

21 July 2023

Parliament of Victoria  
Legislative Council Legal and Social Issues Committee

## **Inquiry into the rental and housing affordability crisis in Victoria University of Melbourne Student Union Inc (UMSU) submission**

### **1 Introduction**

The University of Melbourne Student Union Inc (UMSU) is grateful for the opportunity to address the Parliament of Victoria’s Legislative Council Legal and Social Issues Committee in response to the Inquiry into the rental and affordability crisis in Victoria.

As the union for all enrolled graduate and undergraduate University of Melbourne students, UMSU’s purpose is to enhance student life at the University of Melbourne. UMSU does this by elevating and representing student voices through purposeful engagement and advocacy as well as providing exceptional programs, services and opportunities that champion inclusivity and accessibility.

The UMSU Legal Service is a community legal centre operated by UMSU, which provides free legal advice, representation, and financial counselling to current University of Melbourne students. The UMSU Legal Service is accredited by Community Legal Centres Australia and is a member of the Victorian Federation of Community Legal Centres, and also convenes the Victorian Student Legal Services Network, a group of community legal centres which assist tertiary students in Victoria and collaborate on legal issues affecting students.

Rental issues typically account for over 50% of enquiries to the UMSU Legal Service, with international students particularly vulnerable to exploitation in their rental arrangements.

Below we have provided a summary of the most common rental issues experienced by students, together with our recommendations for the reforms needed to address these issues and improve the experiences of student renters in Victoria. The remainder of our submission addresses these issues and our recommendations in more detail.

Please note that where this submission refers to a “rental agreement” or “rental provider,” this refers to a “residential rental agreement” or “residential rental provider” within the definitions in s 3 of the *Residential Tenancies Act 1997* (Vic) (the “RTA”). In addition, all references to legislation are to the RTA unless otherwise specified.

### **2 Summary of recommendations**

#### **2.1 Addressing rental affordability for students**

Students are experiencing a crisis in rental affordability and availability which mirrors that experienced by renters in the broader population of Victoria and Australia. While many students renting in the private

rental market are experiencing this crisis, students renting in dedicated student housing face even higher rents, poorer standards of accommodation, and greater risk of exploitation.

We endorse calls from Tenants Victoria and other community organisations for action to alleviate rental stress. We also emphasise that section 21 of the RTA must be repealed to ensure that all student renters enjoy the benefit of such an intervention into the affordability crisis in the housing market, addressed further below.

## 2.2 Proposed reforms to the RTA

While the RTA reforms which took effect in 2020-2021 onwards have improved renters' rights (new rental minimum standards, reduced no reason evictions, increased rights to have pets in rentals etc.), there are several major reforms still needed:

- Repeal section 21 of the RTA
  - The section 21 exemption from the RTA is outdated and unnecessary, and means student renters living in exempt accommodation cannot access any of the rights and protections provided by the RTA
- Introduce co-renting laws
  - Laws are needed to enable co-renters to leave a co-renting agreement and resolve disputes via the VCAT jurisdiction
  - We propose the co-renting laws and ACAT jurisdiction in the ACT as a model for Victoria
- Introduce fixed lease break costs
  - Laws are needed to provide clarity on the costs a renter will have to pay when breaking a lease
  - We propose the fixed lease break cost laws in NSW as a model for Victoria
- Reform the bond claim process
  - Laws are needed to prevent rental providers from continuing to make bond claims with no proper basis, which delays the return of renters' bonds and burdens the Victorian Civil and Administrative Tribunal Residential Tenancies Division ("the VCAT RT Division") which must resolve these disputes
  - We propose further documentary requirements be introduced for rental providers to substantiate their bond claims, similar to the documentary requirements which have been introduced in Victoria regarding most notices to vacate

## 2.3 Proposed reforms to the VCAT RT Division and Consumer Affairs Victoria

Reforms are needed to ensure the continued effective and prompt functioning of the VCAT RT Division and Consumer Affairs Victoria in assisting with the enforcement and resolution of disputes under rental law:

