



Zali Steggall MP

FEDERAL MEMBER FOR WARRINGAH

The Hon. Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

26 March 2020

Dear Treasurer,

I write regarding the urgent need for rent relief for both businesses and households in hardship as a result of the coronavirus. I refer to my letter to you dated 18 March 2020. This is the biggest issue facing businesses and households right now.

While the Government has appealed for compassion from landlords, this has not necessarily translated into action. My electorate office has received many calls, letters and emails regarding the struggles that both businesses and households are facing in negotiation with landlords who refuse to compromise.

In Warringah, 34.8% of people rent their homes with a median rent of \$580 per week. This is nearly double the national average and places considerable strain on households in the event of job losses.

Retail trade and accommodation and food services are the third and fourth largest industries in my electorate respectively. I have been contacted by numerous retailers, restaurants, cafes and bars who have now been forced to either close or operate at such reduced capacity that they are unable to meet commercial rents due to the increasing forced closure policy.

Notwithstanding the government mandated closure, these businesses continue to be liable for commercial rent on their business premises.

It is essential that a compromise be worked out between Government, Business and Landlords to enable these businesses to still exist and re-open and employ staff when the pandemic is under control. For example, there are numerous outlets of the F45 fitness franchises in my electorate. They have all been forced to close under recent Government decisions. The F45 franchise is the largest franchise in Australia outside fast food franchises and employs around 3000 people.

Listening to my constituents, there are several potential solutions for residential and commercial tenancies that could work to share the load. These include:

1. **Rent holidays:** providing a window of time where renters are exempt from rent payments, though I recognise the supply chain is long here and this may put landlords in a difficult position despite mortgage breaks from the banks.
2. **Partnership model:** A partnership model where renters, landlords and government each bear some responsibility for the cost in a time limited fashion. Such a partnership would entail the Government underwriting one third of commercial rent, the business continuing to be responsible for one third of the rent, and the landlords contributing to one third of the rent while the coronavirus restrictions remain in place on that industry.

If there were consideration of these and other measures, including prohibition on evictions of businesses during forced closure periods (which would result in the loss of fit-outs and fixtures), the Government must factor in geographical and economic differences in rental markets in any measures considered. The measures must be flexible and proportionate.

Without a commercial rent rescue package, many businesses will simply not be there to re-open and employ people when we get through this pandemic.

I welcome your consideration of these measures and appreciate any opportunity to talk with you to develop these further.

Sincerely,



Zali Steggall, OAM MP
Federal Member for Warringah