



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**STANDING COMMITTEE ON EDUCATION, TRAINING AND
YOUTH AFFAIRS**

(Reference: [Accommodation needs of tertiary education students in the ACT](#))

Members:

**MS A BRESNAN (The Chair)
MR J HANSON (The Deputy Chair)
MS M PORTER**

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 12 SEPTEMBER 2011

**Secretary to the committee:
Dr B Lloyd (Ph: 6205 0137)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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Amended 9 August 2011

The committee met at 2 pm.

BARR, MR ANDREW, Deputy Chief Minister, Treasurer, Minister for Economic Development, Minister for Education and Training and Minister for Tourism, Sport and Recreation

KOWALD, MR PETER, Deputy Chief Executive, Operations, Canberra Institute of Technology

THE CHAIR: Thank you, minister and officials, for appearing before the education committee in its inquiry into the needs of tertiary education students in the ACT. I draw your attention to the privilege statement that is on the table in front of you, so that you are all aware of that. Before we go to questions from the committee, I would like to invite you, minister, to make an opening statement.

Mr Barr: I am fine, Madam Chair.

THE CHAIR: Okay, we will go straight to questions. My first question comes from reading the submission which has been prepared. One of the things which I did not see addressed in here—it has been raised by a couple of witnesses—is around the federal government policy and the impact it will have on all states, and particularly having a target of 20 per cent of students from low SES backgrounds. It was raised by the Australian Catholic University and also by ANU. When they appeared before the committee, they talked about that, and about what impact that might have—because we have high rental costs here in the ACT and because we will have to start targeting those groups—on attracting students to the ACT. Is that something which has been factored in at all to the plans which the government are looking at?

Mr Barr: I think it has been the subject of some controversy in the context of how the federal government is going to determine that socioeconomic status question because that—

THE CHAIR: In the ACT?

Mr Barr: Yes. I recall that when there was the first public reporting of this data, unsurprisingly the ANU and the University of Canberra were at the bottom of the list, because essentially very few of their ACT resident enrolments were considered to be low socioeconomic because of the way the data was collected. It is not dissimilar to the experiences that we have had in the schooling system in seeking to get a more accurate expression of low socioeconomic status when we look at these things in a national context.

To the extent that those institutions will, through a variety of mechanisms, seek to increase the number of enrolments they have from students from low socioeconomic backgrounds, and to the extent that if, according to the national definitions, those students will not reside in the ACT—because everyone who resides in the ACT, depending on which measure you use, is then lifted out, just by reference to the postcode that they reside in, for example—it would presumably mean an increase in the number of students coming from regional areas surrounding the territory, if they continued to use that definition. So that may impact on the demand for additional student accommodation places. But there would be federal government support for

that, so I do not anticipate it having a dramatic impact on the territory, other than that we will need to provide more student accommodation places, full stop.

THE CHAIR: Have the federal government committed any funding towards that?

Mr Barr: They are certainly providing it through their funding of student places, yes.

THE CHAIR: For accommodation, will that be a part of the contribution?

Mr Barr: It is part of their total package of assistance in terms of rental support, income support for students, and the funding they provide to universities to provide the places in the first place.

THE CHAIR: So is there anything on top of what they contribute now?

Mr Barr: I am not sure of the—

THE CHAIR: Okay, so nothing on top of what would be, like you said, the normal—

Mr Barr: I do not know about that. I have not studied the detail. I can take that on notice. I am not an expert in federal government student income support, so I cannot—

THE CHAIR: No, I am not suggesting that you are an expert on it, but it is obviously something that states and territories will be talking about and it will have a bit of an impact on the ACT.

Mr Barr: Well—

THE CHAIR: Because you had mentioned funding, I was asking whether the federal government had committed anything on top of what they already provide as a matter of practice.

Mr Barr: I will take that on notice. I do not know the answer.

THE CHAIR: Sure. Another point made in the submission is about the private rental market being one of the key areas where students coming to the ACT look for accommodation. Given the high rental costs, and we have also heard from various student associations, and unis as well, about the problems that they face in terms of ads saying “no groups” and those sorts of things, do you think it is sustainable for that to be such a major part of where accommodation comes from for students?

Mr Barr: It would depend, obviously, on the relative interaction of supply and demand in the rental market. Whilst you have a situation of low vacancy rates, landlords can be particularly choosy and have requirements around no groups, no pets or whatever. If you have a greater response on the supply side, so that there are more dwellings available for private rent, that would, I presume, make it easier for those who are currently excluded in a tight market, in terms of both the price, the entry point in terms of the rental price, and the range of sometimes intangible variables that go to a landlord making a decision about to whom he or she will lease their property.

THE CHAIR: Obviously, if you increase the supply then that has an impact.

Mr Barr: I think the answer—

THE CHAIR: But do you think it is sustainable for that to be a big part?

Mr Barr: across the ACT housing market, student accommodation or otherwise, involves supply-side solutions. It simply means that we need more dwellings. That has to be the aim with respect to both the private rental market in terms of increasing the supply of on-campus student accommodation and working in partnership with the institutions, community housing providers and the private sector to increase the supply of housing. That is the bottom line for the government in all of this.

THE CHAIR: In terms of what you said about working with the institutions, we have asked the institutions as well about how they are working together. There does not seem to be a lot of work going into that. Is it something that the government is trying to facilitate? You said it is about them all working together, but unless you start putting in place the means for that—

Mr Barr: Sure. The deed of agreement that the ACT government and the ANU signed back in 2004 has obviously resulted in a significant increase in the supply of student accommodation. I expect a similar agreement to be reached with the University of Canberra.

THE CHAIR: Would that be with the Catholic University as well?

Mr Barr: I would not rule that out. A lot of the time, it depends on the land endowment that the education institution brings to the table, or if, as in the case of the ANU, there was effectively a significant sweep of land to the west of the city that was prime for redevelopment and would lead to a better outcome for the city and for the university. ACU have some land holdings, but perhaps not as extensive as those of UC. The University of Canberra has a massive land endowment and a significant need to develop it as fast as possible, so we would want to facilitate that.

MR HANSON: Minister, a lot of the submissions and a lot of the evidence that we have heard suggest that students find the cost of housing prohibitive, and also that there is a scarcity of housing. If we are going to attract students to the ACT from interstate and overseas, which is part of your strategy, how are we going to do that whilst students are actually turning away because of the housing problem? So although we might have a fine educational institution in the ANU, UC, CIT or ACU, the reality is that a lot of students seem to be deterred from coming to the ACT because of that cost and because of the lack of housing. What are you going to do to change that?

Mr Barr: We will put 18½ thousand dwelling sites out over the next four years, and we will partner with the ANU, the University of Canberra and other institutions to deliver more on-campus or close-to-campus accommodation. So what have I done? I called in the development in city west, the old McGregor Hall site, to see many hundreds of additional student accommodation places, and in the most recent budget

provided tens of millions of dollars through a variety of means in terms of grants, lines of credit and support for the University of Canberra's NRAS bids. The work that is underway right now is the adaptive reuse of the Cameron Offices. So it is a supply-side solution.

MR HANSON: I assume, with all of that money that we have spent, we have done some analysis that suggests what difference that is going to make in terms of closing that gap and reducing the affordability—

Mr Barr: It adds many hundreds, if not thousands, of additional beds.

MR HANSON: What is that gap going to be? Do we get to the point where we do not have an oversupply but where we reduce the pressure? Can you provide any sort of statistics?

Mr Barr: It will depend a little on what happens when caps come off student places next year, because you are looking at the extent to which domestic demand outside the ACT will be fuelled by that policy change. There are a range of other factors that are at work in relation to the international student market—the high Australian dollar, for example. So the effects of the mining boom on the education sector have been significant. There are a variety of different factors at play, so it would be difficult to be able to model with certainty the exact number of international and domestic students wanting to study here in that environment, other than to say we know the institutions have set particular targets and, in doing so, they have responsibilities themselves.

It is not up to the ACT government to provide accommodation for every student that enrolls at the ANU or the University of Canberra. The institutions themselves have that responsibility. They have taken that on. But we have assisted where we can, either through long-term deeds of agreement, as we have with the ANU, and that we hope to enter into with the University of Canberra, or through some strategic financial assistance. I think you would have seen in some of the other submissions, and heard from other people, that the global financial crisis has impacted on the capacity of some of the private sector providers to obtain finance to develop additional accommodation. So there is a bit of a market failure, hence the government has sought to intervene in this area.

MR HANSON: In terms of affordability, a lot of the suggestions that we have heard suggest that that remains a problem. It has been suggested to us that some of the rentals do seem to be very high.

Mr Barr: Yes.

MR HANSON: Are you comfortable that that is heading in the right direction or that the measures that you are putting in place are actually—

Mr Barr: The only thing that will put downward pressure on rents is increased supply, so that is what we have to move ahead—

MR HANSON: Do you see it having any effect at this stage in terms of affordability?

