



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI

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# **Residential Tenancies Act 1986**

## **Compliance Unit – its role and function**

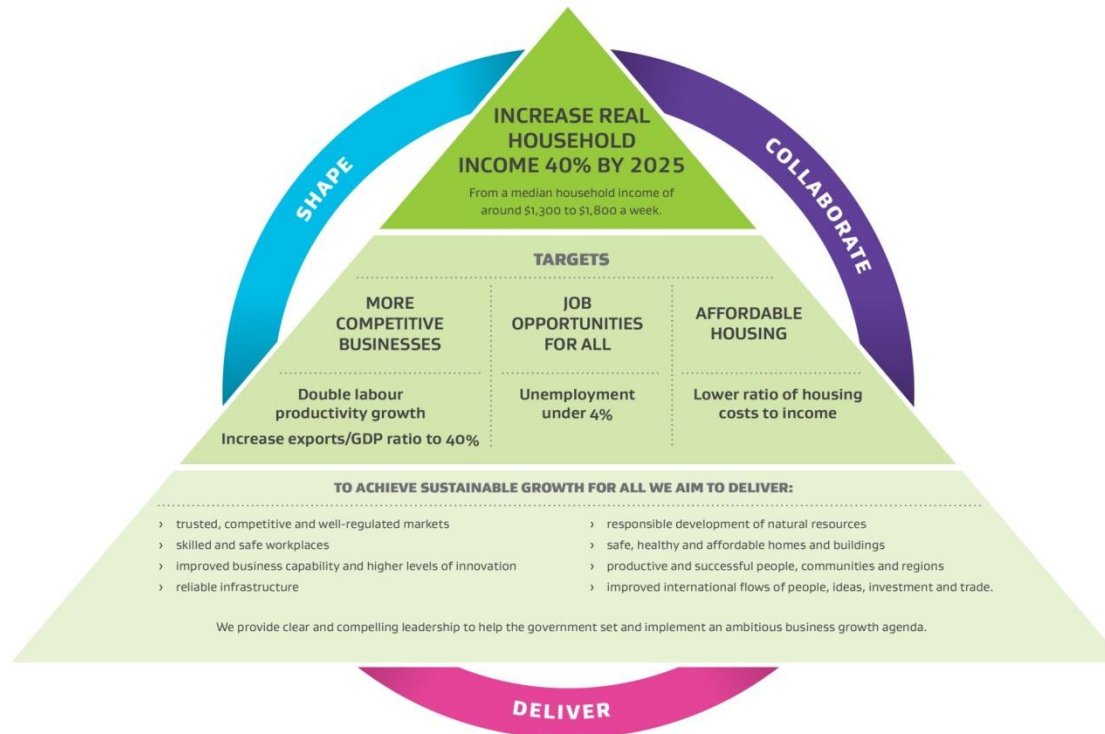
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Presented by Paul Davies – Investigating Officer  
Market Services Group  
Delivered to the Christchurch Housing Forum  
June 18<sup>th</sup> 2014



# The Ministry of Business, Innovation & Employment

## Grow NZ for all



# The Central Services Centre

- We are a part of the Client Advice, Services and Education Team headed by General Manager, Megan Martin within the Market Services Group of the Ministry.
- The Central Services Centre is one of three Contact sites for the Ministry. Others are located in Auckland and Christchurch.
- Key functions of the Central Services Centre are:
  - We provide the Contact Centre service for building and housing customers of MBIE.
  - We have a Processing services team that services the building and housing customers of MBIE and includes:
    - Bond Processing
    - Tenancy Tribunal Applications
    - Unit Titles Act applications
    - Licensed Building Practitioners (LBPs)
- We have a Compliance Unit that investigates non compliance with RTA by landlords and provides an address service for landlords trying to enforce Tenancy Tribunal orders.

## The Way we work:

- We work hard on establishing new relationships and strengthening established relationships with the wider MBIE community and working to ensure that MBIE truly is “joined up and ahead of the game”.
- We are very focused on getting things right the first time we deal with it whether this be a processing transaction or a customer on the phone. Doing a quality job is always at the forefront of our thinking.
- We focus very strongly on encouraging customers to talk to each other to resolve disputes and early intervention initiatives rather than using dispute resolution mechanisms to resolve problems.

## Our customers:

- Landlords and tenants throughout New Zealand in respect of tenancy information and bond matters
- Licensed Building Practitioners, Weathertight Homes Resolution Service customers, Territorial Authorities and others with queries relating to the Building Act, and those involved in the ownership of Unit Title development properties.

