



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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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ACT
Government

Submission to the Future of the Working Week Inquiry

Standing Committee on Economy and
Gender and Economic Equality

Workforce Capability and Governance – Workplace Safety and Industrial
Relations

Chief Minister, Treasury and Economic Development Directorate

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Introduction and scope

1. The ACTPS understands the ACT Legislative Assembly is inquiring into the future of the working week, specifically the concept for a four-day working week. For the purposes of this inquiry, a four-day work week refers to a reduction in the duration of the working week from five days to four days with a commensurate reduction in total hours worked per week, without a loss in pay (i.e., five days' pay is received for four days work).
2. While noting that a four-day working week as defined would come at a cost and be challenging to implement, it would without question establish Canberra as one of the most progressive cities in the world. It would also be an attractive proposition for high quality talent, including for many professional streams in the ACTPS which are projected to be in high demand in the years to come, such as nurses, ICT, and teachers.
3. This submission outlines relevant elements of the ACTPS industrial framework, challenges, and potential benefits as they relate to this concept for implementation within the ACTPS context.

The working week in the ACTPS

4. The hours of work for ACT Public Sector (ACTPS) workers covered by a relevant enterprise agreement, other than casual workers, establish that a person may be employed in a position with ordinary weekly hours of either 36:75 or 38:00 hours per week.
5. The different hours of work were established historically through industry awards that outline the minimum pay rates and conditions of employment. Generally, blue-collar workers were employed into positions with 38:00 weekly hours and white-collar workers were employed into positions with 36:75 hours.
6. Under the ACTPS employment framework, all ACTPS workers can access flexible working arrangements under Section E of the relevant enterprise agreement and in the ACTPS Facilitating Flexible Working Arrangements Policy.
7. Workers may apply to the Head of Service (or delegate) for flexible working arrangements to support their work and life balance in various circumstances. There are a variety of flexible working arrangements workers may access, including utilising flexible working hours. Examples of flexible working hours include the following:
 - a. Working the usual number of hours in a day, while varying the starting and finishing times.
 - b. The ability to take a few hours off during the day and make the time later in the day or on a different day.
 - c. Compressing standard working hours over a period to complete the hours over a shorter number of days. For example, a 35-hour week could be worked at a rate of 8.75 hours per day for four days instead of 7 hours per day for five days.
8. The Head of Service may only deny a worker's request for flexible working arrangements or a variation to their existing flexible working arrangements where there are reasonable business grounds for doing so. This not only applies the *Fair Work Act 2009 (Cth)* provisions but extends them.

9. The ACTPS offers workers the ability to access a variety of alternative work arrangements, including leave of absence, part-time work, flexitime, and work from home.
10. In terms of the theme of this inquiry, the ACTPS does not currently have work time reduction provisions available within the Employment Framework, which means the working week cannot be shortened through reducing hours worked per week without a proportionate loss of pay.

Implementing work time reduction in the ACTPS

Considerations for Service Delivery across the Territory

11. The ACT Government provides numerous essential and other supports to the Canberra community, some of which are accessible five days a week, and other essential services are available 24 hours a day every day.
12. Implementation factors involved in reducing working days by 20% for the ACTPS workforce would require consideration of service delivery arrangements:
 - a. Where the productivity improvement resulting from workers being better rested is not sufficient to bridge the gap created by less working hours, either more staff will need to be recruited (with their associated costs) or the workload reduced.
 - b. Consideration would need to be given to whether the traditional Monday to Friday services would continue to be offered five days a week or reduced to four.
 - c. Implementation of a four-day working week in workplaces that need to be staffed five days a week would require a new approach to scheduling workers (such as M,T,W,Th and T,W,Th,F working patterns) to ensure business deliverables can still be achieved and Canberrans can access the customer service supports they rely upon.
 - d. Workplaces would need to determine on a case-by-case basis whether the reduced number of workers available across the working week is sufficient to manage the required workloads without endangering the work health and safety of workers.
 - e. Practical mechanisms would also need to be developed to ensure an equitable approach is taken to allocate which additional day a worker is absent from the workplace – there would be strong demand for Monday and Friday, but granting these days for all workers in a workplace may not be operationally sustainable.
 - f. Some workplaces (such as schools) operate on a five day a week model. Community expectations, curriculum requirements, and parental care considerations would need to be balanced with scheduling and staffing requirements across the Education Directorate if school reduce their operational hours or change their staffing compliment across different days.
 - g. Essential or frontline services that are staffed by 24/7 shift workers, such as hospitals or other emergency services, would require additional workers to be rostered to work to supplement work time reductions.

13. There are significant skills shortages across several workforces that may impact the ability to recruit additional workers in some fields, for example, nurses and secondary school teachers are amongst the occupations with the most demand in the skilled migration program in Australia. The ACTPS has had longstanding problems recruiting and attracting these groups of workers.
 - a. Conversely, the four-day working week combined with competitive pay is likely to be an effective mechanism to attract and retain workers from this small and limited pool available across Australia.