Mr Barr: If you dramatically increase the supply you will affect the price.

MR HANSON: But you have seen evidence of that, have you, in terms of reduction in price?

Mr Barr: That is basic economics, Jeremy.

MR HANSON: I understand the theory, but what I am asking you for is the evidence.

Mr Barr: The price is the interaction of supply and demand. If you increase the supply then the price will drop.

MR HANSON: Sure, but the evidence that we have seen suggests that the price has not dropped, so what I am asking you is whether you have got evidence that the supply strategy that you are employing has actually had any effect.

Mr Barr: Yes, it is basic economics; it is universal.

MR HANSON: No, that is theory. That is not evidence.

Mr Barr: No, I think you will find that price is the interaction of supply and demand.

MR HANSON: I know that you have got your *Economics for Dummies* book in the background, but what I am asking for is: have you got the evidence to show us that the price has gone down because the evidence that we have received is that it has not?

Mr Barr: How many thousands of years of human experience do you need to demonstrate that—

MR HANSON: So I take it that you do not. Are the prices continuing to go up or are the prices going down for student rental?

Mr Barr: In which market?

MR HANSON: Across the board, be it in either supported accommodation or the open market, the rental market. Have you looked at that?

Mr Barr: It is not my job to look at that. My job is to put more—

MR HANSON: What I am suggesting is that the evidence that we have been presented with is that it is still very high and it is going up.

Mr Barr: So you would suggest an alternative policy approach of, what, reducing supply?

MR HANSON: I am not here suggesting approaches.

Mr Barr: Okay.

MR HANSON: I am asking: have you got evidence that your approach is working? Have you got evidence other than economic theory?

Mr Barr: I am suggesting that increasing supply, having more beds, is going to impact on price. Of course it is.

MR HANSON: All right.

THE CHAIR: Dr Bourke?

DR BOURKE: I think we might move along from debates about economic theory.

Mr Barr: I was enjoying it!

DR BOURKE: Were you?

Mr Barr: I am not sure Jeremy was.

DR BOURKE: Minister, you have talked a bit about what you have been doing with ANU. Could you be a little bit more specific about that?

Mr Barr: The government entered into a long-term deed with the ANU over the development of city west. It has seen significant development in that area where what once was a series of barren, surfaced car parks have now been enlivened through the work in the Childers Street precinct. It has seen significant student accommodation built in that area. The most recent decision of government was one I took as the former planning minister to call in a development on the corner of Barry Drive and Marcus Clarke Street for additional student accommodation. That is being constructed right now. That is adding many hundreds—I think about 500—of extra beds into the marketplace.

DR BOURKE: What financial arrangements has the government engaged in with universities to provide extra spaces?

MR HANSON: It has varied. The support has been through the provision of land, partnering with the university, or the higher education institution, to seek commonwealth government assistance through the national rental affordable subsidy scheme—the NRAS scheme. In order to be successful in winning that federal government funding, the higher education institutions typically require a partnership with a state or territory government. That support can be in a variety of ways.

In the case of the ANU, it was through the land. In the case of the University of Canberra, we are hopeful, although the final decision is still with the federal government, that our support for the university, for the Cameron Offices project and a range of others—I think it is a package, in total, of about 1,000 extra places at the University of Canberra—will be supported through a combination of grants, land and a revolving line of credit for the university.

We are effectively stepping in to provide financial assistance where there has been a market failure in that there is a lack of access to credit at the moment. Part of this, as I

understand it, goes to an unwillingness of some financial institutions to lend for the particular style of accommodation. They want dwellings of the individual units to be of a particular size, presumably, so that if student accommodation proves to be not a viable offering in the future they can have adaptive reuse into accommodation of some other form.

I am speculating, and it is really a matter for the financial institutions. You saw significant development at the University of Canberra, for example, through campus living villages and the UniLodge organisation where private sector finance was brought to the table to enable development. That appears to have dried up on the face of the GFC, so there is a need for some ACT government assistance. Let us be frank about this: it is not the ACT government's role to be the full financier-operator and an operator of student accommodation. We have no business doing that, but we certainly are happy to facilitate some additional supply where we can.

DR BOURKE: What is the percentage of increase in beds, say, over the last three years resulting from these policies?

Mr Barr: I will have to take that on notice, but certainly many thousands of additional beds have been made available.

DR BOURKE: As to the overall proportion, currently there are about 6,000 or 7,000 beds, so it has increased by almost a third?

Mr Barr: Thereabouts. That sounds within the ballpark, yes.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Yes, thank you. Just harking back to a couple of exchanges you had there with Chris, there was a recent report in the *Canberra Times* suggesting that CIT in 2009 had overseas enrolments of 2,313. I wanted to get some clarification on these figures, because obviously it must make a big difference to the way that you plan for overseas students. The *Learning Capital* report had figures suggesting that CIT had 2,315 students in 2009. Yet an article that quotes Mr Marron from last Saturday's paper suggests that in 2009 the CIT had 1,492. There is a difference of roughly 1,000 students just there. Can you explain how those two figures differ so greatly?

Mr Kowald: I believe that would be the difference between enrolments and clients. Clients can enrol in more than one program, particularly in the case of the English language training that we provide, which are programs ranging from one to 10 weeks, coupled with other study and other programs. It is quite probable that many students who come here first do an English program till they get up to scratch.

MR DOSZPOT: So the 1,000 difference is—

Mr Kowald: I cannot particularly recall the difference, but that definitely would be the explanation.

MR DOSZPOT: That is all I am trying to find out. Given there are moves afoot at the moment to address these issues and, as a few of my colleagues have already stated,

the information we have had from people who have given evidence here so far and provided submissions is that there does not seem to be any short-term solution to a problem that is escalating—if we are trying to attract more and more students, what can the government do? You are saying that it is not the government's role. If the government is trying to enhance the opportunities for some of the educational institutions here, for all the reasons you have mentioned, which are logical—we want to bring more students in, we want to help the economy, as well as capitalise on our educational assets—surely there must be some level of responsibility for ensuring that when the students get here they have accommodation, and proper accommodation.

Mr Barr: That is principally a matter for the institutions themselves. As I say, we will work in partnership with them around unlocking their development opportunities. Predominantly, obviously, the demand appears to be for on-campus accommodation. In the context of the University of Canberra, they have, I think, as most people would acknowledge, a massive land endowment. So the opportunity to develop that campus more significantly is clearly on the university's agenda. They have released their master plan, for example. The ACT government will seek to negotiate a memorandum of understanding along similar lines to the one we signed with the ANU back in 2004. Campus development is a significant part of the issue here.

Clearly, as I say, increasing the supply of student accommodation is important and we will do what we can to facilitate that. I need to be clear that the government will not be operating that accommodation. Our role would be limited to providing the financial support or economic development assistance. In the context of my Economic Development Directorate and the coordinator-general's role, this would be the sort of major project that I would envisage this directorate and the coordinator-general having a significant role in cutting red tape and ensuring that we can move quickly to allow the university to develop its campus. That is, I think, clearly a role the ACT government can play and one that we have demonstrated we can do with ANU, and we would intend to do in future.

MR DOSZPOT: I understand fully and take your point as far as the university is concerned, but surely there is a level of responsibility for the CIT and its current operation and its ability to help its students?

Mr Barr: Yes, but in my view this is another one of the compelling reasons why we need to look at the structural arrangements and why there will need to be change. The CIT cannot finance its own student accommodation at this point. It requires a call on the government capital account. I am not sure that that is necessarily the best model to deliver new student accommodation. My preference—this perhaps goes to a point that Ms Bresnan made earlier—is that we perhaps need to move away a little from the idea of the institutions themselves wholly owning and having exclusivity around access to student accommodation.

In terms of a business model, in some instances I do not necessarily mind that the student accommodation be available for students regardless of the educational institution they attend. The idea that we have to absolutely put a label on every room and say, "No, that's a CIT room and no other student can possibly stay in that room," or, "That's a University of Canberra room"—we are starting to see a move away from that. If you look at the business model, the provider, who would be in the community

sector or a private provider, or the universities themselves, may in fact want to fill rooms with students from a variety of different institutions. That is something that certainly can be looked at in terms of a more collaborative path in future.

Frankly, when it comes to competition around the budget table for scarce capital funds, I am not sure that there is a particularly significant need for the government to be investing hundreds of millions of dollars in student accommodation for the CIT. I am just not sure that is the best use of government funds.

MR DOSZPOT: So are you suggesting that that is one of the driving factors behind the proposed mergers?

Mr Barr: No, I would not say it is a driving factor, but I would say the financial capacity of a larger institution to be able to leverage its own investment is a factor—one of many.

MR DOSZPOT: You have received information that these educational institutions can finance that? Is that part of your business plan?

