

Navitas submission to the NSW Inquiry into International Student Accommodation

About Navitas

Navitas is a diversified global education provider that offers an extensive range of educational services for students and professionals including university programs, English language training and settlement services, creative media education, workforce education and student recruitment. Navitas is an Australian corporation ranked amongst the top 200 publicly listed companies on the ASX.

Navitas is the industry leader in pre-university and university pathway programs. It offers university programs from colleges in Australia, UK, US, Canada, Singapore, Sri Lanka and Africa.

English Language training includes the provision of English as second language courses for international students and English language, settlement and work preparation programs for migrants and refugees.

Navitas Workforce provides quality vocational, employment and placement services in areas of key demand. Focusing on meeting business and industry needs for skilled human resources, it provides the capabilities that find, train and place "work ready" skilled employees.

Via SAE and Qantm Navitas is now a leader in creative media education offering audio, film and new media qualifications around the world.

Navitas also offers student recruitment services in India and China for universities and other educational institutions in Australia, Canada, US and UK.

In NSW Navitas offers Higher Education, VET and English qualifications via ten colleges to more than 7,000 international students per year.

Further details about Navitas are available at www.navitas.com.

Executive Summary

There have been recent concerns regarding the state of student accommodation and the publicised exploitation of students. These reports represent an unacceptable situation and one that Navitas supports the NSW Government addressing.

However these alarming incidences represent only a small minority of what is a major export industry for NSW and Australia, with the international education industry estimated to be worth approximately \$6.5 billion in NSW¹. The reported poor practices that have opportunistically found their way into the industry not only exploit individual students, but also threaten a major contributor to the NSW economy.

Overall the standard of student accommodation in NSW is excellent and there has been significant investment by both universities and the private sector in providing new, purpose built student accommodation across Sydney and regional locations. Market

¹ Export Income to Australia from Education Services in 2010, Australia Education International, May 2011

conditions affecting the delivery of this important infrastructure are complex. They include:

- The growth in student numbers, particularly international students;
- The shortage of low income housing in key student housing markets; and
- The economic conditions that support the financing and investment for this niche infrastructure sector. The GFC and subsequent economic conditions have limited the role of the private sector in new student accommodation developments with many projects stalled or deferred due to the limitations on financing.

The complexity of this problem means that there is no immediate panacea. The successful provision of affordable, high quality student accommodation will require a multifaceted approach by education providers and state and local governments. Specific areas that require addressing include:

- Supporting low income housing initiatives specifically in locations proximate to university campus locations;
- Reviewing and implementing planning regulations that support the specific requirements of student accommodation property developments;
- Reviewing the *Residential Tenancies Act* to optimise the private supply of student accommodation rentals to an agreed standard for students;
- Ensuring State Government policies are supportive of and do not differentiate against the interest of international students;
- Ensuring the identification and enforcement of student accommodation regulation has as its underlying objective the support of students and the international student market; and
- That an industry based system of accreditation be established for student accommodation in NSW supported by a website providing relevant information for international students encompassing an associated complaint and follow-up mechanism.

Navitas supports the NSW Government's Inquiry into International Student accommodation and we are available to participate in addressing the Government's concerns on this important issue if required. Navitas looks forward to working with the Government in the implementation of collaborative measures that are supportive of a high quality, affordable student accommodation framework.

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).*

Navitas response

Navitas supports the objectives of the Private Member's Bill (*Environmental Planning & Assessment Amendment (Boarding Houses) Bill NSW 2010*) introduced by the Member for Ryde, the Hon Victor Dominello.

Australia is the only English speaking, higher education system where domestic students primarily study at their local university. The prevailing model that has developed in Australia has therefore been a commuter student model. Prior to

2000 those students requiring student accommodation represented a relatively small minority of the overall student population on most Australian campuses.

The consequence of this historical approach has meant that there has neither been a culture nor the built infrastructure supporting student accommodation. This is in stark contrast to other major higher education markets such as the UK, the US, Canada and New Zealand all of whom have traditionally seen large numbers of students require purpose built student accommodation. As a consequence these markets have adapted to meet the student accommodation requirements of their respective tertiary education model.

