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EMPLOYERS CIRCULAR NO. 2/2010

ESTABLISHMENT OF 1MALAYSIA FINANCIAL ASSISTANCE FUND FOR SMALL ENTERPRISES

1.0 PURPOSE

- 1.1 The purpose of this circular is to inform employers on the establishment of the 1Malaysia Financial Assistance Fund for Small Employers with an allocation of RM5 million by Pembangunan Sumber Manusia Berhad.

2.0 BACKGROUND

- 2.1 The 1Malaysia Financial Assistance Fund is established to assist small employers who have insufficient levy balance to send their workers for training. PSMB is of the view that training should not stop during the unfavourable economic climate. Continuous training and skills upgrading will ensure workers with the right skills when the economy improves.
- 2.2 In an increasingly competitive international market where growing expectations continue to be weighed against the elements of cost, quality, technology, efficiency and timeliness, it is imperative that local small employers are equipped with the necessary skills, capabilities, technical know-how and best practices to be resilient and competitive. The ability of small employers to compete and enjoy continued success in both domestic and regional markets would depend significantly on their willingness to invest and continuously upgrade human capacities and capabilities. Small employers must be bold enough to benchmark against the best and strive towards upgrading their performance. This will involve adopting new methods and best practices, investing in human capital development to be equipped with the necessary skills sets and technical

expertise; subscribing and adhering to globally-accepted standards; adopting new technologies as well as exploring new markets.

- 2.3 Training that is funded from this fund will primarily focus on innovation, creativity and high value-added programmes that enhance human capital development. This emphasis is essential as Malaysia transform itself into a High Income Nation, leveraging on high technology and skilled workforce.

3.0 MECHANISM OF FINANCIAL ASSISTANCE

- 3.1 The fund is in the form of matching financial assistance i.e. PSMB would reimburse expenses incurred for training by the same amount of financial assistance. Employers who are eligible for financial assistance under this fund are small employers registered with PSMB. Definition of small employers is as shown in **Table 1**.

Table 1: Definition of Small Employers

| Sectors | Number of Employees | Amount of Paid-up Capital |
|----------------|----------------------------|----------------------------------|
| Manufacturing | 50 employees or less | Less than RM2.5 million |
| Services | 19 employees or less | Less than RM2.5 million |

- 3.2 As small employers are exempted from paying the human resources development levy for the period 1 April 2009 until 31 March 2011, the status of small employers shall be determined based on the number of employees for the month of March 2009 or earlier.
- 3.3 The fund will be allocated by state according to the number of employers. As the amount allocated is limited, disbursement shall be made on the first come, first served basis.

3.4 Training programmes that are eligible under this fund are approved training programmes that commence from 16 February 2010. The fund will end when the allocation is fully utilised.

3.5 The fund will be provided for training in high value-added programmes with heavy orientation towards innovation, creativity and technical skills. The approved programmes must also be registered under the following schemes:

- (a) SBL-Khas;
- (b) PROLUS;
- (c) PERLA; and
- (d) SMETAP.

3.6 This fund is not eligible for the following schemes:

- (a) SBL;
- (b) SME OJT Scheme;
- (c) Purchase of Training Equipment and Setting Up of Training Room Scheme;
- (d) Information Technology and Computer Aided Training Scheme;
- (e) Computer Based Training Scheme;
- (f) Juruplan Scheme;
- (g) SME TNA Consultancy Scheme;
- (h) Industrial Training Scheme;
- (i) Apprenticeship Scheme; and
- (j) Accreditation of Prior Achievement Scheme.

3.7 Eligibility of the fund is to employers who had fully utilised or have insufficient levy balance and the financial assistance is up to a maximum of 2 claims per employer. Notwithstanding, employers must not have arrears of levy and unpaid interest upon application of training grants for SBL-Khas Scheme or commencement of training for PERLA, SMETAP and PROLUS Scheme. For public

programmes, the number of workers allowed to attend training is limited to 5 participants per employer per session.

4.0 RESPONSIBILITIES OF TRAINING PROVIDERS

- 4.1 Training providers are required to conduct training in accordance to the terms and conditions of approvals. To avoid abuses, PSMB would conduct periodic audits.

- 4.2 Training providers are also required to keep evidence of training in the form of digital photographs or video clips (i.e. showing faces of all participants, trainers, training manuals/handouts and backdrops) on each day of training. The photographs/video clips shall be made available to PSMB upon request.

5.0 EFFECTIVE DATE

- 5.1 The effective date of this circular is 16 February 2010.

Thank you.

“PEKERJA TERLATIH MENJANA KECEMERLANGAN”
“Kerana Mu Malaysia Maju”

Yours sincerely,

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