

Something for Nothing

Unpaid overtime in Australia

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Modern methods of production have given us the possibility of ease and security for all; we have chosen, instead, to have overwork for some and starvation for others. Hitherto we have continued to be as energetic as we were before there were machines; in this we have been foolish, but there is no reason to go on being foolish forever.

Bertrand Russell

Summary

Australians work the longest hours in the western world. Full-time employees in Australia work an average of 44 hours a week, much more than the 'standard' working week of 38 hours. From 1856, when Melbourne stonemasons were the first in the world to achieve an eight-hour day, working hours steadily declined. However, since the 1980s the trend has been in the opposite direction—toward a longer working week.

Many people who work more than their standard hours are compensated for their efforts, but unpaid overtime is now extremely common in Australia. In fact, official statistics show that it is more common than paid overtime. The Australia Institute conducted a survey of workers to investigate the nature and extent of unpaid overtime with the following results:

- Forty-five per cent of all Australian workers, and more than half of all full-time employees, work more hours than they are paid for during a typical workday.
- Unpaid overtime is more common among people who work a 'standard' business workday (that is, not shift work) and among white-collar workers.
- Workplace culture is a dominant contributing factor, with 44 per cent of people who work unpaid overtime saying that it is 'compulsory' or 'expected' and another 43 per cent saying that it is 'not expected, but also not discouraged'.
- Across the workforce, the average employee works 49 minutes unpaid during a typical workday.
- Full-time employees work 70 minutes of unpaid overtime on average, while part-time employees work 23 minutes.
- Men work more unpaid overtime than women (63 minutes versus 36 minutes a day). Men with young children work a great deal more than women with young children (71 minutes compared with 30 minutes).
- Unpaid overtime increases with income: people in low-income households work an average of 28 minutes of unpaid overtime a day compared with 61 minutes for people in high-income households.
- When asked what would happen if they didn't work unpaid overtime, most say that 'the work wouldn't get done', suggesting that the demands placed on employees are too much for many people.
- A majority of survey respondents who work additional hours said that if they didn't work overtime they would spend more time with family, and many said that they would do more exercise.

If the average full-time employee in Australia works 70 minutes of unpaid overtime on a typical workday, this equates to 33 eight-hour days a year, or six and a half standard working weeks. In other words, full-timers are typically working more than their annual leave entitlement in unpaid overtime each year.

Across the workforce, there are 2.14 billion hours of unpaid overtime worked each year—three times as many hours as Australians volunteer to community organisations. This corresponds to 1.16 million full-time jobs, making overwork a natural target for any government seeking to reduce unemployment. Across the economy, employees are forgoing \$72 billion in wages, or six per cent of GDP. This constitutes a direct subsidy to employers by ordinary workers.

The \$72 billion worth of 'free' labour that workers 'give' to their employers every year is just one part of the costs imposed by unpaid overtime on individuals and on the broader

community., Unpaid overtime by definition does not impart the financial benefits that are usually associated with work, and it diminishes the time that people can spend with their families and engaging in pursuits outside of work. Reducing the amount of unpaid overtime is an essential step towards helping families balance the interaction between work and other aspects of life. There are also obvious benefits for the physical, mental and cultural health of the nation in allowing people to do more of *what they want to do* and less of *what they have to do*.

Governments can tackle the problem of overwork by reducing the ordinary hours of the full-time working week, capping the amount of hours that can be worked over a given period, and allowing for workplace agreements that empower workers to refuse long working hours without penalty. While some will object to any efforts to introduce caps on working hours as unnecessary interference in the operations of business, it is worth remembering that Australians already accept the need to limit working hours for truck drivers, train drivers and pilots. Extending this principle to ordinary workers is a natural step in a civilised country.

Nevertheless, in any discussion of overwork—paid or unpaid—it is crucial to address the culture of long hours that is part of life in many organisations. Regardless of what employees and governments do to promote a better balance between work and life, it is ultimately the responsibility of managers and business owners to foster an environment in which workers feel able to work reasonable hours without risking their career, their health or their relationships. For too long, ‘flexibility’ has been a one-way gesture, in favour of employers and at the expense of employees. It is only through meaningful changes in the culture, values and management of specific workplaces that workers can truly expect to go home on time.

Introduction

Australians work the longest hours in the western world. Whereas the average for full-time employees in developed countries is 41 hours a week, in Australia it is 44 hours. By comparison, workers in Norway and the Netherlands work 39 hours a week.^{1,2}

As well as working long hours, Australians work more days each year than their counterparts in Europe. Many Australians find it difficult to access the four weeks of annual leave they are entitled to by law.³ By contrast, German workers are entitled to six weeks paid leave each year, while the average leave entitlement in the UK, France, the Netherlands, Austria, Denmark and Finland is five or more weeks a year.⁴ Australians might think of themselves as a laid-back people with a tendency to take 'sickies' and 'smokos', but the evidence suggests otherwise.

In 2006, according to ABS figures, 37 per cent of Australian employees (corresponding to 2.9 million workers across the country) 'usually worked extra hours or overtime'. Of those working extra hours, 43 per cent worked paid overtime only, 48 per cent worked unpaid overtime only, and the remainder worked a combination of both. Men were more likely than women to report working extra hours or overtime (41 per cent compared with 33 per cent).⁵ There are no official statistics on the extent of unpaid overtime worked in Australia; however, there is a range of data available on the quantity of paid overtime.

The average amount of paid overtime⁶ worked by full-time, non-managerial adult employees is 1.6 hours a week. Among those who actually work paid overtime, however, the average number of extra hours is 7.4 hours a week (8.0 for males, 5.0 for females). Industries that work the most paid overtime include construction (an average of 10.4 hours), mining (10.1 hours) and transport, postal and warehousing (9.2 hours). Industries that work less paid overtime include financial and insurance services (4.2 hours) and education and training (3.6 hours).⁷ However, these figures are an indication of the extra hours for which employees are compensated, not of actual hours worked.

