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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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Submission to the Inquiry into the Future of the Working Week by

4 Day Week Australia

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Introduction

Thank you for the opportunity to provide a submission to the ACT Legislative Assembly's Inquiry into the Future of the Working Week.

This submission has been prepared by 4 Day Week Australia and primarily focuses on how transitioning to a four-day week in Australia will support a more productive workforce and improve living standards. This submission is intended to inform the Committee's inquiry and is relevant to the Terms of Reference, in particular items a, b, d and g.

The four-day week has the potential to be a triple-dividend policy, which can simultaneously improve human, economic and ecological wellbeing. This submission discusses the growing body of international and national evidence, including case studies of businesses and academic research, that demonstrate the benefits of a four-day week.

4 Day Week Australia exists to fearlessly and proudly lead Australians toward more productive, considered and inclusive modern workplaces that champion a culture of wellbeing.

We work in partnership with the 4 Day Week Global campaign, who are responsible for running trials of a four-day week in Australia and around the world. These trials have attracted a great deal of enthusiasm and attention from a range of organisations in different sectors in Australia, with further trials to commence in 2023.

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Recommendation

1. That the ACT Government contributes to the growing body of international research into a four-day week by designing, delivering and evaluating a pilot program for a reduced work week (with no loss in pay) that is tailored to a suitable sector.

Key Findings

1. International trials of a four-day, 32-hour work week (with no loss in pay) demonstrate that a four-day week is a win-win for workers and employers. It is an overdue update to a five-day week that is no longer fit for purpose, and it is a fair solution for workers who are burnt out and seeking better ways of work.
2. A four-day week increases worker wellbeing and job satisfaction by providing employees with a better work-life balance. A four-day week also enables workers to reduce their cost of living and improve their mental and physical health.
3. A four-day week helps employers to attract and retain high quality employees who are more motivated and focused and take fewer sick days. Real-world examples show that employers who move to a four-day week maintain or increase productivity and reduce costs related to absenteeism, recruitment and power bills.
4. Research indicates that a society-wide four-day week would benefit the economy by:
 - enhancing the national productivity rate;
 - boosting the retail, hospitality, entertainment and tourism sectors;
 - reducing overwork, unemployment and underemployment, and subsequently enabling full employment and higher wages; and,
 - decreasing government costs in relation to health and welfare.
5. A four-day week increases gender equality by boosting women's workforce participation and giving men greater opportunity to share domestic duties traditionally assigned to women. A four-day week also strengthens communities by providing time to build stronger relationships, care for others and participate in volunteering.
6. A four-day week benefits the environment as less commuting and fewer days of energy use in workplaces help to reduce Australia's carbon emissions, and individuals have greater time and energy to lead more sustainable lifestyles.
7. Further trials are required to determine the smartest ways to implement a four-day week across different industries and sectors, as they have varying requirements and structures.

Key Issues

1a. International trials of a four-day, 32-hour work week (with no loss in pay) demonstrate that a four-day week is a win-win for workers and employers.

A four-day week is increasingly proving to be a timely solution to the problems of overwork, burnout and worker dissatisfaction. In the [United Kingdom](#) (UK), more than 100 employers are recorded as having permanently transitioned to a four-day week. In Australia, we estimate that 30 employers have permanently reduced their work hours to a four-day week.

Throughout 2022, the 4 Day Week Global campaign has managed a series of trials in the UK, Ireland, the United States (US), Canada, New Zealand and Australia, in which hundreds of businesses and organisations have piloted a four-day week (with no loss in pay). The Australian companies began their six-month trials in August and will finish in February 2023. These trials are based on the principle of the 100:80:100 model – 100% of the pay for 80% of the time, in exchange for a commitment to maintain at least 100% productivity.

In November 2022, [4 Day Week Global](#) released the results from the first series of trials in Ireland and the US. 96% of the employers that responded to the survey said they were “definitely” (67%), “planning on” (26%) or “leaning towards” (4%) continuing a four-day week after the trial; with one employer undecided and none planning to return to a five-day week.

In addition to these pilots, [Unilever](#) (maker of Dove, Rexona, Continental and Streets) has trialled a four-day week for 18 months to date with around 80 employees in New Zealand. From November 2022, it is also trialling it for 12 months with 500 of its employees in Australia.

