

Select Committee on the Residential Tenancies Amendment (Prohibiting No Grounds Evictions) Bill 2024



Response to Questions on Notice, August 2024

We thank the committee for the opportunity to provide further information in response to the questions taken on notice.

1. What percentage of tenants would be subject to an eviction notice each year?
2. What percentage of those terminations would be made without grounds?
3. What percentage of them are made at the end of fixed terms versus periodic leases?
4. Can you expand on how reforms could improve rental availability?

We note that the number of tenancies ended by a 'no grounds' eviction is not reflective of the impact of 'no grounds' evictions on the renting system. Answers here rely on the End of Tenancy Survey with the totals of bonds held and bonds returned where needed for context. We encourage the NSW Government to publish updated data from the End of Tenancy Survey for a complete and updated picture, and to seek to improve data collection rates especially from agents and landlords. We note the data may undercount evictions as a result of low completion rates from these groups.

1. 7% of all tenancies receive a notice of termination in any year.
21% of tenancies that ended were with a notice of termination served by the landlord.
2. 43% of tenancies ended by a landlord with a notice of termination were without grounds (under ss84 or 85 of the Residential Tenancies Act 2010).
3. 71% of tenancies ended without grounds were ended under s84, at the end of a fixed term.
4. We believe the passage referred to by the Committee for further information is this: "However, it is notable that in the immediate period after Victorian reforms were commenced, the rate of growth in Victoria increased markedly. In Queensland, the year following reforms commencing was the first in several years where there was positive growth. These results again confirm that rental reforms are at least compatible with, and may even support, efforts to increase the supply of rented homes. "

Our primary argument in this section generally is that reforms in this area are compatible with supply efforts. All states for which we had data available to us showed a general decline in the rate of growth of bonds held, regardless of their rental reform agenda.

In Queensland and Victoria this trend reversed following reforms made. This also reflected the experience in Scotland documented by the Social Market Foundation that showed the share of households renting privately has increased since the rental reforms were introduced, and at a faster rate than in England, where no-fault evictions currently remain possible.

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In New Zealand, in each six-month period of surveys tracking impact of reforms a greater proportion of people had bought an investment property than sold them, again suggesting an increase in supply. The reasons given for buying and selling also made clear that financial decisions were the predominant reason with tenancy reforms both a smaller factor to begin with and fading over time.

In our submission, we also provided further statistics on bond holdings in states and territories that publish data on this. These are often the best metric for measuring overall supply in the rental sector.

Using additional data made available by the ABC, we can observe that the growth in bonds has been slowing in all states and territories, but that following rental reforms in Victoria, there was an increase in the growth of bonds held. While the rate of increase did not last, Victoria remains with a higher number of bonds held than they did prior to reforms in 2021. We suggest there are other factors that are more likely to have had an impact on the growth including interest rates, demographic changes and changes to land tax.

We can see in tables 1 and 2 that Western Australia has significantly lower rate of growth of rental bonds since 2019. Western Australia also has been the state most resistant to rental reforms.

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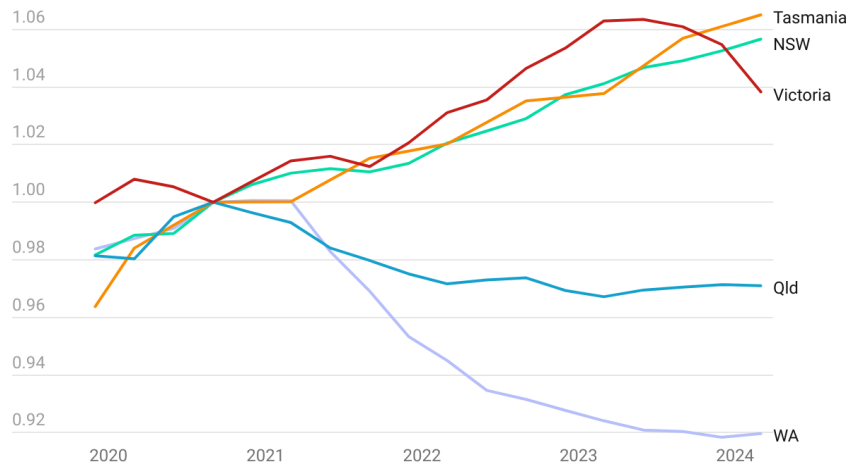


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Table 1¹:

Active Bonds Held

Indexed to Sept 2020



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¹ Source: ABC News reporting Department of Families, Fairness and Housing, Queensland's Residential Tenancies Authority, WA Department of Energy, Mines, Industry Regulation and Safety, NSW Department of Customer Service. Additional data from NSW Department of Customer Service and Tasmania Department of Justice. TUNSW Analysis.

