SQUARE PM | MEDIA GUIDE

Make Paying Rent a Duty

Early Intervention for Rent Arrears

> Proposed by Square Investments Real Estate and David Woolfall Training & Consulting, working together to empower Victorian landlords by creating lasting, sustainable tenancies.

The case for amending the *Residential Tenancies Act 1997* (Vic) so that paying rent is a duty for all Victorian renters

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The story in brief

Under Victoria's *Residential Tenancies Act 1997*, people living in rooming houses, caravan parks and residential parks have a legal **duty** to pay rent. Renters in ordinary residential tenancies, the largest group of renters in the State, do not. For them, paying rent is an obligation under their agreement, but not a duty under the Act.

The difference matters. When a duty is breached, the person owed the duty can issue a breach of duty notice and ask VCAT for a compliance or compensation order. When residential rent goes unpaid, those tools are not available, and the main path is a notice to vacate. Square PM is calling on the Victorian Parliament to close the gap by inserting a renter's duty to pay rent, modelled word for word on the duty that already applies in rooming houses.

In short: align the Act. Paying rent should be a duty for residential renters, just as it already is for rooming house residents.

Key facts

- **Rooming houses:** s 112, "Resident's duty to pay rent", says a resident must pay the agreed rent on the due date and in the agreed manner. The Act's note to s 112 states that it is a duty provision.
- **Caravan parks and residential parks:** the same duty applies to caravan park residents (s 169) and site tenants (s 206ZK).
- **Residential tenancies:** Part 2, Division 3, "Rents" (ss 39 to 49), deals with when rent accrues, where and how it is paid, receipts and rent increases. None of these sections is a duty provision. The renter duties in Part 2, Division 5 (ss 59 to 64) cover illegal use, nuisance, damage, cleanliness and safety, but not paying rent.
- **What a duty unlocks:** a breach of duty notice (s 208) and an application to VCAT for a compensation or compliance order (s 209). In rooming houses, a notice to vacate remains available alongside the duty once at least 7 days' rent is owed (s 142ZF).
- **Current remedies for unpaid residential rent:** a notice to vacate once rent is at least 14 days in arrears (s 91ZM), and compensation that generally cannot be claimed until rent is at least 14 days overdue (s 213).

Side by side: residential tenancies vs rooming houses

	Residential tenancies now (Part 2)	Rooming houses now (Part 3)	Residential tenancies under our proposal
Duty to pay rent in the Act	**No.** Part 2, Division 5 (general duties of renters) contains no duty to pay rent.	**Yes.** s 112, "Resident's duty to pay rent": a resident must pay the agreed rent on the due date and in the agreed manner.	**Yes.** New s 59A, "Renter's duty to pay rent", modelled on s 112.
Where rent is dealt with	Division 3, "Rents" (ss 39 to 49): accrual, where and how rent is paid, receipts and increases. No duty provision.	Division 3, "Rent", plus the s 112 duty in Division 5, "General duties of residents and rooming house operators".	Division 3, "Rents", plus the new s 59A duty in Division 5.
Breach of duty notice for unpaid rent (s 208)	**Not available**	**Available**	**Required first step.** The renter has 7 days to pay the arrears or agree a repayment plan.
Notice to vacate for arrears	Once rent is at least 14 days in arrears (s 91ZM). Compensation can only be claimed once rent is at least 14 days overdue (s 213).	Once at least 7 days' rent is owed (s 142ZF).	Once rent is more than 14 days in arrears (s 91ZM), and only after a breach of duty notice has been issued for the current arrears.
What VCAT has said	"The payment of rent is a fundamental term of any rental agreement." Kylea Campana, then Acting Senior Member and now Deputy President of VCAT, JOW v NPS (Residential Tenancies) [2024] VCAT 37 at [35]		

What VCAT has said

In *JOW v NPS (Residential Tenancies)* [2024] VCAT 37 (12 January 2024), a possession application under s 91ZM where the renter had paid no rent for more than six months, Kylea Campana, then Acting Senior Member and now a Deputy President of VCAT, stated:

> *"The payment of rent is a fundamental term of any rental agreement and provides the basis on which the premises is offered for lease." [35]*

> *"The payment of rent is a fundamental term of any rental agreement and is the key motivator for residential rental providers offering their properties for lease." [76]*

Square PM's position: if VCAT describes rent as fundamental, the Act should treat it that way and make it a duty.