Mr Barr: Mr Doszpot, I think you need only look around Australia and around the world at the capacity of institutions that have a large asset base and strong finances to be able to undertake development of their campuses.

MR DOSZPOT: Mr Barr, I would dearly love to look at other places around Australia, but preferably I would like to see the figures that local institutions have provided to you so that we as an Assembly can have a look at some of these issues. But you are not—

Mr Barr: You will have those opportunities, I am sure.

MR DOSZPOT: exactly falling over yourself to provide us with the figures that we have asked for for quite some time.

Mr Barr: You will have those opportunities, but if you are genuinely interested in reform and getting better outcomes then I am sure you will enjoy—

MR DOSZPOT: We are interested in seeing business cases. You quite rightly point out that you are very much aware of market trends and you have all the facts and figures at your fingertips. It would be great if you could share them with us, Mr Barr.

Mr Barr: That was a comment, I presume, rather than a question.

MR DOSZPOT: No, it is a question. When are you going to share them with us?

Mr Barr: It is not related to this inquiry, so—

THE CHAIR: This is actually about student accommodation.

Mr Barr: Student accommodation actually, but anyway.

MR DOSZPOT: That is exactly what I was getting at. Mr Barr made a point of saying that this is one of the factors that they are considering in the—

THE CHAIR: Do you have a question on that?

MR DOSZPOT: Yes. When can we get to see the figures in relation to these issues?

Mr Barr: All of these issues will be fully explored and will be available for scrutiny in the fullness of time.

MR DOSZPOT: In the fullness of time?

Mr Barr: That is correct.

MR HANSON: Open and accountable government.

THE CHAIR: Okay, is there anything else?

MR DOSZPOT: No, thank you.

THE CHAIR: I want to ask about something that goes to Mr Doszpot's questions as well, and it is a point which is made in the government's submission and also UC's—the fact that the education sector is the second highest export sector. Obviously it is quite a significant contributor to the economy here.

You have also mentioned that the education export committee might look at accommodation. What sort of role do they play in terms of developing an overall strategy? I take your point because the government cannot contribute everything and unis take responsibility, but it contributes significantly to the ACT economy. There are issues there.

Mr Barr: Yes. There is undoubtedly a range of policy settings and policy levers, if you like, that are within the purview of the ACT government that can assist—and I stress “assist”—the institutions to expand.

THE CHAIR: What is the education export committee doing in terms of this?

Mr Barr: They will obviously be looking, in partnership with the institutions, at whether there are barriers to their expansion, looking at the changing structural environment for higher education and making recommendations both to government and to the institutions about how they might respond and maximise the export potential for the industry.

THE CHAIR: Has anything come out so far from that committee?

Mr Barr: No, it is very early days. I think they would have received funding in July, so not at this point.

THE CHAIR: Are there any time frames put on that committee? Will they be reporting to government?

Mr Barr: Obviously people who sit on that committee are in regular conversation with me and will provide input into future budget processes and future government decision-making processes around a whole range of policy decisions—everything from tax policy to land release and structural reform, for example. So there are a variety of inputs that can be had.

THE CHAIR: And how long will that particular committee go for?

Mr Barr: At this stage, throughout this financial year, and we will look at an extension. It depends a bit on available resources and whether work is complete. I am not going to keep them going for the sake of keeping them going, but if there are further contributions that can be made then we will extend the financing for that work.

THE CHAIR: I appreciate this was somewhat before your time, but from 2004 to 2007 there was a student accommodation working party. We have heard in particular from the CIT Student Association about that. Finding the Currong apartments for accommodation largely came out of that process. You have now got the Learning Capital Council and the export committee. What can we expect to see differently from the structures that have been set up now?

We had this structure; it kind of fell apart a bit and not a lot came out of it. We had the Currong apartments; that provided accommodation at the time and it is still there at the moment. What can we expect will be different that is coming out of all of these processes and structures that have been set up?

Mr Barr: They are much broader in scope.

THE CHAIR: I appreciate that, yes.

Mr Barr: I would not imagine that the Learning Capital Council will spend a great deal of time on student accommodation issues. Obviously they will be part of their consideration, but let us be frank: it is not set up for that.

THE CHAIR: No, I appreciate that.

Mr Barr: But to the extent that these issues will impact upon the future growth of the institutions, it will be a matter that they will consider. I go back to the point I made earlier. The solution here is to dramatically increase the supply of accommodation, and that is in terms of both on-campus accommodation and in the general Canberra housing market. And that is what we will do.

THE CHAIR: With respect to the short-term accommodation strategy that is due, I think it says in here, in about December this year, what is that going to be? Is that going to be about supply? Is it going to be about different issues? I appreciate we will see it when it comes out but what is it going to be looking at?

Mr Barr: Supply is it. You can fiddle around the margins in terms of changing criteria for eligibility for a certain product, but in the end, we just need more of, and insert “almost everything”, on the supply side. So that is what we are pursuing.

THE CHAIR: When that short-term strategy comes out, are you foreshadowing that could be the main thing that it looks at in terms of those economic drivers?

Mr Barr: That will be part of it, but they will look more broadly too. But the task that I have in economic development is to address supply-side constraints, and that is exactly what we are doing.

THE CHAIR: What about from the education side?

Mr Barr: From the education side, I am not too fussed. I am providing more accommodation, and I just leave it at that. That is the task—simple and straightforward. Let us just build more accommodation.

THE CHAIR: So the strategy, when it comes out in December, will be mainly focusing on the economic drivers?

Mr Barr: Of course, yes.

MR HANSON: Minister, rental costs in the ACT are very high. If they are not the highest nationally, they are up there.

Mr Barr: Sydney, Melbourne, Darwin and us, yes.

MR HANSON: Yes. When we talk about whether we have an affordability crisis or not, the government says, “Well, we don’t, because average wages are high.” That is clearly not the case for students, unless you can point me to where students in the ACT actually earn more than students elsewhere. Are students not paying the price for that affordability crisis that your government has created here in the ACT?

Mr Barr: I do not accept the premise of your question, but with respect to students having lower incomes, generally speaking, it would depend on their personal circumstances. There are some students who are not young but who are mature age and who may in fact be in full or part-time employment and studying part time, for example, who are in our system. So when we make the general statement about students, let us be clear that there are a variety of different circumstances that students find themselves in, and there are a variety of federal government programs by way of income support and rental subsidy et cetera that are provided to assist people who are at the greatest disadvantage.

MR HANSON: Typically they are pretty much the same across jurisdictions, but the point I am making—

Mr Barr: And the—

MR HANSON: so that you understand—

Mr Barr: issues in relation to housing affordability are consistent across jurisdictions, in fact.

MR HANSON: Sure, but you repeatedly say that we do not have an affordability crisis here because average weekly incomes are higher than in other jurisdictions. But that is not the case for students, is it?

Mr Barr: No, not all students are on incomes as high as for the average Canberran. No, that is correct.

MR HANSON: That is right, because they are normally on fixed incomes and often subsidies are paid for by the federal government which would be equivalent.

Mr Barr: Yes, that is why there is a large amount of student-specific product that is available that is indeed cheaper than some of the housing options that the private rental market provides in the ACT. But the challenge clearly is to increase the supply of housing in the territory, and that is the only policy solution that will put downward pressure on rents.

MR HANSON: Do you accept that the pressure that currently exists is through a lack of housing supply that your government has provided over the last 10 years?

Mr Barr: Certainly demand has been strong and it has outstripped supply in some instances, although in more recent years the evidence is mounting that that pressure is starting to ease, because of the significant increases in supply.

MR HANSON: So who has been responsible for that land supply that has created this problem over the last 10 years?

Mr Barr: There have been a variety of different reasons as to why demand was fuelled. A number of policies have sought to pump-prime the economy and fuel demand. A doubling or tripling of first homeowner grants, for example, has brought forward a lot of demand. Both sides of politics have been responsible for falling for that particular idea that you can somehow improve affordability by demand-side solutions rather than by increasing the supply. But it is pretty straightforward economics.

The Housing Industry Association have reported on this and made some observations about the relative situation of states and territories. I think their most recent report card showed that the work in the ACT to address our long-term supply needs was significant and that, of all the jurisdictions, although we would have a small deficit in the medium term, we were closest to meeting the anticipated demand for accommodation. But that just illustrates—

MR HANSON: The supply side is—

Mr Barr: It illustrates to me the importance of continuing our efforts on the supply side.

MR HANSON: You are saying that the supply side is so simple and so straightforward. Why have we ended up in this situation then? Why do we have such a housing affordability crisis here in the ACT if it is so simple? Does it not smack of a failure to release an adequate plan? What is the problem? What has your government

done wrong?

