
Sharing the Benefits:

The Case for Shorter Working Hours

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and
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Prologue:

The Carmichael Centre is named in honour of the late Laurie Carmichael (1925-2018), one of Australia's most influential union leaders. The Carmichael Centre conducts research on themes related to Carmichael's legacy, including industrial relations, social policy, manufacturing and industry policy, vocational education, and international labour solidarity.

This consideration of the shorter working week is made in the spirit of the historic lessons of Carmichael's active role in campaigning for the 35-hour week for metalworkers during the 1980s. It seeks to interpret these and other ideas for improving employment and work in a contemporary context, to inform the policy debate regarding the future of work – and in particular how work can be better organised and regulated to maximise the benefits for working people, their communities, and the environment.

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Summary

*Sharing the Benefits: The Case for Shorter Hours*¹ makes the argument for a statutory reduction in standard working hours and the working week. It does so primarily from the viewpoint that Australia should reinstate full employment as the superordinate economic goal of national policy.

Sharing the Benefits provides an historical survey of progress made in Australia towards shorter hours over the past century and a half, and the halting of that progress around 40 years ago (about the time of the 35-hour week campaign led by Laurie Carmichael), coinciding with the implicit abandonment of a national full employment objective. It surveys the current imbalance between the two poles of exploitation in the Australian labour market – overwork and unpaid overtime, versus underemployment and perpetual insecurity. It assesses the extent of these undesirable features and how Australia compares to other nations, finding that Australia scores high in the incidence of these negative characteristics in international perspective.

The paper then continues the international comparisons, including a major OECD survey of the impacts of shorter hours on aggregate employment and productivity. The focus then turns to the benefits of a shorter working week, including reducing exploitation and burnout through the more equitable distribution of work, before examining challenges to the introduction of shorter hours. International moves to a shorter working week are surveyed before consideration of the various models and forms in which shorter hours can be delivered. We consider that the most viable model is a 32 hour four-day week, achieved in two stages.

Trialling of a shorter work week could include the aged- and health-care sectors, where issues of low pay, burnout, and difficulties in attracting and retaining workers are to the fore. Against the likely objection that this could reduce capacity in the system at a time of high need, it should be seen that shorter hours are entirely compatible with the need for more secure jobs, better staff recruitment and retention, and productivity growth in these sectors.

Sharing the Benefits concludes with several recommendations and suggested directions for achieving a shorter working week, with opportunities that could be taken by Commonwealth and state governments, employers, and trade unions.

Recommended Future Directions

1. Full employment: In its response to the Jobs and Skill Summit (due in 2023) the Commonwealth government should give priority to a vision for and objective of, achieving and sustaining full employment. The forthcoming White Paper on Employment should become the White Paper on Full Employment.
2. 4 Day Week Global trial: The Commonwealth and the states should consider and formally respond in detail to the outcomes and findings of the 4 Day Week Global

¹ This paper draws on content of an earlier submission to the inquiry of the ACT Assembly Economy and Gender and Economic Equality Standing Committee (see Dean 2022).

Trial to identify and confirm costs and benefits of shorter hours, and to define the optimal ways and means of introducing a shorter working week.

3. Aged- and Health-care sector trials: Consideration should be given to trialling of shorter working weeks in sites within this sector, given its need to grow to meet demand and to improve its recruitment and retention of workers, improve quality of service to residents and patients, and its key characteristics including preponderance of low pay.
4. Commonwealth and state public sector trials in selected areas: Additionally, recognizing the size and significance of Australian governments as employers, together with the case for public leadership in this area, the Commonwealth and states should consider support for structured trials of shorter hours to assess impacts on, amongst other things, productivity, worker wellbeing and quality of service to the public.
5. Public procurement: Having regard to the size and significance of the states and Commonwealth as purchasers of goods and services (and consequent capacity to set standards and help effect behavioural change in other parts of the economy), conditions and criteria relating to firms providing flexible and or reduced hours, or participating in trials of new arrangements, should be included for consideration in significant public purchasing decisions.
6. Strengthening collective bargaining: given the decline in collective bargaining that has brought deteriorating wages and terms of employment over the past decade, the provisions of the Secure Jobs, Better Wages legislation, particularly multi-employer bargaining, and limitations on employer terminations of enterprise agreements, are supported. Further reform due in 2023 should further strengthen collective bargaining by addressing the erosion of union freedom of activity, restoring rights of entry to workplaces, and restoring rights to industrial action.
7. Support for trade union education: with the declining coverage of collective bargaining over the past decade and the prospect for revival of collective (multi-employer) bargaining under federal legislation, there is a need for Australian governments to consider support for trade union education and training of workplace activists in effective organisation and negotiation. Since the defunding of the Trade Union Training Authority (TUTA), trade union education of members has become more piecemeal and disjointed. There is a case for public funding and support for this in association with the ACTU.
8. Current union structures and processes: Unions should consider assessing their current structures and practices, with the goal of training delegates and workplace representatives to bargain a shorter working week, amongst other conditions. This is vital in consideration of the opportunities and challenges of expanded multi-employer bargaining now in prospect.

Introduction: Sharing the Gains

The goal of a shorter working week is to achieve the fairer distribution of work and its rewards. This goal needs to be placed in the context of a broader strategy of full employment, achieved and sustained by a combination of deliberate and conscious means, not a shorter working week alone. But shorter hours have an important part to play towards the full employment objective.

Australia's current reality combines the growth and persistence of extremes of overwork alongside high levels of underemployment. A shorter working week helps redress and rebalance this maldistribution of work from those suffering burnout and stress and exploitation through performance of unpaid labour and greater intensity of work. It also extends the vision of stable, sustainable working hours to a growing cohort of the Australian community who are also exploited, specifically through low pay, high work intensity and high insecurity and precarity, and who are in desperate need not only of more work, but also of more stable work.

The case for shorter hours is also a case for increases in the real wage. The argument made here is that the shorter working week should be given effect without reduction in nominal wages, contributing to a rise in the real wage, against an uncertain inflation rate. If anything, a shorter working week would be part-compensation for productivity gains achieved over the past decade that were not compensated by meaningful wage increases.

The latest price-wage index data have confirmed that Australian workers are experiencing a record contraction in their wages in real terms, with wage increases running at less than half the rate of price inflation (ABS 2022).

A real wage rise from a shorter working week combined with stable pay would contribute to sustained economic recovery, by providing stimulus where it is needed most: at the bottom end. Amongst lower-income groups, wages are not saved (withheld from the larger economy) or spent on asset bubbles that inflate the prices of already existing assets rather than bringing new assets and productive capacity into being.

At the September 2022 Jobs and Skills Summit, the Australian Council of Trade Unions (in conjunction with The Centre for Future Work at The Australia Institute), together with the Grattan Institute and others, made the case for putting full employment at the centre of national economic objectives (ACTU 2022, Wood 2022).

Nevertheless, the dominant theme has been the need to fight inflation and boost productivity. Counterintuitively perhaps, wage restraint has been made the focus of the anti-inflation policy, despite sustained and continuing erosion of real wages. In these commentaries, some acknowledgement is sometimes made of the inflationary impact of global supply conditions. But the focus is overwhelmingly on yet more wage restraint. Few commentaries make the link between our present inflation and the structural trends that have increased and consolidated the position of corporations, in turn allowing these to extract rents and attain a record profit share of GDP (Stanford 2022).

The pandemic exposed boldly the economic, political and social fault lines already visible in outline in the years following the Global Financial Crisis (GFC). The hyper-financialization thought to have been discredited by the GFC in fact was allowed to persevere and change form through state-sponsored cheap money and creation of yet more asset bubbles.

The alternative of sustained fiscal policy stimulus led by public investment, which could have expanded the nation's productive base and more equitably expanded employment was, in Australia and many other countries, rejected in favour of virtually sole reliance on loose supply side monetary policy.

Today, in the long shadow of the GFC and the more immediate wake of the pandemic, traditional economic realities have been upended. Unemployment has fallen to historic lows. But real wages have remained stagnant for a decade, and are now falling further, with no recovery in real wage growth projected before 2024 (Chalmers 2022). The latest wage-price index confirms the largest contraction in real wages on record. The wages share of GDP is at a record low. The share of business profits is at a record high (ACTU 2022).

