

4 August 2015

Ms Barbara Cullen
Manager, Small Business Policy
Department of Economic Development, Jobs, Transport and Resources
1 Spring Street
Melbourne VIC 3000

By email: ris@ecodev.vic.gov.au

Dear Ms Cullen,

Re: Regulatory impact on proposed new public holidays in Victoria

The Property Council welcomes the chance to provide feedback on the proposed gazettal of two new public holidays under the *Public Holidays Act 1993*.

We note that independent research by PricewaterhouseCoopers of the two public holidays has found the maximum combined benefit to Victoria in the order of \$412 million, whilst the cost is estimated to be \$898 million, resulting in a net adverse impact of \$486 million.

Our members comprise a large number of retailers, business operators and consumers who would be greatly disadvantaged by the proposed holidays on Easter Sunday and Grand Final Friday. We do not support this unnecessary burden on the business community, especially when its consequences are incongruous with the Government's commitment to grow the state economy and boost employment.

In the spirit of best practice regulation, we urge the Government not to introduce a measure which will have costs greatly outweighing the benefits to society.

Impact on Victorian businesses

The introduction of additional public holidays will have a significant impact on the Victorian business community. Most business have a commercial obligation to operate and trade on public holidays and as a result will be faced with significant increases in wage costs and services expenses. For example retail stores and shopping centres will be impacted due to the requirement to maintain the necessary staffing levels to open for trade. For most businesses this will substantially reduce or eliminate operating profit on each public holiday.

A member company operating in the aged care sector reported increased wage costs would accrue as a result of:

- All staff for whom the public holiday would have been a normal working day, but who are not rostered being paid their base rate for the ordinary hours of work;

- All staff for whom the public holiday would not have been a normal working day, but who are rostered, being paid an additional sum of 150 per cent for hours worked, or accruing leave equivalent to this value (as per the Aged Care Award 2010); and,
- Nurses that work on the public holidays receiving double time or accruing leave equivalent to this value (as per the Nurses Award 2010).

The Property Council anticipates that the magnitude of impact on businesses will be even greater on the proposed Grand Final Friday than the proposed Easter Sunday given that the normal level of services offered is greater on a Friday than a Sunday. Many businesses will choose not to operate, or will operate on a reduced capacity, on the proposed public holidays to avoid additional cost exposures.

However, the nature of certain sectors means that many businesses (such as freight and logistics companies, aged care facilities, retirement villages and buildings that require 24 hour services) do not have the option to close on public holidays. In some cases, this will result in non-essential staff not being required to work, leading to a reduction in output and a reduced level of service offered. These consequences will be exacerbated by the closure of many suppliers and contractors, and by the surcharge added to any essential work completed on the public holidays.

It is unrealistic to expect that any Victorian business has the capacity to absorb these additional expenses and be inflicted with unnecessary economic harm as a result of Government policy.

Impact on the Victorian economy

In addition to the costs reflected in the Regulatory Impact Statement, the detrimental impact to the State economy would be expressed through:

- Suppressed business activity as a result of increased operating costs;
- Reduced Gross State Product as a result of lower economic activity;
- Reduced payroll tax revenue to the Victorian Government;
- Wage uncertainty as employees are deprived of the opportunity to earn a higher income based on hours worked;
- Diminished tourist experience due to the limited number of businesses open; and,
- Reduced competition due to the higher prices and fees for goods and services charged on the public holidays.

Loss to State Competitiveness

The two proposed holidays will detract from Victoria's business competitiveness relative to other states, especially as there is no consistency in the number of public holidays around Australia. One member of the Property Council, which operates across multiple state jurisdictions, reported an expected loss of \$180,000 from the public holidays due to an average reduction in sales, lost rent, and licensing costs as a result of increased wages. Should Easter Sunday and Grand Final Friday be declared public holidays, Victoria will have 13 public holidays – the most out of any state.

Given that the Regulatory Impact Statement has not made an effort to quantify the loss to Victoria's competitiveness, we believe that a further assessment should be undertaken to understand the full costs of the proposed holidays.

Recommendation

The Property Council strongly urges the State Government reconsider its decision to introduce additional public holidays in Victoria, to mitigate the economic impact on the wider business community.

Should you have any questions relating to our concerns, please contact Sandra Qian, Policy Advisor on 03 9664 4220.

Yours sincerely,



Jennifer Cunich
Victorian Executive Director
Property Council of Australia

