

TRANSCRIPT

LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

Inquiry into the Rental and Housing Affordability Crisis in Victoria

Melbourne – Tuesday 19 September 2023

MEMBERS

Trung Luu – Chair

Ryan Batchelor – Deputy Chair

Matthew Bach

Michael Galea

Joe McCracken

Rachel Payne

Aiv Puglielli

Lee Tarlamis

PARTICIPATING MEMBERS

Melina Bath

John Berger

Moira Deeming

David Ettershank

Renee Heath

Wendy Lovell

Sarah Mansfield

WITNESSES (*via videoconference*)

Lachlan Simpson,
Geoffrey Tonks, and
Ange Kenos.

The CHAIR: I declare open the Legislative Council Legal and Social Issues Committee public hearing for the Inquiry into the Rental and Housing Affordability Crisis in Victoria. Please ensure that your mobile phone has been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal people, the traditional custodians of the various lands we are gathered on today, and paying my respect to their ancestors, elders and family. I particularly welcome any elders or community members who are here with us today or on Zoom to impart their knowledge of this issue to the committee or who are watching the broadcast of the proceedings. I welcome any members of the public in the galleries or watching the live broadcast. I remind those in the room to be respectful of proceedings and remain silent at all times.

I would like to welcome our witnesses who are coming on Zoom in a moment – Mr Lachlan Simpson, Mr Geoffrey Tonks and Mr Ange Kenos – and shortly Mr Thong Dao will be joining us here.

Before we proceed I would like to introduce the panel: I am Trung Luu, the Chair, Member for Western Metropolitan; my Deputy Chair is Mr Ryan Batchelor, Member for Southern Metropolitan; Dr Matthew Bach, Member for North-Eastern Metropolitan; Mr Michael Galea, Member for South-Eastern Metropolitan; Mr Aiv Puglielli, Member for North-Eastern Metropolitan; Mr Joe McCracken, Member for Western Victoria; Mr Lee Tarlamis, Member for South-Eastern Metropolitan; Ms Rachel Payne, Member for South-Eastern Metropolitan; Dr Sarah Mansfield, Member for Western Victoria; and Dr Renee Heath, Member for Eastern Victoria. I think that is everybody.

To the witnesses on Zoom, I would just like to read this out to you. Please pay attention. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same thing, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. The transcript will ultimately be made public and posted on the committee website. For the Hansard record, I will shortly ask that you state your name and the organisation that you are appearing on behalf of.

Witnesses, when you do your opening statement you will have 5 minutes. Then the panellists will all make statements before each member asks questions. Each member will have roughly 7 minutes. I will time that and let you know when the time is up. I would now like to invite Mr Lachlan Simpson. Please state your name, the organisation you are here on behalf of and give a quick statement. You have 5 minutes, sir.

Lachlan SIMPSON: Thank you. I would like to acknowledge the people whose lands we are meeting on today. My name is Lachlan Simpson. I represent myself. I was a long-term renter and a short-term landlord. I am no longer a landlord; I would like to make that clear. It was basically just for a couple of years while I was working interstate. I do not want to repeat what I have already said too much, but the brief precis of my submission is that I think that the Victorian government laws with regard to what landlords have to do to properties are potentially insufficient and could do with a little bit more stringent policing, and I believe that the real estate industry could do with a little bit more regulation. Thank you, committee. I look forward to answering your questions.

The CHAIR: Thank you, Lachlan. Mr Geoffrey Tonks, would you please state your full name and organisation and make a statement. Thank you.

Geoffrey TONKS: My name is Geoffrey Tonks. I am located in rural Victoria. I am just representing myself and my family. We have six rental properties in rural Victoria. It is our investment, basically a family investment, and it is our only investment. We do not have other investments. We have found it increasingly more difficult to be landlords over the years, because while you can see why the regulations have been created, they affect everybody who is renting properties and they can affect us in a very adverse way because they make it very difficult to deal with tenants that become – well, not very good tenants. So it is becoming more and more of a lottery, renting properties. You hope that you find good tenants. If you do not, you are in a lot of trouble trying to resolve the problem and you lose a lot of income and potentially your investment while you sort it out through the regulations that are becoming more complex. That is all I would like to say.

The CHAIR: Thank you, sir. Now I would like to invite Mr Ange Kenos. Can you please state your full name and provide your statement. Thank you, sir.

Ange KENOS: Thank you, Mr Chairman. My full name is actually Angelos Terence Kenos, but my friends call me Ange. I am doing this on my own, but as well as having a property that we rent out to people, my parents were landlords and my grandparents were landlords. Having said that, I do get upset at times when I read and hear all the bile against landlords as if we are all bloodsucking, greedy property developers making a million dollars a day out of rents, which is fantasy obviously. I also get upset – no disrespect to the Labor government members there – when my land tax bill for this property is extensive. Last year, for example, I had seven months without a tenant and yet I did not get a discount on land tax. It is difficult, but in my family – and I want to emphasise this – we have always only ever increased rent by the CPI. We have not gone out to make the huge sums that the media claim. We have only charged CPI because we understand how hard it is for people. I think you have heard enough of me for the moment. Thank you.

The CHAIR: Thank you, Mr Kenos. When Mr Dao arrives I will speak to him and introduce him shortly. Now we will start the questions by the panel. Mr Batchelor, Deputy Chair, would you like to start, please?

Ryan BATCHELOR: Thanks, Chair. Thanks, everyone, for coming in, and it is good to see you on Zoom. There is lots to cover. One of the things I want to get to first is we heard a lot from the rental panel that we had before us, who gave evidence a little while ago, about the challenges of maintaining security of tenure in rental properties, and one of the big challenges that people face is not having the security of tenure. One of the things the government has done to try and help with that is to extend the maximum length of a lease up to five years. I thought I would ask: as landlords or former landlords what in your experience has been the usual or average length of a lease that you have offered to your tenants, and what would be your views on offering longer term leases to your tenants?

Geoffrey TONKS: Do you want us to respond ad hoc, or –

The CHAIR: Yes, please, sir. Thank you.

Geoffrey TONKS: Okay. Generally we offer a one-year lease initially, and at the completion of a one-year lease – we work through agents, in any case – we offer the tenants an option then. They can renew year by year or they can even go month to month. We do not mind, and we would not mind if they wanted to sign a lease for several years – four or five years. But we just perceive that for our tenants it is their home. You know, like for everybody, it is their home, and we are quite happy to give them whatever security they need in that regard as long as the tenants respect their obligations. That is how we work, and we have got several tenants that are on month to month and have been for quite a while. We do not feel threatened by that, and we do not want them to feel threatened by that. That is our opinion about that. We do not mind if they start with a one-year lease, and they can renew that or we can review that however they like if that tenant is cooperating and complying with our expectations.

Ryan BATCHELOR: Anyone else got a view? Lachlan?

Lachlan SIMPSON: Yes. I would have been fine with that, and as a renter I would have quite enjoyed that in my time. Very similar to what I have said in my submission, I never felt empowered by the property management organisation to offer a five-year or a multiyear lease. They very much dictated both the price of the property and the length of tenure for the tenants.