Mr Barr: There have been a range of factors at play, and fuelling the demand side through a number of policy measures has certainly not helped the situation. The ACT is better placed than most jurisdictions to be able to release new land, although we are similarly constrained by the EPBC Act. There is quite a significant amount of regulation now that makes it difficult to get land to market quickly, and that is imposed on us at a national level. We seek to work in that environment. We have our own legislative restrictions, although I sought to reform them through changes to the Planning and Development Act in 2007, and through further changes to environmental impact assessment legislation that I brought in a couple of years ago. They have made a significant difference. You are now starting to see new supply in the market in terms of dwelling sites at over 5,000 a year, and that is starting to make an impact.

Undoubtedly, if you take a long-run view of this, following the crash in the ACT residential market after the election of the Howard government, there was a period when supply massively exceeded demand. So you saw house prices plummet and the economy move into a deep recession for a period of time. We then rebounded out of that for a period. If you go back and look at the beginning of the decade, we did not respond with enough land at the time that first homebuyer grants were significantly increased. There has been that deficit that we have had to make up over the last five or six years. We are starting to see a return to equilibrium, given that there has been fairly slow growth in house prices, and the marketplace is starting to adjust.

My commentary is that we need a few more years of significant supply; hence the target of 18½ thousand dwelling sites over the next four years, and hence the reason that we are working in partnership with the universities to increase the supply of student accommodation on or adjacent to their campuses.

MR HANSON: Do you accept responsibility for the position we are in now?

Mr Barr: Do I?

MR HANSON: Yes, your government.

Mr Barr: No. I think there have been a variety of different factors at play that I have just explained to you at length. Undoubtedly we can, and have done, adjust our policy position in order to respond more on the supply side.

DR BOURKE: Minister, the ANU developments on the east side of their campus in city west have certainly created a much more vital and invigorated part of the city. What do you see happening in Belconnen with the University of Canberra?

Mr Barr: They have obviously put a lot of work into their master plan and have some exciting proposals for future development on the site. There have been a range of ideas put forward in terms of sport and health precincts within the university. They have been successful in winning commonwealth government funding for a variety of new infrastructure. Importantly, they have decided to increase the number of student accommodation places that they have on the campus and have sought, in partnership

with the ACT and federal governments, to move into the town centre through the Cameron Offices adaptive reuse project that is underway right now.

I think it is an exciting time for the University of Canberra. Their long-term development of that campus will be important for the Belconnen region, and certainly important for the creation of employment and social and economic activity in what has been largely a series of empty paddocks around the town centre. With the suburb of Lawson coming online, and with their partnerships with Lake Ginninderra college and Kaleen high school, we are starting to see that precinct come together. I would anticipate over the next few years further significant development on the site, and I am very keen to see increased student accommodation as part of that.

Ultimately, though, they are business decisions for the university to make in terms of the sequencing of their master plan work, but it is our desire to work with them. I think that the ANU model has worked very well for the city of Canberra and I would hope for similar outcomes in partnership with UC.

DR BOURKE: With regard to the Bradley review and CIT and UC accommodation, how do you see that panning out?

Mr Barr: I think the opportunities for strategic alignment of resources, new course offerings and new development have been one of the advantages of a collaborative approach. But if you have a more competitive model then there is marketplace tension, clearly. There will be competition for students and that will mean institutions will need to respond in a more dynamic way. I have a preference for a collaborative approach, but part of it is that I think the marketplace here is potentially too small for those institutions to compete. Clearly it will have some impacts in an adjustment phase. But what is possible is for, as I say, the strategic alignment of resources, new education offerings, and that will, in and of itself, drive demand and therefore require more student accommodation. I suspect that they would have the institutional capacity to deliver that.

DR BOURKE: Just following on from some points raised earlier with regard to demand for places, have any of the local institutions reported to you that they have unfilled places because students cannot find somewhere to live?

Mr Barr: It has been raised from time to time in years past, certainly in support of the decisions that we have taken around increasing the supply. The case was put to me fairly strongly a few years ago that what the ACT government needed to do was move quickly—and particularly when the federal government announced the NRAS scheme—to capitalise on those opportunities, so we did. You cop a little bit of criticism on the way through for decisions you take in the planning space to get an outcome quickly, but if we had stuffed around then we would not have accommodation coming out of the ground now and no doubt the furious line of questioning that I am getting this afternoon would be even more furious, Dr Bourke.

DR BOURKE: If you do not understand the economics of supply and demand—

MR HANSON: I understand it all too well. We are seeing the impact of it right here in the ACT.

THE CHAIR: Dr Bourke, do you have any further questions?

DR BOURKE: No.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Thank you, Madam Chair. Minister, ANU currently caters for about 5,000 students, as we understand it. In your partnership with the University of Canberra, what sort of student numbers are envisaged to be catered for, in terms of accommodation?

Mr Barr: That is largely a matter for the university, so I would suggest you talk to them in relation to that. We have—

MR DOSZPOT: I thought you mentioned a partnership between the ACT government and—

Mr Barr: Yes, but it is not sorted yet. There is not an agreement at this point, so I am not in a position to provide commentary on the university's enrolment expectations.

MR DOSZPOT: Is there a business plan?

Mr Barr: That is the subject of negotiation at the moment, so—

MR DOSZPOT: The business plan is still the subject of negotiation?

Mr Barr: A memorandum of understanding between the ACT government and the University of Canberra has not yet been developed. It is in the process of being worked through, so I am not in a position now to give you a running commentary on the university's expected student enrolment growth. You can raise that with the university.

MR DOSZPOT: I think we are asking for something a little bit more than that. We are asking what you are making your decisions on, which encompasses the number of students that require accommodation, which in partnership terms—

Mr Barr: I think you are actually conflating a number of issues and trying to use a hearing on student accommodation to prosecute your case on another matter.

MR DOSZPOT: I am ashamed you would think the things that you do!

Mr Barr: Indeed.

MR DOSZPOT: I obviously do not agree with you. I think the figures that you are working on at the moment must be more substantial than you are letting us know, Mr Barr; otherwise there is no proper business plan in order to do the other things that you are meant to be doing at the moment. But you are not sharing that information with us.

What we have also been told by ANU is that they do not foresee building any more accommodation for students at the moment; they have adequate capacity. So it falls back on the CIT and the University of Canberra, and, I am suggesting the ACT government, if we are working in partnership with the educational institutions, to address this issue. What we are asking you in many different forms, but you are staying away from, is what is the number that you feel is required to adequately meet the needs, and what are the financial obligations on the government in those terms?

Mr Barr: As I have indicated extensively through these hearings, Mr Doszpot, we are currently working through those issues and we will provide more information in relation to ACT government commitments. You can read the budget papers and see what we have already committed. Those other matters really require me to speculate on what may or may not happen, and I am not going to do so this afternoon.

THE CHAIR: You have talked about the partnership, with education and economic development working together. I appreciate that this is not your portfolio, but housing obviously plays a significant role here. You mention in here that some students are at Havelock. Obviously, that is operated by Havelock, but there is also the Currong apartments. I would be interested to know what work you do across housing. I would imagine that when those sites like Currong and ABC flats are redeveloped, that is going to have an impact on the availability of student accommodation. What discussions have you had with them in terms of your other two portfolios, because they are providing some student accommodation?

Mr Barr: I do not want to speculate on cabinet discussions. I do not think that is appropriate. Suffice to say that, for the existing users of accommodation that would be redeveloped, their needs clearly need to be taken into account in the context of redevelopment. I think I will leave it at that.

THE CHAIR: In terms of looking at requirements, there is the Learning Capital Council. I appreciate that they do not just look at accommodation but it does say in this submission that they will play a leadership role in that area. You also have the export committee. There is going to be quite a significant drop in the amount of student accommodation that will be available. How is that being factored into some of the strategies that these committees are looking at? I know you say it involves cabinet discussions but there must be some factoring in of that.

Mr Barr: I do not necessarily accept the premise of your question.

THE CHAIR: Okay.

Mr Barr: If you—

THE CHAIR: I am actually just asking what they are looking at.

Mr Barr: If you are going to dramatically increase the number of dwellings on a particular site, as is proposed in relation to that precinct, and you have requirements under the Commonwealth-State Housing Agreement around maintenance of social housing within that precinct, and given its location, I do not think it is impossible to achieve an outcome where you are able to maintain accommodation options for those

who are currently within the precinct as well as adding in significantly increased supply in terms of the general housing market. I am not at the stage where I can talk about the detail of business models; frankly, nor would I in this context, given the—

THE CHAIR: I am actually not asking for that. I guess I am using that as an example, but it will have some impact.

Mr Barr: Maybe the simplest way to respond is to say that, as a member of cabinet and as education minister, I am cognisant of the fact that in redeveloping some areas of housing in the city it will impact on the current occupiers of that housing and their needs need to be taken into account in development outcomes. That can mean a variety of things. It can mean being able to move back into the redeveloped precinct. It can mean finding alternative accommodation elsewhere in the city. It would depend on the individual circumstances, noting, of course, that most students are enrolled only for a short period of time. You may not be necessarily talking about having to case manage individuals because effectively they will end their period of study and move on,

THE CHAIR: But then someone else comes in.

