



27th March 2014

Dear Committee Secretary,

RE: SUBMISSION FOR THE SENATE ECONOMICS REFERENCES COMMITTEE ON AFFORDABLE HOUSING

I am writing on behalf of the Sydney University Postgraduate Representative Association (SUPRA), the representative body for the University of Sydney's postgraduate students. In 2013, at the 31st March census date, there were **4,471 postgraduate research students and 13,704 postgraduate coursework students**, making a **total of 18,175 postgraduate students** enrolled at the University of Sydney.

We present this submission to you in anticipation of positive changes for not only Sydney University postgraduate students but for all postgraduate students should our recommendations be accepted.

We welcome any further opportunity to consult with the Committee members.

Kind Regards,

Joanne Gad
President
SUPRA 2013-14

SUPRA: STUDENTS WORKING FOR STUDENTS
Demountable Village (A06)
Science Rd, Camperdown Campus
The University of Sydney NSW 2006
Ph: 02 9351 3715 Fax: 02 9351 6400
admin@supra.usyd.edu.au
www.supra.usyd.edu.au



SUPRA

SYDNEY UNIVERSITY POSTGRADUATE REPRESENTATIVE ASSOCIATION

**Submission for the Parliament of Australia Inquiry into
Affordable Housing, March 2014**

Prepared by: Hayley Stone, Student Advice and Advocacy Officer
With: Margaret Kirkby and Joanne Gad

Authorised by: Joanne Gad, President

Date: March 2014

SUPRA: STUDENTS WORKING FOR STUDENTS DEMOUNTABLE VILLAGE
(A06), SCIENCE ROAD, CAMPERDOWN CAMPUS UNIVERSITY OF SYDNEY
NSW 2006

Phone: (02) 9351 3715 Fax: (02) 9351 6400
www.supra.usyd.edu.au admin@supra.usyd.edu.au

SUPRA Submission to the Federal Government's Inquiry into Affordable Housing, March 2014

Executive Summary

This submission focuses on providing recommendations on federal reform options, to better facilitate home ownership and affordable private rental, particularly within Sydney and its surrounds. We focus on the experiences of postgraduate students who live within the Sydney area and submit that the experience of this group is representative of the experience of very low to mid income¹ professionals within urban NSW. We also focus on what role the NSW government can play in working to achieve housing affordability within the Sydney Metropolitan area.

It is our submission that there is a severe shortage in affordable housing in Sydney for professional people on very low to mid incomes, including postgraduate students. We submit that the prospect of home ownership for many low to mid income professionals is becoming increasingly remote and that many postgraduate students are struggling to sustain stable accommodation in the private rental market.

We understand that the Federal Government's National Rental Affordability Scheme aims to ease the housing crisis through encouraging investment in 'affordable' rental accommodation, however we are concerned that the definitions adopted for what constitutes 'affordable housing' do not actually translate to rents that are in any way accessible for a majority of very low to mid income renters and that the Federal Government has not demonstrated a clear commitment to encouraging state investment in affordable housing for professional low to mid income renters.

At the same time, tax incentives offered through negative gearing are encouraging investment in much needed housing stock but for the wrong reasons. This not only drives up housing prices, but also increases demand on rental properties and subsequently increases rents, as more people are pushed out of the housing market and seek rental accommodation as a long term solution to their housing needs. We feel that NRAS will be limited in its ability to alleviate the housing crisis until such time as additional measures aimed at reducing the attractiveness of property investment are implemented.

We submit that the current rates of income support offered under the AUSTUDY, NEWSTART, YOUTH ALLOWANCE and RENT ASSISTANCE schemes do not reflect the increase in rents that we have seen over the last decade. Deferral of Australia Award funding is of concern to us, and we call on the Federal Government to show a firm commitment to retaining the Australia Awards Endeavour Scholarships and Fellowships scheme, as this is essential to assisting International postgraduates to be able to live and study in Sydney.

We are concerned that any improvements in the level of income support by the Government would result in an increase in rents without legislative safeguards in place at state level to cap

¹ For the purposes of this submission we are defining very low to mid income using 'Table 3A: Household income bands by household size A: Sydney Region' as provided in the Family and Community Services 'NSW Affordable Housing Guidelines' (July 2013) p. 13.

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any increase. We would **propose** that the NSW state government should implement regulation, under which any rent increase will, in principle, be deemed excessive if it is in excess of 5% of the rents component of the Consumer Price Index for NSW over the period since the last rent increase or since the beginning of the lease, whichever is earliest. We would also **recommend** that the NSW government continues financial support to renters, for example, the RENTSTART scheme, offered through the department of Family and Community Services, that the state allocates a proportion of NRAS incentives to not-for-profit organizations committed to providing affordable housing which is suitable for low to mid income professionals, and that it works with local councils to develop and fund affordable housing schemes, especially in the Sydney Metropolitan area.

