



Impact of Grand Final public holiday in Victoria, 2015

October 2015

THE VERDICT: NEW 'FOOTY FRIDAY' PUBLIC HOLIDAY IS A BIG COST TO INDUSTRY AND THE VICTORIAN ECONOMY

Ai Group's latest research indicates that Victoria's additional public holiday on Friday 2 October 2015 ('Footy Friday') has imposed a large cost on Victoria's industrial businesses, with regional businesses and communities particularly hard-hit.

Our post-holiday poll of businesses in Victoria's manufacturing, construction, transport, wholesale and other industrial and commercial sectors indicates that among these businesses:

- 85% closed for the day;
- 71% incurred additional labour costs as a result of the additional holiday (including penalty rates paid on the day but also additional paid hours on other days to make up for lost production), averaging additional labour costs of \$14,250 per business; and
- 85% incurred a loss of revenue. The average loss was \$57,500 per business and ranged from \$1,000 to well over \$500,000 per business.

Many businesses noted additional complications arising from this additional public holiday being scheduled in the week before the Labour Day holiday in NSW and other states, and in the same week as a scheduled RDO. They reported big reductions in work and productivity as a result.

These reports from industrial businesses across the state are in line with our pre-holiday research¹, which suggested that three quarters of all businesses with operations in Victoria will close for the entire day if the Friday before the AFL Grand Final is declared a public holiday.

These real-time experiences also echo the regulatory impact modelling by Price Waterhouse Coopers (PwC) (commissioned by the Victorian Government), that estimated the total loss of economic activity due to the public holiday at between \$680 million and \$852 million per year.

¹ Read our Ai Group [media release](#) and [detailed report](#).

On top of that, PwC estimated that Victorian employers would pay additional wages of between \$117 million and \$147 million in penalty rates, if they chose to open for business on that day.

All of this research confirms the damage to business that this unnecessary public holiday has imposed and the urgent need for the Victorian Government to reconsider this day for the future.

Effect on business operations and the local economy

Our post-holiday poll of members from the manufacturing, construction, transport, business services and other industrial sectors across Victoria indicates that among these businesses:

- **85% closed for the day** (with many noting that this public holiday created an unusually long break when added to RDOs and the NSW public holiday the following week); and
- **15% opened for the day**. Most of the industrial, transport and services businesses that chose to open for the day did so in order to serve their international or interstate customers, or because their existing contracts did not allow for this additional public holiday.

This actual experience was in line with our pre-holiday research, which suggested that around 75% of all businesses with operations in Victoria would close for the day.

Among the industrial and commercial businesses that were closed, the overwhelming majority reported a **negative impact**. For many, this came during an especially busy time. For example:

It is the busiest day of the week, yet many businesses were closed. ... How many people were off work and how many attended the Grand Final parade? less than 1%?

The whole week leading up to the holiday had below average business.

Disastrous as it falls in our busy season. In our local area all factories closed.

We supply to retailers most of whom were closed on the day so our industry suffered an overall decline in activity and sales.

Unnecessary day off that created great issues for a national business.

Being a national company and a daily exporter to NZ the sales lost were not recovered. We used the day to do an IT upgrade hence we were closed but next year we will open.

Killed industrial / commercial business.

Our interstate offices thought it was a joke, our interstate and international customers irritated as we have the main distribution warehouse here. All stopped, nothing dispatched on that day, Nationally, for a football day.

Affected our business as we deal with other states in Australia. However we could not open as none of the transport companies were open to pick up the goods.

We are a retailer and in the stores that we opened trade was normal, unfortunately not better In the areas of stores that we closed we felt there was very little trade. Our head office and warehouse were also closed putting our Xmas preparations back. We felt that the whole day was a mess & an expensive disaster.

Regional businesses reported widespread closures, with no local benefits. For example:

All manufacturers in our area were closed. All would have lost production time and sales.

Industry was largely closed. Being on the edge of a tourist area, as expected on public holidays traffic was higher in the area. That does not help manufacturing.

Everywhere was closed in our industrial area.

There was no benefit for the business and our staff did not get involved in the football in any way ... they went away rather than stay in town. ... Some travelled into Melbourne on Friday and everything was closed.

A lot of friends and associates used the day to just get away – none cared about the footy parade – waste of time why go. Make it a city based holiday NOT regional / statewide.

In our industry it meant that businesses closed for the day In the local area it appeared that most businesses including retail were closed for the day.

