

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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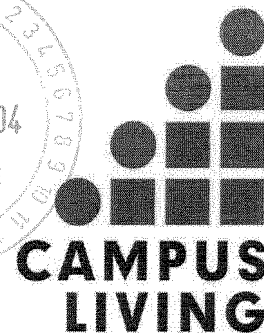
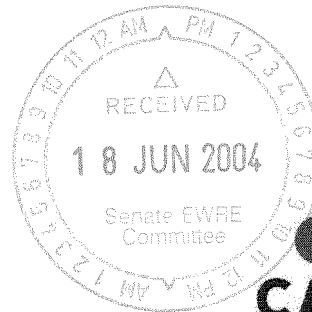
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SUBMISSION TO THE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION REFERENCES COMMITTEE OF THE SENATE – REFERENCE ON THE LIVING COSTS OF STUDENTS

Background

Relevant to the Committee's enquiry into the living costs of students enrolled in full time and part time courses raises, albeit indirectly, is the issue of the affordability of housing for students at universities in Australia.

Tuscan Corporation Pty Limited ("Tuscan") is the developer of Sydney University Village ("SUV"), a 650 bed student accommodation facility constructed on land owned by the University of Sydney. Campus Living Pty Limited ("Campus Living"), a wholly owned subsidiary of Tuscan, is the operator of SUV.

The development of SUV was promoted by the University of Sydney, as accommodation traditionally occupied by students in the areas surrounding the University became increasingly expensive in the mid 1990's with the was progressive upgrading and "gentrification" of housing in those areas.

Accommodation costs are a major expense for students. SUV provides affordable accommodation for students of the University of Sydney and a model which other universities could replicate to achieve the same benefits for their students.

Sydney University Village

Tuscan was selected as preferred developer of SUV by the University of Sydney after a public tender process. The University sought a developer to design, obtain approval for, finance, construct and operate a student accommodation facility on land owned by the University which forms part of the University's main campus at Camperdown. The University required the accommodation to be designed and operated to high standards which it specified, but without the University contributing to the capital cost of the development or the ongoing operational costs.

Tuscan, in consultation with the University, designed and obtained approval for a development which comprises 234 apartments and a range of accommodation consisting of studio apartments, one bedroom, two bedroom, four bedroom and five bedroom apartments. All apartments are fully furnished. Studio apartments more closely resemble a hotel room with ensuite bathroom, but all other apartments comprise individual bedrooms with kitchen, dining, living and bathroom facilities shared by the residents of the apartment. Whilst bathrooms are

not ensuite, in four and five bedroom apartments, for example, two full bathrooms are provided for use by the residents of the apartment.

SUV is a fully integrated community, with a bistro, tavern, cafes, a convenience store and laundromat available for residents of SUV as well as the residents of the surrounding area and University colleges and workers at nearby institutions such as Royal Prince Alfred Hospital. Meeting and conference facilities are also provided for use of residents. During the University's summer vacation, these facilities and accommodation within SUV are available for private use on a commercial basis.

SUV opened on 1 January 2003. Since opening it has at all times enjoyed occupancy levels in excess of 99%. The number of applications for residence in 2004 totalled more than twice the number of beds available.

Tuscan and the University attribute a large part of the success of SUV to the affordability of rentals for residents. Rentals for 2004 are as follows.

2004 Residential Fee (Per bed per week)	
Five Bed Apartment	\$148.00
Four Bed Apartment	\$148.00
Two Bed Apartment	\$207.00
One Bed Studio	\$238.50
One Bed Apartment	\$264.00

A nominal amount is also payable by residents for application and similar fees when applying for residence. Residents are also required to pay an additional \$40 per week, which is redeemable for the purchase of food at any of the Village food outlets.

Rental Comparisons

The rentals at SUV compare very favourably with alternatives available for students.

Residents of SUV sign a 52 week licence or tenancy agreement, although they may elect to place their room in a rental pool from which the rent for the period outside the academic year is rebated based on conference revenue. Nevertheless, by comparison with colleges at the University of Sydney, SUV rentals are very reasonable.

2004 Residential Fee on Campus (per bed per week)				
College/Hall of Residence	Room Type	Basic Inclusions	Cost	Cost Net of Catering*
<i>Sydney University Village</i>	<i>Room in 5 bed apt</i>	<i>Room only</i>	<i>\$148.00</i>	<i>\$148.00</i>
	<i>Studio Room w/ensuite</i>	<i>Room only</i>	<i>\$238.50</i>	<i>\$138.50</i>
St John's College	Basic Room*	Room and Board	\$318.00	\$218.00
Sancta Sophia College	Basic Room*	Room and Board	\$329.00	\$229.00
St Paul's College	Basic Room*	Room and Board	\$318.00	\$218.00
Wesley College	Basic Room*	Room and Board	\$337.00	\$237.00
International House	Basic Room*	Room and Board	\$275.00	\$175.00
	Room with w/ensuite	Room and Board	\$357.00	\$257.00
Women's College	Basic Room*	Room and Board	\$318.00	\$218.00
St Andrew's College	Basic Room*	Room and Board	\$335.00	\$235.00

* Accommodation in colleges includes full board arrangements whereby 21 meals are provided per week. The cost associated with providing all meals at the colleges above is approximately \$100. Room types are all generally provided within a corridor with services shared. No kitchen or ensuite facilities are generally available within colleges, with the exception of a few rooms in International House.

