



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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

Submission number: 026

Date authorised for publication: 17 November 2022

Standing Committee on Economy and Gender and Economic Equality

ACT Legislative Assembly

GPO Box 1020

Canberra ACT 2601

28 October 2022

Dear Officer,

RE: Inquiry into the Future of the Working Week

The Australian National University Law Reform and Social Justice Research Hub ('ANU LRSJ Research Hub') welcomes the opportunity to provide this submission to the Standing Committee on Economy and Gender and Economic Equality.

The ANU LRSJ Research Hub falls within the ANU College of Law's Law Reform and Social Justice program, which supports the integration of law reform and principles of social justice into teaching, research and study across the College. Members of the group are students of the ANU College of Law, who are engaged with a range of projects with the aim of exploring the law's complex role in society, and the part that lawyers play in using and improving law to promote both social justice and social stability.

If further information is required, please contact us at anulrsjresearchhub@gmail.com.

On behalf of the ANU LRSJ Research Hub,

Authors: Rachel Ferguson, Baljit Nagra, and Jae Brieffies

Editors: Isabella Keith and Jessica Hodgson

Introduction

The four-day work week aims to improve workers' quality of life, which will ultimately create more productive and efficient employees in the workplace. This submission supports the Discussion Paper's definition of a four-day work week, which is distinct from work-time compression; instead, the submission supports the reduction of work-time hours.¹ Additionally, we address the benefits of the ACT Government shifting towards a four-day work week and the potential challenges that may arise.

For the purposes of this inquiry, we support the introduction of the four-day work week in the ACT Public Service ('ACTPS'), and we support the ACT Government's interpretation of the ACTPS' employment framework consideration. Ultimately, we argue that the ACTPS' adoption of a four-day work week would be a highly attractive feature for a career in the public service.

1. Advantages and Disadvantages of a Four-Day Work Week

This submission will consider the potential benefits and disadvantages of the ACTPS adopting a four-day work week.

1.1 Talent attraction

At every level, the public service has an interest in attracting the brightest talent on offer in the Australian market. Public service roles often suffer from structural limitations in incentivising talent to join the public service, and the ACTPS is no exception.²

General perceptions of public service careers, particularly for many young people, are often coloured by a strong emphasis on the need for high pay and job security, as a result of the increasing cost of living in Australian cities. Thus, the capacity for the ACTPS to attract top talent

¹ ACT Government, Submission No 13 to Standing Committee on Economy and Gender and Economic Equality, *Inquiry into the future of the working week* (March 8 2022).

² Gemma Corke et al, 'Employees on the move: How to keep and attract talent' *McKinsey and Co: Insights* (online, 7 October 2022). <<https://www.mckinsey.com/industries/public-and-social-sector/our-insights/employees-on-the-move-how-to-keep-and-attract-talent>>.

is conditional on their ability to promise a competitive salary and relative job security for graduates. Increasingly, there is a perception among university students, graduates, and young people, that the continued outsourcing of public service operations to private sector, the rigidity of work arrangements, and the relatively lower pay grades offered by public service in comparison to many private sector employers, have limited public service employers' capacity to meet young people's needs and expectations in regards to graduate employment.³

Additionally, private sector employers have already sought to move ahead of the field by adopting innovative solutions to attract talent, including adopting four-day work weeks and other flexible working arrangements, while simultaneously often promising higher salaries to graduates. A growing number of firms have shifted to a four-day work week model in recent years.⁴ In order to competitively attract talent in the future, the public service must improve its approach to flexible, rewarding work which enables young people and new graduates to thrive by ensuring an adequate work-life balance, improving workplace mental health, and adapting to the standards for workplace health and wellbeing set by innovators in the private sector. The adoption of a four-day work week offers an opportunity for the ACTPS to position itself as a leader in public service sectors nationally in this regard, and to attract and retain strong graduate talent from across the country.

As noted by the submission from the ACT Government, the implementation of a four-day work week across the ACTPS would require an increase in the total number of staff employed.⁵ This may pose an issue in relation to professions which are already in-demand and under stress as a result of a shortage of skilled staff - for instance, nursing and teaching staff. However, concurring with the ACT Government's submission, it is possible that the implementation of the four-day work week could attract talent from across Australia to the ACT with the promise of a stronger work-life balance, more supportive work environment, and relatively higher pay.

