

A better renting future — Safety, security and certainty

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming Accommodation Act 2008*

Stage 1 Reforms

June 2021



Queensland
Government

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Overview

The Queensland Government is committed to modernising tenancy laws to create a contemporary legislative framework that better protects tenants and property owners and to improve housing stability in the rental market.

During 2018, the Government reached out to Queenslanders through the *Open Doors to Renting Reform* consultation program (the Open Doors consultation) The aim of the Open Doors consultation was to hear about rental experiences and to develop ideas to improve renting in Queensland. More than 135 000 responses were received and these were analysed to identify priority issues for reform.

The *Better Renting Future – Reform Roadmap* outlines the Queensland Government's response to the issues through the Open Doors consultation and staged reform pathway to improve renting in Queensland.

On 16 November 2019, the Queensland Government released the *A Better Renting Future – Safety Security and Certainty* Consultation Regulatory Impact Statement (C-RIS), which set out detailed reform proposals to address Stage 1 renting reform areas of:

- ending tenancies fairly
- rental housing quality and Minimum Housing Standards
- domestic and family violence protections
- minor modifications
- renting with pets

Community feedback on the draft proposals in the C-RIS was sought between 16 November 2019 and 28 December 2019. Several stakeholders were provided an extension to provide feedback to 8 January 2020. Of the 15 210 responses received during the consultation period across all surveys, 3468 were from tenants, 10 025 were from rental property owner, 1173 were from property managers, and 544 from persons not identifying with any of these cohorts. More than 600 written submissions were also received.

In 2020, the Queensland Government acted quickly to establish temporary new and adjusted residential tenancy rights, obligations and offences in response to the COVID-19 pandemic impacts on residential leases. Temporary COVID-19 response measures tested key reform elements across several priority renting issues, including prohibiting lessor-initiated no grounds terminations, allowing tenants experiencing DFV to manage their interest in a residential lease quickly and safely, balancing parties' entry and privacy rights, and requiring parties to attempt conciliation to resolve disputes.

This Decision Regulation Impact Statement (D-RIS) provides analysis of Stage 1 C-RIS consultation outcomes and proposes refined reform options to address stakeholder feedback. The D-RIS also includes a comprehensive cost-benefit analysis of the recommended final Stage 1 proposals.

Executive Summary

Overview of the proposed reforms

A stable home enables people to achieve positive life outcomes, such as good health, quality education and secure employment. The nature of housing in Australia is changing and renting is no longer primarily a pathway to home ownership, but an increasingly long-term housing solution for many Queensland families, youth and seniors. With more Queenslanders renting, and renting longer, our tenancy laws must support access to safe, secure and sustainable rental accommodation.

The reforms outlined in this document are designed to work together to improve protections for tenants while safeguarding property owners' interests, and improving housing stability in the rental market. The reform package will enhance certainty by better assigning and clarifying risks for all parties in the rental sector. This will help maximise the positive social outcomes for tenants and the broader community without imposing unreasonable costs on owners and investors.

The Stage 1 renting reforms aim to:

- support tenants to enforce their tenancy rights
- ensure all rental accommodation in Queensland is safe, secure and functional and strengthen repair and maintenance obligations
- improve tenancy law protections for vulnerable tenants, including people experiencing domestic and family violence
- help parties to reach agreement about renting issues.

This D-RIS explores the costs and benefits of these reforms to inform decision makers.

Managing tenancies

Ending tenancies fairly

Certainty about how and when a tenancy can end benefits both tenants and owners. It helps tenants to plan their future housing needs and owners to plan for how they manage their investment property. Queensland has a high proportion of fixed term tenancies with approximately three quarters of residential leases being six- or 12-month fixed term agreements, which are generally renewed as fixed term agreements rather than rolling over periodic agreements when the agreed term expires.

The Australian Housing Conditions Dataset shows that all rentals requiring 'essential and urgent repair' fell into very low or low income categories, suggesting that vulnerable cohorts are the most likely to be living in homes that need repair or have major structural problems. Consultation and research focussing on tenants experiences found that tenants, particularly those that are vulnerable, may be unwilling to request repairs and maintenance because they fear this will result in their tenancy not being renewed or their rent increased when the current fixed term agreement expires.

Productivity Commission research has also found a relationship between housing uncertainty and employment among income support recipients, with more moves over a 12-month period correlating to a lower likelihood of being employed at the end of the period. The Productivity Commission research also concluded that vulnerable renters are the most impacted by unexpected lessor-initiated terminations as they have smaller financial buffers, experience greater difficulty finding suitable, affordable alternative accommodation, and are more susceptible to discrimination.

Existing protections in Queensland's *Residential Tenancies and Rooming Accommodation Act 2008* (the RTRA Act) prevent an owner from giving a notice to leave without ground to a tenant if it is a retaliatory action. Tenants can apply to the Queensland Civil and Administrative Tribunal (QCAT) about a notice to leave without ground if they reasonably believe it was retaliatory. These protections rely on tenants challenging the notice and it can be difficult for tenants to prove a notice to leave without ground is retaliatory.

In considering reforms to address these issues the Government's objectives are to support tenants enforce their rights without fear of retaliatory action, provide greater certainty by ensuring tenancies are only ended for identified reasons, and ensure parties receive reasonable and workable notice that the tenancy agreement will end.

Six options for managing tenancies were considered in the 2019 C-RIS and it was recommended that property owners be required to only end tenancy agreements for approved reasons (Option 5). The C-RIS found that this would improve certainty and clarity for tenants regarding tenure without unduly impeding owners' legitimate purposes for ending tenancies.

C-RIS Ending Tenancies Fairly Reform Options

1. the status quo
2. undertake an enhanced education and awareness program to improve transparency regarding ending a tenancy
3. remove the ability for all parties to end tenancy agreements without ground
4. remove the ability for only property owners to end tenancy agreements without ground
- 5. require property owners to only end tenancy agreements for approved reasons**
6. retain the ability for all parties to end tenancies without ground but extend the notice period for owners as a deterrent from misuse

Community feedback on the recommendation option was sharply divided. In general, tenants strongly supported the proposal to remove the owner's ability to end a tenancy without ground. These stakeholders felt this would improve certainty and rental security. Even in combination with an increased range of approved grounds for property owners to end tenancies, 75 per cent of tenants were in favour of this proposal. However, a large majority of owners and managers opposed the proposal, arguing without ground termination is an essential mechanism to remove a bad tenant without lengthy and potentially costly dispute resolution. However, stakeholders representing owner interests were highly supportive of proposed additional approved grounds to end tenancies.

Stakeholders expressed strongly held and opposing views on whether the end of a fixed term should be an approved ground for owners to end the tenancy. Tenant advocates strongly opposed the end of a fixed term as an approved reason as it was the equivalent of without grounds terminations. These stakeholders consider that property owners should be prevented from ending a tenancy unless they have a just cause for doing so and without grounds terminations often mask retaliatory or discriminatory evictions. Those representing lessor and property manager views consider that removing without grounds and not allowing the end of a fixed term agreement as an approved reason would breach fundamental principles of contract law. They assert this would substantially disadvantage property owners by providing tenants a unilateral right to determine tenancy length and prevent owners having influence over a material contract term.

Final recommendation

- require property owners to only end tenancy agreements for approved reasons (Option 5)
- introduce additional grounds for parties to end tenancy agreements
- retain and enhance tenant protection against retaliatory action
- introduce evidence requirements and an offence to discourage property owners and managers from misusing of approved grounds to end tenancy agreements

Prohibiting without ground terminations by owners combined with strengthened protection for tenants against retaliatory action will help improve tenant's certainty of tenure and confidence to exercise their tenancy rights. Requiring lessors to provide a reason to end tenancy agreements will encourage transparency and ongoing communication between the parties when it comes to ending tenancies.

Owners' concerns about limitations on their ability to manage their tenancy arrangements and maintain an appropriate balance between their and the tenant's property rights have been addressed

by broadening and clarifying the additional approved grounds to end a tenancy, including the end of a fixed term agreement. This will also ensure property owners retain the right to end periodic leases for a range of approved reasons where their intended use for their rental property changes.

PROPERTY OWNER

C-RIS Proposed Additional Grounds	Final Proposed Additional Grounds
<ul style="list-style-type: none"> • owner or their immediate family needs to move into the rental property • significant renovations or repairs are to be undertaken on the rental property • serious or significant breach due to the actions of a tenant, occupant or guest • Queensland Government owned rental accommodation is required for a public or statutory purpose • For the Queensland Government to manage government-owned public housing as a scarce resource 	<ul style="list-style-type: none"> • Owner or immediate family member needs to occupy the rental property • Significant repair or renovation to be completed at the rental property • Sale or preparation for sale of the rental property requires vacant possession • Serious or significant breach caused by the actions of a tenant, occupant or guest • Person is occupying without consent • End of a fixed term agreement • Planned property redevelopment or demolition • Repeated tenant breach of by-laws or park rules • Change of use (e.g. move to short-stay accommodation) • Queensland Government owned rental accommodation is required for a public or statutory purpose • For purpose-built off campus student accommodation: the tenant is no longer entitled to reside in the student accommodation

TENANT

C-RIS Proposed Additional Grounds	Final Proposed Additional Grounds
<ul style="list-style-type: none"> • rental property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards • the owner has not complied with a QCAT repair order to undertake repair or maintenance of the rental property • the owner has provided false or misleading information about the tenancy agreement or rental property • a co-tenant has died • a person is escaping domestic and family violence 	<ul style="list-style-type: none"> • Rental property is not in good repair, is unfit for human habitation or does not comply with Minimum Housing Standards • The owner has not complied with a QCAT repair order to undertake repair or maintenance of the rental property • The owner provided false or misleading information about the tenancy agreement or rental property • A co-tenant has died • For purpose-built off campus student accommodation: the tenant is no longer entitled to reside in the student accommodation <p>A tenant's right to end their interest in a tenancy agreement due to domestic and family violence is considered in the Domestic and Family Violence Protections reform priority.</p>

Tenant advocates raised concerns that an expansive suite of additional approved reasons for property owners to end tenancies would undermine tenant’s certainty of tenure and the purpose of the proposed reform. These advocates suggested that an offence be created to discourage property owners misusing additional approved reasons to end a tenancy.

Tenants will be protected from misuse of these additional grounds through several safeguards. Property owners will be required to provide two months’ notice to leave to tenants for most additional approved grounds that do not involve a tenant breach would be two months. Owners will be required to provide evidence to support specified approved grounds and creating an misuse offence for specified grounds that will apply if the owner provides false or misleading information in the notice or relets the rental property under another tenancy agreement within six months of issuing the notice to leave with a maximum penalty of up to 50 penalty units. This misuse offence was tested during the COVID-19 response for residential tenancies.

The protection against retaliatory action that currently applies to without grounds notices issued by the property owner will be retained. Tenants who believe the owner or manager took action to end the tenancy agreement, increases the rent payable, or refuse to renew the tenancy agreement at the end of the current lease to intimidate or punish the tenant for enforcing their rights, will be able to apply to the Queensland Civil and Administrative Tribunal within four weeks of becoming aware the action was taken for an order to set aside the action.

Final recommendation cost-benefit analysis

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Improved certainty of tenure through reduced likelihood of retaliatory evictions, which may lead to: <ul style="list-style-type: none"> ○ reduced frequency of moving and associated costs ○ improved capacity to participate in and build relationships with local communities ○ benefits for personal relationships ○ improved employment outcomes among income support recipients • Improved standard of property condition as tenants become more confident to report repair and maintenance issues • Without ground notices cannot be used as a potentially discriminatory practice to evict tenants 	<ul style="list-style-type: none"> • Potential for more intensive screening of prospective tenants may create additional burden to demonstrate suitability for a tenancy • Potential for owners to pass on risk management costs to tenants in the form of higher rents (however, as the private rental sector is a competitive market, it is unlikely that property owners would be able to increase rents beyond the wider market rate)

Stakeholder	Benefits	Costs
PROPERTY OWNER	<ul style="list-style-type: none"> Potential for improved relationships with tenants Improved standard of property condition as tenants become more confident to report repair and maintenance issues, which could positively impact property value 	<ul style="list-style-type: none"> Lose ability to end a tenancy and regain possession, unless a specified reason applies Administrative costs associated with providing evidence to substantiate grounds to end a tenancy, where applicable Administrative burden and cost associated with obtaining QCAT orders, where required, to end a tenancy Under the final recommendation, owners would also be subject to penalties for misuse of some stated grounds
PROPERTY MANAGER	<ul style="list-style-type: none"> Improved communication and reduced disputes between tenants and property owners Lower turnover of tenancies if tenants occupy properties for longer, resulting in more stable and predictable work 	<ul style="list-style-type: none"> Lower turnover of tenancies if tenants occupy properties for longer, potentially resulting in less income Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance
STATE GOVERNMENT	<ul style="list-style-type: none"> Reduction in disputes between tenants and property owners about ending tenancies without ground will shorten processing timeframes for formal dispute resolution Dispute resolution about ending tenancies without ground will cease (QCAT and RTA) 	<ul style="list-style-type: none"> Additional funding may be required by dispute resolution agencies to manage changed dispute resolution focus, professional development and system changes Change required to service systems, education and information resources (RTA and QCAT) Sector awareness and education activities will be required to communicate change and support implementation (RTA) Disputes about ending tenancies for approved grounds, including retaliatory action may increase (RTA and QCAT)
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential reduced demand for social housing due to longer and more secure tenure 	<ul style="list-style-type: none"> Some of the proposed stated grounds would have evidentiary requirements, which would impose costs on property owners exercising these stated grounds Under the revised proposal, owners would also be subject to penalties for misuse of some stated grounds
COMMUNITY	<ul style="list-style-type: none"> More stable and secure homes in the rental market may support economic and social participation in communities which could lead to improved health, safety and wellbeing Potential for reduced vacancy rates due to longer term tenancies, by virtue of improved security of tenure 	

Impacts and assessment

The final recommended option to ensure residential tenancies are ended fairly will have minor administrative impacts for tenants, property owners and property managers. These costs are expected to be small, upfront costs to understand the reforms that will quickly reduce. Property owners and managers may incur additional administrative burden to determine which, if any, additional approved reason is available to them if they want to end the tenancy agreement. For specified reasons, property owners and managers may also need to gather and provide the required evidence to support their use of specified new approved reasons and ensure they are not making false or misleading statements, or issuing the notice to leave or refusal to renew in a way that could be considered retaliatory action. Ensuring that the action would not be considered retaliatory is a current consideration for property owners and managers when issuing without grounds notices to terminate tenancies and the application of this concept to new approved reasons that will replace without grounds terminations is not considered new or additional burden.

Economic analysis of reform impact commissioned by the Department of Communities, Housing and Digital Economy concluded that it was likely any increased administrative burden resulting from this reform would likely be offset by efficiencies and reduced administrative reform delivered by improved clarity of rights and obligations and assignment of risks between the parties in their tenancy arrangements. On this basis, the commissioned analysis did not quantify the administrative costs of the ending tenancies reform.

Tenants, property owners and property managers will benefit from improved certainty in their tenancy arrangements and transparency and accountability for why these arrangements are terminated. The safeguards and protections for tenants against misuse and retaliatory action will increase their confidence and assist them to improve their renting experience by enforcing their tenancy rights, including to ensure their rental property meets minimum quality standards for safety, security and functionality. This is expected to particularly benefit vulnerable renting households who are more likely to live in rental properties that require urgent repair or maintenance and are also more impacted by unexpected lessor terminations, which can have large negative financial, social and economic repercussions.

This shift in the balance of tenant and property owner tenancy and property rights is consistent with reforms implemented or under consideration in other Australian jurisdictions to provide greater certainty of tenure. It is also consistent with the Productivity Commission finding in its 2019 research report *Vulnerable Private Renters: Evidence and Options* that well designed policies to remove without grounds terminations or increase notice periods for no fault evictions would require rental property owners to be more transparent about their investment intentions and make owner-initiated terminations more predictable and less disruptive.

Property owners will also benefit from greater certainty and clarity about reasons for terminating tenancy agreements. This will assist them to plan how they intend to use the investment property and retain their rights to influence and determine the duration of the tenancy. The combined impact of preventing owner-initiated without grounds terminations and not allowing the end of a fixed term agreement as an additional approved ground for lessors to end tenancies would be a significant change to existing property and tenancy rights, and impact owners' protected human rights to property under section 24 of the *Human Rights Act 2019*.

With around three-quarters of tenancies in Queensland being fixed term agreements (estimated 478,860 tenancies based on total bonds held by the Residential Tenancies Authority at 30 June 2020), this will also impact most owners and tenants. Not recognising the end of a fixed term agreement as an approved reason for owners to end tenancies would deprive them of their ability to dispose of only a limited interest in their property and fundamentally shift the balance of property rights in favour of tenants. Recognising the end of a fixed term tenancy agreement as an additional reason will preserve the balance of existing property and tenancy rights and be compatible with protected human rights. It will ensure that both parties are free to choose to renew or terminate the tenancy arrangement when the agreed fixed term ends, and this decision is enforceable in a transparent way if the owner does not wish to renew the agreement.

The misuse offence will prevent property owners from reletting the property to another person under a tenancy agreement for six-months if they have issued a notice to leave for specified approved grounds unless they have a reasonable excuse. This offence is designed to discourage property owners and managers from misusing new approved reasons to end a tenancy to end tenancy arrangements with unwanted tenants that are otherwise not in breach of the tenancy agreement. Property owners can defend against this offence by relying on a reasonable excuse if they have issued the notice to leave on the specified ground in good faith, but their circumstances change, or they are unable to complete the particular action. For example, if the owner or their immediate family member was to occupy the rental property, but they no longer need to within six months of issuing the notice to leave. This strikes an appropriate balance between the tenant's interest in being protected from misuse or abuse of the new approved reasons that may mask retaliatory or discriminatory terminations and the property owner's interest in maintaining their rights to determine how they want to use and enjoy their rental property.

The benefits delivered to tenants, property owners and managers, and to the community in more stable, secure and certain tenancy arrangements through the ending tenancies reform are expected to outweigh any minor additional administrative costs property owners and managers may incur in using the additional approved grounds. Any change in the balance of tenants' and property owners' tenancy and property rights is considered reasonable and justifiable to achieve the policy objectives of improving transparency and accountability of residential tenancy terminations and certainty of tenure for all parties. This reform underpins the successful implementation of new and adjusted tenancy rights and obligations implemented through the Minimum Housing Standards and renting with pet reforms by providing tenants greater confidence to enforce their tenancy rights without fear of retaliatory action. For these reasons, the ending tenancies reform is considered to deliver the greatest net benefit to Queensland.

Analysis commissioned by DCHDE found that Queensland has experienced the highest net interstate migration of any Australian state over the last quarter, which has contributed to house prices and rents increasing and this is expected to continue in 2021. Queensland's rental market is currently experiencing tight vacancy rates across all regions except Brisbane inner city, with most sitting below 1.5 per cent (rates below 2.5 per cent are considered tight). These supply constraints have also increased rents across the board, with the average rent increasing from \$359 in 2017-18 to \$420 in December 2020.

It is difficult to predict party's behaviour in the current market due to the abnormal tightness of the rental market and other extraneous issues that are impacting their renting and investment decisions. However, it is likely that property owners will seek to maximise the asking rent for their rental properties in line with current market trends. This may mean that some property owners may request renters pay a higher rent and this could prompt renters to look for alternative, cheaper rental properties. However, it is important to note that the proposed ending tenancies reforms will not commence until at least 12 months after the amendments are approved by the Queensland Parliament, which will allow time for the private rental market to normalise and for severe supply constraints to be alleviated by current investment incentives, including record low interest rates and the Commonwealth Government HomeBuilder grant.

Safety and security

Housing quality and Minimum Housing Standards

Safe, secure and sustainable housing is a foundation for connected and resilient communities. With around one in three Queensland households now living in rental accommodation, it is important to ensure the safety, security and basic functionality of these homes. Property owners also have an interest in addressing repair and maintenance issues quickly to minimise risk of further damage or deterioration that may affect the value or liveability of their rental property.

All parties involved in a residential tenancy are responsible for ensuring the rental property is kept in good repair and is functional and safe to live in. While these obligations are clear, there is often

disagreements between tenants, property owners and property managers about what they mean and when action is needed to address any cleanliness, repair, and maintenance issues. Some stakeholders have suggested that existing obligations are unclear and dispersed across several sources, including legislation, the tenancy agreement and common law.

Despite existing laws and obligations to maintain rental properties, some tenants experience unsafe or unfit living conditions in Queensland's rental market. The Australian Housing Conditions Dataset shows that all rentals requiring 'essential and urgent repair' fell into very low or low income categories, suggesting that vulnerable cohorts are the most likely to be living in homes that need repair or have major structural problems. Consultation and research focussing on tenants experiences found that tenants, particularly those that are vulnerable, may be unwilling to request repairs and maintenance because they fear this will result in their tenancy not being renewed or their rent increased when the current fixed term agreement expires.

People living in poor quality housing endure measurable impacts on their mental, physical and general health and a large proportion of these households are low-income or otherwise disadvantaged Australians. Deloitte Access Economics reported that the Australian Housing Conditions Dataset (AHCD) suggests that low income households remain in rental properties requiring essential or urgent repair for some time, with 28 per cent of very low income households and 14 per cent of low income households having essential and urgent repairs and no repairs done in the previous 12 months. It should also be noted that the AHCD does not collect data about why the repairs had not been completed and this could be for a range of reasons, including the tenant did not request the repairs be done.

In proposing reforms to address these issues the Government's objectives are to ensure that rental accommodation is safe, secure and functional and to support tenants to enforce their existing tenancy rights to repairs and maintenance to ensure the property is clean, in good repair and fit for habitation.

Five options were considered in the 2019 C-RIS to achieve these objectives and it was recommended that minimum housing standards for safety, security and functionality be prescribed with enhanced repair and maintenance provisions (Option 5). The C-RIS found that introducing prescribed minimum housing standards supported by strengthened repair and maintenance provisions to support tenants enforce their rights to a minimum quality of rental accommodation would be the most efficient and effective approach to address lack of clarity about existing obligations that was identified by stakeholders as contributing to low compliance. This is further supported by ending tenancies reforms that require property owner's to only terminate tenancy arrangements with approved reasons and safeguards to prevent abuse or misuse of new approved reasons.

C-RIS Rental Housing Quality and Minimum Housing Standards Reform Options

1. Status quo
2. Education and awareness campaign
3. Enhanced repairs and maintenance provisions
4. Minimum Housing Standards
- 5. Minimum Housing Standards for safety, security and functionality combined with enhanced repair and maintenance provisions**

Generally, tenants and industry stakeholders (representing tenant, property owner and real estate business interests) support the proposal to prescribe minimum safety, security and functionality standards for rental properties that are focussed on ensuring tenants' health and safety while renting. Tenants responses indicated that the recommended option would provide better living conditions, increase housing quality, improve health and safety, make it easier to arrange repairs and ensure repairs were completed faster. A small proportion of tenants (five per cent) who responded to the survey on minimum housing standards proposal thought the reforms could increase costs for property owners that may lead to higher rents.

Many individual property owner responses raised concerns that the recommended option would increase rents to cover repair and maintenance costs incurred to comply with the standards and felt that existing legislation already created obligations to ensure the standards are met. However almost all property owner responses also stated that their rental properties already met the proposed minimum housing standards. The concerns about increased repair and maintenance costs flowed from an assumption that they would incur an increased repair and maintenance burden, however when asked what action they had taken in the past after completing emergency repairs very few reported they had increased rents to recoup their costs.

Final recommendation

Prescribe Minimum Housing Standards for rental accommodation focused on safety, security and reasonable functionality and enhance repairs and maintenance provisions (Option 5)

It is recommended that Minimum Housing Standards for rental properties are prescribed to clarify rights and obligations, encourage compliance with existing laws and ensure rental accommodation is safe, secure and functional. Enhancements to existing repair and maintenance provisions are also proposed to encourage compliance with proposed Minimum Housing Standards.

Minimum Housing Standards	C-RIS proposed requirements	Final proposed requirements	Existing standard	Jurisdiction comparison – equivalent standard
Weatherproof and structurally sound	<p>Property is not weatherproof if ceilings and windows do not prevent water ingress from rain.</p> <p>Property is not structurally sound if walls, ceilings, roof, decks or stairs are likely to collapse due to rot or defect, or are affected by dampness</p>	Unchanged	Yes	NSW, TAS, SA
Plumbing and drainage	Adequate for the number of tenants occupying the property under the lease, connected to hot and cold water service, toilets must function as designed and be connected to an approved waste disposal system.	Unchanged	Yes	NSW, VIC, TAS, SA
Security	<p>Property must be able to be secured and security measures must be functional and effective.</p> <p>Functioning latches fitted to external doors and windows.</p> <p>Rooming accommodation: functioning lock or latches fitted to all entries to resident's room</p>	<p>Property must be able to be secured and security measures must be functional and effective.</p> <p><i>Accessible external windows and doors must have functioning latches to prevent ingress.</i></p> <p>Rooming accommodation: functioning lock or latches fitted to entries to resident's room</p>	Yes	VIC, TAS, SA
Fixtures and fittings	Where provided must not present health or safety risk with ordinary use and be functional and effective	Unchanged	Yes	TAS, SA
Pests, vermin and infestation	Rental properties must be free of plant and animal pests, including vermin, noxious plants, fungus, growths and other infestations of micro-organisms	Unchanged, includes mould and mildew	Yes	VIC*, TAS, SA *Vermin-proof rubbish bin

Minimum Housing Standards	C-RIS proposed requirements	Final proposed requirements	Existing standard	Jurisdiction comparison – equivalent standard
Ventilation	<p>Each room is adequately ventilated through opening windows, vents or exhaust fans to support health and safety.</p> <p>Ventilation is inadequate if it contributes to mould and mildew growth in the room.</p>	No prescribed standard, rely on existing regulation	Yes	NSW, TAS, SA
Lighting	Each room other than one intended to be used for storage or as a garage must have adequate natural or artificial light.	Removed	No	NSW, TAS, SA
Privacy	<p>Toilet and bathroom facilities must provide users with privacy.</p> <p>Window coverings or treatments are provided in rooms where there is a reasonable expectation of privacy</p>	<p>Toilet and bathroom facilities must provide users with privacy.</p> <p>Window coverings, treatments or modesty features are provided in rooms where there is a reasonable expectation of privacy</p>	No	NSW, VIC, TAS, SA
Cooking, food preparation and laundry facilities	Tenants should be able to cook, prepare and store food, including functioning cooktop and sink, food preparation and storage areas other than refrigerated storage areas.	<p>Where supplied, kitchen and laundry facilities are clean, in good repair and do not present health or safety risks with normal use.</p> <p>Kitchen must have a cooktop.</p> <p>Laundry must have fixtures and fittings to be functional as a laundry.</p>	Yes	VIC, TAS, SA (Kitchen, cooktop, food storage)

Final recommendation cost-benefit analysis

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Increased awareness of existing rights and obligations, combined with a streamlined process for ensuring Minimum Housing Standards are complied with, will improve the ability of tenants to uphold their rights, ensuring that all tenants can live in housing that is functional, safe and secure. • Reduces fear of retaliatory action from property owners for reporting property issues (further strengthened by Ending Tenancies Fairly recommendations. See Module 2) • May contribute to improved relationships with property owners and managers due to improved understanding of obligations • Reduced risk of bond disputes over repairs and maintenance by allowing additional time to fill out entry condition report • Improved rental satisfaction and experience • Allowing advocates to apply to QCAT will benefit vulnerable tenants who may face barriers to initiating a dispute as well as further reducing fear of retaliatory action • May incur fewer costs to enforce their rights (for example, reduced legal or time costs) • May reduce disputes with property owners and managers about the quality of the rental property • Statutory time period of 21 days for property owners to rectify substandard properties has a potential to decrease time taken for rectification, reducing the time tenants are exposed to potential health and safety hazards • Fewer instances of injury and illness relating to residential properties that would meet acceptable health and safety standards (for example, reductions in mould contributing to reductions in respiratory conditions, reduced injuries due to structural damage, less violent and non-violent home invasions due to improved security standards) 	<ul style="list-style-type: none"> • Potential increased difficulty in finding low-cost housing due to increased rental prices at the lower end of the market • Administrative costs to provide evidence of non-compliance during dispute process • Some property owners may leave the rental market due to perceived increase in regulatory burden (particularly those providing rental properties at the lower end of the market). However, research suggests that this impact is likely to be minor as the price of rent is determined by market forces • Some properties may be removed from market for long periods to undergo major repairs to comply with Minimum Housing Standards, which could temporarily reduce the supply of rental properties

Stakeholder	Benefits	Costs
PROPERTY OWNER	<ul style="list-style-type: none"> • Avoided cost of major structural damage and/or large-scale repair costs due to earlier identification of repair and maintenance requirements • Reduced potential for liability of injury, illness or fatality to occupants of the residential properties that will now meet current legislative requirements • Reduction in disputes between tenants and property owners due to clarified understanding of obligations • Retention of longer-term tenants encouraged to remain in, and take care of, a well-maintained property 	<ul style="list-style-type: none"> • Some owners may incur initial and ongoing costs to comply with Minimum Housing Standards not currently captured under existing legislative requirements (for example, privacy requirements): <ul style="list-style-type: none"> ◦ Costs to meet new individual Minimum Housing Standard for dwellings that do not currently have window coverings: \$17 to \$50 per window or \$96 to \$320 for the average home • Due to increased awareness of Minimum Housing Standards, potential for increased instances of dispute resolution requests from tenants • Some owners whose properties do not meet current legislative requirements will incur costs due to increased compliance burden or may choose to remove the property from the rental market • Non-compliance with Minimum Housing Standards may decrease financial security of owners as tenants may vacate property due to non-compliance or QCAT may order reduced rent
PROPERTY MANAGER	<ul style="list-style-type: none"> • Streamlined process for managing Minimum Housing Standards of property portfolio (all Minimum Housing Standards will be captured under the RTRA Act) • Reduction in disputes between tenants and property owners represents time savings • Improved clarity regarding expectations and requirements of Minimum Housing Standards • Improved quality of rental portfolio 	<ul style="list-style-type: none"> • Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance, noting not all tenants would request repairs • Possible increased administrative workload to proactively manage repairs and maintenance, however higher quality properties may attract higher rents
STATE GOVERNMENT	<ul style="list-style-type: none"> • Reduced impact on health systems due to improved personal health and wellbeing • For government-owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner 	<ul style="list-style-type: none"> • For government-owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner • In the immediate to short-term, may lead to increase in dispute resolution requests from the RTA and for QCAT. However, in the long run, this may lead to a reduction in dispute resolution requests for QCAT and the RTA between tenants, property owners and managers regarding repairs and maintenance and Minimum Housing Standards)

Stakeholder	Benefits	Costs
SOCIAL HOUSING	<ul style="list-style-type: none"> • Potential decrease to demand for social housing due to more properties now meeting safety, security and functionality needs • Reduction in disparity between private and social housing standards • Comparative property standards and expectations will ease the transition for customers moving from social housing into the private rental market 	<ul style="list-style-type: none"> • Cost to meet new standard for window coverings for all houses in the social housing portfolio • Ongoing costs to comply with Minimum Housing Standards as a property owner • Potential increase to demand for social housing if owners pass on the cost of necessary changes and tenants are unable to afford, or if owners no longer want to provide rental accommodation
COMMUNITY	<ul style="list-style-type: none"> • Weatherproofing, such as sealing the building against outdoor elements, enhances energy efficiency by minimising the requirements for air conditioning and climate control. This will result in a reduction of greenhouse gas emissions • Improved community health, safety and wellbeing • Increased work/income for small businesses and tradespersons to be employed for work to make rental properties comply • Social enterprise opportunities for small business 	

Impacts and assessment

Introducing minimum housing standards will provide clearer pathways for tenants to pursue repair, maintenance and quality issues and empower them through a better understanding of their rights to raise issues. Similarly, property owners will have a clearer understanding of their obligations in ensuring their rental property is safe, secure and functional for tenants to live in.

The Department commissioned analysis of the economic impact of proposed rental law reforms, which found that the reform priority most likely to have the greatest impact on the sector was prescribing minimum housing standards for rental accommodation. While overall, this impact was found by the commissioned analysis to be negligible on rents, supply and affordability in the rental market (taking both a user cost and market rents approach), for a small proportion of stakeholders in the private rental market this change could be material and impact their investment decisions or housing affordability and security.

The commissioned analysis assumed that the cost of maintenance based on the Australian Taxation Office (ATO) expense deductions for rental property owners found that the average costs of repairs and maintenance across Queensland rental properties is around \$1,100 per year. This mean was derived across 1 to 4 bedroom properties as outlined below based on what investors claim as deductions for tax purposes. This analysis assumed that rental properties with a higher number of bedrooms would incur higher maintenance costs. However, it is noted that the cost of maintenance will vary with some requiring significant repair to meet minimum quality standards while others will only require small repairs, if any.

Number of bedrooms	Estimated year maintenance cost
1	\$800
2	\$1,000
3	\$1,200
4	\$1,400

It is also assumed that the introduction of ending tenancies reforms will provide greater protection for tenants against unexpected terminations or retaliatory actions that could make tenants more likely to request maintenance or repairs based on the minimum housing standards. The modelling assumed that an additional 50 per cent of tenants living in properties that require maintenance would request it be undertaken or that property managers would make this request on their behalf. This would bring the total number of rental properties where maintenance would be requested to 80 per cent (the existing 30 per cent who would have requested the work be undertaken and the additional 50 per cent who will do so due to the ending tenancies reforms). This leaves 20 per cent of rental properties that require repair or maintenance not receiving it, reflecting some persistence in tenant reluctance to raise maintenance and repair issues.

The incidence of the impact for minimum housing standards was assumed by the commissioned analysis to largely fall on tenants as it would arise from their direct request for repairs. The initial impact split adopted by the analysis was:

- Tenant: 80 per cent
- Owner: 20 per cent
- Manager: no impact with any additional administrative impact for this cohort assumed to be absorbed as part of their existing duties.

The impact was found by the commissioned analysis to vary within a range based on the tightness of the rental market as indicated by vacancy rates within the regional markets across Queensland. In tight rental markets where vacancy rates are low, it is expected that a higher proportion of repair and maintenance costs to comply with minimum housing standards could be passed onto tenants as there is more competition for available stock. However, in a weak market where vacancy rates are high, it would be expected that the rental property owner would absorb a higher proportion of this cost.

The commissioned analysis calculated the average impact on rent where repair or maintenance is requested to bring the rental property up to meet minimum housing standards. This is a short-term impact taking effect over the initial few years following introduction of the policy as substandard stock is brought up to minimum quality standards. The annual impact on affected tenants on a worst-case scenario basis ranged from around \$250 to \$900 per year with an impact on weekly rents for impacted rental properties of an increase between \$5 and \$18 per week, depending on the region. It is important to note that this estimate includes the total cost of compliance with prescribed minimum housing standards, including existing obligations, and not just the incremental or additional burden created by this recommended reform option for privacy.

This is based on analysis of historical rent increases to determine a maximum bearable range within which property owners could increase rents within the context of their regional markets if the introduction of the reforms prompted them to revisit their pricing decision. The modelling undertaken by the commissioned analysis did not suggest that these rent increases would result for affected properties as a direct result of the reforms. Rather this range represents the maximum range within which property owners who may be prompted by the reforms to reconsider the rent price for their rental property. Property owners could only increase rents in response to the minimum housing standards reform if general price increases in their market allowed it, in which case the increase may have occurred in the absence of the reforms anyway.

Commissioned analysis taking a change in user cost approach estimated that the overall change in investor user cost (in aggregate) of the minimum housing standards reform are negligible at a less than one per cent change even under the highest impact scenario modelled. This analysis found that

this small change in investor user cost could result in an immaterial increase to rents at a maximum of 0.02 to 0.06 per cent in the first two years before stabilising at between 0.01 to 0.02 per cent. This translates to an increase of \$0.08 to \$0.25 based on an average rent of \$420 per week (as at December 2020).

There are several ways a property owner may react based on observed behaviours in the rental market, including:

- carry out works for their property to attract a higher rent in the local market
- fully absorb the cost as a strategy to retain tenants and avoid rent discontinuities
- seek to maximise rent to recover as much of their additional costs as possible
- remove their property from the private rental market.

A range of factors will influence their decision about which of these reactions to pursue when the opportunity to revise their rent pricing arises, including the prevailing market conditions at that time.

Overall, the commissioned analysis considered that only a small proportion – an estimated six per cent of around 566,000 (33,960) dwellings of the Queensland rental housing stock would require maintenance or repairs to become compliant with proposed Minimum Housing Standards, noting that the standards largely clarify existing lessor obligations. It is difficult to quantify the rental housing stock within this small proportion that may require significant remediation to meet the minimum quality standards, which may be prohibitively costly for lessors. Based on qualitative feedback received through community consultation on rental law reform, it is expected that this cohort will be small.

Costs will only be incurred by property owners if a tenant or property manager requests repair or maintenance to address a minimum housing standard issue in their rental property. Generally, it is expected that the tenant will choose whether or not to raise this issue in the context of their relative ability to absorb any increase in their housing costs from a potential rent increase, particularly for low income households or those in housing stress.

There is a risk that lower income households and low-cost housing may be more impacted than other parts of the market. Tenants in these households may be at risk of remaining in substandard housing, rather than taking action against a non-compliant rental property if there is a risk of exiting into homelessness or a rent increase. Tenants may have limited options to access alternative housing that is compliant with the Minimum Housing Standards as these may incur a higher rent.

People living in poor quality housing endure measurable impacts on their mental, physical, and general health and a large proportion of these households are low-income or otherwise disadvantaged households. It is expected that low income households will benefit the most from the reforms due to the high prevalence of renting within this cohort, and the proportion of this cohort that rent properties requiring essential and urgent repair. However, they may also be vulnerable to an increase in rents that the commissioned analysis found property owners may consider in the short term if they are affected by the minimum housing standards reform.

The commissioned analysis found that the negligible impact of the reforms on housing costs is unlikely to increase the proportion of households in rental stress across Queensland (estimated to be 8.7 per cent of Queensland households). The impacts of the minimum housing standard reform on low-income renting households will differ per household depending on whether repairs are required, the extent of those repairs and the property owner's choice to bear the repair costs or to pass these on in higher rents.

The commissioned analysis found that it was not clear that rental property owners could unilaterally push up rents for households already in rental stress and a review of the rental sector suggested that some owners may prefer to absorb costs to retain good tenants and avoid significant expenses associated with tenancy turnover. For owners a change in tenancy comes with a series of one-off costs, including foregone rent, advertising and property management reletting fees. For the impacted properties, the potential increase in annual rent that could be passed on to the tenant represents around one-weeks rent for most regions. Therefore, the property only needs to be vacant for one week and the property owner has lost any potential gain from increasing the rent.

The commissioned analysis found that the supply of rental housing was not expected to shift substantially with the introduction of the proposed reforms. This analysis found that supply is driven by tax incentives to invest in private rental housing and investors are motivated primarily by the prospect of capital gains and less concerned with rental yields. The analysis suggested this was reflected by the high proportion of Queensland rental properties that make a loss each year. Broader market factors and fiscal and monetary policies were considered by the commissioned analysis to have a greater impact on rental housing supply than legislative reform. On this basis no substantial impact on the supply of rental properties is expected and property owners are unlikely to divest of their investment properties. If properties are removed from the rental market due to the reform, these houses will then be available for purchase by other property investors or current tenants who may be more willing or able to undertake repairs for the property to meet minimum quality standards.

All Queenslanders deserve to live in housing that is safe, secure and functional regardless of whether they own or rent their home. Tenants ability to unilaterally take action to address repair or maintenance issues in their home is limited by rental laws in recognition of the fact that it is the owner's property. However, it is the tenant that suffers the impacts of repair and maintenance issues through risks to their health and safety, increased living costs, and compromises to their personal security and their belongings. Noting that all recommended minimum housing standards except privacy clarify existing repair and maintenance obligations for owners, the small estimated impacts of introducing this reform is expected to be outweighed by the benefits to tenants and the broader community, including reduced incidence of injury and illness caused by poor quality housing leading to increased economic, social and community participation for tenants.

While it is possible in the short term that a small proportion of vulnerable renting households may be more impacted by minimum housing standards reforms, this impact is unlikely to materially change their circumstances or experience of housing stress. However, improving the minimum quality of the rental housing stock across Queensland will over time ensure these vulnerable households enjoy the same basic housing quality that all Queenslanders expect. All parties in the rental sector will have more certainty by better assigning and clarifying risks and the relative quality of rental accommodation in Queensland will improve, leading to flow on social and community benefits. For the small proportion of low-income households who may experience a greater impact due to these reforms and are pushed further into housing stress or greater risk of homelessness, the Queensland Government offers a range of housing services and assistance to support them, including private market products, social housing options and homelessness services.

While it is acknowledged that most Queensland rental markets are currently experiencing tight vacancy rates that are putting upward pressure on rents, minimum housing standards reforms are proposed to commence two years after introduction at the earliest. It is considered likely that the current drivers related to COVID-19 pandemic impacts, including a higher rate of migration to Queensland, will have eased or begun to ease as a result of incentives to invest in housing supply such as low interest rates and government grants. Consequently, overall it is considered that the benefits of introducing minimum housing standards for rental property outweighs the costs and demonstrates the greatest net benefit to Queensland.

Renting with pets

Pets are an important part of life for many Queenslanders, who often view their pets as part of the family. Nearly six in 10 of all Queensland households (around 1 million households) keep a pet. However, only a small proportion of rental properties (15 per cent of around 566,000 dwellings or 84,900) in Queensland are pet-friendly. People have sought stronger companionship at home and a greater connection to their local communities during the ongoing COVID-19 pandemic and pets delivered these outcomes for many households.

Even though 15 per cent of Queensland rental properties are advertised as pet-friendly, it is often difficult for renting households to secure rental housing that accepts their pet or to negotiate with their property owner or manager to keep a pet during their tenancy. Assuming pet ownership rates in renting households are consistent with the overall pet ownership rate in Queensland households, this

means that of only around 85,000 rental properties are advertised as pet friendly to meet the interests of the approximately 337,000 renting households in Queensland who would like to keep a pet.

Current tenancy laws are largely silent on the issue of renting with pets. While tenants and property owners can negotiate their own arrangements for pets in rental properties, a more structured framework for requesting and keeping pets is supported by the sector and community acknowledging the significant benefits of pet ownership and the impacts of pet relinquishment or abandonment in order to access rental housing.

The Queensland Government's objectives in proposing renting with pets reforms is to encourage more pet-friendly rental properties in Queensland while providing effective safeguards to protect property owners interests. The Consultation Regulatory Impact Statement recommended options 4 and 6 to create a stronger framework for parties to negotiate about pets in their tenancy arrangements with effective safeguards for property owners against the risks to their investment, including special conditions in the tenancy agreement and the ability to charge a separate pet bond.

C-RIS Renting with Pets Reform Options

1. the status quo
2. enhanced self-regulation through information disclosure measures
3. information disclosure measures combined with legislation to allow special pest control and carpet cleaning lease conditions for tenants with pets
- 4. information disclosure measures combined with legislation to require pet owners to have reasonable grounds for refusing a tenant's request to keep a pet, provide an option for property owners to obtain a tribunal order permanently excluding pets from a property, allow special pest control and carpet cleaning lease conditions for tenants with pets**
5. require property owners to obtain a tribunal order to refuse a tenant's request to keep a pet
- 6. allow property owners to charge a separate pet bond**

Tenant responses to the C-RIS were generally supportive of option 4 as creating a stronger framework for them to request and keep pets in their rental property. Tenants felt strongly that property owners should be required to have specific reasonable grounds to refuse requests to keep pets. Tenant responses were more mixed on the proposed safeguards for property owners, suggesting the proposed changes would:

- give tenants more rights to have a pet with owner approval
- better protect tenants interests
- provide for a property owner to have reasonable grounds for refusing pet requests
- increase costs to both owners and tenants, including via the pet bond and special conditions for cleaning and pest control
- increase tenants' health and wellbeing through pet ownership.

Property owners expressed concern that they would lose control of decision-making in respect of pets on their rental properties and would need to provide a statutory reason to refuse a pet request. Many owner responses indicated that the recommended option would:

- not benefit owners
- lead to higher rents
- increase repair, cleaning, insurance and dispute resolution costs
- waste time
- lead to withdrawal of supply from the rental market
- reduce property owners' rights.

Property owners noted the wide range of pets and varying suitability of each rental property to accommodate different kinds of pets. Property owner and manager responses strongly supported

retaining the owner's right to refuse pets at their own discretion. Many property owner and manager responses indicated tenants should be responsible for the costs to repair any damage caused by pets.

While there was some support for the concept of a pet bond, stakeholder responses provided strongly held, opposing views about what it should cover and how it could be implemented. Some tenants supported a pet bond if it helped them to reach agreement with owners on pets. But they also expressed concerns a pet bond would increase renting costs and financial barriers to access housing in the private rental market. Tenant advocates and some tenants did not support a separate pet bond as a rental bond is already held for the property. Owners and managers did not support the proposed pet bond as the amount was insufficient, purpose was too restrictive, and it did not cover the full costs of potential damage pets may cause. Owners suggested that rental bonds do not cover the full costs of damage caused to their rental property and are often depleted to cover the costs of rent arrears at the end of the tenancy. Suggestions for an appropriate pet bond amount from stakeholder responses ranged from a few hundred to several thousand dollars.

Final recommendation

- tenants must have property owner written consent to keep a pet at the rental property
- if owners do not respond to the tenant in writing within 14 days they are taken to have approved the request
- owners can only refuse tenant pet requests on prescribed reasonable grounds
- owners approval can be subject to prescribed reasonable conditions agreed with the tenant
- damage caused by the pet is excluded from the definition of fair wear and tear

The final renting with pets recommendation is to allow a property owner to refuse a pet on prescribed reasonable grounds that cannot be addressed by prescribed reasonable conditions. This is intended to require owners to consider the specific circumstances or the specific attributes of a pet request and deter blanket "no pets" rules. 'Pets' can include a wide range of animals and are not restricted to dogs and cats. An example can be provided in legislation to indicate that a blanket 'no pets' is not reasonable, whereas an unfenced property may be able to indicate 'no dogs'.

Grounds to refuse a pet will include:

- the rental property is unsuitable for the proposed pet
- the pet poses an unacceptable risk to health and safety
- keeping the pet would breach laws, by-laws or park rules

Conditions that the property owner would be able impose on an approval would include:

- the pet must stay outside or in a particular part of the property
- the tenant must arrange professional pest control and carpet cleaning at the end of the tenancy (for relevant pets)
- the maximum number of pets that can be kept at the property

A rent increase or a pet bond will not be permitted as a condition of approval. To further safeguard owners, pet damage will be removed from the definition of fair wear and tear and existing tenant responsibilities for nuisance or damage caused by their pet, failure to comply with an agreed condition on the keeping of a pet is a breach of the tenancy agreement and pet approval is subject to any by-laws or park rules in managed communities about the keeping of a pet.

Tenants and property owners will be encouraged to disclose and exchange relevant information about keeping a pet at the rental property through voluntary information disclosure measures, such as "pet resume" information to help owners to consider specific pet requests and advertising disclosures in rental listings to clarify pet-friendly arrangements for prospective tenants.

Pet bonds are not included in the final recommendation. Property owners and tenants reach agreement on keeping pets at the rental property under existing arrangements and rely on the rental bond held for the property to protect against the costs to repair any damage caused by the pet to the

property during the tenancy. Owners accept some pet damage as fair wear and tear during the tenancy under existing regulation if they have approved the keeping of the pet during the tenancy. The recommended reforms will not change the risk for property owners of allowing tenants to rent with pets. Explicitly excluding pet damage from the definition of fair wear and tear will make tenants fully responsible for any pet damage caused during the tenancy, which can be claimed against the rental bond held, through a compensation claim or against any insurance the owner has over the property. The department notes that examination of rental bonds is identified as a priority for consideration in Stage 2 reforms, including the purpose and adequacy of rental bonds held to mitigate against property owner risks during a tenancy. The issue of whether rental bonds offer sufficient security against damage caused to the rental property during a tenancy, including by the actions of tenants, occupants or guests or their pets, can be further considered.

Final recommendation cost-benefit analysis

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants will have improved legislative protections for keeping a pet, and will be able to overcome unreasonable objections, allowing them to access the health and wellbeing benefits of pet ownership Improved rental satisfaction and security of tenure as tenants may be more inclined to remain in rental properties that feel like home To the extent that property owners adopt voluntary advertising disclosures, prospective tenants with pets may have a greater chance of identifying and securing a pet-friendly rental property Encourages responsible pet ownership 	<ul style="list-style-type: none"> Tenants may face costs associated with disputing a refusal of a request to keep a pet, including costs of a potential QCAT process Tenants may be required to cover pest control and carpet cleaning costs, even if these services are not required to return the property to its original condition Pest control prices will vary according to the treatment required. An anti-flea treatment for a house may cost between \$125 and \$250 Carpet cleaning can cost between \$29 and \$55 per room. Prices vary in accordance with carpet condition
PROPERTY OWNER	<ul style="list-style-type: none"> To the extent that prospective tenants with pets provide pet resumes, property owners may have improved information for tenant selection. A voluntary framework that allows prospective tenants and property owners to negotiate pet-friendly accommodation in a transparent manner may reduce tenant non-disclosure and its attendant costs Property owners will have greater assurance regarding carpet cleanliness and pest control for tenancies including a pet 	<ul style="list-style-type: none"> Property owner's discretion and control over their rental property investment will be limited Property owners currently not allowing pets may have increased risk of pet-related damage or disruption Property owners may face costs associated with defending a refusal to allow a tenant to keep a pet, including QCAT costs May not alleviate concerns held by some property owners that the current bond does not cover damages incurred, especially when these are significant

Stakeholder	Benefits	Costs
PROPERTY MANAGER	<ul style="list-style-type: none"> Tenants with pets may stay in their existing property for longer, potentially reducing the workload in seeking and screening new tenants 	<ul style="list-style-type: none"> Potential increase in workload for pet applications and ensuring carpet and pet control was professionally carried out Potential increased work health and safety risks associated with animals in rental properties will need to be managed Increased workload and complexity to manage bonds.
STATE GOVERNMENT	<ul style="list-style-type: none"> There is potential for reduced costs for support agencies (such as health services) if more tenants are able to access the health and wellbeing benefits of pet ownership 	<ul style="list-style-type: none"> Potential for increases in RTA and QCAT dispute resolution in the short-term, which may increase operational costs. Increased costs associated with the RTA and QCAT changes required to service systems, education and information resources Resources for Office of the Commissioner for Body Corporate and Community Management to deal with an increase in requests for information and assistance
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential reduction in demand for social housing due to higher availability of pet-friendly rentals 	
COMMUNITY	<ul style="list-style-type: none"> Increased access to pet ownership in rental tenancies may reduce rates of animal abandonment and feral animals 	<ul style="list-style-type: none"> Increased ownership of pets may have environmental impacts, including impacts on native wildlife

Impacts and assessment

The final recommended reform options will have minor administrative impacts for tenants, property owners and property managers. The main impact that can be quantified is the potential increase in administrative time for property managers to review pet requests and facilitate communication between the owner and tenant about pet requests. Where the rental property is part of a community titles scheme, this may increase the administrative burden for property managers, but this would be the case for pet requests under existing arrangements and is not considered additional burden. It should also be noted that recent reform of community title schemes in Queensland has also sought to improve outcomes for pet owners, including by discouraging blanket pet bans. The clearer obligations and matters to be considered for property owners and managers may offset any increase or reduce administrative burden resulting from the recommended renting with pets reform option.

Economic analysis of reform impact commissioned by DCHDE modelled the highest impact scenario representing a case where the administrative time and cost increases for property managers due to the recommended reform option. This modelling assumes that:

- the additional time cost is not covered by existing commission rates
- property managers would spend two hours per impacted property to review the request and response with a one-off occurrence per property
- the average hourly rate for property managers is \$30 per hour
- the incidence of additional pet requests being received from 10 per cent of households.

This modelling found that the total annual impact per impacted rental property in the short term was estimated to be \$60, largely falling on property managers. The annual pass through to impacted

tenants was estimated theoretically to be \$5, however this was found to only occur if a property owner revisits the rent price for their rental property at the next available opportunity to do so. The modelling concluded based on its analysis of the housing market that this pass through to tenants was unlikely to materialise. Over the longer term, this administrative impact was considered by the commissioned analysis likely to be spread across the portfolio of rental properties under management rather than directly to the affected ones.

The commissioned analysis noted that the recommended reform option may increase the perceived risk for investment in the rental market, including the in relation to property damage caused by pets.

Requiring property owners to respond to tenant pet requests and limiting their discretion to refuse only on prescribed reasonable grounds will help address power imbalances between the parties and make owner decision-making on pet issues more accountable and transparent. Increased opportunity for pet ownership would enable tenants to accrue the health and wellbeing benefits associated with pet ownership. Tenants would also benefit by avoiding the emotional stress and impacts of surrendering their pet in order to secure suitable rental accommodation for their needs, accepting less suitable rental accommodation for their needs or choosing homelessness in order to not relinquish their pet.

Voluntary information disclosure would encourage all stakeholders to be proactive and take responsibility to fully inform the other party about their pet intentions and requirements before and during the tenancy. A pet resumé would provide property owners and managers with improved information to support consideration of a request to keep a pet. Similarly, disclosure of arrangements for keeping pets in rental listings would help tenants locate suitable pet-friendly rental properties.

The recommended option will not prevent property owners from including pet ownership as a factor in their decision making about prospective tenants. The economic analysis commissioned by DCHDE notes that the recommended reform option allows owners to refuse a pet if it is expected to result in unreasonable damage to the rental property. Existing tenancy laws do not regulate the process of applying for a residential tenancy and property owners are not required to disclose the reasons for refusing a prospective tenant. Rental property owners are already expected to screen prospective tenants based on their perceived risk and pet ownership is one factor that is likely to be considered by owners in this process. Consequently, the Department considers that the perceived increase risk and owner decision making about prospective tenants is not expected to materially change because of the recommended reform option.

Tenants may benefit from an increased ability to get permission to keep pets by providing assurance to property owners that carpet cleaning and pest control would be undertaken at the end of the tenancy. Where this prescribed condition is agreed between the parties to apply to a relevant pet, tenants would bear a cost at the end of the tenancy that is additional to the ordinary requirement of returning a property to its initial condition, except for wear and tear. The property owner would benefit in these circumstances from the assurance that specific cleaning and fumigation would be undertaken when the tenancy arrangements end. The estimated additional cost for tenants to comply with this prescribed condition if relevant to their pet and agreed as a condition on the owner's approval for the pet to be kept at the rental property is:

- \$125 to \$250 for an anti-flea treatment, noting costs may vary according to treatment required
- \$29 and \$55 per room for carpet cleaning, noting prices may vary depending on carpet condition.

Carpet cleaning and fumigation terms and conditions are common in current tenancy arrangements where the owner has approved that the tenant may keep a pet, however existing regulation prevents these conditions from requiring the tenant to have these services provided by a professional. Consequently, only the difference in costs between a tenant meeting this condition themselves and engaging a service to meet this condition is considered additional burden. It is difficult to quantify this difference due to the variety of ways tenants may meet this condition themselves. It is also generally not an encouraged practice in the sector due to the risk of damage that may be caused while meeting the condition.

Demand for dispute resolution and requests for decision making services to the Residential Tenancies Authority and Queensland Civil and Administrative Tribunal about renting with pets issues in residential tenancy arrangements may increase because of the recommended reform option. Conciliation services provided by the RTA are free, however the party applying to QCAT for a decision on their dispute incurs an application fee that varies between \$27.45 to \$352 depending on the amount of the claim in the dispute. It is not possible to estimate the likely demand for dispute resolution or decision making services on pet issues as no data is available. Even if data is available, quantifying the costs of applying would also be difficult due to the fee structure relying on the amount claimed in the dispute, which will vary significantly depending on the matter.

Limiting property owners discretion to refuse pet requests to prescribed reasonable grounds that cannot be overcome by prescribed reasonable conditions will help to focus these disputes on determining with the prescribed grounds and conditions have been applied reasonably in the circumstances of the dispute and each party will need to make their own arguments supported by evidence to assist the dispute resolution and decision-making processes. DCHDE will work with the RTA, QCAT and other stakeholders to develop guidance material to support tenants, property owners and property managers to transition to and implement the recommended reform option and resolve these issues without needing dispute resolution or decision-making services. This material will also support conciliators and decision-makers to manage pet disputes where the parties are unable to reach a resolution on these matters without assistance.

Pet ownership delivers benefits to physical, psychological, and social health through greater connectivity with local community. A more structured framework for requesting and keeping pets in residential tenancy arrangements is supported by the sector and community. Economic analysis commissioned by DCHDE demonstrates that the likely impacts of the recommended option are expected to be small and amenable to being absorbed across all properties under management rather than applied directly to impacted tenancies. The current market response to demand for pet-friendly rental accommodation falls far short of community expectations and fails to meet the needs of most renting households that are likely to want to reap the benefits of pet ownership. Acknowledging the significant benefits of pet ownership for tenants and the significant emotional and community impacts of pet relinquishment or abandonment in order to access rental housing, it is considered that the benefits of the recommended reform option outweigh the costs and demonstrate the greatest net-benefit to Queensland.

Domestic and family violence protections

Everyone has the right to feel safe and live their life free of violence, abuse or intimidation. The Queensland Government is committed to preventing domestic and family violence by progressing the recommendations of the *Not Now, Not Ever: Putting an End to Domestic and Family Violence in Queensland* report. The Government recognises the importance of safe and secure housing and acknowledges the role of rental tenancy laws in supporting people who are experiencing domestic and family violence.

People forced to leave their homes due to domestic and family violence often experience difficulty securing alternative accommodation. Domestic and family violence increases vulnerability to homelessness and has consistently been one of the main reasons people have pursued assistance from specialist homelessness agencies. Research indicates that 60 per cent of women who had separated from their partners experienced housing stress, and around 20 per cent will return to violent partners due to a lack of financial and housing support.

People experiencing domestic and family violence are often at their most vulnerable to injury and fatality when they are attempting to leave their homes. Under current rental laws, people experiencing domestic and family violence are not supported to leave quickly and safely, as they are required to seek third-party intervention either through QCAT or property managers and owners. They may incur ongoing financial hardship due to an inability to quickly access bond funds and ongoing liabilities such as rent obligations. These factors can inhibit their ability to secure alternative accommodation.

Owners of rental properties are exposed to financial risks including lost rent and other costs if a tenant abandons the tenancy, or while awaiting a QCAT hearing.

Domestic and family violence is a community responsibility. There was broad in-principle support in submissions and survey feedback for strengthened protections for people experiencing domestic and family violence in rental tenancies in Queensland.

The Government's objectives to improve tenancy law protections for people experiencing domestic and family violence are to:

- enable people experiencing domestic and family violence to leave quickly, safely and legally without incurring additional financial hardship
- support people experiencing domestic and family violence to stay by improving security of their rental property
- ensure there are appropriate safeguards to prevent property owners from unreasonably bearing the costs of domestic and family violence.

On 24 April 2020, the *Residential Tenancies and Rooming Accommodation (COVID-19 Emergency Response) Regulation 2020* was made to implement the Queensland Government response to COVID-19 impacts on residential leases. The Regulation established the following domestic and family violence protections measures:

- allow renters experiencing domestic and family violence to end their interest in a residential tenancy quickly with seven days notice supported by evidence
- limit these renters' liability for end of lease costs to the equivalent of one weeks rent and facilitate quick access to a refund of any contribution they made to the rental bond
- allow these renters to the locks to their rental property without the property owner or manager's consent
- require owners and their agents to comply with confidentiality obligations for any information disclosed to them by a renter who leaves a tenancy due to experiencing DFV
- requiring owners to notify any remaining co-tenants that the tenancy agreement continues for them on the same terms
- allowing the owner to request remaining co-tenants top up the rental bond to the amount required under the tenancy agreement if required.

The domestic and family violence measures were based on the recommended policy options contained in the C-RIS and refined through extensive consultation with the residential rental sector. Key stakeholders were consulted during the development of the temporary RTRA COVID-19 Regulation and provided feedback on draft versions of the RTRA COVID-19 Regulation. The COVID-19 Housing Security Sub-Committee of the Ministerial Housing Council (the Sub-Committee) was examined the continuation of these measures and supported them becoming permanent changes to Queensland's rental laws when the COVID-19 emergency response expired.

Final recommendation

Make temporary COVID-19 domestic and family violence protections permanent. In February 2021, the Office of Best Practice Regulation separately reviewed the proposal to make COVID-19 domestic and family violence protections permanent. Information about consultation on the C-RIS proposals for domestic and family violence protections are included in the D-RIS.

Minor modifications

Liveability is an important aspect of renting. Research suggests that being able to personalise physical space contributes to psychological wellbeing. The ability of a tenant to make minor modifications to their rental property will support vulnerable cohorts such as the elderly, people with a disability and people experiencing DFV to ensure their home is accessible and provides for their safety, privacy and security. The number of Queenslanders who rent is growing and renting is

increasingly a long-term housing solution. This is changing consumer expectations about what they can do to make their rental property feel like home.

Property owners also have an interest in managing their investment and minimising damage or loss to their rental property. Important considerations for people making an investment in rental property are the ability to oversee significant changes a tenancy may want to make to the property and being able to access rental bond funds and other legal options to remedy damage.

Tenants and owner must agree whether the tenant can alter the rental property and whether the tenant is required to remove these when the tenancy arrangements end or if the change would be retained as an improvement. Property owners cannot unreasonably refuse these requests and any damage caused by the tenants making or restoring the alteration must be repaired at their cost.

These restrictions on tenants altering the rental property can reduce their rental satisfaction and may also disadvantage vulnerable tenants, including those who require accessibility modifications, people with disabilities, older renters and families with young children. In 2016, over 72,000 Queenslanders with a disability were living in rental properties, which had increased from 53,000 in 2011. An increase was also observed in the number of Queenslanders aged over 55 years living in rental properties from 173,000 in 2011 to 201,000 in 2016. Families are also increasingly renting their homes in the private rental market and are renting for longer. Between 1999 and 2013, 1023 injuries of fatalities among children under the age of five occurred because of falling or tipping furniture in Queensland households, including renting households.

The Queensland Government's objective in proposing minor modification reform was to improve tenants' ability to alter their rented homes to suit their needs while providing safeguards for property owners to protect their investment. The Consultation Regulatory Impact Statement recommended establishing mechanisms to manage minor modifications with appropriate safeguards (option 3).

C-RIS Minor Modifications Reform Options

1. Status quo

2. Tenants can make minor modifications without property owner consent and are not required to restore the rental property when the tenancy ends

3. Establish mechanisms to manage minor modifications with appropriate safeguards

Stakeholders expressed strong and opposing views on proposed reforms to allow tenants more freedom to make minor modifications to the rental property. In particular, stakeholders held diverse views about how a minor modification should be defined and what would be considered to fall within that definition. For example, painting a feature wall or repainting the rental property was identified as a significant change by property owners and managers but a change that could be reversed and unlikely to damage the property by tenants.

Tenants and tenant advocates strongly supported the recommended reform option as improving tenants' ability to make the changes they need to live safely and comfortably in the rental property as their home. Property owners and managers expressed significant concern the recommended option would undermine their control over the rental property and increase the risk of damage. Property owners particularly expressed a strong desire to decide what changes could be made and guide how and where they were done, noting that tenants may not have the knowledge of the property to determine where modifications were best made or the expertise to undertake the works safely.

Final recommendation

Decision pending, subject to further work being undertaken. Minor modifications to be progressed in future reform stages following further stakeholder engagement.

Further engagement is needed with stakeholders in future reform stages to define minor modifications and develop a workable framework to support tenants and property owners to agree on the changes a

tenant can make to the rental property. This work will need to be informed by significant related work being progressed nationally to improve accessible housing for seniors and people with a disability.

Key impacts of the reform package

The final recommended reform options are designed to work together to achieve optimal outcomes for all stakeholder groups. Ending tenancies reforms will support tenants to enforce their existing tenancy rights and adjustments to these rights delivered by the minimum housing standards and renting with pets reforms. These reforms will clarify tenancy rights for both parties and result in a clearer assignment of risks that will support a more efficient private rental market that benefits tenants, property owners and property managers.

The DCHDE commissioned economic analysis of reform impact found that the recommended reforms are unlikely to aggravate affordability issues to a significant extent as the possible short-term rent impacts are material for some household types, such as low-income households or households in rental stress, but it is unlikely to change their overall circumstances. It also concluded that it was unlikely property owners could unilaterally increase rents for households in rental stress due to the recommended reforms and the impact of regulatory cost increases may be dampened by a preference to sustain 'satisfactory' tenancies to avoid financial and social reletting costs.

It is difficult to quantify the rental housing stock within this small proportion that may require significant remediation to meet the minimum quality standards, which may be prohibitively costly for lessors. Based on qualitative feedback received through community consultation on rental law reform, it is expected that this cohort will be small. Measuring the impacts at a more granular level would require further field work that is unlikely to achieve a representative sample without using an incentive and additional assumptions and/or proxies on top of existing assumptions in the modelling that would reduce the reliability of estimates. Consequently, it is considered there is little value in pursuing this analysis further as the estimated impacts on rents is so marginal, even in the worst-case scenarios.

The DCHDE commissioned economic analysis of reform impact also found that the reforms were unlikely to trigger a flight of rental property owners from the sector because:

- most rental property owners are motivated by capital gain and/or prefer 'bricks and mortar investment' that can provide more stability than less certain investment options, such as the stock market.
- the reforms can be expected to clarify the nature and assignment of risks in rental property investment, which could improve capital flows and reduce transaction costs.

The commissioned analysis found that the reforms could decrease administrative burden as policy and processes for renting issues will be clearer. While some proposals could result in minor increases in administrative costs for property management these costs can be absorbed across all properties under management rather than passed on through higher charges for affected tenancies.

Overall, the reform package delivers the greatest net benefit to Queensland, supporting safety and security measures for both tenants and property owners. Economic analysis of reform impact commissioned by DCHDE concluded overall that the recommended reforms impact on the sector were estimated to be negligible and unlikely to significantly impact rents, supply, or affordability in Queensland's rental market. The social, health and economic benefits for tenants, property owners and the broader community are expected to outweigh these negligible costs. The improved quality of rental accommodation in Queensland's rental market will lead to flow on social and community benefits. The reforms will provide certainty to all parties by better assigning and clarifying risks. Certainty, security and a balance of rights and responsibilities between tenants and owners could provide for a better-functioning and more efficient private rental market where everyone benefits.

Analysis commissioned by DCHDE found that Queensland experienced the highest net interstate migration of any Australian state over the last quarter, which has contributed to house prices and rents increasing, and this is expected to continue in 2021. Queensland's rental market is experiencing tight vacancy rates across all regions except Brisbane inner city, with most sitting below 1.5 per cent

(rates below 2.5 per cent are considered tight). These supply constraints have also increased rents across the board, with the average rent increasing from \$359 in 2017-18 to \$420 in December 2020.

