LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

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## Submission Cover sheet

# Inquiry into the future of the working week 

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SEARCH FOUNDATION

## Submission

## Inquiry into the future of the working week

To contact the SEARCH Foundation:

Luke Whitington
Executive Officer, SEARCH Foundation

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## Introduction

The SEARCH (Social Education, Action and Research Concerning Humanity) Foundation welcomes the ACT Legislative Assembly's decision to conduct an inquiry into the future of the working week.

The SEARCH Foundation acknowledges the traditional owners of the ACT, the Ngunnawal people, and pays respect to their elders past and present. We wish to acknowledge and respect their continuing culture and the ongoing contribution they make to the city and region.

To preface our submission with a short history, the SEARCH Foundation is a membership-based not-for-profit organisation whose aim is a democratic ecological socialism that expands democracy, works for economic and social justice and equality, for a sustainable society in harmony with the environment and other species of Planet Earth, and for international peace and justice. SEARCH inherited the assets of the Communist Party of Australia (1920-1991) and rights of access to the archives of the CPA within the State Library of NSW. The Foundation runs panel events, speaking tours and training programs to develop activists and promote ideas consistent with its democratic, ecological and socialist aims. The SEARCH Foundation runs its own publication, SEARCH News, as well as partnering with the New International Bookshop located in Melbourne, and other organisations on specific projects.

The SEARCH Foundation has connections to the Canberra region, with a sizeable fraction of our membership living in the Canberra region. SEARCH has run education programs and members' meetings within the ACT in recent times.

The purpose of the SEARCH Foundation's submission is to provide the Inquiry evidence that is in favour of a four-day week with no loss of pay, noting the political-economic context in which we find ourselves, various options and models that might be adopted, the advantages of a four-day week, potential challenges, and their resolutions.

## Historical and Economic Context

The standard working hours in Australia are often taken as a given, but this is not true. All our positive working conditions that we currently enjoy have been fought for by working people over the course of history. They were never handed to workers in an act of generosity by the powerful. Central to this has been workers organising within their workplaces through the formation of trade unions, and the ability of trade unions to exert broader societal power. Hegemonic thinking would have us believe the length of the working week is a fact of life - but it represents the outcome of a social and economic struggle.

Following hard industrial campaigns, the 40-hour working week was adopted in 1947, and following the 35-hour week campaign of 1980-82, in 1983, the Australian Conciliation and Arbitration Commission introduced the 38 -hour week, which is still the standard nearly 40 years later. We have now effectively moved through the first quarter of the $21^{\text {st }}$ Century, and we need to begin thinking and strategising for a reduction in working hours sooner rather than later.

When considering the future of the working week, we must always consider that we are currently living under a specific mode of production. We are living under capitalism. We live in a system that is largely defined by two major classes of people, though class complexity and nuances exist within and across those classes. There are workers, who must sell their time and their labour to earn wages or a salary upon which to obtain the things that are socially and biologically necessary for them to live. Then there are capitalists, who own firms which employ labour and whose existence and comfort is contingent upon profitability, which is the returns to the businesses above their expenditures.

Wage bills make up such an expense for capitalists, and consequently are a key determinant in profitability, the workplace forms a key site of struggle over what some economists would call the 'rate of exploitation' - this is a measure of how long and how hard a boss can get you to work for, for as little as possible.

Currently, most of us live under a specific mode of capitalism called neoliberalism. In Australia, the value-laden term 'economic rationalism' has also been used to describe neoliberal initiatives. Over the last several decades, we have seen a reorganisation of society in a way that benefits capitalists over workers, and the state (broadly defined, including the Federal government but also in many instances in State, Territory and local governments) recedes from economic activity. This has manifested in lower taxes on large corporations, less regulation on business practices, attacks on unions and workers' ability to organise, attacks on security at work and the casualisation of the workforce, privatised public services and the implementation of New Public Management principles within many of the public services that remain. It has functioned to increase profits and maintain structurally low wages, boosting the rate of exploitation and reallocating the share of total income such that workers get less, and capitalists get more.

