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## **INTRODUCTION**

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This handbook is to provide guidelines to our clients in understanding the work processes and the stipulated procedures when dealing with PSMB. PSMB hopes that with this handbook, PSMB would be able to improve its services to its clients.

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## **OBJECTIVE**

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The objective of these guidelines is to explain the Human Resources Development Fund (HRDF) to employers who are registered with PSMB and contribute the Human Resources Development levy under the Pembangunan Sumber Manusia Berhad Act, 2001.

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## **FUNCTIONS**

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The three main functions of PSMB are as follows:-

- (a) To assess and determine the types and extent of employees' training and retraining in keeping with the human resource needs of industries;
- (b) To promote and stimulate manpower training; and
- (c) To determine the terms and conditions under which any financial assistance or other benefits are to be given.

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## **BACKGROUND**

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In the quest to attain the status of a developed country by the year 2020, greater emphasis must be given to the retraining and skills upgrading of the workforce. This is necessary not only to increase the knowledge and skill intensity of the workforce, but also to equip them with specialised and up-to-date skills as production techniques become increasingly automated and businesses competitive. Retraining and skills upgrading is also of paramount importance to enhance the quality of the workforce so that it is versatile and adaptable to the changing technological and business environment.

A human resource development policy that focuses on companies and their workforce will enable them to attain increases in workers' productivity, efficiency, value-added operations and competitiveness both in the domestic and international market.

The HRDF will also foster workers' flexibility and job security through the process of retraining and skills upgrading. This is particularly significant as our economy is a dynamic and open one that is bound to be vulnerable to demand shocks and technological changes. Consequently, most of the current jobs will need to be restructured and reconfigured.

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### **PEMBANGUNAN SUMBER MANUSIA BERHAD ACT, 2001**

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The Pembangunan Sumber Manusia Berhad Act, 2001, was passed in the Parliament in the year 2000. The Act provides for the establishment of a Board of Directors comprising of ten representatives of employers, three representatives of government agencies responsible for human resource

development / training, a representative of the Ministry of Human Resources, a representative of the Ministry of Finance, the Chief Executive of PSMB and two independent members, who in the opinion of the Minister of Human Resources, will be able to contribute to the work of the Corporation.

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## COVERAGE

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When the HRDF was implemented on 1 January 1993, the Act only covered employers with 50 employees\* and above in the manufacturing sector. With effect from 1 January 1995, it was extended to employers with 10 to 49 employees and a paid-up capital of RM2.5 million and above. It is mandatory for this category of employers to register with PSMB and pay the HRD levy at the rate of one per centum of the monthly wages of their employees.

With effect from 2 August 1996, employers having 10 to 49 employees and a paid-up capital of less than RM2.5 million were given options to register with PSMB. Once registered with PSMB, they were liable to pay the monthly HRD levy at the rate of 0.5 per centum of the monthly wages of their employees.

The HRDF was further extended to the hotel industry, tour operators (in-bound tours only), telecommunications, computer, shipping, aviation and advertising industries as well as freight forwarders and postal services including courier services with effect from 1 January 1995. In line with the government's intention to make Malaysia as the regional centre for higher education, the HRDF was extended to cover private higher education with effect from 17 February 2000. Effective from the

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\* *An employee is defined as any citizen of Malaysia who is employed for wages under a contract of service with an employer, irrespective of whether they are permanent, temporary, part-time or on contract, but does not include any domestic servant.*

same date, the HRDF was also extended to the training and energy industries. Employers from these industries with 10 employees and above were liable to register with PSMB.

With effect from 1 January 2005, the HRDF was further extended to eight industries in the services sector, namely, direct-selling, port services, engineering support and maintenance services, research and development, warehousing services, security services, private hospital services as well as hypermarkets, supermarkets and departmental stores. Employers with ten (10) employees and above from these industries except for hypermarkets, supermarkets and departmental stores were required to register with PSMB. Only employers with 50 employees or more in hypermarkets, supermarkets and departmental stores were required to register with PSMB.

Under Regulation 4(1) of the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations 2001, employers have 30 days to register with PSMB from the date they are liable. Employers falling in any of the categories elaborated, are still liable to register with PSMB under the Pembangunan Sumber Manusia Berhad Act, 2001. Those who have yet to register are advised to do so, failing which legal actions shall be taken against them.