This paper is concerned with the nature, extent and consequences of one particular element of Australian work culture: our heavy reliance on unpaid overtime. Although Australians work some of the longest hours in the developed world, they do not always receive fair remuneration for their efforts. Some kinds of employers take advantage of 'free' labour more than other kinds. In fact, patterns of unpaid overtime are the reverse of paid overtime: more

¹ These figures relate to full-time employees but exclude business owners. When business owners are included in the statistics, Australia ranks third in hours worked behind Korea (where people work an astonishing 52 hours a week on average) and Greece (44 hours). These figures can be found in OECD, *Economic Policy Reforms: Going for Growth 2008*, OECD Publications, France, 2008.

² R Gittins and R Tiffin, *How Australia Compares*, 2nd ed., Melbourne, Cambridge University Press, 2009.

³ R Denniss, *Annual leave in Australia; an analysis of entitlements, usage and preferences*, Discussion Paper No. 56, The Australia Institute, Canberra, 2003.

⁴ Gittins and Tiffin.

⁵ ABS, *Working Time Arrangements*, November 2006, Cat. No. 6342.0, Canberra, May 2007. Figures exclude owner-managers of incorporated enterprises.

⁶ The ABS defines overtime as hours worked 'in excess of award, standard or agreed hours of work' ('ordinary time'). The number of hours defined as ordinary time varies from one industry to another; in the mining sector, for example, average ordinary time hours are 42.5 hours a week. Average ordinary time hours among full-time, non-managerial adult employees is 38.1 hours a week. See ABS, *Employee Earnings and Hours*, August 2008, Cat. No. 6306.0, Canberra, 17 June 2009.

⁷ ABS, *Employee Earnings and Hours*.

prevalent in white-collar industries (such as finance and insurance) and less so in blue-collar industries (such as construction).

The paper begins with an overview of the personal, social and economic consequences of long work hours. New survey results about the nature and extent of unpaid overtime in Australia are then presented, along with an analysis of those groups in the population that work the most unpaid overtime. The paper concludes with a discussion of the options available for individuals, workplaces and governments to help reduce the burden of unpaid overtime in Australia.

The personal cost of long work hours

The effects of overwork on the health and wellbeing of individuals have been well-documented, with much of the literature focusing on the impact of long hours and shiftwork on physical health. A study commissioned by the Queensland Department of Industrial Relations explored the effect of extended working hours or overwork on employees.⁸ It found that while there is no specific disease related to longer working hours, there is a link with lifestyle illnesses such as obesity, alcoholism and cardiovascular disease. The most obvious consequence of extended working hours is a reduction in the amount and quality of sleep, resulting in increased fatigue and an associated decline in alertness. The research shows that errors relating to fatigue now occur well before a worker is on the verge of falling asleep, and that the effects of insufficient sleep can occur once an employee exceeds 48 hours of work per week.⁹

A study involving Japanese employees who had died from cardiovascular attacks found that more than two in three had, just prior to their deaths, worked in excess of 60 hours a week, 50 overtime hours or more a month, or more than half of their fixed holidays.¹⁰ The Japanese even have a word for death from overwork: *karoshi*.

The effects of overwork are psychological as well as physical. Bent¹¹ has explored the psychological effects of working overtime, extended hours and shift work, finding links between certain mental disorders and long hours of work. These effects include a greater prevalence of substance abuse, a tendency to anxiety and depression, headaches and sleep disturbances resulting from both long work hours and substance abuse.¹²

A meta-analysis of 17 studies by Sparks et al.¹³ found that overwork can be linked to lifestyle diseases and subsequent outcomes such as cardiovascular and liver disease. As a result, Bent states that 'significant associations could be identified between hours of work and both physical and psychological health symptoms'.¹⁴ He concludes that current research is

⁸ D Dawson, K McCulloch and A Baker, *Extended Working Hours in Australia: counting the cost*, report commissioned by the Queensland Department of Industrial Relations. Centre for Sleep Research, University of South Australia, 2001.

⁹ Dawson et al., *Extended working hours*.

¹⁰ T Uehata, 'Long working hours and occupational stress related cardiovascular attacks among middle aged workers in Japan', *Journal of Human Ergology*, Vol. 20, 1991, pp. 147–153.

¹¹ S Bent, 'The psychological effects of extended working hours', in *The Twelve Hour Workday: Emerging Issues*, Kathryn Heiler (ed.), Australian Centre for Industrial Relations Research and Training, Working Paper No 51, 1998.

¹² Bent, 'The psychological effects of extended working hours', p. 26.

¹³ K Sparks, C Cooper, Y Fried and A Shirom, 'The effects of hours of work on health: A meta-analytic review'. *Journal of Occupational and Organisational Psychology*, 70 (4), pp. 367- 375.

¹⁴ Bent, 'The psychological effects of extended working hours', p. 29.

substantial enough to indicate potential links between ill health and working extended hours, especially when these are in excess of 50 a week.