When we moved back from interstate we were required to give three months notice because we were moving back into the property that we were renting, and that was fine, to be honest. That is the cost of doing business, I think. As it happened, the tenants said, 'Do you mind if we move out as soon as we find somewhere new?' We said, 'No, of course not', and it took them three months to find somewhere. So again, I think there is room there for both the longer periods for rental – but also I think the long exit is also a good move. Thanks.

The CHAIR: Ange.

Ange KENOS: Yes. Look, I have always had our real estate agents managing these things. They have tended to ask for three years. I have got no problem with five years. I have got no problem with even longer as long as the tenants respect the property, and that is always an issue with some. The amount of time they stay there is not anything to worry about. I mean, some tenants are fantastic. Some tenants look after a property as if it was their own home, and when you have got those people you pray that they want to stay longer. So in this sense, if the government is suggesting a five-year term or a six-, seven-, eight-year term, as long as the landlords are protected in terms of damage to property et cetera – no issue.

One point I must make, though, is I did have some tenants at one stage – a four-bedroom house, but there were four sets of couples living in there, and they claimed there were only three individuals living in there. My point is: from an insurance point of view, I could have been terminated, if you know what I am saying. So as long as the law is respected, the amount of time they stay is not a worry at all.

Ryan BATCHELOR: So people are clearly in favour of them, but the actual practice of offering leases of more than 12 months – Mr Tonks, you said it was an option. Mr Simpson, did your real estate agents ever suggest to you a length of term of a lease that was longer than 12 months?

Lachlan SIMPSON: Never. In fact there were a number of times when I felt like – and this is nothing but conjecture from my point, but I got the impression that they preferred that we did not.

Ryan BATCHELOR: Mr Tonks, what is your experience of real estate agents and their suggestions about the length of lease terms?

Geoffrey TONKS: Well, we depend on the agents there, the property manager. They invariably suggest the one-year lease as a start, and we follow their advice. It is the same with the rental prices, you know. We assume that they are the knowledgeable authority, and we follow their advice on that. We have had one instance where the tenant requested a two-year lease and we agreed with that; we did not mind that at all.

Ryan BATCHELOR: But you have had only one instance of a two-year lease?

Geoffrey TONKS: Only one instance, and at the conclusion of the one-year lease – again, we go through the agent, and the agent quite often suggests another one-year lease, or in some instances a month by month. But it really does not matter anyway how long the lease is signed for, because if the tenant wants to vacate, they can, and they do if they want to. So it does not really make any difference.

We have had two instances where the tenants have asked 'Can we vacate early?', and we do not mind that at all. All we want is to have the property handed back in a good condition so that we can put it back on the market as soon as possible in a good condition. So the length of the lease, in my experience, is almost irrelevant, because if the tenant wants to leave, we cooperate with that request. We do not mind, and we do not penalise them. We had a tenant recently who needed to move, and they left within a month, and we did not penalise them. As long as their payments were up to date, we were accepting of that. But that is us, you know. We do not know what other landlords are like, but that is how we operate.

Ryan BATCHELOR: Thanks, Chair.

The CHAIR: Thank you, Mr Tonks. Now I will invite Mr Puglielli. Could you do your question, please?

Aiv PUGLIELLI: Sure, thank you. Aiv here. Thank you for Zooming in today. I might start with Lachlan. Lachlan, you noted in your submission that:

While I feel that Home Owners are partially to blame for rental prices, I feel the Rental Agents and the Real Estate industry are a greater factor in the rises. Their payment model – a percentage of the rental price – also puts them in a position to maximise the rent on any property. They are disincentivised to make housing affordable.

In your time when you were a landlord, in your relationship with real estate agents and intermediaries in that relationship with a tenant, did you feel like they had a positive impact in making sure that the rental was affordable to the tenant?

Lachlan SIMPSON: No, at no point.

Aiv PUGLIELLI: And in your interactions with real estate agents and those intermediaries did you feel that you were well informed at all times of best practice in maintaining that lease and ensuring that the tenant had a good experience in that lease?

Lachlan SIMPSON: Yes, to the best of my knowledge that was the case. I would like to think so. I feel that the property managers could have done a slightly better job. My experience has changed. When I first started renting, 20 years ago, everything was done through the real estate agent as a tenant, and that was fine. But what I have found as a landlord now is that property management has basically outsourced a lot of information just to the digital app. There was one case I think at one point where I got an email from one of the tenants saying, ‘Hey, can you get a thing done please?’ We mentioned it to the real estate agent, and the real estate agent said, ‘Oh, yes. We put it in the app.’ They have sort of outsourced a lot of the notifications and what have you to a digital intermediary which they do not even really have to participate in or follow up on. I feel like they could have done a better job of letting me know, for example, ‘Hey, the tenants have asked for a thing to be fixed or a thing to be changed’ – I cannot remember what it was, to be honest. Otherwise the relationship was quite good with the property manager. The tenant would ask for a thing, and I would get it done.

Aiv PUGLIELLI: Thank you. Also in your submission, with regard to landlords’ compliance with ensuring rental standards for tenants in the property, you noted that:

If the fine for non compliance isn’t two years of the market value of rental return on the property in question, the fine is insufficient.

Do you think current measures in Victoria are appropriate?

Lachlan SIMPSON: No. I think there should be a greater amount of regulation and I guess policing so that properties that are on the rental market do fit the standard that the Victorian law dictates. Potentially the Victorian law does not go far enough, yes.

Aiv PUGLIELLI: Thank you. I might go along the panel for this next question. But just to finish off with you, Lachlan, do you think you have a right each year to a positive return on your investment in housing?

Lachlan SIMPSON: No, not at all. That does not make any sense. You do not get that right in the market. In the stock market you do not get that right. Why would you get that right in housing? It is an investment. You need to invest in it, which means that you will get a positive return some years, hopefully most years, but in reality there will be some years, unfortunately, be it market forces or repairs required, where that is not going to be possible. I was in the fortunate position of being in a situation where I could negatively gear the property. That is not true for all owners, and I am aware of that. But the reality is that there is no right to a profit. Thank you. Sorry.

Aiv PUGLIELLI: No, that is all right. Thank you. I will go to Geoffrey next. Geoffrey, do you agree with that position that Lachlan has just put?

Geoffrey TONKS: No.

Aiv PUGLIELLI: Why is that?

Geoffrey TONKS: It depends what sort of investor you are. In our particular case my wife and I are retired, and it is our superannuation, basically. We expect to get a return on an annual basis that justifies the fact that we have invested our money in that property to get a return, and we expect to get a return. But our rentals are set at the market rate. The agents give us the indication of what is the correct market rate for that property, for the rental. Our rental increases according to the regulations, and that is all.

Aiv PUGLIELLI: Thank you. I do appreciate that, but when looking at other investment assets – and I believe you noted earlier that this is the one investment that your family has rather than other asset classes, for example – why on this particular asset class do you think you deserve a positive return?

Geoffrey TONKS: I am sorry – why this particular?

Aiv PUGLIELLI: Say you invested in shares, for example, there would be no guarantee that you would make a positive return on that investment. Why is that the expectation for housing?

Geoffrey TONKS: Our choice was to go into real estate because that is where we perceived that we would get the return – not guaranteed, but pretty well assured. We would not dabble in things like shares; we do not understand that at all, and that to me looks like a gamble, whereas with real estate we buy the property and we get a return on that property which is greater than the return we were getting back from the bank. That is the choice we made, so we expect to get a return on the fact that we have invested in that property. We are not looking at the return when we sell the property – you know, as an increase in the value of the property – we are looking at a return from the rental of the property.

