



12 July 2021

Committee Secretary
Community Support and Services Committee
Parliament House
George Street
Brisbane Qld 4001

By email: CSSC@parliament.qld.gov.au

Dear Sir

Submission in response to the *Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021*

The Real Estate Institute of Queensland Limited ("REIQ") welcomes the opportunity to provide this submission in response to *Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021* ("Bill").

The REIQ has been the peak professional body for the Queensland real estate profession for 101 years and represents approximately 15,000 individual real estate practitioners across 1,450 agency members. REIQ members operate across the real estate spectrum, including residential property management and sales, commercial and industrial leasing and sales, business broking, auctioneering and buyer's agency. The REIQ is recognised as the leading authority on real estate in Queensland.

Executive Summary

The REIQ does not support the majority of the reforms proposed in the Bill. The Bill appears to have been developed based simply on the core ideology of the Greens party, with limited appreciation of the nature of real estate and its relationship to Queensland's social and economic wellbeing. Aspects of the Bill also ignore or neglect commercial and practical reality insofar as they purport to impose regulatory controls on factors that have always, and should always, be left to the market.

The Greens have developed the Bill in exclusive consultation with tenant aligned stakeholders and this is clearly reflected in the biased nature of the proposed reforms. Its focus is solely on tenant rights. The Bill lacks any form of balance or recognition of the rights of property owner and simply ignores established legal principles and requirements.

The Bill proposes changes that would erode fundamental legislative and contractual rights of property owners. It proposes to introduce onerous and unreasonable requirements on property owners. These reforms would, in our view, immediately and significantly destabilise the Queensland rental market and lead to owners of property made available to the rental market disposing of their asset in the face of higher costs, greater risk, and most importantly, a loss of control over their asset.

In addition, investors, either local or from interstate, who once viewed Queensland as a potential opportunity to purchase residential property to place on the rental market, would undoubtedly view the proposed changes as a significant barrier. Whilst the proposed reforms seek to protect tenant's rights,

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they would in practical effect act as the catalyst for significant reduction in the number and quality of properties available to rent. Consequently, as the supply and demand becomes artificially biased toward the tightening 'supply', tenants can expect to be confronted with rising rents and a raft of new conditions designed to compensate property owners for the increased cost and risk associated with the proposed new regulatory regime.

The negative impact of the reforms introduced by the Greens in the Bill cannot be overstated. The proposed reforms undermine the security and stability of the Queensland rental market for all Queenslanders.

To properly implement tenancy reforms of any nature, it is necessary to consider the structural features and characteristics of the Queensland rental system and the established laws governing tenancy relations. This Bill categorically fails to consider these important factors.

Background

The 2019/20 Annual Report of the Residential Tenancies Authority ("RTA") confirms that 88.5% of Queensland's rental properties are managed by real estate agents and onsite managers. Accordingly, the REIQ is well placed to provide valuable insights into the current operation of tenancy laws, and the potential consequences and benefits of proposed future reforms.

The REIQ is ideally positioned to provide an objective and independent viewpoint on the topic of tenancy reform. Unlike other stakeholders, the REIQ is not exclusively affiliated with either the tenant or lessor in a tenancy relationship. The REIQ has a long and proud history of working effectively with both tenant and lessor aligned stakeholders and we are uniquely positioned to provide insights into the need for a balanced regulatory framework in this most critical of areas.

According to housing occupancy figures from the Australian Bureau of Statistics ("ABS"), around 36% of Queensland's population rent. Meanwhile, rental demand is expected to rise based on historical rental trends and population statistics. These statistics demonstrate the importance of ongoing housing supply to meet both current and future rental demands. As over 90% of Queensland's rental housing is provided by private property owners¹, private investors occupy a crucial role in housing Queenslanders.

