



SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

SHOPPING CENTRE
COUNCIL OF AUSTRALIA

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[Previous Editions](#)

PC INQUIRY SUBMISSION ON BUSINESS SET-UPS, TRANSFERS AND CLOSURES

A [submission](#) has been lodged with the Productivity Commission in response to its inquiry into business entries, transfers and closures. Rather than re-prosecute the oft discussed issues of trading hour restrictions and planning and zoning regulation, the submission covers three broad themes which detail the important and facilitative role the shopping centres play in attracting business investment across jurisdictions. Firstly, shopping centres are required to constantly evolve to maintain an appealing tenant mix and facilitate emerging retail trends, such as the current trend towards maximising the fresh food and food and beverage offerings within shopping centres. As such, shopping centres are hubs of innovation and act as a platform for business entries. Secondly, the benefit of leasehold arrangements provided for in shopping centres significantly reduce the barriers to entry for new businesses by lowering the capital cost required to establish a business (the alternative being the significantly higher cost of purchasing a freehold property). Leasehold also affords considerable rights and protections to tenants under prevailing retail lease legislation, including comprehensive dispute resolution processes. Thirdly, shopping centre owners rely on a number of relatively minor, although important, regulatory provisions, including lease assignment provisions and security bonds to protect their interests in circumstances when a business exits, or changes hands. The inquiry, established by the Treasurer, Joe Hockey, in November 2014, comes amidst a number of related inquiries, including the current Competition Policy Review, the imminent national tax reform White Paper consultation process and the Productivity Commission's concurrent inquiry into the on workplace relations framework. As such, we don't expect the Commission's findings to break any new ground. The Commission's draft report is due in May and its final report in August.

FAIR WORK OMBUDSMAN REPORT AFTER NATIONAL CLEANING CAMPAIGN

The Fair Work Ombudsman this week [released](#) its *National Cleaning Follow Up Campaign 2012-13* report. The education and compliance campaign, which followed a similar campaign undertaken in 2010 in the context of the transition to the modern award system under the *Fair Work Act*, focused specifically on monetary entitlement compliance and record keeping obligations and was motivated, in part, by ongoing media reports regarding exploitation of workers in the cleaning services industry. As part of the campaign, the sub-contracting arrangements at 8 large shopping centres were audited. These centres were held by five different owners across NSW, SA, Qld and Vic, and 7 principle contractors were involved. Pleasingly, the audit revealed that the contract prices at all SCCA member-owned centres were sufficient to allow the contractor to meet their wage obligations and that the sub-contracting arrangements provided protections to ensure contractors were meeting their workplace relations obligations. The report concluded that *"the results from the procurement assessments are encouraging and it was pleasing to find most property owners playing an active role in ensuring compliance with workplace laws at the lower levels of the procurement chain. This behaviour ensures vulnerable employees are receiving the correct entitlements and creating genuine competition for contracts leading to a level playing field in the industry."* The findings of the FWO's campaign will only have been further reinforced by the adoption of the *Code of Conduct for Fair Service Provision in Shopping Centres* by the SCCA and Building Services Contractors Association of Australia in early 2012 ([Shop Talk 14/02/12](#)). The Code, which aims to provide a safe respectful working environment for cleaners, followed a sustained and unfair campaign from the cleaner's union, United Voice, against shopping centre owners.