Aiv PUGLIELLI: Thank you. That is my time.

The CHAIR: Thank you. Mr McCracken, would you please proceed?

Joe McCracken: Good morning, everyone, and thank you all for Zooming in. Ange, I have a question for you first up, and it is about land tax. I note you mentioned that before. Do you just want to expand on what you said before about land tax and how it could be a negative for you?

Ange KENOS: The property I look after is actually my late grandparents' property. It is over 100 years old. Historically it is the house where the RSL national logo was designed by the then mayor of Essendon. The council rates on that property are quite considerable – a lot more than other properties I have had in the past – but the land tax is also quite high. We went through a period of seven months without having tenants, partly because the tenants who had been there left, and as they did leave, I did a few repairs and renovations. I had the neighbours next door saying to me they had complained to the real estate agent about trees over the fence, so I had them all cut down. But I still had to pay the full land tax – seven months without anybody, and I had to pay the full land tax. Every cent that we get for that property goes back into whatever repairs that property needs. As I said, it used to be my grandparents', so to me it is personal and I want to make sure that house is as solid and safe for whoever lives there as it can be, and hopefully one day I will pass it on to my children.

Joe McCracken: Of course. I guess in terms of the costs of holding a property, what has been your experience in that? I mean, land tax is one cost of holding a property. What are some –

Ange KENOS: There are so many taxes. There are the state government taxes, there are the local government taxes, there are the power service fees et cetera and, as I said, there are repairs that need to be done every now and again. Sometimes at different properties the tenants cause damage. At this particular place they broke a glass window that would have been older than me – and I am 67 – and I still have not, four years later, got them to repair it, because it is taking time to go through VCAT. But, look, I do not mind paying the money, so long as the place is looked after, because as I said, it is very personal.

Joe McCracken: Do you think it is easy to ensure that your property is well looked after in Victoria?

Ange KENOS: Oh, gosh – are we psychic? As I said earlier, there are some fantastic people who look after a property as if they own it. They care for it. My parents once had a property exactly where the tax office in Moonee Ponds is, and the tenants they had were fantastic – absolutely awesome. There was one particular group until the lady died and her grandsons moved out. But it varies. How do you regulate decent tenants? You can drive around a lot of streets and you can see nature strips that are not cut, and if you happen to talk to neighbours – 'Oh, yeah, they're tenants.' Well, how do you force them to cut their nature strip?

Joe McCracken: That is a good question. I guess you, as a property owner, would want the best for your property –

Ange KENOS: Absolutely.

Joe McCracken: and to have it kept in the best position that it possibly could be, and I guess it is a gamble as to what tenant you choose.

Ange Kenos: It is a gamble. My parents and grandparents had properties that were badly vandalised by tenants. It cost them a lot of money to repair, to renovate, to clear out rubbish – even dumped cars. But other than maybe having a register where bad tenants are listed and landlords can therefore look at ‘Oh, this person wants to come to my property, but they’ve got a history of neglect’, what else do we do?

Joe McCracken: It is a challenge. I have just got a couple of quick questions for Geoff as well. Geoff, I know you have said that your family is considering selling properties and that the regulations are complex and quite burdensome. Can you expand on that a bit, please?

Geoffrey Tonks: Are you asking me?

Joe McCracken: Yes, you, Geoff.

Geoffrey Tonks: I do not understand that question, sorry.

Joe McCracken: You have said that your family is considering selling the properties that you lease because regulations are complex and seem unbalanced in favour of tenants.

Geoffrey Tonks: Yes, it is just something that we sat down and discussed because of the way that the regulations are getting more complex. We have sat down and discussed that that is a possible alternative and doing something else with our money, an investment, to get our return. But we have not come to that conclusion yet. You just have to keep working inside the regulations and the rules, you know, and trying to maintain your situation as best you can. You were talking before about the condition of the property. You have got to make sure the inspections are done on time and everything you possibly can within the regulations to protect your assets. But yes, we did sit down recently and start thinking about selling some of our rental properties because the regulations seem to be starting to go too far towards the tenant. We have had some very unfortunate experiences with tenants, and we have had some good ones. It is a lottery. It really is. It is the same with agents. We have had six agents over a period of time with different properties, and some of the agents are terrible. They are neglectful too, so as a property owner you have got to be on the ball; you have really got to be looking at all aspects of it all the time. And yes, we did recently start to think about selling some of our rental properties because we felt that we were starting to be disadvantaged by the regulations. When certain things happen, if they go wrong, it is very difficult.

Joe McCracken: What sort of regulations? Could you expand on the ones that make the disadvantage?

Geoffrey Tonks: Having tenants leave your property when you start to find out that they are not looking after the property correctly. We have had instances when they have got into arrears. You have to start going through a process to get them out of your property, which can drag on a long time. We had one tenant in arrears, and he seemed to know every possible way that he could get time and help to avoid paying his rent and/or leaving the property.

Joe McCracken: I think my time is up. Thank you.

The Chair: Thank you, Mr McCracken. Dr Mansfield, would you like to proceed?

Sarah Mansfield: Thank you. To all of the people who are presenting here today: thank you for your submissions and your presentations. Lachlan, I might start with you. You, in your submission, wrote about how the cost of maintaining a property to ensure it meets standards is not actually a significant burden because you can offset those costs. Can you explain that a bit more? Because we often hear from various people within the real estate industry that the cost of getting properties up to standard is too onerous.

Lachlan Simpson: Sure. In my case I only own one property, and because we had to move interstate, that was the property we were leasing out while we moved interstate. The easiest example is, when we were living in the house, we knew that the downstairs living room was very, very cold in the winter, and we as a couple decided not to worry about that, because there was heating upstairs. When we first rented out the property, that was what we told the tenants when they asked ‘Can we have heating downstairs, please?’ We said, ‘Well, the heating is upstairs, and it’s only really unlivable at night.’ Then the Victorian government changed the law, and

we were required to make the living room livable. My partner and I put in an air-conditioning unit, which cost us – I could not tell you the amount – \$4000. Because we are still paying a mortgage, the income that comes from the rent, from the tenant, is considered taxable income, but the \$4000 we spent on the air conditioning is considered an expense against that income. Further, any expense that goes into negative territory then reduces the amount of rent I need to pay on my income tax, which I source from my day-to-day job.

Sarah MANSFIELD: What would you say about those claims that having to spend money on repairs or other things that bring a rental property up to standard is too much or prohibitive for a lot of property owners?

Lachlan SIMPSON: It sounds like weasel words and excuse-making. I can understand that they are expensive. But if someone is sufficiently leveraged that they cannot afford to get another loan to make a property livable, that is embarrassing, and they should not have those properties if they cannot make them livable. I think that at the end of the day any investment that they either need to or have to make in their own property will come back over time, be it an increase in rent – obviously not an immediate increase in rent, but as the CPI goes up or whatever it is, the money will be recouped at some point. I can understand that it is expensive. If you own multiple properties and you have to do \$4000 worth of work in each property, then that is a large amount of cash, but when you own 10 properties or more then that is the nature of doing business.

