



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	Establishing a Matariki Public Holiday	Date to be published	9 August 2021

List of documents that have been proactively released

Date	Title	Author
June 2021	Establishing a Matariki Public Holiday	Office of the Minister of Workplace Relations and Safety
28 June 2021	Establishing a Matariki Public Holiday CAB-21-MIN-0241.01 Minute	Cabinet Office
July 2021	Matariki Public Holiday: Regulatory Impact Statement	MBIE

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of Confidential advice to Government.

Impact Summary: Matariki public holiday

Section 1: General information

<p>Purpose</p> <p>This proposal seeks to establish a new public holiday in the Holidays Act 2003 from 2022 onwards that recognises Matariki. Cabinet agreement is also sought on the dates for the new Matariki public holiday for the next thirty years to 2052.</p> <p>The proposal will increase the number of statutory public holidays from eleven to twelve, which would align with other countries such as Taiwan, Greece, Italy and South Africa. A comparison table with other countries is attached as Appendix 1.</p>
<p>Key Limitations or Constraints on Analysis</p> <p>In its pre-election manifesto, during the 2020 election campaign and in the Speech from the Throne, the Government committed to making Matariki New Zealand’s twelfth public holiday to distinctly recognise and celebrate Te Ao Māori. On 4 February 2021, the Prime Minister announced that the first Matariki public holiday would be celebrated on Friday 24 June 2022.</p> <p>The Speech from the Throne and the Prime Minister’s announcement to create a new Matariki public holiday effectively discounts the status quo as an option as well as Option 3, which is to replace an existing public holiday. For completeness, the status quo and Option 3 have been included in this analysis.</p> <p>Summary of options</p> <p>There are two main variants for implementing a new, additional Matariki public holiday. Option 1 is to have variable dates that follow the Maramataka (Māori lunar calendar) and emergence of the Matariki constellation. The specific date would change from year to year, similar to Easter. Analysis of this option is divided into two sub-options: Option 1 (a Monday holiday) and Option 1A (a Friday holiday). Option 2 is to fix the same day each year and Mondayise or Fridayise the day as necessary if it falls on a weekend, similar to Waitangi Day and ANZAC Day.</p> <p>One alternative option has been considered (Option 3), which would be to replace one of the existing statutory public holidays in the Act with one to celebrate Matariki. The practical effect of this option is that one holiday would be removed from the calendar and a new holiday established in its place to recognise Matariki. While this option is considered generically in this assessment (i.e. one current holiday would be replaced), The Ministry of Business, Innovation and Employment’s (MBIE’s) analysis does not identify or propose which public holiday should be replaced. Our view is that, should Ministers decide to consider this option more fully, further public consultation is necessary to identify which of the existing holidays New Zealanders would want to see removed from the calendar and replaced by Matariki. This assessment does not consider the relative merits of replacing one specific holiday over another. Analysis of this option is also divided into two sub-options: Option 3 (date determined by the lunar calendar) and Option 3A (a fixed date each year)</p> <p>No changes are proposed to shop trading hours or the sale of alcohol in any of the options in this paper so the provisions around these during the Matariki public holiday will be the same as they would for any normal trading day. This means that business</p>

owners may choose to open for trade, which will require some staff to work on the holiday or to close. For those employers who open, the normal provisions in the Holidays Act 2003 regarding additional pay and leave for employees would come into effect.

Key assumptions underpinning impact analysis

To estimate the potential cost and benefit effects of the proposal, MBIE has combined the Quarterly Employment Survey (QES) and Linked Employer-Employee Dataset (LEED) to estimate the wages and the counts of employees across industries. For the QES wage data (including the LEED earnings data for agriculture), MBIE estimated the 2020 wage bill using the average growth rate between 2016 and 2019. The June quarters data from Household Labour Force Survey (HLFS) since 2016 were used to estimate the proportion of paid employees working on each day of the week.

Due to data limitations, this analysis does not account for the potential hours of work variance between the different days of the week at the individual level. The analysis is also unable to account for how employers might alter how they operate their business in response to the new holiday (by changing who works on which day, business owners working instead of employees).

Access to the data used in this analysis was provided by Statistics NZ under conditions designed to give effect to the security and confidentiality provisions of the Statistics Act 1975. The results presented in this study are the work of the author, not Statistics NZ or individual data suppliers.

MBIE is solely responsible for the analysis and advice set out in this Impact Summary, except as otherwise explicitly indicated. This analysis and advice has been produced for the purpose of informing key policy decisions to be made by Cabinet.

Consultation

While there has not been dedicated public consultation on the preferred proposal in this RIS, MBIE considers that there has been open public discussion over the past few years on whether the Government should establish a new public holiday that recognises Matariki. This has usually occurred around the time Matariki is observed in mid-winter, most recently in 2018, 2019 and 2020. A new Matariki public holiday has also been proposed in the Te Rā o Matariki Bill/Matariki Day Bill¹ introduced to Parliament in 2009 and in three petitions to Parliament in 2019 and 2020 (which had a total of 30,000 signatures in support).² A Matariki public holiday was also discussed extensively by online news outlets and the public prior to the 2020 election, particularly after the Labour Party included it as an election manifesto commitment. Further online comment occurred after the Prime Minister's announcement of the date that the first public holiday would be observed in 2022.³

On 14 December 2020, Cabinet established a Matariki Advisory Group (the Advisory Group) to advise on: a date for a Matariki public holiday in 2022 and a forward annual

¹ Te Rā o Matariki Bill/Matariki Day Bill, https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/00DBHOH_BILL9292_1/te-r%C4%81-o-matariki-billmatariki-day-bill

² Stuff, 30,000-strong petition to make Matariki a public holiday moves onto next stage, 24 July 2020, <https://www.stuff.co.nz/pou-tiaki/122241314/30000strong-petition-to-make-matariki-a-public-holiday-moves-onto-next-stage>

³ Stuff, New Matariki public holiday date to move around like Easter, date for 2022 to be announced, <https://www.stuff.co.nz/national/politics/300221005/new-matariki-public-holiday-date-to-move-around-like-easter-date-for-2022-to-be-announced>

calendar for this holiday for the next thirty years to 2052. This RIS addresses these proposals. The Group was also tasked with determining how best to celebrate Matariki by marking its importance in an appropriate manner and identifying the community and educational resources required to support recognition of Matariki, which are not part of this analysis [CAB-20-MIN-0533 refers]. The Advisory Group members are the leading experts in Māori astronomy, the Maramataka (Māori lunar calendar) and mātauranga Māori associated with Matariki and Puanga.

With the Government's election commitment to introduce the new single day public holiday and Prime Minister's announcement in February, MBIE considered that the range of options for delivering this commitment was limited (either create a new public holiday, or remove one and replace it with another).

Additionally, the Advisory Group members are the recognised experts and kaitiakitanga of the mātauranga Māori associated with Matariki, Puanga and the Maramataka. Cabinet agreed that the Advisory Group would determine the consultation approach and engagement process for the first part of the engagement on determining a date for the public holiday.

The methodology for determining the most appropriate date for a public holiday is an expression of mātauranga Māori. Accordingly, the Advisory Group have engaged with Māori and Pacific peoples about their methodology for determining the dates for the Matariki public holiday. These engagements have occurred during the course of, and in addition to, the members' regular interactions with Māori communities. By way of example, some of the individuals and organisations consulted as part of this engagement process are:

- NZ Māori Council
- Māori Land Court Judges
- Wairarapa Dark Sky Committee (Mana Whenua)
- Fulbright NZ (Māori Members)
- Te Mata Punenga
- Te Taura Whiri i te reo Māori
- Te Mātawai
- Te Māngai Pāho
- Department of Internal Affairs
- Ministry for Pacific Peoples
- Auckland Tongan Community
- Radio Wātea
- Te Karere

The Advisory Group has informed us that there is strong support for the new public holiday among Māori and Pacific peoples. There is acceptance that the methodology used to determine the dates for the Matariki public holiday is sound and rooted in mātauranga Māori. The Advisory Group will continue to engage with Māori, Pacific peoples and wider Aotearoa New Zealand communities on education and community

resources for Matariki, and appropriate ways for the public holiday to be marked and celebrated.

MBIE has engaged with BusinessNZ and the New Zealand Council of Trade Unions on this proposal. Business representatives noted that the main benefits of the new holiday would accrue in the hospitality and tourism sectors. There was also support for attaching the new public holiday to a weekend.