Both Bent and Dawson et al. discuss the effects of extended working hours on pregnancy and miscarriage in studies that indicate an increased risk of pre-term births for women engaged in shiftwork or over 40 hours of work a week.¹⁵ Dawson et al. draw on US research by Hatch et al.,¹⁶ which showed that long work hours reduce foetal growth and result in low-birth-weight babies. Case-study evidence for the effects of overwork on employees comes from the 'Fifty Families' study carried out in 2001 for the ACTU, which found that the culture of long hours in Australian workplaces had taken hold in the 12 industry sectors researched. Many interviewees felt that they had little choice in the hours they worked.¹⁷

The impact of long hours on personal relationships has been extensively researched by Pocock.¹⁸ She concludes that '... pressures of time increasingly place a spontaneous, easy, intimate life out of reach and people talk of "working at" their intimate connection or scheduling it. For those who work long hours and their spouses and families it is not just time but its quality that are obstacles to easy intimacy, with grumpiness a common state for tired workers'.¹⁹

The costs to communities of overwork

Individuals live not just in families, but also in communities. The notion of community has been transformed over the past half-century as telecommunications, private cars and shopping malls have radically changed the way humans interact. Putnam describes community as the 'connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them'.²⁰ The vast majority of people still have daily encounters with others, whether it be on public transport, at the local shops, through children, sport, clubs, hobbies, friends or online. Unfortunately, the more time that is spent at work, the harder it is to participate in, and contribute to, our communities. Similarly, the less predictable work hours are, the less reliable that contribution can be.

According to the ABS, Australians volunteered 713 million hours of their time to community organisations in 2006.²¹ In addition to this formal volunteer work, millions of Australians provide informal services ranging from child care to caring for elderly parents. These contributions take time, and the more time people spend at work the less they have to care for others. As this paper will show, Australians 'donate' far more of their time to their employers in the form of unpaid overtime than they do to charities and community organisations.

¹⁵ Bent, p. 28

¹⁶ M Hatch, B T Ji, X O Shu and M Susser, 'Do standing, lifting, climbing or long hours of work during pregnancy have an effect on fetal growth?', *Epidemiology*, 8 (5). 1997, pp. 530-536.

¹⁷ B Pocock, B Van Wanrooy, S Strazzari, and K Bridge, *Fifty Families: What Unreasonable Hours are Doing to Australians, Their Families and Their Communities*, report commissioned by the Australian Council of Trade Unions, July 2001.

¹⁸ B Pocock, *Work/Life Collision*, Federation Press, Melbourne, 2003.

¹⁹ Pocock, *Work/Life Collision*, p. 105–106.

²⁰ R D Putnam, *Bowling Alone: the collapse and revival of American community*, New York, Simon & Schuster, 2000, p. 19.

²¹ ABS, *Voluntary Work, Australia, 2006*, Cat No 4441.0, Canberra, 20 July 2007.

The economics of overwork

Traditional economic theory claims that there is a trade-off between time spent at work and time spent in 'leisure'. The theory says that workers have relatively fixed preferences for the amount of labour they are prepared to undertake at a given wage level. As the wage level changes, so does the amount of work.

The textbook description of the relationship between wages and hours of work is complicated by two different forces that are said to affect the number of hours worked. The first is known as 'the substitution effect', and holds that as wages rise the 'cost' of leisure time also rises, meaning people will tend to work more and 'purchase' less leisure. The second effect, the so-called 'income effect', works in the opposite direction. As incomes rise people are able to buy more of most things; as a result, they can afford to 'purchase' more leisure by working fewer hours.

Throughout the course of the 20th century, it appears that the 'income effect' dominated the way employees made decisions about working hours. Australia was one of the wealthiest countries in the world (on a per capita basis) in the late 1800s, and a pioneer in advocating for shorter working hours; in 1856 the Melbourne stonemasons were the first in the world to achieve an eight-hour day.²² In the early 1900s, the working week was around 49 hours, dropping to 44 hours in the 1920s and 40 hours in the 1940s. By 1980, average working hours had fallen to between 35 and 38 hours in many industries.

However, during the 1980s there was a reversal in this trend. Between 1978 and 1994, the proportion of employees working more than 48 hours a week increased from 14 to 21 per cent.²³ Between 2001 and 2007, the number of people working during evenings, at weekends and on public holidays increased steadily.²⁴ Average working hours among full-time employees are now around 44 hours, well above the 'standard' working week of 38 hours. According to a recent survey, 29 per cent of full-time workers say they would like to work fewer hours.²⁵

The recent trend towards longer working hours could reflect the increasing dominance of the 'substitution effect' in determining working hours. Alternatively, it could be argued that the period since working hours began to lengthen has coincided with the deregulation of the labour market, and that many employees have been less able to resist the demands of employers to work overtime.

While it is not the purpose of this paper to resolve the longstanding debate over the benefits and disadvantages of labour-market deregulation, it is worth making the following observation. The growth in hours of work, including unpaid overtime, can be seen as a reflection of the desires and preferences of individual employees, as a reflection of the increased capacity of employers to extract additional effort from their employees, or as some combination of the two. Given the widespread dissatisfaction with long work hours reported below, it seems unlikely

²² B van Wanrooy, J Buchanan and I Campbell, *When do we stop? Achieving maximum weekly working hours in Australia*, Submission to the Exposure Draft of the National Employment Standards, Workplace Research Centre, University of Sydney, 2008.

²³ M Wooden and J Loundes, *How Unreasonable are Long Working Hours?* Melbourne Institute Working Paper No. 1/02, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, 2001.

²⁴ D Cavagnoli, 'Addiction to Work: An inelastic wage elasticity of labour supply equals long hours of work', *Australian Journal of Labour Economics*, Vol. 11, No. 2, 2008, pp.129–47.

²⁵ B van Wanrooy, M Jakubauskas, J Buchanan, J Wilson and S Scalmer, *Australia at Work—Working lives: statistics and stories*, Workplace Research Centre, University of Sydney, October 2007.

that the preferences of individual workers are the sole determinant of the trend towards longer working hours.

It is also worth remembering that concepts such as the income and substitution effects are only valid when discussing work that is properly compensated, including paid overtime. In the case of unpaid overtime, alternative explanations must be sought. It is not immediately apparent why people would choose to work additional hours when they would earn just as much by working less, yet many do so. There is often a large power imbalance between worker and employer, making it hard for employees to negotiate reasonable hours. The culture of a workplace is another major determinant of the decision to work long hours; it is hard to refuse to work unpaid overtime when one's colleagues are all staying back late. Recent research suggests that 'addiction to work' is another factor in explaining why so many people work unpaid overtime, in turn influencing others to do the same.²⁶ In any attempt to address the problem of overwork in Australia, these socio-cultural factors need to be properly examined.

