

**Australian Computer Society**

**Policy Statement**

on

**WORK LIFE**



*ICT Professionals Shaping Our Future*

[www.acs.org.au](http://www.acs.org.au)

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**WORK LIFE POLICY FOR THE ICT INDUSTRY****Summary of ACS Position**

This policy provides guidance and recommendations by the Australian Computer Society (ACS) on work life issues for employers and employees in the ICT industry. This is a landmark policy for the ICT sector developed by a working group of ICT leaders, practitioners and HR specialists from across Australia. It is the first in what is hoped will be a portfolio of work life papers addressing working arrangements and human resources issues of importance to the ICT sector.

With a potential skills shortage looming because of diminishing student enrolment in ICT disciplines and low participation rates of women in the ICT workforce, the ICT industry must improve its reputation and practices if it is to attract people to meet the future demand within the Australian economy.

The ACS has prepared a series of recommendations for flexible working practices that will facilitate a happy, committed and productive workforce within the ICT industry, including:

- Flexible working hours;
- Work location options;
- Employee friendly working arrangements;
- Paid parental leave;
- Job sharing and part time work;
- Promoting healthy life style alternatives through membership of gym and other recreational clubs.

The ACS believes these initiatives provide a framework for employers to achieve long and happy working lives for their employees, as opposed to the break down and burn out for which the ICT sector has a poor reputation. In particular, these proposals accommodate the needs of those with families and will assist in attracting new talent and retaining skilled people within the ICT sector.

The ACS calls upon the ICT industry to take a leadership position in adopting employee friendly work environments by:

- Implementing, where practicable, flexible working hours by setting core working hours from 10am to 3pm and accommodating late starts and early finishes;
- Scheduling face to face meetings in core hours only and using technological solutions to facilitate meetings outside of those hours, where they are unavoidable;
- Supporting teleworking, where appropriate, for up to 2 days per week;
- Encouraging employees to pursue fitness and extra curricular activities.

The expected benefits for employers will be a higher available talent pool, improved staff retention, productivity and higher quality of work.

The ACS calls upon government to support parental leave and healthy lifestyle options by:

- Supporting options to allow workers access to parental leave by:
  - a) providing favourable tax arrangements to encourage employees to salary sacrifice a portion of income that can be used to fund parental leave – estimated cost of \$155M for 14 weeks; \$287M for 26 weeks and \$575M for 52 weeks leave; **or**
  - b) introducing arrangements that allow employees who invest more in superannuation to be able to draw down on this investment (at a favourable tax rate) prior to the current retirement age to fund parental leave – estimated cost of \$141M for 14 weeks; \$262M for 26 weeks and \$524M for 52 weeks leave.
- Providing tax deductions for child care arrangements for working parents – estimated cost of \$771M; and
- Removing the FBT on gym and other recreational club memberships funded by employers or salary sacrificed by employees – estimated cost in forgone revenue of \$154M.
- Endorsing this policy and encouraging ICT employers to make the necessary changes to transform the image of the ICT industry into a more favourable work life environment.

These arrangements and deductions should be gender non-specific and portable across employers and industries.

The expected long term benefits for employers and the country are a higher workforce participation rate, particularly for women (and resulting increase in PAYG revenues), increased living standards, increased enrolments in ICT courses and increased talent pool in the ICT sector to help position Australia as a key onshoring destination.

For individuals the benefit is greater choice and an ability to strike a better balance between work and home and to juggle work with other commitments to suite various stages of their life and career, improving their living standard and quality of life.

## **1. INTRODUCTION**

Work life balance is about achieving employee well-being. Happy employees are more productive and their work is of higher quality. This is an outcome that all ICT employers want, yet the response to higher productivity has been cultural pressure for longer hours, meetings out of hours and endless key performance indicators to address quality.

The key drivers of employee happiness include family (in the broadest sense) time, exercise, extracurricular activities, time to reflect on achievements, study and professional development.

Despite strong agreement on the importance of achieving a healthy balance between work and home life, it remains out of reach for many employees and difficult for some employers to implement. The desire to achieve a better work life balance reflects the changing nature of work in Australia, the shortage of professionals in the ICT industry and the difficulties associated with retaining talented workers, particularly women, in the workforce.

The ACS strongly advocates a commitment to work life issues by employers in the ICT sector. It proposes a series of measures to help achieve work life balance and establish the ICT industry both as a leader in this area and as an attractive career choice for school leavers.

## **2. BACKGROUND**

The ACS established a Work Life Policy Working Group to examine the issues associated with work life balance and develop a practical policy framework that can be implemented to improve work life balance and career options in the ICT sector. Working Group participants are listed in Attachment A. The members of the Working Group were drawn from a broad spectrum of agencies in the ICT sector and include some of the most demanding employers in ICT.

