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STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
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Submission Cover sheet

Inquiry into the future of the working week

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Inquiry into the future of the working week

This submission responds the Committee's invitation to contribute to the inquiry into the future of the working week.

Summary

In summary, the Committee's discussion paper raises interesting questions but

- inadequately engages with the ability of the Australian Capital Territory to reshape the working environment of people who are in secure and insecure employment,
- lacks rigour in evaluating claims that a shorter working week will result in meaningful productivity improvements that are sufficient to drive adoption by SMEs and larger employers, and regrettably
- does not engage with issues regarding insecure employment, particularly in contexts with highly skilled but precarious workers are tacitly required to work longer (in other words in their own time and under greater scrutiny) for a chance of another short-term employment opportunity.

Around 23% of the ACT Public Service is currently insecure and the overall public sector percentage is higher once non-ACTPS data is included. A desirable outcome of the Committee's inquiry is a recommendation to the ACT Government to pilot the shorter week within representative public sector entities to test whether there are tangible productivity improvements (including improved metrics for service to people who deal with government) in a way that is independently verifiable. Another outcome is that the Government – drawing on the 2018 report by the Legislative Assembly's Standing Committee on Education, Employment & Youth Affairs regarding the extent, nature and consequence of insecure work in the ACT – should provide a model of best practice regarding insecure work.

Basis

The following pages provide an overview and then address the specific Terms of Reference. They reflect my research and teaching on workplace structures (including casualisation) and the impact of new technologies on traditional and emerging business models in the public and private sectors.

The submission does not represent what would be reasonably construed as a conflict of interest. It is independent of any employer body, union or other advocacy group.

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Inquiry into the future of the working week

Overview

The Committee is to be commended for fostering community awareness of a shorter working week, ie work time reduction rather than compression and without a proportionate reduction of remuneration. Questions of work time reduction, other wellbeing mechanisms such as a universal basic wage or income (UBI), and precarity necessitate public exploration. Systemic or specific responses such as work time reduction also require critical analysis if they are to be more than aspirational or dismissed as utopian.

The Committee's discussion paper is valuable for raising questions and extending the exploration by the Legislative Assembly's Standing Committee on Education, Employment & Youth Affairs in 2018 regarding the extent, nature and consequence of insecure work in the ACT.

In considering work in an increasingly service-driven and globalised economy it is however necessary to recognise that the Legislative Assembly has significant weaker authority than the national government to reshape the working environment of people who are in secure and insecure employment, in particular through work time reduction.

It is also necessary to situate any consideration of work time reduction within a broader understanding of the prevalence of insecure work (which is likely to increase and which often most adversely affects otherwise disadvantaged people) alongside the uptake in the public and private sectors of new technologies, particularly digital platforms that replace humans but do not necessarily improve service.

On that basis the discussion paper is vitiated by two inadequacies.

Benefits are uncertain and unlikely

Firstly, it takes an unduly positive view of claims that a shorter working week will result in meaningful productivity improvements, in particular improvements sufficient to drive adoption by SMEs and larger employers of reduction rather than conventional mechanisms such as flextime, working-from-home and carers leave.

Those claims have not been systematically tested and – importantly – are at odds with perceptions among employers that workers would be allowed to reduce their workload by 20% without a corresponding 20% reduction in remuneration (or a proportionate subsidy from the national government). Reduction by one day (rather than two or more days or the corresponding hours) appears to be arbitrary. Studies such as Robert Grosse's *The Four-Day Workweek* (Routledge, 2018) have highlighted employee concerns that 'losing a day' from the work week means losing pay and in many positions tacitly having to work unrecognised unpaid hours on an ongoing rather than peak basis.

Insecure workers are ignored

Secondly, as discussed in more detail below, the paper does not engage with issues regarding insecure employment. Insecure work is particularly salient in contexts where highly skilled but precarious workers without long service leave or other entitlements are tacitly required to work longer (in other words in their own time and under greater scrutiny) for a chance of another short-term employment opportunity. The reference to highly skilled workers is pertinent because skills are a basis for economic growth and for the competitive positioning

of the ACT relative to other Australian jurisdictions/regions and overseas locations. The paper appears to be premised on the notion that the reduction of work time for secure employees will result in productivity gains sufficient not to require additional staff, in other words will not result in opportunities for secure employment of people who are currently insecure workers.