Recommendations – Federal Level

- ❖ That the Federal government increases NRAS funding allocations to NSW;
- ❖ That rents under the NRAS scheme be capped at no greater than 30% of the net household weekly income;
- ❖ That the rate of income support through AUSTUDY, YOUTH ALLOWANCE, NEWSTART and RENT ASSISTANCE be increased;
- ❖ That all domestic postgraduate courses be eligible for AUSTUDY support
- ❖ That the Federal Government make a commitment to increasing scholarships for both domestic and international students. Scholarships should have an equity component and should reflect the actual cost of urban living; scholarships should be available to both coursework and research students;
- ❖ That funding for postgraduate scholarships be extended to coursework and research degrees;
- ❖ That funding for scholarships be increased per scholarship to better reflect the actual costs of urban living experienced by postgraduate students;
- ❖ That the Federal Government decrease negative gearing tax incentives

Recommendations – State Level

- ❖ A proportion of NRAS funding incentives in NSW should be allocated specifically to address the shortfall in affordable housing for low to mid income professionals (inclusive of postgraduate students), in metropolitan Sydney, capped at 30% of total household income;
- ❖ The NSW Government should work with Sydney City Council and LGAs in the Greater Sydney area to develop and implement 'on the ground' affordable housing initiatives;
- ❖ The NSW government should look at channeling NRAS incentives into university based student accommodation;
- ❖ That the NSW Government introduce statutory provisions into the *Residential Tenancies Act 2010* (NSW) providing that a rent increase is **in principle** excessive if it is greater than 5% over the CPI increase in rents in NSW over the period since the last rent increase or since the beginning of the lease (whichever is later)

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Introduction

The Sydney University Postgraduate Representative Association (SUPRA) is a representative organization that promotes and actively advocates for the interests of postgraduate students studying at the University of Sydney. SUPRA has existed as a fully inclusive postgraduate student representative organization since 1974, and in 2014 SUPRA represents over 18,000 students. The Association is led by a Council made up of democratically elected student representatives, and provides a number of services including casework and advocacy, for which it employs four full time dedicated caseworker staff and a full time solicitor sourced from Redfern Legal Centre. The RLC legal service and our four Student Advice and Advocacy casework staff regularly assist postgraduate students in tenancy and boarding house disputes at the NSW Civil and Administrative Tribunal (NCAT). Several of our casework staff have extensive experience in tenancy matters.

In 2013, SUPRA assisted more than 600 postgraduate students. Over 250 students came to receive information and advice relating to accommodation or tenancy issues. More than 30% of these students identified as being international. For the information of Committee members, accommodation matters are defined as any form of renting or license to occupy which is excluded from the operation of the *Residential Tenancies Act 2010* (NSW) or the *Boarding Houses Act 2012* (NSW) and, tenancy matters include standard form residential tenancy agreements, sub tenancies and boarding/lodging agreements.

Our casework has identified that a significant proportion of postgraduate students at the University of Sydney have trouble securing affordable housing within the Sydney rental market, and little to none have the financial capacity to buy property. Students who rent are predominately looking to find the most inexpensive rental accommodation available, and the 'trade off' for obtaining inexpensive accommodation is usually that they have significant trouble obtaining basic rights, such as repairs, recovery of bond and notice periods before being terminated.

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What do postgraduate students need?

University of Sydney Postgraduate Student Snapshot*

78% of students rent in the private market

3% of students pay a mortgage

More than half of all students (55%) have less than \$500 per week to spend on living expenses including rent

22% of students are living on less than \$200 per week for **all expenses**

44% of students pay \$200 - \$300 per week in rent

81% are stressed about the cost of renting in Sydney

64% of students surveyed have gone without basic necessities, e.g. food, medication costs and transport costs to pay rent

69% of students share house in private accommodation

* Based on SUPRA's Student Accommodation survey, 2014 – this was a self-selecting survey conducted on subscribed SUPRA members – see Attachment A.

Postgraduate students seek accommodation that is well connected to the University main campus (located in Camperdown/Darlington) or its' satellite campuses² either geographically or via direct public transport. Access to supermarkets and places where students do paid work is also relevant to the decision of where to rent.

'The criteria for my future residence had to include nearby supermarket shopping, facilities and close to transport [to the University]' International Postgraduate student, Waterloo.

Our Student Accommodation Survey identified postgraduate students as renting in the following suburbs:

Table 1: Suburbs identified as places of residence – based on provided postcodes

Alexandria/Beaconsfield/Eveleigh
Annandale
Ashfield
Belfield

² These campuses include Sydney College of the Arts (Rozelle), The Conservatorium of Music (Sydney), the Faculty of Health Sciences (Lidcombe), Australian Technology Park (Redfern) and Camden Campus.

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Beverly Hills/Narwee
Broadway/Ultimo
Burwood/ Burwood North
Camperdown
Campsie
Carringbah
Centennial Park/Moore Park/ Paddington
Chippendale/Darlington
Colyton/Oxley Park/St Marys
Darlinghurst/Surry Hills
Enmore/Newtown
Forrest Lodge/Glebe
Guildford/Yennora
Harris Park/Parramatta
Homebush/Homebush South/ Homebush West
Leichhardt/Lilyfield
Lewisham/Petersham/Petersham North
Marrickville/Marrickville South
Merrylands/Merrylands West
Pymont
Ultimo

To undertake postgraduate study, whether as a coursework or research student, postgraduate students on the whole have budgetary restraints for the period of their studies. This could vary from a period of 1 -10 years, depending on type of degree and the study mode.

