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EMPOWERING CONSUMERS & SMALL BUSINESS CONSULTATION PAPER RESPONSE

Submission from
The Property Owners Association of NSW Inc



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The Property Owners Association of NSW is the peak body representing the interests of the private landlord market and has done so since 1951. We do thank the minister for Innovation and Better Regulation for the recent stakeholders meeting attendance for a roundtable discussion into bond surety products and their viability in the rental accommodation market.

POANSW welcomes any innovative service or product which enhances the experience of landlords and tenants alike. POANSW members who are private landlords have enjoyed the benefits of some of the recent upgrades to the Rental Bonds Online system (RBO) and so have some of their managing real estate agents to pay process and claim bonds via The Rental Bond Board. Though we understand that there has been teething issues which are a work in progress any continuing improvements to this system can only make it an even better experience by the user.

Bond Surety Products

Bond surety products have been around for some time in dealing with very large commercial transactions but are relatively unknown in the residential rental space. There are several products and service providers already in this market and as we understand it are not legalised. Like any new product that is on the verge of “disrupting” existing establishments we are weary of what practical affects they could have. Bond Surety products are no different of those products that may have very negative affects as well as the positive in the market place and we are yet to see what benefits this product would actually bring to the table for landlords. What came out of the ministers meeting last week is there are many questions yet to be answered by the bond surety providers?

In particular of concern is:

- What actual problem is this product trying to solve?
- Who is this product really benefiting?
- Is a bond surety company really going to become a quasi arbitrator in determining and processing claims by tenants and landlords?
- Who is the service provider really representing? Given it is the tenant who is the subscriber of the service and so does this open up a bias and a conflict of interest in a case of a disputed bond?
- Being private enterprises and need to run a profit to survive how are fee's charged for these bonds going to be distributed back into providing tenant and landlord services like the Rental Bond Constitution stipulates and how does the minister feel about missing revenue from loss of market share over a number years of RBO interest and revenue to support current and future tenancy support services which are going to be much needed as renter volumes increase?



- Additional layers of complexity and 3rd party intervention in bond handling as well as double handing of the bond lodgment process and claims is not clear to us.
- Use and protection of private data by 3rd party companies

Though in principal POANSW supports innovation in the market place we would like to continue to have open discussions about Bond Surety Products and require more information and answers to the above questions. It is likely that more and more questions will arise as we work through some complex scenarios in getting 3rd party service providers involved in bond handling. However our preference is that Office of Fair Trading utilise their resources in improving and expanding the current RBO offering which we feel it is capable off with the right stakeholder input. There is scope and opportunity to drive the RBO without the need of private 3rd party enterprise intervention.

Landlord and Tenant Act 1948

POANSW has on many occasions made stakeholder submissions on this topic. Our position is to repeal the Act. Please find our last correspondence on this matter to then Minister V Judge Back in 2011 of which we have had no reply from Govt. since that submission.

POANSW is committed to work with the minister to achieve a modern workable market place for landlords and tenants alike that brings fair and equitable outcomes to all stakeholders and to the NSW economy.

Yours Faithfully,

John Gilmovich-President
Per POANSW Committee