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## **HUMAN RESOURCES DEVELOPMENT LEVY**

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Section 14(1) of the Pembangunan Sumber Manusia Berhad Act, 2001, imposes on every employer to whom the Act applies, a HRD levy in respect of each of his employee at the rate of one per centum of the monthly wages of the employee. Under Regulation 7 of the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations 2001, an employer who is liable to pay the HRD levy shall pay those levies for the first and subsequent months' wages commencing from the date the employer becomes liable. The

payment of the HRD levy is the responsibility of employers. **The wages of employees are not permitted to be deducted under any circumstances for the payment of the levy.**

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## **WAGES**

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Wages has been defined under Section 2 of the Pembangunan Sumber Manusia Berhad Act, 2001 and Employers' Circular No. 1/93.

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## **ELIGIBILITY FOR TRAINING GRANT**

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Employers registered and / or incorporated in Malaysia who have registered with PSMB and pay the HRD levy immediately upon registration are eligible to apply for training grants (financial assistance) to defray all or a major portion of the "allowable costs" of training their employees. Training must be in the area of direct benefit to their business operations. Financial assistance is, therefore, not given to individuals who enroll and finance their own training programmes, whether partially or fully, and subsequently request their employers for sponsorship. Neither is financial assistance given to employers who bear the cost of training after the successful completion of training by their employees.

As provided under Section 20(5) of the Act, any employer who is eligible to receive or in receipt of any financial assistance provided under the Act shall be disqualified from receiving such financial assistance if he is in default of any payment of the levy and shall remain disqualified until such time that all the outstanding payments including interests have been fully paid.

The payment of training grants will be subjected to the terms and conditions imposed by PSMB from time to time and may be withdrawn by PSMB for any breach of any of the terms and conditions imposed.

**To be eligible for training grants under the HRDF, trainees must be employees who are MALAYSIAN CITIZENS.**

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## **RATE OF FINANCIAL ASSISTANCE**

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The HRDF is not a subsidy scheme for the retraining and skills upgrading of workers by employers. As the HRDF will provide financial assistance to defray all or a major portion of the "allowable costs", all retraining and skills upgrading programmes undertaken by employers should be seen as cost-sharing efforts. However, employers are eligible to claim up to the last sen of the levy paid in any current year. The Board of Directors of PSMB may also vary the rate of financial assistance from time to time, depending on the prevailing economic environment.

The rates of financial assistance with effect from 16 July 2000 are as follows:-

Types of training

(a)	Skills Areas	Rate of Financial Assistance, Subject to the Maximum Allowable Costs
	1. Technical Skills	100%
	2. Craft Skills	100%

	3. Quality And Productivity Related Skills	100%
	4. Computer-related Skills	100%
	5. All Other Retraining & Skills Upgrading	100% (extended from 85% to 100% up to 31 October 2008)
	6. Overseas Training	50% (w.e.f. 1 July 2002 – the rate of financial assistance had been increased from 50% to 100% for retraining and skills upgrading in advanced technologies, new technologies, development of new products, research and development, engineering, marketing and strategic management)
(b)	Purchase of Training Equipment and Setting up of Training Room	100% (subject to 20% of the amount of levy paid in the preceding year)
(c)	Purchase or Development of Computer-Aided Software (The rate of financial assistant is dependent on the skill areas).	100%



- |     |   |      |
|-----|---|------|
| (d) | Apprenticeship Scheme   | 100% |
| (e) | Lecturers of Private Institutes of Higher Education undergoing retraining in Engineering, Computer Technology, Medicine and Teaching. | 100% |

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## ALLOWABLE COSTS

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The following "allowable costs" shall qualify for financial support:-

**(a) Fees**

- (I) Course fees for ATP courses under the PROLUS / PERLA Scheme or non-ATP courses by any other training providers not including registration and examination fees except for the Apprenticeship Scheme (which includes registration fees for the Malaysian Skills Standard Certificates) and Diploma programmes (which include registration and examination fees);
- (II) Course fees for public courses conducted locally and the maximum amount allowable is RM1,000.00 per day; and
- (III) Payment of fees to the trainer / instructor for in-house programme training conducted at employer's premises, venue or hotel will be at a maximum rate of RM3, 500 to RM4, 500 for non-technical program and RM5, 000 for the technical program to comply with the following conditions :