The Employers and Manufacturers Association noted that businesses would see the new holiday as another cost and it would be unlikely to encourage more domestic tourism. Their preference is to exchange one of the existing public holidays. The Tourism Industry Aotearoa supported the idea of a new public holiday *“to break up the long gap between Queen’s Birthday weekend in June and Labour Weekend in October.”* They noted that visitor spending *“over a long weekend is two to three times a standard weekend because it gives people the incentive to take a trip to other parts of New Zealand.”*⁴

Similarly, the E tū union noted its support for the introduction of an additional paid public holiday for workers to recognise Matariki as holiday that would be unique and indigenous to Aotearoa and would break up the mid-winter period between the existing public holidays in June and October.⁵

Responsible Manager (signature and date):

Chris Hubscher



Employment Standards Policy

Workplace Relations and Safety Policy; Labour, Science and Enterprise

Ministry of Business Innovation and Employment

To be completed by quality assurers:

Quality Assurance Reviewing Agency:

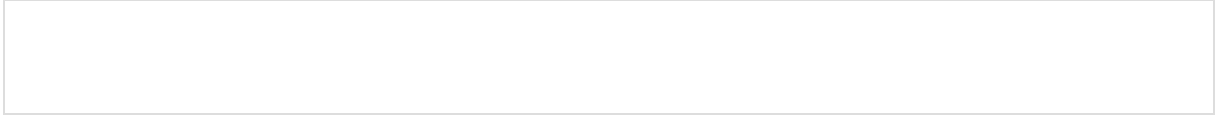
Ministry of Business Innovation and Employment

Quality Assurance Assessment:

Reviewer Comments and Recommendations:

⁴ Stuff, Official advice suggests new Matariki public holiday will cost businesses up to \$448m, February 2021, <https://www.stuff.co.nz/national/politics/124318225/official-advice-suggests-new-matariki-public-holiday-will-cost-businesses-up-to-448m>

⁵ E tū, One step closer to Matariki holiday - <https://www.etu.nz/category/general/>



Section 2: Problem definition and objectives

2.1 What is the policy problem or opportunity?

The problem that this proposal responds to is that New Zealand currently has no public holidays that specifically recognise or celebrate Te Ao Māori, Māori culture and appropriately recognise Māori as Treaty of Waitangi partners. This means there is limited balance between our “imported” holidays and “indigenous” holidays. Our eleven current public holidays originate from:

- Christian religious or calendar-related cultural festivals (Christmas, Boxing Day, Good Friday, Easter Monday, New Year)
- commemorating historic and nationally significant events (Waitangi Day, ANZAC Day, Labour Day)
- honouring the sovereign’s birthday (Queen’s Birthday), and
- recognising dates that European settlers arrived in New Zealand’s regions or dates of specific local events or proclamations (Provincial holidays).

Public holidays reflect the values that New Zealanders share and want to see represented in the calendar and, as noted previously, there is public support for Matariki to be acknowledged. If no further action is taken, the status quo would continue unchanged with the current number of public holidays available to workers would remain unaltered. The existing eleven statutory days would continue to be recognised as they have for the past forty-seven years, since the introduction of the Waitangi Day holiday in 1974.

Recognising the significance of Matariki to Māori through a public holiday is an important opportunity to give practical effect to the Treaty and acknowledge the mātauranga Māori associated with Matariki.

The importance of Matariki to Māori

The predawn rising of Matariki in the mid-winter sky marks the beginning of the Māori New Year and, for many Māori communities, it ushers in a period of ceremony and celebration. Matariki is an abbreviation of ‘Ngā Mata o te Ariki Tāwhirimātea’ – The Eyes of the God Tāwhirimātea and refers to a cluster of stars also known as the Pleiades that rises in mid-winter.

Matariki is a period of time rather than a specific day or event. There are a number of tribal and regional differences in determining when the Māori New Year is observed. These variations are based on unique regional and tribal knowledge bases where localised environmental factors and practices inform the correct Māori New Year period. For some iwi, the pre-dawn rising of Matariki, in the correct lunar phase of the correct lunar month, heralds the Māori New Year. For other tribes, Matariki is replaced by Puanga (Rigel) as the major maker of the New Year, while some look to Atutahi (Canopus). There are also regions where the setting of Rehua (Antares) in the winter is used to identify the correct period of time. Additional factors that feed into determining when the observance period begins and how long it lasts include the position of the sun, the lunar phases, the lunar months and location specific environmental events.

Another consideration in determining an appropriate period for a Matariki celebration is that our modern society adheres to a Gregorian solar calendar year, which is 365.25 days long, and aligns with the procession of the earth around the sun. This is different to

a Māori calendar year, which, for the most part, is a stellar lunar system that is only 354 days long. This means there is an eleven day difference between a solar year and a lunar year. Māori use a system of intercalation, applying an additional month to the calendar every three years to reconcile the difference between the solar year and the lunar year.

Traditionally, the re-appearance of Matariki in the morning sky during mid-winter coincided with a traditional ceremony called ‘whāngai i te hautapu.’ The first part of this ceremony was dedicated to **remembrance**, honouring those who had died since the last rising of Matariki. Following on from the formal ‘whāngai i te hautapu’ ceremony, Matariki was a period of celebration and festivities. Communities and whānau would gather together to give thanks for all the blessings of the past year, **celebrate the present** and to reconnect with each other. Mid-winter was a time of rest and relaxation for Māori at the end of the busy harvest season. Food and feasting was a central element in Matariki, and people came together to share the fruits of the harvest. The third part was **looking to the future**, where communities and whānau would plan for the impending season. Communities and whānau discussed at length their hopes and desires, concerns and fears and decided on their approach to various activities in the new year. It was a time of learning, sharing, discussion and decision making. One of the key points of discussion during Matariki was the environment, especially the health of the environment. Māori understood that their lives depended on them maintaining a strong connection to the physical world and caring for nature.

Timing for decisions

This proposal needs to be addressed now in order to pass legislation in time for the first public holiday to be recognised on Friday 24 June 2022. This will deliver on one of the Government’s election commitments and would provide workers with an additional day’s statutory leave on a day that would otherwise be a working day. While the announcement in February 2021 has signalled the Government’s policy intent, passing legislation in the first quarter of 2022 will give employers sufficient time to budget for the change and update their human resources and payroll systems to implement the holiday for their staff by June 2022.

Confidence in this analysis

There is significant uncertainty related to the potential impacts of the options, particularly with respect to the assumptions and estimates of how employers and employees would choose to respond the day’s holiday. For example, business owners will decide whether to open or close on the day. Employers choosing to operate on a public holiday are highly likely to look to manage the additional costs of the holiday. For example, small businesses could substitute paid staff with owner and/or family working on the day. In addition to this, those employers that remain open may choose to roster fewer staff than they would on a normal trading day and/or reduce services requiring fewer employees. Some may increase prices or add holiday surcharges to their invoices. There may also be employees who choose not to work so they can enjoy the day off with friends, whānau or to undertake leisure activities.

Additionally, quantifying the benefits, particularly the value and individual benefit of leisure time for people who have an additional day away from work is very subjective, so there is uncertainty in these estimates. There is also some uncertainty about the nature of the impacts and the net effect on the economy as a whole. Many of the impacts of a

new public holiday are distributional only and are simply transfers from one group to another. For example, the payment of penalty wage rates to employees who work on the day are an additional cost to an employer that has a direct and commensurate benefit to the employee who receives the additional wage, but no net impact on the economy.

2.2 Who is affected and how?

The key objective of establishing a new public holiday recognising Matariki is to acknowledge Māori culture and to recognise the importance of the mātauranga Māori associated with Matariki. For most people, this would provide them with an opportunity to have a break from work; to travel and spend time with their whānau and friends; reflect on the past year and plan for the next; and undertake leisure activities in their homes and communities. Holidays can contribute to improving employee well-being by reducing stress, helping to prevent burn-out and promote work-life balance. The benefits of work-life balance to the employer can include increased productivity; improved recruitment and retention; lower rates of absenteeism; reduced overhead; an improved customer experience; and a more motivated, satisfied workforce.⁶

Who would be affected

A new public holiday will affect all employers and employees in New Zealand as well as their families. There are approximately 2.8 million people employed in March quarter 2021 with 2.2 million paid employees plus around 355,000 self-employed persons.