# The Central Services Centre – Volumes

- The Central Contact Centre deals with around 450,000 calls per year. 95% of those enquiries relate to tenancy information or bond matters.
- We also deal with approximately 22,000 electronic requests for information from customers annually.
- The Processing Services team deals with approximately 500,000 bond transactions per annum (refunds/lodgements etc.).
- The Processing Services team also deals with approximately 50,000 Tenancy Tribunal applications per annum plus 20,000 LBP applications per annum.
- \$380,000,000 - approx. current value of bond fund.
  - the interest from the bond fund enables the Ministry to provide a wide range of services to our customers
- \$80,000.00 - largest bond ever held (Americas Cup)
- \$2.00 - smallest Bond held
- 1 day - current wait time for refund of bond (99.9% within 2 days)
- 25 years - longest bond currently held

# The RTA Compliance Unit – Role and scope

- Action by the Compliance Unit is directed towards *detecting and preventing* similar occurrences in future with a focus on working proactively with the party to ensure on-going compliance with the Act.
- We work within the framework of the Act and do not have jurisdiction outside of the legislation.
- The definition of a “landlord” and a “tenant” under the RTA can differ from that used by some agencies that we work alongside. Examples of disputes that we do not cover are flatmates, people living or ‘boarding’ with the owner of the premises, and where there is a family connection.
- Our work cannot result in a direct remedy for an individual complainant. Any party seeking a remedy for breaches by the other party of the Act or their tenancy agreement should make an application to the Tenancy Tribunal.



# The RTA Compliance Unit – Nature of our work

The Compliance Unit has undertaken work in many areas related to the Act. Examples are:

- Investigations and intervention regarding systemic and serious breaches of the Act.
- Reviewing lodgements received by the Bond Centre to ensure RTA obligations have been met.
- Assisting creditors to enforce Tenancy Tribunal Orders via the Application for Contact Information process.
- Providing outbound advice via the [www.landlords.co.nz](http://www.landlords.co.nz) website and ‘advice’ responses.
- Assisting to ensure the advice provided via the 0800 TENANCY line is consistent and relevant.
- Assisting the Advice, Information & Education Team in the delivery of information and seminars.
- Developing tools and information for stakeholders to ensure their responsibilities under the Act are met. Examples include:
  - Development of ‘Notice Letter’ templates available on our website
  - Publication of ‘Information Sheets’ of relevance to current Tenancy Issues



# The RTA Compliance Unit – Examples of our work

## Excess Bond Checks

- 100% compliance achieved where a response was received by either the landlord or tenant.

## Realignment of Boarding House Tenancy Agreement

- Affected landlord worked proactively with Ministry staff to ensure rights and responsibilities of both parties to the agreement are accurately reflected in the Tenancy documents.

## Bonds not Lodged

- Identified instances where a large number of bonds were not lodged with the Ministry within the expected timeframe. Correspondence alerting the landlord to our awareness of their failure to meet their obligations resulted in tenants funds being securely lodged.

## Unenforceable requirements

- A large number of private landlords and Property Management Companies have amended their agreements to remove the requirement for professional carpet cleaning on termination of the agreement unless the tenants have not met their requirements.





# The RTA Compliance Unit – Christchurch issues

## Key money vs. Letting Fees

- A Letting Fee can be charged by a Property Manager or Agent for the granting of a tenancy. Cannot be charged by a private landlord for their individual property.
- The Ministry is aware that there is currently an issue in Christchurch where Property Managers are requiring a further letting fee where a new agreement (usually fixed term with different terms and conditions) is being offered.
- This practice, while contentious may be permitted under the Act as it is technically a new agreement. Any tenant who feels that the fee charged exceeds what is ‘actual and reasonable’ should discuss this with their Landlord and could apply to the Tenancy Tribunal if there is a dispute.
- The Ministry is not aware of such an application in relation to these ‘renewal fees’.

## Tenancy Tenders/Auctions

- The situation where a landlord invites tenants to view the premises, and then indicate to the landlord via an application form the amount of weekly rent they are willing to pay.
- The Ministry is also aware of a situation where, after viewing, prospective tenants are made aware of an auction that will take place to determine the highest bidder.
- The Ministry does not have a position on this practice, but accepts that this process meets the three basic requirements needed to form a contract: offer, acceptance, and consideration. By asking the prospective tenant to make the “offer” – this practice reverses the accepted norm of tenancy contract formation.



# The RTA Compliance Unit – Contact us



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