Attachments: 1. Ltr to Judy O"Connell re CML Fact Sheet.pdf

2. SCCA CML Fact Sheet Communications.pdf

3. SCCA Member Examples re Consistent CML Code Information.pdf

4. Relevant CAC Agendas and Minutes.pdf

image001.png

From: Angus Nardi

**Sent:** Friday, 16 October 2020 3:10 PM **To:** Reed, Alex <alex.reed@accc.gov.au>

**Cc:** Staltari, Danielle < <u>Danielle.Staltari@accc.gov.au</u>>; Black, Susie < <u>Susie.Black@accc.gov.au</u>>;

Bell, Simon < simon.bell@accc.gov.au >; Kirby Rogers

Subject: SCCA Response - Casual Mall Licensing Code

Alex

I refer to the ACCC's request for further information to support our application for reauthorisation of the Casual Mall Licensing Code of Practice. Thanks for your time over the phone to discuss the purpose and scope of the request. Please see below our response, including attachments, to the three issues the ACCC has raised.

For clarity, there are **four attachments** (PDF) to this email as follows:

- 1. **Attachment 1:** Example CAC letter to Small Business Commissioner re CML Code Fact Sheet
- 2. Attachment 2: Excerpts / screen-shots of SCCA communications re CML Code Fact Sheet
- 3. **Attachment 3:** Example of SCCA member standard disclosure statement to retail tenants in relation re CML Code and dedicated website and centre-specific information for casual mall licensing.
- 4. Attachment 4: Relevant CAC meeting Agendas / Minutes / Papers.

### ACCC Issue#1:

- 1. Please provide information regarding how the CAC has engaged with shopping centre tenants and other interested parties over the last two financial years (2018-19 and 2019-2020) to facilitate:
  - a. Awareness of the Code and promotion of its dispute resolution measures.
  - b. Enhancements to the Code and its dispute resolution measures.

Please include any information evidencing the effect of this engagement. For example, showing consistent provision of the Fact Sheet to retail tenants and licensees.

### **SCCA Response:**

The CAC hasn't engaged directly with shopping centre tenants. Engagement at this level is principally the role of CAC members (whose members include tenants, or engage with tenants), including SCCA members who have a commercial relationship with tenants under legally binding leases.

Noting the CAC's role, the CAC's main activity has been the development of the Fact Sheet, which was provided to interested parties such as Small Business Commissioners (including the

ACCC) for their awareness, particularly given that tenants will often access Small Business Commissioner offices as a source of information along with noting their formal role in mediation and dispute resolution under the Code. An example letter (dated 21 November 2019) to a Small Business Commissioner is **attached (Attachment 1)**. The CAC Independent Chair offered to meet and discuss with each Commissioner.

In terms of the SCCA's engagement, we have undertaken the following general activities, and relevant experts / screenshots are **attached (Attachment 2)**:

- The Fact Sheet was put on our website on 4 November 2019 (as a News Post and under the dedicated SCCA CML Page noting that in the CAC's 18 March 2018 Minutes, it was noted that the SCCA's website page on the Code 'would be a good avenue to promote the Code'.
- The Fact Sheet was promoted in our *ShopTalk* newsletter on 15 November 2019.

While it's not part of the CAC's activities, we have **attached (Attachment 3)** some different examples that illustrate the consistent provision of CML Code information to retail tenants along with information available in open source information (e.g. websites) by SCCA members that are representatives on the CAC, including Charter Hall and Vicinity Centres. In this respect, it is important to note that the Code is the principal document that tenants need to be aware of, however this is complemented with specific and general information along with conversations with tenants who having existing relationships with the shopping centre owner through a legally binding lease. For awareness, the two SCCA members referenced are a representative sample insofar they own shopping centres as follows: (1) all jurisdictions (ex. NT); (2) located in metropolitan and regional areas; (3) covering large 'regional' centres through to smaller 'neighbourhood' centres and CBD centres.