- (i) Training programs and instructors must be registered with PSMB under the SBL-Khas;
- (ii) The minimum number of participants must be at least 10 people for technical or high-tech program and 15 for non-technical program; and
- (iii) Computer programs and management of a license as Kepnor Tregor, Six Thinking Hats, Steven Covey Leadership, Development Dimensions International Inc. (DDI) Leadership, Neuro-Linguistic (NLP), Micro Certified System Engineer, and Cisco Certified Network Professional can also be considered if the number of participants complies with the conditions specified in paragraph (a) (III) (ii).

**(b) Allowance for Internal Trainers / Instructors**

For internal trainers / instructors conducting in-house programmes, employers can claim for allowances up to a maximum of RM500.00 per training day;

**(c) Daily Allowances**

Daily allowances which include allowances for food, lodging and land transportation which are payable to trainees for the duration of the training programmes, subject to:-

- (i) Total training hours must be at least 7 hours or half-day training programme with a minimum of 4 hours.

- (ii) There will be no daily allowance for in-house programme except for trainers or trainees from branches / headquarters and vice versa;
- (iii) External programme – where training is conducted within a radius of 50 kilometres (one-way) from the workplace of a trainee, a maximum daily allowance of RM80.00 per trainee per day or the actual rate paid by employers, whichever is the lesser.
- (iv) External programme – where training is conducted beyond 50 kilometres (one-way) from the workplace of a trainee and where accommodation is required, a maximum daily allowance of RM200.00 per trainee per day or the actual rate paid by employers, whichever is the lesser. Reimbursement for accommodation must be supported by hotel bill / receipt;
- (v) No daily allowances will be paid for programmes conducted during the evenings.

**(d) Daily Allowance For Overseas Trainer**

Where overseas trainers / instructors are engaged, the maximum daily allowance payable is RM400.00 per trainer / instructor per day or the actual rate paid by employers, whichever is the lesser. The amount includes allowances for food, lodging and internal transportation which are payable to the trainer(s) / instructor(s) for the duration of the training programme(s);

**(e) Daily Allowance For Overseas Training**

The daily allowances payable to trainees for any overseas training is subject to a maximum of RM800.00 per trainee per day or the actual rate paid by employers, whichever is the lesser. The

costs of accommodation must be supported by hotel bills / receipts;

**(f) Economy Rate Airfare**

Economy rates of travelling by air for trainees, internal trainers and overseas trainers, if applicable. The cost of airfare covers airport tax, administrative fees and fuel surcharge;

**(g) Consumable Training Materials**

If the total cost of consumable training materials per programme is more than RM100.00, a breakdown showing the items and the costs is required when submitting applications for training and receipts when submitting claims;

**(h) Hotel Rental Package**

The cost of hotel rental which is normally in the form of a seminar package should not exceed the total daily allowances claimed by trainees and internal trainers. To enable PSMB to ascertain this, employers must attach quotations from hotels in their applications for training grants under the SBL, SBL-Khas, PLT or Joint Training Scheme. Employers are encouraged to select hotels nearest to their workplace.

Employers are also allowed to conduct their in-house training programmes externally in hotels located beyond 50 kilometres from employers' workplace. However, the hotels must be located within the same State or neighbouring states. For example, employers located within Kuala Lumpur or Selangor can organize their "in-house training" in Pahang, Perak or Negeri Sembilan.

Where the mode of travelling for trainers and trainees is by chartered coaches / buses, quotations from transport companies must be submitted. However, the total cost of hotel rental

and travelling must not exceed their maximum daily allowances payable;

**(i) Rental of Training Premises**

Apart from hotels, employers are also allowed to rent training premises such as premises of training providers, employers' associations and others. Whenever possible, food should also be catered by the owners of the premises. The cost of rental and food should not exceed the total daily allowances payable to trainees and internal trainers. Employers are encouraged to rent training premises nearest to their companies.

**(j) Meal Allowances**

For in-house programmes conducted within employers' premises, employers are eligible to claim meal allowances up to RM20.00 per trainee per day. Internal trainers are also eligible for meal allowances.