The textbook, and Business Council and Australian Industry Group, view of this conjuncture would foresee a major boost to business investment. Yet levels of business investment are also at historic lows. Low rates of investment are at the core of slow productivity growth (ACTU 2022). But inflation is not seen as connected to record levels of profits and excessive prices sustained by concentrated business structures and conditions. Likewise, discussion of unsatisfactory productivity is disconnected from the poor investment performance of business (as well as the refusal of the previous national government to extend stimulus to long-term productivity-enhancing public investments).

The truth about productivity is that regardless of slow growth (which is not the fault of labour), there has been positive productivity growth that has outstripped real wage movements. Workers have not received a proportionate share of the productivity gains they have made. Almost all of it has gone to boosting the GDP profit share.

Sharing the benefits through a shorter working week means rebalancing between the incidence of overwork and unpaid labour, and underemployment and too few hours. It also means recognising the need to compensate Australia's workforce for its *past* contributions to productivity growth.

In Australia today, all sorts of objections are raised, and conditions placed, on merely the discussion of achieving wage growth, improvements in the conditions and security and structures of labour markets, and shorter hours. In the attempt to use the inflation surge as another reason to again suppress wages, it is 'forgotten' that wage increases that compensate inflation and productivity growth, are not inflationary by definition. The potential of reduced hours to improve productivity is largely ignored. Also glossed over is the fact that the present inflation surge is not attributable to surging wages (since they are not surging) but rather to supply conditions in key international markets and concentrated business structures and conditions that have allowed such excessive prices and profits to be sustained (Jericho 2022).

This fact of sustained, nearly-full capture of past productivity gains as rents by the corporate sector provides a part of the justification for statutory shorter hours. Together with the more equitable distribution of labour to address the two poles of exploitation - overwork and unpaid labour alongside underemployment, too few hours and acute insecurity – the case for shorter hours contributes to the argument for a larger full employment objective and framework. The case is further made by the fact that additional to the benefits of shorter hours to individuals and the social fabric, a shorter working week is often associated with higher productivity (as will be seen).

The Shorter Working Week: History, Progress, and New Possibilities

The shorter working week in Australia – a brief history

In Australia during the early years of colonial settlement, the world witnessed one of the labour movement's most progressive campaigns for reduced work time. The Australian labour movement was a world leader in first winning a shorter working day, and then eventually winning a shorter working week.

In 1853 in Melbourne, the Operative Masons' Society began the Australian eight-hour movement. It argued that beyond health and safety issues, reducing daily work hours (from ten to eight), and reducing working days per week (from six to five), would allow workers to pursue education, and free up time for them to participate more fully in family and community life.

Following months of negotiations between labour organisers, employers and government, Victorian workers in building trades won the eight-hour day – but they continued to receive the same wages as for the 10 hours they had previously worked. This was the first time in the world that shorter working hours had been achieved with no loss of pay. However, the reduction in work hours did not apply to all workers and industries. In fact, it was not until nearly 100 years later, in 1948, that a 40-hour/five-day week was guaranteed at the federal level for all Australian workers (National Museum of Australia 2022). In 1945, more leisure time was extended to workers in the form of two weeks' annual leave – which was extended to three weeks in 1963 and then four weeks in 1974. Furthermore, sick leave and long service leave entitlements, plus public holidays, all contributed to reducing the annual number of hours worked. The success of the 40-hour/five-day working week campaign was the beginning of the weekend for working Australians, and additional entitlements and time off helped to increase their overall leisure time.

The shorter working week was once more proposed late in the twentieth century as a solution to economic crisis and high unemployment. In 1980, the Metal Workers Union, under the leadership of Laurie Carmichael, voted overwhelmingly in support of reduced working hours per week from 40 to 35. The idea was to reduce work hours but maintain the same pay, while also spreading available employment amongst more Australian workers. The unions considered the 35-hour week achievable for two major reasons:

- the large profits of employers during this time on the back of a temporary resources boom, despite challenges of unemployment and high inflation; and
- the perceived need for greater job creation to meet production demand and rely less on routine excessive overtime (*The Metal Worker* 1980a, pp. 1-3).

An agreement was eventually struck – not at 35 hours per week, but 38 – with wage increases in the form of the Metal Industry Award, negotiated between unions and employers (*The Metal Worker* 1980b, p. 1). This agreement formed the basis of what is now the standard weekly average hours worked by full-time Australian employees, with these conditions extended beyond metal industries into other sectors of the economy in the

decades since. Some heavily unionised industries like construction were also able to negotiate slightly shorter standard hours: 36 hours per week. This arrangement also made a nine-day fortnight possible, if workers continued working eight hours each day. All told this produced approximately one-third fewer days of work per year than was typical in the 19th century (Quiggin 2022).

This example demonstrates that a shorter working week can be obtained through a reduction in hours worked each day, or through a reduction in days worked. Both are valid forms of reducing the working week overall. Unfortunately, long-run progress towards a shorter working week has largely stalled since the 1980s. This is similar to the general trend in the United States, the United Kingdom, and most other Organisation of Economic Co-operation and Development (OECD) member nations. Significant reductions in working hours in the initial post-war period, were followed by a flattening of working hours beginning around the late-1970s.²

The modest decline in average recorded hours of work in recent decades in Australia mostly reflects the growth of part-time work (which now accounts for close to one-third of all jobs, one of the highest rates of part-time work in the OECD). No significant reduction in standard full-time hours of work has been achieved since the 1980s. There has been some advance with respect to parental and carers' leave, but no broad statutory reduction in standard hours (Ibid.).

A strong commitment to ensuring the maximum number of workers are employed (full employment) had guided most OECD economies during the initial post-war boom years. But beginning in the late-1970s, full employment was replaced by an economic policy focused on controlling inflation, restoring business power, and promoting the expansion of financial markets and products.

The growth of financialisation and globalisation from this period also increased pressure on the Australian government to make economic decisions that would sustain business competitiveness in a globalising economy. Governments embraced tariff reform and deregulation and gradually exited former industrial policies. The very rationale of such policies – trying to deliberately shape the industrial structure of the nation in economically and socially desirable directions – came to be seen as illegitimate under the influence of static 'comparative advantage' ideas. Reinforced by the ideology of 'free trade', this led to *de facto* policies of preference to low value-adding extractive industries exporting unprocessed resources and energy.

Governments became more tolerant of higher unemployment rates, in part to reinforce lower inflation and suppress labour costs. Together with 'microeconomic reform', the Non-Accelerating Inflation Rate of Unemployment (NAIRU, sometimes called the 'natural rate of unemployment') became lexical in the 1980s. The clear insistence of NAIRU is that the 'priority' of price stability required acceptance of higher levels of unemployment as the stabiliser (see the discussion in Richardson 2022).

² Clear variations in the data are explained with reference to major economic events i.e., the 2007-2009 Global Financial Crisis, or the period of the COVID-19 pandemic that featured widespread public health-related lockdowns (2020-2021).

The neo-classical assumption that the economy tends towards a full employment equilibrium is based on the assumed prevalence and effectiveness of market-clearing forces and flexible prices. This approach rejects deliberate full employment policies, which supposedly prevent market-clearing prices from doing their job. Ensuring market-clearing prices supposedly gave you full employment without the need for full employment policies, which had become the perverse enemy of full employment.

Given the tendency to equilibrium around the full employment of resources, the NAIRU unemployment level was often assumed to be quite low, provided minimal interference in the labour market. In these circumstances, the main category of unemployment would be 'frictional' unemployment caused by micro-level lags and temporary mismatches.

Unemployment above these relatively low frictional levels would then supposedly reflect 'voluntary' unemployment: individual workers exercising their 'preferences' for leisure by failing to accept employment at the going wage.

The full employment objective gave way to the NAIRU and price stability. The previous recognition of the desirability of shorter working hours over time – a recognition conditioned by acceptance of the full employment objective - largely disappeared from mainstream economic policy-making. Its place was taken by the intensification of work and the push to deregulate labour markets.

Higher unemployment rates became standard, as government took a more 'hands-off' role in regulating the economy, and 'market forces' took hold. This resulted in corporate profits increasing, and workers' share of productivity growth and GDP diminishing. In parallel, the nation's industrial relations system handed greater powers to employers and dramatically curtailed those of unions. The result has been a halt in progress towards the shorter working week. Employers have minimised labour costs by using the threat of unemployed labour to discipline workers into accepting hours, wages and conditions that more often suit employers. Employers have also reinvested less of their growing profits back into the economy (in the form of capital investment and innovation), and more into financial holdings and disbursements to shareholders.