Sarah MANSFIELD: Ange, I might go to you. You spoke about how you have only ever increased your rent by CPI. Do you think it would be reasonable to apply something similar to all rentals, say, to limit the increases to that amount, given that has worked out okay for you?

Ange KENOS: I would argue that is a very plausible idea, with the exemption being that if there were some emergency that required considerable expense then there should be some sort of negotiation there. But in the main I think CPI is more than fair. I think we do well enough, most of us, in terms of what we receive, and that would be something that looks after both parties. Yes, you might argue CPI does not cover all the government charges and expenses, but we believe CPI is fair to everybody.

Sarah MANSFIELD: Thank you. You also mentioned that you have got feelings of frustration that good rental providers like you that take an interest in the property and have the tenants in mind are sort of tarred potentially negatively by the reputation of others. But do you think more needs to be done to ensure that other property owners are as conscientious as you?

Ange KENOS: I find it so hard to understand, when I hear these stories all the time, why there are property owners who say, ‘Damn you, tenant. I own the place. If I want it to be a dump, it will be a dump.’ Why are there landlords who do not want to repair their properties? That just does not make sense to me. So if you have to legislate along those lines, do it. The majority of landlords, I believe, want to look after their properties. Whether it is personal or an investment, they want that investment because they might want to sell it down the track or pass it on to family. They want it to be in good condition.

Sarah MANSFIELD: And Lachlan, I might go back to you. You made some comments about the challenges of dealing with real estate agents as a property manager or as a property owner. What improvements do you think need to be made to that system or what regulation do you think would help to overcome some of those issues that you raised?

Lachlan SIMPSON: I am not going to lie to you. I am a computer scientist; I am probably not the best person to ask in this situation. But from my experience, being able to write to someone and say ‘Hey, John, can you do a thing, please?’ and for the person to not write back and say ‘John doesn’t work here any more; it is Christine now’ – like, that happened to us three times in one year. There were other situations where one group of tenants left. They were unhappy about leaving and did not return all of the keys. We were unsure about what our rights were in this situation, and the property management team just kind of blew it off rather than addressing it. Then finally when we did decide to change property management teams because of the lack of respect we got from the previous ones, it did not feel like the handover was particularly clean. And there are certain aspects which I feel are still just in the ether that nobody will answer, because John no longer works there and he was the only one who remembered I even existed. Thank you.

Sarah MANSFIELD: Thanks.

The CHAIR: Thank you, Dr Mansfield. Mr Tarlamis, would you like to continue?

Lee TARLAMIS: Thank you, Chair. And can I first thank everyone here today for their written submissions but also their insights today as well. It is valuable for us in considering this report and where we may go with some recommendations. I just wanted to pick up on Dr Mansfield's last point. We heard from Lachlan, but I would be interested to hear from other members in attendance today as well around their experiences with real estate agents or any concerns they have had and areas where there could be some improvements.

Geoffrey TONKS: Do you want someone to speak up?

The CHAIR: Yes, please.

Geoffrey TONKS: You are dealing with people and businesses when you are dealing with agents. It is like the previous speaker mentioned, you will be dealing with Angela for months and months and months as your primary contact in the agency, and then if something goes wrong, you find out Angela's left and now you have got Norman. It changes the whole relationship you have got with that agent, but that is how it is. It is business and it is people, and you have really just got to be on the ball with it all the time. I mentioned we have got six rental properties, and we have got them all with one agent now. Before we had been using two or three at a time, but we have found an agent now that works better as a business, and we feel more confident. If you get a good agent, it is like getting a good tenant, but a good agent this month might not be so good next month, depending on their situation. You cannot predict it, and I do not think you can do anything about that with regulation. It is people and businesses and how they conduct themselves.

Lee TARLAMIS: Yes. Is there anyone else that wanted to answer that? Ange?

Ange KENOS: If I may, Mr Tarlamis. To a point, I completely agree. Some of the real estate agents – I would like to see them retire, really. You do have that issue with, yes, you are working with one person and the next thing you know they have gone. But you have also got some of these so-called property managers who would not understand property if they fell over it. They might be working in the business, but you say to them: 'I want the property repaired. I want the property looked after.' And they ring you: 'Oh, there is a bit of damage here and there. Do you want us to send a repairman?' 'No. I want the hole in the wall to stay there for the next 10 years.' You know, there are some things that are beyond logic. They should get to minor repairs. But having said that, I have dealt with real estate agents that sent in handymen who did, to be blunt – excuse my language, everyone – ratshit jobs, totally disgraceful jobs. And I had the current real estate agent send an electrician to change six light bulbs a few months ago at a cost of nearly \$300 – just to change six light globes.

It would be good to have some sort of regulation on the way they manage properties. What sort of regulation is hard to work out, but I would start by saying, with respect to the members here: have you considered organising a meeting with some of the large real estate agent people, like the Barry Plants, the Dowlings et cetera – the big companies – and speaking to their directors and asking them 'How could you do your work better on behalf of the landlord so that the landlord is then looking after the client?'

Lee TARLAMIS: Thank you. Following up on that, there are minimum standards that are required for property owners. Do you think that there should be some sorts of minimum standards for agents?

Ange KENOS: Without doubt.

Lee TARLAMIS: I have been personally made aware of circumstances where people have first learned that tenants have moved out when they have not received rents in their accounts. They have rung up the agent to say, 'What's going on?' and they have said, 'Your tenants moved out last month. We're trying to get new tenants in.' There is also a move towards a situation where up to a certain expenditure they just go out and get the repairs done, and then it is deducted from your rent, without even consulting you. That may suit some people, but it should be an opt-in rather than an automatic thing, a thing like that. Do you think that is a path that could be explored?

Ange KENOS: With the greatest respect, basic repairs – for example, the air conditioner has had a short circuit or the plumbing has stopped for some reason – up to a certain amount of money, the repairs should be automatic, no argument, no discussion. If all of a sudden they say 'Well, we don't want the oven repaired for \$200. We want a new one for \$2000', that is another issue. But small repairs – absolutely, get them done as soon as possible. The renter must be safe at all times and comfortable. That is not bad to us.

Lachlan SIMPSON: Yes. I agree with that statement from Mr Kenos. We have to remember here that while we are talking as landlords and we are talking about property managers, there is a third party that is unrepresented in this particular discussion, the tenants. They are the ones who are unvoiced in that situation where repairs are lost in the void between the landlord and the property manager. It is really important for tenants that that gap is made as short as possible, as Mr Kenos said.

Geoffrey TONKS: If you have got a good agent, you do not have any of these problems. With our agent now, if there is a repair that needs doing, she follows us up as hard as she would follow the tenants up for the rental payments, whereas we have had agents in the past that were very lackadaisical. So you are managing your property – you are managing your business, really – and you have got to make sure you are dealing with people that are able to do that to your expectation. So that is it. If the agent is good, they will make sure things get fixed, and as property owners we want things fixed. It is our property at the end of the day. Why wouldn't we want to maintain it?

Lachlan SIMPSON: Could I just speak to that quickly?

Lee TARLAMIS: Yes, sure.

