



CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION


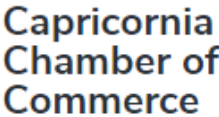



*Investigation into Proposed Christmas Eve Part-Day Public Holiday
Consultation Regulatory Impact Statement*

Office of Industrial Relations

September 2019

Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide input into the Investigation into the Proposed Christmas Eve Part-Day Public Holiday Consultation Regulatory Impact Statement (CRIS).
2. CCIQ is Queensland’s peak industry representative organisation for small and medium businesses. We represent over 448,000 Queensland small and medium businesses who employ 66% of Queenslanders working in the private sector.
3. CCIQ works with the chamber network across Queensland to develop and advocate for policies that are in the best interests of Queensland businesses, the Queensland economy, and the Queensland community.
4. On the 27th of August 2019, CCIQ alerted businesses of the proposed part-day public holiday and encouraged them to provide a submission to the Office of Industrial Relations (OIR). The communication resulted in over 740 responses being provided to the Office of Industrial Relations.
5. CCIQ makes this submission with the endorsement of the following Queensland Chambers of Commerce.

Representative	Chamber
<p>Nick Loukas on behalf of the Cairns Chamber of Commerce</p>	
<p>Phil Henry on behalf of the Capricornia Chamber</p>	
<p>Martin Hall on behalf of Gold Coast Chamber</p>	
<p>Stuart Fleming on behalf of Logan Chamber of Commerce</p>	
<p>Yale Morgan on behalf of Bundaberg Chamber of Commerce</p>	

Representative	Chamber
Debbie Rains on behalf of the Townsville Chamber	
Rebecca Llewelyn on behalf of the South East Brisbane Chamber of Commerce	
Brad Flynn on behalf of the Redcliffe Peninsula Chamber of Commerce	
Ian Kennedy on behalf of the Southport Chamber of Commerce	
Joy Mingay on behalf of the Toowoomba Chamber of Commerce	
Lynne Sturgess on behalf of the Redland City Chamber of Commerce	
Bronwyn Davies on behalf of the Somerset Region Chamber of Commerce	
Victoria Gracie on behalf of Mackay Chamber of Commerce	
Phillip Bell on behalf of the Ipswich Region Chamber of Commerce	

Representative

Chamber

Neil Coupland on behalf Greater Springfield
Chamber of Commerce



Amanda Harrold on behalf of Stanthorpe
Chamber of Commerce



CCIQ Response

1. **CCIQ is opposed to preferred option three - introducing a part-day public holiday - for the following reasons:**

Evidence of the problem

2. There is a distinct lack of evidence in the Consultation Regulatory Impact Statement (CRIS) that a problem exists with the operation of the status quo. The department is vague on the size and magnitude of the problem and, therefore, the case for government intervention is not clear.
3. CCIQ notes that businesses and employees have the ability to reach an agreement for an employee to take time off under existing arrangements. Through advance planning and staff rosters, staff can request time off for times of significance. For example, businesses accommodate staff requests to share times of significance with family and friends for holidays, school activities and events, birthdays and weddings to name a few. A request to have time off on Christmas eve would be considered by businesses in the same way as any other time of significance.
4. The CRIS (section 2.5) outlines the criteria for a part-day public holiday drawing on the South Australian Review (2012). The South Australian review notes that a public holiday typically includes a degree of consensus on the following two broad characteristics:
 - a. The day should have some special significance to a broad spectrum of the community
 - b. The nature of the significance should involve some form of collective action, which is facilitated by the bulk of the community not being required to work on that day.
5. The CRIS states that the South Australian Review (2012) found that Christmas Eve was regarded as significant by 44% of respondents and that this showed strong supportive evidence for the part day public holiday having special status in the community.
6. CCIQ finds it difficult to reconcile that 44% would constitute a consensus as it appears (from the information available) that 66% of respondents do not consider Christmas eve to be significant.
7. Alarming, the CRIS then states that 'no similar measurement has been made of perceptions in the Queensland community...but there is no reason to suggest that survey results in Queensland would be substantially different to South Australia'.