This brief survey of the Australian history of the shorter working week sheds important light on the state of this debate today. Australia currently faces an inflation-driven cost-of-living crisis, record corporate profits, and continuing underemployment (despite a relatively low unemployment rate). Many employed workers cannot find enough hours of work to generate necessary income levels, reflected in underemployment and record levels of multiple job-holding. The working lives of this cohort of people have become more intense and demanding. This model of employment is sustained by its insecure character, and the correlative decline of bargaining power of workers in critical areas of the economy. Still others simply withdraw from the labour market unable to find adequate or appropriate work.

In parallel, increasing proportions of the fulltime workforce report overwork, burnout and performance of growing amounts of unpaid labour (see Nahum 2021).

In this context, a redistribution of working time (with shorter hours for full-time staff, and longer and more regular hours for the growing number of non-standard workers) could lead to more total employment, more free time, and more stability and security. And the shorter working week is relevant today because it offers an alternative policy response to economic crisis: putting full employment once again at the top of the economic agenda, instead of the orthodox view that governments should address inflation before all other considerations. With more workers sharing available work more fairly, all could work a shorter standard workweek, be paid the same or more for their efforts, and participate in economic and social life with greater fairness, equity and cohesion.

The shorter working week today: globalisation, post-GFC, post-pandemic

A strong, popular case for the shorter working week has not been on the agenda in Australia since the Carmichael-led Metal Workers' campaign of the 1980s. From this time, the 38-hour week (or sometimes the 36- or 37-hour week for some industrial and professional workers, respectively) has become the standard full-time working week. Examining the history of working time over the centuries since the Industrial Revolution, data analysis from the OECD (Giattino et al. 2020) suggests that although average hours have declined since the 1980s, this reduction was far less rapid than the nearly one hundred years that preceded it – and driven more by the expansion of part-time jobs, rather than reductions in standard working hours.

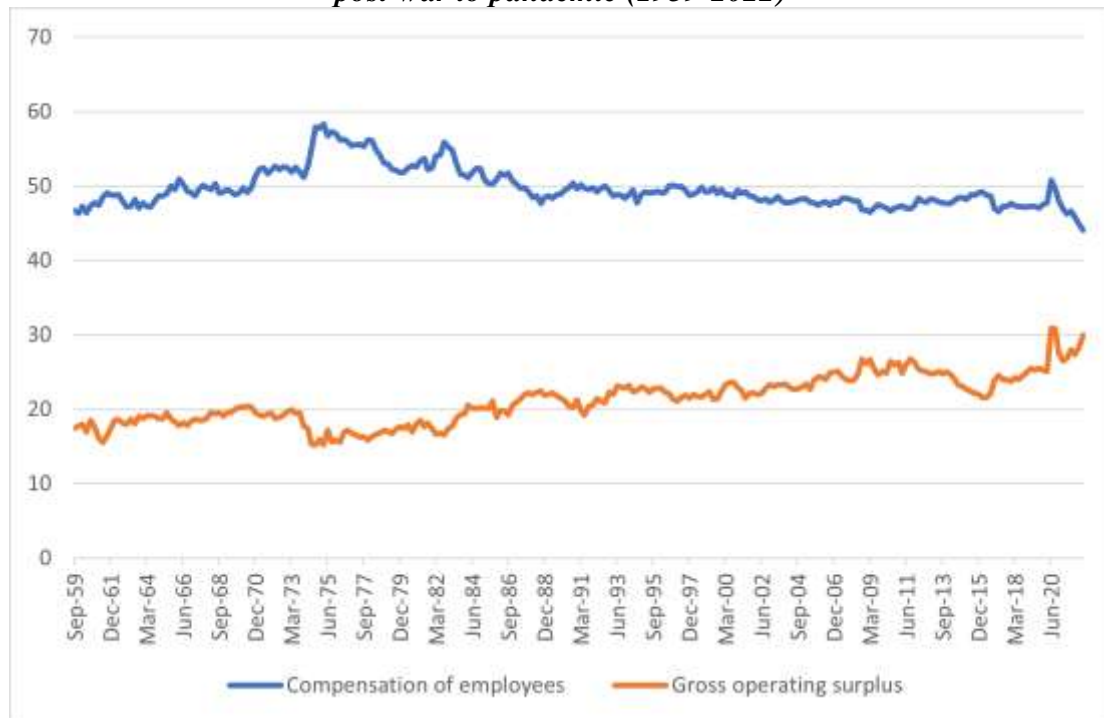
The Australian 38-hour week was achieved under the leadership of Laurie Carmichael in the campaign for a 35-hour week. This had been a hard-fought strategic contest. Since then, there has been no further reduction in standard work hours, despite the virtual doubling of GDP per hour worked over that period (Quiggin 2022).

During the period of neoliberalism and globalisation, labour productivity has increased, but generally, workers' wages have not kept pace. Real wages grew much more slowly than productivity from the 1980s through the early 2010s. Then real wages stagnated outright, more recently falling in the wake of post-pandemic inflation (See Stewart, Stanford and Hardy, 2022). In Australia, growth in corporate profits has dramatically outpaced growth in workers' wages since the 1970s, after a relatively balanced post-war period (see Figure 1 below). As highlighted above, the post-war period was initially characterised by strong union bargaining power. However, following the global economic crisis of the 1970s (with rapid inflation and mass unemployment), the power of workers and their representative unions was deliberately rolled back.

Meanwhile, governments have made controlling inflation the top priority of macroeconomic policy, along with deliberate changes in industrial relations policy to suppress union bargaining power. In the forty-year period since the 1980 achievement of the 38-hour working week, corporate power has been cemented, and the push for shorter hours and more compensation arrested. Corporate profits now make up a record-breaking 31.1 per cent of national income (Jericho 2022), whereas wages are falling in real spending power terms (as a result of the upsurge in inflation after the pandemic). The cost-of-living crisis arising from stagnant and now falling real wages makes it even more difficult to mobilise workers in support of shorter working hours, with many placing more emphasis on

preserving incomes and being subject to further work intensification, rather than pursuing improvements in work-life balance.

Figure 1. Income shares of corporate profits vs. worker wages in Australia: post-war to pandemic (1959-2022)



Source: Jericho & Richardson (2022)

It is further evident that despite strong business profits, aggregate economic growth slowed down during the neoliberal period. Particularly in the wake of the Global Financial Crisis (GFC) of 2007-2009, growth in the global economy was never restored to its pre-GFC trajectory. Within this economic environment, sluggish growth (and ill-fitting fiscal policies addressing inflation at the expense of full employment) also limits employment opportunities.

Thus, a major feature of the period since the 1980s is a global situation of ongoing high rates of unemployment – many people seeking work are unable to find it despite participating in the labour market. Presently, Australia is enjoying historically low rates of unemployment (ABS 2022b). Yet behind this low unemployment rate is a higher underemployment rate and a growing incidence of multiple job-holding as workers scramble to make ends meet.

Even with low official unemployment, many struggle to gain more hours and better employment conditions, like direct employment (instead of independent, sole contractor or 'gig economy' models), or greater work security (i.e., permanent instead of casual arrangements). This developing issue has been magnified by labour market trends in the beginning of the post-pandemic period. There is a narrative amongst many business owners (mostly in the United States, but also reported in Australian media) that workers were refusing to return to work after being furloughed during lockdowns (purportedly due to unemployment benefits that pay better than employer wages and salaries). But as *The New York Times* has explained, "The problem is typically the opposite: People who work in retail or

fast food often struggle to get enough hours to qualify for benefits and pay their bills, just to survive” (Covert 2021).

Furthermore, many others feel overworked and suffer an assortment of resultant health conditions. In particular, the COVID-19 pandemic made many *overworked* employees seek *less* work and/or *more* flexibility and autonomy in how and where they perform their work (Palimer-Derrien 2021). This phenomenon presents a clear opportunity to revisit working time norms, where technology has made it possible for working from home to become viable for many businesses, and for the standard 9am-5pm Monday-Friday working week to be dismantled. Organisations that wish to assemble the best talent and provide conditions suited to maximising worker productivity are increasingly open to alternative ways of organising the work week.