Lachlan SIMPSON: I would like just to follow up from Mr Tonks there. My experience when using the rental app that the company asked us to use was that it caused some of the problem because the manager did not follow up. They just had an expectation that I would spend all day in the app waiting to see what turned up. I think the apps can be handy, but I think it is important – I mean, again, the longevity of a property managers' tenure as well helps when you have that relationship where they can just call you and say, 'We need to get this thing done.'

Lee TARLAMIS: Thank you. That is my time.

The CHAIR: Thank you, Mr Tarlamis. Dr Bach.

Matthew BACH: Thank you, Chair. And thank you all for coming along. Mr Kenos, I might start with you. In one of our earlier hearings we had some gentlemen from a union – I cannot remember the name of the union – who talked about a range of issues. I confess I was not really listening, but at some point they piqued my interest because they had an idea that could have dealt with one of the problems that you spoke about, sir. You spoke about the fact that a property that you own has recently been vacant for some time. Now, the members of this union testified that we should consider this idea: the compulsory acquisition of any property that is vacant for any length of time, without compensation to the property owner. We have had some leading questions this morning, so I might ask you one, sir. Do you think that is a good idea?

Ange KENOS: Well, I would be more than happy to take that union to court.

Matthew BACH: Good. More broadly, we have had just a very brief discussion about VCAT this morning. That has been a real feature of some of our earlier discussions and I think it was you, Mr Kenos, so I might start with you, but I am very interested in the views of the other gentlemen as well. Thinking broadly about your experiences at VCAT and the capacity of that body to settle disputes – we previously had a particular focus on those renting, quite appropriately, and now we are hearing from you gentlemen. Broadly speaking, the testimony we have heard so far is that that process is incredibly cumbersome and time consuming and costly, but I would love to hear from you about your personal experiences.

Ange KENOS: As an ADR mechanism, alternative dispute resolution, VCAT was a brilliant concept from day one. The trouble is, over the years it has basically expanded to take in anything and everything. So now a small, minor dispute – over, in my case, a broken piece of glass that was close to 100 years old – is several years down the track and there is still no meeting in place. Is VCAT the appropriate body to look at all the small issues? I would argue no. Is VCAT now becoming more of a court in the non-ADR sense? I would argue it is. So we need to look at what else is more appropriate without it being cumbersome or expensive. What else is appropriate where such disputes could be handled?

Matthew BACH: All right. Thank you very much, sir. Mr Simpson, either in your capacity for a brief period of time as a landlord yourself, or when you have been renting, have you had relevant experiences through VCAT that you could talk to us about?

Lachlan SIMPSON: Yes, I have. I am still waiting on a bond from a previous tenant, which was from four years ago, from VCAT. This is with a property manager I no longer have a relationship with, so I kind of just imagine that it is lost in the void, and I do not know if I will ever hear back from anyone. I am not sure what the status of it is at the moment. My other experience as a tenant with VCAT was from about 15 years ago, so I am not sure that it is relevant. Thank you.

Matthew BACH: No. Fine. Thank you. We have heard quite a lot from those currently renting about bond issues, so your issue there is very interesting. Finally, in the time we have got left, Mr Tonks, is there anything that you can tell us from personal experience about the VCAT process?

Geoffrey TONKS: VCAT is a good idea, but it does take a long time, and time costs money. We have got a tenant that left without notice, and that was quite a few months ago and we still have not had a VCAT hearing. So you just have to put that to one side and keep moving forward and it will catch up with you eventually. I think that it is getting misused now, and I think the tenants are very clever. They will start threatening you with VCAT sometimes, hoping to sort of frighten you into submission. Possibly landlords are doing the same – I do not know – but I think [Zoom dropout]

Lachlan SIMPSON: It looks like we have lost Mr Tonks.

Matthew BACH: It does. We might have lost Mr Tonks. Gentlemen, in the time that I have got left, how about this one: we have recently heard reports of landlords and investors shifting away from Victoria to other jurisdictions. Perhaps starting again with you, Mr Kenos, given your personal experience in the market –

Geoffrey TONKS: [Zoom dropout]

Matthew BACH: Thank you, Mr Tonks. We lost you.

Geoffrey TONKS: Sorry, I lost connection there. There was nothing happening. I am sorry; if you asked me a question, I did not hear it.

Matthew BACH: No, that is all right, we just sort of moved on. But if you could rewind 45 seconds –

Geoffrey TONKS: I will catch up later then.

Matthew BACH: All right. Fine. In the time that I have got left, starting perhaps with you, Mr Kenos, why is it you feel that we are seeing that shift away from Victoria?

Ange KENOS: To be honest, in one sense I do not understand it. Yes, you might want to buy a property to have as a rental property in Queensland and then claim the tax on: ‘I have to go visit my property once every year to see that it’s been maintained, and therefore the trip up there and back is a tax deduction.’ But no, I am happy with the state of Victoria – Labor or Liberal, with respect. I am happy with how this state is managed in the main. I am happy with keeping my property here at home, because I am a Victorian first.

Matthew BACH: All right. Thank you, Mr Kenos. Mr Tonks, back to you. The question I asked actually – it was when you were offline, sir – was about recent reports about those people who wish to invest in property moving away from Victoria. What is your sense about what is driving that change?

Geoffrey TONKS: I do not know. I do not have an opinion on that, I am afraid. We just invest locally because that is what we are comfortable with. We live in the area, and we invest in the area. I obviously could not give any other opinion on that.

Matthew BACH: All right, fine. Thank you. I note from the Chair’s clock, Mr Simpson, that we have got about 20 seconds left. Do you have an opinion on that matter?

Lachlan SIMPSON: I am an optimist, and I would like to think that the investors of Australia are vacating so that the unhoused can purchase their own properties. I say that as a member of the residential housing union.

Matthew BACH: All right, thank you very much. That is all from me, Chair, thank you.

The CHAIR: Thank you. Ms Payne, would you like to proceed? Gentlemen on Zoom, Ms Payne is on Zoom today as well. I am not too sure if you will see her, but I am sure you can hear her. Thank you, Ms Payne.

Rachel PAYNE: Good morning, and thank you for your presentations today and appearing before us all as a committee. I know that we have talked a little bit about and I note my colleague Mr Batchelor brought up the long-term lease option. I think it is important to acknowledge that a long-term lease does create stability for good tenants, and it seems as though many of you have talked about having good tenants and having some not-so-good tenants. I guess I am just trying to piece this together. Do you have a direct relationship with many of your tenants, or is it all managed through your property management and your real estate agents? And if so, would you be open to the option of your tenants negotiating a longer term lease and having that stability and that good relationship with you?

Geoffrey TONKS: We know all our tenants not because we knew them before they became tenants but because a lot of the maintenance we do ourselves – painting and things like that, some repairs. We get to know our tenants, and we would not mind negotiating long-term leases. It does not worry us at all. But as I said before, we have had tenants with leases and they have wanted to break the lease for certain reasons. We do not mind that either. We do not perceive it as an issue, really, in our family.

Rachel PAYNE: I appreciate that, Geoff, and it sounds like a very flexible arrangement that you have. Unfortunately we are hearing from some renters that that is often not the case. Ange, I would love to hear your thoughts on that.

Ange KENOS: I suppose I feel safer going through a real estate agent. I know they are not perfect. I know they have got their problems. But I just feel it is better to have someone, whether you call it a witness or someone who makes a record of issues on both sides. I think it is better to work with them. But as I said much earlier, I have got no issue with long-term rentals so long as the person is basically looking after the property. I do not mind five years. It would not bother me if it was 10, to be quite honest.