A regulatory framework that supports everyone

Given the current and anticipated rental needs of the community, it is critical that tenants and lessors have access to a fair and balanced legislative framework that provides sufficient support and protection to both parties. The REIQ supports rental reforms that are designed to create better security, safety and certainty for both tenants and lessors. This is vital to the well-being and ongoing sustainability of our community and the rental sector.

¹ Australian Bureau of Statistics, 4130.0 Housing Occupancy and Cost, 2017 – 2018 report, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0>; Queensland Government, Open Data Portal, Rental Bond Data, 2016 Census QLD (STE): https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/3?opendocument; 2011 Census QLD (STE): https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/3?opendocument 2006 Census QLD (STE): https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2006/quickstat/3?opendocument.



The REIQ has serious concerns about the proposed reforms as they seek to erode the fundamental rights and decision-making powers of lessors in respect of their properties, whilst introducing a raft of onerous requirements to further burden those same lessors. The natural impact of such changes would be current investors withdrawing from the permanent rental market and the introduction of significant disincentives to future investment. The combination of these factors would detrimentally impact building and investment activity in the residential rental sector, resulting in reduced housing supply for renters and consequentially increased rents and a greater strain on the rental sector as a whole.

In addition to the above, we are concerned that the proposed reforms do not properly consider practical implications and legal consequences that will arise if some of the proposed reforms are enacted.

Our submission focusses on each of the five key reforms outlined in the Bill.

Notices to Leave

The REIQ strongly opposes the recommendation to remove the ability for lessors to end a tenancy “*without grounds*”. The introduction of this proposed reform would breach fundamental principles of contract law and substantially damage lessor rights.

The Explanatory Notes state an objective of the Bill is to “*improve security by removing the ability for no grounds evictions*”. This is a misleading statement. Under a fixed term tenancy, lessors cannot lawfully evict tenants without grounds. They can only issue tenants with a notice to leave due to the end of the agreed term. The tenant shares the same right at the end of the agreed term; they may end the tenancy by providing a ‘without grounds’ notice.

This Bill does not seek to abolish “without grounds evictions”. Rather, it proposes to abolish a lessor’s right to choose not to renew the agreement. The lessor *must* renew the agreement. A lessor compelled to offer a tenancy agreement in which there is no opportunity for them to not renew beyond any stated term, is, in effect, offering a perpetual lease that may only be ended by the tenant if and when they choose to do so. The only exception to this are the limited grounds available to lessors under sections 291 and 292. Whilst this proposed reform applies to a lessor, it is noted that tenants retain their right to end a tenancy agreement ‘without grounds’.

It is a fundamental principle of contract and tenancy law that each party agree to a certain set of terms and conditions, including (in the context of a tenancy agreement) a particular fixed term during which those terms and conditions continue to apply. Abolishing the right of a lessor not to renew a tenancy agreement at the end of the fixed term ignores this principle, and effectively creates a perpetual right of occupancy for a tenant based on whatever terms and conditions were originally agreed to.

These proposed reforms undermine an owner’s contractual right to enter into a contract with a reasonable degree of certainty relating to the length of that agreement. Australian contract law requires certainty for a contract to be formed and enforceable. An ‘agreement to agree’ in the future or an agreement to negotiate the terms of a contract (whether in good faith or by using reasonable endeavours) is not certain or complete.² Consequently, this reform may have the effect of undermining the validity of tenancy agreements as a whole.

² W D Duncan and S Christensen, ‘Real Estate Agency Law in Queensland’, p166



Where a lessor and tenant have agreed to a fixed term for a tenancy, both parties *must* retain the right to end the agreement based on the end of the tenancy term. Conversely, the parties *must* retain the right to mutually agree to a further extension. These basic concepts and understandings are consistent with the fundamental principles of contract and tenancy law.

