

20 April 2020

Mr Tim Pallas MP  
Treasurer of Victoria  
Level 4, 1 Treasury Place  
EAST MELBOURNE VIC 3002

**By email:** [dylan.bloomfield@minstaff.vic.gov.au](mailto:dylan.bloomfield@minstaff.vic.gov.au)

Dear Treasurer,

## **Suspension of Rental Increases**

We refer to the State Government's announcement that it will implement a pause on rental increases for six months, as part of a package to help Victorian families and businesses deal with the damaging economic impacts of the COVID-19 pandemic.

We have been alerted to an issue that may arise based on the wording of the Government's announcement and that should be addressed in the legislative drafting process.

Many landlords, particularly those with legislative or contractual restrictions limiting them to the application of a single rental increase per year, issue rental reviews on 1 July. This enables the rental reviews to align with financial reporting requirements. Rental income (and rental reviews) have a significant bearing on property valuations.

Based on the wording of this week's announcement, companies may not issue a notice of a rental increase until after the 6-month period ends, being 29 September 2020. If this is the case, those landlords who are only permitted one rental increase every 12 months will be permanently out of cycle for financial reporting purposes, and not be able to implement any increase in this financial year.

We recommend that the provision in respect of the freezing of rental increases is drafted so that rent increases can be issued in the normal course, but that those increases only apply from the expiration of the 6 month period (without retrospectivity).

This approach will achieve the policy intent but not impact companies in the way their assets are valued and the manner in which they report to the market.

If you require further information or clarification, please contact Emily Young, Senior Communications & Policy Advisor, on 0447 020 329 or [eyoung@propertycouncil.com.au](mailto:eyoung@propertycouncil.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'C Wall', with a stylized flourish at the end.

**Cressida Wall**  
**Executive Director, Victoria**  
**Property Council of Australia**