³ Jeannette Taylor, 'Graduate Recruitment in the Australian Public Sector: The Importance of Line Managers' (2010) *Public Management Review* 12(6), 789-809.

⁴ Charlotte Lockhart, '20 companies to switch to a 4 day work week across Australia and New Zealand', *4 Day Week Global* (Press Release, 24 May 2022) <<https://www.4dayweek.com/news-posts/20-companies-to-switch-to-a-four-day-work-week-across-australia-and-new-zealand>>.

⁵ ACT Government, Submission No 13 to Standing Committee on Economy and Gender and Economic Equality, *Inquiry into the Future of the Working Week* (March 8 2022).

Attracting young talent, and particularly graduates, should be a priority of the ACTPS. We note that at both the federal and state level, the public service is older than the general workforce.⁶ Attracting strong young talent is important for maintaining productivity, increasing the flow of new ideas, and ensuring the public service remains in step with the private sector across the country when it comes to performance, staff turnover, and innovation.

1.2 Retaining talent

As demonstrated by the case studies examined later in this paper, the four-day work week model has been associated with increased employee wellbeing and satisfaction. In the Icelandic trial, employees reported feeling more positive and happy at work after a reduction in working hours while maintaining workload and pay.⁷ Levels of stress were reduced in workplaces which adopted the policy, and comparatively stayed the same in control workplaces which maintained regular hours.⁸

Supporting employee wellbeing, happiness at work, and fulfilment are key to enabling the ACTPS to retain its best talent. The four-day work week model may thus be a way in which talent can not only be attracted to a career in the ACTPS, but also retained. The benefits of a stronger work-life balance, including reduced rates of burnout, enhanced employee loyalty and trust in employers, and stronger employee mental and physical health can encourage employees to remain in their current workplace, and stay in employment after reaching traditional retirement age.⁹

Stronger employee wellbeing and better mental health outcomes are also likely to lead to an increased quality and productivity of work completed in public service roles. The four-day work week model has been associated with increases in employee productivity relative to the time spent at work. The longest trial of the system, which took place in Iceland and involved 2,500 employees between 2014 and 2019, saw no drop in employee productivity, and an increase in staff wellbeing.¹⁰

⁶ Australian Public Service Commission, 'Size and Shape of the APS' (Data Release, Australian Public Service Commission, 26 March 2021).

⁷ Guðmundur D. Haraldsson and Jack Kellam, 'Going Public: Iceland's Journey to a Shorter Working Week' (Report, Association for Democracy and Sustainability and Autonomy, June 2021).

⁸ Ibid.

⁹ ACT Government (n 5).

¹⁰ Haraldsson and Kellam (n 7).

Thus, the four-day working week may form a key strategy in enabling the ACTPS to both attract and retain talent, and also increase the quality and output of work undertaken. This hypothesis reflects the findings from comparative international case studies into workplaces which have adopted a four-day working week.

1.3 The future of work is flexible

A four-day working week model in the ACTPS is also likely to increase talent attraction to the public service by providing a more flexible working environment and conditions. This is notable particularly in the case of the ACT. A significant number of public service employees have other commitments to work and study, all of which greatly enrich public life and education in the ACT. A number of university students will commence their careers in public service while still studying. The introduction of a four-day work week will increase the number of ACTPS staff who are able to take on a full-time workload in their public service positions, while providing them with sufficient time to pursue their other educational, personal, or professional commitments.

Flexible work arrangements, including a four-day work week, have been demonstrated to contribute to improving gender parity and gender justice in the workplace. Research has indicated that organisations which employ more part-time managers have better gender equity outcomes at the executive level.¹¹ Arguably, this reinforces the case that a four-day work week arrangement will support efforts towards gender equality in the workplace. This is because increased working flexibility can allow for a more equitable distribution of unpaid service labour in the home which is disproportionately performed by women,¹² and can support the balancing of familial and other commitments without compromise to career ambitions (Sanders et al., 2015). The model may therefore promote greater diversity in representation and decision-making in the workforce.

Notably, the advent of a four-day work week comes at a time when cultural attitudes are highly favourable to flexible work conditions, and employees are increasingly valuing flexibility in their career decisions post-COVID. The flexibility provided by a four-day working week will be an

¹¹ Jenny Cermak et al, 'Women in Leadership: Lessons from Australian Companies Leading the Way' *McKinsey & Co 2018*, (report, 2018). <<https://www.mckinsey.com/featured-insights/gender-equality/women-in-leadership-lessons-from-australian-companies-leading-the-way>>.