It is difficult to predict party's behaviour in the current market due to the abnormal tightness of the rental market and other extraneous issues that are impacting their renting and investment decisions. However, it is likely that property owners will seek to maximise the asking rent for their rental properties in line with current market trends. This may mean that some property owners may request tenants pay a higher rent and this could prompt tenants to look for alternative, cheaper rental properties. However, it is important to note that the recommended reforms will not commence until at least 12 months after the amendments are approved by the Queensland Parliament, which will allow time for the private rental market to normalise and for severe supply constraints to be alleviated by current investment incentives, including record low interest rates and government grants.

It is also acknowledged that the reform environment affecting the private rental market is not static and there is a risk of cumulative impacts that may flow to this sector from other reforms that governments could consider in the future. There are several national working groups considering further reforms, such as a framework for state governments to consider developing energy efficiency standards for rental properties and accessibility standards for new housing, that may impact the housing market and drive further costs or impacts for stakeholders in the private rental market. As the progress of these reforms in Queensland is the subject of future government decision making and are not yet realised. Consequently, it is not possible to quantify or assess the likelihood of these cumulative impacts being realised.



Reform impacts on tenants

- Tenants are empowered to enforce their existing rights without fear
- Ensures rental accommodation is safe, secure, and functional
 - Short-term impact on rents for estimated 33,690 impacted properties of increase between \$5 to \$18 per week depending on region, noting only a small proportion of this is attributable to incremental burden created by the recommended reform
 - Vulnerable tenants may be at risk of remaining in substandard housing rather than enforcing their right to minimum quality standards for their rental property
 - Tenants may have difficulty finding low cost housing due to increased rental prices at the lower end of the market.
- Encourages more pet-friendly rental accommodation
 - Some tenants may incur additional costs of between \$125 to \$250 for fumigation and/or \$29 and \$55 per room for carpet cleaning if owner approval to keep a relevant pet is subject to prescribed reasonable condition
- Improves outcomes for people experiencing domestic and family violence
- Tenants may need to spend more time and incur some financial costs to exercise and enforce their tenancy rights if they believe a property owner or manager has not met their obligations
 - Some tenants may incur fees to access decision-making services to resolve a tenancy dispute of between \$27.45 to \$352 depending on the amount of the claim



Reform impacts on property owners

- May be required to spend more time considering and responding to tenant requests
- A small subset of owners may incur costs to upgrade properties to comply with Minimum Housing Standards and strengthened repair and maintenance obligations
 - A small proportion of impacted owners may withdraw supply with a small net loss of rental dwellings at the margin compared to the no change scenario
- May be able to claim tax deductions for some costs incurred to comply with Minimum Housing Standards and strengthened repair and maintenance obligations
- Owner costs will be mitigated by safeguards in the reform proposals, such as the ability to ensure that tenants undertake professional pest management in premises where pets have been kept.
- Some owners may spend more time or incur financial costs to enforce their tenancy rights if they believe a tenant has not met their obligations
 - Some owners may incur fees to access decision-making services to resolve a tenancy dispute of between \$27.45 to \$352 depending on the amount of the claim



Reform impacts on property managers

- May incur additional administrative burden in role as intermediaries to manage, negotiate and communicate with parties to a tenancy agreement about pets
 - Estimated \$5 per affected property but could be absorbed across properties under management.
- May incur some time costs to monitor rental properties in their portfolio, including for compliance with Minimum Housing Standards and to identify and action repair and maintenance issues
- Some financial costs may be incurred to re-train staff and implement system changes to comply with the reforms, including information privacy and confidentiality obligations.
- Property managers who manage most private rental properties in Queensland, work in a strongly competitive market in which they will have limited power to pass on costs.

Part 1 – Introduction

Queensland Government commitment to rental law reform

A stable home enables people to achieve positive life outcomes, such as good health, quality education and secure employment. With more Queenslanders renting, and renting longer, it is important that our tenancy laws help individuals and families to access safe and secure rental accommodation.

Many Queenslanders also invest in rental properties to increase their wealth or to secure their financial futures. This investment is an important source of much needed housing supply and our tenancy laws need to provide certainty to encourage and sustain this private investment in the rental market.

The Queensland Government is committed to ensuring all Queenslanders have access to safe, secure and sustainable housing. The *Queensland Housing Strategy 2017-2027* and *Action Plan 2017-2020* include actions to review and reform tenancy law to create a contemporary legislative framework and to better protect tenants and property owners.

Tenancy law reform is a Queensland Government election commitment and contributes to Our Future State: Advancing Queensland's Priorities to keep Queenslanders healthy, keep communities safe, give our children a great start, create jobs in a strong economy and be a responsive government.

Queensland's rental market consists of private, public and community owned rental properties that are accessed by diverse consumers. Tenancy laws apply to all rental properties across a range of housing options.



Residential tenancies

in freestanding homes, townhouses, apartments and houseboats. This includes social housing provided by the Department of Communities, Housing and Digital Economy or community housing providers, and Queensland Government employee housing.



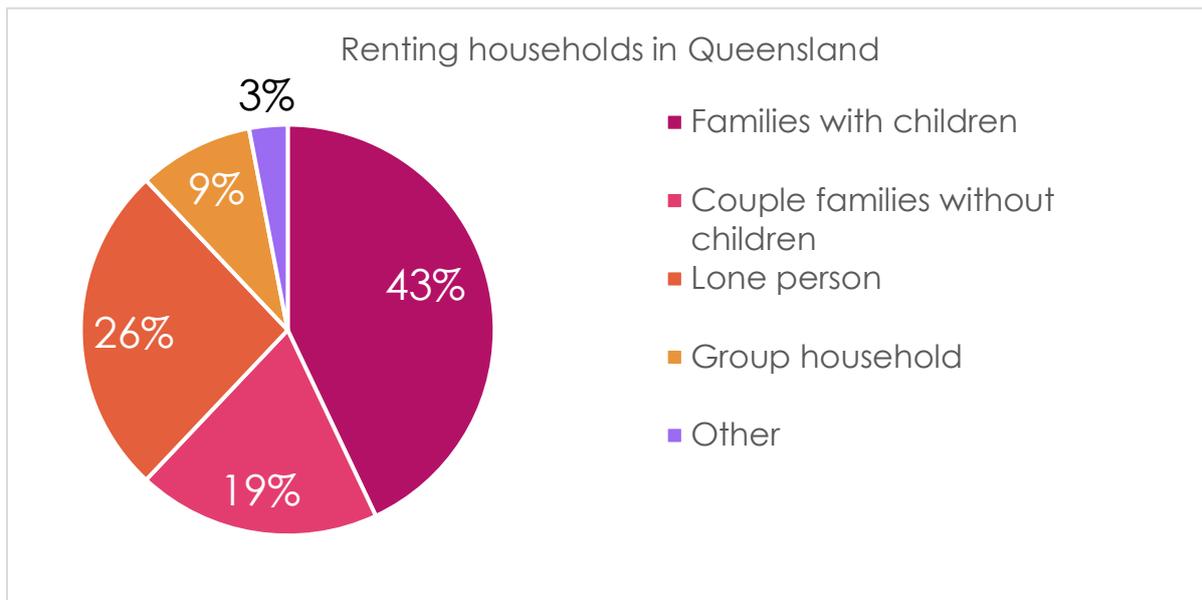
Rooming accommodation

in services such as student accommodation, boarding houses and residential services.



Moveable dwellings

in caravan parks where either the caravan and the site, or only the site, is rented.



Who is renting?

Over a third (34.2 per cent) of the estimated 1.65 million households in Queensland are renting¹ compared to 1.54 million households (33.2 per cent) in 2011². Families with children continue to be the largest renting household cohort, followed by lone persons and couples without children.³ One-third of tenants in Australia have lived in the private rental market for more than 10 years.⁴

Around half of Queensland households that rented their home in 2016 had an income less than \$1250 per week, and over a fifth less than \$650 per week. Queensland's median weekly household income in 2016 was \$1402.⁵

While less than 14 per cent of Queensland tenants were aged 55 or over in 2016, the number of people in this age group who were renting increased by 42 per cent between 2006 and 2016.⁶

Queensland tenants move regularly and the median length of a tenancy is less than 18 months across housing options (17.5 months for houses, 15.5 months for townhouses, 13.1 months for flats and units and 6.6 months for rooming accommodation).⁷ Census 2016 results for Queensland show that some or all residents in 35 per cent of renting households moved in the previous year and 73 per cent in the previous five years.⁸

¹ The national average is 31 per cent. Australian Bureau of Statistics, 2016 Census QuickStats, available at https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/3?opendocument, 2016, accessed 21 June 2019.

² Australian Bureau of Statistics, 2011 Census Quickstats, available at https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/3?opendocument, 2011, accessed 21 June 2019.

³ Australian Bureau of Statistics, '2016 Census', *Census of Population and Housing, 2016, Table Builder*, available at <https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>, 2016, accessed 3 April 2019.

⁴ W. Stone, T. Burke, K. Hulse, and L. Ralston, *Long-term private rental in a changing Australian private rental sector - AHURI Final Report No.209*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0013/2227/AHURI_Final_Report_No209_Long-term-private-rental-in-a-changing-Australian-private-rental-sector.pdf, 2013, p.2.

⁵ Households with nil or negative income were excluded. Australian Bureau of Statistics, '2016 Census', *Census of Population and Housing, 2016, Table Builder*, available at <https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>, 2016, accessed 3 April 2019.

⁶ Australian Bureau of Statistics, '2006 Census' & '2016 Census', *Census of Population and Housing, 2016, Table Builder*, available at <https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>, 2016, accessed 3 April 2019.

⁷ Residential Tenancies Authority, *Annual Report 2018-19*, 2019, available at <https://www.rta.qld.gov.au/About-the-RTA/Corporate-information/Annual-report/Annual-report-2018-19>, accessed 19 August 2019, p. 9.

⁸ Australian Bureau of Statistics, '2016 Census', *Census of Population and Housing, 2016, Table Builder*, available at <https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>, 2016, accessed 3 April 2019.

Who owns rental properties?

In 2016-17, 14 per cent of Queensland taxpayers reported having a stake in a rental property, increasing by 35 per cent over 10 years between 2006-07 and 2016-17. The highest increase over this period was among individuals with interests in two or three rental properties (37 per cent). Around three-quarters (72 per cent) of Queensland investors own one rental property, with 18 per cent having an interest in two.⁹

Half of Australian property investors in 2013-14 were aged between 35 and 54 years and only 12 per cent were aged between 25 and 34 years. Most investors owned their own home (investors place of residence) outright (34.2 per cent) or with a mortgage (48.8 per cent) and over two thirds of investors were living in a couple household with or without children.

Analysis undertaken by the Australian Housing and Urban Research Institute (AHURI) of the *Australian Bureau of Statistics Survey of Income and Housing 2013-14* found that of Australian households that own one rental property, 40.9 per cent have wealth in the highest quintile. This increases to 68.3 per cent for households that own two or more rental properties.¹⁰ Younger, negatively geared investors (aged 25 to 34) have relatively low levels of income and are more likely to exit the sector during the rental property ownership.¹¹

There was a 42 per cent increase in volume of lending to investors from 2006-2016 nationally.¹² About six in 10 investors are negatively geared. These investors have an average age of 47 and are more likely to be males working full time. Positively geared investors tend to be older, with similar proportions in full-time work or not in the labour force.¹³ Negatively geared investors may be more likely to terminate rental leases in response to changes in market conditions.¹⁴

According to AHURI research, there are signs that more rental property owners are seeing themselves as investors, resulting in more deliberate strategies to purchase property for rental accommodation rather than incidental ownership through inheritance or renting out of a property that was their former home.¹⁵ This means there is a greater reliance on setting rents to maximise returns for property owners.¹⁶

The high level of debt and rent used to service loans, combined with negative gearing investment strategies, may lead to property owners not having sufficient funds to adequately maintain and repair the rental property, and could result in property owners leaving the market.

⁹ Australian Taxation Office, *Taxation Statistics 2016-17*, available at <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Taxation-statistics/Taxation-statistics-2016-17/>, 2017, accessed 3 April 2019.

¹⁰ K. Hulse, A. James, C. Martin, and W. Stone, *Private rental in transition: institutional change, technology and innovation in Australia – Inquiry into the future of the private rental sector - AHURI Final Report No. 296*, available at <https://www.ahuri.edu.au/research/final-reports/296>, 2018, p.25

¹¹ A.S. Duncan, H. Hodgson, J. Minas, R. Ong, and R. Seymour, *The income tax treatment of housing assets: an assessment of proposed reform arrangements - AHURI Final Report No. 295*, available at www.ahuri.edu.au/research/final-reports/295, 2018, p.35

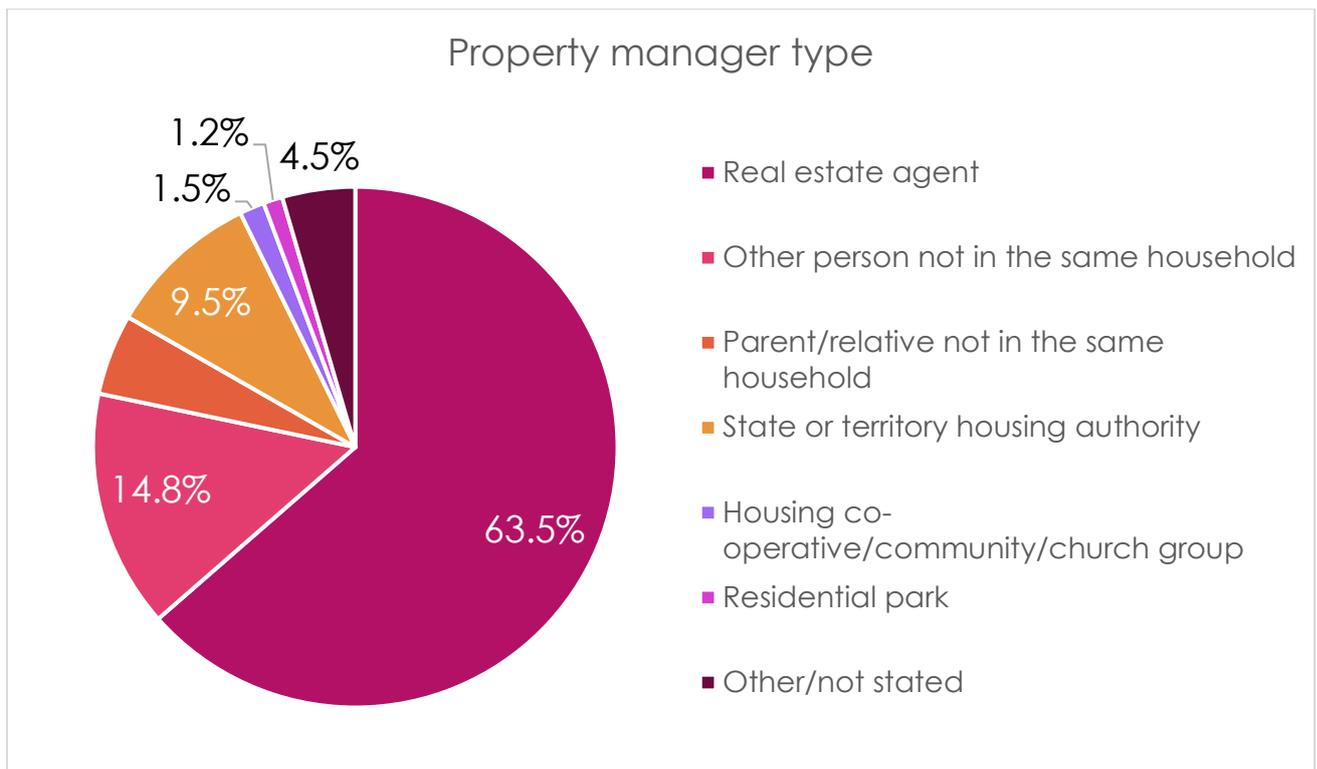
¹² W. Stone, T. Burke, K. Hulse and L. Ralston, *Long-term private rental in a changing Australian private rental sector - AHURI Final Report No.209*, available at <https://www.ahuri.edu.au/research/final-reports/209>, 2013, pp 3.

¹³ A.S. Duncan, H. Hodgson, J. Minas, R. Ong, and R. Seymour, *The income tax treatment of housing assets: an assessment of proposed reform arrangement - AHURI Final Report No. 295*, available at www.ahuri.edu.au/research/final-reports/295, 2018, p. 22.

¹⁴ Ibid.

¹⁵ K. Hulse, A. James, C. Martin, and W. Stone, *Private rental in transition: institutional change, technology and innovation in Australia – Inquiry into the future of the private rental sector - AHURI Final Report No. 296*, available at <https://www.ahuri.edu.au/research/final-reports/296>, 2018, p.4

¹⁶ W. Stone, T. Burke, K. Hulse and L. Ralston, *Long-term private rental in a changing Australian private rental sector - AHURI Final Report No.209*, available at <https://www.ahuri.edu.au/research/final-reports/209>, 2013, p. 4.



Who manages rental properties?

Property managers are required to be certified or licenced in Queensland. Under the *Property Occupations Act 2014* a property manager must be at least 18 years old and hold either a real estate agent licence, real estate salesperson registration certificate, or a resident letting agent licence. Training requirements to obtain a licence or certificate vary depending on the type of certification required.

The majority of property managers employed in Queensland are female (57 per cent) and aged between 20 to 50 years (65 per cent), with the majority (22 per cent) aged in their thirties. Sixty-six per cent of all property managers remain in the role for approximately three years.

There has been an increase in rental properties being managed by real estate agents (2001-2016) due to deliberate investment strategies and properties not being located near an investor's own residence.¹⁷ Property managers manage the relationship and competing expectations of both tenants (customers) and the property owner (client) but must take direction from the owner.

Seventy-eight per cent of Queensland tenants rent from a real estate agent or private landlord, while 9.5 per cent live in housing owned by the State housing authority. Five per cent live in a property owned by a family member not in the same household (see chart).¹⁸

Where do people rent and what type of properties are rented?

Houses, units and townhouses account for almost 97 per cent of dwellings for which bonds are held by the RTA. Rooming accommodation, caravans and other types of housing make up the remaining three per cent.¹⁹ Almost three-quarters (74.32 per cent) of bonds are held for dwellings in South East Queensland.²⁰

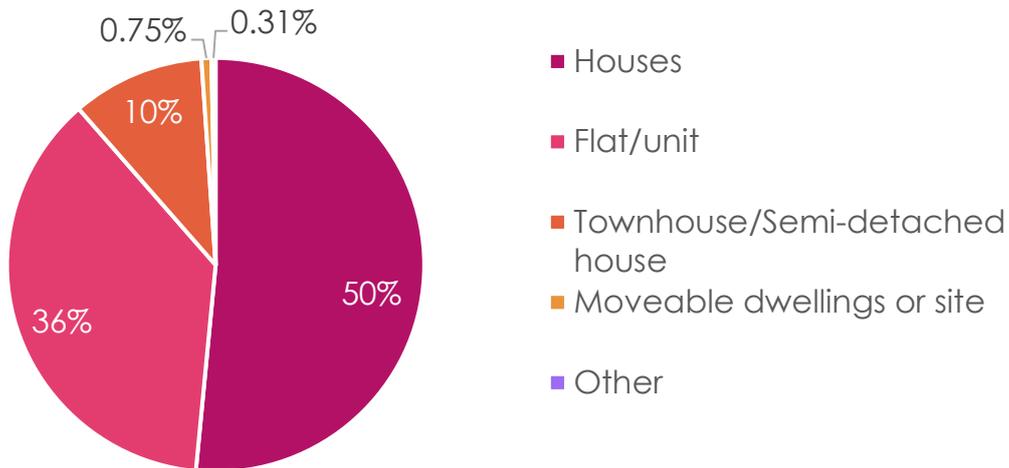
¹⁷ Ibid, p. 69.

¹⁸ Australian Bureau of Statistics, 'Landlord Type by Tenure Type by State', *Census of Population and Housing, 2016, TableBuilder*, available at <https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>, 2016, accessed 29 March 2019

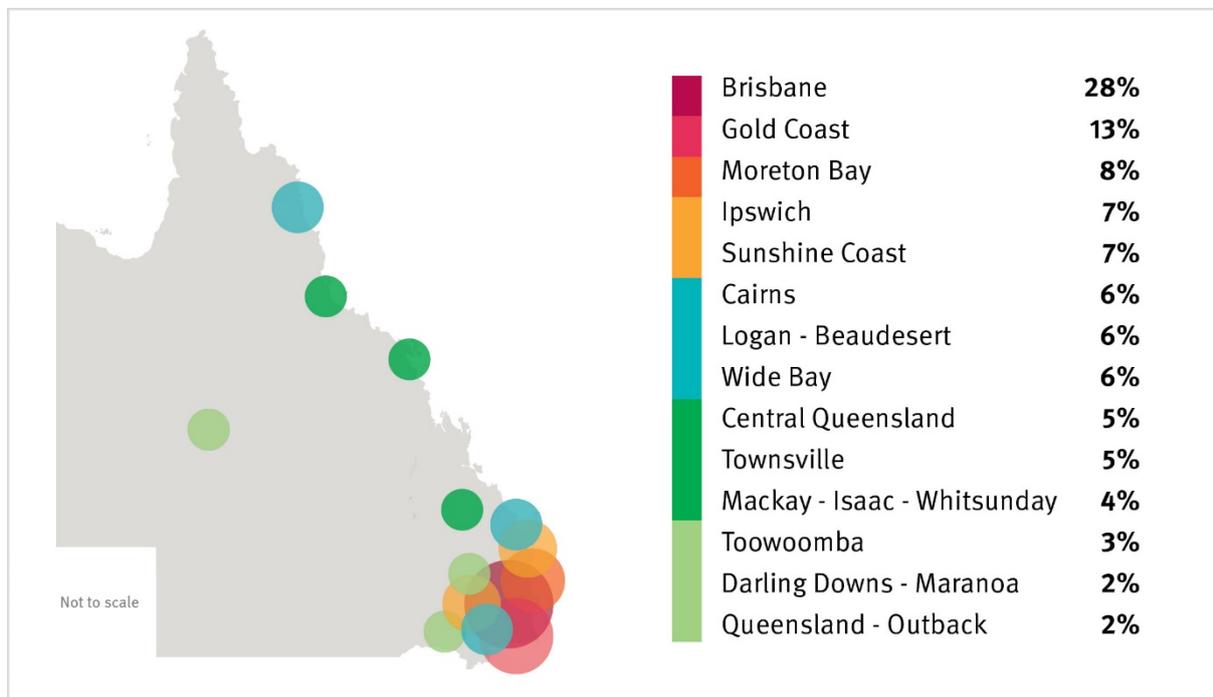
¹⁹ Residential Tenancies Authority, 'Total bonds held by dwelling type', *RTA Annual Report 2017-18*, available at www.rta.qld.gov.au/About-the-RTA/Corporate-information/Annual-report/Annual-report-2017-18, 2018, p.9.

²⁰ Residential Tenancies Authority, 'Our Clients', *RTA Annual Report 2017-18*, available at www.rta.qld.gov.au/About-the-RTA/Corporate-information/Annual-report/Annual-report-2017-18, 2018, p.9.

Proportion of bonds held by housing type



Number of occupied rented private dwellings in Queensland 2016



Queensland's rental laws

The RTRA Act and the Residential Tenancies and Rooming Accommodation Regulation 2009 (the RTRA Regulation) set out the rights and obligations of tenants and owners or their agents in tenancy arrangements in Queensland.

The RTRA Act:

- regulates the making, content and operation of tenancy agreements
- provides for dispute resolution about tenancy arrangements

- provides for compliance monitoring and enforcement

It also establishes the RTA to administer the RTRA Act and receive, hold and pay rental bonds.

Property owners must also comply with laws and regulations relating to the health and safety of premises. These include, but are not restricted to:

- *Building Act 1975*
- *Plumbing and Drainage Act 2018*
- *Electrical Safety Act 2002*
- *Fire and Emergency Services Act 1990*
- *Residential Services (Accreditation) Act 2002*
- *Body Corporate and Community Management Act 1997*
- Australian Standards

Property managers must also comply with the *Property Occupations Act 2014*, which regulates the activities, licensing and conduct of property agents and resident letting agents and their employees.

Open Doors consultation (2018): outcomes and insights

In late 2018, more than 135 000 responses were received from tenants, property owners and managers, the community, and industry and peak groups through the *Open Doors to Renting Reform* consultation. Respondents shared their rental experiences and ideas about how renting in Queensland can be improved in Queensland.

The Open Doors consultation demonstrated that renting is an important issue for the community.

Consultation results summary

Engagement results



96,649
snap polls



14,000+ postcard
survey responses



2000+ social media
posts and comments

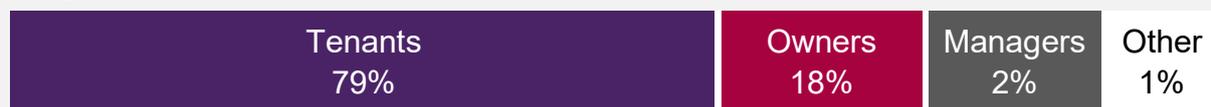


19,900+ online
survey responses



48,000+ written submissions
including discussion forum posts and comments

Responses came from:

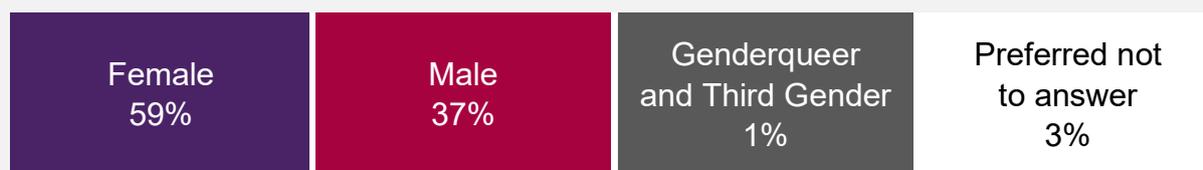


From these age groups (years old):



Note: 'Other' refers to respondents who were not able to be identified or who specified that they were not a tenant, property owner or property manager. Source. Engagement HQ Online survey data, postcard survey data, written responses (excluding forum posts and comments).

Breakdown of respondents, by gender:



Source: Postcard survey data and Engagement HQ: Open Doors to Renting Reform online survey data.

Almost two-thirds of respondents felt Queensland's tenancy laws did not achieve an appropriate balance between tenants and property owners. While tenants and property owners tend to feel the balance is in the other party's favour, more tenants than owners were inclined to feel this way. This pattern in sentiment is reflected in higher dissatisfaction rates with renting in Queensland by tenants than property owners. Almost a third of tenants and a quarter of owner respondents were dissatisfied with their renting experience, and overall 42 per cent of respondents are satisfied.²¹

Generally, consultation feedback emphasised that tenancy arrangements need to strike the right balance between the tenant and owner interests in each unique tenancy. However, many respondents felt this balance was difficult to achieve.

Open Doors consultation themes

A house and a home

This theme sparked extensive interest during consultation and explored issues including minor modifications to the rental property, renting with pets and entry practices and privacy.

Consultation feedback indicates that action is needed to assist tenants and owners reach agreement on keeping pets in rental properties, but there were mixed views about suggested solutions. Most tenants wanted to keep a pet, but some recognised that this created investment risks for owners. Owners recognised the benefits of pet ownership but advocated strongly to keep their right to refuse pets.

Around three-quarters of respondents to a snap poll agreed that pet bonds would help owners and tenants reach agreement on pets. However, community feedback was more mixed about whether pet bonds would be an effective solution, particularly as they would increase costs for tenants and potentially not cover damage costs for owners.

Tenants want to make minor changes to the rental property that add personal touches and argued this should be allowed if they inform the owner and return the property to its original condition. Owners and managers advocated to retain owner discretion on this issue. They raised concerns about damage to walls, tenant exposure to health and safety risks, impact on owner's insurance and liability risks, and costs to return the property to its original condition if a tenant fails to. Only a third of respondents to a snap poll agreed that a property owner should be able to prevent tenants from making minor modifications such as installing pay TV or curtains or blinds.²²

Inspection and entry practices were also an issue where stakeholders had competing interests. Owners and managers valued inspections and entry as an essential property management tool to monitor and identify tenancy issues early, including photography to document rental property condition. Tenants felt inspections were too frequent, especially if they had a good rental history, and felt some entry practices were unnecessarily invasive. In response to a snap poll asking what is fair

²¹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 14.

²² Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 66.

notice to give prior to entry into the home for non-urgent reasons, over half of respondents said seven days and only 10 per cent of responses supported 24 hours' notice.²³

Stakeholders also highlighted the interaction between community by-laws in body corporate or caravan parks and tenancy arrangements. They noted that by-laws may restrict owner's ability to agree to tenant requests about minor modifications, pets or entry requirements.

Property condition

Property condition was a hot topic due to the high frequency of repairs and maintenance. This was discussed by all groups and was a contentious issue. Over 60 per cent of respondents to a snap poll agreed that they had seen a rental property with serious safety problems, such as a broken lock or rotting stairs or deck.

Many tenants reported inattention or unresponsiveness to repair and maintenance requests. Owners raised concerns about the reasonableness of some tenant's requests and expectations. Tenants also reported being hesitant to request repairs or maintenance due to fear of retaliatory rent increases or eviction.

Minimum standards to address health and safety issues were supported by all stakeholder groups. Owners and managers cautioned that minimum standards if too onerous could force them to increase rent or leave the rental market. In a snap poll asking what would help to ensure Queensland rental properties are well maintained and in good repair, mandatory times for repairs to be completed and minimum standards for repairs and maintenance were supported by 44 per cent and 32 per cent of respondents respectively.

Flexibility and security

Discussion of this theme highlighted tension between tenant's perception of housing insecurity in the rental market and owner's needs for effective mechanisms to manage risks to their investment.

All stakeholders were open to longer term leases. Tenants felt their housing security would be increased by longer leases and property owners saw benefits in more financial stability. Some property owners also indicated they would be more open to tenants making minor changes to the property under a longer lease.

Ending tenancies and retaliatory evictions were also topics that sparked strong views. Some tenants reported being hesitant to enforce their rights or make requests due to fear of retaliatory eviction. Tenants and tenant advocate groups suggested that abolishing notices to leave without ground for owners and managers would empower tenants to enforce their rights without fear. A snap poll about ending tenancies indicated 57 per cent of respondents agreed that owners should be required to give a reason to end a tenancy.

Owners and managers advocated strongly to retain their ability to end tenancies without cause or reason through a notice to leave without ground. This in part is because fixed term tenancy agreements do not automatically end at the expiry of the agreed term. If parties to the agreement take no action the tenancy moves to a periodic agreement with no fixed end date.

Owners also raised concerns that the current notice requirements for ending a tenancy are imbalanced and impractical. Tenants are required to give two weeks' notice whereas owners need to provide two months' notice. Some tenants also consider current notice periods to be impractical and contribute to their perception of insecure tenure.

Better protections

Better protections were also a topical theme. There was general support from respondents for more support to be provided to vulnerable Queenslanders in the private rental market, including people escaping domestic and family violence and people with a disability. However, property owners did not feel they should be financially disadvantaged to protect vulnerable persons.

²³ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 66.

While tenants were the most vocal, both tenants and property owners expressed that they were dissatisfied with the service they received from property managers. Tenants felt property managers did not effectively address issues with the rental property, communicated poorly and have too much power. Property owners felt that property managers were not doing enough to prevent or manage bad tenants.

Issues were also raised with dispute resolution processes. Both tenants and property owners were concerned with delays and complicated processes at QCAT. Property owners were overwhelmingly dissatisfied, feeling QCAT is biased against them and that there is no reasonable recourse for property owners or managers due to delays in getting a hearing or enforcing orders. Tenants can also feel disadvantaged without representation as property managers are more knowledgeable about tenancy laws and experienced with dispute resolution and QCAT processes. Over 80 per cent of respondents agreed that a tenant should be able to end their tenancy at short notice without going to QCAT if sufficient evidence is provided of domestic and family violence.²⁴

Looking and leasing

Rent, rental affordability and rent increases were hot topics across all channels. Many tenants reported the adverse effects of repeated and unsustainable rent increases that they felt did not reflect the condition of the property or market conditions. Several property owners stated that they need to be able to increase rents to cover costs and keep up with the market. Some dissatisfaction was expressed with rent payment methods that incur additional charges for tenants and responsibility for utility connection and usage fees.

Both tenants and owners feel the current bond system disadvantages them. Tenants reported difficulty getting bonds refunded and that bond amounts were too high. Property owners reported bond amounts did not cover their costs at the end of a tenancy and often were used by tenants to cover their rent at the end of the tenancy.

Open Doors consultation insights

Queenslanders want to feel safe and secure with their rental property, either as a tenant enjoying the property as their own home, or as an owner protecting their property as an investment. Tenants and property owners agreed that tenancy laws need to strike the right balance for tenants and owners to feel safe and secure with their rental property and that property managers need to be held more accountable for their actions.

Diverse views were expressed on most renting issues. Property condition standards and renting with pets were topics that sparked wide discussion and strong views in the consultation. Tenants sought Minimum Housing Standards and protection from retaliatory eviction and invasive entry practices. Owners want to retain control, including to refuse pets without a bond or minor modifications without a safety net, and to end tenancies without cause or reason.

Common renting issues of interest to the Queensland community emerged from the consultation and support a need for change to tenancy laws in Queensland. These issues included longer leases and without ground evictions, renting with pets, minor modifications, entry and privacy, property condition, bonds and rent, accountability of property managers, and supporting vulnerable tenants.

Tenancy law reform pathway

The *Better Renting Future Reform Roadmap* is the Queensland Government's response to the Open Doors consultation and outlines a staged tenancy law reform pathway to enable an orderly transition and resolve significant policy and regulatory issues raised by the community.

²⁴ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 69.

Stage 1 proposed immediate action on:

- **Safety and security** to ensure rental accommodation is safe, secure and functional through prescribed Minimum Housing Standards, improved domestic and family violence protections and a minor modifications framework.
- **Managing tenancies** to support enforcement of existing tenancy rights without fear by prohibiting retaliatory eviction.
- **Renting with pets** to improve access to pet-friendly rental accommodation by helping tenants and property owners reach agreement on this issue.

Stage 2 Better Renting Future reforms will build on the foundation laid in Stage 1 to design solutions to complex renting issues where a diversity of views was expressed. Deeper engagement with partners will be undertaken to understand the regulatory and other impacts of policy options and design workable solutions that balance stakeholder views and interests.

Unique issues for rooming accommodation and moveable dwelling tenancies will also be examined in detail during Stage 2 alongside opportunities to modernise and simplify the RTRA Act to make tenancy laws more accessible and user friendly.

The reform pathway will be supported by innovations already underway in the RTA to support smart digital services that facilitate quick and convenient tenancy transactions. The RTA will continue to digitise its services to offer more effective channels for customers to do business.

These administrative and legislative reforms will ensure the needs and expectations of the Queensland rental sector are met now and into the future by a responsive government.

C-RIS consultation (2019): overview of survey and written submissions processes

Analysis of the outcomes of the Open Doors consultation resulted the development of draft options for rental law reform. These draft options were outlined in the C-RIS, which assessed the costs and benefits of various reform pathways. The C-RIS was released for community feedback in November 2019. Feedback was solicited via two main channels:

- an online survey incorporating structured questions and a free-text field
- written submissions

The community was invited to provide comments on five modules:

1. ending tenancies fairly
2. housing quality and Minimum Housing Standards
3. domestic and family violence protections
4. minor modifications
5. renting with pets

The web-based surveys sought feedback on:

- the options considered in the C-RIS for each of the five modules
- specific aspects of the recommended options
- the benefits, costs and other impacts of the recommended options
- any other considerations

People were encouraged to read the relevant module of the C-RIS before they commented.

From the web-based surveys, 15 210 responses were received during the consultation period across all surveys. This included 3468 tenant responses, 10 025 rental property owner responses, 1173 property manager responses, and 544 responses from persons not identifying with any of these cohorts.

In addition, 638 written submissions were received, including many comprehensive submissions from peak bodies and community organisations. The written submissions did not need to be made for any one of the specific topics, and most submissions contained information covering multiple topics.

In general, community feedback revealed polarised opinions about renting, particularly between tenants and property owners. Generally, property owners were more likely to support the status quo, while tenants sought enhanced rights and protections.

This feedback was used to refine and finalise the recommended reforms. Detailed analysis of the outcomes of the C-RIS consultation process are included in each module of this D-RIS.

A list of parties that made written submissions is below. For privacy reasons, this list does not include submissions made by private individuals.

1. Aboriginal and Torres Strait Islander Legal Service (Queensland) Inc.
2. Hon Michael Berkman MP, Member for Maiwar
3. Master Builders Queensland
4. Queensland Council of Social Service (on behalf of Community Legal Centres Queensland, Child Protection Peak, Council of the Ageing Queensland, Community Services Industry Alliance, Ethnic Communities Council of Queensland, National Disability Services, Peak Care Queensland, Queensland Alliance for Mental Health, Queensland Aboriginal and Islander Health Council, Queensland Disability Network, Queensland Network of Alcohol and Other Drug Dependencies, QShelter, Tenants Queensland Inc, and Volunteering Queensland)
5. Queensland Advocacy Incorporated
6. Body Corporate Admiralty Quays
7. Better Renting
8. Helen Harm Real Estate
9. The Services Union
10. RSPCA
11. Sapphire Elite Estate Agents
12. Asia-Pacific Student Accommodation Association
13. Little Real Estate
14. Property Management Institute
15. Community Housing Industry Queensland
16. Property Owners Association of Queensland
17. Housing Industry Association
18. Real Estate Institute of Queensland
19. Sorbello Group of Companies
20. Queensland Law Society
21. Human Rights Commission
22. Australian Property Management Alliance
23. Queensland Disability Network
24. Access Community Housing
25. MARS Petcare
26. Student One
27. Brisbane Housing Company
28. LawRight
29. Local Government Association of Queensland
30. Animal Welfare League Queensland
31. Property Council of Australia
32. Mission Australia
33. Queensland Alliance for Mental Health
34. Queensland Family and Child Commission
35. Caravan Parks Association of Queensland
36. Formosa Property Management
37. Gold Coast Youth Service
38. Ray White Group

39. O'Brien Place Resident Association
40. Soroptimist International Brisbane Inc.
41. Caxton Legal Centre
42. Louise Griffin Property Management
43. Property Investors Council of Australia
44. PropertySafe
45. Council of Australian Postgraduate Associations Incorporated
46. Elite Rentals Noosa
47. Tenants Queensland Inc
48. Strata Community Association
49. Australian Resident Accommodation Managers Association
50. Make Renting Fair in Queensland (on behalf of their Alliance members Community Legal Centres Queensland, Community Plus, Hervey Bay Neighbourhood Centre, LawRight, Mackay Regional Community Legal Centre, Mission Australia, Queensland Alliance for Mental Health, Queensland Council of Social Service, Queensland Disability Network, QShelter, Queensland Youth Housing Coalition Inc, Suncoast Community Legal Service, Tenants Queensland, Youth Affairs Network Queensland)

Understanding the impacts of COVID-19 on the rental housing market

In 2020, the Queensland Government prioritised responding to the impacts of the COVID-19 pandemic.

On 24 April 2020, the Queensland Government made the *Residential Tenancies and Rooming Accommodation (COVID-19 Emergency Response) Regulation 2020* to implement the National Cabinet agreed six month moratorium on evictions and other measures to support the residential rental sector manage COVID-19 impacts on residential leases.

The Regulation made several changes to residential tenancy protections, rights and obligations for the duration of the COVID-19 emergency period on several key renting issues, including ending tenancies, domestic and family violence protections and dispute resolution processes.

The Queensland Government consulted extensively with stakeholder representative groups from the residential rental sector to ensure the COVID-19 emergency response for residential tenancies would help keep tenants in their homes and rental income coming in for property owners and managers. These measures tested key elements of reform options across several priority renting issues, including prohibiting lessor-initiated no grounds terminations, additional grounds to end a tenancy and supporting tenants to escape domestic and family violence quickly.

The COVID-19 Housing Security Sub-Committee of the Ministerial Housing Council was established to oversee implementation of the temporary COVID-19 response measures and provide advice about their impact and any adjustments required during the COVID-19 emergency period, including the continuation of the DFV protections which were based on the proposed changes explored through the C-RIS process.

The environment for residential tenancy law reform and Queensland's rental housing market has changed as a result of the COVID-19 pandemic. Tenants, property owners and real estate businesses are managing the financial impacts of COVID-19 on their personal and business finances and it is likely these effects will continue to be felt after immediate COVID-19 response measures are eased. Research suggests the full impacts of COVID-19 on existing housing-related vulnerabilities, such as affordability and housing quality and condition, has yet to be seen and are still emerging.

Ending tenancies fairly

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming Accommodation Act 2008*

Stage 1 Reforms



Part 2 – Ending tenancies fairly

Introduction

Certainty about how and when tenancy agreements will end benefits both tenants and owners. It helps tenants to plan for their future housing needs and supports renting families and older people to build and sustain community and service connections. It also provides owners with income security, allows them to find new tenants before the current tenancy ends, and to plan for works and repairs to be completed between tenancies.

There are processes that must be followed to correctly end a tenancy agreement, including the following:

- ending the tenancy for a reason approved under the RTRA Act (“without ground” is an approved reason)
- using the approved form
- allowing the right amount of time (the notice period)

There are some variations in reasons and notice if it is a general tenancy (houses, flats and townhouses, houseboats), a moveable dwelling tenancy (caravan) or a rooming accommodation agreement, and if the tenancy agreement is for a fixed term (agreed end date) or periodic (no end date).

Fixed term agreements

are agreements under which the tenant will rent the property for a fixed time with a specified end date. A fixed term tenancy agreement cannot end before the agreed date unless both parties agree.

Periodic agreements

are agreements under which the tenant will rent the property for an indefinite period. A periodic agreement has no specified end date.

Fixed term tenancies do not automatically finish at the end of the agreed term. A fixed term agreement will roll over to become a periodic agreement if the parties do not follow the correct process to end the fixed term agreement or sign a new fixed term agreement.

Queensland has one of the highest percentages of fixed term tenancies with approximately 74 per cent of tenants on six-month or 12-month fixed term tenancies and about 18 per cent on periodic agreements.²⁵ Fixed term agreements are generally back-to-back six-month agreements, rather than an initial six-month fixed term turning into a periodic agreement.

Appendix 1 to this module summarises the approved reasons and required notice periods for each party to end a tenancy agreement under existing tenancy law.

Either party can issue a notice to leave without ground to end a tenancy without explaining why, or either party can issue a notice to leave with ground, such as a breach of the agreement. The RTRA Act (section 291) prohibits a property owner or manager from issuing a notice to leave without ground to a tenant or resident if it constitutes a retaliatory eviction in response to the tenant enforcing their tenancy rights. A tenant or resident can challenge a notice to leave without ground in QCAT if they believe it is a retaliatory action.

²⁵ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.13.

Open Doors consultation (2018)

Ending tenancies and retaliatory evictions were topics that sparked strong views in the Open Doors consultation.

Some tenants said they were hesitant to report that the property needed repairs or maintenance due to fear of retaliatory rent increases or eviction.²⁶ Tenants and tenant advocate groups, including Tenants Queensland Inc and the Queensland Council of Social Service, suggested that abolishing notices to leave without ground for owners and managers would empower tenants to enforce their rights without fear.²⁷

While the RTRA Act prohibits an owner or manager from giving a retaliatory notice to end a tenancy without ground, tenants have continued to raise concerns about these notices being misused and the difficulty in proving retaliatory actions.

More than 7000 people responded to a snap poll asking “Should a property owner need to give a reason if they want to end a tenancy?” Fifty-seven per cent of all respondents answered yes. Furthermore, around 4400 people responded to a snap poll asking “What is a fair reason for a property owner to end a tenancy?” with 26 per cent saying “the end of a fixed term.”²⁸ In this same snap poll, 51 per cent of respondents agreed that all of the reasons listed were acceptable.²⁹

Owners and managers, including the Real Estate Institute of Queensland (REIQ) and the Property Owners’ Association of Queensland, advocated strongly to retain their ability to end tenancies without having to give reasons. This is in part because tenancy agreements do not automatically end at the expiry of the agreed term and there is no other way to end a fixed term agreement unless the tenant breaches the agreement.³⁰

Owners also consider the current notice requirements for ending a tenancy without ground to be unbalanced. Owners are required to provide two months’ notice whereas tenants need to give only two weeks’ notice. This is intended to achieve a more equitable outcome for tenants, who are more impacted by the end of a tenancy in needing to locate, finance and move to new housing.³¹

Tenants Queensland has previously supported increasing notice periods for owners to end a tenancy in order to assist tenants to find and finance new accommodation.³² However, some tenants consider current notice periods to be impractical, putting them at risk of breaking the tenancy or paying double rent if they find another property too early, and contribute to their perception of insecure tenure. Most stakeholders agreed that a notice period of one month for both parties was appropriate to end a fixed term agreement, if reaching the end of a fixed term was an approved reason for ending an agreement.³³

Problem identification

There are several indicators of tenancies not being ended fairly in the rental market.

In 2017-18, the RTA received 27 998 requests for dispute resolution, and 1109 (around four per cent) of those dispute resolution requests listed ending tenancies as one of the reasons for their dispute. As at 30 June 2018, the RTA was holding 607 053 rental bonds.³⁴

²⁶ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, pp.57, 68, 75, 79, 101.

²⁷ *Ibid*, pp. 107-108.

²⁸ *Ibid* pp.22, 68

²⁹ *Ibid*

³⁰ *Ibid*, pp. 107-108.

³¹ *Ibid*, p. 109.

³² Tenants Queensland Inc, *Response to the Housing Strategy Discussion Paper, July 5 2016*, available at: <https://tenantsqld.org.au/wp-content/uploads/2018/10/TQ-Response-to-the-Housing-Strategy-Discussion-Paper-2016-TQU00068232.pdf>, 2016, p. 6.

³³ *Ibid*, p. 11.

³⁴ Residential Tenancies Authority, *Annual Report 2017-18*, available at www.rta.qld.gov.au/About-the-RTA/Corporate-information/Annual-report/Annual-report-2017-18, 2018, pp.6-7. *The number of rental bonds is used as a proxy for number of tenancies.

The Tenants Queensland 2017-2018 annual report showed that 29 per cent of the main presenting issues (as a percentage of sessions) was regarding terminations. Of these, 18 per cent related to terminating without ground.³⁵

QCAT received 87 applications to hear matters about a notice to leave without ground being a retaliatory action in 2017-18.³⁶

The 2018 report *Disrupted*, commissioned by Choice, National Shelter and the National Association of Tenant Organisations, identified that of Australians who rent:

- 44 per cent are concerned that requesting repairs could get them evicted
- 10 per cent have received one or more formal notices to leave without ground
- eight per cent have been evicted one or more times without being given a reason or explanation
- 16 per cent of Australian tenants with a disability have received a notice to leave without ground³⁷
- insecure tenure is costly to tenants and forced moves mean tenants need to finance a new bond prior to the return of their current bond, pay rent in advance while paying rent for the current property until vacated, paying removal and cleaning costs and paying for utility connections³⁸
- insecure tenure is also costly to society as frequent or unplanned moves can reduce tenants' capacity to participate in and build relationships with local communities, create psychological stress and health issues, place strain on relationships and can lead to homelessness.

The Commonwealth Productivity Commission has also found there is a relationship between housing stability and employment among income support recipients, with more moves over a 12-month period correlating to a lower likelihood of being employed at the end of the period.³⁹

The Queensland Government's 2018 Open Doors consultation identified that some tenants fear retaliatory eviction and some shared experiences of receiving a notice to leave without ground after seeking to enforce their tenancy rights. The fear of retaliatory action contributes to stress and deters many tenants from asking for repairs or requesting improvements to their home.⁴⁰

Existing protections in the RTRA Act prohibit an owner or provider from giving a notice to leave without ground to a tenant or resident if it is a retaliatory action. Tenants or residents can apply to QCAT about a notice to leave without ground if they reasonably believe it was retaliatory. These protections rely on tenants challenging the notice and it can be difficult for tenants to prove a notice to leave without ground is retaliatory.

Other disincentives may also prevent tenants from enforcing existing retaliatory eviction protections including the cost, time and stress of taking the matter through QCAT and risks of receiving a bad rental reference that may limit their future housing options. The fear of being listed on a tenancy database and other adverse consequences has prevented one in seven Australian tenants from making a complaint or asking for repairs.⁴¹

³⁵ Tenants Queensland Inc, *Tenants Queensland Inc Annual Report 2017-2018*, available at https://tenantsqld.org.au/wp-content/uploads/2019/01/TQ_Annual_Report_2017-18.pdf, 2018, p.9.

³⁶ Residential Tenancies Authority, *Data provided to Department of Housing and Public Works 22 January 2019*, 2019.

³⁷ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.19.

³⁸ M. Tennant & P. Carr, *Avoidable Evictions – our next move*, Tenants' Union of Queensland (now Tenants Queensland), available at <https://tenantsqld.org.au/wp-content/uploads/2018/10/Avoidable-Evictions-our-next-move.pdf>, 2012, p.43

³⁹ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, 2015 available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>.

⁴⁰ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.5.

⁴¹ *Ibid*, p.15.

In Queensland, owners and managers use notices to leave without ground to confirm that a tenancy is to finish at the end of a fixed term because the end of a fixed term is not an approved reason to end a tenancy under the RTRA Act.

The practice of issuing a notice to leave without ground at the end of a fixed term tenancy agreement can be a source of confusion and stress for tenants. The RTA reports that tenants may feel obliged to leave or are being evicted unfairly, and continues to educate tenants, property owners and managers about their rights and responsibilities.

This may be exacerbated by the requirement for owners to provide two months' notice to end a tenancy. Anecdotal evidence gathered by the RTA suggests that it has become industry practice for property managers to issue a notice to leave without ground more than two months before the end date of fixed term leases, along with an offer of a new lease. Tenants have reported feeling coerced to sign a new lease because of this practice.⁴²

The extension of the property owners' notice period from two weeks to two months in 2009 was in recognition that ending a tenancy and finding alternative accommodation had a greater impact on tenants than on property owners having to find replacement tenants.

The RTA reports that some tenants have found the two months' notice requirement impractical as they may find alternative housing too soon and incur break lease costs to end the tenancy agreement early or must pay rent on their current and new tenancy until the fixed term expires. A property owner may also not be covered for potential damage and/or rental arrears that exceed the maximum bond amount (four weeks' rent) if the tenant finds another property and must break the existing lease before the end of the fixed term.

This two-month notice period is necessary under the current system when using the 'without ground' notice to end a tenancy by property owners. Required notice periods to end a tenancy differ depending on the grounds used, the type of tenancy (such as general tenancy, moveable dwelling or rooming accommodation) and who is issuing the notice (tenant, property owner or manager). The issues raised through consultation about notice periods were considered when establishing the notice periods for new reasons to end tenancies.

⁴² M. Tennant & P. Carr, *Avoidable Evictions – our next move*, Tenants' Union of Queensland (now Tenants Queensland), available at <https://tenantsqld.org.au/wp-content/uploads/2018/10/Avoidable-Evictions-our-next-move.pdf>, 2012, p.51

A **2016⁴³** survey indicated that:

68% of participants

believed that notice periods should be the same for both parties

43% of tenants and 87% of property owners, managers and housing providers believed that the current notice periods to end a fixed term tenancy should be changed, of whom;

44% suggested notice periods should be the same for both parties

30% preferred one month's notice for tenants and property owners.

Examples of notice periods for property owners in other Australian jurisdictions are:

- **ACT** law requires 26 weeks' 'without ground' (periodic) notice and four to 12 weeks' notice for approved reasons.
- In **Tasmania**, a property owner must give at least 42 days' notice and may not give notice before the end of the fixed term. Notice cannot be given more than 60 days prior to the end of the agreement.
- **NSW** recently retained the ability for a property owner to terminate 'without ground' at the end of a fixed term by giving 30 days' notice to the tenant.
- As of 2020, **Victorian** property owners will no longer be able to end tenancies 'without ground', except for ending a tenancy using an 'end of fixed-term' notice to vacate at the end of the tenant's first fixed term agreement.⁴⁴

⁴³ Queensland Department of Housing and Public Works, 'Renting that works for everyone survey', *Get Involved*, 2016.

⁴⁴ Victorian Government, Rent Fair – rental reforms for Victorians, available at: <https://www.vic.gov.au/rentfair-rental-reforms-victorians>, accessed on 19 July 2019.

Government objectives

The Government's objectives are to:

- ensure that parties can end tenancies fairly
- support tenants to enforce their existing rights without fear of retaliatory eviction
- provide greater certainty by ensuring tenancies are only ended for identified reasons
- ensure parties receive fair, reasonable and workable notice to end a tenancy agreement

Options for ending tenancies

The options considered in this module of the C-RIS were as follows.

- | | |
|------------------|---|
| Option 1. | Status quo |
| Option 2. | Undertake an enhanced education and awareness program to improve transparency regarding ending a tenancy |
| Option 3. | Remove ability for ALL parties to end tenancy agreements without ground |
| Option 4. | Remove ability for ONLY property owners and managers to end tenancy agreements without ground |
| Option 5. | Require property owners and managers to only end tenancy agreements for approved reasons |
| Option 6. | Retain ability for all parties to end tenancies 'without ground' but extend the notice period for owners as a deterrent from misuse |

Option 1. Status quo

Maintain current provisions for ending tenancies in the RTRA Act, including notices to leave without ground and notice periods of two months for owners and two weeks for tenants.

Option 2. Undertake an education and awareness program to improve transparency

Undertake an education and awareness campaign to better inform tenants and owners about their rights and obligations regarding the end of a tenancy.

Option 3. Remove ability for ALL parties to end tenancy agreements without ground

Remove the ability for all parties (tenants, property owners and managers) to end tenancy agreements without ground. Tenancy agreements would only end if both parties agree, for prescribed reasons in the RTRA Act (refer to **Appendix 1**), or if one party has breached the tenancy agreement.

Option 4. Remove ability for ONLY property owners and managers to end tenancy agreements without ground

Remove the ability for property owners and managers to end tenancy agreements without ground. Tenancy agreements would only end if the tenant agrees or requests the termination, the tenant breaches the tenancy agreement, or another approved ground applies which includes current grounds (refer to **Appendix 1**).

Tenants would retain the ability to end tenancy agreements without ground.

Option 5. Require property owners and managers to only end tenancy agreements for approved reasons

Remove the ability for owners to end tenancy agreements without ground but introduce the following additional grounds (in addition to current grounds outlined in **Appendix 1**) to end tenancies under the RTRA Act:

5.1 Owner or their immediate family need to move into the rental property

An owner could issue a notice to leave with grounds providing one months' notice to the tenant if they or an immediate family member (for example their children, sibling or parents) needed to occupy the rental property. Owners would be required to provide a statutory declaration or another form of documentation to support their need to regain possession of the rental property.

Note: A fixed term tenancy could not end prior to the end of the fixed term, unless the tenant agreed, or QCAT makes an order to terminate the agreement early.

5.2 Significant renovations or repairs to the property are to be undertaken

Where significant repairs or renovations are to be completed that requires the rental property to be vacant an owner may issue a notice to leave with grounds providing one months' notice. Approved plans for the renovation or evidence of acceptance of a quote to complete the works would be required to be provided with the notice.

A fixed term tenancy could not end prior to the end of the fixed term unless the tenant agreed, or the owner sought a QCAT order to terminate the agreement early.

5.3 End of a fixed term

The end of a fixed term tenancy agreement is not currently an approved reason to end a tenancy under the RTRA Act. This new ground could be introduced either as a stand-alone option, or with further restrictions (such as those in Victoria that only allow end of a fixed term grounds to be used at the end of the first fixed term tenancy but not subsequent terms).

The owner would also need to disclose the intention to end the tenancy at the end of the fixed term when advertising the rental property and provide one months' notice to the tenant prior to the end of the fixed term. The owner would need to provide evidence to substantiate the necessity for the use of the end of a fixed term notice to vacate.

5.4 Sale of rental property requiring vacant possession (for fixed term agreements)

New grounds could be introduced to end fixed term agreements on the grounds of sale of rental property requiring vacant possession. However, the term of the fixed term agreement must be honoured by the new owners, and tenants cannot be required to leave before the end of the fixed term, unless the tenants agree.

5.5 Serious or significant breach due to actions of a tenant, occupant or guest

New grounds to allow owners to terminate a tenancy in cases where a tenant has committed a serious breach against their tenancy agreement, comparable to the protections to those provided for social housing under s290A of the RTRA Act. The definition of lessor under s290A of the RTRA Act could be amended to allow property owners of general tenancies to end tenancies for the same reasons.

That section enables a social housing provider to issue a Notice to leave without a QCAT order if a social housing tenant has committed a serious breach against their tenancy agreement. Seven days' notice is required and the Notice to leave can be issued:

- If a tenant, occupant or a guest of the tenant or a person allowed on the property by the tenant:
 - Used the property or any property adjoining or adjacent to the property for illegal purposes;
 - Intentionally or recklessly:
 - Destroyed or seriously damaged a part of the property
 - Endangered another person in the property or a person occupying or allowed on the property nearby
 - interfered significantly with the reasonable peace comfort or privacy of another tenant or another tenant's appropriate use of the other tenant's property.

Owners or managers would be required to submit an urgent application to QCAT with suitable evidence, such as police reports or evidence of damage to protect private market tenants.

5.6 Person is occupying the rental property without consent

An additional option was proposed to have a tenancy ended where a person is occupying the rental property without consent and no tenancy agreement is in place for the property. It is proposed to improve options for owners by extending QCAT's powers to make an order. Owners will be able to apply to QCAT for an order to remove the squatter from the residence. This will be in addition to the owners' existing rights for termination, including but not limited to the breach process.

5.7 Rental property is not in good repair, is unfit for human habitation or does not comply with Minimum Housing Standards

This additional ground is proposed to only be able to be used within seven days of the tenant moving in. Allowing tenants to end their tenancy immediately (or as otherwise agreed) in specified circumstances where one or more of the following conditions apply to the rental property:

- not in good repair
- unfit for human habitation
- destroyed or otherwise rendered unsafe
- not vacant
- not legally available for use as a residence
- unavailable for occupation, or

- does not comply with Minimum Housing Standards of health or safety.

Tenants would need to substantiate their claims where a rental property does not meet minimum quality requirements to provide sufficient time for the owner to contest or rectify the issue. Owners will be able to contest notices issued under these circumstances if they do not agree that the tenant has established a breach of the above grounds.

5.8 Owner has not complied with a QCAT Repair Order to undertake repair or maintenance of the rental property within the specified time

This provides additional grounds for allowing tenants to give seven days' notice of their intention to leave if the owner fails to comply with a QCAT order. Owners will have an opportunity to contest the termination by providing evidence that they have acted to comply with the order and delay is outside of their control. The RTA can support parties to manage enforcement through its dispute resolution service.

This option is complimentary to Part 3 – Minimum Housing Standards recommended option 5 which will enable QCAT to issue Repair Orders attached to the rental property rather than the tenancy.

5.9 Owner provided false or misleading information about the tenancy agreement or rental property

Grounds to allow tenants to end tenancies if they have received false or misleading information about the tenancy agreement or rental property which significantly affects their ability to live in the property. This could include the condition of the property or inclusions, the supply of services, rent payable, or whether pets are allowed.

Tenants can apply to QCAT for an order terminating their tenancy on the basis that their property owner or manager has engaged in false, misleading or deceptive conduct. The date of termination will be determined by QCAT and will take into consideration the relevant circumstances and any evidence that substantiates the tenants' claims.

5.10 Death of a co-tenant

It is proposed that the process for ending a tenancy when a sole tenant dies be adapted in an additional ground to end a tenancy if a co-tenant dies.

5.11 Person is escaping domestic and family violence

Please refer to Part 4 – Domestic and Family Violence Protections for details of this option.

5.12 Queensland Government owned rental accommodation is required for a public or statutory purpose

It is proposed that a discrete ground for the Queensland Government to end tenancies for public or statutory purposes be established that requires two months' notice be provided to tenants. An example would be where the Department of Transport and Main Roads had previously acquired the property for future infrastructure projects and had been renting the property to private tenants until the project commenced. Renters may have lived in these properties for many years. This additional ground provides greater transparency around the reasons why the department is issuing the *Notice to leave* and would not have to rely on end of a fixed term grounds. It would not over-ride a fixed term agreement, unless the tenant agreed.

When using the additional grounds to end a tenancy, owners would be required to provide documented evidence with notices to leave to protect parties from abuse or misuse of additional approved reasons to end tenancies.

5.13 The Department of Communities, Housing and Digital Economy (formerly the Department of Housing and Public Works) requires the rental accommodation to manage public housing as a scarce resource

The Department of Communities, Housing and Digital Economy may need to reclaim their housing asset to effectively manage public housing as a scarce resource. Impacts on social housing tenants required to vacate would be managed by the department supporting them to transfer to other

available property. The department would be required to provide two months' notice to any impacted tenants.

5.14 Strengthened protections against retaliatory action

Protections for tenants against retaliatory action would be retained by clarifying that a property owner would be considered to have taken retaliatory action if they issue a notice to leave for the tenant acting to enforce their tenancy rights, such as to request repairs and maintenance, or if the notice to leave is given on unsubstantiated grounds.

Option 6. Retain ability for all parties to end tenancies 'without ground' but extend the notice period for owners as a deterrent from misuse

Retain all the current grounds (as outlined in **Appendix 1**) as well as 'without ground' to end a tenancy agreement but extend the two month notice period owners must give to tenants to:

- 90 days (3 months) OR
- 26 weeks (6 months)

Impact analysis

Option 1 – Status quo

The current system allows owners to control tenancy arrangements while providing access to a tool they can use to manage tenancy issues.

Currently tenants have limited protection against retaliatory action. Tenants have reported not enforcing their rights due to fears of retaliatory action. Tenant's housing security is uncertain as owners can end tenancies without ground. Owners are not accountable for their decisions to end a tenancy and there is a risk of misuse of 'without ground' notices to leave.

Option 1 – Status quo

Stakeholder	Issues
TENANT	<ul style="list-style-type: none"> • Under the current process there is a prevalence of retaliatory evictions • Tenants have minimal confidence to enforce rights⁴⁵ • Tenants feel insecure in their tenure resulting in recurrent moving and associated expenses⁴⁶
PROPERTY OWNER	<ul style="list-style-type: none"> • Owners have expressed concerns regarding the disparity in notice periods • There is a concern that tenants do not report issues with housing due to fear of retaliatory evictions, which could negatively impact the value of the property
PROPERTY MANAGER	<ul style="list-style-type: none"> • Property managers have expressed concerns regarding the disparity in notice periods
STATE GOVERNMENT	

⁴⁵ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.75

⁴⁶ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.14; Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.109

Stakeholder	Issues
SOCIAL HOUSING	<ul style="list-style-type: none"> Current tenancy law requirements and subsequent implications place a continued strain on DCHDE and community housing through requests for and ongoing occupation of social housing
COMMUNITY	<ul style="list-style-type: none"> Insecure tenure can reduce tenant's capacity to participate in and build relationships with local communities

Recommendation: This option was not recommended

Option 2 – Undertake an enhanced education and awareness program to improve transparency regarding ending a tenancy

While the RTA already publishes information about tenants' and owners' rights and obligations regarding the end of a tenancy, it could lead an enhanced awareness-raising program to assist them to better understand the existing legal framework. The purpose of the education and awareness program would be to reduce confusion arising from a lack of understanding of the legal framework for notice periods; the grounds for ending a tenancy; and dispute resolution options. An improved understanding would allow the parties in a tenancy to deal with each other on a more transparent basis. However, this option would not reduce confusion resulting from arbitrary and unexpected actions within this legal framework. The ending of a tenancy without ground, for example, may still cause unnecessary inconvenience and dislocation.

Option 2 – Undertake an enhanced education and awareness program to improve transparency regarding ending a tenancy

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants would benefit from improved understanding of their rights and obligations at the end of a tenancy and may be better positioned to plan and coordinate a change of tenancy. 	
PROPERTY OWNER	<ul style="list-style-type: none"> Property owners would benefit from improved understanding of their rights and obligations at the end of a tenancy and may be better positioned to plan and coordinate a change of tenancy. 	
PROPERTY MANAGER		
STATE GOVERNMENT	<ul style="list-style-type: none"> Improved understanding of rights and obligations may lead to more efficient use of dispute resolution resources by tenants, property owners and property managers. 	<ul style="list-style-type: none"> None. Awareness raising activities would be undertaken from existing resources within the RTA and other agencies.

Stakeholder	Benefits	Costs
SOCIAL HOUSING	<ul style="list-style-type: none"> Benefits for tenants and owners in the social housing sector would be similar for those in other sectors. 	
COMMUNITY		

Recommendation: This option was not recommended

Option 3 – Remove ability for ALL parties to end tenancy agreements without ground

Relative to the status quo, this option would protect tenants against retaliatory eviction and improve their willingness to raise issues during their tenancies. However, it may reduce flexibility for both tenants and property owners as they would be unable to end a tenancy agreement unless the other party agreed; there was a breach of the tenancy agreement; or another prescribed ground applied.

Removing without ground reasons to end tenancies would make it more difficult for parties to end tenancies that no longer meet their needs. While the RTRA Act offers a range of approved reasons for parties to end tenancies without ground, these generally do not cover all changes in circumstances for either party. For example:

- Tenants may need to leave the rental property
 - to find a larger property to house a growing family
 - due to changes to the renting household.
- Owners may need to regain possession of their rental property for a variety of reasons, including
 - to live in or house a family member
 - to undertake significant repair or renovation that can't be completed while the property is occupied
 - because they want to withdraw the property from the rental market due to personal or financial reasons.

Owners may also offer their property for rent while they are unable to occupy it for a defined period. For example, if they need to relocate temporarily for work or study. As the end of a fixed term is not an approved reason to end a tenancy agreement, these owners would not be able to regain possession of their property unless the tenant agreed or was in breach.

Increased difficulty in regaining possession of the rental property because of removing without ground notices may also prompt owners to shift their investment strategy from the long-term rental market to short-term holiday rental accommodation or exit the rental market completely. This would have impacts on rental supply and affordability that are difficult to quantify.

Case study 1 – Owners' perspective

A young couple working in nursing and teaching have been offered job opportunities in a remote Queensland community for a year. They own their home and want to put it on the rental market while they are away. When they talk to a property manager about their situation they are advised that under (hypothetical) new laws they can't regain possession of their home when they return unless the tenant agrees or breaches the tenancy agreement.

The couple considers their options and decide that while they have concerns about the management burden and risks in the short-term holiday rental accommodation market, they need to be able to move back into their home when they return. The couple decides to list their property on Airbnb rather than offer it in the private rental market.