**(k) Corporate Trainers Conducting Training in Company's Branches and Subsidiaries**

Internal trainers from corporate headquarters / subsidiaryes / branches of employers conducting training at other branches and subsidiaries in other towns will be allowed to claim travelling by air at the economy rate as well as daily allowances, subject to the maximum allowable as approved for trainees.

No daily allowances will be paid for programmes / courses conducted during the 7 evenings. However, daily allowances can be paid for weekend training / courses, if they are paid by employers.

**Note:**

It is hereby emphasising based on Circular 16/2010 half-day training programme with a minimum of four

hours are eligible for financial assistance. The approved allowable cost shall also be a half of full-day financial assistance.

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## **REGISTRATION OF EMPLOYERS**

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Under Section 13(1) of the Pembangunan Sumber Manusia Berhad Act, 2001, every employer to whom the Act applies shall register with the Corporation within such time and manner as may be prescribed. Regulation 4(1) of the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations, 2001, stipulates that an employer to whom the Act applies shall submit the Registration of Employer Form (Form 1) to the Corporation not later than 30 days after the date of coming into force of the Regulations, that is, 16 May 2001. However, an employer who becomes liable after 16 May 2001 will be required under Regulation 4(2) to submit Form 1 not later than 30 days after he becomes liable.

Section 13(2) of the Act also stipulates that any employer who contravenes Section 13(1) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.00 (Ringgit Malaysia ten thousand) or to imprisonment for a term not exceeding one year or both.

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## **PAYMENT OF THE HRD LEVY**

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Under Regulation 7 of the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations, 2001, an employer who is liable to pay the HRD levy will have to pay not later than the last day of the month immediately following the month in respect of which the payment falls due. Under Section 14(3) of the Act, where an employer fails

to pay any levy within the period prescribed by Regulation 7 of the Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations, 2001, an employer shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM20,000.00 (Ringgit Malaysia twenty thousand) or to imprisonment for a term not exceeding two (2) years or both. Section 24 of the Act also stipulates that any levy payable together with any interest thereon shall be a debt due to and be recoverable by the Corporation.

An employer who fails to pay his levy within the specified period will have to pay a yearly interest of 10% in respect of each day of default or delay in payment. Any payment for interests accrued must be made by using Form 2C. The quantum of interest to be paid will be determined by the Corporation.

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## METHOD OF PAYMENT

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All payments of levy or arrears of levy or interests must be made through PSMB's collection agents (Public Bank Berhad and RHB Bank Berhad) using Forms 2A, 2B or 2C. For areas where there are no local Public Bank or RHB Bank branches, employers can send their levy payments directly to PSMB's headquarters at Kuala Lumpur, but PSMB will not be responsible if cheques are lost in transit or if payments are delayed. Forms 2A must be used for payment of levy for the current month, whilst forms 2B must be used for payment of arrears in respect of payments for the previous months. **Employers issuing single cheques for payment of arrears involving several months must use separate forms (Form 2B) for each month of arrears to be paid.**

For the payment of the HRD levy, PSMB has appointed Public Bank Berhad and RHB Bank Berhad as its collection agents throughout the country. PSMB's account numbers at the two banks are as follows:-

- (i) Public Bank Berhad - 3999060003

The banks concerned will print PSMB's account numbers on Forms 2A (payment of levy for current month) and 2B (payment of levy for arrears) and 2C (payment of interests on arrears of levy) when employers make payments. For areas where there are no Public Bank Berhad or RHB Bank Berhad branches, employers may send their monthly levies / arrears / interest together with Form 2A or 2B or 2C duly filled to the Chief Executive of PSMB as follows:-

**Chief Executive  
Pembangunan Sumber Manusia Berhad  
Wisma PSMB  
Jalan Beringin  
Damansara Heights  
50490 Kuala Lumpur**

The third copy of Form 2A or 2B or 2C after being machine-printed or duly acknowledged by an authorised bank officer and date-stamped, will be returned to the employer concerned and should be kept as prima facie evidence of the levy / arrears / interest having been paid.

The acceptable modes of payments are cash, local cheque, banker's order, cashier's cheque, money order and postal order. Outstation cheques are discouraged.