Affordability is the key concern for most postgraduate students. 81% of students we surveyed for the purposes of this submission admitted that they were stressed by the cost of renting. 55% had less than \$500 per week to spend on living costs, including food, rent, medications, transport, bills and entertainment. 64% of students reported that they had had to go without basic necessities in order to pay their rent.

“Its expensive for an international students [sic] with limited scholarship amount. Subsidized government apartment or hostel as it is in practice in Canberra would help student here in Sydney as well. International students in Canberra pay \$150 [per week] around for rent however we are compelled here to pay more than \$350 per week for simple and old unit”
International postgraduate student, Campsie.

“Most of my allowance is for paying rent. Money is always a concern and as a postgrad I don't have much extra time to do other payed [sic] work” International Postgraduate Student, Leichhardt/Lilyfield.

“Both of us think that Sydney is so expensive, particularly in house rent. It is difficult for us to cover all the expenses, especially as we come from a country where prices of everything are very low compared to one of the most expensive cities in the world”
International postgraduate couple.

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***“It's so much more expensive than my own country! It's over four times more!”
International postgraduate student, Merrylands/Merrylands West***

Most postgraduate students we assist look for accommodation that is as inexpensive as possible whilst still allowing easy accessibility to services such as shops, public transport and the University. Whilst there may be a preference to live independently, postgraduate students, particularly coursework students, often consider affordability to be of greater priority and opt for share-housing situations or ‘quasi-boarder/lodger’ arrangements, for example, occupying a ‘granny flat’ or a converted garage of a private residence with the landlord residing on site. Of the students we surveyed, 69% rented in private share house accommodation. Many students engage in paid work on top of study to cover their day-to-day living expenses. This is a common pattern for coursework students whose degrees are usually of a shorter duration from 6 months to 12 months to 18 months or to 24 months.

“It is not possible to afford rent and living expenses in Sydney without working to supplement government allowance. We are then pressured from university (regarding placements) to not work and be available for them at all times, and penalized if we are not. It seems like something is wrong here” Postgraduate student, Lewisham/Petersham.

“Rent is more than half my total living expenses in Australia and it is a burden. As an international student, I feel obliged to work to cover this rent. The wages however, are never sufficient and my academic studies are impacted” International postgraduate student, Harris Park/Parramatta

International students may try to arrange share house accommodation with people from the same cultural background prior to arriving in Australia. We understand that they use networks within their own countries to organize this, such as the Chinese social media site ‘Weibo’. International students are also more likely as a demographic to seek on campus accommodation or accommodation through large-scale private ‘student accommodation’ providers who are running their accommodation on a commercial basis. These students will usually utilize this form of accommodation for a limited period of time to get more familiar with the rental market before trying to then rent in the private market. We are informed by students who reside in commercial student accommodation that this is because the cost of commercial accommodation, which is specifically geared at the student market, is generally more expensive than it is to rent through a private landlord.

International students looking to rent in the private market will usually source potential rental properties through word of mouth, the website, *Gumtree*, international newspapers, the University of Sydney Accommodation Service (which provides a data base of rental offerings listed by private landlords) or informal advertisements. International students are particularly vulnerable to exploitation from landlords due to their unfamiliarity with the NSW rental laws and what are the basic standards, which can be expected of rental accommodation in Sydney.

In the last year we have seen a number of worrying cases including those in which international students have been the victims of rental scams, have had trouble recovering their bonds, or have been expected to live in substandard accommodation, for example, a cordoned off part of a living room. Stable accommodation is essential to these students, who often do not have the same knowledge and resources as domestic students. Rental instability is a contributor to

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poor academic performance in a number of show cause and special consideration matters we deal with, both for international and domestic postgraduate students.³

Domestic students are more likely to rent in the private market from the outset (possibly because they are more savvy to the rental market) and a proportion of domestic students with family who live within a reasonable distance to the University, live 'at home' to avoid the costs of high rents. Regional domestic students studying at the University of Sydney are likely to consider on campus accommodation and the large scale private 'student accommodation', although most will not stay in this form of accommodation for the duration of their studies.

Domestic students are usually aware of accommodation Internet sites such as *Domain* and *Real Estate.com*, which tend to advertise more 'mainstream' residential tenancy agreements. They also use *Gumtree*, word of mouth, social media, the university's accommodation service, and specific 'find a flatmate' websites to find accommodation.

A particularly disadvantaged class of postgraduate student renter are those who rent with dependents. For example, sometimes, some international students bring their spouse and/or children to Australia whilst they are studying and students have reported to us that some faculties at the University of Sydney have actively promoted this. Smaller scale properties, e.g., bedsits, are often not an option for these postgraduates. We are aware of families who try to share house in order to save costs, but this is very difficult logistically. For international students, student visa requirements add an extra complication by placing limitations on the amount of time international postgraduate students can spend on paid employment during university term times diminishing the household income.

