

**Submission**

**No 31**

## **INTERNATIONAL STUDENT ACCOMMODATION IN NEW SOUTH WALES**

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Mr Bruce Notley-Smith MP  
Chair  
Legislative assembly  
Social Policy Committee  
Parliament of New South Wales  
Macquarie St  
Sydney NSW 2000

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**By fax:** *The Committee Manager, Social Policy Committee: (02) 9230 3052*

Dear Mr Notley-Smith,

The University of Sydney welcomes the opportunity to make this brief submission to the Social Policy Committee of the Legislative Assembly in relation to its inquiry into international student accommodation in NSW. The University commends this inquiry into the availability, standards of accommodation and adequacy of regulation in regard to accommodation available for students, particularly international students.

***Environmental Planning and Assessment Amendment (Boarding Houses) Bill 2010***

We are aware that Minister Dominello's draft Bill arose from his concerns in regard to the number of illegal boarding houses accommodating students. As he stated in introducing the Bill to Parliament on 26 November 2010,

*The complexity of the issue of illegal boarding houses has increased following the large number of international students arriving in NSW. As the Commonwealth is responsible for controlling international student numbers, it needs to provide incentives to build more on-campus accommodation.*

This submission from the University would like to address these issues. We are aware that the scope of the Bill's provisions relate to the broader boarding house sector and its specific issues and commend the ongoing inquiries into this sector, as identified in the August 2011 NSW Ombudsman's Report *More than board and lodging: the need for boarding house reform*.

***Background: the significance of international education to Australia***

Australian universities have been permitted to offer courses to international students on a full fee paying basis since 1986, following a decision by the Hawke Government and the then Minister for Education, John Dawkins.

The provision of educational services to international students in Australian schools, colleges, vocational education institutions and universities has since grown at an average annual rate of 14% compared with 6% for other service industries, to become Australia's largest services export industry and third largest export industry overall behind only iron ore and coal:

- In 2009 international education generated \$18 billion in export income and has grown by 94% since 2004.
- In Victoria and NSW international education is the largest and second largest export industry respectively.
- Higher education is the most economically significant part of the international education sector. In 2009 it had 32% of the total student market (630,000 students) and generated 57% of revenues (\$10.3 billion).
- On average, each international higher education student generates over \$50,000 annually for the Australian economy. Just over a third (36%) of this is spent on tuition fees. The rest is spent on goods and services – generating additional jobs and income.
- The economic activity resulting from international higher education students has recently been estimated to support an additional 100,000 jobs in Australia in 2009, with 80,000 of these occurring outside the education sector.
- It has been estimated that for every two international students enrolled in an Australian university, one extra job is created somewhere in the economy.<sup>1</sup>

However, international education is much more than an industry. The relationships formed through international education underpin Australia's engagement with the world, helping to sustain goodwill, trade, investment and forming the basis for future personal, business and research collaborations as part of the global knowledge economy.

### ***Current challenges – national and institutional***

The expansion of the international higher education sector has been actively encouraged by successive Australian governments through measures such as the deliberate linking of the education sector to the migration system by providing visa applicants with credits for studies completed in Australia; the active promotion of Australian higher education through Australian Education International (AEI) and the Department of Foreign Affairs and Trade; and public funding austerity designed to encourage efficiency and entrepreneurialism.

All Australian universities (and particularly some regional universities) now rely heavily on income from international students to support their core teaching and research activities. Income from international student fees now makes up between 7% and 44% of the total operating income of Australian universities. All are vulnerable to sharp declines in revenues from international students. For example, in 2009 the University of Sydney received \$241 million in income from international student fees. This represented 17.4% of its total revenues and 18.4% of its operating costs. International students, and the tuition fees they pay, are now embedded as fundamental parts of most Australian universities. Indeed, as was recognised by

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<sup>1</sup> Points 1 to 3, from, Phillmore J & Koshy P, 'The Economic Implications of Fewer International Higher Education Students in Australia', The John Curtin Institute of Public Policy, Curtin University of Technology, August 2010, p.1.

both the Bradley and Cutler Reviews of 2008, many higher education providers now rely heavily on income from international students to support their research as well as overall teaching activities. Moreover, strong growth in revenues earned from international students has eased pressure on the Commonwealth to increase the level of public funding provided to support the core teaching and research activities of our universities.