¹² Australian Bureau of Statistics, 'Women spent more time than men on unpaid work in May' (Media Release, Australian Bureau of Statistics, 16 June 2021) <<https://www.abs.gov.au/media-centre/media-releases/women-spent-more-time-men-unpaid-work-may>>.

attractive feature for students and other professionals seeking to foray into public service, and will likely increase attraction and retention of talent in years to come.

2. Options, Issues and Challenges for Transition to and Implementation of a Four-Day Work Week

It is important to consider the challenges of transitioning to a four-day work week across different sectors. Given that the ACTPS comprises a range of professions, this submission will explore the government's challenge in reducing work hours in service-related industries.

Service-related industries in the ACTPS are generally shift-workers, with whom the public requires 24/7 contact. For example, firefighters, medical staff, correctional services, and policing are all professions that provide 24/7 service to the public. The ACT Government must consider the issues which may arise from reducing the work hours in such essential services. Essential services play an integral role in society, which makes these professions particularly vulnerable to fatigue and burnout,¹³ even more since COVID-19. In fact, these essential services are the professions that are most likely to benefit from a reduction in working hours.

2.1 Increase in over-time and complex shift patterns

A reduction in work hours will require a change in the structure of shift hours and patterns. For example, a small increase in overtime hours was seen in the Icelandic study in order for workforces to reduce working hours in a week, but these overtime hours appeared to reduce after the transition period, or the increase in overtime hours were due to temporary workloads.¹⁴ The authors of this submission note that the Icelandic study was concerning a reduction of 4-5 working hours per week,¹⁵ which is less than the current Inquiry's suggestion of 8 hours. In the Icelandic study, the increase in overtime for shift workers, because of the reduction in work hours, was still

¹³ Stefan De Hart, 'Burnout in Healthcare Workers: Prevalence Impact and Preventative Strategies' (2020) 13(1) *Local and Regional Anesthesia* 171, 171-173; J.J De Klerk and Carly Steyn, 'Serving up the self: role identity and burnout in client service environments' (2015) 41(1) 1, 1-4; Justice Forman-Dolan et al, 'Burnout among Professionals Working in Corrections: A Two Stage Review' (2022) 19(6) 1, 1-6.

¹⁴ Guomundur Haraldsson and Jack Kellam, 'Going Public: Iceland's Journey to a Shorter Working Week' (Report, June 2021) 1, 34-38.

¹⁵ Ibid 60.

ultimately below the original full-time hours worked across a month.¹⁶ Hence, a reduction in work hours will likely result in a change in the structure of shift patterns for employees, such as greater overtime for employees; however, we suggest it is imperative that the increased overtime does not negate the reduction of a four day work week.

Secondly, the ACTPS will likely need to introduce changes in shift patterns that are unique to their workplace. For example, a police station in Iceland shortened their employees' work week to every other week.¹⁷ Officers would leave work one hour early on Monday – Thursday, and four hours early on Fridays, but the next week would result in longer working days.¹⁸ Ultimately, whilst the change in shift pattern may appear complicated, it reduced eight hours of work every second week.¹⁹ Hence, each workplace must consider the unique shift patterns appropriate to reduce the number of working hours for employees.

2.2 The cost to the ACT Government

The ACT Government will need to hire more employees, and will thus bear a significant cost to shifting towards a four day work week. The ACT Government may make certain structural changes such as replacing meetings with emails and reducing unnecessary tasks in order to reduce work hours;²⁰ but, ultimately, certain workplaces will require a larger workforce to reduce work hours.²¹ A larger workforce is required to ensure that extra pressure is not placed on workers when shifting towards reduced working hours. We note that a larger workforce will be a significant cost to the ACT Government,²² but we believe that the ACT Government should contextualise this cost against the cost of turnover due to burnout in essential services. For example, a 2014 study demonstrated that the average cost for turnover per a full-time equivalent nurse in the ACT was \$68,621.²³ Given that burnout is cited as one of the primary reasons for nurses leaving their profession,²⁴ particularly in the last few years due to COVID-19, the ACT Government must also

¹⁶ Ibid 34-38.

¹⁷ Ibid, 73.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid, 72.

²¹ Ibid, 55.

²² Ibid.

