

**CHANGES TO THE *RESIDENTIAL TENANCIES ACT 1987***

The information contained below is an overview of the key changes to the *Residential Tenancies Act 1987* (the Act). It does not include every change that will apply from 1 July 2013.

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>SECURITY BONDS</b>		
Tenant security bonds – can be deposited: <ul style="list-style-type: none"> <li>• in a real estate agent’s tenancy bond trust account; or</li> <li>• with an authorised financial institution (bank); or</li> <li>• with the Bond Administrator.</li> </ul>	All security bonds must be lodged with the Bond Administrator as soon as practicable, and in any event, within 14 days of being received.	As an independent third party, having all tenant security bonds held by the Bond Administrator ensures that bonds are safeguarded during the term of the tenancy and that any disputes regarding the disposal of the security bond at the end of the tenancy are handled impartially and in accordance with the Act.
	Existing bonds must be transferred to the Bond Administrator upon renewal of a tenancy agreement.	
	In any event, all bonds must be transferred to the Bond Administrator within 18 months from 1 July 2013.	This is consistent with the practice in other Australian States.
Security bonds can be increased every 12 months where there has been an increase in rent.	Security bonds can be increased every six months if there has been an increase in rent.	This allows security bonds to be adjusted at the same time as a rent increase occurs.
Pet bond only applies if a dog or cat is allowed to be kept at the premises.	<ul style="list-style-type: none"> <li>• Pet bond now applies to any pet capable of carrying parasites that can affect humans</li> <li>• Guide dogs are exempt.</li> </ul>	This recognises that pets other than cats and dogs may carry fleas, ticks and other parasites that can require fumigation at the conclusion of the tenancy.

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>NEW TENANCY AGREEMENTS</b>		
<p>Agent's/lessor's own tenancy agreements can be used.</p>	<ul style="list-style-type: none"> <li>• A prescribed tenancy agreement must be used if there is a written residential tenancy agreement between the parties.</li> <li>• Additional clauses that are specific to the tenancy can be added to the agreement.</li> <li>• The prescribed residential tenancy agreement is available free from the Department of Commerce website.</li> </ul>	<p>In practice, residential tenancy agreements can be quite complex documents. Having a standardised residential tenancy agreement that is written in plain language will assist lessors, tenants and property managers to better understand their rights and obligations under the Act.</p>
<b>PROPERTY CONDITION REPORTS</b>		
<p>Property Condition reports are not compulsory.</p>	<ul style="list-style-type: none"> <li>• Property condition reports (PCRs) will have to be prepared at the beginning and end of a tenancy.</li> <li>• The PCR must contain prescribed content which is available free from the Department of Commerce website.</li> <li>• A tenant will be able to record their comments about the condition of property on the PCR.</li> </ul>	<p>One of the greatest areas of dispute in relation to residential tenancies is the tenant's liability for any damage to the premises. Compulsory property condition reports will assist in reducing disputes by providing clearer evidence of the state of the premises at the beginning and at the end of the tenancy.</p>