Our shared goal: sustaining tenancies

In 2026 and beyond, the goal of every rental provider, agent and renter must be to sustain tenancies. Victoria is in a housing affordability crisis, and we must work together to keep people in their homes.

Making rent a duty, with a breach of duty notice as the first step, enables everyone involved to work together earlier and agree a plan without the need for VCAT intervention. It removes the fear of receiving a notice to vacate at the first sign of trouble, because the first step is an invitation to pay or agree a repayment plan, not a notice ending the tenancy.

Working together, earlier: this process works for renters and investors, and can help reduce VCAT waiting times.

Early intervention: better for renters, rental providers and VCAT

Today, rent arrears in a residential tenancy usually only reach VCAT at the end of the road: once rent is at least 14 days behind and a notice to vacate is issued (s 91ZM), or after the tenancy has ended through a compensation or bond claim (s 213). By then the debt has grown and the tenancy is often already lost.

A duty to pay rent would let arrears be caught **early in the tenancy**, while the amount is small and the tenancy can still be saved. A breach of duty notice could be given as soon as rent is missed, inviting the renter to pay or agree a repayment plan within 7 days, while they stay in their home.

Who benefits	How
Renters	Arrears are dealt with while they are still manageable. Renters get a clear, formal opportunity to fix the problem and keep their home, rather than facing a notice to vacate and a larger debt at the end of the tenancy.
VCAT	VCAT can see that, before any notice to vacate was issued, the renter was given every opportunity to enter into a repayment agreement and was referred to local support services to assist with their circumstances. Once a notice to vacate is issued, the formal processes of the Act apply, and VCAT may make a formal repayment plan or a possession order. The breach of duty notice provides an additional layer of documented evidence that VCAT must take into consideration, founded on the Act confirming that paying rent is a duty.
Rental providers and investors	Earlier recovery and a clear legal pathway increase confidence in Victoria's rental system, which supports investment in rental housing and rental supply.

A clearer picture for the reasonable and proportionate test (s 330A). Before making a possession order, VCAT must be satisfied that it is reasonable and proportionate to do so. A record of breach of duty notices and VCAT orders made earlier in the tenancy would give the Tribunal a clear, documented history of the arrears and of how each party responded, helping it weigh the interests of both sides fairly.

Balancing the duties of all parties. The Act places duty upon duty on rental providers. Making rent a duty restores the balance, so that both sides of a tenancy have clear and enforceable responsibilities.

Early intervention, not eviction: catch arrears at the start of the problem, not at the end of the tenancy.

Our proposal to Parliament

1. Insert a renter's duty to pay rent

Add a new section to Part 2, Division 5, "General duties of renters and residential rental providers", modelled on s 112:

> **59A Renter's duty to pay rent**
>
> (1) Subject to subsection (2), a renter must pay the agreed rent to the residential rental provider on the due date and in the agreed manner, as set out in the residential rental agreement.

(2) Subsection (1) does not apply in respect of any period or amount for which the renter is not liable to pay rent under this Act or an order of the Tribunal, or which the renter has paid into the Rent Special Account in accordance with this Act.

Note
This section is a duty provision. A breach of duty notice under section 208 for unpaid rent is the required first step before a notice to vacate may be given under section 91ZM. No application for compensation or a compliance order may be made under section 209 in respect of that breach.

Section number 59A is a suggested placement. It is not currently used in the Act; parliamentary counsel may number it differently.

2. Keep every existing renter protection

The amendment would not change the notice to vacate process for rent arrears (s 91ZM), the "reasonable and proportionate" test VCAT applies before making a possession order (s 330A), payment of rent into the Rent Special Account during repair disputes (s 77), hardship provisions (s 91U) or family violence protections.