Similarly, the Bill proposes to remove a lessor's right to end a periodic tenancy agreement "*without grounds*". Again, we reject this proposed form. A periodic tenancy has no end date. It is highly flexible in nature. Under current tenancy laws, either party may end a periodic tenancy albeit with different notice periods favouring the tenant. Lessors must give two months' notice and tenants may give 14 days' notice. Again, the Bill seeks to 'tie the hands' of the lessor by allowing tenants to remain for as long as they wish. Whilst tenants maintain the right to issue a without grounds termination to end the agreement, the lessor has no right to do so despite the periodic nature of the agreement.

This proposed reform would, in our view, create in perpetuity leases that provide unilateral termination rights to tenants. This would prevent lessors having control in relation to the length of tenancy agreements and would severely impact the lessor's right to tenant selection. We also submit that this would create a registrable interest over the property in question. Not only would this create a series of expensive and complicated registration requirements, but the existence (or potential existence) of a registrable interest recorded on the title of an affected rental property, has the potential to complicate the ability of the owner to sell that property. Equally, it is likely that a prospective owner of a rental property in Queensland may be frustrated in their efforts to obtain finance for that purchase in circumstances where a bank's security may be made subject to a registrable interest of a tenant occupying that property.

The erosion of the rights of an owner to exercise control over their investment property, who may reside in it and for what period of time, would most certainly act as a deterrent to property investment in Queensland, and result in a shift of investment to other states with less onerous tenancy laws. At the same time, and for the same reasons, the proposed change is likely to drive existing owners to sell, or consider selling, their investment properties, or withdraw them from the long-term rental market.

Following the release of the Regulatory Impact Statement in response to the 'Open Doors to Renting Reform' process, we received significant amounts of feedback that owners would sell their investment properties if such a reform were to be enacted into law. This is further supported by the results of a rental reforms survey conducted by the REIQ through November and December 2019 and distributed to property owners. In total, 8542 respondents completed the survey. Of those, 8519 respondents answered a question about factors that would make them reconsider current or future property investments. 86% of those respondents answered 'yes' when asked if they would reconsider their investment should their right not to renew a tenancy agreement be abolished, and the tenant becoming legally entitled to remain in the property indefinitely.

In circumstances where parties agree to a fixed term at the outset of a tenancy agreement, it is reasonable for either party to end that tenancy on the date that was mutually agreed at the outset. This model is consistent with Australian contract law. It is fair, it is clear, and it provides certainty for both parties.

The apparent need for this reform has been rationalised by the Greens on the basis that it would eliminate 'arbitrary' terminations by lessors which cause tenants stress, inconvenience and cost. This



justification is not consistent with data released in the RTA Annual Report 2018/19 which reveals that:

- only 3.6% of disputes (from a total of 29,134) in 2018/19 and 4.5% (from a total of 19,882) in 2019/20 related to 'ending a tenancy'; and
- the median length of tenancies in Queensland has consistently risen for both units and houses in Queensland since 2012/13 from 14.9 months to 17.9 months for houses in 2019/20 and 12.4 months to 13.4 months for units in 2019/20.

In addition, discussions with real estate businesses across Queensland have revealed that, in the vast majority of cases, it is overwhelmingly tenants (not lessors) who elect to end tenancy agreements at the end of an agreed term. Most real estate offices reported that between 85-90% of tenancies end due to tenant termination.

The Greens also argue that this reform is crucial to safeguard tenants from unfair and retaliatory evictions. Under section 292 of the RTRA Act, if a tenant reasonably believes a lessor has given a notice to leave without grounds as a retaliatory action against the tenant, the tenant can apply to have the notice set aside. Under these current arrangements, a tenant has up to 4 weeks from receipt of the notice, to do so. This existing provision provides tenants with a necessary statutory safeguard and operates as a significant disincentive for owners to engage in such activity.

Like tenants, lessors desire certainty and stability when it comes to rental relationships. In our experience, lessors will almost always (unless specific reasons exist) offer a tenant a further term at the end of a fixed term tenancy where the tenant has demonstrated an ability to pay rent punctually and care for the property.