Internationalisation is now simply fundamental to the University of Sydney's mission of producing global citizens, as well as to its continued international competitiveness. From education and research, to alumni and community engagement, we seek to maximise opportunities for domestic students and staff to engage with colleagues outside of Australia. We also seek to ensure that staff and students who come to the University from overseas find an environment that is safe, welcoming, and which values the contribution that they make.

The Commonwealth's current Base Funding Review is linked integrally to these issues as its outcome will largely determine the capacity of Australia's universities to improve quality and value for international students over the long term. Our hope is that the Base Funding Review will enable the sector to transition to an operating environment where total funding available for educating domestic Commonwealth supported students reflects the realistic actual costs of providing each student with a quality education in his or her chosen field.

In the absence of such reforms to base funding, however, we hold grave fears about the capacity of the sector to sustain quality and reduce its reliance on international student fees to support core activities. The dilemma the sector faces is that unless the quality of the overall educational experience for all students can be sustained and ideally improved, international students will simply go elsewhere, thus compounding the funding challenges we face.

International higher education in Australia is now under severe pressure as a result of several recent domestic and global developments. These include:

- the stronger Australian dollar; (means that the cost of Higher Education courses relative to the US, for example, has increased)
- the continuing impact of world financial instability;
- increased competition from other countries (especially from US, UK and Canada)
- Increased investment in higher education in key Asian source countries; while the developed world has traditionally dominated the market, developing nations are now increasing their share of the market. Countries like China and, in particular Malaysia, are pushing hard to attract international students.
- reputational damage caused by high profile attacks on international (especially Indian) students and the collapse of some private colleges;
- the fall-out from the major changes to student visa and skilled migration requirements, since reviewed and in the process of changing following the recently released Knight Review recommendations;
- growing negative perceptions about Australia in key markets (especially China and India) as a result of these various developments and the portrayal of immigration and population issues during the Federal election, not assisted by
- the reluctance of some state governments to provide travel and other concessions to international students;
- accommodation challenges.

***Action needed***

Australia must demonstrate in Asia, in particular, that Australia is an open and tolerant nation that values international education for the social, cultural and economic benefits that it brings. Australia's international students continue to be predominantly from the Asian region – particularly China (27%), Singapore (10%) and Malaysia (10%). The Asian market however, is increasingly establishing itself as a competitor to the Australian market with Universities in Hong Kong and Malaysia providing alternate places of study. Key drivers of growth in international student enrolments going forward will include:

- General improvement in the quality and growth in the capacity of Australian University's driven by infrastructure development, changes to the Education Services for Overseas Students in response to the Baird Review;
- Improving accommodation options for international students.

### ***Accommodation challenges for students***

The University's experience and data support findings concerning the significant financial challenges faced by all students, with accommodation issues being a significant factor, particularly in light of the location of the University.

The University of Sydney Accommodation Information Service manages a free database where providers can list accommodation for students in and around the Camperdown/Darlington campus of the University. Generally share accommodation is the cheapest form of accommodation for students who must move away from home to study. The average rent per week for share accommodation on our database is \$181 in 2008, \$191 in 2009, \$197 in 2010, and \$202 in the first quarter 2011. This represents an 11 per cent increase over three years. The other most affordable accommodation for students is a studio apartment. The average weekly rent listed on our database for this type of accommodation has risen from \$274 in 2008 to \$286 in 2010. The amount of rent assistance available through Centrelink (currently a maximum of \$38.80 to \$58.20 for students without dependent children depending on their rental circumstances) is clearly inadequate on its own to enable students on income support to live in close proximity to the University. The further they must live away from the University, the longer the travel time, the higher their travel costs and the less time they have to engage with their studies and peers, work or participate in co-curricular activities.

We are keenly aware of the difficulties students face in Sydney in seeking and finding appropriate, affordable accommodation. The University provides close to \$1.8 million each year in loans and bursaries to students, independent of scholarships schemes, to assist students meet daily living and study costs. In 2010, more than 65% of these funds were allocated to students to meet bond and rental payments, and to cover basic living costs. In this light, the University is using considerable resources to assist students' bridge the gap between their resources and the accommodation price point in and around the University campuses.