Tenants would also be adversely impacted by this change as they would not be able to end tenancies as their circumstances change. Approved reasons for tenants to end tenancies with grounds under the RTRA Act are quite limited and none relate to changes in their life circumstances, such as relocating for a new job or moving into their own home or accepting an offer of social housing.

Case study 2 – Tenants' perspective

Jyoti and her housemate have a 12-month agreement which is nearing the end. Jyoti's housemate has been informed he is being transferred to Adelaide for work. Jyoti cannot afford the rent by herself and would prefer to move to a different suburb as their current location has limited transport options.

Even though it was for a 12-month fixed term, under the (hypothetical) new tenancy laws Jyoti would not be able to end a tenancy without ground as she had previously done for other tenancies. Jyoti and her housemate now can only end a tenancy for one of the approved reasons under the RTRA Act, or if the property owner agrees to end the tenancy.

There are a lot of vacant rental properties in the area, the owner lives off-shore and is difficult to contact and is unlikely to let them end their lease. This compromises Jyoti's housemate's move to Adelaide and means Jyoti may not be able to leave the current rental property, locking her into an unaffordable rental situation.

Tenants would need to secure the owner's agreement to end the tenancy in these arrangements. While it is likely that most owners would agree, there are disincentives for them to do so such as loss of income, reletting costs and fluctuating markets, and tenants may be in a more vulnerable position.

Property owners could exert more scrutiny over prospective tenants due to fear of longer-term occupancies. This could increase administrative burden for both tenants and property managers. Increased scrutiny for low income tenants could result in extra pressure on social housing if low income households are less likely to be approved for a lease.

This option is likely to result in more requests to the RTA and QCAT to resolve disputes about ending tenancies.

Option 3 – Remove ability for ALL parties to end tenancy agreements without ground

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Improved protection from retaliatory or arbitrary eviction resulting in improved security of tenure • Fewer relocations will reduce the frequency of incurring moving costs⁴⁷ • Improved standard of property condition as tenants are more confident to report repair and maintenance issues. More secure tenure could create wellbeing benefits related to community connectedness⁴⁸ • Without ground notices cannot be used as a potentially discriminatory practice to evict tenants 	<ul style="list-style-type: none"> • Losing the ability to end tenancies without ground could result in: <ul style="list-style-type: none"> ○ tenants residing in rental properties no longer suitable for their needs, unless the property owner agrees to end lease ○ potential increases in break lease situations and resulting increased outlays • Disincentives exist for owners to agree to tenant requests for property improvements as tenants would be unable to leave tenancy • More intensive screening of potential tenants may create additional burden of proof on tenant to demonstrate suitability for a tenancy

⁴⁷ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.13.

⁴⁸ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>, 2015.

Stakeholder	Benefits	Costs
PROPERTY OWNER	<ul style="list-style-type: none"> Improved financial security due to stable income from longer tenancies Improved standard of property condition as tenants more confident to report repair and maintenance issues which could positively impact property value⁴⁹ 	<ul style="list-style-type: none"> Losing the ability to end tenancies without ground could result in: <ul style="list-style-type: none"> Limited ability to regain possession of property from tenants where no breach has occurred Limited ability to regain possession of property from tenants where owner's circumstances change (for example, moving family members into the property) QCAT application fees to end tenancies \$26.95 (matters up to \$500)
PROPERTY MANAGER		<ul style="list-style-type: none"> Reduced income from lower turnover of tenants due to longer term occupancies Reduced portfolio number due to some property owners preferring short-term holiday letting over general tenancies Possible increased administrative burden to manage potential increase in tenant requests for repairs and maintenance QCAT application fees \$26.95 (matters up to \$500)
STATE GOVERNMENT		<ul style="list-style-type: none"> Potential for increases in RTA and QCAT dispute resolution regarding grounds other than end tenancies without ground, which may increase operational costs (QCAT's 17/18 *average cost per matter \$717.00)⁵⁰ Increased costs associated with the RTA and QCAT changes, required to service systems, education and information resources
SOCIAL HOUSING	<ul style="list-style-type: none"> There is a potential decreased demand for social housing if retaliatory eviction can't be used as a tenancy management tool, however some increased demand for social housing may exist if additional scrutiny is placed on vulnerable renting cohorts 	

⁴⁹ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.17.

⁵⁰ *Average cost = QCAT actual spend divided by cases finalised. Source: QCAT, *Preliminary Response to Department of Housing and Public Works Re Proposed Rental Reforms*, 2019.

Stakeholder	Benefits	Costs
COMMUNITY	<ul style="list-style-type: none"> More stable and secure homes in the rental market may support economic and social participation in communities which could lead to improved health, safety and wellbeing.⁵¹ 	<ul style="list-style-type: none"> Increase in disputes requiring formal resolution⁵² May increase perception of regulatory burden Decreased labour market mobility due to eliminating defined period tenancies (as per Case Study 1).

Recommendation: This option was not recommended

Option 4 – Remove the ability for ONLY property owners and managers to end a fixed term or periodic agreement ‘without ground’

Tenants retain the ability to end a tenancy ‘without ground’. This option would provide the protections for tenants outlined in option 3 without reducing their flexibility to end tenancies as their needs and circumstances change. However, owners’ ability to manage tenancy arrangements would be restricted as the approved with grounds reasons they can use to end tenancies under the RTRA Act do not extend to changes in their circumstances. Issues with fixed term agreements would also not be resolved for owners whose property may only be available for a defined period.

Market supply may be impacted as this option removes control from the property owner to end and manage tenancies to meet their needs. This may create disincentives for investing in the private market with investment moving into other markets, such as the short-term holiday rental accommodation, stocks or long-term deposits.

Property owners may feel unfairly treated due to inequality between tenants’ and owners’ ability to end tenancies.⁵³

Potential misuse of notice to leave with grounds by owners may be difficult to monitor and enforce. Tenants would still bear the onus of challenging a notice they felt was based on false reasons and it is likely to be difficult for tenants to prove the owners’ reasons are false.

Currently there is potential for property owners to use without ground evictions to hide discriminatory behaviour against unwanted tenants by not having to justify reasons to end a tenancy. This option would eliminate that risk.

This option could potentially increase investment risk represented to property owners as they will not be able to regain control of their property if their circumstances change. If risk of owning a rental property becomes too onerous, the property owner may choose not to offer the property as a rental, and choose instead to rent it as a short-term rental through Airbnb, keep it vacant or even potentially selling. While this would be rare, it could further reduce rental property supply and increase competition for tenants.⁵⁴

⁵¹ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>, 2015.

⁵² J. Minnery, B. Adkins, P. Grimbeek, J. Summerville, E. Mead & D. Guthrie, *Tenure security and its impact on private renters in Queensland – AHURI Final Report No. 27*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0014/2039/AHURI_Final_Report_No27_Tenure_security_and_its_impact_on_private_renters_in_Queensland.pdf, 2003, p. 16.

⁵³ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.106.

⁵⁴ Ibid.

Case study 3

Rhonda and Robert own an investment property on the Sunshine Coast. Hayley, the daughter of one of their friends, has recently been accepted into the Sunshine Coast University. Rhonda and Robert would like to lease their property to Hayley and her friends to help Hayley get some rental experience as they have found it difficult to find accommodation without a rental history.

The current tenants of the investment property are on a 12-month fixed term agreement, have been good tenants, and are not in breach of their agreement.

Rhonda and Robert are not able to end the tenancy agreement with their current tenants at the end of the agreed fixed term as there are no grounds that apply to their circumstances

Option 4 – Remove the ability for ONLY property owners and managers to end a fixed term or periodic agreement ‘without ground’

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Improved protection from retaliatory or arbitrary eviction resulting in improved security of tenure Fewer relocations will reduce the frequency of incurring moving costs⁵⁵ Improved standard of property condition as tenants more confident to report repair and maintenance issues Without ground notices cannot be used as a potentially discriminatory practice to evict tenants 	<ul style="list-style-type: none"> Potential for more intensive screening of prospective tenants may create additional burden to demonstrate suitability⁵⁶ Potential more competition for rental properties if property owners leave the rental property market.⁵⁷
PROPERTY OWNER	<ul style="list-style-type: none"> Potential for improved financial security due to stable income from longer tenancies by virtue of increased feelings of security of tenure from tenants Improved standard of property condition as tenants more confident to report repair and maintenance issues which could positively impact property value⁵⁸ 	<ul style="list-style-type: none"> Losing the ability to end tenancies without ground could result in: <ul style="list-style-type: none"> Limited ability to regain possession of property from tenants where no breach has occurred Limited ability to regain possession of property from tenants where owners' circumstances change (for example, moving family members into the property)

⁵⁵ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.13.

⁵⁶ *Open Doors to Renting Reform Consultation Final Report*, 2018, p.116; P. Short, T. Seelig, C. Warren, C. Susilawati & A. Thompson, *Risk-assessment practices in the private rental sector: implications for low-income renters – AHURI Final Report No. 117*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0013/2236/AHURI_Final_Report_No117-Risk-assessment-practices-in-the-private-rental-sector-implications-for-low-income-renters.pdf, 2008, p.9.

⁵⁷ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 106.

⁵⁸ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.17.

Stakeholder	Benefits	Costs
PROPERTY MANAGER		<ul style="list-style-type: none"> Reduced income from lower turnover of tenants due to longer term occupancies Reduced portfolio number due to some property owners preferring short-term holiday letting over general tenancies
STATE GOVERNMENT		<ul style="list-style-type: none"> Potential for increases in RTA and QCAT dispute resolution regarding grounds other than end tenancies without ground, which may increase operational costs. However, there may be some reduction in disputes between tenants and property owners about ending tenancies without ground, (QCAT's 17/18 *average cost per matter \$717.00)⁵⁹ Increased costs associated with the RTA and QCAT changes, required to service systems, education and information resources
SOCIAL HOUSING	<ul style="list-style-type: none"> May reduce the burden on social housing as tenants, particularly low-income and vulnerable tenants, may not experience retaliatory eviction 	
COMMUNITY	<ul style="list-style-type: none"> More stable and secure homes in the rental market may support economic and social participation in communities which could lead to improved health, safety and wellbeing⁶⁰ 	

Recommendation: This option was not recommended

Option 5 – Require property owners to only end tenancy agreements for approved reasons, and introduce additional grounds

This option balances tenants needs for certainty and protection from retaliatory or arbitrary eviction with owner's genuine need to regain possession of their rental property if their circumstances change.

Abolishing without ground notices to leave for owners will allay tenant fears of retaliatory eviction if they seek to enforce their tenancy rights. Requiring owners to only use approved reasons to end tenancies will improve tenant certainty and security in their tenancy arrangements. A range of additional grounds for tenants to end tenancy arrangements will also support them to enforce their rights.

Recognising additional grounds for owners to end tenancies due to changes in their circumstances will protect them from being unfairly locked into tenancy arrangements that no longer meet their needs until the tenant is ready to move on. This option would also address the issues raised regarding the two-month notice period as these waiting periods are only required when using 'without

⁵⁹ *Average cost = QCAT actual spend divided by cases finalised. Source: QCAT, *Preliminary Response to Department of Housing and Public Works Re Proposed Rental Reforms*, 2019.

⁶⁰ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>, 2015.

ground' notice to vacate and will not be applicable under the newly established grounds. The newly established grounds will have notice periods attached that are relevant to the specific ground.

If the additional approved reasons provide too much flexibility for owners to end tenancies to meet their needs there is a risk that the private rental market would not meet tenant expectations or need for secure housing. On the other hand, investment in the private rental market may be discouraged if the grounds do not sufficiently allow for owners to regain possession of their properties when they have a genuine need to. Owners may also pass on additional risk management costs to tenants through higher rents.

This option could potentially increase perceived investment risk as property owners may feel they have less control over their property. If risk of owning a rental property becomes too onerous the property owner may choose not to offer the property as a rental, choosing instead to rent it as a short-term rental through Airbnb, keeping it vacant or even potentially selling. While this would be rare it could further constrain the rental property market, reducing supply and increasing competition for tenants.⁶¹ This option is intended to capture all of the reasonable grounds to end a tenancy and it is not anticipated to substantially impact supply of rental properties. 'Higher risk' tenants, such as those with a listing on a tenancy database, or those entering the private rental market for the first time may also be impacted by more rigorous tenant vetting practices to minimise owners' risks of problem tenancies.

The handover day where the parties have a fixed term tenancy in place would be the later of either the proposed notice period or the end of the agreed fixed term.

Proposed additional reasons to end a tenancy

5.1 Owner or their immediate family need to move into the rental property

This additional approved reason to end tenancies with grounds would recognise changes in an owners' circumstances that require them to regain possession of the rental property. Requiring the provision of an appropriate form of documentation with the notice will help protect tenants from misuse or abuse of the approved reason without needing to challenge the action through dispute resolution processes.

This option was recommended.

Case study 4

Greg has separated from his wife of 27 years. Greg and his wife own their home and an investment property that is currently being rented by good tenants. Greg's wife received the family home and Greg received the investment property in the financial settlement.

Recent (hypothetical) rental law changes require Greg to use an approved reason to end the tenancy in his investment property. Previously, Greg would have had to apply to QCAT on the grounds of 'excessive hardship' to have the agreement terminated, if the tenants didn't agree to move out. Greg can use his need to live in the property as an approved reason to end the tenancy. Greg will have to provide a statutory declaration or a letter from his lawyer to evidence his requirement to occupy the property, without having to go to QCAT.

5.2 Significant renovations or repairs to the property are to be undertaken

This additional approved reason to end tenancies with grounds would recognise changes in an owners' circumstances that require them to regain possession of the rental property. Requiring the provision of an appropriate form of documentation with the notice will help protect tenants from misuse or abuse of the approved reason without needing to challenge the action through dispute resolution processes.

⁶¹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 106.

This option was recommended.

5.3 End of a fixed term

Owners may have a genuine reason to offer their rental property for a fixed term only. For example, an owner may offer their principal residence for rent while they take up an employment opportunity that requires them to relocate for a defined term.

Introducing the end of a fixed term as an approved reason to end any tenancy would maintain the owner's sense of control over the rental property but may not improve long-term security of tenure for tenants or encourage transparency or accountability in tenancy arrangements.

Allowing the end of a fixed term to be an approved reason to end a tenancy, but only in limited, specified circumstances such as at the end of the first fixed term tenancy, may better balance owner and tenant needs than never allowing end of fixed term as an approved reason. An initial, short fixed term tenancy agreement (for example, six months) is often used by tenants and owners to test whether the property and arrangements meet their needs.

Victoria allows the end of a fixed term as an approved reason to end a tenancy at the expiry of the first fixed term agreement only. Allowing only an initial fixed term tenancy to be ended on the grounds of the end of a fixed term could have unintended consequences such as property owners and managers routinely ending initial tenancy agreements as a precaution.

It may create incentives for owners to only offer shorter fixed-term tenancy agreements so owners could end tenancy arrangements if their circumstances change unexpectedly. Tenant fears about retaliatory eviction if they enforce their tenancy rights would not be addressed as owners could rely on the expiry of a fixed term to end the tenancy without providing any other reason.

Further, it is intended that all genuine reasons for an owner to regain possession of their property at the end of a fixed term agreement would be included as an otherwise recommended, specified ground to encourage transparency between the parties.

This option was not recommended.

5.4 Sale of rental property requiring vacant possession (for fixed term agreements)

Currently an owner can end a periodic tenancy agreement if they sell the rental property and the contract of sale requires vacant possession by giving four weeks' notice to the tenant. The sale of rental property is not a current reason to end a fixed term tenancy agreement. This does not prevent owners from selling the rental property where there is a fixed term agreement, however the new owner cannot end the fixed term agreement early, even if they have bought the property on the assumption of 'vacant possession', unless the tenants agree.

Existing Act requirements provide some protections for the tenant around sale of properties, including:

- requiring a tenant to be given a *Notice of intention to sell* which outlines the sales strategy and selling agent, requires agreement about open houses and advising tenants of entries for prospective purchase
- allowing the tenant to end the agreement without penalty if the property is put on the market within the first two months of the tenancy and the tenant hadn't been informed prior to entering into the tenancy agreement.

Allowing fixed term agreements to be ended on the grounds of sale of the property with vacant possession would support property owners to maximise their assets. Tenants would be protected by requiring the new owners to provide one-month notice of the end of the tenancy, however the tenancy could not end before the end of the fixed term unless the tenant agrees.

This option was recommended.

5.5 Serious or significant breach due to actions of a tenant, occupant or guest

Owners and managers have raised concerns about difficulties terminating tenancies where tenants have allegedly engaged in illegal activities at the property, such as the presence of illegal drug labs in

the rental property, but this has not been proven in a court. They have advocated for comparable protections to those provided for social housing under s290A of the RTRA Act.

To protect tenants from incorrect use, abuse or misuse of this ground, owners or managers would be required to apply to QCAT with suitable evidence, such as police reports or evidence of damage to protect private market tenants. This would be an urgent application and would ensure this additional ground was only used for appropriate reasons and where the grounds could be substantiated.

This option will provide equal protections to owners in the private rental market as social housing and reduce their risk by improving processes to end tenancies where illegal activities or significant breach that may damage, endanger or interfere with the rental property or other residents.

This option was recommended.

5.6 Person is occupying the rental property without consent

Owners or managers can issue tenants a Notice to remedy breach if there is an unapproved occupant residing in the rental property. Tenants named in the agreement are provided seven days to rectify the breach. Owners or managers can give tenants 24 hours' notice of entry to inspect the property within 14 days of the remedy period expiring to determine if the tenant has remedied the breach. The owner can issue a notice to leave with 14 days' notice if the tenant has failed to remedy the breach.

This process relies on an existing tenancy agreement being in place with a named tenant that notices can be issued to. If there is no tenancy agreement in place and the person occupying the residence without consent is squatting, owners cannot apply to QCAT to have the person occupying the property removed as QCAT only has the power to make an order about people subject to a tenancy agreement.

An additional ground to end a tenancy where a person is occupying the rental property without consent is proposed to improve tenancy management processes and options for owners by extending QCAT's powers to make an order.

This option was recommended.

5.7 Rental property is not in good repair, is unfit for human habitation or does not comply with Minimum Housing Standards

Owners have an existing obligation under the RTRA Act to ensure rental property is in good repair, fit for human habitation and there is no legal impediment to the property being used for rental accommodation. Failure to do this can be considered a breach of the agreement, but not necessarily grounds to end a tenancy.

Some tenants are choosing rental properties online and entering a tenancy agreement without viewing the property. Tenants may also find repair or maintenance issues soon after moving into the rental property that may not have been apparent when they viewed the property or completed the entry condition report.

A tenant can issue a *Notice to remedy breach* to the owner if the rental property needs repair or maintenance and a Notice of intention to leave if the owner fails to action the repairs or maintenance. Tenants may need to pay end of lease costs or compensation if they give notice in this way, even though the property did not meet required standards. The tenant can also apply for conciliation through the RTA or to QCAT for an order regarding the repairs, compensation or a rent reduction.

The implementation of Minimum Housing Standards will provide enhanced clarification around the expectations of property owners in maintaining rental properties and provide tenants with additional choices when addressing their concerns. This proposed option will require that rental properties meet minimum housing standards and ensures that property owners are held more accountable for keeping properties in good repair.

Allowing tenants to end their tenancy immediately (or as otherwise agreed) in specified circumstances where the rental property does not meet a minimum quality requirement provides options for tenant if they would prefer to move out, as well as incentives for owners to maintain properties. This additional

ground could only be used within seven days of the tenant moving in to prevent misuse or abuse of this ground by tenants.

The incentives for tenants are a more streamlined process to end tenancies that do not meet minimum quality requirements to limit potential ongoing concerns with the property, however they will also need to consider associated costs such as finding and moving to alternative accommodation. It will also encourage owners to ensure they meet their obligations for the property.

Safeguards for owners from misuse by tenants include the requirement for tenants to substantiate their claims and where a rental property does not meet minimum quality requirements to provide sufficient time for the owner to contest or rectify the issue. Owners will be able to contest notices issued under these circumstances if they do not agree that the tenant has established a breach of the above grounds.

This option was recommended.

5.8 Owner has not complied with a QCAT Repair Order to undertake repair or maintenance of the rental property within the specified time

Allowing tenants to give seven days' notice of their intention to leave if the owner fails to comply with a QCAT repair order will provide a self-enforcement mechanism and reduce existing termination barriers. Owners will have an opportunity to contest the termination by providing evidence that they have acted to comply with the order and that the delay is outside of their control. The RTA can support parties to manage enforcement through its dispute resolution service.

This option was recommended.

5.9 Owner provided false or misleading information about the tenancy agreement or rental property

There are limited tenant protections under the RTRA Act against a property owner or manager providing them false and misleading information. This may mean that some tenants are locked into tenancy agreements where they have been misled. It is an offence under the RTRA Act to provide false or misleading documents to the RTA but this offence provision does not apply to information provided to tenants.

Allowing tenants to end tenancies if they have received false or misleading information about the tenancy agreement or rental property which significantly affects their ability to live in the property will increase their protections.

This option is likely to promote best practice and ensure property owners and managers do not engage in conduct that is likely to mislead tenants. This action would not prevent other action being taken against property managers, such as by the Office of Fair Trading.

This option was recommended.

5.10 Death of a co-tenant

A tenancy agreement will continue without change if a co-tenant dies, which can place unanticipated financial pressure on remaining co-tenants. Remaining co-tenants may also be at increased risk of rent arrears that can negatively impact their tenancy history. The rental property may also hold memories for the remaining co-tenant which makes it difficult for them to continue residing there.

The existing provisions to end a tenancy when a sole tenant dies will be adapted for co-tenants so the tenancy can end:

- two weeks after the remaining co-tenants give the property manager/owner written notice of the end of the agreement due to the tenant's death
- the day agreed by the property manager/owner and the remaining co-tenants, or
- the day determined by a QCAT order.

This will provide a more streamlined process to end the tenancy for any remaining co-tenants to alleviate unnecessary delays, better protect the interests of all parties and reduce risks.

This option was recommended.

5.11 Person is escaping domestic and family violence

Please refer to Part 4 – Domestic and family violence protections.

This option was recommended.

5.12 Queensland Government owned rental accommodation is required for a public or statutory purpose

The Queensland Government may use without ground to end tenancies in government-owned rental property by providing the tenant at least two months' notice to leave. This may occur if the Government needs to reclaim the rental property or the land it is on for a public or statutory purpose, such as providing parks, schools, hospitals, roads or other services. While the Government could use end of a fixed term as a reason to end the agreement where there is a fixed term in place, allowing this additional ground will provide clarity for the tenant about the reasons for ending the tenancy.

This will allow these tenancies to end under approved grounds and where required for the greater benefit of the Queensland community.

This option was recommended.

5.13 The Department of Communities, Housing and Digital Economy (formerly the Department of Housing and Public Works) requires the rental accommodation to manage public housing as a scarce resource

The Department of Communities, Housing and Digital Economy may need to reclaim their housing asset to effectively manage public housing as a scarce resource. For example, the department may seek to repurpose the land with an existing single dwelling housing asset to build multiple dwelling social housing units. This would not be possible if without ground was removed as approved reason to end tenancies or by other proposed additional grounds.

Impacts on social housing tenants required to vacate would be managed by the department supporting them to transfer to other available property. This additional ground will support the department to create additional housing to meet growing social housing needs.

This option was recommended.

5.14 Strengthened protections against retaliatory action

Although the RTRA Act generally links retaliatory eviction to the issuing of a notice to leave without ground, protections for tenants against retaliatory action would be retained by clarifying that a property owner would be considered to have taken retaliatory action if they issue a notice to leave for the tenant acting to enforce their tenancy rights, such as to request repairs and maintenance, or if the notice to leave is given on unsubstantiated grounds. Tenants would be able to raise at any tribunal hearings for termination that the matter is retaliatory.

Consequential amendments to retaliatory action sections in the RTRA Act are not expected to have any additional impacts on owners as these are necessary to retain existing protections for tenants and residents.

Requiring evidence to be provided with notices to leave with grounds for additional approved reasons will provide a disincentive for misuse or abuse, encourage transparency and make owners accountable for their actions and reasons to end a tenancy. While requiring evidence is likely to cause a minor administrative burden for the sector, the evidence of proof will support the reasoning behind ending a tenancy and help to substantiate the grounds used.

There is a potential that this option could result in some property owners leaving the rental sector if they perceive that they are being treated unfairly by having to 'prove' and provide evidence to allow them to take control of their property.

Future reforms will also consider protections for tenants against retaliatory rent increases.

This option was recommended.

Option 5 – Require property owners to only end tenancy agreements for approved reasons, and introduce additional grounds

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Improved security of tenure through reduced likelihood of retaliatory evictions which may lead to: <ul style="list-style-type: none"> ○ Reduced frequency of moving and associated costs⁶² ○ Improved capacity to participate in and build relationships with local communities ○ benefits for personal relationships ○ improved employment outcomes among income support recipients⁶³ • Improved standard of property condition as tenants more confident to report repair and maintenance issues⁶⁴ • Without ground notices cannot be used as a potentially discriminatory practice to evict tenants 	<ul style="list-style-type: none"> • Potential for more intensive screening of prospective tenants may create additional burden to demonstrate suitability for a tenancy • Potential for owners to pass on risk management costs to tenants in the form of higher rents (however research suggests that this impact would be minor as rent prices are determined by market forces)
PROPERTY OWNER	<ul style="list-style-type: none"> • Potential for improved relationships with tenants • Improved standard of property condition as tenants more confident to report repair and maintenance issues which could positively impact property value⁶⁵ 	<ul style="list-style-type: none"> • Lose ability to end a tenancy and regain possession at the end of a fixed term, unless an approved reason applies (74 per cent of all tenancy agreements are fixed term agreements) • Administrative costs associated with providing evidence to substantiate the newly proposed grounds to end a tenancy • Administrative burden and cost associated with obtaining QCAT orders where required to end a tenancy

⁶² Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.13, 19; C. Martin, K. Hulse, & H. Pawson, *The changing institutions of private rental housing: an international review – AHURI Final Report No. 292*, available at

https://www.ahuri.edu.au/_data/assets/pdf_file/0028/15895/AHURI_Final_Report_No_292_The_changing_institutions_of_private_rental_housing_an_international_review.pdf, 2018, p. 5.

⁶³ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>, 2015.

⁶⁴ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, pp.14, 16 & 18; Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.5.

⁶⁵ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.17.

Stakeholder	Benefits	Costs
PROPERTY MANAGER	<ul style="list-style-type: none"> Improved communication and reduced disputes between tenants and property owners⁶⁶ Lower turnover of tenancies if tenants occupy properties for longer resulting in more stable and predictable work 	<ul style="list-style-type: none"> Lower turnover of tenancies if tenants occupy properties for longer resulting in less income Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance
STATE GOVERNMENT	<ul style="list-style-type: none"> Reduction in disputes between tenants and property owners about ending tenancies without ground shortening processing timeframes for formal dispute resolution⁶⁷ Dispute resolution about ending tenancies without ground will cease. (QCAT and RTA) 	<ul style="list-style-type: none"> Additional funding may be required by dispute resolution agencies to manage changed dispute resolution focus, professional development and system changes. Change required to service systems, education and information resources (RTA and QCAT) Sector awareness and education activities will be required to communicate change and support implementation (RTA) Disputes about ending tenancies for approved grounds, including retaliatory action may increase (RTA and QCAT)
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential reduced demand for social housing due to longer and more secure tenure 	
COMMUNITY	<ul style="list-style-type: none"> More stable and secure homes in the rental market may support economic and social participation in communities which could lead to improved health, safety and wellbeing⁶⁸ Potential for reduced frictional vacancy rate due to longer term tenancies, by virtue of improved security of tenure 	

Recommendation: This option was recommended as it achieves the desired policy objectives and minimises impacts on stakeholders and potential for unintended consequences.

⁶⁶ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.14.; J. Minnery, B. Adkins, P. Grimbeek, J. Summerville, E. Mead & D. Guthrie, *Tenure security and its impact on private renters in Queensland – AHURI Final Report No. 27*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0014/2039/AHURI_Final_Report_No27_Tenure_security_and_its_impact_on_private_renters_in_Queensland.pdf, 2003, p.9.

⁶⁷ J. Minnery, B. Adkins, P. Grimbeek, J. Summerville, E. Mead & D. Guthrie, *Tenure security and its impact on private renters in Queensland – AHURI Final Report No. 27*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0014/2039/AHURI_Final_Report_No27_Tenure_security_and_its_impact_on_private_renters_in_Queensland.pdf, 2003, p.9.

⁶⁸ Australian Federal Government Productivity Commission, *Housing Assistance and Employment in Australia*, Commission Research Paper, Volume 1: Chapters, Canberra, available at <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>, 2015.

Option 6 – Retain without ground for all parties to end tenancies but extend the notice period for owners as a deterrent from misuse

This option would allow owners to retain control over tenancy arrangements and continued access to a tool they can use to manage tenancy issues or poor tenants. Misuse of without ground as an approved reason to end tenancies would be deterred by requiring owners to provide more notice. Notice periods for owners to end tenancies without ground in other Australian jurisdictions include:

- at least 42 days in Tasmania. Notice cannot be given more than 60 days prior to the end of the agreement and a fixed term agreement cannot be ended before the expiry of the fixed term without the tenant's agreement
- 26 weeks for periodic tenancies in the ACT

NSW recently retained the ability for a property owner to terminate 'without ground' at the end of the fixed term by giving 30 days' notice to the tenant. As of 2020, Victorian rental property owners will no longer be able to end tenancies 'without ground'.

Owners must currently provide two months' notice to end tenancies without ground. An extended notice period for owners to end tenancies without ground could be set at 90 days or 26 weeks to provide a sufficient deterrent from misuse or abuse.

However, this will not improve tenant protection against retaliatory action or address their fears of retaliatory action if they enforce their rights. Tenants' housing security will continue to be uncertain as owners will retain their ability to end tenancies without ground. Owners will also not be accountable for their decisions to end a tenancy and risks of misuse of without ground notices to leave will continue. Existing retaliatory action protections for tenants will not be improved and disparity in notice periods will also not be resolved.

Many property owners and managers consider current notice periods are biased and impractical to implement. Some have also argued that owners are at greater financial risk as the rental bonds for most properties is the equivalent of four weeks rent, which does not cover the required notice period. These concerns would be exacerbated by a further increase to required notice periods. Tenant concerns about existing notice periods being impractical will also not be addressed and may be further exacerbated by this option.

This option would increase inequality between tenants and owners regarding their ability to end tenancies,⁶⁹ which may result in reduced supply because of property owners withdrawing properties from the market or choosing not to invest in the rental sector due to the perception of reduced control.⁷⁰

This option will not reduce requests for information and dispute resolution requests for the RTA and Requests for Tribunal hearings for QCAT regarding tenancy rights and without ground notices.

This option was not recommended.

⁶⁹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.106.

⁷⁰ Ibid

Option 6 – Retain without ground for all parties to end tenancies but extend the notice period for owners as a deterrent from misuse

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Provides additional time for tenants to find alternative accommodation, reducing likelihood of incurring temporary accommodation expense (average hostel cost for one person: \$59.67 per night). May have a reduction on the amount of retaliatory evictions 	<ul style="list-style-type: none"> Current concerns about notice periods are exacerbated (relative to the status quo).
PROPERTY OWNER		<ul style="list-style-type: none"> Current concerns about notice periods are exacerbated (relative to the status quo). Places property owner at an increased financial risk associated with notice periods now being longer than the relative bond amount held.
PROPERTY MANAGER		<ul style="list-style-type: none"> Administrative costs associated with updating business processes⁷¹
STATE GOVERNMENT	<ul style="list-style-type: none"> May reduce some dispute requests regarding retaliatory eviction due to a lowered incentive for eviction without ground evictions 	<ul style="list-style-type: none"> Additional funding may be required by dispute resolution agencies to manage additional workloads, professional development and system changes. Change required to service systems, education and information resources (RTA and QCAT) Sector awareness and education activities will be required to communicate change and support implementation (RTA)
SOCIAL HOUSING	<ul style="list-style-type: none"> May reduce demand for social housing due to reduction in retaliatory evictions or more time for tenants to find other suitable private rental accommodation 	<ul style="list-style-type: none"> Administrative costs associated with updating business processes.⁷²
COMMUNITY		

Recommendation: This option was not recommended as it does not achieve the desired policy outcomes, has adverse impacts on the market and may result in unintended consequences for stakeholders.

⁷¹ P. Short, T. Seelig, C. Warren, C. Susilawati & A. Thompson, *Risk-assessment practices in the private rental sector: implications for low-income renters – AHURI Final Report No. 117*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0013/2236/AHURI_Final_Report_No117-Risk-assessment-practices-in-the-private-rental-sector-implications-for-low-income-renters.pdf, 2008, p.30.

⁷² P. Short, T. Seelig, C. Warren, C. Susilawati & A. Thompson, *Risk-assessment practices in the private rental sector: implications for low-income renters – AHURI Final Report No. 117*, available at https://www.ahuri.edu.au/_data/assets/pdf_file/0013/2236/AHURI_Final_Report_No117-Risk-assessment-practices-in-the-private-rental-sector-implications-for-low-income-renters.pdf, 2008, p.30.

Preliminary conclusion and recommended options

Under current arrangements in the RTRA Act, both property owners and tenants can issue a notice to leave without ground. This notice requires a two-month notice period if issued by the property owner and a two-week notice period if issued by the tenant.

The status quo option (Option 1) was not recommended because it does not protect tenants from arbitrary or retaliatory action by the property owner, who can evict a tenant without specifying a reason, and does not address concerns for tenants or owners about notice periods to end tenancies without ground being impractical and unfair.

Option 2 identified that an enhanced education and awareness program regarding rights and obligations at the end of a tenancy would improve transparency for both tenants and owners. However, it would not prevent the arbitrary use of the existing legal framework to end a tenancy, including the ability of the owner to terminate without ground.

Simply removing this provision for notice to leave without ground from the legislation for both tenants and property owners and managers was also not recommended. Parties would be required to rely on the existing explicit grounds in the RTRA Act, which would not be sufficient to end tenancies that no longer meet their needs. Option 3 was therefore not recommended.

Option 4 was to remove the ability for property owners (and managers) only to end a tenancy without ground, while retaining this right for tenants. While this would help to protect the tenant from arbitrary action by the property owner, it would not give the owner sufficient scope and flexibility to end a tenancy in cases where legitimate grounds exist. It may create disincentives to invest or maintain investment in the rental market if owners are restricted in their ability to manage problem tenancies effectively or to regain possession of the asset where they have a genuine need to.

Under Option 5, tenants would continue to be able to end a tenancy without ground if the required notice period is observed. Property owners would no longer be able to end a tenancy without ground but would have access to a wider range of specific grounds in the legislation to end the tenancy. This option balances the tenant's need for certainty and protection from arbitrary eviction with a property owner's genuine need to regain possession of their property in appropriate and defined circumstances.

It was not proposed to introduce 'end of a fixed term' as a reason for a property owner to end a tenancy. This represents a potential significant change as 74 per cent of all tenancies are currently fixed term agreements. Not allowing tenancy agreements to end on the agreed end date (that is, the end date of the fixed term), combined with the removal of without ground, may discourage property owners and managers from offering tenants fixed term agreements. Not being able to end a fixed term agreement on the end date means all tenancy would operate essentially as a de facto periodic agreement (no end date). A move away from fixed term agreements to periodic agreements could also remove the minimum period of security of tenure offered by fixed term agreements. Property owner concerns about potential constraints on control of ending tenancies would be addressed by the range of other additional grounds.

Option 5 addresses the interests of both tenants and property owners and was therefore the recommended option.

The additional reasons to end a tenancy available to property owners would be:

- the owner or their immediate family needs to move into the rental property
- significant renovations or repairs to the property are to be undertaken
- the rental property has been sold and vacant possession is required
- there has been a serious or significant breach of the tenancy agreement due to the actions of a tenant, occupant or guest
- a person is occupying the rental property without consent.

Under Option 5, tenants would retain the ability to end an agreement without ground and would also have access to a wider range of specific grounds to end the tenancy, subject to shorter or no notice periods depending on the ground. These options would be as follows:

- the rental property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards
- the property owner has not complied with a QCAT Repair Order to undertake a repair or maintenance of the rental property within the specified time
- a co-tenant dies
- a person is escaping domestic and family violence.

Option 5 would also provide additional grounds to end a tenancy specific to Queensland Government owned rental accommodation, namely:

- the rental accommodation is required for a public or statutory purpose
- the Department of Communities, Housing and Digital Economy requires the rental accommodation to manage public housing as a scarce resource.

The proposed additional grounds for ending tenancies would each have attending evidentiary requirements. This would provide a disincentive to misuse or abuse, would encourage transparency, and would increase accountability for all parties.

Protections for tenants against retaliatory eviction would be retained and strengthened. Owners and managers would be more accountable for their actions and transparent about their reasons for ending tenancies. For example, tenants could raise at a termination hearing that the notice was retaliatory (not currently available), and this matter would be considered as part of the hearing.

Concerns about impractical and unfair notice periods for ending tenancies without ground would also be addressed as new notice periods would be established for additional approved reasons.

The recommended option (Option 5) would reduce property owners' control of their property, however this is mitigated by additional flexibility provided through the proposed additional grounds to end a tenancy. Property owners could also see benefits of better financial stability from longer tenancies and improved property standards.

For tenants there is some risk that owners could place additional scrutiny when screening prospective tenants, however this additional administrative burden is heavily outweighed by the benefits of improved security of tenure.

At an aggregate level, while the recommended option may have a constraining effect on rental supply if owners disinvest due to reduced control, this was outweighed by the benefits to tenants in terms of greater certainty and security of tenure, an enhanced ability to enforce tenancy rights, and enhancing consumer protection where there is a current power imbalance.

A final option, Option 6, would retain the ability of all parties to terminate a tenancy without ground, but would extend the notice period for owners as a deterrent to misuse. This option was not recommended as it did not achieve the desired policy outcome, including to protect tenants from retaliatory eviction.

The recommended option would be supported with continuing education about obligations and rights by the RTA.

Community feedback on the C-RIS (November 2019 to January 2020)⁷³

⁷³ Articulous, *Report on C-RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008*, 2020, p. ?? .<URL>

Community feedback on the above proposals was sought in the form of survey responses and written submissions. Survey respondents were asked questions relating to:

1. their level of support or opposition to the six options considered in the C-RIS
2. the details of the recommended options:
 - additional reasons for a property owner or manager to end a tenancy
 - additional reasons for a tenant to end a tenancy
 - additional reasons to end a tenancy in a Queensland Government owned property
 - disagreement over the end of a tenancy
3. the likely benefits of the recommended option
4. the likely costs of the recommended option
5. other impacts of the recommended option
6. further information

All cohorts of respondents (tenants, property owners, property managers, and other respondents) were supportive of elements of Option 2, an education and awareness program to improve transparency regarding ending a tenancy. Tenants were supportive of elements of Options 4 (remove the ability of property owners to end a tenancy without ground) and 6 (retain the ability for all parties to end tenancies without ground but extend the notice period for owners as a deterrent from misuse), while property owners, managers and other stakeholders were opposed to them.

Tenants were the only cohort opposed to Option 1, the status quo. The majority of property owners did not want changes, citing concerns that removing the ability to end tenancies without ground would result in “tenancies for life” and strip them of their rights as owners to manage their own investment. A related sentiment among property owners was that without ground terminations are their means of ending a tenancy at the expiry of a fixed term agreement, and therefore effectively their only means of electing not to renew a tenancy.

Free-text survey responses (from both the online survey and written submissions) highlighted key themes for property owners, that the preferred option would:

- favour tenants
- lead to higher rents
- lead to loss of rent revenue, rights and control
- lead to additional time and administration
- mean fewer properties in the rental market as property owners would sell
- increase risks for property owners

Free-text responses also showed that tenants were supportive of the preferred option, requiring property owners and property managers to only end tenancy agreements for approved reasons. They were supportive of removing the ability for property owners and managers to end tenancy agreements without ground.

Some tenants felt that owners could end a tenancy without ground for reasons of retaliation. They felt that the recommended changes would safeguard tenants by:

- ensuring greater housing security for tenants
- providing longer tenancies
- providing a fairer system for all by ensuring grounds for good reasons to end a tenancy

Tenants did not identify any specific costs that they would incur as a result of the proposed reform, although some did recognise there could be fewer rental properties as a result, and property owners would have fewer rights.

Sentiment from free-text responses highlighted that many property managers felt that the preferred option would:

- lead to loss of control and income for property owners
- lead to fewer properties on the market as property owners would sell
- mean a loss of rights for property owners

Property managers also stated that owners should be allowed to end a tenancy agreement without ground, for example, if there is a record of poor behaviour by tenants.

A graphic summarising key consultation outcomes in respect of ending tenancies is below.

COVID-19 Response for Residential Tenancies

The Queensland Government's COVID-19 response for residential tenancies tested changes to property owner and tenant rights to end residential leases, including preventing owner-initiated no grounds terminations. Between 24 April and 29 September 2020, the RTRA COVID-19 Regulation prevented owners ending leases with tenants who suffered excessive hardship because of COVID-19 without grounds and provided additional approved reasons for parties to end leases, including:

- the rental property was sold or being prepared for sale and vacant possession was required or
- the owner or their immediate family member needed to occupy the property.

Property owners were required to give the tenant at least two months' notice to leave and would incur a penalty of up to 50 penalty units if they included false or misleading information in the notice to leave for owner occupation or premises being sold or relet the premises to a person under another agreement. No time period was included to indicate how long the rental premises could not be re-let under another agreement. The misuse of notice to leave offence was created to discourage property owners and managers using additional approved grounds to end leases with unwanted tenants.

Between March 2020 and January 2021, the Residential Tenancies Authority investigated 16 matters related to COVID-19 offence provisions and of these three concerned the misuse offence. One misuse matter resulted in the owner being educated, while the other two matters did not progress.

The COVID-19 response was developed in close consultation with the Queensland rental sector, including Tenants Queensland (TQ), the Real Estate Institute of Queensland (REIQ), and other key stakeholders. A COVID-19 Housing Security Sub Committee of the Ministerial Housing Council (MHC) was also established to monitor the response and make recommendations about which protections should continue, be amended or cease.

As part of this ongoing review of the COVID-19 measures, refinements were identified to improve the operation of the misuse provisions by including a time limit for not letting the premises to a person under another agreement. The offence in the COVID-19 regulation could be misinterpreted as preventing property owners from reletting the property under another agreement indefinitely if they did not have a reasonable excuse, which was not the policy intent.

Following consultation with stakeholders such as the REIQ and TQ in early 2021, a time limit of six months will be included in the misuse provisions around re-letting the premises to provide clarity for the sector. Examples of reasonable excuse, such as the property owner receiving no offers or no acceptable offers if the property is being sold, will be included to assist with interpretation and application of the offence.

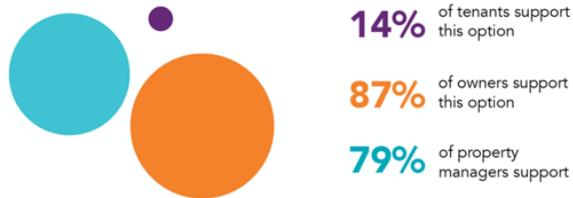
Tenant, owner, property manager support rates

Ending Tenancies Fairly



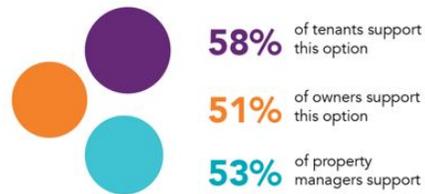
No changes

No changes.



End tenancies without grounds - owner/manager

Remove ability for only property owners and managers to end tenancy agreements without grounds. (Included in option 4.)



Education and awareness

Education and awareness program to improve transparency regarding ending a tenancy. (Included in option 2.)



End tenancies for approved reasons + additional grounds

Property owners and managers are required to only end tenancy agreements for approved reasons and introduce additional grounds. (Included in option 5.)

End tenancy without grounds - all parties

Remove ability for all parties to end tenancy agreements without grounds. (Included in option 3.)



End tenancies without grounds - extend notice period for owners

Retain ability for all parties to end tenancies without grounds but extend the notice period for owners as a deterrent from misuse. (Included in option 6.)



Final recommendation

Community feedback on the proposal to remove the right of property owners to issue notices to leave to tenants without ground was sharply divided. Tenants and tenant groups strongly supported the proposal. Owners and property managers (and related organisations) were strongly opposed. When responding to specific proposals for additional stated grounds that could replace the without ground option, however, property owners were highly supportive.

The Commonwealth Productivity Commission (the PC) recently published research into vulnerable private tenants in Australia.⁷⁴ The research report *Vulnerable Private Renters: Evidence and Options* notes that the private rental market has adapted well to population growth and several structural shifts. However, it also finds that vulnerable private tenants are more likely to have “negative” rental experiences and suffer more severe consequences as a result. The PC report notes that a material proportion of private tenants face involuntary moves and some groups of vulnerable tenants are more likely to experience these, which can have large negative financial, social and economic repercussions for vulnerable private tenants. With more households renting privately for longer, including families with children, the PC report suggests that the potential cost of social disruption from involuntary moves may be increasing.⁷⁵

The PC report concludes that Australian tenancy laws provide fewer guarantees for tenants when it comes to certainty of tenure compared to those of other developed economies and found that well designed policies to remove without ground evictions or increase notice periods for no fault evictions would require rental property owners to be more transparent about their investment intentions and make owner-initiated terminations more predictable and less disruptive.

As noted above, other Australian jurisdictions are changing or considering changes to their tenancy laws to provide greater certainty of tenure for tenants. For example, Victoria abolished without ground notices to leave in 2018 with a transition period until 2020 and restricted when an agreement can end on expiry of a fixed term agreement to only the first agreement

The rationale for removing the without ground option for owners is to underpin the tenant’s certainty of tenure, particularly when the tenant exercises new or existing tenancy rights. It is also intended to encourage transparency and ongoing communication between the parties when it comes to ending tenancies. This clearly resonated with the tenants and tenant groups that contributed to community feedback to the C-RIS proposals. Some 75 per cent of survey responses from tenants supported the recommended option, which included the proposal to eliminate without ground evictions. Accordingly, the proposal to remove property owners’ ability to issue a notice to leave without ground has been retained in the final proposal.

Tenant representative groups supported the removal of without ground terminations. For example, Mission Australia suggested that:

It is encouraging that the [C-RIS] proposals in relation to ending tenancies fairly include ending ‘no grounds’ evictions. Requiring a reasonable ground set out in the law, has the effect of allowing a tenant who is meeting their obligations to remain in a property while that property remains in the rental market. Research also found that some 16% of people living with disability have been served with a ‘without grounds’ eviction, compared with 9% for the rest of those who rent. Provision of legal protections against no grounds evictions will increase housing security for many people, particularly, those who are already experiencing disadvantage.⁷⁶

However, to address property owner concerns about their ability to efficiently end a tenancy for legitimate reasons, the final recommendation is to also introduce an expanded list of specified grounds available to property owners for termination. Property owners will have strengthened

⁷⁴ See Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, 2019. <https://www.pc.gov.au/research/completed/renters>

⁷⁵ Ibid, p. 75.

⁷⁶ Mission Australia, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 2.

safeguards by broadening and clarifying the approved grounds to end a tenancy. In addition to the proposed grounds outlined in the C-RIS, the following grounds for the property owner to issue a notice to leave (but not to take effect before the end of the fixed term, unless agreed by the tenant) will be included:

- a fixed term tenancy agreement is expiring
- the rental property needs to be prepared for sale
- redevelopment or demolition of the property is planned
- a change of use of the property is planned
- for student accommodation: the tenant is no longer eligible to reside in the premises (for example the tenant's visa has expired or enrolment has been completed)
- a person is occupying the premises without the owner's agreement (and there is no tenancy agreement in place with any residents of the premises, i.e. squatters).

In its written submission in response to the C-RIS, the Real Estate Institute of Queensland (REIQ) stated:

we recommend that owners retain the right to end a tenancy without ground for the first fixed term of a tenancy agreement. This will enable owners to 'test' the capacity of a tenant to pay rent and maintain the property before they are compelled to accept a tenant on an ongoing basis. If an owner grants a renewal at the end of the first initial term, an owner would be required to establish prescribed grounds to terminate for any subsequent terms.⁷⁷

To address these specific concerns raised by the REIQ and other owner interests about their ability to end a tenancy at the expiry of a lease, a ground to issue a notice to leave for the end of a fixed term tenancy is recommended. As noted by the REIQ, "It is our experience that owners and tenants prefer fixed terms agreements, as they provide greater certainty as to the start and end date and enable each party to plan accordingly."⁷⁸

No consensus was evident in stakeholder feedback to the recommendation in the C-RIS. Tenants were strongly in favour of the proposal to remove the owner's ability to end a tenancy without ground. There was sentiment among tenants that this would improve certainty and rental security. Even in combination with an increased range of approved grounds for property owners to end tenancies, 75 per cent of tenants were in favour of this proposal. However, a large majority of owners and managers was opposed to this proposal, arguing that without ground termination is an essential mechanism to remove a bad tenant without lengthy and potentially costly dispute resolution.

Whether the end of a fixed term should be recognised as an approved reason to end the tenancy was particularly contentious, with stakeholders expressing strongly held and opposing views on this issue.

Tenant advocates expressed their strongly held view that property owners should be prevented from ending a tenancy unless they have a just cause for doing so and without grounds terminations often mask retaliatory or discriminatory evictions. These advocates strongly oppose the end of a fixed term being an approved reason as it is seen as the equivalent of without grounds notice.

Those representing lessor and property manager views consider that removing without grounds and not allowing the end of a fixed term agreement as an approved reason would breach fundamental principles of contract law. They assert this would substantially disadvantage property owners by providing tenants a unilateral right to determine tenancy length and prevent owners having influence over a material contract term.

The combined impact of preventing owner-initiated without grounds terminations and not allowing the end of a fixed term agreement as an additional approved ground for lessors to end tenancies would be a significant change to existing property and tenancy rights, and impact owners' protected human

⁷⁷ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the *Residential Tenancies Rooming Accommodation Act 2008* (Qld), unpublished, 2019, unpaginated.

⁷⁸ Ibid.

rights to property under section 24 of the *Human Rights Act 2019*. With around three-quarters of tenancies in Queensland being fixed term agreements, this will also impact most owners and tenants.

Not recognising the end of a fixed term agreement as an approved reason for owners to end tenancies would deprive them of their ability to dispose of only a limited interest in their property and fundamentally shift the balance of property rights in favour of tenants, potentially without appropriate compensation. Recognising the end of a fixed term tenancy agreement as an additional reason will preserve the balance of existing property and tenancy rights and be compatible with protected human rights. It will ensure that the contractual nature of a fixed term is clear to both parties and is enforceable in a transparent way if the owner does not wish to renew the agreement.

Property owner feedback also identified the potential sale, redevelopment, or change of use of a rental property as legitimate factors affecting a property owner's need to take back possession.⁷⁹ These have been included as additional grounds for termination. Feedback from the student accommodation sector highlighted the need for providers in that market to be able to terminate tenancies that are only intended to be provided in conjunction with the tenant's study. The Asia-Pacific Student Accommodation Association noted that student accommodation:

is very difficult to manage in the same manner as other accommodation when it comes to ending a tenancy. The fact that a vast majority of students that stay in [student accommodation] will come from overseas and their stay is governed more around visas and education requirements than a need to reside in the same place for an extended period of time warrants treating [student accommodation] differently to other housing.⁸⁰

Accordingly, an additional ground specific to student accommodation will be included allowing a tenancy agreement to be terminated because of the cessation of a tenant's studies or study visa.

Property owner interests also proposed an additional ground for termination for a tenant breach, namely that there have been repeated breaches of by-laws or park rules by the tenant.⁸¹ This is also a legitimate ground for termination that previously may have been given effect by the without ground option, and has been included in the final recommendation.

These additional grounds would increase the scope of specific reasons under which a property owner could issue a notice to leave to a tenant. This would ensure that a notice to leave can be issued where the owner has legitimate reasons for requiring the tenant to leave.

Preparation of the rental property for sale will be an additional ground to issue a notice to leave. This would allow a property owner to ensure that any required works, staging of the premises, and/or other actions that would be incompatible with a tenancy at the premises can be undertaken in the lead-up to the sale of the property. Similarly, where planned redevelopment or demolition at the property would render the property unsuitable to sustain the tenancy, the property owner will be able to issue a notice to leave. In cases where a property owner seeks to change the use of the property, for example, to convert the property to short-stay accommodation or another business use, the property owner will also be able to terminate the tenancy.

Finally, repeated breaches of by-laws or park rules will also be a ground to terminate a tenant's lease. This form of notice to leave on the grounds of repeated breaches would be obtained through QCAT and would follow the existing repeated breaches provisions which require at least two unremedied breaches of this nature by the tenant.

In order to reinforce levels of transparency and assurance for tenants, evidentiary requirements for stated grounds would apply to the following grounds for termination by the owner:

- prepare the property for sale

⁷⁹ Ibid.

⁸⁰ Asia Pacific Student Accommodation Association, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, unpaginated.

⁸¹ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the *Residential Tenancies Rooming Accommodation Act 2008* (Qld), unpublished, 2019, unpaginated.

- redevelopment of property or site
- major renovation, repair or maintenance where the scope of works to be undertaken make the property uninhabitable
- repeated tenant breach of by-laws or park rules (usual notice to remedy breach process)

The types of evidence that would be sufficient to justify each ground would be defined in regulation and/or via approved forms during the implementation period for the reforms.

No evidence would be required in support of other grounds for notices to leave issued by the property owner. This would ensure that evidentiary requirements are focused on the grounds that are most prone to misuse. It would thus eliminate unnecessary costs for property owners that would result from a requirement to assemble evidence for grounds that are unlikely to be misused.

Proposed notice periods for owner-initiated notices to leave that do not involve a tenant breach will be increased from four weeks (the proposed notice period in the C-RIS) to two months. This would help to address tenant concerns about the potential for unfair use of notices to leave and ensure that sufficient notice to arrange alternative accommodation is provided. Tenants Queensland argued this case in its written submission in response to the C-RIS, as follows:

We do not support the reduction of any notice periods for lessors to end tenancies. We note the [C-RIS] includes several sections that effectively reduce notice periods provided to tenants, including a number where there is no fault by the tenant. This includes the proposed one month notice period for the ending tenancies when a lessor or their immediate family want to move into the property and significant renovations or repairs. The proposal effectively reduces the current notice period of two months' (using a notice to leave without ground). As a general principle the notice period for termination of tenancies against a tenant's will should be congruent with the urgency (or otherwise) of the related ground for termination. Grounds attached to breaches, for example, should be shorter than grounds where there is 'no fault by the tenant'.⁸²

An offence of up to 50 penalty units⁸³ to be enforced by RTA is proposed to discourage property owners and managers from making false statements or misusing new approved reasons to end a tenancy with unwanted tenants. The misuse offence will prevent an owner from reletting the rental property under another agreement for six months unless there is a reasonable excuse, such as they failed to sell the rental property after making reasonable efforts, were unable to occupy the property, or no longer need to occupy the property after six months. This offence will complement strengthened protections from retaliatory actions to strike the right balance between tenant and owner interests in the reforms and apply to the following grounds:

- owner or immediate family member to occupy
- sale of the property
- prepare the property for sale
- redevelopment or demolition of property
- major renovation, repair or maintenance

The inclusion of penalties for misuse by owners of grounds for termination was supported by the Queensland Council of Social Service (QCOSS) and other community organisations.⁸⁴ The time limit of six months was supported by organisations such as the Real Estate Institute of Queensland, Tenants Queensland, QCOSS, QShelter and the Residential Tenancies Authority when consulted on the operation of the COVID-19 emergency response.

⁸² Tenants Queensland Incorporated, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 5.

⁸³ The penalty unit value in Queensland is currently \$133.45 (as of 1 July 2019). See <https://www.qld.gov.au/law/fines-and-penalties/types-of-fines/sentencing-fines-and-penalties-for-offences>

⁸⁴ Queensland Council of Social Service, Submission to the review of the *Residential Tenancies and Rooming Accommodation Act 2008* on behalf of Community Legal Centres Queensland, ChildProtectPeak, Council on the Ageing Queensland, Community Services Industry Alliance, Ethnic Communities Council of Queensland, National Disability Services, PeakCare Queensland Incorporated, Queensland Alliance for Mental Health, Queensland Aboriginal and Islander Health Council, Queenslanders With Disability Network, Queensland Network of Alcohol and Other Drug Agencies, QShelter, Tenants Queensland Incorporated, and Volunteering Queensland, 2019, unpaginated.

The C-RIS included a proposal to provide property owners and property managers with an option to apply to QCAT to remove squatters residing in the rental property where there is no tenancy agreement in place. Some concerns were raised that this measure would not enhance the current state of law in respect of trespass and may interfere with the normal rights and obligations of persons in relation to trespass and may not be appropriate for the RTRA Act. In particular, it was considered that there may be a lack of clarity distinguishing a person occupying a premises without a tenancy agreement and a person who is simply trespassing on the premises. It is possible that a person may be occupying the premises without a tenancy agreement, such as in the capacity of an invitee or a licensee. The feedback indicated that the proposal was generally misunderstood as some respondents assumed it would apply to 'unapproved occupants' who may be residing in the property in addition to tenants under a tenancy agreement, rather than 'squatters'. The intention was to provide QCAT with the ability to consider matters where a tenancy agreement wasn't in place and allow QCAT to issue a Warrant of Possession. QCAT can currently make a determination as to whether there was a tenancy agreement in place but cannot issue a Warrant of Possession if there is no tenancy agreement in place. The proposed ground would provide clarity for QCAT about the orders the tribunal can issue and provide options for property owners and property managers if there was a dispute over whether the people had been given a right to occupy the premises and to have them removed.

The proposed ground to allow the Department of Communities, Housing and Digital Economy to reclaim their housing asset was previously supported to effectively manage public housing as a scarce resource. For example, the department may seek to repurpose the land with an existing single dwelling housing asset to build multiple dwelling social housing units. While the additional ground could help support the department to create additional housing to meet growing social housing needs, it was considered that the department would be able to manage this through the expanded set of grounds to end a tenancy, including end of a fixed term. This ground is no longer recommended.

Tenants will also be provided with additional specific grounds to end tenancies. These additional grounds have been designed to help tenants' access and enforce rights in respect of housing standards and to also leave a tenancy in cases of difficult personal circumstances. These additional specific grounds for the tenant to issue a notice to leave will be as follows:

- the rental property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards
- the property owner has not complied with a QCAT Repair Order to undertake repair or maintenance of the rental property within the specified time
- a co-tenant has died
- a person is escaping domestic and family violence
- the owner or their agent has provided false or misleading information about the tenancy agreement or the premises that the tenant should reasonably have been informed about
- the tenant is no longer eligible to reside in student accommodation (for example their study visa has expired or their enrolment has ended).

In respect of the proposed expanded measures to prevent retaliatory actions, property owner groups also expressed scepticism. For example, the REIQ stated that:

The [C-RIS] refers to the need to eliminate "arbitrary" terminations by owners, suggesting this is a widespread issue that is causing tenants stress, inconvenience and cost. This is not consistent with RTA Annual Report 2018/19 data which shows that:

- only 3.6% of disputes (from a total of 29,134) in 2018/19 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 to 17.5 months for houses and 12.4 to 13.1 months for units.

In addition, discussions with real estate businesses across Queensland have revealed that, in the vast majority of cases, it is overwhelmingly tenants – not owners – who usually 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.⁸⁵

Tenant groups, however, suggested that retaliatory actions and negative impacts flowing from without ground evictions are common. Tenants Queensland wrote in its written submission:

To support the move to ending tenancies fairly and the introduction of grounds to end all tenancies, TQ considers there needs to be disincentives for lessors and agents to end tenancies for spurious grounds. Therefore, TQ supports the proposal to retain the retaliatory evictions provisions (with amendments, as the sections would apply to notices to leave with grounds). TQ also advocates for the inclusion of penalties for the misuse of lawful grounds to end tenancies (particularly grounds representing 'no fault by the tenant') and the potential for renters to claim compensation. Occasionally situations may arise where the grounds apply at the time the notice is issued but circumstances change by the time the tenancy has ended. Where compensation might have otherwise applied, the lessor can present their evidence and argue against compensation as part of any end-of-tenancy dispute (e.g. bond) or through a separate action.⁸⁶

LawRight also made the following observations in its submission in response to the C-RIS:

LawRight has seen many examples arising from our casework of people who have been evicted 'without grounds' from public housing and private rentals into homelessness. These people often face vulnerabilities such as physical or intellectual disability, mental illness, or an experience of [domestic and family violence]. These evictions create a significant disruption in the lives of our clients, who frequently have little access to alternative housing and lack the resources to secure a new tenancy. Even where a tenant does have access to other available and appropriate housing, an eviction and subsequent relocation can place a tremendous financial burden on a tenant due to the costs of removalists and cleaners, reconnecting utilities, and paying for bond and advance rent in the new property. For a person whose sole source of income is Centrelink, these costs can interfere with the ability to afford basic needs such as food and medication.⁸⁷

A full summary of what the proposed reformed legislative grounds to end tenancies would look like is at Appendix 2 to this module.

Costs and benefits of final recommendation

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Improved security of tenure through reduced likelihood of retaliatory evictions which may lead to: <ul style="list-style-type: none"> ○ reduced frequency of moving and associated costs ○ improved capacity to participate in and build relationships with local communities ○ benefits for personal relationships 	<ul style="list-style-type: none"> • Potential for more intensive screening of prospective tenants may create additional burden to demonstrate suitability for a tenancy • Potential for owners to pass on risk management costs to tenants in the form of higher rents (however, as the private rental sector is a competitive market, it is unlikely that property owners would be able to increase rents beyond the wider market rate)

⁸⁵ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the Residential Tenancies Rooming Accommodation Act 2008 (Qld), unpublished, 2019, unpaginated.

⁸⁶ Tenants Queensland Incorporated, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, pp. ??.

⁸⁷ LawRight, Submission to the Review of *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 5.

Stakeholder	Benefits	Costs
	<ul style="list-style-type: none"> ○ improved employment outcomes among income support recipients • Improved standard of property condition as tenants more confident to report repair and maintenance issues • Without ground notices cannot be used as a potentially discriminatory practice to evict tenants 	
PROPERTY OWNER	<ul style="list-style-type: none"> • Potential to improved relationships with tenants • Improved standard of property condition as tenants more confident to report repair and maintenance issues, which could positively impact property value 	<ul style="list-style-type: none"> • Lose ability to end a periodic tenancy and regain possession, unless an approved reason applies • Administrative costs associated with providing evidence to substantiate the newly proposed grounds to end a tenancy • Administrative burden and cost associated with obtaining QCAT orders where required to end a tenancy • Under the final recommendation, owners would also be subject to penalties for misuse of some stated grounds.
PROPERTY MANAGER	<ul style="list-style-type: none"> • Improved communication and reduced disputes between tenants and property owners • Lower turnover of tenancies if tenants occupy properties for longer, resulting in more stable and predictable work 	<ul style="list-style-type: none"> • Lower turnover of tenancies if tenants occupy properties for longer, potentially resulting in less income • Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance
STATE GOVERNMENT	<ul style="list-style-type: none"> • Reduction in disputes between tenants and property owners about ending tenancies without ground will shorten processing timeframes for formal dispute resolution • Dispute resolution about ending tenancies without ground will cease (QCAT and RTA) 	<ul style="list-style-type: none"> • Additional funding may be required by dispute resolution agencies to manage changed dispute resolution focus, professional development and system changes. • Change required to service systems, education and information resources (RTA and QCAT) • Sector awareness and education activities will be required to communicate change and support implementation (RTA) • Disputes about ending tenancies for approved grounds, including retaliatory action may increase (RTA and QCAT)
SOCIAL HOUSING	<ul style="list-style-type: none"> • Potential reduced demand for social housing due to longer and more secure tenure 	<ul style="list-style-type: none"> • Some of the proposed stated grounds would have evidentiary requirements, which would impose costs on property owners exercising these stated grounds.

Stakeholder	Benefits	Costs
		<ul style="list-style-type: none"> Under the revised proposal, owners would also be subject to penalties for misuse of some stated grounds.
COMMUNITY	<ul style="list-style-type: none"> More stable and secure homes in the rental market may support economic and social participation in communities which could lead to improved health, safety and wellbeing Potential for reduced frictional vacancy rate due to longer term tenancies, by virtue of improved security of tenure 	

Impacts and assessment

The final recommended option to ensure residential tenancies are ended fairly will have minor administrative impacts for tenants, property owners and property managers. These costs are expected to be small, upfront costs to understand the reforms that will quickly reduce. Property owners and managers may incur additional administrative burden to determine which, if any, additional approved reason is available to them if they want to end the tenancy agreement. For specified reasons, property owners and managers may also need to gather and provide the required evidence to support their use of specified new approved reasons and ensure they are not making false or misleading statements, or issuing the notice to leave or refusal to renew in a way that could be considered retaliatory action. Ensuring that the action would not be considered retaliatory is a current consideration for property owners and managers when issuing without grounds notices to terminate tenancies and the application of this concept to new approved reasons that will replace without grounds terminations is not considered new or additional burden.

Economic analysis of reform impact commissioned by the Department of Communities, Housing and Digital Economy concluded that it was likely any increased administrative burden resulting from this reform would likely be offset by efficiencies and reduced administrative reform delivered by improved clarity of rights and obligations and assignment of risks between the parties in their tenancy arrangements. On this basis, the commissioned analysis did not quantify the administrative costs of the ending tenancies reform.

Tenants, property owners and property managers will benefit from improved certainty in their tenancy arrangements and transparency and accountability for why these arrangements are terminated. The safeguards and protections for tenants against misuse and retaliatory action will increase their confidence and assist them to improve their renting experience by enforcing their tenancy rights, including to ensure their rental property meets minimum quality standards for safety, security and functionality. This is expected to particularly benefit vulnerable renting households who are more likely to live in rental properties that require urgent repair or maintenance and are also more impacted by unexpected lessor terminations, which can have large negative financial, social and economic repercussions.

This shift in the balance of tenant and property owner tenancy and property rights is consistent with reforms implemented or under consideration in other Australian jurisdictions to provide greater certainty of tenure. It is also consistent with the Productivity Commission finding in its 2019 research report *Vulnerable Private Renters: Evidence and Options* that well designed policies to remove without grounds terminations or increase notice periods for no fault evictions would require rental property owners to be more transparent about their investment intentions and make owner-initiated terminations more predictable and less disruptive.

Property owners will also benefit from greater certainty and clarity about reasons for terminating tenancy agreements. This will assist them to plan how they intend to use the investment property and retain their rights to influence and determine the duration of the tenancy. The combined impact of

preventing owner-initiated without grounds terminations and not allowing the end of a fixed term agreement as an additional approved ground for lessors to end tenancies would be a significant change to existing property and tenancy rights, and impact owners' protected human rights to property under section 24 of the *Human Rights Act 2019*.

