

SUBMISSION 00721



SUBMISSION FOR THE CONSULTATION

REGULATORY IMPACT STATEMENT

**INVESTIGATION INTO PROPOSED CHRISTMAS EVE PART-DAY PUBLIC
HOLIDAY 2019**

2 September, 2019

Introduction

The Queensland Hotels Association (QHA) is the peak representative body for the hotel, hospitality and accommodation industry in our state. We seek to represent our industry as they conduct successful, enduring and responsible businesses that contribute to both their communities and the broader State economy.

Our member hotels and accommodation businesses span the length and breadth of the State, in virtually every town and locale providing jobs, entertainment and hospitality to Queenslanders and visitors alike. Members include over 800 companies such as traditional pubs, international accommodation providers and family-owned enterprises. QHA as a union of employers is committed to ensuring a safe, fair and equitable work environment for all members of the workforce and the businesses that create the opportunities.

The QHA welcomes the opportunity to assist Government in developing evidence based policy which leads to quality legislation reflecting the needs and aspirations of Queenslanders. However, in the case of the *REGULATORY IMPACT STATEMENT - INVESTIGATION INTO PROPOSED CHRISTMAS EVE PART-DAY PUBLIC HOLIDAY 2019*, the QHA are dismayed that there has been a very limited timeframe and consultation with an industry that will be significantly disadvantaged through increased costs and job losses.

The RIS proposes the amendment of the *Holidays Act 1983* in order to create Christmas Eve as a part-day Public Holiday from 6pm.

QHA cannot support this measure and regards the decision as completely out of touch with the hospitality industry of Queensland and particularly negatively impacts on regional Queensland and small businesses.

1. MAJOR CONCERNS WITH THE PROPOSED CREATION OF CHRISTMAS EVE PART-DAY PUBLIC HOLIDAY

a) Inconsistent with the vast majority of Australia

The declaration of Christmas Eve as a part-day public holiday will make Queensland inconsistent with the public holiday arrangements in New South Wales, Victoria, Tasmania, Australian Capital Territory and Western Australia. The only states to observe this are South Australia and the Northern Territory – which in fact commence at 7pm not the proposed 6pm.

b) Job losses and reduction of hours

The greatest losses are borne by the workers themselves. QHA members have been surveyed and without exception the increased public holiday wages costs would force employers to re-think their rostering strategies during this period. The most at risk would be the casual staff who depend upon their shifts each week to survive. It is completely conceivable that staff would face a very real prospect of reduced hours during the Christmas trading period.

c) Loss of services on Public Holidays

The final loser in this situation is the broader Queensland community. If companies cannot afford to open, as they would not make profits, a savvy business owner would simply close their doors on this day. Public Holiday “surcharges” are not acceptable to many consumers and drive away customers. Surcharges quite obviously cannot increase to cover the price of food and drink and the added costs of penalty rates. The outcome is the community loses access to the tourism and hospitality services.

d) Lack of evidence

The RIS uses 8 year old data from Adelaide for justification.

This is not relevant or reliable and totally disregards the particular challenges of Central and Northern regional Queensland where communities are suffering from drought and financial hardship.

e) Insufficient timeframe for implementation and evidence gathering

The RIS states: ‘could be in place for 24 December 2019. It is considered that this timeframe will provide sufficient opportunity for businesses to prepare and potentially make decisions on whether to open or close’.

This is insufficient notice as the voluntary opt-in administration process to determine whether an employee wishes to work will be frustrated by the limited notice timeframe. If the part-day public holiday is proposed to be potentially passed as late as 28 November 2019 for a 24 December 2019 commencement, this does not allow sufficient time for rostering and voluntary opt in/out of employees. Rosters are typically done at least 4-6 weeks in advance of this busy trading period in the hospitality industry.

Further, many member businesses have set accommodation rates and function costs based on Christmas Eve not being a part-day public holiday. Accordingly, some members are now required to provide such services at the contracted rate without the ability to offset the dramatic increase in wage costs caused by public holidays being prescribed legally within a month of their operational date. Likewise budgets and planning have been based on the existing calendar year.

Any permanent legislation proposing part day public holidays should be delayed to enable gathering of evidence. Ideally a trial and subsequent independent assessment could be made on the impact of a part-day public holiday to assess balancing casual and permanent worker benefits and costs to business. Particular consideration should be given to the disproportionate costs to regional Queensland and the negative impacts to tourism, hospitality and retail businesses and workers operating in that time.

f) Inappropriate consultation

The RIS states: the 'preferred option' is to proceed to legislate a part-day public holiday on Christmas Eve between 6pm and 12 midnight to take effect from 2019.

Other than the RIS there has been NO consultation on the subject of making Christmas Eve a part-day public holiday, including NO consultation with the QHA.

2. ISSUES RAISED IN THE REGULATORY IMPACT STATEMENT (RIS)

a) Christmas Eve events of personal, social, religious and cultural significance - positive social and cultural impact on community

It is arguable that there exists any lack of opportunity for religious observance over the Christmas period with the existing public holidays in situ (Christmas Day and Boxing Day). Any justification in terms of a cultural day is likewise flawed, and especially considering the breakdown of religion in Australia as declared in the census (2011):

- Roman Catholicism (25.3%)
- Anglicanism (17.1%)
- Other Christian (18.7%)
- Buddhism (2.5%)
- Islam (2.2%)
- Hinduism (1.3%)
- Other religions (1.2%)
- No religion (22.3%)
- Not stated or unclear (9.4%)

b) Increased wages through penalty rates

The RIS states: 'there is no statistical information on the intentions of employers to employ workers or open their businesses on a Christmas Eve public holiday'.

