



Department of Education, Skills and Employment
GPO Box 9880
Canberra ACT 2601
Australia

18 May 2021

PBSA Industry Working Group - Submission to Australian Strategy for International Education 2021-2030

To Whom it May Concern,

Thank you for the opportunity to make a submission to the Australian Strategy for International Education 2021-2030. The Purpose-Built Student Accommodation (PBSA) Industry Working Group (IWG) is an industry working group of PBSA providers formed in 2020 to partner with other education sector participants to develop practical solutions to the COVID-19 crisis. The PBSA IWG is now expanding its scope and purpose and consolidating on its industry-wide representation of the broader education ecosystem contributing to Australia's long term education sector success.

The PBSA IWG congratulates and encourages a "student at the centre" model that wraps the entire education ecosystem around the student experience. Essential to the student experience is their living and learning environment and a commitment to qualitative improvement of the integrated living, learning and pastoral options available to students. As technology solutions enable remote learning, they also enhance the opportunity to "learn where you live" and the role of PBSA in delivering advanced living and learning solutions is integral to the future qualitative offering of the education sector. The PBSA industry provides accommodation and pastoral solutions for over 114,000 students nationally and has grown consistently over the last five years through the delivery of 31,000 purpose-built beds across Australia with an estimated combined value of \$9.3 billion. The sector projects a further 30,000 students will be accommodated in new PBSA developments now under construction and in planning over the next 3-5 years. This has been an essential generator of economic activity, creating over 3,500 direct and indirect construction and ancillary sector jobs every year for the past five years and supporting the 5,000 people that work in the operation of PBSA across the country (and a further 5,000 to be employed over the next 5 years). The PBSA sector is an essential contributor to the international education ecosystem, providing safe, nurturing and attractive accommodation for international students in Australia. Quality housing solutions are crucial to the overall student experience and has helped to establish and sustain Australia's reputation as a global leader in international education.

PBSA infrastructure is designed to meet the bespoke needs of student tenants and is entirely reliant on the mobility of domestic and international students and their ability to take up leases with a full range of commercial solutions included in the service offering and social infrastructure of the PBSA buildings. The dramatic decline in the number of onshore student numbers, combined with the enduring shock of forced travel restrictions, is having a devastating impact on the entire PBSA sector. While parts of the tertiary education sector have been able to maintain revenue through targeted support or online enrolment, PBSA is a mandated use unable to easily pivot to alternative income streams. PBSA is after all, purpose built for students to deliver an efficient commercial solution to their accommodation needs and to support them to achieve a superior education and student lifestyle outcome for the period of their studies. We are dependent on the income provided from students who directly occupy our facilities, many of whom have been shut out of the country and out of our education institutions.

Occupancy levels are now dire, typically 20% to 30% and deteriorating with each passing semester. This leaves many brand-new buildings empty, effectively mothballed with thousands of rooms empty and billions of dollars accumulating in utilities costs, land taxes and expensive maintenance solutions to ensure ongoing compliance awaiting positive decisions to re-engage with the international student cohort. The sector is now running at a significant operating loss, with no international student arrivals and reduced domestic student mobility since early 2020. Collectively, the undersigned lost over \$1 billion in revenue during 2020 and the forward outlook is deteriorating. The sector is also confronting new taxes and charges and increased land tax and duty obligations at a time when revenue has fallen off the cliff and now in free-fall.

The IWG made a submission to the Commonwealth Government for the inclusion of financial support in the May 2021 Budget. Other than some support for ELICOS providers, there was no announcement of any support for PBSA and no support has been offered since the onset of COVID-19. PBSA is part of the education ecosystem and the largest private investor in social infrastructure around education in the nation. PBSA should be a recognised inclusion in the discussion on Australia's international education strategy and we welcome that opportunity here.

Our letter provides the PBSA IWG's view on the key questions outlined in the Consultation Paper. We are eager to maintain our involvement in the development of the strategy given the essential service we provide to students and the opportunity now to reset the international education agenda with the benefit of a pastoral accommodation solution purpose built for the industry and representing the largest private investment in Australia's education system since 2015. The recent availability of PBSA in Australia on scale since 2015 has changed the shape of our living solutions for students (domestic and international) and provides a world leading opportunity to accelerate growth strategies in the sector and underwrite the quality of Australian education for all students.

1. What are the key priorities for a new Australian Strategy for international education?

Return of International Students

The IWG believes that the key priority for the Australian Strategy for International Education 2021-2030 should be to facilitate the safe return of international students to Australia as soon as possible and in a manner that delivers outcomes consistent with the health tolerance levels of the nation.

Without safely returning international students to Australia's shores and sustainably attracting new students with diverse backgrounds, the long-term viability of international education as one of Australia's major export industries is at risk, with key parts of the broader ecosystem such as PBSA vulnerable to failure.