Survey of workers

The Australia Institute commissioned an online survey of 1000 people in July 2009. The survey sample, sourced from a reputable independent online panel provider, was representative of the adult Australian population by age, gender and state/territory.²⁷ Of the total sample, 626 respondents were in paid work. These people were asked questions about unpaid overtime and how it affects them.

The majority of respondents (61 per cent) said that they had specific work hours, while another 28 per cent reported having an informal understanding about how long they work each day.

Table 1: Types of working arrangements

	%
I have specific work hours	61.2%
There is an informal understanding about how long I work each day	27.6%
Other	11.2%
Total	100%

Just under one in two survey respondents (45 per cent) reported working more hours than they are paid for on a typical workday. A clear majority of full-time workers (55 per cent) said they worked unpaid overtime, compared to 35 per cent of part-timers and 28 per cent of casual workers. Unpaid overtime was more common among people working a 'standard' business workday (54 per cent) than those working rostered shifts (33 per cent), and much more common among white-collar workers (50 per cent) than blue-collar workers (24 per cent).²⁸

²⁶ Cavagnoli 2008.

²⁷ For further details on the survey methodology, see Appendix A.

²⁸ Standard ABS definitions were used to classify workers as either 'white-collar' or 'blue-collar'. White-collar workers include managers and administrators, professionals, para-professionals, clerks, salespersons and personal service workers. Blue-collar workers include tradespersons, plant and machine operators, drivers and labourers and related workers. Respondents assigned themselves to one of these categories. See

Table 2: Unpaid overtime by type of work

	Full-time	Part-time	Casual	White-collar*	Blue-collar*	All
Work unpaid overtime	55.0%	34.8%	28.0%	50.0%	24.2%	45.4%
Don't work unpaid overtime	45.0%	65.2%	72.0%	50.0%	75.8%	54.6%
Total	100%	100%	100%	100%	100%	100%

Base = 626

* Excludes 80 respondents who answered 'other' when asked about their occupation.

Table 3: 'On a typical workday, do you work more hours than you are paid for?'

	'Standard' business workday	Rostered shifts	Other	All
	%	%	%	%
Work unpaid overtime	54.1%	32.6%	43.0%	45.4%
Don't work unpaid overtime	45.9%	67.4%	57.0%	54.6%
Total	100%	100%	100%	100%

Male workers reported working unpaid overtime more frequently than female workers (50 per cent versus 41 per cent). People with young children²⁹ (46 per cent) were only slightly more likely than people with no young children (45 per cent) to work unpaid overtime. However, as reported below, there were considerable differences in the amount of unpaid overtime worked by male and female parents of young children.

Table 4: Unpaid overtime by gender and parental status

	Male	Female	People with young children	People with no young children	All
Work unpaid overtime	49.7%	41.0%	46.4%	44.8%	45.4%
Don't work unpaid overtime	50.3%	59.0%	53.6%	55.2%	54.6%
Total	100%	100%	100%	100%	100%

Base = 626

The extent of unpaid overtime also varied by age and income. People aged between 18 and 34 were less likely to work unpaid hours (42 per cent) than people aged between 35 and 54 (47 per cent) or people older than 55 (49 per cent). People with higher household incomes tended to work unpaid overtime much more often than those in lower-income households.

ABS and Statistics New Zealand, *ANZSCO—Australian and New Zealand Standard Classification of Occupations, Information paper*, First Edition, Revision 1, Cat. No. 1220.0, ABS, Canberra, 2009.

²⁹ Defined as children under 18.

Table 5: Unpaid overtime by age and household income

	18–34 years	35–54 years	55+ years	Less than \$40K	\$40K–\$80K	More than \$80K	All
Work unpaid overtime	41.6%	47.1%	49.1%	34.8%	40.8%	58.3%	45.4%
Don't work unpaid overtime	58.4%	52.9%	50.9%	65.2%	59.2%	41.7%	54.6%
Total	100%	100%	100%	100%	100%	100%	100%

Base=626

Respondents were asked about the role of unpaid overtime in their workplace culture. Around eight per cent of people who worked unpaid overtime said that it was considered 'compulsory' in their workplaces. Another 36 per cent said that it was 'expected but not compulsory', while 43 per cent said that it was 'not expected, but also not discouraged'. Only six per cent of people who worked unpaid overtime, and nine per cent of all respondents, reported that unpaid overtime was discouraged in their workplace.

Table 6: Workplace attitudes towards working unpaid overtime

	Work unpaid overtime	Don't work unpaid overtime	All
	%	%	%
Compulsory	8.1%	1.5%	4.5%
Expected but not compulsory	36.3%	6.4%	20.0%
Not expected, but also not discouraged	43.3%	45.3%	44.4%
Discouraged	6.3%	34.8%	21.9%
Not sure	6.0%	12.0%	9.3%
Total	100%	100%	100%

Base=626

The respondents who reported working unpaid overtime on a typical workday were asked to indicate how many unpaid hours they did on average. Most respondents reported working fewer than two hours a day, although a considerable number (16 per cent) said they worked more than this.