Rachel PAYNE: Okay, great. I might just continue moving on there around property management. It seems as though you all do use agents. Can we just gain some clarity, and the reason I am asking is because we are speaking to those bigger real estate agent bodies next, so it is really an important conversation for us to have now. In your negotiation with your property management, do they encourage or set the price of what the rent will look like and the idea of what a term of lease will look like? They obviously do the condition report and the inspections. Is there any sort of reporting mechanism that is then relayed back to you, or is it just the relationship you have with your property management? Is it not regulated that they have to provide certain reporting to you?

Ange KENOS: The agents that I have dealt with, Ms Payne, have always set the price. If I have ever asked them ‘Well, is this fair? Is this the right amount?’, they will say to me ‘Well, based on similar properties in this area, this is the price to charge.’ So bingo – I trust them. I have to.

Rachel PAYNE: And Geoff – sorry, Lachlan, you go.

Lachlan SIMPSON: I was just going to say, I cannot speak to the regulations that property managers are under with regard to reporting to us what has happened, but as I noted before, on occasion they would say they were going to do an inspection and then I would follow up four weeks later and say, ‘How did it go?’ and they were like, ‘It’s all in the app.’

Rachel PAYNE: Right.

Geoffrey TONKS: It is just making sure. You have got to make sure your agent is functioning properly, you know, and the agents have personnel changes as well, and that can affect things. While the agents collect the rent, they act as an arbitrator, I reckon, between us and the tenants. We do not have to pester the tenant for anything – that is the agent’s job – and the tenants do not have to pester us for anything. Again, that is the agent’s job, and it works very well, but we have had instances where personnel have changed and the circumstances can change immediately. You have just got to have a finger on the pulse and see that something is not working right suddenly and why, but you cannot just sit back and let the agent do it all. You have got to sort of be monitoring the agent as well and even the tenant to a degree.

Ange KENOS: If I could add to that, please.

Rachel PAYNE: Sure. Go ahead, Ange.

Ange KENOS: My grandfather once had an agent who coincidentally was a personal friend. He looked after grandad and grandma very well – no argument. When he died, the person who took over did not do as good a job, and at one point one property that my grandparents owned went three months without the rent being paid before we found out. So there has to be some sort of control on those agents that if they do that, they know something is going wrong and they are not taking care of it, then they have to pay some sort of compensation, pay the rental amount, whatever. They should be held to account.

Rachel PAYNE: Yes. It does seem like it is case by case when it comes to accountability, so I appreciate your response there. We have heard from quite a few tenants who have really come to us as a committee with some horror stories around rental properties – some even described really unsafe environments – and the idea of standards of living has been flagged with us as a committee. That would just be particularly around, you know, safety, security and a healthy environment – making sure there is no mould in a property, making sure there isn't a broken window, for example. What would your thoughts be on that? And I am mindful of the fact that you have talked about how active you are as landlords.

Lachlan SIMPSON: Go, Geoff.

Geoffrey TONKS: What can you do about that? I mean, there are going to be bad landlords, and it is a personal thing, really. You can legislate all you like, and that seems to be what is happening now. All the legislation is trying to protect the tenants from the bad landlords, but we are not all bad landlords. What can you do? If landlords are happy to let their property deteriorate and still try and collect rent, what can you do about that?

Lachlan SIMPSON: Legislate. Speaking as someone who is both a landlord and a tenant at the same time, it was stark to me, in New South Wales, the difference between the states. I lived in a house in New South Wales, a nice house in a nice suburb, but it had been built a long time ago and there were literally holes in the wall, which was a direct result of just the building style of the time in a pre-air-conditioned Sydney where you needed holes in the wall to get an airflow through. But it literally meant that the property was impossible to heat – impossible to heat – and it was freezing cold. It was so stark, as both a landlord and the tenant, that on one hand I was paying for air conditioning to meet my own needs in the house that I share with a bank and my partner, while the house that I was renting at almost twice the cost per week in Sydney was unheatable. The legislation is excellent and bring on more, please.

Ange KENOS: We obviously do not want you to demonise good landlords.

Lachlan SIMPSON: No, obviously, and that is a problem, isn't it?

Ange KENOS: Capital letters, 10 feet high – a property must be livable, pure and simple. It must have some sort of health regulation around it, and if it does not, then that landlord has to be on a government target of some sort.

Lachlan SIMPSON: Yes. It is the bad apples that spoil it for the rest.

Rachel PAYNE: Yes, and it seems like that is a common story that we are hearing throughout this committee process. Thank you for your responses.

The CHAIR: Thank you, Ms Payne. Mr Galea.

Michael GALEA: Thank you, Chair, and thank you all for joining us today. I would like to pick up on a few things we have talked about. We have covered quite a bit already. Starting with long-term leases, there seemed to be, I would say, a fairly unanimous opinion that there was general favour towards that from you all, particularly where, as some of you said, you had a good tenant and you wanted to keep them. I notice that apart from you, Mr Tonks – you had one for two years – we did not have any leases longer than 12 months despite your willingness to do so. I am curious to know – obviously we understand that there is a letting fee when you first rent out a property to a tenant. When a property is re-let to the same tenant, what fees does the agency charge you at that time for the re-letting?

Geoffrey TONKS: With the same tenant?

Michael GALEA: Yes.

Geoffrey TONKS: We have had no fees like that so far. They just renew the lease.

Michael GALEA: So you do not get a lease renewal fee with your agent?

Geoffrey TONKS: No.

Michael GALEA: Great. And is that the same for you, Mr Simpson and Mr Kenos?

Lachlan SIMPSON: I am sorry, sir; I would have to take that on notice. I am sure it is in my receipts somewhere, but I did not actually pay attention to it.

Michael GALEA: No problem.

Lachlan SIMPSON: Both of us.

Ange KENOS: Ditto, sorry.

Michael GALEA: You do get charged, Mr Kenos?

Ange KENOS: Yes.

Michael GALEA: What sort of fees have you been charged for re-letting to the same tenant?

Ange KENOS: To be honest, I do not know how they work these things out. I just see the thing there and I accept it, simple as that. How would I argue it?

Michael GALEA: Do you think agents have a financial incentive not to offer longer term leases so that they can charge those re-letting fees?

Ange KENOS: Oh, gosh, yes. Absolutely.

Michael GALEA: Good to know. Thank you.

Lachlan SIMPSON: I would also mention it makes it a lot easier to put the rent up.

Michael GALEA: Yes. That is a good point too. Thank you. We talked a little bit earlier about communication with tenants and again, Mr Simpson and Mr Tonks, you mentioned issues that you have had in the past about communication with some agents. For all of you, is there a sense that if one of your tenants has raised an issue, you might well want to fix it but you might be concerned that the agent has not actually passed that on to you? We have heard a lot from tenants who have said that issues do not get resolved. Do you have concerns as landlords that your tenants might have concerns that you are not even aware of?

Lachlan SIMPSON: Yes, that would be of great concern to me.

Michael GALEA: Have either of you had experiences where you have discovered that there has been a long-term outstanding issue that you would have happily fixed had you known about it earlier?