The Holidays Act 2003 does not apply to self-employed people so they are not included in MBIE's analysis of the effects of the new holiday on employees work, leisure time and wages. However, the economic impact of the public holiday on their businesses would be reflected the estimated change in economic activity (GDP) noted below.

For Option 1, MBIE estimates that approximately 1,561,000 wage and salary earners (employees) would benefit from the additional leisure time associated with the day off work if the Matariki holiday is on a Monday and 1,617,000 employees if it is on a Friday. Excluding the people noted above, who would be working on the public holiday, the numbers reduce to 1,184,000 on Monday and 1,240,000 on Friday.

For Option 2, the number of employees who will benefit is very dependent on the day Matariki lands. Assuming Matariki is equally likely on each of the day of the week, the average is 1,656,000 workers or 1,279,000 workers excluding people who would be working on the day.

MBIE estimates that there would be approximately 377,000 employees who would work on a statutory public holiday.

The following tables show the demographics of the paid employees who would usually work and would benefit from the additional day off work, shown by day. The higher the percentage number, the more people of that group who would have the day off. The balance of the percentage (to 100%) would be the proportion of each group's employees who would work on the day.

⁶ Elizabeth Halkos, The Power of Vacation in Employee Wellness, <https://www.corporatewellnessmagazine.com/article/power-vacation-employee-wellness>

The data shows that, for the preferred Option 1A (Friday), there are no disproportionately affected groups who would have greater access to the statutory leave day than other groups. Slightly higher proportions of female, Māori and Pacific Peoples employees (Table 2) would have an additional day off than the general population (all non-casual paid employees). Households with children (Table 4) would have slightly less access to the additional time off than the general population.

Table 1. Estimated number of workers who would benefit from the additional leisure time

Day	Non casual Paid Employees	Non casual paid employees (excluding those who will be working on this day)
Monday (Option 1)	1,561,000	1,184,000
Tuesday	1,695,000	1,318,000
Wednesday	1,705,000	1,328,000
Thursday	1,698,000	1,321,000
Friday (Option 1A)	1,617,000	1,240,000
Saturday - Fridayised	1,681,000	1,304,000
Sunday - Mondayised	1,632,000	1,255,000
Total	2,100,000	1,723,000

Table 2. Demographic of affected workers who usually work on the day

Day	Māori	Pacific Peoples	Female	Non casual Paid Employees
Monday (Option 1)	73.7%	77.9%	77.7%	74.3%
Tuesday	81.6%	83.1%	84.3%	80.7%
Wednesday	82.3%	83.3%	84.7%	81.2%
Thursday	81.9%	83.3%	84.5%	80.9%
Friday (Option 1A)	77.8%	80.8%	81.4%	77.0%
Saturday - Fridayised	78.7%	83.2%	83.7%	80.1%
Sunday - Mondayised	79.7%	81.1%	80.7%	77.7%
Total	304,000	135,000	1,075,000	2,100,000

Table 3. Demographic of affected workers who usually work on the day

Day	Number of Māori usually work on this day	Number of Pacific Peoples usually work on this day	Number of Female usually work on this day	Number of non casual Paid Employees usually work on this day
Monday (Option 1)	224,000	105,000	836,000	1,561,000
Tuesday	248,000	112,000	906,000	1,695,000
Wednesday	250,000	112,000	911,000	1,705,000
Thursday	249,000	113,000	909,000	1,698,000
Friday (Option 1A)	236,000	109,000	875,000	1,617,000

Saturday - Fridayised	239,000	112,000	900,000	1,681,000
Sunday - Mondayised	242,000	110,000	867,000	1,632,000
Total	304,000	135,000	1,075,000	2,100,000

Table 4. Household type of affected workers who usually work on the day

Day	with Partner	with Child(ren)	With Partner and Child(ren)	All non casual Paid Employees
Monday (Option 1)	74.8%	73.4%	74.0%	74.3%
Tuesday	81.2%	79.6%	80.1%	80.7%
Wednesday	81.7%	79.8%	80.4%	81.2%
Thursday	81.3%	79.5%	80.1%	80.9%
Friday (Option 1A)	77.2%	75.8%	76.2%	77.0%
Saturday - Fridayised	79.9%	79.2%	79.3%	80.1%
Sunday - Mondayised	77.8%	77.0%	77.3%	77.7%
Total	1,488,000	1,113,000	936,000	2,100,000

2.3 What are the objectives sought in relation to the identified problem?

A Matariki public holiday would be unique to Aotearoa and would acknowledge and further strengthen our shared sense of national identity. It can give Māori across the country a chance to share this important mātauranga Māori and its traditions, history and stories with the rest of New Zealand. It would provide an additional day for communities and whānau to gather together, as they have traditionally have done to remember the past, celebrate the present and plan for the future.

A secondary purpose is to acknowledge New Zealand's connections to Pacific peoples. Matariki is also an important time of the year for many indigenous Pacific peoples. In the Cook Islands, the constellation Pleiades is also known as Matariki. Around the Pacific, it is called Mataliki (Tokelau, Niue, Tuvalu, Tonga, 'Uvea and Futuna); Matali'i (Samoa), Matari'i (Tahiti) and Makali'i (Hawaii). Matariki was and is still of great significance for Pacific peoples for spiritual, environmental and cultural reasons.

This proposal seeks to achieve the following objectives:

1. The primary objective of establishing a new public holiday recognising Matariki is to give practical effect to the Treaty of Waitangi and acknowledge the mātauranga Māori associated with Matariki.
2. The second objective is to enhance the role that public holidays play on significant religious, cultural and national occasions in bringing our communities together. This includes acknowledging New Zealand's connections to Pacific peoples.
3. The third objective is to increase the opportunities for individuals to have a break from work, to travel and spend time with their families and friends, and to undertake leisure activities in their homes and communities.

Section 3: Options identification

3.1 What options have been considered?

Option 1: New public holiday with the date determined by the Maramataka (Māori lunar calendar) recognised on the nearest Monday or Friday. This number of public holidays available to employees prescribed on the Holidays Act 2003 would increase from eleven to twelve. The new holiday would replace an existing work day.

This option recognises mātauranga Māori as the date in Māori tradition changes in accordance with Maramataka (the Māori lunar calendar). It can also acknowledge the tribal and regional differences in determining when the Māori New Year is observed.

Analysis of this option is divided into two sub-options: Option 1 (a Monday holiday) and Option 1A (a Friday holiday).

Option 2: New public holiday recognised on a specific date that remains the same every year. Matariki would be recognised on a defined, singular date similar to ANZAC Day in the years where the date falls on a weekday and be Mondayised or Fridayised when it falls on a weekend. The new holiday would replace an existing work day.

While Option 2 provides the same benefits and costs as Option 1, it is not as aligned with the objectives of acknowledging mātauranga Māori and Māori culture. It would not acknowledge the Maramataka or, more particularly, the *“unique regional and tribal knowledge bases where localised environmental factors and perceptions inform the appropriate New Year period of time”*. This means a static public holiday is more likely to become disconnected from the purpose and principles for which it has been established. Over time the Te Ao Māori focus of Matariki could be less relevant to non-Māori and so the public holiday could simply become another day off work.

When the holiday falls on a Tuesday, Wednesday or Thursday, the opportunity for and value to individuals having a break from work, travelling and spending time with their families and friends is reduced as there is only one day available to achieve do so. Its occurrence on varying days of the week in each year could also create planning and management issues for schools, businesses and communities. There could be additional economic effects as there is likely to be greater disruption to production on mid-week days than there would be a Monday or a Friday.

Option 3 below has also been identified but, alongside the status quo, this option has effectively been discounted by the Government’s pre-election commitment and the Prime Minister’s announcement on 4 February 2021 of a new holiday in 2022.

Option 3: Replace one of New Zealand’s existing public holiday with one to recognise Matariki. The practical effect of this option is that one existing holiday will be removed from the calendar and a new holiday established in its place to recognise Matariki. Similar to Options 1 and 2, consideration would need to be given on whether the replacement Matariki holiday would have a variable date or have a fixed date in the calendar. The costs and benefits of this option would depend on the holiday selected to be replaced as some holidays, such as Good Friday, Christmas Day and ANZAC Day have restrictions on shop trading hours that would reduce businesses ability to recover their costs through trade but would not require the payment of penalty rates as employees would not be able to work.

Analysis of this option is also divided into two sub-options: Option 3 (date determined by the lunar calendar) and Option 3A (a fixed date each year).