With around three-quarters of tenancies in Queensland being fixed term agreements (estimated 478,860 tenancies based on total bonds held by the Residential Tenancies Authority at 30 June 2020), this will also impact most owners and tenants. Not recognising the end of a fixed term agreement as an approved reason for owners to end tenancies would deprive them of their ability to dispose of only a limited interest in their property and fundamentally shift the balance of property rights in favour of tenants. Recognising the end of a fixed term tenancy agreement as an additional reason will preserve the balance of existing property and tenancy rights and be compatible with protected human rights. It will ensure that both parties are free to choose to renew or terminate the tenancy arrangement when the agreed fixed term ends, and this decision is enforceable in a transparent way if the owner does not wish to renew the agreement.

The misuse offence will prevent property owners from reletting the property to another person under a tenancy agreement for six-months if they have issued a notice to leave for specified approved grounds unless they have a reasonable excuse. This offence is designed to discourage property owners and managers from misusing new approved reasons to end a tenancy to end tenancy arrangements with unwanted tenants that are otherwise not in breach of the tenancy agreement. Property owners can defend against this offence by relying on a reasonable excuse if they have issued the notice to leave on the specified ground in good faith, but their circumstances change, or they are unable to complete the particular action. For example, if the owner or their immediate family member was to occupy the rental property, but they no longer need to within six months of issuing the notice to leave. This strikes an appropriate balance between the tenant's interest in being protected from misuse or abuse of the new approved reasons that may mask retaliatory or discriminatory terminations and the property owner's interest in maintaining their rights to determine how they want to use and enjoy their rental property.

The benefits delivered to tenants, property owners and managers, and to the community in more stable, secure and certain tenancy arrangements through the ending tenancies reform are expected to outweigh any minor additional administrative costs property owners and managers may incur in using the additional approved grounds. Any change in the balance of tenants' and property owners' tenancy and property rights is considered reasonable and justifiable to achieve the policy objectives of improving transparency and accountability of residential tenancy terminations and certainty of tenure for all parties. This reform underpins the successful implementation of new and adjusted tenancy rights and obligations implemented through the Minimum Housing Standards and renting with pet reforms by providing tenants greater confidence to enforce their tenancy rights without fear of retaliatory action. For these reasons, the ending tenancies reform is considered to deliver the greatest net benefit to Queensland.

Analysis commissioned by DCHDE found that Queensland has experienced the highest net interstate migration of any Australian state over the last quarter, which has contributed to house prices and rents increasing and this is expected to continue in 2021. Queensland's rental market is currently experiencing tight vacancy rates across all regions except Brisbane inner city, with most sitting below 1.5 per cent (rates below 2.5 per cent are considered tight). These supply constraints have also increased rents across the board, with the average rent increasing from \$359 in 2017-18 to \$420 in December 2020.

It is difficult to predict party's behaviour in the current market due to the abnormal tightness of the rental market and other extraneous issues that are impacting their renting and investment decisions. However, it is likely that property owners will seek to maximise the asking rent for their rental properties in line with current market trends. This may mean that some property owners may request renters pay a higher rent and this could prompt renters to look for alternative, cheaper rental properties. However, it is important to note that the proposed ending tenancies reforms will not commence until at least 12 months after the amendments are approved by the Queensland Parliament, which will allow time for the private rental market to normalise and for severe supply constraints to be alleviated by current investment incentives, including record low interest rates and government grants.

Consistency with fundamental legislative principles

The ability to own and protect property underpins many of the structures essential to maintaining a free and democratic society based on human dignity, equality, and freedom.

The removal of the owner's right to issue a notice to leave without ground may potentially breach the fundamental legislative principle that legislation must have sufficient regard to the individual's rights and liberties in accordance with section 4(3)(a) of the *Legislative Standards Act 1992*.

Under section 24 of the *Human Rights Act 2019* (HR Act) a person must not be arbitrarily deprived of their property. Not including the end of a fixed term as an approved reason for owners to end a residential tenancy would deprive them of their ability to dispose of only a limited interest in their property. An owner's right to use and enjoy their property would also be impacted.

Not including the end of a fixed term agreement as an approved reason to end a tenancy raises concerns about sufficient regard to the compulsory acquisition of property only with fair compensation.

It would shift much of the reversionary interest permitted to be held by the owner in favour of the tenant as the owner could only recover the property at the end of the term in specified, limited circumstances. This would compulsorily deprive the owner of the ability to grant fixed term residential tenancy agreements and require them to give up part of their interest to the tenant.

While the aim of this reform is to protect tenants from retaliatory action and improve their certainty of tenure, it is considered that the importance of preserving the human right to property outweighs this aim and not including the end of a fixed term as an approved reason would be incompatible with human rights.

Introducing an expanded suite of additional grounds that a property owner can use to end a tenancy, including the end of a fixed term agreement, will address these concerns. Property owners will retain an appropriate degree of flexibility and autonomy in the use and enjoyment of their property and maintain their existing property rights while it is offered as rental accommodation or subject to a tenancy agreement.

Appendix 1 – Approved reasons and required notice to end a tenancy (current)

Owner/manager gives the tenant a notice to leave

Fixed term tenancy agreements only end on the end date of the agreement or the end date of the notice period, whichever is longer.

General tenancies

With grounds	Minimum notice
Unremedied breach - rent arrears	7 days
Unremedied breach - general	14 days
Non-compliance with QCAT order	7 days
Non-liveability	The day it is given
Compulsory acquisition	2 months
Sale contract (periodic only)	4 weeks
Employment termination	4 weeks
Ending of accommodation assistance	4 weeks
Ending of housing assistance	1 month
Mortgagee in possession	2 months
Death of a sole tenant (parties can agree an earlier date)	2 weeks
Serious breach (social housing)	7 days

Without ground	Minimum notice
No reason	2 months

Moveable dwellings

With grounds	Long term agreement notice period	Short-term agreement notice period
Unremedied breach – rent arrears	2 days	N/A
Unremedied breach - general	2 days	N/A
Non-compliance with QCAT order	7 days	2 days
Non-liveability	The day it is given	The day it is given
Compulsory acquisition	2 months	2 days

With grounds	Long term agreement notice period	Short-term agreement notice period
Sale contract (periodic only)	4 weeks	2 days
Employment termination	4 weeks	2 days
With grounds	Long term agreement notice period	Short-term agreement notice period
Ending of accommodation assistance	4 weeks	2 days
Ending of housing assistance	2 months	2 days
Mortgagee in possession	2 months	No exemption
Death of a sole tenant (parties can agree an earlier date)	2 weeks	No exemption
Non-compliance (moveable dwelling location)	2 days	2 days
Voluntary park closure	3 months	2 days
Compulsory park closure	The day it is given	The day it is given

Without ground	Long term agreement notice period	Short-term agreement notice period
No reason	2 months	2 days

Rooming accommodation

With ground	Minimum notice
Unremedied breach – rent arrears less than 28 days	Immediately
Unremedied breach – rent arrears 28 days or more	4 days
Unremedied breach – general	2 days
Compulsory acquisition	2 months
Employment termination or entitlement to occupy for employment ends	4 weeks
Mortgagee in possession	30 days
Death of a sole tenant (parties can agree an earlier date)	7 days
Serious breach	Immediately
Property destroyed	Immediately

Without ground	Minimum notice
Periodic agreement	30 days
Fixed term agreement	14 days

Tenant gives the owner/manager a notice of intention to leave

Fixed term tenancy agreements only end on the end date of the agreement or the end date of the notice period, whichever is longer.

General tenancies

With ground	Minimum notice
Unremedied breach	7 days
Non-compliance with QCAT order	7 days
Non-liveability	The day it is given
Compulsory acquisition	2 weeks
Intention to sell	2 weeks

Without ground	Minimum notice
No reason	14 days

Moveable dwellings

With ground	Long term agreement notice period	Short-term agreement notice period
Unremedied breach	2 days	N/A
Non-compliance with QCAT order	7 days	1 day
Non-liveability	The day it is given	The day it is given
Compulsory acquisition	2 weeks	1 day
Intention to sell	2 weeks	1 day

Without ground	Long term agreement notice period	Short-term agreement notice period
No reason	14 days	1 day

Rooming accommodation

With ground	Minimum notice
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Unremedied breach	7 days
Property destroyed or made completely or partly unfit to live in	Immediately

Without ground	Minimum notice
No reason	7 days

Appendix 2 – All revised grounds and required notice to end a tenancy (proposed)

Owner/manager gives the tenant a notice to leave

Fixed term tenancy agreements only end on the end date of the agreement or the end date of the notice period, whichever is longer.

General tenancies

Ground	Minimum notice
Unremedied breach - rent arrears	7 days
Unremedied breach - general	14 days
Non-compliance with QCAT order	7 days
Non-liveability	The day it is given
Compulsory acquisition	2 months
Sale contract (periodic only)	4 weeks
Employment termination	4 weeks
Ending of accommodation assistance	4 weeks
Ending of housing assistance	1 month
Mortgagee in possession	2 months
Death of a sole tenant (parties can agree an earlier date)	2 weeks
Serious breach (social housing)	7 days
A fixed term agreement is due to expire	2 months
The property is to be vacated so that the property owner can prepare the property for sale	2 months
The property is to be vacated so that redevelopment or demolition of the property can be undertaken	2 months
The property is to be vacated in order to allow significant repair or renovation works to be undertaken	2 months
The property is subject to a change of use (such as conversion to short-stay accommodation)	2 months
The owner or their immediate family needs to move into the rental property	2 months
The rental property has been sold and vacant possession is required	2 months
For student accommodation: the tenant's visa has expired or enrolment has been completed	2 months
There has been a serious or significant breach of the tenancy agreement due to the actions of a tenant, occupant or guest	By QCAT order

There have been repeated breaches of by-laws of park rules by the tenant	By QCAT order
The rental accommodation is required for a public or statutory purpose	2 months

Moveable dwellings

Grounds	Long term agreement notice period	Short-term agreement notice period
Unremedied breach – rent arrears	2 days	N/A
Unremedied breach - general	2 days	N/A
Non-compliance with QCAT order	7 days	2 days
Non-compliance (moveable dwelling location)	2 days	2 days
Non-liveability	The day it is given	The day it is given
Compulsory acquisition	2 months	2 days
Sale contract (periodic only)	4 weeks	2 days
Employment termination	1 month	2 days
Ending of accommodation assistance	1 month	2 days
Ending of housing assistance	1 month	2 days
Mortgagee in possession	2 months	No exemption
Death of a sole tenant (parties can agree an earlier date)	2 weeks	No exemption
Non-compliance (moveable dwelling location)	2 days	2 days
Voluntary park closure	3 months	2 days
Compulsory park closure	The day it is given	The day it is given
A fixed term agreement is due to expire	2 months	N/A
The property is to be vacated so that the property owner can prepare the property for sale	2 months	N/A
The property is to be vacated so that redevelopment or demolition of the property can be undertaken	2 months	N/A
The property is subject to a change of use (such as conversion to short-stay accommodation)	2 months	N/A
The owner or their immediate family needs to move into the rental property	2 months	N/A
The rental property has been sold and vacant possession is required	2 months	N/A

Grounds	Long term agreement notice period	Short-term agreement notice period
For student accommodation: the tenant's visa has expired or enrolment has been completed	2 months	N/A
There has been a serious or significant breach of the tenancy agreement due to the actions of a tenant, occupant or guest	2 months	N/A
There have been repeated breaches of by-laws of park rules by the tenant	By QCAT order	N/A

Rooming accommodation

Grounds	Minimum notice
Unremedied breach – rent arrears less than 28 days	Immediately
Unremedied breach – rent arrears 28 days or more	4 days
Unremedied breach – general	2 days
Compulsory acquisition	2 months
Employment termination or entitlement to occupy for employment ends	4 weeks
Mortgagee in possession	30 days
Death of a sole resident (parties can agree an earlier date)	7 days
Serious breach	Immediately
Property destroyed	Immediately
A fixed term agreement is due to expire	1 month
The property is to be vacated so that the provider can prepare the property for sale	1 month
The property is to be vacated so that redevelopment or demolition of the property can be undertaken	1 month
The property is to be vacated in order to allow significant repair or renovation works to be undertaken	1 month
The property is subject to a change of use (such as conversion to short-stay accommodation)	1 month
The property has been sold and vacant possession is required	1 month
For student accommodation: the resident's visa has expired or enrolment has been completed	1 month
There have been repeated breaches of the by-laws or house rules	By QCAT order

Tenant gives the owner/manager a notice of intention to leave

Fixed term tenancy agreements only end on the end date of the agreement or the end date of the notice period, whichever is longer.

General tenancies

Grounds	Minimum notice
Unremedied breach	7 days
Non-compliance with QCAT order	7 days
Non-liveability	The day it is given
Compulsory acquisition	2 weeks
Intention to sell	2 weeks
The rental property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards	The day it is given
The property owner has not complied with a QCAT repair order within the specified time	By QCAT order
A co-tenant dies	2 weeks
A person is escaping domestic and family violence	7 days, but can leave immediately
The lessor or lessor's agent has engaged in deceptive or misleading conduct	By QCAT order

Without ground	Minimum notice
No reason	14 days

Moveable dwellings

Grounds	Long term agreement notice period	Short-term agreement notice period
Unremedied breach	2 days	N/A
Non-compliance with QCAT order	7 days	1 day
Non-liveability	The day it is given	The day it is given
Compulsory acquisition	2 weeks	1 day
Intention to sell	2 weeks	1 day
The rental property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards	The day it is given	N/A

The property owner has not complied with a QCAT repair order within the specified time	By QCAT order	N/A
A co-tenant dies	2 weeks	N/A
A person is escaping domestic and family violence	7 days, but can leave immediately	N/A
The lessor or lessor's agent has engaged in deceptive or misleading conduct	By QCAT order	N/A

Without ground	Long term agreement notice period	Short-term agreement notice period
No reason	14 days	1 day

Rooming accommodation

Grounds	Minimum notice
Unremedied breach	7 days
Property destroyed or made completely or partly unfit to live in	Immediately
The property is not in good repair, is unfit for human habitation, or does not comply with Minimum Housing Standards	The day it is given
The provider has not complied with a QCAT repair order within the specified time	By QCAT order
A co-resident dies	7 days
A person is escaping domestic and family violence	Immediately
The provider or provider's agent has engaged in deceptive or misleading conduct	By QCAT order

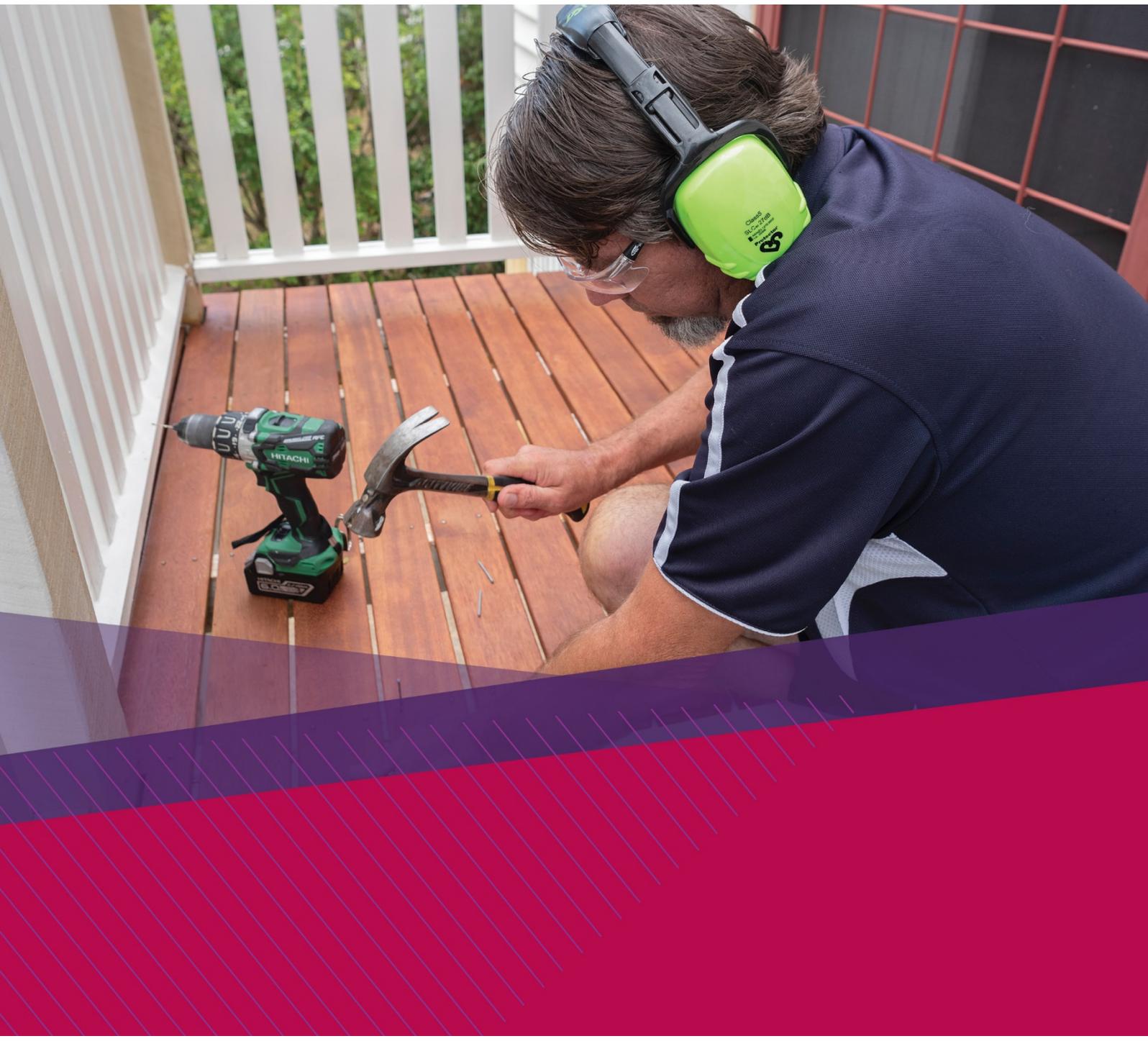
Without ground	Minimum notice
No reason	7 days

Minimum Housing Standards

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming Accommodation Act 2008*

Stage 1 Reforms



Part 3 – Rental housing quality and Minimum Housing Standards

Introduction

Safe, secure and sustainable housing is a foundation for connected and resilient communities. This is highlighted in the *Queensland Housing Strategy 2017-2027* and the *Queensland Housing Strategy 2017-2020 Action Plan*.⁸⁸

All parties involved in a residential tenancy are responsible for ensuring that the property is kept in good repair and is functional and safe to live in. Tenants need to keep the property clean and free from damage. Property owners and managers need to keep the property in good condition and fit for occupation. While these obligations are clear, there is room for disagreement about what “clean”, “in good repair” and “fit to live in” mean for rental properties.

Tenants and owners may also disagree about whether repair or maintenance is required when requested. Tenants are responsible for telling the owner or manager that their rental property requires repairs or maintenance. Property owners and managers also have an interest in addressing repair and maintenance issues quickly to minimise risk of further damage or deterioration that may affect the value or liveability of their rental property.

Property managers and owners are responsible for getting any repair or maintenance required to the rental property done in a reasonable time. Regular general inspections help owners and managers to proactively identify any repair or maintenance work needed.

Owners are also required to comply with health and safety laws in Queensland that regulate quality and safety issues in residential dwellings, including rental properties. The *Fire and Emergency Services Act 1990* regulates smoke alarms in residential dwellings, including rentals. Plumbing work and repairs in residential dwellings must be compliant with the *Plumbing and Drainage Act 2018* and the associated regulations. Electrical work is similarly regulated under the *Electrical Safety Act 2002* and there is a system of safety approvals for the installation of fixtures such as pool fencing under the Queensland Development Code.

Despite existing laws and obligations to maintain rental properties, some tenants experience unsafe or unfit living conditions in Queensland’s rental market. Some stakeholders have suggested that existing obligations are unclear and dispersed across several sources, including legislation, the tenancy agreement and common law.

In 2017, the Queensland Government amended tenancy laws to allow for Minimum Housing Standards to be set for rental accommodation by regulation on issues like:

- General repair, safety and condition
- Ventilation and insulation
- Privacy and security
- Dimension of rooms
- Supply of utilities and facilities
- Energy efficiency.

The minimum standards may help to clarify or guide tenants, property owners and property managers about the basic requirements of cleanliness, good repair and fit to live in to meet their residential tenancy obligations.

⁸⁸ Available at: <https://www.qld.gov.au/housing/public-community-housing/have-your-say-housing-strategy>, accessed on 17 July 2019.

This module will examine potential options to ensure Queensland rental accommodation is safe, secure and functional, including setting out proposed Minimum Housing Standards and strengthening the existing repairs and maintenance framework.

Open Doors consultation (2018)

Property condition was the third most mentioned theme during the Open Doors consultation. Repairs and maintenance were discussed by tenants, owners and managers and were a contentious issue. More than 60 per cent of respondents to a snap poll agreed that they had seen a rental property with serious safety problems, such as a broken lock, rotting stairs or deck, or malfunctioning or missing smoke alarms.

The Open Doors to Renting Reform online survey asked respondents to rate the condition of their rental property as:

- Excellent - no repairs or maintenance needed
- Good - some repairs or maintenance needed
- Poor - needs repair or maintenance for health & safety

Overall, 12 per cent of respondents reported their property condition as “Poor - needs repair or maintenance for health and safety e.g. mould, broken locks, structural issues” (17 per cent of tenants reported their property as poor, 2 per cent of property owners, 3 per cent of property managers, and 13 per cent of uncategorised respondents).⁸⁹

Many tenants reported a lack of attention or responsiveness to repair and maintenance requests. Owners raised concerns about the reasonableness of some tenants’ requests and expectations. Some tenants also indicated they were hesitant to report that they needed repairs or maintenance due to fear of retaliatory rent increases or eviction.

Mandatory times for repairs to be completed and minimum standards for repairs and maintenance were supported by 44 per cent and 32 per cent of respondents respectively in a snap poll asking what would help to ensure rental accommodation is well maintained and in good repair.

Minimum standards to address health and safety issues were generally supported by all stakeholder groups. Peak bodies representing tenants argued for specific minimum standards to be clearly articulated and enforceable.⁹⁰ Tenants, tenant advocates, and the wider community also highlighted more general concerns about the quality of rental properties, including:

- provision for adequate ventilation and climate control
- security standards
- safety standards
- plumbing issues
- contamination concerns relating to mould and asbestos⁹¹

Property owners, on the other hand, expressed reservations about increasing regulatory requirements. Owners and managers cautioned that if minimum standards were too onerous, it could force them to increase rent or leave the rental market. Peak bodies representing property owner and property manager groups stressed that minimum standards should not extend beyond basic health and safety matters and should include some flexibility to account for the wide variety of rental dwellings.⁹²

⁸⁹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 52. Respondents were asked “what is the condition of your rental property and the options given for answer were: Excellent - no repairs or maintenance needed, Good - some repairs or maintenance needed, Poor - needs repair or maintenance for health & safety.

⁹⁰ *Ibid*, p. 20.

⁹¹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 98.

⁹² Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.21.

There were some inclusions of minimum standards that were widely accepted as being important for rental properties across all stakeholder groups. The following table shows the proportion of respondents rating minimum standards to be set for rental properties as “important,” by respondent type.

Table 3.1: Percentage of survey respondents who rated Minimum Housing Standards for rental accommodation as “important”

Prescribed Minimum Housing Standards matters	Tenants	Property owners	Property managers	Total
Structural condition and safety	98%	96%	97%	97%
Repair, sanitation and drainage	97%	93%	94%	94%
Cleanliness and freedom from pests	96%	95%	95%	95%
Preventing damp and its effects	95%	91%	90%	90%
Supply of utilities e.g. water, sanitation, electricity	95%	94%	94%	94%
Privacy and security	93%	85%	88%	88%
Supply of facilities e.g. laundry, cooking, storage	86%	82%	86%	86%
Ventilation and insulation	88%	75%	73%	73%
Lighting	79%	75%	75%	75%
Features that minimise the cost of living e.g. insulation	70%	50%	53%	53%
Accessibility e.g. modifications for people with disability	55%	38%	44%	44%
Room dimensions	36%	25%	22%	22%

There was also discussion in the Open Doors consultation about repairs to rental properties not being completed within appropriate timeframes or to acceptable quality standards. Most tenants who commented on Minimum Housing Standards expressed dissatisfaction with the overall standard of property maintenance.

Problem Identification

The quality of rental properties in regards safety and security is regulated via various pieces of legislation in Queensland and the applicable tenancy agreement. However, there is evidence that some rental properties are not being maintained to meet the current legal requirements. While there could be many reasons that a property is not maintained, the consequence is that some tenants may be living in homes that are hazardous to their health or safety. To clarify rights and obligations, encourage compliance with existing laws, and ensure rental accommodation is safe, secure and functional, many Australian jurisdictions are implementing Minimum Housing Standards for rental properties.

In 2018, the New South Wales Parliament passed reforms to their *Residential Tenancies Act 2010* to include a set of minimum standards that must be met at the start of every tenancy. The

Residential Tenancies Amendment Act 2018 was introduced in Victoria and seeks to set a minimum standard for rental properties together with other amendments. South Australia introduced the Home Improvements Regulation in 2017, while Tasmania’s standards came into effect for all leases signed after 1 August 2015. Broadly, the Minimum Housing Standards that have been prescribed in these states require that before a property can be rented out, it must be considered safe and suitable for human occupation. The individual standards generally cover weatherproofing and good repair, cleanliness and the absence of vermin, functioning bathrooms and toilets, adequate kitchen including functioning cooking facilities, the safety of electrical fittings, adequate lighting and ventilation, window coverings and heating.

Currently in Queensland the quality requirement for rental accommodation relating to safety and security of tenants are embedded in various regulations and the tenancy agreement. While Queensland has established a head of power in the RTRA Act for Minimum Housing Standards to be prescribed by regulation for rental accommodation, this has not yet been exercised. Table 3.2 below shows a list of potential prescribed Minimum Housing Standards and details the existing regulation relevant to each standard.

The National Construction Code (NCC) and Queensland Development Code (QDC) establish standards for building and construction works. While these are not general standards that all buildings must comply with, they may be a reference point to support interpretation of Minimum Housing Standards for rental accommodation.

Table 3.2 – Comparison of Minimum Housing Standard and existing regulation

Potential standards	Existing Regulation
Weatherproof and structurally sound	<p>The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247). Owners are also required to comply with requirements under the:</p> <ul style="list-style-type: none"> • <i>Building Act 1975</i> • <i>Building Regulation 2006</i> • <i>Plumbing and Drainage Act 2018</i> (the PDA) • <i>Plumbing and Drainage Regulation 2003</i> • <i>Standard Plumbing and Drainage Regulation 2003</i> • <i>Local Government Act 2009</i> • Local laws throughout Queensland • <i>Planning Act 2016</i> • Planning schemes • <i>Water Act 2000</i> • <i>Water Supply (Safety and Reliability Act 2008)</i>.

Potential standards	Existing Regulation
Plumbing and drainage	<p>The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247).</p> <p>The PDA also requires property owners to ensure plumbing or drainage on the property is kept in good condition and operates properly and must be operated and maintained in compliance with the conditions of the permit and the PDA.</p>
Security	<p>The RTRA Act requires owners to supply and maintain locks necessary to ensure the rental property is reasonably secure (s 210). A lock is defined as a device for securing a door, gate, window or another part of the property.</p> <p>In rooming accommodation tenancies, the provider must supply and maintain the locks necessary to ensure the resident's room is reasonably secure and give the resident a key for each lock that secures entry to the resident's room and a building or building within which the resident's room and common areas are situated (s. 250).</p>
Fixtures and fittings	<p>The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247).</p> <p>Owners must also comply with requirements under the:</p> <ul style="list-style-type: none"> • <i>Fire and Emergency Services Act 1990</i> • <i>Electrical Safety Act 2002</i> • QDC MP 3.4 Swimming Pool Barriers • QDC MP 6.1 Maintenance of Fire Safety Installations
Pests, vermin and infestation	<p>The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247).</p> <p>Some owners may need to comply with QDC MP 5.7 Residential Services Building Standard.</p>

Potential standards	Existing Regulation
Adequate ventilation	The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247). Some owners may need to comply with QDC MP 5.7 Residential Services Building Standard.
Lighting	This standard is not covered by existing obligations.
Privacy	This standard is not covered by existing obligations.
Kitchen (basic cooking, food preparation and storage areas)	The RTRA Act establishes obligations for owners to ensure that their rental property is clean, in good repair, fit for the tenant to live in, and not in breach of a law dealing with the health or safety of persons entering or using the property. This obligation applies at the start of the tenancy and for its duration. This obligation applies in general, rooming accommodation and moveable dwelling tenancies (ss 185, 186 and 247). Some owners may need to comply with QDC MP 5.7 Residential Services Building Standard.

Despite existing regulatory requirements, concerns about maintenance and the structural integrity of rental properties were raised during consultation, and they are often a cause for dispute resolution requests for the RTA, QCAT, and Magistrates Courts. The Queensland Coroner has made recommendations to amend tenancy laws to improve the quality and maintenance of rental properties.⁹³

Feedback received during the Open Doors consultation indicated that 17 per cent of tenants considered their property condition as “Poor - needs repair or maintenance for health and safety e.g. mould, broken locks, structural issues.”⁹⁴

The 2018 report *Disrupted: The consumer experience of renting in Australia* found that 42 per cent of Queensland’s rental households need repairs.⁹⁵ This report also detailed that a high proportion of Australian tenants have experienced problems such as mould in their bathroom (33 per cent), no fan or poor ventilation in the bathroom (25 per cent), faulty or broken toilets (22 per cent), and faulty kitchen appliances (23 per cent).⁹⁶ Speaking specifically of their current rental property, tenants reported problems with locks, doors or windows (35 per cent), pest infestation (30 per cent), and leaks or flooding (25 per cent).⁹⁷

⁹³ Office of the State Coroner, *Findings of Inquest – Inquest into the death of Isabella Wren Diefenbach*, available at www.courts.qld.gov.au/data/assets/pdf_file/0019/163027/cif-diefenbach-iw-20120919.pdf, 2012, pp. 58 – 61, accessed 16 August 2019.

⁹⁴ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 52. Respondents were asked “what is the condition of your rental property and the options given for answer were: Excellent - no repairs or maintenance needed, Good - some repairs or maintenance needed, Poor - needs repair or maintenance for health & safety.

⁹⁵ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.7.

⁹⁶ *Ibid*, p. 11.

⁹⁷ *Ibid*, p. 12.

This data indicates that despite the existing regulation, there is a high percentage of rental households being affected by serious quality or maintenance issues. Given that around 35 per cent of Queensland households are rented (around 566,000 dwellings),⁹⁸ this problem is potentially widespread.

Left unaddressed, these issues can have impacts for tenants' health and safety. While some issues could impact general wellbeing, others may cause illness or injury, or in more extreme cases could lead to fatalities. In 2010, an infant was killed when her father fell through a rotted timber deck at their rental property while carrying her. The State Coroner recommended a range of actions and amendments to the RTRA Act to improve the reporting and management of repair and maintenance issues in the 2012 coronial inquest findings following this child's death. The tenant reported the issue as an emergency repair however the agent was not authorised to approve such a costly repair and the owner could not be reached. Major emergency repairs, such as roof leaks or replacing hot water systems or rotting decks, are often expensive and generally exceed the authorised emergency repair amount of up to the equivalent of two weeks rent.⁹⁹

Health and safety issues such as mould can arise from properties that are not properly maintained such as waterproofing, have inadequate ventilation, or have had a water leak that was not effectively managed. Mould is a fungus that can be toxic to humans and in some cases can grow in lungs causing serious health implications.¹⁰⁰ Mould in homes has been linked to increases in asthma in children, respiratory and upper respiratory tract infections, development of allergic rhinitis (hay fever) and allergic rashes, and fungal infections of the eyes, skin, and ears (especially in immune compromised individuals).¹⁰¹

Other potential health impacts include electrocutions from fixtures and fittings that require repair. From 2014-15 to 2015-16, there were around 350 people hospitalised for electrical injury that occurred in the home (this includes both rental and owner-occupied dwellings).¹⁰² Safety is also a concern for tenants. Between June 2018 and May 2019 in Queensland, there were around 24,000 instances of unlawful entry with intent for residential dwellings, with 705 instances including violence.¹⁰³ Burglars often gained entry through an unlocked door or window, or by breaking or picking a lock.¹⁰⁴

For property owners, many repair and maintenance issues could worsen and cause major structural damage if left unattended, leading to costly repairs. Non-waterproof houses can not only contribute to the property becoming contaminated by microorganisms such as mould, it can also impact the structural integrity of the building and lead to costly repairs for the property owner, and potentially leave the property vacant for long periods of time.

There are many reasons why issues or required maintenance in rental properties may not be addressed. Property owners may not be aware of the need for the repairs or maintenance by the tenant or the property manager or there may be factors impeding the owner carrying out the repairs. The Choice Unsettled report in 2017 details several reasons why a tenant would not advise of the necessity for repairs and maintenance including concerns of a rent increase (42 per cent of all tenants who did not report a property issue), fear of eviction (23 per cent), fear of being given a bad reference

⁹⁸ Australian Bureau of Statistics, *2016 Census Community Profiles – Queensland, Table G33 Tenure and Landlord Type by Dwelling Structure*, available at https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/communityprofile/3?opendocument, 2019.

⁹⁹ Office of the State Coroner, *Findings of Inquest – Inquest into the death of Isabella Wren Diefenbach*, available at https://www.courts.qld.gov.au/data/assets/pdf_file/0019/163027/cif-diefenbach-iw-20120919.pdf, 2012, accessed 16 August 2019.

¹⁰⁰ "Mould: a hidden threat to health", 1997, *Daily Commercial News and Construction Record*, vol. 70, no. 13, pp. A1, A7.

¹⁰¹ Metts, Tricia A, 'Addressing Environmental Health Implications of Mold Exposure After Major Flooding', *AAOHN Journal*, vol. 56, no. 3, pp. 115-20; quiz 121-2, available at <https://journals.sagepub.com/doi/pdf/10.3928/08910162-20080301-03>, 2008.

¹⁰² Australian Institute of Health and Welfare: Tovell A, McKenna K & Harrison JE, 'Electrical injuries: hospitalisations and deaths, 2014–15 and 2015–16', *Injury research and statistics series*, no. 117, available at <https://www.aihw.gov.au/getmedia/2c37bd48-ee08-43d5-be11-f6929f671b83/aihw-injcat-197.pdf.aspx?inline=true>, 2018, p. 15.

¹⁰³ Queensland Police Service, *Queensland Crime Statistics*, available at <https://mypolice.qld.gov.au/queensland-crime-statistics/>, accessed 8 July 2019.

¹⁰⁴ Budget Direct, *Home Burglary in Australia Statistics 2019*, available at <https://www.budgetdirect.com.au/home-contents-insurance/research/home-burglary-statistics.html>, accessed 9 July 2019.

(14 per cent), and fear of not having the lease renewed (14 per cent). If property owners are not being made aware of problems with their property this could represent a risk to their investment.¹⁰⁵

In a Victorian study by Ernst and Young, of the approximately 1460 tenants who have reported to have made requests for repairs and maintenance, 53 per cent reported they had difficulty getting them completed. For property owners, there were various reasons they would refuse a request for repairs or maintenance including: it was an unreasonable request (46 per cent), the cost was too high or they could not afford it (15 per cent), tenants are causing damage to the property (10 per cent), the repair will not add value (three per cent), or wanting to delay the repair (three per cent).¹⁰⁶

The above highlights that there is ambiguity and uncertainty of the rights and obligations for tenants, property owners and managers for rental properties. While there are laws in place to ensure tenants are living in a safe and secure home, a lack of clarity surrounding the particulars of these laws as well as how to enforce them is resulting in tenants often living in rental properties that are not safe, secure and functional.

Government objectives

The Government's objectives are to:

- support enforcement of existing tenancy rights
- ensure rental accommodation is safe, secure and functional
- improve liveability of rental accommodation
- Ensure tenancy laws protect vulnerable people in the rental market

¹⁰⁵ Choice (National Shelter & The National Association of Tenant Organisations), *Unsettled – Life in Australia's private rental market*, available at <http://www.sheltersa.asn.au/wp-content/uploads/The-Australian-Rental-Market-Report-Final.pdf>, 2017, p. 16

¹⁰⁶ Ernst and Young, *Consumer Affairs Victoria: Rental experiences of tenants, landlords, property managers, and parks in Victoria – Final Report*, available at https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/5814/8781/7797/Victorian_Renting_Research_Report_-_RTA_Review_1.pdf, accessed 13 September 2019.

Options for ensuring Queensland rental accommodation is safe, secure and functional

The options considered in this module of the C-RIS were as follows.

- Option 1.** Status quo
- Option 2.** Education and Awareness Campaign
- Option 3.** Enhanced Repairs and Maintenance Provisions
- Option 4.** Minimum Housing Standards
- Option 5.** Minimum Housing Standards for Safety, Security and Functionality Combined with Enhanced Repairs and Maintenance Provisions

Option 1: Status Quo (no change)

Existing repair and maintenance rights and obligations for tenants, owners and managers would be maintained in tenancy laws and agreements. Property owners must continue to comply with safety and quality regulation that applies to residential dwellings. The RTA and QCAT can provide compliance and enforcement support.

Existing legislation

All stakeholders must continue to comply with their existing obligations to ensure rental accommodation is clean, fit to live in, and in good repair. Owners must comply with specific safety and quality regulation for residential dwellings, including the *Fire and Emergency Services Act 1990*, the *Plumbing and Drainage Act 2018* and the *Electrical Safety Act 2002*.

Stakeholders have reported that existing terminology and obligations of “clean,” “fit for habitation” and “in good repair” are subjective and unclear. While the RTA has education and guidance material to support parties understand these obligations, this has not supported the sector to achieve a consistent level of quality for all rental properties to be safe and functional for tenants to occupy.

While Minimum Housing Standards may be prescribed for rental accommodation, this power has not been exercised.

Existing repairs and maintenance framework

Property owners or their representatives are generally responsible for necessary repairs relating to general wear and tear of the property (sections 185, 186 and 247 of the RTRA Act). They must carry out repairs within a reasonable time and comply with entry rules.

For routine repairs (that is, non-emergency repairs), the tenant can notify the property owner or manager of the need for a repair. If the problem is not fixed in a reasonable time, the tenant is first required to attempt to resolve the issue by negotiating with the property manager or owner. If this is unsuccessful, the tenant can issue a Notice to Remedy Breach, which gives the property owner or manager seven days to fix the problem. If the problem still cannot be resolved, the parties have access to the RTA’s dispute resolution service.

For emergency repairs, the tenant must attempt to contact the property manager or owner, or a nominated repairer. If contact cannot be made, the tenant can arrange for a qualified person to carry out the emergency repair, up to the cost equivalent of two weeks’ rent. If the tenant and property owner or manager do not agree about the emergency repair, or if the tenant has not been reimbursed for repairs within seven days, the tenant can apply to QCAT for arbitration.

Tenants are responsible for repairing any damage they cause to the property that is not fair wear and tear of the rental property.

Existing compliance and enforcement mechanisms

The RTA is responsible for administering the RTRA Act. The RTA encourages tenants and property owners or managers to resolve disagreements through negotiation. It also provides a free dispute resolution service if parties are unable to resolve problems themselves.

The RTA can issue a Notice of Unresolved Dispute if the parties are unable to reach agreement through its voluntary dispute resolution process. This allows the person who lodged the dispute resolution request to apply to QCAT for a hearing. QCAT can decide rental tenancy disputes, including disputes related to the standard of a rental property.

Currently QCAT can make a repair order to:

- require owners to undertake repairs within a specified time, including to a set standard
- limit rent payable for the property

Option 2: Education and awareness and voluntary housing quality guidelines

The existing regulatory framework would be complemented by voluntary housing quality guidelines. Information and awareness campaigns would encourage owners, managers and tenants to improve quality in residential accommodation.

Option 2.1 Voluntary housing quality guidelines

The RTA could develop and publish housing quality guidelines for property owners to take into consideration when making investments, listing properties for rent, or undertaking repairs and maintenance. Compliance would be optional and there would be no mechanism to enforce the guidelines.

Option 2.2 Information and awareness campaigns

The guidelines could be supported by an information and awareness campaign to educate tenants, property owners, property managers and the community about the benefits of quality rental properties and pathways to improve standards.

The information package would include information about the existing rights and obligations of all parties to a tenancy. This could help tenants to understand how to enforce their rights and the mechanisms that are currently available to protect them against related retaliatory action.

This may encourage a self-regulatory approach in the rental sector to voluntarily improve the quality of rental properties. Awareness could also be raised about the value of effective communication between the parties to enforce existing tenancy rights.

Option 3: Enhanced Repairs and Maintenance Provisions

Enhance existing processes and obligations for general and emergency repairs in tenancy laws and agreements, including by:

- increasing the time for tenants to complete the entry condition report
- increasing the amount tenants can authorise for emergency repairs
- allowing property managers to authorise repairs or maintenance up to a set amount
- enhancing QCAT repair orders so that they can:
 - be sought by tenants or other interested parties
 - attach to the owner and the rental property not the current tenant
 - be enforced by the RTA through prosecution.

Option 3.1 More time for entry condition report

The purpose of an entry condition report is to record the condition of the rental property at the start of the tenancy. Currently, tenants have three days to complete and return the entry condition report. Option Three proposes extending this to seven days to allow the tenant a more reasonable amount of time to identify any existing issues at the start of their tenancy.

Option 3.2 Nominated repairer and contact details

Under this option, property owners would provide tenants with the name, and telephone number for a suitably qualified nominated repairer to undertake or arrange emergency repairs of the rental property. The property owner will also be required to supply contact details for themselves or a representative who can act on their behalf in case of emergency. This will provide additional channels for the tenant to notify emergency repairs.

Option 3.3 Emergency repairs authorised by tenant

This option would increase the amount tenants may authorise for emergency repairs up to the equivalent of four weeks rent from the existing authorised amount of up to the equivalent of two weeks rent. Based on the Queensland average weekly rent, the amount of emergency repairs a tenant can authorise is \$740.00 (Median weekly rent range for QLD: \$370¹⁰⁷ x 2).

Option 3.4 Emergency repairs authorised by property manager

It is proposed that property managers be authorised to consent to emergency and general repairs up to an agreed amount or the equivalent of four weeks rent. The property manager must make reasonable attempts to contact the property owner about the required repairs before authorising the repairs to be made on their behalf.

Option 3.5 Repair Orders

QCAT repair orders would be enhanced to:

- allow orders to be made that prevent the rental property from being let until the repairs and maintenance are completed
- allow tenants or other interested parties to seek them
- attach to the owner and the rental property not the current tenant
- be enforced by the RTA through prosecution.

In making an order, QCAT may take into consideration any financial hardship affecting the property owner or difficulties in sourcing suitably qualified tradespersons to undertake the repair in the relevant location.

The Repair Order would apply to the relevant property, rather than an individual tenancy agreement to ensure that future tenants would not inherit the identified problems. Further, QCAT would have the ability to prevent rental properties from being rented until the ordered repairs are done. An interested party (such as a tenant advocate) could seek a repair order on behalf of the tenant. Further, QCAT will be able to refer the repair order to the RTA for enforcement through prosecution.

¹⁰⁷ Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

Option 4: Introducing Prescribed Minimum Housing Standards

Minimum Housing Standards for rental accommodation would be prescribed by regulation to ensure Queensland rental accommodation (including moveable dwellings and rooming accommodation) is safe, secure and functional. The standards may be made about residential or rental properties let or to be let, inclusions for properties, or facilities in a moveable dwelling park.

Under section 17A of the RTRA Act, a prescribed minimum housing standard may be made for any matter relating to the property, inclusions or park facilities, including, for example, the following:

- sanitation, drainage, cleanliness and repair of the property, inclusions or park facilities;
- ventilation and insulation;
- protection from damp and its effects;
- construction, condition, structures, safety and situation of the property, inclusions or park facilities;
- the dimensions of rooms in the property;
- privacy and security;
- provision of water supply, storage and sanitary facilities;
- laundry and cooking facilities;
- lighting;
- freedom from vermin infestation;
- energy efficiency.

The Minimum Housing Standards would be set out in regulation and a two-year transition period is proposed to support the rental sector to understand and comply with the standards.

The standards would clarify existing obligations to ensure rental accommodation is clean, fit to live in and in good repair, and complement regulatory requirements for all residential dwellings. The proposed standards are not intended to duplicate existing requirements in other regulation that applies to all residential dwellings, such as building codes, electrical, plumbing and fire or pool safety requirements.

Prescribed Minimum Housing Standards are not intended to establish a benchmark for all residential dwellings. If a matter or standard should apply to all residential dwellings this should be achieved through other regulation.

Premises and rental properties must be weatherproof and structurally sound.

A safe and healthy environment can only be maintained by a fully weatherproof structure that is also structurally sound. For rental and other accommodation this is an essential requirement. A premises or rental property is not weatherproof if the ceilings or windows do not prevent water penetration caused by rain; the walls, ceiling or roof are likely to collapse because of rot or a defect; or the floors, ceilings, walls or other supporting structures are affected by significant dampness. Fundamental to safe and healthy tenancy is sound weatherproofing and structural effectiveness.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act sections 185, 186 and 247).

Plumbing and drainage

Adequate sanitation and water supply are basic requirements of housing arrangements. Premises and rental properties must have adequate plumbing and drainage for the number of tenants or residents occupying the property under a residential tenancy agreement or rooming accommodation agreement; and be connected to a water supply service or other infrastructure that can supply hot and cold water for drinking, ablution and cleaning. Each toilet of a premises or rental property must function as designed, including flushing and refilling; and be connected to a sewer, septic system or

other council approved waste disposal system. Effective plumbing and drainage are basic requirements.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act, sections 185, 186 and 247).

Security

A tenant must be able to secure the property and rely on the functionality and effectiveness of security fixtures in the property. Properties must have functioning latches for external windows and doors to secure against entry to the property. For rooming accommodation tenancies, there must be a functioning lock or latch fitted to all entries to a resident's room. This is considered an essential requirement for security and amenity in tenanted properties.

This standard was recommended to clarify existing obligations for owners to supply and maintain locks that are necessary to ensure the rental property is reasonably secure.

Fixtures and fittings

Fixtures and fittings provided in the rental property must not represent a health or safety risk to a person entering or using the property with ordinary use. A tenant must be able to rely on the functionality and effectiveness of the fixtures and fittings of the rental property. This only applies to fixtures and fittings provided in the rental property by the property owner. Tenants are responsible for ensuring any fixtures or fittings they install are safe and functional.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act sections 185, 186 and 247).

Pests, vermin and infestation

Rental properties must be free of plant and animal pests, including vermin, noxious plants, fungus growths or other infestations of micro-organisms to maintain the health and safety of tenants and the wider community.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act sections 185, 186 and 247).

Adequate ventilation

Premises and rental properties must have adequate ventilation in each room through opening windows, vents or exhaust fans in order to support health and safety. A premises or rental property does not have adequate ventilation in a room if inadequate ventilation contributes to the growth of mould and mildew in the room. This does not apply to mould or mildew caused by a tenant or resident failing to keep the room clean. Tenants have an obligation to keep properties and inclusions clean. Basic health and safety determines that ventilation is required in tenanted housing.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act sections 185, 186 and 247).

Energy efficiency and insulation

In the Open Doors consultation, several tenants and tenant advocacy groups supported mandatory energy efficiency standards for rental properties. The Queensland Council of Social Service, for

example, indicated that it “*supports the introduction of regulated minimum standards for energy efficiency in rental homes to improve their liveability and to reduce energy bills.*”

The QDC applies an energy efficiency star rating system to newly constructed dwellings in Queensland. While there are no prescribed energy efficiency design features, all new dwellings are required to meet a certain star rating standard. Architects and designers have flexibility as to the design features they can use to achieve the required star rating, including:

- energy efficient room layouts
- ceiling and wall insulation
- ventilation
- light coloured roofs and walls
- energy efficient glazing
- ceiling fans.

A Minimum Housing Standard could extend these star rating requirements to existing rental properties. Like the QDC for new constructions, such a Standard could require that rental properties achieve a certain energy efficiency rating without prescribing design features.

A standard of this nature may improve the energy efficiency of rental properties, reducing energy costs for tenants and mitigating carbon emission impacts. However, the cost of re-engineering older dwellings may be significantly greater than the cost of integrating energy efficient features at the design stage in new constructions. Requiring existing rental properties to meet current new dwelling standards may therefore be cost-prohibitive for rental property owners.

This standard was not recommended.

Room dimensions and laundry facilities

Minimum room dimensions are prescribed in Queensland regulation for residential services, such as hostels, boarding houses and aged rental accommodation. For example, Residential Services Building Standard MP 5.7¹⁰⁸ requires that a bedroom for one person must have a minimum of 7.5 square metres of unencumbered floor space. There are also minimum requirements for laundry facilities, where laundering is done on the premises, including one 10-kilogram capacity automatic washing machine per 20 residents. Residential service providers can comply with these requirements through a flexible range of options, including formulating an alternative, performance-based solution that meets an equivalent standard.

No such standards currently apply to rental properties under the RTRA Act in Queensland. Room dimensions are necessary in residential services as this is the only private space available to the resident as an individual. While applying such a standard in general tenancies in Queensland may provide some amenity and consistency to tenants, they generally have free access to the entire property rather than being confined to their room.

A requirement of this kind would be difficult to frame considering the diversity of tenant needs and circumstances and the variety of rental properties. Further the cost of re-engineering properties to comply with such a requirement is likely to be prohibitive to property owners.

This standard was not recommended.

Lighting

Premises and rental properties must have adequate natural or artificial light in each room, other than a room intended to be used only for storage or as a garage. The basis of this standards is a safe and healthy environment for residents.

¹⁰⁸ Department of Housing and Public Works, *MP 5.7 – Residential Services Building Standard*, available at <https://www.hpw.qld.gov.au/SiteCollectionDocuments/QDCMP5.7ResidentialServicesBuildingStandard.pdf>.

This standard would require that artificial lighting is available in rooms that do not allow natural light to enter and are not intended for storage or as a garage. This could be met by providing a floor lamp if an electrical outlet is available or installing a light fitting.

This standard was recommended to ensure safety and functionality of rental accommodation for people entering and using the property.

Heating and Cooling

A standard could require that rental properties must be fitted with heating and cooling equipment. As the weather changes and temperatures vary, tenants may depend on heating and cooling equipment to maintain comfortable conditions. In some parts of the state, temperature control may assist tenants to minimise potential health and safety risks, such as preventing heat stroke in Far North Queensland.

During consultation several tenants and tenant advice groups expressed support for a standard to include rental properties having fans or air-conditioning (as well as insulation) for health and safety reasons.

While such a standard has merits for improving liveability of rental properties and the health and safety for some tenants, costs for property owners may be prohibitive in the present circumstances. If this was considered a required standard it would be more appropriately applied to all residential accommodation, not just rental properties.

This standard was not recommended.

Privacy

The toilet and bathroom facilities in rental properties must provide the user with privacy. It is also reasonable that people would expect privacy in other areas of their home, such as bedrooms.

Privacy could be met in bathrooms or toilets by providing screening or doors for open doorways where privacy is not otherwise provided by other structural means. Privacy could also be provided through window coverings or treatments, such as curtains, blinds or frosted glass or film.

While owners may incur costs to install coverings or treatments to comply with this standard it is essential to ensuring privacy for tenants in rental properties.

This standard was recommended to ensure rental properties provide privacy in areas where there would be a reasonable expectation of privacy.

Kitchen

As renting is increasingly a long-term housing solution for many Queenslanders, it is reasonable that rental properties should allow tenants to cook, prepare and store food.

A minimum housing standard could specify facilities required to be provided in rental properties to support tenants to cook, prepare and store food, including:

- a functioning cooktop and sink
- food preparation areas
- storage areas, other than refrigerated storage areas.

This standard was recommended to clarify existing obligations for owners to ensure rental accommodation is clean, in good repair, fit for the tenant to live in and not in breach of a law dealing with the health or safety of persons entering or using the property (RTRA Act sections 185, 186 and 247).

Australian Jurisdictional Comparison - Minimum Housing Standards for Rental Accommodation

While several Australian states have or are implementing Minimum Housing Standards for rental accommodation, the standards vary across jurisdictions. Table 3.3 provides a high-level summary of some proposed Minimum Housing Standards across these jurisdictions and the recommended standards for Queensland.

Table 3.3 Jurisdictional Comparison of Standards

Standards	Qld	NSW	Vic	Tas	SA
Weatherproof and structurally sound	Yes	Yes	No	Yes	Yes
Plumbing and drainage	Yes	Yes	Yes	Yes	Yes
Security	Yes	No	Yes	Yes	Yes
Fixtures and fittings	Yes	No	No	Yes	Yes
Pests, vermin and infestation	Yes	No	Yes*	Yes	Yes
Adequate ventilation	Yes	Yes	No	Yes	Yes
Energy Efficiency	No	No	No	No	Yes
Lighting	Yes	Yes	No	Yes	Yes
Heating and/or Cooling	No	Yes	Yes	Yes	No
Privacy	Yes	Yes*	Yes	Yes	Yes
Kitchen	Yes	No	Yes	Yes	Yes
Cooktop	Yes	No	Yes	Yes	Yes
Food Storage	Yes	No	Yes	No	Yes
Oven	No	No	Yes	Yes	Yes
Room Dimensions	No	No	No	No	Yes

* Vermin-proof rubbish bin

Option 5: Prescribe Minimum Housing Standards for rental accommodation supported by enhanced repair and maintenance provisions (combine options 3 and 4)

Strengthened repairs and maintenance obligations with more effective compliance and enforcement mechanisms would support and complement implementation of prescribed Minimum Housing Standards for rental accommodation. This option combined Options 3 and 4 as detailed above.

Option 5 would require a staged implementation and an education program to raise awareness of the prescribed Minimum Housing Standards, repairs and maintenance, and compliance and enforcement arrangements.

Impact analysis

Option 1 – Status quo (no change)

Some property owners do not provide rental properties that meets community standards of safety, security and functionality. Some tenants, particularly at the lower end of the market, rent properties that potentially increase their risks of illness and injury.

Tenants may under-report repairs and maintenance issues due to fears of retaliatory action by property owners and managers if they enforce their right for necessary repairs and maintenance to be undertaken in their rental property in a timely manner. Property owners may also incur additional or higher costs due to underreporting of these issues, which may worsen or lead to large-scale repairs or major structural damage.

The option would maintain the current number of requests for dispute resolution received by the RTA, QCAT and the courts, and may contribute to these requests increasing over time.

The Queensland Government will be unable to deliver commitments in the *Queensland Housing Strategy 2017-2027* and *Action Plan 2017-2020*, or election commitments to reform tenancy laws and to prescribe Minimum Housing Standards.

Option 1 – Status Quo (no change)

Stakeholder	Issues
TENANT	<ul style="list-style-type: none">• Tenants are residing in poor quality rental properties that may increase risks of illness or injury due to properties not being maintained in compliance with existing regulation.¹⁰⁹• Tenant feedback indicates a fear of retaliatory evictions when upholding rights to seek repairs or maintenance¹¹⁰• Potential for rent increases when upholding rights to seek repairs or maintenance¹¹¹• Increased living costs resulting from poor property condition, e.g. heating/cooling costs, water usage, etc.• Difficulty for vulnerable groups in finding affordable housing that meets acceptable health and safety standards• Continued disputes with property owners and managers over repair and maintenance obligations

¹⁰⁹ General trends observed from the Australian Housing Conditions Dataset (available at https://architecture.adelaide.edu.au/sites/default/files/docs/AHCD_Technical%20Report_16%20January%202018%2020_0.pdf_pp.2) and in housing condition surveys in New Zealand and the United Kingdom suggest renters experience poorer quality housing than owner occupiers.

¹¹⁰ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, pp.4-5; Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.75.

¹¹¹ Ibid.

Stakeholder	Issues
PROPERTY OWNER	<ul style="list-style-type: none"> • Potential for liability for injury, illness or fatalities where residential properties don't meet current legislative health, safety or building requirements or requirements in tenancy laws and agreements • Potential to be unaware of repair and maintenance issues which may worsen and lead to large-scale repair costs or major structural damage • Ambiguity around obligations for repairs and maintenance causes disputes with tenants
PROPERTY MANAGER	<ul style="list-style-type: none"> • Continued disputes with tenants and property owners regarding repair and maintenance obligations • Potential for liability for injury, illness or fatalities where residential properties don't meet current legislative requirements • Lack of ability for property managers to be able to ensure the safety and health of tenants as they have a limited ability to approve required repairs without owner approval • Poor quality of rental stock on their books
STATE GOVERNMENT	<ul style="list-style-type: none"> • Repairs and maintenance currently account for nearly 8 per cent of all dispute resolution requests for RTA¹¹² • Matters that cannot be resolved through the RTA dispute resolution are sent to QCAT for resolution • Continued impacts and costs to health care systems to address health issues caused by poor housing¹¹³
SOCIAL HOUSING	<ul style="list-style-type: none"> • Potential for liability in for injury, illness or fatalities where residential properties don't meet current legislative health, safety or building requirements • Ambiguity around obligations for repairs and maintenance causes disputes with tenants
COMMUNITY	<ul style="list-style-type: none"> • Continued disadvantage for vulnerable tenants in poorly maintained housing • Risk of poor housing creating health risks which negatively impact health systems¹¹⁴

Recommendation: This option was not recommended as it does not achieve the desired policy objective.

¹¹² Residential Tenancies Authority, *Annual Report 2017–18*, p. 30, available at <https://www.rta.qld.gov.au/About-the-RTA/Corporate-information/Annual-report/Annual-report-2017-18>.

¹¹³ World Health Organization, *WHO Housing and Health Guidelines*, available at www.who.int/sustainable-development/publications/housing-health-guidelines/en/, 2018, p. 117.

¹¹⁴ Ibid.

Option 2 – Education and awareness

The RTA could develop and implement a focussed education and awareness campaign, including developing voluntary housing quality guidelines, to educate stakeholders of their rights and obligations and encourage property owners to maintain their rental properties to a reasonable standard. This would improve awareness and may remind some property owners and managers to action and prioritise repairs and maintenance requests.

This option is likely to be cost-effective as the RTA currently produces a range of education and awareness materials. Developing and distributing voluntary housing quality guidelines may only result in an incremental cost for the RTA.

While this would increase tenants' and property owners' awareness of their existing rights and obligations and improve tenants' ability to enforce their rights to request repairs and maintenance, it is unlikely to overcome tenants' fear of retaliatory action.

An education and awareness campaign is unlikely to be sufficient on its own to achieve and sustain desired policy outcomes. To date, education and information activities have not been effective in removing unsafe properties from the market, and existing obligations have provided inadequate incentives for owners to invest in repairs and maintenance activities. There is also potential for an education and awareness campaign to have restricted scope and may not reach some stakeholders, particularly vulnerable cohorts.

Option 2 – Education and awareness

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Increased awareness of existing rights and obligations could improve tenants' ability to enforce their rights to request repairs and maintenance Potential to increase quality of rental properties which could deliver some health and safety benefits Potential for fewer disputes between tenants and property owners due to higher awareness 	<ul style="list-style-type: none"> Potential for property owners to pass on costs in increased rents where repairs and maintenance requests have been successful
PROPERTY OWNER	<ul style="list-style-type: none"> Increased awareness of rights and obligations may allow property owners to more effectively manage their rental properties Potential opportunity for large scale repair costs to be minimised through early identification of repair and maintenance issues Potential for fewer disputes between tenants and property owners due to higher awareness of rights and obligations 	<ul style="list-style-type: none"> Potential for increase in number of repair and maintenance requests from tenants leading to higher costs

Stakeholder	Benefits	Costs
PROPERTY MANAGER	<ul style="list-style-type: none"> Improved understanding of repair and maintenance rights and obligations in their role as tenancy intermediaries. Potential for fewer disputes between tenants and property owners representing potential time savings Improved awareness and understanding of rights and obligations may contribute to efficiencies in the private market 	<ul style="list-style-type: none"> Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance Potential increased communication and negotiation to support property owners and tenants reach agreement on repair and maintenance requests
STATE GOVERNMENT	<ul style="list-style-type: none"> Clarified rights and obligations may create long-term efficiencies for RTA dispute resolution services and QCAT For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner 	<ul style="list-style-type: none"> Potential short-term increase in dispute resolution requests from the RTA and QCAT For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential improved awareness among tenants of their obligations and importance of notifying the social housing provider of repair needs Potential opportunity to avoid or minimise repair costs through earlier reporting of maintenance issues 	<ul style="list-style-type: none"> Potential for tenants' raised awareness of their rights to increase the number of requests for repairs and maintenance (however these costs may be mitigated as repairs are tax deductible)
COMMUNITY	<ul style="list-style-type: none"> Potential for small improvement in social issues associated with the prevalence of poorly maintained housing compared to status quo 	

Recommendation: As this option alone will not achieve the desired policy objective, it was recommended to be undertaken alongside any proposed policy option.

Option 3 – Enhanced repairs and maintenance provisions

This option will contribute to improving the overall quality of stock in the rental market. Repair and maintenance issues will be identified and reported earlier. Requests can be dealt with quickly and efficiently to mitigate damage to the property owners' financial investment. This will help improve tenant and occupant health and safety in their rental property as issues can be dealt with faster to reduce risks of injury or illness.

QCAT and Magistrates Courts may receive more applications for repair orders in tenancy matters. While requests for QCAT Repair Orders may increase, the proposed reforms seek to moderate these impacts by establishing processes and frameworks to guide and encourage the parties to resolve repair and maintenance issues between themselves. Most tenancy disputes undertake RTA conciliation to assist the parties to resolve the issue themselves before it progresses to a hearing in QCAT or the courts, with any increased demand likely to be seen first through the RTA conciliation services.

RTA workloads will also be impacted by the proposal to empower them to enforce QCAT Repair Orders. This may increase the volume of non-compliance investigations and matters proceeding to prosecution. However, this may be balanced by improved compliance and support for parties to resolve issues between themselves, which will help to reduce repair and maintenance disputes and investigations over time.

3.1 More time for entry condition report

Providing a more practical amount of time to identify any repair maintenance or functionality issues in the rental property when the tenancy starts will improve tenant protections. Moving to a new house can be a stressful time and problems can easily arise. Extending the time for tenants to return the entry condition report may contribute to improved tenant wellbeing and reduce stress for tenants caused by:

- completing this task within the required time, and
- potentially missing pre-existing issues that they may be held accountable for during or at the end of their tenancy.

Earlier identification of these issues may reduce disputes between tenants and owners about how the issue was caused and who is responsible for any repairs. The owner's financial investment will also be better protected as early identification will minimise repair costs and ongoing damage that may result if the issue is not fixed.

3.2 Nominated repairer and property owner contact details

This option will contribute to facilitating open communication between property owners, managers and tenants about emergency repairs. This will reduce delays for tenants to seek approval for emergency repairs and minimise damage to the property owner's financial investment. This may also help reduce disputes about tenant actions and costs for emergency repairs and may assist in keeping property owners informed about issues in their rental property.

3.3 Emergency repairs authorised by tenant

Increasing the value of emergency repairs a tenant can authorise may reduce delays some tenants face for these repairs to be completed. This will ensure tenants are protected from any health and safety risks posed by an emergency and that their rental property remains functional and fit for them to live in.

This option is not expected to adversely impact property owners. Existing processes and obligations for emergency repairs will be maintained and the proposed authorised amount does not exceed the bond held for the rental property. While there may be some increased risk for tenants who action emergency repairs without clear prior authority from the property owner, tenants in general will be more empowered to respond to emergency repairs quickly and to mitigate further damage.

3.4 Emergency repairs authorised by property manager

Allowing property managers to authorise emergency repairs if a property owner is uncontactable will improve responsiveness to tenant requests for emergency repairs. This will help to minimise situations where tenants need to arrange immediate repairs themselves and bear the risk of funding the repairs if there is a dispute about whether the repair was necessary or an emergency.

This option is not expected to adversely impact property owners. Existing processes and obligations for emergency repairs will be maintained and the proposed authorised amount does not exceed the bond held for the rental property. Tenants will be more empowered to respond to emergency repairs quickly to mitigate further damage, improving protection of the owner's financial investment risk.

3.5 QCAT Repair Order

The QCAT repair order will ensure the safety, functionality and security for those properties where the owner has failed to complete repairs, or where a repair order has not been actioned by the owner. A repair order will attach to the relevant property, rather than an individual tenancy agreement, and the Tribunal will have the ability to prevent rental properties from being rented until the ordered repairs are done, to ensure that future tenants do not inherit identified problems. Allowing tenancy advocates to seek a repair order on behalf of a tenant will also contribute to improving equality in the market, particularly for vulnerable stakeholders.

As this option relies on the timeframes for RTA conciliation and/or QCAT hearing for routine repairs, some tenants may continue to be exposed to health and safety risks from repair and maintenance issues during the dispute resolution process.

Empowering the RTA to enforce repairs orders will incentivise property owners to comply to avoid prosecution. The Tribunal can consider a range of factors to ensure any repair orders are reasonable and practicable for property owners to comply with, including financial hardship or difficulties sourcing a qualified tradesperson to do the repairs.

Option 3 – Enhanced repairs and maintenance provisions

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none">• Improved housing quality which could reduce health and safety risks, improving overall health¹¹⁵• May improve relationships with property owners and managers due to improved understanding of rights and obligations• Improved rental satisfaction and experience	<ul style="list-style-type: none">• There is a potential for property owners to increase rents¹¹⁶ to recoup repair and maintenance costs. This would also lead to increased rental bonds.• It has been reported that approximately 40 per cent of rental tenants in Australia would find a rent increase of 10 per cent difficult or very difficult to afford.¹¹⁷ However, property owners would be constrained by wider market rates for rental properties.

¹¹⁵ World Health Organization, *WHO Housing and Health Guidelines*, available at www.who.int/sustainable-development/publications/housing-health-guidelines/en/, 2018, p.58.

¹¹⁶ Rents for fixed term and periodic tenancy agreements can only be increased six months' after the last increase. Tenants can apply to QCAT to dispute any rent increases they believe are unreasonable.

¹¹⁷ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p. 15.