Generally, lessors (and property managers) prefer that tenants renew a tenancy on or before expiry, and/or commit to a longer term tenancy in appropriate circumstances. This is due to the risks and costs associated with vacant properties such as:

- loss of income for the lessor and property manager whilst the property remains vacant;
- additional costs to the lessor for advertising and re-leasing the premises;
- additional work for the property manager to secure and on-board a new tenant;
- increased risk of termination of property management services for real estate businesses.

In addition, a rental property that remains vacant for an extended period of time is exposed to a higher risk of break in and/or damage.

Potential consequences of the proposed reform

If the *Residential Tenancies & Rooming Accommodation Act 2008* ("Act") is amended to remove a lessor's entitlement to end a tenancy without grounds, the REIQ is concerned about the potential impact on the rental sector and the consequences that are likely to arise. These are summarised below:

Property investment and rental housing supply issues

If this radical and restrictive reform was introduced into law, at least some portion of existing property owners are likely to exit the permanent rental market and move into less restrictive investments. Even a



modest decrease in rental housing supply of 5% would result in approximately 30,000 properties being lost from the long-term rental market. Our rental reforms survey data indicates the percentages likely to be far higher. In addition, future property investment would most certainly be negatively impacted.

Limited rental housing supply is already causing tight rental vacancy rates in many parts of Queensland. The REIQ's last rental vacancy rate report dated March 2021 shows that most of the Queensland rental market is classified as "tight" and almost 70% of the State is experiencing vacancy rates below 1%.³ The growing population of Queensland and anticipated increase in rental demand will only further exacerbate supply shortage issues.

Shift from long-term to short-term rental market

This proposed reform may also drive property owners away from the long-term rental market and towards short-term and holiday letting arrangements which are not governed by the Act. According to the 2019 Australian Short Term Rental Report, as of September 2019, the Australian short-term rental industry grew a staggering 47% within the last year with approximately 30,000 more homes being leased on a short-term basis. Since 2016, the market has more than doubled.

Queensland has many coastal areas and tourism centres that are well suited to short-term and holiday letting. This has been exacerbated by limitations to international travel, making accommodation options within Australia, and particularly Queensland, attractive to domestic travelers who may otherwise have taken overseas holidays. Similarly, fashionable suburbs close to city centres can often fetch higher rents on a holiday and short-term letting basis.

Increased dispute levels and Queensland Civil and Administrative Tribunal ("QCAT") and the Residential Tenancies Authority ("RTA") issues

Currently, lessors are able to end a tenancy without grounds at the end of an agreed term or within a periodic tenancy. As a result, lessors are more likely to tolerate certain tenant conduct and/or breaches of tenancy agreements given the eventual option to end a tenancy. However, if owners are compelled to accept what is effectively a perpetual tenancy agreement (being a consequence of the reforms proposed in the Bill), they are far more likely to invoke dispute resolution processes through the RTA. Similarly, they are more likely to pursue matters at QCAT. This will place even further pressure on QCAT and cause lengthier delays than those already being experienced.

High-risk applicants may find it difficult to secure a tenancy

Due to the fear that owners could be procuring 'tenants for life', lessors and property managers are likely to develop far more stringent screening processes and favour tenants with a strong rental history and proven, stable incomes. This reform would lead to stricter due diligence processes in relation to prospective tenants. This will significantly disadvantage the most vulnerable tenants in the Queensland community.

For the reasons outlined above, this proposed reform is dangerous, radical and untenable. Our opposition to this proposed reform is unequivocal.

³ REIQ Rental Vacancy Report, March 2021

Minimum Housing Standards

Safe and secure housing is essential for all Queenslanders. The REIQ has always supported this principle. The REIQ supports minimum housing standards for rental properties that relate to health and safety and security matters.

We agree that rental premises must meet minimum housing standards that ensure they are weatherproof, structurally sound and in good repair. Similarly, inclusions should be in working order and in good repair.