Workers doing unpaid overtime reported working an additional one hour and 59 minutes a day unpaid on average.³⁰ Across the survey sample (that is, including those who reported working no unpaid overtime), this equates to an average of 49 minutes a day for a typical worker. The average was 70 minutes a day for full-time workers and 23 minutes a day for part-time

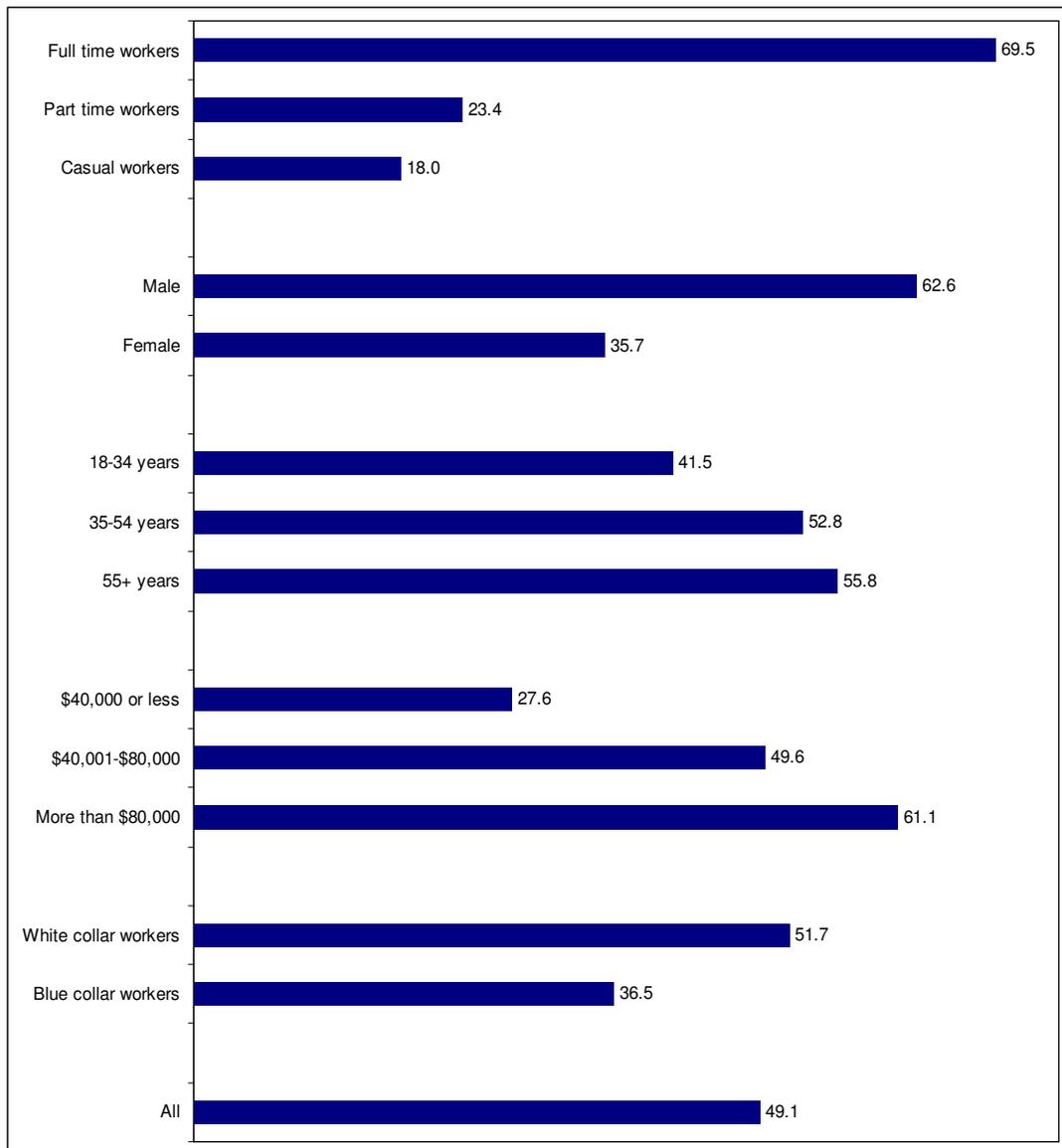
³⁰ In calculating average figures for unpaid overtime, respondents who reported working more than six hours of unpaid overtime in an average workday were assumed to work only six hours. This was done in order to prevent apparently high amounts of unpaid overtime from skewing average figures.

workers. The average amount of unpaid overtime for casual workers was also comparatively low, at 18 minutes a day.

There were major differences in the amount of unpaid overtime worked according to gender, age and income. As Table 4 shows, men (63 minutes) tend to work more unpaid overtime than women (36 minutes). Workers over 55 (56 minutes) worked more unpaid overtime on average than 35- to 54-year-olds (53 minutes), who in turn worked more than 18- to 34-year-olds (42 minutes). People in higher-income households worked more unpaid overtime than those in lower-income households, while white-collar workers worked more than blue-collar workers.