Thus, we must now ask how we can create:

- more good jobs for those people seeking work and unable to gain decent employment;
- more working hours for those seeking them; and
- more flexible work options for those who want fewer work hours.

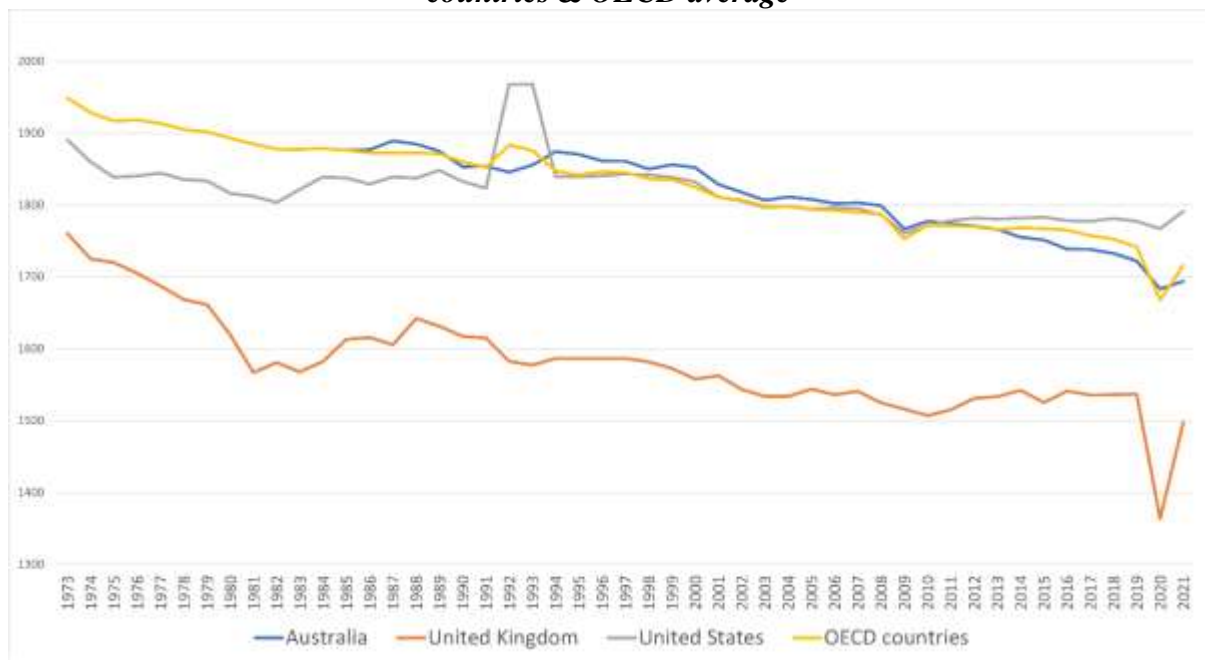
These problems can be addressed in part by considering the implementation of a shorter working week, and in the process addressing underemployment and insecure work. There are gains to be had by both employees and employers. A later section will review several propositions for creating a shorter working week that would push towards full employment, increase productivity, allow more people to work less, and allow more flexibility in how many people work their allotted hours. We can create an economy that offers workers more leisure time, and employers more productivity. A shorter working week could be a win-win for both sides of the ledger.

The Extent of Overwork and Underemployment in Australia

Australia’s contemporary labour market is characterised by high incidence of parttime work, and high casualisation. A 2017 analysis found Australia with the third-highest share of parttime employment within the OECD, behind the Netherlands and Switzerland (Cassidy & Parsons 2017). In the latest 2021 data, Australia had the fourth highest proportion of parttime employment of OECD countries (OECD 2022b). Using different definitions the ABS finds the Australian workforce divided as around one-third (just over 30% in the latest data) and 65% fulltime (just under 70% in the latest data). The latest data of course reflect pandemic-related labour shortages. It is reasonable to work on the basis of a one-third to two-thirds split as a guide to long-term trends.

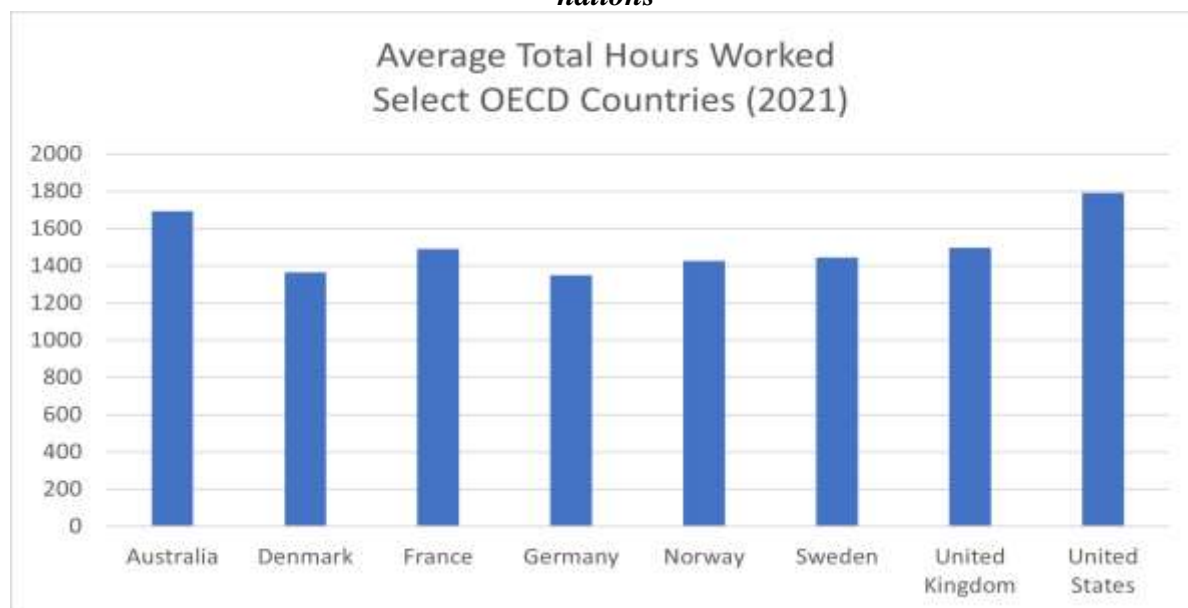
Despite the growth of part-time work, Australians still have amongst the highest average hours of annual hours worked amongst advanced OECD economies.

Figure 2. Average annual hours actually worked per worker - comparison of several countries & OECD average



Source: OECD (2022b)
 Data for Australia before 1985 are unavailable

Figure 3. Snapshot: Average annual hours actually worked per worker – selected OECD nations



Source: OECD (2022b).

These structural features of the contemporary Australian labour market reinforce and favour the increasing polarisation of the workforce at the two extremes of exploitation: overwork (often with large amount of unpaid overtime) or underemployment combined with high insecurity.

The findings of the Centre for Future Work's 2022 annual *Go Home on Time Day* survey confirm the continuation of this polarisation, with some moderation from the highs reported during the pandemic. On average, survey respondents reported doing 4.3 hours of unpaid overtime for their employers in the week of the survey (compared to 6.1 hours in 2021). This was equivalent to 15 percent of total working hours, with fulltime workers, as expected, having the highest incidence of unpaid hours (4.9). Over a year, this rate of unpaid overtime accumulates to 224.3 hours – the equivalent of six standard 38-hour weeks. In turn this translates to a loss of pay of \$315 per fortnight or \$8,188 per annum (Littleton 2022, p. 5, 14).

Across the economy, this equates to \$92 billion of lost wages in a year, and to an aggregate amount of unpaid overtime of 2.5 billion hours (Ibid., pp. 14-15).

Greater than half of workers were unsatisfied with their hours, wanting either more or fewer hours. 10% wanted fewer, whilst a survey-record of 46% wanted more paid hours. The latter figure suggests a much higher underemployment rate than the ABS's 6.1% (Ibid., pp. 10-11).

The OECD's detailed cross-country analysis finds Australia alongside Germany and Switzerland forming a group in which a very high mismatch between actual worktime and workers' preferred hours produces significant negative effects on nonmaterial well-being, including health outcomes. This is most pronounced in the case of persons wishing to work fewer hours than they do in fact (OECD 2022a, pp. 247-253).