Geoffrey TONKS: Yes, I have had that. We have had that happen, but it is not something that happens all the time. It is just occasionally you get a problem like that occurring, and the agent has somehow forgotten to keep bringing the subject up, or they have forgotten to contact you or there has been a personnel change. But it gets fixed.

Michael GALEA: Yes. And I realise –

Lachlan SIMPSON: In my case, it was partially my own fault because I was not checking the app on a regular basis. But yes, that has happened, and they did not relay it to me, but as soon as I did find out about it I got it fixed.

Michael GALEA: I was curious to hear you mention the app, because I was not aware – and obviously, having been a tenant myself, I am well aware of the apps that different agencies will make tenants use, but I was not actually aware of landlords having to use those apps too. Can you tell us a bit more about that process, Mr Simpson, and if there were any advantages but also what were the negatives that you found with that, and what were the issues?

Lachlan SIMPSON: I guess the advantages are that it does make things a bit smoother, I guess, in that sort of asynchronous, you know – trying to catch someone on the phone, I have got a job to do, they have got a job to do. This can be very difficult. With the app, it is a bit more asynchronous. But I only have a single property, so it was not the primary concern to go in there. And the money I was receiving from that property was going on the mortgage. I was not requiring it to live, so I was not monitoring the app the whole time.

But having said that, it was significantly easier in terms of just condition reports and that kind of stuff. I mean, the hole in the wall that I mentioned in my application was quite visible in the photos that the app provided, but for whatever reason the property manager had not decided that a hole in the wall was sufficient to withhold the bond. They are quite useful, but I think there are a couple of issues, and one of the main ones would be digital privacy, obviously, of both the tenants and the landlords, but then also what information the real estate industry is keeping long term on particular tenants, which I think is just dangerous.

Michael GALEA: With that particular agency was there a requirement for you to use the app?

Lachlan SIMPSON: Yes.

Michael GALEA: Good to know. Again touching on what we have just talked about, if I can ask the both of you still here: do you believe that agents that you have dealt with are sufficiently aware of the regulations?

Geoffrey TONKS: Most of them are, yes, and they keep me very well informed about the changes and how they apply to certain situations.

Lachlan SIMPSON: I could not speak to how aware they were of the regulations, but I would like to think that they were. My concern would be more about how respectful they were of the regulations.

Geoffrey TONKS: I have had instances where we thought about doing certain things and they were very good to explain how the regulations affected the ideas. I found them, in our experience, very good.

Michael GALEA: Wonderful. If I can ask, finally: Mr Simpson, it was interesting to have the comparison between Victoria and New South Wales that you mentioned, having recent lived experience in both; can you elaborate further on some of the differences between the states and what the regulation that has come in in Victoria has actually achieved?

Lachlan SIMPSON: Sure. Because of the amount of rent we were paying in Sydney – we were living in an inner-city suburb – we basically said, ‘We can’t heat the house. This is unacceptable’, and the real estate agent came back and said, ‘The landlord isn’t required to make the house warm nor livable. This is on you to fix.’ That was particularly stark, because it had just been two or three months previously that our first tenant had left and our second tenants were on their way in, and that was when our real estate agent said, ‘By the way, the law’s changing. Before the tenant moves in, here’s a bunch of things that you will need to have addressed.’ Because they had given us a list, I was just like, ‘Right. Cool. Get it done. Thanks. That’s great. Whatever.’

Michael GALEA: And they were the same things you were struggling with as a tenant in New South Wales at the time?

Lachlan SIMPSON: Yes.

Michael GALEA: Quite ironic.

Lachlan SIMPSON: Exactly. But I got a different response from the real estate agent, which was: ‘Yeah, we’re not going to.’ I definitely got the opinion they were not even going to pass it on: ‘He’s not going to spend that money. No, we’re not going to do it.’

Michael GALEA: Yes. Thank you.

Lachlan SIMPSON: Mr Kenos is back.

Michael GALEA: Very good. Mr Kenos, we were talking about the awareness of regulations amongst real estate agents. From your experience with agents that you have dealt with, do you have anything to contribute around their general awareness around the regulations and rules that you need to comply with?

Ange KENOS: Thank you. First, my apologies. My laptop battery ran flat, so I lost you completely. I do not know about some of the agents. I do not want to sound rude, but some of them look to be barely out of high school, and I have got to ask: how much experience do they have, how much knowledge and awareness do they have, if they have just joined the industry and have only been there for a few months? I know that might not sound very fair in some ways, but what sort of training do they have? I do not know. I have got to admit I have got a cousin who actually joined the real estate industry recently, but I do not know what training they have. I do not know if they have to do any diploma courses or any proper educational requirements to make sure that they are fit for the task.

Michael GALEA: Okay. Thank you. I think my time is up, so thank you all.

The CHAIR: Thank you. Dr Heath, do you want to continue, please.

Renee HEATH: Yes. Thank you so much for attending today. It has been very interesting. My question is: what impacts do you think rental controls such as rent caps and price freezes will have (a) on the market and (b) on your ability to maintain the property?

Ange KENOS: I am concerned myself about some of the things I have heard regarding rental freezes and rental controls. They seem to be totally in favour of the tenant, with no consideration for the landlord. Before any legislation is considered along those lines you have to think: well, what impositions are there on the landlord through compulsory government charges, local government charges, repairs et cetera? In the main I do not think most of us would object, but as I said much earlier, if there are any extraordinary expenses that come up due to some damage – if there was a storm that caused considerable damage and repairs had to be initiated – we have to think: well, what is the appropriate level of fairness at that point?

Renee HEATH: Thank you.

Lachlan SIMPSON: I am fully in support of rental caps. I think that they are necessary, especially in times of particular hardship like this. As I have noted previously, I feel like in this situation a lot of the rental raises that have been happening have been driven by the industry rather than the landlords themselves.

Ange KENOS: Yes, yes.

Lachlan SIMPSON: I mean, the other option obviously is you do not have to have rental caps. Maybe tighter control of the industry, more regulation of the industry would potentially solve this problem.

Ange KENOS: Agreed.

Renee HEATH: I do not know if Mr Tonks is still on there. What is your view on that?

Geoffrey TONKS: It seems to me that the market seems to dictate things like that rather than putting caps on. I think if the caps are applied you have just got to work with it. I think there are two different views as well, as a landlord. If you are borrowing money to invest in a property for rental, I think the situation is very different to a landlord that has purchased a property outright. I can see how that affects different people's perspectives on a lot of these issues. If you borrow money to buy an investment property, I think the situation is very different than the landlord who has bought the property outright.

Renee HEATH: Thank you. In the words of Mr Simpson: bring on more regulation. First of all, what would that regulation be? And then I would love to hear from the other two as to whether they agree.

Lachlan SIMPSON: I am going to reiterate something I did say earlier, ma'am. I am a computer scientist by trade, and making the law is not what I have done in my life. I am also a mere amateur when it comes to the regulation of both markets and the housing market. I would suggest that the government do its job in this case – do inquiries like this and then hire some very bright people from universities to write up some suggestions.

Renee HEATH: Okay. And in terms of increased regulation, Mr Kenos and Mr Tonks?