Navitas recognises that student housing is an essential component of the education experience for many students and this has been an increasing issue across Australian capital cities and many regional centres due to:

- The rapid growth of international student numbers that have increased from approximately 150,000 per year in 2000 to a peak of over 620,000 in 2009 with numbers falling in both 2010 and 2011 to approximately 600,000²;
- An increasing trend for domestic students to enrol on campuses away from their domestic residence; and
- The lack of low income housing in most capital cities and many regional locations across Australia. Inevitably both domestic and international student accommodation requirements compete with tenancies for low income housing.

Addressing the long term requirements of student accommodation in NSW requires a collaborative approach between universities, TAFES, each level of government and private education providers such as Navitas. The framework for developing and supporting high quality student accommodation can be assisted by the following initiatives:

- Ensure the provision of adequate low income housing, particularly around campus locations. This can be via targeted support mechanisms covering both the funding and the regulation of medium/high density development. An example of this approach is the CUB development in the Central Station Precinct in Sydney. This is a precinct with a high student population enrolled at two major universities, TAFE and a large number of private education providers;
- Ensure students are well informed of their rights and responsibilities in relation to student accommodation. Primarily this should be the responsibility of the student's institution however this can be reinforced via sector regulated codes of best practice. See for example the Australian Homestay Network's approach to developing consistent and national standards for Homestay; and
- Ensure there is a supportive environment for international students including access to student support services at both the local and State level. Concession support for transport for example, as provided by the majority of Australian states, ensures that international students are not regarded as a group that should be differentially treated.

² International student enrolments in Australia 1994-2010, Australia Education International Student Data.

Recommendation

That government (the NSW Government and local authorities) work collaboratively with education providers to provide the underlying environment for high quality student accommodation including:

- I. Support low income housing initiatives specifically in locations proximate to large tertiary campus locations as exemplified in the CUB site redevelopment;
- II. Review planning regulations to ensure that they support the specific requirements of student accommodation property development; and
- III. Ensure State Government policies are supportive of and do not differentiate against the interest of international students.

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.*

Navitas response

It is recognised that students require safe and secure accommodation and that reputational damage to NSW, and Australia, as a destination country will occur (as in 2009) if prospective students do not have confidence that they can obtain safe, affordable and appropriate accommodation whilst studying in NSW.

As previously noted, the international student industry is estimated to be worth approximately \$6.5 billion to NSW representing a major economic contribution to the State's economy. These benefits extend to both direct economic stimulus as well as the significant cultural interchange that enriches the fabric of NSW communities and the State's international connectedness.

Student accommodation is an essential component of the student experience for many students and is also an important requirement of the international education industry. International students utilise a range of accommodation:

- On-site (or adjacent) university college style accommodation;
- Independent accommodation e.g. guesthouses, hostels, hotels, furnished apartments provided by an accommodation services company;
- Shared accommodation e.g. flat share, house share, leased accommodation (i.e. accommodation organised by the student themselves through home owners, estate agents etc); or
- Homestay accommodation where students are boarded by a local family.

International students require affordable housing in locations that are safe, close to their places of study, low cost and are suited to their cultural norms or expectations. In the main, new international students require assistance from their educational provider to find suitable accommodation, although some offshore students do arrange their own accommodation.

In the past many international students, including English language³ students, favoured Homestay accommodation, particularly students from countries seeking to experience Australian family life.

³ Generally termed ELICOS (English Language Intensive Courses for Overseas Students)

Over the last few years there appears to be a shift away from Homestay to shared accommodation however, there are a number of caveats to this statement. The trend may be location specific, depending on the availability of local Homestay families or due to the fact that shared accommodation can be a cheaper option.

International students studying for longer periods such as those on a pathway to tertiary study may use Homestay for the first few weeks while they familiarise themselves with living in NSW. A significant proportion of these students will then move into shared accommodation with students of the same nationality. They seek accommodation that is centrally located and at a lower cost.

A minority of students move into shared accommodation through standard leasing arrangements where they sign the lease and lodge a bond themselves. It is more likely that they will enter into an informal arrangement in a property where a lease is already established. Most often the lease was legitimately entered into, however, as students have moved out and new students have moved in without alteration to the original lease then there is ambiguity as to their legal rights and insurance coverage. In many cases students will not be aware of local tenancy laws.