- Undertake a review of the VCAT RT Division

- Lengthy delays, lack of organisation and member conduct issues at the VCAT RT Division mean that both renters and rental providers are unable to resolve disputes in a timely, effective and low-stress manner
- We propose a comprehensive review of the VCAT RT Division needs to be undertaken to ensure its functions are being carried out in a manner which is timely, professional and fit for purpose
- Prioritise enforcement of rental laws by Consumer Affairs Victoria
  - The current focus on education rather than enforcement is insufficient, and means many rental providers continue to breach the law without fear of any consequences
  - We propose enforcement of existing civil penalty provisions in the RTA by Consumer Affairs Victoria must be prioritised as a deterrent to this behaviour

### 3 Addressing rental affordability for students

There has been ample media coverage highlighting the housing affordability and availability issues that students, in particular international students, have faced returning to Australia in 2023, and the impact the rental crisis has had on them.<sup>1</sup> Surveys conducted in 2022 and 2023 by UMSU International student representatives also indicate worsening trends for international students regarding lack of supply of accommodation, accommodation affordability, and rent increases.

This crisis in the affordability and availability of housing is also disproportionately affecting students with other vulnerabilities who may additionally face the burden of discrimination in accessing housing, including students with a disability who are seeking accessible housing, Aboriginal and Torres Strait Islander students, and LGBTQIA+ students.

We do not propose to address in further detail these issues which have been addressed at length in the submissions of other community organisations, other than to note that the rental affordability and availability crisis affecting the broader community is similarly affecting students; to provide case studies of this impact; and to emphasise calls for action to address this crisis for all renters.

#### 3.1 Student renter example 1

*After only 3 months of living in a student housing property, Andi received a notice from his rental provider to increase his rent by 33%. There was little basis provided for the proposed increase, with the rental provider referring to rents at other properties which were not comparable in terms of the facilities provided and the age of the properties.*

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<sup>1</sup> “University property sell-offs heighten ‘dire’ housing shortage as students return to Australia,” The Guardian, 7 February 2023, <https://www.theguardian.com/australia-news/2023/feb/05/university-property-sell-offs-heighten-dire-housing-shortage-as-students-return-to-australia>;

“Students are living in tents and hotels as rental crisis worsens,” Australian Financial Review, 11 April 2023, <https://www.afr.com/property/residential/students-are-living-in-tents-and-hotels-as-rental-crisis-worsens-20230411-p5czjw>;

“International students faced with housing and cost-of-living stress say they were misled about Australia,” ABC News, 19 May 2023, <https://www.abc.net.au/news/2023-05-19/international-students-migrant-housing-crisis-living-costs/102355508>.

*While Andi was eventually able to negotiate for the rental provider to withdraw the notice, the experience had already caused him extreme stress during his university exam period, as he did not know where he would be able to live if the rent increase went ahead.*

### 3.2 Student renter example 2

*Jia<sup>2</sup> and her housemates received a notice to increase the rent in their share house by over 50%. While the notice cited market rents in the area, it placed the property at the very top of this range, and failed to consider the age and condition of the property.*

*Throughout their lease, Jia and her housemates had experienced numerous urgent repair and cleaning issues which the rental provider had failed to address, many of which were pre-existing. These included mouse and wasp infestations; broken locks, windows and doors; rubbish and refuse left on the premises; extremely poor plumbing; broken essential appliances; and a gas leak. No renovation or general maintenance was done on the property in the 2 years since the beginning of the lease, and the rental provider had also failed to provide a condition report or comply with rental minimum standards, in breach of the law.*

*Despite this, Jia and her housemates received an indication from Consumer Affairs Victoria that the proposed rent increase was reasonable, and therefore felt they had no choice but to move out of the property.*

### 3.3 Recommendation

As a crucial step towards improving housing affordability in Victoria, we commend calls from Tenants Victoria and other community organisations for action to alleviate rental stress, such as legislated rent increases via a “fairness formula” in line with factors such as average weekly earnings for a given area or the consumer price index (as is currently the case in the ACT), and the additional possibility of a temporary rent freeze.

