

FURTHER SUBMISSION TO PRODUCTIVITY COMMISSION ON RETAIL LEASES INQUIRY

Collection of Turnover Information from Tenants

Many leases require that tenants advise their turnover to the landlord on the premise of percentage rent clause requirements. Landlords claim this is so that they can monitor the commercial performance of the centre, but this information is actually used to determine the ability to pay as the basis of a rental renewal.

This information should be provided to an independent body, and only disclosed in “categories”. While landlords will know how the various categories are going, they will not have information on individual tenants.

Small traders pay much higher prices for supplies than large chains, and therefore have tighter margins which landlords are not privy to, and anyway, turnover should be irrelevant to the rent determination, which should be solely based on the market rent value for the space.

Privacy and Price Fixing in Rentals

It is well known in Canberra that the various centre managers meet regularly and from discussions with them, I have been given to understand that information exchange occurs. It is unknown of price fixing occurs at these meetings, and how much tenant privacy or confidentiality is breached, or whether any confidentiality is breached.

To ensure that there is a level playing field, the only information that should be available to landlords and lessees should be in the lease documents, and if these are ALL registered, they will be in the public domain, and will show all incentives and lessor contributions to let the premises.