



**LEGISLATIVE ASSEMBLY**  
**FOR THE AUSTRALIAN CAPITAL TERRITORY**

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STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY  
Ms Leanne Castley MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),  
Mr Johnathan Davis MLA

## **Submission Cover sheet**

**Inquiry into the future of the working week**

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# **The Implications Of Shortening The Working Week**

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Submission to the Inquiry into the future of the working week,  
Standing Committee on Economy and Gender and Economic Equality

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I am unable to use a telephone

I request publication of my submission, including my full name, on the Committee's  
and any other website as required.

# **The Implications Of Shortening The Working Week**

**Rod Pitcher**

## **Abstract**

This submission discusses some of the economic gains and losses and suggests some social benefits that might follow from people working a shorter week, either by reducing the number of days per week worked or reducing the actual hours per week worked, or both.

## **Introduction**

In this submission I take it as read that the interest of the Inquiry into the future working week relates to making the working week shorter rather than making it longer or even keeping it the same. I assume, that is, the interest of the Committee is in reducing no increasing the number of days or hours, or both, worked per week.

I thus also take it to mean that the aim of the Committee is to inquire into the reduction to a four-day working week rather than keeping the current five working days that most people now work, but working for shorter hours during those five days. The purpose of either of these changes would be to provide a shorter working week.

I will further assume that the employees will not work longer hours during the four days of their new work week and will thus not be working the same weekly hours as they are currently working in five working days. I assume rather that the intention is that they have four working days similar to the ones they have now and thus their working week will be shorter by a total of something like seven or eight hours.

In any case, my arguments below will apply to any reduction of the total hours worked per week regardless of whether it is four or five (or any other number of) working days over which those fewer total hours of work are spread.

## **Discussion**

If we assume that the employees will be paid the same wages for working a four-day week or a five-day of less hours as they receive now for the current five-day week, as they will most certainly expect to happen, there are a number of matters to consider.

The employees will do less work and be less productive and provide less service to clients in the shorter working week, so more employees will be needed to maintain the same level of production and service to the same number of clients. Employing more people will cost the employer more in wages and other overheads such as superannuation, holiday pay, sick leave, and so on. A reduction in the total production or service provided by the workers will therefore increase the cost of production per article or service per client. This cost will be passed onto the customers and clients, who will further pass it on to their customers and clients, resulting in higher prices for goods and services for everyone.

In the case of Government staff a similar situation will arise. The extra pay for the current employees who will be working a shorter week, either in days or hours per week, plus the cost of the extra employees who will be required to maintain the same level of its services to Government clients, will therefore increase the costs of running Government services, particularly social services. This extra spending will, of necessity, be passed onto the taxpayers in the form of higher taxes, or to clients as increased charges for Government services. For many social services clients this may make such services beyond their means, so they will have to do without the necessary care and treatment which they need.

The result of these increases in costs of services, both Government and commercial, will be to increase the cost of living of everyone, including the employees

who are now working less hours per week. It will no doubt contribute to inflation, with the accompanying reduction in the value of money, savings, superannuation and other incomes upon which people rely.

If the employees agree to be paid less for working fewer hours or days per week, as seems most highly unlikely, there will still be unfortunate repercussions for the economy and the population in general.

These employees who are now on lower wages will have less money to spend, so they won't be able to buy as much as previously, having to cut back on holidays, entertainment, and even essentials such as food and rent. This reduction in general spending will tend to depress the economy. They will also have difficulties meeting their other monetary needs, such as paying bills and their mortgage, and medical costs, amongst other costs, which must inevitably result in a lower standard of living.

Because there will be more people unable to easily afford the necessities in life, there is also the likelihood that there will be an increase in the number of people needing Government or other assistance. This will put more pressure and costs onto social services, likely requiring the employment of more service staff to provide the extra services required, and again increasing the cost of providing those services that has to be passed onto clients or taxpayers.

To make it worse, due to the rising cost of living, many people will be less able to donate to charities, who will then be unable to continue to provide their very valuable support where needed, again leaving many needy people without proper care or treatment. Indeed, it would become probable that many of the people now on lower wages will become dependent on the very services and support that the charities can no longer afford to provide due to lack of funds. This reduction in service may rebound onto the Government who would have to take up the clients no longer being helped by charities. This would again increase the Government's costs, people's taxes and the social problems which would inevitably follow.

Harper and Martin (2018) warn that, because of the economic implications, any move towards a shorter working week would need to be implemented gradually to allow the economy to adjust to the changed conditions.

On the other hand, and on the brighter side, there is ample evidence which is claimed to indicate that shortening working hours per week improves the mental health of all the workers working the shorter week. This is surely a worthwhile social and personal gain.

Kamerāde *et al* (2020) found that "the 'normal' full-time working week could be shortened without a detrimental effect on the workers' mental health and well-being." (P. 9)

They further argue that there are three job quality dimensions that are important to all workers, and which should be considered in any discussion of a shorter working week. These are "doing meaningful and useful work, the quality of the social environment [in the workplace] and job intensity." They say that it is important that any decisions regarding shorter working weeks should take these factors into account and ensure that they are properly maintained. (P. 11)

Sidelsky (2019) comments that "Reducing working time - the time one *has* to work to keep 'body and soul alive' – is thus a valuable ethical objective. It is also a much desired one."

## **Conclusions**

It seems to me that the only positive economic gain from shorter working hours per week is that there will be more jobs for people to keep the production and services going at the same required level.

However, the cost of employing these necessary people may have a very strong negative effect on the economy, as will paying all the current employees the same wages for working less hours per week.

The positive effect on the mental health of the working population discussed above will also be worth the Committee's consideration as an at least partial compensation for the deleterious economic and social repercussions that are the possible effects of a shortened working week.

## **References**

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