## 4 Proposed reforms to the RTA

### 4.1 Repeal section 21 of the RTA

Increasingly in Victoria, we see student housing owned and operated by, or affiliated with, an educational institution, such as to claim an exemption under section 21 of the RTA. If not for the exemption in s 21, much of this style of student housing would be captured by the rooming house provisions of the RTA. Analogous exemptions in state tenancy laws are a problem around Australia.

At present, the University of Melbourne (the “UoM”) requires student housing providers with which it formally affiliates under s 21(2) to ensure their agreements are compliant with the RTA. However, because of privity of contract, such provisions in commercial agreements between the UoM and student housing providers are impossible for student renters in these properties to enforce.

In addition, unlike in the comparable section of the NSW laws,<sup>3</sup> there is no provision in section 21 to “opt-in” to the jurisdiction of the RTA in this way. The wording of this section suggests that, if a housing provider comes within the categories outlined in section 21, it is simply exempt from the RTA, regardless of any commercial agreements to the contrary.

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<sup>2</sup> Name changed.

<sup>3</sup> Residential Tenancies Regulation 2019 (NSW) regulation 31:  
<https://legislation.nsw.gov.au/view/html/inforce/current/sl-2019-0629#sec.31>.

We contend that section 21 was drafted before commercial provision of housing on this scale by universities, not to mention their commercial affiliates, was contemplated. It seems likely that this section was never intended to capture such a broad population. Such an outcome, and on such a scale as is happening at present in Victoria, seems inconsistent with the renter protection purposes of the RTA. There is additionally no check on commercial providers affiliating even further in the future.

We note that there are also a range of other legal issues students are experiencing in rooming house style student accommodation which is covered by the RTA, as detailed in our submission to the Residential Tenancies Commissioner's Rooming House Lived-Experience Project in May 2022.<sup>4</sup>

#### 4.1.1 Impact

The existence of section 21 means that large numbers of students are exempted from the protections of the RTA, and from the jurisdiction of the VCAT RT Division. This means that there are almost no viable legal options for students to resolve disputes in exempt housing.

Whilst agreements made in these circumstances are still subject to the Australian Consumer Law and the jurisdiction of the VCAT Civil Claims List, the protections and remedies available under the ACL are likely to be vastly more complex, expensive, timely and difficult for students to pursue than are the protections through the RTA and the RT Division.

Based on copies of these agreements provided by students to the UMSU Legal Service, the UoM also includes contractual terms requiring students to agree to link their obligations under these agreements to their enrolment record. This means that non-payment of rent could lead to the UoM withholding results, or the student's right to enrol or graduate. Students may not be aware of this difference in relation to the private rental market and other student accommodation when entering into these agreements (which are often offered to international students before they have even entered Australia). We have seen examples of enrolment record sanctions implemented in practice. We consider that this is wholly inappropriate in a rental situation, and could have particularly devastating effects for international students, given visa status is tied to their enrolment. We are aware of similar examples in NSW.

Please see also our comments in a recent article for The Age on this issue.<sup>5</sup>

In addition, the existence of this exemption can enable unscrupulous rental providers to claim they are exempted from the RTA, even if they are not. We have seen this happen in practice. If students are not aware of the requirements in respect of providers for the exemption to apply, this may compound the likelihood that students will not seek to enforce their rights under the RTA.

#### 4.1.2 Student renter example 3

*Jordan is a student from NZ who in 2022 was living in university-owned accommodation which is exempt from the RTA. The property would fall under rooming house laws if it were not exempt.*

*Jordan signed up to this accommodation before he had a good idea of average rent and income in Melbourne. When he began experiencing severe financial hardship, he asked to end his accommodation agreement early without paying additional costs so he could move somewhere*

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<sup>4</sup> A copy of this submission can be found on the UMSU Legal Service website here:

<https://umsu.unimelb.edu.au/pageassets/support/legal/policies/20220506-UMSU-Legal-Service-RH-Lived-Experience-Project-submission.pdf>.

