

## Economic Analysis on Easter Sunday Trading

### The impact of increasing the number of shops open to trade on Easter Sunday

#### Impact on total GDP in Auckland – negligibly positive

1. Studies in the United Kingdom, where some of the most detailed analysis has been done, indicate that the overall impact on annual economic activity of opening more shops on Easter Sunday is likely to be negligible. This is because the total pot of money Aucklanders have to spend each year is set by their incomes, which are unlikely to change materially based on longer trading hours.
2. Using a study in favour of increasing Sunday trading hours in the United Kingdom as a starting point, the impact on economic growth of more stores opening on Easter Sunday is likely to be a maximum of 0.005% (five thousandths of 1% of annual GDP).
3. Any extra spending and thus GDP is likely to come from:
  - a) Out-of-region residents (tourists) who visit over Easter and will have one more day to spend money they might otherwise not spend. However, many tourist-oriented businesses are already able to operate – restaurants, duty free shops, and shops at public transport locations for instance, so this impact will be small.
  - b) More people choosing to buy in-store rather than through out-of-region online shopping that they might choose if they don't have a wider variety of shopping options on Easter Sunday.

#### Other economic impacts

4. There are a number of other likely economic impacts. In most cases, there are likely to be “winners” and “losers”. The table below sets out the various impacts and who bears the benefits and the costs of each. More details are given below the table.

*Table 1: Summary of other economic impacts*

<b>Economic impact</b>	<b>Winners</b>	<b>Losers</b>
Choice	Increased choice (option value) of options for <b>consumers</b> .	Reduced choice for <b>shop owners that may prefer to be closed</b> but are required to be open by, for instance, mall operators. <b>Lower-paid and less empowered workers</b> (retail, hospitality) may not have recourse to not having to work on Easter Sunday (reduced choice) and may feel pressured to work
Revenue / sales / turnover	Increased turnover for <b>businesses previously not allowed</b> to open.	Turnover diverted from <b>those already allowed to be open</b> .
	Increased turnover for <b>larger businesses</b> previously not allowed to be open such as supermarkets and department stores.	Turnover diverted away from <b>smaller businesses</b> such as petrol stations or duty free shops.

<b>Economic impact</b>	<b>Winners</b>	<b>Losers</b>
	<b>Bricks and mortar businesses</b> may see more foot traffic as people have the option to shop instore.	<b>Online sales</b> may decline (some of these sales may be to overseas online stores and would constitute a small gain in spend in NZ/Auckland).
Employment and productivity	More shop hours may increase <b>employment</b> , increasing gross income for workers.	With <b>turnover/revenues</b> unlikely to grow, productivity may fall, reducing profits.
Regulatory costs	<b>Central government</b> need for inspectors falls if all shops are allowed to trade.	
Congestion	Reduced traffic and in-shop congestion for <b>consumers</b> particularly in Easter week due to one extra shopping day.	

### **Choice**

5. Opening more shops on Easter Sunday will result in a substantial increase in consumer choice on that day, and will substantially increase the choice of shopping day in Easter week (from five to six days).
6. In some cases, especially in mall environments, where centre management makes the decision on whether stores need to be open or not, more store types being allowed to open may result in less choice for shop owners. Some may believe the extra staffing costs negate any increased profitability, for example, but may be required by mall policy to open.
7. It is unlikely that many office-based workers will be required to work on Easter Sunday as a result of the change. Most workers will be those in retail, hospitality, or personal services (hair dressers, dry cleaners etc.). These tend to be lower paid industries, and may be more likely to have workers who are recent migrants or less familiar with labour laws. If the law does not explicitly allow the worker the freedom not to work on Easter Sunday, or if the worker is unaware of his/her legal rights, employee choice may be reduced.

### *Valuing choice and preferences*

8. One further point to note on choice and preferences is the differences highlighted by the Colmar-Brunton Research Survey and the Public Engagement Survey.
9. The Colmar-Brunton Research Survey sought to be representative of the Auckland population and to weight each person's view equally. This survey suggested that 56 per cent of people were in favour of more shopping choice.
10. On the other hand, the Public Engagement Survey tends to attract views from people or organisations that feel very strongly about an issue. This means that the amount of "economic utility", which could also be described as pleasure, happiness or sense of welfare, that people derive from their view (whether for or against opening more stores) is likely to be higher than the general populace.

11. Public Engagement Survey views were largely in favour of the status quo, by 68 per cent. This implies that many people who may be in favour of more opening hours (as per the Colmar-Brunton Research Survey) may attach little additional utility or pleasure to opening more stores. But some of those in favour of the status quo may derive a lot of utility or welfare from keeping things as they are.
12. In other words, the contrasting Public Engagement Survey and Colmar-Brunton Research Survey are indicative of the mix of individual view points and the differing levels of utility or welfare that people with different views derive from the status quo or a change.

### **Revenue/sales/turnover**

13. Turnover will increase for businesses previously not allowed to open, but as total spending in the Auckland economy will not change much, this will divert spending away from the businesses already allowed to open on Easter Sunday.
14. The mix of businesses already allowed to open tends to be at the smaller end of the spectrum – restaurants and petrol stations for example. Allowing more shops to open may shift turnover toward larger stores such as supermarkets and department stores.
15. The majority of bricks and mortar stores are currently required to be closed on Easter Sunday. But online purchases through these stores, through Trademe, or through overseas based online stores occurs. Allowing more bricks and mortar stores to open will likely increase their revenues slightly while online sales would likely fall slightly.

### **Employment and productivity**

16. Allowing more shops to open on Easter Sunday will mean a small increase in the hours of employment in Auckland across the year. This will mean a commensurate small increase in total income earned by workers.
17. The total spend for consumers is unlikely to grow much (with GDP rising by perhaps 0.005% as highlighted earlier), so there is likely to be a fall in productivity – the GDP generated per hour by the extra workers. This means while wages will increase a small amount, profits may decrease.

### **Regulatory costs**

18. By making Easter Sunday trading for all shops legal, the need for inspectors in Auckland will be eliminated. This benefit will not accrue if only some further shops are allowed to open. The savings accrue to central government rather than to Auckland Council or ratepayers.

### **Congestion**

19. There may be some time savings through reduced traffic congestion, particularly in Easter week. The week through to Easter Monday currently has only five shopping days. Increasing this to six would result in less congestion across that week, assuming that the extra shopping day does not induce too many people to make extra shopping trips.
20. On an annual basis, congestion would be reduced by around 1/363 (shops will still be closed on Good Friday, half of ANZAC day and Christmas Day), or 0.3% a year.