

23 May 2018

Committee Secretariat  
Social Services and Community Committee  
Parliament Buildings  
Wellington

By email: [ssc@parliament.govt.nz](mailto:ssc@parliament.govt.nz)

## **Residential Tenancies (Prohibiting Letting Fees) Amendment Bill**

### **1. Introduction**

Thank you for the opportunity to make a submission on the *Residential Tenancies (Prohibiting Letting Fees) Amendment Bill*. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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### **2. Comments**

Consumer NZ supports the Residential Tenancies (Prohibiting Letting Fees) Amendment Bill for the following reasons:

- a) We support changes to make the rental market fairer and prohibiting letting fees will help achieve this. There are significant costs associated with renting a house. Tenants can be required to pay up to four weeks' bond, two weeks' rent in advance and a letting fee. These costs mean some tenants are unable to afford to move home, even if their current rental is substandard.
- b) Tenants are currently charged letting fees by property managers but it is the landlord who receives the service, not the tenant.
- c) Private landlords are currently not entitled to charge letting fees so the Bill will result in a more level playing field.
- d) Some property management companies charge letting fees for renewing tenancy agreements even though this is not permitted under the Residential Tenancies Act.
- e) Tenants in other countries do not pay letting fees (for example Australia and Scotland; the UK is soon to follow).

### 3. Consumer experience

We recently conducted a survey of 1062 consumers who rent their home. The survey found 64 percent of respondents rented because they couldn't afford to buy a house where they lived.

The cost of letting fees was raised by several respondents. As the following comment illustrates, letting fees add to the cost to finding a rental property and can act as a disincentive to complain about problems:

*"We are worried if we complain too much we will get evicted and we cannot afford to move with the cost of rent in advance, bond and letting fees being so high..."*

Tenants also complained about being unfairly charged letting fees for minor changes to a tenancy agreement:

*"We changed the names a rental was under in the past and kept three of the four initial tenants. [The property manager] charged us an additional letting fee for this."*

Tenants also expressed support for preventing property managers charging letting fees:

*"Property owners should cover the letting fees not the tenants"*

*"I think letting fees should be dropped or transferred to owners – similarly to how it works in Australia. Tenants shouldn't have to pay for the 'right' to rent."*

Thank you for the opportunity to provide comment. If you require any further information on the points raised, please do not hesitate to contact me.

Yours sincerely



Sue Chetwin  
Chief Executive