

## PRESS RELEASE

### HRD Levy: Training Fund Should Remain True to Its Purpose

**Kuala Lumpur, 20 August 2025** – The Malaysian Association for Training Providers (MATPRO) has expressed serious concern over the recent announcement to utilise RM2 billion from the Human Resources Development (HRD) levy to subsidise graduate salaries.

Articles published in *The Edge* (19 August 2025, page 3) titled "*Govt Unlocks RM2B HRD Levy Funds to Boost Graduates Hiring*" and in *NST* (by Bernama, same date) titled "*Employers can use RM2bil HRD levy to hire Malaysian graduates from September*" have attracted widespread attention. While the initiative's intention to support graduate employment is commendable, MATPRO highlights that the proposed use of levy funds for payroll may not align with the original objectives of the HRD levy.

#### Skills Development at the Core of Malaysia's Growth

Malaysia has set ambitious targets to raise its skilled workforce, recognising that a strong skills base is vital for developed nation status. OECD benchmarks place skilled workforce ratios at 50–70%, while Malaysia, according to the 12th Malaysia Plan (12MP) Mid-Term Review, targets an increase from 29.6% in 2023 to 35% by 2025.

HRD Corp, positioned as the prime driver of training and development, has also pledged in its 2024 National Human Resource Policy Framework to support this goal by 2030. However, despite levy collections from almost all industries, progress has been limited. As of 2024–2025, only 4.94 million Malaysians held skilled occupations out of a total employed population of 16.9 million—just 29.2%. Not only does this fall short of the 2025 target, but it also reflects a slight decline from the baseline.

#### Concerns Over Levy Fund Diversion

The HRD levy was established with a clear intent: to promote training and development of employees, apprentices, and trainees. This purpose is expressly embedded in the PSMB Act 2001 (Act 612), which allows levy monies to be used for courses, trainers, apprenticeships, allowances, and competency development. Sections 14 and 15 of the Act, to our knowledge, do not provide for levy monies to be channelled to wages or salaries.

Unless supported by proper legislative amendment and stakeholder consultation, such a move risks diverging from the original spirit of the law.

MATPRO cautions that this diversion could result in:

- **Employer reliance** – Companies may rely on levy funds to offset salary costs rather than invest in meaningful training.
- **Reduced training opportunities** – Finite levy resources diverted to payroll may constrain training, certification, and upskilling.
- **Unequal access** – Larger corporations with stronger HR systems may benefit more, while SMEs—the group that needs support most—may be left behind.
- **Short-term outcomes** – Temporary job placements without structured training and mentorship may not deliver sustainable employability.

### **Impact on Training Ecosystem**

Training providers, an essential pillar of Malaysia's workforce development, number more than 8,000 nationwide, supported by over 35,000 registered trainers. Both groups depend heavily on levy-funded programmes to deliver capacity-building initiatives.

Redirecting levy monies away from training may weaken this ecosystem and reduce Malaysia's long-term competitiveness. Past concerns on levy inefficiencies should instead be addressed through stronger governance and transparency—not by diluting its primary purpose.

### **A Call for Sustainable Interventions**

MATPRO recognises Malaysia's graduate unemployment challenge but stresses that sustainable solutions must focus on **structured training pathways, competency-based apprenticeships, and mentorship programmes**. These are consistent with the HRD levy's original intent and ensure long-term gains for both graduates and employers.

"It is timely for the Ministry of Human Resources, HRD Corp, and policymakers to review this initiative, safeguard the levy's original mandate, and reaffirm that training—not payroll subsidies—is the sustainable path to building a skilled and competitive workforce," said Dr. Maria Rufina, President of MATPRO.

**"Malaysia must prioritise interventions that deliver lasting value, not just short-term relief."**

Issued by  
Dr Maria Rufina, President  
Malaysian Association for Training Providers (MATPRO)  
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### **About MATPRO**

The Malaysian Association for Training Providers (MATPRO) is a national body established to champion the interests of training providers and advance workforce development in Malaysia. Representing over 8,000 registered training providers and supported by more than 35,000 certified trainers, MATPRO plays a pivotal role in building Malaysia's human capital ecosystem. The association is committed to promoting quality training, advocating policy improvements, and strengthening industry standards to ensure that Malaysia's workforce remains competitive in a rapidly changing economy. MATPRO works closely with government agencies, employers, and stakeholders to drive sustainable skills development and enhance employability nationwide.

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