This is the context within which the debate around the future of the working week is situated.
The advent of the COVID-19 pandemic has shaken up many of our existing beliefs about what is possible. For lockdown periods, neoliberalism had to be suspended, bringing the state back in to provide strong services and support during a crisis, guaranteeing the incomes and livelihoods of almost all citizens. In nearly every workplace, operations had to be modified or totally redesigned to comply with public health orders. All that was solid melted into air - and it provides us an opportunity to rethink the horizon of possibility, including potential models for reorganising the work week.

## Models for a four-day work week

## Model 1: 20\% reduction in working hours with no loss of pay

The ideal model for a four-day work week is to implement a $20 \%$ reduction in working hours with no loss of pay for workers. Though the four-day work week implies an extension of one day to the ordinary weekend, this may be implemented in a few different ways. This model should be implemented with maximum flexibility for workers, where they can select any day of their choosing to have off or for a reduction in their ordinary hours by $20 \%$, even if they continue to spread those hours over five days.

## Model 2: 'Compressed work week' - four days that are 20\% longer with no loss of pay.

Another model for the four-day week includes a compressed work week, where a standard 7.6-hour day worker would extend the length of their working day from 7.6 to 9.5 hours but only work four days instead of five, retaining the same level of pay. This is also often an option under many existing Enterprise Bargaining Agreements (EBAs) which can be negotiated between workers and employers.

The Model 2 'compressed work week' approach to a four-day work week is not the ideal four-day work week but may be implemented where a worker requests it because it suits their own individual circumstances and preferences.

## Model 3: Guaranteed right to a four-day work week upon request, with loss of pay

Another possible model for a four-day work week is a guaranteed right to a four-day per week flexible working arrangement for all employees, with a loss of one day's pay. Under many EBAs, flexible working arrangements can be negotiated between the employer and the employee. This
option is available to any union looking to negotiate an EBA, and essentially provides within the EBA that if a worker requests it, the employer is bound to accept a flexible working arrangement that provides for a four-day week with loss of pay for the day or hours they choose to give up.

Under the compressed work schedule model or guaranteed right to a four-day flexible working arrangement model, the proposal is essentially cost-neutral or cost-saving to any institution looking to implement it. A compressed work schedule would retain precisely the same wage bill as it merely shifts the hours into four days rather than five. A guaranteed right to a flexible work arrangement with a four-day week with loss of pay for an extra non-working day would represent a $20 \%$ saving on the wage bill for that employee.

However, neither the compressed work week nor guaranteed right to a flexible working arrangement approach represents an ideal four-day work week. The function of a demand for a four-day work week should be to reduce our working hours by $20 \%$ while incurring no loss of pay as a transformative improvement in the quality of life for all workers.

## Recommendation:

That the Inquiry recommend a public sector trial of a four-day working week with no loss of pay to generate further evidence on the opportunities and challenges of a four-day work week, with the trial co-designed by the Government and unions.

## Recommendation:

That the ACTPS incorporate evidence from the public sector trial into an implementation plan for a four-day work week with no loss of pay for all employees.

## Benefits

## A four-day week would create more secure jobs

A four-day work week with no loss of pay will create the conditions for more secure jobs.
Internationally, the AFL-CIO - the United States' equivalent to the Australian Council of Trade Unions (ACTU) - is a proponent of the proposal as part of a raft of measures, arguing that "work hours can be reduced by bargaining or legislating a four-day workweek; earlier retirement; stronger overtime protections; paid holidays; paid vacations... and the 'right to disconnect' from digital devices and work. Most of these policies would redistribute work hours to those who have too little work." (AFLCIO, 2019, p. 24). A reduction in work hours system-wide would be correlated with a reduction of unemployment and an increase in secure work.

Arguments that a four-day week either ignores or compounds the crisis of insecure work are limited and reductive. Those arguments rest on a basis of seeing insecure work and the length of the working week as two discrete problems within a hierarchy of priorities, and that we should solve insecure work prior to reducing the length of the working week. However, by having us all collectively work less we can create opportunities for those that do not have enough work as part of a broad-based agenda for secure work. Put simply, we can walk and chew gum.

