



**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: 019

Date authorised for publication: 27 October 2022

**Submission to ACT Legislative Assembly Standing Committee on  
Economy and Gender and Economic Equality Inquiry into the  
future of the working week**

**Submission from Professor John Quiggin, University of Queensland  
October 2022**

**Contact**



## **Summary**

- \* Technological progress provides us with the opportunity to produce more goods and services with shorter working hours. We should pursue both
- \* Beginning with the achievement of the 8-hour day in the mid-19th century, standard working hours were steadily reduced for more than 100 years.
- \* The weekend, that is, the standard of 5 8-hour working days per week was achieved by 1950, followed by increases in annual leave and reductions the standard working week
- \* Progress in reduced working hours came to a halt in the 1980s.
- \* The disruption created by the Covid-19 pandemic provides us with an opportunity for reconsideration
- \* Despite progress in material living standards, the stress associated with excessive work has, if anything, increased over time
- \* The movement for a 4-day standard working week is one response
- \* A 4-day week is economically feasible and would yield significant benefits

## **The Case for a Four-Day Standard Working Week**

The five-day working week and the two-day weekend, have been standard for so long, it is hard for many to imagine anything different. But, as a normal way of working, it dates back only to the middle of the 20th century. Before that, Saturday was a normal working day in Western countries and only Sunday, the Christian Sabbath, was normally taken as a day of rest. The advent of the weekend, and the associated standard workweek of 35 to 40 hours was the culmination of a long series of reductions in working hours from the peak, of 70 hours or more reached in the early 19th century (Schor 1993).

For most of the 20th century, it was expected that these reductions would continue, as technological progress reduced the labour input needed to produce any given volume of output. Keynes (1930) argued that a 15-hour week would be achievable in two generations, a claim assessed by Quiggin (2012). By the 1970s, there was a substantial literature devoted to worrying about how people might manage to occupy all of their free time (Jones 1982, Scitovsky 1976).

In reality, the trend towards reduced working hours came to a halt in the 1980s, ending with the shift to a 38 hour standard working week, as opposed to the 35-hour week unions had advocated since the early 1970s. Since then, there have been some improvements in parental and carers leave, but no general reductions in standard hours of work.

Meanwhile, the intensity of work has generally increased, and the dominance of the standard 5-day week has been eroded by reductions in penalty rates. The result of these developments has been an increase in stress and burnout, with adverse consequences both for mental health and for long-term productivity.

The experience of the Covid-19 pandemic has heightened concerns about stress and burnout. The problems have been particularly severe for front-line workers in health and aged care.

The pandemic has also overturned longstanding assumptions about the nature of work, and about our relationships to work. Most obviously, remote work has proved more successful than even its most optimistic advocates predicted. More generally, it has become clear that ‘this is the way we’ve always done things’ is not a sufficient basis for sticking to existing working arrangements.

One manifestation of this has been renewed interest in the idea of a 4-day working week. A number of enterprises are undertaking trials as part of the 4DayWeek Global initiative. These trials will provide useful evidence on how various versions of the 4-day week might be implemented, and on the effects on mental health, work-life balance, productivity and job turnover.

A four-day working week is well within the realm of economic feasibility. But how much, if anything, would it cost in terms of lost production and lower wages? This submission is designed to address that question.

## **History of working hours**

In 1856, Melbourne stonemasons became some of the first workers in the world to achieve an eight-hour working day (New Zealand also claims this achievement). This event is still commemorated by Labour Day holidays in all Australian states and territories (the Labour Day holiday is called Eight Hours Day).

For the next 100 years and more, standard working hours were slowly but steadily reduced. The working week was cut from six days to five by 1948, bringing us that great boon, the weekend. Thanks to steady increases in productivity, all this was achieved even while living standards improved steadily.

Although the standard work week remained fixed at five days, increases in leisure continued until the late 20th century. Annual leave was introduced, increasing to four weeks a year in the 1970s. Sick leave, long service leave and an increased number of public holidays all reduced the number of hours worked per year.