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## **TRAINING SCHEMES**

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Employers are encouraged to utilize their levy payments via the following training schemes:-

- (i) The **SBL (*Skim Bantuan Latihan*) Scheme** is the main funding scheme of PSMB. Under this



scheme, employers are allowed to conduct training either on-the-job, off-the-job or a combination of both. Employers may also conduct training by engaging internal, external or overseas trainers. Trainers or training providers are not required to register with PSMB under this scheme.

- (ii) The **SBL-KHAS Scheme** is mainly to assist employers who are facing cash flow problems to continue with their retraining and skills upgrading of their workforce by using existing levy balances. This scheme is available to all employers registered with PSMB. Under this scheme, employers need not pay or only pay a small upfront cost, depending on the rate of financial assistance for the programme. PSMB will directly debit from the levy accounts of employers to pay the training fees incurred to training providers with the authorisation of the employers concerned.
- (iii) The **PROLUS (Program Latihan Yang Diluluskan) Scheme** requires training providers to register with PSMB. Upon registration, they may submit their training programmes which are relevant to employers' training needs for the award of the ATP (Approved Training Programmes) status. Employers can select any training programme with ATP status, send their employees for training without the prior approvals of PSMB and claim for reimbursements upon the completion of training, subject to the terms and conditions imposed by PSMB;
- (iv) The **PLT (Pelan Latihan Tahunan) Scheme** is the annual training plan scheme where employers are encouraged to put up Annual Training Plans. Under this scheme, employers

must undertake systematic training needs analysis to ensure that training programmes are conducted on a needs basis and in line with their business plans and level of technology adaptations. Employers without the necessary expertise to do so, can seek assistance from PSMB under the:-

- (a) **Juruplan Scheme (Consultancy Scheme for Training Needs Analysis).** Employers can apply for consultancy services from training consultants registered with PSMB. The consultants will assist employers to identify training needs, systematically formulate training programmes and prepare annual training plans. Employers must obtain prior approvals from PSMB in respect of the TNA proposals put up by the consultants and the rate of financial assistance will be at 80% of the fees approved. This scheme is a one-off exercise and employers are expected to carry-out their own TNA in subsequent years.
  
- (v) The **PERLA (*Perjanjian Latihan Dengan Penyedia Latihan*) Scheme.** This scheme is basically a Training Agreement Scheme with selected training providers registered with PSMB. The objective of the scheme is to lessen the financial burden of employers, particularly the smaller employers. Under the scheme, employers sending their employees for retraining / skills upgrading with these training providers need not to pay the full amount of fees charged. As an example, if the fee charged for a particular programme is RM1,000.00 and the rate of financial assistance under the HRDF is 85%, employers only need pay an upfront of

RM150.00 upon registration. The balance of RM850.00 will be claimed by the training provider concerned from PSMB. Where the rate of financial assistance is 100%, employers need not pay any upfront cost at all. With no or a small upfront cost, it is hoped that more employees will be sent for retraining and skills upgrading.

- (vi) **Purchase of Training Aids and Setting Up of Training Room Scheme.** This scheme enables employers to obtain financial assistance at the rate of 80% to purchase basic training aids and set up training rooms, subject to a maximum of 20% of total levy paid in the previous year. Prior approvals of PSMB must be obtained under this scheme. This scheme encourages employers to conduct more in-house training programmes, apart from enhancing the training culture amongst them.

Training aids approved under the scheme are as follows:-

- (a) Television set;
- (b) VCR (Video Cassette Recorder);
- (c) VCD (Video Compact Disc) Player or DVD (Digital Video Disc) Player;
- (d) Overhead Projector, Multimedia;
- (e) LCD and Direct Projector;
- (f) Screen and white board;
- (g) Training tapes, videos or compact disc;
- (h) Slides;
- (i) Chairs and tables for training room only
- (j) Flip Chart Stand
- (h) Mannequin (For First Aid & CPR Training)
- (i) Poster; and
- (j) Laptop/ Notebook

For the setting up of the training room scheme, financial assistance granted does not include the construction of buildings, training centres or the purchase or renting of training rooms.