We do not support the imposition of minimum housing standards outside of these parameters. In particular, we do not support the introduction of minimum housing standards in relation to matters such as, lighting, energy efficiency, ventilation and insulation and dimensions of rooms as proposed in the Bill.

Additionally, we do not support the introduction of a requirement for all rental properties to include cooking equipment and facilities, a sink, food preparation areas and storage areas. Where such facilities and areas exist at the outset of the tenancy, we support the requirement for these to be in good working order and to meet certain standards. However, it is not practical or reasonable to expect an owner to install and/or provide these facilities and areas where they did not exist at the outset of a tenancy.

It is impractical and unreasonable to expect lessors to upgrade rental properties to meet every requirement for each matter listed in section 17A of the Act. This would require significant capital expenditure that is not affordable for most lessors. Inevitably, this would be passed on to the tenant. Most lessors are hardworking 'everyday' individuals who are not in a position to fund extensive and expensive upgrades to rental accommodation. According to Australian Taxation Office data, the median total annual income of lessors is less than \$80,000.⁴

The REIQ does not support changes that would impose unreasonable costs on owners to fund alterations, additions and repairs that fall outside of the requirements of section 185 of the Act and reasonable health, safety and security parameters.

Again, the introduction of these onerous requirements would likely result in property owners selling their investment properties or removing them from the permanent long-term rental market, and lead to a reduction in new investment in the sector.

Minor modifications

The Bill provides tenant's a right to make minor modifications of the rental premises without the need for prior lessor approval. Minor modifications include, painting walls, installing picture hooks or nails, installing furniture anchors and shelving and making "*any other modification to the premises*" prescribed by regulation.

On the face it, some of these modifications may be characterised as minor in nature. For example, installing picture hooks or nails to hang photographs or display items. Although these modifications are seemingly 'minor', the potential damage arising from such work may be significant in some circumstances. For example, drilling into a wall without necessary precautions may result in hitting an

⁴ See <https://ipa.org.au/publications-ipa/research-papers/politicians-need-know-negative-gearing>



electrical wire, water pipes or gas pipes thereby creating significant damage and/or risk to life in extreme cases. In addition, drilling into a wall that is wallpapered or features unique or special features may be impossible or impractical to properly repair and restore at the end of the tenancy. Similarly, drilling anchors into flooring may create potential damage to the property that may be expensive or impractical to repair. The use of professional services may therefore be required to protect the property and tenants.

Painting walls has been defined as a minor modification. We do not agree with the characterisation of this as a “minor modification”. We also note that “other” modifications are to be included by inclusion in the regulation. Without knowing what this may encompass, it is difficult to provide meaningful commentary in respect of this. In any event, we do not agree that modifications to properties should be permissible without prior lessor approval.

The proposed introduction of the right to make property modifications without prior lessor approval is, in our view, inconsistent with established tenancy law principles. Tenants should be required to seek consent and lessors should have the right to approve or reasonably withhold approval in relation to such requests. In some cases, approval may be granted subject to reasonable conditions. For example, engaging a licensed tradesperson to carry out the work.

Currently, lessors cannot unreasonably withhold consent if tenants make a request for modifications. This provides a tenant with adequate statutory safeguards and redress if they consider the approval has been unreasonably withheld.

The REIQ would support improvements to the process for modification requests. In particular, we support the introduction of reasonable timeframes for owner response times and the implementation of a process that provides greater certainty for tenants.

Pets

The Bill allows tenants to “notify” the lessor of their intention to keep a pet at the rental premises. There is no requirement to seek lessor approval as required under established tenancy laws. Meanwhile, if a lessor wishes to object to the pet/s, they will be required to make an application to QCAT. This must be undertaken with 14 days. The lessor otherwise has no decision-making rights in relation to pets.

