

Please see below email extract for input:

Begin forwarded message:

From: [REDACTED]
Subject: [REDACTED]
Date: 10 December 2019 at 7:27:17 pm AEST
To: [REDACTED]

Hi [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

All,
PROFILE:

We have several well-maintained residential investment properties, in Victoria and Queensland. This was built up over three decades through high value work and hard saving and we had hoped to remain active as long as possible by providing this valuable service, to a higher standard than was available to us in our years of need/renting. We have ALL happy tenants with mutual respect and good communication whom we would be happy to have contacted.

It seems quite plausible that we will need to sell out and become fully retired (i.e. unproductive community members) much sooner than planned due to the proposed changes. The risks which may trigger this appear to be largely outside our control (e.g uncapped/unregulated safety inspection fees and charges). The costs associated with these changes could basically wipe out our transition-to-retirement planning, established over decades, under a different set of rules now rapidly and radically changing.

We are probably not agile enough (i.e have sufficient resources at this stage in our lives) to move to another productive activity and source of income. People must feel these changes are super urgent not to consider grandfathering the changes for existing property investments (which would provide a litmus test for the changes if meaningful metrics were gathered /tracked/analysed).

PROPOSAL FEEDBACK:

Some of the new compliance activities look to have serious implementation issues and oversights including unregulated, open ended costs.

With your larger public resources could you please review all proposals against the core principles and specific queries raised in this email with a standard approach.

Query Review Example:

Risk Name: Cost of Electrical/Gas safety inspections

Perspective: Rent provider

Stakeholders: Rent Provider, Renter, Regulator, General Public

Exposure 1: Financial

- Risk A: Unknown / uncapped cost(s) amounts.

- Risk B: Unknown / uncapped frequency of occurrence.

Mitigation(s): Is there anything that can be done to mitigate this risk by the risk owner (rent provider)? If no, then who should own the risk and its impacts (i.e. incorrect risk assignment)

Plain Language Query:

- "how much will that cost me exactly, when, how many times and how often?"
- "What can I do to ensure this is managed within achievable thresholds?"

... repeat/expand above for further risks and multiple exposures and perspectives.

We do support the general aims of the community level reforms, especially domestic abuse reforms, but are unsure why investment property owners have been allocated the costs and risks for reforms for which the vast majority of benefits are for the community as a whole.

In some cases (e.g. electrical safety inspection every two years) we will be providing a higher standard of safety than both we and most home owners would choose or could afford for themselves/ourselves.

This new, higher standard of accommodation, is to be provided to renters for less than the cost of mortgage repayments? If this is a community social agenda why are home owners (people living in their own homes) exempt or is that coming?

On a practical level it is obviously possible, and I think more likely, that a tenant would make ad-hoc electrical changes for lifestyle convenience and cost.

A tenant already has the majority of practical control (access and motivation) for electrical changes. Suggestion: A tenant simply could report a 'rent provider' if ad-hoc changes were made by the 'rent provider', which should then trigger a safety inspection.

The cost of the safety inspection should only be allocated to the 'rent provider' if they were responsible for the unsafe modification.

A good right/responsibility test for any proposed right/responsibility change is to check if the process is still equitable when reversed: i.e The 'rent provider' should also be able to report/request a safety inspection, at the tenants expense, for appropriate/approved triggers (e.g. new unadvised power outlet noted in inspection report).

A larger question for the broader community agenda goal approach (we would very much like to see options with increased accountability for those in control):

There seems to be an unspoken assumption that all property owners have large incomes or that residential property investment is very profitable? That this (smaller) group of people can easily absorb these new ongoing, unregulated costs and risks.

If this service is believed to be so profitable, self-funding with a profit margin to tap, then why not expand and diversify public housing to meet the overall public need; we would be happy with the competition.

The new diversified public offering could compete and be measured against the relatively free-market alternative and the true costs of the reforms and overall service would be more transparent for the community. More market place options would then also then be available to prospective renters.

There appear to be many unexplored approaches to achieving the apparent strategic social agenda goals, as well as overlooked implementation options and impacts for individual changes.

I will submit as many alternatives and suggestions as I have time/resources/opportunity to but it is obviously easier to establish a good, clear working relationship with our few good tenants than to attempt the same with a large group of legally unaccountable, fully funded, public servants and I so wish that this exercise was not thrust upon us.

Our overall impression is that the reforms significantly weaken property ownership rights (by

weakening control) of what is in our case our primary income producing assets, by transferring new rights to regulators and tenants free of charge, while sending the property owners the majority of an ongoing stream of un-costed, unregulated, ongoing billing. New rights ought to be accompanied by new responsibilities designed to ensure the rights are not abused. I have seen much weakness in this area within the proposals presented thus far. This should have formed a key risk mitigation aspect in any serious/competent/sincere analysis.

Our opportunity to provide input to the current reforms is limited but we are trying to participate within the small [REDACTED] window and limited scope made available to us including submitting this overview and impression advice (though it risks offending some well-intentioned folk I have little opportunity to sugar coat and please understand that we have to try to get some key messages across quickly).

Some of the changes [REDACTED] [REDACTED] remind of the 'fee for no service' in principle breach for banking, but this is increased and new 'services for no fee' to be provided by the 'rent provider' (e.g electrical safety inspections, loss of rent between tenants etc.) services for no fee are not a legally binding arrangement between private citizens ... only unaccountable public servants can disregard that principle in our society.

Another broader process improvement approach:
Why not offer prospective renters more options, more opportunity to adapt and to leverage their unique attributes?
Why haven't people proposed that prospective renters actually let everyone know what they are happy and confident to do?
I know tenants who would be insulted if you said they were unable to change a light bulb or a washer.

If economics can be considered a branch of social engineering ... and my understanding is that this is the case ... then what kind of society are we building here?

I suspect we will not build an expanding and innovating economy which can produce goods and services which are globally in demand, thereby producing the positive GDP growth we need to look after everyone with a nation of people that have been trained to feel that they can no longer change a light bulb or safety check a smoke alarm.

Why not motivate people by letting them take on some responsibility and be rewarded?
I would be able to offer a reduced rent to such a person with basic competencies and/or specialised skills.

Can I have a home automation expert please ... that would be lovely?

I would also well consider somebody with an approved home budgeting qualification [REDACTED] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

I will try to provide more detailed input on specific alternatives to detailed changes, if/when I can, though it really should not be necessary.

While I'm happy for this input to be re-used I wish to remain confidential/private. I do not have a paid public profile of any sort nor wish to establish one at this time. We just want to continue to look after, help and keep happy our small group of tenants/renters.

Regards,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]