

LegCo Panel on Manpower

Information relating to the provisions on sickness allowance under the Employment Ordinance

Introduction

At the meeting of the LegCo Panel on Manpower held on 21 December 1999, Members requested the Administration to provide information on the criteria adopted by overseas countries in determining the minimum qualifying period of sickness days for sickness benefits and the quantified effect on labour cost of reducing the qualifying period to 2 and 3 days on employers' payment for sickness allowance. This paper provides the information available to the Labour Department.

Criteria adopted by overseas countries in determining the minimum qualifying period for sickness benefits

2. The Appendix contains information on the level of cash sickness benefits, including the minimum number of sickness days taken to qualify for sickness benefits, in selected countries/territories as provided in their respective laws. With the exception of Singapore, all countries require a minimum of sickness days ranging from 4 to 8 days to qualify for sickness benefits. There is no information on the criteria used by these countries in determining the minimum qualifying period of sickness days or the underlying rationale.

Quantified effect of reducing the qualifying period to 2 and 3 days

3. Under the existing provisions of the EO, an employee has to take a minimum of four consecutive days of sick leave to qualify for sickness allowance which is payable at the rate of four-fifths of normal wages.

4. On the basis of information of sick leave pattern of employees collected in an enquiry conducted via the General Household Survey in the third quarter of 1998, the Census and Statistics Department has assessed the cost implications on employers if the qualifying period for sickness allowance were to be lowered.

5. According to the assessment, the estimated cost impact of providing sickness benefits by employers under the existing provisions of the EO was 0.021% of the total wage bill for the year 1998. The estimated cost impact of lowering the qualifying period is as follows :

Scenario	Percentage of total wage bill for the year 1998
Qualifying period reduced from 4 consecutive days to 3 consecutive days	0.025%
Qualifying period reduced from 4 consecutive days to 2 consecutive days	0.035%

Labour Department
May 2000

Cash Sickness Benefits in Other Countries / Territories

Country / Territory	Type of Scheme	Rate of Cash Sickness Benefits	Minimum No. of Sickness Days to be Taken to Qualify for Sickness Benefits
New Zealand	Dual social assistance and universal	income-tested; also depends on family condition	1 to 10 weeks, determined by previous income and family circumstances
Australia	Dual social assistance and universal	means-tested ; also depends on family condition	8
United States	Social insurance	53% - 75% (different for different states)	8
China	Employer-provided programs based on central government guidelines	60% - 100%; according to length of service	No information
France	Social insurance	50%; 66.7% after 30 days if 3 or more children	4
Japan	Employee health insurance	60%	4
The Philippines	Social insurance	90%	4
Singapore	Employers' liability	100% (up to 14 days per year or 60 days if hospitalised)	1

Country / Territory	Type of Scheme	Rate of Cash Sickness Benefits	Minimum No. of Sickness Days to be Taken to Qualify for Sickness Benefits
Taiwan	Social insurance	50%	4
United Kingdom	Social insurance	<p>Statutory sick pay (for employees with average weekly earning of £ 66 or more): £ 59.55 a week</p> <p>Incapacity benefit (for employees not eligible for Statutory sick pay): £ 50.35 a week for the first 28 weeks and £ 59.55 a week from the 29th to 52nd week</p>	4

Note : The above information reflects the position as at 1998.