Once again, this proposed reform erodes an owner’s control over their investment property and fails to provide sufficient safeguards for lessors to protect their asset. The recommended option also creates a cost and administrative burden for lessors who will be required to, depending on circumstances, seek QCAT intervention to obtain an order that the tenant is not permitted to keep the pet at the premises.

Given the loss of control owners would encounter under this proposed reform, it is likely to trigger similar risks and consequences to those identified under the ‘Notices to Leave’ section of this submission.

The REIQ understands the importance of pets to many Australians, and the potential health and wellbeing benefits associated with pet companionship. Allowing a tenant to keep a pet can also be beneficial to owners as it may encourage positive tenant behaviour and longer tenancy periods. We therefore support the introduction of reforms that encourage pet ownership and provide owners incentives to consent to pets. This includes pet bonds. Feedback from lessors and property managers indicates that the average 4-week bond is often insufficient to cover substantial damage that may be caused by pets. The Snap Poll in the Open Doors Report noted that 75% of respondents said that a pet bond would assist tenants and

property owners reaching an agreement.⁵

Damage caused by pets can lead to significant repair and renovation bills and property values can be impacted by pet damage. The REIQ has encountered many stories of pet related property damage. The most common examples include floors having to be replaced due to cat and dog urination and faeces, cupboards and cabinetry having to be replaced due to excessive pet chewing and scratches, walls having to be repainted due to excessive marks and damage; and gardens and grass having to be replanted due to holes and damage.

Notably, a property owner's home insurance does not automatically nor commonly cover accidental or other damage caused by pets. Many insurance policies do not respond to pet related damage. Although some policies include 'pets' in their coverage, this is often to cover the cost of the loss or injury of the pet, not the damage caused by them. Even where pet damage is included, technical wording within insurance policies may leave owners without protection.

The Bill does not provide direction about the status of the pet whilst the QCAT application to remove the pet is pending. Presumably, the tenant would have the right to keep the pet whilst the QCAT application is in process. The application may take several months to be heard even though the pet may have been inappropriately brought to the property by the tenant. The property may be severely damaged in the interim. The Bill provides no form of support or compensation to the lessor in this respect. If QCAT determines the pet should not be permitted, this could result in pets being put down and/or severely damage the relationship between tenants and lessors.

The REIQ does not support reforms that provide tenants with a right to house pets without prior approval. We do however, support the introduction of measures and initiatives to encourage pet consent. This includes pet bonds, increased rent and the exclusion of pet damage from fair wear and tear. Owners and tenants should also have capacity to negotiate mitigation measures and create special conditions that relate to pet approval.

Rent increases

The Bill proposes extreme rent related reforms such as:

- the restriction of rent increases to once every 24 months;
- the capping of rent to rent increases to CPI only;
- permanent restrictions on rent even under new tenancy agreements;
- a prohibition on the acceptance of rent offers that are above the advertised rental asking price.

The REIQ is strongly opposed to these radical reforms.

Currently in Queensland, rents are already strictly regulated. Lessors (and agents) must advertise a rental price when advertising a rental property for lease and rent bidding is expressly prohibited. Rental increases are also strictly regulated. Rents can only be increased once every six months and increases are only permitted if the tenancy agreement states that the rent will be increased and provides sufficient information about how it will be calculated. There are also other notice requirements that must be met.

⁵ Final Report for Queensland Department of Housing and Public Works. P 18

In addition to the above, tenants have statutory protections against excessive rent increases. A tenant can dispute the increase if they feel it is excessive by applying for dispute resolution or they may apply to QCAT for a decision in relation to the rent increase.

Given the existing statutory safeguards relating to rent increases and rent bidding, there is no need for further rent related protections.

The Bill also seeks to introduce legislated rent control by limiting rent increases to once every 24 months and by no more than CPI every year. The Explanatory Notes indicate this will create rental affordability. The legislative measure is also intended to *“bring rent increases in line with inflation”* and *“curb arbitrary rent increases which are not justified”*.

