

Amendments to the payment related to maternity leave

1. What is the reason for this reform in wages for pregnant women?

Prior to the introduction of this measure, employers that employ women had to pay the wages of their pregnant employees during their maternity leave.

This could have led to discrimination against women since there could have been cases where employers preferred to employ men rather than women so as not to incur wage costs covering the fourteen weeks of maternity leave.

With the new system, every employer will be paying a minimum contribution for every employee irrespective of the sex. This will do away with any disincentive leading employers to employ a man instead of a woman. The criteria of choosing an employee will now solely be on the individual skills of the candidate.

2. Will this reform incur any extra payment in the contribution by the employee?

This is definitely not the case. No employee will be paying any contribution for this system.

3. How will the employer effect the payment for this system?

The Tenth Schedule of the Social Security Act¹ will determine the contribution due by each employer for each of his/her employees.

This contribution will go into a special fund, which eventually will be used to reimburse employers paying employees on maternity leave.

In order to ensure that this contribution will specifically be aimed for this objective, a new line will feature in the monthly return form that employers send to the Inland Revenue Department. This will indicate the amount that the employer has paid for this special fund.

4. Who will be controlling payments of this fund?

In order to have absolute transparency, the Board of the fund will be made up of three members representing the employers and one member representing the Unions. The permanent secretary in the Ministry for Finance and the permanent secretary in the Ministry responsible for Industrial Relations will be *ex-officio* members.

¹ <http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8794>

The board will ensure that employers pay their respective contribution and that from time to time revise the contribution rate as necessary.

5. What will be the rate of contribution?

The Ministry of Finance has made an in depth analysis of the pregnancy rate and the number of women applying for maternity leave; the fertility rate; the wages and salaries that are presently being paid to women employees benefitting from this leave and the total amount of employees that include both men and women. This exercise was carried out among private sector employees only.

From this analysis, it was established that the contribution rate has to be that of zero point three per cent (0.3%) of the basic salary.

6. Here are some examples of how this new contribution is calculated

Example 1: A Financial Services company employing a female worker in a managerial role with a basic pay of €35,000 and other allowances/fringe benefits amounting to €5,000. In this case the employer will be paying a contribution in accordance to the maximum capped amount of €65 per year.

The average basic pay amounts to €673.08 per week. The full amount that will be refunded to the employer, through this Trust fund, will amount to €9423.12 during the 14 week period of maternity leave.

Example 2: A retail outlet employs a sales assistant with a basic pay of € 12,000. In the case, the employer will be paying a contribution of 0.3% over the 10% NI paid by the employer which will approximately amount to €36 annually.

The average basic pay will amount to €230.77 per week. The full amount that will be refunded to the employer, through this Trust fund, will amount to €3230.77 during the 14 week period of maternity leave.

7. How will be the contribution effected to the employee?

The present system will not be changed. The employee will still be paid by the employer. The board set up to manage this fund will establish the frequency that an employer needs to send an application for reimbursement effected for maternity leave benefits.

8. What will happen in the case that an employer does not pay his/her respective contribution?

While employers will still duty bound to pay those who apply for maternity leave, no reimbursement will be paid if it transpires that pay contributions were in actual fact not paid.

Moreover, employers will be subject to penalties and fines under the provision of the Social Security Act.

9. Will this mean that the private sector will be paying for those public sector individuals applying maternity leave?

The Government has been very explicit and clear that this fund will solely be used to sustain the system for private sector employees ONLY.

Government will continue to pay all the necessary contribution for those women who apply for maternity leave.

Furthermore, Government will continue to pay for those weeks leave that a woman is entitled over and above the fourteen weeks mentioned above. This payment will be made to all employees irrespective whether women are public or private sector employees.

10. When will this system start functioning?

This system has been in place since the 6th July 2015. In the forthcoming return for the month of August, employers will be paying this contribution.

11. What will happen if an employee will already be on maternity leave on the 6th of July 2015?

If this is the case, employers will start paying the contribution from this date and so they will be entitled for a reimbursement for those weeks of maternity leave availed of after the 6th of July 2015.

12. Will this contribution also be paid for part-time employees whose social security contribution is not incurred in view of their being in another full-time employment?

Yes. The Employment and Industrial Relations Act highlights the right that part-time employees have their maternity leave paid on a pro-rata basis. This means that employers can also apply for a reimbursement for this payment once the corresponding contribution is paid.

13. Who may provide further information?

Please forward any queries, clearly labelled as “maternity leave trust” to this email address: socialdialogue@gov.mt

