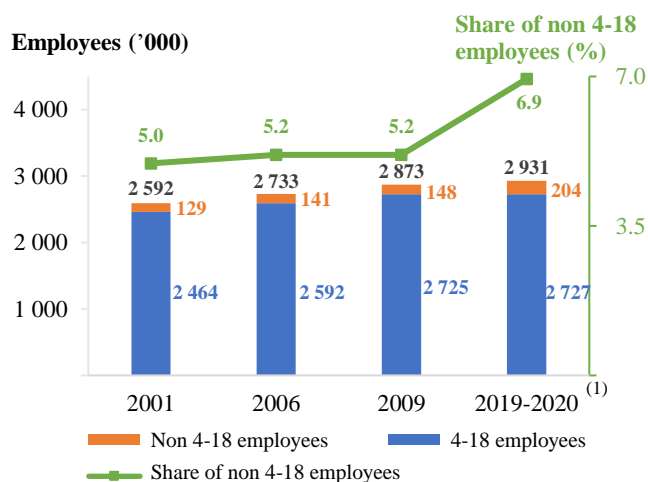


## 4-18 threshold for continuous contracts

**Figure 1 – Examples of statutory benefits for “4-18 employees” mandated by EO**

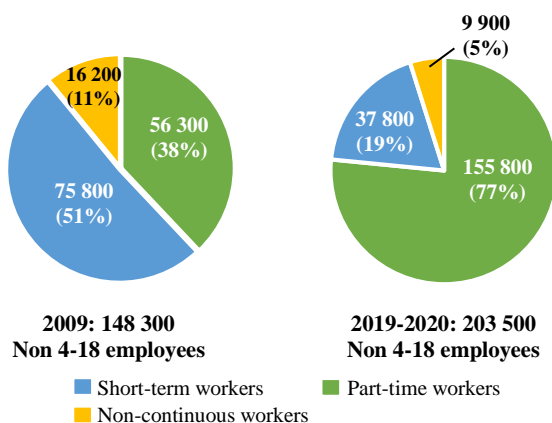
Statutory employment benefit	Entitlement
Paid statutory holidays	13 days each year
Rest days	1 day each week
Paid annual leave	7-14 days each year
Sickness allowance	Accumulation of 2-4 days per month
Paid maternity leave	14 weeks
Paid paternity leave	5 days
Severance payment/ Long service payment	Dependent on length of service

**Figure 2 – Employees in the private sector by type**



Note: (1) Survey conducted from October 2019 to January 2020.

**Figure 3 – Types of non 4-18 employees in 2009 and 2019-2020**

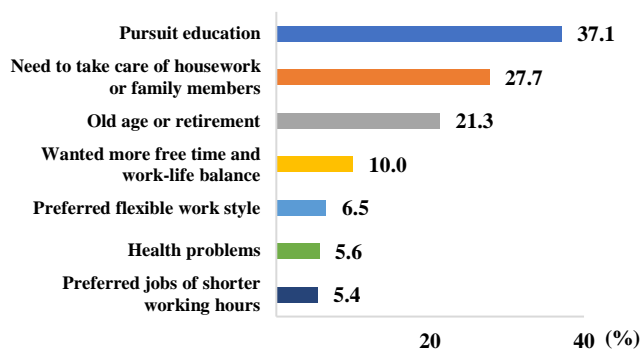


## Highlights

- Under the Employment Ordinance (“EO”), local employees working for the same employer for at least (a) four weeks and (b) 18 hours per week (i.e. “4-18 employees”) are legally under a continuous contract. Subject to satisfying other requirements, 4-18 employees are entitled to certain statutory employment benefits (e.g. rest days and paid annual leave) that are not available to “non 4-18 employees” (**Figure 1**). Labour groups have persistently asked for a review of the threshold of continuous contracts with a view to extending some or all of these statutory benefits to non 4-18 employees on a mandatory basis.
- Based on sporadic and dedicated surveys conducted by the Census and Statistics Department, there were some 203 500 non 4-18 employees in 2019-2020, accounting for 6.9% of all private sector employees (**Figure 2**). This proportion was noticeably higher than the respective proportions of 5.0%-5.2% during 2001 to 2009, conceivably related to the proliferation of flexible workers (e.g. part-time and freelance workers) amidst emerging development of the sharing economy and gig economy globally.
- Analysed by type, the number of **part-time workers** (i.e. those working less than 18 hours per week for the same employers) surged by 177% over the past decade to 155 800 in 2019-2020 (**Figure 3**). Part-time workers now make up a lion share of 77% of non 4-18 employees.
- Meanwhile, **short-term workers** (i.e. those working more than 18 hours per week but have not yet worked for the same employers for four weeks) fell by half to 37 800 over the same period, along with a share shrunk to 19%. While trade custom is one possible reason for such a work arrangement, this figure also included job-changers taking up a new job recently and might become 4-18 employees later (although its magnitude cannot be ascertained from the surveys).
- The remaining 5% were the 9 900 **non-continuous workers** (i.e. those having worked for the same employers for more than four weeks but not always more than 18 hours per week). Their workload was generally more irregular, with a sizable share seen in retail, accommodation and food services (36%).