3. Set a 7-day repayment window

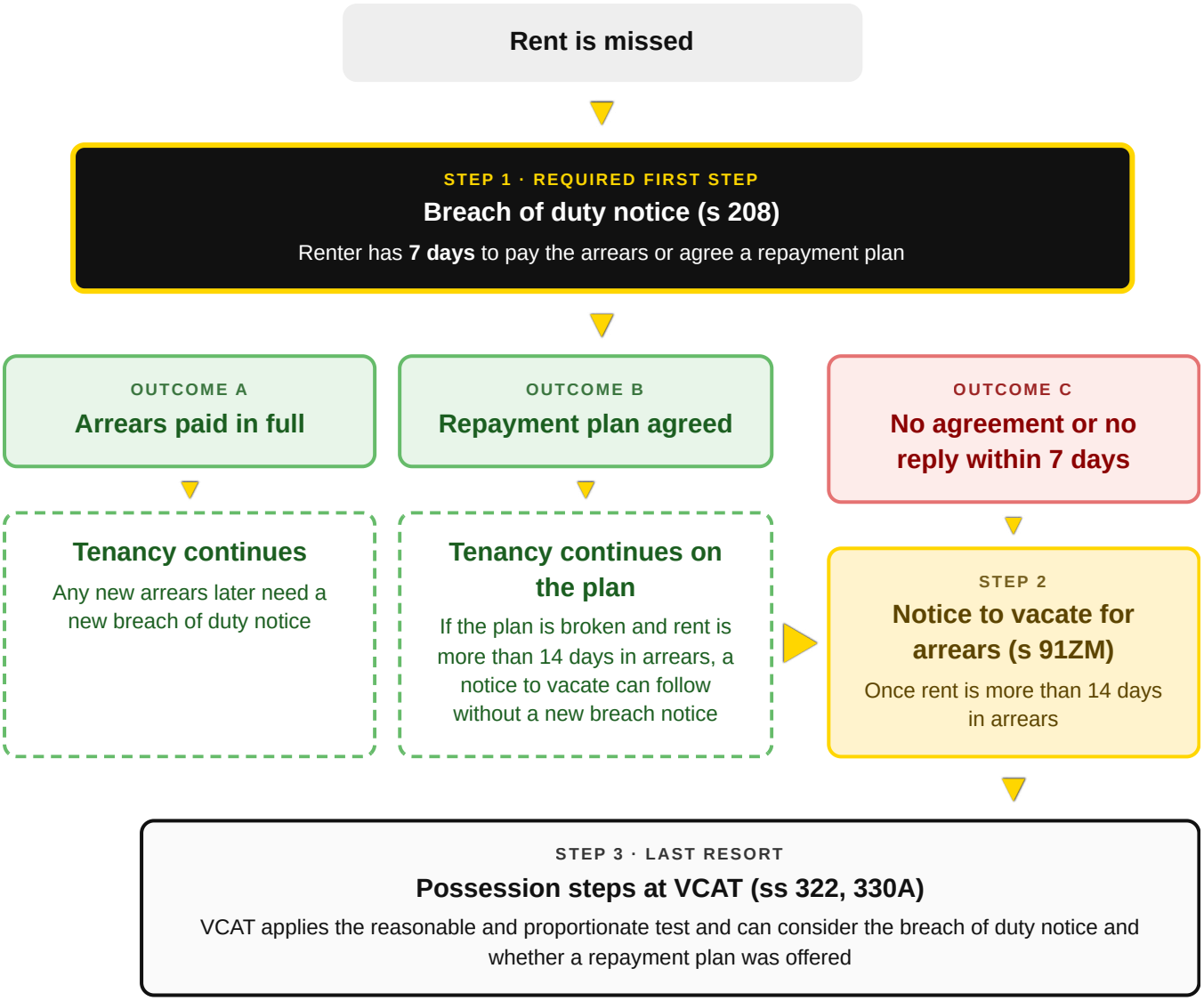
Require a breach of duty notice for unpaid rent as the first step before any notice to vacate for rent arrears. The notice gives the renter 7 days to pay the arrears or agree a repayment plan.