As noted previously, MBIE has treated this option generically, meaning that the costs and benefits of the day are assumed to be the same as Options 1 and 2 for the full day off work. However, the net impact on New Zealand's annual economic activity would be unchanged from the status quo as this option is a transfer of an existing public holiday from one date to the new dates for Matariki.

Should Ministers decide that this option is preferred, MBIE recommends that further public consultation to determine which public holiday should be replaced.

Option 4: Do not establish a new Matariki public holiday (status quo). New Zealand would have the same number of public holidays (11) with the current dates and their distribution throughout the year remaining unaltered (the status quo).

For all the options noted above, and as noted previously, no restrictions on shop opening hours or the sale of certain restricted goods such as alcohol on Matariki public holidays are proposed. This means that the economic impact on business revenue is less than for holidays such as Christmas Day, Good Friday and ANZAC Day where reduced opening hours limit the opportunity for retail outlets to trade to recover the additional costs of the public holiday.

Other identified options that have been discounted

An option of recognising Matariki as a regional holiday was also identified, which would be similar to regional anniversary days, where each region could choose the date and whether to call it Matariki or Puanga. This option was discounted as, if regional holidays differ, this would reduce the opportunity for whānau and friends from different regions to gather together to recognise Matariki in a co-ordinated way. This option would also not provide certainty for businesses, schools and employees, especially those that operate nationally, to plan their production, opening times, classes and holiday breaks.

Options for the public holiday to be longer than one day, similar to Easter, were also not considered. While options like this would help acknowledge Matariki as a period of time and not a single day, the additional lost production time and paid days off for employees would significantly increase the costs to employers and net impact on the economy, depending on the assumptions made on the value of leisure time. Additionally, the new Government's commitment was clear cut – establish a single day, public holiday falling over the Matariki period – which discounts this option.

The benefits of a Monday or Friday public holiday for Matariki are largely the same, however, a Friday public holiday may be preferable for people who do not work a standard five-day week

The social and cultural benefits, as well as the benefits of paid time off for rest and recreation for employees, are not reliant upon which day of the week the public holiday falls on.

A key difference between a Monday or a Friday public holiday for Matariki (proposed in Options 1, 1A and 3) is that a Friday holiday would introduce greater variety to New Zealand's public holiday calendar. This would benefit those employees that do not ordinarily work Mondays and miss out on many public holidays as a result. Many of New

Zealand's public holidays fall on a Monday or are 'Mondayised'. In practice, this means that people who work a pattern other than Monday to Friday may not receive the same number of paid holidays as those who work the traditional Monday to Friday working week. For example, an employee working Monday to Friday will be entitled to 11 public holidays in 2021, while an employee working Tuesday to Saturday will only be entitled to six.

The costs of a Friday holiday are slightly more than those for a Monday due to a higher number of employees taking leave on a day they would normally be working.

Many members of the public have written to the Government and MBIE regarding this issue. Some have suggested that employers deliberately structure rosters so as to reduce the cost of public holidays, and that 'Mondayisation' of public holidays creates additional inequities.

The Holidays Act Taskforce considered this issue and discussed establishing a 'pro-rata' public holidays entitlement based on the average number of days per week worked. However, as it would add complexity and cost for employers, the Taskforce was unable to reach agreement about recommending the establishment of such an entitlement.

Introducing a public holiday for Matariki on a Friday would not eliminate the potential inequities discussed in this paper. However, it would benefit those workers who currently miss out on many public holidays and would not disadvantage Monday to Friday workers.

3.2 Which of these options is the preferred approach?

Option 1A (a new Friday public holiday) is the recommended option. Option 1A aligns better with the objectives of acknowledging mātauranga Māori and Māori culture as it would follow the lunar calendar, which reflects the Māori traditions, practices and history associated with Matariki. It also reflects that Matariki occurs over a longer period of time than a single day.

In its initial report, the Matariki Advisory Group noted: *"There are a number of beliefs, ideas and applications associated with the timing of Matariki and the celebration of the Māori New Year. These variations are based on unique regional and tribal knowledge bases where localised environmental factors and perceptions inform the appropriate New Year period of time. For some iwi, Matariki is replaced by Puanga (Rigel) as the major maker of the New Year, and the lunar phases, lunar months and locational specific environmental factors all feed into determining when the celebration period begins and how long it lasts."* This option would best encompass the variations in how Matariki is recognised across different iwi and regions.

For workers who predominantly work Monday to Friday, this new public holiday would provide an additional days' leave from work and replace an existing work day. For workers required to work on the day, the additional pay rates and day in lieu provisions of the Act would apply. Employers would mostly bear the costs of this option through reduced production and increased labour costs that would only be partially offset by increased tourism and consumer spending.

Option 1A also best achieves the second and third objectives as always having the holiday adjacent to the weekend enables employees to maximise the time they have to travel to meet whānau and friends. It also means that businesses that traditionally

operate for the five weekdays would not have their work week broken into two shorter segments. Having a fixed day (Option 2) is potentially less efficient, if the holiday occurs mid-week, than a single block of four continuous work days prior to or following the holiday.

The estimated net economic impact of Option 1A is estimated to have between a net positive (benefit) of \$25.7 million and a net negative (cost) of \$133 million. This is similar to Option 1 (\$27.3 million to -\$124.3 million) and less than Option 2 (\$13.1 million to -\$150.7 million). These figures represent the net difference of benefits less costs, relative to the status quo i.e. doing nothing has no additional costs or benefits to the economy. While the costs can be relatively easily identified and quantified, some of the benefits are more qualitative and subjective, particularly the estimates of and assumptions made around the value of people's leisure time, which is a significant proportion of the benefits input into the net impact calculations.

Estimating the personal and economic benefits of leisure time is difficult because the benefits are subjective and the extent to which they are derived is different for each person. These estimates involve monetising an intangible benefit that may or may not be measurable as a return to either the employee, in terms of rest, recuperation or time with whānau, or the employer or the economy in terms of higher productivity. However, given the choice between more pay and more holidays, the literature suggests that many respondents choose more holidays. In a 2002 study it was found that 51.6 per cent of those surveyed preferred a holiday to an equivalent pay rise.⁷ This suggests that paid holidays offer a tangible and real benefit to most employees.

While Option 3 aligns with the objective of acknowledging mātauranga Māori and Māori culture by recognising Matariki as a holiday, it does not provide the benefits of an additional day's leave that would be enjoyed by most employees in Options 1, 1A and 2.

The changes to other costs and benefits of Option 3 would vary depending on the holiday that would be replaced. Therefore, replacing a similar holiday (such as Labour Day or Queens Birthday) "like for like" where shops are allowed to open and trade any goods would result in only marginal changes to the benefits and costs of the new holiday, depending on whether people's travel and consumer spending increased. Replacing a day where shopping restrictions exist (such as Easter Monday or ANZAC Day) might have a marginally positive benefit by allowing shops the opportunity to recover their costs (albeit offset by additional labour costs). However, replacing these holidays is likely to be more contentious and would require further public consultation.

While Option 4 is the least cost option, it does not align with the primary objective of acknowledging mātauranga Māori and Māori culture by recognising Matariki as a public holiday. Similar to Option 3, it also does not deliver on the third objective of increasing the opportunities for people to have a break from work and gather together for family and leisure activities.

A summary table of the options analysis, including costs and benefits, is shown overleaf.

⁷ Denniss, R, 'Annual leave in Australia: An analysis of entitlements, wage and preferences', *The Australia Institute Discussion Paper No. 56*, 2002, Canberra. Cited in Pocock, Skinner and Pisaniello, 'The Australian Work and Life Index 2010', University of South Australia, July 2010.