Impact assessment

8. The CRIS states the additional wage costs to business of the proposed part-day public holiday is estimated at \$116 million. This cost represents the distributional impacts of direct wage costs transfer from business to employees.
9. The CRIS fails to provide any quantification of the estimated economic impacts of the proposal from lost production, economic output and reduced economic activity as part of the impact assessment of the options. CCIQ expresses serious concern over the lack of economic analysis undertaken to understand the net impacts of the proposal to the Queensland community.

Preferred option

10. The CRIS fails to present assessment of the net benefits to Queensland which is the requirement for a CRIS under the Queensland Government's Guide to Better Regulation. From the options presented, there appears to be no justification or basis for the preferred option.

Implementation

11. The implementation of the preferred option is noted as coming into effect on Christmas Eve 2019. The CRIS states 'this timeframe will provide sufficient opportunity for businesses to prepare and potentially make decision on whether to open or close'.
12. The CRIS fails to acknowledge the impacts to businesses operating under contract to deliver goods or services such as logistics, food and beverage suppliers, or accommodation providers. For example, accommodation providers have sold rooms at rates set prior to the introduction of the proposal. Such businesses have little to no ability to recoup the additional wage costs or make service adjustments to off-set the direct impact of the proposal.

Business feedback on proposal

13. CCIQ conducted a survey on sentiment of Queensland businesses regarding their support for the proposal (survey of over 200 businesses). Over 70% of respondents were small businesses with 20 or fewer employees.
 - a. **In excess of 50% of respondents opposed the public holiday.** Respondents made the following comments:
 - “Penalty rates cripple small businesses”
 - “We can't afford the wages for service as patrons will not pay a surcharge”
 - “I strongly don't agree. I just don't get it. In this climate I don't get why they are trying to handicap small businesses. “

“A ridiculous idea and I believe this is an unnecessary and additional cost to the business”

- b. **48% of respondents stated that they will close their business** for the day if the part-day public holiday is confirmed. Respondents made the following comments:

“Being a small business, we cannot afford to employ people on public holidays due to the penalty rates. We do not open on public holidays because of this. We lose business because of this”

“We’ll advise clients that our service will not be carried out”

“We will close the office. For emergency call outs we will have to pass the extra costs on to the customer

“We will not open as we can’t afford the penalty rates”

- c. Another **26% of respondents stated that either themselves and/or a family member will work on the day to keep labour costs down.** Respondents made the following comments:

“Remove employees and do the work myself”

“Work with family members or not open”

“Work myself or close altogether”

“I will work and roster the staff off. This is ridiculous”

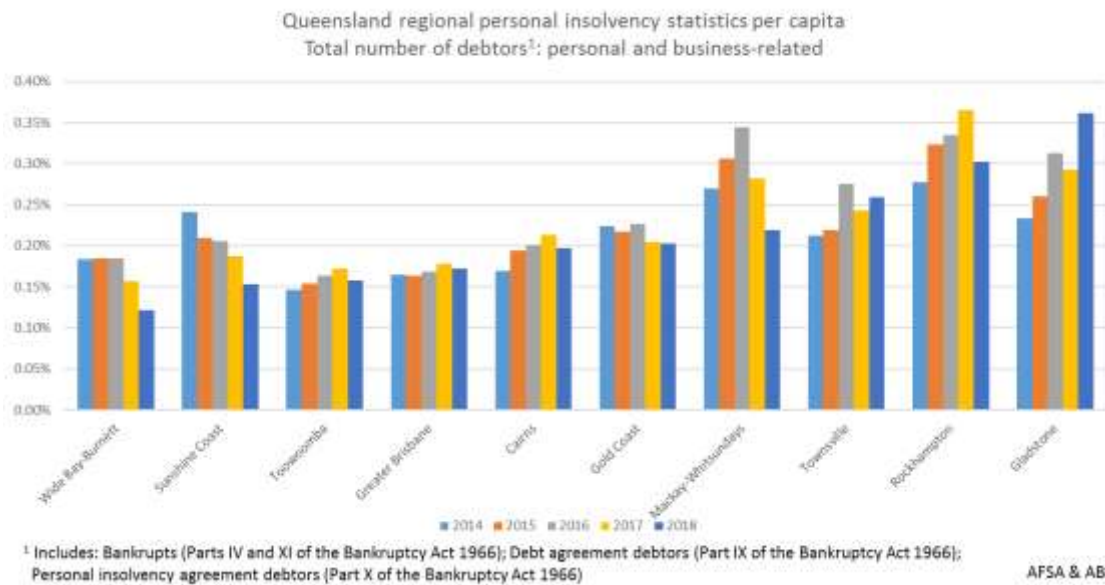
“I as the business keeper will work as it will be too costly to have staff on”