Stakeholder	Benefits	Costs
PROPERTY OWNER	<ul style="list-style-type: none"> • Avoid costs of large-scale repairs due to earlier repair and maintenance issue identification (extended time for entry reports) • Improved relationships with tenants and property managers • Reduced potential for liability of injury, illness or fatality to occupants 	<ul style="list-style-type: none"> • Possible increase in costs to undertake repairs and maintenance which were previously under-reported, however these costs may be mitigated as repairs are tax deductible
PROPERTY MANAGER	<ul style="list-style-type: none"> • Improved processes to manage and respond to repair and maintenance requests • Improves relationships with and between tenants and property owners, which may reduce disputes and deliver time savings • Improved quality of rental portfolio 	<ul style="list-style-type: none"> • Possible increase in administrative workload if tenant requests for repairs and maintenance increase
STATE GOVERNMENT	<ul style="list-style-type: none"> • Potential reduction of repair and maintenance disputes over time, which may deliver time and cost savings for dispute resolution bodies • Reduced impact on health systems due to improved personal health and wellbeing • For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed Under Property Owner 	<ul style="list-style-type: none"> • Increased administrative and operational costs for the RTA because of increased applications, conciliation, investigation and enforcement. • Potential for increase in dispute resolution requests in the immediate to short-term, impacting RTA and QCAT hearing timeframes • For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed Under Property Owner
SOCIAL HOUSING	<ul style="list-style-type: none"> • Reduction in disparity between private and social housing • Comparative property standards and expectations will ease the transition for customers moving from social housing into the private rental market 	<ul style="list-style-type: none"> • Possible increase in costs to undertake repairs and maintenance which were previously under-reported
COMMUNITY	<ul style="list-style-type: none"> • Improved community health, safety and wellbeing as rental accommodation meet acceptable standards of health, safety and functionality 	

Recommendation: This option alone was not recommended as it does not comprehensively meet the policy objectives.

Option 4 – Minimum Housing Standards

Prescribed Minimum Housing Standards will help to ensure that property owners and managers offer rental properties that do not pose health and safety risks to occupants. This could increase the liveability of some rental properties and increase safety and security for tenants.

Most of the proposed Minimum Housing Standards clarify existing obligations for property owners to ensure rental accommodation is clean, fit to live in and in good repair. However, there is evidence that some owners of rental properties are not meeting these existing obligations. These owners may incur an additional cost to bring their rental properties up to compliance with the proposed Minimum Housing Standards. Costs could vary depending on the geographical location of their rental property and the nature of repairs and maintenance needed to comply with the proposed standards.

Introducing Minimum Housing Standards will reduce gaps in existing regulation of rental properties. It will also clarify tenant and property owner rights and obligations, improve negotiation in tenant and property owner disputes, and simplify property management.

This option does not provide increased incentives for owners to meet the new Minimum Housing Standards. The impacts resulting from this option are tied to the increased awareness and clarification of rights and obligations by tenants, property owners and property managers and existing breach processes.

Costs borne by property owners to comply with Minimum Housing Standards could be passed through to tenants in the form of higher rents and bonds. Significant rent increases could in turn cause financial stress to many tenants. However, the rental market is highly competitive and property owners in general are constrained from raising rents above rates that the market will allow. Research indicates that property owners are also primarily motivated by finance costs and capital gains, rather than rental margins. Consequently, impacts in terms of rent increases and withdrawal of property owners from the rental market are considered likely to be minimal.

Option 4 – Minimum Housing Standards prescribed, (no enforcement or compliance in place)

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Increased awareness of existing rights and obligations could improve the ability of tenants to uphold their rights to request repairs and maintenance Some tenants may receive improved quality of rental property with enhanced functionality, health and safety in their home Fewer disputes with property owners due to increased awareness and clarity of rights and obligations 	<ul style="list-style-type: none"> There is a potential risk of rent increases caused by property owners passing on increased maintenance costs (however these costs may be mitigated as repairs are tax deductible)
PROPERTY OWNER	<ul style="list-style-type: none"> Earlier identification of repair and maintenance issues could prevent further damage if left unrectified. This is an avoided cost of potential major structural damage or costly repairs. Fewer disputes with tenants due to clarity of rights and obligations and increased awareness 	<ul style="list-style-type: none"> Costs may be incurred to bring rental properties up to compliance if existing requirements are not being met More repair and maintenance requests from tenants may lead to higher costs (however these costs may be mitigated as repairs are tax deductible)

Stakeholder	Benefits	Costs
PROPERTY MANAGER	<ul style="list-style-type: none"> • Higher quality rental stock in their portfolio • Fewer repair and maintenance disputes due to clarity of rights and obligations and increased awareness, which may deliver time savings 	<ul style="list-style-type: none"> • Possible increased administrative workload if tenant repair and maintenance requests increase • More communication and negotiation may be required to support tenants and owners reach agreement about repair and maintenance requests
STATE GOVERNMENT	<ul style="list-style-type: none"> • For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed Under Property Owner • Potential for a decrease in RTA and QCAT dispute resolution requests in the long term 	<ul style="list-style-type: none"> • Potential short-term increase in dispute resolution requests from the RTA and QCAT (in the long term this may lead to lower disputes) • Unlikely to achieve desired policy outcomes without strengthened mechanisms to incentivise and enforce compliance. • For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner
SOCIAL HOUSING	<ul style="list-style-type: none"> • Potential improved awareness among tenants of their obligations and importance of notifying the social housing provider of repair needs • Potential opportunity to avoid or minimise repair costs through earlier reporting of maintenance issues 	
COMMUNITY	<ul style="list-style-type: none"> • Potential for some improvement in social issues associated with poor quality housing 	

Recommendation: This option alone was not recommended. While there is merit in introducing prescribed Minimum Housing Standards, the potential benefits will not be realised without enhanced compliance and enforcement mechanisms.

Option 5 – Prescribed Minimum Housing Standards for rental accommodation with enhanced repairs and maintenance provisions

This option combined Options 3 and 4 to provide appropriate mechanisms to incentivise and enforce compliance with prescribed Minimum Housing Standards for rental accommodation.

By introducing an enforceable set of prescribed Minimum Housing Standards tenants will have clarity of their rights and the process to enforce those rights will be accessible. Similarly, property owners will have a clear understanding of their obligations in ensuring their rental property is safe, secure and functional.

To encourage compliance with the Minimum Housing Standards, this option will include a strengthened regulatory framework for repairs and maintenance as outlined in Option 3. This compliance framework will ensure the functionality, safety and security of all rental accommodation in Queensland and the health and safety of tenants.

The introduction of prescribed Minimum Housing Standards supported by proportionate compliance and enforcement mechanisms may increase the quality of rental properties. Improving the quality of rental properties will benefit tenants physical and mental health, liveability of their homes and their personal safety and security. These personal benefits may also support benefits for the wider community in reduced health burdens and increased social and economic participation.

Owners will also benefit from clearer obligations and assignment of risks, earlier identification and rectification of issues affecting the quality of their rental property and maintained or improved value of their asset. Owners will also potentially incur a cost to bring rental properties up to the Minimum Housing Standard. These costs will be borne in two ways:

- increased compliance for existing standards already captured in regulation
- changes to the minimum standard that aren't already captured in existing regulation:
 - window coverings
 - adequate lighting

The proposed Minimum Housing Standards for lighting and privacy are not existing obligations for property owners. These standards will ensure all rental properties have basic natural or artificial lighting and that tenants can maintain their privacy in rooms where there is a reasonable expectation for privacy. It is unlikely these new obligations will create new costs for all property owners as some rental properties will already have both lighting and window coverings.

The potential additional cost to a household to meet the proposed privacy minimum housing standard has been estimated as approximately \$17 to \$50 per window or \$96 to \$320 for the average home.¹¹⁸ The public housing portfolio of 72 984 dwellings¹¹⁹ was used as a proxy to ascertain an average window size (1500mm x 1200mm) and average number of windows in a standard home (6.4) to provide assumptions for this estimate.

The average Australian home has approximately nine rooms¹²⁰ and providing adequate lighting for a room could be from \$12 (a floor lamp requiring no installation) to \$80 (ceiling light which would require installation at an additional cost). Based on the standard of one floor lamp per room, the minimum cost of

¹¹⁸ Various suppliers of window covering were used to ascertain a price including:

Bunnings Warehouse website (accessed 01/05/2019): https://www.bunnings.com.au/zone-interiors-150-x-150cm-25mm-pvc-dawn-venetian-blind-ivory_p1260673

Spotlight website (accessed 01/05/2019) : <https://www.spotlightstores.com/curtains-blinds/blinds/venetian-blinds/pvc-venetian-blinds/windowshade-25-mm-light-filtering-pvc-venetian-blind--everyday-bargain/80295357>

Curtin Wonderland (accessed 01/05/2019): <https://www.curtainwonderland.com.au/products/burma-roller-blinds/#>

My Blinds Direct (accessed 01/05/2019) <https://www.mydirectblinds.com.au/product/127mm-89mm-vertical-blinds/>

Kmart (accessed 01/05/2019) <https://www.mydirectblinds.com.au/product/127mm-89mm-vertical-blinds/>

¹¹⁹ Department of Housing and Public Works data, accessed 30 June 2019.

¹²⁰ Calculations based on data available at <https://profile.id.com.au/australia/bedrooms>.

the proposed lighting minimum housing standard is estimated to be approximately \$12 per room or \$108 per dwelling for the average home.¹²¹

The remaining proposed Minimum Housing Standards for rental accommodation are currently required under existing regulation as detailed in **Table 3.2**. However, there is evidence these existing requirements are not being met consistently by some property owners, resulting in tenants living in homes that do not provide for their health, safety and security. While it is unlikely that this proposed policy option will achieve 100 per cent compliance, it would be reasonable to assume some owners of rental properties not currently meeting their obligations would improve their compliance with the Standards as:

- Tenants may more often raise issues as they will better understand their rights
- Other representatives will be able to raise issues on behalf of tenant
- Tenants will have clearer pathways to pursue repair, maintenance and quality issues
- There will be enhanced enforceability of the standards through QCAT repair orders.

Complying with the proposed Minimum Housing Standards could increase costs for some owners of rental properties that do not currently meet existing requirements.

Costs to comply with current or new obligations are likely to vary depending on the geographical location of the rental property and the nature of repairs, maintenance or other works needed to comply with the proposed standards.

There was anecdotal feedback from the Open Doors consultation that property owners would need to increase rents due to an increase in their costs to meet the new requirements. However, rent prices are largely determined by market forces and rent can generally only be increased to what the market will allow. It is unlikely that the cost of maintenance will be able to be entirely passed down to tenants.

Owners may react in several ways, including:

- fully absorbing the costs to retain tenants and avoid rent discontinuities or reletting costs
- carrying out the works to increase the value of their property in the rental market
- seeking to maximise rent to recover their additional costs

In the medium term, preliminary modelling suggested that the impact of the policy change may be more sector wide and result in a repricing of rents, with an average impact of \$50 per year per affected property. On a worst-case scenario, the reform could increase rents and the proportion of total household income spent on rent in low income households by less than one per cent. The reforms can be expected to clarify the nature and assignment of risks for rental property owner investments. Making risks clear could improve capital flows and reduce transaction costs in the private rental sector, as expenses will be able to be planned for in advance.

Impacts of Individual Standards

Weatherproof and structurally sound

Dampness caused by rain penetrating the interior of a property can impact the structural integrity of the building which could be costly to property owners. Waterproofing is the most common form of weatherproofing and is very cost-effective long-term. It is estimated that waterproofing is estimated to cost two to three per cent of total construction costs in residential buildings, but 75 to 80 per cent of building defects are water-related.¹²²

¹²¹ This calculation doesn't consider hallways or other areas that may need to be lit and assumes that no rooms are currently adequately lit by either natural or artificial light.

¹²² Spec-Net Building News, *Energy Efficient Waterproofing Systems from Projex Group*, available at https://www.spec-net.com.au/press/1118/pro_071118/Energy-Efficient-Waterproofing-Systems-from-Projex-Group, accessed 8 July 2019.

Building dampness can cause several adverse side effects, such as the proliferation of dust mites and the growth of mould and mildew. These health risks can exacerbate and may contribute to the development of allergies and respiratory illnesses, such as asthma.¹²³

Effective weatherproofing may also reduce draughts in rental properties that allow hot air to enter the property during summer and warm air to escape during cooler months. Draughts can attribute to 25 per cent of heat loss or gain in a property. Sealing the building against outdoor elements also enhances energy efficiency by minimising the requirements for air conditioning and climate control. This will result in a cost saving on household utilities, as well as an environmental benefit through reduced greenhouse gas emissions.¹²⁴

Plumbing and drainage

Plumbing and drainage is an integral sanitation measure improve to reduce the spread of illnesses and disease and is essential to ensure both public health and environmental protection. Improved sanitation through functioning showers, taps and toilets reduces risks of catching/spreading diseases.¹²⁵

Security

Ensuring properties are secure and safe for tenants to reside in may contribute to increased wellbeing through better peace of mind as well as reductions in the numbers of home invasions. Between June 2018 and May 2019 in Queensland, there were around 24 000 instances of unlawful entry with intent for residential dwellings, with around 700 including violence.¹²⁶ Burglars often gained entry through an unlocked door or window, or through breaking or picking a lock.¹²⁷ This Minimum Housing Standard could result in an avoided cost of \$2874 per attempted burglary foiled (The estimated average cost of one completed burglary including \$1425 in property loss, \$321 in property damage, \$80 in lost output and \$1048 in intangible losses).¹²⁸

Fixtures and fittings

Ensuring all electrical fittings and appliances are in good repair and do not present a health hazard could reduce the instances of electrocution that occur in rental properties. From 2014-15 to 2015-16 there were around 350 people hospitalised for electrical injury that occurred in the home (both rented and owned dwellings).¹²⁹

If there is a decrease in electrocutions due to a reduction in the number of hazardous fixtures and fittings, this will lessen the number of associated hospitalisations and lead to cost savings for the health care system. An average emergency department presentation costs \$652 per person in Queensland,¹³⁰ with acute admitted hospital care (which may be required for electrical injuries) costing on average \$5076 per person in Queensland.¹³¹

¹²³ W. J. Fisk, Q. Lei-Gomez and M. J. Mendell, 'Meta-analyses of the associations for respiratory health effects with dampness and mould in homes' *Indoor Air*, Vol. 17, No. 4, available at <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1600-0668.2007.00475.x>, 2007, accessed 8 July 2019.

¹²⁴ Premium Residential *Weather Proofing Your Home... for Queenslanders*, available at <https://premiumres.com.au/weather-proofing-your-home-for-queenslanders/>, accessed 10 July 2019.

¹²⁵ Australian Government Department of Health, *Environmental Health Practitioner Manual: A Resource Manual For Environmental Health Practitioners Working With Aboriginal And Torres Strait Islander Communities*, 2010, available at <https://www1.health.gov.au/internet/publications/publishing.nsf/Content/ohp-enhealth-manual-atsi-cnt-l-ohp-enhealth-manual-atsi-cnt-l-ch1-ohp-enhealth-manual-atsi-cnt-l-ch1.4>, accessed 16 August 2019.

¹²⁶ Queensland Police Service, *Queensland Crime Statistics*, available at <https://mypolice.qld.gov.au/queensland-crime-statistics/>, accessed 8 July 2019.

¹²⁷ Budget Direct, *Home Burglary in Australia Statistics 2019*, available at <https://www.budgetdirect.com.au/home-contents-insurance/research/home-burglary-statistics.html>, accessed 9 July 2019.

¹²⁸ Russell G Smith, Penny Jorna, Josh Sweeney & Georgina Fuller, 'Counting the costs of crime in Australia: A 2011 estimate' *Australian Institute of Criminology Reports – Research and Public Policy Series 129 (AIC Report 129)*, 2014, p. 29.

¹²⁹ Australian Institute of Health and Welfare: Tovell A, McKenna K & Harrison JE 2018. *Electrical injuries: hospitalisations and deaths, 2014–15 and 2015–16. Injury research and statistics series no. 117.*, 2018, p. 15.

¹³⁰ National Hospital Cost Data Collection, *What is the cost of Australia's emergency care patients?*, accessed 9 July 2019.

¹³¹ National Hospital Cost Data Collection, *What is the cost of Australia's admitted acute care patients?* Accessed 9 July 2019.

Pests, vermin and infestation

Ensuring a rental property remains free from fungus growths, pests and vermin may reduce the health and safety risks to tenants as some common pests in Australia can pose a public health risk. Risks include nuisance biting, allergic reactions, spread of illnesses and disease, stings or bites, and food contamination, as well as general annoyance. Mould can pose a serious health and safety risk to the tenants of a property (see Adequate ventilation below).¹³²

Mould and mildew can be costly to remediate, typically ranging between \$500 and \$4000, but will vary according to the size of the property and where the mould or mildew is located.¹³³ Early identification and rectification of mould and its causes can result in substantial avoided costs.

*Note: Tenants will still be responsible for keeping a rental property clean under existing RTRA Act obligations and are responsible for rectifying any infestations or presence of pests or vermin caused by the tenant's poor housekeeping or lack of cleanliness.

Adequate ventilation

Adequate ventilation may contribute to ensuring mould and mildew does not grow in the property, saving property owners (and possibly tenants) from costly remediation work. Additionally, adequate ventilation to ensure mould and mildew do not grow in a rental property may contribute to health benefits. Studies have found sufficient evidence of an association between mould (and other indoor dampness-related factors) and a wide range of respiratory health effects, including:

- asthma development and exacerbation of asthma symptoms, coughing, wheezing,
- respiratory infections and upper respiratory tract symptoms.¹³⁴

If adequate ventilation can contribute to reducing the exacerbation or development of asthma and other respiratory illnesses, this could save up to \$524 per person, which is the average direct health care cost for a person with asthma.¹³⁵ It may also contribute to financial savings in indirect costs, such as the burden of disease, lost productivity, which were estimated to cost the Australian economy \$24.7 billion a year, averaging \$11470 per person.¹³⁶

Lighting

Providing lighting in all rooms other than those intended for storage could have positive impacts relating to a reduction of trips and falls, as well as helping to reduce mould and mildew.

Privacy

Improving privacy in a rental property will allow tenants to feel safe, secure and comfortable in their rental properties, which could increase general wellbeing.

Window coverings may also improve climate control and energy efficiency in rental properties for tenants. They may reduce reliance on owner-provided fixtures such as air conditioning units and lessen wear and tear. Up to 40 per cent of a home's heating energy is lost through windows, therefore window coverings can reduce energy loss, contributing to lower utility bills and improving the overall comfort of the rental property. The amount of energy savings will depend on the type of window covering and will vary according to location and climate.¹³⁷

¹³² enHealth Australia, *Arthropod Pests of Public Health Significance in Australia*, 2012, pp. 4-5.

¹³³ Service Seeking.com.au, *Cost of mould and mildew removal*, available at <https://www.serviceseeking.com.au/blog/cost-mould-mildew-removal/>, 2019, accessed 8 July 2019.

¹³⁴ World Health Organisation, *WHO guidelines for indoor air quality: dampness and mould*, 2009, p. 67.

¹³⁵ Deloitte Access Economics for Asthma Australia and the National Asthma Council Australia, *The Hidden Cost of Asthma*, 2015, p. 26.

¹³⁶ Ibid p. 71.

¹³⁷ Anna Cumming, 'Not just window dressing: High-performance curtains and blinds' *Renew*, 2018, available at <https://renew.org.au/renew-magazine/buyers-guides/high-performance-curtains/>.

Kitchen

Ensuring a tenant can cook and store food safely can have positive health and economic impacts relative to having to purchase take-out food regularly.

Option 5 – Minimum Housing Standards for Safety, Security and Functionality Combined with Enhanced Repairs and Maintenance Provisions

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Increased awareness of existing rights and obligations, combined with a streamlined process for ensuring minimum housing standards are complied with, will improve the ability of tenants to uphold their rights ensuring that all tenants can live in housing that is functional, safe and secure. • Reduces fear of retaliatory action from property owners for reporting property issues (further strengthened by Ending Tenancies Fairly options, see Part 2) • May contribute to improved relationships with property owners and managers due to improved understanding of obligations • Reduced risk of bond disputes over repairs and maintenance by allowing additional time to fill out entry condition report • Improved rental satisfaction and experience • Allowing advocates to apply to QCAT will benefit vulnerable tenants who may face barriers to initiating a dispute as well as further reducing fear of retaliatory action (e.g. culturally and linguistically diverse people) • May incur fewer costs to enforce their rights, e.g. less legal or time costs • May reduce disputes with property owners and managers about the quality of their rental property • Statutory time period of 21 days for property owners to rectify substandard properties has a potential to decrease time taken for rectification reducing the time tenants are exposed to potential health and safety hazards • Fewer instances of injury, illness and fatalities relating to residential properties that would meet acceptable health and safety standards (e.g. reductions in mould contributing to reductions in respiratory conditions, reduced injuries due to structural damage, less violent and non-violent home invasions due to improved security standards) 	<ul style="list-style-type: none"> • Potential for property owners to pass on costs in the form of increased rents (which will increase bonds) if they have been failing to meet their current obligations. • Potential increase difficulty finding low cost housing due to increased rental prices at the lower end of the market • Administrative costs to provide evidence of non-compliance during dispute process • Some property owners may leave the rental market due to perceived increase in regulatory burden (particularly those at providing rental properties at the lower end of the market. However, research suggests this impact is likely to be minor as the price of rent is determined by market forces) • Some properties may be removed from market for long periods to undergo major repairs to comply with minimum housing standards which could temporarily constrain the supply of rental properties

Stakeholder	Benefits	Costs
PROPERTY OWNERS	<ul style="list-style-type: none"> • Avoided cost of major structural damage and/or large-scale repair costs due to earlier identification of repair and maintenance requirements • Reduced potential for liability of injury, illness or fatality to occupants of the residential properties that will now meet current legislative requirements • Reduction in disputes between tenants and property owners due to clarified understanding of obligations • Retention of longer-term tenants encouraged to remain in, and take care of, well maintained property 	<ul style="list-style-type: none"> • Some owners may incur initial and ongoing costs to comply with minimum standards not currently captured under existing legislative requirements (e.g. lighting and privacy requirements): <ul style="list-style-type: none"> • Costs to meet new individual minimum housing standard for dwellings that do not currently have window coverings: \$17-\$50 per window or \$96 - \$320 for the average home.¹³⁸ • The minimum cost of the proposed standard for lighting could be around \$12 per room or \$108 per dwelling for the average home.¹³⁹ • Due to increased awareness of Minimum Housing Standards, potential for increased instances of dispute resolution requests from tenants • Some owners whose properties do not meet current legislative requirements will incur costs due to increased compliance • Non-compliance to Minimum Housing Standards may decrease financial security of owners as tenants may vacate property due to non-compliance or QCAT may order reduced rent
PROPERTY MANAGERS	<ul style="list-style-type: none"> • Streamlined process for managing minimum housing standards of property portfolio (all minimum housing standards will be captured under the RTRA Act) • Reduction in disputes between tenants and property owners represents time savings • Improved clarity regarding expectations and requirements of minimum housing standards • Improved quality of rental portfolio 	<ul style="list-style-type: none"> • Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance

¹³⁸ Various suppliers of window covering were used to ascertain a price including:

Bunnings Warehouse website (accessed 01/05/2019): https://www.bunnings.com.au/zone-interiors-150-x-150cm-25mm-pvc-dawn-venetian-blind-ivory_p1260673

Spotlight website (accessed 01/05/2019) : <https://www.spotlightstores.com/curtains-blinds/blinds/venetian-blinds/pvc-venetian-blinds/windowshade-25-mm-light-filtering-pvc-venetian-blind--everyday-bargain/80295357>

Curtin Wonderland (accessed 01/05/2019): <https://www.curtainwonderland.com.au/products/burma-roller-blinds/#>

My Blinds Direct (accessed 01/05/2019) <https://www.mydirectblinds.com.au/product/127mm-89mm-vertical-blinds/>

Kmart (accessed 01/05/2019) <https://www.mydirectblinds.com.au/product/127mm-89mm-vertical-blinds/>

¹³⁹ This calculation doesn't consider hallways or other areas that may need to be lit and assumes that no rooms are currently adequately lit by either natural or artificial light.

Stakeholder	Benefits	Costs
STATE GOVERNMENT	<ul style="list-style-type: none"> Reduced impact on health systems due to improved personal health and wellbeing For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner 	<ul style="list-style-type: none"> For State Government owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner In immediate to short-term, may lead to increase in dispute resolution requests from the RTA and for QCAT (In the long run this may lead to a reduction in disputes resolution requests for QCAT and the RTA between tenants, property owners and managers regarding repairs and maintenance and minimum standards)
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential decrease to demand for social housing due to more properties now meeting safety, security and functionality needs Reduction in disparity between private and social housing standards Comparative property standards and expectations will ease the transition for customers moving from social housing into the private rental market 	<ul style="list-style-type: none"> Cost to meet new standard for window coverings for all houses in the social housing portfolio. Ongoing costs to comply with minimum standards as a property owner Potential increase to demand for social housing if owner pass on cost of necessary changes and tenants are unable to afford or if owners no longer want to provide rental accommodation.
COMMUNITY	<ul style="list-style-type: none"> Weatherproofing such as sealing the building against outdoor elements enhances energy efficiency by minimising the requirements for AC and climate control.¹⁴⁰ This will result in a reduction of greenhouse gas emissions. Improved community health, safety and wellbeing Increased work/income for small businesses and tradespersons to be employed for work to make rental properties comply Social enterprise opportunities for small business Improved social equality resulting from improved standard in property condition at lower end of the market 	

Recommendation: This option was recommended

¹⁴⁰ Spec-Net Building News, *Energy Efficient Waterproofing Systems from Projex Group*, available at https://www.spec-net.com.au/press/1118/pro_071118/Energy-Efficient-Waterproofing-Systems-from-Projex-Group, accessed 8 July 2019.

Preliminary conclusion and recommended option

Option 5, prescribing Minimum Housing Standards supported by enhanced repairs and maintenance provisions, was recommended.

The introduction of regulations to define Minimum Housing Standards for rental accommodation in Queensland was recommended. Standards would provide for minimum requirements regarding:

- weatherproofing and structural soundness
- plumbing and drainage
- security
- the standard of repair of fixtures and fittings
- control of pests and vermin
- ventilation, lighting and privacy
- cooking and food preparation facilities

The introduction of these standards would be supported and complemented by several enhancements to repair and maintenance provisions, as follows:

- the time for the tenant to return a condition report will be extended
- property owners will be required to provide contact details
- the cost of emergency repairs that can be authorised by the tenant will be increased
- property managers can authorise emergency repairs up to a certain cost with the prior written consent of the property owner
- timeframes for repairs and maintenance relating to Minimum Housing Standards will be prescribed
- enforceable QCAT Repair Orders will be introduced

This option was recommended as it was thought to be likely to address tenant's concerns about repairs and maintenance being undertaken in a timely manner to reduce health and safety risks. This would also benefit property owners as it will ensure any damage to their financial investment is mitigated.

Introducing prescribed Minimum Housing Standards along with a compliance framework and greater protections for tenants in ending tenancies fairly would encourage tenants to report repairs and maintenance issues and would also encourage property owners and managers to undertake repairs and maintenance.

This option was thought to be likely to reduce disputes involving repairs and maintenance, achieving long-term efficiencies for RTA and QCAT dispute resolution, however, initially there is potential for a short-term increase in disputes during implementation. Implementation would take place over two years and would allow property owners time to absorb any costs they may incur to bring their rental properties to compliance. This option would be likely to only create costs for a small number of property owners, as most proposed Minimum Housing Standards clarify existing obligations. The proposed new obligations are generally accepted community expectations of residential dwellings and are likely to be met in most rental stock.

The recommended option may increase costs for some property owners to ensure their rental property complies with the proposed Minimum Housing Standards. A small number of these owners may also be encouraged to improve their compliance with existing regulation in their rental property. Owners may be able to claim some of these costs as tax deductions and may also seek to pass some costs on to tenants through higher rents depending on vacancy rates and competitiveness of the rental market in their region. Owners may choose to absorb these costs to retain good tenants and avoid rent discontinuities and reletting costs.

It is not possible to quantify the rental housing stock that may require significant remediation to meet proposed Minimum Housing Standards, which may be prohibitively costly for some property owners. Overall, it was considered that only a small proportion of the Queensland rental housing stock would be affected by the proposed Minimum Housing Standards reform in terms of requiring maintenance or repairs

to become compliant. However, the proposed Minimum Housing Standards largely clarify existing lessor obligations to ensure the rental property is clean, in good repair and fit to live in and the benefits of ensuring all Queensland tenants live in homes that are safe, secure and functional outweigh any additional costs.

There is a risk that lower income households and low-cost housing may be more impacted than other parts of the market. Tenants of this stock may be at risk of continuing to live in substandard rental properties, potentially incurring costs through increased rent to access compliant rental housing or exit into homelessness. It is possible that a small proportion of vulnerable tenants may be asked to pay more rent that is unaffordable or be given a notice to leave if the property owner decides to remove their rental property from the market. The degree of impact on vulnerable tenants is unknown due to the range of potential reactions and the inherent uncertainty in predicting investor and consumer behaviours in worst-case scenarios. For example, not all vulnerable tenants may choose to take action against non-compliant rental property if there is a risk of homelessness..

As with any policy reform, economic and social benefits will be realised. The growing number of Queensland tenants will benefit, and parties in the rental sector will have more certainty by better assigning and clarifying risks. Certainty, security and a balance of rights and responsibilities between tenants and property owners can provide for a well-functioning, efficient private rental market in Queensland where everyone benefits. The relative quality of rental accommodation in Queensland's rental market will also improve leading to flow on social and community benefits. The benefits for tenants of improving housing quality in the rental market was considered to outweigh the costs.

If eventuated that substandard properties were withdrawn from the market, the Queensland Government provides a safety net for impacted vulnerable tenants. The Queensland Government provides housing assistance to Queenslanders with housing needs, including private market assistance products and to access social and affordable housing.

Community feedback on the C-RIS (November 2019 to January 2020)¹⁴¹

Community feedback on the above proposals was sought in the form of survey responses and written submissions. Survey respondents were asked questions relating to:

1. their level of support or opposition to the six options considered in the C-RIS
2. the details of the recommended option:
 - their level of support for the details contained within the recommended option
 - what should be included as a Minimum Housing Standard
 - timeframes to complete an entry condition report
 - the type of repairs and maintenance issues that existed within their current tenancy
 - how they would act if the recommended option was introduced.
3. the likely benefits of the recommended option
4. the likely costs of the recommended option
5. other impacts of the recommended option
6. further information

Views relating to Minimum Housing Standards were polarised across tenants, property owners and property managers. The overwhelming majority of tenants supported the introduction of prescribed Minimum Housing Standards and an enhanced repairs and maintenance framework. In contrast, the overwhelming majority of property owners and managers wanted the existing repairs and maintenance rights and obligations to remain unchanged (as per Option 1).

¹⁴¹ Articulous, *Report on C RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008, 2020*, p. ??.
<URL>

Sentiment from free-text responses (including from the survey and written submissions) showed that most tenants felt the preferred option of enhancing repairs and maintenance provisions and introducing Minimum Housing Standards would:

- provide better living conditions
- increase housing standards for tenants
- improve health and safety
- make it easier to arrange repairs
- ensure repairs were done more quickly.

Approximately 25 of the 500 tenants who provided survey responses on the Minimum Housing Standards proposals felt that they could increase costs for property owners, leading to an increase in rents.

Many property owners felt that:

- the preferred option would lead to increased rent costs to cover property owner's expenses to undertake repairs and maintenance
- existing legislation ensures that Minimum Housing Standards are met

While many of the written submissions and free-text responses from property owners suggested that they would be forced to increase rents, almost all property owners stated that their properties already meet the proposed Minimum Housing Standards. Concern about increased costs flowed from an increased repairs and maintenance burden. However, when asked what action they had taken in the past when they had to make emergency repairs, very few claimed to have increased rents to cover costs.

Some property owners felt that there could be clearer guidelines relating to tenants' responsibilities for the state of repair of rental properties. They also strongly suggested that the age of the property should be considered when setting Minimum Housing Standards.

A graphic summarising key consultation outcomes in respect of housing quality and Minimum Housing Standards is below.

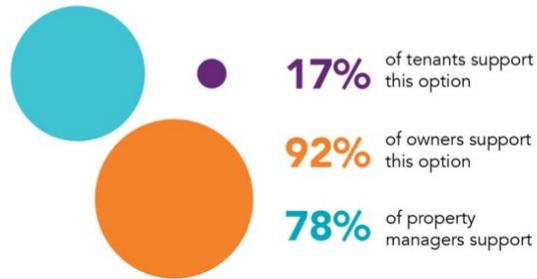
Tenant, owner, property manager support rates

Minimum Housing



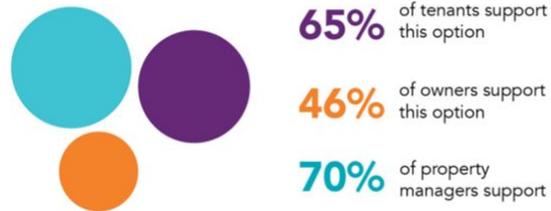
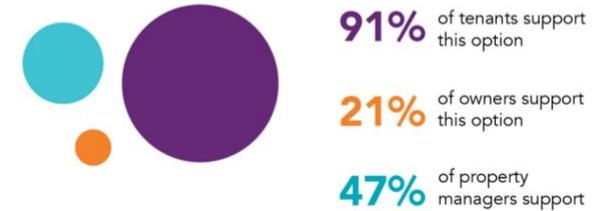
No changes

No changes. Existing repair and maintenance rights and obligations for tenants, owners and managers will be maintained in tenancy laws and agreements. Property owners must continue to comply with safety and quality regulations that apply to all residential dwellings. (Included in option 1.)



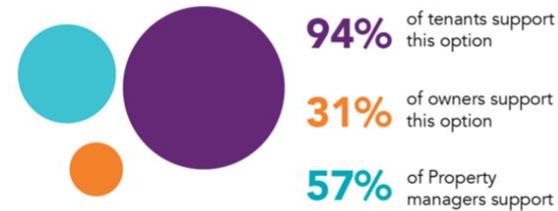
Enhanced repairs and maintenance

Enhancing repairs and maintenance provisions. (Included in options 3 and 5.)



Information and awareness

Information and awareness campaigns to encourage owners and managers to improve quality of rental properties. (Included in option 2.)

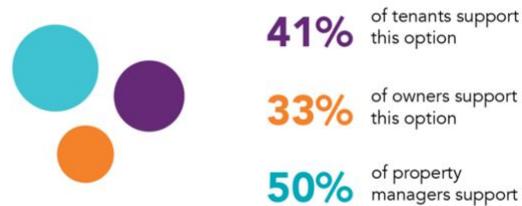


Minimum Housing Standards

Introducing Prescribed Minimum Housing Standards for rental properties. (included in options 4 and 5.)

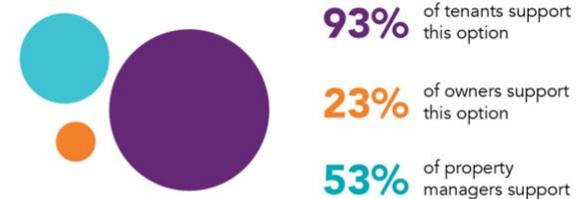
Housing quality guidelines

Developing voluntary housing quality guidelines. (Included in option 2.)



Enhanced repairs and maintenance + introducing minimum standards

A combination of enhancing repairs and maintenance provisions and introducing Prescribed Minimum Housing Standards (option 5)



Final recommendation

Property owners expressed concerns about increasing regulatory requirements. Peak bodies representing property owners stressed that Minimum Housing Standards should not extend beyond basic health and safety matters and should include some flexibility to account for the wide variety of rental dwellings. Property owners and managers expressed concerns that the Minimum Housing Standards proposed in the C-RIS went beyond basic safety, security and functionality issues to also address amenity and comfort. They raised additional concerns about potential increased costs of complying with prescribed standards that would either result in higher rents or investors exiting the rental market.

There are several ways a property owner may react based on observed behaviours in the rental market, including:

- carry out works for their property to attract a higher rent in the local market
- fully absorb the cost as a strategy to retain tenants and avoid rent discontinuities
- seek to maximise rent to recover as much of their additional costs as possible
- remove their property from the private rental market.

A range of factors will influence their decision about which of these reactions to pursue when the opportunity to revise their rent pricing arises, including the prevailing conditions of the market at that time. There was little additional data provided in public submissions on rates of injury, illness and death in rental properties in Queensland. The REIQ in its written submission expressed concern about “the increasing number of personal injury and professional indemnity claims that have arisen in connection with poorly maintained rental accommodation.”¹⁴² Aside from objecting to the Minimum Housing Standards on the grounds of cost, very little detailed cost information was provided in submissions from the property owner cohort. The Property Owners’ Association of Queensland suggested that the cost estimates in the C-RIS were “simply unrealistic,”¹⁴³ but did not provide an alternative costing.

In response to the survey conducted in conjunction with the C-RIS, 91 per cent of property owners reported that they had no repair and maintenance issues at their current rental properties. Eighty-eight per cent reported that their properties would not require any maintenance to comply with the draft proposed Minimum Housing Standards in the C-RIS.¹⁴⁴ Eight-eight per cent of property owners also reported that they have never increased rent, sold a property, terminated a tenancy agreement, or left a property vacant because of repair and maintenance costs.

These are self-reported assessments and responses from tenants and property owners and managers varied considerably during consultation about the perceived condition of the property. These results also do not indicate the severity or cost of repair and maintenance that the respondent property owners may need to undertake and bear. As all recommended standards clarify existing obligations, except privacy, these are considered existing regulatory obligations that would not create significant additional costs to comply with.

Very few submissions addressed the individual proposed Standards in detail, and those that did raised issues that were not related to the Standards as proposed. A sample of stakeholder comments, one from a tenant group and one from an owner group, on the individual proposed Minimum Housing Standards in the C-RIS is provided overleaf.

¹⁴² Real Estate Institute of Queensland, *Response to the Consultation Regulatory Statement – Review of the Residential Tenancies Rooming Accommodation Act 2008 (Qld)*, unpublished, 2019, unpaginated.

¹⁴³ Property Owners’ Association of Queensland, *Submission to the Review of the Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, unpaginated.

¹⁴⁴ Articulous, *Report on C RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008*, 2020, p. ??.
<URL>

Draft proposed Minimum Housing Standard (C-RIS)	Tenants Queensland, Inc. ¹⁴⁵	Property Owners' Association of Queensland ¹⁴⁶
Weatherproofing and structural soundness	<ul style="list-style-type: none"> • Support • Should include draughtproofing 	<ul style="list-style-type: none"> • Do not support • Structurally unsound properties should be condemned by regulatory authorities • The tenant can leave the property if it is not up to their expectations
Plumbing and drainage	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Do not support • It is the tenant's duty to inspect plumbing and drainage before commencing a tenancy
Security	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Support, provided it is limited to locks etc and does not extend to security screens¹⁴⁷
Fixtures and fittings in good repair	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Support
Control of pests, vermin and infestation	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Vermin and animal pests can in many cases be caused by the tenant's lack of maintenance and cleaning¹⁴⁸
Ventilation	<ul style="list-style-type: none"> • Support • There should also be a reference the premises being free from mould (that is not caused by the tenant's actions)¹⁴⁹ 	<ul style="list-style-type: none"> • All properties are built to council approval and would have the necessary ventilation - windows etc.

¹⁴⁵ Tenants Queensland Incorporated, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 7.

¹⁴⁶ Property Owners' Association of Queensland, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, unpaginated.

¹⁴⁷ The Standard as proposed in the C-RIS was as follows: "A tenant must be able to secure the property and rely on the functionality and effectiveness of security fixtures in the property. Properties must have functioning latches for external windows and doors to secure against entry to the property. For rooming accommodation tenancies, there must be a functioning lock or latch fitted to all entries to a resident's room. This is considered an essential requirement for security and amenity in tenanted properties."

¹⁴⁸ It is noted in the C RIS that, "Tenants will still be responsible for keeping a rental property clean under existing RTRA Act obligations and are responsible for rectifying any infestations or presence of pests or vermin caused by the tenant's poor housekeeping or lack of cleanliness."

¹⁴⁹ The C-RIS description of this Standard includes, "plant and animal pests, including vermin, noxious plants, fungus growths or other infestations of micro-organisms." It is also noted that, "Tenants will still be responsible for keeping a rental property clean under existing RTRA Act obligations and are responsible for rectifying any infestations or presence of pests or vermin caused by the tenant's poor housekeeping or lack of cleanliness."

Lighting	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Properties should have sufficient lighting in all areas. • We are unsure of the real issue as experience has shown very little issues here. • Provided there is not a mandate to enforce LED lighting¹⁵⁰
Privacy	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • If the property does not have the necessary doors etc and does not meet the standards - the tenant should not sign a tenancy agreement.

¹⁵⁰ There was no proposal for mandated lighting technologies in the C-RIS.

The proposed Minimum Housing Standards and repairs and maintenance reforms were subject to economic costing analysis by Deloitte. Deloitte found that the final recommended reforms will have an impact on some user costs, primarily through increased maintenance costs for those properties that are not currently meeting the proposed Minimum Housing Standards. Estimates for low and higher impact scenarios have been calculated using lower- and upper-bound assumptions for:

1. the share of rental properties affected by the proposed Minimum Housing Standards
2. the propensity of tenants in affected properties to request maintenance
3. the estimated average price of the repairs needed to comply with the proposed Minimum Housing Standards

The range of estimated costs is presented in the table below.

	Low case	High case
Number of investment properties in Queensland	562 000	562 000
Proportion of rental properties requiring maintenance	3.5 per cent ¹⁵¹	8 per cent ¹⁵²
Estimated number of rental properties requiring maintenance	19 670	44 959
Propensity of tenants to request maintenance	50 per cent ¹⁵³	80 per cent ¹⁵⁴
Estimated number of properties who will request maintenance	3 934	22 480
Average compliance cost per property	\$1155 ¹⁵⁵	\$2468 ¹⁵⁶
Estimated aggregate cost of reform per year	\$4.5 million	\$55.5 million
Estimated change per investment property per year	\$8	\$99

This data indicates that not all properties, and therefore not all property owners, will be affected, as a large majority of properties would already be compliant with the proposed standards. Affected properties and property owners will also not have costs that are equally distributed, depending on how extensive the required rectification works are at a given substandard property. As it has not been possible to obtain data on the distribution of properties (for example, the size of property portfolios) and the distribution of maintenance issues among these properties, a distributional analysis of costs has not been undertaken.

It is difficult to quantify the number of tenants who may be affected due to a range of potential reactions and uncertainty in predicting consumer behaviour. The proposed policy approach also relies on tenants' actions, for example some may choose not to enforce their rights and continue to live in substandard rental properties to avoid any increase in their housing costs, some may choose to move, and some may choose to enforce their rights with the risk that their housing costs may increase.

A recurring theme in feedback on the C-RIS from property owners during late 2019 was that Minimum Housing Standards, if applied, should be restricted to achieving core objectives such as the health and

¹⁵¹ See Baker, E., Beer, A. Zillante, G., London, K., Bentley, R., Hulse, K., Pawson, H., Randolph, B., Stone, W. and Rajagopalan, P., *The Australian Housing Conditions Dataset*, University of Adelaide, 2019. <https://ecms.adelaide.edu.au/architecture/ahcd>

¹⁵² CHOICE, National Shelter and the National Association of Tenant Organisations, *Unsettled: Life in Australia's private rental market*, 2017. <http://www.sheltersa.asn.au/wp-content/uploads/The-Australian-Rental-Market-Report-Final.pdf>

¹⁵³ This estimate was provided to Deloitte by the Department of Housing and Public Works and cross-referenced with CHOICE, National Shelter and the National Association of Tenant Organisations, *Unsettled: Life in Australia's private rental market*, 2017. <http://www.sheltersa.asn.au/wp-content/uploads/The-Australian-Rental-Market-Report-Final.pdf>.

¹⁵⁴ Ibid.

¹⁵⁵ This estimate was provided to Deloitte by the Department of Housing and Public Works and cross-referenced with Australian Taxation Office Statistics on rental property costs for Queensland in 2018. These estimates were indexed to reflect the 2021 price level.

¹⁵⁶ Ibid.

safety of tenants. The REIQ reflected a common sentiment among owners when it stated in its written submission that:

Generally, the REIQ supports minimum housing standards for rental properties that relate health and safety and security matters. We do not support the imposition of minimum housing standards outside of these strict parameters. In particular, we do not support the introduction of minimum housing standards in relation to privacy, lighting and ventilation, as proposed in the [C-RIS]. Similarly, 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 exist 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 practicable reasonable to expect an owner to install and/or provide these facilities and areas where they did not exist at the outset of the tenancy.¹⁵⁷

The REIQ, however, suggested that the potential cost impacts on property owners need to be taken into account. It was noted that, according to Australian Taxation Office data, the median income of property owners in Queensland is less than \$80 000 annually. For this reason, the REIQ was opposed to changes that would “impose unreasonable costs on owners to fund alterations, additions and repairs.”¹⁵⁸

Peak bodies representing tenants emphasised the need for clear and enforceable Minimum Housing Standards to be prescribed in legislation. Tenants Queensland provided background to this issue:

Poor housing conditions have significant and measured impacts on people’s mental, physical and general health and households which rent are more likely to be living in housing of a poorer standard than owner-occupiers. Young people, people with disabilities and ill health, those on low incomes or unemployed as well as Indigenous people are overrepresented in poorer quality housing. The Productivity Commission report states: “Vulnerable renters’ dwellings are more likely to be in greater need of repair or have major structural problems. Households where the reference person relies on government payments, has a disability or long-term health condition, or is a single parent, in particular, are more likely to live in housing that needs essential repair.”¹⁵⁹

Tenants Queensland went on to note that a number of other Australian and international jurisdictions have introduced standards with minimal negative impacts on property owners or the rental sector as a whole.¹⁶⁰

In developing a final recommendation, these differing perspectives have been weighed up. The final Minimum Housing Standards recommendation has been refined to focus on core requirements and provide less prescription for other liveability and quality features of rental properties. This will avoid any unnecessary burden for property owners, while still providing for safety, security and basic functionality for tenants.

Accordingly, the standards for lighting and ventilation proposed in the C-RIS have been removed. The focus of these draft proposed standards was on the features of a property rather than basic safety, security and functionality outcomes for the occupant. The implicit outcomes that were sought would be provided for by outcomes-based standards requiring that fixtures and fittings in the property must not present a health hazard with normal use, and that the property is to be free of damp and mould.

As noted, the refined standards will focus on safety, security, and basic functionality. This approach further ensures that the prescribed Minimum Housing Standards primarily serve to add detail and clarity to (rather than expanding the scope of) existing obligations for property owners under the RTRA Act. Section 185 of the RTRA Act currently provides that a property owner must ensure that the rental property and inclusions are clean and fit for the tenant to live in, in good repair, and are compliant with health and safety laws.

¹⁵⁷ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the Residential Tenancies Rooming Accommodation Act 2008 (Qld), unpublished, 2019, unpaginated.

¹⁵⁸ Ibid.

¹⁵⁹ Tenants Queensland Incorporated, Submission to the Review of the Residential Tenancies and Rooming Accommodation Act 2008, unpublished, 2019, pp. 8-9.

¹⁶⁰ Ibid, p. 9.

Importantly, both the REIQ¹⁶¹ and Tenants Queensland¹⁶² use the section 185 requirements as their reference point for how Minimum Housing Standards are defined.

To address stakeholder concerns raised through consultation on the C-RIS about clarity of definition of standards, the final proposed Minimum Housing Standards have been more clearly structured into categories. These categories are:

1. safety and security
2. reasonable functionality

Standards for security, kitchen and laundry facilities have been clarified to more clearly articulate when they would apply. Requirements for locks and latches are only intended to apply to accessible external windows and doors to secure against ingress (except in rooming accommodation where a lock is also required for the resident's bedroom). It is also only intended that standards for kitchen and laundry facilities would only apply if these facilities are supplied in the rental property or as part of the tenancy agreement.

The final recommended Minimum Housing Standards are summarised in the table below.

Final recommended Minimum Housing Standards
Safety and security standards
<ul style="list-style-type: none">• a rental property must be weatherproof and structurally sound• fixtures and fittings provided in a rental property must be in sound condition and good repair, and must not present a health hazard with normal use• accessible windows and doors in a rental property must have functioning latches to prevent ingress• for rooming accommodation, an occupied bedroom requires a functioning lock or latch to be fitted• a rental property must be free from vermin, damp and mould• window coverings, treatments or other modesty features must be provided for rooms where privacy is likely to be expected
Reasonable functionality standards
<ul style="list-style-type: none">• a rental property must have adequate plumbing and drainage and must be connected to a service or infrastructure that can supply hot and cold water for drinking, ablution and cleaning• the toilet/bathroom in a rental property must allow privacy for the user• the toilet in a rental property must be connected to a sewer, septic system or other council-approved waste disposal system• where supplied in a rental property, the kitchen and laundry facilities must be in sound condition and good repair, and not present a health hazard with normal use• where supplied in a rental property, a kitchen must have a functioning cooktop• where supplied in a rental property, a laundry must have fittings and fixtures to be functional as a laundry

In order to reduce the immediate cost impacts of Minimum Housing Standards, the commencement arrangements for the regulation will ensure that enough time is provided for affected property owners to adjust. The proposed transitional period will require all new tenancies commencing more than two years after the regulation is made to comply with Minimum Housing Standards. All other tenancies will be required to comply after three years. Property owners would be required to disclose the non-compliance of

¹⁶¹ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the Residential Tenancies Rooming Accommodation Act 2008 (Qld), unpublished, 2019, unpaginated.

¹⁶² Tenants Queensland Incorporated, Submission to the Review of the Residential Tenancies and Rooming Accommodation Act 2008, unpublished, 2019, p. 7.

a rental property with Minimum Housing Standards to prospective tenants before signing a lease from five years after the regulation is made.

Also to minimise costs for property owners, the requirement proposed in the C-RIS for owners' contact details to be given to the tenant for use in emergency repair situations will be made voluntary in cases where property manager and repairer details are provided. The proposed measure for property managers to be able to authorise emergency repairs without the permission of the owner will also be removed. However, there will be continuing education to encourage property owners to authorise property managers to make emergency repairs and for parties to agree on a workable cost limit.

In order to address potential rent increases as a consequence of Minimum Housing Standards coming into effect, rent increases to cover the costs of works to comply with Minimum Housing Standards would be considered unconscionable and reviewable by QCAT. QCAT would be able to have regard to the repairs and maintenance carried out to the premises in order to bring them into compliance with the Minimum Housing Standards and anything else it considers relevant in making a determination about a rent increase of this nature.

Importantly, the Aboriginal and Torres Strait Islander Legal Service (Qld) Inc emphasised the importance of balancing the tenant-driven repairs and maintenance processes with property owners' responsibilities under the proposed option to comply with Minimum Housing Standards. In its written submission in response to the C-RIS, it wrote:

While it is important to make the improvements envisaged in option 3, that is to increase the time given for tenants to complete the entry condition report, to provide tenants with contact details for nominated repairers and property owners and to increase the amount tenants can authorise for emergency repairs, to allow property managers to authorise repairs up to a set amount, and to enhance QCAT repair orders, these measures are not enough by themselves. The current remedies, even if strengthened in accordance with option 3, place the tenant on a collision course with the landlord which in turn is likely ultimately to result in loss of housing for the tenant. Relying on the actions of the party with the weakest position is an ineffective mechanism for ensuring residences are habitable. The imposition of objective standards as outlined in option 4 combined with more effective compliance and enforcement will provide an effective means of ensuring that rental dwellings, especially ones at the cheapest end of the market, are safe, secure and functional.¹⁶³

The additional proposals for enhanced repairs and maintenance provisions—including increased time for condition reports, the increased cost of emergency repairs that can be authorised by the tenant, and enforceable QCAT repair orders—have not been altered from the C-RIS recommendation. Those measures form part of this final recommendation.

Preliminary economic analysis commissioned by the then Department of Housing and Public Works suggested that overall less than six per cent of the total Queensland rental housing stock is estimated to be affected by the proposed minimum housing reforms.

Around 30 per cent of tenants request repair and maintenance and it is assumed eight per cent of rental properties requires maintenance at an average cost of \$1,100 per year assuming:

- one bedroom \$800
- two bedroom \$1,000
- three bedroom \$1,200
- four bedroom \$1,400

The above level of maintenance is based on what investors claim as deductions for tax purposes from an analysis of Australian Tax Office data. The cost of maintenance will vary from dwelling to dwelling with some requiring significant expense to bring the dwelling up to standard, and others only a small amount. The overall impact for maintenance costs is potentially status quo.

¹⁶³ Aboriginal and Torres Strait Islander Legal Service (Qld) Inc, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 3.

If an additional 50 per cent of tenants living in properties that do not meet minimum housing standards request repair or maintenance following the reforms, on a worst-case basis the maximum that affected property owners based on the worst case scenario of up to six per cent of rental properties (an estimated 33,960 dwellings) could potentially increase rent in the short-term was estimated to be between \$5 to \$18 per week, depending on region. In a tight rental market where vacancy rates are low, it may result in a higher proportion of costs is able to be passed onto the tenants as there is more competition for properties, whereas weak rental markets where vacancy rates are high the property owner may absorb a higher proportion of any financial costs or impacts.

This estimate was based on analysis of historical rent data, which is affected by a range of variables that may or may not influence markets in the future. It is also likely to be a short-term impact, taking effect over the initial few years following introduction of the reforms as substandard dwellings are brought to liveable standard.

This analysis does not determine the likelihood of estimated rent increases occurring but considers several ways a property owner may react based on a review of behaviours in the rental market. A range of factors will influence the property owner's decision about which of these reactions to pursue when the opportunity to revise their rent pricing arises, including the prevailing conditions in the market at the end of the current tenancy agreement.

Unless the property owner proactively undertakes regular maintenance, costs may only be incurred by a rental property owner where a tenant or property manager raises an issue and requests repairs or maintenance. The tenant has the choice of whether to raise an issue and may choose not to if they are concerned about potential rent increases. This is more likely for a low-income household. Tenants may also choose to leave the rental property at the end of the tenancy.

Deloitte Access Economics comprehensive analysis of reform impact estimated the impact on user costs of the proposed Minimum Housing Standards reforms through increased maintenance costs for properties that are not currently meeting the proposed standards. The Deloitte analysis estimated that based on an assumption of 50 per cent propensity for tenants to request maintenance (around 4,000 properties) in a low-impact scenario and 80 per cent (around 22,480 properties) in a high- impact scenario, the aggregate cost per year would be between \$4.5 million and \$55.5 million per year and the estimated change in user cost would be between \$0.75 and \$2.50 per investment property per week (or \$39 and \$130 per year).

Anecdotal feedback from the Open Doors consultation suggested that rental property owners thought they would need to increase rents due to an increase in their costs to meet new requirements. However, rent prices are determined by wider market forces and can only be increased by what the market will tolerate.

Property owners can only increase rents at the end of the tenancy, or if the tenancy agreement allows it. Losing a tenant due to rent increases will result in property owners incurring additional one-off costs including foregone rent, advertising, property management letting fees and risk associated with unknown tenants. Based on the potential increased rental return against the cost of replacing a tenant, the property owner will lose any potential gains and may prefer to retain good tenants.

In a tight market (as indicated by low vacancy rates) owners may be able to pass on more costs to tenants through a rent increase as they will have more market power. In a market with higher vacancy rates where a tenant has more market power owners will not be able to increase rents as much. In 2020/21 Queensland's rental market has been tightening, driven by several factors including the impact of COVID-19 on property owners and tenants, supply of rental properties and changes in demographics such as increased population.

Vacancy rates fluctuate seasonally and over time with significant geographical variation and noteworthy changes can be extremely localised. A three per cent vacancy rate has been suggested as indicating a balanced rental market. Many locations in Queensland are now experiencing tightening vacancy rates with some regions under one per cent. Regional markets have less capacity to absorb new demand before impacts are felt by the community.

Given the state of the private rental market in 2021 with higher returns for property owners generated by increasing rents due to demand for rental properties, any costs to owners to address obligations under

minimum housing standards are less likely to be drivers for increasing rents. Some rental property owners may, however, have more incentive to maximise capital gains and leave the rental market due to increasing house values.

While rental housing affordability is an ongoing issue in some regional markets, denying tenants access to safe, secure and functional housing is not the solution to this problem. All Queenslanders deserve to live in homes that support their social, economic and community participation without risk of injury or illness due to the poor condition or maintenance of their rental property.

Parties in the rental sector will have more certainty by better assigning and clarifying risks and balancing of rights and responsibilities between tenants and property owners providing for a well-functioning, efficient private rental market in Queensland where everyone benefits. The relative quality of rental accommodation in Queensland’s rental market will also improve leading to flow on social and community benefits. The benefits of ensuring all Queensland tenants live in homes that are safe, secure and functional outweigh any additional costs.

These reforms will ensure all tenants live in rental properties that do not put their health, safety and security at risk. While housing affordability is an ongoing issue in some regional markets, denying tenants access to safe, secure and functional housing is not the solution to this problem. All Queenslanders deserve to live in homes that support their social, economic and community participation without risk of injury or illness due to the poor condition or maintenance of their rental property.

Costs and benefits of final recommendation

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Increased awareness of existing rights and obligations, combined with a streamlined process for ensuring Minimum Housing Standards are complied with, will improve the ability of tenants to uphold their rights ensuring that all tenants can live in housing that is functional, safe and secure. Reduces fear of retaliatory action from property owners for reporting property issues (further strengthened by Ending Tenancies Fairly recommendations. See Module 2) May contribute to improved relationships with property owners and managers due to improved understanding of obligations Reduced risk of bond disputes over repairs and maintenance by allowing additional time to fill out entry condition report Improved rental satisfaction and experience Allowing advocates to apply to QCAT will benefit vulnerable tenants who may face barriers to initiating a dispute as well as further reducing fear of retaliatory action (e.g. culturally and linguistically diverse people) May incur fewer costs to enforce their rights, e.g. lower legal or time costs May reduce disputes with property owners and managers about the quality of their rental property 	<ul style="list-style-type: none"> Potential for property owners to pass on costs in the form of increased rents (which will increase bonds) if they have been failing to meet their current obligations. However, tenants will be able to seek review of such increases in QCAT Potential increased difficulty in finding low-cost housing due to increased rental prices at the lower end of the market Administrative costs to provide evidence of non-compliance during dispute process Some property owners may leave the rental market due to perceived increase in regulatory burden (particularly those providing rental properties at the lower end of the market). However, research suggests this impact is likely to be minor as the price of rent is determined by market forces Some properties may be removed from market for long periods to undergo major repairs to comply with Minimum Housing Standards, which could temporarily reduce the supply of rental properties

Stakeholder	Benefits	Costs
	<ul style="list-style-type: none"> Statutory time period of 21 days for property owners to rectify substandard properties has a potential to decrease time taken for rectification reducing the time tenants are exposed to potential health and safety hazards Fewer instances of injury, illness and fatalities relating to residential properties that would meet acceptable health and safety standards (e.g. reductions in mould contributing to reductions in respiratory conditions, reduced injuries due to structural damage, less violent and non-violent home invasions due to improved security standards) 	
PROPERTY OWNER	<ul style="list-style-type: none"> Avoided cost of major structural damage and/or large-scale repair costs due to earlier identification of repair and maintenance requirements Reduced potential for liability of injury, illness or fatality to occupants of the residential properties that will now meet current legislative requirements Reduction in disputes between tenants and property owners due to clarified understanding of obligations Retention of longer-term tenants encouraged to remain in, and take care of, well-maintained property 	<ul style="list-style-type: none"> Some owners may incur initial and ongoing costs to comply with Minimum Housing Standards not currently captured under existing legislative requirements (e.g. privacy requirements): <ul style="list-style-type: none"> Costs to meet new individual minimum housing standard for dwellings that do not currently have window coverings: \$17 to \$50 per window or \$96 to \$320 for the average home Due to increased awareness of Minimum Housing Standards, potential for increased instances of dispute resolution requests from tenants Some owners whose properties do not meet current legislative requirements will incur costs due to increased compliance burden Non-compliance to Minimum Housing Standards may decrease financial security of owners as tenants may vacate property due to non-compliance or QCAT may order reduced rent
PROPERTY MANAGER	<ul style="list-style-type: none"> Streamlined process for managing Minimum Housing Standards of property portfolio (all Minimum Housing Standards will be captured under the RTRA Act) Reduction in disputes between tenants and property owners represents time savings Improved clarity regarding expectations and requirements of Minimum Housing Standards Improved quality of rental portfolio 	<ul style="list-style-type: none"> Possible increased administrative workload to manage potential increase in tenant requests for repairs and maintenance

Stakeholder	Benefits	Costs
STATE GOVERNMENT	<ul style="list-style-type: none"> Reduced impact on health systems due to improved personal health and wellbeing. For government-owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner 	<ul style="list-style-type: none"> For government-owned housing, such as rural health employee housing, there could be similar impacts as those listed under Property Owner In the immediate to short-term, may lead to increase in dispute resolution requests from the RTA and for QCAT. However, in the long run, this may lead to a reduction in disputes resolution requests for QCAT and the RTA between tenants, property owners and managers regarding repairs and maintenance and Minimum Housing Standards)
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential decrease to demand for social housing due to more properties now meeting safety, security and functionality needs Reduction in disparity between private and social housing standards Comparative property standards and expectations will ease the transition for customers moving from social housing into the private rental market 	<ul style="list-style-type: none"> Cost to meet new standard for window coverings for all houses in the social housing portfolio Ongoing costs to comply with Minimum Housing Standards as a property owner Potential increase to demand for social housing if owners pass on the cost of necessary changes and tenants are unable to afford, or if owners no longer want to provide rental accommodation
COMMUNITY	<ul style="list-style-type: none"> Weatherproofing, such as sealing the building against outdoor elements, enhances energy efficiency by minimising the requirements for airconditioning and climate control. This will result in a reduction of greenhouse gas emissions Improved community health, safety and wellbeing Increased work/income for small businesses and tradespersons to be employed for work to make rental properties comply Social enterprise opportunities for small business 	

Impacts and assessment

Introducing minimum housing standards will provide clearer pathways for tenants to pursue repair, maintenance and quality issues and empower them through a better understanding of their rights to raise issues. Similarly, property owners will have a clearer understanding of their obligations in ensuring their rental property is safe, secure and functional for tenants to live in.

The Department commissioned analysis of the economic impact of proposed rental law reforms, which found that the reform priority most likely to have the greatest impact on the sector was prescribing minimum housing standards for rental accommodation. While overall, this impact was found by the commissioned analysis to be negligible on rents, supply and affordability in the rental market (taking both a user cost and market rents approach), for a small proportion of stakeholders in the private rental market this change could be material and impact their investment decisions or housing affordability and security.

The commissioned analysis assumed that the cost of maintenance based on the Australian Taxation Office (ATO) expense deductions for rental property owners found that the average costs of repairs and maintenance across Queensland rental properties is around \$1,100 per year. This mean was derived

across 1 to 4 bedroom properties as outlined below based on what investors claim as deductions for tax purposes. This analysis assumed that rental properties with a higher number of bedrooms would incur higher maintenance costs. However, it is noted that the cost of maintenance will vary with some requiring significant repair to meet minimum quality standards while others will only require small repairs, if any.

Number of bedrooms	Estimated year maintenance cost
1	\$800
2	\$1,000
3	\$1,200
4	\$1,400

It is also assumed that the introduction of ending tenancies reforms will provide greater protection for tenants against unexpected terminations or retaliatory actions that could make tenants more likely to request maintenance or repairs based on the minimum housing standards. The modelling assumed that an additional 50 per cent of tenants living in properties that require maintenance would request it be undertaken or that property managers would make this request on their behalf. This would bring the total number of rental properties where maintenance would be requested to 80 per cent (the existing 30 per cent who would have requested the work be undertaken and the additional 50 per cent who will do so due to the ending tenancies reforms). This leaves 20 per cent of rental properties that require repair or maintenance not receiving it, reflecting some persistence in tenant reluctance to raise maintenance and repair issues.

The incidence of the impact for minimum housing standards was assumed by the commissioned analysis to largely fall on tenants as it would arise from their direct request for repairs. The initial impact split adopted by the analysis was:

- Tenant: 80 per cent
- Owner: 20 per cent
- Manager: no impact with any additional administrative impact for this cohort assumed to be absorbed as part of their existing duties.

The impact was found by the commissioned analysis to vary within a range based on the tightness of the rental market as indicated by vacancy rates within the regional markets across Queensland. In tight rental markets where vacancy rates are low, it is expected that a higher proportion of repair and maintenance costs to comply with minimum housing standards could be passed onto tenants as there is more competition for available stock. However, in a weak market where vacancy rates are high, it would be expected that the rental property owner would absorb a higher proportion of this cost.

The commissioned analysis calculated the average impact on rent where repair or maintenance is requested to bring the rental property up to meet minimum housing standards. This is a short-term impact taking effect over the initial few years following introduction of the policy as substandard stock is brought up to minimum quality standards. The annual impact on affected tenants on a worst-case scenario basis ranged from around \$250 to \$900 per year with an impact on weekly rents for impacted rental properties of an increase between \$5 and \$18 per week, depending on the region. It is important to note that this estimate includes the total cost of compliance with prescribed minimum housing standards, including existing obligations, and not just the incremental or additional burden created by this recommended reform option for privacy.

This is based on analysis of historical rent increases to determine a maximum bearable range within which property owners could increase rents within the context of their regional markets if the introduction of the reforms prompted them to revisit their pricing decision. The modelling undertaken by the commissioned analysis did not suggest that these rent increases would result for affected properties as a direct result of the reforms. Rather this range represents the maximum range within which property owners who may be prompted by the reforms to reconsider the rent price for their rental property. Property owners could only increase rents in response to the minimum housing standards reform if general price increases in their market allowed it, in which case the increase may have occurred in the absence of the reforms anyway.

Commissioned analysis taking a change in user cost approach estimated that the overall change in investor user cost (in aggregate) of the minimum housing standards reform are negligible at a less than one

per cent change even under the highest impact scenario modelled. This analysis found that this small change in investor user cost could result in an immaterial increase to rents at a maximum of 0.02 to 0.06 per cent in the first two years before stabilising at between 0.01 to 0.02 per cent. This translates to an increase of \$0.08 to \$0.25 based on an average rent of \$420 per week (as at December 2020).

There are several ways a property owner may react based on observed behaviours in the rental market, including:

- carry out works for their property to attract a higher rent in the local market
- fully absorb the cost as a strategy to retain tenants and avoid rent discontinuities
- seek to maximise rent to recover as much of their additional costs as possible
- remove their property from the private rental market.

A range of factors will influence their decision about which of these reactions to pursue when the opportunity to revise their rent pricing arises, including the prevailing market conditions at that time.

Overall, the commissioned analysis considered that only a small proportion – an estimated six per cent of around 566,000 (33,960) dwellings of the Queensland rental housing stock would require maintenance or repairs to become compliant with proposed Minimum Housing Standards, noting that the standards largely clarify existing lessor obligations. It is difficult to quantify the rental housing stock within this small proportion that may require significant remediation to meet the minimum quality standards, which may be prohibitively costly for lessors. Based on qualitative feedback received through community consultation on rental law reform, it is expected that this cohort will be small.

Costs will only be incurred by property owners if a tenant or property manager requests repair or maintenance to address a minimum housing standard issue in their rental property. Generally, it is expected that the tenant will choose whether or not to raise this issue in the context of their relative ability to absorb any increase in their housing costs from a potential rent increase, particularly for low income households or those in housing stress.