- (vii) **Computer-Based Training (CBT) Scheme**  
Computer-Based Training and Computer-Aided Instruction are improved technologies in the upgrading of employees' skills. Consequently, employers who wish to purchase or develop computer-based training softwares including CD-ROM for the retraining and skills upgrading of their employees, will be eligible for financial assistance. For the purchase of softwares, a prior approval from PSMB is not required. However, prior approvals must be obtained if employers engaged consultants to develop specific training softwares. The rate of financial assistance will be based on the type of skills.
- (viii) **Information Technology and Computer-Aided Training Scheme (Purchase of Personal Computer)**  
To encourage training in Information Technology by employers, financial assistance will be provided to employers to set up computer training units within their premises. Under the scheme, employers can purchase several units of personal computers. However, financial assistance is up to a maximum of RM25,000.00, once in every three (3) years for the headquarters of companies, while an additional financial assistance of up to another RM25,000.00 can be considered for branch offices.

\* The purchase of personal computers include multi-media kits such as "CD-ROM Drives", Speakers' and 'Sound Cards'. Notebooks and Laptops are not eligible for financial assistance under this scheme.

(ix) **Apprenticeship Scheme**

The objective of this scheme is to increase the supply of skilled workers in industries identified by PSMB and employers. Apprentices are selected from PMR / SPM school leavers. Existing employees with no formal training can also be sponsored by employers, but subject to a ratio of one (1) existing employee to one (1) school leaver. Training conducted will involve a combination of theoretical training at the premises of training providers with an emphasis on practical training and structured on-the-job training at the premises of sponsoring employers. The curriculum for the apprenticeship scheme has been developed on a modular basis.

After the completion of training for each module at the premises of the training providers (for a period of 3 months), apprentices would have to undergo another three (3) months on-the-job training at the premises of sponsoring employers. This is to reinforce the theoretical concepts learnt in the classrooms. The duration of training ranges from six (6) months to 18 months, depending on the type of skills and the needs of employers.

Tuition fees incurred will be fully paid by PSMB whilst employers will be responsible for paying the apprentices' monthly allowances of between RM300.00 to RM500.00. Sponsoring employers are also responsible to purchase insurance coverage for their apprentices for the duration of training. Sponsoring employers are eligible to obtain financial assistance at the rate of 100% of the "allowable costs", namely, apprentices' monthly allowances, insurance coverage and consumable training materials, if applicable.

Upon successful completion of training, apprentices will be awarded the Malaysian Skills Certificates Level 1 and 2 by the National Vocational Training Council. For those who complete the full modules required under any of the scheme, they would be awarded the Apprentice Certificates, jointly issued by PSMB and the National Vocational Training Council.

(x) **Joint Training Scheme**

This scheme enables several employers, particularly those from the SMEs, to jointly appoint a training provider to conduct training for their employees. One of the employers will act as the 'organising employer' who will determine the type of programme required, engages a suitable training provider and determines the venue for training. The 'organising employer' will also be responsible for determining the cost per employee to enable participating employers to claim the "allowable costs" incurred upon the completion of training. The number of employees from participating employers must at least be more than 50% of total number of participants in the programme. The 'organising employer' is eligible to claim the "allowable costs" at the rate of 100%, whilst participating employers can only claim at the normal rates of financial assistance approved by PSMB.

Details of these schemes can be found in pamphlets specially printed for each scheme.

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## **CONFERENCES**

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Employers are eligible to claim conference fees and trainees' daily allowances from PSMB when they send their employees to attend conferences subject to the following terms and conditions:-

- (a) The conference fees will be reimbursed up to a maximum of RM750.00 per day;
- (c) The duration of the conference must not more than three (3) days;
- (d) Daily allowances for food, accommodation and transport during the conference are claimable, subject to existing terms and conditions determined; and
- (e) Economy rate of travelling by air for trainees is also claimable (if applicable).

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## **ELIGIBILITY OF EMPLOYERS**

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All employers registered with PSMB and have paid the Human Resources Development levy upon registration are eligible to apply for training grants, subject to the stipulated rate of financial assistance to defray the total or part of the training costs for employees. Employers must also fulfill the following conditions:-

- (i) All expenses incurred must be borne by employers and not by trainees. The financial assistance granted is only to defray the total or part of the expenses paid by employers and not for individual personal enhancement. This is to reduce wastage of skills training that has no relevance at the workplace;
- (ii) Employers are not allowed to reimburse the costs of public programmes only after the programmes were successfully attended by trainees. Reimbursement of payments, normally made under the Education Assistance Scheme, is

considered by PSMB as part of employees' employment benefits; and

- (iii) Trainees must fulfill at least 75% of the attendance for each programme or module and sit for all examinations and / or complete all assigned tasks, if required. Reimbursement will only be made when both conditions have been fulfilled.