Finally, weekly working hours were cut from 40 to 38 in 1981. Some unionised workers in industries such as construction were able to negotiate slightly shorter hours, allowing them to work a nine-day fortnight. This typically involving working days of about 8 hours for a total of 72 hours a fortnight, or 36 hours in an average workweek. That's the same hours per day as in the 19th century, but around two-thirds as many days of work in a year.

All this progress came to a halt with the era of microeconomic reform (often called neoliberalism or market liberalism) which began in the 1980s. There has been no significant

reduction in standard hours since then. The actual number of hours worked has ebbed and flowed according to the state of the labour market, but without any clear trend.

A large increase in women's participation in the workforce was accompanied by an increase in part-time and casual employment. To some extent, the rise of part-time work allowed for an element of work-life balance consistent with traditional gender roles which assigned women more responsibility for home production and child care. But the insecurity of casual employment worked in the opposite direction.

### *Industrial relations system*

For most of the period of neoliberalism, employers favoured longer hours of work for their core fulltime workforce, while workers and unions pushed for better work-life balance. The balance of forces has ebbed and flowed, with no clear direction. No sustained progress towards improved work-life balance has been achieved since the 1990s.

In the 1990s, following the recession of 1989-91, the balance of bargaining power was strongly in favour of employers. Work intensification resulted in a temporary increase in productivity, described at the time as a 'miracle', portending the emergence of a New Economy. This euphoria was short-lived.

The intensity of work increased to the extent that conservative PM John Howard described the issue as a 'barbecue stopper'. Howard meant that mention of the issue was sufficient to stop discussion of any other topic. However, as the Australia Institute pointed out in 2010, the increasing prevalence of unpaid overtime, including on weekends, meant that work intensification literally stopped barbecues from happening.

Improvements in the labour market contributed to a gradual reduction in long hours of work from the late 1990s until the advent of the Howard government's *Workchoices* legislation, which again shifted the balance of power to employers. However, the balance shifted again with the defeat of the Howard government in 2007, partly due to the *Your Rights at Work* campaign led by the ACTU.

### **Working hours and productivity**

Most recently, the experience of the Covid pandemic has made it clear that existing ways of organizing work are not set in stone. Most notably, many workers found they could achieve

better work balance through remote work, without any reduction in productivity. Strenuous efforts by managers and employers to impose a return to office-based work have been at most partially successful. More enlightened employers have accepted the need to accommodate change and allow workers more control over their lives

The Covid experience has produced a variety of responses, including increased resistance to overwork (“quiet quitting”) as well as greater job mobility (“The Great Resignation”). This in turn has increased the willingness of employers to consider ideas such as the 4Day week, with the aim of improving worker satisfaction.

It is widely recognised that burnout and overwork contribute to job turnover, and particularly to the loss of the skilled and motivated employees most likely to suffer burnout. Staff who are unable or unwilling to leave may adopt the option of ‘quiet quitting’, seeking to minimise their effort, while maintaining an appearance of commitment.

## **Work-life balance, burnout and employee retention**

### *Work-life balance*

Material standards of living have improved substantially over the past forty years. By contrast, there has been no improvement in work-life balance.

If anything, the demands faced by Australian families outside working hours have been intensified. Social expectations about the need for parents to spend time with children have increased, and this is reflected in a global upward trend. The trend is particularly evident for university educated parents, a group that is growing in size. Ortiz-Ospina, E. (2020)

Technological progress has done little to offset this. Labour saving devices, including refrigerators, washing machines, vacuum cleaners and microwave ovens led to a considerable reduction in hours required for housework from the 1950s onwards. But most of the gains had been realised by the late 1970s, just as reductions in standard working hours have come to an end.

The lack of progress in work-life balance is connected to a variety of social problems. For example, a survey by Relationships Australia (2008) found that stress and work pressures were among the primary obstacles to forming relationships and the primary external reasons for relationship breakdown.

Over the last decade or so, awareness of the problems has increased. A variety of responses have been tried with the aim of increasing flexibility for workers and reducing burnout. However, without a reduction in standard hours of work, the problem is essentially insoluble.