The OECD survey also finds negative impacts in the case of underemployed persons wishing to work more hours. It states that Australia, Switzerland, the UK, and the pooled European data point to an inverted U-shape pattern in which persons working more than 45 hours per week experience poorer health and lower job satisfaction, alongside those with too few hours. The inverted U describes poor health and satisfaction levels at these two extremes, with better nonmaterial well-being around the middle (Ibid.).

Australia rates high in international terms at the incidence of both extremes: both overworked and underemployed. Furthermore, the study finds that shorter hours can be productivity-enhancing, by countering the diminishing returns observable in cases of overwork (Ibid.). This supports the case for redistribution of work through a shorter statutory working week.

Shorter Hours, Unit Labour Cost, Productivity and Employment

Having surveyed Australia's position in international context regarding the extremes of overwork and underemployment and their impacts on nonmaterial well-being, we must now consider the material (economic) impact of measures to reduce the statutory working week.

The standard economic objections to shorter hours focus upon assumed rises in unit labour cost as hours of work decline. Assuming no cut to pay, it is held that the shorter working week increases unit labour costs. This then causes some businesses, especially those exposed to international competition, either to reduce operations or go out of business altogether, or to substitute capital for labour to achieve higher output and productivity, reducing employment either directly or compared to the potential *ex ante*.

In either case, employment is assumed to be affected adversely. In this connection, it is useful to again consider the *OECD Employment Outlook 2022 – Building Back More Inclusive Labour Markets* (OECD 2022a). This multinational study collected results from two kinds of hours reduction: firstly, national legislative reforms applying to all firms and sectors and anticipated by employers, and secondly, contractual hours reduction at the firm level resulting from either statutory change, collective bargaining, or decisions by individual employers.

The OECD study is categorical that productivity declines with long hours of work. It finds that from a theoretical viewpoint, reduced worktime can be productivity-enhancing via two routes: by reducing the diminishing returns associated with fatigue and long hours, and by encouraging firms to invest in new technologies, processes, and organisational improvements. It also finds empirical evidence of productivity-enhancement in real-world cases of reduced hours.

The same study finds that, assuming a constant wage and therefore an implied higher unit wage cost, the effect of hours reduction on employment (the rise in labour costs causing substitution of capital for labour) was 'empirically non-significant'. Nevertheless, it raises concerns that work hours reduction should not markedly drive-up unit wage costs. If reduced work hours can be shown to improve productivity, then the effect on unit wage costs is, depending on concrete circumstances, reduced, eliminated, or even improved.

This extensive multinational survey and analysis finds that in most cases, there is no negative impact of shorter hours introduction on employment (*Ibid.*, p. 262). Such a negative impact would arise through a significant rise in unit labour costs, causing businesses to substitute capital for labour, or simply downsizing, where the hours reduction at constant pay was not offset by improved productivity. But the study postulates that the reduced hours have likely been accompanied by higher productivity, cushioning the impact on unit labour costs. It finds that reducing work hours is compatible with higher productivity, not only by curtailing worker fatigue, but also by provoking and prompting technology investment and organisational innovation (*Ibid.*, p. 263).

The survey's other explanation for why shorter hours did not displace labour is of particular significance to Australia and its experience of stagnant and declining real wages over the past decade. It concerns the role of *past* productivity improvements not reflected in higher real wages. The case for a shorter working week in Australia is reinforced by the lack of proportional compensation for productivity growth over the past decade (Ibid., p. 262). This has arisen from labour effectively receiving no compensation for the productivity growth it has achieved over the past decade, such that the case for shorter hours is augmented.

“Another potential explanation for studies finding no negative effect on employment despite an increase in hourly labour cost is that the hours reduction takes place in a context where wages have not fully adjusted to past productivity growth: in that situation, firms can absorb higher labour costs while preserving employment thanks to their accumulated rent. Such rents can typically exist in monopsonistic labour markets. In these contexts, characterised by an asymmetry in market power between employers and workers leading to an inefficient allocation of working time, or suboptimal wage growth, a reduction in hours inducing a rise in hourly wage can in fact have a similar impact as a minimum wage increase in standard monopsony models, e.g., counteract excessive employers' market power without creating additional unemployment ... The possibility that working hours reduction might preserve employment in monopsonistic labour markets is in fact acknowledged and discussed in the literature” (Ibid., p. 262).

Much 'productivity' commentary today excludes the possibility that shorter working hours and other quality-of-life enhancements for workers might pay off in improved output per hour. Rather it is about the intensification of work, wage suppression and appropriation of unpaid labour. A concern with genuine productivity and its interaction with hours of work should be reflected in a focus not on nominal wages but upon unit labour (or unit wage) costs. This is to say, the cost of labour per unit of hour worked over the output per hour. The impact of shorter hours on productivity and employment can only be understood from this starting point.

The Benefits of a Shorter Working Week

Australian workers, businesses and wider society could gain much from a shift to a shorter working week. Research has shown the potential for multiple benefits (see Henderson 2015).

Tackling Exploitation: Overwork and Underemployment

First, the shorter working week reduces levels of both overwork and underemployment, particularly when paired with a policy of full employment. By increasing hours worked by underemployed workers, and reducing hours for overworked full-time employees (who often perform large amounts of unpaid overtime), working time can be spread across more individuals, while still achieving overall working time reductions.

Tackling Burnout

Immediate benefits arising from this strategy include reducing employee burnout and other work-related illness, given that overwork is a major contributor to worker stress and sickness. Indeed, since the 1980s there has been an increase in the number of employees working longer hours and feeling more tired at the end of the working day.

The consequences of the high-intensity, low paid and low security employment model were revealed during the pandemic. Workers in health and aged care saved lives while receiving poor remuneration in poor and dangerous conditions, often including the need to work across multiple sites for multiple employers.

Burnout has had consequences for recruitment and retention in this sector of critical importance. Below we consider the possibility of shorter weeks focussed on these sectors.

Tackling Productivity

It is a paradox that amid all the discussion of productivity, so little has been said about the adverse consequences for productivity of overwork and work intensification. There are diminishing returns (declining marginal output past a given point) in repeated or constant overwork. Reduced work time can thus benefit productivity (OECD 2022a, p. 263).

But so much of the discussion confuses the real meaning of productivity (real output of goods and services relative to the quantity of inputs used in their production) with any sort of cost reduction, including wage cuts, work intensification or appropriation of unpaid labour (which are not productivity improvements at all, regardless of whether they boost company profits) (ACTU 2022, pp. 16-18). Sometimes the confusion has been intentional, aimed at increasing work intensity and reducing workplace conditions.

On the other hand, in trials of the shorter working week (discussed further below), some businesses have seen and claimed productivity benefits as their key driver. Businesses have been able to increase worker and workplace efficiency by reducing staff hours – including through reducing time spent in meetings and placing a premium on making meetings productive. The aim here has been for shorter work week policies to encourage ‘smarter’ working habits as a means of reducing overall work time but ensuring this does not detract from productivity.

Broader Social and Economic Benefits

And there are far broader societal and economic benefits of the shorter working week. As more people would be employed as a goal, this would mean more people with income and greater access to economic participation. The reduction of working time for individuals does not translate to lower working time overall, but instead more workers participating in employment and therefore increased economic participation and resulting aggregate output. The shorter working week is completely consistent with a more fully employed society, and with more stable employment patterns. It has favourable implications for social justice and for economic stabilisation: it shifts more demand to essential goods and services that help sustain mass living standards, as distinct from investments driving asset inflation, as Australia has experienced.

With more people working, but with a shorter statutory working week covering all workers, both leisure time and caring opportunities increase. In case studies of shorter working week trials, participants experienced increased happiness at work and outside of work, found that their opportunities for rest and unstructured time increased, and that more time away from work meant more time to pursue education (Henderson 2015, p. 134). Shorter working hours means increased time available for care work, and flexibility in the kind of care given, such as to children, older people, or people with disabilities. It can help address some aspects of the neoliberal deficits in care activities and provision.

Benefits to Gender Equality

There is therefore also the distinct possibility of a shorter working week becoming a major policy response to addressing structural employment problems and inequalities. The foremost example of this is addressing the feminisation of domestic caring duties. The shorter working week frees up more men to perform this kind of unpaid work, creating space for a significant step towards gender equity in labour markets, pay and career opportunities. Thus, there is also the possibility that shorter working hours can address the feminisation of work in the care sector, which has long kept women in the lower-paid, insecure employment that is typical of these industries (See Grudnoff 2022).