As outlined above, ‘arbitrary’ rent increases are not permissible under the Act. There are strict legislative restrictions over the frequency of rent increases and a range of criteria must be met before rent increases can be lawfully implemented. In addition, there are legislative safeguards that exist to protect against excessive rents. Tenants may raise disputes with both the RTA and QCAT.

The Bill seeks to ‘cap’ increases to protect against unjustified rent increases and to create rental affordability. It proposes permanent rent restrictions that attach to the rental property resulting in lessors being unable to negotiate ‘new’ rent with future tenants following the end of a tenancy agreement.

These rent related reforms ignore basic economic factors which underpin the setting of rents and the role of market forces. Rent prices reflect market conditions and fluctuate based on the level of rental supply and the demand at any given time.

As shown below, for over a decade, weekly median rent rates have been largely static (in some cases for 5 successive years) or have risen modestly. These historical median rent figures (published by the RTA in their Annual Reports) do not reflect excessive rent increases requiring drastic legislative intervention.

Year	Median Rent
2008-09	\$330
2009-10	\$330
2010-11	\$340
2011-12	\$350
2012-13	\$350
2013-14	\$350
2014-15	\$350
2015-16	\$350
2016-17	\$360
2017-18	\$360
2018-19	\$365
2019-20	\$370

CPI restricted rent increases disregard the rise in expenses experienced by lessors which are not aligned to CPI. These include mortgage repayments and rates (which are generally charged at higher rates than



owner-occupiers), repairs and maintenance expenses and insurance payments. Under this reform, tenants would get the benefit of CPI controlled rent whilst lessors would be expected to meet free-market driven cost increases. This would lead to an ever-increasing gap between the level of income received from rental payments and the costs associated with ownership. This would dramatically impact the sustainability (and appeal) of ownership of rental properties.

Rent controls would also remove the incentive to supply quality tenant services and to make property improvements as offered under free-market conditions.

The introduction of rent control would significantly deter property investment. Yields are limited and scope for improvement is also restricted. When rent is capped, investment in property becomes at best, unappealing and at worst, unsustainable. As discussed in other part of this submission, private investors are fundamentally important to the permanent rental market in Queensland. Even a small percentage of owners of rental properties choosing to either sell their properties or withdraw them from the permanent rental market, would have a material impact on the Queensland rental sector.

Rent control also discourages the development of housing for investors. Australia's building industry relies heavily on investors. A downturn in residential housing construction would not only reduce the supply of rental housing available to renters, but have adverse consequences generally to the building industry.

Conclusion

The reforms proposed in this Bill are extreme and, if passed, would have adverse consequence for the Queensland property sector as a whole, and specific consequences for the rental sector.

The basis of these radical proposals lacks a balanced assessment of the efficacy of the current regulatory framework and an objective view of the practical impacts of their proposals.

Based solely on exclusive engagement with tenant focused groups rather than the broader property sector, the Bill purports to offer tenants an array of 'ownership' rights allowing them to determine the length of a tenancy and abolishing the need for lessor approval in relation to material matters affecting the property. Additionally, tenant rights and benefits are expanded without any recognition of the risk, costs and obligations to be borne by lessors.

The Bill ignores fundamental principles of tenancy relations and relevant commercial and economic factors. In particular, it overlooks the critical role that private lessors play in housing the 36% of our population who rent their homes. Instead, the Bill seeks to severely restrict key lessor rights and commercial benefits associated with property investment. The lack of balance and total oversight of lessor rights is very concerning.

For the reasons outlined in this submission, we do not support the Bill.

We confirm that no part of this submission is confidential with the exception of the writer's private contact details.



If you would like to further discuss any aspect of this submission, please do not hesitate to contact me directly via email: [REDACTED] or by telephone on: [REDACTED]

Yours faithfully

A handwritten signature in black ink, appearing to read 'AM', with a long horizontal flourish extending to the right.

Antonia Mercorella
Chief Executive Officer