



Australian
**Small Business and
Family Enterprise**
Ombudsman

MEDIA STATEMENT

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Mandatory commercial tenancy code opens door to rent negotiation

The Australian Small Business and Family Enterprise Ombudsman Kate Carnell says the mandatory Commercial Tenancy Code released today by the Federal Government, paves the way for small businesses to negotiate some rent relief with their landlords.

The Code, to be legislated and regulated in each state and territory, will be overseen through a binding mediation process.

Small businesses are eligible to negotiate under the Code if:

- They are experiencing financial distress
- They are eligible to receive support from the JobKeeper program
- They have a turnover of \$50 million or less

“The Code is based on principles of good faith and will be a critical guide for small businesses and landlords at the negotiating table during this COVID-19 crisis,” Ms Carnell says.

“There’s give and take here, so small businesses can’t just stop paying rent and equally landlords cannot evict or terminate the lease.

“Tenants must honour their lease agreement and landlords are prohibited from drawing on a tenant’s security.

“Importantly, eligible small businesses who have seen a reduction in trade, will be able to negotiate a proportional rent reduction with their landlord.

“This can be achieved through a combination of waivers and deferrals of rent.

“Australian banks have already indicated they will support landlords that support their tenants and I would urge international banks to take the same approach.

“There are no easy solutions to this problem, but if all parties involved can come to these negotiations in the spirit of co-operation, there’s a good chance of reaching an agreement.

“COVID-19 affects us all, which is why it’s so important we work together to get through this difficult time.”

Media contact: Donna Acioli, 02 6121 5504 / 0413 935 792

Kate Carnell, 0415 662 266

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