'Locating housing with a child is VERY difficult. Everywhere I go, no one wants a youngster in their midst. As much as I would love to rent a room in a child-friendly home, I have resigned to living in a hotel for the next few months. As you can imagine, this is VERY expensive' – postgraduate student.

Concerns to be addressed by the Federal Government

SUPRA has identified five main areas of concerns relating to housing affordability for postgraduate students which we submit that the Federal Government should address:

1. There is insufficient provision of federal level funding under the NRAS scheme towards affordable housing in NSW;
2. The rental cap of no greater than 80% of market rent for NRAS properties does not reflect true affordability in the Sydney Metropolitan context;
3. There is currently insufficient allocation of funding for income support under AUSTUDY, NEWSTART and Youth Allowance payments – all postgraduate courses should be eligible for AUSTUDY;

³ Show cause matters are where a student is required to explain to their faculty why they should be able to continue in their candidature due to poor academic performance. Students make special consideration when they have had illness or misadventure, which has had a detrimental impact on their academic performance for a particular assessment task or subject.

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4. There is insufficient funding for tertiary student support schemes, such as Australian Postgraduate Awards and Australia Award scholarships – there should be investment in additional scholarships and scholarships should bear some relationship to the actual cost of living in urban Australia;
5. Tax incentives are currently encouraging people to invest in property, driving up the cost of housing and also the cost of rents.

1. Insufficient provision of federal funding under the NRAS scheme in NSW

In 2013, the *Tenth Annual Demographia International Housing Affordability Survey* rated Sydney as having the 4th most unaffordable housing market out of 85 major international metropolitan cities.⁴ The NSW Government's most recent Housing Analysis and Research 'Rent and Sales Report' indicated that in the June quarter of 2012, central, mid and outer Sydney properties were attracting median rents of \$410, \$375 and \$280 per week respectively.⁵

Anglicare's annual *Rental Affordability Snapshot* of April 2013, found that of 12,880 properties available for private rental in the Greater Sydney Area, only 23 of those properties were identified as being able to satisfy being both appropriate and affordable to people on income support (for example, Youth Allowance, Aged Pension)⁶. **No suitable properties were found for single people on AUSTUDY payments.**⁷ Likewise, a search of 'Flat share/House share' properties on Gumtree for the Sydney Region conducted for the same report indicated that of 1200 available properties, few if any were feasible for full time students on income support.⁸

SUPRA is deeply concerned at the lack of affordable housing options for low to mid income earners, particularly in the Sydney area. Many postgraduate students are in the low-income bracket and are unable to work full time whilst studying. Domestic students in our experience tend to rely on a combination of paid employment and/or income support, for example AUSTUDY or NEWSTART, Australian Postgraduate Awards (APA) or University Postgraduate Awards (UPA) and we note that many Masters courses are not approved for AUSTUDY benefits.

Whilst a very small percentage of international students rely on grants through schemes like

⁴ Cox, Wendell, (Demographia) and Pavletich, Hugh (Performance Urban Institute), *10th Annual Demographia International Housing Affordability Survey: 2014–Ratings for Metropolitan Markets*, (2013), pp. 12, 14 – for the purposes of the study the authors considered 85 major metropolitan markets within Australia, Canada, Hong Kong, Ireland, Japan, New Zealand, Singapore, the United Kingdom and the United States.

⁵ NSW Government, Housing Analysis and Research, 'Rent and Sales Report' no. 100 (2012) p. 3.

⁶ Anglicare, *Anglicare Australia Rental Affordability Snapshot*, (April 2013), pp. 49-50.

⁷ Ibid.

⁸ Ibid

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the Australia Award to meet their living expenses, the majority have to take paid work, rely on their families or use money saved, or a combination of all of these to supplement their income whilst studying. International students must take on a full time course load in order to study at the University of Sydney.

The following table, (Table 2), is a breakdown of the weekly amounts received by students under the AUSTUDY, NEWSTART, YOUTH ALLOWANCE, APA and AusAID schemes:

Table 2: Breakdown of weekly income amounts

Type of payment	Amount of available funds per week (Based on 52 weeks for single person)
AUSTUDY (including rent assistance)	\$268.70
NEWSTART (including rent assistance)	\$312.50
Youth Allowance (including rent assistance)	\$269.20
APA*	\$488.30
Australian Award*	\$576.90

*Based on the yearly rates and divided into weekly allocations.

Obviously the amount of money offered under each of these schemes is insufficient to cover all living expenses. We also note that none of these amounts comes close to the national minimum wage of \$622.20 per week, and are alarmed that **the current rates of both AUSTUDY and YOUTH ALLOWANCE (including rent assistance) in particular are both less than half of the national minimum wage.**⁹

"I know others near me pay more, so I feel lucky that I only pay \$170 per week [to share] but then there are all the bills and costs (electricity, internet, gas, travel, food, clothes etc.)"
Postgraduate student, Croydon.

"I'm from outside of Sydney and have had to rent since studying there. The housing prices for renting a room have almost tripled. Centrelink payment for students don't reflect this change. It's something that I feel really strongly about. It's not fair that landlords can ask for so much rent from anyone" Postgraduate student.