At a government-level, the largest trial to date was in [Iceland](#). From 2015 to 2019, 2,500 public sector workers trialled a shorter work week, and today 86% of the Icelandic workforce is either working a shorter week or has gained the right to reduced hours. Other governments around the world are following suit:

- [Scotland](#) is putting £10 million (A\$18 million) towards a trial that is likely to begin in 2023, as part of its promise to pursue a wellbeing economy.
- [Spain](#) is currently designing a multi-year pilot project for interested businesses.
- [Portugal](#) is conducting a trial for six months from June 2023 for interested businesses, with the possibility of extending the trial into the public sector in 2024.
- [Lithuania](#) passed legislation to enable public sector employees with children under the age of three to work 32 hours per week, with no loss in pay.
- In [Belgium](#), workers now have the option of working four-day weeks by compressing their 38 hours into four days rather than five.
- In [Japan](#), the government recommended in 2021 that companies allow their workers to opt for a four-day week, with electronics giant [Panasonic](#) becoming one of the biggest companies to do so in early 2022.
- The [United Arab Emirates](#) has introduced four-and-a-half-day weeks for government workers, and the city of Sharjah introduced four-day weeks for its public sector.

1b. A four-day week is an overdue update to a work week that is no longer fit for purpose. It is a fair solution for workers who are burnt out and seeking better ways of work.

Australia has a grand tradition in reducing work time. In [1856](#), the standard work week was six days of ten or more hours each. However, on 21 April of that year, stonemasons working at the University of Melbourne went on strike, demanding an eight-hour work day. They won, and it was the first time anywhere in the world that workers won an eight-hour day with no loss in pay across an industry. In the following decades, other countries followed Australia's example and implemented eight-hour days for their six-day work weeks.

When unions won the two-day weekend in Australia in 1947, they were following the lead from other parts of the world. In 1926, US carmaker Henry Ford implemented a five-day week for the workers in his factories, with no loss in pay. In 1936, France legislated a 40-hour work week, and the US followed in 1938.

In Australia, unions campaigned for a reduced work week throughout the 1930s, but the issue was put to one side during the Second World War years from 1939 to 1945. After the war, there were numerous strikes from workers in different sectors, calling for better conditions. In [1947](#), the Australian Council of Trade Unions took its case for a five-day, 40-hour week to the Arbitration Court. On 8 September, the Court ruled in favour, and from 1 January 1948 it became the standard. The two-day weekend was born.

Since 1948, the work week has largely remained unchanged, aside from a slight reduction in 1981 when the Metal Workers won the right to a 38-hour week and it was soon applied to other industries. The minimal change since 1948 has occurred despite substantial productivity gains over those 75 years, primarily due to technological progress.

In today's world, the 9-to-5, five-day work week is outdated and no longer fit for purpose. It leaves workers stressed, overworked and burnt out. Workers deserve better.

2. A four-day week increases worker wellbeing and job satisfaction by providing employees with a better work-life balance. A four-day week also enables workers to reduce their cost of living and improve their mental and physical health.

The problem of burnout needs to be addressed. [Mercer's](#) 2022 Global Talent Trends Study found that 81% of workers feel at risk of burnout this year. In Australia, the latest [ELMO](#) Employee Sentiment Index found that 42% of workers were feeling burnt out at work, and the number of workers taking sick leave was 10% higher than the previous quarter in 2021.

[Research](#) shows that one in three Australian workers would leave their current job for an organisation that offered a four-day week, with younger workers aged 18-24 more likely (40%) than older workers aged 45-64 (26%).

A four-day week gives workers the time to live happier and more fulfilled lives – working to live rather than living to work.

Findings from trials have found the following benefits for workers:

- The 4 Day Week Global trial participants experienced reductions in fatigue and work stress and burnout, increases to job satisfaction and the frequency and duration of exercise, and benefits to sleep. Their work-life balance increased, and both work-to-family and family-to-work conflict decreased. They also found it easier to combine paid work and care responsibilities.
 - 97% of the 458 workers “definitely” want to continue a four-day week.
- Unilever staff decreased stress by 33% and decreased work-life conflicts by 67%, and 89% of the workers described the four-day week as a positive experience.
- In Iceland, workers reported feeling less stressed and less at risk of burnout, with a corresponding increase to their health and work-life balance.
- New Zealand trust management company [Perpetual Guardian](#) announced a 45% increase in employee work-life balance when it ran a four-day week trial in 2018. It subsequently made the policy permanent.
- Melbourne-based [Inventium](#), a behavioural science consultancy, saw staff stress levels decrease by 18%, staff job satisfaction increase by 12%, and staff energy levels increase by 21%.