Mr Barr: Yes. My point there is that you then need to make provision across the city for additional student accommodation places. It may not necessarily be the case that everyone who is currently enrolled as a student and living in Currong would want that to be their long-term housing arrangement. We will obviously work with individuals, depending on development time frames. My expectation would be, given the time it would take to redevelop particular sites, that the student cohort who are currently accommodated will have moved on to the next phase of their life. Within a precinct you are seeking to maintain a housing mix and that will incorporate public housing, community-operated housing and maybe some student accommodation. That would be something that we can discuss with accommodation providers as we go through that process.

THE CHAIR: I imagine that the universities and CIT would be aware of the fact that at some point that accommodation is not going to be available in the near future. I am just getting a sense of actual students' needs and how they are factoring that in.

Mr Barr: Sure, but in the context of the total supply, Currong is a minute proportion of the total supply of (a) student housing and (b) housing more generally in the ACT. I acknowledge the point you are making, but I am not going to get too hung up on the number of places.

THE CHAIR: Sure. Mr Hanson?

MR HANSON: Thank you. I will just read a quote from the Australian Catholic University's submission and ask you to comment:

The ACT Government has made available funds and support in kind to both the University of Canberra and to the Australian National University to buttress a range of student support and accommodation needs. Further, other capital grants to cover the costs of teaching and learning, enable such institutions to make space in their capital works budgets to provide student accommodation. No such

offers have been made to Australian Catholic University and the lack of a transparent and public process to apply for such grants prevents ACU from applying. On occasions when ACU has sought Government assistance feedback has been given that our University is not a priority for the Government.

Would you like to comment on that?

Mr Barr: No.

MR HANSON: Would you agree with their assessment that the ACU is not a priority for the government?

Mr Barr: No, I would not agree with that assessment. I would indicate obviously that we are working with the larger institutions predominantly, but I am happy to have a conversation with the ACU. If they believe they have some development opportunities that they would like to pursue, I am happy to talk with them.

MR HANSON: Have you got any view of why they might have that sort of sense?

Mr Barr: No. They have never raised it with me before.

MR HANSON: All right. They also mention a lack of a transparent and public process to apply for a grant. What is the process that you have engaged with ANU and UC to provide them with grants and with funding for either accommodation or other—

Mr Barr: Memorandums of understanding that are public documents or the budget process from year to year. We put a call out, as you would be aware, for submissions for the budget process on an annual basis. That is publicly available. It is really up to organisations to avail themselves of that opportunity.

MR HANSON: All right.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Yes, thank you. Minister, the report of the ACT tertiary task force acknowledged that accommodation for students was an element of the connection between education providers. There was a recommendation in the report that an ACT tertiary education student committee be established and also a learning capital council. Has that been established?

Mr Barr: Yes.

MR DOSZPOT: Has it addressed these issues we are addressing at the moment?

Mr Barr: They are amongst their considerations, yes.

MR DOSZPOT: What have their considerations led to so far in terms of accommodation problems?

Mr Barr: It is very early days, given that appointments to those bodies have only been made in recent times. They have not considered those issues and provided information to me at this point, and I look forward to that down the track.

MR DOSZPOT: When was the Learning Capital Council established?

Mr Barr: Some months ago.

MR DOSZPOT: Two months ago, three months ago?

Mr Barr: Do you want an exact date when I wrote the letters to everyone?

MR DOSZPOT: Yes, I would.

Mr Barr: Certainly. I am happy to provide that for you.

MR DOSZPOT: Thank you. The other question I have on that is that the government said that in 2011-12 it will:

... finalise an educational export sector strategy, which will support further growth in ACT education exports by raising the profile of Canberra as an education destination of choice in overseas markets.

Has that educational export strategy been—

THE CHAIR: I did actually ask that, Mr Doszpot.

Mr Barr: If you were paying any attention, we had that 10 minutes—

MR DOSZPOT: I was not here at the beginning, Mr Barr, but—

Mr Barr: Read the *Hansard*. That question has already been asked and answered in some detail.

MR DOSZPOT: I am glad you can answer one of the questions. Thank you.

THE CHAIR: I appreciate this might not be within your area, but we have heard about occupancy agreements. It is something which was raised in particular by the Tenants Union and came out of the process of looking at boarding houses. Is that something which the government has considered in terms of clarifying occupancy agreements? We heard from the Tenants Union that, as you would know, students typically come under occupancy agreements and that creates some of the difficulties for students.

Mr Barr: I read the *Hansard* of their presentation here and their submission. I can get further information for the committee. It is not an area I am directly working in, so I cannot really provide you with an informed commentary on that, other than to say that if the issues have been raised with government then we will look at them.

THE CHAIR: In terms of the boarding house process, this may be something you

cannot answer as well—

Mr Barr: I suspect it will be, yes.

THE CHAIR: In terms of looking at the available housing affordability strategy, we have often heard that students can get taken advantage of in that process. I know it is something you cannot directly look at, but is it something that you are considering—looking at the boarding house process and whatever gets put in place around that?

Mr Barr: I am not personally, but I am happy to take it on notice and provide some information on what work government is undertaking.

THE CHAIR: It is probably relevant to student accommodation.

Mr Barr: Yes. I understand that it has been validly raised in the context of this inquiry. I will take advice from the area of government that is directly responsible for it. I am just not across the detail of it so I cannot help you.

THE CHAIR: Sure. We have also heard from the Student Housing Cooperative that has been established. In terms of ministerial responsibility, is that something which it would discuss with you as education minister or as economic development minister or Treasurer?

Mr Barr: I am increasingly finding that Treasury is all encompassing. I imagine in the first instance their contact would be through the Community Services Directorate and the Housing portfolio. I am always interested in innovative policy responses, Ms Bresnan. If there is a good idea that has come forward that is worthy of further consideration then, to the extent that every proposal that comes before cabinet is examined from a Treasury perspective, I am happy to pay particular attention to that one.

THE CHAIR: Thank you. Mr Hanson?

MR HANSON: One of the aspects of this is looking at other jurisdictions and there is some commentary about that in the government's submission. Have you had a look at what is happening in other jurisdictions where people are doing it a little bit differently and have you seen any ideas that we might bring here into the ACT?

Mr Barr: Yes, and I think we have pointed to a couple of examples in the submission. I keep a close eye on developments in this sector—the policy and regulatory environment in which we operate—so we will certainly continue to explore innovative policy responses. You see some of that in the work that we have already done, the projects that we have supported, and we will continue to do so. In terms of the more recent examples, they are obviously in the government submission.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Thank you. For the sake of just checking with Ms Bresnan, was there anything asked on Havelock House before I came in, Madam Chair?

THE CHAIR: I did ask about it, but it may have been while you were there. But go for it.

MR DOSZPOT: As to the Havelock House solution, Mr Barr, a potential solution—it is a government owned facility—what are the prospects of utilising Havelock House?

Mr Barr: It is difficult for me to speculate today, but we will look at options.

MR DOSZPOT: Have any of the current students who are involved with Havelock House approached you or your department in terms of seeking some interaction?

Mr Barr: Approached me? No. Approached the ACT government? I would need to take some advice on that.

THE CHAIR: As there are no further questions, thank you, minister, for appearing. Thank you, department officials, even though you did not get to speak—but that is okay.

Meeting adjourned from 3.05 to 3.35 pm.

FISHER, MS KAILEE, Manager, Accommodation Services, University of Canberra
LINES, MR BRUCE, Registrar, University of Canberra

THE CHAIR: Thank you, Ms Fisher and Mr Lines, for appearing before the committee today in the inquiry into the accommodation needs of tertiary education students in the ACT. You have probably had your attention drawn to the privilege statement which is on the table in front of you. I just want to make sure that you are aware of the implications of that. I draw your attention to a couple of things in that statement. All proceedings are being recorded today and are also being broadcast, just so that you are aware of that when you are giving evidence.

Before we go to questions from the committee, I would like to invite you to make an opening statement.

Mr Lines: Thank you. As registrar, the bulk of the university's administrative functions report through to me, including overall responsibility for student accommodation, finances and setting capital budgets.

The University of Canberra has grown exponentially over the last few years, and that has created mounting pressure on student accommodation and demand for student accommodation. Just to give you an idea, since 2008 to this year, we have doubled our international student numbers. So last year, in percentage terms, DEEWR reported that we had the largest percentage of commencing international students of any institution in the country. So the demands are real. I should say it is coming off a small base, of course. With respect to the numbers we are talking about, in 2008, to use round numbers, it basically went from 1,000 international students to around 2,000. So it is quite a big jump.

In addition, we have been attracting students from the New South Wales region in particular. We draw students from Sydney as well but demand has been growing from regional areas in particular. Again, this is another pressure on accommodation in the area.