Shared accommodation is valued due to the security it provides living with friends/students of the same nationality and students are therefore willing to compromise the lack of tenure and legal safeguards. Affordability is more of an issue than legality and while the standard of living is likely to be lower, there is a level of trust as the people they are moving in with are known to them.

International students are impacted by demand and supply factors affecting domestic tertiary students as well as specific factors related to being an international student temporarily resident in Australia.

The lack of affordable and available low cost housing for low income earners, including tertiary students, is well documented⁴ and ultimately the preferred rental price range for students sees them become direct competitors for other low income tenancies. Accordingly regions that have adequate supply of low income housing are less likely to have issues associated with the additional demand for student housing.

There is significant unmet demand for low cost, quality accommodation for international students though new studio apartments are becoming available that are budget friendly (e.g. Campus Living Villages, UniLodge). However this type of accommodation may be more expensive than Homestay or shared accommodation and the lease terms are longer (e.g. a semester).

An example of a model that suits a growing number of students is that provided by companies such as the Furnished Property Group (www.furnishedproperty.com.au) which offers a range of fully furnished accommodation options targeted to the travelling, short term study and working

⁴ *Australia's private rental market: changes (2001-2006) in the supply of, and demand for, low rent dwellings*, Australian Housing and Urban Research Institute, 2009; *Rental Affordability Snapshot: April 2011 Sydney Statistical Division & Illawarra Statistical Division*, Anglicare; *The Need for Moderate Income Housing in the Greater Sydney Region*, UNSW 2004.

holiday markets⁵. They have a large network of properties in the most popular student locations and their website has a large search engine so students can find their preferred accommodation option. They are also reasonably priced. The disadvantage is that the beds cannot be booked in advance; the student has to already be on campus. Once on campus the company will take the students to view the current properties they have available and advise whether they need to pay a bond or sign a lease. Short term and long-term rentals are available.

Navitas has observed that the Sydney, Newcastle and Wollongong regions all have shortages in the volume of low income housing. Consequently providers have recurring challenges in supporting the accommodation needs of international students and clients in these regions.

In addition to the supply of low income housing other factors that are affecting the supply of and demand for affordable student accommodation include:

- Local planning regulations – often there are not specific planning controls to address student accommodation needs. Instead local authorities are relying on medium density or boarding house regulations. Student housing is a unique category of housing that requires its own specific planning controls. Specific issues with student accommodation include:
 - Density – the economics of a student accommodation require greater density to make them economically viable as compared to a standard residential medium or high density development;
 - Design – there are specific design considerations that will create a superior student accommodation facility including common recreation spaces, learning spaces, and room configuration;
 - Car parking – purpose built student accommodation requires minimal car parking as most students, particularly international students, do not own a motor vehicle; and
 - Location – proximity to public transport and retail amenities is an important requirement to support the lifestyle needs of students.
- The inflow of international students – the growing number of international students in the last ten years have created additional demand for student accommodation. Like any major infrastructure, the development and construction timeframes for student accommodation is relatively long. A typical purpose built student accommodation project can take two to five years from conception to completion. For example, the UNSW Village was conceived and planned in 2006 however was not available for students until January 2010. It therefore needs to be recognised that infrastructure adjustments to growth in student demand will inevitably mean a lag of supply to demand; and
- Financial market conditions – all significant student accommodation projects require a financing package with typical commercial projects requiring a combination of equity and debt geared in the range of 60% to 70%. The GFC and recent economic turmoil has meant that funding such projects is difficult and private funding in regional locations is almost impossible; debt is simply not available.

⁵ Shared accommodation and independently leased accommodation is often leased unfurnished and students, especially those studying for less than a year, do not want to fund the cost of furnishing their accommodation.

Purpose built student accommodation is delivered to the market primarily via two sources; the provision of infrastructure by universities and the private development sector. Whilst both sources have provided a substantial boost to the stock of student accommodation across NSW with all universities investing in new student accommodation in the last five years, the reality is that this is a difficult sector to achieve commercially viable projects.

For the university sector the issue is that student accommodation must compete for funding against other infrastructure demands some of which are seen as 'more core business' e.g. Research and teaching facilities.

For the private sector, this is a niche infrastructure subsector that requires favourable planning regulation and equally favourable financing market conditions. Current economic conditions will severely limit the role of the private sector to deliver student accommodation infrastructure. This will only be exacerbated by planning regulations that do not take account of the unique requirements of student accommodation.