In developing an underpinning policy structure for work life initiatives, the ACS acknowledges that the form and content of work life policies will differ for individual employer organisations depending on their size, work force mix and affordability of various work life options. The range of initiatives proposed allows employers to identify and adopt those options suitable to their business.

Work life issues are about achieving a better balance between the requirements of employees and achievement of organisational goals. The options proposed in this policy are designed to facilitate a happy, committed and productive workforce within the ICT industry.

However, having work life policies alone does not necessarily lead to work life balance unless there is ongoing support from management. In adopting work life policies it is important for agencies to demonstrate:

- a commitment to work life issues by management;
- development of policies in consultation with employees;
- policies that support any necessary cultural change and to communicate expectations associated with work life policies.

Flexible work arrangements can often be seen as a choice between career and personal outcomes. Management must play a leading role in overcoming this perception. They have a responsibility to establish clear policies and communicate expectations for those policies and a commitment to a rewarding work environment

that leaves time for employees to engage with their family, friends, and community without impacting their opportunity for career development.

### 3. INITIATIVES FOR CONSIDERATION

The ACS has endorsed a series of flexible working arrangements developed by the Working Group, for consideration by employers within the ICT industry.

#### **Flexible Working Hours**

Flexible working hours are a feature of many work places that employ ICT practitioners. They enable employees to choose work attendance patterns to suit individual circumstances, particularly around start and finish times, to cater for family, health, study and other lifestyle issues. Flexible working hours also benefit employers by allowing ICT workers to interface with officers and markets in other time zones within this highly globalised industry.

Issues to be considered in adopting flexible working hours are:

- Suitability to the working environment. Some SMEs may have difficulty in offering flexible arrangements in some employment areas, eg, sales, technical support and customer service;
- Establishment of core hours of attendance with clear policies and expectations of how the system is to work.
- Avoiding scheduling meetings and other work commitments during 'non core' periods.
- Evaluation of alternatives such as compressed hours or extended hours where these accord with job requirements and employee commitments.

Flexible working hours can offer significant cost savings associated with lower overheads, travel time and parking, technology overheads and recruitment and training costs.

The Working Group considered that core hours should be between 10am and 3pm. In adopting flexible working practices, employers need to account for early starts and late finishes. The stigma associated with those who start late or finish needs to be addressed on the basis that each worker will establish a work pattern, within the flexible working framework established by the employer, that suits their work life requirements. The core issue is that employee management should not be diminished and should be focused on outcomes rather than time.

For example, many employees of multinationals are required to attend late night or early morning conference calls, requiring flexible start and finish times. In call centres and other customer service environments where fixed hours are required, the Working Group suggested the team be given the flexibility to plan their own rosters and arrangements to cover for each other in accordance with their work requirements.

The Working Group considered that one of the greatest cultural changes required by employers in adopting flexible working arrangements is the demand for early morning and late afternoon meetings. It is considered that this is driven by a more traditional disciplinary approach to work rather than for any real productivity reasons. Greater use can be made of tele and video conferencing. Face to face attendance is not always necessary.

The Working Group considered that, to accommodate flexible working arrangements, company face to face meetings should not normally start before 10

am and should not be held after 3pm. Outside of these hours, critical meetings should use technological solutions such as tele or video conferencing.

Company bonding sessions, training and boot camps, often held on weekends or evenings, are seen as part of business, provided they are infrequent. Where possible, partners should be invited to attend and events that preclude this should be in office hours only. Where this is not possible, time in lieu should be available to attendees along with child care or other arrangements necessary to facilitate attendance.

### **Work Location**

Current and emerging technologies provide the option for employees to work away from the office environment (teleworking) to cater for family or other commitments, sickness or disability and meetings with officers in other time zones. Issues to be considered in providing for alternative work locations are:

- The importance of employees having a physical work presence in terms of establishing a work identity, effective communication and full involvement in work activities so that they remain motivated and do not feel forgotten or isolated.
- Working from home or other non-secure location raises issues of data security, employee management, trust, OHS and workers compensation.
- Not all firms or positions are suitable for work from home arrangements. It is dependent upon individual job requirements. This may lead to perceptions of unfairness between those people who can work outside the office and those who can't.

### **Work from Home**

Adopting arrangements that allow employees to work from home or other locations outside the office for periods of time, provides a means for the ICT industry to retain workers whose family or other commitments might otherwise prevent them from working. It should be offered on an agreed basis with individual employees, taking into account position requirements, work specifications, family and other commitments. Where firms agree to introduce work from home arrangements, they should establish a formal policy to address expectations, connectivity costs, communication issues, reporting and management arrangements, OHS and workers compensation issues.

