

30/07/1998

HRD Fund: Ailing companies get another reprieve

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KUALA LUMPUR, Wed. - Companies that have been adversely affected by the country's economic slowdown will be given another six-month exemption from contributing monthly levies to the Human Resources Development Fund.

Human Resources Minister Datuk Lim Ah Lek said he would bring the second exemption up to the Cabinet at its meeting next week for endorsement.

From Feb 12, companies in the manufacturing and services sectors have been given an exemption from paying the mandatory monthly levies of between RM250 and RM35,000 to the HRDF. The exemption period ends on Aug 12.

But Lim said companies which had been registering profits would be required to contribute to the HRDF so that workers could continue to be re-trained.

"We know that some companies are still facing financial problems. That is why we are recommending that they be given a further six-month reprieve," he said.

Companies in the export sector are among those required to contribute to the fund as most of them have been registering profits.

Lim said this before chairing his weekly post-Cabinet meeting.

The earlier exemption had benefited some 6,000 companies which contributed some RM10 million to the fund monthly.

Under the Human Resources Development Act 1993, employers with more than 50 workers in the manufacturing sector are required to contribute one per cent of their total wage bill to the fund monthly for the retraining of workers.

In 1995, the fund was expanded to cover companies in manufacturing and services with between 10 and 49 workers and a paid-up capital of RM2.5 million.

These included hotels, tour operators (in-bound), advertising, computer and related industries, aviation, shipping, freight forwarders, telecommunications and posts and courier services.

Asked which sector will be exempted from contributing to the fund for a further six months, Lim said: "We will make an announcement next week."

On how the ministry officials would decide whether a company had been registering profits or losses in recent months, Lim said: "We will know what to do."

On another development, Lim said employers in Sabah and Sarawak would not be required to submit particulars of their foreign workers to the Labour Department because they are not governed by the Employment Act 1955.

Employers and workers in both these States are covered by their respective labour ordinances.

On Tuesday, Lim had said that employers who recruited foreign workers after Aug 1 must submit the particulars of their foreign workers to the Labour Department within two weeks.

Those who have already employed foreign workers have until Sept 1 to do so.

Lim said those who employed their foreign workers before Aug 1 would have to use Form PA 1/98 while those who engaged these workers after Aug 1 would have to use Form PA 2/98 to submit their workers' particulars.

The exercise does not cover maids and permanent residents.

When asked whether he had received a reply from his Singaporean

counterpart, Lee Boon Yang, on the CPF issue, Lim said he had.

"I have received a reply from him but I have to brief the Prime Minister (Datuk Seri Dr Mahathir Mohamad) first before I can make any announcement."

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