The COVID-19 pandemic and the closure of international borders has plunged all elements of the international education sector, including PBSA, into crisis. Income that is delivered by international students and mobile domestic students to PBSA as well as universities, vocational education and training providers, ELICOS providers and both public and private schools, all contribute to Australia's education exports. In addition, international students flow on to considerable tourism, retail and hospitality expenditure.

Uncertainty about the return of international students to Australia has placed the education sector on a precipice and we now face an existential crisis. The United Kingdom, United States, Europe, and Canada all have policies to allow international students to enter, with international students directing applications to these countries despite poorer health conditions. New Zealand has also now developed a coordinated approach for the return of international students. This is eroding Australia's valuable market share and undermining our competitiveness.

The IWG has prepared a "PBSA Industry Strategy for Returning International Students" which is a plan that allows us to grow and evolve the return of international students as we collectively adapt to challenges posed by COVID-19. The plan has been submitted to Government and outlines how students could safely quarantine in PBSA facilities while quarantining is required. The Strategy is attached as an Appendix to this letter. Individual members of the IWG have also repeatedly presented consistent solutions with the IWG proposal since June of 2020 to the Federal Government and each State and Territory Government.

Without a pathway being opened to international students during 2021, many operators in the sector are unlikely to survive until more open borders are established during 2022, and will not return to pre-pandemic levels for approximately 2.5 years as assumed in the FY22 Federal Budget (even assuming borders open in 2022). Education projections now suggest we are looking at 2028 to return to pre pandemic levels. The Federal Government needs to take urgent steps to work proactively with the states and territories to develop a clear plan to safely return international students. The health issue may be for the States, but international education is a national agenda requiring the benefit of a National Cabinet strategy and working group to take responsibility and deliver next steps which allow the industry to understand what must be true for students to be returned.

Critical Industry Support Through COVID Recovery Stages

The Strategy should evaluate and respond to the specific needs of the entire international education ecosystem through each of the stages in the COVID recovery process. This will ensure the international education sector is able to transition from the immediate COVID-19 shock to mitigate disruptive failures and enable response to any structural changes. These steps include:

- Initial Post-COVID Recovery (1-2 Years): The new Strategy should consider providing targeted support for the international education sector to enable basic survival of critical businesses within the entire international education ecosystem that have been impacted by the loss of international students. Noting that it is likely to take a minimum of up to 2-3 years for onshore international students to

build back to pre-COVID levels based on the cycle for student commencements to transition through their onshore course journey.

- Normalisation Period (3-5 years): A return to pre-COVID performance and regaining market share that has been lost to other countries.
- Growth and Evolution (5 years +): Focus on Australia having the leading global education cities to benefit the quality of Australian education in a globally competitive market.

Understand and Leverage Australia's Unique Competitive Position

It is important that the new Australian Strategy diagnoses the current challenges facing Australia's international education industry, including the risks associated with Australia's loss of market share to other international education destinations. There also needs to be an acknowledgement of the strength of Australia's international education offer with a focus on the pre-COVID context. Australia was arguably one of the best performing international education markets in the world, experiencing significant growth in its market share this century. A detailed assessment of the unique competitive strengths of the existing Australia system must form the foundation of the strategy going forward. Issues around diversity, for example, are high quality issues to confront from a position of strength.

The Strategy should also feature a detailed understanding of what substitute countries are doing with their government policy frameworks, investment priorities, and industry products and services to attract and retain globally mobile international students in the post-COVID context. The Strategy must propose responsive policy solutions that are designed to leverage Australia's unique competitive advantages in a way that counters propositions from competitive international destinations.

As part of this analysis the health security solutions are expected to be at the forefront and aligned with a "student at the centre" strategy for international education. PBSA represents the most regulated solution on scale for the living experience and the engagement of PBSA will be central to the health security solution for the international education industry.

Promote the Value of International Education to Australia

The Strategy should have initiatives that promote the value of international education domestically within Australia. The international education industry creates significant economic, political, and social benefits to the local community as well as being Australia's third largest export sector. The industry's significance is not widely understood by the broader Australian public and the Strategy should help to establish a social licence to operate that could feature:

- The benefits of the education sector to other industries such as construction, tourism and key services sectors
- Promoting the association between international education, Australia's migration policies (and pathways) and the importance of attracting and retaining talent in modern post-pandemic economies
- The benefits that international education provides our foreign policy and soft-power objectives in the region while understanding the ancillary risks.

2. Students should be at the centre of the new Strategy. How can Australian education providers deliver the best possible student experience both now and in the future?