The university has implemented a range of responses to that. We have created our own accommodation office to try and give students advice about entering into rental agreements, but also as a facility to advertise what is available in the private market. We have entered into an agreement with the Australian Sports Commission. We underwrite 36 beds there for a particular type of accommodation, which is fully catered, no alcohol, and other restrictions, which appeals to some of our student market. We are actively pursuing other projects. We are developing a building just off campus, one of the Cameron building wings, which I think you have heard about. That will be a facility of 220 beds, and that will be available in January next year. We have also put in a bid under the national rental affordability scheme, for 1,000 dwellings. Using round numbers, that will translate into about 1,500 additional beds, if we are successful in that bid.

To put it into context, we formed a student accommodation strategy a little while ago and we set a goal of providing beds for 50 per cent of our out-of-town students. At that stage, we only had a project to work with our current provider, Campus Living Villages, to add another 500 beds. Even if we had gone ahead with that project, we

would still fall short of meeting our 50 per cent target by about 1,000 beds. We need to double the number of beds that we have got now by about 2018 in order to meet that target—so from the 1,500 beds that we have got now to over 3,000 if we are going to meet that target. I will leave it there in terms of an opening address.

THE CHAIR: Thank you. My first question goes to something you have written in your submission. You mentioned that future growth is constrained by a lack of accommodation options, and you have set that 50 per cent target that you mentioned. Does the target actually impact on that growth for you? Does it create added pressure by having that target or is it the current constraints in the market in terms of affordable housing for students which is actually creating the pressure for you?

Mr Lines: There is anecdotal evidence to suggest that the tightness in the market now is impacting on our enrolments, which I think gets to the heart of the question. There is no doubt that the University of Canberra has lost students because there is a lack of accommodation, particularly at the lower end, the affordable end, for people for whom money is very tight. Also, in the post-graduate style, family-style accommodation market, it is very difficult for universities to cater for that kind of need and the private market certainly does not cater for it. So we know that we have lost students in that area.

The target itself is a function of the university's plans. As I said, we have grown quite exponentially, and more quickly than we really thought was possible. So we have now set limits on our own enrolment plans. We do not plan to grow beyond a certain size. We would like to cap numbers at a certain level, look at the mix of international and domestic students, regional students, Canberra-based students, undergraduate and post-graduate students in order to diversify and spread risk and also to get to a point where we are then raising quality in terms of the entrance rank and eligibility of people as they come in. So the goal that we have set is partly a function of where we are now, where we think we can get to and where we would like to get to.

THE CHAIR: One of the things you mentioned in the submission was that at the start of 2011 the university reported a wait list of over 900 students. Is that 900 students who are waiting to access accommodation?

Mr Lines: It is 900 students waiting to access accommodation at Campus Living Villages. The arrangement, in case you are not sure of how we are set up, is that the university ran its own student residences for quite some time, and we outsourced it under a BOOT scheme—build, own, operate, transfer. The winning tenderer was Campus Living Villages, CLV. They have a 30-year lease on that. It has about 27 years still to run. They took over the current residences and built an additional 500 beds as part of the agreement. So they run just over 1,400 beds for us now and their wait list was over 900.

THE CHAIR: Does anyone track what happens to those students? Do some decide not to attend the university because they cannot get accommodation? I guess that a lot would go into the private rental market. Is there any assessment done of how that might impact on your enrolments?

Mr Lines: In a word, no. It is difficult for us to track. We do not know definitively

what the attrition rate is. It is because people are putting in multiple applications. So there is Arscott House down the road, which is run by our student association, as well as Campus Living Villages, and then what is available in the private market. So it is very difficult for us to track where people go, and who does not get an offer or secure accommodation in time to influence their decision to come to the university.

THE CHAIR: When I read that, I thought it was quite a large figure regarding the number of students waiting.

Mr Lines: They have just opened up applications for next year, and I think in the first week there were 600 for next year.

THE CHAIR: A huge demand.

MR HANSON: The 1,500 additional beds: where and how are you going to do that?

Mr Lines: A good question.

MR HANSON: I had to ask one eventually!

Mr Lines: The market is pretty tight at the moment. Going through the process of fitting out the Cameron building has been quite an education. For the university to go out and buy a property and fit it out itself, it is just not economically viable. We did all kinds of business modelling on it. Over a 14-year cycle, with the project time line we just could not make the numbers work. That is why we have entered into a dialogue with government about it. If the ACT had not come to the party then we would have walked away because you just cannot make it work.

It is economic on our own campus where we own the land, but financial markets have changed. So when we first entered into the deal with Campus Living Villages, that deal was set up so that the university receives an annuity. It is a very small income stream. In other words, it was economic for them to come in, take it over, build a building and still give a little bit of a return to the university. The markets have changed now and they are saying if we wanted to do another project, the university would have to kick in capital in order to make that viable for them.

If the university did its own construction and just got in an operator, or indeed operated it itself, we could probably just make that work. But the difficulty we have is that, of course, we do not have capital lying around. We would have to borrow the money and we would have to go through a process with the ACT Treasurer to get borrowing limits approved. From my own perspective, in terms of the university's finances, if I have a choice about putting capital into accommodation versus a development which will either generate revenue for the university on its campus or more exactly match the university's core business in terms of developing its teaching and learning research infrastructure, it is going to be the latter two rather than the former. So the university is just not going to put up or borrow large amounts of money to put in.

If we do not get the NRAS bid, it is going to be very hard. So we have not thought beyond this current development of Cameron as to what we might do. We will

probably do another—

MR HANSON: When do you get an answer on that bid?

Mr Lines: A good question. We have been waiting for quite some time. The arrangement with that is that the ACT government has to stump up a 25 per cent contribution. It does not need to be a cash contribution; it can be an in-kind. We understand that the ACT government has found that contribution, so that hurdle has been passed. FaHCSIA has told us for the last several months that the announcement is imminent, and all the time we expect that it is imminent.

MR HANSON: If it is a no, what do you do? Do you do nothing or do you do an increment?

Mr Lines: If it is no, we probably will go ahead and do another 500-bed project with Campus Living Villages, and we probably will put a little bit of money in. But the difference is that that is a 500-bed proposition. We will probably need to stop there and we might be able to achieve our end goal.

MR HANSON: With the flow-on from that, will that mean an adjustment of other things, like your student enrolments? Will you then reduce student enrolments because of the reduced accommodation or will it not have an effect? Will you just take the additional risk?

Mr Lines: It does depend on what happens in the private market. The thing is that there is not a huge amount of data there, but in all the data that we are looking at, the rental vacancy rates are very small. It is one per cent, I think. Despite the developments that are going on, we cannot really see any easing of that, in the medium term anyway. So I suspect that it will have an impact on our enrolments.

DR BOURKE: You talked about lost students. Did you actually have any places that were vacant and not taken up by students?

Mr Lines: Yes. As I said, it is more anecdotal. I cannot give you a figure to say, “We’ve lost this number of students, this percentage of students.” But we do know, through running our own accommodation service, through having students approach us for accommodation, that we have definitely lost students because we do not have the accommodation available. It is also the spectrum of accommodation. If people have \$350 a week to spend on a studio apartment, eventually they will get something. But if they are a family looking for accommodation in Canberra and they are looking at that lower end, it is very difficult for them to find accommodation.

DR BOURKE: If, for instance, you had 200 places offered for first-year education and only 180 got taken up, you would not know that?

Mr Lines: We would not know the extent to which accommodation was the influence.

DR BOURKE: No, I was not asking about the extent of the accommodation. I was asking whether the University of Canberra had places which were not taken up.

Mr Lines: Yes.

DR BOURKE: And what would be the extent of that?

Mr Lines: The hesitation in my response is just that, technically, this year the university is still capped in terms of its funding. So the quotas still apply this year. However, next year quotas are taken off. We are fully funded for any domestic student that we admit. At the moment, we are over-enrolled by 27 per cent. So it is a kind of course-by-course comparison, I suppose. In terms of the demand that was there, that we could have accommodated, we are probably talking about 10 per cent of our intake.

DR BOURKE: What is your building cost for student accommodation as part of your investigation—how many dollars per square metre?

Mr Lines: Our benchmark is around \$100,000.

DR BOURKE: Per square metre?

Mr Lines: I am sorry, per bed; not per square metre. I am thinking in beds.

DR BOURKE: So that is \$100,000. That saves me a few other questions as well. The life cycle is what for the building?

Mr Lines: The life cycle is about 30 or 40 years, with at least one major refurbishment in there, if not two.

DR BOURKE: What sort of annual return do you need to get from your \$100,000 investment to pay your way?

Mr Lines: The university does not need any return from the accommodation.

DR BOURKE: To break even.

Mr Lines: If we can break even then we will be very happy.

DR BOURKE: So what is your break-even amount?