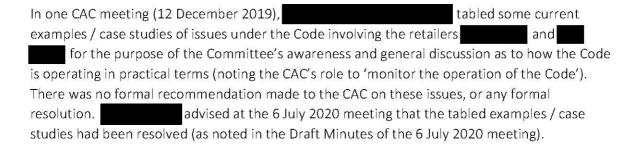
The **attached (Attachment 3)** includes a relevant excerpt from a SCCA member Disclosure Statement which is provided to retail tenants; which is part of their standard and consistent operating procedure. This notes that company's adherence with the CML Code and also refers them a dedicated website (*specialtymallleasing.com.au*) which outlines CML requirements and provides information in relation to shopping centres and their CML sites. **Attachment 3** includes a screenshot of the *specalitymallleasing.com.au* homepage for the ACCC's awareness. Similarly, **Attachment 3** includes an example of a specific shopping centre (Chadstone Shopping Centre – available at *vicinity.com.au/mall-space*) in relation to that centre's CML sites.

### ACCC Issue#2:

- 2. Please provide examples of disputes brought to the CAC's attention, or otherwise resolved by the SCCA's members under the Code, in the last two financial years including:
  - a. the date the complaint was made
  - b. the parties to the dispute
  - c. the nature of the complainant
  - d. the outcome of dispute resolution process
  - e. a summary of any responses or complaints in relation to the outcome.

## **SCCA Response:**

As noted in our application, no disputes have been formally brought to the CAC's attention. It is not the CAC's role to consider or resolve disputes.



Disputes in relation to casual mall licencing are generally received and resolved through multiple channels ranging from informal commercial discussions between parties to formal alternative dispute resolution forums such as Small Business Commissioners.

Our members have advised that they typically resolve disputes at a local centre level through informal commercial discussions between the local centre management team and the retailer (reflecting the intent of the Code in resolving disputes as a matter of good commercial practice without the need for formal dispute resolution or litigation). This approach is reflected in the March 2019 CAC Minutes (in **Attachment 4**, as part of response to ACCC Issue#3 below) where SCCA representatives noted that 'good process is critical to ensuring that issues are managed at the operational level without need for escalation', and in the December 2019 CAC Minutes (in **Attachment 4**, as part of response to ACCC Issue#3 below) that 'any issues raised are being sorted at the centre level'.

Common examples in terms of resolution by SCCA members include:

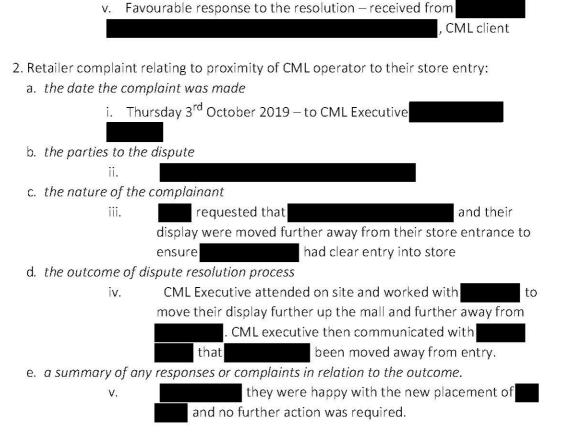
- 1. Agreeing to relocate or remove a casual mall licensee where a complaint is raised by a lessee in the shopping centre of a perceived competing usage by an adjacent casual mall licensee; and
- 2. Refraining from granting a casual mall licences in circumstances where a retailer has raised concerns regarding adjacent usages that may have been in breach of the Code; and
- 3. Agreeing to relocate or reconfigure casual mall licensees which are impacting on or disturbing traffic flow or sightlines in a shopping centre.

Noting the above, the following illustrates some typical examples:

- 1. Retailer complaint relating to CML display partially impacting store sightlines:
  - a. the date the complaint was made
    - i. Tuesday 13<sup>th</sup> October 2020 to Retail Manager
      Wednesday 14<sup>th</sup> October 2020 to CML Region Manager
  - b. the parties to the dispute



- c. the nature of the complainant
  - iii. Motor Vehicle display partially impeding
- d. the outcome of dispute resolution process
  - iv. Vehicle position within the mall was adjusted within agreed time frame
- e. a summary of any responses or complaints in relation to the outcome.



