



## **Human Resource Development Fund (HRDF) Levy Imposed on Engineering Consultancy Practice (ECP) has caused unnecessary hardship.**

2<sup>nd</sup> Press Statement by  
The Association of Consulting Engineers Malaysia

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The Association of Consulting Engineers Malaysia (ACEM) wishes to express concerns about the recent Public Accounts Committee (PAC) Report relating to the way in which the Human Resource Development Fund is managed. The imposition and collection of the human resources development levy by HRDC under the PSMB Act 2021 was for the purpose of promoting human resource training and development.

ACEM time and again has objected the expansion of the scope of the PSMB Act 2021 effective 1<sup>st</sup> March 2021 to cover engineering consultancy services industry which in our view would not achieve its intended purpose but instead will only serve to hamper the growth of the industry.

Engineering Consulting Practice (ECP) firms are required under the Registration of Engineers Act (REA) to fulfill the Continuing Professional Development requirement for their staffs through various Training and Education programs organized by the Board of Engineers Malaysia (BEM), Association of Consulting Engineers Malaysia (ACEM), Institution of Engineers Malaysia (IEM) as well as participating in conferences / seminars organized by the Government and Semi-Government bodies.

We believe that training of all professional workforces must be left to the respective professional bodies. Furthermore, the courses offered by HRDC training schemes do not necessarily satisfy the professional training needs of the staffs.

The levy by HRDC has significantly increased the operational cost of ECPs and has adversely impacted their operations while not meeting the training needs effectively. The professional practice is already facing serious financial crisis post COVID 19 Pandemic and the effects of the continuous economic slowdown since 2017.

The levy of 1.0% on the gross salary of staff per month, imposed amounts to about RM 120,000 per year for a middle size ECP firms and can be as high as RM 0.5mil per year for larger firms. This additional financial burden has caused hardship to many ECPs already struggling to meet their monthly expenditure. The ECP will surely not be able to meet the government's call for a better paid workforce.

ECPs are struggling to keep their skilled workforce and have seen many of their talented staff moving to other better-paid industry in recent years. The recent "jurutera miskin" issue raised by young budding engineers is proof of this problem.

ACEM is of the opinion that the introduction of the levy by PSMB on professional practice firms is an added bureaucracy and has resulted in unnecessary additional cost to the training program already implemented by the various professional bodies.

This issue has also been voiced numerous times by many other professional bodies such as

- Badan Peguam Malaysia
- Malaysian Institute of Accountants (MIA)
- The Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Tax Institute of Malaysia (CTIM)
- Institution of Engineers, Malaysia (IEM)
- Pertubuhan Akitek Malaysia (PAM)



In fact, a joint position letter had been sent to the MoHR but as to date no action has been taken by the MoHR.

In view of the above reasons and the recent PAC report, ACEM is calling for the HRDC levy collection to be halted. Human resource development and training programs are best left to be undertaken by the respective professional bodies.

It is imperative that the Government must take serious effort to correct these predicaments. ACEM had several times requested to meet the YB Minister at the MoHR but to date had not received any positive response. Good governance is the slogan of the Kerajaan Madani and this is one of the issues that needs to be addressed urgently.

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