



25 March 2020

Mr Andrew Barr MLA

ACT Chief Minister  
ACT Legislative Assembly  
196 London Circuit  
CANBERRA ACT 2601

[andrew.barr@act.gov.au](mailto:andrew.barr@act.gov.au)

### **Commercial rates relief to help business and other requested stimulus measures**

Dear Chief Minister

Our organisations are acutely aware of the significant impacts the COVID-19 outbreak is having and will increasingly have on the cashflows of businesses across a range of sectors who are commercial tenants. There are already many tenants who are unable to make regularly scheduled rental payments and there will be many more who find themselves in this situation.

Commercial landlords want their tenants to survive this economic crisis and to be in place to provide goods, services and jobs in the recovery. While the economic crisis is only in its early stages in Australia, building owners are already working with their tenants to support their businesses on a case by case basis with short-term solutions. These may include deferral of rent, reductions in outgoings, changes in rental frequency, percentage rental abatements or grace periods for defaults.

We are all in this together. The financial support that commercial building owners are likely to provide over the coming months will be very substantial, amounting to millions of dollars across the economy. Property groups also have their own workforce and overhead costs they need to fund during these difficult times.

This letter outlines a number of measures we believe are necessary to ensure the survival of ACT businesses post the coronavirus crisis.

## COMMERCIAL RATES

It is critical that support for commercial tenants is provided through temporary rate relief in the ACT. This will allow building owners to provide their tenants with the rental relief they desperately need to avoid closure.

Along with other jurisdictions around the country, we are calling for the ACT Government to follow suit and not be left behind. Specifically, we are calling on the ACT Government to implement the following additional measures:

- **Immediately implement a Rate Relief Scheme which provides a cash rebate equal to six months of the rates paid by building owners in the last available assessment.**

We acknowledge the public comments you have made that landlords with Australian or ACT Government tenants will not require rate relief because government tenants will continue to pay their rent. We acknowledge that rate relief will not be required for these landlords.

Generally, building owners will pay their commercial rate notices annually, and pass on an estimate of these costs to their tenants through their regularly scheduled rental payments (either as outgoings or rent).

The need for urgent cashflow support means that building owners cannot wait for relief to be provided as part of the next, future assessment notice.

Building owners who receive the cash rebate could be legislatively obligated to pass this through to their tenants and we would support that approach. Clawback provisions can apply if the building owner cannot produce evidence that they have passed through the cash rebate to their tenants. Many small business tenancies (especially retail) either pay rates directly or a portion, via reimbursing the property owner.

## PAYROLL TAX

The first round of the ACT Government's economic stimulus package provides some relief for employers via arrangements to allow them to defer their 2020-21 payroll tax, interest free until 1 July 2022 and a payroll tax waiver for hospital, creative arts and entertainment industries for six months from March to August 2020.

Since the announcement of the ACT's first round of economic stimulus measures it has become evident that the reach and impact of the coronavirus crisis will be far more reaching. Consequently, the limited payroll tax measures already announced will not be enough to allow small businesses to survive this crisis. We call on the ACT Government to consider the following additional measures:

- **Expand the six month waiver of payroll tax to all ACT businesses with Group Australia-wide wages of up to \$10 million from March to September 2020.**

## OTHER FEES, CHARGES AND LEVY'S AND REMMISIONS

We also would like to outline some additional measures we believe should be considered as part of the second package, and welcome and opportunity to discuss these with government in more detail, as follows:

- A 50% reduction in power and water bills from back-dated from 1 January to 30 September 2020,
- A six month waiver of land tax and stamp duty,
- A six month waiver of Lease Variation Charge for any project that can demonstrate it will commence construction within six months (as was adopted in 2014).
- A Mr Fluffy building program, whereby the ACT Government engages local companies to design and build single houses (and dual occupancies where permitted) on vacant unsold Mr Fluffy blocks. This will serve as both an industry stimulus measure and aid to dispose of the currently unsold blocks, and

## CONCLUSION

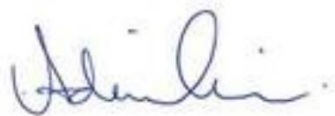
We understand that these requests are significant and will create a substantial impact on the ACT's budget position in the short-term. However, with such measures we believe the economic impact on ACT's businesses will be far more significant, leading to a longer recovery, which in turn will have a far more damage impact on the ACT's budget position, potential for years to come.

Thank you for your consideration of these measures.

Yours sincerely,



Graham Catt  
Chief Executive Officer  
Canberra Business Chamber



Adina Cirson  
Executive Director  
Property Council of Australia



Michael Hopkins  
Chief Executive Officer  
Master Builders ACT