

Renting Laws Consultation

My submission is a repeat of what I have been saying for the last ten years, that what needs change is

- **Paying CPI interest on tenants bonds**
- **Making the tribunal free for tenants**

I first looked at this matter in 2014 because when I got my bond back after 8 years I was paid \$1.57 cents in interest and wanted to know where the rest had gone. I had received an order for “the full bond with interest”. So where is the interest?

The way tenant bonds are managed is a complete rip off, and since I started talking about this, both to the government and to the Tenants Union who seem to wish this topic was not discussed, the rip off has continued for a further ten years. Giving tenants 0.01% interest on tenants bonds is theft.

The tenancy tribunal is mostly used by landlords who make 80% of the applications, and while no fault termination exists, the tribunal is mostly incapable of giving fair outcomes for tenants. Yet it is tenants who are expected to pay for the tribunal and subsidise landlords.

The Tenants Union are a controlled opposition, who have barely any service coverage or availability, and who again while no fault termination exists, cant do anything for people anyway, and don't want to talk about interest on tenants bonds because that's where they get their funding from also.

Landlords should be charged the FULL COST of using the tribunal which back in 2014 was about \$300 per application. This is tax deductible for them anyway. In 2014 tenants were subsidising landlord applications to the tribunal to the tune of \$11.2 million.

But when tenants need the tribunal, right when they are at their most vulnerable and probably the most broke they will ever be in their lives having to find the money to move house, tenants are expected to be able to put their hands on \$50 to pay a fee to exercise their tenants rights.

Tenants should be able to use the tribunal for free, ESPECIALLY when tenants have already paid for the tribunal and subsidised any application that might be made by the landlord.

I pay 10% GST on everything I buy and that money goes directly to the states. For that contribution to not cover the cost of access to my tenancy rights is unconscionable.

Any idea that tenants cannot have access to the tribunal or CPI interest on their bond is out of date, as demonstrated by the fact that a housing future fund can both fund management fees and provide ACTUAL HOUSES

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Dear Mr [REDACTED]

I refer to your further correspondence dated 31 July 2014 concerning the rate of interest paid on your rental bond refund.

The Rental Bonds was established in 1977 under the Landlord and Tenant (Residential Tenancy Act) 2010 to act as an independent custodian of rental bonds paid on residential tenancies in New South Wales. The Purpose of a rental bond is to provide security for a landlord against a breach of the residential tenancy agreement by the tenant. The payment of interest on rental bonds is not intended to provide a return which matches that available through investment in the financial market.

The rate of interest payable to tenants and landlords on rental bonds is prescribed by the Landlord and Tenant (Rental Bonds) Regulation 2003 as the rate payable by the Commonwealth Bank of Australia on an Everyday Access Account balance of \$1,000.

This amount reflects the average size of a rental bond held by the Board. Interest accrues for each calendar month that a rental bond is held and compounded each June and December. Since December 2001 the interest rate paid by the Bank, and therefore reflected in the rate payable on rental bonds, has remained at 0.01% per annum.

Rental bond monies held by the Board, and income earned from bonds, is placed in secure investments in accordance with the Landlord and Tenant (Rental Bonds) Act 1977 and the Public Authorities (Financial Arrangements) Act 1987. The Board is required to maintain a surplus of funds, in addition to the bonds held in trust, to ensure adequate income is generated to meet forward commitments for operational costs and funded programs.

In addition to tenant and landlord protection through lodgement of bonds with the Board, the income earned from rental bond investments is used to fund a range of programs. These are designed to support tenants in particular and the residential rental market in general.

Programs funded include the operating costs of the rental bond custodian service and the Office of Fair Trading's tenancy information services. The Board also provides funds towards the operating costs of the NSW Civil and Administrative Tribunal. As part of Fair Trading's commitment to improving social justice outcomes for vulnerable, geographically remote and disadvantaged groups, significant funding is also provided through the Tenants' Advice and Advocacy Program to community based services in metropolitan, rural and regional NSW.

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I trust this clarifies the matter for you.

Yours sincerely

[REDACTED]
1 August 2014