<sup>5</sup> "Universities use loophole to evade renter protections for students," The Age, 26 June 2023:

<https://www.theage.com.au/national/victoria/universities-use-loophole-to-evade-renter-protections-for-students-20230317-p5ct0s.html>.

*cheaper. The university accommodation team refused this request, on the basis that they believed he had not demonstrated “exceptional or extenuating circumstances beyond his control.”*

*The terms in the university’s accommodation agreement relating to ending an agreement were more onerous than the typical liability for a renter who breaks a lease which is covered by the RTA and is ordered to pay compensation by the VCAT. The rooming house provisions of the RTA are even more favourable, providing the resident with the ability to end a fixed term agreement with a 14-day notice. In addition, if Jordan’s agreement had been covered by the RTA, he could have applied to the VCAT under section 91U to end his lease early because of his severe hardship.*

*Unfortunately, as the agreement was exempt from the RTA, Jordan’s options were limited to challenges under consumer law – which, even if successful, were unlikely to provide a resolution in sufficient time to help with his financial situation. In addition, if Jordan stopped paying rent or was perceived to have breached the agreement in any other way, the university would have applied sanctions against his enrolment record (such as preventing him from re-enrolling in his course), a penalty which also would not have been allowed had the agreement not been exempt from the RTA.*

*Because of this, Jordan’s only viable option at the time he sought help from the UMSU Legal Service was to remain in the agreement and investigate other ways to try and manage his financial hardship.*

#### 4.1.3 Recommendation

To improve renters’ rights in university-owned and -affiliated accommodation, we recommend simply that the exemption in section 21 is repealed.

Universities, and the companies which typically affiliate with them, are large commercial entities which hardly lack the capacity or resources to understand and comply with rental provider or rooming house operator obligations under the RTA. Indeed, they are already rental providers in the private rental market.

There is no reason why students living in this housing should be afforded any fewer rights than renters and rooming house residents living elsewhere in Victoria.

## 4.2 Introduce co-renting laws in the RTA

Currently, there is no straightforward mechanism under the law to resolve issues between co-renters.

The VCAT has no jurisdiction to resolve these disputes. While such disputes may fall under general contract law, the agreements involved between co-renters are rarely in writing, and it is impractical and not cost effective to pursue these as contractual disputes in the Magistrates’ Court of Victoria.

Co-renting disputes are most evident when one co-renter wants to leave a co-rental agreement. This is because one co-renter cannot simply choose to end their share of the lease and vacate, if the other co-renters are staying and the lease remains on foot.

While this can be achieved via lease transfer (i.e. assignment), and there is a process in section 81 of the RTA for how this should be done as between a renter and rental provider, there are no specific laws governing how a lease transfer should proceed as between the actual co-renters.

### 4.2.1 Impact

This means that, while there is often no issue with processing a lease transfer if the co-renters agree for one of them to leave and can find a replacement renter, if the co-renters do not agree to this, or the outgoing renter cannot find a replacement, this outgoing renter is effectively trapped in the co-rental

agreement. Renters will often vacate the property in this situation anyway, leading to complex and difficult to resolve disputes over the bond, rent and liability under the co-rental agreement.

The lack of clear processes in the law governing co-rental disputes of this nature means all parties in this situation lose. Co-renters who wish to leave are either forced to remain, or lose bond and rent money; co-renters who wish to remain are often left paying higher rent (owing to payments under co-rental agreements being subject to joint and several liability); and agents and rental providers often face difficulties with rent arrears and bond disputes when co-renters are in dispute.