In country Vic it was ridiculous. Half our customers did not know what it was for. Absolutely unnecessary and irrelevant to anyone outside Melbourne.

All manufacturing and retail service industries and most retail outlets were closed. Those cafes and restaurants that were open were generally working with reduced staff.

Local businesses (mainly manufacturing and servicing) in our area were closed, it felt like a Sunday.

Businesses in the **freight, transport and logistics sectors** were more likely to stay open than other industrial businesses, but several reported logistics problems as a result. For example:

For our business it added ... logistical difficulties as we tried to change delivery schedules for customers that wanted to avoid receiving deliveries on a public holiday.

There was no freight delivered into Melbourne from the day before and no freight despatched to other states on the Friday evening. This led to a dislocation of resources

with drivers, trucks and trailers diverted to other states when they should have ended up in Melbourne on Friday morning.

We are an Interstate Transport company that needs to move goods from point "A" to point "B". To be held up on Friday in Vic. is ridiculous.

A debacle for the Transport Industry, we had mismatched equipment around the country.

Very disruptive and costly to the business, particularly with other states having a public holiday on the Monday. As a transport company, the added labour cost occurs the day before and the first working day after the public holiday as the business tries to cope with the additional workload the holiday distortion causes.

Totally unnecessary holiday. With Victoria out on the Friday and South Australia holiday on the Monday we lost 2 days of delivery time.

Effect on revenue

Although 15% of Victorian industrial and commercial businesses reported that they stayed open for Victoria's first 'Footy Friday', just 3% said they gained an increase in revenue as a result. This small proportion of businesses gained an average of \$15,000 in revenue, with the maximum gain at \$50,000 for the day. An additional 2 businesses reported a small increase in revenue even though they were closed for the day, although their increase in sales may not have been related to the incidence of this public holiday.

Around 10% of businesses reported zero or 'no effect' on their revenue for the day.

The majority of businesses – 85% – reported a material loss of revenue for the day, ranging from 1,000 to over 500,000. The average loss for each of these businesses was \$57,500 for the day, adding up to \$7 million for the 133 businesses reporting their experiences. They reported:

Lost revenue due to inability to ... service customer that day.

Lost productivity and added pressure to service delivery commitments.

Many of our direct customers were closed for the day so sales were down.

Loss of production and revenue. Other than that great day!

Waste of a day – we lost 30 trailers to build that day – complete waste!

In hairdressing, effect on a small business is double: no revenue and still with wages costs. Saturday revenue also lost due to 'long week end' effect.

Lost sales to interstate competitors were noted in several cases. For example:

Particularly negative impact as customers from across Australia directed their requirement on this day to competitors in other states not covered by the holiday. In fact we effectively lost an entire days sales which will never be recouped.

Negative effect, as we lost business interstate.

Effect on labour costs and industrial relations

Businesses reported a range of effects on labour costs, work hours and employee expectations. Many businesses reported that the public holiday disrupted their work arrangements and costs over a greater number of days than the public holiday itself, due to the need to rearrange work allocations, production runs and deliveries before and after the holiday.

Among the businesses participating in our survey, 71% reported an increase in labour costs as a result of the public holiday, even though only 15% stayed open and paid additional penalty rates on the day. The majority paid additional labour costs in 'make-up' time on another day. This amounted to an average additional labour cost of \$14,250 per business, or \$1.8 million in total across all of the 133 businesses reporting their experiences.

For many businesses, the additional labour cost was more galling than the loss of revenue. This is because – for small businesses especially – this extra labour cost was not budgeted for and came directly out of business profits, detracting from business owners' own income and from revenue otherwise available for investment or additional wages at another time. They reported:

Disaster! Paid 100 employees approx. \$75K in wages to do nothing and had to work some on the Sunday to make up lost production, as it was the lesser of 2 evils.

Lost production time - All FT Employees were paid for a day off - Inability to recover labour cost [because] additional public holiday was not built into long term contracts.

Due our enterprise agreement our employees are paid for Public Holidays but do not work. This lost time will likely be recovered with additional weekend work at penatly rates of 1.5 - 2.0.

The holiday added a significant unbudgeted cost to our business. This has meant we have had to find other cost savings to offset including reductions in overtime and casual/labour hire staff.

Very bad day as we lost a day's production and in addition had to pay X 2.5 to the [overnight shift on Thursday night] as our award provides for the whole shift to be paid at [public holiday] rates even though only the last 2 hrs of the shift were worked [on the public holiday]. There was no net benefit for the company, just additional cost.

