

23rd August 2024

Gerry McNally
Committee Secretary
The Senate Education and Employment Legislation Committee

Via email: eec.sen@aph.gov.au

Inquiry into the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 [Provisions] | Response Overview from Scape Australia Management Pty Ltd

Dear Committee,

Scape Australia Management is strategically aligned and in agreement with the government's intent to improve and continue sustainable growth for Australia's largest services export, international education.

What remains unclear is the method the government intends to implement to achieve its goal of sustainable growth and whether or not that will include the problematic tool of introducing hard caps. We believe that the blunt instrument of caps will have brutal secondary effects across the wider economic landscape, effecting more than just international education.

We believe that there is a natural slowdown in migration from the atypical surge in 2023 numbers following the pandemic and therefore question the need for a cap at all. We do not believe the peak Net Overseas Migration (NOM) number today is reflective of forecasted NOM numbers and the natural reduction of the NOM from post-COVID peak arrivals and delayed departures. Government controls on visas is essentially an attempted control on demand, when the government should focus on how it can stimulate supply and encourage investment in this and related living asset classes. This myopic focus on geographical controlled supply could also send unintended discriminatory signals, impacting Australia's social license around 'welcoming inclusivity'.

The Purpose-Built Student Accommodation (PBSA) sector has also proven through the Student Accommodation Council's 'Myth Busting' report (which has also been cited by others throughout this process) that international students are not the cause of the housing crisis nor the cause of rental increases - taking up only 4% of residential-for-rent in LGA's close to universities, CBD areas and majority single or shared apartments. They do not compete for family homes out in the suburbs. International students may be a convenient scapegoat for the housing issues but the evidence proves that they are not the genuine reason that Australians cannot find an affordable place to live.

We also believe that in the last 10 years, the creation of an industry around PBSA evidently demonstrates that the market is addressing the demand solution in these areas and represents a market success story that should not now be threatened. This is particularly the case given the damage the industry experienced through COVID with zero government support (unlike other accommodation providers that were supported through favourable policies during that period).

Our focus should remain solely on protecting Australia's economic future by supporting its largest services export, international education.

Scape is Australia's largest developer-owner-operator of Purpose-Built Student Accommodation. We are long-term holders of these assets employing over 800 staff and supporting over 20,000 students a year through their education experience by providing world-class living and learning environments. Our 38 buildings are based in key cities; Sydney, Melbourne, Brisbane and Adelaide, and we have an additional 6 buildings in planning and development which will take the portfolio to 25,000 beds by 2026. Scape is the largest private investor in Australia's higher education sector with \$8 billion in capital committed since 2018, surpassing any other investor to any education sector in Australia.

I'd like to be very clear and respond to some misconceptions that have come to light during these hearings. The PBSA sector is professionally managed and heavily regulated. We have one superpower, and that is to build and operate world-class buildings designed specifically for students. We are limited by our planning permits to only house students and we remain a very popular housing choice for international students therefore, we are a crucial part of the solution. If a policy initiative is to be introduced to address the impact of international students on the housing market, rather than using the heavy lever of caps, the proposed solution ought to target the lack of collaboration between universities, VET and education bodies to facilitate the utilisation of existing PBSA beds which are not at capacity. This would have the effect of promoting ongoing PBSA investment to ensure growth in supply chain.

Any adverse changes to student visa policies has significant negative impact on capital flow into this country. Already the existing uncertainty and media headlines are causing alarm bells to ring across the global investor landscape. This impacts not just the PBSA sector but Australia's long term economic viability. Limiting growth in international education damages a far broader cross-section of society; impacting access to labour and causing a decline in spending, tourism, hospitality and retail. The government's role should be to stimulate supply not to shut it off by attempting to control demand through temporary and artificial measures like visa controls.

The current policy approach is contradictory - on one hand, the government seeks to increase housing supply; on the other hand, there is talk of capping the amount of international students therefore risking continued investment in our asset class. We need international students to make the business model stack up. The policy approach is counterintuitive.



Scape has invested billions across Australia. The Federal Government, along with every State and Local government has opportunistically taxed as a result, despite the sector adding jobs, providing safety and security, alleviating the housing demand outside the local areas of university and education providers and improving the quality of the living experience for everyone in those areas.

We need to learn from the impacts of caps made by other countries. In Canada it sent shockwaves, and the message was perceived by international students as 'you're not welcome'. So damaging were these caps that even the existing quotas are not filled by international students. This has seen Canada fall away from the top 3 global destinations. May we learn from this disastrous mistake.

PBSA as a sector is ready to support Australian education providers by delivering 'for purpose' student accommodation, with the capital and capability to continue to grow with the required demand.

I look forward to discussing these points further in the hearing on Monday.

Yours sincerely,

Anouk Darling
Chief Executive Officer
Scape Australia Management Pty Ltd