SUPRA strongly submits that students should be able to pursue postgraduate level education in accommodation that is affordable, secure and suitable for their needs.

Postgraduate students are being placed in the position where they must do paid work to supplement their weekly income and balance this commitment with their studies. This paid work often comes on top of full time study, and in the case of international students, there is no choice but to take on paid work whilst studying on a full time basis. Balancing work commitments and study often results in poor academic performance, which can further increase education costs for students if a subject needs to be repeated due to a fail result.

⁹ Fair Work Ombudsman, <http://www.fairwork.gov.au/pay/national-minimum-wage/pages/default.aspx> (accessed 18 February 2014)

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“I have now decided that I need to find a second job to make ends meet. This is making me nervous as I am not sure how I will go finding a job and still maintaining my research/experimental needs” PhD student, Waterloo.

We note that the Australian Government’s National Rental Affordability Scheme is seen as a potential way of alleviating housing affordability issues across Australia, however we have three concerns about the NRAS both at Federal and State levels. Firstly, that the NSW Government has not received sufficient funding under the NRAS scheme to sufficiently improve housing affordability in Australia’s most populous state, and secondly that the rent cap of 80% of market rent does not reflect true affordability.

The 2013 Census indicates that the population of NSW at the end of the June Quarter was 74,392,000, constituting 32% of the overall Australian population.¹⁰ The COAG reform council has reported that 47% of low-income rental households are in rental stress in NSW as opposed to 41.7% nationally.¹¹ Despite this, we understand that of 40,000 funding incentives allocated nationally, only 6500 have been allocated to NSW as of Nov 2013.¹² This amount, we submit, is simply not enough to make a significant impact on housing affordability in NSW.

We note that in NRAS Round 5, the NSW Government has a stated preference for projects that will be run by registered community housing providers. We understand that this may be an attempt to address the fact that a report by the NSW Auditor General in July 2013, indicated that social housing supply in NSW only meets 44% of need.¹³

More NRAS funding incentives must be allocated to NSW, to address both the need to house very low-income households **AND** low to medium income professionals. We are concerned that the NSW government has a stated preference for community housing providers in the NRAS round 5 allocations and submit that these properties will, in practice, be used to house very low income households which cannot be accommodated in the social housing market and who are unable to rent at all in the private rental market for various reasons, for example, disabilities or family structure.

¹⁰ Australian Bureau of Statistics, *Australian Demographic Statistics*, June 2013, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/3101.0> (accessed 18 March 2014)

¹¹ COAG Reform Council, *Affordable Housing 2010-11; comparing performance across Australia – National Affordable Housing Agreement Report to the Council of Australian Governments*, 30 April 2012

¹² NSW Government, Family and Community Services, Housing NSW, *National Rental Affordability Scheme (NRAS)* 21 November 2013, <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/For+developers+of+affordable+housing/National+Rental+Affordability+Scheme+%28NRAS%29/> (accessed 18 March 2014)

¹³ Audit Office of NSW, *NSW Auditor General's Report – Performance Audit – Making the best use of public housing*, July 2013, https://www.audit.nsw.gov.au/ArticleDocuments/280/01_Public_Housing_Full_Report.pdf.aspx?E_mbed=Y, p. 2 (accessed 18 March 2014)

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Very–low to mid income professionals, such as postgraduate students, (particularly those without dependents) have resources, albeit limited, to find private rental accommodation, be that share housing, ‘couch surfing’ or otherwise.

Our concern is that the types of accommodation they [postgraduate students] are finding are generally substandard and place these people in an unacceptable state of rental stress. We submit that the dire situation of postgraduate students, as representative of low to mid income professionals as a whole, is often overlooked

The Australian Bureau of Statistics notes that an increase in rental costs in relation to overall household income can result in a decline in overall living standards,¹⁴ and the results of our Housing Affordability Survey indicates that this is indeed the case, with 64% of postgraduate students surveyed going without basic necessities, including food, medication and transport costs.

‘In short we live in the garage of the house, which {sic} has been arranged for three people to live. Our landlord enters our section of the house whenever she wants simply because she has keys and needs something from this side’ – International Postgraduate student.

‘I deal directly with my landlord on a month to month lease, which makes me very reluctant to bring up any problems with the house in case I get booted, and I put up with a lot as a result – they come around without notifying us roughly every month and often does spontaneous house inspections, there is a chronic black mould problem that they refuse to do anything about’ – postgraduate student, Dulwich Hill.

In addition to the provision of more NRAS funding at Federal level, we would recommend that the NSW Government looks to partnerships with the City of Sydney, and LGAs around the Sydney Metropolitan area to implement ‘on the ground’ affordable housing schemes through NRAS and to adopt a similar approach to the Australian Capital Territory and Tasmania, by providing NRAS funding incentives for the development of genuinely affordable student accommodation connected to Universities.

We would stress that provision of NRAS funding to develop any accommodation aimed at catering to the postgraduate student population must result in the provision of accommodation that is realistically affordable.