ACTPS employment framework considerations

Amendments to industrial instruments

14. The ACTPS employment framework is governed by pay and conditions that are set out in our enterprise agreements, public sector legislation and industry awards. The introduction of a reduced working week would require significant amendments to these industrial instruments.
15. Any proposal to amend or introduce working arrangements for ACTPS workers would need to undertake comprehensive consultation with workers, unions, and other relevant representatives.
16. Once reasonable consultation has been undertaken, any amendments to standard working hours for ACTPS workers would require amendment to the various governing instruments.
 - a. For the *Public Sector Management Act 1994*, this requires a Bill to be passed in the Assembly, or other processes to amend Standards made under an Act.
 - b. The Modern Award Framework requires submissions to be made to the Fair Work Commission and for the Commission to approve the application.
 - c. Finally, amendments to the 18 ACTPS enterprise agreements require a relative majority of workers to endorse the changes and approval by the Fair Work Commission.
17. A key consideration in consulting, negotiating and codifying any changes of this scale are that the instruments are interdependent and hierarchical. Careful consideration would need to be given to the order of changes processed to ensure changes made to an inferior instrument are not negated by a yet unchanged superior instrument.
 - a. While the introduction of a shorter working week would at face value be very popular, the amount of change required to embed the new model would be extensive and time consuming.
 - b. In addition, it is expected that while supportive, the unions would be minded to ensure that workers are not endangered through additional workload, or that a situation of 'wage theft' develops where workers are systemically asked to continue to deliver the previous outputs in 20% less hours (noting that productivity improvements may offset this somewhat).

Working arrangements, salary adjustments and leave accruals

18. As with the consideration to be given to whether traditional Monday to Friday services would continue to be offered five days a week or reduced to four, a question which must be contemplated is should there remain a working week (traditionally Monday to Friday)? Or can this be replaced by another concept such as weekly hours or days?
19. Many ACTPS workers are accessing flexible work arrangements, including part time arrangements, or managing reduced working hours through leave entitlements. Consideration would need to be given to how these workers will transition into the reduced working hour arrangements.
20. Any workers currently working part time would require an offer to transition to full time work, which may not increase their hours of work significantly (or at all if they are currently part time at 0.8FTE) but will significantly increase the salary they receive.
 - a. Workers working under part time arrangements may require a salary adjustment if the ACT Government does not wish them to be disadvantaged under the four-day model. For example, consideration may need to be given to a worker who is currently working 0.4 of a full-time position, that is working two days a week, as to whether their salary should be adjusted to reflect that they have transitioned to a 0.5 full time position under a four-day working week model.
21. If all workers have their salaries adjusted to reflect a four-day working week, there may also need to be consideration of whether the casual rates of pay need to be increased and adjusted to reflect hourly rates of pay that will have been increased under the new model.
22. Currently ACTPS workers accrue leave entitlements under a five-day working week model. Transitioning to a four-day model will require adjustment to the leave entitlements of workers. New accrual methods will need to be established to maintain current equivalent accrual rates.

Worker productivity and timekeeping

23. The reduced working week model places an emphasis on outcomes and the amount of work a worker has achieved rather than how long a worker spends at work or producing deliverables. Traditional methods of work attendance in the ACTPS have focussed on minutes worked by workers and record keeping of attendance through timesheets.
24. It is recognised by the ACTPS that modern contemporary work practices are moving away from traditional time-based record keeping of attendance through minutes at work and are transitioning to a model which is more outcomes focussed.
25. The COVID-19 pandemic has highlighted the importance of supporting workers to work safely and as flexibly as possible to ensure work and productivity continues while public servants serve the community during critical times. Many ACTPS workers who transitioned to working from home arrangements during the pandemic were unable to perform their role in a usual manner. As such their working arrangements were adjusted to continue to meet the operational requirements of the work area and the ACTPS more broadly. This was done while balancing work health and safety considerations as well as caring responsibilities and other needs.

26. As part of adapting to the emerging issues arising from working from arrangements during the pandemic, managers and workers were offered the ability to change their focus from counting minutes worked, to instead assessing the performance of workers on output or completion of set tasks. General records about worker attendance continued to be maintained under this arrangement, which is a requirement under the ACTPS enterprise agreements, the *Fair Work Act 2009*, Fair Work Regulations 2009 and the *Territory Records Act 2002* (ACT).
- a. This approach, while needed in the context of the pandemic, challenges the long-standing historic models of standard working hours, and overtime. Where a worker opts to combine caring and work responsibilities, the time when work is conducted becomes less relevant and the results produced become more relevant. While both the employer and worker clearly benefit from this model, traditional remuneration models rely on the time when work is performed and whether the payment is at single time, time and a half or double time.