A four-day week is important because it provides workers with more time for those non-work parts of life that are often neglected:

- *Rest* – sleep and the various forms of rest we need while awake (physical, mental, social, emotional and sensory rest).
- *Leisure* – from spending time with family and friends, to pursuing hobbies and passion projects.
- *'Life Admin'* – tasks like shopping, cleaning, managing the finances and parenting duties.

A four-day week also eases cost of living pressures, as one fewer day at work each week enables savings on commuting, takeaway lunches and coffees, and childcare. In addition, more time in the week means more time for workers to focus on their health and wellbeing, including having the space and energy to prevent and address illnesses and health issues.

3. A four-day week helps employers to attract and retain high quality employees who are more motivated and focused and take fewer sick days. Real-world examples show that employers who move to a four-day week maintain or increase productivity and reduce costs related to absenteeism, recruitment and power bills.

In Australia, employers in many sectors are facing significant job [vacancies](#) and are looking for better ways to attract and retain workers. The proportion of businesses reporting vacancies has more than doubled in the last two years, from 12% in August 2020 to 27% in August 2022.

We note that the ACT Government submission to this inquiry highlighted nurses and secondary school teachers as occupations that are the most in demand in the skilled migration program, and that the ACTPS has had longstanding problems recruiting and

attracting these groups of workers. Further, the ACT Government submission noted that the 4 day week could be a competitive way to attract these workers. We also note that both the nurses and teachers unions have made submissions to the inquiry that were positive about the benefits of a reduced working week.

Sectors struggling the most are accommodation and food (14% to 42%), health care and social assistance (9% to 33%), construction (12% to 28%), and retail (9% to 24%). This equals around 59,100 vacancies in accommodation and food and around 74,300 in health care and social assistance. In the [childcare](#) sector alone, there were more than 7,000 vacancies in September 2022, and it is expected to increase to 10,000 by July 2023.

In relation to existing staff, the [Productivity Commission](#) estimates that poor mental health costs workplaces between \$12 billion and \$39 billion per year due to loss of productivity and participation. In 2019, the UK's [Health and Safety Executive](#) found that the greatest cause of sick absences from work is work-related stress (54%).

The [evidence](#) shows that employers who invest in worker health increase productivity, reduce absenteeism and have more engaged staff. Put simply, a rested worker is a better worker.

International trials demonstrate that a four-day week is good for business, with the following benefits for employers:

- In the 4 Day Week Global trials, employers answered questions on a scale from 0 (very negative) to 10 (very positive) – rating the trial a 9 and providing positive responses to how the trial affected company productivity (7.7) and company performance (7.6). During the trial period, employers also had reductions in sick days and resignations.
- Unilever staff took 34% fewer sick days. Feelings of strength and vigour at work increased by 15%. Targets for overheads, market-winning share and sales and revenue growth were either met or exceeded.
- In Iceland, there was no drop in productivity among the trial participants.
- Perpetual Guardian announced a 20% increase in worker productivity during its trial.
- When [Microsoft Japan](#) conducted a four-day week trial in August 2019, it reported a 40% boost in worker productivity, reduced electricity costs by 23% and printed 60% less paper. The company found efficiencies by slashing meetings from 60 to 30 minutes and capping meeting attendees at five people.
- After UK-based [Atom Bank](#) implemented a four-day week, it recorded a 49% increase in job applications and had fewer employees quit, which meant it expanded its workforce. It also decreased its days lost to sickness by 28%. Further, productivity increased, with an improved success rate across its 165 departmental metrics and 92% of staff saying they worked more efficiently because of the reduced hours.

In summary, a four-day week enables employers to attract and retain greater talent who are better able to deliver higher performance and larger profits for the employer. It is a win-win for workers and employers.

4. Research indicates that a society-wide four-day week would benefit the economy through enhanced productivity, a boost to various sectors, a fairer spread of employment and decreased government cuts.

