

Press Release

GOVERNMENT SHOULD SHARE COST OF 90-DAY MATERNITY LEAVE

The government should put in place appropriate mechanisms to support employers bear the additional cost increases should maternity leave be extended from the current 60 days to 90 days, as was proposed by the YAB Prime Minister in tabling the Budget 2018 in Parliament recently.

The proposal to extend the maternity leave came as a surprise to employers as there was no prior discussion whatsoever prior to the said announcement. This contradicts the government's policy to adopt good regulatory practices before new laws or policies are introduced, as the employers are relevant stakeholders who are made to bear the additional financial burden as a result of extended maternity leave.

Currently, employers in Malaysia pay full wages for the 60 days maternity leave for up to five surviving children, where the cost of maternity leave is about RM1.495 billion per year.

Should maternity leave be increased to 90 days, the additional costs to employers is estimated to increase by about RM747 million per year. Employers need to also pay for the cost of replacement that would also amount to about RM747 million, thus amounting to a total of about RM1.5 billion per year.

In comparison with other countries such as Singapore, Thailand, the Philippines, Korea, Australia, France, Sweden, and Norway the wages during maternity leave is paid wholly or partly by the government or social security or insurance. In the United States, the maternity leave period are unpaid. Refer to Appendix A.

"Compared to other countries, employers in Malaysia are already very generous as they pay the wages in full for the 60 days maternity leave," said MEF Executive Director Y.Bhg. Datuk Hj. Shamsuddin Bardan in Petaling Jaya today.

"Whilst MEF supports women in employment, to require employers to bear the additional costs of 30 day maternity leave would be grossly unfair in view of the very challenging economic environment and implementation of other new policies, such as the Employment Insurance Scheme (EIS), expansion of SOCSO coverage and minimum wages."

"The government should share the costs with the employers. Employers are already stretched in that the number of working days for an employee in Malaysia is already quite low and one day's wages in the private sector is estimated at RM600 million. An average of 250,000 women employees go on maternity leave each year."

For further information, contact MEF Headquarters at 03-7955-7778, or fax 03-7955-9008 or email mef-hq@mef.org.my.

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APPENDIX A

COUNTRY	DURATION	WAGES
Singapore	84 days (12 weeks) for the first 2 confinements.	The employer is required to pay for the maternity leave for the first eight weeks, while the additional four weeks, capped at \$10,000 (including CPF contributions), is funded by the government. For the 3rd and 4th confinements, the government funds the full 12 weeks of wages which is capped at S\$30,000 (including CPF contributions). Employer pays full wages during maternity leave and claims reimbursements from the government.
Thailand	90 days including holidays.	The full wages for the first 45 days is paid by the employer while the subsequent 45 days is funded by social security. Eligibility to maternity leave is limited to two births only.
Philippines	60 days extended to 78 days caesarean section delivery.	The wages are wholly funded by the Philippines social security system for up to four births (normal delivery).
Japan	98 days (14 weeks – 6 weeks prenatal + 8 weeks postnatal).	No legislative requirement for employer to pay wages during the maternity leave period as this is left to negotiation at the enterprise level. The State Health Insurance Scheme funds 60 per cent of the wages.
Korea	90 days	Employer pays full wages for first 60 days. Wages for the remaining 30 days paid by employment insurance company.
Australia	365 days (12 months)	Parental Leave Pay allows eligible employees get up to 18 weeks' leave paid at the national minimum wage. Payments made to employer first, who then pays them to the employee.
United Kingdom	26 weeks (182 days)	90 per cent of wages are paid for the first six weeks of maternity leave, while the balance of 20 weeks is paid at a fixed rate. The wages are wholly paid by social security.
United States	12 weeks (84 days)	Wages unpaid.
France	16 to 22 weeks (112 to 154 days)	Wages wholly paid by social security throughout duration of maternity leave.
Sweden	16 months (480 days)	Wages paid fully by social security. For the first 390 days, 80 per cent of wages are paid, while the remainder of 90 days is paid at a flat rate.
Norway	18 weeks (126 days)	Wages paid fully by social security. Full wages are paid for the first 100 days while the additional 26 days of maternity leave is provided to either parent. Italy 22 weeks (154 days) Wages paid fully by social security. 80 per cent of wages paid during duration of maternity leave.