### *Burnout*

Burnout is a state of emotional, mental, and often physical exhaustion brought on by prolonged or repeated stress. Although burnout arises in a number of contexts, including parenting, it most often caused, or at least contributed to, by problems at work.

Long hours are not the sole source of burnout, but they are commonly a contributing factor.

Burnout leads to mental health problems for workers, and to poor work performance high rates of resignation for employers. Although many employers are aware of the problem, it has historically proved difficult for individual employers to break from well-established, even if harmful, industry practices (Buchanan and Wanrooy 2001).

Some of the adverse consequences are noted by Collie

Musculoskeletal conditions, traditionally the major type of workplace injury, are becoming less prevalent, whereas work-related mental health conditions are becoming more common. We have more workers with insecure jobs, we work longer hours on average, and workplace stress has been growing.

But while we have been effective at reducing workplace risk for physical injuries in Australia, we have not paid the same attention to risk factors for mental health conditions.

### *Health and aged care workers*

Even before the Covid pandemic health care workers such as nurses and doctors experienced high levels of stress and burnout. As Duckett and Meehan (2022) observe, citing Markwell and Wainer (2009)

Multiple Australian studies have found burnout rates of more than 50 percent among healthcare workers, although rates are lower in general practice. US surveys have also consistently shown burnout is higher



among doctors, and especially emergency doctors, than in the general workforce

More generally, any workplace that is characterized by stress and overwork is ill-placed to handle an emergency. If the health system had more workers with shorter standard hours, the capacity to handle a surge of demand through extra shifts would have been much greater.

### **Resurgence of interest in the four-day week**

As disillusionment with the economic consequences of market liberalism has grown, there has been a resurgence of interest in ideas like the 4-day work. The Global Financial Crisis was an important element in this process, undermining faith in markets and particularly in financial markets, which had always led the push for market reform.

The disruption created by the Covid-19 pandemic has led many of us to reconsider our relationship to work, as well as our priorities in expenditure. Some are eager to return to pre-pandemic ‘normality’. Others have found working from home to be liberating, and are keen to preserve some of their new-found autonomy. Still others, such as health workers, are simply exhausted after two years dealing with the ever-changing demands of the pandemic. One manifestation of our exhaustion has been the rise of the ‘anti-work’ movement, which rejects the whole idea of paid employment as a way to organise necessary labour.

A less radical response has been increased interest in the idea of a four-day working week.

*What would a four-day working week look like?*

Proposals for a four-day week differ regarding the associated change in working hours. At one extreme, some proposals leave weekly hours unchanged, compressing five days’ work into four. At the other, daily working hours are unchanged, and the number of hours in the standard working week is reduced by 20 per cent.

There seems little value in considering proposals with no reduction in weekly hours. With a 38-hour working week, and allowing an hour for lunch, that would entail 10.5 hours at work every day, with a commute potentially added. On the other hand, some increase in daily hours, such as a return to the 8-hour working day, might be an acceptable trade-off for

four-day week. This is discussed in more detail below, along with measures that affect leave arrangements of various kinds.

It's also necessary to consider whether a four-day week should take the form of a three-day weekend, extended to include Mondays (or perhaps Fridays). One alternative is an extension of the rostered day off prevailing in some parts of the building industry, where all workers have one day off each fortnight, but the number rostered on any given day is constant. Another option, drawing on the experience of the pandemic would be a core 3-day week (Tuesday to Thursday) with workers having either Friday or Monday off.

### *One path to a 4-day week*

To provide a concrete basis for discussion, consider a proposal to replace the current standard working week of 38 hours over five days with a working week of 32 hours over four 8-hour days. The proposal would require an increase in hourly wage rates, a reduction in annual hours of work and foregoing some existing entitlements (public and annual holidays).

