

SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

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IPART DRAFT REPORT ON REVIEW OF LOCAL GOVERNMENT RATING SYSTEM

The NSW Independent Pricing and Regulatory Tribunal (IPART) this week released its [Draft Report](#) on its review of the NSW local government rating system ([Shop Talk 21/4/2016](#) & [9/6/2016](#)). The Draft Report's recommendations perpetuate the poorly conceived proposals that were initially flagged in an April 2016 [Issues Paper](#). IPART's approach to the review seems to have been heavily influenced by suggestions from the local government sector that there is an inequity between the rating of multi-unit residential and single dwellings. This frame of analysis, in addition to a number of apparent assumptions adopted by IPART (e.g. *"for a given amount of total rates revenue, the market value of the ratepayer's property, rather than their unimproved land value, will usually better reflect their share of demand for and the share of the costs of providing council services"*) presents serious concerns for highly capital improved properties, including shopping centres. Recommendations in the Draft Report include 1) allowing councils the choice between using Capital Improved Value (CIV) or Unimproved Value (UV) as the basis of valuations at the rating category level, 2) allowing councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government which need not receive regulatory approval from IPART, and 3) allowing councils to either purchase valuation services directly from the market or from the Valuer General. The potential impact of the Draft Report's recommendations on shopping centres and other non-residential assets are scarcely mentioned throughout the report despite the recommended changes being applicable system wide. We remain of the view that local government's interest in shifting to CIV is nothing more than an attempt to shift a greater proportion of the rate burden to highly valued properties, like shopping centres. The introduction of an unregulated 'infrastructure rate' is also likely to be a 'back door' pathway to the introduction of so-called 'value-capture' funding models. Submissions on the Draft Report are due in mid-October, with a Final Report to Government due by the end of the year.

SAVE THE DATE: 13 OCTOBER SHOPPING CENTRE COUNCIL OF AUSTRALIA INDUSTRY LUNCH

Save the date for the Shopping Centre Council of Australia's 'Industry Lunch' which will be held in the Sydney CBD on Thursday 13th October 2016 from 12-2pm. Featuring an eminent speaker with an international focus, this event will be a great opportunity to network with industry peers and celebrate our industry. More details will be announced via [ShopTalk](#) in the coming weeks and will also be placed on our [website](#). Please express interest in attending this event [here](#).

MASTERS PROPERTY PROPOSED TO BE SOLD TO HOME CONSORTIUM FOR 'REPURPOSING'

Woolworths this week [announced](#) a proposed exit strategy from the Masters home improvement business. It has been announced that Home Consortium (Aurum Group, Spotlight Group and Chemist Warehouse) have proposed to buy the Masters sites, including 40 freehold trading sites, 21 freehold development sites and 21 leasehold sites and *"repurpose the sites...into multi-tenant, large format centres anchored by a selection of Australia's leading home, hardware, family and lifestyle traders"*. It is also noted that Woolworths will acquire three freehold sites and take assignment of 12 leases. With a related media statement acknowledging that *"landlord and authority consents"* may be required, this proposed exit strategy raises questions about whether pressure will be placed on governments for special planning changes and relaxations to facilitate this 'repurposing' ([Shop Talk 26/5/2016](#)).

THE AUSTRALIAN FINANCIAL REVIEW RETAIL SUMMIT TO BE HELD IN MELBOURNE

The Australian Financial Review has announced its first Retail Summit will be held on 28-29 September 2016 at the Sofitel on Collins, Melbourne. Speakers include Peter Allen, CEO Scentre Group and Chairman of the Shopping Centre Council of Australia, and Rod Sims, Chairman of the ACCC. The event will provide a platform for industry leaders to discuss the future of retail in Australia. Visit the event [website](#) for more information.

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