

Submission

No 20

INTERNATIONAL STUDENT ACCOMMODATION IN NEW SOUTH WALES

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UNIVERSITY OF NEW SOUTH WALES

Thank you for the opportunity to make a submission to this important inquiry.

The international education market has grown to be the 2nd largest export industry in New South Wales. The outcomes of the recent Commonwealth Knight Review illustrated the national importance of international education to Australia.

UNSW's submission focuses on the cause that has given rise to larger numbers of illegal boarding houses - a lack of appropriate and affordable accommodation for students, international students in particular.

While UNSW's submission canvases a number of opportunities there are three actions that would make the biggest difference:

- 1) Provide or procure land through the Commonwealth or otherwise for Student Accommodation. The accommodation does not necessarily need to be owned or even operated by universities directly as long as it is run by an organisation that has student needs and welfare as its core objective;
- 2) Work with the Commonwealth to influence the future direction of the National Rental Affordability Scheme and position the state to take early complying action with the new scheme; and
- 3) Consider targeted financial support for new student accommodation e.g. interest free loans.

Yours sincerely,

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INQUIRY INTO INTERNATIONAL STUDENT ACCOMMODATION

University of New South Wales Response to Terms of Reference

To inquire into and develop proposals for legislation, where appropriate, or other measures to address:

1. The objectives of the Private Member's Bill introduced by the Member for Ryde in the last Parliament (Environmental Planning & Assessment Amendment (Boarding Houses) Bill NSW 2010).

N/A

2. Factors affecting the supply of and demand for affordable student accommodation and other accommodation used by students, particularly in relation to international students and implications for the export education industry.

Demand

International Education has grown significantly over the last 15 – 20 years to become the second largest export industry in NSW and the largest in Victoria. The University of New South Wales has approximately 10,000 international students and while UNSW also has the highest number of student beds of any university in NSW at 3,500, after deducting domestic students, only 2,300 (or 23%) of international students are accommodated in university accommodation.

By definition all international students will require accommodation. UNSW recognises that the ability to offer a bed to a student at the time of offering an enrolment place would be a very powerful marketing tool. This is especially important at this time as there has been a downturn in the market driven by a number of factors including safety concerns, Visa and Government policy, exchange rates and increased competition from other countries.

Many of the larger university campuses in NSW are located in local council areas identified by the NSW Government as having the highest need for more affordable accommodation:

Randwick City Council – University of New South Wales

City of Sydney – University of Sydney, University of Technology Sydney

Ryde Council – Macquarie University

Wollongong Council – University of Wollongong

Newcastle Council – University of Newcastle

This and often poor public transport connections (note the NSW Government proposal to extend the Light Rail network to the Universities of New South Wales, Sydney and Technology Sydney) place additional pressure on international students when trying to find affordable housing within commuting distance of their place of study.

Given the experience to date with new accommodation (e.g. UNSW opened 1,000 beds in 2010 and filled them immediately) and waiting lists for current accommodation UNSW sees demand for at least doubling its beds to 7,000. Depending on the price point for this accommodation demand could be even higher.

Supply

To make student accommodation affordable universities generally provide the land to a 3rd party provider for free. This is the model for faith based providers (including the recent UNSW New College 300 bed development by the Church of England) and private operators (including the recent UNSW Village 1,000 bed development by Campus Living Villages).

Universities are then able to monitor and / or cap the price and increases to ensure that the accommodation remains as affordable for students as possible.

UNSW has projects underway to increase its bed numbers to 4,400 by 2014. Student accommodation will then occupy a significant portion of the built space on a campus with limited future development opportunities.

This brings into question the ability of the campus to continue to grow its core teaching and research mission on the campus with the land resources available. It is likely that the university will need to look beyond the boundaries of its campus for any significant increase in future student accommodation supply.

NSW universities applied for approximately 3,000 incentives in the recent National Rental Affordability Scheme (NRAS) Round 4. Due to a legislative technicality these applications went in very late and after the NSW Government incentives had largely been exhausted.

The ACT Government provided land and interest free loans as its contributions to support local university applications for NRAS. Universities in Victoria and Western Australia have also received funding from NRAS.

No NSW based university has been able to secure any NRAS funding to date due to the absence of NSW Government incentive support.

It should be noted that a large number of incentives were applied for by universities even though the definition of a dwelling did not suit the traditional college style student accommodation. For example a 400 bed college with a single dining hall would be defined as a single dwelling and attract a single incentive of \$9.5k per year. A one bedroom studio with its own facilities would attract the same amount of money.

The potential of student accommodation can be illustrated by looking at other countries. The percentage of beds to enrolments across the English speaking countries ranges from 5% in Australia to 42% in the USA – the latter is considered to be a mature market.