The Working Group considered that one or two days per week should normally be the maximum time an employee should spend working from home. Any more is considered impractical for both employer and employee. However, individual circumstances may require the need for more days at home, and employers should ideally remain flexible enough to make special arrangements when such situations arise.

### **Connectivity Costs**

It was considered that employers should pay for connectivity costs (such as ISP and telephony costs) for technical or other workers who are required to work out of office hours on projects. For other employees, it was considered that connectivity costs should be borne by the employee in return for greater flexibility. Hardware would be a matter for negotiation between the employer and employee.

### **Hot Desking**

The ACS does not, on balance, support hot desking arrangements within the ICT industry. While acknowledging there are some roles where it can be usefully employed, it is generally poorly received, engenders a loss of sense of belonging and ownership and can create difficult work environments when there are not enough positions to go around. The Working Group agreed that employees can be marginalised in hot desking arrangements and that people shy away from jobs that have hot desking. If it is to be used then it requires careful planning to provide compensatory teambuilding and personal ownership arrangements, recreational and social links.

### **Employee Friendly Work Environments**

The ICT industry has a reputation for 'long hours in dark towers'. The development of employee friendly work place arrangements to support family, personal development and other extra curricular activities of employees is key to turning this perception around and to positioning the ICT industry to attract more school leavers and retain talented employees who may otherwise leave because of family or other commitments.

Issues for consideration in developing more employee friendly working environments include:

- Meetings and training programs to be organised for core working hours to allow employees to take advantage of flexible working arrangements in the early mornings and evenings and to accommodate those who have significant commuting times for work or other frequent commitments.
- Development of technological solutions for employees to facilitate meeting and other work arrangements across different time zones or that might otherwise exclude people in some way.
- Encouraging employees to pursue fitness or other activities in balance with work and organisational priorities and goals.

### **FBT on Gym Memberships**

The ACS strongly urges the Federal Government to reconsider the imposition of FBT on gym and other sports and recreational club memberships (type to be clearly defined) funded by employers or employees through salary sacrifice arrangements. It significantly decreases the affordability for employers and employees and yet these are in our national health and productivity interest to promote.

### **Job Sharing and Part Time Work**

The ACS considers job sharing and part time-work important options for employees who wish to reduce their workload to accommodate family, study or other options or re-enter the workforce after taking a break. They are particularly important options in attracting and retaining women within the ICT workforce.

The ACS considers that industry acceptance of this approach would go a long way to breaking down the cultural assumption prevalent within the ICT industry that every employee is available for 80 hours per week. The ICT industry is, on the whole, poor in accommodating part time workers.

Companies should establish policies and promote opportunities for people to adjust their working hours, addressing requests on a case by case basis taking into account job requirements, costs and benefits of providing these options.

### **Parental Leave**

The provision of parental leave is an area of considerable importance for the ICT sector because of the inherent conflict between raising a family and work commitments. It is time Australia took a global leadership position in this area.

The ACS calls upon the Government to facilitate the provision of parental leave for a period of up to 12 months, either:

- a) through changes to superannuation laws to allow and encourage employees to contribute more to superannuation so that they can draw down on this (at a favourable tax rate) at a later time to fund parental leave; or
- b) by allowing salary sacrifice of a portion of salary into a special fund that would incur a favourable tax treatment, that can later be used to fund parental leave.

These provisions should be gender non-specific and portable across employers and industries.

### **Child Care Arrangements**

The ACS strongly urges the Government to provide tax deductions for child care arrangements for working parents. The Government has acknowledged that with a current birth rate of 1.75% it is in the national interest to promote both a higher birth rate and higher female participation in the work force. The ACS considers this is an important issue. It works hand in hand with parental leave and other work life proposals in promoting the ICT industry and in retaining women within the sector.

Tax deductibility should cover public and private child care facilities as well as nannies or special care arrangements that might be necessary for children with disabilities.

### **Cost of Proposals**

The ACS requested Access Economics to develop an indicative costing to Government of its work life proposals.

The costings of the ACS Work Life Policy developed by Access Economics draw out the potential cost implications for the Federal Government. However in addressing the costs of these arrangements, it should be noted that improved and more flexible work life arrangements have the potential to boost work outcomes through higher productivity and greater labour force participation of working parents and retention in the work force of those people who, without access to parental leave or tax deductions for child care, might not otherwise be able to work.

It is possible that tax deductions for child care arrangements for working parents could notably boost tax revenue.

The cost estimates provided below are based on current dollars, with the policies assumed to have been introduced on 1 July 2004, so costs are for the full 2004-05 financial year. Estimates are consistent with aggregates in the 2004-05 Australian Government Budget.