#### 4.2.2 Student renter example 4

*Ben was renting in a sharehouse and needed to move out after experiencing mental health issues following a dispute with his housemates.*

*Because he was on a fixed term co-renting agreement, he had no legal option to end only his share of the lease early by giving a notice or breaking the lease. Instead, he had to do a lease transfer, which was difficult to arrange in circumstances where he no longer had a good relationship with his housemates. The real estate agent was unhelpful, and he could not find any useful information online about any laws prescribing how he could resolve his co-renting situation.*

*When he did vacate, he found the process to recover his share of the bond in a lease transfer situation unclear, and was not aware of the risks of signing over his right to the bond before he had been paid his share. Unfortunately, he only sought legal advice from the UMSU Legal Service after he had taken this step, and the remaining legal options available to him to recover the bond were impractical to pursue.*

*While he was luckily still able negotiate to recover his share of the bond, he found the entire process to leave his co-renting agreement extremely stressful.*

#### 4.2.3 Recommendation

In the ACT, the law provides a clear process for one co-renter to leave a co-rental agreement, and ACAT has jurisdiction to resolve disputes.<sup>6</sup> We suggest these laws as a model for Victoria.

### 4.3 Introduce fixed lease break costs in the RTA

There is currently no guidance in the RTA regarding the potential liability for costs when a renter wishes to leave a fixed term rental agreement early (without an order of the VCAT or a reason to serve a valid notice of intention to vacate), usually called a “lease break.”

#### 4.3.1 Impact

While fixed term rental agreements are useful to provide certainty and security to both rental providers and renters, a renter’s circumstances sometimes change after they enter into a fixed term agreement, leading to the need to end the agreement early. These kinds of changes in circumstances do not always fit within the remit of section 91U such as to enable a renter to apply to the VCAT for an order to end the lease early, and so their only alternative (if a lease transfer or a valid notice of intention to vacate is not available) is to break the lease.

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<sup>6</sup> See ACAT website on co-tenancies jurisdiction: <https://www.acat.act.gov.au/case-types/rental-disputes/co-tenancies>.

When rental providers have made compensation claims to the VCAT regarding a renter breaking a lease, the VCAT has historically ordered in the range of 4-6 weeks' rent as compensation, and, where there is a real estate agent, compensation for reasonable costs to re-advertise the property and a pro-rata re-letting fee (depending on how much of the lease term is left). In such claims, the rental provider will be required to produce documentary evidence to substantiate their claim for the costs they have incurred as a result of the renter breaking the lease.

However, as there is no guidance in the legislation about the calculation of the potential liability for costs when breaking a lease, renters are almost always asked by agents and rental providers in the first instance to pay higher costs than they would normally be found liable to pay when compensation claims are resolved at the VCAT. Renters are typically told they must continue paying rent indefinitely while being given no updates on the efforts that are being made to find a new renter, and are rarely provided with any evidence to substantiate claims for advertising and re-letting costs.

This means that most renters who need to break a lease face extreme uncertainty on what they might be liable to pay, unreasonable demands for costs, and no clarity on their ultimate liability unless and until a compensation claim is made and decided at the VCAT. This represents an additional burden on the VCAT, and, with the current backlog of bond and compensation claims in the RT Division, means that renters' bonds are often tied up in these disputes for 2 years or more before being resolved.

#### 4.3.2 Student renter example 5

*Anna<sup>7</sup> is an international student who signs a 12-month fixed-term rental agreement in student accommodation. However, her university course finishes 4 months before the end of the fixed term period, and she wishes to return home overseas.*

*She asks her rental provider how she can end her lease early, and they incorrectly tell her that she must keep paying rent indefinitely if she wishes to leave early. They also ask her to pay a lump sum lease break fee and advertising costs amounting to several further weeks' rent, and do not provide any documentation to support how these costs have been incurred.*

*Anna feels she has no choice but to follow what her rental provider says, so she returns the keys, pays the extra costs demanded, and allows rent to continue to be deducted from her bank account for the next 4 months.*

#### 4.3.3 Recommendation

NSW rental laws provide a tiered system for the amount payable for breaking a lease (depending on how much of the lease term is left).<sup>8</sup> We suggest these laws as a model for Victoria.

### 4.4 Reform the bond claim process

Although recent reforms to the bond claim process (including the ability for renters to make bond refund claims directly to the Residential Tenancies Bond Authority ("the RTBA")) have improved renters rights, bond disputes are still being raised by rental providers without proper basis. These disputes are burdening the VCAT RT Division and leading to unacceptable delays in renters receiving bond refunds.