- d. Only 7% of respondents stated that they will open their businesses and absorb the higher labour costs.

Economic conditions and jobs

14. The CCIQ-Suncorp Pulse Survey (of over 600 businesses) for the June 2019 quarter reported that **business labour costs** soared 6.1 points to the **highest index measure of labour costs on record** at 65.3.
15. Small businesses are more likely to be negatively impacted by the proposed part-day public holiday as wage costs represent a greater proportion of overall operating costs. Specifically, staff wages and on-costs (including payroll tax and superannuation) can represent up to 42 per cent of business expenses.

16. Almost half of the businesses in the Pulse survey indicated an increase in salary costs over the June quarter. While a greater proportion of respondents said they had decreased employment levels than those increasing employment levels in June quarter. This is not surprising as the seasonally adjusted monthly hours worked across all Queensland jobs fell by 200 000 in June 2019, compared to December 2018. This result highlights that the private sector in Queensland isn't creating enough jobs and giving staff enough hours.
17. Job creation intentions declined marginally arresting the rather substantial slump in job creation reported during the previous March quarter. Sentiment that is underpinning Queensland's unemployment rate of 6.3% that remains the second highest in Australia and business confidence remains low.
18. The proposed part-day public holiday will further depress economic activity at a time when Queensland businesses are struggling with increasing business costs.
19. CCIQ's analysis of Australian Financial Security Authority (AFSA) and Australian Bureau of Statistics (ABS) data reveals that regional Queensland is bearing the brunt of personal and business insolvencies. Gladstone, Rockhampton and Townsville have the state's highest per capita rates of personal and business insolvency as shown in the graph below:



20. Queenslanders can ill-afford the combined \$158 million wage cost for a half-day holiday at a time when private sector economic growth is slowing.
21. SMEs directly employ 66% of working Queenslanders in the private sector. The proposed part-day public holiday will result in employees missing out on income either as a result of businesses closing their doors or through reduced employment opportunities.

22. The part-day public holiday will clearly exacerbate the problems raised by businesses and the economic conditions facing private sector businesses.
23. CCIQ is not supportive of introducing measures that result in additional costs to businesses, leading to negative impacts on businesses, employees and regional communities.
24. CCIQ highlights that the proposal will result in national inconsistency in public holiday timing. This will result in disruption to Queensland businesses, particularly those who operate across state and territory borders particularly along the east coast – adding another layer of complexity to doing business in Queensland.
25. Fundamentally, the proposal penalises businesses for employing staff and fails to provide any economic basis for the policy change. CCIQ urges the government to consider the regional businesses already struggling with high labour costs and simply unable to absorb the economic and job costs that come with this part-day public holiday.

Conclusion

26. CCIQ thanks the Office for Industrial Relations for the opportunity to provide commentary on the proposed part-day public holiday. If there are any questions in relation to the submission, please contact Gus Mandigora at gmandigora@cciq.com.au