## Free time and leisure are good things

Time to ourselves and with our friends and families engaged in activities of our own free choosing is a very significant part of what makes life meaningful. Nonetheless, many of us are bound to work at least 7.6 hours a day, five days a week, forty-eight weeks a year, for around fifty years (give or take a few years). Many have it worse, with many workers on lower wages working overtime and weekend
shifts to boost their pay packets. Others in the economy are illegally exploited for extreme hours. Some have had adverse financial circumstances and cannot retire comfortably at the ordinary age, and certainly there is an ongoing neoliberal push to raise the retirement age for all workers.

Of course, there is dignity in work and a job or career can be an enormous component of what makes life meaningful - but a reduction in working hours to a four-day week will enhance wellbeing and allow for better balance of the important things in life. A four-day week will massively expand human freedom and wellbeing.

Modern workers have less free time than feudal serfs. The key distinction between serfs under feudalism and workers under capitalism is that we workers are generally free to select our employer, but serfs were bound to work for a particular feudal lord and could not simply switch jobs or work for a different lord. However, evidence suggests that serfs worked less than we do (Schor, 1991, p.1) - and if free time is a key measure of our levels of personal freedom, on that measure we are less free than serfs.

More non-commodified time outside the workplace may assist in decarbonising the economy Fossil fuel capitalism is the motor that is driving the climate crisis. Understanding the climate crisis is to understand capitalism as an ever-expanding system, seeking to commodify, appropriate and exploit humanity and nature for profit. There are many important initiatives that seek to meet the challenge of the climate crises by challenging the for-profit logic of capitalism, including the Green New Deal and Just Transition frameworks.

A four-day week may be a key part of some of these initiatives - one study found that a four-day work week would reduce the carbon footprint of the UK by $20 \%$. A drop in carbon emissions associated with a four-day work week is due to "changes in behaviour, including reduced commuter travel, eating home-cooked food rather than convenience foods, and spending more time locally, even volunteering." (Smedley, 2019, p. 1)

There is much to be said for the environmental benefit of working less. A four-day work week is not a panacea for the climate crisis, but may be considered when continuing to develop and implement our frameworks, plans and initiatives to decarbonise our economy in a socially and economically just way.

## More paid time off boosts gender equity and equality

A four-day work week with no loss of pay also promotes gender equity and equality. The gender wage gap is significantly amplified after a woman has a child, due to an inequitable division of labour in parenting. The four-day work week will reduce the "motherhood penalty", reduce the gender wage gap and support working mothers to have an extra eight hours to spend with their children while remaining on level footing with other workers. (Werber, 2019, p. 1)

Flowing from this, the four-day week will assist in remedying the gendered superannuation gap. A KPMG report (2021) outlines that "a combination of greater levels of part-time work, employment in lower-paid industries, lower hourly rates of pay for women compared to men and less time in the paid workforce during their working years results in pronounced gender pay, income and superannuation gaps." (p.1) To the extent that greater levels of part-time work are one of the determinants of the superannuation gap, a four-day week with no loss of pay remedies in part one of the causes of the superannuation gap by closing the pay differential between part-time workers of varying degrees and full-time workers, where full-time now constitutes four days.

A four-day working week doesn't just attenuate and ameliorate the existing gendered division of labour, however. It will also mean that men will also have the same extra time to spend at home and with their children - which will support (as part of the broader struggle for gender equality) a reconfiguration of the inequitable division of labour to ensure that men take a fairer share of the work at home.

## Recommendation:

As part of any public sector trial, the ACTPS conduct robust data collection with trial participants including survey questions on participants' perceived environmental, gendered and wellbeing benefits arising from the trial.

## Recommendation:

As part of any trial and any implementation of a four-day week, the ACTPS hire more workers to offset the reduced work hours and continue high-quality public service delivery.