Lessors will typically include in casual mall licences an ability to relocate or terminate such licence arrangements to ensure that concerns by shopping centre retailers can be addressed in a timely manner through the removal or relocation of casual mall licencing kiosks and other fitouts.

SCCA have advised that they are committed to participating in mediation processes provided by the relevant State based Small Business Commissioners where appropriate to resolve disputes with retailers in accordance with relevant retail lease legislation. However there has historically been very few instances of disputes proceeding to formal dispute resolution as most complaints are resolved informally by centre management in accordance with the Code.

Matters which do proceed to formal dispute resolution typically involve a number of other commercial issues arising under the leasing relationship between the lessor and the lessee. Any matters that are not resolved at by the local centre management team are escalated within our members' organisations in accordance with their ordinary dispute resolution processes for senior management input. We note that in the above examples referenced in the CAC minutes, these matters were escalated by the 'landlord' members of the CAC to senior management of the relevant centre operators for resolution and also to ensure renewed awareness and training on the Code for centre teams where appropriate.

### ACCC Issue#3:

3. Please provide copies of agendas, minutes, and any material considered by the CAC for each meeting in the last two financial years.

### **SCCA Response:**

A copy of the agendas and minutes are attached (Attachment 4) relevant to each meeting as

### follows:

- 24 July 2018 Agenda; 12 March 2018 Draft Minutes.
- 15 March 2019 Agenda; 24 July 2018 Draft Minutes.
- 12 December 2019 Agenda; 12 March 2019 Draft Minutes; CML Fact Sheet Letter to VSBC; VSBC social media re CML Fact Sheet; SCCA Briefing Note tabled at the meeting.
- 6 July 2020 Agenda; 12 December 2019 Draft Minutes for formal endorsement; Letter to ACCC dated 13 December 2019; Letter from ACCC dated 18 June 2020.

We'd be happy to this response with you to provide relevant context and clarity as needed. As always, please don't hesitate to call.

Regards, Angus



Level 31, International Towers, Tower 2 200 Barangaroo Avenue, Sydney, NSW, 2000

## ATTACHMENT 1 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION

### Letter to Victorian Small Business Commissioner - Judy O'Connell re CML Fact Sheet











21 November 2019

Ms Judy O'Connell Victorian Small Business Commissioner GPO Box 4509 MELBOURNE VICTORIA 3001

By email:

Dear Ms O'Connell,

#### Casual Mall Licensing Code of Practice Fact Sheet

You would recall the Casual Mall Licensing Code of Practice, which is authorised by the Australian Competition and Consumer Commission (ACCC), is designed to provide a fair balance for sitting lessees and business efficacy of lessors, in relation to casual mall licensing.

The current Code is authorised to the Shopping Centre Council of Australia, supported by the National Retail Association and Australian Retailers Association.

Under the ACCC's current authorisation, the ACCC 'strongly encouraged' the SCCA to increase retailer representation on the Code Administration Committee, along with the appointment of an independent Chair. The SCCA accepted this suggestion, and following the formation of the revised Committee, I was appointed as the independent Chair.

The Committee's membership includes the Australian Retailers Association, National Retail Association, National Online Retail Association and Pharmacy Guild of Australia.

The Committee resolved to develop a Fact Sheet to provide prospective and sittings tenants and licensees with an overview of the Code, and its key provisions such as those in relation to competitors, sightlines, outgoings and dispute resolution. The Fact Sheet has recently been released, and I attach a copy for your information.

Now the Fact Sheet has been released, the Committee has also agreed to investigate it being published in non-English languages.

You will note that the Fact Sheet has a specific section relating to potential concerns, and that if a complaint cannot be resolved by negotiation, the Code refers to the relevant dispute resolution bodies, including your agency.