2. The rental cap of 80% of market rent for NRAS properties does not reflect true housing affordability in Sydney

Table 2 of this submission details the weekly total income for students on income support, including AUSTUDY, NEWSTART, APA and the Australia Award. It is clear that the capping of NRAS rents at no greater than 80% of market rent will not elevate rent stress for these students. SUPRA proposes that the Australian Government cap rents at an affordable amount for households. The Australian Bureau of Statistics defines a household to be in ‘rental stress’ if its rental costs are greater than 30% of the weekly household income¹⁷. We therefore recommend that an income

¹⁷ Australian Bureau of Statistics, *Housing Circumstances, PERSONS, PROPORTION LIVING IN LOW INCOME HOUSEHOLD IN RENTAL STRESS (a)(b)(c), 15 years and over,*

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based rent cap at no more than 30% of the total household income is the only real way to achieve housing affordability.

Recommendations

- ❖ Rents under the NRAS scheme be capped according to household net income. Rents should be defined as being no greater than 30% of the household's total net weekly income;
- ❖ The NSW government allocate a proportion of incentives for the development of projects aimed at providing affordable housing for low income professionals, such as postgraduate students in high demand areas;
- ❖ The NSW Government consider projects aimed at providing affordable student accommodation connected to universities capped at a rent of no more than 30% of the total household income
- ❖ The NSW Government work in partnership with the City of Sydney, LGAs and not for profit organizations to implement affordable housing schemes on the basis that rents are capped to no greater than 30% of the household's total net weekly income.

3. The rate of income support through schemes such as AUSTUDY, NEWSTART, Rent Assistance and Youth Allowance should be increased

Our casework has indicated that a number of domestic postgraduate students are dependent on income support from federal government student support schemes.

*The rates of AUSTUDY, NEWSTART and Youth Allowance fall way behind the costs associated with living in the Sydney Metropolitan area, even with the maximum rent assistance payment. We note that all of these payments fall below the Henderson Poverty Line as of the September Quarter of 2013.*¹⁶

Rent assistance is capped at a maximum amount of \$124 a fortnight for a single person once their fortnightly rent exceeds \$275.33. This payment is woefully inadequate when one considers that outer Sydney properties in the private rental market are averaging \$280 per week.¹⁷

Students who are able to receive income support often have to manage full time study course loads with part time paid work to supplement their income. A few students are able to take advantage of scholarships and bursaries offered by the University of Sydney, but the process of obtaining these grants are highly competitive and only a small number of scholarships and bursaries are offered each year. Scholarships also tend to be merit based, rather than based on socio economic status.

<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4125.0main+features1310Jan%202013> (accessed 20 February 2014)

17. NSW Government, Housing Analysis and Research, 'Rent and Sales Report' no. 100 (2012) p. 3.

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Having to combine paid work with full time study is often disastrous for postgraduate students. In our casework we regularly assist postgraduate students who have been asked to show cause as to why they should be allowed to continue their studies due to poor academic results, which more often than not stem in part from students unsuccessfully trying to balance paid work and their study obligations. Failed attempts to combine study with paid work can be very expensive for students and can result in students abandoning their studies all together

4. More courses should be covered under AUSTUDY payments

It is important to point out that many courses offered at the University of Sydney are not approved for the purposes of obtaining income support under the *Student Assistance (Education Institutions and Courses) Determination 2009* (No. 2).¹⁸ We would argue that the range of courses covered under the student assistance determination be extended.

We would **recommend** that the Federal Government reassess the current rates of income support available for postgraduate students with the aim to bring these payments into alignment with the actual cost of living within urban Australia. In particular, the amount of money offered through the rent assistance scheme should recognize the high costs associated with the private urban rental market and the maximum amount offered should be determined based on a percentage of the total average rent for the area in which the recipient lives.

Recommendations

- ❖ That the rate of income support through AUSTUDY, YOUTH ALLOWANCE, NEWSTART and RENT ASSISTANCE be increased;
- ❖ That all postgraduate coursework degrees be eligible for AUSTUDY

4. The Federal Government should demonstrate an on-going commitment to providing scholarships for postgraduate students that actually reflect the cost of urban living

¹⁸This is for a single person with rent assistance,
<http://www.industry.gov.au/HigherEducation/StudentSupport/Documents/StudentAssistanceDetermination2009Compilation.pdf> (accessed 18 March 2014)

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The Federal Government currently provides funding and support for a range of scholarships that benefit both domestic and international postgraduate students at the University of Sydney.

Current international student scholarship schemes

International students can particularly benefit from being recipients of scholarships, as they are unable to access other forms of income support whilst studying in Australia. A large proportion of our most financially disadvantaged students are international students

“One of my friends, he’s an international student like me. He told me he eats breakfast and lunch, but does not eat dinner, just so he can afford to live” – International postgraduate student.