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<sup>7</sup> As this is such a prevalent issue, we have provided here an example which is an amalgamation of case experiences from the UMSU Legal Service.

<sup>8</sup> See overview on NSW Fair Trading website here: <https://www.fairtrading.nsw.gov.au/housing-and-property/renting/ending-a-tenancy#Breakingafixedtermagreementearly>



Rental providers appear to approach bond claims with the view that they have an entitlement to bond money, when in fact this money belongs to the renter, unless there is an agreement to divide the money or sufficient evidence is produced through a VCAT application to substantiate a claim.

#### 4.4.1 Impact

While renters do not need their rental provider's consent to make a claim to the RTBA for a bond refund, if the rental provider wishes to dispute this claim, they can make an application to the VCAT with little or no evidence as a basis for this claim, and by so doing delay the renters' bond refund until the VCAT application is decided. With current backlogs of bond and compensation matters at the VCAT, this means that a renter's bond can be held in limbo for over 12 months, even for frivolous and vexatious bond claims.

Unscrupulous agents and rental providers are currently using their awareness of this delay to pressure renters into accepting baseless bond claims, threatening that if they do not accept the proposed claim from the bond, they will have to wait at least 12 months to access any of their bond money at all.

Renters are left between a rock (accepting an unreasonable and baseless amount be deducted from their bond) and a hard place (not being able to resolve the dispute and access any of their bond money for likely over 12 months). Many renters rely on receiving this bond money to help with moving costs or pay bond at a new property, and this situation is exacerbating financial hardship at a time when renters are also facing the pressures of vastly increased rents, lack of housing availability, and generally increased cost of living.

The proliferation of bond claims also puts extra pressure on the VCAT RT Division, reducing resources available to deal with other rental disputes.

#### 4.4.2 Student renter example 6

*Ruth<sup>9</sup> is a university student who rented an apartment in the CBD with another housemate.*

*Throughout the tenancy Ruth and her housemate kept the apartment clean and tidy. At the end of their tenancy, they diligently cleaned the apartment, returning the apartment to the rental provider as they found it a year ago.*

*However, the rental provider claimed that Ruth and her housemate needed to have the apartment professionally cleaned, even though they were not legally required to do so.*

*The real estate agent, acting for the rental provider, wrote to Ruth and warned her that if she did not hire a professional cleaner to clean the apartment, one would be arranged, and the rental provider would seek to have the cost deducted from the bond. The real estate agent also mentioned in her email that any dispute of the bond would mean that the matter would be resolved at the VCAT, and specifically mentioned that there is currently a waiting period at the VCAT of more than 2 ½ years.*

*Ruth and her housemate felt the situation was extremely unfair, and that the real estate agent was weaponising the backlog at the VCAT against them, even though the rental provider's claim had no merit.*

*Unfortunately, Ruth and her housemate were not in a financial position to not be able to access their bond for possibly 2 ½ years. Reluctantly, Ruth and her housemate paid for a professional cleaner to clean the apartment at a cost of \$250.*

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<sup>9</sup> Name changed.

#### 4.4.3 Recommendation

This is an issue which likely requires a multi-faceted approach to reform, and we have included multiple interlinked recommendations below.

We propose that rental providers be required to provide sufficient particulars and supporting documentation (invoices etc.) when making a bond claim to a renter, similar to the current documentary evidence requirements for certain types of notices to vacate.

This requirement could be implemented by way of a similar prescribed notice which must be given to a renter after they vacate, and/or as a requirement for the supporting documentation which a rental provider must produce for the VCAT to accept a rental provider's application in relation to a bond dispute.<sup>10</sup>

We propose that these documentary evidence requirements be implemented in addition to the ability for renters to make a claim directly to their RTBA for their bond, so their rights in this respect are not reduced by any further reform.

