

COMMERCIAL TENANCIES

A mandatory code of conduct will be developed and subsequently legislated by State and Territory Governments to apply for tenancies where the tenant is eligible for the Commonwealth Government's JobKeeper assistance and is a small- or medium-sized enterprise (less than \$50 million turnover).

The principles that guide the code will be:

- Where it can, rent should continue to be paid, and where there is financial distress as a result of COVID-19 (for example, the tenant is eligible for assistance through the JobKeeper program), tenants and landlords should negotiate a mutually agreed outcome
- There will be a proportionality to rent reductions based on the decline in turnover to ensure that the burden is shared between landlords and tenants
- There will be a prohibition on termination of leases for non-payment of rent (lockouts and eviction)
- There will be a freeze on rent increases (except for turnover leases)
- There will be a prohibition on penalties for tenants who stop trading or reduce opening hours
- There will be a prohibition on landlords passing land tax to tenants (if not already legislated)
- There will be a prohibition on landlords charging interest on unpaid rent
- There will be a prohibition on landlords from making a claim to a bank guarantee or security deposit for non-payment of rent
- Ensure that any legislative barriers or administrative hurdles to lease extensions are removed (so that a tenant and landlord could agree a rent waiver in return for a lease extension)

Landlords and tenants that sign up to the code of conduct may receive the equivalent of at least a three month land tax waiver and three month land tax deferral on application. Landlords must pass on the benefits of such moves to the tenants. In cases where parties have signed to the code of conduct, the ability for tenants to terminate leases as mentioned in the National Cabinet Statement on 29 March 2020 will not apply. The proposed code of conduct will be discussed at the next meeting of the National Cabinet on Tuesday 7 April.

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