Options analysis – summary table

Criteria	Option 1 (Monday)	Option 1A (Friday) Recommended	Option 2	Option 3	Option 3A	Option 4 (Status quo)
For all options, no restrictions on shop opening hours or the sale of certain restricted goods such as alcohol on Matariki public holidays are proposed.	<ul style="list-style-type: none"> New public holiday Date determined by lunar calendar Varies each year similar to Easter Recognised on a Monday 	<ul style="list-style-type: none"> New public holiday Date determined by lunar calendar Varies each year similar to Easter Recognised on a Friday 	<ul style="list-style-type: none"> New public holiday Fixed date each year Recognised on either Monday or Friday if date occurs on weekend 	<ul style="list-style-type: none"> Existing public holiday replaced by Matariki Date determined by lunar calendar Recognised on either Monday or Friday 	<ul style="list-style-type: none"> Existing public holiday replaced by Matariki Fixed date each year Recognised on either Monday or Friday if date occurs on weekend 	<ul style="list-style-type: none"> No change to existing public holidays Public holidays do not expressly recognise Matariki
<ul style="list-style-type: none"> Acknowledge Māori as Treaty partners - gives practical effect to the Treaty and recognises the kaitiakitanga of the mātauranga Māori around Matariki 	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✗
<ul style="list-style-type: none"> Acknowledge mātauranga Māori – Matariki is traditionally determined using the Maramataka (lunar calendar) 	✓ ✓	✓ ✓	✓	✓ ✓	✓	✗
<ul style="list-style-type: none"> Provide additional, co-ordinated time for people to rest, travel to meet friends and family and/or undertake leisure activities 	✓ ✓	✓ ✓	✓ ✓	✗	✗	✗
<ul style="list-style-type: none"> Provide predictability and certainty for businesses and schools i.e. the date is similar each year to allow future planning 	✗	✗	✓	✗	✓	✓ ✓
<ul style="list-style-type: none"> Mitigate the additional costs of lost production and paid leave to the economy 	✓	✓	✗	✓ ✓	✓	✓ ✓
Summary of benefits and costs	Monday holiday	Friday holiday				
Estimated Benefits (\$ million)	303.2 to 454.8	310.4 to 469.1	315.3 to 479.1	Same as status quo	Same as status quo	-
Estimated Costs (\$ million)	427.5	443.4	466.0	Same as status quo	Same as status quo	-
Estimated net impact to the economy (\$ million) - Negative figures denote a net cost	27.3 to -124.3	25.7 to -133.0	13.1 to -150.7	Same as status quo	Same as status quo	-

Section 4: Impact Analysis (Proposed approach)

4.1 Summary table of costs and benefits of the preferred option, Option 1A (Friday)

Affected parties (identify)	Comment: nature of cost or benefit (e.g., ongoing, one-off), evidence and assumption (e.g., compliance rates), risks	Impact – monetised and non-monetised
Additional costs of proposed approach, compared to taking no action		
Regulated parties	Labour costs for employers – included costs to wider Government	\$395.2 million (Friday)
	Transfer of additional wage payments (penalty rates) from employers to employees who work on public holidays plus the cost of the day in lieu of holiday	\$41.6 million
	Loss of income and hours of work for casual workers	\$6.6 million (Friday)
	Increased costs for consumers through price increases and holiday surcharges to cover increased labour costs	Low
Regulators	Communications promoting rights and obligations on social, print and broadcast media; Service centre and social media enquiries on rights and obligations; Government enforcement actions. This is the average annual cost over the life of the policy and will be funded from within existing departmental baselines.	\$0.02 million
Wider government	Central and local government cost estimates from the Public Administration and Safety, Education and Training, Health Care and Social Assistance and Electricity, Gas, Water and Waste Services sectors/ ANZSIC industry classifications.	(\$7.1 million) Included in the transfer of additional wage payments noted above
Total Monetised Cost		\$443.4 million (Friday)
Non-monetised costs		Low
Expected benefits of proposed approach, compared to taking no action		
Regulated parties	Additional leisure time for employees and their families (50% – 100% of average wage)	\$158.8 million - \$317.5 million (Friday)
	Increased domestic tourism and consumer spending (low estimate included)	\$110 million
	Increased wages for employees - Transfer of additional wage payments (penalty rates) to employees who work on public	\$41.6 million

	holidays plus the cost of the day in lieu of holiday	
Other parties	Social and cultural benefit of recognising the mātauranga Māori associated with Matariki	High
Total Monetised Benefit		\$310.4 million – \$469.1 million (Friday)
Non-monetised benefits		High

Estimated net impact of the proposed additional Matariki public holiday

The net impact of the recommended option (Option 1A – Friday) is estimated to have between a net positive (benefit) of \$25.7 million and a net negative (cost) of \$133 million depending on the assumptions made about the value of people’s leisure time.

The net impacts of the other options considered are noted in the table on page 13.

The costs and benefits noted are for a single day within the next calendar year. They are expected to be incurred every year and increase gradually over time due to inflation and/or wage adjustments. As it is intended that the Matariki public holiday is enduring, MBIE has only estimated the annual costs and has not attempted to provide a total cost for all the years that this policy would be in place. The estimated costs and benefits are explained below.

Estimated labour market and employment costs of a new public holiday

The **labour costs to employers** (excluding penal rates to ordinary wages noted below) are estimated to be between **\$379.4 million and \$417.4 million** per day depending on the day of the week that is selected for the public holiday. For the purposes of this analysis, this is assumed to be the cost of foregone production due to businesses and other employers not operating that would result in a net economic cost for New Zealand.⁸ These costs tend to be concentrated in industries that operate across the entire week, such as retail, hospitality, accommodation and essential emergency and community services. Some employers may be able to pass on a portion of these labour costs to customers through surcharges while others may seek to manage costs by reducing hours, availability of goods and services or employing fewer staff. MBIE’s analysis identified that the daily wage bill amounts vary significantly between the different industries, however, they are all very similar if expressed as a percentage of the total weekly wage bill (between 13.7 per cent and 20.6 per cent, depending on the industry and the day of the week).

For the proposed options, the **transfer of additional wage payments (penalty rates) from employers to employees who work on public holidays** is estimated to be approximately **\$41.6 million** per day for each option. This includes the cost of the day in lieu of holiday required by legislation. This has a distributional effect that has no net impact on economic

⁸ The impacts of the new public holiday on GDP and the total wage bill should be considered separately. They have not been used together in the cost calculations as there is a risk of double counting the labour component of GDP. Given the two set of numbers are fairly similar, MBIE has used the total wage bill as a proxy for the total cost of the holiday to the economy (the estimated net GDP impact of a Friday public holiday, without shopping restrictions, is \$352 million for the day, calculated as 0.5% of the total Q2 GDP from 2020 – see page 16).

activity as the additional cost to an employer is also a benefit in the same amount to the employee who receives the additional wage.

The costs to employers of additional public holiday wages, however, are not evenly distributed among those firms that bear them. Industries where employers already operate on public holidays, such as health services, retail, accommodation and restaurant and catering services, are the ones most likely to be affected by these transfers. This means that the benefits of more pay for working on a public holiday are also not spread evenly among the different categories of New Zealand workers, but are more likely to be concentrated on people working in industries noted above, which are generally open seven days a week. There is no wage transfer impact for employers that do not operate on public holidays as their employees would not earn the additional public holiday penalty rates.

Some employees may have reduced hours of work and experience loss of income if business owners decide to not open on the public holiday. For casual workers, the additional leisure time provided by the day off would reduce their income as they are only paid for those days worked. MBIE estimates that, for Option 1, 39,000 (Monday) and 42,000 (Friday) casual workers could potential be impacted at an estimated cost to casual employees of **\$6.5 million** for a Monday and **\$6.6 million** for a Friday. For Option 2, we have assumed the long term average of daily casual workers, which is approximately 43,000 people at an estimated cost to casual employees of **\$7.0 million** for the day.

Options to restrict shop trading hours or the sale of alcohol on the public holiday would further increase the costs of the new public holiday. However, the Advisory Group has not recommended that any restrictions are put in place and so any additional cost from these options have not been included in this analysis. This means that some business owners may choose to open for trade, which will require some staff to work on the holiday. For those employees, the normal provisions in the Holidays Act 2003 regarding additional pay and leave would come into effect.

Estimated leisure and tourism benefits to individuals and businesses

Overseas research notes that there are social capital gains to individuals and the community from the observing of public holidays.⁹ PricewaterhouseCooper's (PwC's) 2015 analysis for the Government of Victoria, Australia¹⁰ notes that ***“public holidays have been found to facilitate the co-ordination of leisure time and allow people to maintain social contacts more easily. Social contact with friends and family and the maintenance of social contacts have been found to increase the benefits of leisure.”***¹¹ *While leisure time can be provided through other forms of leave, the provision of public holidays is associated with additional benefits due to the co-ordinated nature of the leave.*

PwC notes further that *“studies have further suggested that the benefits that flow from improved social cohesion and social capital include faster economic growth, better health*

⁹ Merz, J. and Osberg, L., 'Keeping in Touch: A Benefit of Public Holidays', *Institute for the Study of Labor Discussion Paper No. 2089*, April 2006.

