

## FACT SHEET

### THE RESIDENTIAL TENANCY AMENDMENT BILL 2009

The *Residential Tenancy Amendment Act 2005*, which establishes the Rental Deposit Authority, will commence by proclamation on 1 July 2009.

Clause 2 of Schedule 3 of the *Residential Tenancy Amendment Act 2005* currently provides that where a property owner holds a security deposit for a residential tenancy agreement entered into before the Act comes into force, the owner must deposit that security deposit with the Authority within 6 months of the Act commencing. This provision would require the establishment of separate processes to collect existing bonds from property owners. As many of these bonds are for tenancies that have been in existence for some time, they would be held for only a short period before being claimed. This would result in a net cost to the Rental Deposit Authority for collecting these bonds.

The total cost of establishing a separate system for this one off collection of existing bonds would add between \$250,000 and \$500,000 to the cost of establishing the system in the first 12 months of operation.

In addition to the financial burden associated with this Clause, it has become apparent that Clause 2 would be difficult to enforce as there is no way of identifying those residential tenancy agreements that are in force prior to commencement. To identify property owners required to make a deposit, and take enforcement action would be time consuming and costly. Further, there may well be a number of owners who will inadvertently breach the Act due to ignorance of the change in the law and its application to existing rental deposits.

For these reasons, the *Residential Tenancy Amendment Bill 2009* amends the *Residential Tenancy Amendment Act 2005* so that only bonds for residential tenancy agreements entered into on or after 1 July 2009 are required to be paid to the Authority.

The *Residential Tenancy Amendment Bill 2009* also provides that for pre-existing tenancy agreements any disputes in relation to the amount of the security deposit to be returned to the tenant by the owner after termination of the agreement will be dealt with by the Commissioner pursuant to the existing legislation.