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## **MODE OF TRAINING**

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As the HRDF is a comprehensive training scheme, the following modes of training are allowed:-

- (i) **Enterprise-Based Training**  
The systematic development of enterprise-based training will not only produce a skilled, productive and efficient workforce, but also enhance productivity increases and ensure that the level of training can be fine-tuned to each enterprise's technological environment. This mode of training can combine both formal classroom study and factory training and can be designed to allow minimal disruption to production activities. Thus, it can be provided either on-the-job and / or off-the-job. However, to qualify for financial assistance, the programme must be structured with specific training objectives and training contents / lesson plans;
- (ii) **Institution-Based Training**  
Training providers, irrespective of whether they are public sector training institutions, private sector training institutions, consultancy firms, trade or industry organisations that can offer cost effective training programmes that meet the training needs of employers in the ever-changing



technological and market environment will also be supported by PSMB;

(iii) **Industry-Managed Training Centres**

As industry-managed training centers are expected to better achieve relevancy of training vis-à-vis the knowledge and skill requirements of employers, training programmes conducted by them will be supported by the HRDF. Employers sending their employees for training in these training centres will be eligible for financial assistance;

(iv) **Co-operative Type Training**

Large enterprises that have excess training capacities are encouraged to offer training places to employees of other enterprises, particularly the smaller enterprises which may not have the expertise and resources to formulate and run their own training programmes. This mode of training will be particularly effective in situations where smaller enterprises do sub-contracting work for large enterprises. If employers sent their employees for such training, they will be eligible for training grants under the HRDF; and

(v) **Overseas Training**

Training for the upgrading of skills should ideally be conducted locally as the costs involved in overseas training are high and only a few can be sent. Only in cases where the training required is not available locally, the applications will be considered on a case-to-case basis.

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## **DIPLOMA PROGRAMME**

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Employees attending retraining and skills upgrading programmes / courses at the diploma level will be eligible to receive financial assistance under the Human Resource Development Fund. However, diploma programmes must not only enhance the knowledge and skills of the workforce to improve their job performance and productivity, but also enable them to fill vacant positions at higher levels within the enterprises.

Diploma programmes should be formulated on an application-based learning basis and therefore, structured to be directly relevant to employers' needs with direct accountability to the workplace. A committee chaired by PSMB has been set up to evaluate the training contents, syllabus, course materials and other related documents submitted by training providers.

To cater for the working population, these programmes should preferably be conducted during the evenings and weekends or on day release basis. Alternatively, employers may wish to recruit jobseekers as their employees and send them for full-time training in engineering and technical skills to meet their medium-term manpower needs. Diploma programmes can only be considered under the PROLUS / PERLA Schemes.

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## **APPLICATION FOR TRAINING GRANTS**

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Employers undertaking the retraining and skills upgrading of their employees through any mode of training can apply for training grants under any of the training schemes established by PSMB. The rate of financial assistance will be as determined by

PSMB and subject to the terms and conditions imposed. These terms and conditions may be amended from time to time.

To ensure that in-house programmes are cost effective, PSMB has imposed the minimum number of trainees for a programme is 5 trainees.

Employers who have received prior approvals to carry out the programme with the minimum number of trainees are not allowed to reduce the number subsequently.

On the other hand, the maximum number of trainees for a programme as stated in Employer Circular No. 3/2004 is as follows:

Technical and Information Technology Programme	Maximum of 25 trainees
Non-Technical Programme	Maximum of 35 trainees

For public training programmes with participants exceeding 35 trainees, but not more than 100 trainees, consideration will be given by PSMB, subject to the following condition:-

- (a) At least 50% of the programme must consist of break-up groups of not more than 20 trainees and each group must be facilitated by a trainer.