A four-day week would benefit the economy in a number of ways:

- **Enhanced Productivity:** [studies](#) show that a reduced work week across the economy would be good for the national productivity rate, just as it is for individual businesses and organisations. A 2021 [Henley Business School](#) study estimated that UK businesses would save a combined £104 billion a year (A\$187 billion) if a four-day week was implemented across the entire workforce.
- **Boost to Retail, Hospitality, Entertainment and Tourism Sectors:** three-day weekends mean people can spend more time shopping, visiting cafes, restaurants and pubs, attending events, and taking short breaks around the country. A UK [study](#) found retailers and hospitality venues would receive an additional £58 billion (A\$104 billion) if workers had a three-day weekend every weekend.
- **Fairer Spread of Employment:** a four-day week is a powerful way to reduce overwork, unemployment and underemployment across the economy. Subsequently, this would enable full employment and higher wages.
- **Decreased Government Costs:** improvements to workers' lives and wellbeing would ease the stress on the healthcare system; and a fairer spread of employment would lessen costs related to welfare and the health costs associated with unemployment. While governments will likely need to financially assist some sectors to reduce work hours, the benefits of a four-day week would be an excellent return on investment. In Iceland, the trial was cost neutral for the government and the city council.

5. A four-day week increases gender equality by boosting women's workforce participation and giving men greater opportunity to share domestic duties traditionally assigned to women. A four-day week also strengthens communities by providing time to build stronger relationships, care for others and participate in volunteering.

[Women](#) remain under-represented as full-time workers in Australia (38.4%) and over-represented as part-time workers (68.5%). [Women](#) also continue to do more unpaid work than men, with 94% of women and 86% of men conducting domestic, child care, adult care and voluntary work activities. Of those who do unpaid work, women average longer hours per week on these tasks (4 hours and 31 minutes a day) than men (3 hours and 12 minutes).

Reducing the work week to four days of 32 hours would lead to a better work-life balance for all workers and enable a more equal share of paid and unpaid work between women and men. A four-day week would boost women's workforce participation and give men greater opportunity to share unpaid work duties traditionally assigned to women.

For workers of all demographics, more time outside of work each week allows them to build stronger relationships with others, provide care for the more vulnerable members of society such as children, the elderly and the disabled, and participate in volunteering activities in their community. This creates significant social and economic benefits for Australian society.

6. A four-day week benefits the environment as less commuting and fewer days of energy use in workplaces help to reduce Australia's carbon emissions, and individuals have greater time and energy to lead more sustainable lifestyles.

A four-day work week can help Australia achieve a smaller carbon footprint by leading to less commuter transport and workplace energy usage. In Australia, the car remains the dominant method for commuting to work. On [Census](#) day in 2021, 65% of people who worked that day travelled to work by car (60% as driver and 5% as passenger). The COVID-19 pandemic has affected working habits and this data, with decreases from 2016 to 2021 in those who travelled to work by car (74% in 2016) and those who travelled by train or bus, and increases in those who worked from home. Despite the changes, the car remains heavily used.

The 4 Day Week Global trials found that workers reduced their time commuting and the amount of commuting undertaken by car, and they increased their pro-environmental behaviours in the household, through volunteering and socially. Further [research](#) found that a four-day week could reduce the UK's carbon footprint by 127 million tonnes per year, which is a reduction of 21.3% and the equivalent of taking 27 million cars off the road.

In addition, a four-day week can help to address climate change by enabling workers to lead more sustainable lifestyles. Additional time in the week allows workers to make environmentally-positive choices, such as cycling and walking instead of driving, and cooking with fresh ingredients rather than buying energy-intensive ready meals.

7. Further trials are required to determine the smartest ways to implement a four-day week across different industries and sectors, as they have varying requirements and structures.

Some sectors have advantages in relation to implementing a four-day week – specifically, the workplaces based in offices from 9-to-5, Monday to Friday. They are able to reduce their hours to a four-day week without needing to employ more staff, while maintaining the same levels of outputs and deliverables for clients and customers.

Meanwhile, sectors like hospitality, retail, construction, manufacturing, care and education cannot reduce their 'opening' hours, and require employees to be physically present to do their jobs. The sad irony is that while the implementation of a four-day week in these sectors is more complicated, it is these workers most in need of reduced hours: they are overworked, stressed, burnt out, not able to enjoy the flexibility of remote work, and many are quitting.

To implement a four-day week, many employers in these sectors will need additional staff to cover opening hours across the week. That means there is a cost involved in recruiting and paying additional employees, and where positions require qualifications, time is needed to plan and deliver a strategic rollout. In some instances, government financial assistance will be required to enable this rebalance. However, as outlined above, a full complement of happy, well-rested staff leads to less employee turnover, which in turn reduces the costs associated with recruitment, training, and absenteeism.

A four-day week is an investment in long-term stability and viability. As such, all workers and all sectors deserve an opportunity to find out how a four-day week can work for them.