In the University of Sydney White Paper and Strategic Direction 2011- 2015, we have identified a need to increase the available beds in and around the campus to 6000 from a current base of 2500 in recognition of the pressures on students and the key role suitable accommodation plays in ensuring overall student satisfaction and success with their tertiary studies. We are currently undertaking a major review of student accommodation and looking at how to increase the available beds within close proximity of the University. There are significant funding challenges for the University in seeking to address this issue.

### ***International students survey results***

During 2009 and 2010, the University conducted a review of international students' perception of and satisfaction with their current accommodation. Over 1850 students completed this survey. A summary of results are as follows:

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- Over 86% of students were living in the private rental market, (7% in housing owned by their family, 9% in on-campus accommodation).
- More than 40% of these students reported that their current costs for accommodation was not within their budget and 36% of students reported that they did not feel that they were "getting value for money".
- More than 11% required in excess of one month to find permanent accommodation.
- In choosing accommodation, 90% of students reported that cost of accommodation, and location (close to Uni or public transport) were the most important factors.
- While a small minority of students reported that living with students from their culture was an important factor in selecting accommodation (13%), the reality was that the majority of students in the survey were living with students from their own language group (65%), thus diminishing their international education experience.
- High churn through beds with more than half reporting they had moved more than once in 12 months, particularly to find cheaper accommodation closer to study. More than one fifth were living more than 12 kilometres from the campus.
- Where accommodation had a lounge room, more than one fifth of these residences were using this room as an extra bedroom.
- There is questionable awareness within the international student body of their rights and responsibilities. In the 2010 survey, 40% of students had no signed tenancy agreement, 18% had not paid bond, 17% had not received a receipt for their bond. In addition two fifths of students did not know if their bond had been registered with the Rental Bond Board. Of particular concern, over 50% of students did not receive receipts for their rental payments.
- In cases of dispute or dissatisfaction with a landlord, the most frequent path for resolution for the student was to leave the residence.

An important finding from these surveys was the significance of the lack of transport concessions for international students. We are aware that students will accept more affordable rental accommodation further from the University, however this increases travel times. While International students are required to pay full fare for public transport, this increases the overall living costs. When students are required to travel, the lack of transport concessions add to their sense of isolation.

The University provides assistance in locating accommodation, and provide advice around bond and rental agreements. However it is not currently feasible or possible to screen all accommodation providers. We have entered into an agreement with Australian Homestay, who are able to screen residence providers, and to ensure minimum standards of housing are adhered to, however only 5% of our international students had taken up this option for short term accommodation in 2010.

We are very aware that when students attempt to secure off-campus accommodation, they are frequently at the mercy of the private rental market. It is not uncommon for students to advise that they have paid a deposit only to arrive in Australia to find their accommodation provider and deposit do not exist.

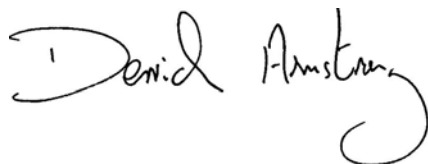
***University aims***

The University is keenly aware of the difficulties students face in Sydney in seeking and finding appropriate, affordable accommodation, particularly our international students.

As mentioned above, international students are now a fundamental and important component of universities, bringing with them both a cultural richness and economic benefits to both the universities and communities in which they live. However, while embracing international students, we recognise the difficulties and challenges many face in settling into a foreign country and maximising the full educational experience. As discussed, a significant issue is accommodation pressure. The University has made its strategic objectives 2011-2015 publicly available. As mentioned, a key strategic objective is to increase the available beds in and around the campus to 6000 from a current base of 2500 in recognition of the pressures on students and the key role suitable accommodation plays in ensuring overall student satisfaction and success with their tertiary studies. However, this desire and vision requires government support at all levels and community agreement and engagement in addressing the challenges faced by international students to ensure that NSW remains competitive in the international student market.

The University would be pleased to have the opportunity to address the Committee or provide any additional information on request. I may be contacted directly on 9351 3517 or at [derrick.armstrong@sydney.edu.au](mailto:derrick.armstrong@sydney.edu.au)

Yours sincerely



Derrick Armstrong