Although, as noted above, the Committee is to be commended for engaging in an exercise of blue sky thinking that may inform both the Legislative Assembly's deliberations about within the Australian Territory (consistent with the Government's aspiration to be progressive) and community awareness of issues regarding future work structures, the mooted reduction of the work week and work hours fails to address the lived experience of insecure workers and their families. The imperatives for many of those people are work that is ongoing or otherwise can be relied upon (for example in budgeting and borrowing), that is fairly remunerated and that is respected. Respect is pertinent, given that in many workplaces people in insecure employment are treated as undeserving and second-class citizens, with consequences that are contrary to individual and social wellbeing.

There have been numerous inquiries regarding insecure work and its effect on personal/social wellbeing, including the current Senate Select Committee on Job Security and the ACT Legislative Assembly's 2018 Standing Committee on Education, Employment & Youth inquiry into the extent, nature and consequence of insecure work in the ACT. The reports and submissions to those inquiries are worth revisiting in deepening the current Committee's inquiry into the Future Working Week and underpinning community awareness regarding what is sometimes dubbed a 'post work future'.

Insecure work

Insecure work is a concept that encompasses terms such as precarious work, casual and non-standard work or gig economy work. It might be highly rewarded or very poorly rewarded. It includes manual and non-manual activity that requires varying levels of skill/experience. It includes short-term fixed-term contracts, casual work, seasonal work such as fruit-picking, home-based outwork and labour hire. A recent ACTU report estimated that 40 percent of Australian workers are in insecure work, many of whom are struggling to make ends meet. The Australian Bureau of Statistics in 2019 estimated that over 48 per cent of all jobs in the retail, accommodation and food services sectors are casual. Those sectors have the lowest hourly wages and a high concentration of small firms, and these are the industries. The ABS December 2020 *Insights Into Casual Employment* reported that prior to COVID around 25% of employees were 'casuals'. Other sources indicate that prior to COVID some 64 percent of the total number of staff in universities was employed insecurely and over 50 percent of university teaching was undertaken by casually employed academics.

The ACTU's submission to the Senate Select Committee on Job Security inquiry into the impact of insecure or precarious employment argued that indicators of insecure work include unpredictable fluctuating pay, uncertainty and/or lack of security over the length of the job, inferior rights and entitlements (including limited or no access to paid leave), irregular and unpredictable working hours or fragmented working hours, lack of voice at work on wages and conditions, less access to opportunities for training or promotion opportunities. Consequences include wage theft (highlighted in several inquiries and recent litigation), insecure or inadequate housing, sexual harassment, bullying and higher risk of workplace injury.

Terms of Reference

a) defining and configuring the concept of a four-day work week;

The contextualisation in the preceding paragraphs indicates the need to consider whether a four-day week (or indeed three-day week, given the arbitrary nature of the reduction) is

- notional or substantive,
- the default for everyone in a specific public/private sector body
- something requiring a coherent national approach fostered by the ACT Government through for example the National Federation Reform Council
- highly likely to be more conducive to national productivity and public wellbeing than mechanisms such as flextime and carers' leave.

Reference to a substantive four-day week reflects the reality that in many skilled public/private sector jobs there is an expectation – often reinforced by the precarious nature of employment – that workers will be active 24/7 (eg dealing with matters digitally on an immediate basis at nights and weekends). That is a matter of time shifting rather than work reduction.

The reality is also that in many enterprises, including for example universities and schools, the elimination of administrative positions over the past two decades and rhetoric about customer service alongside digital performance management analytics means that many 'knowledge workers' are in practice consistently working unpaid outside 'standard hours'. That is particularly concerning where the workers are employed insecurely. A notional shift to a four-day week is likely to exacerbate or, at the very least obfuscate, that problem and is not justified by claims that the shift will result in wellbeing or is based on gains in personal/corporate productivity.

