PETALING JAYA: Employers will see operational costs rise by RM2.7 billion a year if maternity leave for workers is extended to 90 days from the current 60 days.

Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan said small businesses will not be able to afford it. He said in Malaysia, more than 650,000 employers have five or fewer employees.

“A 90-day maternity leave for one employee will impose a heavy financial toll and operational burden on the employer. They cannot afford to employ more people,” he said.

Shamsuddin was commenting on a proposal in Budget 2020, tabled last Friday, that maternity leave be extended to 90 days, beginning 2021. He said with the extension, the cost for the employer would increase by 60% but the number of work days for the female employee would drop to just 117 days a year, taking into account weekends, public holidays, sick leave and annual leave.

He proposed that instead of making the employer bear the additional cost, it could be covered by either the Social Security Organisation or the Employment Insurance Scheme (EIS).

Alternatively, the government could also be more flexible, such as allowing the employer to decide whether to grant the additional leave based on business considerations. Otherwise, he said, the employee could be given unpaid leave instead.

He proposed that Malaysia study practices in other countries such as Singapore, Thailand, Laos, Myanmar, the Philippines and Vietnam where there was a win-win situation.

He said in Singapore, where maternity leave was extended from 60 days to 84 days, or 12 weeks, employers pay the cost for the first eight weeks, and the additional four weeks, including contributions to CPF (the Singaporean equivalent to the EPF), was funded by the government, subject to a cap of S$10,000 (RM30,480), applicable for the first two births.

He said for the third and fourth confinements, the salary and CPF contribution for the full 12 weeks was funded by the government, subject to a cap of S$30,000.