Recommendation

That the NSW Government:

- I. Support low income housing initiatives specifically in locations proximate to university campus locations as exemplified in the CUB site redevelopment;
- II. Review planning regulations to ensure that they support the specific requirements of student accommodation property development;
- III. Ensure State Government policies are supportive of and do not differentiate against the interest of international students; and
- IV. Support the development of a range of accommodation options for international students.

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

Navitas response

It should first be noted that the much publicised student accommodation abuses that have raised concerns in the media represent the minority of international student experiences of accommodation in NSW.

In the last 5 years there has been a significant investment in student accommodation both by universities and the private sector. Over this period it is estimated total purpose built student accommodation has nearly doubled in supply. Major new developments have occurred at all Sydney based institutions as well as most regional campuses. This has also been supplemented by the expansion of the private sector with a new market entrant, Urbanest commencing in the Sydney market with a purpose built facility available in 2012.

There are also new student housing projects in various stages of the planning phase of development including at Newcastle, Lismore, Wollongong and Sydney. Some of these projects have been delayed due to economic conditions and its consequential impact on financing such projects.

Standards for student accommodation have been set by a number of organisations. For example, those set by the NSW Department of Education and Training International Students Centre.

The Centre for English Teaching at Sydney University has also developed minimum standards for Homestay which in general, are appropriate particularly in relation to insurance cover, documented and guaranteed training for host families, formal agreements with host families, student orientation, emergency and critical incidents, expectations and accountabilities and financial arrangements. The standard related to an online portal which has 'real time' data and reports is problematic for a number of reasons, not least being the ability for students to make inaccurate statements about host families.

A new market entrant, the Australian Homestay Network is also developing and implementing improved minimum standards.

While standards for the private rental market are desirable the practicalities of audit and enforcement are a significant impediment to effective benchmarking or evaluation. The most effective approach would be to provide students with a 'help line'. Currently international students (on a Student Visa) have access to the Overseas Student Ombudsman (OSO) however this access is not available to international students on Visitor or Working Holiday Visas or for matters beyond issues with education providers.

Overall, by international standards Australia and NSW have high existing standards for student accommodation and these standards already ensure high quality student accommodation. The challenge is to continue the growth of new student accommodation infrastructure whilst maintaining the high standards that already exist.

Recommendation

- I. That Governments need to collaborate to establish a clear, accessible information and complaint handling body for all international students that covers accommodation and work rights matters. The OSO is the logical body.
- II. That the NSW Government participates in and supports industry based standards for student accommodation solutions including new student accommodation developments and standards associated with community provided accommodation such as Homestay.

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

Navitas response

As stated in our response to reference point three above, Australia and NSW generally have high standards for student accommodation. This would indicate that generally the current legislation is supporting sound student accommodation standards. Publicised examples of students being exploited with respect to student accommodation are the exception and are often illegal. That is, they are being conducted in violation of existing regulation or legislation.

Areas in which Navitas see improvements in the current regulatory framework should occur include:

- Support for low income housing schemes such as the development of the CUB site in Sydney that included specific provisions for affordable housing;
- Review of the *Residential Tenancies Act* to better cater for student accommodation. Whilst the *Residential Tenancies Act* affords important protections to students seeking accommodation in the private market they can also create obstacles to the provision of accommodation optimised for students. Issues for students include;
 - The shorter tenancy period required for many students – some students have tenancy requirements less than 6 months;
 - The provision of rental rates to enable charging on a per bed basis recognising that shared accommodation is a high demand category for students; and
 - Allowing rental rates to reflect the provision of ancillary services such as utilities, pastoral care and social engagement.
- Planning provisions that better meet the requirements of a student accommodation development such as density, design, parking and location; and
- Strengthening of legislation for providers as per *Environmental Planning & Assessment Amendment (Boarding Houses) Bill NSW 2010*.

Recommendation

That the NSW Government:

- I. Support low income housing initiatives specifically in locations proximate to university campus locations as exemplified in the CUB site redevelopment.
- II. Review of the *Residential Tenancies Act* to optimise the private supply of private student accommodation rentals of an agreed standard for students.
- III. Review planning regulations to ensure that they support the specific requirements of student accommodation property development.
- IV. Strengthening of legislation for providers as per *Environmental Planning & Assessment Amendment (Boarding Houses) Bill NSW 2010*.