4. Limit the breach of duty notice to its purpose

Our recommendation is that, once a breach of duty notice for unpaid rent is issued, no further action for compensation or a compliance order flows from it under Part 5. Its sole purpose is to invoke the duty to pay rent as the required first step: if the arrears are not paid or a repayment plan is not agreed, a notice to vacate for rent arrears may then be issued under s 91ZM. Existing rights to recover unpaid rent, such as compensation for unpaid rent (s 213) and bond claims, are unaffected.

How it would work: early intervention, step by step

Rooming houses already show the model. Paying rent is a duty there (s 112), yet a notice to vacate is still available once a resident owes at least 7 days' rent (s 142ZF). Residential tenancies should work the same way. The breach of duty notice becomes the required first step, and it leads to a notice to vacate only if the arrears are not resolved.



This is early intervention management: every available step to save the tenancy is offered before possession is sought, and VCAT has a clear record of what was offered.

What Consumer Affairs Victoria would need to update

- Its webpages on renters' rights and responsibilities, to state that paying rent is a duty.
- The *Renters Guide* and the *Statement of Information for Rental Applicants*.
- Breach of duty notice forms and guidance, so unpaid rent can be listed as a breach of duty.
- Its rent arrears guidance, so both parties understand the steps before any notice to vacate.

Questions journalists may ask

Isn't rent already enforceable?

Yes, through compensation claims and, ultimately, possession. But it is not a duty under the Act, so the breach of duty notice and compliance order pathway that applies in rooming houses is not available. The current system pushes unpaid rent towards a notice to vacate rather than an earlier order to pay.

Would this make evictions easier?

No. The proposal leaves the s 91ZM notice to vacate process and the s 330A reasonable and proportionate test untouched. It adds an earlier step: a breach of duty notice giving the renter 7 days to pay or agree a repayment plan

while the tenancy continues. A notice to vacate only follows if there is no agreement or no reply, which mirrors how rooming houses already work, where a notice to vacate is available once 7 days' rent is owed.

How does this help renters?

It catches arrears early, while they are small and the tenancy can still be saved, instead of leaving them to build up until a notice to vacate or an end-of-tenancy compensation claim.

What about renters in hardship or experiencing family violence?

Existing hardship, family violence and Rent Special Account protections remain. The draft wording expressly excludes any period or amount for which a renter is not liable to pay rent, or which has been paid into the Rent Special Account.

Why model it on rooming houses?

Because the wording already exists in the Act and works. Rooming house residents are often among the most vulnerable renters in Victoria, yet the Act already gives them a duty to pay rent alongside their other protections.

Why now?

Square PM is asking all parties and candidates to state their position ahead of the Victorian State election on Saturday 28 November 2026.

About Square PM

Square Investments Real Estate (Square PM) is an owner-managed property management business operating across Victoria. Its founder, Jason Crofts-Smith, has 25 years' experience in Victorian real estate, including social housing and transitional housing management, rooming house management, and client VCAT advocacy and strategy.

Square Investments Real Estate and David Woolfall Training & Consulting (dwtraining.com.au) are working together on this proposal to empower Victorian landlords by creating lasting, sustainable tenancies.

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Sources

- Residential Tenancies Act 1997 (Vic), full text: austlii.edu.au/cgi-bin/viewdb/au/legis/vic/consol_act/rta1997207/
- s 112, Resident's duty to pay rent: austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/rta1997207/s112.html
- s 169 and s 206ZK (caravan park residents and site tenants): as above, s169.html and s206zk.html
- s 208 Breach of duty notice; s 213 Compensation for unpaid rent: as above, s208.html and s213.html
- JOW v NPS (Residential Tenancies) [2024] VCAT 37: austlii.edu.au/cgi-bin/viewdoc/au/cases/vic/VCAT/2024/37.html
- VCAT, Our members (Deputy Presidents): vcat.vic.gov.au/about-vcat/our-members

This guide sets out Square PM's proposal for public discussion. The draft wording is a suggestion modelled on s 112 and is not legal advice. Section references are to the Residential Tenancies Act 1997 (Vic) as published on AustLII in November 2026.