

Renting in Queensland
Housing and Homelessness Services
Department of Communities, Housing and Digital Economy
PO Box 690
BRISBANE QLD 4001

Re: Options Paper Stage 2 Rental Reforms

SCA (Qld)

As of 2023, there were over 500,000 lots in more than 50,000 community title schemes across Queensland.

SCA (Qld) is the peak industry association supporting Queensland's strata sector, with more than 1,200 individual and corporate members who help oversee, advise and manage assets worth tens of billions of dollars. As the peak body for the strata industry, SCA (Qld) is in the unique position to understand the sector from all angles. SCA (Qld) members manage approximately 400,000 of the more than 500,000 lots across the state.

SCA (Qld) understand the strata sector from a broad array of viewpoints owing to our diverse membership. We pride ourselves on our ability to advocate from a "whole of industry" perspective.

The Options Paper

The 5 key legislative reform priorities included in the Options Paper are:

- installing modifications
- making personalisation changes
- balancing privacy and access
- improving the rental bond process
- fairer fees and charges.

1. Minor Modifications

Options

- i. No Changes
- ii. Amend Queensland's rental laws to provide more guidance to support renters and rental property:
 - a. owners to agree changes that can be made to the rental property.
 - b. renters would continue to require rental property owner permission to make changes.
- iii. Limit discretion
 - a. Amend Queensland's rental laws to specify changes a renter can make that do not require the rental property owner's permission and require a rental property owner to seek an order from a Tribunal to prevent the change being made.

SCA (Qld) Position

SCA (Qld) supports the Real Estate Institute of Queensland ("REIQ") position with regard to minor modifications.

This is particularly important in the context of body corporate, where it is often difficult for lay people to clearly understand the difference between common and private property. SCA (Qld) would support

changes to current arrangements being made to allow minor modifications to be made for safety and or security reasons by a tenant.

SCA (Qld) believes specific clarity in legislation on this matter should be provided to ensure landlords and tenants have appropriate understanding of their obligations.

SCA (Qld) believes that minor modifications should be limited to those tenants who are considered vulnerable (such as those experiencing or have experienced domestic violence, the elderly or those with disabilities).

If a tenant requests minor modification for safety or security reasons and the lessor has limited ability to refuse, the reasons for refusal ought to be set out in legislation, and the ability to prescribe reasonable conditions, particularly with regard to remediation.

The interconnected nature of many strata schemes means that these matters need to have the involvement of the owner and body corporate manager to ensure disputes do not arise down the track over potentially tenant induced damage to common property. This issue must be considered appropriately given the high proportion of investor owners in strata.

Similarly to the REIQ, given QCAT is one of the jurisdictions where strata disputes are resolved, we have significant concerns about burdening it further by forcing property owners to go to QCAT to prevent minor modifications from being done. This unfairly burdens the already strained tribunal and diminishes significantly the property rights of strata owners. An alternative solution ought to be found.

SCA (Qld) also believes that any provisions regarding rectification with respect of minor modification need to include full rectification. In strata, maintenance is a legislative requirement and given any modifications of property can have direct or indirect effects on the other lots within a scheme it is important that full and appropriate rectification occur.

2. Minor Personalisation Changes Options

- i. No Change
- ii. Amend Queensland's rental laws to provide more guidance to support renters and rental property owners to agree changes that can be made to the rental property.
 - a. Renters would continue to require rental property owner permission to make changes.
 - b. Rental property owners could not unreasonably refuse permission for renters to make minor personalisation changes to the rental property.
- iii. Amend Queensland's rental laws to specify changes a renter can make that do not require the rental property owner's permission and require a rental property owner to seek an order from a Tribunal to prevent the change being made.

SCA (Qld) Position

As noted above, given the interconnected nature of strata lots and the importance of the legislative requirements around maintenance of the common property, SCA (Qld) does not support allowing minor personalization changes given they may have the effect of compromising the integrity of the building or the lots of others. SCA (Qld) also suggests that any mentions of rectification in any new package again require full rectification or reinstatement, owing to the same reasons as outlined above.

3. Balancing Privacy and Access Options

- i. No Change
- ii. Amend Queensland's rental laws to:
 - a. provide more guidance about conducting entry to the rental property during a tenancy, and;
 - b. protect renters' personal and information privacy
- iii. Amend Queensland rental laws to:
 - a. limit entry frequency and extend required notice
 - b. limit the information a renter can be asked to provide during a rental application process, and;
 - c. protect renters personal and information privacy.

SCA (Qld) Position

SCA (Qld) do not support any changes to the current law with respect of inspections. As stated throughout this submission, maintenance and keeping property in good condition is more important in strata than in detached housing. Therefore, we believe it is critical that lot owners and their agents are able to continue to conduct physical inspections of properties, with reasonable notice, as the current framework allows.

4. Rental Bond Process

SCA (Qld) makes no submission on the rental bond process, as our members do not deal with this part of the overall property ecosystem. We note, however, the significant concerns of REIQ with regard to proposed changes.

5. Payment and Reletting Proposals

SCA(Qld) Position

SCA (Qld) notes that cost pressures, particularly with respect of interest rates and labour and materials costs in the construction sector continue to place pressure on many strata owners, be they owner occupiers or investors.

Any reduction in the ability of lot owners to fairly recoup the costs of having to relet properties is unreasonable in an environment where rising maintenance costs are contributing to increasing levies is opposed by SCA (Qld). Owners are obligated by law to pay levies just as the body corporate has a legislative obligation to maintain the common property. These obligations do not cease in an environment of rising costs and anything that limits the ability of lot owners to recoup costs in a fair and equitable manner will likely cause significant financial stress to bodies corporate.

SCA (Qld) also notes the unique utility arrangements which many large strata schemes have which may be impacted by any changes to utility payment arrangements. Many strata schemes rely on Embedded Networks to use their scale to essentially "bulk buy" their electricity. Embedded networks are private electricity networks that serve multiple premises. The owner of the site with an embedded network runs the network infrastructure. In most cases, owners also buy energy from an energy retailer and on-sell it to the occupants of the site¹.

¹ <https://www.business.qld.gov.au/industries/mining-energy-water/energy/electricity/embedded-electricity-networks#:~:text=Embedded%20networks%20are%20private%20electricity,network%20runs%20the%20network%20infrastructure.>

This can have significant benefits to consumers who benefit from the collective buying power of the scheme they reside in. This is of particular benefit to many strata occupiers facing cost of living pressures right now. Importantly, consumers have a legislated “power of choice” which allows them to purchase their energy from a different retailer, this is an important consumer protection in that it offers access to the competitive retail market for electricity for consumers, just as owners outside these networks can. These collective billing arrangements may mean recalcitrance or delays in payment could cause significant disruption to the provision of services in this regard. It is for this reason we do particularly oppose “Option 3” as raised in the Options Paper.

Bodies corporate cannot turn a profit or create a rainy day fund. It is important that it is made as easy as possible for lot owners to meet their legislative obligations.

Conclusion

Strata law in Queensland is underpinned by legislative obligations of the body corporate with regard to care for the common property. In strata, community harmony is underpinned by a legal framework whereby all owners have obligations not just to themselves but to other occupiers within a scheme. It is critical that appropriate consideration is given to the rights of all owners within a scheme when framing changes to tenancy law which will inevitably impact strata.

Kind regards,



Laura Bos
General Manager (SCA (Qld))