There is a risk that lower income households and low-cost housing may be more impacted than other parts of the market. Tenants in these households may be at risk of remaining in substandard housing, rather than taking action against a non-compliant rental property if there is a risk of exiting into homelessness or a rent increase. Tenants may have limited options to access alternative housing that is compliant with the Minimum Housing Standards as these may incur a higher rent.

People living in poor quality housing endure measurable impacts on their mental, physical, and general health and a large proportion of these households are low-income or otherwise disadvantaged households. It is expected that low income households will benefit the most from the reforms due to the high prevalence of renting within this cohort, and the proportion of this cohort that rent properties requiring essential and urgent repair. However, they may also be vulnerable to an increase in rents that the commissioned analysis found property owners may consider in the short term if they are affected by the minimum housing standards reform.

The commissioned analysis found that the negligible impact of the reforms on housing costs is unlikely to increase the proportion of households in rental stress across Queensland (estimated to be 8.7 per cent of Queensland households). The impacts of the minimum housing standard reform on low-income renting households will differ per household depending on whether repairs are required, the extent of those repairs and the property owner's choice to bear the repair costs or to pass these on in higher rents.

The commissioned analysis found that it was not clear that rental property owners could unilaterally push up rents for households already in rental stress and a review of the rental sector suggested that some owners may prefer to absorb costs to retain good tenants and avoid significant expenses associated with tenancy turnover. For owners a change in tenancy comes with a series of one-off costs, including foregone rent, advertising and property management reletting fees. For the impacted properties, the potential increase in annual rent that could be passed on to the tenant represents around one-weeks rent for most regions. Therefore, the property only needs to be vacant for one week and the property owner has lost any potential gain from increasing the rent.

The commissioned analysis found that the supply of rental housing was not expected to shift substantially with the introduction of the proposed reforms. This analysis found that supply is driven by tax incentives to invest in private rental housing and investors are motivated primarily by the prospect of capital gains and less concerned with rental yields. The analysis suggested this was reflected by the high proportion of

Queensland rental properties that make a loss each year. Broader market factors and fiscal and monetary policies were considered by the commissioned analysis to have a greater impact on rental housing supply than legislative reform. On this basis no substantial impact on the supply of rental properties is expected and property owners are unlikely to divest of their investment properties. If properties are removed from the rental market due to the reform, these houses will then be available for purchase by other property investors or current tenants who may be more willing or able to undertake repairs for the property to meet minimum quality standards.

All Queenslanders deserve to live in housing that is safe, secure and functional regardless of whether they own or rent their home. Tenants ability to unilaterally take action to address repair or maintenance issues in their home is limited by rental laws in recognition of the fact that it is the owner's property. However, it is the tenant that suffers the impacts of repair and maintenance issues through risks to their health and safety, increased living costs, and compromises to their personal security and their belongings. Noting that all recommended minimum housing standards except privacy clarify existing repair and maintenance obligations for owners, the small estimated impacts of introducing this reform is expected to be outweighed by the benefits to tenants and the broader community, including reduced incidence of injury and illness caused by poor quality housing leading to increased economic, social and community participation for tenants.

While it is possible in the short term that a small proportion of vulnerable renting households may be more impacted by minimum housing standards reforms, this impact is unlikely to materially change their circumstances or experience of housing stress. However, improving the minimum quality of the rental housing stock across Queensland will over time ensure these vulnerable households enjoy the same basic housing quality that all Queenslanders expect. All parties in the rental sector will have more certainty by better assigning and clarifying risks and the relative quality of rental accommodation in Queensland will improve, leading to flow on social and community benefits. For the small proportion of low-income households who may experience a greater impact due to these reforms and are pushed further into housing stress or greater risk of homelessness, the Queensland Government offers a range of housing services and assistance to support them, including private market products, social housing options and homelessness services.

While it is acknowledged that most Queensland rental markets are currently experiencing tight vacancy rates that are putting upward pressure on rents, minimum housing standards reforms are proposed to commence two years after introduction at the earliest. It is considered likely that the current drivers related to COVID-19 pandemic impacts, including a higher rate of migration to Queensland, will have eased or begun to ease as a result of incentives to invest in housing supply such as low interest rates and government grants. Consequently, overall it is considered that the benefits of introducing minimum housing standards for rental property outweighs the costs and demonstrates the greatest net benefit to Queensland.

Consistency with fundamental legislative principles

Consequences imposed by legislation should be proportionate and relevant to the actions to which they are applied, provide differing penalties reflecting the seriousness of the offences, and be consistent with other penalties within the legislation. The proposed reforms introduce new penalties for several actions in the Act, including false or misleading statement, misuse of provisions, retaliatory actions and disclosure of confidential information.

The new penalty provisions are considered proportionate and appropriate responses to encourage parties to comply with the RTRA Act or avoid misusing protections and safeguards. The new penalty provisions are consistent with existing offences of similar severity provided for under the Act and other relevant Acts, including the Domestic and Family Violence Prevention Act 2012.

A continuing penalty is proposed to apply for an offence related to contravening a repair order. This provision creates a continuing offence if a person fails to comply with a repair order that applies to them, unless they have a reasonable excuse. The maximum penalty for each week the offence continues after conviction is five penalty units. The seriousness of the offence depends on how long the person continues to fail to comply with the order after being convicted. As such is considered appropriate not to provide a maximum penalty for this continuing offence, noting the availability of reasonable excuse as a defence against the proposed new offence.

Domestic and family violence protections

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming
Accommodation Act 2008*

Stage 1 Reforms



Part 4 – Domestic and family violence protections

Introduction

Everyone has the right to feel safe and live their life free of violence, abuse or intimidation. The Queensland Government is committed to reducing the rate of domestic and family violence and is progressing the recommendations from the *Not Now, Not Ever: Putting an End to Domestic and Family Violence in Queensland* report.¹⁶⁴

The Queensland Government recognises the importance of safe and secure housing and is looking at ways to strengthen tenancy laws to support people experiencing domestic and family violence while ensuring that appropriate safeguards are in place to prevent owners from unreasonably bearing the costs of domestic and family violence occurring in their property.

Domestic and family violence

occurs when one person in an intimate personal, family or informal carer relationship uses violence or abuse to maintain power and control over the other person.

Broadly, under Queensland law, it includes behaviour that is physically, sexually, emotionally, psychologically or economically abusive, threatening, coercive or aimed at controlling or dominating another person through fear. The violence or abuse can take many forms ranging from physical, emotional and sexual assault through to financial control, isolation from family and friends, threats of self-harm or harm to pets or loved ones, constant monitoring of whereabouts or stalking.

Despite increasing awareness of domestic and family violence, prevalence rates remain high. Due to the private nature of the relationships within which this type of violence occurs, many cases of domestic and family violence go unreported.¹⁶⁵ Nationally, one woman is killed every nine days and one man is killed every 29 days by a partner,¹⁶⁶ while one in six women and one in 19 men in Australia have experienced physical or sexual violence from a current or previous cohabiting partner.¹⁶⁷

Deciding to leave an abusive relationship is often a very difficult choice to make. There can be many obstacles to a person safely exiting the relationship, including fear for safety, isolation from others, pressures about children, promises made by a partner, pressures from religious or cultural communities, pressure from family or friends, financial pressures, and legal issues.¹⁶⁸

¹⁶⁴ Available at: <https://www.csyw.qld.gov.au/campaign/end-domestic-family-violence/about/not-now-not-ever-report>, 2015.

¹⁶⁵ Janet Phillips and Penny Vandenbroek, *Domestic, family and sexual violence in Australia: an overview of the issues*, available at https://www.aph.gov.au/About/Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1415/ViolenceAust, Parliament of Australia, 2011, accessed 18 July 2019.

¹⁶⁶ Australian Institute of Health and Welfare, *Family, domestic and sexual violence in Australia: continuing the national story*, available at <https://www.aihw.gov.au/reports/domestic-violence/family-domestic-sexual-violence-australia-2019/contents/table-of-contents>, 2019, p. x.

¹⁶⁷ Queensland Government, *Domestic and Family Violence Prevention Strategy 2016-2026*, available at: <https://www.csyw.qld.gov.au/resources/campaign/end-violence/dfv-prevention-strategy.pdf>, 2016, p. 2.

¹⁶⁸ Domestic Violence Prevention Centre Gold Coast Inc, *Barriers to leaving an abusive relationship*, available at <http://www.domesticviolence.com.au/pages/barriers-to-leaving-an-abusive-relationship.php>, 2019, accessed 18 July 2019.

Housing is critical for people experiencing domestic and family violence. In a study on women's economic wellbeing both during and preceding domestic and family violence, women indicated that their biggest concern following separation was finding safe, affordable and suitable housing.¹⁶⁹

People forced to leave their homes due to domestic and family violence can have trouble securing long-term accommodation. One study indicated that 60 per cent of women who had separated from their partners reported experiencing housing stress post-separation and around one in five women return to violent partners because they have no financial support, or nowhere else to go.¹⁷⁰

Domestic and family violence increases vulnerability to homelessness and has consistently been one of the main reasons people have pursued assistance from specialist homelessness agencies.¹⁷¹ In 2017-18, the then Department of Housing and Public Works¹⁷² received about 1,053 applications (including transfers) for social housing because of domestic and family violence. The total number of households assisted (including transfers) in the same period was 1,058. In 2017-18, approximately 1,903 or almost 10 per cent of all bond loans were issued to people who were affected by domestic and family violence. About 1,769 people experiencing domestic and family violence received a rental grant and 1,338 clients experiencing domestic and family violence accessed the Rent Connect Service.

Tenants experiencing or escaping domestic and family violence face additional burdens that can make it difficult to leave a rental property or make a current rental property safe.

Queensland's *Residential Tenancies and Rooming Accommodation Act 2008* (RTRA Act) provides some protections for people experiencing domestic and family violence. This applies to people living in a domestic relationship, which could be a relationship with a spouse (including a de-facto), a dating partner, an informal carer or family members. The options available under the RTRA Act depend on whether the affected person wants to stay or leave, and whether the person is a named tenant on the tenancy agreement or an approved occupant. A person who is not named on the tenancy agreement can leave quickly without needing to end the agreement.

A named tenant on the tenancy agreement must take steps to formally end the tenancy, including lodging an application with QCAT. This is further complicated if the person experiencing domestic and family violence wants to terminate a tenancy and there are co-tenants who may want to stay in the property, or the person leaving needs to access a share of the rental bond quickly.

Tenancy reform could increase safety for people experiencing domestic and family violence, prevent further violence, and reduce homelessness while providing sufficient safeguards for property owners.

¹⁶⁹ Janet Phillips and Penny Vandenbroek, *Domestic, family and sexual violence in Australia: an overview of the issues*, available at [https://www.aph.gov.au/About Parliament/Parliamentary Departments/Parliamentary Library/pubs/rp/rp1415/ViolenceAust](https://www.aph.gov.au/About%20Parliament/Parliamentary%20Departments/Parliamentary%20Library/pubs/rp/rp1415/ViolenceAust), Parliament of Australia, 2011, accessed 18 July 2019.

¹⁷⁰ Australia's National Research Organisation for Women's Safety, *Domestic and family violence, housing insecurity and homelessness: Research synthesis*, available at <https://apo.org.au/sites/default/files/resource-files/2019/03/apo-nid226421-1346101.pdf>, ANROWS Insights, 2019, p.4.

¹⁷¹ Australian Institute of Health and Welfare, *Specialist Homelessness Services 2015-2016*, available at <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-2015-16/contents/client-groups-of-interest/clients-who-have-experienced-domestic-and-family-violence>, Australian Government, 2016, p.35.

¹⁷² These statistics are taken from data held by the Department of Housing and Public Works now the Department of Communities, Housing and Digital Economy.

Open Doors consultation (2018)

During the Open Doors to Renting Reform consultation in 2018, the theme “Better Protections” included the topic of domestic and family violence. While this topic was not discussed in extensive detail, respondents were generally in agreement about the importance of the safety and security of vulnerable Queenslanders.

Overall, 82 per cent of respondents to a snap poll regarding domestic and family violence agreed that tenants should be able to end their tenancy obligations at short notice without going to QCAT if sufficient evidence was provided.¹⁷³ Tenants who offered insights into their personal experiences of vulnerability expressed disappointment with how their personal situations were treated in the rental market.

Property owners had more mixed responses. The most common opinion from property owners was that they should not be financially disadvantaged or burdened by supporting tenants experiencing domestic and family violence.¹⁷⁴ While most comments from property owners acknowledged the seriousness of domestic and family violence, many suggested that a centralised government fund should be created to assist people experiencing domestic and family violence.¹⁷⁵ Property owners also noted existing RTRA Act provisions for both excessive hardship (section 310) and tenant replacement (sections 243 to 246) should a person experiencing domestic and family violence need to leave a tenancy.

Peak bodies such as Tenants Queensland suggested that tenants who hold a relevant domestic and family violence order and need to leave their tenancy for safety reasons should be entitled to vacate by issuing the relevant notice, without being required to compensate the property owner.¹⁷⁶ The Women’s Legal Service Queensland¹⁷⁷ provided several recommendations to promote safety and housing stability for people experiencing domestic and family violence. These included specific grounds to:

- end tenancies in cases of domestic and family violence without penalties
- allow a person experiencing domestic and family violence who wants to remain in the rental property to be named as the tenant and to remove the name of the perpetrator from the lease without needing a QCAT order.

Further suggestions included supporting the person to remain in the rental property through the introduction of specific grounds for changing locks where domestic and family violence is present without needing to obtain prior consent or a QCAT order, and improved protections for tenants from liability for costs of repairing damage caused as a result of domestic and family violence.¹⁷⁸

Problem identification

Domestic and family violence is the main reason women and children leave their homes in Australia. More than 50 per cent of women who permanently left a previous violent partner reported that they, and not their partner, moved out of the home they shared.¹⁷⁹

People experiencing domestic and family violence are often at their most vulnerable when they attempt to leave. Existing tenancy protections do not support people experiencing domestic and family violence to leave quickly and safely as they rely on third party intervention either through QCAT or property managers and owners. Existing processes may also signal to the perpetrator that the person experiencing domestic and family violence intends to leave. This may place the person experiencing domestic and family violence at a higher risk of further violence, discourage them from leaving, or lead them to abandon the tenancy.

Under current tenancy legislation, a person experiencing domestic and family violence may not be able to end a tenancy agreement in a timely way and may be subject to financial disadvantage through ongoing

¹⁷³ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.26.

¹⁷⁴ *Ibid.*, p.26.

¹⁷⁵ *Ibid.*, p.26.

¹⁷⁶ *Ibid.*, p.110.

¹⁷⁷ Women’s Legal Service Queensland, *Open Doors to Renting Reform Consultation - Submission to the Department of Housing and Public Works By Women’s Legal Service Queensland*, 2018, pp. 2-3.

¹⁷⁸ *Ibid.*, p.3.

¹⁷⁹ Australia’s National Research Organisation for Women’s Safety, Domestic and family violence, housing insecurity and homelessness: Research synthesis, available at <https://apo.org.au/sites/default/files/resource-files/2019/03/apo-nid226421-1346101.pdf>, ANROWS Insights, 2019, p.1.

rent obligations and an inability to access bond funds. For example, under current arrangements a person experiencing domestic and family violence may have to lodge an application with QCAT to:

- end a tenancy agreement
- remove the name of a perpetrator who is a co-tenant from a tenancy agreement
- be listed as the tenant on a tenancy agreement
- prevent their personal information from being listed on a tenancy database where a breach of a tenancy agreement resulted from the actions of a perpetrator.

The current average waiting time to have an urgent application heard at QCAT is three weeks.¹⁸⁰ It costs approximately \$26.95¹⁸¹ to have a residential tenancy matter heard at QCAT. During this waiting period, a person experiencing domestic and family violence may be at risk of harm if they remain in a rental property until an application is heard.

A person experiencing domestic and family violence may need to leave a rental property quickly, which could result in abandonment of the lease and liability for tenancy costs such as:

- unpaid rent
- property damage (even if the damage has been caused by the perpetrator)
- break lease costs
- reletting fees
- abandoned goods charges.

These financial liabilities make finding new affordable accommodation difficult. Abandoning the lease may also result in an adverse listing on residential tenancy databases, which can further affect a person's ability to secure rental housing.

Obtaining their share of rental bond quickly can be essential in accessing new accommodation for people experiencing domestic and family violence. However, the RTRA Act currently prevents the RTA from refunding bonds before a tenancy has ended and requires the RTA to inform any bond contributors of claims against the bond. Any bond contributors may also challenge a claim against the bond.

People experiencing domestic and family violence may have difficulties getting their bond returned because they are unable or unwilling to contact the accused perpetrator to finalise the required paperwork, or have concerns about the release of personal information, such as their new address.

Delays may be extended when there is a dispute between parties as to how the rental bond should be refunded. The RTA is unable to release the full bond until the 14-day Notice of Claim period expires, the parties reach agreement, or there is a QCAT order.

COVID-19 considerations

Research indicates the prevalence, severity, and complexity of violence against women reported to domestic and family violence practitioners increased since the COVID-19 pandemic began. Measures introduced to contain COVID-19 infection combined with the stress caused by economic impacts of the pandemic increased the domestic and family violence risks.

The RTRA (COVID-19 Emergency Response) Regulation 2020 responded to increased domestic and family violence prevalence and demand for DFV services by implementing temporary measures establishing new rights and obligations. The temporary measures were based on the proposed amendments identified in the C-RIS, including to:

- allow tenants to:
 - end their interest in a tenancy quickly and with limited liability for end of lease costs by providing notice supported by evidence;

¹⁸⁰ Queensland Civil and Administrative Tribunal, *Timeframes*, available at <https://www.qcat.qld.gov.au/applications/timeframes>, accessed on 17 July 2019.

¹⁸¹ Queensland Civil and Administrative Tribunal, *Matter type: Residential tenancy*, available at <https://www.qcat.qld.gov.au/applications/fees-and-allowances>, accessed on 21 August 2019.

- access their bond contribution early; and
- change rental property locks without managing party consent
- establish an offence of up to 100 penalty units if property owners or managers disclose confidential information contained in a tenants' notice ending their lease due to domestic and family violence.

The COVID-19 Housing Security Sub Committee of the Ministerial Housing Council has been monitoring the implementation of the temporary measures and considering what measures should be made enduring. All members have supported making the domestic and family violence protection measures permanent. Members include REIQ, TQ, QCOSS, QShelter and the Residential Tenancies Authority.

Government objectives

Government objectives for proposed tenancy reforms are to:

- support enforcement of existing tenancy rights
- ensure rental accommodation is safe, secure and functional
- improve liveability of rental accommodation
- ensure tenancy laws protect vulnerable people in the rental market

The policy objectives for the proposed reforms in relation to domestic and family violence protections are:

- strengthened tenancy laws that include additional protections that support people escape domestic and family violence quickly and safely
- appropriate safeguards to prevent owners from unreasonably bearing the costs of domestic and family violence occurring in their rental property

This aligns with the Supporting Families, Changing Futures program and key outcomes of the *Domestic and Family Violence Prevention Strategy 2016-2020*.

Options

The options considered in this module of the C-RIS were as follows.

- Option 1.** Status Quo
- Option 2.** Communication and Education Campaign
- Option 3.** Improve tenancy law protections for people experiencing domestic and family violence:
 - End tenancies quickly
 - Access part rental bonds
 - Install safety and security measures

Option 1 – Status quo

The current provisions in the RTRA Act for tenants experiencing domestic and family violence would be maintained.

A tenant wishing to end their tenancy would need a QCAT order. If they cannot wait for the QCAT process to be completed, they could abandon the property and incur liabilities for unmet tenancy costs.

Property owners would either pursue outstanding costs through dispute resolution mechanisms from the person experiencing domestic and family violence or any remaining tenants on the tenancy agreement, including the perpetrator, if they can contact them. Alternatively, the property owner could lodge an insurance claim, leading to an increase in their insurance excess. A property owner could also pursue recovery of damages civilly through QCAT against any person named in the tenancy agreement.

Tenants ending their tenancies on domestic and family violence grounds could only access their bond contribution early if all parties to the tenancy agreement (including the domestic and family violence

perpetrator if they are a named party) agree or if they get a QCAT order for their bond contribution to be released.

If the person/s experiencing domestic and family violence wishes to stay in the property, they would require property owner consent or a QCAT order to change the locks or install security measures.

Option 2 – Communication and Education Campaign

The RTA could implement a communication and education campaign using existing channels to ensure tenants, property owners and property managers better understand their current rights and obligations if a tenant is experiencing domestic and family violence. This could be implemented in partnership with key industry and advocacy groups in the tenancy and domestic and family violence sectors.

The campaign could build on the 2018 “*Domestic and Family Violence - Strengthening the Real Estate Agent Response*” toolkit. This toolkit was developed through a partnership between the RTA, Queensland Shelter (QShelter) and the Real Estate Institute of Queensland (REIQ) and the Queensland and Commonwealth Governments. The toolkit, which was supported by education workshops, aims to increase awareness about domestic and family violence, provides best practice tools for property managers and makes suggestions about to appropriately communication a domestic and family violence situation to a property owner.

Option 3 – Improve tenancy law protections for people experiencing domestic and family violence

Tenancy law protections for people experiencing domestic and family violence would be improved to support them to end tenancies quickly and safely, limit their liability for end of tenancy costs, streamline access to their bond contribution, and more easily install safety and security measures:

Option 3.1 – Ending tenancies quickly

A tenant experiencing domestic and family violence could end their obligations under a tenancy agreement by giving the property owner or manager at least seven days’ notice of their intention to leave. The tenant could leave immediately and their liability for rent would be limited to the end of this notice period. They would not be responsible for lost rent, advertising or reletting fees, or costs of disposing abandoned goods.

The tenant will be required to provide evidence that they are experiencing or have experienced domestic and family violence during the tenancy to access the protection by allowing the property owner or manager to sight or giving them a copy of one of the following documents:

- Protection Order or Temporary Protection Order
- Police Protection Order
- A letter or other document from an authorised professional certifying that the tenant has experienced domestic and family violence during the tenancy.

The tenant could also meet this evidence requirement by having an authorised professional sign a certification statement on the domestic and family violence *Notice of intention to Leave* form. This statement would not detail the domestic and family violence but would include a declaration that the information is true and correct to the best of their knowledge and that they are an authorised professional. An authorised professional could be a:

- doctor
- social worker
- refuge or crisis worker
- domestic and family violence worker or case manager, or
- Aboriginal and Torres Strait Islander medical service worker.

The domestic and family violence *Notice of intention to leave* form would not require forwarding address information and the property owner/manager would not be permitted to require or disclose forwarding address information from the tenant/s experiencing domestic and family violence.

To ensure the tenant’s privacy and confidentiality is protected, the property owner or manager would incur a penalty if they:

- disclose information about the domestic and family violence to another person except in accordance with the RTRA Act or other applicable law
- fail to securely store and handle any domestic and family violence information that is given to them.

This was tested during the temporary COVID-19 amendments and supported with a Domestic and Family Violence Notice ending tenancy form. To protect their privacy, tenants were given the option of providing the property owner or manager with a copy of the relevant documentation, or allowing them to inspect the documentation.

The property owner/manager could make an urgent application to QCAT to review whether the domestic and family violence notice has been validly given by the tenant experiencing domestic and family violence.

Co-tenants

Where the person experiencing domestic and family violence is a sole tenant the tenancy would end after the required notice period. Where there are co-tenants the tenancy would not immediately cease.

On receiving the notice of intention to leave from the tenant vacating on domestic and family violence grounds, the property owner or manager would need to:

- advise the tenant vacating on domestic and family violence grounds that all remaining co-tenants named on the tenancy agreement would be provided with notice that the tenant is vacating, either at the expiry of the required seven-day notice period or on the date specified by the vacating tenant
- at the end of the specified time period, provide notice to any remaining co-tenant that they would have seven days to decide if they want to continue the tenancy agreement.

If a co-tenant named on the tenancy agreement wants to stay the tenancy would continue.

If a co-tenant decides to leave they:

- must give the lessor 21 days notice
- would be responsible for paying rent until the 21 day notice period expires
- cannot be charged break lease fees (such as lost rent, advertising or reletting fees) as the tenancy will have ended in accordance with approved grounds.

Option 3.2 Access to part rental bonds

Tenants who end their tenancy on domestic and family violence grounds by providing a valid domestic and family violence notice of intention to leave could apply to the RTA to have their rental bond contribution refunded.

The RTA could refund the bond contribution with the property owner's agreement but without requiring other bond contributor's agreement. To ensure the bond is paid into the bank account of the tenant vacating on domestic and family violence grounds, the *Domestic and Family Violence Notice of Intention to leave* form would require updated bank account information for the tenant vacating on domestic and family violence grounds.

If a property owner disputes the bond refund claim, the tenant vacating on domestic and family violence grounds could apply to QCAT to request an order for the payment (or part payment) of their bond contribution amount.

QCAT could determine the rights and liabilities of all tenants and the property owner. A tenant vacating on domestic and family violence grounds would not be liable for property damage or rent arrears during the tenancy caused by acts of domestic and family violence against them. Co-tenants could apply to QCAT to determine the rights and liabilities of the parties against the bond held, including any evidence about:

- property condition
- the cause of damage or arrears during the tenancy, and
- connection to any acts of domestic and family violence against the tenant vacating on domestic and family violence grounds

The property owner or manager could request that co-tenants who choose to continue the tenancy top-up the rental bond to the full amount required under the RTRA Act. This will ensure the bond value is maintained if the vacating tenant's bond contribution is refunded.

If the remaining co-tenants refuse or are unable to pay the bond top-up, the property owner or manager could issue a notice to remedy breach.

Option 3.3 Safety and security

A tenant experiencing domestic and family violence could change the locks to their rental property without seeking approval from the property owner or manager. The tenant would be:

- responsible for all costs involved with changing the locks
- required to provide the property owner a new key or access code within seven (7) days unless there is a reasonable excuse not to. For example, where giving the new key or access code to the property owner would expose the tenant to risk of domestic and family violence.
- responsible for ensuring the locks comply with relevant body corporate by-laws

The property owner or manager could not give a copy of the key to anyone unless the tenant instructs them in writing to do so.

A tenant experiencing domestic and family violence could also install security measures to their rental property without approval from the property owner or manager. Tenants would:

- need to inform the property owner or manager about the security upgrades before or as soon as practicable after they are made
- need to ensure the upgrades are installed by a qualified tradesperson where required or appropriate
- be responsible for paying all costs in relation to the security upgrades
- need to ensure that the upgrades comply with relevant body corporate by-laws

The property owner would have the right to ask tenants to restore the property to original condition at the end of the tenancy. These safety and security measures are part of the proposed minor modification reforms. For further discussion see Part 5 – Minor Modifications.

Impact analysis

Option 1 – Status quo

Requiring a person experiencing domestic and family violence to apply to QCAT when a written agreement cannot be reached with a property owner to end their tenancy, places unnecessary and undue stress on the person and their family.

A person experiencing domestic and family violence is required to apply to QCAT to terminate tenancy and incur an application fee of \$26.35.¹⁸² They may also remain liable for tenancy related expenses for the property they have vacated and any new property they have secured. These expenses will vary depending on each circumstance, including the remaining term of the tenancy, time taken to re-let the vacated property, and QCAT wait times.

Current QCAT wait times in Brisbane are estimated to be up to three weeks for an urgent application and 12 weeks for non-urgent applications. Regional wait times differ.¹⁸³

These wait times do not meet the needs of people experiencing domestic and family violence who often require immediate action to ensure their safety. Where people experiencing domestic and family violence are unable to immediately action safety and security measures, flee, or have the perpetrator removed, there are risks to their safety that could lead to further acts of domestic and family violence. Threats to

¹⁸² Queensland Civil and Administrative Tribunal, *Fees and allowances*, available at <https://www.qcat.qld.gov.au/applications/fees-and-allowances>, 2019, accessed 27 June 2019.

¹⁸³ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 26.

people experiencing domestic and family violence will often mean that they are forced to leave their homes, in many cases without a new home to go to.¹⁸⁴

Property owner or managers may also be more likely to experience abandoned properties and delays to relet their property. The process for the property owner or manager to form a reasonable view that a property is abandoned are:

- after seven days of unpaid rent a seven-day notice to remedy breach may be issued
- after the breach notice period has lapsed, a seven-day abandonment termination notice may be issued¹⁸⁵

The property owner is without rent for three weeks at a minimum to follow this process. The property would then have to be returned to a rentable standard and new tenants found. Delays in ending a tenancy where domestic and family violence is occurring prolongs the risk of domestic and family violence related damage being caused to the property.

Option 1 - Status quo

Stakeholder	Issues
TENANT	<ul style="list-style-type: none"> • Injuries (and fatalities) where people experiencing domestic and family violence are unable to immediately action safety and security measures, flee or have the perpetrator removed. • Person experiencing domestic and family violence may remain liable for tenancy related expenses and must apply to QCAT to terminate tenancy, incurring application fee of \$26.35¹⁸⁶ • Potential expense of two rental payments when moving between properties because of domestic and family violence: <ul style="list-style-type: none"> - Median weekly rent range for QLD: \$370¹⁸⁷ x 2 = \$740.00 per week in rental payments. - Rental bond liability depends on the price of the rental. If the rent is \$700 or less per week, the maximum bond amount is 4 weeks rent: \$370 x 4 = \$1480¹⁸⁸. • People experiencing domestic and family violence have high levels of emotional stress and anxiety relative to other cohorts due to current tenancy law requirements when experiencing domestic and family violence¹⁸⁹ • People experiencing domestic and family violence have increased cost-of-living (relative to other cohorts) caused by forced moves and disruption to community and support networks¹⁹⁰ • Currently tenants experiencing domestic and family violence remain at risk of tenancy database listings further exacerbating vulnerability status.

¹⁸⁴ Mission Australia, *5 facts you didn't know about homelessness*, available at <https://www.missionaustralia.com.au/news-blog/news-media/5-facts-about-homelessness>, 2018, accessed 28 June 2019.

¹⁸⁵ Residential Tenancies Authority, *Abandoned premises fact sheet*, available at <https://www.rta.qld.gov.au/Forms-and-publications/Fact-sheets/General-tenancy-fact-sheets/Abandoned-premises-fact-sheet>, accessed 27 June 2019.

¹⁸⁶ Queensland Civil and Administrative Tribunal, *Fees and allowances*, available at <https://www.qcat.qld.gov.au/applications/fees-and-allowances>, 2019, accessed 27 June 2019.

¹⁸⁷ Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

¹⁸⁸ If the weekly rent is higher than \$700, the amount of bond should be negotiated between the property manager/owner and tenant. The law gives no maximum amount where the weekly rent is higher than \$700.

¹⁸⁹ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, pp.5, 16 and 18; Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.14.

¹⁹⁰ Tenants' Union of New South Wales & Marrickville Legal Centre, *Lives turned Upside Down – NSW renters' experience of 'no grounds' evictions*, available at <https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf>, 2019, p.14; Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, pp.4 and 13;

Australian Federal Government: Department of the Prime Minister and Cabinet, *Reform of the Federation White Paper: Roles and Responsibilities in Housing and Homelessness – Issues Paper 2*, accessed at <https://apo.org.au/sites/default/files/resource-files/2014/12/apo-nid56122-1161406.pdf>, 2014, p.1.

Stakeholder	Issues
PROPERTY OWNER	<p>Approximate reletting costs and vacancy period where QCAT order that the tenancy be terminated:</p> <ul style="list-style-type: none"> Loss of rent while vacant: Calculated based on \$370.00 per week (median rent per week in QLD) and based on the average days vacant for a unit, being 26 days¹⁹¹ (26.1 days for houses in Brisbane) = \$1374.28¹⁹² <p>Approximate reletting costs and vacancy period where a tenant abandons the rental property:</p> <ul style="list-style-type: none"> Loss of rent while forming reasonable view that property is abandoned 3 weeks x \$370.00¹⁹³ = \$1110 Loss of rent while vacant: Calculated based on \$370.00¹⁹⁴ per week (median rent per week in QLD) and based on the average days vacant for a unit, being 26 days¹⁹⁵ (26.1 days for houses in Brisbane) = \$1374.28 Total estimated cost to property owner in lost rent = \$2484.28 <p>Average days vacant will vary between regional areas and is also dependant on whether the property is a house or unit</p>
PROPERTY MANAGER	<ul style="list-style-type: none"> The abandoned property process is prolonged Potential risks of managing difficult relationships during the tenancy incurring greater time costs to manage the tenancy
STATE GOVERNMENT	<ul style="list-style-type: none"> Continued demand for QCAT services to resolve domestic and family violence related tenancy disputes. Will not meet Government action plans or priorities
SOCIAL HOUSING	<ul style="list-style-type: none"> Tenants unable to fund dual rent may require low cost housing options funded by the Government or experience homelessness Around 12 per cent of new social housing applications received in 2018/19 were in the domestic and family violence cohort. Between 2014-15 and 2018-19 the number of new applicants who were single parents in the domestic and family violence cohort seeking housing increased by around . Between 2014-15 and 2018-19 new female applicants in the domestic and family violence cohort seeking housing increased by around 2,200 As at 31 July 2019, there were around 2,500 domestic and family violence applications and domestic and family violence transfer applications for social housing¹⁹⁶ Existing economic barriers to ending tenancies place a continued strain on DHPW through requests for and ongoing occupation of social housing
COMMUNITY	<ul style="list-style-type: none"> Domestic and family violence is estimated to cost the Queensland economy \$2.7 billion to \$3.2 billion annually.¹⁹⁷ Nationally, an estimated 42% of people seeking homelessness support services were experiencing domestic violence.

¹⁹¹ Rent.com.au, *Quarterly Snapshot*, available at <https://www.rent.com.au/blog/rental-snapshot-q2-2018>, accessed 11 July 2019

¹⁹² Average days vacant will vary between regional areas and is also dependant on whether the property is a house or unit.

¹⁹³ Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

¹⁹⁴ Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

¹⁹⁵ Rent.com.au, *Quarterly Snapshot*, available at <https://www.rent.com.au/blog/rental-snapshot-q2-2018>, accessed 11 July 2019

¹⁹⁶ Department of Housing and Public Works data, accessed August 2019.

¹⁹⁷ Queensland Government, *Not now, not ever*, available at <https://www.csyw.qld.gov.au/resources/campaign/end-violence/about/special-taskforce/dfv-report-vol-one.pdf>, accessed 15 July 2019

Recommendation: This option was not recommended.

Option 2 – Communication and Education

The communication and education campaign would educate and inform the sector about domestic and family violence and options to respond to domestic and family violence during a tenancy. This would be a low-cost option given the RTA and other organisations are taking steps to educate the sector about domestic and family violence and its effects on tenancy relationships.

Existing financial barriers for people experiencing domestic and family violence would not be reduced and the safety of people experiencing domestic and family violence will not be improved under this option.

Education and community engagement alone would not eradicate the broader and more complex housing issues that stem from domestic and family violence. It should support any changes to improve tenancy law protections for people experiencing domestic and family violence.

Option 2 - Communication and Education Campaign

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • People experiencing domestic and family violence will have an improved understanding of their rights and obligations. 	<ul style="list-style-type: none"> • Nil anticipated
PROPERTY OWNER	<ul style="list-style-type: none"> • Increased awareness of rights and obligations may improve tenancy management practices • Disputes may be reduced reduce due to improved awareness 	<ul style="list-style-type: none"> • Nil anticipated
PROPERTY MANAGER	<ul style="list-style-type: none"> • Increased awareness of rights and obligations may improve tenancy management practices • Disputes may be reduced reduce due to improved awareness 	<ul style="list-style-type: none"> • Nil anticipated
STATE GOVERNMENT	<ul style="list-style-type: none"> • Greater awareness of rights and obligations of all parties may reduce service requirements for RTA in the long term 	<ul style="list-style-type: none"> • Minor costs involved for RTA in developing materials and publishing information • May lead to an increase in customer contact for RTA service delivery staff in the short-term • Greater education and communication may lead to more people experiencing domestic and family violence exercising their rights through QCAT
SOCIAL HOUSING	<ul style="list-style-type: none"> • Nil anticipated 	<ul style="list-style-type: none"> • Nil anticipated
COMMUNITY	<ul style="list-style-type: none"> • Nil anticipated 	<ul style="list-style-type: none"> • Nil anticipated

Recommendation: This option is recommended to support any changes and/or existing provisions to improve tenancy law protections for people experiencing domestic and family violence.

Option 3 – Improve tenancy law protections for people experiencing domestic and family violence

Option 3.1 Ending tenancies fairly

Tenants experiencing domestic and family violence would be able to end their tenancy directly with a property owner or manager by providing supporting evidence so they can vacate immediately, limiting their financial obligation to one week's rent from the date of notification.

Where the person vacating on domestic and family violence grounds is the sole tenant this option would be quicker than the current process of either a QCAT hearing or abandonment. The time a property would be vacant and the property owner without rental income would be reduced from the current minimum three weeks to one week. This may also limit the potential for domestic and family violence related damage to the property.

Where there are co-tenants, the property owner or manager would be able to confirm intentions of the remaining co-tenants and their liabilities and obligations to help clarify rights and obligations and more clearly assign risks to provide more investment certainty. Requiring remaining co-tenants to provide 21 days' notice of their intention to vacate will provide the property owner or manager time to relet the property while still receiving rental income.

The proposed changes in this option seek to fairly balance the need for tenants experiencing domestic and family violence to end their tenancies quickly and safely, efficiently manage co-tenant occupancy issues and give financial certainty to property owners so property damage issues can be mitigated and property can be re-let when necessary as soon as practicable.

Any changes to the tenancy structure could place property owners at greater financial risk where the number of accountable rent-paying tenants decreases. The risks of lost rent and property damage versus the personal safety cost for a person experiencing domestic and family violence if barriers prevent them from leaving an unsafe environment were weighed up as part of this process. These proposed changes are expected to reduce incidence of tenancy abandonment.

Option 3.2 Simpler access to rental bonds

This option would ensure that people experiencing domestic and family violence receive faster and improved access to their rental bond contributions to assist them to secure alternative accommodation and are not financially responsible for damage or arrears caused by acts domestic and family violence against them.

QCAT consideration will be required to determine the rights and liabilities of all parties to the tenancy against the vacating tenants bond contribution if the parties are unable to reach agreement themselves.

The property owner will be able to claim against the bond contribution for damage or arrears, pursue compensation for amounts that exceed the bond held for the rental property, and can ask the remaining tenants for bond top-ups. Property owners will also have more certainty about the liability and rights of the parties where domestic and family violence has occurred during the tenancy under this option.

Option 3.3 Safety and security

Allowing a person experiencing domestic and family violence to make minor modifications to improve the safety and security of their home could reduce the risk to the person and their family of injury or death. Security upgrades and change of locks will help tenancies to continue, which means people experiencing domestic and family violence are safe in their homes, property owner/managers continue to collect rent and there is less risk of property damage due to domestic and family violence.

Owners will not bear the costs of minor safety and security modifications and can agree to retain these upgrades at the end of the tenancy, which can add value to their property.

Summary of Option 3 Impacts

This option would have clear benefits for tenants experiencing domestic and family violence, property owners and managers and the community.

Allowing tenants experiencing domestic and family violence to end their tenancy quickly and safely, change locks and install security measures and access their bond contribution will allow them to efficiently access

secure and safe housing. This reduces their risk of homelessness, risk injury or death from domestic and family violence and risk of returning to the perpetrator.

There are also clear immediate financial benefits for tenants domestic and family violence to end their tenancy by providing their property owner or manager with seven days' notice.

The improved protections for tenants experiencing domestic and family violence in this option would equate to social benefits through potential reduction in police callouts for domestic and family violence complaints, hospitalisations and demand for homelessness services and social housing as barriers for people experiencing domestic and family violence to leave will be reduced.

While over 90 per cent of people experiencing domestic and family violence never contact police, in 2017 more than 40 per cent of all assaults recorded by police were related to domestic and family violence at a national level,¹⁹⁸ with an estimated 12 000 domestic and family violence related assaults reported to police in Queensland in 2018.¹⁹⁹

In 2017–18, there were 121 000 people nationally who sought assistance from specialist homelessness services who had experienced domestic and family violence (94 100 females and 27 000 males).²⁰⁰

It is difficult to estimate the cost of health care for domestic and family violence as it often goes unreported however the Department of Social Services has calculated \$1154 in health costs can be avoided for every person who avoids domestic and family violence as a result of the national domestic and family violence strategy.²⁰¹

Option 3 - Strengthen tenancy laws to include additional protections that support people to escape domestic and family violence

Stakeholder	Benefits	Costs
TENANT	<p>Benefits relating to avoided financial costs for a person experiencing domestic and family violence:</p> <ul style="list-style-type: none"> Reduces financial obligation to the tenancy from a minimum of three weeks (QCAT wait time) or the length of the tenancy down to one week Potential avoided cost equivalent to an average of \$740.00 (two weeks' rent at the Qld median weekly rent of \$370)²⁰² avoid QCAT application fee \$26.35 for order to terminate tenancy²⁰³ streamlines access to bond refund <p>Health, Social and well-being benefits for a person experiencing domestic and family violence:</p> <ul style="list-style-type: none"> Allows people experiencing domestic and family violence to end a tenancy 	<ul style="list-style-type: none"> Installation costs for security upgrades and change locks. Co-tenants may be required to top up bond Tenants may incur time, financial and administrative costs to gather evidence to substantiate the domestic and family violence claim

¹⁹⁸ Australian Institute of Health and Welfare, *Family, domestic and sexual violence in Australia: continuing the national story 2019*, available at <https://www.aihw.gov.au/getmedia/b0037b2d-a651-4abf-9f7b-00a85e3de528/aihw-fdv3-FDSV-in-Australia-2019.pdf.aspx?inline=true>

¹⁹⁹ Queensland Police, *Queensland crime statistics*, available at <https://mypolice.qld.gov.au/queensland-crime-statistics/>

²⁰⁰ Australian Institute of Health and Welfare, *Family, domestic and sexual violence in Australia: continuing the national story 2019*, available at <https://www.aihw.gov.au/getmedia/b0037b2d-a651-4abf-9f7b-00a85e3de528/aihw-fdv3-FDSV-in-Australia-2019.pdf.aspx?inline=true>

²⁰¹ Australian Government, Department of Social Services, *Economic cost of violence against women and their children*, available at <https://www.dss.gov.au/our-responsibilities/women/publications-articles/reducing-violence/national-plan-to-reduce-violence-against-women-and-their-children/economic-cost-of-violence-against-women-and-their-children?HTML#health>

²⁰² Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

²⁰³ Queensland Civil and Administrative Tribunal, *Fees and allowances*, available at <https://www.qcat.qld.gov.au/applications/fees-and-allowances>, 2019, accessed 27 June 2019.

Stakeholder	Benefits	Costs
	<p>quickly and legally with owner/manager directly</p> <ul style="list-style-type: none"> • Immediately able to action safety and security measures or leave to reduce risk of further domestic and family violence • Reduces need for contact or risk of confrontation with perpetrator • Reduction of emotional stress and anxiety • Risk of tenancy database listings reduced • Reduced risk of homelessness and/or need for social housing 	
PROPERTY OWNER	<ul style="list-style-type: none"> • Streamlining the process to end tenancies quickly and efficiently will improve protections against tenancy abandonment costs and potential domestic and family violence related property damage • Owners can choose to have the tenants not remove the security additions, resulting in property improvements • Elimination of property management representation fees due to removal of QCAT process • More efficient processes, clearer rights and obligations and assignment of risks will improve investment certainty 	<ul style="list-style-type: none"> • If there are no co-tenants the property owner may only receive 7 days' notice before having a vacant property, relative to the status quo this could be a potential loss of two or more weeks rent plus early reletting costs (cost equivalent to an average of \$740.00 - 2 weeks rent at the Qld median weekly rent of \$370)²⁰⁴ • Potential reduction of financial security where part bond is paid out by a QCAT order and remaining co-tenants are not able to top up bond • Greater financial risk where the number of tenants decreases
PROPERTY MANAGER	<ul style="list-style-type: none"> • Time saving resulting from removal of the approval process for security upgrades and lock changes • Time saving of abandonment determination process where tenants end tenancy on domestic and family violence grounds where they would previously abandon property 	<ul style="list-style-type: none"> • Reduced financial income from management representation fees due to removal of QCAT process • Will be responsible for sighting the domestic and family violence evidence report and comply with obligations to keep that information safe • Will have new responsibility to inform remaining co-tenants of person experiencing domestic and family violence's intent to leave • May increase risks for property managers in dealing with potentially violent co-tenants

²⁰⁴ Residential Tenancies Authority, *Data from 1 Jan 2019 to 31 March 2019 provided to Department of Housing and Public Works 2 May 2019*, 2019.

Stakeholder	Benefits	Costs
STATE GOVERNMENT	<ul style="list-style-type: none"> Tenancy reforms will help meet initiatives designed to reduce domestic and family violence in Queensland. Reduction in QCAT hearings in relation to termination of tenancy due to domestic and family violence Reduction in health care costs relating to domestic and family violence as a result of people having improved safety²⁰⁵ Contributes to Government action plans and priorities Potential reduction in police call outs if people are more empowered to leave domestic and family violence situations 	<ul style="list-style-type: none"> Increase in dispute resolution requests due to partial bond payment requests from domestic and family violence grounds
SOCIAL HOUSING	<ul style="list-style-type: none"> Decrease in bond loan applications as bond will be made more accessible for people experiencing domestic and family violence There may be less demand on social and community housing if people experiencing domestic and family violence are supported to remain in their own homes, or are able to access other private rental accommodation 	
COMMUNITY	<ul style="list-style-type: none"> Potential improved social and economic participation for people experiencing domestic and family violence²⁰⁶ Reduced levels of homelessness Reduced incidence of violence²⁰⁷ 	

Recommendation: This option was recommended.

²⁰⁵ Australian Institute of Health and Welfare, *Family, domestic and sexual violence in Australia: continuing the national story*, available at <https://www.aihw.gov.au/getmedia/b0037b2d-a651-4abf-9f7b-00a85e3de528/aihw-fdv3-FDSV-in-Australia-2019.pdf.aspx?inline=true>, Australian Government, 2019, p.44.

²⁰⁶ Ibid.

²⁰⁷ M. Campo, *Children's exposure to domestic and family violence – key issues and responses*, available at <https://aifs.gov.au/cfca/publications/childrens-exposure-domestic-and-family-violence/introduction>, Australian Government: Australian Institute of Family Studies, CFCA Paper No. 36, 2015, accessed 27 June 2019.

Preliminary conclusion and recommended options

All Queenslanders have a role to play in helping eradicate domestic and family violence from our community.

Strengthened tenancy laws to include additional protections to support people experiencing domestic and family violence (Option 3), supported by communication and education (Option 2), were the recommended options.

These changes would also help people experiencing domestic and family violence (or their co-tenants) to leave or continue their tenancies where appropriate, while reducing exposure to risks for property owners. The benefits of the proposed tenancy law reforms for people experiencing domestic and family violence include streamlined processes to:

- allow them to end a tenancy quickly and legally with property owners directly
- allow those ending tenancies to access their share of rental bonds quickly while reducing the need for contact with the perpetrator
- improve processes to install safety and security measure for rental properties without requiring property owners' consent.

Safeguards for property owners include:

- limiting the financial impact for property owners by allowing tenancies to end quickly and efficiently and reduce abandonment costs
- protection from misuse of domestic and family violence provisions to end the agreement by requiring supporting evidence
- improved safety and security measures for rental properties if installed by tenants (at tenants' cost) with no requirement to remove and/or requirement to make good
- requiring co-tenants to advise of intentions to stay within an identified time period
- allowing bond top ups from remaining co-tenants if partial refunds are made to the departing tenant.

Property owners and managers will be required to ensure the tenant's confidential information provided in the notice ending the tenancy is handled and stored securely and is not disclosed except in prescribed circumstances. An offence of up to 100 penalty units will apply to property owners and managers who failure to comply with this obligation. This was tested during the temporary COVID-19 response where a Domestic and Family Violence Notice ending tenancy form was produced. The form allowed tenants to provide a copy of relevant documentation to support their claim of domestic and family violence either by showing their property owner or manager the documentation or including a copy.

The form included guidelines for property owners and managers around maintaining the privacy of the tenant to ensure their safety which were:

- Do not take a copy of this form unless the tenant agrees or provides you with a copy.
- If the tenant gives you a copy of this form, you must ensure this and other domestic and family violence information is kept in a secure manner.
- You must not disclose information about the tenant's domestic and family violence experience to anyone unless required by law to do so.
- Co-tenants may not be the alleged perpetrator/s, however it is important that the departing tenant should only be contacted using updated details they have provided.
- Contact details provided by the departing tenant **MUST NOT** be passed on to anyone else, unless required by law to do so. Penalties apply to lessors/agents who do not follow these requirements.

Property owners would benefit from more efficient processes, clearer rights and obligations and assignment of risks that improve investment certainty. Option 3 was also expected to reduce risks of abandoned tenancies and limit exposure to risks of domestic and family violence related property damage.

Property owners may bear more financial risks from the proposed reforms if the bond does not cover damage or rent arrears and reletting costs if all tenants end the tenancy. Some owners financial risk may increase if the remaining tenants cannot afford to sustain their tenancy.

Reformed domestic and family violence tenancy legislation would contribute to:

- improved education outcomes for children
- improved social and economic participation for people experiencing domestic and family violence
- reduced levels of homelessness
- reduced incidence of violence for both people experiencing domestic and family violence, and for their children in the future
- reduced costs (both time and money) and more certainty for property owner/managers and tenants in tenancy matters related to domestic and family violence.

If tenancy law reform is not introduced, the cost to both the individual and the community is the risk of increased violence and continued uncertainty for property owners and managers.

Community feedback on the C-RIS (November 2019 to January 2020)²⁰⁸

The issue of domestic and family violence attracted the fewest responses in the community survey conducted in conjunction with the C-RIS. All cohorts, except property owners, had the highest level of support for elements of Options 2 and 3. Highest levels of support among property owners was for Option 1 (the status quo) while tenants had the highest level of opposition to Option 1. Many of the comments provided by survey respondents related to the challenges of balancing the needs of tenants experiencing domestic and family violence with financial impacts on property owners.

Over three quarters of tenants supported simplifying the process for tenants experiencing domestic and family violence to:

- exit a tenancy at short notice
- access their portion of rental bond
- make minor changes to the property to ensure their safety and security

In free-text responses (including from the survey and written submissions) tenants suggested that the changes would:

- improve security for tenants experiencing domestic and family violence
- allow tenants to leave a dangerous situation safely and quickly

The tenant cohort did not identify costs to tenants, although they recognised that there may be costs for the property owner, such as reletting costs or loss of rent.

Over half of property owners supported no change to the status quo. There was high support for a communication and education campaign around current rights and obligations in relation to domestic and family violence. However, almost half of property owners also supported the option of allowing a tenant experiencing domestic and family violence to exit a tenancy at short notice. Over half of property owners did not support legislative change to allow tenants experiencing domestic and family violence to make minor security changes to the rental property at their own expense without the property owner's permission.

In free-text responses, many property owners highlighted that the preferred option would:

- have no benefit to property owners
- would ensure tenants experiencing domestic and family violence were safer
- would help them to end their tenancies quickly

²⁰⁸ Department of Housing and Public Works, *Report on C RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008, 2020*, p. ?? . <URL>

Property owners were also concerned about costs related to:

- reletting the property
- people taking advantage of the system
- higher insurance costs
- not having enough bond to cover costs or loss of rent

These are inherent and existing risks in owning an investment property whether or not tenants experience domestic and family violence.

Just under half of property managers supported no change. There was high support for communication and education, rather than legislative measures. Over half also supported allowing tenants experiencing domestic and family violence to exit a tenancy at short notice. Property managers also felt that the preferred option would have costs for property owners through loss of rent. They also expressed the view that tenants should be required to provide evidence of the domestic and family violence.

A graphic summarising key consultation outcomes in respect of domestic and family violence is below.

Tenant, owner, property manager support rates

Domestic and family violence



No change

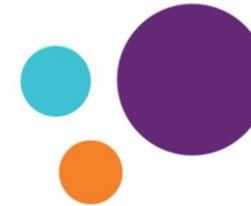
Education and awareness program to improve transparency regarding ending a tenancy. (Included in option 2.)



9% of tenants support this option
65% of owners support this option
43% of property managers support

Access portion of rental bond

Simplify the process for tenants experiencing domestic and family violence to access their portion of the rental bond funds. (Included in option 3.)



90% of tenants support this option
38% of owners support this option
42% of property managers support



69% of tenants support this option
58% of owners support this option
80% of property managers support

Information and awareness

A communication and education campaign around current rights and obligations if a tenant is experiencing domestic and family violence. (Included in option 2.)



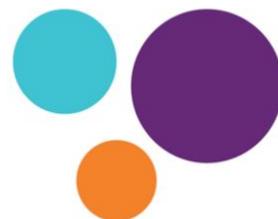
91% of tenants support this option
25% of owners support this option
39% of property managers support

Minor changes to ensure safety without approval

Allow a tenant experiencing domestic and family violence to make, at their own expense, minor changes to the rental property to ensure their safety (such as installing security cameras or motion sensors, or changing the locks) without approval from the property owner or manager. (Included in option 3)

Exit tenancy with sufficient evidence

Allow a tenant experiencing domestic and family violence to exit a tenancy with at least 7 days' notice with sufficient evidence. (Included in option 3.)



91% of tenants support this option
48% of owners support this option
62% of property managers support

Final recommendation

Domestic and Family Violence Provisions

The continuation of the domestic and family violence provisions through legislative amendment have been assessed separately through a sunset review process as they are time-limited existing regulations.

On 24 April 2020, the *Residential Tenancies and Rooming Accommodation (COVID-19 Emergency Response) Regulation 2020* was made to implement the Queensland Government response to COVID-19 impacts on residential leases. The Regulation made several changes to residential tenancy protections, rights and obligations for the duration of the COVID-19 emergency period on several key renting issues, including the domestic and family violence provisions proposed in the C-RIS.

These measures were the result of extensive consultation with the residential rental sector. Key stakeholders were consulted during the development of the temporary COVID-19 emergency regulation and provided feedback on draft versions of the regulation. The Queensland Government listened to stakeholders' concerns and worked closely with stakeholder representative groups such as the Real Estate Institute of Queensland and Tenants Queensland to ensure the response was appropriate and protected vulnerable tenants while considering the impact on property owners and managers.

The COVID-19 Housing Security Sub-Committee (HSSC) of the Ministerial Housing Council was established to oversee implementation of the temporary COVID-19 response measures and provide advice about their impact and any adjustments required during the COVID-19 emergency period.

There was strong support from stakeholders across all sectors that the domestic and family violence provisions removing barriers for people experiencing domestic and family violence to end their tenancies were appropriately implemented and that the provisions were increasing safety for vulnerable women and children. This view was also supported by research studies into the impact of COVID-19 on the instances of domestic and family violence in Queensland and nationally. The Queensland provisions implemented as part of the COVID-19 emergency response have been seen as significant reforms that have stakeholder support and are effective and all HSSC members supported continuing these provisions beyond the expiration of the COVID-19 emergency response period.

In its major economic study on the potential costs of the proposed reforms, Deloitte Access Economics assumed that one per cent of all private rental properties would be affected by the domestic and family violence notice period policy change, which amounts to approximately 5620 properties in Queensland. This is based on evidence that 1.5 per cent of the population experiences domestic and family violence¹ and an assumption that around two-thirds of cases will result in relocation of residence.

While many stakeholders responding to the C-RIS analysis were concerned about the costs to be borne by property owners, no specific information about potential costs associated with the proposed domestic and family violence reforms was provided. Concerns raised by property owners about potential costs in reletting the rental property, loss of rent or people taking advantage of the system are inherent risks in owning an investment property and are not limited to incidences of domestic and family violence. The reforms are intended to strike an appropriate and necessary balance between tenant and owner interests. To the extent possible, adjusted policy positions have sought to address and minimise the concerns raised by stakeholder feedback.

The likely costs and benefits of the final recommendation are summarised below.

Costs and benefits of final recommendation

Stakeholder	Benefits	Costs
TENANT	<p>Benefits relating to avoided financial costs for a person experiencing domestic and family violence:</p> <ul style="list-style-type: none"> • Reduces financial obligation to the tenancy from a minimum of three weeks (QCAT wait time) or the length of the tenancy down to one week • Potential avoided cost equivalent to an average of \$740 (two weeks' rent at the Queensland median weekly rent of \$370) • Avoid QCAT application fee \$26.35 for order to terminate tenancy • Streamlines access to bond refund <p>Health, social and wellbeing benefits for a person experiencing domestic and family violence:</p> <ul style="list-style-type: none"> • Allows people experiencing domestic and family violence to end a tenancy quickly and legally with owner/manager directly • Immediately able to action safety and security measures or leave to reduce risk of further domestic and family violence • Reduces need for contact or risk of confrontation with perpetrator • Reduction of emotional stress and anxiety • Risk of tenancy database listings reduced • Reduced risk of homelessness and/or need for social housing 	<ul style="list-style-type: none"> • Installation costs for security upgrades and change locks • Co-tenants may be required to top up bond • Tenants may incur time, financial and administrative costs to gather evidence to substantiate the domestic and family violence claim
PROPERTY OWNER	<ul style="list-style-type: none"> • Streamlining the process to end tenancies quickly and efficiently will improve protections against tenancy abandonment costs and potential domestic and family violence related property damage • Owners can choose to have the tenants not remove the security additions, resulting in property improvements • Elimination of property management representation fees due to removal of QCAT process • More efficient processes, clearer rights and obligations and assignment of risks will improve investment certainty 	<ul style="list-style-type: none"> • If there are no co-tenants, the property owner may only receive seven days' notice before having a vacant property. Relative to the status quo this could be a potential loss of two or more weeks' rent plus early reletting costs (cost equivalent to an average of \$740 – two weeks' rent at the Queensland median weekly rent of \$370) • Potential reduction of financial security where part bond is paid out by a QCAT order and remaining co-tenants are not able to top up bond • Greater financial risk where the number of tenants decreases

Stakeholder	Benefits	Costs
PROPERTY MANAGER	<ul style="list-style-type: none"> • Time saving resulting from removal of the approval process for security upgrades and lock changes • Time saving of abandonment determination process where tenants end tenancy on domestic and family violence grounds where they would previously abandon property 	<ul style="list-style-type: none"> • Reduced financial income from management representation fees due to removal of QCAT process • Will be responsible for sighting the domestic and family violence evidence report and comply with obligations to keep that information safe • Will have new responsibility to inform remaining co-tenants of person experiencing domestic and family violence's intent to leave • May increase risks for property managers in dealing with potentially violent co-tenants
STATE GOVERNMENT	<ul style="list-style-type: none"> • Tenancy reforms will help meet initiatives designed to reduce domestic and family violence in Queensland • Reduction in QCAT hearings in relation to termination of tenancy due to domestic and family violence • Reduction in health care costs relating to domestic and family violence as a result of people having improved safety • Contributes to Government action plans and priorities • Potential reduction in police call outs if people are more empowered to leave domestic and family violence situations 	<ul style="list-style-type: none"> • Increase in dispute resolution requests due to partial bond payment requests from domestic and family violence grounds
SOCIAL HOUSING	<ul style="list-style-type: none"> • Decrease in bond loan applications as bond will be made more accessible for people experiencing domestic and family violence • There may be less demand on social and community housing if people experiencing domestic and family violence are supported to remain in their own homes, or are able to access other private rental accommodation 	
COMMUNITY	<ul style="list-style-type: none"> • Potential improved social and economic participation for people experiencing domestic and family violence • Reduced levels of homelessness • Reduced incidence of violence 	

Consistency with fundamental legislative principles

Privacy

The proposed reforms require a person experiencing domestic and family violence to disclose potentially sensitive information to a lessor or their agent for the ability to end, alter or leave a residential lease. Requiring disclosure of sensitive information may impact individuals' right to privacy.

This is considered a reasonable and necessary requirement to safeguard lessors from abuse or misuse of these protections. Tenants will be provided a range of options to fulfil the evidence requirements, including to provide the evidence to the managing party for sighting only but not to retain or store. Offences with appropriate penalties are also proposed to apply to any party that inappropriately discloses this information.

Natural Justice

The proposed reforms will require the inclusion of, or changes to, administrative processes under the RTRA Act. Reforms to allow people experiencing domestic and family violence to access any rental bond contributions they have made when they vacate a tenancy do not require the RTA to assess any liability of the vacating tenant for potential claims against the bond. This has the potential to make the remaining tenants responsible for all costs without opportunity to challenge any costs caused by the vacating tenants actions. Claims against the bond contribution of the vacating tenancy can be made through existing processes, including through RTA and QCAT dispute resolution. The drafting of these processes preserves natural justice for those individuals affected by the outcomes.

Proportion and relevance

Consequences imposed by legislation should be proportionate and relevant to the actions to which they are applied, provide differing penalties reflecting the seriousness of the offences, and be consistent with other penalties within the legislation. The proposed reforms introduce new penalties for several actions in the Act, including false or misleading statement, misuse of provisions, retaliatory actions and disclosure of confidential information.

The new penalty provisions are considered proportionate and appropriate responses to encourage parties to comply with the RTRA Act or avoid misusing protections and safeguards. The new penalty provisions are consistent with existing offences of similar severity provided for under the Act and other relevant Acts, including the *Domestic and Family Violence Prevention Act 2012*.

A continuing penalty is proposed to apply for an offence related to contravening a repair order. This provision creates a continuing offence if a person fails to comply with a repair order that applies to them, unless they have a reasonable excuse. The maximum penalty for each day the offence continues after conviction is five penalty units. The seriousness of the offence depends on how long the person continues to fail to comply with the order after being convicted. As such is considered appropriate not to provide a maximum penalty for this continuing offence, noting the availability of reasonable excuse as a defence against the proposed new offence.

Minor modifications

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming Accommodation Act 2008*

Stage 1 Reforms



Part 5 – Minor modifications

Introduction

Liveability is an important aspect of renting. Research suggests that being able to personalise physical space contributes towards psychological wellbeing.²⁰⁹ The ability of a tenant to make modifications to a rental dwelling may also support essential and tailored measures to ensure access, security, privacy and safety. Almost a quarter of Australian tenants have reported restrictions on how they want to use their homes, including restrictions on making minor modifications.²¹⁰

Property owners also have an interest in managing their investment and minimising damage or loss to their rental property. Important considerations for people making an investment in rental property are the ability to oversee significant changes a tenant may want to make to the property and being able to access bond funds and other legal options to remedy damage.

The RTRA Act requires tenants to have the written permission of the property owner to make any alterations to the property. It categorises these as attaching *fixtures* or making *structural changes* and treats all changes the same, from installing furniture anchors to adding a carport.

Tenants and owners must agree whether the tenant is required to remove any alterations at the end of the tenancy, compensate the property owner for the costs of restoration, or if the change is to be retained as an improvement to the property. Property owners cannot unreasonably refuse requests for fixtures or structural changes and any damage caused by the tenants must be repaired and paid for by the tenant.

While restrictions on making changes to rental properties can reduce rental satisfaction for tenants, these restrictions may also disadvantage certain cohorts of tenants, including:

- tenants who require accessibility modifications, whether due to age, injury, illness or other circumstances
- people with disabilities
- families with young children
- persons experiencing domestic and family violence

Under section 84 of Queensland's *Anti-Discrimination Act 1991*, a property owner must not discriminate by refusing to allow a tenant with an impairment to alter rented accommodation to meet the tenant's special needs, if:

- the alteration is at the tenant's expense
- the action required to restore the accommodation to its previous condition is reasonably practicable
- the tenant undertakes to restore the accommodation to its previous condition before leaving.

²⁰⁹ H. Easthope, *Making a Rental Property Home*, available at <https://www.tandfonline.com/doi/abs/10.1080/02673037.2013.873115>, Vol. 29, No. 5, Housing Studies, 2014, p.582.

²¹⁰ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.11.

Terms used in this chapter

An **alteration** is any change made to a rental property. Alteration is not a defined term in the RTRA Act but is used in this chapter as a blanket term to refer to any kind of change to the property.

An **addition** can be understood as an alteration involving something being added to the rental property (rather than removed). This term is also not used in the RTRA Act but is used in this chapter in its ordinary sense.

The RTRA Act currently breaks alterations down into **fixtures** and **structural changes**. Neither term is de-fined in the RTRA Act, but they can be taken to have their ordinary or dictionary meaning. Accordingly, a **fixture** is something that is fixed in place, and can be distinguished from a 'fitting' or a 'furnishing.' **Structural change** is also undefined but can be understood as a change involving 'construction' (for example, an alteration that might be undertaken by a builder).

Modification is also a general term referring to any change made to a property (an alteration or an addition). This chapter distinguishes a **minor modification** as a type of modification that can be reasonably rectified, removed or repaired.

A **minor modification** would therefore be a third category of alteration in the RTRA Act, with a new and separate process for approval. Alterations that are not minor modifications would be treated as either fixtures or structural changes and would continue to use the existing approvals framework in the RTRA Act.

Minor modification is defined in detail below.

Open Doors consultation (2018)

"Making a house a home" was one of the themes of the Open Doors consultation. This theme prompted respondents to share their experiences on living in, owning and managing rental properties, including making changes that personalise or increase liveability. Stakeholders held diverse views about the extent to which tenants should be allowed to change rental properties without the permission of the property owner.

Tenants generally sought more freedom to make small changes to help make their rental property feel like their home. Tenants with disabilities have also reported difficulties in obtaining property owner approval for modifications to make rental dwellings more appropriate for their needs.²¹¹ Property owners expressed concerns about protecting the financial investment they had made in the property.

Property owners tended to mention this topic more often than tenants or property managers. In general, there was an acknowledgement that tenants should be able to personalise their living space. Property owners were concerned about the scope of changes that tenants may attempt if permission was not required and that the property would not be returned to its original state.²¹²

Tenants generally supported a moderate amount of control over their rental property and felt that they should be able to make small changes without the express permission of the property owner. It was suggested that personalising a rental property allows tenants to take pride in their home, resulting in better care for the property.²¹³

Some 65 per cent of respondents to a snap poll indicated that property owners should not be able to stop tenants from making minor modifications to a rental property, such as connecting pay TV or installing curtains or blinds.²¹⁴

²¹¹ Queenslanders With Disability Network, *Going or Gold: Accessible Affordable Housing Now*, available at: <https://qdn.org.au/wp-content/uploads/2018/06/QDN-Going-for-gold-position-paper.pdf>, March 2017, p. 15.

²¹² Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.19.

²¹³ *Ibid*, pp.19 and 94.

²¹⁴ *Ibid*, p.19.

What are minor modifications?