Mr Lines: I am just trying to think about the best way to put this in financial terms. If we take the Cameron Offices, so off-campus, that translates to about \$100,000 a bed. It is going to be a \$23 million project and we are going to provide around about 220 beds in that. The market failure in that project, over a 14-year project time line, is the \$6 million that the ACT government is going to subsidise the project and the 6½ per cent interest rate guarantee that it is giving us for a loan for the whole amount over that period. That is how I characterise the market failure if the university was to go out there and buy land and do the whole thing itself. On campus, we can build it slightly cheaper. We would need to be looking at around \$85,000 per bed on campus in order to break even.

DR BOURKE: Assuming you let them out for about 36 weeks a year and had an

eight per cent return on investment, which is what you would get if you put your money elsewhere, you are looking at somewhere between \$180 and \$220 a week. Does that sound right?

Mr Lines: We are actually going for 45 and 48-week contracts now.

DR BOURKE: Okay, so it brings it down a bit. What is affordable?

Mr Lines: It depends on who you speak to.

DR BOURKE: I am asking you.

Mr Lines: I would have thought affordable for a single student these days would be around the low-200s. Most of the accommodation, though, is in a higher range, so it is 250-plus.

DR BOURKE: Do you offer loans to students?

Mr Lines: Not for accommodation, no.

DR BOURKE: Because you might think that lending them money to work within the private market may be a better investment than actually building stuff. Does that make any sense to you?

Mr Lines: Again, it depends on the return in terms of the tuition fees and other things that flow through to the university. There is a cost-benefit analysis to be done there. At the moment we are looking at \$15,000. That is about the equivalent of the tuition fee that we receive annually. That would be the extent of the loan. Given the amount of money that we write off in tuition fees at the moment, the risk around that is probably pretty high. I guess I am saying it is not that attractive a proposition. There are other things that we could consider, like scholarships, part subsidies—those sorts of things. We are actually actively looking at that at the moment.

DR BOURKE: But you need a capital base to derive that sort of an issue.

Mr Lines: Yes.

DR BOURKE: Of course, the difference between student housing and social housing is that students are presumably going to be within a low income range for only that four years and thereafter they are going to start making money, which is the whole basis of loaning them HECS, isn't it?

Mr Lines: Yes.

DR BOURKE: We have also had quite a few people tell us that student knowledge of tenancy law is really poor. Given the fact that you employ student housing people to give them advice—your student association certainly does—the tenancy union gives them information and there is good information available on the website through the ACAT, what more can be done?

Mr Lines: I do not know. Kailee, have you got any thoughts about that?

Ms Fisher: I think it is about education, particularly for international students in their own country. By the time they have got here, it is almost too late for them to be able to get across everything they need to know before they rent a property. We somehow need to get the information out to them in language they understand—so potentially brochures that are in their own language explaining very clearly what the expectations are in the Australian rental market and what their rights and responsibilities are.

Once they are here, they are already caught up in the drama there can be in turning up. Some of the agents that are out there have actually told their students, “Don’t worry about finding accommodation till you’re here.” When that happens, they are here, they are distressed and they are already overwhelmed by everything. It is too late to sit down with them and say, “By the way, here’s a brochure about your rights.” It is not a high priority for them.

DR BOURKE: We have also had some suggestions that the current legislative status of occupancy ought to be tightened up in favour of occupants. Do you have any comments on that?

Ms Fisher: Obviously with the anecdotal and not-so-anecdotal stories that are out there about students that are getting ripped off in one way or another, I think there does need to be a greater degree of protection for people who are in a boarding situation—not so much formal boarding houses, but students that are staying in homes either on subtenancies or not even with a tenancy agreement to their name. They do not know that they need to sign one or that that is their right to have one or they are not offered one and they are too timid to say, “Hang on, shouldn’t I have something in writing?” I think there needs to be some sort of fallback for those people who simply do not know that there are more rights that they have.

DR BOURKE: Occupancy is actually a different legal status to tenancy. Do you think that would have an impact upon the market, though? If you start putting more rules around occupancy, are people still going to be willing to let out a spare room to a student?

Ms Fisher: I think they will. Particularly in the current Canberra market where rents and mortgages are already high, there is quite a number of people who do rent out to students to help them with their mortgage. I do not think that need will change. I think potentially if you are giving people more rights, you might just weed out the cowboys a little bit more because they will not be willing to put their name to something more formal.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Thank you, Madam Chair. I apologise for missing the beginning of the first couple of questions. I came in on the tail end of your explanation that there was a 10 per cent discrepancy. I was not quite sure whether you were talking about unmet need. Is there a shortfall of 10 per cent or did you have a surplus of 10 per cent?

Mr Lines: The question was essentially: could the university have taken more students than it did; have students gone elsewhere for whatever reason? The answer to that is yes. Probably 10 per cent of the commencing numbers of students each year disappear. That was the answer.

MR DOSZPOT: In terms of the university's accommodation strategy, 2018 and 2015, where the aim was to accommodate 35 per cent of interstate and international students by 2013, what is the current percentage that you are at?

Mr Lines: It is about 32 per cent now. With the Cameron building coming on line next year and some of the other changes that we have made, we will be pretty close to that 35 per cent. I think it is about 34 per cent. The stretch then really is the 50 per cent, keeping in mind that we have still got a growth trajectory. So it is not 50 per cent of current numbers; it is 50 per cent of the numbers in 2018.

MR DOSZPOT: I guess it is a difficult question here if you are looking at expansions to the university. I do not think you can answer the question for me, can you, about if the projected amalgamation goes ahead? Do you have figures of what you would have to reach by that point?

Mr Lines: No, they would be much bigger. The way in which we count students is slightly different. We would need to make sure that we were comparing like with like. CIT, in university terms, have around seven equivalent full-time students. But, as I said, it is not exactly right because they count them in terms of teaching hours and so on. We have got over 10,000 now, so if you add that into the mix it is quite a lot, given that CIT does not have much of its own actual accommodation.

MR DOSZPOT: You have mentioned that there is a differentiation between interstate and international students. There are different expectations by the students and, I guess, the amount of support they need is different as well. Is that true?

Mr Lines: That is definitely true. The support is across not just accommodation but transitioning—coming into a new country and a new higher education system. The expectations around accommodation are different. They are much less autonomous and independent, at least initially. Generally, the student support side of things is quite important. Certainly, any agreement that we enter into with a third-party operator has to have a pastoral care element to it. We need to be satisfied that the students are getting good support academically, socially and culturally.

MR DOSZPOT: Do you have any feel for where the biggest unmet need is? Is it in the interstate or international students? Can you give us any idea of that?

Mr Lines: I would probably say in segments of the international market. As I said earlier, we are not meeting the postgraduate market very well, particularly people coming here with families. That is something we really struggle with. We probably do not cater for Muslim countries very well either in terms of the alcohol culture that we have got here and that can be prevalent in student housing, and also gender-segregated accommodation. The University of Canberra at least does not have any segregated accommodation. That is my perspective. I do not know whether Kailee has another view on that.

Ms Fisher: It is pretty much the same. There are pockets everywhere, but it is usually not one blanket. It is not all the internationals or all of the interstates. It is particular pockets within those groups as well.

MR DOSZPOT: Again, I should imagine that there would be individuals in both areas with those requirements for gender separation and religious considerations. What moves are afoot to catch up on that?

Ms Fisher: At the moment with Cameron we have got one designated as a female-only wing, which is going to help with our Arabic students and also a lot of our domestic female students who are in the 18 to 19 range. Their parents go, “Is there somewhere where I could put this student where she is going to be with other girls?”

Mr Lines: We have underwritten a number of beds at the Australian Sports Commission. They have got some unmet demand there. It is fully catered, there is no alcohol and—

Ms Fisher: A curfew.

Mr Lines: Yes.

MR DOSZPOT: Is the accommodation available at the AIS on an ongoing basis, or is it dependent on what demand there is at the AIS for those places?

Mr Lines: It is dependent on their demand. They have had unmet demand, I understand, for the last couple of years and they predict that they will for the next little while. So if we wished to, we could roll over the current agreement that we have got with them into next year.

MR DOSZPOT: So would that mean shorter term contracts for those places or rental contracts?

Mr Lines: I am sorry, what do you mean by “shorter”?

MR DOSZPOT: Do they offer the same length of accommodation as external providers?

Ms Fisher: You can book for an academic year or you can book for a semester.

MR DOSZPOT: That is good; thank you.

THE CHAIR: Just on the issue you raised in response to Mr Doszpot’s question about the pastoral care element, one of the things we have heard, particularly from the student association and the UC association, is the concern about the move towards a more apartment-style model. I recognise that some students want the on-campus experience and some will want an apartment. You mentioned pastoral care. Do you make sure that it is something that you do? Is it part of any contract or any development you would go into to address some of those concerns that are coming up?

Mr Lines: Yes, we do. With the Cameron accommodation we have just gone through a competitive process to get an operator in. One of the criteria was around pastoral care, what kind of pastoral care program would they put in place.

