
COMMERCIAL TENANCIES – FEDERAL INTERVENTION IN COMMERCIAL TENANCY AGREEMENTS FOR BUSINESSES UNDER FINANCIAL STRESS

SUMMARY

State and Federal Government have agreed on short-term intervention for commercial tenancies under financial stress due to COVID-19. The agreement details mandatory SME commercial leasing principles. These principles are interlinked with the Commonwealth Government's JobKeeper scheme and apply for the same period. They have also agreed to a moratorium on evictions for commercial tenants in this position for the next six months.

WHO

- SMEs – business with an annual turnover of less than \$50 Million
- Eligible for the JobKeeper Scheme (30% downturn in business comparable to similar month last year) – [CLICK HERE](#) (link to AAAA JobKeeper sheet) – must be approved for JobKeeper payment.
- It will apply to the franchisee level for franchises, and retail corporate groups at the group level.

WHAT

- State Government have agreed to a moratorium on evictions over the next six months for commercial tenancies unable to meet their rental commitment as a direct result of COVID-19.
- A mandatory code of conduct has been determined to guide tenants and landlords on their rights and obligations over the next six months.
- The Code imposes a set of good faith leasing principles for application to commercial tenancies (including retail, office and industrial) between owners/operators/other landlords and tenants, where the tenant is an eligible business for the purpose of the Commonwealth Government's JobKeeper programme.
- These businesses eligible for JobKeeper will be able to enter a negotiation with their landlord in good faith on existing leasing arrangements – to aid the management of cashflow for SME tenants and landlords on a proportionate basis.
- Landlords will be required to agree on an appropriate temporary arrangement for each SME tenant, and consider their circumstances on a case-by-case basis.
- If the tenant is unable to pay rent as a direct result of COVID-19, and the landlord and tenant cannot reach a leasing agreement between them, the matter will be referred to an applicable state dispute resolution process.

NOTE

Review the code of conduct for further details on your rights [HERE](#) before entering into any negotiation.