Respondents during the Open Doors consultation put forward examples of minor modifications that tenants should be allowed to undertake without the consent of the property owner. Common suggestions were:

- hanging pictures, photos, paintings or clocks
- installing small shelves
- planting or maintaining a garden
- installing curtains or blinds
- installing grab rails
- installing pay TV
- painting a feature wall.²¹⁵

Property owners and their representative peak bodies were concerned that even small changes can create substantial damage to a property. The most commonly cited example was wall hangings and structural changes to the property. Owners noted that the tenant may be unaware of the building materials used in the rental property, such as asbestos, which could expose them to health and safety risks and lead to legal liability for the property owner.²¹⁶

Property owners also indicated that if tenants change the property without their consent, it could lead to damage and costly repair work that may void the property owner's insurance, affect the value of the property, and lead to a substantial loss of income for the property owner.²¹⁷

There were a few comments on the impacts that not being able to alter rental properties could have on vulnerable tenants. Some property owners noted that older people and people with disabilities are often the "best" tenants and, where feasible, the installation of accessibility features will improve attraction and retention of these tenants. It may also increase security of tenure for these vulnerable tenants and improves financial security for property owners.²¹⁸

Property owners did not think they should be financially disadvantaged to protect vulnerable persons, including to ensure rental properties are modified to meet specific tenant needs. Some respondents suggested a fund could be created to provide financial assistance to support vulnerable tenants in the rental market. This fund could be used to install or rectify changes to rental properties to meet the needs of vulnerable tenants, such as people with health, safety, security or accessibility needs.²¹⁹

Problem Identification

Only 37 per cent of tenants who contributed to the 2018 Open Doors consultation felt that they could treat their rental property as their home, while 56 per cent and 62 per cent of property owners and managers respectively thought tenants could treat it as a home.²²⁰ A common suggestion put forward by tenants to improve renting satisfaction was being able to improve the liveability of rental properties by making small changes.

Property owners also have a legitimate interest in investment certainty. A lack of clarity in tenancy laws for making changes to the rental property may result in barriers to effective communication between the property owner and the tenant, and increased risks and costs for property owners.

²¹⁵ Ibid, pp.19, 78, and 94.

²¹⁶ Ibid, p.94.

²¹⁷ Ibid, p. 94.

²¹⁸ Ibid, p.111.

²¹⁹ Ibid, p. 26.

²²⁰ Ibid p. 51.

Some tenants may have compelling life circumstances that require changes to be made to their rental property. The process of seeking permission from the property owner to make these changes may not be practicable or appropriate. The property owner's right to refuse these changes without grounds also may not be appropriate if there are compelling reasons for the change, or if there is no irreversible negative impact on the quality and soundness of the rental property.

The current laws may create unnecessary barriers for people experiencing domestic and family violence to improve the security of their rental property by changing locks or installing security screens or cameras.

A person with a disability, an ageing person, or a person with other accessibility requirements, may wish to install supports and aids in their rental property to enable mobility and access to facilities. In 2016, there were over 72 000 Queenslanders with a disability living in rental properties. This number has increased from around 53 000 in 2011.²²¹ Australia's ageing population is also presenting unique health and accessibility needs that may impact the private rental market. It is projected that by 2041, close to a quarter of the Queensland population will be aged over 65 years.²²² Current statistics show the proportion of older tenants in the private rental market is already increasing.²²³ In 2011, there were around 173 000 people over the age of 55 living in rental properties in Queensland. This figure has increased to around 201 000 in 2016.²²⁴ The ageing population may lead to increased demand for affordable accessible accommodation that meets the needs of this cohort.

Between 1999 and 2013, there were 1023 injuries or fatalities among children under the age of five as a result of falling or tipping furniture in Queensland households, including rental households.²²⁵ Across Australia, 22 children under the age of nine have been killed by toppling furniture since 2001.²²⁶ In at least one case in Western Australia in 2013, a child was killed by a toppling chest of drawers after the property owner refused permission to the tenants to install anchor points.²²⁷ The Coroner's inquiry recommended that the Western Australian *Residential Tenancies Act 1987* be amended to ensure that a tenant cannot be prevented from affixing a fixture for the purposes of child safety.²²⁸

Tenants in rental properties with children may wish to address health and safety risks of this nature by installing anchor points and other low impact safety features. If they are refused permission to do so by the property owner, this may contribute to unnecessary health and safety risks in rental properties.

Consumer organisation Choice has found that almost a quarter (23 per cent) of Australians who rent have experienced issues with restrictions on how they use their home, including making simple changes such as changing curtains if it required different fixtures. For example, one Queensland tenant reported that consent was refused to install block-out curtains in his bedroom, resulting in disruption of his night shift work.²²⁹

²²¹ Australian Bureau of Statistics, *2016 Census of Population and Housing*, from table builder, available at <https://auth.censusdata.abs.gov.au/webapi/jsf/dataCatalogueExplorer.xhtml>

²²² Queensland Government Statistician's Office, *Queensland Government population projections: Statistical areas level 4 – SA4 Snapshot*, available at <http://www.qgso.qld.gov.au/products/reports/qld-govt-pop-proj-qld-sa4/index.php>, Queensland Treasury, 2018, p.6.

²²³ W. Stone, T. Burke, K. Hulse and L. Raiston, *How does security of tenure impact on public housing tenants?* available at https://www.ahuri.edu.au/_data/assets/pdf_file/0027/2898/AHURI_RAP_Issue_185_How-has-the-private-rental-sector-changed-in-recent-decades-particularly-for-long-term-private-renters.pdf, Issue 185, AHURI Research and Policy Bulletin, 2015, p.1.

²²⁴ Australian Bureau of Statistics, *2016 Census of Population and Housing*, from table builder, available at <https://auth.censusdata.abs.gov.au/webapi/jsf/dataCatalogueExplorer.xhtml>

²²⁵ Mater Hospital - Queensland Injury Surveillance Unit, *Furniture Tip Over Injury Data*, available at <http://www.qisu.org.au/ModCoreFilesUploaded/Furniture-Tip-Over367.pdf>, 2015, unpaginated.

²²⁶ Australian Competition and Consumer Commission, *Fifty Australians a week injured by toppling furniture and televisions*, available at <https://www.accc.gov.au/media-release/fifty-australians-a-week-injured-by-toppling-furniture-and-televisions>, 2018, accessed 17 July 2019.

²²⁷ Western Australian Department of Mines, Industry Regulation and Safety, *Protecting children in rental properties from toppling furniture: Real estate bulletin issue 159 (October 2017)*, available at <https://www.commerce.wa.gov.au/publications/protecting-children-rental-properties-toppling-furniture-real-estate-bulletin-issue-159>, 2017, accessed on 17 July 2019.

²²⁸ Coroner's Court of Western Australia, *Inquest into the Death of Reef Jason Bruce KITE*, available at <https://www.coronerscourt.wa.gov.au/files/Kite%20finding.pdf>, accessed 17 July 2019.

²²⁹ Choice (National Shelter & The National Association of Tenant Organisations), *Disrupted: The consumer experience of renting in Australia*, available at <https://tenantsqld.org.au/wp-content/uploads/2018/12/Disrupted-2018-Report-by-CHOICE-National-Shelter-and-NATO-1.pdf>, 2018, p.11.

Government objectives

The Government's objectives are to:

- support enforcement of existing tenancy rights
- ensure rental accommodation is safe, secure and functional
- improve liveability of rental accommodation
- ensure tenancy laws protect vulnerable people in the rental market

The Government's policy objective in relation to minor modifications is to:

- improve tenants' ability to alter their rented homes to suit their needs, including for people with disabilities, elderly tenants and people escaping domestic and family violence, while providing safeguards for property owners to protect their investment.

Options

The options considered in this module of the C-RIS were as follows.

Option 1. Status quo (no change)

Option 2. Tenants allowed to make minor modifications without consent of property owner and no requirement to restore property at the end of the tenancy

Option 3. Establish mechanisms to manage minor modifications with appropriate safeguards.

Definition of a minor modification

What constitutes a minor modification or change could be defined in the RTRA Act. This may consist of either:

- prescribing certain examples of changes that are considered minor, or
- by introducing a definition which may be interpreted.

For example, the ACT has defined a minor modification as a renovation, alteration or addition that can be removed or undone so that the property is restored to substantially the same condition as at the commencement of the agreement (fair wear and tear excepted).

A proposed definition of a 'minor modification' is an alteration or addition to a rental property which:

- can be reasonably rectified, removed or repaired so the property may be restored to the same condition (fair wear and tear excepted)
- does not permanently modify surfaces, fixtures or the structure of the property, and
- does not require local council approval.

Option 1 – Status quo (maintain current RTRA Act provisions for fixtures and structural changes)

The following would continue to apply:

- Tenants must have written permission from the property owner to attach fixtures or make structural changes to a rental property.
- Property owners cannot unreasonably refuse a request for fixtures or structural changes and can add conditions to the permission.
- Tenants must remedy or pay for any damage caused through removing the fixture. If the fixture is an improvement to the property, the owner may be required to pay compensation to the tenant if the fixture is not to be removed.

- Fixtures and structural changes are not defined in the RTRA Act.

Option 2 – Tenants allowed to make minor modifications without consent of property owner and no requirement to restore property at the end of a tenancy

Under this option:

- A definition for a minor modification would be introduced to the RTRA Act.
- Tenants would be allowed to make any minor modifications to their rental property without the consent of the property owner, provided these fall within the definition of “minor modification.”
- Tenants would not be required to restore the property to its original condition at the end of the tenancy and can leave any modifications they make in place.
- Under existing RTRA Act obligations, tenants would remain required to repair any damage caused to the property, including damage caused through the installation or removal of any modifications made to the property.
- Any modifications that do not meet the minor modification definition would be required to follow the existing fixture or structural change processes in the RTRA Act for the owner to provide written approval for the change to being undertaken.
- If tenants have made modifications to a property that are not minor modifications, property owners would have access to existing processes to issue a notice to remedy the changes, and may take subsequent action currently allowed depending on the tenant’s action.

Option 3 – Establish mechanisms to manage minor modifications with appropriate safeguards

Under this option:

- A definition for “minor modification” would be introduced to the RTRA Act.
- New categories of minor modifications would be established to streamline access to small changes:
 - required to meet tenant health, safety, accessibility or security needs, or
 - that allow tenants to improve amenity and personalise their rental accommodation.
- Owners would be required to seek a pre-emptive QCAT order to refuse minor changes required for health, safety, accessibility and security reasons.

Option 3: Proposed new categories of minor modifications

Health, safety, accessibility and security modifications	Amenity or personalisation modifications
<p>Modifications for the health and safety of the tenants or other people on the property</p> <p><i>Examples: furniture anchors, child safety gates, non-slip strips on stairs</i></p> <p>Accessibility modifications determined to be necessary by a registered practitioner or allied health professional or are reasonable alterations under the <i>Anti-Discrimination Act 1991</i></p> <p><i>Examples: grab rails in bathrooms, shower seats</i></p> <p>Modifications to improve the security of a tenant, particularly where a tenant is at risk of, or escaping domestic and family violence</p> <p><i>Examples: dead locks, security doors, cameras or alarms</i></p> <p>Modifications to provide access to basic telecommunications in case of emergencies</p> <p><i>Examples: telephone or data points to provide telephone or internet connections</i></p> <p>Any other modifications prescribed by Regulation.</p>	<p>Modifications to improve the amenity of the property or the tenant's use of the property to make it a 'home'</p> <p><i>Examples: hanging pictures, window coverings, light shades, small gardens</i></p> <p>Modifications to increase energy efficiency</p> <p><i>Examples: LED light fittings, water saving taps and shower heads, weather seals</i></p> <p>Modifications to provide access to telecommunications which require more significant modifications or are unlikely to be removed at the end of the tenancy</p> <p><i>Examples: satellite dishes, cable television connections or large antennas</i></p> <p>Any other modifications prescribed by Regulation.</p>

Health, safety, accessibility and security modifications

- Tenants could make minor modifications for health, safety, accessibility, and security reasons, including access to basic telecommunications, without owner consent.
- The tenant must inform the owner before the changes are made.
- Owners could apply to the QCAT for a refusal order to prevent health, safety, accessibility and security modifications if they have a genuine reason that these types of changes cannot be installed in their rental property.

Amenity or personalisation modifications

- Tenants must provide the owner with seven days' notice of their intention to make a minor modification for amenity or personalisation reasons.
- The owner must respond within this seven-day notice period or be deemed to have consented to the change.
- Owners could request an extension of time to consider the request or to seek any approvals required from owner corporations or park managers.
- Owners could not unreasonably refuse consent for these changes.
- A tenant could pursue dispute resolution processes in the RTA and QCAT if they believe an owner has unreasonably refused consent to their request.

Proposed reasonable grounds to refuse a minor modification

- Does not meet the definition of a minor modification
- Would breach an Act or law (for example, inconsistent with body corporate or caravan park by-laws or rules)
- Would expose tenants or others to health and safety risks (for example, if asbestos is present and would be disturbed by the works)
- Would significantly change the property or are not consistent with the nature of the property
- Restoring the property to substantially the same condition would not be reasonably practicable
- Would result in additional maintenance costs for the owner if the property is not restored
- Modification to other residential properties or common areas would be required (such as in strata titles)
- Reasonable risk the modification could cause significant damage to the property (for example, planting a large tree with an invasive root system).
- For minor modification requests in rooming accommodation: would jeopardise the license of the provider to operate the rooming accommodation and/or the safety of other tenants in the rooming accommodation

Property owner applications to QCAT required to refuse consent for fixtures or structural changes required for accessibility or security reasons

People with disability or those experiencing domestic and family violence may require changes to their rental property for accessibility or security reasons that may not meet the minor modification definition. In these circumstances, the existing processes for fixtures and structural changes would apply.

Property owners would be required to apply to QCAT for an order to refuse consent for fixtures and structural changes required for accessibility or security reasons. QCAT would be required to consider a range of factors for a request to refuse consent.

If QCAT approved a property owner's refusal for fixtures or structural changes required for accessibility or security reasons, QCAT could order that the tenant can end the tenancy (with appropriate notice of two weeks and without penalty) as the property is not suitable to their needs.

Proposed QCAT considerations

- Evidence to support the fixture or structural change request (for example, a domestic violence order, medical advice)
- Whether significant hardship would be caused to the:
 - property owner if the fixture or structural change is made
 - tenant if the fixture or structural change is not made
- Whether the modification would contravene an Act or law
- If modifications to other residential properties or common areas are required
- If it would result in additional maintenance costs for the owner
- Whether the tenant should be required to 'make good' the modifications
- Whether the property was sufficiently secure
- Whether the property did not meet prescribed Minimum Housing Standards
- Whether the order is to be attached to the property or the tenancy
- Any other factors that may be relevant

Safeguards

Tenants must comply with any requirements for the work to be performed by a suitably qualified tradesperson, where appropriate.

Tenants must comply with any by-laws or rules in community title schemes or other managed communities, such as caravan parks.

Existing RTRA Act obligations would be retained to require:

- tenants to repair any damage caused to the property, including damage caused through the installation or removal of any modifications made to the property
- the parties to agree how the modifications are to be managed at the end of the tenancy, including if the tenant is required to restore the property to its original condition or the modification is to be retained as an improvement to the rental property.

Any modifications that do not meet the minor modification definition would be required to follow the existing fixture or structural change processes in the RTRA Act for the owner to provide written approval for the change to being undertaken.

If tenants have made modifications to a property that are not minor modifications, property owners would have access to existing processes to issue a notice to remedy the changes and may take subsequent action currently allowed depending on the tenant's action.

Disputes could be resolved through RTA conciliation and QCAT.

For future consideration: "restoration bonds"

Under section 112 of the RTRA Act, the amount that can be required to be lodged as a rental bond is currently limited to the equivalent of four weeks' rent for non-moveable rental properties and rooming accommodation.

A restoration bond would be a separate or additional amount to be paid by a tenant proposing minor modifications. This amount could be used at the end of the tenancy to rectify, restore or repair the minor modifications.

Consideration of restoration bonds can take place in the context of rental bond reforms more broadly, which will occur in Stage 2 of the Better Renting Future reform process. For this reason, restoration bonds will not be fully examined in this current consultation process but may be considered at a future date.

Impact Analysis

Option 1 - Status quo (no change)

Stakeholder	Issues
TENANT	<ul style="list-style-type: none"> • The current system places administrative burden on tenants to seek written permission from the owner for any change they wish to make to their rental property. • Tenants may not disclose their intention to make minor modifications due to: <ul style="list-style-type: none"> ○ administrative burden, ○ perception that they are unlikely to be approved or will be approved with conditions that make the change impractical, or ○ fear that their tenancy will not be renewed. • Restrictions on tenants' ability to make modifications (or make modifications in a timely fashion) may increase risk of injury and fatality among vulnerable cohorts who require small changes for accessibility, safety and security reasons (including older tenants, disabled tenants, people escaping domestic and family violence, and young children). • Restrictions on tenants' ability to make minor modifications to their home: <ul style="list-style-type: none"> ○ May result in the tenant having to relocate due to inability to adapt property to needs, resulting in relocation costs ○ Contributes to low rental satisfaction as tenants are unable to make a rental property 'homely' • Tenants may breach their tenancy agreement by making unapproved changes to meet their accessibility, health, safety or security needs or to improve amenity and personalize their rental property. • What constitutes 'reasonable refusal' of requests for fixtures or structural changes to their rental property is unclear. • Tenant must challenge an owner's refusal through dispute resolution services if they believe it is unreasonable, which represents time and possible financial costs.
PROPERTY OWNER	<ul style="list-style-type: none"> • Unapproved changes made by tenants may cause damage to property. • Financial costs may be incurred to remove or repair unapproved modifications and subsequent damage if these exceed the bond held for their rental property. • What constitutes 'reasonable refusal' of requests for fixtures or structural changes to their rental property is unclear.
PROPERTY MANAGER	<ul style="list-style-type: none"> • Currently the property manager incurs costs to administer requests to make changes to the rental property
STATE GOVERNMENT	<ul style="list-style-type: none"> • Through the public health care system, the government incurs the costs associated with preventable injuries at home (such as falls, slips and toppling furniture)
SOCIAL HOUSING	<ul style="list-style-type: none"> • As some tenants are unable to find accessible and safe homes in the private rental market this may be increasing the requirement for social housing
COMMUNITY	

Recommendation: This option was not recommended

Option 2 - Tenants allowed to make minor modifications without consent of property owner

This option would remove the obligation for tenants to seek permission for minor modifications, increasing the ease with which tenants can make changes to a property. This would improve the liveability of rental properties for tenants as they are able to make their rental property a home, thereby improving rental

satisfaction. This option may also contribute to security of tenure for tenants and security of investment for property owners, as people who have modified their homes are more likely to remain in that property.

The decision-making power of property owners would be significantly reduced under this option. Tenants would be required to notify a property owner or manager of any minor modifications before they make the change or as soon as practicable after the change has been made. However, the onus would be on tenants to interpret the definition of 'minor modification' and there may be a risk to tenants as modifications made to a property which do not meet the definition of 'minor' may be treated as a breach of the tenancy agreement. Property owners may also challenge modifications which they believe they do not meet the definition through RTA conciliation or in QCAT.

Tenants would not be required to restore the modifications at the end of a tenancy but would continue to be required to repair any damage they cause to the property, including through the installation or removal of minor modifications.

If modifications are left in the rental property, a property owner would bear the cost of restoring these modifications if they do not want them. There is a risk these modifications could reduce the financial value of the property or may be unsafe.

Anecdotal evidence suggests that property owners view permissions regarding minor changes as a way of managing risk. It is possible this option may lead to some owners selling their property and exiting the rental market due to the increased financial risk this option may present.

This option would not override any responsibilities for tenants who live in community title schemes or caravan parks to comply with by-laws or park rules. Often, body corporate by-laws or caravan park rules require written consent of the owner corporation or park manager before any changes are made, particularly to common property.

Option 2 – Tenants allowed to make minor modifications without consent of property owner

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Improved liveability and rental satisfaction Improve accessibility, safety and functionality of rental properties, possibly reducing rates of injuries and fatalities, particularly caused by falls or toppling furniture 	<ul style="list-style-type: none"> May be discriminated against if property owners or managers decide to avoid cohorts of tenants they perceive likely to require modifications May deteriorate relationship with property owners and managers
PROPERTY OWNER	<ul style="list-style-type: none"> More secure rental returns and reduced vacancy rates as tenants may be more inclined to stay in rental properties they have modified to meet their needs and preferences Housing that has been improved to be more accessible may attract and retain tenants with disability and older tenants, who tend to prefer longer tenancies. Housing that has been improved for accessibility may attract higher rent 	<ul style="list-style-type: none"> Significant loss of control over property Financial value may be reduced through inappropriate modifications Costs of restoring property Financial and time costs to go to QCAT for dispute resolution plus possible costs to restore if dispute about unapproved modifications (up to seven weeks for a hearing and QCAT application fee of \$26.35 if not claiming money)
PROPERTY MANAGER	<ul style="list-style-type: none"> Potential decreased workload due to not having to process requests for min 	<ul style="list-style-type: none"> Increased/changed workload to track modifications to inform property owners
STATE GOVERNMENT	<ul style="list-style-type: none"> May lead to financial savings in health system due to reducing rates of injuries and fatalities, particularly caused by falls or toppling furniture 	<ul style="list-style-type: none"> Possible increase in disputes to RTA dispute resolution, QCAT and Office of the Commissioner for Body Corporate and Community Management.

Stakeholder	Benefits	Costs
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential decreased reliance on social housing by vulnerable cohorts as can make private rental properties accessible, functional and safe 	
COMMUNITY		

Recommendation: This option was not recommended

Option 3 - Establish mechanism for managing minor modifications with appropriate safeguards

This option would improve the liveability of rental properties and improve the renting experience for tenants, ensuring rental properties are accessible, functional, safe and secure while creating a feeling of home, leading to an overall improvement in the health and wellbeing of tenants.

The definition of minor modifications would be supported by classifications of modifications, which may be to:

- improve the health and safety of people in the property
- support accessibility
- greater security, particularly for those experiencing domestic and family violence
- access to telecommunications
- improve the amenity and liveability of the property

In Queensland, 1302 children were injured by toppling furniture between 1999 and 2013²³⁰ and 382 children have been injured due to a fall on or from stairs over a ten-year period.²³¹ Removing unnecessary barriers to the installation of health and safety modifications, such as furniture anchors and child safety gates, may contribute to reductions in the number of injuries sustained by young children. This will also contribute to reducing the burden on the Queensland health system due to hospitalisations caused by these injuries.

Accessibility modifications can lead to improvements in the quality of life for vulnerable cohorts such as elderly tenants and people with disabilities. Studies have found home hazard modifications (such as installing grab rails and non-slip mats) in the population of people at a high-risk from falling is the most cost-effective prevention method to avoid falls. In a population of 10 000 people, modifications would see 2580 less falls.²³² Removing unnecessary barriers to such modifications may provide financial savings in the health system as in 2007-08, the average cost for a person aged over 65 years hospitalised due to a fall was \$8139.²³³

Property owners are currently required to provide a level of security for rental properties. Security needs will differ depending on the type and location of the property as well as the circumstances of the tenants, which may change during the tenancy. Women leaving violent partners make up approximately one-third of Australia's recorded homeless population.²³⁴ Improvements to the security of a rental property may support

²³⁰ Mater Hospital - Queensland Injury Surveillance Unit, *Furniture Tip Over Injury Data*, available at <http://www.qisu.org.au/ModCoreFilesUploaded/Furniture-Tip-Over367.pdf>, 2015, p. 3.

²³¹ Australian Competition and Consumer Commission, *Fifty Australians a week injured by toppling furniture and televisions*, available at <https://www.accc.gov.au/media-release/fifty-australians-a-week-injured-by-toppling-furniture-and-televisions>, 2018, accessed 26 June 2019.

²³² J. Church, S. Goodall, R. Normal and M. Haas, *The cost-effectiveness of falls prevention interventions for older community-dwelling Australians*, available at <https://www.ncbi.nlm.nih.gov/pubmed/22672030>, Vol 36, No. 3, Australian and New Zealand Journal of Public Health, 2012, p.245.

²³³ Queensland Health, *Rate and cost of hospital admissions due to fall-related injuries among older Queensland, 2007-08*, available at https://www.health.qld.gov.au/_data/assets/pdf_file/0027/435078/0708-hosp-admissions.pdf, 2010, p.3.

²³⁴ K. Diemer, C. Humphreys and K. Crinall, *Safe at home? Housing decisions for women leaving family violence*, available at <https://onlinelibrary.wiley.com/doi/abs/10.1002/ajs4.5>, vol 52, Australian Journal of Social Issues, Australian Social Policy Association, 2017, p.33.

them to remain in their homes, ensuring they do not fall into homelessness, and supporting them to sustain employment and connections to their community and reduce schooling disruption for any children.²³⁵

Giving the tenant greater control over decision-making about security of the property may result in benefits for the tenant of less break-ins, and improved peace of mind resulting in improved mental health. In 2018, there was 23 539 unlawful home invasions reported to police including 704 violent home invasions.²³⁶ In a 2015 study of people found guilty of committing breaking and entering offenses in Australia, around 50 per cent stated a working security system would deter them from breaking into a house and 20 per cent reported that security screens on windows would be enough to deter them.²³⁷

Tenants who make modifications to a property for safety, security and accessibility reasons or to make it feel more like home may be inclined to remain longer in the property, providing financial security for owners. Appropriate safeguards will also secure a property owners' investment including requiring tenants to make good any modifications if required, requiring suitably qualified tradespeople to undertake the modifications, and providing grounds for owners to refuse modifications. These modifications may also improve the financial value of a property.

Tenants who could modify rental properties may also not move as often to find housing to suit their needs, which may contribute to security of tenure and improving rental affordability. This option may also have a societal benefit in reducing the number of people requesting housing assistance from the government or entering homelessness as they are unable to find appropriate private rental accommodation to suit their needs.

The 2016 Census reports that 224 855 households in Queensland did not have access to the internet from their dwelling.²³⁸ While this includes both owner-occupied and rented properties, ensuring tenants can install basic telecommunications in their rental property may contribute to improving access to phones and the internet. This would ensure that these tenants can access emergency services over the phone and can locate vital information online in an emergency. Improved internet access can also deliver health, education and business improvements while also improving the social connectedness of tenants with family and friends.²³⁹

Energy efficiency modifications such as installing water saving shower heads and taps and using LED light fittings could deliver financial savings to tenants. While LED lightbulbs may be more expensive than halogen, they provide cost savings over time as they have longer lifespans and use less electricity. This will complement the decision by the Council of Australian Governments Energy Council to phase out inefficient incandescent and halogen lightbulbs where an equivalent lightbulb is available.²⁴⁰

Water saving measures could also provide substantial financial and environmental savings for tenants and the wider community. A water efficient showerhead can save more than 63 litres of water for an average seven-minute shower.²⁴¹ Low-flow taps can use as little as two litres per minute compared with 15 – 18 litres per minute with standard taps.²⁴² These measures provide savings on water and energy bills as less

²³⁵ Ibid, p.34.

²³⁶ Queensland Police, *Queensland Crime Statics, Unlawful Entry With Intent – Dwelling*, available at <https://mypolice.qld.gov.au/queensland-crime-statistics/> accessed 27 August 2019.

²³⁷ Budget Direct, *Home Burglary in Australia Statistics 2019*, available at <https://www.budgetdirect.com.au/home-contents-insurance/research/home-burglary-statistics.html>

²³⁸ Australian Bureau of Statistics, 'Dwellings – Number of motor vehicles -Dwelling internet connection', *2016 Census Quickstats*, available at https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/3?opendocument, 2016, accessed 10 July 2019.

²³⁹ Australian Government Department of Broadband, Communications and the Digital Economy, *Benefits of High-Speed Broadband for Australian Households*, available at <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/deloitte-au-fas-benefits-highspeed-broadband-v2-240914.pdf>, Deloitte Access Economics, 2013, p.16.

²⁴⁰ Energy Rating, *COAG Energy Ministers Meeting*, available at <http://energyrating.gov.au/news/coag-energy-ministers-meeting>, 2018, accessed 25 July 2019.

²⁴¹ The Saver Group, *Water Saving Shower Heads*, available at <https://www.thesavergroup.com.au/showerheads>, accessed 26 June 2019.

²⁴² Australian Government Department of the Environment and Energy, *Water efficiency*, available at <https://www.energy.gov.au/households/water-efficiency>, accessed 26 June 2019.

energy is required to heat the water due to reduced water consumption. This has the added environmental and societal benefit of saving amounts of potable water and reducing greenhouse gas emissions.²⁴³

Tenants would still be required to adhere to existing obligations, including repairing or paying for repairs to any damage they cause to the property through the installation and removal of any modifications. Tenants and owners would also continue to negotiate how any modifications are to be managed at the end of the tenancy. This could include agreeing that the tenant must restore the property to its original condition or that the owner will retain the change as an improvement.

This option would reduce the level of control for property owners over their rental properties, based on anecdotal evidence provided by owners during consultation this may lead to some owners selling their properties. This is expected to be rare though as research shows property owners are mostly motivated to hold property as an investment for long term capital gains and this is only one factor that would be considered when making investment decisions. Further increased clarity of rights and obligations resulting from this option may decrease risk for property owners, increasing investment certainty. In relation to modifications made for amenity or personalisation, property owners and managers will also need to respond to tenants within seven days or risk accepting the modifications proposed by the tenant. Extensions of time past the seven days can be requested to enable the property owner or manager to make further inquiries regarding the proposed modification.

While tenants would remain responsible for any costs associated with repairing damage at the end of a tenancy, this option may not alleviate concerns some property owners have raised that minor modifications may cause significant damage to a property. Owners have also raised the current bond amounts are not sufficient to cover any repairs if they are needed for significant damage. If a rental property sustains significant damage through minor modifications, which is not rectified by the tenant, owners must either use the bond to repair the property or go through RTA conciliation and QCAT for a compensation order requiring the tenants to pay for any damage they caused.

This option may have an unintended consequence of increasing discrimination some tenants experience from property owners and managers. Some owners and managers may be hesitant to rent properties to tenants they believe may need or want to modify their rental property and opt for tenants that are less likely to request or make modifications.

Property owners may need to participate in RTA conciliation and then apply to QCAT if they wish to refuse consent for any modifications requested for accessibility to safety and security reasons. This would increase the workload of RTA conciliators and QCAT registry staff and adjudicators.

This option aligns with Supporting Families, Changing Futures reform program and key outcomes of the *Domestic and Family Violence Prevention Strategy 2016-2020*. Streamlined processes for minor modifications to improve accessibility for people with disabilities may also contribute to Queensland Government actions under the state disability plan, *All Abilities Queensland: opportunities for all* and *The Queensland Plan – Queenslanders' 30-year vision*.

This option may not alleviate the concerns of rooming accommodation providers regarding minor modifications. Rooming accommodation residents are also unable to make fixtures or structural changes to the rental premises without permission from the provider. Peak bodies representing rooming accommodation providers indicated that allowing residents to make minor modifications without the provider's consent may jeopardise the license of the provider to operate the rooming accommodation as well as the safety of other tenants in the rooming accommodation.

²⁴³ Institute for Sustainable Futures, *Evaluation of the environmental and economic impacts of the WELS scheme*, available at <https://www.waterrating.gov.au/sites/default/files/documents/evaluation-wels-scheme-final-report-2018.pdf>, Australian Government Department of Agriculture and Water Resources, 2018, iv.

Option 3 - Establish mechanism for managing minor modifications with appropriate safeguards

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • Health and safety benefits (including protection of life) particularly of children aged under five years and elderly tenants due to reductions of injuries caused by toppling furniture and falls • Increased ability to install telecommunication infrastructure can: <ul style="list-style-type: none"> ○ Improve educational outcomes ○ Improve employment outcomes through remote work opportunities ○ Improve access to emergency services • Improved rental satisfaction and security of tenure as tenants may be more inclined to remain in rental properties that meet their personal needs and preferences • Tenants will have more confidence to install energy and water efficient measures. This can improve financial and physical wellbeing through lower energy and water bills (particularly for low-income or vulnerable cohorts) <ul style="list-style-type: none"> ○ LED lightbulbs can deliver energy savings of \$253/year for a household (based on household with on average 37 lightbulbs)²⁴⁴ ○ Water efficient showerheads and taps can save Queenslanders \$45 per person per year²⁴⁵ • Improvements in financial and physical wellbeing due to lower utility bills • May contribute to reducing discrimination if owners are confident their properties will be returned to substantially same state post tenancy 	<ul style="list-style-type: none"> • Costs to install minor modifications, for example: <ul style="list-style-type: none"> ○ Energy efficient lightbulbs ~\$8 for 10.5w LED light bulb²⁴⁶ ○ Furniture anchors cost on average \$10 for anchors for one piece of furniture ○ Child safety gates range between \$39 to \$200 according to brand and size. • May increase disputes about liability between tenant and owner • May contribute to breakdown in relationships between tenants, owners and managers • May be required to pay for a suitably qualified tradesperson to undertake installations (handyman costs on average \$50 per hour) • Costs to restore any modifications, if required

²⁴⁴ Energy Rating (A joint initiative of Australian, State and Territory and New Zealand Governments), 'Keen To Save Hundreds Each Year On Your Energy Bills?', *Step 5: Consider Your Costs*, available at <http://www.energyrating.gov.au/lighting/energy-costs>, 2019, accessed 26 June 2019.

²⁴⁵ Institute for Sustainable Futures, *Evaluation of the environmental and economic impacts of the WELS scheme*, available at <https://www.waterrating.gov.au/sites/default/files/documents/evaluation-wels-scheme-final-report-2018.pdf>, Australian Government Department of Agriculture and Water Resources, 2018, p.70.

²⁴⁶ Woolworths, available at <https://www.woolworths.com.au/shop/browse/household/electronics/lighting-torches>, accessed 30 July 2019

Stakeholder	Benefits	Costs
PROPERTY OWNER	<ul style="list-style-type: none"> • Some modifications may improve property's standard or value resulting in higher rents • Improves investment certainty through clearer assignment of risks • Increased financial security as tenants may stay longer in rental properties they have invested in by making minor modifications • Can require a suitably qualified tradesperson to undertake modifications to protect value of asset • Less administrative burden than the current system as tenants only have to notify of minor modifications and owner does not have to give written permission to approve • Tenants may be more likely to report intention to make minor modifications giving the owner reasonable right of refusal for amenity or personalisation modifications that may cause damage 	<ul style="list-style-type: none"> • Loss of some control over rental property • Cumulative changes (particularly more substantial modifications) may generate more significant and longer-term repair issues • Minor modifications may create substantial damage to properties which may not be covered by bond
PROPERTY MANAGER		<ul style="list-style-type: none"> • More requests to install minor modifications and monitoring for modifications across rental portfolios may increase workloads
STATE GOVERNMENT	<ul style="list-style-type: none"> • Improved health and wellbeing of tenants may reduce impacts on health systems: <ul style="list-style-type: none"> ○ Potential avoided costs of falls (every 10 000 homes suitably modified could avoid 2580 falls. The average cost of \$8139 per hospital visit for an elderly fall victim in 2007-08) 	<ul style="list-style-type: none"> • Increased number of dispute resolution requests to the RTA and increased workload for QCAT Registry staff and Adjudicators from unresolved disputes and pre-emptive exclusion orders.
SOCIAL HOUSING	<ul style="list-style-type: none"> • Potential reduced burden on social housing due to increase in accessible and secure housing 	
COMMUNITY	<ul style="list-style-type: none"> • Improved wellbeing outcomes (e.g. benefits from feeling secure in their home). • Reductions in greenhouse gas emissions from energy efficiency savings • Reduced water consumption improves security of water supply • Allowing tenants to install telecommunications could increase business opportunities and productivity through improved connectedness 	

Recommendation: This option was recommended

Preliminary conclusion and recommended options

Option 3 was recommended as it achieved a balanced and fair reform, considering both the interests of tenants and property owners. The recommended option would:

- Define categories of minor modifications required to meet specific tenant needs about health, safety, accessibility and security or to allow the tenant to improve amenity and personalise their rental property.
- Clarify processes, rights and obligations for tenants and owners around making changes to rental properties, including:
 - requirements to provide and respond to notices about making minor modifications
 - reasonable grounds for refusing consent for amenity or personalisation minor modifications
 - requirements for property owners to seek QCAT orders to refuse consent for fixture or structural changes required for health, safety, accessibility or security reasons.

Tenants would continue to be required to repair any damage caused during the tenancy, including through the installation or removal of minor modifications. Tenants and owners would also continue to be required to negotiate how any modifications made during the tenancy are to be managed when the tenancy ends. This agreement could include that the tenant is required to restore the property to its original condition or that the owner will retain the modification as an improvement.

This option would increase rental satisfaction for tenants by ensuring their rental property meets their specific health, safety, security or accessibility needs and providing greater scope for them to improve amenity and personalisation of their home.

Appropriate safeguards would be introduced for property owners including requiring tenants to notify the property owner/manager of proposed modifications, the ability to refuse modifications on certain grounds and obligations for tenants to restore some modifications at the end of a tenancy, returning the property to the condition it was in at the beginning of the tenancy.

Property owners would continue to be able to claim against the rental bond held for damage caused and may retain the modifications as an improvement if agreed at the end of the tenancy.

Community feedback on the C-RIS (November 2019 to January 2020)²⁴⁷

Participants in the survey that was conducted in conjunction with the C-RIS were asked questions relating to:

1. their level of support or opposition to the three options considered in the C-RIS
2. the details of the recommended option including whether:
 - tenants should be allowed to make minor modifications for health, safety, accessibility and security without owner consent
 - they supported minor modifications for personal amenity or personalisation
 - a property owner could refuse permission to make minor modifications
3. whether property owners should have 7 days to respond to a request for minor modifications or be deemed to have approved the request
4. the likely benefits of the recommended option
5. the likely costs of the recommended option
6. other impacts of the recommended option
7. further information.

Property owners, property managers and other non-tenant stakeholders all supported Option 1, the status quo. Tenants were strongly opposed to Option 1. There was considerable support from both tenants and property owners for a more streamlined process for minor modifications required for health, safety, security,

²⁴⁷ Articulous, *Report on C RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008, 2020*, p. ??.
<URL>

accessibility reasons. Tenants supported elements of Options 2 and 3, while all other cohorts strongly opposed them.

Free-text survey responses and written submissions showed that a large number of tenants supported establishing mechanisms to more easily allow minor modifications for health, safety, accessibility and security. Tenants also favoured the concept of property owners requiring a QCAT order to refuse minor modification requests. Support among tenants was also high for establishing mechanisms to more easily allow minor modifications for amenity, energy efficiency and telecommunications. Tenants' view is that property owners should not be able to unreasonably refuse a minor modification request.

Tenants felt that the proposed changes would:

- improve health and safety outcomes for tenants
- make a rental property feel more like a home
- improve living conditions.

However, tenants also felt that the proposed changes would:

- increase the risk of damage to the property by tenants
- carry a responsibility for tenants to cover costs associated with minor modifications
- benefit from clarification of the terms "minor" and "reasonable".

The majority of property owners supported the status quo. Overwhelmingly, property owners were opposed to allowing tenants to make minor modifications without the consent of the property owner. They were also strongly opposed to the concept that there might be no requirement for the tenant to remove the minor modification and restore the property at the end of a tenancy. Property owners were very concerned that tenants making minor modifications may cause damage to the property, especially if the changes are not made by qualified tradespeople. They were also concerned that property owner costs would increase, and that this would result in higher rents or exit of the property owner from the rental market.

Property owners felt that the recommended option would:

- have no benefit for them and only benefit tenants
- cause damage to rental properties
- increase insurance costs
- reduce the rights of owners
- cost more for owners to restore the property to its original condition.

Property managers felt that the preferred option would:

- have no benefits for any cohort
- cost more for owners to restore the property to its original condition
- mean more time spent doing administrative tasks
- cause damage to rental properties.

However, property managers also felt that the changes would:

- allow tenants to make their rental premises a home
- improve health and safety outcomes for tenants.

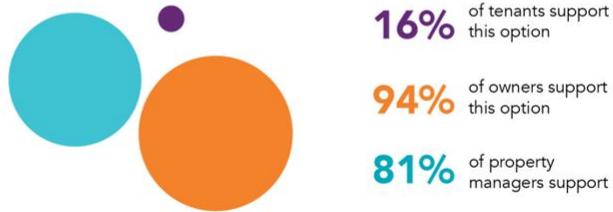
A graphic summarising key consultation outcomes in respect of minor modifications is below.

Tenant, owner, property manager support rates

Minor modifications

No changes

No changes.



Health, safety, accessibility and security

Establish mechanisms to allow minor modifications for health, safety, accessibility and security. Property owners would need to seek QCAT order to refuse requests of this type. (Included in option 3.)



Changes without consent or restoration

Tenants allowed to make minor modifications without consent of property owner and no requirement to restore property at the end of a tenancy. (Included in option 2.)



Amenity, energy efficiency and other telecommunications

Establish mechanisms to allow minor modifications for amenity, energy efficiency and other telecommunications. Property owners cannot unreasonably refuse request. (Included in option 3.)

Final recommendation

Decision pending, subject to further work being undertaken. Minor modifications will not be progressed as part of Stage 1 renting reforms.

Key themes identified in stakeholder feedback were the potential increase in costs and the loss of control that the minor modifications proposals may impose on property owners, as well as concerns about clarity and specificity in the definition of “minor modification.”

To improve liveability and functionality while maintaining protection of the property owner’s asset, the C-RIS included a recommendation to establish defined minor modifications categories with streamlined approval mechanisms. Tenants and tenant advocates strongly supported the recommended option as improving tenants’ ability to make modifications needed for them to live safely in the property.

The Aboriginal and Torres Strait Islander Legal Service (Qld) Inc. provided a relevant example of a safety-related modification in its written submission in response to the C-RIS:

Anecdotally, it can be quite difficult for renters to get agreement for quite reasonable modifications. One story included a client’s wish to accede to a Child Safety demand to modify the premises to include a suitably lockable gate to avoid children escaping onto the road, but the clients were told by the landlord that they would be in breach of the lease if they complied with the requirement to make such modifications. The prospect of taking on an unreasonable refusal by the landlord is often overwhelming for the tenant and creates worries about the precariousness of renewals of leases.²⁴⁸

The REIQ stated that its rental reforms survey revealed that:

90.85% of respondents would reconsider their investment if a tenant was able to make modifications to their property without their consent (amongst 8522 respondents who responded to this question). Meanwhile, 8519 respondents answered a question about factors that would make them reconsider current or future property investments. 56% of those said they would reconsider their investment if tenants were given the right to modify their property without owner consent. Respondents were able to select more than one answer and 61.4% of respondents selected ‘all of the above’ from the 7 answers listed below:

1. Impending market crash or correction.
- 2. Tenants given the right to modify your property without your consent.**
3. Landlords forced to renew tenancies, even after an agreement has ended, meaning a tenant could remain in the property indefinitely should they choose to.
4. Landlords forced to consent to pets in their property.
5. Significant changes to zoning in or around your investment property.
6. Property related expenses no longer tax deductible.
- 7. All of the above.**²⁴⁹

The key concern expressed by the REIQ and its survey respondents was about the lack of owner consent. The POAQ also raised substantial concerns regarding minor modifications, including:

- Tenants are not qualified to determine whether a modification is minor
- Inappropriate fixative materials can damage property, different requirements may apply depending on the surface, there should be a limit on the number of minor modifications that can be made, and certain minor modifications would need to be installed by a qualified tradesperson approved by the property owner

²⁴⁸ Aboriginal and Torres Strait Islander Legal Service (Qld) Inc., Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 2.

²⁴⁹ Real Estate Institute of Queensland, Response to the Consultation Regulatory Statement – Review of the Residential Tenancies Rooming Accommodation Act 2008 (Qld), unpublished, 2019, unpaginated. Emphasis in original.

- Installation of subscription television equipment and painting of a feature wall, for example, should require the property owner's consent
- All modifications should be restored at the end of the tenancy.
- There should be security for restoration.
- Grab rails could cause damage to bathroom tiles.
- Non-slip mats, child safety gates and other child safety features should require the approval of the property owner.
- The property owner should have one month to consider requests for minor modifications.

Stakeholders expressed strong and opposing views on proposed reforms to allow tenants more freedom to make minor modifications to the rental property. Tenants and tenant advocates strongly supported the recommended reform option as improving tenants' ability to make the changes they need to live safely and comfortably in the rental property as their home. Property owners and managers expressed significant concern the recommended option would undermine their control over the rental property and increase the risk of damage. Property owners particularly expressed a strong desire to decide what changes could be made and guide how and where they were done, noting that tenants may not have the knowledge of the property to determine where modifications were best made or the expertise to undertake the works safely.

Stakeholders held diverse views about how a minor modification should be defined and what would be considered to fall within that definition. For example, painting a feature wall or repainting the rental property was identified as a significant change by property owners and managers but a change that could be reversed and unlikely to damage the property by tenants.

In addition, there is significant reviews and work underway nationally that are relevant to improving housing outcomes for vulnerable people, including

- the national Accessible Housing project led by the Australian Building and Construction Board to complete regulatory analysis of options for potential minimum accessibility standards for housing applied through the National Construction Code
- government responses to the Royal Commission into Aged Care Quality and Safety recommendation that governments work together to increase accessible housing, including private rental housing and social and affordable housing, for the ageing population, and
- findings of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability.

Noting the diverse views held by stakeholders and this significant national work program that intersects with reforms to improve housing accessibility, it is considered that it is not the appropriate time to progress minor modifications in Stage 1.

Further engagement will be undertaken with stakeholders in future reform stages to define minor modifications and develop a workable framework to support tenants and property owners to agree on the changes a tenant can make to the rental property. This work will be informed by the significant national work program that intersects with actions to improve accessible housing.

Renting with pets

Decision Regulatory Impact Statement

Review of the *Residential Tenancies and Rooming Accommodation Act 2008*

Stage 1 Reforms



Part 6 – Renting with pets (with safeguards)

Introduction

Pets are an important part of life for many Queenslanders. Pets are often viewed as part of the family and can provide companionship, safety, and physical and mental health benefits.²⁵⁰ Nearly six in 10 Queensland households keep a pet.²⁵¹ There is a lack of robust data around the availability of rental property that is considered ‘pet friendly’.²⁵² According to *rent.com.au* property data, however, 15 per cent of rental properties in Queensland are pet friendly – the highest number in Australia²⁵³. Current tenancy laws are largely silent on the issue of renting with pets. While tenants and property owners are currently able to negotiate their own arrangements for pets in rental properties, a more structured framework for keeping pets in rental properties may be justified.

Open Doors consultation (2018)

The ability for a tenant to keep a pet in a rental property was the most discussed topic in the Open Doors consultation, accounting for more than a quarter (27 per cent) of responses across all channels.²⁵⁴ Pets in rental properties was the most discussed issue in the online forums (20 per cent) and the second-most discussed issue in other written responses (16 per cent).²⁵⁵

In terms of the definition of “pet,” there was generally an assumption in the consultation that pets would most likely be dogs or cats. Other types of animals, such as birds, fish, rodents, reptiles, horses, chickens and other farm animals, were rarely discussed. Any regulatory response should consider the range of animals that may be kept as pets and the appropriateness of the regulation across this range.

During the Open Doors consultation, there were marked differences in the views expressed on the topic of pets by property owners and tenants. Many tenants argued passionately to be allowed to keep pets so their rental properties would feel more like home and would contribute to their overall health and wellbeing. Many suggested that tenants should be able to have a pet without having to seek the property owner’s permission, while others indicated that they would be willing to agree to certain conditions to be allowed to keep a pet. A small number of tenant respondents raised concerns about hygiene, allergies, noise, smell, and possible property damage.²⁵⁶

In general, property owners had a strongly held view that they should retain control over approval of pets.²⁵⁷ Property managers also flagged potential health and safety risks when conducting inspections of rental properties where animals are present.²⁵⁸

Both property owners and managers also raised concerns about damage to property and potential pest infestation. Property owner advocacy organisations suggested that incentives, such as a pet bond, may encourage more property owners to allow pets to be kept in rental properties. However, a strongly held view was that tenants should have to seek permission prior to having a pet, and that property owners should have the final say.²⁵⁹

²⁵⁰ F. Walsh, ‘Health and Mental Health Benefits of Companion Animals’, *Human Animal Bonds I: The Relational Significance of Companion Animals*, available at <https://www.kenrodogtraining.com/upload/human2.pdf>, Vol. 48, No. 4, Family Process, 2009, p.466.

²⁵¹ Pet Industry Association, *Australian Pet Ownership Statistics*, available at <https://piaa.net.au/australian-pet-ownership-statistics/>, 2018, accessed 18 July 2019.

²⁵² The definition of pet friendly for the purpose of this RIS is that property owners/managers have self-identified their properties as pet friendly. It is important to note the limitations of this data – ticking pet friendly as part of a rental advertisement does not mean that pets are automatically accepted or even considered. Also, property owners/managers that may accept or consider pets may not have indicated that their property is pet friendly.

²⁵³ ‘Australia’s dog-eat-dog rental market exposed: only 1 in 10 properties deemed pet-friendly,’ available at <https://www.rent.com.au/blog/halloween-pets>, accessed on 2 September 2019.

²⁵⁴ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.18.

²⁵⁵ *Ibid.*, p. 18.

²⁵⁶ *Ibid.*, p. 87.

²⁵⁷ *Ibid.*, p. 18.

²⁵⁸ Real Estate Institute of Queensland, Submission to Open Doors to Renting Reform, 2018, p. 7.

²⁵⁹ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.83.

Several other peak bodies provided feedback, including animal justice and animal welfare organisations, which raised concerns about the potential impacts of increased pet ownership on native wildlife.²⁶⁰ The challenges of keeping pets in communal living arrangements such as caravan parks and community title schemes were also raised.²⁶¹

During the Open Doors consultation, one tenant suggested that “allowing people to have pets is important for mental and physical health reasons.” Another noted that “some older people have cats or dogs as pets which are classed as part of their families. They are company for the older people and in some cases give them a reason to live.” Another respondent suggested that “it is unfair that a tenant is not able to enjoy the companionship, safety and health benefits of having a pet.”²⁶² Further it was raised that tenants felt there was a power imbalance between owners and tenants, with tenants having little discretion to make their rental property a home, which is exacerbated by the restrictions on keeping a pet.

Allowing pets in rental properties was the most popular suggestion from tenants on what changes to tenancy law overall would improve their renting experience.²⁶³ The most common ideas for tenancy reform put forward by tenants can be summarised as follows:

- all rental properties should be pet-friendly
- tenants should not need prior approval from the property owner to have a pet
- some tenants supported paying a pet bond
- special terms about maintaining the standard of the property could be included in tenancy agreements, such as a requirement to undertake pest control
- tenants could provide ‘pet references,’ including from previous property owners and managers.

The most common ideas for reform put forward by property owners and managers were that:

- mandatory pet requirements should not be imposed
- the property owner should retain the right to refuse pets
- pet-friendly rental properties could require tenants to pay a specific pet bond
- tenants should pay a higher rent for properties that allow pets
- property owners should be able to gain access to information about animals that are declared dangerous or have had complaints against them made to local government authorities
- there should be obligations placed on tenants to disclose the presence of pets to ensure the health and safety of those inspecting properties
- a property owner should be able to request a copy of a pet requisition or licence as part of the pet application process, to ensure that animals are being kept in accordance with legal requirements.

²⁶⁰ See, for example, Koala Action Group Qld Inc, Submission to Open Doors to Renting Reform, 2018, p. 1.

²⁶¹ See, for example, Caravan Parks Association of Queensland Ltd, Submission to Open Doors to Renting Reform, 2018, p. 11.

²⁶² Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, pp. 87-88.

²⁶³ *Ibid*, p.48.

Problem Identification

Even though 15 per cent of Queensland's rental properties were listed as pet-friendly in property data, it may prove difficult for a person to secure a rental property that accepts their pet. Overseas research has shown that pet owners can find it difficult to find suitable rental properties and may make sacrifices on quality, location and safety in order to keep their pet.²⁶⁴ Alternatively, tenants may relinquish, abandon or destroy pets that cannot be accommodated.

Open Doors consultation feedback also indicated that there is considerable unmet demand among tenants for pet-friendly rental properties in Queensland. There were 921 comments that discussed pets. Respondents indicated that most rental properties do not allow pets.²⁶⁵ Pet Industry Association statistics indicate that 58 per cent of all Queensland households (rented and owner-occupied) include at least one pet, suggesting that pet ownership is disproportionately low among tenants.²⁶⁶

While current legislation allows property owners to approve the keeping of pets in rental properties, there is no guidance or framework for tenants and property owners to meaningfully communicate and reach an agreement about the matter. It appears that refusing to accept pets may be a default position for many property owners, without giving the tenant an opportunity to negotiate or consider the circumstances of individual tenants and their pets. Tenants also have no clear recourse to a system of tenancy rights that is geared to address pet ownership issues, particularly before the tenancy starts. This can affect a tenant's access to housing and adds to the perception of power imbalance in the tenancy relationship.

Research has indicated that pet ownership has a number of physical and psychological benefits, such as:

- fewer doctor visits
- reductions in stress
- an overall improvement in mental health
- increased social support for individuals
- improved cardiovascular health
- reduced incidence of allergies linked to asthma
- strengthened immune systems.²⁶⁷

Lack of access to pet-friendly properties may reduce opportunities for tenants to take advantage of these potential physical and psychological health benefits. It may also negatively impact pets themselves, which according to RSPCA Queensland are frequently surrendered as a result of changed life conditions of their owners, including a requirement to move into a rental property that does not accept pets.²⁶⁸

There is potential for pets to damage rental properties, gardens and yards, as well as the potential for pest infestation. Pets may also cause issues for people with allergies and phobias, as well as cause noise and odours that may disturb neighbours. During the Open Doors Consultation, property owners expressed concern at being compelled to allow pets into their properties. Property owners did not want to lose control over their property, as well as the potential for property damage.

²⁶⁴ K. O'Reilly-Jones, 'When Fido is Family: How Landlord-Imposed Pet Bans Restrict Access to Housing', *Columbia Journal of Law and Social Problems*, 52(3), available at <http://ilsp.law.columbia.edu/wp-content/uploads/sites/8/2019/04/Vol52-OReilly-Jones.pdf>, 2019, pp. 427-472.

²⁶⁵ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 76.

²⁶⁶ Pet Industry Association, *Australian Pet Ownership Statistics*, available at <https://piaa.net.au/australian-pet-ownership-statistics/>, 2018, accessed 15 April 2019.

²⁶⁷ F. Walsh, 'Health and Mental Health Benefits of Companion Animals', *Human Animal Bonds I: The Relational Significance of Companion Animals*, available at <https://www.kenrodogtraining.com/upload/human2.pdf>, Vol. 48, No. 4, *Family Process*, 2009, p.466, 473. See also Bradley Smith, 'The 'pet effect': Health related aspects of companion animal ownership' available at <https://www.racgp.org.au/download/documents/AFP/2012/June/201206smith.pdf>, Vol 41, No. 6, *Australian Family Physician*, 2012, pp. 353-448.

²⁶⁸ C. Alberthsen, J. Rand, J. Morton, P. Bennett, M. Paterson & D. Vankan, *Numbers and Characteristics of Cats Admitted to Royal Society for the Prevention of Cruelty to Animals (RSPCA) Shelters in Australia and Reasons for Surrender*, available at <https://www.mdpi.com/2076-2615/6/3/23>, Vol 6, No. 23, *MDPI*, 2016, p.16; Animal Welfare League Queensland, *Pets & Housing – the Facts*, available at <https://www.awlqld.com.au/pet-owner-help/pet-housing-facts>, 2019, accessed 17 July 2019.

Government and policy objectives

The Government's objectives are to:

- support enforcement of existing tenancy rights
- ensure rental accommodation is safe, secure and functional
- improve liveability of rental accommodation
- ensure tenancy laws protect vulnerable people in the rental market.

The Government's policy objective in relation to renting with pets is to:

- improve access for tenants to rental properties that allow pets while providing effective safeguards for property owners.

Options

The options considered in this module of the C-RIS were as follows.

Option 1	Status quo (no change)
Option 2.	Enhanced self-regulation through information disclosure measures
Option 3.	Information disclosure measures combined with legislation to allow special pest control and carpet cleaning lease conditions for tenants with pets
Option 4.	Information disclosure measures combined with legislation to: require property owners to have reasonable grounds for refusing a tenant's request to keep a pet provide an option for the property owner to obtain a tribunal order permanently excluding pets from a property allow special pest control and carpet cleaning lease conditions for tenants with pets
Option 5.	Legislation to require property owners to obtain a tribunal order to refuse a tenant's request to keep a pet
Option 6.	Allow owners to charge a separate pet bond

Option 1 – Status quo (no change)

Under the status quo option, the current RTRA Act framework would be maintained. Parties are able to negotiate arrangements for keeping pets, but property owners would continue to have the right to refuse pets without providing a reason. Tenants would have no legal recourse to challenge a property owner's refusal to allow pets.

The only measure in the current RTRA Act that is specific to pets is in section 71, which allows a tenant to challenge in QCAT a significant change in a subsequent lease agreement (that is, a second or subsequent lease agreement in a tenancy) that, among other things, removes a permission to keep pets. The purpose of this provision is to allow the tenant to obtain an order to prevent a property owner from unreasonably withdrawing permission for an existing pet.

Guide, Hearing and Assistance Dogs Act 2009

Under Queensland's *Guide, Hearing and Assistance Dogs Act 2009*, a property owner cannot refuse rental accommodation to a person because that person uses a certified guide dog, hearing dog or assistance dog. The *Guide, Hearing and Assistance Dogs Act 2009* also includes a note indicating that persons with disabilities may, in addition, have a right of action under the *Queensland Anti-Discrimination Act 1991* or the *Commonwealth Disability Discrimination Act 1992* in cases where rental accommodation is refused.

Option 2 – Enhanced self-regulation through information disclosure measures

Under Option 2, the current RTRA Act framework would remain in place, but would be complemented by voluntary measures to encourage tenants and property owners to provide more information to each other about pets. These measures would be:

1. a template for a tailored “pet resume,” which prospective tenants could use to help property owners to consider whether the pet can be appropriately accommodated
2. encouragement for property owners and managers to clearly disclose whether a property advertised for rent is pet-friendly and whether specific factors and arrangements could be considered for prospective tenants with pets

The pet resume template would be developed and distributed by the RTA. It would be supported by educational material and tip sheets to help tenants and property owners/managers to negotiate pet-friendly arrangements. A pet resumé could include, among other things:

- a description and photos illustrating a pet's characteristics, behaviour, breed, age, activity level, temperament and other relevant attributes
- the pet's vaccination, registration and microchipping records
- a description of how the pet is kept free of infectious disease and parasites
- references from trainers and/or veterinarians
- references from previous property owners, property managers and/or neighbours
- arrangements for taking care of the pet when the owner is at work or out of town.²⁶⁹

Property owners and managers would be encouraged to advertise whether a rental property is pet-friendly so tenants are able to make informed choices and find suitable rental properties. They would also be encouraged to outline in the advertisement:

- any relevant features of the property, such as the presence of suitable fencing
- any specific arrangements that can be made for pets, including approval of certain kinds of pets

The purpose of these voluntary measures would be to provide tenants and property owners/managers with a framework to more effectively communicate their requests and requirements regarding pets.

Option 3 – Information disclosure measures combined with legislation to allow special pest control and carpet cleaning lease conditions for tenants with pets

Under Option 3, the RTRA Act would be amended to allow for the inclusion of special terms in a tenancy agreement that require tenants with pets to arrange for professional pest control and professional carpet cleaning services at the conclusion of a tenancy. The purpose of this amendment would be to provide assurance and clarity about how a tenant will address any pest infestation or carpet dirtiness that may result from a pet being kept on the property.

Other current RTRA Act requirements would be maintained. Tenants would continue to be required to seek permission from the property owner or manager to keep a pet. Parties would be able to negotiate arrangements, including through the use of advertising disclosures and pet resumé described in Option 1. Tenants would continue to have no recourse under the RTRA Act if approval is not given.

²⁶⁹ Rent With Pets, *Pet Resume*, available at <https://www.rentwithpets.com.au/index.php/tenants2/pet-resume>, 2013, accessed 1 May 2019.

Option 4 – Information disclosure measures combined with reasonable grounds, tribunal order and special conditions legislation

Option 4 would involve a range of amendments to the RTRA Act to strengthen a tenant's options regarding the keeping of a pet on rental property, but also to safeguard the ability of the property owner to refuse to accommodate a pet where there are reasonable grounds to do so.

The proposed amendments under Option 4 would:

- allow for the inclusion of special terms in a tenancy agreement that require tenants with pets to arrange for professional pest control and professional carpet cleaning services at the conclusion of a tenancy, as described in Option 3
- require property owners to have reasonable grounds for refusing a tenant's request to keep a pet
- provide an option for the property owner to obtain a QCAT order permanently excluding pets from a property.

Refusal on reasonable grounds

A tenant would still be required to seek the permission of the property owner (or the property owner's agent) to keep a pet. However, the property owner could only refuse the request by reference to defined reasonable grounds that would be included in the RTRA Act. The property owner would also be required to inform the tenant of the reasons for refusing and provide evidence on request.

The reasonable grounds would be as follows:

- A. The property is unsuitable to keep the pet
 - *Example: the property does not have an enclosed area of appropriate size to accommodate the pet*
- B. Keeping the pet on the property would result in unreasonable damage to the property
 - *Example: the floor or window coverings provided in the property would be easily damaged by the pet*
- C. Keeping the pet on the property would pose an unacceptable risk to health or safety
 - *Example: the pet is likely to be a hazard for property managers undertaking an inspection*
- D. Keeping the animal on the property would be contrary to other legislation, regulations or rules, including local government ordinances, or caravan park rules or strata title by-laws allowed under the RTRA Act
 - *Example: body corporate by-laws do not allow pets, or the pet is a prohibited breed under local government regulations*
- E. A reason approved by the Tribunal, including one or a combination of the above reasons, or another reason.

If a property owner refuses a tenant's request to keep a pet and the tenant believes the refusal is unreasonable, the tenant would have the right to ask the property owner for evidence to support the reasons given. If there is still disagreement between the tenant and the property owner about the reasons, the tenant could pursue the issue through dispute resolution mechanisms, including RTA conciliation and a QCAT hearing. Community and strata title properties can provide some guidance on matters to consider during disputes. By-laws which impose a *complete ban* on animals, for example, have been successfully challenged and found to be invalid by QCAT.²⁷⁰

This option would be supported with information and education for property owners, property managers and tenants about reasonable grounds and sufficient, relevant and reliable evidence. Some examples of evidence of a reasonable refusal appear in **Appendix 1**. Scenarios and examples are outlined in **Appendix 2**.

QCAT order excluding pets from a property

In response to a specific request or as a pre-emptive measure, a property owner could apply to QCAT for an order to exclude a pet or a particular class of pets from a property. The order may apply to the current

²⁷⁰ Queensland Commercial and Consumer Tribunal, *Tutton, W. & B. v Body Corporate for Pivotal Point Residential CTS 33550 [2008] QCCTBCCM 12* (11 June 2008), available at <http://www8.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCCTBCCM/2008/12.html>, 2019, accessed 3 September 2019

tenancy only or to the property on a long term or permanent basis. The order may also impose some limitations if the type of pet is allowed. The application would need to demonstrate reasonable grounds as well as showing that those grounds are unlikely to change for the relevant period (for example, there are permanent features of the property).

An amendment to the RTRA Act would also require property owners to disclose such an order when advertising the property for rent.

Special pest control and carpet cleaning conditions

As with Option 3, this option would also incorporate an amendment to the RTRA Act to allow for the inclusion of special terms in a tenancy agreement that require tenants with pets to arrange for professional pest control and professional carpet cleaning services at the conclusion of a tenancy.

RTRA Act otherwise unchanged

Under Option 4, other aspects of the RTRA Act affecting pets would be unchanged, including the right of a tenant to challenge a significant change in a subsequent lease agreement that removes a prior permission to keep pets.

Information disclosure measures

As with Option 3, the information disclosure measures would also be complementary to this reformed legislative framework and would support negotiated outcomes between parties.

Option 5 – Legislation to require property owners to obtain a tribunal order to refuse a tenant's request to keep a pet

A final option would allow a tenant to keep pets, provided written consent has been obtained from the property owner. However, a property owner could only refuse a request by obtaining an order from QCAT. The onus would be on the property owner to have the matter decided by QCAT. Failure by the property owner to make an application to QCAT within a certain period would result in a deemed approval of the tenant's request. QCAT could grant an order supporting the property owner's refusal based on reasonable grounds, as outlined under Option 4, above.

Victoria²⁷¹ and the ACT²⁷² have enacted requirements of this kind, which will take effect in 2020.

Option 6 – Allow owners to charge a separate pet bond

The RTRA Act would be amended to allow a specific pet bond to be charged and kept separate from the general bond. It would allow a further amount to be collected in bond for houses, moveable dwellings and rooming accommodation for the purposes of fumigation if the tenant is permitted to keep a pet or pets on the property. The amount would be set in regulation with the ability to increase the amount in line with CPI or reviewable every few years. Based on a review of market costs for standard end of lease pets control treatment for fleas and cockroaches for a house (using an average of costs for a three to four-bedroom house) or a moveable dwelling, the proposed maximum pet bonds allowable would be:

- \$250 for a general tenancy (house, flats, units, townhouses)
- \$125 for a moveable dwelling or room only accommodation

This change would generally reflect the approach in Western Australia which allows for a separate pet bond to be charged (\$260 for a house, and \$100 for a caravan), and which can only be used for fumigation at the end of the tenancy. Any damage caused by the pet is to be taken out of the general bond. As at 28 August 2019, 32.25 per cent of all bonds in WA have a pet bond component.²⁷³

In Queensland, the proposed pet bond would be lodged with the RTA, similar to a general rental bond. Not all rental properties charge rental bonds, and this option would allow property owners and managers to charge tenants a pet bond even if a general rental bond is not held for that tenancy. However, pet bonds must not be charged for assistance dogs covered by the *Guide, Hearing and Assistance Dogs Act 2009*.

²⁷¹ *Rent Fair - rental reforms for Victorians*, available at: <https://www.vic.gov.au/rentfair-rental-reforms-victorians>, accessed 8 August 2019.

²⁷² ACT Civil and Administrative Tribunal, "Changes to residential tenancy law – coming soon," available at: <https://www.acat.act.gov.au/about-acat/latest-news#Changes-to-residential-tenancy-law-coming-soon>, accessed 8 August 2019.

²⁷³ Western Australia Department of Mines, Industry Regulation and Safety, data received 28 August 2019.

Pet bonds could also be charged during the tenancy if tenants acquire a pet at a later stage, and the pet bond would need to be lodged with the RTA within the current time frame of ten days. The parties may agree to the release of the pet bond during the tenancy if the pet no longer resides in the rental property for a significant period before the end of the tenancy, and the tenant does not intend to have another pet.

The bond would only be able to be used for professional fumigation if pest control is required. Any other damage caused by the pet, such as scratched floorboards or damage to gardens, would come out of the general bond. Only one pet bond could be applied to a property regardless of the number of pets. The pet bond would be released to the tenant at the same time as the general rental bond refund, on evidence of any required pest control having been undertaken, or to the property owner if fumigation had not been undertaken and there was evidence of fleas. Disputes about pet bonds would follow normal processes through the RTA's conciliation service.