At SUV, all facilities which residents require – access to telephones, voice mail, data points, the Internet, electricity and other services – are already connected and provided at no extra cost. All apartments are fully furnished. Students seeking private accommodation outside SUV or a university college will be faced with the need to first locate suitable premises for rental, then to negotiate and sign a lease, purchase furnishings, arrange connection of electricity, telephone and other services and pay the substantial bonds required by suppliers. In addition, many pay substantial fares and travelling expenses to go to and from the University.

A summary of some of the costs which a student must pay when living off campus is as follows.

Services and charges not included in external rental fees		
Service	Purchase/Installation	Ongoing costs
Furniture Rental (Basic)	\$50 - \$100 Delivery	\$30 - \$35 per week
Telephone	Deposit for connection	\$26 - \$32 per month line rental + calls
Broadband Internet	\$259 installation	\$29.95 - \$69.95 per month usage
Utilities (Electricity / Gas)	Deposit for connection	Usage calculated at residential rates
Travel to and from University		\$10 - \$25 per week
Travel Time		No dollar cost but can be up to 3 hours per day

*These figures were sourced from services suppliers and rental agencies in the locality of The University of Sydney.

By comparison with the rentals paid at SUV, a student sharing an apartment in a closeby suburb could expect to pay the following average weekly amounts.

2004 Residential Fee off Campus Comparison (per bed per week)			
Locality	Room Type	Basic Inclusions	Cost
Sydney University Village	Room in 5 bed apt	Room fully furnished	\$148.00
	One Bed Apartment	Room fully furnished	\$264.00
	Studio Room w/ens	Room fully furnished	\$238.50
Newtown*	One Bed Apt	Room unfurnished	\$240.00
	Room in 4 Bed apt	Room unfurnished	\$115.00
Glebe*	One Bed Apt	Room unfurnished	\$250.00
	Room in 4 Bed apt	Room unfurnished	\$150.00
Redfern*	One Bed Apt	Room unfurnished	\$263.00
	Room in 4 Bed apt	Room unfurnished	\$125.00
Camperdown*	One Bed Apt	Room unfurnished	\$290.00
	Room in 3 Bed apt	Room unfurnished	\$167.00
Darlington*	One Bed Apt	Room unfurnished	\$265.00
	Room in 4 Bed apt	Room unfurnished	\$110.00

** Information on fees for suburbs close to the Village have been sourced from the NSW Department of Housing.*

Reasons for Affordability

The affordability of rentals at SUV results from a combination of factors.

- SUV is built on land owned by the University, leased for a period of 40 years, at nominal rental.
- The removal from the project cost of the cost of acquisition of the land (very expensive in a near city location) substantially reduces the capital cost of developing accommodation, thereby enabling more affordable rentals to be charged.
- Purpose designed and built student accommodation requires efficient space planning, layouts and furnishings to meet the specific needs of students. Inattention to these matters leads to increased initial construction costs as well as ongoing maintenance costs, which will ultimately be reflected in increased rentals for residents.
- Student accommodation requires dedicated, experienced management to ensure there is an efficient delivery of service to residents at a reasonable cost. Through the application of specially developed systems and procedures and utilisation of the internet for accounting and administrative matters, administration at SUV has been streamlined. Consequently, the staff to resident ratio at SUV is considerably less than competing accommodation facilities utilised by students, once again contributing to affordability of rentals.
- The capacity for students to self cater offered by the apartment style development at SUV allows considerable savings in food costs for residents.

Campus Living has also established at Sydney University Village a strong community environment which provides residents with participation in a vibrant community and a rich social experience which is such an important part of student life. This is seen by residents as a valuable bonus to their affordable rents

The Opportunity for Other Universities To Reduce Students' Living Costs

Many Australian universities have land which is under-utilised. Affordable accommodation for students could be addressed by the universities promoting developments similar to SUV on their land, with a flow on benefit for student living costs.

Such accommodation can be developed by the private sector without any financial contribution or development or operating risk being assumed by a university. The university's sole contribution to such a project would be a long term lease of the land on which the accommodation is developed, for which the university would be paid rental.

Developments of this nature, operated by the private sector to standards agreed with the university, provide significant marketing advantages for the university as students increasingly seek the convenience and security of on campus accommodation.

In addition to the benefit of offering potential students affordable accommodation, financial arrangements similar to those adopted for SUV would provide a very significant long term benefit for other universities. The SUV arrangements deliver an accretion to the University's assets at no cost to the University. At the expiration of the lease, the whole of the accommodation and ancillary facilities is returned at no cost to the University, fully maintained and in a condition in which they can continue to be used by the University for ongoing student accommodation.

The accretion to the University's assets of a significant asset at no cost should also contribute to the University's ability to contain other costs for its students in the future.

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