Environmental Benefits

There are also environmental benefits of a shorter working week. Fewer trips to work means less pressure on transport infrastructure – both public and private modes – and reduced commuting times as well. The shorter working week can, as a result, contribute significantly to the decarbonisation of our economy. Findings from shorter working week trials have shown that people are more likely to spend their free time in their local communities when given extra time off. This means not just a reduction in travel times, but a likely reduction in car dependence and an increase in public transport use. This is a demonstrated way in which shorter standard working hours reduce the demands on natural resources and environmental quality associated with a rising standard of living (Hayden, 1999). Ultimately, by capturing some of the benefits of improved productivity in more time, as well as higher real incomes, shorter working hours can create benefits that contribute to emissions reductions and environmentally friendly patterns of living.

A More Productive Fully Employed Society

When the benefits are weighed up, the shorter working week does not present a trade-off between leisure time and aggregate productivity. This is because the reduction of working time for individuals does not translate to less working time overall. Indeed, throughout history the experience of the shorter working week shows that overall output increases, not just output per hour. More people performing work but being free to spend time in a variety of non-work ways, can lead to a more happy, healthy, and therefore productive society.

The Challenges of a Shorter Working Week

But there are also challenges to implementing a shorter working week and cementing it as a norm in culture, workplaces and employer and employee mindsets.

The Platform Economy and Exploitation

With a growing digital economy, on-demand platform work (or 'gig work') has become an employment model commonly chosen by businesses, typically in services industries, to undermine established employment relationships and wages, conditions, and safety responsibilities. Employers use technology as an interface between their core business and workers to classify workers as 'self-employed', because they can 'choose' their hours of work. But this supposed 'flexibility' is superficial. In fact, the gig economy model undermines benefits and conditions for workers now independently contracted to an employer, often compelling workers to engage in more work, not less, to make a living income. This model has obvious associated health and safety risks. A challenge for shorter working week policies is thus to ensure that employers do not see a more flexible model of work as an opportunity to erode the pay, conditions and safety of workers in their employ.

Limitations on Knowledge Transfer and Constrained Resources and Skills Supply

From the perspective of business, a 'knowledge transfer' risk has been flagged, where having staff present on fewer working days can potentially lead to reduced opportunities for teamwork, collaboration and related limits to the process of knowledge exchange (Lowe 2021). There are also case studies that report business constraints to implementing shorter working week models in workplaces that include limited physical office space for additional staff, and an overall shortage of the skilled workers required to fill additional roles (Henderson 2015).

Scale: Enterprises or Sectors?

Another issue is that businesses and unions may be representing different interests in making the shorter working week a default model for employment. Challenges may emerge where businesses and unions will consider what a 'best-practice' approach looks like from very different perspectives – businesses from a case-by-case perspective, and unions from an industry or sector-wide position, with the benefits of a shorter working week accruing in dramatically different ways, respectively. Indeed, an issue with the shorter working week is how it would be applied, to which workers, industries, or economic sectors, and whether all can be included in the transition. International examples of shorter working week trials often demonstrate that these problems can be overcome.

The current attempts to support multi-employer bargaining through the *Secure Jobs, Better Pay* legislation recently passed by the Commonwealth parliament occur against the backdrop of the dramatic fall in rates of collective bargaining in Australia (Stanford et al., 2022). The legislation intends to lift the capacity of low paid and highly casualised workforces through a new 'supported bargaining stream' allowing conditions to be bargained and set across several workplaces in an industry. This is particularly relevant to health and aged care, in which problems of overwork, burnout, attraction and retention are acute. The acknowledged need for more staff and more stable work arrangements to underpin higher standards of care in the sector (e.g., the guarantee of a nurse on site at all times), obviously creates

additional resource and funding demands. However, the goal is to facilitate the growth of the sector, which suffers from shortages presently, through more stable and secure forms of employment. The capacity of shorter hours to improve attraction and retention in the sector together with higher standards of care, suggests that high priority be placed on trialling improved hours arrangements within this sector.

The Shorter Working Week: International Experiences

Given the broad principal benefits and challenges of the shorter working week, what can we learn from international experience to advance the case in Australia? Which models offer the best hope for progress here? Can we avoid some of the pitfalls others have experienced? This section gathers recent instances varying from trials in single businesses to official government policies. This survey is not exhaustive, but the examples provide useful information on how and why the initiatives were taken, as well as insights into what frameworks and approaches are likely to succeed.

4Day Week Global Trial

This is a critically important trial that will yield significant evidence and data on the impacts and benefits of a four-day week across nations. It should be examined carefully not only to assess the costs and benefits of a shorter week, but also to understand rules and best practices guiding successful implementation.

The Global Trial was in part spurred by the adoption of a four-day week by New Zealand trustee company Perpetual Guardian (see below). The Global Trial gathers survey response data from organisations in various countries trialling a four-day week. The survey is conducted at trial commencement and again at trial conclusion.

Participating employers operate in several countries, including Australia, New Zealand, Ireland, the US, Spain, the UK, and Canada. In Australia Unilever is trialling the four-day week for 12 months from November 2022 without loss of pay. The focus is on maintaining productivity by reducing time devoted to meetings and emails (Black 2022).

Although ongoing in several nations, including Australia, the Four Day Week Global Trial has recently provided a significant assessment of results to date (Schor et al., 2022). The trials, which covered 33 companies and a total 903 employees, have found:

- Companies are pleased with their performance, productivity and overall experience
- A majority have either committed, or plan to continue with their four-day week arrangements
- Sick days and absenteeism are down, with business revenues rising, and with growth in the number of employees
- Employee wellbeing was positively impacted.

Twenty-seven companies of the total 33 have completed the final survey rating their satisfaction on a 10-point scale. This found high average scores for satisfaction about the trial overall, on how overall company performance was affected by the trial, and on productivity benefits. Of the 27, 18 are definitely continuing, 7 are planning to continue, 1 leaning towards continuation and the remaining company is not yet sure.

On the employee side, the experience of the trial was rated very positively, with 97 percent wanting to see continuation of the four-day week. They reported higher work performance and higher wellbeing including: reduced stress, burnout, fatigue and family conflict, together with improved physical and mental health, better work-life balance and overall satisfaction.

The four-day week did not lead to increased intensity or pace of work on average, suggesting that the focus was on reorganisation and on reducing unproductive functions, not intensification. Employees reported feeling more valued by their employer.

Other National Trials

In what is believed to be the first nationwide trial of the four-day week, the Spanish national government last year announced support and funding for a largescale three-year trial of a four-day, 32-hour week, with no reduction in pay. It aims to subsidise the participation of around 200 companies employing a total of up to 6000 workers. Spain has longer work hours but poorer productivity than many other comparable nations (Kassam 2021).

Ireland's six-month trial program for a four-day week without loss of pay commenced in January 2022. It provides supports to businesses to make the transition successfully and includes a training program delivered by companies that have already introduced a shorter week, coaching, mentoring and networking with other participating companies, together with research to assess program impacts (Irish Central Staff 2021). Scotland is trialling the four-day week with substantial resources for testing and experimentation. Trials are also occurring in Japan and Belgium (Tiwari 2022).

Iceland's national trial of shorter working time from 2015 to 2019 has been one of the world's largest, covering over 1% of the national workforce. It experimented with a reduction in weekly hours to 35 or 36 hours (from 40), with no loss in pay, and found improvements in productivity and morale, reduced sickness absences, and other benefits (Kobie, 2021).

New Zealand's Prime Minister has also proposed a four-day week, in part as a stimulus to tourism and economic recovery from the pandemic. However, there is no timetable yet set for introduction of specific policies to achieve this goal (Ainge 2020).

Perpetual Guardian

In 2018 this medium-sized NZ organisation of 240 employees commenced an eight-week trial of a four-day week with no pay reduction. No extra staff were employed over the trial to test the proposition that productivity and motivation could be improved through the shorter week. Academic specialists were engaged to set the methodology for measurement and evaluation, ensure proper pre- and post-trial baselines, and oversee data collection and surveys (taking in the views of both management and employees). The evaluation found positive impacts in the forms of:

- worker motivation and belief that the company cared about them;
- higher job satisfaction, engagement and team cohesion and collaboration;
- greater teamwork resulting and autonomy in priority-setting, leading to better work flow and reduced stress; and
- no decline in performance of teams in the move from five days to four.

