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ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

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BIG VICTORIAN FIRE SERVICES LEVY INCREASE, COMPOUNDED WITH VALUATION INCREASES

This week the Victorian Treasurer, Tim Pallas, announced changes to the Victorian Fire Services Property Levy. For shopping centres, the commercial property rate has been reduced by 16% (from a 19% increase in 2015-16) in the Metropolitan Fire Brigade (MFB) area but increased by 6% (from a 13% increase in 2015-16) in the Country Fire Authority (CFA) area. Whatever the changes, the timing of this announcement is tardy, being over a month after the Victorian State Budget and getting very close to the new financial year when budgets are being finalised for shopping centres and their retailers. This is similar to the poor timing last year when the 2015-16 rates were gazetted on 29 May 2015 (*Shop Talk, 4/6/15*). A further issue, and this gets overlooked by commentators who might welcome the MFB rate reduction, is the compounded impact of these changes with the recent Victorian revaluations (applied on 'Capital Improved Value (CIV)' – as opposed to unimproved value). This means the actual levy incidence will likely increase above and beyond the rate changes. Our valuation advisers, Urbis, have today advised us on a range of impacts for SCCA member centres (and their retailers). For one centre in the MFB area, despite the 16% rate reduction, the actual levy incidence will be a 1% increase when coupled with their valuation increase. For a centre in the CFA area, despite the 6% rate increase, the actual levy incidence will be a 34% increase.

RETAIL SHOP LEASES AMENDMENT ACT 2016 RECEIVES ROYAL ASSENT

The Queensland *Retail Shop Leases Act 2016*, incorporating the amendments moved in Parliament, has now received Royal Assent and is available here (*Shop Talk 12/5/16*). The Act is still to be proclaimed – and the proclamation will announce the operative date of the amendments – but this is likely to be 25 November 2016. These amendments arise out of the consultative review of the *Retail Shop Leases Act* which occurred during 2011-2013.

PUBLICLY LISTED COMPANIES SHOULD NOT TAKE UNCONSCIONABLE CONDUCT ACTIONS

The Chairman of the Australian Competition and Consumer Commission, Rod Sims, has stated the ACCC will be pressing for the removal of the prohibition, in the *Competition and Consumer Act,* on listed public companies taking action for unconscionable conduct. This would be regulation gone mad. Mr Sims claims share market listing is no longer an indication of size. Share market listing might not be a perfect proxy for size but it still remains a reasonable proxy. More significantly share market listing is an indication of sophistication. Listed public companies, by definition, are sophisticated businesses which have media and public prominence, financial resources and access to capital. Such companies do not need the protection of Parliament in their dealings with other companies. The new 'small business unfair contract terms' law, and many other laws, recognise that some companies are large enough to look after themselves. The same principle must continue to apply here.

YEAR-ON-YEAR RETAIL TRADE HOLDS STEADY BUT QLD AND WA TRAIL MAINLAND STATES

The latest monthly release (April 2016) of Retail Trade data by the ABS indicates that, in seasonally adjusted terms, the overall month-on-month estimate grew by 0.2 per cent and increased by 3.6 per cent on a year-on-year (y-o-y) basis, equal to the prior 12-month period. The strongest growing jurisdictions were the ACT (up 5.4 per cent to $5.3 billion) followed by an increase of 5.1 per cent in both New South Wales ($94.7 billion) and Victoria ($74.1 billion). However, Queensland and Western Australia are lagging behind the mainland states having grown by 2.5 per cent and 2.0 per cent respectively. Tasmania recorded the lowest y-o-y growth of all jurisdictions, up 1.0 per cent to $4.6 billion. Interestingly, 'Cafes, restaurants and takeaway food services' retailing, the leading indicator of discretionary spending, was the worst performing category in all three of those jurisdictions.

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