¹⁰ PricewaterhouseCoopers, Regulatory Impact Statement on proposed new public holidays in Victoria, July 2015.

¹¹ Bonke, J., Deding, M. and Lausten, M., 'Time and Money: Substitutes in Real Terms and Complements in Satisfaction', *The Levy Economics Institute Working Paper No. 451*, May 2006, pp. 15-16. Hamermesh, D., 'Timing, togetherness and time windfalls', *Journal of Population Economics*, vol. 15, 2002, p. 621. Merz, J. and Osberg, L., op.cit., p. 1.

and lower social costs.¹² Similar benefits have also been found to be associated with time away from work.¹³

Studies from overseas¹⁴ suggest that the individual value of leisure time could range between 50 per cent (\$17.07 per hour)¹⁵ and 100 per cent (\$34.14 per hour)¹⁶ of average earnings. PwC notes that “the challenge is whether the above proxies are the full measure of value to place on additional leisure time. To accurately estimate this would require choice modelling, surveys and statistical analysis. Further, the value of leisure time would vary for different individuals, based on their personal preferences and their current amount of leisure time.” We have used these overseas estimates in our calculations.

Individuals are expected to receive **benefits in the form of additional leisure time of between \$151.6 million and \$303.2 million for Option 1** and between **\$163.7 million and \$327.5 million for Option 2** for the day.

For the purposes of these estimates, MBIE has assumed that all employees taking leave on the day would benefit from additional leisure time equating to a full 7.5 hour work day that would be made available. These have been quantified using the values of leisure time noted above. These estimates exclude any benefits associated with coordinated leisure time, which cannot be quantified due to a lack of reliable information on what additional benefits accrue to individuals if they have the opportunity to arrange leisure activities with whānau and friends.

An additional long weekend would encourage additional trips around New Zealand. This is likely to increase tourism and related expenditure potentially stimulating the economy. These would increase expenditure on accommodation, food and entertainment services along with less tangible benefits such as increased exposure of tourist destinations. This may be partially offset by reduced expenditure elsewhere, particularly if the tourists are domestic who have simply moved their existing expenditure from home. Additional wages for workers provide a temporary increase in disposable income that may encourage increased consumer demand and spending. The potential **benefits in terms of additional expenditure in the domestic tourism industry could be approximately \$110 million to \$160 million per day** for each option.

Estimated net economic costs of a new public holiday

For the purposes of this analysis, the increased labour cost figures above have been used to quantify the potential net cost of the new Matariki public holiday to the employers and

12 Cairncross, G. and Waller, I., ‘Not Taking Annual Leave: What Could it cost Australia?’, *Journal of Economic and Social Policy*, vol. 9, no. 1, Summer 2004, pp. 43-59. Merz, J. and Osberg, L., op.cit., p.19. Putnam, R., ‘Bowling Alone: America’s Declining Social Capital’, *Journal of Democracy*, vol. 6, no. 1, 1995, pp. 65-66.

13 Gilbert, D. and Abdullah, J., ‘A Study on the Impact of the Expectation of a Holiday on an Individual’s Sense of Well-being’, *Journal of Vacation Marketing*, vol. 8, no. 4, 2002, p. 353.

14 Pricewaterhouse Coopers, Regulatory Impact Statement on proposed new public holidays in Victoria, July 2015.

15 Brown, E., ‘Assessing the value of volunteer activity’, *Nonprofit and Voluntary Sector Quarterly*, Vol 28, Issue 3, 1999, p. 11.

16 The Commonwealth Office of Best Practice Regulation’s (OBPR) Regulatory Burden Measurement Framework suggests using the average hourly wage of \$27 per hour: Department of the Prime Minister and Cabinet, *Office of Best Practice Regulation*, ‘Regulatory Burden Measurement Framework’, July 2014.

economy instead of the GDP figures noted below. This avoids double counting as labour costs are an input component of GDP.

MBIE estimates that an additional public holiday would reduce economic activity in New Zealand (GDP) by between **\$340.0 million and \$358.8 million**¹⁷ annually depending on the option. This would come in the form of foregone production due to businesses and other employers choosing not to operate resulting in net economic loss for New Zealand. The employers who do not operate on a public holiday (but would otherwise have operated) would produce less output while still incurring the labour costs for staff who are eligible for public holiday leave. Increased labour costs due to additional penalty rates can result in some businesses closing in order to avoid making a financial loss. This results in reduced employment for some casuals who would otherwise have worked on the day. However, a portion of production is preserved due to some employers remaining open on the day. This is unlikely to be recovered by businesses opening on the day, by production smoothing, or through holiday surcharges, so, overall, a new Matariki public holiday is likely to result in a lower gross domestic product (GDP) for New Zealand.

Who bears the costs of a public holiday

In the short term, employers would likely bear the full costs of reduced economic activity associated with the new holiday. All businesses with employees will incur the normal wage costs of staff on leave who would otherwise have worked. For those that close on the day, this cost would not be recovered from trade. Illustrative examples of potential impacts on employers and employees in selected sectors are provided in **Appendix 2**.

Smaller businesses are likely to be more affected by an additional public holiday because it is likely to be harder for smaller businesses to absorb the costs of additional wages than it is for larger businesses. For many, wage costs are a higher proportion of overall operating costs, meaning penalty rates increase the relative costs of opening to a greater extent than it would do for larger firms, where staffing costs are a smaller proportion of overall operating costs. This means that it is also more likely that smaller businesses will choose to either pass the costs on or to close on an additional public holiday.

In the long-term, these costs could flow to employees in the form of lower future wages (or smaller wage increases) or reduced benefits/entitlements and, for consumers, higher prices for products and services. However, the bargaining power of small businesses may be lower than that of larger employers, which would suggest that this process may take longer to filter through.

Employers in the not-for-profit sector are less able to pass on any additional costs through lower wage offers or increased product prices. These additional costs would result in fewer funds available for distribution towards achieving organisations' charitable purposes. Some organisations that receive Government funding may seek additional funds due to increased costs. This analysis does not quantify the effect in this sector.

There would be additional costs to Government in the form of the direct wages and penalty wage rate costs for the public sector workforce rostered to work on Matariki as part of their normal operation, such as public hospital and health services, emergency services, police and energy and electricity supply industries. The public sector wage costs for a Matariki

¹⁷ Estimated to be 0.5% of the total GDP for the second quarter of 2022, assuming no restrictions in shop trading hours and sales of goods such as alcohol

public holiday are estimated to be \$85.6 million (Monday) or \$88.3 million (Friday).¹⁸ It is estimated that 61,000 public sector employees (including health, education and training) would work on the public holiday with an estimated **wage transfer cost of \$7.1 million** to the Government to cover the additional wages cost for the day. These costs are included in the overall increased labour costs for employers and additional wage payments noted previously.

Increased costs may occur for consumers if businesses decide to raise prices either during the public holiday or over the year to cover the costs of additional wages. Some businesses, particularly in the hospitality sector, may introduce surcharges, which may be up to 15%. There may be a loss of consumer choice due to potential business closure. Regional and remote areas are more likely to be impacted.

4.2 What other impacts is this approach likely to have?

Non-quantified costs and benefits

For the Māori economy and businesses, the labour and trading costs and benefits of a new public holiday are likely to be similar to other businesses. However, a Matariki holiday provides an opportunity to strengthen the identity of Māori businesses and increase the public knowledge around and prominence of Māori culture and Te Reo. This may also provide specific opportunities for growth in certain sectors where Māori businesses and asset ownership is already established or looking to expand into, such as those associated with food, tourism and events, science, education, the environment and media.

Matariki also offers a unique platform for Māori businesses to align their products and services with the principles and values that underpin its recognition at this time of year. These businesses can take the lead in promoting the values around Matariki to avoid the commercialisation and commodification that can come with other public holidays. As noted by Dr Katharina Ruckstuhl, *“Part of the strength of the Māori economy is that it is values-based. It is about inter-generational benefit for people and a concern for where you are: your land, your water, your forests, your fish, your birds. That is one of the things that consumers increasingly want to know – they want a relationship with the food – and we can point to those values and say, ‘This is our ancestral land where it was grown, this is how it was grown and harvested’.”*¹⁹

At this point, identifying the costs and benefits of the Matariki proposal to Māori business and the Māori economy is problematic, simply because identifying businesses as being Māori or Māori-owned is difficult. Māori businesses can now choose to identify themselves on the New Zealand Business Number (NZBN) register which will enable Government to better *“understand the contribution that Māori businesses make to the economy and help better measure the effectiveness of government policies for Māori.”*²⁰

¹⁸ Public sector cost estimates are the total wage costs and increase wage costs from penalty pay rate data drawn from the Public Administration and Safety; Education and Training; Health Care and Social Assistance; and Electricity, Gas, Water and Waste Services ANZSIC industry classifications.

