

Statement from the Chair of The Property Investment Council of Australia in response to the NSW tenancy reform proposals regarding - No Grounds Evictions.

Governments and politicians are naive if they don't think that some reforms to the current tenancy laws put tens of billions of annual investment dollars at risk in the private rental sector being spent in their state or territory. Money that creates initial and ongoing jobs, and adds critical supply to the rental pool.

Put simply small business private rental accommodation providers have a choice to whether they invest at all in this sector or if they do, where they invest in Australia. Public servants of the day shouldn't underestimate how much their market interventions can inform these investment decisions.

You only need to look at the recent experience in Victoria where significant tenancy reforms, along with higher property taxes have resulted in 15,600 less rental properties in Victoria in the past 12 months along, based on reported Bond registration data.

Less rental properties and higher operating costs equates to higher rents - that's a fact.

If fewer everyday Australians don't believe they will achieve an adequate return their private rental accommodation businesses, then further pressure will be put on these politicians to cover the supply shortfall in rental housing, resulting in increased Government spending and higher Government debt, which only results in higher taxes and charges for every citizen of that state, not just the property investor or renter.

As Governments realise they don't have the tens of billions needed each year to supply this accommodation, they look to big business or Super funds to help with suppling 'Build to Rent' solutions, but the numbers don't stack up. The return on investment isn't adequate for the cost/risk assessment. So this is where market manipulation fails in the real world, and the unintended consequence kick in. Governments then try to offer tens of millions of dollars of future Land Tax concessions and the Federal Government also helps out with more 'special' concessions, to make the numbers work.

The irony here is, the existing 2.3 million private rental accommodation providers who have done the heavy lifting for decades in providing the essential rental accommodation needed to help with human capital mobility, economic advancement and society building, they get nothing. No such perks for us.

And we are only in this political position because of the lack of investment into social and public housing over the past 30 years by previous Governments.

If any current Government, like NSW is looking to amend no grounds evictions and replace it with reasonable grounds rules, then the results of this snap survey should help inform their decision making - see attached.

At the end of the day, everyday Australian property investors who are currently running or look to set up their small private rental accommodation business - they want the following to be true

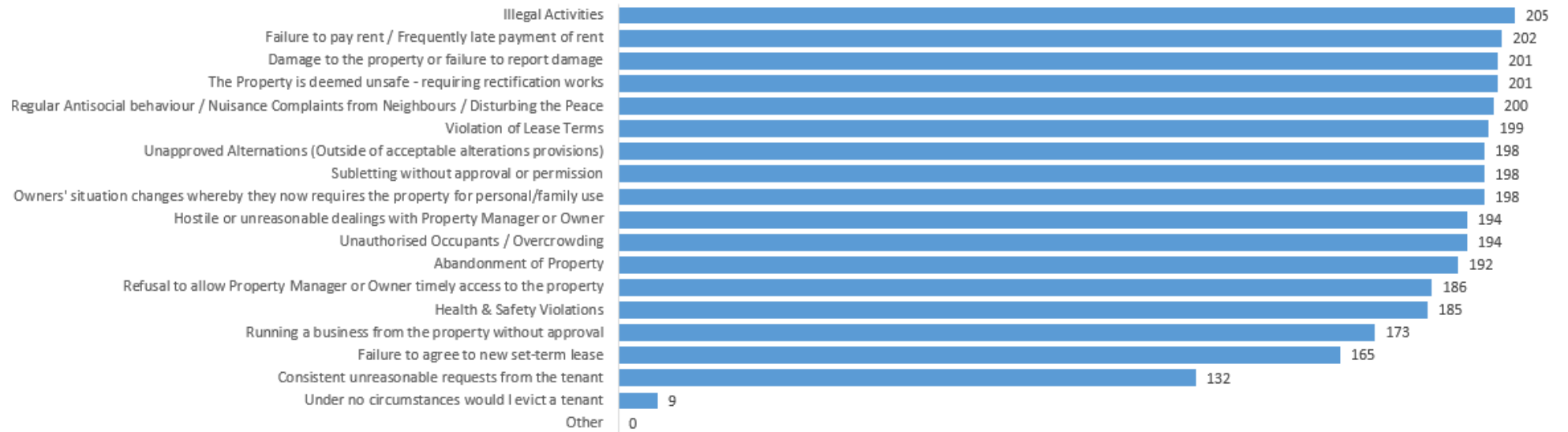
1. An adequate return for the risk they take with investing and running their private rental accommodation business
2. The rules and regulations to support their investment and their ownership rights adequately
3. Their tenants enjoy safe and quiet enjoyment of their property, for the time they spend accessing it.
4. Less market intervention by Government and Regulators which put at risk their adequate future returns.
5. Government to supply social and public housing for the most vulnerable and disadvantaged in our community, and the free market to provide the other 90%-95%.

And in terms of NSW rental property owners, a snap survey from PICA clearly indicates where they want the ability to remove a tenant in the property they own – see below

Ben Kingsley
National Chair of PICA

www.pica.asn.au

PICA: NSW No Grounds Eviction Rental Survey



Number of Responses in Total 205