Aside from being general information available on the Committee's members websites, the SCCA Board of Directors agreed for the Fact Sheet to be provided to prospective and sitting retail tenants and licensees, including in general alignment with existing disclosure obligations under retail lease legislation and the Casual Mall Licensing Code.

The Committee is continuing to meet, and I believe it has been a positive forum facilitating constructive contributions by the leading representatives of commercial landlords and retail tenants

I will be pleased to discuss the Code or any relevant issues with you. Please don't hesitate to contact me on either

Regards,

Mark Brennan
Independent Chairman
Casual Mall Leasing Code Administration Committee

## ATTACHMENT 1 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION











## FACT SHEET: CASUAL MALL LICENSING

This Fact Sheet provides an overview of 'casual mall licensing' under the <u>Casual Mall Licensing Code of Practice</u>. Although this is provided for general information only, it reflects the importance of shopping centre lessees having an appropriate awareness and understanding of the <u>Code</u>. A copy of the six-page <u>Code</u> (see image below) can be accessed at www.scca.org.au.

The Code is, in effect, designed to provide a fair balance between: (1) protection for sitting lessees and (2) business efficacy for lessors. In a practice sense, the Code protects sitting lessees from the sightlines to their premises from being blocked and unreasonable competition from a casual mall licensee, while recognising fair business opportunities that may be available to lessors.

#### OVERVIEW OF CASUAL MALL LICENSING

The shopping centre that you are either considering operating a business in, or currently operate a business in, may operate several 'casual mall' sites. These may also be known as 'pop-up' or 'promotional' retail sites.

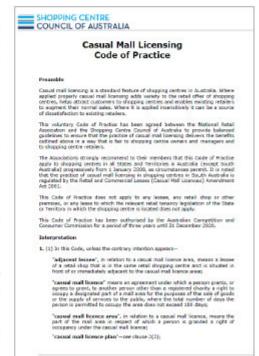
A casual mall site is an area in the public mall, or common area, of a shopping centre, where a person can operate a business under a 'casual mall licence' for a short term, and a maximum of 180 days.

A survey of shopping centres highlighted that the average term for a business operating at a casual mall site is 12 days.

Such businesses can be existing lessees in a shopping centre (e.g. to augment their existing sales), or a business that currently does not operate in a shopping centre (e.g. to add variety to a shopping centre's offer to customers).

A casual mall licence will generally be issued in accordance with the Casual Mall Licensing Code of Practice (see following image) which is authorised by the Australian Competition and Consumer Commission (ACCC). The current Code was authorised to the Shopping Centre Council of Australia, supported by the National Retail Association and Australian Retailers

The Code applies in all jurisdictions, except in South Australia where casual mall licensing is regulated separately. The Code is voluntary, and any shopping centre is welcome to apply the Code. The Code has however been agreed to by members of the Shopping Centre Council of Australia (a full list is available at www.scca.org.au) and all support the Code.



If you are a lessee in a shopping centre, you may want to check your Disclosure Statement and/or lease to confirm if your shopping centre owner or operator has agreed to apply the Code.

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## ATTACHMENT 1 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION

#### KEY PROVISIONS

The Code stipulates various requirements on shopping centre owners and operators in relation to the granting of a casual mall licence, including in relation to 'competitors', 'sightlines', 'outgoings' and 'dispute resolution'.

These requirements ensure that the practice of casual mall licensing delivers the benefits of casual mall licensing in a way that is fair to shopping centre owners and operators and to shopping centre retailers.

As an example, a shopping centre owner or operator must not grant a casual mall licence that results in the unreasonable introduction of an external competitor (a person who is not a lessee in the shopping centre) to an adjacent lessee (a lessee of a retail shop that is in the same shopping centre and is situated in front of or immediately adjacent to the casual mall licence area).

There are also provisions in relation to the introduction of an internal competitor (a person who is a lessee in the shopping centre).

Under the Code, in the case of the sale of goods, a competitor is a person who displays goods for sale and where more than 50% (on a floor area occupied by display basis) of the goods displayed are of the same general kind as more than 20% (on a floor area occupied by display basis) of the goods displayed for sale by another person. In the case of the supply of services, a competitor is a person who competes with the other person to a substantial extent.