Geraden Cann (2024) "As some investors decide to leave Victoria, first homebuyers are getting their foot in the door" ABC News accessed 5th August 2024 at <https://www.abc.net.au/news/2024-07-03/first-home-buyers-turning-to-rentals-as-investor-sell-up/104025526>

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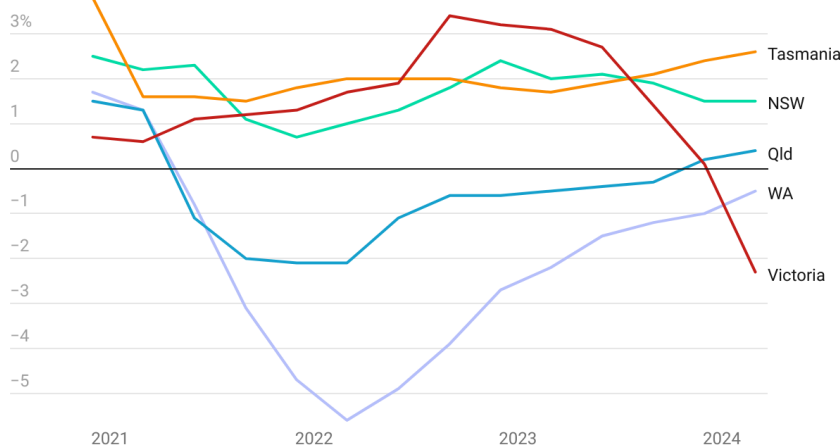


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Table 2²:

Annual change in bonds held

2020 Q4 - 2024 Q1



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We note that a fall in rental bonds may also suggest an increase in owner-occupation which may have no negative impact on the rental sector. In Table 3 we compare rental price growth as measured by the CPI and note all cities have increased faster than wages growth.

It is particularly noteworthy that Perth, in the state which has refused to contemplate no grounds eviction reform has higher rent rises (indicating a greater relative undersupply of housing), and Adelaide (the largest state to contemplate and implement 'no grounds' reform) has the lowest rent rises. NSW rents have increased significantly faster than Victorian rents over the period, indicating that Victoria's drop in bonds held has not resulted in worse outcomes than in NSW or other states.

² Source: ABC News reporting Department of Families, Fairness and Housing, Queensland's Residential Tenancies Authority, WA Department of Energy, Mines, Industry Regulation and Safety, NSW Department of Customer Service. Additional data from NSW Department of Customer Service and Tasmania Department of Justice. TUNSW Analysis.

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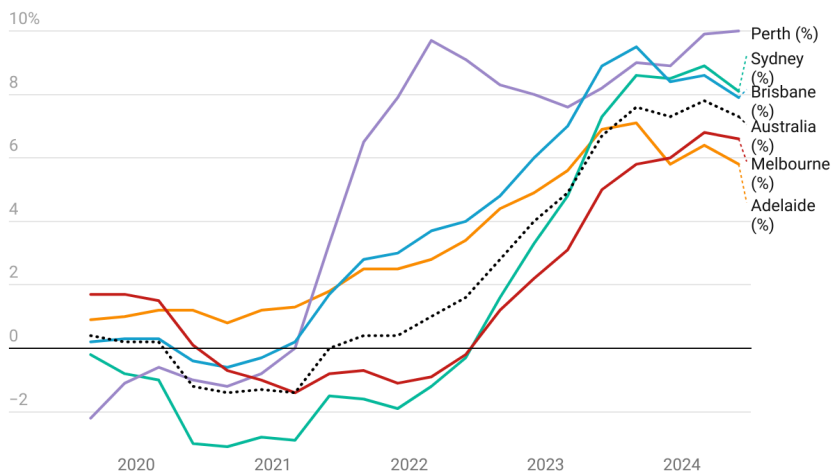


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Table 3³:

Annual change in CPI Rents

2019 Q4 - 2024 Q2



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³ Source: Australian Bureau of Statistics (Jun-quarter-2024), [Consumer Price Index, Australia](#), ABS Website, accessed 5 August 2024.