One of the largest scholarship schemes at the University of Sydney for international students is the Australian Development Scholarships (now known as Australian Award Scholarships) and Australian Leadership Awards (now known as Australian Awards Fellowship) both of which are run by the Federal Department of Foreign Affairs and Trade.¹⁹ We are **concerned** that that the Federal Government has recently deferred funding for Australian award scholarships and has withdrawn funding for candidates from Latin America and Africa.²⁰ We are also **concerned** that although the budget for the Australian Awards Program was \$331 million for 2012-2013²¹, the budget for 2014-2015 is still under discussion and that this funding may be diverted into the New Colombo Plan, for which the Federal Government has already committed \$100 million over 5 years.²² We note that the Colombo Plan aims to provide funding for domestic undergraduate students to study abroad – not for international or even domestic postgraduate students.²³

In 2013, the University of Sydney had 4920 postgraduate coursework and research

¹⁹ Australian Government, Department of Foreign Affairs and Trade, Australia Awards, <http://aid.dfat.gov.au/australia-awards/Pages/studyin.aspx> (accessed 19 March 2014)

²⁰ As reported by the Australia Awards Unit, University of Sydney on 19 March 2014.

²¹ Australian Government, Department of Foreign Affairs and Trade, Australia Awards. <http://aid.dfat.gov.au/australia-awards/Pages/default.aspx> (accessed 19 March 2014).

²² Australian Government, The New Colombo Plan, <http://www.dfat.gov.au/new-colombo-plan/about.html> (accessed 19 March 2014)

²³ Australian Government, The New Colombo Plan, <http://www.dfat.gov.au/new-colombo-plan/about.html> (accessed 19 March 2014)

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students from overseas. Whilst we are presently unable to determine how many international postgraduate students will study at the University of Sydney this year, we know that of some 200 Australian award scholarships awarded this year, most of these were for international postgraduate students. A further 36 students were awarded Endeavour scholarships, and this year there will be approximately 20 scholarships awarded to international students studying at the University of Sydney under the International Postgraduate Research Scholarships Scheme (IPRS). The IPRS does not provide a living allowance stipend and is supplemented by the University of Sydney's IPA award. This information reveals that a large proportion of international students studying at the University of Sydney pay for their tuition fees and living expenses without access to any support from the Australian Government. Many of these students, we would submit, would fall into the very low-to-low income category.

The provision of accommodation that is affordable, secure and suitable for these students should be a priority of the Federal Government.

For the small proportion of international students who do receive scholarships from the Australian Government, these scholarships are often insufficient to allow for any decent quality of living whilst studying in Sydney, for example, the Australian Award Scholarship works out to a living allowance of \$576.90 per week.¹⁷ This is below the Australian minimum wage and many postgraduate international students describe to us the difficulties they experience meeting the day-to-day costs of living in Sydney.

We submit that the Federal Government should demonstrate a solid commitment towards continuing to encourage international students to study within Australia. The government should channel funding towards increasing scholarships for international postgraduate students and should reassess the current funding rates under these scholarships to more accurately reflect the costs of living in urban Australia.

Current domestic student scholarship schemes

A small proportion of domestic research students receive funding through the Australian Postgraduate Awards Scheme (APA). In 2013, of the 3,500 APA grants allocated by the Federal Government, the University of Sydney received 347.¹⁸ APA scholarships are allocated on a merit-based system. The inadequacy of the APA scholarship (which equates to a weekly income of \$488.30) is demonstrated in the fact that the University of Sydney offers a range of 'top up scholarships' in addition to the APA to students who have an outstanding academic record.

It is concerning to us that all government funded scholarship schemes for domestic postgraduate students are for research, not coursework and are merit based. We also note that there is no asset or means test for the APA scholarship, although recipients

¹⁷ University of Sydney, APA/UPA Top up Scholarships and More, http://sydney.edu.au/scholarships/research/postgraduate_awards.html, (accessed 19 March 2014)

²⁵ This data comes from discussions with staff of the University of Sydney's scholarships office.

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are limited as to how many hours they can work whilst studying. We would recommend that the Federal Government invest in additional funding for scholarships aimed at both postgraduate research and coursework students. A proportion of scholarships should be specifically equity focused. Scholarships should reflect the true costs associated with urban living

Recommendations

- ❖ That the federal government demonstrate a commitment to providing increased funding for additional scholarships for both domestic and international postgraduate students;
- ❖ That funding for postgraduate scholarships be extended to research and coursework degrees;
- ❖ That the funding for scholarships be increased per scholarship to better reflect the actual costs of urban living experienced by postgraduate students

6. The Federal Government should decrease negative gearing tax incentives

Negative gearing occurs when an investor borrows to invest in a property that they do not have the capital to afford. The interests and other costs incurred on the property exceed the rental income, and the cash loss is offset against income from other sources, resulting in a reduction in the amount of income tax the investor has to pay.²⁶

Negative gearing is extensively used in Australia, with property investment being seen as a particularly lucrative financial strategy in the long term.

'With a negatively-gearred investment you make a cash loss, but the effects of this cash loss are buffered or absorbed by the tax system. Because of the tax effects your loss is reduced. Simply put: the tax man and the rental income pays for your investment property!!' – from the Australian Residential Property Planners website²⁷

Negative gearing distorts the housing market. Investors relying on negative gearing increase demand on properties, which in turn results in higher property prices. As more

²⁶ Australian Residential Property Planners, Negative Gearing, <http://www.propertyinvestmentplanning.com.au/negativegearing.htm>, accessed 19 March 2014.