Our business [supplies] fresh [produce] 24/7 and cannot close. The cost of public holidays is that we pay triple time for all hours worked on a public holiday. This is an extra cost that manufacturing doesn't need in their business. Revenue didn't change.

We had 25 Employees not at work on this stupid Holiday, only us 4 Senior Managers came in to deal with all of our Interstate clients. Our costs were a day's wages for 25 people we told not to come to work, and all flow-on expenditures, in particular, the obscenity of having to also pay payroll tax ... for this wasted day.

Some businesses also reported unforeseen and undesirable industrial relations issues arising from the additional public holiday. These included:

- Staff wishing to take annual leave on top of the public holiday, often at short notice;
- Staff taking Saturday off as well; and
- Staff in states outside Victoria agitating for an additional day off on equity grounds.

For example, these businesses reported:

Saturday revenue was lost due to staff taking a long weekend.

The effect was greater than just one day. Staff combined this holiday to take additional leave.

Having the Friday off also meant that we were unable to get our employees to work on the Saturday.

Majority of industry had to stop for both Friday and Saturday, resulting in lost productivity, lost income and further erosion of our (Australia's) reputation. To catch-up in the following week, significant amounts of overtime had to be paid. Majority of staff and customers surveyed had no intention of attending the parade.

This is crazy. As we are national, now we have to look at giving people in other states an extra day off during the year so that they are on par with those in Victoria.

VIC now has two more Public Holidays than NSW so our employees in NSW are applying pressure to receive a fair and equitable playing field. This will certainly be on the table for their next negotiations.

Some businesses were caught out by the additional complications of public holidays in other states and/or long-scheduled RDOs in the days before and after this new public holiday:

This caused quite a difficulty for start-up and shut down [due to] the NUW picnic day on the Monday before. This meant we had only 3 days in which to operate during a week that is at the end of the first quarter. Our machinery takes several hours to start up and several to close down at the end of the week [adding to the lost production time].

Disruption not appreciated sites closed for 4.5 days with RDO at backend.

Not good as a percentage of our clients took the following Monday as an RDO in the local area which has meant we had to work overtime to meet their needs as a key service provider.

It was a double hit being a national company because of the Public Holiday in NSW and Qld on the following Monday.

Very disruptive and costly to the business, particularly with other states having a public holiday on the Monday. As a transport company, the added labour cost occurs the day before and the first working day after the public holiday as the business tries to cope with the additional workload the holiday distortion causes. The added labour cost above does not take into account the extra cost on days surrounding the public holiday.

More positively, one small business demonstrated the benefits of flexible working arrangements to everyone, by negotiating with its employees to swap the new 'Footy Friday' holiday for an extra day off on the Monday before the forthcoming Melbourne Cup Day (2 November 2015). This arrangement proved extremely popular with this small group of employees (since many wanted to take leave on 2 November anyway) and it helped to minimise the disruption and cost to the business.

Finally, a handful of employers said the extra day off was highly valued by their staff and gave them a 'welcome break' to spend with friends and family or to take a long weekend away. But far more businesses reported that even their own full-time staff (who were benefiting from an extra day off on full pay) questioned the rationale for a paid day off 'just for the football'. One employer questioned the relevance of this type of holiday to an increasingly multicultural and diverse workforce, pointing out that "*None of our staff are interested in Australian Rules Football, the majority are born overseas and follow other sports, it was just a holiday for them*" while another said their "*staff were amused to be given another free 'kick' holiday*".

Appendix: Victorian public holiday post-survey: question and respondents

On Friday 2 October, Victoria experienced its new 'Footy Friday' public holiday for the first time.

The disruption this caused to businesses in Victoria and Australia-wide was compounded by the fact that the following Monday 5 October was the annual labour day public holiday through much of the rest of Australia.

We will continue to speak out against this additional and unnecessary public holiday in Victoria, on your behalf.

Read the Ai Group [media release](#) or [detailed report](#).

Were you open for business or closed for the day?

Open for business Closed for the day

How much were your additional labour costs for the day?

Only numbers may be entered in this field. Answer \$ _____

Was your sales revenue up or down for the day?

Revenue was up Revenue was down

How much was your revenue up / down by?

Only numbers may be entered in this field. Answer \$ _____

What were your impressions of the general effect of this holiday on business in your industry? In your local area? _____

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