

# Response to the Holidays and Other Legislation Amendment Bill (QLD) 2019

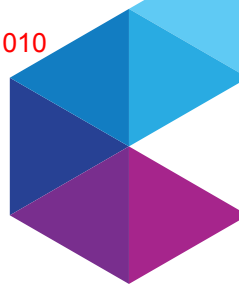


Australian  
Retailers  
Association

AUSTRALIAN RETAILERS ASSOCIATION

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## About the ARA

The **Australian Retailers Association** (ARA) is the retail industry's peak representative body, representing a \$325bn sector employing more than 1.3 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 9,500 independent and national retail members, which operate over 70,000 shopfronts across Australia. The ARA ensures the long-term viability of the retail sector and its position as a pillar of Australia's economy.

Members of the ARA include Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

## Introduction

The **Australian Retailers Association** is pleased to submit to the Education, Employment and Small Business Committee's inquiry into the *Holidays and Other Legislation Amendment Bill 2019*, with specific reference to the proposed amendment of the *Holidays Act 1983* to create a partial public holiday after 6pm on Christmas Eve.

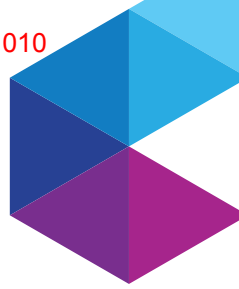
The ARA believes this proposal constitutes exceedingly poor public policy, has been advanced without consultation, and will simply increase costs on business.

## A "Part-Public Holiday" After 6pm

The ARA strongly believes the proposal to subject hours worked after 6pm on December 24 to public holiday loadings should be abandoned. We believe, among other considerations, it is a populist pre-election stunt a year ahead of a state election.

There is no compelling case for this change.

The state government's own modelling indicates a \$137m increase in wage costs for affected businesses, and this figure includes a \$21 million hit to government coffers in the form of increased wages for public servants working between 6pm and midnight on Christmas Eve. Whilst \$21 million may be a small amount in the context of the state budget, we question the wisdom of considering new ways to increase government expenditure at a time the Queensland government is some \$83bn in debt.



The remaining \$116 million in increased wage costs is apparently intended to simply be absorbed by businesses in a range of affected industries, including retail, tourism and hospitality, and the ARA considers this both an unfair impost and, in the case of retail businesses, an unjustifiable attack on a sector that has faced difficult conditions over the past couple of years – a fact underpinned by ABS trade data and well documented in the press.

Indeed, there exists a mentality within some sections of the union movement (which is reflected to varying degrees among ALP MPs) that “business” is simply a bottomless pit that can be plundered at will for political purposes: that commercial enterprises are greedy, cash-engorged entities that must be milked under the guise of “fairness.”

Not only does the ARA vehemently dispute this, but we make the point that the retail industry certainly does not fit this stereotype. At one end, there are thousands of small retail businesses struggling to survive in the face of weak demand, low consumer confidence, high energy costs, endless red tape and regulation, and competition from online retailers; at the other, some of Australia’s largest retailers – which maintain a significant presence in Queensland – have been well reported in the media as facing substantial, if not existential, challenges.

Every business in Queensland which hires staff under the General Retail Industry Award (GRIA) and wishes to trade after 6pm will be adversely impacted by this change if it is formalised.

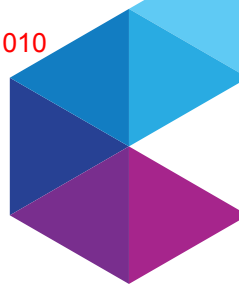
The ARA would like to point out to the Committee that where Queensland retailers are concerned, this state-sanctioned increase in business costs the government’s proposed change would inflict if enacted cannot be recouped through productivity increases (it is not possible, for example, to legislate increased turnover as well as increased wages); nor is it able to be recouped through a surcharge model or similar mechanism as might be open to other sectors, such as the hospitality industry.