Those concerns are consistent with the large empirical literature regard fundamental shifts in the nature of non-manual employment over the past three decades, with real (as distinct from formal) time engaged in work increasing for some cohorts alongside the end of employment or end of well-remunerated skilled employment for other cohorts.

b) the advantages of a four-day work week;

The Committee's discussion paper refers to potential corporate, community and individual benefits such as more time for shopping (presumably face to face rather than online retail), added time for recreation, increased productivity and greater happiness within the workplace. Other publications have mooted potential benefits such as increased tourism and even better use of public transport. Much of the theorisation about advantages is predicated on very uncertain projections about productivity increases and elides the differences between different employers and industry sectors, on occasion apparently assuming that very few people are in insecure employment and that most people work securely for large corporations. Some appears to assume that the four-day week would be inflexible, ie a Saturday-through-Monday three-day weekend would be the norm.

Little of the theorisation offers a robust analysis of whether the productivity gains would indeed enable corporations to shift to that three-day weekend without reductions in remuneration, job reduction or increases in insecure employment. Overall there have been few shifts.

The literature similarly does not offer a persuasive analysis of why the productivity gains (and other benefits such as employee loyalty or wellness) could not be better achieved through other mechanisms such as flextime and carers leave. Within some enterprises and sectors the gains are likely to be a matter of changing the corporate culture rather than ostensibly reducing the workweek.

The Committee should be wary about embracing a one size fits all approach that serves to foster casualisation of employment, particularly casualisation of the more disadvantaged cohorts within the ACT.

c) the disadvantages of a four-day work week;

See above.

d) options, issues and challenges for transition to and implementation of a four-day work week across different sectors and industries;

See above. One question is whether the four-day week would be mandated for all employees or instead be an option for individual employees. Another is whether the reduction involves mandating a standard day (resulting in a three-day weekend) or instead allows individual choice.

Perhaps the salient question is whether employees, outside existing flexible models, are individually and collectively willing to accept a 20% reduction in remuneration, potentially a greater than 20% reduction given administration costs in some circumstances. Collective acceptance appears unlikely, given property prices in Canberra and recognition of the difficulty facing young people seeking to enter the property market.

e) considerations of implementing the four-day work week in the context of enterprise bargaining and current industrial law considerations;

As noted above, the ACT Government has limited scope for implementing the four-day work week, other than as a major employer in its own rights. Changes to collective bargaining and industrial law necessitate a coherent national approach. The Government might at best foster community discussion through proposed changes to ACT Public Service employment (and employment in other areas of the Territory public sector) and might foster consideration of national changes through the National Federation Reform Council. The history of workplace reform and of the Council of Australian Governments indicates, however, that ACT Government enthusiasm for what might be dubbed as the three or four day weekend will get little traction.

f) how the four-day work week compares with flexible work arrangements or other alternative working arrangements;

See above. Overall the Committee should be cautious about the benefits and viability of the four-day week relative to other work arrangements that are better aligned with sector, enterprise and individual needs.

g) best practice four-day work week policy approaches and responses being undertaken in other jurisdictions; and

Initial comments in this submission questioned undue reliance on what is sometimes claimed to be 'best practice' or merely 'successful' approaches to a four-day work week regime in other jurisdictions. Those jurisdictions typically have very different community understandings of

corporate responsibility, worker participation in decision-making and entitlements (for example comprehensive income support alongside facilitation of reskilling).

The experience of specific enterprises in particular sectors is similarly not necessarily applicable to many employers in the ACT.

h) other

In concluding, it is important to recognise that around 23% of the ACT Public Service is currently insecure. The overall public sector percentage is higher once non-ACTPS data is included.

A desirable outcome of the Committee's inquiry is a recommendation to the ACT Government to pilot the shorter week within representative agencies to test whether there are tangible productivity improvements (including metrics for service to people who deal with government) in a way that is independently verifiable.

Another outcome is that the Government – drawing on the 2018 report by the Standing Committee on Education, Employment & Youth Affairs – should provide a model of best practice regarding insecure work.