The first step would be a reduction in the standard working week from 38 hours to 35 with no reduction in pay. Such a change was first proposed by the Australian Council of Trade Unions in 1973, well before most current employees entered the labour force. In the subsequent period of nearly 50 years, GDP per hour worked has more than doubled, yet working hours have barely changed. A 35-hour week would be consistent with a 9-day fortnight, similar to that in some parts of the building industry.

A reduction from 38 hours to 35 would be equivalent to an 8 per cent increase in real hourly wages. The cost to employers would be partly offset by the increase in output per hour commonly observed when standard working hours are reduced. The increase would only partly offset the reduction in the labour share of national income observed over the past 20 years. As discussed above, a shortening of the working week is likely to increase productivity, as measured by output per hour, thereby reducing the cost to employers.

With four weeks annual leave and 10 public holidays per year, a standard 35-hour working week would be equivalent to just over 1600 hours of work per year, compared to over 1800 hours at present. On the same basis, a 32-hour working week would be equivalent to just over 1450 hours of work per year. However, with appropriate adjustments to public holiday

arrangements, a 32-hour working week would be consistent with 1500 hours of work per year.

The first step would be to require four days of work on weeks including a public holiday. In effect, public holidays such as the monarch's birthday would still be celebrated but would not shorten the working week in which they occur. Under this adjustment, a 32-hour working week would be equivalent to just over 1500 hours of work per year. Given that a large number of public holidays exist primarily to provide workers with a long weekend, it seems unlikely that there would be strong objections to this trade-off. With this adjustment, the shift to a 32 hour week would involve an hourly wage increase of around 6 per cent.

A four-day 32-hour week could be phased in, beginning with an 8.5 day fortnight (an average 34 hours per week). This would require 3 per cent increases in each stage, well within the capacity of the economy to deliver over time.

### *The 4DayWeek Global Trial*

A variety of experiments with four day weeks have been undertaken, but none have been particularly rigorous. The first large-scale trials are now being undertaken by 4DW Global. The efforts of 4DW Global began with the adoption of a 4-day week by New Zealand company trustee company Perpetual Guardian. This shift was highly successful, and led to the establishment of 4DW Global with the aim of providing credible evidence on the implications of a 4-day week.

The approach adopted has been to seek the voluntary participation of employers and employees in a scientifically monitored trial. Experiments have commenced in a number of countries including the UK and Australia. Participants complete questionnaires at the beginning and end of the experiment. The results are to be analyzed by a team led by Professor Juliet Schor. The team includes Australian researchers, Professor John Buchanan and myself.

At this point, the UK study has reached the halfway point. Survey data has yet to be completed and analysed. However, interim responses from employers have been highly positive.

A series of questions were posed with a multi-choice answer on a scale of 1 to 5. Of those that responded:

- 88% of respondents stated that the four-day week is working ‘well’ for their business at this stage in the trial;
- 46% of respondents say their business productivity has ‘maintained around the same level’, while 34% report that it has ‘improved slightly’, and 15% say it has ‘improved significantly’;
- On how smooth the transition to a four-day week has been (with 5 being ‘extremely smooth’ and ‘1’ being ‘extremely challenging’), 29% of respondents selected ‘5’, 49% selected ‘4’ and 20% selected ‘3’;
- 86% of respondents stated that at this juncture in the trial, they would be ‘extremely likely’ and or ‘likely’ to consider retaining the four-day week policy after the trial period.

#### *Implications for part-time and casual workers*

A shift to a 4-day standard working week would directly affect around 65 per cent of the workforce. For part-time and casual workers, there would be an increase in hourly wages rates, broadly similar to that which would be realised if the standard working week were unchanged, and workers received wage rises in line with productivity growth (including catch-up from previous growth).

If the 4-day week were implemented while maintaining a pattern of 5-day operations for most businesses, existing patterns of part-time employment would remain broadly unchanged. A shift to a three-day weekend would imply more radical changes, beyond the scope of this submission.

#### *The role of government and unions*

While initiatives by individual employers are valuable, they are not sufficient. Previous reductions in working hours have been achieved through the work of the union movement and through legislative change. As discussed above, a first step is to reactivate the campaign for a 35-hour week (Victoria)

Government action is essential. As major employers, governments can lead the way in implementing improved working conditions.