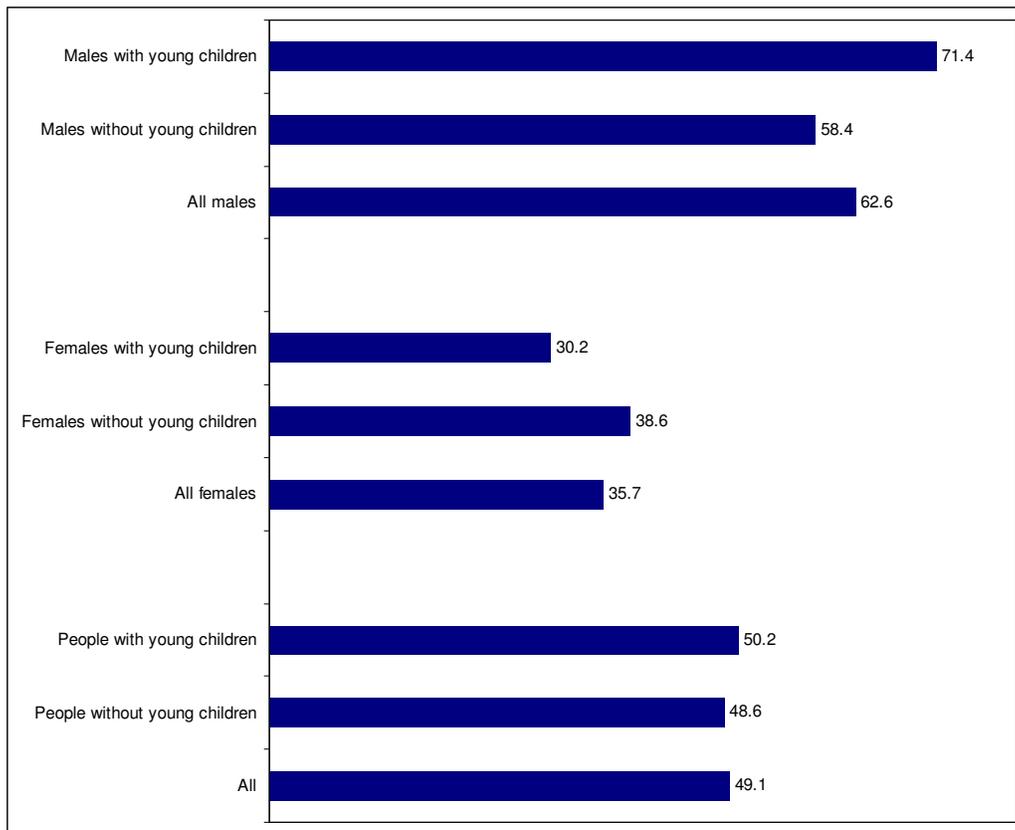
Parents with children under 18 years of age reported working almost the same amount of unpaid overtime as those without young children (on average, 49 minutes compared to 50 minutes). However, the differences between male and female parents were stark. Men with young children reported working an average of 71 minutes unpaid overtime each day, while men without young children worked an average of 58 minutes. Meanwhile, women with young children reported working less unpaid overtime than those without young children: 30 minutes compared with 36 minutes on average. In other words, fathers of young children tend to work *more* overtime, whereas mothers of young children tend to work *less*.

Figure 1: Average minutes of unpaid work per day—age, gender and income



Base=581. Excludes respondents who reported regularly working unpaid overtime but did not indicate how much unpaid overtime they worked.

Figure 2: Average minutes of unpaid work each day—gender and parental status



Base=581. Excludes respondents who reported regularly working unpaid overtime but did not indicate the number of overtime hours they worked.

Respondents who worked unpaid overtime were asked to what extent it affected their lives outside of work. Eleven per cent said it affected them 'severely', 23 per cent said it affected them 'moderately' and 37 per cent said it affected them 'slightly'. Around a quarter (25 per cent) said it did not affect their life outside of work at all. Given that 45.4 per cent of workers typically work more hours than they are paid for, this means that unpaid overtime affects life outside of work for approximately one in three workers (32.3 per cent), rising to 39.1 per cent for full-time workers.

Table 7: 'To what extent does unpaid work affect your life outside of work?'

	People with young children	People without young children	All
	%	%	%
Severely	11.3%	6.4%	8.1%
Moderately	22.7%	14.4%	17.3%
Slightly	37.1%	41.2%	39.8%
Not at all	24.7%	34.2%	31.0%
Not sure	4.1%	3.7%	3.9%
Total	100%	100%	100%

Note: Includes only respondents who reported regularly working unpaid overtime.

When asked what would happen if they refused to work extra hours without pay, most respondents (63 per cent) said that the work would not get done. Around 13 per cent said their career opportunities would be harmed, while 12 per cent said their job would be at risk. A further nine per cent said that their colleagues would disapprove. Around one in five respondents (20 per cent) said there would be no negative consequences.

Table 8: 'If you didn't work extra hours without pay, which of these do you think would happen?'

	n	%
The work wouldn't get done	180	63.4%
My career opportunities would be harmed	36	12.7%
My job would be at risk	33	11.6%
My colleagues would disapprove	25	8.8%
Other	9	3.2%
There would be no negative consequences	58	20.4%

Base=284. Includes only respondents who reported regularly working unpaid overtime. Because this was a multiple response question, percentages add up to more than 100 per cent.

Respondents who worked unpaid overtime were asked what they would do with their extra time if they did not spend it at work. Most (55 per cent) said they would spend more time with family, while 42 per cent said they would exercise. Around a quarter (27 per cent) said they would cook more meals, while a similar proportion (25 per cent) said they would watch TV. Men were more likely than women (15 per cent versus nine per cent) to say they would use their extra time to study, whereas women were more likely to cook more meals.

Table 9: 'If you left work on time each day, what would you do with your extra time?'

	Male	Female	All
Spend more time with family	54.1%	55.1%	54.6%
Exercise	42.7%	40.2%	41.5%
Cook more meals	24.8%	29.1%	26.8%
Watch TV	26.8%	23.6%	25.4%
Spend more time with friends	22.9%	20.5%	21.8%
Study	14.6%	8.7%	12.0%
Other	8.3%	7.9%	8.1%
Not sure	8.9%	14.2%	11.3%
Total	100%	100%	100%

Base=284. Includes only respondents who reported regularly working unpaid overtime. Because this was a multiple response question, percentages add up to more than 100 per cent.

Economic analysis

Survey findings on the average daily amount of unpaid work allow us to estimate the impact of unpaid overtime across the economy. Because work patterns are so variable, separate calculations have been made for full-time workers and part-time workers.³¹

Survey results indicate that full-time employees work an average of 1.16 unpaid hours (or 70 minutes) on a typical workday, equating to 5.80 hours a week and 266.60 hours a year for each worker.³² Put another way, the typical full-time worker donates 33 eight-hour days a year (or six and a half standard working weeks) by doing unpaid work.