A shopping centre also must generally ensure that a casual mall business does not substantially interfere with the sightlines to a lessee's shopfront.



Where there is casual mall licensing in a shopping centre, a particular benefit for sitting lessees is that they are entitled to a reduction in the total amount of non-specific outgoings that they would otherwise pay. The amount of the reduction is calculated having regard to total outgoings, lettable area and length of the casual mall licence.

#### CONCERNS?

If you are a lessee in a shopping centre and believe the shopping centre owner and/or a casual mall business has breached the Code, you should immediately notify the nominated representative of the shopping centre owner or operator in writing.

Under the Code, where a complaint is made, the shopping centre owner and lessee must attempt to resolve any complaint by negotiation between themselves.

If the complaint cannot be resolved by negotiation, the parties agree that it should be referred to mediation. Details of retail tenancy mediation bodies in each jurisdiction are listed below:

- Commonwealth: Australian Small Business and Family Enterprise Ombudsman (www.asbfeo.gov.au)
- ACT: Access Canberra (www.accesscanberra.act.gov.au)
- NSW: Office of the New South Wales Small Business Commissioner (www.smallbusiness.nsw.gov.au)
- NT: Northern Territory Consumer Affairs (www.consumeraffairs.nt.gov.au)
- QLD: Department of Employment, Small Business and Training (www.desbt.qld.gov.au)
- TAS: Business Tasmania (www.business.tas.gov.au)
- VIC: Small Business Commission (www.vsbc.vic.gov.au)
- WA: Small Business Development Corporation (www.smallbusiness.wa.gov.au)

#### CODE ADMINISTRATION COMMITTEE

The Code is overseen by a Code Administration Committee, which comprises a balance of representatives for shopping centre owners and retailers, including the Australian Retailers Association, Charter Hall, National Retail Association, National Online Retailers Association, Pharmacy Guild of Australia, Shopping Centre Council of Australia, Scentre Group and Vicinity Centres.

The role of the Committee is to promote and monitor the operation of the Code.

The Committee is chaired by an independent person, Mark Brennan, a lawyer and former Australian Small Business Commissioner, Victorian Small Business Commissioner and Chairman of the Victorian Commission for Gambling and Liquor Regulation.

Disclaimer: This Fact Sheet is provided as a guide only, should not be taken as constituting legal or other professional advice, and should not be relied upon as the sole basis for making decisions or entering into a commercial or other agreement. You should consider seeking independent legal and other professional advice.

# ATTACHMENT 2 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION

### CML Fact Sheet News Post (4 November 2019)

Link - <a href="https://www.scca.org.au/media-and-events/news/page/2/">https://www.scca.org.au/media-and-events/news/page/2/</a>



## SCCA CML Homepage (4 November 2019)

Link - https://www.scca.org.au/industry-information/casual-mall-licensing-code/



### ShopTalk Newsletter (15 November 2019)

Link - https://www.scca.org.au/wp-content/uploads/2019/11/20191115.pdf



# ATTACHMENT 3 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION

Charter Hall Standard Disclosure Statement



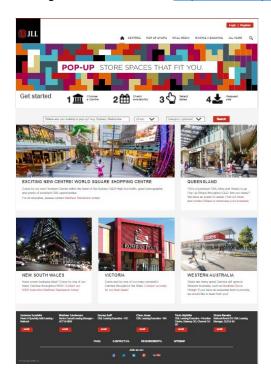
# ATTACHMENT 3 SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION

### JLL Information and Requirements for CML tenants

The full list of requirements are noted at - <a href="https://www.specialtymallleasing.com.au/requirements">https://www.specialtymallleasing.com.au/requirements</a>

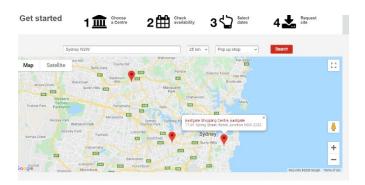
### Example of the booking system for CML tenants