CURRENT	FROM 1 JULY 2013	RATIONALE															
<b>OPTION FEES</b>																	
<p>An option fee may be charged to a prospective tenant when lodging a rental application. The amount of the option fee is at the discretion of agent. Generally the industry practice is to charge the equivalent of one week's rent.</p>	<p>Option fee are capped as follows:</p> <table border="1" data-bbox="719 459 1379 1058"> <thead> <tr> <th data-bbox="719 459 871 619">Weekly Rent of the Property</th> <th colspan="2" data-bbox="871 459 1379 619">Location of the Property</th> </tr> <tr> <td data-bbox="719 619 871 699"></td> <th data-bbox="871 619 1167 699">Above 26<sup>th</sup> parallel of south latitude</th> <th data-bbox="1167 619 1379 699">Below 26<sup>th</sup> parallel</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 699 871 778">\$500 or less</td> <td data-bbox="871 699 1167 778">\$50 maximum</td> <td data-bbox="1167 699 1379 778">\$50 maximum</td> </tr> <tr> <td data-bbox="719 778 871 975">More than \$500 and less than \$1200</td> <td data-bbox="871 778 1167 975">\$100 maximum</td> <td data-bbox="1167 778 1379 975">\$100 maximum</td> </tr> <tr> <td data-bbox="719 975 871 1058">\$1200 or more</td> <td data-bbox="871 975 1167 1058">\$100 maximum</td> <td data-bbox="1167 975 1379 1058">\$1200 maximum</td> </tr> </tbody> </table>	Weekly Rent of the Property	Location of the Property			Above 26 <sup>th</sup> parallel of south latitude	Below 26 <sup>th</sup> parallel	\$500 or less	\$50 maximum	\$50 maximum	More than \$500 and less than \$1200	\$100 maximum	\$100 maximum	\$1200 or more	\$100 maximum	\$1200 maximum	<p>This amendment will assist in making the cost of applying for rental accommodation more affordable for tenants, particularly where they have lodged multiple applications.</p>
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<ul style="list-style-type: none"> <li>• If a prospective tenant is offered the tenancy, the option fee must be applied to their rent or repaid.</li> <li>• Unsuccessful applicants must have their option fee refunded.</li> <li>• No timeframe for the refund of the option fee applies.</li> <li>• Option fee is often refunded by cheque.</li> </ul>	<ul style="list-style-type: none"> <li>• If a prospective tenant is offered the tenancy, the option fee must be applied to their rent or repaid.</li> <li>• Unsuccessful applicants must have their option fee refunded by cash or EFT as soon as possible and at the latest within 7 days of the decision to refuse the application.</li> </ul>																

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>INCREASES IN RENT</b>		
<p>To increase the rent during the term of a fixed term agreement, the agreement must stipulate that the rent may increase or be increased.</p>	<p>To increase the rent during the term of a fixed term agreement, the agreement must set out the amount of the increase (e.g. \$20 per week) or the method of calculating the amount of the increase (e.g. increase by CPI or a percentage amount).</p>	<p>This is to ensure that a tenant can make an informed decision about their ability to afford the rent for the property for the entire term of the fixed term agreement, not just at the beginning of the tenancy.</p>
<p>If the same parties enter into a new residential tenancy agreement for the same premises, the rent may increase from the first day of a new agreement</p>	<p>If the same parties enter into a new residential tenancy agreement for the same premises, the rent cannot increase for the first 30 days of the new agreement.</p>	<p>This ensures that a tenant is provided with adequate notice of a rent increase in a situation where they are continuing in a tenancy in the same premises.</p>
<b>RENT IN ADVANCE</b>		
<p>At the commencement of a residential tenancy agreement, only two weeks rent in advance can be required and then after that there is no limitation on how much rent in advance can be sought.</p>	<ul style="list-style-type: none"> <li>• No more than two weeks rent in advance can be required at any time throughout the tenancy agreement.</li> <li>• A tenant may elect to pay at a different interval, for example, monthly, however it cannot be an enforceable term of the agreement and the tenant can revert to paying fortnightly if they choose.</li> </ul>	<p>While paying rent monthly in advance can be convenient for tenants who are on higher incomes or who are paid monthly, it can be a considerable burden on people on low incomes and those who are paid fortnightly. This amendment ensures that people are not excluded from applying for properties simply because they cannot afford to pay their rent in monthly instalments.</p>