When tourism and hospitality businesses are faced with increased penalty rates for additional public holidays their operational options are to:

- Close the business (on those days / times)
- Reduce the trading hours of the business
- Reduce the usual services on offer by the business
- Trade normally and bear the additional costs

In the absence of collected data, as the industry body representing over 88% of general licence holders in Queensland we have polled members. 100% have indicated that a part-day public holiday will reduce staff hours and negatively impact the workers of Queensland by reducing shifts.

c) Increased consumer spending

The RIS states: 'where businesses levy a surcharge to cover or partly cover additional wages costs, or close or otherwise not engage staff on the public holiday, this may reduce disposable income, place greater financial pressure on insecure workers and their families, reduce business services to the community and reduce aggregate consumer expenditure'.

The transfer of wealth argument is flawed considering that in the tourism and hospitality sectors on public holidays it is predominantly the salaried employees, managers, and small business owners who will work. Also it is potentially a net loss game with loss of employment hours for staff, loss of payroll tax and loss of GST. Where venues are not open owing to the public holiday who would otherwise be there is no increased consumer spending but in fact a decline in consumer spend.

Suggesting a surcharge is simplistic and does not cover the whole economy that either must or could be open.

d) Right to refuse to work unsociable hours – main policy objective

The RIS states: 'there is no statistical information on the intentions of employers to employ workers or open their businesses on a Christmas Eve public holiday'.

Considering there is no statistical information stated as above, any permanent legislation proposing part day public holidays should be delayed until such evidence is gathered. Further, the voluntary opt in administration process to determine whether an employee wishes to work will be frustrated by the limited notice timeframe. If the part-day public holiday is proposed to be potentially passed as late as 28 November 2019 for a 24 December 2019 commencement, this does not allow sufficient time for rostering and voluntary opt in/out of employees.

In the hospitality industry it will be salaried staff or managers working and members report no shortage of casual staff wanting these shifts which is contrary to the policy objective.

e) Additional wages costs

The RIS states: 'The additional wages cost to the Queensland economy for that day is estimated to be in the range of \$41.3 million to an upper end estimate of 136.9 million. The preliminary estimate for the Queensland public sector per annum is estimated at \$9.4 million to \$21.1 million'.

These are significant costs and potentially prohibitive as the Christmas trading period is already one of the most expensive wages cost period for hospitality businesses. It should be noted that few public servants work in the hospitality industry, thus the bulk of the \$136.9 million is cost borne by non-government hospitality businesses. It is also impossible to look at Christmas Eve in isolation. This is a period of time where businesses face increased costs for 3 public holidays days already over the period – Christmas Day, Boxing Day and New Year's Day.

This proposal that an additional \$137 million in wages cost is somehow insignificant shows a blatant disregard for a major industry employer of Queenslanders and particularly disregards the current challenges that regional Queenslanders are facing.

f) Loss of income and hours of work

The RIS states: 'there is no readily available and reliable data on the number of people who work on Christmas Eve'.

Again, considering there is no statistical information stated as above, any permanent legislation proposing part day public holidays should be delayed until such evidence is gathered. A poll of members indicates that it is considered the same as working on a weekend night.

The RIS also states: 'retail and hospitality businesses only make up 3-4% of all businesses in Queensland'.

This does not consider the disproportionately high number of these businesses who are actually trading during the subject period.

Restaurants, regional hotels and regional taverns and smaller business operations generally are unable to trade profitably and tend to close on public holidays. Many hotels/taverns and licensed clubs will reduce hours and usual services.

Tourism and hospitality businesses are staffed by casual and permanent workers. Accordingly, when staff hours are removed or reduced then the casual worker is worse off as they earn nothing for the lost hours. Unlike permanent workers, casual workers are not entitled to holiday leave. The declaration of additional public holidays limits the employment opportunities for these hospitality industry casuals.

CONCLUSION

There is no compelling evidence that Christmas Eve should be declared a part-day public holiday. In an increasing secular and multi-cultural society, the significance of the day as a religious observance is incongruous. The experience from other states from first-hand reports is that every party loses; businesses through loss of income, workers through loss of hours, community through loss of services and Governments through loss of taxes.

Workers are no worse off, they still get a public holidays on Christmas Day, Boxing Day and New Year's Day and would not earn any more income. This RIS appears to declare Christmas Eve as a part-day public holiday on a whim, without any support and no rationale. To support this declaration displays a complete lack of understanding for the tourism and hospitality industry which supports jobs across the State, and blatantly disregards the particular challenges in Central and Northern Queensland communities.

In summary:

- Public holidays (another one) incur prohibitive costs to businesses in wages, especially in the highly labour-intensive hospitality industry.
- This creates an unviable economic business proposition for many businesses who therefore do not open for trade on public holidays.
- Subsequently employees lose hours and wages.
- Businesses owners lose revenue.
- Consumers and the public lose out on the opportunity to access these goods and services, damaging Queensland's reputation as a tourism and hospitality destination.
- Suppliers of products to the businesses lose out, the state loses out on tax and associated revenue...everyone loses.

Please contact me directly on 0402142367 or at bhogan@qha.org.au should you require any further information.

Yours sincerely,



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