Compete for Students

Australia's international education sector needs to remain competitive and 'open' to the world. There has been recent growth in preferences to study in the USA & UK despite COVID management being poor in these countries. This increase is reflective of the supportive policies that governments have adopted towards international education throughout the crisis. It also reinforces the competitiveness of the global international education market and the comparable substitute options available to students seeking a global education from world renowned universities.

The IWG believes that the Australian international education industry must challenge the preconceived assumption that international students automatically want to come to Australia.

Opening Campuses for Face-to-Face Learning

Students enjoy the flexibility of online learning but overwhelmingly want to return to face-to-face learning and the associated benefits of a richer student experience. The IWG believes that for students to be at the centre of the new Strategy, education providers must reopen their campuses to face-to-face learning. Failure to reopen in a timely manner increases the hurdles and timeframe for international education industry recovery, with recent studies highlighting some of these risks:

A new survey of more than 6,000 prospective international students suggests they want face-to-face learning, with 39 per cent of respondents likely to switch destinations if it means they could access it earlier.¹

Off Campus Experience

COVID-19 has resulted in students spending less time in on-campus contact hours and more time at home studying. The sector must ensure students are able to succeed when they are studying and learning off-campus. Therefore, PBSA must be recognised as a core element of student experience on the basis that students learn where they live and are spending more time at home studying. High-quality support offered by PBSA results in better learning outcomes for students. Recognition of the role and opportunity of living solutions that are purpose built and designed to integrate with the education ecosystem and in particular, the education providers, will enhance the quality of the sector.

¹ <https://www.sbs.com.au/news/more-than-40-per-cent-of-international-students-will-defer-until-they-can-return-on-campus-survey-finds>

3. What changes are needed to make Australia more globally competitive over the next decade?

Visa Reform

The Australian visa system must be improved to remove the challenges international students face while navigating the visa process, especially from countries where Australia has tighter conditions. Visa processing must be streamlined through a digital system to reduce time delays and increase efficiency. The importance for reliable, secure, rapid and up-to date personalised information about people moving across international borders has only increased with COVID-19 and the global vaccination program.

Post Study Work Rights

Post study work rights are a fundamental attraction for the international education population as the majority of students wish to obtain international work experience upon the completion of their studies. As such, post study work rights must be maintained and enhanced to remain competitive in the recovery process.

Opening Borders

Australia should open borders to international students as early as possible to show the world we are 'open and welcoming'. This should include a combination of vaccination and quarantine requirements in the initial stages of the process which can later be adapted to suit Australia's needs overtime.

Opening Our Campuses

Given Australia's proficient handling of the pandemic to date, Australian university campuses must re-open for face-to-face learning to ensure the capability of our education system is confidently communicated worldwide. If domestic students are dissatisfied with the education service they are receiving, international students are unlikely to be convinced of Australia's education advantages.

Eliminate International Student Discrimination

Government (state and federal) must eliminate policies that discriminate against international students to ensure potential applicants feel valued and welcome within the community. This includes:

- Policies that do not allow international students to access student discounts available to domestic students on public transport in most jurisdictions
- Policies that limit the number of hours international students can work per week. It is noted that this has been relaxed during COVID with the new policy retained moving forward.

4. How can providers, governments and stakeholders work together to achieve diversification opportunities (for example of disciplines, source countries, study destinations and delivery models)?

Source Country Diversity

The industry should work closely with Government to target new source countries. It is difficult for institutions to grow markets if the Government visa process is not supportive of facilitating such growth.

However, the importance of existing student markets must also be acknowledged due to the increasing scale of student numbers they will continue to provide going forward (e.g. China and India).

Delivery Models

The industry must recognise that a diverse range of learning models will become normalised over time, and that as with other parts of the economy, there will be an increasing integration with technology-based solutions. It is therefore essential that Australia's education institutions provide the best face-to-face and online learning experiences to remain globally competitive. However, the IWG believes that focussing on digital-based learning models should not come at the expense of high-quality face-to-face education experiences. Students should still be encouraged to learn in Australia to receive a world class globally oriented education together with a broader lifestyle experience that is associated with life in Australian cities and regions.

The industry needs to develop a holistic education ecosystem which includes carefully curated experiences for students that extend well beyond the classroom. The ideal student environment would comprise a core education provider campus or facility that is connected or networked with accommodation, career development opportunities, cultural experiences, travel, employment, lifestyle and social possibilities. Integrated into purpose-built living and learning facilities like PBSA enables increased quality in education standards and ensures efficiencies can be achieved across the sector.

5. What are the necessary skills for the future that students should be prepared for?

The IWG is prepared to comment on this separately if required noting that others are expected to respond more suitably for the international education sector.

