



# Drug Labs in Rental Properties – what you need to look for....


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# Drug Labs in Rental Properties – what you need to look for...

Many people own an investment property, and these properties are generally simply unassuming private rental properties in residential areas – just the type that most tenants are looking for.

Unfortunately, these are also the properties that organised crime gangs access for the set-up of their illicit drug labs. EBM RentCover published information on what to look for, which is invaluable information for both landlords and their managing agents. The core of the information in this newsletter is taken from the full article which can be accessed at <https://www.rentcover.com.au/info-centre/could-you-be-managing-a-drug-lab>. We suggest that you read this and distribute it to all of your property management team. This is not an advertisement for EBM RentCover, but it certainly highlights that not all landlord insurance policies are the same and it is essential that you as an agent remind your landlords to check their policies.

If we believe the news-media, there appears to have been an increase in the number of clandestine labs

being set up to manufacture drugs here in Australia – and private rental properties are often targeted by gangs. With the current crisis in the rental market and pressure being applied by prospective tenants, the temptation to scrimp on prospective tenant checks, to quickly secure a tenant into a property, can expose owners to the risk of turning over their investment property for use as a drug lab.

But even for the most diligent of landlords and their diligent agents, there is no fool-proof way to foresee a tenant turning a home into a drug lab. Organised crime is very adept at getting around normal screening protocols, like reference checks, and frequently uses ‘dummy’ prospective tenants to secure a lease. Landlord insurance providers, if included in the policy, at the end of the day are left to cover the costs of removing and cleaning a property after it has been identified as a drug lab. Naturally, landlords need to have their landlord insurance in place to ensure that they are covered for such instances, which is where you as the agent need to remind your landlords that this is a possibility.

EMB RentCover in their article suggested that agents (landlords)

need to watch for:

### **Before signing the lease agreement:**

- Prospective tenants disinterested in the features of the property, like the kitchen, bedrooms, bathrooms, or surrounds such as proximity to public transport, schools and shopping (as the 'cooks' rarely live on the premises)
- Potential tenants willing to pay rent months in advance
- Rental applicants who attempt to avoid background checks
- Applicants willing to install extensive security at their own cost

### **During the tenancy, be alert for:**

- Locks being changed without permission
- Installation of additional security systems, CCTV, window bars, guard dogs or deadbolts/alarms on internal doors
- Smoke detectors disconnected/removed
- Light bulbs removed (sparks can cause explosions)
- Curtains always drawn
- Complaints from neighbours about unusual behaviour, visitors to the property late at night, and suspicious comings and goings
- Tenants regularly avoiding/postponing/cancelling routine property inspections

If you suspect that a rental property is being used as a drug lab, do not attempt to enter the premises (booby-traps are not uncommon) and do not confront the tenants – call the police. If your suspicions are confirmed, get

in touch with the property's insurer to start the restoration process as soon as the police give the go-ahead.

Legislative requirements for evicting tenants vary in each state – some don't require a notice period when a tenant has used the property for illegal purposes, whereas others require the tenant be given notice and time to remedy. Follow the right procedure in your jurisdiction and keep the insurance provider in the loop. Remember that the sooner the insurer knows of the incident, the more advice and support they can give to you as the agent representing the landlord.

The cost of repairing damage and remediating a contaminated home can stretch into the tens of thousands of dollars – and it's a cost many landlords face alone. Often, landlord insurance policies exclude claims relating to drugs, whether it is a blanket exclusion or one related to a premises being used to generate income or used for illegal purposes. EBM RentCover is one of the few landlord insurance providers that protect a landlord's investment property by covering drug lab clean-ups (up to \$65,000 to cover damage to the building and contents caused by meth labs or hydroponic set-ups).

It is essential that you as an agent inform your landlords to check their landlord insurance policy to ensure that it includes coverage for claims relating to drugs.

Watch this space, as in the near future, ACOP will be providing some information sessions about how to tackle this problem.

[Rosy Sullivan](#)  
[Director | College Principal](#)

# From the office

It's been an action packed fortnight here at the College. Our trainers have been working hard with both licensing programs and also some additional professional development and skills programs, including property management skills sessions in Tamworth and Sydney, a session for a large five (5) office group regarding off-the-plan sales – not to mention a group of 'newbies' in the Certificate of Registration course for Strata Management. We also had a group of students completing their Certificate IV in Finance and Mortgage Broking – so it's been a super busy fortnight. The trainers and assessors are also super focused finalising the content for the 2024 CPD year, which commences on 1 July. Stay tuned – as dates and venues will be released in the next few weeks.

Monique has returned after a holiday in Taiwan with stories of food, shopping and experiencing an earthquake (we are super happy to have her back in one piece). And Rosy and John have returned from their whirlwind eight (8) day trip to Cambodia to celebrate the 20th anniversary of the charity

that they (and all of ACOP) support – the Cambodian Children's Fund (CCF). Whilst they were in Phnom Penh, both Rosy and John were awarded the Royal Order of Cambodia for their services to the children of Cambodia through CCF. The Order was bestowed upon them by His Majesty King Norodom Sihamoni. This is the highest award that can be granted to a foreigner. We are now all ensuring that we pay the appropriate respect to His and Her Excellence (hahaha).

On a sad note, we said a "kind of" farewell to Chanelle this week, who has been with the College since early 2017. Now don't get concerned – she hasn't actually left, she has just moved to Queensland and will be working remotely. But for those of you have met Chanelle over the years – you will appreciate how quiet her corner of the office (in fact the whole office) will now be. We are sure that her regular calls on teams and emails will keep us entertained with her new northern lifestyle. She is still on the same email address – so you can definitely hunt her down.



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