THE CHAIR: What would you consider to be an adequate or proper level of pastoral care for that sort of development?

Mr Lines: It would be a range of things, including having residential assistance, a program in place, where there are senior residents who have a range of responsibilities and are close to the individuals in the accommodation. It includes social and other activities and support for those. In terms of the actual tender itself, was there anything else?

Ms Fisher: Things like study assistance—so tutors, in-house arrangements, where students who are in the same course group can get together in a room and study together if they want to—and sporting events. With the social events we are not only talking informal but also formal events so that the students can choose to be in a formal environment or, if they happen to be walking past an informal game of whatever, they can join in. So it is not all structured and it is not all informal.

THE CHAIR: Obviously you have had the tender and it is part of the contract.

Ms Fisher: Yes, it is. It was one of the important—

THE CHAIR: How do you make sure those things are actually happening?

Ms Fisher: We have KPIs that are set for each of our providers. The campus living village has a specific set of key performance indicators that come in under student support. Our new contract will have the same set up as well.

Mr Lines: As well as a governance structure involving orderly meetings and so on.

THE CHAIR: Is that something you are concerned about or are you satisfied that having those pastoral care aspects will address the issues which might come up around that? I know it is a difficult question to answer.

Ms Fisher: It is, because I think in any endeavour there will always be students that you cannot capture.

THE CHAIR: Sure.

Ms Fisher: No matter how hard you try, there might be some person that, no matter what you do, by not speaking their language you are not necessarily going to connect with them. We have certainly got a system which does the best it can, but if you ask me do we have 100 per cent coverage of all students and meeting every student's every need, I do not think that that is achievable.

Mr Lines: I should say that we do not put it out to the providers 100 per cent either. The university is quite integrated with these providers. We go and run cooking classes.

We have a range of informal—

Ms Fisher: Language classes.

Mr Liners: Yes—networking things that the university runs in the accommodation itself in order to try and create a sense of community for the residents. We try and give them other life skills that they will find useful as well. We have got a joint responsibility here.

MR HANSON: I could do with some of those cooking classes. Where do I enrol?

Ms Fisher: You will just have to go back to uni and live at CLV, Mr Hanson. Another initiative with campus living village is that our multi-faith centre has started to go down there. Once a week they have a listening room. One of the chaplains comes in and sits there and if people want to come in and say “hi,” that is it.

MR HANSON: The first-year guarantee that ANU have—do you have something similar operating or not? Someone I know at UC is from down the coast. They certainly got offered a place and preferential treatment also. You try and do it or you just do not have a guarantee, or how does it work?

Ms Fisher: We do not have a guarantee, but within our contracts with the providers we do have a preference system. The interstate or international first-years are our top priority in terms of getting them into accommodation.

MR HANSON: Have you looked at that guarantee and considered whether it is feasible?

Mr Lines: We would like to, but we would not be willing to in the current situation. Particularly in the international student market, if we were able to give an offer to a student and offer them accommodation at exactly the same time at a known rate, that would be extremely competitive. It would be very attractive to be able to do that. The ANU situation I think is cautionary. With the problems they have had in coming good on that scheme it has been difficult.

MR HANSON: Yes, they are struggling. They have admitted that. If you moved to your 50 per cent, do you get to a position where you might be able to move to a structure like that? Have you looked at what percentage of accommodation it is—whether it is 50 per cent, 60 per cent or 40 per cent—where you can start to offer those sorts of guarantees?

Mr Lines: I should say it is art more than science in terms of where we have set that benchmark. It seemed to us that it was a reasonable mark to set in terms of defraying our own risk for what might happen in the private market in years to come and other changes to student demand. Given our feel for what happens now at 32 per cent, if we were able to get 50 per cent I think that we would be in a position to provide a guarantee at first year.

MR HANSON: At first year. That is the critical one, it seems, because that is where you can get people in, get them established, get them to know their environment and

then, in 12 months essentially, get them to move out and grow, probably having made some friends.

Mr Lines: Yes.

THE CHAIR: Dr Bourke?

DR BOURKE: Thank you. Do you have any under-18s?

Ms Fisher: We have under-18 domestic and international students, but the university does not accommodate under-18 international students.

DR BOURKE: Will you do it?

Ms Fisher: In accordance with the required laws, international students must either reside with a relative who is 21 years of age and of good character or their parents need to be here living with them.

DR BOURKE: But you do accommodate under-18 domestic students?

Ms Fisher: Yes.

DR BOURKE: Does that create any issues for you?

Mr Lines: Not so far.

Ms Fisher: There has not been an issue so far. I do not know whether that is because maybe we do not have enough of them for it to be a massive issue. Usually, when you are getting an under-18 student they are turning 18 within the next three to six months.

DR BOURKE: We talked before about information for students. You suggested that it was overseas students before they get here that need tenancy information about the situation. Who do you think is best placed to provide that?

Ms Fisher: I think it is the agents. I think that is one area where it really does fall down. I do not know why.

DR BOURKE: I am sorry, which agents?

Ms Fisher: The agents that are engaged to actually find students and market the university to students.

DR BOURKE: Engaged by your university?

Ms Fisher: Yes.

DR BOURKE: Could you not make that part of your contract with them?

Ms Fisher: Yes. I am not in the international area so I do not know how that is enforced, but I do know that there are students who come and have been told that

accommodation will not be a problem.

Mr Lines: We have definitely got a responsibility; there are no two ways about it. It is also the kind of information that we have got available to us as well. The higher education sector is a pretty important sector in terms of exports these days. I think that we could be working more with the relevant agencies in order to get the kind of information that we can use with these student groups.

DR BOURKE: So you are suggesting some sort of partnership to produce something?

Mr Lines: Yes.

DR BOURKE: Thank you for coming in and giving us all this information. What is the plan? I have been dying to ask.

Ms Fisher: That is the plan for the Cameron student residences. I note that it had been mentioned previously so I thought you might be interested in having a look at the actual layout of the site.

DR BOURKE: So how is the interior design going to reflect the concrete brutalist outside?

Ms Fisher: It is not. We have maintained the ceiling. The ceiling beams are still exposed and we have made sure that the fittings work in with the exposed air vents.

Mr Lines: There is going to be a series of shackles running down the wall!

THE CHAIR: Mr Doszpot?

MR DOSZPOT: Thank you, Madam Chair. Is that the \$6 million project that we are talking about—the partnership with the government?

Mr Lines: Yes.

MR DOSZPOT: Is that with the ACT government or the federal government?

Mr Lines: Yes, it is.

MR DOSZPOT: The ACT government. We are aware that there is an ACT tertiary education steering committee that has been formed and there is the Learning Capital Council. Are you represented on that?

Mr Lines: I believe we are, but it is a different part of the university.

MR DOSZPOT: If it is to do with looking at the engagement with the overseas students, would you not be represented on it?

Mr Lines: If it is the body that I think it is then I think that the university does have a representative and I know who that is.

MR DOSZPOT: Have you any idea how long that has been in place? The other thing you mentioned is the multi-faith opportunity you are providing people. How many faiths are represented?

Ms Fisher: It has been a while since I have been in the student equity and support area. We have chaplains who are representatives of Muslim, Catholic, Anglican and the Uniting Church and then off-site, with numbers to contact, we have got representatives from Baha'i, Hindu—all those sorts of things. Whilst we do not have a chaplain on site for everyone, we do have links out in the community that we can rely on.

MR DOSZPOT: These chaplains that you mention—they are all qualified chaplains within their own religions?

Ms Fisher: Yes.

MR DOSZPOT: Is there any financial agreement to bring them on board?

Ms Fisher: No, it is voluntary.

MR DOSZPOT: It is purely voluntary on their part.

Mr Lines: Yes. I was going to say that it does depend on what is going on in the communities at the time and whether they have got someone to volunteer for that kind of role. We have had Buddhist monks from time to time on the panel, but we do not at the moment.

MR DOSZPOT: How long has this been in operation?

Mr Lines: Years.

Ms Fisher: A long time.

Mr Lines: At least a decade.

MR DOSZPOT: The feedback has been good, positive or—

Ms Fisher: The feedback has been fantastic. Again, it is a matter of getting it out there that that service is available.

MR DOSZPOT: I should imagine the overseas students would be the main recipients of some of that assistance as they would not have local people to rely on for comfort and advice, I guess. Would that be right?

Mr Lines: Yes, they do. Mind you, our domestic students make use of the service as well, particularly students from out of town.

MR DOSZPOT: Thank you.

THE CHAIR: There are no further questions and we are just about out of time. So that is probably good timing. Thank you, Ms Fisher and Mr Lines, for appearing today—we appreciate it—and also for bringing the plans with you. A transcript of today’s hearing will be sent to you so you can just check that for accuracy. Thank you once again for appearing.

The committee adjourned at 4.20 pm.