Perpetual Guardian adopted the four-day week permanently after the trial (see ACT Government 2021).

Unilever New Zealand

The New Zealand branch of this multinational business announced a year-long trial to December 2021 of a four-day week on full pay, aimed at improving employee well-being and productivity and allowing considerable employee autonomy in determining how and when they work. An enabling project management tool has been in use to improve workflows and remove unnecessary tasks, stages, and requirements (Ibid.).

Reykjavik, Iceland

A pilot project centred on selected parts of the municipal authority's services was undertaken in the year to March 2016. It entailed a reduction in work of four to five hours per week. The results were a rise in well-being and job satisfaction alongside no fall in productivity. The City of Reykjavik has subsequently extended this work time reduction model to about a quarter of its employees (ACT Government 2021).

Gothenburg City Council, Sweden

Over 2015 and 2016 Gothenburg trialled the introduction of a 30-hour week for nurses at the Svartedalen aged care home. The hours of nursing staff were reduced by two hours a day to 30 hours per week, with additional recruits covering the capacity gap. Although discontinued due to a change in the Council's political composition, the evaluation found benefits to staff translated to benefits to residents, a point to be remembered when considering the possible impact of hours reduction in Australia's health and aged care systems. Nurses reported improvements in overall wellbeing, including fewer absences due to illness. Increased energy levels, and quality improvements – including better engagement with residents and more time devoted to therapeutic and broad cultural activities. The productivity outcomes were unclear, but benefits to staff and elderly residents are clearer (Ibid.).

Communications Workers Union (CWU) and Royal Mail 35-Hour Week

This is a case study instructive on the shorter week as a response to automation and the need for sharing of productivity gains. The 2015 introduction by Royal Mail of automated parcel sorting both eliminated sorting jobs and increased the demands on workers involved in physical delivery. In 2018 Royal Mail and the CWU reached agreement for the staged introduction of a 35-hour week by 2022. Although this agreement was stymied by the pandemic's impact on parcel volumes, the gains-sharing 'Managing the Surplus Framework' in force to May 2023 replaces the earlier agreement. It maintains no compulsory redundancies during the pandemic and, very significantly, commits to a review of workloads across the company, explicitly to be used to convert fixed-term contracts into permanent, progress part-time workers to full-time, and to bring outsourced agency workers into direct employment with the company (Ibid.). This example highlights the value of shorter work hours as one element of a broader strategy to improve the quality and stability of jobs, in the face of challenges such as mechanisation and corporate outsourcing.

France 35-Hour Week

France became the first nation to effect a statutory 35-hour week in the early 2000s. The primary objective was to reduce unemployment and improve social and gender equity through work sharing. France effected the reduction from 39 to 35 hours in two tranches between 1998 and 2002. The first tranche (1998-2000) emphasised a voluntary shift through incentives such as a cut in payroll tax to businesses that cut to 35 hours and hired new

workers before January 2000. The second statutory tranche introduced a 35-hour week for all businesses (with a longer transition period for businesses with fewer than 20 employees).

Work hours beyond 35 hours attracted a penalty rate of 25 percent for the first eight hours and 50 percent for each hour worked beyond that. Implementation was negotiated between employer organisations and trade unions to provide flexible pathways to the outcome, including allowing calculation on an annual basis and separate arrangements for management. The work time reduction did not include any reduction in real or nominal pay, but its introduction did coincide with an 18-month wage freeze. The working week reduction, accompanied by a slight increase in productivity, was accomplished with little impact on overall labour costs (Ibid.).

Steps Toward a Shorter Working Week in Australia

The preceding survey of published evidence confirms that the benefits of a shorter standard work week are clear and multidimensional, and international experience confirms that shorter work weeks can be introduced in practice. This leads us to address the practical challenge: how could a shorter working week be implemented in Australia? In practice, a shorter working week can be implemented in a variety of ways (Quiggin 2022b), depending on the organisational context, the legal and regulatory framework, and the preferences of both workers and employers.

Overlapping four-day workweeks is one obvious option. All or most workers could be given a three-day weekend, with their reduced working time performed over a set four-day week (i.e., Monday – Thursday; Tuesday – Friday). A five-day operating week for businesses and services (Monday – Friday) could be maintained, but workers rostered to ensure full coverage of operating periods, but with rostered days off added to ensure balance. Schools could operate in a similar fashion, with teachers working a set four-day schedules over the five-day period, and curriculum delivery tailored to reflect teaching expertise required on given days.

Similar working weeks could be applied to other industries and professions – from shift workers in manufacturing to paramedics and other emergency services. The major factor in success will be seeing a shorter working week as the opportunity to increase employment across a range of industries so that, as discussed above, reduced working times for individuals does not translate to reduced working time overall.

Data from the Australian Bureau of Statistics suggest that approximately 10 per cent of the Australian workforce already works a nine-day fortnight (Ibid.). Therefore, this particular form of shorter working week already applies to more than one million Australian workers. The nine-day fortnight, already common, could thus be used as an entry-level policy proposal for shifting all workers to a shorter working week. However, as Quiggin (2022b) states, there seems little point in fewer working days achieved without reducing overall weekly working hours. Quiggin’s preferred goal and phased approach are discussed below.

Choosing a shorter working week model

Table 1 summarises six potential models of a shorter working week, with varying conditionalities, as proposed by Henderson (2015). These models effectively show how a range of different models could be applied – either across the board, or to select industries, professions or workplaces.

Table 1 Potential Models for a Shorter Working Week			
Shorter working week model	Number of days/hours worked	Working time days/hours	Reduced pay?
Universal compressed	4 days/38 hours	Monday – Thursday 7am-7pm	No
Flexible compressed	4days/38 hours	Monday – Sunday 6am-10pm	No
Universal reduced hours/pay	4 days/32 hours	Monday – Thursday 7am-7pm	Yes
Flexible reduced hours/pay	4 days/32 hours	Monday – Sunday 6am-10pm	Yes
Universal reduced hours	4 days/32 hours	Monday – Thursday 7am-7pm	No
Flexible reduced hours	4 days/32 hours	Monday – Sunday 6am-10pm	No

Source: Authors' compilation.

Henderson's research (Ibid., pp. 126-127) shows that the shorter working week can have positive effects via reduced overwork and underemployment, greater economic and social equality, increased leisure time, increased availability and flexibility in relation to care work, and reduced pressure on transport infrastructure resulting from reduced commute frequency. But of the six models, Henderson argues that a universal shorter working week model (applied across all forms of employment) and flexible (hours worked on four days chosen by the employee or worked flexibly to optimise work-life balance) would have the greatest direct benefit to workers. This model would entail no reduction in pay, with workers benefiting from at least the same remuneration and related employment conditions.

It is for this reason that Henderson states this model "may be the most likely to generate the range of potential benefits ... especially if combined with complementary policies" (Ibid., p. 127). Such policies would include those that pursue full employment, the conversion of contract-based work into permanent and direct employment models, public sector employment driven by investment in public services, infrastructure, and further responses to economic and social issues that direct labour resources especially towards education. It would also facilitate employment growth in the 'care' economy and a range of important social services.

Overall, this suggests that a shorter working week model implemented so that workers are given the greatest flexibility over their choice of days and hours to work (as long as it is 32 hours in a week – within certain windows of operating, and in negotiation with employers), has the greatest potential to also provide employers with happier, healthier, more productive workers. Hence, a shorter working week that provides non-work/leisure time at no financial disadvantage, and provides meaningful leisure time opportunities, can potentially maximise economic growth and productivity instead of simply reorganising work across the same number of hours compressed into fewer days per week.

A four-day, 32-hour working week

Quiggin (2022b) provides further specification of the parameters of a four-day 32-hour model, which is also his preferred form of a shorter working week. This model effects around a 16.5 percent reduction in working hours at unchanged pay, maintaining the individual workday at eight hours. The Quiggin proposal also involves trade-offs regarding entitlements to public and annual leave.

In a stage one reduction, weekly hours are reduced from 38 to 35, consistent with the nine-day fortnight operating in parts of the construction sector. This would represent around an 8.5 percent increase in real hourly pay, partly or wholly offset by likely productivity gains.

Stage two shifts to a 32-hour week of 4 days of 8 hours' duration.