## Challenges

## So many crises face us - there is work to be done!

The most legitimate critique of the four-day work week proposal is that the compounding crises that we face mean that the total level of work required for society to function is incompatible with a $20 \%$ reduction in working hours. Of note is the climate crisis, which demands an almost war-economy style mobilisation and radical social transformation to avoid a 'hothouse Earth' pathway. (Steffen et al, 2018, p. 8252)

There are a few things to note here. The first is that so much of the work that is going on that sustains society sits outside paid employment. As political economist Nancy Fraser points out, capitalism depends upon so much non-monetized work such as parenting and care work. Formal economic activity depends on capitalism not paying the bills for so much of the work that makes society function. (Fraser, 2016, p. 1). The second is that - inversely - as anthropologist David Graeber points out, so much of society's paid work is bull. Plenty of people work in jobs that aren't particularly meaningful and don't contribute much to society. (Illing, 2019, p.1) The third is that even with a strict focus on productivity in paid employment - evidence suggests that workers who work a four day week are as or more productive than workers on five days. (Gross, 2022, p. 1)

We know that across society there is lots of important work that goes unpaid and lots of completely useless work that is paid. We know that there isn't a strict correlation between working hours and productivity. Maintaining a longer working week does not necessarily mean socially and environmentally important work will happen - but giving people back a day with no loss of pay does mean that they will have more free time to volunteer and care for their community and they'll work as well in their jobs, if not better.

To the extent that paid employment can be used to direct activity towards important social, infrastructural, and environmental issues, this is within the ambit of public investment in programs and projects. If those projects and programs are labour-intensive, hire lots of people for them. If they do require voluntary overtime hours or weekend work, then generous penalty rates and overtime should be paid to those workers.

## Essential work within tight labour markets?

Some critiques are made particularly with reference to essential professions with tight labour markets. It's difficult to imagine a major reduction in working hours in the realm of nurses, teachers,
early childhood educators, emergency responders, engineers. The argument goes that operational requirements and tight labour markets are such that these jobs cannot accommodate a 20\% reduction in working hours without compromising essential service delivery.

This may be true - but we've always been able to accommodate service delivery and the notion of the weekend. We extend workers overtime if they're working beyond regular hours and penalty rates if they are working on the weekend. The same principles clearly apply. The implementation of a four-day work week with no loss of pay will mean a massive expansion of overtime and penalty rates for essential workers, boosting their pay packets. This is a good thing and supports the attraction and retention of workers in these essential professions.

Public sector fiscal capacity, private sector profitability - how do we pay for it?
The first and most salient point is that for many jobs, the evidence is that productivity under a fourday work week with no loss of pay does not drop and the work gets done. However, for essential work in tight labour markets, a four-day week with no loss of pay is an additional expenditure on the books.

For private sector firms, we should be sceptical that a day off with no loss of pay would drive the company out of business. This is particularly true for larger firms. Company profits have reached record highs, even within the pandemic. (Hutchens, 2020, p.1) The argument that more paid time off is unaffordable for many individual companies and perhaps systemically unaffordable was made when the proposal to introduce a weekend was introduced, and every time ordinary working hours were reduced.

For the public sector, a four-day week effectively represents a $20 \%$ increase in their wage bill but paid out in time instead of money. This might sound like a lot, and it is certainly a large increase, but the wage bills for the Government already increase by several percent per annum anyway and expenditures for various things are going up in line with approximately $7 \%$ inflation. The point to be made is that this isn't orders of magnitude different to other increases in expenditures over time, but the benefits are essentially world-historic in terms of positioning as a model employer with the best working conditions.

Beyond this, especially for a city like Canberra, one could assume significant 'positive externalities' of a four-day work week for such a large section of the workforce, and so the investment in the workforce could be seen as an investment in the social and economic fabric of the city itself, with substantial possible social and economic returns on investment.

## Summary of recommendations

Consequently, this submission makes the following recommendations:

1. That the Inquiry recommend a public sector trial of a four-day working week with no loss of pay to generate further evidence on the opportunities and challenges of a four-day work week, with the trial co-designed by the Government and unions.
2. As part of any public sector trial, the ACTPS conduct robust data collection with trial participants including survey questions on participants' perceived environmental, gendered and wellbeing benefits arising from the trial.
3. That the ACTPS incorporate evidence from the public sector trial into an implementation plan for a four-day work week with no loss of pay for all employees.
4. As part of any trial and any implementation of a four-day week, the ACTPS hire more workers to offset the reduced work hours and continue high-quality public service delivery

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