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

Navitas response

Navitas supports measures to limit unethical student accommodation and the consequential impact on students. Navitas has not directly experienced situations of unauthorised student accommodation in NSW however we do support provisions that will ensure high quality, affordable accommodation for students and the prevention of exploitation of students.

It is evident from media reports that organised groups are targeting international students and this has made locations around university campuses vulnerable to unauthorised student accommodation. Whilst we recognise that these situations represent a minority of the student experiences involving student accommodation

this is a significant issue which has the potential to damage the reputation of international education in NSW and Australia.

Our experience with our various university partners is that university provided housing and other arrangements such as student Homestay are generally of a very high standard and well managed.

The current spate of unauthorised student accommodation operations in NSW appears to be opportunistic relying on a range of factors including:

- An underlying shortage of low income housing;
- Proximity of housing developments to a university campus that can be exploited beyond their approved usage;
- The ignorance of students as to their tenancy rights; and
- The market demand for student accommodation at a low price point seemingly under almost 'any circumstance'.

The conflagration of these opportunistic conditions appears to be difficult to thwart given that generally there is already regulation to address the unauthorised operation. Navitas is of the view that the best way to combat unauthorised student accommodation operations is the combined establishment of agreed industry standards and the effective communication to students. It is recognised that this will not prevent all potential unauthorised student accommodation.

One approach could be to collaboratively develop agreed industry standards and a system of accreditation for 'approved student accommodation' which meets those agreed standards. An approach such as this applies in a number of communities across both the UK and US where off campus student accommodation is an essential component of the total housing mix. Such an approach can be reinforced via publication on an industry supported website with an associated complaint and follow-up mechanism.

Recommendation

- I. That the NSW Government works collaboratively with education providers and local authorities to develop agreed standards represented by a code of practice for off campus student accommodation.
 - II. That an industry based system of accreditation be established for student accommodation in NSW supported by a website providing relevant information for international students encompassing an associated complaint and follow-up mechanism.
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.*

Navitas response

The appropriate framework for the on-going operation of affordable student accommodation and other accommodation used by students requires a collaborative approach between each level of government, universities, TAFES and private education providers. Navitas is not in a position to comment on the appropriateness of local government powers to identify and enforce compliance of student accommodation. Our key concern would be to ensure that such identification and enforcement is undertaken with an underlying objective of

supporting a \$6.5 billion industry for NSW, and therefore encouraging this vital component of the State's economy.

The framework for developing and supporting high quality student accommodation has been detailed above, however in summary requires the NSW Government, education providers and local authorities to:

- Ensure the provision of adequate low income housing, particularly around campus locations. This can be via targeted support mechanisms covering both the funding and the regulation of medium/high density development. An example of this approach is the CUB development in the Central Station Precinct in Sydney. This is a precinct with high student population from two major universities, TAFE and a large number of private education providers;
- Ensure students are well informed of their rights and responsibilities in relation to student accommodation. Primarily this should be the responsibility of the student's institution however this can be reinforced via sector regulated codes of best practice and a dedicated website communicating housing best practices to international students. See for example the Australian Homestay Network's approach to developing consistent and national standards for Homestay;
- Ensure there is a residential tenancy regulatory approach that is applicable to the needs of students; and
- Ensure there is a supportive environment for international students including access to student support services at both the local and State level. Concession support for transport, as provided in many other states, ensures that international students are not regarded as a group that should be differentially treated.

Recommendation

That government (the NSW Government and local authorities) work collaboratively with education providers to provide the underlying framework for high quality student accommodation including:

- I. Support low income housing initiatives specifically in locations proximate to university campus locations as exemplified in the CUB site redevelopment;
- II. Review and implement planning regulations to ensure that they support the specific requirements of student accommodation property development;
- III. Review of the *Residential Tenancies Act* to optimise the private supply of private student accommodation rentals of an agreed standard for students;
- IV. Ensure State Government policies are supportive of and do not differentiate against the interest of international students; and
- V. Ensure identification and enforcement of student accommodation regulation has as its underlying objective the support of students and the international student market.

- Ends -

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