



EIS — SPECIALISTS IN PROPERTY MANAGEMENT

In early June, Robyn and Randall attended a meeting in Ulverstone with the new bond board known as the Rental Deposit Authority. The RDA presents an important change to the way EIS currently operates. The Ulverstone meeting was the first of the statewide meetings with the new Residential Deposit Authority as a precursor to its introduction on the 1 July this year. Randall says it's a positive move for Tasmanian agents, although most of them don't see it that way. They tend to think of it as another level of bureaucracy. The new legislative requirement tightens up the administration of bonds.



ROBYN AND
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Features of the new State Government body

- All bonds for new leases on and from the 1 July are to be lodged with the RDA
- After a tenant pays the bond, EIS has 5 working days to electronic transfer (EFT) a bond to the RDA
- Tenants who lease through a private landlord are to lodge their bond with Service Tasmania who will on-forward to the RDA (there is a story here!)
- At the end of the tenancy, and subject to no other claims, a form is lodged so that the tenant receives the bond by EFT from the RDA
- If there is a dispute, then the matter proceeds through to the Residential Tenancy Commissioner (as currently exists) to determine the matter
- There are special provisions for 'share tenants' who each pay a proportion of the total bond. This puts the onus back on those 'share tenants' who must be signatories in order to have their share of the bond returned (about time!)

As in EIS existing practice, the RDA will not accept welfare body bond guarantees – bonds must be funded in cash and not promissory notes! Be mindful that the State Government will now receive interest on the many millions

of bond money to be transferred to them over the next 12 months. Previously, bond interest was collected by the Property Agents Board.

Currently, 92% of bonds held by EIS are refunded in full to the tenant within 3 working days. While we understand the reason for the introduction of the RDA, there is no way the RDA will be in a position to refund a tenant's bond so speedily. Even if the new RDA is adequately staffed, we suspect there will be a very steep learning curve (by the RDA and agents alike) and no doubt, fine tuning of its administration will be needed over the next 2 years.

Comments at the RDA Meeting

The following interesting comments come from other agents at the meeting:

How can we get tradesmen to quote on 'tenant damage' quickly? You might try developing a sound and long standing relationship with your tradesmen. Don't give them the run-around and pay them on time!

Why can EIS can get away with not accepting Colony 47 (welfare) bonds? Easy - just say 'no'.

Does that mean we have to send off the increased bond amount when we increase the rent? No, because you cannot be asked for more bond whether you increase the rent or not. (this was pronounced a 'no no' some 2 years ago by the Residential Tenancy Commissioner!)

Yes, there is a slight impost with the new regulations. What the State Government has done is to recognise this and allow agents to collect bonds rather than requiring those tenants to go to Service Tasmania.

From 1 July private owners are no longer permitted to hold bonds. Their tenants must lodge them with Service Tasmania. EIS is well advanced with a program in place to handle the new bond board arrangements.

New scheme concern

This relates to delays caused by disputes and bills requiring payment. The owner is going to have to pay the outstanding accounts then claim it out of the bond that is then refunded by the Government. Randall says he can't allow a tradesman (for example) to wait in some cases up to 2 or 3 months. They just won't take on the work if they have to wait that long.

Vacancy rates on the up and up

The current signs are not good! Rents are going to have be adjusted downward. Randall and Robyn have spoken with many owners already. The days of getting rent increases have disappeared for the time being. Where

you have properties vacant for up to 4 to 6 weeks and the only negotiation tool you have is the rent, then there is no other option available to the owner but to lower the weekly rental. EIS is lucky in that most properties in their portfolio are in very good order and present well.

No rental increases for the foreseeable future

At the coalface there is no upward movement, even at the budget end of the market.

However, if the Federal Government cuts out the new home buyers grant at the end of the year, the rents and vacancy rates will improve.

Knowing the dangers of asbestos

Randall and Robyn attended a special course on asbestos with the Housing Industry Association. This 4 hour course was designed to allow participants to get a better understanding of this toxic material. Specifically how to identify, handle and know safely remove it. EIS has received a number of enquiries relating to the problem of asbestos, for example there have been a number of occasions where builders and electricians have found evidence of the material in switchboards, roofs and wall linings of properties and have called EIS for advice!

Asbestos removal can be costly

In some cases it can become a significant additional cost to building works, as a licensed asbestos removalist is required.

There are some trades people who show no regard for the problem and remove asbestos themselves, showing little concern for their own or for future tenants' safety. In these cases many fibres stay inside the house because they haven't been properly removed. These decisions will come back to haunt those people who do it!

An electrical contractor recently lost his Leading Hand earlier this year to asbestosis. An excellent tradesman, he was diagnosed with the disease two years ago and although he tried

to continue working, tragically died a couple of months ago. An electrician for more than 30 years, he was not aware of the disease when he started out.

Tasmania has a great deal of this type of older housing stock, so Randall says we can't be too careful.

Break time – mainland holiday!

For the first time in seven years Randall and Robyn have decided to take a well earned rest from the daily routine of the world of property management.

"We had been planning a two-week trip but in discussions of where we would go, we added in an extra week. So in mid July we load the car onto the Spirit of Tasmania and set our sights on a wine tour of the Yarra Valley, Rugtherglen and further afield to the Hunter Valley.

Staying in touch

"We'll be taking a wireless laptop to keep in touch with home base and this will double up to book accommodation while on tour."



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