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>URGENT REPAIRS</b>		
<p>Tenant must advise the lessor about the need for the urgent repair. If the lessor fails to take action to rectify the repair, the tenant must first notify the lessor of their intention to organise the repair and incur expense. The lessor must then compensate the tenant for any reasonable expenses incurred by the tenant in making urgent repairs. This applies only to urgent repairs that are likely to cause injury to a person or property or cause undue inconvenience to the tenant.</p>	<p>Tenant shall notify the lessor as soon as practicable about the urgent repair, and the lessor shall ensure the repairs are carried out as soon as practicable.</p> <p>If, within the 24 (for the restoration of essential services) or 48 hours (for other urgent repairs), the tenant cannot contact the lessor, or the lessor fails to make arrangements for the repairs to be carried out as soon as practicable, the tenant may arrange for the repairs to be made. Repairs must be made to the minimum extent necessary with a suitably qualified repairer. The lessor must reimburse the tenant for any reasonable costs.</p> <p>Essential services are: gas, electricity, water supply (including hot water), waste water treatment and functioning refrigerator (if supplied with the premises).</p>	<p>A common source of complaint is around the completion or failure to attend to urgent repairs. This change provides greater clarity around the type of repairs that must be attended to quickly and also the timeframes that are considered appropriate for action.</p>
<b>LESSOR'S RIGHT OF ENTRY TO INSPECT THE PREMISES</b>		
<p>A lessor may enter the premises for the purpose of inspecting the premises provided not more frequently than once every four weeks.</p>	<p>A maximum of 4 routine inspections will be allowed in any 12 month period.</p>	<p>This provides a better balance between the right of the lessor to inspect the premises and the right of the tenant to the quiet enjoyment of their home. Four inspections in a 12 month period is consistent with industry practice and with the laws in other States.</p>

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>MINIMUM SECURITY</b>		
<ul style="list-style-type: none"> <li>• Owner shall provide and maintain locks or other devices necessary to ensure premises are reasonable secure.</li> <li>• Reasonably secure is not defined.</li> </ul>	<p>The means to ensure premises are reasonable secure is defined. These are:</p> <ul style="list-style-type: none"> <li>○ main entry door – a single cylinder deadlock (if there is a double cylinder deadlock or lockable security screen compliant with Australian standards already fitted, retrofitting of a single cylinder deadlock is not required);</li> <li>○ all other external doors – a deadlock or, if a deadlock cannot be fitted, a patio bolt lock or a key lockable security screen to Australian standards;</li> <li>○ exterior windows – must be fitted with a lock that prevents the window from being opened from outside. This does not have to be a keyed lock (if there are window security screens compliant with Australian standards already fitted, retrofitting of window locks or latches is not required); and</li> <li>○ external lighting – a light at the main entry that can be operated from the inside.</li> </ul> <ul style="list-style-type: none"> <li>• The requirements for locks to entry doors and lockable windows do not apply where the door or window is situated on the second storey or above in apartments and multi-storey homes.</li> <li>• Exemptions will apply to properties listed on the State Heritage Register and to rural properties. In these instances, the requirement will remain for a reasonable level of security to be maintained.</li> </ul>	<p>Another common area of dispute between lessors and tenants is what constitutes a reasonable level of security.</p> <p>This change clarifies the minimum security measures that are required to make premises reasonably secure.</p> <p>Lessors will have 2 years from 1 July 2013 in which to meet minimum security requirements.</p>

CURRENT	FROM 1 JULY 2013	RATIONALE
<b>RESIDENTIAL TENANCY DATABASES</b>		
<p>There is no current regulation surrounding the use of residential tenancy databases (RTDs). RTDs are used to check the rental history of prospective tenants.</p>	<p>RTDs will now be regulated. The laws will require that:</p> <ul style="list-style-type: none"> <li>• notices to given to prospective tenants advising that the lessor/agent uses RTDs;</li> <li>• notices be given to tenants if they are listed on an RTD;</li> <li>• tenants only be listed on an RTD after the tenancy agreement has been terminated and only if the tenant owes the lessor more money than is held in the security bond or a court has terminated the agreement;</li> <li>• listings be updated or amended if they are incorrect, ambiguous or out of date; and</li> <li>• listings be removed after three years.</li> </ul>	<p>This will ensure that tenants are not unfairly excluded from the rental market due to malicious or ambiguous listings. Lessors will also be able to make better informed decisions as the information held of the residential tenancy databases will be more accurate and up to date.</p>