²³ Michael A Roche et al, 'The rate and cost of nurse turnover in Australia' (2015) 22(4) Collegian Journal 353, 355.

²⁴ Pete Goodare, 'Literature review: Why do we continue to lose our nurses?' (2017) 34(4) Australian Journal of Advanced Nursing 50, 54.

consider the costs they are currently paying for the high turnover rate in burnt-out essential service workers, and whether it is more economically viable to hire more employees to prevent paying the cost of replacing these burnt-out employees. Thus, the ACT government's cost of expanding the workforce should be placed within the context of the turnover rate in essential services.

Therefore the ACT Government should prepare for the following challenges when shifting towards a four-day work week: increased overtime, a change in shift patterns, and the cost of hiring a larger workforce. The authors of this submission submit that these challenges should not heed the ACTPS from trialling a four-day work week, but instead should be anticipated to ensure the success of a four-day work week given that the benefits outweigh the challenges.

3. Best Practice Four-Day Work Week Policy Approaches and Responses Being Undertaken in Other Jurisdictions

The Discussion Paper²⁵ includes several case studies of jurisdictions, sectors and individual private companies that have trialled the four-day work week, or at least policies that reduce weekly work hours. Each case study represents many of the benefits, disadvantages and challenges of a four-day work week. For the purpose of this submission, we will provide an analysis of these studies in the context of the key criterion of attracting young talent to the ACTPS.

3.1 France 35-Hour Work Week

A jurisdiction-wide example of a shortened working week is the 35-hour work week implemented in France. The French Socialist Coalition government enacted a proposal that shortened the working week from 39 hours to 35 hours. The policy sought to address a high unemployment rate, encourage job creation, and improve social welfare more generally.²⁶

Due to the policy being jurisdictional, rather than isolated to a particular sector or company, a certain degree of flexibility was required in order to address the differences across industries and

²⁵ Standing Committee on Economy and Gender and Economic Equality, *Future of the Working Week* (Discussion Paper, June 2021).

²⁶ Will Stronge & Aidan Harper, *The Shorter Working Week: A Radical and Pragmatic Proposal* (Autonomy Institute Report, 2019) 59. ('*The Shorter Working Week*').

business. Whilst the 35-hour work week implemented in France exposed a number of challenges in implementing such a policy across an entire jurisdiction, it is nevertheless a useful case study for the purpose of this submission, as it demonstrates some of the challenges of reducing working hours. The French example highlights the need for strong and effective regulatory requirements that ensure the health and safety of employees is maintained.²⁷ Additionally, a regulatory framework that is tailored towards encouraging a new working culture is important,²⁸ in order to ensure that the purpose of the four-day work week is not undermined, and thus made obsolete.

In some instances, instead of encouraging a better work-life balance for employees, the 35-hour work week had the opposite effect, whereby the culture around work became more intensified. Usually-tolerated workplace behaviour such as 'breathers, chats and discussions'²⁹ were tolerated less due to what some businesses saw as a need for strict time management. The shortened hours created a culture whereby employees were pressured to squeeze their work into a shorter period of time. Consequently, this affected the health and wellbeing of employees who, instead of having an improved work life balance, felt overworked instead.³⁰

If, through implementing a four-day work week, the ACTPS seeks to engage and retain young talent, whilst creating a flexible working environment, a poorly-regulated policy change may have the opposite effect. The French example shows that the culture around the level of work expected to be completed in a week does not automatically change when the policy does. It requires a re-thinking of the weekly workload expected of employees. The ACTPS may run the risk of creating a workplace of overly-restrictive flexibility and time management which would likely risk undermining the health and safety standards of the public service and set a negative example for working standards under a four-day work week, instead of improving standard.

The French example demonstrates why the ACTPS should consider the four-day work week proposal only if a clear guideline related to workload is set out clearly. This will provide a clearer criteria of the level of work employees are expected to complete within the new working week. Whilst the French example reduced working hours, it struggled to reduce work completion expectations for employees. As this submission has aimed to demonstrate, the ACTPS should

²⁷ Stan Spiegelaere & Agnieszka Piasna, *The Why and How of Working Time Reduction* (European Trade Union Institute Report, 2017) 69.

²⁸ Sophie Prunier-Poulmaire & Gadbois, C, 'The French 35-Hour Workweek: A Wide-ranging Social Change' [2001] 1(2) *Journal of Human Ergology* 30, 44.