The numbers for Australia's main competition in the international student market are:

Australia	5%
New Zealand	7%
United Kingdom	24%
USA	42%

At present the percentages for Australia and the metropolitan Sydney universities are:

Australia	Beds	Enrolments	%
All Universities	51,000	1,000,000	5%
UNSW ¹	3,500	50,000	7%
University of Sydney ²	2,500	50,000	5%
Uni of Tech. Sydney	1,100	30,000	4%

Notes:

- 1) UNSW has 900 beds in planning to be delivered by early 2014. This would take its bed numbers to 9% of enrolments.
- 2) The University of Sydney has announced that it is planning to increase student beds from 2,500 today to 6,000 by 2014/15. This would take its bed numbers to 12% of enrolments.

3. The appropriateness of existing standards for affordable student and other accommodation used by students.

University operated or affiliated accommodation provides an affordable, safe and supportive environment for all students. Universities are incentivised to support students and provide a number of pastoral care and other on campus services including:

- Tutoring
- Mentoring
- Health services
- Counselling
- Clubs and recreation
- Employment / career services

While the existing standards are appropriate for university operated or affiliated accommodation providers it is the fact that most accommodation is not provided through universities that is the issue.

Students and their parents value university accommodation and the climate it creates enhances the student experience. While this inquiry is focused on international students, rural students will never have the opportunity to study every degree option in their local community. Just as one of many examples UNSW is the only university in NSW that offers a degree in optometry.

However the majority of students requiring out of home accommodation cannot access University operated or affiliated accommodation. While the university assists students to find suitable alternative accommodation it cannot guarantee the standards in that accommodation.

4. Appropriate or minimum standards for student accommodation, and the adequacy of current legislation in ensuring that such standards are achieved.

The NSW Government Community Housing Division states "...community housing offers secure, affordable, long-term rental housing for people on low to moderate incomes, with a housing need."

While student accommodation fits in with the above description the Division refers to Housing associations, Housing Co-operatives, Religious/faith-based providers and Crisis accommodation providers but not to universities or student accommodation.

Student accommodation remains outside of all policy areas for affordable housing. The Community Housing Division refers to community housing providers providing "...around 13,650 properties, which account for approximately 10% of the social housing in New South Wales." If NSW universities were included in this the total would almost double.

5. The current extent of unauthorised student accommodation operations in NSW.

While UNSW receives only anecdotal examples from time to time it is clear that there is a significant issue with unauthorised student accommodation.

International students arrive in Australia with little understanding of local culture, standards and legislation making them vulnerable to unscrupulous landlords.

The sheer number of students now coming to NSW means that even though UNSW has almost doubled its student accommodation beds in the last 2 – 3 years it still only provides beds for a fraction of the total number of students – less than 25%.

6. The appropriate framework for the on-going operation of affordable student accommodation and other accommodation used by students, including the adequacy of local government powers to identify unauthorised operations and enforce compliance with the relevant laws.

The appropriate framework for the on-going operation of affordable student accommodation and other accommodation used by students is to engage with the universities to increase the supply of student beds operated by universities and affiliated organisations who present the lowest risk model in terms of student safety and care.

This would serve the purpose of taking demand away from illegal boarding houses treating the cause rather than the symptoms. It would also take pressure off the rental market reducing rents in affected areas for key workers and people on lower incomes.

This can be achieved by:

- a) Broadening the definition and policy settings related to community and affordable housing to include student accommodation.
- b) Setting a target to increase the number of beds managed by universities and affiliated organisations.
- c) Engaging the Premiers Council on International Education to further discuss and recommend actions on this issue.
- d) Identifying land in public ownership (local or State Government) near to major university campuses that could be developed for student accommodation.
- e) Engaging the Commonwealth on:
 - I. The follow on policy to the National Rental Affordability Scheme to recognise the role student accommodation can and does play in future supply and its uniqueness in policy settings.
 - II. Commonwealth land adjacent to university campuses that could be developed for student accommodation.
- f) Establishing incentives including cash, interest free or discounted loans and grants of land to universities to reduce the cost of accommodation to students.
- g) Defining university projects including student accommodation as infrastructure for the purposes of the Restart NSW Infrastructure Fund.
- h) Developing a “Sectoral State Infrastructure Strategy Statement” for the university sector including student accommodation under Goal 19 of the NSW 2021 State Plan.
- i) Focusing on improving public transport links to major university campuses.
- j) Streamlining the planning approval processes for student accommodation including exempting them from s94 contributions, additional FSR bonuses for student accommodation and inclusion of student accommodation in local council affordable housing targets.