Impact Analysis

Option 1 - Status quo (no change)

The current framework gives property owners full discretion to refuse a tenant's request to keep a pet (with narrow exceptions for service animals). A reason does not have to be provided for refusing a pet. The property owner is therefore in a strong position to manage any perceived risks and potential costs associated with pets on their rental property.

While there is nothing preventing the parties to a lease from negotiating arrangements for pets, tenants wishing to keep a pet have few rights or options for recourse under the existing legislation. As a result, many tenants are unable to take advantage of the benefits to health and wellbeing of pet ownership.

Option 1 – Status Quo (no change)

Stakeholder	Issues
TENANTS	<ul style="list-style-type: none"> Tenants as a group currently report low satisfaction with the renting experience. Many have identified an inability to keep pets as a key factor.²⁷⁴ Tenants report having difficulty finding and accessing pet-friendly property.²⁷⁵ Some tenants choose to keep pets in rental properties without seeking permission, which can lead to conflict with property owners, property managers and other affected parties. Tenants have no recourse to challenge a property owner's refusal to allow pets. Vulnerable groups such as people experiencing domestic and family violence have cited the lack of pet-friendly rental properties as a barrier to accessing safe, secure housing.²⁷⁶
PROPERTY OWNERS	<ul style="list-style-type: none"> Property owners have raised concerns about potential damage and disruption to rental properties that may be caused by pets.²⁷⁷
PROPERTY MANAGERS	<ul style="list-style-type: none"> There are potential work health and safety risks for property managers making inspections if pets are present at the property.²⁷⁸

²⁷⁴ The most popular suggestion by tenants to improve renting experience was to allow pets in rental properties; Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p. 48.

²⁷⁵ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.76.

²⁷⁶ M. Roguski, *Pets as paws: The Co-existence of Animal Cruelty and Family Violence*, available at <http://nationallinkcoalition.org/wp-content/uploads/2013/01/DV-PetsAsPawnsNZ.pdf>, Royal New Zealand Society for the Prevention of Cruelty to Animals and the National Collective of Independent Women's Refuges, 2012, p. 32.

²⁷⁷ Real Estate Institute of Queensland, *Submission to Open Doors to Renting Reform*, 2018, p. 7.

²⁷⁸ *Ibid*, p. 7.

Stakeholder	Issues
COMMUNITY	<ul style="list-style-type: none"> Pets may continue to be abandoned or surrendered to animal shelters (and euthanised) due to tenants being unable to keep pets.²⁷⁹

Recommendation: This option was not recommended. The existing legislation does not achieve the objective of “improving the liveability of rental accommodation” in respect of the keeping of pets. This option does not help address the perceived power imbalance in the tenancy relationship.

Option 2 - Enhanced self-regulation through information disclosure measures

Option 2 would have no significant regulatory impact on any stakeholders owing to its voluntary nature. The intent would be to encourage all stakeholders to be proactive and take responsibility to fully inform the other party before and during the tenancy. A pet resumé would provide property owners and managers with improved information to support consideration of a request to keep a pet. Similarly, disclosure of arrangements for keeping pets in rental listings would help tenants locate suitable pet-friendly rental properties.

Option 2 - Enhanced self-regulation through information disclosure measures

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> To the extent that property owners adopt voluntary advertising disclosures, prospective tenants with pets may have a greater chance of identifying and securing pet-friendly rental properties.²⁸⁰ 	<ul style="list-style-type: none"> None
PROPERTY OWNER	<ul style="list-style-type: none"> To the extent that prospective tenants with pets provide pet resumes, property owners may have improved information for tenant selection. A voluntary framework that allows prospective tenants and property owners to negotiate pet-friendly properties in a transparent manner may reduce tenant non-disclosure and its attendant costs. 	<ul style="list-style-type: none"> None
PROPERTY MANAGER	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Potential increased work health and safety risks associated with animals in rental properties may have to be managed
STATE GOVERNMENT	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
COMMUNITY	<ul style="list-style-type: none"> To the extent that the option encourages greater pet ownership, there may be improved homing outcomes for pets 	<ul style="list-style-type: none"> To the extent that the option encourages greater pet ownership there may be possible negative environmental impacts, such as impacts on native wildlife

²⁷⁹ C. Alberthsen, J. Rand, J. Morton, P. Bennett, M. Paterson & D. Vankan, *Numbers and Characteristics of Cats Admitted to Royal Society for the Prevention of Cruelty to Animals (RSPCA) Shelters in Australia and Reasons for Surrender*, available at <https://www.mdpi.com/2076-2615/6/3/23>, Vol 6, No. 23, MDPI, 2016, p.16; Animal Welfare League Queensland, *Pets & Housing – the Facts*, available at <https://www.awlqld.com.au/pet-owner-help/pet-housing-facts>, 2019, accessed 5 July 2019.

²⁸⁰ About 80 per cent of property owners and managers surveyed would consider pets if presented with information on the pet at the time of application; Rent.com.au website, *Create a Pet Resume to help with your next rental application*, available at <https://www.rent.com.au/blog/pet-resume>, 2018, accessed 15 April 2019.

Recommendation: While improved communication and transparency regarding pets are desirable, this option alone would not be likely to achieve the objective of “improving the liveability of rental accommodation” to a significant degree. This is because many property owners would be likely to continue exercising their ability under the RTRA Act to refuse a tenant’s request to keep a pet without consulting, negotiating or providing reasons. Option 2 as a standalone measure was therefore not recommended.

Option 3 - Information disclosure measures combined with legislation to allow special pest control and carpet cleaning lease conditions for tenants with pets

Under Option 3, tenants may benefit from an increased ability to get permission to keep pets by providing assurance to property owners that carpet cleaning and pest control would be undertaken at the end of the tenancy. The health and wellbeing benefits of keeping a pet would therefore flow to those tenants, but they would also bear a cost at the end of the tenancy that is additional to the ordinary requirement of returning a property to its initial condition, except for wear and tear. Property owners would retain their discretion to refuse pets. However, if a pet is approved, the property owner would benefit from the assurance that specific cleaning would be undertaken.

As this proposal could be combined with the voluntary pet resumé and advertising disclosure measures, the modest benefits of those self-regulatory tools would also apply.

Option 3 - Information disclosure measures combined with legislation to allow special pest control and carpet cleaning lease conditions for tenants with pets

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants would have a mechanism to help them secure the agreement of the owner to keep a pet, with the associated health and wellbeing benefits 	<ul style="list-style-type: none"> Tenants will be required to cover pest control and carpet cleaning costs, even if these services are not required to return the property to its original condition Pest control prices will vary according to the treatment required. An anti-flea treatment may cost between \$125 and \$250 Carpet cleaning can cost between \$29 and \$55 per room. Prices vary in accordance with carpet condition.
PROPERTY OWNER	<ul style="list-style-type: none"> Property owners will have greater assurance regarding carpet cleanliness and pest control for tenancies including a pet To the extent that prospective tenants with pets provide pet resumes, property owners may have improved information for tenant selection. A voluntary framework that allows prospective tenants and property owners to negotiate pet-friendly properties in a transparent manner may reduce tenant non-disclosure and its attendant costs. 	<ul style="list-style-type: none"> None
PROPERTY MANAGER	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Potential increased work health and safety risks associated with animals in rental properties will need to be managed
STATE GOVERNMENT	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None

Stakeholder	Benefits	Costs
COMMUNITY	<ul style="list-style-type: none"> Improved homing outcomes for pets 	<ul style="list-style-type: none"> Possible negative environmental impacts, such as impacts on native wildlife

Recommendation: This option may encourage an uptake in pet approvals in rental properties, but this is not guaranteed. This option on its own is therefore also unlikely to substantially achieve the objective of “improving the liveability of rental accommodation.” Option 3 as a standalone measure was not recommended.

Option 4 - Information disclosure measures combined with reasonable grounds, tribunal order and special conditions legislation

Requiring property owners to articulate reasonable grounds to refuse a tenant’s request to keep a pet would help to address the discrepancy in power in the tenancy relationship and will make owners’ decision-making more accountable and transparent. This option would therefore support tenants’ ability to make reasonable arrangements to keep pets in their rental properties, increasing liveability and improving security of tenure.

Increased ability for pet ownership would enable tenants to accrue the health and wellbeing benefits associated with pet ownership.²⁸¹ Pertaining to older adults (those over 60 years), some research has found that pet owners are more likely to have a positive self-perception of health, normal blood pressure, less chronic conditions, and improved function.²⁸² Research has found that pet ownership during pregnancy and childhood is associated with reduced risk of airborne allergen sensitisation and decreased risk of atopic asthma (the same research found that ownership of rodents and rabbits was associated with an increased risk of non-atopic asthma).

Property owners would retain the right to refuse pets on reasonable grounds, meaning they could continue to manage legitimate risks associated with pet ownership. The option to obtain a long-term or permanent tribunal order excluding pets from a property will also provide a streamlined and low cost means of managing pet ownership across multiple tenancies.

This option would not provide a recourse for prospective tenants with a pet who have a tenancy application rejected. Under the RTRA Act, a property owner is not required to disclose the reasons for refusing a tenancy application. This could perpetuate both perceived and actual existing discrimination against pet owners and will not entirely resolve the issue of tenants not wanting to declare pets on their tenancy application. Tenants that are already in a tenancy may be deterred from challenging an owner’s refusal on reasonable grounds given the power imbalance that can sometimes exist between tenants and property owners/managers, and for fear of retaliatory eviction.

With the potential for increased applications to QCAT regarding pets, there may be pressure on tribunal resourcing under this option. The potential impact on the workload of QCAT would be lessened by identifying reasonable grounds in the RTRA Act where a property owner could refuse certain types of pets without having to seek a QCAT order, as well as allowing orders to be made against the property (rather than individual tenancies). Property owners would also be required to include any pet exclusions or particular categories of pets at the time of advertising the rental property.

As Option 4 also encompasses the voluntary disclosure and special conditions measures in Options 2 and 3, the costs and benefits of those proposals would also be realised.

Option 4 - Information disclosure measures combined with reasonable grounds, tribunal order and special conditions legislation

²⁸¹ F. Walsh, ‘Health and mental health benefits of companion animals’, *Human-Animal Bonds I: The Relational Significance of Companion Animals*, available at <https://www.kenrodogtraining.com/upload/human2.pdf>, Vol. 48, No. 4, Family Process, 2009, p. 466

²⁸² T.S. Pohnert, *The effect of pet ownership on physical well-being in older adults*, Virginia Commonwealth University, available at <https://scholarscompass.vcu.edu/cgi/viewcontent.cgi?article=3237&context=etd>, 2010.

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants will have improved legislative protections for keeping a pet, and will be able to overcome unreasonable objections, allowing them to enjoy the health and wellbeing benefits of pet ownership Improved rental satisfaction and security of tenure as tenants may be more inclined to remain in rental properties which feel like home²⁸³ To the extent that property owners adopt voluntary advertising disclosures, prospective tenants with pets may have a greater chance of identifying and securing pet-friendly rental properties.²⁸⁴ 	<ul style="list-style-type: none"> Tenants may face costs associated with disputing a refusal of a request to keep a pet, including costs of a potential QCAT process Tenants will be required to cover pest control and carpet cleaning costs, even if these services are not required to return the property to its original condition Pest control prices will vary according to the treatment required. An anti-flea treatment for a house may cost between \$125 and \$250 Carpet cleaning can cost between \$29 and \$55 per room. Prices vary in accordance with carpet condition.
PROPERTY OWNER	<ul style="list-style-type: none"> To the extent that prospective tenants with pets provide pet resumes, property owners may have improved information for tenant selection. A voluntary framework that allows prospective tenants and property owners to negotiate pet-friendly properties in a transparent manner may reduce tenant non-disclosure and its attendant costs. Property owners will have greater assurance regarding carpet cleanliness and pest control for tenancies including a pet 	<ul style="list-style-type: none"> Property owner's discretion and control over their rental property investment will be limited Property owners currently not allowing pets may have increased risk of pet-related damage or disruption Property owners may face costs associated with defending a refusal to allow a tenant to keep a pet, including QCAT costs. However, property owners will be able to obtain tribunal orders to exclude classes or pets on a permanent basis or for extended periods where there are legitimate risks associated with tenants keeping pets
PROPERTY MANAGER	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Potential increase in workload for pet applications and ensuring carpet and pest control was professionally carried out Potential increased work health and safety risks associated with animals in rental properties will need to be managed
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential reduction in demand for social housing due to higher availability of pet friendly rentals 	<ul style="list-style-type: none"> None

²⁸³ Queensland Department of Housing and Public Works, *Open Doors to Renting Reform Consultation Final Report*, 2018, p.48.

²⁸⁴ About 80 per cent of property owners and managers surveyed would consider pets if presented with information on the pet at the time of application; Rent.com.au website, *Create a Pet Resume to help with your next rental application*, available at <https://www.rent.com.au/blog/pet-resume>, 2018, accessed 15 April 2019.

Stakeholder	Benefits	Costs
STATE GOVERNMENT	<ul style="list-style-type: none"> Potential reduced burden on government services, particularly health systems, due to improvements in health and wellbeing created by pet companionship.²⁸⁵ 	<ul style="list-style-type: none"> Potential for increases in RTA and QCAT dispute resolution in the short-term which may increase operational costs²⁸⁶ Increased costs associated with the RTA and QCAT changes, required to service systems, education and information resources Resources for Office of the Commissioner for Body Corporate and Community Management to deal with an increase in requests for information and assistance.
COMMUNITY	<ul style="list-style-type: none"> Improved homing outcomes for pets 	<ul style="list-style-type: none"> Possible negative environmental impacts, such as impacts on native wildlife

Recommendation: Option 4 was recommended, as it would substantially achieve the objective of “improving the liveability of rental accommodation” through increased pet ownership, while retaining appropriate safeguards for the legitimate interests of property owners.

Option 5 – Legislation to require property owners to obtain a tribunal order to refuse a tenant’s request to keep a pet

Under this option, a property owner with a tenancy agreement in place would be required to apply to QCAT for an order to refuse a request from a tenant to keep a pet. This option, therefore, would provide an automatic, positive right to keep a pet in a rental property. While this option would have benefits for tenants seeking to keep pets, it would be likely to have significant cost impacts on property owners and QCAT.

Option 5 – Require property owners to apply to a Tribunal to refuse pets at a property

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants would enjoy a far greater scope to be able to keep pets, with the associated benefits. 	<ul style="list-style-type: none"> A tenant may be required to participate in a QCAT proceedings initiated by a property owner seeking to refuse a request to keep a pet.
PROPERTY OWNER	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Property owners may face considerable costs as a result of the requirement to obtain a QCAT order to refuse a request from a tenant to keep a pet, including the application fee and time and resources spent preparing materials for QCAT. Property owners unable to obtain an order from QCAT to refuse a request may face increased costs as a result of the presence of pets at the rental property.
PROPERTY MANAGER	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Potential increased work health and safety risks associated with animals in

²⁸⁵ B. Heady, M. Grabka, J. Kelley, P. Reddy & Y. Tseng, *Pet ownership is good for your health and saves public expenditure too: Australian and German longitudinal evidence*, available at <https://search.informit.com.au/fullText;dn=674270738133649;res=IELBus>, Vol. 5, No.4, Australian Social Monitor, 2002, p. 95

²⁸⁶ Queensland Civil Administrative Tribunal, *QCAT advice to the Department of Housing and Public Works*, 2019, accessed 1 May 2019.

Stakeholder	Benefits	Costs
		rental properties will need to be managed
STATE GOVERNMENT	<ul style="list-style-type: none"> Potential reduced burden on government services, particularly health systems, due to improvements in health and wellbeing created by pet companionship. 	<ul style="list-style-type: none"> There would be a likely significant increase in the number of applications to QCAT, placing pressure on tribunal resources
COMMUNITY	<ul style="list-style-type: none"> Improved homing outcomes for pets 	<ul style="list-style-type: none"> Possible negative environmental impacts, such as impacts on native wildlife

Recommendation: Option 5 was not recommended. The increased costs for property owners and QCAT would be likely to result in a smaller benefit than would be realised under Option 4.

Option 6 - Allow property owners to charge a separate pet bond

The introduction of a pet bond may encourage more property owners to allow pets in their rental property. There would then be a larger pool of prospective tenants to choose from. Accordingly, there may be less vacancy turnaround time for letting properties and therefore less lost rent.

Pet owners may wish to sign a longer-term lease so that they do not have to resettle their pets into a new rental property. By allowing pets, property managers/owners may attract tenants that are more likely to be responsible, reliable and potentially less likely to move.

Pet ownership may also provide benefits to both the community and individuals. Pet ownership may generate more interactions between neighbours which increases social cohesion and generates a sense of wellbeing and connection. A pet owner who has to exercise a pet regularly may also enjoy improved cardiovascular health. Ownership of pets contribute to a number of health benefits such as fewer doctor visits, reduction in stress, overall improvement in mental health and increased social support for individuals.²⁸⁷ These health benefits contribute to savings in health expenditure.

Pet bonds would provide a measure of financial security for property owners. Tenants would have to initially fund a higher bond at the start of the tenancy but would benefit financially by being able to either access those funds at the end of the tenancy to either pay for fumigation or as additional funds if there is no need for pest control.

Pet bonds also need to be considered in conjunction with any special terms about pest control as proposed by Options 2 and 3. Requiring tenants to undertake pest control as a special term, as well as charging tenants a pet bond to be used for pest control, would be an unnecessary duplication of costs and obligations for tenants. Some property owners may perceive pet bonds as less risky than relying on tenants to undertake pest control as a special term of the agreement.

The RTA would have an additional source of income from the additional investment funds. However, there would be an increase in resources needed to administer and enforce the obligations. The RTA would be responsible for managing separate pet bonds, particularly if they were released mid-tenancy or subject to dispute. While there could be increased numbers of pet bond disputes impacting on the RTA and QCAT, there may be a reduction in the number of disputes for property owners or managers as a result of having increased bond funds to deal with pest control issues.

²⁸⁷ F. Walsh, 'Health and mental health benefits of companion animals', *Human-Animal Bonds I: The Relational Significance of Companion Animals*, available at <https://www.kenrodogtraining.com/upload/human2.pdf>, Vol. 48, No. 4, Family Process, 2009, p. 466, accessed 26 August 2019

Option 6 - Allow property owners to charge a separate pet bond

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> • May contribute to an increase in the number of pet-friendly rental properties, improving security of tenure • Encourages responsible pet ownership • May contribute to improving health and wellbeing outcomes for those tenants allowed to have pets 	<ul style="list-style-type: none"> • May reduce rental affordability due to additional financial cost of bond²⁸⁸ • May make it difficult to move between rental properties due to increased bond amount. • May impact community housing tenants if they are required to pay additional bond
PROPERTY OWNER	<ul style="list-style-type: none"> • Increases financial security for property owners around financing pest control. 	<ul style="list-style-type: none"> • May not alleviate concerns held by some property owners that the current bond does not cover damages incurred, especially when these are significant.²⁸⁹
PROPERTY MANAGER	<ul style="list-style-type: none"> • Tenants with pets may stay in their existing property for longer, potentially reducing the workload in seeking and screening new tenants. 	<ul style="list-style-type: none"> • Increased workload and complexity to manage bonds.
STATE GOVERNMENT	<ul style="list-style-type: none"> • Nil anticipated. 	<ul style="list-style-type: none"> • Increased costs to the RTA to administer and manage additional or separate bonds. • Potential for increases in requests for RTA and QCAT dispute resolution, which may increase operational costs. • Increased costs associated with the RTA and QCAT changes, required to service systems, education and information resources.
SOCIAL HOUSING	<ul style="list-style-type: none"> • Nil anticipated. 	<ul style="list-style-type: none"> • Nil anticipated.
COMMUNITY	<ul style="list-style-type: none"> • Contribute to improved social cohesion due to pet owners having higher social capital²⁹⁰. • Contribute to fewer animals surrendered to shelters. 	<ul style="list-style-type: none"> • Potential environmental impacts for native wildlife (i.e. koalas) if this option contributes to an increase in domestic pet ownership.

Recommendation: This option was recommended. A pet bond would provide property owners/managers with confidence that any pest infestation could be remedied through professional pest control at the end of the tenancy. Therefore, the introduction of a pet bond would most likely contribute to an increase in the number of pet-friendly rental properties made available, but also provide property owners with appropriate safeguards.

²⁸⁸ The median weekly rent in Queensland as at 28 August 2019 is \$365 and the median bond balance is \$1,460; Residential Tenancies Authority, *RTA advice to the Department of Housing and Public Works on 28 August 2019*, 2019, accessed 28 August 2019.

²⁸⁹ A small number of property owners reported experiencing substantial property damage from tenants and their pets during the Open Doors to Renting Reform consultation.

²⁹⁰ Lisa Wood, 'Our pets strengthen neighbourhood ties' *Rent.com.au*, available at <https://www.rent.com.au/blog/pets-strengthen-neighbourhood-ties>, 2017, accessed 30 July 2019.

Preliminary conclusion and recommended options

Pets in rental properties is a complex issue that needs to balance the benefits of pet ownership for tenants with the risks for property owners (real or perceived). The recommended options (Options 4 and 6) continue to support communication and negotiation between tenants and property owners regarding pets but complements and reinforces this with clear legislative rights and obligations. Given the inclusion of reasonable and unreasonable grounds in Option 4, more pets would be permitted in rental properties and blanket bans on all pets would not be allowed. 'Pets' can include a range of animals and it is not reasonable to prevent tenants from having low impact animals such as fish or reptiles. Identifying restrictions on types of animals would be encouraged, for example, no dogs if the property was unfenced, but not all animals.

Allowing for pet bonds under Option 6, however, could duplicate special terms about pest control allowed in Option 4. If tenants are required as a term of their tenancy agreement to undertake pest control at the end of their tenancy, they should not be charged a pet bond to cover pest control. While the two options can be treated as mutually exclusive, including both allows tenants and property owners the ability to negotiate the timing of the expense for pest control. It could be either at the start of the tenancy through paying a separate pet bond, or at the end of the tenancy under special conditions.

Importantly, the recommended options also do not impact rights and obligations under other applicable regulation, such as legislation governing service animals, local government ordinances regarding animals, and valid park and strata title by-laws. Strata title by-laws which impose a *complete ban* on animals have been successfully challenged and found to be invalid.

In summary, the recommended options involve the following measures:

1. an amendment to the RTRA Act to require a property owner to provide reasonable grounds for refusing a request from a tenant to keep a pet
2. development of material to explain reasonable grounds of refusal
3. an amendment to the RTRA Act to allow a property owner to obtain an order excluding pets or a class of pets from a rental property on reasonable grounds, either for a certain period or permanently (as well as a requirement to disclose such an order in advertising)
4. an amendment to the RTRA Act to allow terms to be included in a tenancy agreement requiring a tenant with a pet to arrange professional pest control and carpet cleaning when they vacate
5. development of a pet resumé template to help in the consideration of pet approvals
6. measures to encourage property owners to disclose information relevant to the keeping of pets at a rental property at the time it is advertised for rent
7. allow property owners to charge a separate pet bond for professional pest control if there is an infestation at the end of the tenancy. *Note: a pet bond would not be able to be charged if a special term about tenants undertaking pest control (point 4) has been included in the tenancy agreement.*

Community feedback on the C-RIS (November 2019 to January 2020)²⁹¹

Renting with pets was the topic that attracted the highest level of survey responses from all stakeholders. Respondents were asked questions relating to:

1. their level of support or opposition to the six options considered in the C-RIS
2. the details of the recommended options:
 - whether an owner should be allowed to refuse a tenant's request to keep a pet and the relevant reasons for doing so
 - safeguards for owners
 - how to calculate the maximum amount that could be charged for a pet bond
3. the likely benefits of the recommended options
4. the likely costs of the recommended options

²⁹¹ Articulous, *Report on C-RIS Consultation Outcomes for the Review of the Residential Tenancies and Rooming Accommodation Act 2008, 2020*, p. ??.
<URL>

5. other impacts of the recommended options
6. further information

This element of the survey also attracted the highest level of polarisation of views. Tenants supported elements of Option 4 relating to specific reasonable grounds for a property owner to refuse a pet and opposed Option 1 (the status quo). Property owners, managers and other non-tenant stakeholders supported elements of Options 1, 3, 4 and 6. They opposed the elements of Option 4 relating to specific reasonable grounds for property owners to refuse a pet.

Free-text responses showed that tenants had mixed views regarding the preferred options of introducing a pet bond and other measures to safeguard owners and their properties. Tenants suggested that the proposed changes would

- give tenants more rights to have a pet with owner approval
- better protect the interests of tenants
- provide for a property owner to have reasonable grounds for refusing a pet request
- increase costs to both owners and tenants, including via the proposed pet bond and through special lease agreement terms requiring cleaning and pest control
- increase tenants' health and wellbeing through pet ownership

Tenants also felt strongly that property owners should be required to have specific reasonable grounds to refuse an application to keep pets.

There was a mix of views in relation to the proposed pet bond, with just under half of tenants supporting the proposed arrangements. However, many tenants felt the bond shouldn't apply to all pet owners. In free-text responses, many tenants did not want a pet bond introduced.

The majority of property owners did not want changes to the status quo. Many property owners felt that the preferred option would:

- have no benefits for property owners
- lead to higher rents
- increase costs such as tribunal costs, repairs, cleaning, and insurance
- waste time
- lead to property owners selling their properties and exiting the rental market
- reduce the rights of property owners

Many owners believed that tenants should have to repair any damage caused by pets. They also strongly felt they should have the right to refuse a pet. They largely opposed the option for property owners to require specific reasonable grounds to refuse a pet.

Property managers felt that the preferred option would protect the property via a pet bond or special lease terms requiring pest control and carpet cleaning. However, they also felt that the recommended option would be likely to increase QCAT disputes, which would increase costs to owners, and would lead to additional workload for managers. The majority of property managers felt that owners should be able to refuse pets without a reason. Some property managers felt that the costs of property damage caused by pets would be likely exceed the proposed pet bond amount.

A graphic summarising key consultation outcomes in respect of renting with pets is below.

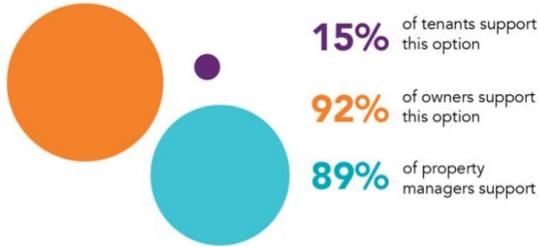
Tenant, owner, property manager support rates

Renting with pets



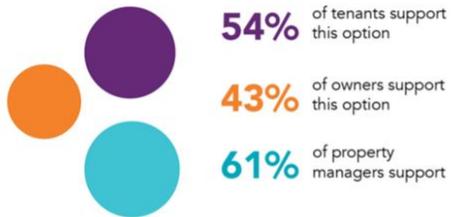
No changes

No changes. Tenants, property owners and property managers negotiate arrangement for keeping pets, but property owners have the right to refuse pets without providing a reason. Tenants have no legal rights to challenge the refusal.



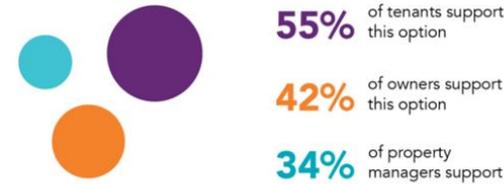
Grounds to refuse application

Property owners will have to have specific reasonable reasons (known as "grounds") to refuse an application to keep a pet. (Included in option 4.)



Pet information on application

Measures to encourage tenants and property owners to provide more information to each other about pets including development of a voluntary pet resume to help prospective tenants apply to property owners for a pet and property owners would be encouraged to clearly disclose if a property is pet-friendly. (Included in options 2, 3 and 4.)

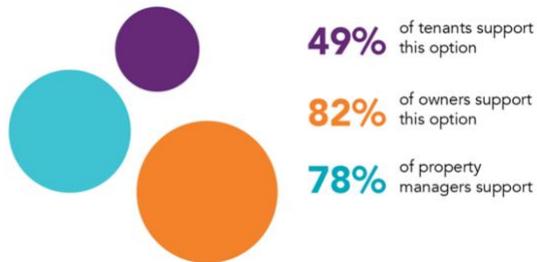


QCAT tribunal order to refuse application

Property owners can obtain a QCAT Tribunal order to refuse a tenant's request to keep a pet if a reasonable ground does apply. (Included in option 5.)

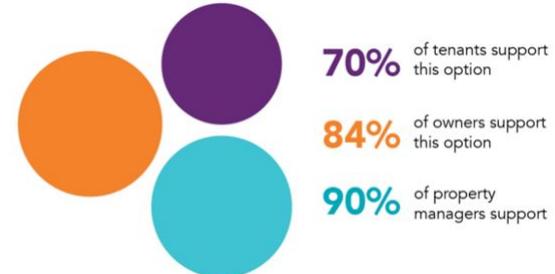
Additional pet bond

Property owners can charge an additional pet bond to cover the cost of professional pest control. (Included in option 6.)



Pest control and carpet cleaning

Property owners can require professional pest control and carpet cleaning for tenants with pets. (Included in options 3 and 4.)



Final recommendation

Existing rental laws are largely silent on pets. The recommended options in the C-RIS (Option 4, information disclosure measures combined with refusal of pet requests on reasonable grounds, access to tribunal orders and special lease conditions legislation, combined with option 6, which was to allow property owners to charge a separate pet bond) aimed to provide a framework to support parties in reaching agreement on renting with pets while providing effective safeguards for owners.

The pets reforms drew the largest interest in both the 2018 Open Doors consultation and in community feedback to the C-RIS. Views on the recommended policy position for renting with pets were highly polarised. Tenants and tenant advocates strongly supported the recommended C-RIS option while property owners and managers were strongly opposed.

Tenants strongly supported Option 4 (information disclosure measures combined with reasonable grounds, access to tribunal orders and special lease conditions) and strongly opposed maintaining the status quo.

Many tenants and tenant advocacy groups commented they should have the right to own a pet in their rental property, particularly because of the mental health benefits pets can provide. The written submission of Queensland Advocacy Incorporated in response to the C-RIS highlighted in detail the health and wellbeing benefits of owning a pet:

There is increasing recognition of the therapeutic function pets can play in relation to mental health. The rise in people experiencing mental health issues and the identification of mental illness as the leading cause of disability adjusted life years globally requires a concerted effort to identify and mobilise resources to support people living with mental illness. [...] Numerous studies show that having pets increases people's health, happiness and resilience yet many people who rent their home are not allowed to keep them. The Animal Welfare League claims that about 25% of animals left with them last financial year were surrendered because of pet owners' inability to find pet friendly homes. It is inequitable to deny tenants' rights that others take for granted. Like home owners, tenants have to comply with local government regulations about the keeping of pets, and they are required to repair any damage at the end of their tenancy.²⁹²

This reinforced the need for the current legislative framework to be adjusted to improve the ability for tenants to keep a pet.

Property owners and managers strongly opposed Option 4, preferring to maintain the status quo. Owners were particularly concerned that Option 4 would infringe their property rights and undermine their ability to refuse pets. Only 16 per cent of property owners supported the notion that they should have reasonable grounds to be able to refuse a tenant's request to keep a pet. However, there was a high level of owner support for several of the proposed grounds for refusal that were identified in the C-RIS.

The Property Owners' Association of Queensland²⁹³ listed several potential impacts of tenants keeping pets in rental properties. A summary of these concerns and a description of how the final recommendation addresses these issues is provided below.

²⁹² Queensland Advocacy Incorporated, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, p. 8. This was reinforced by several other community organisations, including submission of the Queensland Alliance for Mental Health, unpublished, 2019, unpaginated.

²⁹³ Property Owners' Association of Queensland, Submission to the Review of the *Residential Tenancies and Rooming Accommodation Act 2008*, unpublished, 2019, unpaginated.

Issue raise by POAQ	Response: final recommendation
Allergies and smell for future tenants	Property owners could condition an approval of a pet request to require the tenant to arrange professional carpet cleaning and fumigation at the end of the tenancy, where reasonable. Failure to agree reasonable conditions is a ground for the property owner to refuse the request.
Fleas – infestation in carpets and the time frame that eggs remain in the carpets before hatching	See above.
If animals urinate on the carpet the problem of removing the smell	See above. Also, another reasonable condition would be that the pet is required to be confined to, or excluded from, particular parts of the premises (for example, a dog is required to be kept outside).
Damage caused to polished timber floors	A property owner would be able to refuse a pet request on the ground that keeping the pet at the premises is likely to result in unreasonable damage because that type of animal is likely to cause damage to the premises or inclusions that could not practicably be repaired, assuming this issue could not be addressed by a reasonable condition, such as a requirement to keep the pet outside. The property owner would be able to call upon rental bond funds for remedied damage at the end of a tenancy. Also, the final recommendation is to clarify in the RTRA Act that the tenant is responsible for repairing any damage caused by a pet kept at the premises, and that damage caused by a pet is not fair wear and tear.
There is the problem of meter readers not reading meters due to the animal not being locked up	A property owner would be able to refuse a pet request on the ground that keeping the pet at the premises would pose an unacceptable risk to the health and safety of a person, assuming this issue could not be addressed by a reasonable condition, such as a requirement to keep the pet confined.
Damage caused to property when animals are locked inside	A reasonable condition of a pet approval would be that the pet is required to be confined to, or excluded from, particular parts of the premises (for example, a dog is required to be kept outside). Failure to agree reasonable conditions is a ground for the property owner to refuse the request.

Issue raise by POAQ	Response: final recommendation
Damage to the outside of the property e.g. gardens lawns	As above. The unreasonable damage ground for refusing a pet request may also be applicable, to the extent that it cannot be addressed by a reasonable condition of approval.
Fencing of the property could be an issue	A pet owner could refuse a pet request on the ground that the premises are unsuitable for keeping the pet because of the lack of suitable fencing or another feature of the premises necessary to accommodate that type of animal, assuming this could not be addressed by a reasonable condition.
Dogs continually barking	<p>A pet owner could refuse a pet request on the ground that the tenant does not agree to the reasonable conditions proposed by the lessor for keeping the pet at the premises, which would include conditions regarding nuisance caused by the pet. The RTRA Act would also be amended to clarify that the tenant is responsible for any nuisance caused by a pet kept at the premises, including, for example, any noise caused by the pet.</p> <p>Problems with barking dogs are also the remit of local councils.</p>
The animal's hygiene and waste products could also be a problem	<p>Property owners could condition an approval of a pet request to require the tenant to arrange professional carpet cleaning and fumigation at the end of the tenancy, where reasonable. Another reasonable condition would be that the pet is required to be confined to, or excluded from, particular parts of the premises (for example, a dog is required to be kept outside).</p> <p>Failure to agree reasonable conditions is a ground for the property owner to refuse the request.</p>

In general, stakeholder feedback did not provide specific information about the cost impacts of the proposed option. None of the above consequences of a pet being kept on a rental property raised by the POAQ represents a cost impact on the owner, since all the examples are grounds for refusing a pet request. A property owner will be able to refuse a pet request on the ground that keeping the pet at the premises would pose an unacceptable risk to the health and safety of a person, including other tenants, neighbours, the owner, the property manager, or other persons requiring access to the premises, assuming this issue cannot be rectified by a reasonable condition of approval.

Property owners also emphasised in their feedback the wide range of pets (in terms of size, species, behaviours, and so on) and the varying suitability of each rental property to accommodate different kinds of pets.

The final proposal acknowledges existing tenancy law is largely silent on pets and aims to provide a framework for improved communication to support parties to reach agreement on renting with pets. It considers the concerns raised by property owners and managers, alongside research and evidence to improve access to pet-friendly rental properties while ensuring effective safeguards for property owners.

The final proposal has sought a balance between the aspirations of tenants to enjoy the health and wellbeing benefits of pet ownership while preserving the rights of property owners to protect their properties from damage and disruption.

To address the concerns of property owners while acknowledging the strong support by tenants for an improved framework to allow pets, tenants will be required to have written owner consent to keep pets in their rental property. Owners can approve the request, including any reasonable conditions agreed with the tenant, or refuse the request on approved grounds that cannot be rectified by reasonable conditions. This proposal allows the scope and flexibility for owners to take variations in types of pet and the features of the premises into account in considering a pet request.

Approved grounds to refuse a pet will include:

- the rental property is unsuitable for the proposed pet
- the pet poses an unacceptable risk to health and safety
- keeping the pet on the premises would result in unreasonable damage to the premises that could not practically be repaired
- keeping the pet would breach laws, by-laws or park rules
- approving the pet request would result in an unreasonably large number of pets on the premises
- unable to reach agreement on reasonable conditions for the keeping of the pet

Property owners will also be able to impose prescribed reasonable conditions on their approval which will allow owners to tailor their arrangements for each pet, while maintaining the right to refuse pets which do not suit the property (but not all pets). Conditions that the property owner will be able to impose on an approval include:

- the pet must stay outside or in a specific part of the property
- the tenant must arrange professional pest control and carpet cleaning at the end of the tenancy (for relevant pets, meaning those that are capable of dirtying carpets or causing pest infestation on the premises)

In view of the strong sentiment among tenants regarding pet-friendly accommodation, it is proposed that the tenant should have access to prompt and clear decision-making on requests (whether to approve or refuse). The final recommendation will therefore incorporate a time restriction for the property owner to respond to a pet request (14 days). Failure of the property owner to respond in the required time will be regarded as a deemed approval of the pet request.

As tenants raised concerns regarding affordability, a rent increase would not be permitted as a condition of approval. Owners insisting on a rent increase could be subject to dispute resolution initiated by affected tenants.

As noted, the potential damage caused by pets was one of the greatest concerns raised by property owners and managers throughout consultation. Many owners provided details of their experiences having to repair damage caused by a tenant's pet. Under existing obligations in the RTRA Act, tenants are required to return a property in the same condition it was in at the beginning of a tenancy agreement, fair wear and tear excepted. This requires tenants to repair any damage caused by them or their pets. It was evident through consultation that some tenants and owners may be unaware of their existing rights and obligations and the remedial options available to them.

It should also be noted that the final renting with pets recommendation does not affect the selection of potential tenants at the application stage. The RTRA Act and the proposed amendments relating to request from tenants to keep a pet only apply to existing tenancies. The changes will not apply before a tenancy agreement is entered into, and there is the potential for property owners and managers to choose prospective tenants on the basis of whether or not they have a pet.

To address the concerns of property owners, the final recommendation includes provision that damage caused by pets would be removed from the definition of fair wear and tear. Tenant obligations will be clarified which includes to make explicit that tenants are responsible for nuisance

and costs to repair damage caused by pets, and failure to comply with conditions constitutes a breach of the tenancy agreement.

Option 6 in the C-RIS (allowing property owners to charge a separate pet bond) drew polarised views from tenants and property owners. There was disagreement on whether a pet bond is needed, the amount which should be charged, and how it could be implemented.

Forty-nine per cent of tenants expressed support for a pet bond, particularly if it would help them reach agreement with a property owner to keep a pet. However, many tenants also expressed concern that a pet bond would increase renting costs and financial barriers to access housing in the private rental market. Many tenants also felt that pet bonds should not apply to all pet owners, and held fears that the additional bonds could be misused, leading to increased disputes. The primary concern heard from tenants responding to the proposed pet reforms related to affordability. This is already a concern for many Queensland tenants experiencing rental stress, which is defined as having to pay more than 30 per cent of their income on rent. Introducing an additional bond would exacerbate rental stress for these Queenslanders, which may further reduce their ability to find affordable housing.

Introducing a pet bond may also unfairly disadvantage public housing tenants transitioning to the private rental market, as public housing tenants can keep pets, and an additional bond may represent a financial barrier and hinder this transition. This may also have wider ramifications, such as impacting on public housing availability and may contribute to the surrendering of animals to shelters, as almost a third of all animals surrendered are due to housing situations.

Eighty-two per cent of property owners supported the introduction of a pet bond, commenting that an additional bond could mitigate risks for the owner. A common experience heard from property owners throughout consultation was that existing rental bond amounts are often too low to address damage left unrectified by tenants with pets when they vacate.

However, despite the support for the introduction of a pet bond, the majority of owners opposed the proposal to allow pet bonds to be charged at the level specified in the preliminary recommendation in the C-RIS (that is, an amount that covers an estimated average cost of pest control and carpet cleaning). Owners commented that this proposal was too restrictive, that a pet bond should also be able to be used for damage other than pest infestation and fouled carpets.

Because of the polarised feedback on the proposed pet bond, the final recommendation does not incorporate a pet bond measure. It is evident that increasing the proposed pet bond amount, as suggested by owners, would be even more strongly opposed by the tenant cohort, considering concerns about affordability. Conversely, reducing the amount, as suggested by tenants, would be even more strongly opposed by the owner cohort considering the concerns expressed about the inadequacy of the amount to cover the costs of damage cause by pets. Pet damage will continue to be covered by existing rental bonds.

Under the final recommendation, however, property owners will still be able to impose conditions as part of their approval for a tenant to keep a pet, such as for the tenant to arrange professional pest control and carpet cleaning at the end of a tenancy, where reasonable for that type of pet.

Costs and benefits of final recommendation

Stakeholder	Benefits	Costs
TENANT	<ul style="list-style-type: none"> Tenants will have improved legislative protections for keeping a pet, and will be able to overcome unreasonable objections, allowing them to access the health and wellbeing benefits of pet ownership Improved rental satisfaction and security of tenure as tenants may be more inclined to remain in rental properties that feel like home To the extent that property owners adopt voluntary advertising disclosures, prospective tenants with pets may have a greater chance of identifying and securing a pet-friendly rental property Encourages responsible pet ownership 	<ul style="list-style-type: none"> Tenants may face costs associated with disputing a refusal of a request to keep a pet, including costs of a potential QCAT process Tenants may be required to cover pest control and carpet cleaning costs, even if these services are not required to return the property to its original condition Pest control prices will vary according to the treatment required. An anti-flea treatment for a house may cost between \$125 and \$250 Carpet cleaning can cost between \$29 and \$55 per room. Prices vary in accordance with carpet condition
PROPERTY OWNER	<ul style="list-style-type: none"> To the extent that prospective tenants with pets provide pet resumes, property owners may have improved information for tenant selection. A voluntary framework that allows prospective tenants and property owners to negotiate pet-friendly accommodation in a transparent manner may reduce tenant non-disclosure and its attendant costs Property owners will have greater assurance regarding carpet cleanliness and pest control for tenancies including a pet 	<ul style="list-style-type: none"> Property owner's discretion and control over their rental property investment will be limited Property owners currently not allowing pets may have increased risk of pet-related damage or disruption Property owners may face costs associated with defending a refusal to allow a tenant to keep a pet, including QCAT costs May not alleviate concerns held by some property owners that the current rental bond does not cover damages incurred, especially when these are significant
PROPERTY MANAGER	<ul style="list-style-type: none"> Tenants with pets may stay in their existing property for longer, potentially reducing the workload in seeking and screening new tenants 	<ul style="list-style-type: none"> Potential increase in workload for pet applications and ensuring carpet and pet control was professionally carried out Potential increased work health and safety risks associated with animals in rental properties will need to be managed Increased workload and complexity to manage bonds.

Stakeholder	Benefits	Costs
STATE GOVERNMENT	<ul style="list-style-type: none"> There is the potential for reduced costs for support agencies (such as health services) if more tenants are able to access the health and wellbeing benefits of pet ownership 	<ul style="list-style-type: none"> Potential for increases in RTA and QCAT dispute resolution in the short-term, which may increase operational costs. Increased costs associated with the RTA and QCAT changes required to service systems, education and information resources. Resources for Office of the Commissioner for Body Corporate and Community Management to deal with an increase in requests for information and assistance
SOCIAL HOUSING	<ul style="list-style-type: none"> Potential reduction in demand for social housing due to higher availability of pet-friendly rentals 	
COMMUNITY	<ul style="list-style-type: none"> Increased access to pet ownership in rental tenancies may reduce rates of animal abandonment and feral animals 	<ul style="list-style-type: none"> Increased ownership of pets may have environmental impacts, including impacts on native wildlife

Impacts and assessment

The final recommended reform options will have minor administrative impacts for tenants, property owners and property managers. The main impact that can be quantified is the potential increase in administrative time for property managers to review pet requests and facilitate communication between the owner and tenant about pet requests. Where the rental property is part of a community titles scheme, this may increase the administrative burden for property managers, but this would be the case for pet requests under existing arrangements and is not considered additional burden. It should also be noted that recent reform of community title schemes in Queensland has also sought to improve outcomes for pet owners, including by discouraging blanket pet bans. The clearer obligations and matters to be considered for property owners and managers may offset any increase or reduce administrative burden resulting from the recommended renting with pets reform option.

Economic analysis of reform impact commissioned by DCHDE modelled the highest impact scenario representing a case where the administrative time and cost increases for property managers due to the recommended reform option. This modelling assumes that:

- the additional time cost is not covered by existing commission rates
- property managers would spend two hours per impacted property to review the request and response with a one-off occurrence per property
- the average hourly rate for property managers is \$30 per hour
- the incidence of additional pet requests being received from 10 per cent of households.

This modelling found that the total annual impact per impacted rental property in the short term was estimated to be \$60, largely falling on property managers. The annual pass through to impacted tenants was estimated theoretically to be \$5, however this was found to only occur if a property owner revisits the rent price for their rental property at the next available opportunity to do so. The modelling concluded based on its analysis of the housing market that this pass through to tenants was unlikely to materialise. Over the longer term, this administrative impact was considered by the commissioned analysis likely to be spread across the portfolio of rental properties under management rather than directly to the affected ones.

The commissioned analysis noted that the recommended reform option may increase the perceived risk for investment in the rental market, including the in relation to property damage caused by pets.

Requiring property owners to respond to tenant pet requests and limiting their discretion to refuse only on prescribed reasonable grounds will help address power imbalances between the parties and make owner decision-making on pet issues more accountable and transparent. Increased opportunity for pet ownership would enable tenants to accrue the health and wellbeing benefits associated with pet ownership. Tenants would also benefit by avoiding the emotional stress and impacts of surrendering their pet in order to secure suitable rental accommodation for their needs, accepting less suitable rental accommodation for their needs or choosing homelessness in order to not relinquish their pet.

Voluntary information disclosure would encourage all stakeholders to be proactive and take responsibility to fully inform the other party about their pet intentions and requirements before and during the tenancy. A pet resumé would provide property owners and managers with improved information to support consideration of a request to keep a pet. Similarly, disclosure of arrangements for keeping pets in rental listings would help tenants locate suitable pet-friendly rental properties.

The recommended option will not prevent property owners from including pet ownership as a factor in their decision making about prospective tenants. The economic analysis commissioned by DCHDE notes that the recommended reform option allows owners to refuse a pet if it is expected to result in unreasonable damage to the rental property. Existing tenancy laws do not regulate the process of applying for a residential tenancy and property owners are not required to disclose the reasons for refusing a prospective tenant. Rental property owners are already expected to screen prospective tenants based on their perceived risk and pet ownership is one factor that is likely to be considered by owners in this process. Consequently, the Department considers that the perceived increase risk and owner decision making about prospective tenants is not expected to materially change because of the recommended reform option.

Tenants may benefit from an increased ability to get permission to keep pets by providing assurance to property owners that carpet cleaning and pest control would be undertaken at the end of the tenancy. Where this prescribed condition is agreed between the parties to apply to a relevant pet, tenants would bear a cost at the end of the tenancy that is additional to the ordinary requirement of returning a property to its initial condition, except for wear and tear. The property owner would benefit in these circumstances from the assurance that specific cleaning and fumigation would be undertaken when the tenancy arrangements end. The estimated additional cost for tenants to comply with this prescribed condition if relevant to their pet and agreed as a condition on the owner's approval for the pet to be kept at the rental property is:

- \$125 to \$250 for an anti-flea treatment, noting costs may vary according to treatment required
- \$29 and \$55 per room for carpet cleaning, noting prices may vary depending on carpet condition.

Carpet cleaning and fumigation terms and conditions are common in current tenancy arrangements where the owner has approved that the tenant may keep a pet, however existing regulation prevents these conditions from requiring the tenant to have these services provided by a professional. Consequently, only the difference in costs between a tenant meeting this condition themselves and engaging a service to meet this condition is considered additional burden. It is difficult to quantify this difference due to the variety of ways tenants may meet this condition themselves. It is also generally not an encouraged practice in the sector due to the risk of damage that may be caused while meeting the condition.

Demand for dispute resolution and requests for decision making services to the Residential Tenancies Authority and Queensland Civil and Administrative Tribunal about renting with pets issues in residential tenancy arrangements may increase because of the recommended reform option. Conciliation services provided by the RTA are free, however the party applying to QCAT for a decision on their dispute incurs an application fee that varies between \$27.45 to \$352 depending on the amount of the claim in the dispute. It is not possible to estimate the likely demand for dispute resolution or decision making services on pet issues as no data is available. Even if data is available, quantifying the costs of applying would also be difficult due to the fee structure relying on the amount claimed in the dispute, which will vary significantly depending on the matter.

Limiting property owners discretion to refuse pet requests to prescribed reasonable grounds that cannot be overcome by prescribed reasonable conditions will help to focus these disputes on determining with the prescribed grounds and conditions have been applied reasonably in the circumstances of the dispute and each party will need to make their own arguments supported by evidence to assist the dispute resolution and decision-making processes. DCHDE will work with the RTA, QCAT and other stakeholders to develop guidance material to support tenants, property owners and property managers to transition to and implement the recommended reform option and resolve these issues without needing dispute resolution or decision-making services. This material will also support conciliators and decision-makers to manage pet disputes where the parties are unable to reach a resolution on these matters without assistance.

Pet ownership delivers benefits to physical, psychological, and social health through greater connectivity with local community. A more structured framework for requesting and keeping pets in residential tenancy arrangements is supported by the sector and community. Economic analysis commissioned by DCHDE demonstrates that the likely impacts of the recommended option are expected to be small and amenable to being absorbed across all properties under management rather than applied directly to impacted tenancies. The current market response to demand for pet-friendly rental accommodation falls far short of community expectations and fails to meet the needs of most renting households that are likely to want to reap the benefits of pet ownership. Acknowledging the significant benefits of pet ownership for tenants and the significant emotional and community impacts of pet relinquishment or abandonment in order to access rental housing, it is considered that the benefits of the recommended reform option outweigh the costs and demonstrate the greatest net-benefit to Queensland.

Consistency with fundamental legislative principles

The fundamental legislative principles outlined in section 4 of the *Legislative Standards Act 1992* (Qld) were considered during the development of the proposed regulatory reforms. The recommended option is consistent with arrangements for the judicial review of decisions made by QCAT and other bodies. The incorporation of prescribed grounds and review provisions is consistent with principles of natural justice. The recommended option does not have retrospective impacts and is drafted in clear and precise language. It has been framed with sufficient regard to both the rights and liberties of individuals and the institution of Parliament.

Implementation, compliance and evaluation of the reforms

Implementation

The Queensland Government will introduce a Bill to amend the RTRA Act and if necessary, amend the RTRA Regulation to implement the final recommended option. The Bill will be considered by the relevant Parliamentary Committee, which may furnish a further opportunity for stakeholders to provide feedback on the recommended options and how they will be implemented through legislation.

If passed, it is proposed that tenancy law changes will commence on a common date, except for the prescribed Minimum Housing Standards. This approach will provide a transition period for the sector to build an understanding of the new rights and obligations, and to prepare for them to come into effect. Specifying a common commencement date for the changes to apply to all tenancies will reduce administrative impact of reform implementation and reduce incentives for parties to enter into new arrangements prior to amendments commencing in order to delay their application.

A longer transition period will be provided for affected owners to ensure their rental property complies with prescribed Minimum Housing Standards. Owners will need to ensure that their rental property meets Minimum Housing Standards before entering a new tenancy agreement starting from two years after the Regulation is made and no later than three years after the Regulation is made for tenancies on foot.

The Department of Communities, Housing and Digital Economy will work with the RTA, QCAT, the Queensland Magistrates Courts Services, and the Office of the Commissioner for Body Corporate and Community Management to prepare for and implement the reforms. This will include a comprehensive communications campaign to raise awareness and build understanding of new tenancy laws, rights and responsibilities. It will also include targeted information and advisory services for specific stakeholder cohorts.

Compliance

Responsibility for compliance and enforcement of the RTRA Act rests with:

- the RTA, which manages rental bonds and provides tenancy information services, dispute resolution services, investigation services, and education services
- QCAT, which decides disputes between tenants and property owners or rooming accommodation providers related to, among other things, rents, bonds, standard of properties, entry onto properties, park rules, termination of tenancy agreements, and tenancy databases

The RTA and QCAT will continue to undertake these responsibilities for the proposed reforms. The RTA's investigation and enforcement role will be expanded by the proposed amendments to include enforcement of QCAT repair orders and investigation of complaints or alleged misconduct connected to new penalties proposed in the final recommended options. This includes penalties for misuse or false statement in relation to additional approved grounds to end a tenancy.

Evaluation

The evaluation plan for the final proposed renting reforms is outlined in the table overleaf.

Evaluation plan outline

Objective	Performance measure	Data source	Data analysis	Milestones	Responsibility
Ensure that parties can end tenancies fairly	There is evidence that participants in the rental market experience improved fairness in ending tenancies as a result of the reforms	RTA, QCAT and QSTARS data on causes and outcomes of disputes Stakeholder feedback	RTA and QCAT data will be interrogated for evidence of reduced demand for dispute services Stakeholder feedback will be assessed for evidence of an improved tenancy experience for market participants, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Support tenants to enforce their existing rights without fear of retaliatory eviction	There is evidence that tenants experience an improvement in their access to tenancy rights and security of tenure as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of an enhanced and more secure renting experience for tenants, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Provide greater certainty by ensuring tenancies are only ended for identified reasons	There is evidence that tenancies are increasingly being ended for explicit and legitimate reasons as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of tenancies increasingly being ended for explicit and legitimate reasons, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy

Objective	Performance measure	Data source	Data analysis	Milestones	Responsibility
Ensure that parties receive fair, reasonable and workable notice to end a tenancy agreement	There is evidence that notice periods are increasingly well adapted to meet the needs of participants in the rental market as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of notice periods better serving tenant and property owner needs, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Ensure rental accommodation is safe, secure and functional	<p>There is evidence that substandard properties have been upgraded to meet Minimum Housing Standards</p> <p>There is evidence of improved responsiveness to repair and maintenance issues as a result of the reforms</p> <p>There is evidence of improved responsiveness to minor modification requests relating to safety, security and functionality as a result of the reforms</p>	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of improved safety, security and functionality of rental properties, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended regulation, including consultation process ²⁹⁴	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Improve the liveability of rental accommodation	There is evidence of improved liveability of rental accommodation as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of improved liveability, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy

²⁹⁴ Note that the Minimum Housing Standards will commence at a later date than the other proposed reforms.

Objective	Performance measure	Data source	Data analysis	Milestones	Responsibility
Ensure tenancy laws protect vulnerable people in the rental market	There is evidence of improved protection of vulnerable people in the rental market as a result of the reforms	Stakeholder feedback, including feedback from agencies such as the Queensland Police Service and health and human service authorities	Stakeholder and agency feedback will be assessed for evidence of improved protection of vulnerable people in the rental market, using Open Doors, C-RIS stakeholder feedback and longitudinal agency data as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Strengthened tenancy laws that include additional protections that support people escape domestic and family violence quickly and safely	There is evidence of improved protection for people in the rental market escaping domestic and family violence as a result of the reforms	Stakeholder feedback, including feedback from agencies such as the Queensland Police Service and health and human service authorities	Stakeholder and agency feedback will be assessed for evidence of improved protection of vulnerable people in the rental market, using Open Doors, C-RIS stakeholder feedback and longitudinal agency data as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Appropriate safeguards to prevent owners from unreasonably bearing the costs of domestic and family violence occurring in their rental property	There is evidence the domestic and family violence protections enacted as a result of the reforms are not unduly impacting property owners	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of undue cost impacts on property owners, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy

Objective	Performance measure	Data source	Data analysis	Milestones	Responsibility
Improve tenants' ability to alter their rented homes to suit their needs, including for people with disabilities, elderly tenants and people escaping domestic and family violence, while providing safeguards for property owners to protect their investment	There is evidence of improved responsiveness to minor modification requests relating to safety, security and functionality as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of improved responsiveness to minor modification requests, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy
Improve access for tenants to rental properties that allow pets while providing effective safeguards for property owners	There is evidence of improved responsiveness to tenant pet requests as a result of the reforms	Stakeholder feedback	Stakeholder feedback will be assessed for evidence of improved responsiveness to tenant pet requests, using Open Doors and C-RIS stakeholder feedback as a baseline	Evaluation to be undertaken within 18 to 24 months of the commencement of the amended legislation, including consultation process	Strategic Policy and Legislation, Department of Communities, Housing and Digital Economy

The evaluation will be undertaken between 18 and 24 months after implementation of the reforms (with the exception of Minimum Housing Standards, which will have a delayed commencement, and which will accordingly be evaluated later). The evaluation will draw on data collected by relevant government agencies, including the RTA, QCAT and the Office of the Commissioner for Body Corporate and Community Management.

Data will be collected to monitor the uptake and use of the enhanced rights protections proposed in the final recommended policy options. Further consultation will be undertaken with the sector and the community about experiences in the rental market after implementation of the reforms and to assess whether the Government's policy objectives have been met.

This information will be subject to comparative analysis with baseline information collected in advance of implementation, including the views expressed in the 2018 Open Doors to Renting Reform consultation, the submissions and comments received in the response to the C-RIS, and evidence provided during Parliamentary Committee consideration of the amending legislation.

Appendix 1 Examples of reasonable grounds for property owners to refuse pets

Reasonable ground	Examples
The property is unsuitable to keep the animal	For a property to provide suitable housing for a pet it must include an enclosed area of an appropriate size, indoors or outdoors, to ensure the wellbeing of the animal and to prevent potential nuisance, accident and/or injury to members of the public. The <i>Animal Management (Cats and Dogs) Regulation 2009</i> can be used as a reference and outlines the minimum required standard of accommodation to keep a dog: the height of enclosure fencing based on the weight of the dog, the maintenance condition of the enclosure (firm and strong materials) and the design of exterior walls to prevent a child from climbing into the enclosure.
Keeping the animal on the property would be an unacceptable risk to health or safety	<p>Where a property owner suffers from a severe animal allergy and self manages the tenancy or intends to return to live in the property, it may be reasonable for them to refuse a tenant to keep a type of animal (such as cats) in their property. It may prevent them from entering the property to carry out inspections, undertake repairs and maintenance, or from residing in the property after the tenancy has ended. However, if the property owner has a severe allergy but the property is looked after by a property manager and the owner does not intend to reside in the property after the tenancy has ended, this may not be considered reasonable.</p> <p>Or if the property owner or manager has a significant phobia about a type of animal, limitations about having that animal may be considered suitable, such as covering up a glass snake enclosure for property inspections or keeping the door to the room the enclosure is in closed.</p> <p>In 2018, 13 per cent of all Queenslanders reported having an allergy.²⁹⁵ Cats and other furry or hairy animals (such as dogs, horses and guinea pigs) are one of the most common causes of allergic reactions in Australia²⁹⁶ and symptoms may range from minor irritations to severe reactions. Cat allergen is known to be especially difficult to eradicate from a property once it has been introduced and can remain in a home for up to six months after the cat is removed.²⁹⁷</p>

²⁹⁵ Queensland Health, *The Health of Queenslanders 2018: Report of the Chief Health Officer Queensland*, available at www.health.qld.gov.au/data/assets/pdf_file/0032/732794/cho-report-2018-full.pdf, 2018, iv.

²⁹⁶ Australian Society of Clinical Immunology and Allergy, *What is Allergy?*, available at: <https://www.allergy.org.au/patients/about-allergy/what-is-allergy>, 2017, accessed 25 June 2019.

²⁹⁷ Australian Society of Clinical Immunology and Allergy, *Pet Allergy*, available at https://www.allergy.org.au/images/pcc/ASCI_A_PCC_Pet_allergy_2015.pdf, 2015, accessed 25 June 2019.

Reasonable ground	Examples
<p>Keeping the animal on the property would be contrary to other legislation or regulations</p>	<p>Each local government area defines and administers animal management laws. The tenant must comply with local government regulations. The regulations are unique to each region and differ in the number of pets permitted based on species, breed, number, accommodation type and land size to animal ratio. They also have differing enclosure regulations, specific environmental impacts, nuisance and hygiene requirements.</p> <p>Some local government pet regulation variations are:</p> <ul style="list-style-type: none"> • Gold Coast City Council allows a maximum of four budgerigars, canaries or other birds of similar size to reside on a property less than 300 metres squared. • Ipswich City Council only permits a maximum of two birds on a property less than 350 metres squared. • Brisbane City Council includes fish, reptiles and amphibians in their definition of animal. • Mount Isa City Council specifically excludes fish, reptiles and amphibians in their definition and regulation. <p>Other legislation governing the keeping of animals includes:</p> <ul style="list-style-type: none"> • <i>Animal Management (Cats and Dogs) Act 2008</i> (Qld) regulates the keeping of cats and dogs and defines regulated dogs as: restricted, declared dangerous, or declared menacing. • Local government officers can declare a dog to be dangerous or menacing and require the pet owner to adhere to explicit requirements concerning the keeping of those animals. • <i>Customs Act 1901</i> (Cth) regulates restricted dog breeds. • It is an offence under the <i>Animal Care and Protection Act 2001</i> (Qld) for people in charge of animals to abandon or release them, cause cruelty or breach their duty of care. <p><i>Public Health Act 2005</i> (Qld) regulates public health risks, including where the actions of an individual may provide a breeding ground for pets or facilitate the transmission of disease or infection to humans.</p>
<p>The property is in a community titles scheme and the pet is not allowed under body corporate by-laws</p>	<p>Some community title schemes permit all pets without requiring body corporate consent, and others specify the number, size, weight, breed and species of animals permitted, or will only allow some types of pets with restrictions such as those that have been desexed. Body corporate by-laws about keeping animals on the property can be disputed through the Office of the Commissioner for Body Corporate and Community Management. By-laws that impose a complete ban on animals have been found invalid by adjudicators and QCAT.²⁹⁸ However, by-laws which restrict some animals have been upheld when considering the impact of those types of animals or pets on other residents in the community titles scheme.</p>
<p>Unable to reach agreement on reasonable condition</p>	<p>Tenants and property owners will be required to agree any reasonable conditions that the owner's permission to keep the proposed pet may be subject to. If the parties are unable to reach agreement on these reasonable conditions this will form the basis of a reasonable ground to refuse consent.</p>

²⁹⁸ Queensland Commercial and Consumer Tribunal, *Tutton, W. & B. v Body Corporate for Pivotal Point Residential CTS 33550 [2008] QCCTBCCM 12* (11 June 2008), available at <http://www8.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCCTBCCM/2008/12.html>, 2019, accessed 3 September 2019

Appendix 2 Examples of reasonable and unreasonable pet request refusals

Body corporate and community title schemes

REASONABLE

A tenant asks a property owner to seek body corporate approval to keep six budgerigars and a cockatoo in a large aviary on their unit balcony. The body corporate advises the property owner that the request is denied, on the basis that the number of birds would cause a noise disturbance or nuisance to other occupiers, which would contravene their noise by-law. The property owner advises the tenant that body corporate approval was not obtained and rejects their pet request.

UNREASONABLE

A tenant has a guinea pig named Babe, which is kept in a cage in their two-bedroom townhouse. The tenants know the body corporate has a pet friendly by-law and does not require approval to bring any pet onto the property. The property owner discovers Leo during an inspection and informs the tenant the body corporate by-laws do not allow pets to be kept and must remove Leo. Because the property owner's information is inconsistent, it may be considered unreasonable.

Local council regulations and by-laws

REASONABLE

A tenant asks their property owner for permission to keep two pet chickens in a 2m x 2m coop in the small yard at the rear of the property. The local council requires the enclosure to be set back at least 1.5 meters from the fence line to prevent nuisance to the neighbours. The property owner refuses the request due to the dimensions of the rear yard. It is 10m long but only 2m wide. It would need to be at least 3.5m wide for the coop to be able to be positioned 1.5 meters from the rear boundary fence line.

UNREASONABLE

A tenant applies for a rental property in Brisbane and advises the property owner that they have a miniature dachshund, Oscar. Oscar is microchipped and registered to the Logan City Council. The tenant has applied to transfer Teddy's registration to Brisbane City Council and provides the property owner with a copy of their application advising they will inform the property owner when it is done. The property owner refuses their pet request as Oscar is not yet compliant with local government regulations. The tenant has taken every action necessary to comply with the regulations of Brisbane City Council, so the property owner's refusal could be considered unreasonable.

The suitability of the property for animals

REASONABLE

A tenant asks to keep an eight-year old German Shepherd, Rex, outdoors in a 3m x 1m paved courtyard at the rear of the rental property. The courtyard has a 2m high surrounding fence to prevent the animal from straying into neighbouring properties, or a child from climbing into the enclosure. However, the size of the courtyard is less than 10m², which is the minimum requirement for confining a dog under the *Animal Management (Cats and Dogs) Regulation 2009*.

UNREASONABLE

A property owner refuses to allow a tenant to keep a cat inside a three-bedroom townhouse. The main living area in the townhouse has floorboards. The property owner believes that the cat may scratch the floorboards and considers the potential damage. As the rental bond paid by the tenant is intended to protect the property owner from incurring the expense of damage, the property owner refusing the cat would be considered unreasonable.

Unable to reach agreement on reasonable condition

REASONABLE

A tenant asks a property owner for permission to keep a large dog in a restored Queenslander house with polished wooden floors. The property owner expresses concern that the dog may damage the polished floors, but indicates that approval could be granted conditional on the dog being kept outside of the tenant providing a suitable floor covering to protect the floor. The tenant agrees to the condition to provide a floor covering and property owner provides a written approval, including the agreed condition.

UNREASONABLE

A tenant renting a restored Queenslander house with polished wooden floors asks the property owner for permission to keep a large dog. The property owner expresses concern that the dog may damage the polished floors. The tenant undertakes that the dog would be kept outside in order to protect the floors. The tenant provides information to the property owner about how the dog will be cared for without requiring access to the interior of the premises. The property owner nonetheless refuses the request.

Risk to health or safety

REASONABLE

A tenant asks to adopt a pet cat to keep in their home in Charters Towers. The property owner refuses because they are allergic to cats and will be unable to attend the property to carry out inspections without experiencing adverse impacts on their health.

UNREASONABLE

A property owner refuses to allow a tenant to keep a small dog at their two-bedroom house in Coolangatta, claiming that they have an animal allergy. The tenant later learns from their property manager that the property owner does not have an allergy and actually owns two dogs themselves. The property owner thinks that the dog may mark the carpets at the property and so will not permit pets, even though the tenants are required to return the carpets to the same condition as at the start of the tenancy which may require them to clean the carpets. In this scenario, the property owner could include a special condition in the tenancy agreement which requires the tenant to arrange for professional pest control and carpet cleaning upon vacation of the property.