

## **Further Submission to Productivity Commission Inquiry into Retail Leases**

In Shopping Centres, rents charged are often at lower rates to larger retail organizations with better bargaining powers, for instance, a multinational food chain that is allowed to sell everything from coffee in the morning to muffins, sandwiches, burgers including various chicken burgers, drinks and salads would be charged a lower per square metre rate than a small cooked chicken chain with a menu that is restricted by the landlords to chicken, chips and salad. As would be apparent to anybody who has been to a food court in a shopping centre, all other food court tenants also sell chicken products whether with rice or on bread.

Shopping centres have been known to promise a tenant verbally that they would have exclusivity to come in and sign a lease, but further down the track the landlords bring in direct competition eg another burger chain or coffee and cake concept, or chicken and chips concept.

I believe that there should be included in each lease a standard format that states the premium percentages to market rent or the discount percentages to market rent used to compute base rent charged to each tenant, based on restrictions such as being only one brand or product type or shortened trading hours due to access to the store for whatever reason.

There should be in a standard format, a list of all exclusivity agreements included in the lease. If there is to be an end date to the exclusivity, it must be stated on the lease ie if it is not to be included in any lease renewal for example, the lease must say so.

If there is transparency, tenants will be able to ascertain if

- a. They want to come into a shopping centre, or
- b. If they are being charged a fair rent on lease renewal.
- c. If there is a claim for compensation for any unilateral change made by the lessor .