

Celebrating Matariki

Four ways of making new public holidays work for retail and hospitality.

Issues

Public holidays are a great way to celebrate our nationhood, and a key social activity on holidays is shopping. We kiwis love to get out to celebrate a holiday by heading out to the mall or to lifestyle shops. Kiwis expect shops and cafes to be open on public holidays, and there are economic benefits that arise from this.

However, from a retail and hospitality employers' point of view, public holidays are extremely costly with employers having to foot the bill for two and a half times the normal wage rate. This is because employees who work on a public holiday are entitled to be paid time and a half, plus get an additional day off in lieu; plus the employer needs to have other staff cover the roster when that additional day is taken.

In many cases, retailers do not have the choice to close their businesses on a public holiday because they are contractually required by their lease agreement to be open when a mall is open.

Retail businesses operate on very small net margins: the average net margin in retail is just 3.6 per cent, and this is under pressure as businesses struggle to survive COVID-19. This is not the time to introduce a new public holiday - but there are ways the Government can celebrate Matariki without loading unrealistic costs on the retail sector.

Solutions

Move another public holiday to mid-year in order to celebrate Matariki. This avoids additional costs for employers.

Make Matariki a *Government Holiday* instead of a public holiday. The broader state sector accounts for 24.7 per cent of all workers, so this would create substantial economic benefit without imposing substantial cost on private sector employers.

Specifically legislate to allow retail and hospitality businesses to close their doors on public holidays, no matter what their leases say.

Provide a cash payment to retail and hospitality businesses that have staff working on public holidays equal to the additional costs incurred (time and a half, plus the day in lieu, plus cover). Maximum total cost approximately \$92 million per public holiday - a drop in the bucket compared to the Wage Subsidy.