Retailers do not operate “surcharge collection” businesses, and any attempt to increase prices to offset higher wages would lead to drastic turnover reductions and, in the longer run, fewer shifts available to employees.

In other words, this measure would reduce employment and incomes – hitting both businesses and their employees alike.

Various government ministers have been quoted in media coverage as saying the implementation of a public holiday in Queensland after 6pm on Christmas Eve will restore some of the reductions in penalty rates that apply on a Sunday in certain sectors, including retail.

This disingenuous argument relies on the “convenient” half of the story – reductions in Sunday penalty rates – without acknowledging that penalty rates on Saturdays, and after 6pm on weeknights, have actually increased; nor does it acknowledge the impact of increases in the National Minimum Wage (which flow through to Awards) or measures such as reductions in PAYE income tax on disposable income. In other



words, this aspect of the government's case to justify the proposed partial public holiday on Christmas Eve is based on a false (and misleading) premise.

The government has pointed to the introduction of a similar measure in South Australia seven years ago, by another ALP government, as a reason to do so in Queensland: just because one government makes a bad policy decision does not mean everyone should do it. Such an argument provides no justification for the change.

The ARA believes that one potential consequence of this change will be that many retailers will simply close their doors at 6pm on Christmas Eve, denying their employees the opportunity to earn any money that evening at all, and restricting consumer choice and options for last-minute Christmas shopping. The impact of this will be compounded in years in which Christmas Eve falls on a night generally subject to late-night trading.

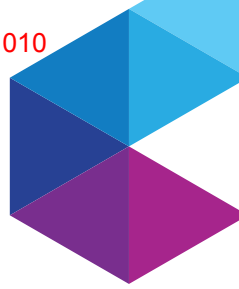
Alternatively, many businesses which do open beyond 6pm will reduce staffing levels to offset the higher hourly rates payable, thus substantially eliminating what the government suggests is a key "benefit" of implementing this proposal; in the case of small retail businesses which might otherwise employ staff, owners may simply elect to run their shops themselves: again reducing the amount of paid employment available to their staff.

Either way, the suggestion that this change be in place in time for Christmas Eve 2019 leaves insufficient time for rostering and other planning. With the Committee due to report on 4 November and the only remaining parliamentary sitting week set for 26-28 November, businesses would be left with less than four weeks to alter their rosters and adjust their planned staffing levels if the measure is legislated at that time. This degree of unseemly haste underlines the ARA's suspicion that this proposal is being pursued with at least one eye on the state election date in October 2020.

We do not agree with any suggestion that businesses have the option of avoiding the increase in their wage costs by closing: such a suggestion is tantamount to an ultimatum that businesses can either submit to a higher wage regime or forego a significant chunk of their pre-Christmas revenues, and is hardly conducive to a pro-business outlook on the part of the state government.

Another consequence, inevitably, will be the absurd situation in which a multi-site retailer pays staff in Coolangatta one rate on Christmas Eve, and staff a few hundred metres away in Tweed Heads something altogether different: indeed, we note that a significant degree of opposition to this measure has been expressed by operators on the southern end of the Gold Coast, and we completely concur with their objections.

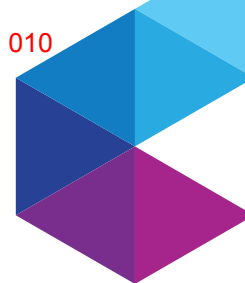
Aside from any other consideration, there is no plausible case of any kind to be made that implementing a partial public holiday after 6pm on Christmas Eve will generate any economic benefits whatsoever – in fact, the opposite is the likeliest result.



## Conclusion

Based on careful consideration of this issue, consultation with Queensland-based stakeholders, and an assessment of the arguments advanced by the state government, the ARA is flatly opposed to the introduction of a partial public holiday in Queensland after 6pm where retail businesses are concerned.

We would welcome an opportunity to appear at a public hearing to expand on this submission – or to answer the Committee’s questions – in greater detail.



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