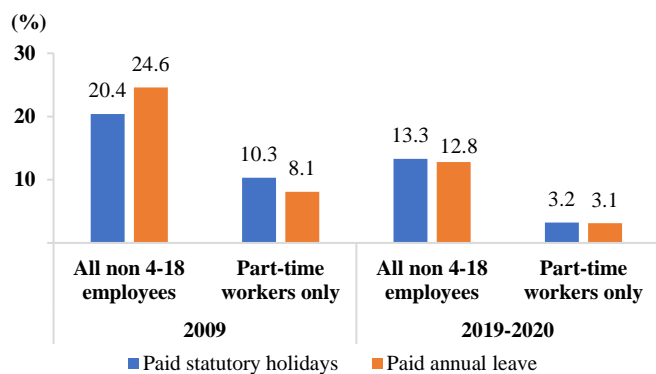
## 4-18 threshold for continuous contracts (cont'd)

**Figure 4 – Main reasons for part-time workers refusing jobs with longer hours in 2019-2020<sup>(1)</sup>**



Note: (1) Multiple reasons could be selected.

**Figure 5 – Share of “non 4-18 employees” offered selected benefits by their employers voluntarily**



**Figure 6 – Four options to amend continuous contract requirements discussed at LAB in 2013**

Options	Type of non 4-18 employees affected	Number of such employees in 2019-2020
Remove continuous contract requirement	Part-time workers and non-continuous workers <sup>(1)</sup>	165 700
Calculate employment benefits on pro-rata basis	All	203 500
Lower threshold to 16 hours per week	Primarily part-time workers	Uncertain (Up to 155 800)
Change to working 72 hours within 4 weeks	Non-continuous workers	9 900

Note: (1) As most statutory benefits require a minimum employment period longer than 4 weeks, short-term workers are rather unlikely to benefit from removal of the continuous contract requirements.

## Highlights

- Given that most non 4-18 employees are part-time workers, a closer look at their reasons for such a work arrangement is merited. When asked if they would take up a job with longer duration if offered one, 101 400 or 65% of part-time workers said that they would refuse. The grounds for their refusal included a need to study (37% of such part-time workers), engagement in home duties (28%) and old age (21%) (Figure 4). Apparently, most of these part-time workers prefer flexible jobs. However, 8 700 or 6% of part-time workers mentioned that they tried in vain to find jobs with longer work hours.
- While non 4-18 employees are not entitled to a number of statutory employment benefits, some employers did offer some benefits to them on a voluntary basis. For instance, 13.3% of non 4-18 employees were offered paid statutory holidays and 12.8% had paid annual leave in 2019-2020 (Figure 5). However, these were lower than the respective proportions of 20.4% and 24.6% in 2009, primarily because of the aforementioned leap in part-time workers among non 4-18 employees, who are less likely to be offered such benefits by employers. In fact, only around 3% of part-time workers had paid statutory holidays and paid annual leave in 2019-2020, down from 8%-10% in 2009.
- In 2013, the Government consulted the Labour Advisory Board (“LAB”) on four possible options to change the continuous contract requirements, on top of “maintaining the status quo”, namely: (a) outright removal of the requirements; (b) calculating benefits on a pro-rata basis; (c) lowering the weekly threshold from 18 hours to 16 hours; and (d) modifying the threshold to working 72 hours within 4 weeks (Figure 6). Yet LAB members were unable to reach a consensus, partly due to concerns that easing requirements would dampen employers’ hiring intention.
- In September 2021, the Panel on Manpower again discussed the subject of continuous contracts, where the Government reiterated the need to reasonably balance the benefits of employees and affordability of employers. The Government undertook to discuss the subject at LAB again during 2022.

Data sources: Latest figures from Census and Statistics Department.

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