¹⁹ Dr Katharina Rickstuhl, Rethink for Māori economy, 2020, <https://www.otago.ac.nz/hekitenga/2020/otago744223.html>

²⁰ MBIE website, 2021, <https://www.mbie.govt.nz/about/news/maori-business-identifier-goes-live/>

Some research suggests that moderate amounts of time off work can lead to improved productivity for workers while they are at work.²¹ Anecdotally, this is known as 'recharging the batteries' or 'taking a break'. It is also suggested that providing workers with additional paid time off can improve employee health and well-being, which leads to reduced workplace absenteeism.

Other research has identified that countries with relatively high numbers of paid days off for workers also have relatively high productivity per worker.²² These findings suggest that providing additional paid time off through a public holiday has the potential to provide some direct benefits to employees and indirect benefits to businesses in terms of increased worker productivity. A separate study of manufacturing and retail workers noted that the most important individual motivational reward for blue-collar and frontline employees is paid holidays.²³ The study concluded that employer rewards systems that aligned with worker's needs provided the best business benefits in terms of improved employee job performance and morale. As there is little empirical data in research on the causal link between time off work and increased productivity, MBIE has not quantified the benefits of higher workplace productivity due to the additional day's leave for Matariki.

The timing of the proposed Matariki holiday in the middle of the year close to the Queen's Birthday long weekend may also affect, or even replace, the costs and benefits of the new holiday as some people decide, or maybe can only afford, to celebrate one or the other as opposed to both. The potential effect of this will vary depending on when Matariki falls and determining its extent would be highly subjective. This analysis does not quantify this potential effect.

²¹ Oxford Economics, 'An assessment of paid time off in the U.S', February 2014. Stansberry, G., 'How more vacation time can increase productivity', November 2010. Available from <https://www.americanexpress.com/us/small-business/openforum/articles/how-more-vacation-time-can-increase-productivity-1/>

²² Stansberry, G., 'How more vacation time can increase productivity', November 2010. Available from <https://www.americanexpress.com/us/small-business/openforum/articles/how-more-vacation-time-can-increase-productivity-1/>

²³ Arnolds, Cecil & DJL, Venter. (2007). The strategic importance of motivational rewards for lower-level employees in the manufacturing and retailing industries. *South African Journal of Industrial Psychology*. 33. 10.4102/sajip.v33i3.390.

Section 5: Stakeholder views

5.1 What do stakeholders think about the problem and the proposed solution?

Given the significance of Matariki to Māori, this has been an important opportunity to give practical effect to Te Tiriti o Waitangi by recognising Māori tino rangatiratanga over mātauranga Māori and by working in partnership with recognised experts in Te Ao Māori to establish the dates for the public holiday.

With the Government's election commitment to introduce the new single day public holiday and Prime Minister's announcement in February, MBIE considered that the range of options for delivering this commitment was limited (either create a new public holiday, or remove one and replace it with another).

Additionally, the Advisory Group members are the recognised experts and kaitiakitanga of the mātauranga Māori associated with Matariki, Puanga and the Maramataka. Cabinet agreed that the Advisory Group would determine the consultation approach and engagement process for the first part of the engagement on determining a date for the public holiday.

The methodology for determining the most appropriate date for a public holiday is an expression of mātauranga Māori. Accordingly, the Advisory Group have engaged with Māori and Pacific peoples about their methodology for determining the dates for the Matariki public holiday. These engagements have occurred during the course of, and in addition to, the members' regular interactions with Māori communities. Among others, the Group has engaged directly with the following groups on the methodology for determining the dates of the public holiday:

- NZ Māori Council
- Māori Land Court Judges
- Wairarapa Dark Sky Committee (Mana Whenua)
- Fulbright NZ (Māori Members)
- Te Mata Punenga
- Te Taura Whiri i te reo Māori
- Te Mātawai
- Te Māngai Pāho
- Department of Internal Affairs
- Ministry for Pacific Peoples
- Auckland Tongan Community
- Radio Wātea
- Te Karere

Further community engagement on the appropriate acknowledgement and resources required to support the ongoing recognition of Matariki is likely. This aspect falls outside the scope of this RIA, however.

Other stakeholder's views

MBIE has consulted its social partners **BusinessNZ** and the **New Zealand Council of Trade Unions** on the new public holiday. Business representatives noted that the main benefits of the new holiday would accrue in the hospitality and tourism sectors. There was also support for attaching the new public holiday to a weekend.

Employees and worker representatives are generally in support of an additional public holiday as this will enable workers to have paid day off work to re-charge, undertake leisure activities and connect with family and friends. However, some workers may be required to work on the day, particularly in the retail and hospitality sectors. This will mitigate their enjoyment of the day and potentially exclude them from the benefits of an additional public holiday, even though they are compensated through additional pay and a day's leave in lieu.

The Tourism Industry Aotearoa supported the idea of a new public holiday *"to break up the long gap between Queen's Birthday weekend in June and Labour Weekend in October."* They noted that visitor spending *"over a long weekend is two to three times a standard weekend because it gives people the incentive to take a trip to other parts of New Zealand."*²⁴ Similarly, the E tū union noted its support for the introduction of an additional paid public holiday for workers to recognise Matariki as holiday that would be unique and indigenous to Aotearoa that would break up the mid-winter period between the existing public holidays.²⁵

Some, but not all, employers and employer representatives have noted they do not support an additional holiday due to the additional costs as they will be required to pay their employees for a day where production is reduced or stopped. The Holidays Act 2003 requires employees working on public holidays to be paid penal rates and receive a day in lieu, which places additional costs on businesses and other organisations. Businesses that close on the day would consider that they are unlikely to be able to recover the full wage costs whereas businesses that do could through additional trade.

The Employers and Manufacturers Association noted that businesses would see the new holiday as another cost and it would be unlikely to encourage more domestic tourism. Their preference is to exchange with one of the existing public holidays.

The **tripartite Holidays Act Taskforce** has provided the Minister for Workplace Relations and Safety with a report that recommends changes to the Holidays Act to improve the usability of and compliance with the Act. The Taskforce *"noted the case for Matariki to be recognised with a public holiday but did not feel it was within its remit to make recommendations about whether Matariki should be marked with a public holiday, and if so how this should be achieved (i.e. by establishing an additional public holiday or transferring an existing public holiday to Matariki)."*²⁶

²⁴ Stuff, Official advice suggests new Matariki public holiday will cost businesses up to \$448m, February 2021, <https://www.stuff.co.nz/national/politics/124318225/official-advice-suggests-new-matariki-public-holiday-will-cost-businesses-up-to-448m>

²⁵ E tū, One step closer to Matariki holiday - <https://www.etu.nz/category/general/>

²⁶ Holidays Act Review, MBIE website, <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/employment-legislation-reviews/holidays-act-review/>

Consultation during the legislative Select Committee process

Giving effect to the proposed Matariki public holiday requires the Holidays Act 2003 to be amended. The Leader of the House has agreed to a full six-month Select Committee process for the proposed Holidays (Matariki Public Holiday) Amendment Bill, which provides the opportunity for the wider public to make submissions on the establishment of the new public holiday, the dates proposed and the methodology used to determine them.

Despite the Advisory Group's engagement with key Māori groups and public discussions on a new Matariki holiday, there is a risk that the lack of wider public consultation (including consulting with all iwi) could result in some Māori groups, non-Māori and non-Pasifika groups disagreeing with the date for observing this holiday.

Section 6: Implementation and operation

6.1 How will the new arrangements work in practice?

Legislative changes

A stand-alone Bill is the appropriate legislative vehicle for this proposal. The Bill will include a list of the dates of the Matariki public holidays from 2022 – 2052. This would provide the public with certainty about the dates but would enable them to be updated in the future (prior to 2052) when the calculations for the dates over the next period of time will be made to determine the dates for Matariki beyond 2052.

The Bill will acknowledge the significance of Matariki for Māori and record some of the values and beliefs associated with Matariki, in both te reo Māori and English. This will be informed by the Advisory Group and will help to ensure that the mātauranga Māori around Matariki is preserved.