Bookings can be made at - <a href="https://www.specialtymallleasing.com.au/">https://www.specialtymallleasing.com.au/</a>



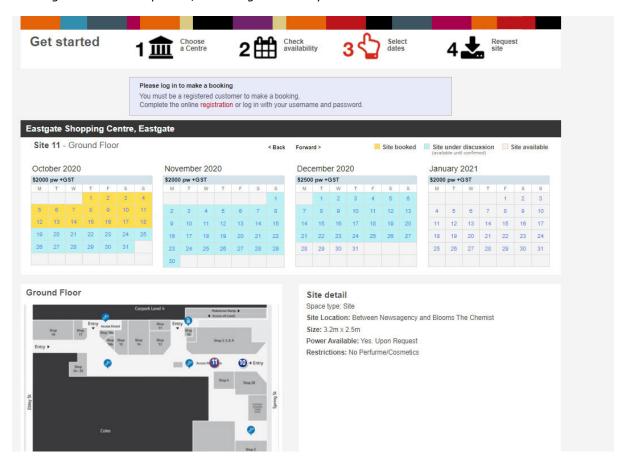
## Selecting a centre:





## ATTACHMENT 3 SCCA RESPONSE TO ACCC – CML CODE REAUTHORISATION

Viewing different site options / checking availability:



## ATTACHMENT 3 SCCA RESPONSE TO ACCC – CML CODE REAUTHORISATION

### Chadstone Shopping Centre Casual Mall Brochure

 $\label{link-https://www.vicinity.com.au/media/879639/chadstone-cml-flyer-as-at-june-2019-ff648992-9da9-454d-88e2-cf9c17af10a0.pdf$ 



### CHADSTONE

#### BENEFITS OF CASUAL MALL LEASING

- Brand exposure

  Showcase or launch your products and
  services within a proven retail environmen
  Promote your product or service outside
  your traditional trade areas
  Flexible and affordable
- Position your brand and products alongside Australia's best retail brands

Site No.	Location	(LxWxH)	Rate ex gst	Power
5	Opposite Novo	4x2.5x1.4	\$3,500	Y.
8	Between Ferguson Planre & Right Centre	4×3×14	\$3,500	Y
9	Between Urban Home Republic & Sheridan	4×3×1.4	\$3,500	Y
10	Between Pottery Barn Kids & Papaya	5×3×14	\$3,500	Y
11	Opposite Rebel Sport	4x3x1.4	\$3,500	Υ
12	Between Skechers & Culture Kings	4×3×1.4	\$3,500	Υ
15	Opposite G Bags	4×2.5×1.4	\$3,500	Y
16	Opposite Pets At Chadstone	4x2.5x1.4	\$3,500	Υ
17	Opposite Footlocker	4x3x14	\$3,500	Υ
18	Between Reject Shop & Zing	4x2.5x1.4	\$3,500	Y
19	Between Kidstuff & La Française	4×3×1.4	\$3,500	Υ
20	Main Atrium	8×7×14	On Request	Y
22	Opposite Myer Fountain	86 sqm	On Request	Y
25	Opposite JB HI-R	4×3×14	\$3,500	Y
34	Between Minihaha & Bonpoint	4x3x14	\$3,500	Y
40	Between Diesel & Nixon	4x3x14	\$3,500	Y
47	Between Bossini and Merchant	4x2.5x1.4	\$3,500	Y
48	Between Wanted & Vans	4×3×14	\$3,500	Y
50	David Jones Dame	8x8x14	On Request	Y
54	Between YD & House of Hoops	4x3x14	\$3,500	Y
56	Opposite Levi's	4x3x14	\$3,500	Y
66	Opposite Priceline	4x3x1.4	\$3,500	Y
73	Outdoor Activision	Varible	On Request	Y



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# ATTACHMENT 4 - CONFIDENTIAL SCCA RESPONSE TO ACCC - CML CODE REAUTHORISATION