On average, part-timers work considerably less unpaid overtime: 0.39 hours (or 23 minutes) on a typical workday. According to official statistics, part-time employees work an average of 16.6 hours a week,³³ or 2.08 eight-hour days.³⁴ This equates to 0.81 hours of unpaid overtime a week and 37.2 hours a year.

³¹ Because ABS figures are based on hours worked rather than type of work, it is impossible to use official statistics to estimate the impact of unpaid overtime for casual versus permanent employees. For this reason, survey figures on unpaid work by casual employees have not been used to calculate the economic impact of unpaid overtime. Instead, we have matched our survey data on full- and part-time workers with ABS statistics on full-time work (defined as more than 34 hours a week) and part-time work (defined as up to 34 hours a week).

³² These figures are based on full-time employees working five days a week and 46 weeks a year (taking into account four weeks of annual leave plus two weeks of public holidays and sick leave).

³³ ABS, *Labour Force, Australia, Detailed, Quarterly, August 2009*, Cat No 6291.0.55.003, Canberra, 17 September 2009

³⁴ Clearly a large proportion of part-time employees work fewer than eight hours on a typical workday. However, without reliable ABS figures on the average length of the working day for part-timers, it is difficult to calculate how many unpaid hours are worked by part-time employees in a year. Using an eight-hour day is a conservative approach, since it will likely result in an underestimate of the amount of unpaid overtime worked by part-timers over the course of a year.

There are 7,590,400 full-time workers and 3,203,200 part-time workers in Australia.³⁵ With full-timers working an average of 266.60 and part-timers working an average of 37.2 unpaid hours a year, the estimated number of unpaid hours worked across the Australian economy annually is 2.14 billion.³⁶ This is the equivalent of 1.16 million full-time jobs.

The economic value of unpaid overtime is enormous. If each hour of work is worth \$33.70,³⁷ workers are forgoing a total of \$72.21 billion in wages, or 6.01 per cent of GDP. This constitutes a direct subsidy to employers by ordinary workers.

Conclusion

Forty-five per cent of all Australian workers, and more than half of all full-time employees, work more hours than they are paid for on a typical workday. Unpaid overtime is more common amongst people who work a 'standard' business workday (that is, not shift work), and among white-collar rather than blue-collar workers. Workplace culture is a dominant contributing factor, with 44 per cent of people who work unpaid overtime saying that it is 'compulsory' or 'expected' and another 43 per cent saying that it is 'not expected, but also not discouraged'.

Survey findings indicate that people who regularly do unpaid overtime work just under two extra hours on a typical day. Across the workforce, the average employee works 49 minutes unpaid each workday. Full-time employees work 70 minutes of unpaid overtime on average, while part time employees work 23 minutes. Men work more unpaid overtime than women (63 minutes versus 36 minutes a day); while men with young children work a great deal more than women with young children (71 minutes compared with 30 minutes). The amount of unpaid overtime rises with income: people in low-income households work an average of 28 minutes of unpaid overtime a day, compared with 61 minutes for people in high-income households.

Around one in three people who work unpaid overtime say that it moderately or severely affects their life outside of work. When asked what would happen if they didn't work unpaid overtime, most say that 'the work wouldn't get done', suggesting that the demands placed on employees are too much for many people. A majority of survey respondents who work additional hours said that if they didn't work overtime they would spend more time with their families, and many said that they would do more exercise.

If the average full-time employee in Australia works 70 minutes of unpaid overtime on a typical workday, this corresponds to 33 eight-hour days a year, or six and a half standard working weeks. This means that full-timers typically work more than their annual leave entitlement in unpaid overtime each year.

Across the workforce, there are 2.14 billion hours of unpaid overtime worked a year, three times as many hours as Australians volunteer to community organisations. This corresponds to 1.16 million full-time jobs, making overwork a natural target for any government seeking to reduce unemployment. At a rate of \$33.70 per hour, across the economy employees are forgoing \$72 billion in wages, or six per cent of GDP.

³⁵ ABS, *Labour Force Australia, May 2009*, Cat No 6291.0.55.003, 18 June 2009

³⁶ This consists of 2.02 billion unpaid hours worked by full-time employees and 119 million hours by part-time employees.

³⁷ According to the March quarter 2009 National Accounts, the national quarterly wage bill is \$141,980,000,000. In February 2009, the total number of hours worked by employees was 324,055,900 per week, or xx per year. This implies that employee compensation per hour worked is \$33.70. See ABS (2009). *Australian National Accounts: National Income, Expenditure and Product, March quarter 2009*, Cat. No. 5206.0, Canberra, 3 June.

The \$72 billion worth of 'free' labour that workers 'give' to their employers every year is just one element of the costs imposed by unpaid overtime on individuals and on the broader community. Unpaid overtime by definition does not impart the financial benefits that are usually associated with work, and it diminishes the time that people can spend with their families and engaging in pursuits outside of work. Reducing the amount of unpaid overtime is an essential step towards helping families balance the interaction between work and other aspects of life. It would also bring additional benefits to the physical, mental and cultural health of the nation.

In her book entitled *Work/Life Collision*, Professor Barbara Pocock outlines a number of measures to reform Australian workplaces and work practices. The first of these is the need to reduce paid working hours by lowering the ordinary hours of the full-time working week, capping the amount of overtime that can be worked, and phasing out unpaid overtime. She also recommends granting workers the right to refuse long working hours, improving workplace agreements to ensure that adequate numbers of staff are employed, improving regulatory oversight of the workplace arena, and pushing for changes in managerial culture.³⁸ As Pocock acknowledges, addressing the culture of long work hours and unpaid overtime will require efforts on the part of workers, families, unions, employers and governments.