6. How do we create a uniquely Australian education experience?

Promoting Studying in Australia

Australia has successfully grown its international education sector over the last decade through the ability to market itself as the perfect destination to live, study and work. International students are provided with unique education opportunities when they decide to relocate to Australia as a result of the accompanying social and cultural benefits our society has to offer. PBSA in Australia has helped underpin this growth and supported international learning outcomes and experiences. These outcomes cannot be achieved through online study.

Our experience and research recently completed by QS Quacquarelli Symonds² confirm that students want to engage in Australian culture and gain experience through employment on completion of study. However, Australia is at risk of losing its international education sector as students continue to redirect their preferences to countries that remain open to international study during this time, notably the United Kingdom, Canada, New Zealand and the United States of America.

The Tertiary Education Quality and Standards Agency (TEQSA) relaxed regulations at the start of the COVID-19 pandemic that allowed education providers to provide courses online. In order to encourage international students to return to Australia and benefit from living and learning in Australia, we recommend that the TEQSA regulations be returned to pre-COVID regulations. This will push institutions to get students into the country for onshore learning prompting subsequent economic benefits and servicing the wide range of service offerings that underpin the international student market

Create Great Education Cities and Regional Centres

Leading global universities are at the heart of Australian cities. There is an opportunity to advance Australia's education offering to ensure our cities and regional centres are recognised amongst the Great Education Cities of the world. This needs to include having innovative campuses linked with excellent accommodation opportunities and other social infrastructure as part of the wider amenity offering of community-based learning environments.

Extending the Australian Education Experience to Offshore Students

There is an opportunity to create residential intensive course elements in Australia for international students attending offshore campuses of Australian education providers. PBSA could potentially be a core part of these programs during holiday or other quiet periods during the education calendar year to enable offshore students the ability to experience a short intensive onshore Australian education experience.

7. Community support for the international education sector is important for the sector's social licence. How can the benefits this sector provides to Australia be better understood by the wider community?

² Volume 1: The road to recovery in Australia and New Zealand International Student Survey 2021, QS Quacquarelli Symonds, 2021

The education sector was Australia's third largest export industry. Despite its huge economic contribution, the international education sector has not received the same community and Government support as other sectors such as tourism, mining and defence. It is critical that the international education industry is promoted to a position of high importance within the Australian community to highlight the economic and social benefits associated with the sector as well as its impact on aspirations for a smarter and more capable Australia. This includes:

- The value of international education to the Australian economy and the flow on benefits (such as research and innovation) that are facilitated by the revenue generated from international student fees
- The creation of a vibrant multicultural society
- International investment in PBSA which resultingly provides considerable support to the construction sector
- The ability of PBSA to reduce pressure on the broader rental market by helping to accommodate international students
- Supporting Australian businesses in the global competition for talent. Our international education success has provided a strong pathway for our world leading skilled migration program for many years.

The international education sector must also increase its engagement with the local community to build support. To do so, universities must open their campuses to students and the wider community to the benefits associated with the education facilities they offer.

8. What else should the Council for International Education and the Australian Government consider in developing the new Strategy?

Allow for a COVID Recovery Period

The Australian Government and international education sector should allow for a recovery period from COVID. The ordinary establishment phase for a new PBSA building is approximately two years from opening, whereas we expect the recovery period witnessed at the commencement of border re-openings to be closer to 3-4 years as students gradually return and then flow through as returning (2nd, 3rd and 4th year) students. As such, the Strategy should reflect that there will be a ramp-up period for a majority of industry participants such as PBSA.

Seat at the Table

The Council for International Education and the Australian Government should provide the PBSA industry with a seat at the table in the development of the Strategy. This reflects the PBSA sector's multi-billion-dollar investment and importance in providing international students with a great experience in Australia.

Summary

The PBSA IWG recommends that the Council for International Education and the Australian Government focus on the recovery from the COVID-19 pandemic and getting international students back into the country as soon as possible. Returning to an onshore teaching model is critical to rebuilding the nationally important sector as well as provide the best outcome to international students.

Thank you for the opportunity to provide this submission and we look forward to being involved in the development of the Strategy. Please do not hesitate to contact us if you have any questions regarding our submission.

Yours sincerely,

Authorised Industry Representatives



Craig Carracher
Chairman, Scape



Peter Bates
Chairman, UniLodge



John Schroder
CEO, Campus Living Villages

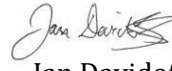
Authorised State/Territory Representatives



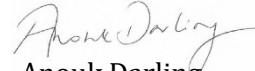
Tim Weston
Student One - QLD



John Huber
CLV - NSW



Ian Davidoff
Journal - VIC



Anouk Darling
Scape - SA



Mindy Chia
DIF - TAS



Brad Williams
AMP - ACT



Tomas Johnsson
UniLodge - ACT & NT



Tim Klitscher
The Student Housing Co - WA