEF EXECUTIVE
PEMBANGUNAN SUMBER MANUSIA BERHAD