And, at some point, the general shift to a 4-day week will require decisions of government. Industrial tribunals are unlikely to introduce such a shift without, at a minimum, clear support for such a policy from government. More probably legislation is required.

## **Conclusion**

Despite great technological advances, and chronic concern over problems of work-life balance, Australian workers have seen no significant change in standard working hours for 40 years. The greatest barriers to change include inertia and the resistance of employers to reductions in working hours.

It is time to break through these barriers. The shift to remote work during and after Covid lockdowns has shown that radical change is socially and economically feasible.

Proposals for a four-day standard working week are now on the policy agenda. Progressive employers are already trialling various forms of the four-day week. It is time for governments to take the lead in this respect.

## **References**

- Buchanan, J. & Wanrooy, B. (2001) What About the Bosses? Employers and Extended Hours of Work: Insights from Exploratory Research. ACIRRT,
- Collie, A. (2015) Dying for work: the changing face of work-related injuries. The Conversation  
<https://theconversation.com/dying-for-work-the-changing-face-of-work-related-injuries-40328>.
- Duckett, S. & Meehan, E. (2022) How to tackle burnout among healthcare workers.  
<https://grattan.edu.au/news/how-to-tackle-burnout-among-healthcare-workers/>.
- Duckett, S. & Meehan, E. (2022) How to tackle burnout among healthcare workers. Grattan Institute,  
<https://grattan.edu.au/news/how-to-tackle-burnout-among-healthcare-workers/>.

- Galanis, P. et al. (2021) Nurses' burnout and associated risk factors during the COVID-19 pandemic: A systematic review and meta-analysis. *J Adv Nurs*, **77**, 3286-3302, <https://pubmed.ncbi.nlm.nih.gov/33764561>.
- Jones, B. (1982) *Sleepers, Wake! : Technology and the Future of Work*. Oxford University Press, Melbourne.
- Keynes, J.M. (1930) Economic Possibilities for our Grandchildren. In *Essays in Persuasion*, Harcourt Brace, New York,
- Lockhart, C. (2022) UK Companies in 4 Day week Pilot Reach Landmark Halfway Point. <https://www.4dayweek.com/news-posts/uk-four-day-week-pilot-mid-results>.
- Markwell AL, &, W.Z. (2009) The health and wellbeing of junior doctors: insights from a national survey. *Med J Aust*, **191**, 441-4.,
- Markwell, A.L. & Wainer, Z. (2009) The health and wellbeing of junior doctors: insights from a national survey. *Medical Journal of Australia*, **191**, 441-444, <https://doi.org/10.5694/j.1326-5377.2009.tb02880.x>.
- Ortiz-Ospina, E. (2020) Are parents spending less time with their kids?: In many countries the amount of time parents spend with their kids has been increasing over the last 50 years. <https://ourworldindata.org/parents-time-with-kids>.
- Perpetual Guardian (2019) White Paper: the four-day week: guidelines for an outcome-based trial: raising productivity and engagement. *vocededuau*, <https://www.voced.edu.au/content/ngv:82553>.
- Quiggin, J. (2012) The golden age. <https://aeon.co/essays/the-time-is-right-to-reclaim-the-utopian-ideas-of-keynes>.
- Ramey, V.A. (2008) Time spent in home production in the 20th century: New estimates from old data. <https://www.nber.org/papers/w13985>.
- Relationships Australia (2008) Relationships Indicators Survey 2008.
- Sakzewski, E. (2021) The burnout is 'absolutely real': A look at the state of Australia's nursing workforce amid labour shortage. ABC News

<https://www.abc.net.au/news/2021-11-19/australia-nurse-burnout-labour-shortage-supply-demand/100566430>.

Schor, J. (1993) *The Overworked American: The Unexpected Decline Of Leisure*. Basic Books,

Scitovsky, T. (1976) *The Joyless Economy*. Oxford University Press, Oxford.