The Bill will require future dates for the Matariki public holiday to be inserted by Order in Council at least four years prior to the final date of the Matariki public holiday listed in the Bill. Once it has passed, it will be administered by Mānatu Taonga, the Ministry for Culture and Heritage.

No changes are proposed for shop trading hours or the sale of alcohol so the provisions around these during the Matariki public holiday will be the same as they would for any normal trading day.

Commencement date

On 4 February 2021, the Prime Minister announced that the first Matariki public holiday would be celebrated on Friday 24 June 2022. This followed up on the Government's pre-election commitment to make Matariki New Zealand's twelfth public holiday that distinctly recognises and celebrates Te Ao Māori. Subject to Cabinet's approval of the proposed dates, Ministers will announce the future dates for the Matariki public holidays up until 2052 within a few weeks of this decision.

It is intended that the legislative changes required will be enacted in the first quarter of 2022 and come into effect before 24 June 2022, the first Matariki public holiday. We consider that employers and employees have had sufficient time since the Prime Minister's announcement (almost 18 months) to have prepared for the implementation of this policy.

Ministers alongside the Advisory Group will announce the new dates for Matariki following Cabinet's decisions. MBIE and Te Arawhiti will support this announcement with press releases, communications information and a video of members discussing the meaning of Matariki and the methodology used to determine the future dates.

Education and communications

Implementation of all of the proposed options will require an education and communications approach, undertaken by MBIE, Te Arawhiti and the Advisory Group. A detailed communications and stakeholder has already been developed for the Advisory Group to inform and engage with key stakeholders and the wider public about the Matariki holiday.

This would likely include updated information and guidance online (for instance on employment.govt.nz and business.govt.nz), and targeted information campaigns to employers and employees (e.g. web, print, media). The plan could be undertaken relatively quickly, subject to the new public holiday being agreed by Cabinet.

Employment New Zealand (part of MBIE), as the primary regulator for the employment relations and standards regulatory system, would be responsible for administering, providing information and education, early resolution and mediation services and enforcing the new arrangements. Significant disputes that cannot be resolved, or enforcement action, could also be escalated to the Employment Relations Authority or Employment Court.

Implementation will be supported by a communications campaign. This will proactively clarify new obligations for employers and provide support to employers that have queries. Depending on costs and resourcing available, these communications could be leveraged to highlight employment obligations more generally, and depending on the scale and reach required this may require additional funding.

Regulatory system costs

There will be costs to institutions across the regulatory system, including the regulator (MBIE), Employment Relations Authority and Courts to implement the new public holiday.

The additional costs of implementation including compliance and enforcement of this policy are likely to be in line with similar activities undertaken for New Zealand's other public holidays and are unlikely to be a substantial additional cost relative to those for existing public holiday activities. The costs of the work across the regulatory system institutions would be met from within existing operational baselines.

What are the implementation risks?

There are already well-known and widespread compliance issues with the Holidays Act 2003 – driven partly by difficult-to-interpret legislation and poor implementation in payroll systems. This means that there are implementation risks for any changes to the Act. Some decisions relating to the details and implementation of this proposal will be considered by the Cabinet Legislation Committee and at Select Committee, which could raise more significant issues that will need to be considered by the Committee.

Section 7: Monitoring, evaluation and review

7.1 How will the impact of the new arrangements be monitored?

Minimum employment standards are implemented and monitored by MBIE, which is responsible for employment regulations (information and education e.g. employment.govt.nz, the Labour Inspectorate, early resolution and mediation services, and supporting the Employment Relations Authority). As an existing employment standard, building awareness and understanding of the requirements around public holidays is a business-as-usual activity, although there is likely to be an increased need for information and education in the early stages of implementation to encourage behavioural change and compliance and identify any issues that arise.

Where problems do arise, existing services for early resolution, mediation and enforcement action can provide for these. Existing resources can provide for a low level/volume of activity to be absorbed, but given heightened demand for employment services in the current COVID-19 context, this will add to the need to prioritise use of services, and lower response times.

MBIE carries out regular surveys (such as the National Survey of Employers) and Statistics New Zealand carries out the Business Operations Survey. These surveys might be able to be used to collect data about the implications and effects of a new public holiday (along with other employment standards).

Other groups, such as BusinessNZ, have also undertaken research into the use of leave, and these surveys could be built on to assess the impact of the new public holiday.

7.2 When and how will the new arrangements be reviewed?

Cabinet authorised the Matariki Advisory Group to determine the dates for the new Matariki public holiday for the next thirty years until 2052. These dates will be set in the Holidays Act 2003 through the Holidays (Matariki Public Holiday) Amendment Bill.

In this proposal, Cabinet agreement is sought to enable future dates for Matariki beyond 2052 to be added by Order in Council, authorised by the Minister responsible for the Holidays Act 2003. As setting these new dates will require intercalary calculations to align the lunar and solar calendars, the responsible Minister must consult with leading experts in Māori astronomy, the Maramataka (Māori lunar calendar), the mātauranga Māori associated with Matariki and other ministers before recommending such an Order in Council be made.

Appendix 1: International comparison of paid public holiday and vacation days

Country	Current paid public holidays	Paid vacation days	Total paid leave (five-day work week)
Colombia	18	15	33
Japan	16	10	26
Chile	15	15	30
South Korea	15	15	30
Slovakia	15	25	40
Turkey	14.5	12	26.5
Iceland	14	24	38
Lithuania	14	20	34
Austria	13	25	38
Czech Republic	13	20	33
Poland	13	20 - 26	33 - 39
Portugal	13	22	35
Slovenia	13	20	33
Greece	12	20	29
Italy	12	20	32
South Africa	12	15	27
Taiwan	12	7	19
Denmark	11	25	36
Finland	11	25	36
France	11	25	36
Luxembourg	11	26 - 36	37 - 47
New Zealand	11	20	31
Singapore	11	7	18
Australia	10	20	30
Belgium	10	20	30
Germany	10	20	30
Norway	10	25	35
Ireland	9	20	29
Israel	9	12	21
Spain	9	22	31
Sweden	9	25	34
Netherlands	8	20	28
United Kingdom	8	20	28
Mexico	7	6	13
Switzerland	7	20	27
Canada (depending on province)	6 - 10	10 - 20	16 - 30

Appendix 2: Illustrative examples of potential impacts on employers and employees in selected sectors

Employer type	Expected impact of proposed new Matariki public holiday (Friday)
Corporate business or Financial institution	<p>Lost day of production and employees receive an extra paid day off work</p> <p>This impact occurs because most office based corporate work environments, such as financial institutions, are unlikely to operate on the Friday public holiday.</p> <p>It is possible that less than a full day’s production is lost as some employees may increase their output on the adjacent work days to partly offset the impact of not working on the Friday public holiday.</p>
Manufacturing business	<p>Lost day of production and employees receive an extra paid day off work</p> <p>This impact occurs because most manufacturing businesses would not operate on the Friday public holiday.</p> <p>It is possible that less than a full day’s production is lost as some additional shifts and/or overtime may be rostered on the adjacent work days to partly offset the impact of not working on the Friday public holiday.</p>
Hospital, Public transport, Airport	<p>Some impact to output expected. Many employees receive additional wages plus an extra paid day off</p> <p>Hospitals would remain open and are expected to experience broadly similar impacts on the Friday holiday as would occur on a normal Sunday, though the magnitude of the impact would likely be greater on the Friday holiday.</p> <p>This is because:</p> <ul style="list-style-type: none"> • the normal level of services offered is likely to be reduced due to less demand, compared to a standard weekend working day, in some regions as people leave the area to go on vacation and some non-essential departments decide to close for the day to minimise costs, creating disruption to some services • Public holiday penalty rates add about 150% to the Friday wage rate plus one day’s holiday in lieu for staff rostered to work on the day.
Café, Retail shop	<p>Some impact to output and to employment expected. Many employees receive additional wages plus an extra paid day off</p> <p>Cafés would likely experience similar impacts on the Friday holiday to a normal day because:</p> <ul style="list-style-type: none"> • many cafés would be expected to be open on the Friday public holiday although some may chose not to open, due to lower demand or costs outweighing benefits, meaning overall sector output is likely to be lower on the public holiday than for a standard working day • Public holiday penalty rates add about 150% to the Friday wage rate plus one day’s holiday in lieu for staff of those businesses that do open.