Ange KENOS: I was about to say, as I said earlier, I do not know what controls or requirements there are on real estate agents, but I would hope that as part of their licensing they have to have a diploma qualification of some sort, that they must be required to learn all relevant legislation and the appropriate policies in terms of dealing with renters and with landlords, and I would hope that those things are also transparent so that we landlords know how qualified and how competent our real estate agents are and that they are not just there to get money out of us and out of the tenant.

Renee HEATH: Thank you. And Mr Tonks?

Geoffrey TONKS: They are saying that an agent needs to have a diploma to be an agent. I do not think that works, because the legislation changes all the time. The legislation is there to help everybody, and if it is applied properly it is fine. I agree with having legislation to make everything very clear so that everybody knows exactly what we have got to do. It all comes down to the application and enforcement of the legislation – that it is followed correctly by everybody – and that is fine.

Lachlan SIMPSON: Can I just add, sorry, while I did relieve myself of any responsibility when it comes to the writing of regulations on the industry – and I appreciate your laughter – I am also aware that, when writing legislation like this, those interested parties with large amounts of money will be disproportionately present in the writing of that legislation. The real estate industry in Australia is worth a huge amount of money I am sure both to government income streams but also in the party-political donation style, and in that case I feel like there is a strong argument for the government ministers in charge to I guess give greater weight to those with less power in this situation – less power as measured by donations and money. Thank you.

Renee HEATH: Thank you so much. They are all my questions.

The CHAIR: Thank you, Dr Heath. Thank you very much, gentlemen. It is fantastic to have actually a range of different witnesses today. Obviously all the submissions you gentlemen have submitted today show that we have got a range of investors: one has large property, meaning multiple properties; one has historical property; and one has experience of renting as well. From your submissions basically you are all very good landlords. You are taking care of your property, which you should be, because it is an investment, as you indicated, and what you put in is what you get out down the track. You expressed that better regulation will benefit your investment. But I just want to know, in relation to all the costs contributed to your property – that includes maintenance, fees, tax – how will you weigh that in relation to income? In the current climate is the cost itself in a good balance with all the costs coming up and predicted costs? Is that a good balance at the moment?

Ange KENOS: I would argue, if I may start, that with the land tax, insurances et cetera things are becoming a bit tighter, a bit more difficult, and in the income versus expenses ratios that lead to what our actual profits are the profit is reducing. But in my case, as I said earlier, it is a property that has been in my family for a great many decades, and even if my profit was down to just 5 per cent I would still maintain it.

Lachlan SIMPSON: My feeling is that regulation being a cost of investment is a trope that free market liberals really love to throw around, but that is the cost of doing business, unfortunately. If they cannot regulate themselves, which they have just demonstrably proven they cannot, then unfortunately the property industry will need to be regulated. There is obviously plenty of money there. They are making quite enough on commissions from sales. They need to reinvest that money in the property management part, which makes less money.

The CHAIR: Mr Tonks, what is your situation in relation to costs versus income at the moment with the current tax regulations and all the fees?

Geoffrey TONKS: The cost to landlords has increased and it keeps increasing, and what we call the profit margin is decreasing. Basically it will just end up being that people have to make a choice. Is it the right place to have our money invested in rental properties? As I mentioned before, I think if you borrow money from the bank to buy a property to rent as an investment, your situation is very different because you have got payments as well to make. But the insurances are going up. They have gone ridiculously high now. They are getting very expensive, those aspects of being a landlord. That is probably the one that has increased most of all. But it is

how it is. If the costs keep going up and your profit goes down, you just have to make decisions eventually about what to do as a landlord.

The CHAIR: Okay. As an investor, you mentioned there is risk involved, and with property compared to shares, you mentioned that property is a safer investment than shares. I just want to know: what is one main factor in relation to costs which might make you change and move away from investment in property?

Ange KENOS: I have had previous involvement in other properties – either myself or through parents and grandparents – and it was the amount of destruction and mess left by the tenants. One property that my parents owned in Glenroy, three tenants in a row trashed it. After repairing and cleaning, repairing and cleaning – three times – my parents said, ‘Enough’s enough; we can’t go through this again.’ It was as simple as that.

The CHAIR: Gentlemen, any other comments?

Lachlan SIMPSON: I am the wrong person to ask about that type of investment. Thank you, sir.

Geoffrey TONKS: What can you say? It is your business if you are investing in real estate for rental, and you have just got to manage it the best way you can. Yes, you get bad tenants, but you get good tenants. No legislation, nothing, dictates that. You have just got to manage it properly and you have got to use legislation to your best advantage, to everybody’s advantage. What could happen eventually is that the legislation could get that complex that you cannot work within it and the cost of having properties managed only as properties for rental could become so high that you cannot get a return, or the rents could get so high that the tenants cannot afford to rent. Nobody can do anything about that. It is just a rolling ball and you have got to deal with it.

As I said, we have got six rental properties over quite a few years, and we have been through it all. And the legislation now is getting very complex. We used to manage our properties ourselves at one time. We could not even dream of doing that now. I could not keep up with the changes to legislation. So we got a manager, and there is an additional cost there to have a property manager, but it is what it is and we just have to work with it. If the legislation gets too complex and the costs get too high, then you move on; you go somewhere else.

The CHAIR: Okay. Just one last question: as current or previous property investors, what kinds of incentives or what kind of regulation would you be in favour of that would promote or encourage you to invest more in property or purchase more housing for lease? What can the government do from the aspect of regulation or anything that would be favourable for you to invest more into the area?

Lachlan SIMPSON: If the government was to build a phenomenal amount of public housing that was available to those who are unhoused and I did not have to worry about my conscience when I was charging someone rent. Thank you.

The CHAIR: Thank you.

Ange KENOS: I personally cannot think of how government can get me to become a greater investor. It is up to me and in my case my wife. Are we satisfied with the experience? Do we think we can make more money? Do we have enough money to invest in a further property? Are the agents looking after us – you know, those issues of agency that Mr Simpson raised earlier? I would not ask any government of any political persuasion to get involved in making me a greater landlord.

The CHAIR: Thank you, Mr Kenos. Mr Tonks, any comments?

Geoffrey TONKS: I cannot see that they could do anything really to attract more investors. It is just controlling it better. That is basically it. I do not think it is legislation. It is just monitoring how it is being applied and that everybody is playing by the same rules properly.

The CHAIR: Thank you. It has just come to that time. I just want to open it up to you three gentlemen. Are there any last comments or statements you would like to present to the panel?

Ange KENOS: If I can start off – and I mean this sincerely – you have all been very fair to us. You have given us a fair opportunity to be heard. You have been very fair with your questions, and I have got to be honest, I am impressed with you. Thank you.

The CHAIR: Thank you, Mr Kenos.

Lachlan SIMPSON: I would argue the same, Mr Kenos. What Mr Kenos said, I would like to reiterate that. I think this has been outstanding, and it has been lovely to meet you all. Thank you.

Geoffrey TONKS: I have enjoyed the experience, and I hope it contributes something positive.

The CHAIR: Well, thank you very much. On behalf of the committee, we do thank you so much for your time. Your submissions and your answers are valuable, and we will definitely take them on board when finalising our conclusions and when considering our submissions to the government down the track. We appreciate the time you have given us in coming in today. At this time we will now take a break for half an hour, and the hearing will recommence at 11 am.

Witnesses withdrew.