



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Social Services and Community Committee

Komiti Whiriwhiri Take Ratonga Pāpori, Take Hapori

54th Parliament

June 2024

Residential Property Managers Bill

280—1

Presented to the House of Representatives
by Joseph Mooney, Chairperson

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Residential Property Managers Bill

Recommendation

The Social Services and Community Committee has examined the Residential Property Managers Bill and recommends that this bill not proceed.

About the Residential Property Managers Bill

This is a Government bill that would establish a new regulatory regime designed to improve the services provided by residential property managers and management organisations. It is an omnibus bill that would:

- establish minimum entry criteria for applicants to qualify for a licence as a residential property manager or residential property management organisation
- enable the establishment of a code of professional conduct to ensure that residential property managers meet professional standards of practice
- establish an independent complaints and disciplinary process to resolve complaints about the conduct of licensed residential property managers or management organisations
- empower the Real Estate Agents Authority to carry out functions under the bill as the regulator for the new regime.

Reason for recommending that the bill not proceed

On 30 April 2024 we received a letter from the Minister in charge of the bill informing us of his intention to discharge the bill. The Minister requested that we report the bill back to the House so that it can be discharged, as the Government does not intend to support the bill in further parliamentary stages. We recommend, by majority, that the bill not proceed. We thank all submitters for their contributions.

A key consideration for the decision to discharge the bill was the marginal cost–benefit ratio of 1.07:1 identified by MartinJenkins in its independent cost–benefit analysis. This is a very marginal balance in favour of benefits. The cost–benefit analysis noted the results were subject to significant uncertainty, especially in relation to incremental benefits, with costs being the most certain.

About the submissions received on the bill

The Social Services and Community Committee of the 53rd Parliament called for submissions with a closing date of 12 October 2023. They were received by our committee when the bill was reinstated on 6 December 2023. We received 152 written submissions, and heard from 23 oral submitters in a hearing via videoconference on 19 February 2024. We acknowledge the time and careful thought that submitters put into their submissions.

Key themes raised in oral submissions

Many submitters expressed support for the bill. Several noted that the current lack of minimum standards or regulation for property managers is inconsistent with the importance of the sector, its effect on tenants' lives, and the amount of money handled by property managers. The following issues were raised by a number of submitters.

Inclusion of landlords and public housing providers

A key suggestion raised in oral submissions was that private landlords should be included in the regulatory regime proposed by the bill. Submitters noted that, as private landlords comprise a large section of the market and often provide property management services, regulation of the sector would be incomplete without this inclusion. The addition of boarding house landlords and landlords with more than six residential tenancies was also suggested, as they are classified differently under the Residential Tenancies Act 1986. Several submitters also advocated a public register of landlords, including those who would be required under the bill to use a property manager.

Some submitters opposed the potential inclusion of private landlords in the regulatory regime. They expressed concern that including private landlords could lead to increased costs being passed on to tenants, or drive some landlords "underground" to avoid increased costs and regulation.

Some submitters asserted that community and state housing providers, including Kāinga Ora, should be covered by the bill. Like landlords, these organisations provide property management services and have significant power over their tenants, who are often more vulnerable. Other submitters noted the existing regulation applying to public housing and cited the risk of over-regulation or duplication.

Costs of regulation and penalties

Some submitters raised concerns about the effect on the industry of increased regulatory costs, which would disproportionately affect smaller property managers. We heard from submitters that the cost should be small and could be used effectively to increase the professionalism of the sector. Further, some submitters said that the fines proposed by the bill could be too high, increasing premiums for professional indemnity insurance and creating flow-on costs for the industry.

We considered whether infringement penalties should fall on a property management company or the individual property manager employee. We heard that this should be allocated according to whether the breach was a result of company systems or individual actions.

Unsatisfactory conduct and misconduct

Submitters suggested a range of additions and clarifications to the definitions of unsatisfactory conduct and misconduct in the bill. Some submitters told us that there should be reference to discrimination as unsatisfactory conduct, and that the bill should explicitly reference specific standards of conduct and breaches of the Residential Tenancies Act.

Regulatory body

Some submitters argued that there should be tenant representation on the Complaints Assessment Committees that would be appointed by the Real Estate Agents Authority. We also heard that there should be a required timeframe for the registrar to make a decision on a complaint, as the bill provides for complaints to be dismissed due to lack of timeliness.

Others asserted that the Authority was not an appropriate regulator. In its place, submitters suggested a separate sub-tribunal under the Tenancy Tribunal or the Ministry of Business, Innovation and Employment, or a new professional body for the property management sector.

Green Party of Aotearoa New Zealand differing view

The Green Party does not agree with the recommendation that this bill not proceed. The bill should proceed and should be expanded to include landlords.

The select committee gave long consideration to this bill and heard from many submitters in good faith. The recommendation of this select committee should be based on the merits of this legislation, not on the basis of whether the Minister supports the legislation or not. The job of members of Parliament in a select committee is to scrutinise legislation and scrutinise Government, not to come to whichever recommendation a Minister asks of us.

The lack of support by this committee and the Government continues to leave renters at the whim of a cowboy market with no professional registration or regulation of those who operate it.

The bill should be expanded to include not just property managers, but all residential landlords. Property managers only manage around 40 percent of the market, while the other 60 percent of the rental market would be untouched by this legislation.

A register of property managers and landlords is essential for ensuring New Zealanders have better information about the distribution of ownership of rental properties, and for enforcing better standards of property management from landlords who manage their rentals directly.

Licensing, training and education, adherence to industry standards, and effective accountability should be the bare minimum in any industry that millions of New Zealanders are dependent on for the roof over their head. As the Real Estate Institute of New Zealand says, no other profession handling assets of this magnitude operates without oversight in New Zealand.

Appendix

Committee procedure

The Residential Property Managers Bill was referred to the Social Services and Community Committee of the 53rd Parliament on 30 August 2023. The closing date for submissions was 12 October 2023. The committee received and considered submissions from 152 interested groups and individuals. The bill was reinstated with this committee in the 54th Parliament on 6 December 2023. We heard oral evidence from 23 submitters at a hearing via videoconference.

We received advice on the bill from the Ministry of Housing and Urban Development. The Office of the Clerk provided advice on the bill's legislative quality. The Parliamentary Counsel Office was available to assist with legal drafting. The Regulations Review Committee reported to the committee on the powers contained in clauses 108, 130, 131, and 132.

Committee members

Joseph Mooney (Chairperson)
Paulo Garcia
Takutai Tarsh Kemp
Ricardo Menéndez March
Hon Willow-Jean Prime
Maureen Pugh
Hon Carmel Sepuloni
Laura Trask
Tanya Unkovich

Chlöe Swarbrick and Mariameno Kapa-Kingi participated in our consideration of this item of business.

Related resources

The documents that we received as advice and evidence are available on the [Parliament website](#).

Recordings of our hearings can be accessed online here:

- [Hearing of evidence 19 February \(Part 1\)](#).
- [Hearing of evidence 19 February \(Part 2\)](#).