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## **CLAIMS FOR TRAINING GRANTS**

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### **Duration for Claims to be Submitted**

Claims for training grants for completed programmes in the current year should be submitted not later than 30 June of the following year. Claims received after this dateline will be

rejected. The list of claim forms for the training schemes under HRDF is as follows:

No.	Training Schemes	Claim Forms
1.	SBL, PLT, SBL-KHAS, Joint Training Scheme	PSMB/T/1/09
2.	PROLUS - Trainees Attendance List - Claim Form	PSMB/PRO/4/06 PSMB/PRO/T/06
3.	PERLA - Levy Check List - Attendance List - Employer Claim Form - Training Provider Claim Form	PSMB/PER/LR/06 PSMB/PER/2/06 PSMB/PER/T1/01 PSMB/PER/T2/06
4.	Purchase of Training Aids	PSMB/PL/T/01
5.	CBT	PSMB/CBT/T/01
6.	Apprenticeship - Employer Claim Form - Training Provider Claim Form	PSMB/SP/T1/01 PSMB/SP/T2/01
7.	Information Technology	PSMB/IT/T/01

#### Reimbursement of Claims

Financial assistance in respect of approved “allowable costs” will be reimbursed on a claimed basis. The amount reimbursed is subject to the approved amount or actual expenses borne by employers, whichever is the lesser and to the availability of funds in employers’ accounts. Employers are allowed to fully utilise their levy paid in any particular year. The unutilised levy, if any, will be allowed to be carried forward to the subsequent years. However, this will be reviewed by PSMB from

time to time. Currently, employers are allowed to carry forward their unutilised levy for a particular year up to 5 years only, after which they will be forfeited. The computation of the 5 years is from the date of liability of an employer or effective from the date of its last claim.

To ensure prompt payment of claims, all claims must be supported with adequate supporting documents as follows:-

No.	Expenses Claimed	Supporting Documents
1.	Tuition fees / course fees paid to the external trainers	Receipts and invoices
2.	Daily allowances include transportation, food and accommodation (if applicable).	Payment vouchers and / or claim statements as well as hotel bills.
3.	Hotel rental packages / rental of training premises	Hotel bills / receipts
4.	Economy rate of travelling by air	Air fares ticket (ticket stubs) / receipts
5.	Consumable training materials	Receipts and invoices

#### **Disbursement Procedures**

Completed claims' forms received will be processed by the Claims Unit of the Finance Division of PSMB. If there is no problem with the employers' levy status, cheques would be issued within four (4) weeks. Cheques and payment particulars would be sent by mail to the respective employers, using the addresses available in the database of PSMB's computer system. **It is therefore important that employers notify PSMB immediately if there are any changes in their addresses.**

*Noted : Effective 1 January 2011 all employers are compulsory to subscribe with the e-disbursement system for the payment of training grants. Under the e-disbursement system, the amount of training grant approved for payment would be credited directly into employer's bank account. Employers were notified of payment details through email. With implementation of the system, there will no more payment of training grant by cheque.*

For employers with arrears of levies or interests, their claims will be processed by offsetting their levy arrears / interests with the approved amount. Any balances available will subsequently be paid to employers.

Claims with incomplete supporting documents would be queried and returned to employers for necessary actions. In cases where employers have not received any feedback six (6) weeks after their claims have been submitted, they are advised to contact the Finance Division of PSMB to ascertain the status of their claims. This can also be done by checking their accounts electronically through PSMB's website.

### **Additional Guidelines to Submit Claims**

To ensure that claims are in order so as to avoid queries and delays in payments, employers are advised to pay particular attention to the following:-

1. **Receipts for Tuition Fees or Costs of Training**  
Please ensure that all receipts submitted to support claims are **official receipts**, encompassing details like serial numbers, addresses and telephone numbers of training providers. Particulars of programmes such as programme titles, dates of training and the actual cost for each module or itemized expenses, where applicable, should be clearly stated in the receipts or invoices. Receipts should be issued in the name of employers and not trainees.

2. **Course Title**  
Course titles as stated in the supporting documents such as receipts or payment vouchers must be in full and correct as stated in the grant approvals.
3. **Photostat Copy**  
Photostat copies of supporting documents are acceptable, provided they are taken from the original copies and have been certified as a certified true copy.