²⁹ See *ibid.*

³⁰ *Ibid.*

implement a four-day work week in the interest of attracting and retaining young talent and improving overall flexibility and wellbeing of employees. A policy that lacks a regulatory framework may struggle to encourage young workers to join the ACTPS, especially if the work-life balance is no different from that of workplaces with a five-day working week.

3.2 Sweden Experiment

The ACTPS should also adopt a four-day work week to attract and retain young workers within professions that experience burnout and high turnover due to shift work. The Swedish experiment trialled a 30-hour work week for nurses in an elderly care home, a sector with long working hours and high workloads.³¹ Instead of a four-day work week, it was a five-day work week with reduced hours, from eight hours per day to six hours per day.

Notably, the outcome of the study highlights the impact that the reduced hours had on the health of both employees and patients. Through survey responses, nurses reported less stress and a reduction in sick leave, and in particular long-term sick leave.³² Furthermore, it was reported that greater time was spent with patients engaging in a wider range of activities, to the benefit of patients.³³

As this submission has explored, one of the challenges in implementing a four-day work week is applying the policy change to shift-workers. Firefighters, medical staff, correctional services, and police, all play an essential role, they also happen to be industries that require employees to work long hours and take on high-workloads.

In Australia, the estimated turnover rate of nurses is 15% annually; state by state it ranges from between 12% and 38%.³⁴ The reason for the turnover rate ranges from high workload, long hours, leaving to start a family, not feeling a sense of belonging and struggling to find a niche in a

³¹ *The Shorter Working Week*, 20.

³² Matteo Congregalli, M, 'Swedish researchers examined whether a six-hour workday is the way forward; here's what they found', *Equal Times* (Online, 30 April 2018) <<https://www.equaltimes.org/swedish-researchers-examined?lang=en#.Y1jg1XZBxso>

>.

³³ See *ibid.*

³⁴ Michae A Roche, 'The Rate and Cost of Nurse Turnover in Australia' [2014] 22(4) *Collegian* 353.

particular area. As this submission stated above, the average cost for turnover per full-time equivalent nurse in the ACT is \$68,621.³⁵

A four-day work week (or, at least, reduced working hours as is the case in the Sweden experiment), may address the reasons for turnover listed above. A policy that aims to reduce working hours may improve the overall wellbeing and job satisfaction of shift workers, and help to provide these workers with the additional flexibility needed to pursue personal life choices. However, as the French 35-hour work week highlights, it is not enough to simply introduce the reduced hours and expect a positive outcome. To ensure that the health and safety of shift workers is protected, a strong regulatory framework that sets out the clear expectations of the new working week is required.

The French 35-hour work week and the Swedish experiment demonstrate that whilst reduced working hours have a positive impact on employee wellbeing, it is not enough to simply implement reduced working hours and leave the rest to 'sort itself out'. It should not be taken for granted that the health and wellbeing of employees will automatically improve if work hours are reduced. There is a strong need to ensure that the expectations of workload and standards are carefully monitored and regulated to ensure that there is a cultural shift in attitudes to what is expected of employees with the new working week.

4. Conclusion

In conclusion, we encourage the Committee to recommend that the ACTPS adopt a sector-wide four-day work week, whereby a reduction in working hours occurs proportionate to a maintained workload and salary. The adoption of this policy should take into account:

1. The rapid rollout of the policy to keep pace with the growing uptake of a four-day work week across the private sector;
2. The necessity to attract sufficient talent across in-demand professions in which a skilled worker shortage may result in under-staffing;

³⁵ See *ibid.*

3. Ensuring that the adoption of a four-day work week does not result in an increase in workload or work-related stress as a result of reduced hours for work;
4. Prioritising flexibility of work for ACTPS employees, including supporting options for remote work;
5. Mitigating the risk of an increase in over-time hours for shift workers under a four-hour work week;
6. Facilitating a transition to revised shift patterns appropriate to the flexible working hours of each profession or workplace; and
7. Weighing the cost of new hires under the four-day work week, comparative to the cost of high turnover as a result of staff burnout, poor work culture, and insufficient work/life balance under the current model.

With these factors in mind, we believe that the ACTPS' adoption of a four-day work week would prove to be a highly attractive feature of a career in public service to young Canberra residents and recent graduates, attracting strong and diverse talent, and incentivising Australia's best and brightest to begin and maintain a flourishing career in the ACTPS.