## Estimated Costs

### Parental Leave

#### a) Salary sacrifice at a favourable tax rate - cost to the Government in forgone taxes:

14 weeks .....	\$155M
26 weeks .....	\$287M
52 weeks .....	\$575M

This option provides employees with the choice to salary sacrifice to pay for a period of parental leave. A special fund would be established for this purpose with an employee's superannuation fund possibly being used as the vehicle. Employees would need to have contributed to the fund prior to being able to access leave or pay back following leave.

Money paid into the fund would be entitled to a concessional tax rate. The wage an employee would receive during the parental leave would be a matter of choice but set at an upper limit of 80% (of average net salary for the past 3 years). An employee could choose a lower percentage of their normal wage, eg 50%, and would therefore have to sacrifice less of their salary to pay for that amount. The parental leave fund would hold contributions made before the leave is taken and if there were insufficient funds by the time the parental leave was required, employees could borrow funds up to a matching amount to the funds saved. For example, if an employee had saved \$20,000 they could take a maximum of \$40,000 parental leave, paying back the other \$20,000 after the leave was taken.

Interest on money borrowed would be borne by the employee. If parental fund savings were not used by the employee, then these would be rolled over into superannuation.

Each person would be able to accumulate up to 12 months parental leave, meaning married couples would have up to 24 months available between them.

Key parameters are:

- Up to 52 weeks leave per parent;
- each week of paid parental leave requires 8 weeks of salary sacrifice to pay for it;
- income paid for parental leave is capped at 80% of net salary;
- interest rate applied to funds borrowed from the scheme in advance would be the rate applying to personal loans;
- 50-50 advance/arrears split – share of parental leave that may be accrued in advance vs that paid in arrears (ie after leave is taken);
- ATO data to determine number of tax payers in each marginal bracket;
- ATO data to determine average income by age;
- Only 50% of income salary sacrificed is tax deductible;
- 50% take up rate.

**Example 1**, considering a person earning \$50,000 per annum who wishes to take 12 months parental leave:

On an income of 50,000 pa tax paid would usually be \$11,172, leaving a net income of \$38,828. The ACS is proposing the employee gets a maximum of 80% net pay during parental leave, which is \$31,062.

It would take 8 years of salary sacrifice at \$88 per week gross or \$61 net into the scheme to pay for 12 months parental leave to entitle the employee to the net

income of \$31,062. There would be a tax saving of \$5,482 as a result of the concessional tax rates proposed.

**Example 2**, considering a person earning 80,000 per annum who wishes to take 12 months parental leave.

On an income of 80,000 pa tax paid would usually be \$23,312 leaving a net income of \$56,688. Taking 80% of this would entitle the person to a net income of \$45,350 during parental leave.

It would take 8 years of salary sacrifice at \$148 per week gross salary (net \$76 per week) to pay for 12 months leave. There would be a tax saving of \$13,931 as a result of the concessional tax rates proposed.

**b) Drawing down on superannuation at a favourable tax rate – cost to government in foregone taxes**

14 weeks.....	\$141M
26 weeks.....	\$262M
52 weeks.....	\$524M

The concessional taxation rates that were applied to option a) would also apply to this option. Employees would be required to make additional payments into superannuation on top of the existing compulsory superannuation contributions.

Key parameters are as with option a).

- allows up to 52 weeks leave per parent;
- 50% take up rate;
- interest costs in providing funds in advance borne by individuals against their existing superannuation funds (from compulsory contributions)

**Tax deduction for childcare**

Costings use fees for child care providers and the number of children in child care from the 2002 Child Care Census from the Department of Family and Community Services and ATO data to determine the number of taxpayers in each marginal tax bracket.

If 50% of child care fees are tax deductible, take up rate of 120% of those children currently in child care.....\$771M

**FBT exemption of gym memberships**

Av membership of \$420 for 1.25M people .....\$154M

## **CONCLUSION**

Changing old management ideas and organisational culture on work life issues within workplaces does not happen over night. Policies and cultural change need to be implemented over time, in consultation with employees and with management leading by example.

Falling interest in careers and the declining numbers of women within the ICT industry are a wake up call to challenge the current way business is conducted within the ICT sector.

The ACS recommendations for flexible working arrangements and other employee friendly strategies provide choice to allow people to strike a happy and productive work life mix at various stages of their lives. The goal of this policy is to improve the living standards of Australians through higher levels of productivity, quality of work, increased work participation rates and talent in the ICT sector.

## ATTACHMENT A

### WORK LIFE WORKING GROUP PARTICIPANTS

<b>Chair</b>	Edward Mandla President Australian Computer Society
<b>Mentor</b>	Kerryn Phelps Adjunct Professor, School of Public Health, University of Sydney
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