²⁷ <http://www.propertyinvestmentplanning.com.au/negativegearing.htm> , accessed 19 March 2014.

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people are excluded from the property market by high housing prices, they turn to the rental market, where again increased demand inflates prices – we note that only 2% of postgraduate students we surveyed were home owners. Unless negative gearing becomes less appealing, at least for pre existing properties, supply issues will continue to result in unaffordability. We understand that 92% of all borrowing by residential property investors over the past decade has been for the purchase of established dwellings.²⁸

Schemes such as NRAS will make little impact on achieving any level of affordable housing for low to mid income professionals since it is based on a percentage of already upwardly distorted market prices. We need to see more people being able to access the property market and an increase in housing stock overall. For this reason, we would argue that the Federal Government look at addressing the current taxation set up which advantages investors looking to negatively gear their investment properties and either makes negative gearing less attractive overall, or encourages those who wish to negatively gear to build rather than buy into existing housing stock.

Recommendations

- ❖ That the Federal Government should decrease negative gearing tax incentives

State based rent increase cap

Postgraduate students are very concerned about rent increases as these can put greater strain on their finances and can result in further rental stress, or even homelessness. Many students talk of being very reluctant to raise issues about repairs and maintenance, even urgent repairs, in rental properties due to the fear that the landlord will respond by increasing the rent. We note in our Student Accommodation Survey that 6% of postgraduate students identified rent increases as a specific concern to them, whilst 58% said that their current rental property was too expensive. 81% said that they felt stressed about the amount of money they needed to pay for accommodation.

For tenants, under the current provisions of the *Residential Tenancies Act 2010* (NSW) a landlord can increase the rent of a property for a continuing agreement within 60 days of the tenant being provided with a written notice. This could hypothetically result in a tenant experiencing 6 rent increases within a 12-month period.

“I worry that the rent will go up – last time it went up it was an extra \$30. If it goes up again I will have to consider moving” – Postgraduate student, Croydon.

²⁸ Eslake, Saul, *Australian Housing Policy: 50 Years of Failure*, Submission to the Senate Economics References Committee, 21 December 2013, p. 10.

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The provisions under which a tenant can fight rent increases are very weak and in our experience are seldom successful at Tribunal level.

We suggest that the NSW Government could go some way towards reducing rising rents by adopting a model similar to the legislative rent increase provisions in the ACT whereby a rent increase will be deemed to be in principle, excessive if it is in excess of 20% of the rents component of the Consumer Price Index (CPI) for Canberra over the period since the last rental increase, or since the beginning of the lease, whichever is later.²⁹

Capping rent increases in this way and setting a benchmark of 'reasonableness' in such a way removes the onus on the tenant to prove that any rent increase is too high and we also hope would make landlords reconsider large rent increases, on the basis that any increase greater than a set percentage above CPI for rents would automatically be presumed as excessive.

Considering the tight rental market in Sydney and data that the Sydney rental market is already outside the reach of many on income support, we would suggest that any rental increase be held to be excessive by NCAT *in principle* if it is in excess of 5% of the rents component of the Consumer Price Index (CPI) for Sydney over the period since the last rental increase or since the beginning of the lease, whichever is later.

Recommendations

- ❖ That the NSW Government introduce a section into the *Residential Tenancies Act 2010* providing that a rent increase is **in principle** excessive if it is greater than 5% over the CPI increase in rents in Sydney over the period since the last rent increase or since the beginning of the lease (whichever is later)

Conclusions

Postgraduate students require accommodation that is secure, suitable and affordable for the duration of their studies at the University of Sydney. Through our casework we are acutely aware that many postgraduate students are struggling to balance their studies and paid work commitments in order to sustain unaffordable rents and often going without basic living necessities in the meantime.

We need to see an investment at both Federal and State Government level towards improving the situation for these students. At a Federal level we need to see an increase in funding and changes in the NRAS scheme, coupled with strategies aimed at reducing pressure on the housing market. In the short term, the Federal government needs to address the widening gap between income support (both through social welfare schemes such as NEWSTART and schemes that are specific to postgraduate students such as the APA scheme and the Australia Awards) and the costs of urban living.

There is a role in the state government throughout this process too. The NSW government

²⁹ Residential Tenancies Act 1997 (ACT) s. 68 (2).

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needs to show a commitment to channeling a proportion of NRAS funding allocations to provide housing for low to mid income professionals in the Sydney Metropolitan area and to favour not-for-profit organizations in preference to private investors. The State government needs to work with LGAs and the City of Sydney to develop 'on the ground' affordable housing schemes and to look at exerting greater control over the rental market by legislatively defining what is in principle 'reasonable' rent increase. It is hoped that a combination of short term strategies aimed at alleviating the current levels of rental stress felt by postgraduate students, combined with long term strategies aimed at increasing housing supply will go some way towards turning around Australia's current housing affordability crisis.