## 5 Proposed reforms to the VCAT and Consumer Affairs Victoria

### 5.1 VCAT Residential Tenancies Division reforms

The COVID-19 pandemic exacerbated existing pressures on the VCAT, and led to a large backlog in hearing bond and compensation cases. Currently, matters filed approximately 1-2 years ago are only now receiving hearing dates, raising much uncertainty about the wait time for any matters being filed now. In addition, concerns about member conduct and registry disorganisation appear to be worsening.

#### 5.1.1 Impact

The bond and compensation claim backlog has undoubtedly had an impact on both renters and rental providers, with the uncertainty of having claims waiting in limbo for several years. However, renters whose bonds have been tied up in the VCAT for years have borne the worst impact, as they are the more financially vulnerable cohort, with many being unable to access bond money that they need to rent at their next property.

As noted, we have also seen agents and rental providers using the fact of this delay as leverage to force settlement of bond disputes when renters disagree with amounts being claimed from their bonds for alleged damage/cleaning issues.

#### 5.1.2 Student renter example 7

*Lixuan was an international student renting in Australia who was affected by the COVID-19 travel bans and could not return to Australia to continue her lease. Despite this, she continued paying rent while outside Australia for over 6 months, having to request two rent reductions and rely on her parents to be able to afford this.*

*Eventually, as her parents had also lost their jobs because of the pandemic, Lixuan could no longer afford to continue paying rent, and gave notice to end her lease early at the start of 2021 in*

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<sup>10</sup> See, for example, the current specialised application form used at ACAT for bond disputes, which includes reference to the kinds of documentation required to support a bond claim: <https://www.acat.act.gov.au/case-types/rental-disputes/rental-bond-disputes>.

*accordance with the COVID-19 temporary legislation which provided this option for those experiencing severe hardship (with the law specifically including that renters in this position were not liable to pay any lease break costs).*

*Despite this, the rental provider still claimed that Lixuan owed lease break costs and made an application to the VCAT for her bond and compensation. Because of the lengthy delays in hearing these matters at the VCAT, this dispute only received a hearing date in 2023, over 2 years after it had been lodged (and long after the COVID-19 temporary legislation had been repealed). Lixuan's bond money was held in limbo with the RTBA for this entire time.*

*Once the dispute was listed for a hearing, it was beset by avoidable delays of several more months owing partially to lack of organisation by the VCAT RT Division, including failure to arrange interpreters where requested and failure to list a legal representative on the record despite multiple requests.*

*When a final hearing was eventually concluded, the indicated timeframe to receive written reasons for the member's decision (which a party has the right to request under the law) was at least a further 6 weeks.*

### 5.1.3 Recommendation

While the COVID-19 pandemic has exacerbated these issues, some have also been pre-existing issues with the operation of the VCAT RT Division, which the community legal sector has raised on several occasions in the past.

We suggest the Government undertake a thorough review and overhaul of all VCAT RT Division processes, including urgent assistance required to address the bond and compensation claim backlog, and more broadly the adequacy of funding, the efficiency and organisation of legal and administrative processes, and the adequacy of member and registry staff training.

## 5.2 Consumer Affairs Victoria enforcement reforms

We understand that Consumer Affairs Victoria's current approach when rental providers are reported to them for breaches of the RTA is to focus on education, rather than enforcement of the civil penalty provisions.

### 5.2.1 Impact

The current focus on education rather than enforcement is insufficient, and means many rental providers continue to breach the law without fear of any consequences.

Amendments to the RTA providing for more penalties are ineffective unless they are regularly enforced.

### 5.2.2 Recommendation

While educating rental providers about the law is undoubtedly an important function for Consumer Affairs Victoria to fulfil, we suggest that this should be in addition to and separate from their role enforcing penalties for breaches of the RTA.

We propose enforcement of existing civil penalty provisions in the RTA by Consumer Affairs Victoria must be prioritised as a deterrent to rental providers breaching the law.

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Thank you for the opportunity to share our perspective on rental reforms for Victoria, and please do not hesitate to contact us for any further information.

Yours faithfully,

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