Importantly, many other developed countries have taken such advice seriously. Australia is only one of four OECD countries that do not prescribe a working time limit.³⁹ As van Wanrooy et al (2009) observe, 'Employers are typically hostile to legislative limits on working hours claiming economic harm will ensue if employer-led flexibility of hours is sacrificed'.⁴⁰ Despite such concerns, there is persuasive evidence that mandatory limits on working hours can be effective in reducing working hours⁴¹, and that they can do so without significant impact on the macro economy.⁴²

While some will object to any efforts to introduce caps on working hours as unnecessary interference in the operations of business, it is worth remembering that Australians already accept the need to limit working hours for truck drivers, train drivers and pilots. Similarly, there have been calls to limit the hours that doctors can work, after it was revealed that some doctors are encouraged to take large doses of caffeine to help them through very long shifts.⁴³

Given the dangers to health, families and communities posed by overwork, there is no inherent reason why limits on working hours cannot be extended to workers across the economy, regardless of their profession. With international evidence indicating that policies to cap working hours can be successful, any government committed to promoting preventative medicine, social inclusion and evidence-based policy should be keen to explore the potential benefits of helping more Australians to go home on time.

³⁸ Pocock, *Work/life collision*, p. 253.

³⁹ OECD (2008) *Economic Policy reforms*.

⁴⁰ van Wanrooy et al., *When do we stop?*, p. 10.

⁴¹ van Wanrooy et al., *When do we stop?*, p. 10.

⁴² DTI (Department for Trade and Industry), *Working Time—Widening the Debate, A preliminary consultation on long hours working in the UK and the application and operation of the working time opt out*, UK Government Consultation, 2004. Available at: <http://www.berr.gov.uk/files/file11782.pdf>.

⁴³ Herbert, B (2009). '6 cups a day keep the doctor awake', *ABC News*, 8 September. Available at: <http://www.abc.net.au/news/stories/2009/09/08/2679456.htm>.

Appendix—survey method

The Australia Institute commissioned an online survey of 1000 people in July 2009. The survey sample was representative of the adult Australian population by age, gender and state/territory, and respondents were sourced from a reputable independent online panel provider. Respondents were drawn from the Valued Opinions Panel, which is owned and managed by the Australian arm of Research Now. It is a research-only panel (i.e. panel lists are not used to carry out any non-research activities, such as marketing) recruited from a wide variety of sources to avoid any bias associated with limited-source recruitment. Panel members are individually rewarded for their participation in a survey at a level that helps to ensure reliable levels of response and considered answers to the questions, but not so high as to attract 'professional' respondents. In the case of this survey, the incentive for participation was \$2.00 per respondent.

Of the total sample, 626 respondents were in paid work. These people were asked the following questions:

Q1. Which of these best describes your work situation?

I have specific work hours

There is an informal understanding about how long I work each day

Other

Q2. Which of these best describes your working hours?

A 'standard' business workday (eg 9-5)

Rostered shifts

Other

Q3. On a typical workday, do you work more than the hours you are paid for?

Yes

No

Q4. In your workplace, is working extra hours without pay...?

Compulsory

Expected but not compulsory

Not expected, but also not discouraged

Discouraged

Not sure

Q5. How many unpaid hours do you work per day on average?

Q6. To what extent does unpaid work affect your life outside of work?

Severely

Moderately

Slightly
Not at all
Not sure/not applicable

Q7. If you didn't work extra hours without pay, which of these do you think would happen?
[multiple response]

My job would be at risk
My career opportunities would be harmed
My colleagues would disapprove
The work wouldn't get done
There would be no negative consequences
Other (specify)

Q8. If you left work on time each day, what would you do with your extra time? [multiple response]

Exercise
Study
Spend more time with family
Spend more time with friends
Watch TV
Cook more meals
Other (specify)
Not sure

Demographic questions

QD1. Are you:

Male
Female

QD2. How old are you?

- Younger than 18 years - **terminate**
- 18-24 years
- 25-34 years
- 35-44 years
- 45-54 years
- 55-64 years
- 65 years or older

QD3. Where do you live?

- New South Wales
- Queensland
- Victoria
- South Australia
- Tasmania
- Western Australia
- Northern Territory
- Australian Capital Territory
- Other – terminate

QD4. What is the highest level of education you have completed?

- University qualification
- Trade/technical qualification
- Higher School Certificate (Year 12)
- School Certificate (Year 10)
- Some high school/primary school
- None of these

QD5. Are you retired?

- Yes, fully
- Yes, partly
- No

QD6. Are you currently studying?

- Yes, full time
- Yes, part time
- No

QD7. Do you live in a metropolitan, rural or remote area?

- Metropolitan
- Rural
- Remote

QD8. Do you have any children? [multiple response]

- Yes – 5 years or younger
- Yes – 6-11 years
- Yes – 12-17 years
- Yes – 18 years or older

- No

QD9. Do you have a religion?

Yes

No

Can't say

QD10. How often do you attend religious services?

Several times a week

Once a week

Once a month

Several times a year

Once a year

Less frequently

Never

Can't say

[ask only if HT1=Yes]

QD11. Which of the following best describes your occupation?

Manager or administrator

Professional (e.g. doctor, architect, solicitor etc)

Para-professional (e.g. police, nurse, technician)

Tradesperson (e.g. plumber, carpenter, electrician)

Clerical / secretarial

Sales rep/store salesperson / personal services (e.g. waiter)

Machine operator / driver

Labourer / storeperson / unskilled

Other

QD12. Which of these categories best describes your annual **household** income **before tax**?

Please make your best estimate.

Less than \$20,000

\$20,000 - \$40,000

\$40,001 - \$60,000

\$60,001 - \$80,000

\$80,001 - \$100,000

\$100,001 - \$150,000

More than \$150,000

Not sure/rather not say

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