Cost implications

27. If this model is implemented, there would be significant financial implications due to the need for essential and other services staffing to be increased to maintain service operating hours. It is expected the total wage costs in the ACTPS will increase and there would be significant financial cost in operationalising the model across the ACTPS.

Opportunities

28. Noting that many of the potential benefits of the four-day working week concept were outlined in the discussion paper, this following highlight some additional observations specific to the ACTPS workforce.

Attracting Talent

29. With staff working fewer hours, and services maintained, there may need to be a commensurate increase in the number of staff employed.
- a. On one hand, this would present an immediate challenge as many of the services offered by ACTPS are delivered by already in-demand occupations (such as nurses and teachers).
 - b. However, with no other jurisdiction offering a four-day working week (at full pay), the ACTPS would be able to quickly leverage this work-life balance agenda to compete for talent. Indeed, the ACTPS could become globally competitive on this agenda. If there were enough lead time, bulk attraction campaigns and recruitment could be held in anticipation.
 - c. The four-day working week could also support people to stay productively in the workforce for longer should they choose and past traditional retirement age: giving people at all ages greater balance and more time to pursue interests outside of the workplace.

Retaining Talent

30. Leading the work-life balance agenda means that the ACTPS would find it easier to retain talent. Effectively – unless other employers introduced the same conditions, or markedly increased their remuneration offer – other employment markets would become much less competitive. Additionally, as noted in the discussion paper, this form of worker-oriented initiative is likely to spark enhanced loyalty, engagement, commitment, and focus. Time off and work life balance is often reported as being much more sought after by workers, especially in the professions.

Reduced work-induced stress

31. A four-day working week gives time back to people, which can reduce work-induced stress and related consequences, potentially impacting the societal rising cases of anxiety and depression, loss of sleep, poor dietary and exercise habits as well as child health, wellbeing, and behaviour.
- a. For example, in the 2021 ACTPS Staff Survey, 30% of respondents indicated that their current level of work-related stress was high or very high.
 - i. Half of these respondents indicated this was due to time pressures (50%) and the amount of work (workload) they had (46%).
 - ii. In terms of the impact this had, respondents indicated this manifested in an inability to switch off (46%), feelings of anxiousness or depression (37%), loss of sleep due to worrying about work (31%), detrimental impacts on their family-life (27%), and unhealthy changes to dietary habits (21%).
 - iii. All of these factors are on the rise in the community more broadly, in part for many impacted by the pace of work.
 - b. This stress reduction is predicated upon the workloads attached to the shorter working week being similarly reduced, and where that cannot occur bolstered either by more staff resources or productivity improvements, or both.
32. In terms of the impact of work-based stress on families, research reveals a clear association between parental job quality (including work schedules) and their children's wellbeing, and it is well recognised that children's health, wellbeing and development outcomes can be enhanced through policies that reduce parents' job-related stress and increase parents' ability to pay attention to and respond to their children's needs. Summarised in Heinrich (2014)¹, this research includes:
- a. Research on the healthy development of children consistently shows that children need stable family relationships, with adults who are responsive, nurturing, and protective;

¹ [Heinrich](#), C.J. (2014). Parents' employment and children's wellbeing. *Future Child*. 24 (1): 121-146.

physically safe environments that allow them to explore without risk or fear of harm; and adequate nutrition and health care’

- b. Theories of how parents’ function and nurture their children suggest that ongoing stress at work can cause parents to withdraw from their children at home, or to be more vulnerable to stimuli that trigger conflict with their children. Researchers describe this as “role overload”, where working parents may be overwhelmed by the feeling that they can’t accomplish everything they need to do, and, in this way, work stress becomes linked to stressful situations in the home.
- c. The Longitudinal Study of Australian Children found when parents were more stressed [because of their job], their children were more likely to experience emotional and behavioural difficulties. This relationship was particularly strong in single-parent families. The study also found that parents’ work schedules and their degree of flexibility are particularly important for children, and that preschool and primary school children are significantly more likely to have behavioural problems when their parents work at night.

Conclusion

- 33. The ACT Government has had a long history of innovative industrial relations to the benefit of workers. It was the first jurisdiction to introduce 18 weeks Birthing Leave and the first to introduce paid Family Violence Leave.
- 34. If implemented, a 20% working hours reduction with no requisite loss of pay represents an enormous change.
- 35. The Government is mindful of the clear benefits this would provide – this would reflect the ACT’s innovative approach to many issues, not limited to employment. The ACT’s total employment package would be highly competitive and there are clear benefits to workers having more time off. There are economic benefits to the ACT and broader Canberra region when workers have more time to relax and spend money in the region.
- 36. There are challenges though. The evidence led in the discussion paper is limited and while productivity may increase, it may not increase sufficiently or with enough longevity to fund this model in the longer term. In addition, in many frontline areas staffing will necessarily have to be increased to ensure adequate roster cover and service delivery is maintained.