Current annual work hours exceed 1800; the 35-hour week would reduce this to around 1650 hours annually. A 32-hour week brings this down to around 1450 hours per annum. With adjustments to public holidays proposed by Quiggin, annual hours worked would equal 1500.

The adjustments require the four days' work to be performed regardless of incidence of a public holiday. Adjusting for the effective reduction in number of holidays, Stage two would imply a further hourly wage rate increase of around eight percent (adjusting for foregone holidays). Stage two itself could be divided into two further steps, beginning with an 8.5-day fortnight (for an average 34 hours per week), enroute to a 32-hour 4-day week.

This model offers a well-structured and incremental approach to the achievement of a 32-hour working week, with its concomitant economic and non-economic benefits. A cumulative real wage increase of about 17% across all the stages of this transition, accomplished over several years, and partly or largely offset by improved productivity benefits, is clearly within the capacity of the economy to afford.

What is Needed for Shorter Hours in Australia?

As earlier stated, a shorter working week should have a key place within a larger full employment objective. The goal is to redistribute work between the cohort of the overworked, and that of the underemployed. These are the two exploitative poles resulting from a system in which power has been shifted dramatically in favour of employers (especially larger corporations) through deregulation, 'freeing up', 'simplification', and 'flexibility'.

This means that the direction to shorter hours can only be effective if it takes account of the array of conditions, factors, frameworks, and legislation that have brought us to the current situation. In other words, the response must be comprehensive, and address the power imbalance between workers and employers that explains why historical progress toward shorter working hours was stopped in its tracks during the neoliberal era.

Firstly, commendable as they are, trials of a shorter working week in individual enterprises with enlightened leaderships, are insufficient. They provide important lessons and evidence for the debate. But it is only from clear government direction, and support for greater freedom of action and advocacy by workers and their unions, that more powerful momentum and best practices for shorter working time can arise.

Positive government direction can come from two sources: legislation covering significant industries and components of the economy, and policies applied by governments themselves – both as large employers, and as significant purchasers of goods and services.

In the former category, governments can trial and adopt shorter working week arrangements. It should start with key sectors for which it has direct or constitutional responsibility, in which problems of exploitation and burnout are acute, or in which weak attraction and retention could be improved through a shorter working week and a boost to real wages. Obvious candidates for trialling shorter work week arrangements are the heavily feminised aged care and healthcare sectors.

Here also there is clear potential for shorter hours to contribute to higher productivity and better quality of care. It is acknowledged that the current aged care system is crisis-ridden – the product of decades of deregulation and privatisation. The new national government is responding with policies such as the requirement for a registered nurse to be present at every facility 24 hours a day. Cost pressures have multiplied. Critics who supported privatisation and deregulation of aged care claim that, in such an emergency, the additional cost of shorter hours is unaffordable. The reality is that employment in this care must grow and be better rewarded. Attraction, retention, productivity and improved care all point to shorter hours as a component of the solution.

What is unaffordable is the sector's current business model of low wages, work intensification, and profit margins directly dependent on low standards of resident care.

Additionally, governments can use their critical purchasing power to influence behaviour and practice in wider parts of the economy (see Stanford 2018 for other examples of the use of procurement to lift labour standards). Government goods and services contracts could either stipulate or provide a transparent preference to companies that meet or exceed Award conditions, are themselves moving to shorter hours, that limit use of casuals and do not place casuals on a long-term treadmill to avoid converting them to permanent employees, and that have explicit policies to convert casuals to permanent status when reasonable conditions for so doing are met. In short, companies that have a commitment to improve the security of their workforce, reduce precarious work, and facilitate stable, sustainable working hours arrangements would receive preference in procurement decisions. The National Reconstruction Fund accepts this principle that its recipient companies should be required to meet high employment standards; commitment to shorter working hours should be one of those standards.

Regarding legislation covering the broader workforce as a channel for achieving shorter working hours, the main responsibility clearly rests with the Commonwealth. The commitment here is to address the marked power imbalance favoured by past 'reforms'. This would include formal stipulations in Awards limiting use of casuals, stipulating clear triggers requiring conversion from casual to permanent to be offered, and attacking precarious employment. It would include obligations to provide training to assist workers wanting to make the transition from casual or parttime to fulltime permanent employment, to acquire additional skills needed to perform in a fulltime role (which may need to be qualitatively different from the former casual or parttime one).

It would also embrace support for trade union research and training on workplace and industry conditions, trends, and bargaining methods. This was the function of the Trade Union Training Authority (TUTA), the defunding of which was one of the first acts of the Howard government in 1996. Since then, trade union and workplace training has continued, but on a smaller and more fragmented scale. More people in the workplace need to be trained in positive models of industrial bargaining and negotiation – including in order to achieve innovative, successful shorter working time arrangements and provisions.

Summing up, substantial progress on a shorter working week requires rebalancing of power relationships enshrined in decades of law aimed specifically at circumscribing and reducing workers' collective bargaining power at both the enterprise and the industry level. Action by the Commonwealth on this front will open the space for workers to more effectively press claims that employers have been able to dismiss in past decades. A critical complement to this is a revived commitment to trade union and workplace education. Industrial tribunals will not act in the absence of government, and particularly Commonwealth government, support and directions-setting, as Quiggin (2022b) has pointed out.

Conclusions and Recommendations

We conclude strongly that shorter standard work weeks, and a corresponding redistribution of working hours (including longer and more stable hours for people in underemployed and insecure work positions), will generate improved work-life balance, stronger social stability, and improved environmental performance – without undermining productivity and material incomes.

A shorter working week helps address the two poles of exploitation that have expanded in recent years: overwork and unpaid overtime, labour alongside underemployment, inadequate hours, and precarity. Shorter hours would compensate labour for past productivity gains that have almost entirely been captured by the corporate sector. Shorter hours would enhance attraction and retention in occupations (like health and aged care) that must in future grow to meet the community's need for high-quality care. Shorter hours should be seen as an important component of a larger full employment objective for Australia. In that connection, a shorter working week is really all about 'sharing the benefits'.

Recommended future directions towards a shorter working week:

1. Full employment: In its response to the Jobs and Skill Summit (due in 2023), the Commonwealth government should give priority to a vision for achieving and sustaining full employment. The forthcoming White Paper on Employment should become the White Paper on Full Employment.
2. 4 Day Week Global trial: The Commonwealth and the states should consider and formally respond in detail to the outcomes and findings of the 4 Day Week Global Trial – to identify and confirm the costs and benefits of shorter hours, and to define the optimal ways and means of introducing a shorter working week.
3. Aged- and Health-care sector trials: Consideration should be given to trialling shorter working weeks in sites within these sectors, given their need to grow to meet demand and to improve its recruitment and retention of workers, improve quality of service to residents and patients, and overcome poor employment features such as low pay.
4. Commonwealth and state public sector trials in selected areas: Additionally, recognizing the size and significance of Australian governments as employers, together with the case for public leadership in this area, the Commonwealth and states should consider support for structured trials of shorter hours to assess impacts on, amongst other things, productivity, worker wellbeing and quality of service to the public.
5. Public procurement: Having regard to the size and significance of the states and Commonwealth as purchasers of goods and services (and consequent capacity to set standards and help effect behavioural change in other parts of the economy), conditions and criteria relating to firms providing flexible and or reduced hours, or participating in trials of new arrangements, should be included for consideration in significant public purchasing decisions.
6. Strengthening collective bargaining: given the decline in collective bargaining that has brought deteriorating wages and terms of employment over the past decade, the provisions of the Secure Jobs, Better Wages legislation, particularly multi-employer bargaining, and limitations on employer terminations of enterprise agreements, are supported. Further reform due in 2023 should further strengthen collective

bargaining by ending suppression of union activities, rights of entry, and rights to take industrial action.

7. Support for trade union education: with the declining coverage of collective bargaining over the past decade and the prospect for revival of collective (multi-employer) bargaining under new federal legislation, there is a need for Australian governments to consider support for trade union education and training of workplace activists in effective organisation and negotiation. Since the defunding of the Trade Union Training Authority (TUTA), trade union education of members has become more piecemeal and disjointed. There is a case for public funding and support for this in association with the ACTU.
8. Current union structures and processes: Unions should consider assessing their current structures and practices, to train and support delegates and workplace representatives to bargain a shorter working week, amongst other conditions. This is vital in consideration of the opportunities and challenges of expanded multi-employer bargaining now in prospect.

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