

New South Wales Vice-Chancellors' Committee

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Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal (IPART)

Via on-line submission: ratingsystemreview@ipart.nsw.gov.au

REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM: DRAFT REPORT

The NSW Vice-Chancellors' Committee welcomes the opportunity to respond to the draft report of the Review of Local Government Rating System undertaken by the Independent Pricing and Regulatory Tribunal (IPART).

The universities in NSW are established under NSW Government legislation, are not-for-profit educational institutions, registered charities, audited annually by the NSW Auditor-General. The universities are reliant on government, philanthropic and self-generated funding to fulfil their legislated purposes of providing the highest possible level of education, based on world-class research and scholarship.

The outcomes of the education and research generated by universities provides, both individual benefit to students as well as an exponential and perennial benefit to the public through the provision of a highly qualified workforce, engagement with both small and large industry, and the impact of medical, sociological and technological research on society as a whole.

Universities also provide a general, pragmatic benefit to the public and support local councils through the provision and sharing of university funded infrastructure and resources such as libraries, galleries, playing fields, gyms, aquatic centres, art galleries, theatres and halls, and, often, low-cost services. These facilities are also supported by universities in providing infrastructure including open space, footpath, utility services and the like. These benefits are generated through universities' educational remit that provides education across a broad range of disciplines, and the requirement to support large numbers of students (over 400,000 across the state) and staff (over 34,000 fte state-wide) on large campuses on a day-to-day basis.

ISSUE:

The Draft Report of the Review of the Local Government Rating System provided by the Independent Pricing and Regulatory Tribunal (IPART) recommends at Recommendation 10 (page 11 of the report) that *"Sections 555 and 556 of the Local Government Act 1993 NSW should be amended to:*

NSWVCC MEMBERS:

Australian Catholic University•Australian National University•Charles Sturt University•Macquarie University•Southern Cross University•The University of New South Wales•The University of Sydney•University of Canberra•University of New England•University of Newcastle•University of Technology, Sydney•University of Western Sydney•University of Wollongong

- *Exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and*
- *Ensure land used for residential and commercial purposes is rateable unless explicitly exempted.*

The recommendations are given specific effect in relation to universities at section 6.2.3 which lists “university student or other residential accommodation” under “becomes rateable” (Table 6.1).

Universities in NSW request that the recommendation to rate certain lands of universities be removed and that they remain on the same basis for exclusion as all other government funded educational institutions in the state, as well as for-profit private schools, including those who provide boarding facilities (residential accommodation) for their students.

Residential and Commercial undertakings in universities

Student accommodation: Residential colleges and accommodation provided by universities for students vary in style and ownership models, and also vary in regard to whether they are situated on university lands. Those owned or co-owned by universities funnel any financial benefit back into the central purpose of the university in the provision of education and supporting services. Student accommodation is typically the provision of a private or shared room with shared bathrooms, living space and kitchens, and/or meals may be provided. The accommodation does not provide for fully independent, apartment style living. The aim is to provide low cost/affordable housing to students at below market rates. This is aimed at reducing the pressure for affordable housing in surrounding suburbs, and providing secure, supervised housing for students. Those who take advantage of university accommodation are typically young first year students, in their first experience of living away from home, and significant numbers are students who live in outlying, or regional/rural NSW, or international students who require cultural acclimatisation before seeking accommodation in the broader community. Universities typically provide a number of education and pastoral care services in the accommodation, including, for example, access to university wi-fi, study and tutorial areas, security, administration and counselling services and some minor commercial services such as laundry and a small amount of general grocery needs. Accommodation is specifically located close to class and library locations, to ensure that students receive the benefit of close co-location, and therefore 24/7 access to educational facilities such as libraries and other specialist resources. Consequently, University student accommodation provides an intrinsic and instrumental component of a student’s University campus experience, and therefore should not be treated as independent service.

Commercial services: Some commercial services are provided for staff and students of the university to allow for efficient use of time, given the large numbers attending campus, and also given the large scale and sometimes remote placement of campuses from services such as food outlets, academic book shops, medical services, post offices etc. Often these services are provided at minimal cost, may be subsidised by the university, and/or are run by student unions, with any profits turned back into student services. Some services are co-located with teaching and research facilities such as clinics, eg, veterinary, dental, and allied health specialist services such as hearing, speech pathology, sports science, physiotherapy which often provide a subsidised service to the public as well as university community.

Universities as councils – Universities work closely with councils across many aspects of land usage and development, as both agencies are keen to provide facilities and resources that provide a public good and enhance the lives of local residents. However, a number of universities are large enough to

have their own postcode, and are in fact responsible for services normally provided by councils, such as responsibility for the provision and maintenance of roads and footpaths, parks, libraries, pools and waste management and disposal. This includes providing those services for student accommodation on university lands.

Policy considerations

IPART will be aware that universities are charged with providing education to all student who are eligible to apply, and that there is a special emphasis on providing support for students from low SES backgrounds, on inclusion of rural and regional students, and on student experience and retention. The provision of low-cost, co-located accommodation for this cohort of students is shown to enhance educational success and greater likelihood of completion of studies over time.

It is clear in the current fiscal climate that government funding availability for education and research is declining, while expectation of university educational and research outputs is increasing. Universities would be unable to absorb the cost of rates without diminishing the educational, research and ancillary services that they provide to staff, students and the broader community. Costs such as these may well need to be passed on to the students, which would diminish the affordability of university based accommodation, and increase the burden on housing availability in the local communities, and increase the already overcrowded traffic and public transport systems.

What is a rateable asset

While the Review indicates that land on which student housing sits will become rateable, there is no indication on how councils will ascertain how the land on which student accommodation sits will be apportioned for rating purposes. Accommodation is not often situated on a specified parcel of land, but is included as a part of a general landscape to which residents have access. Capital Improved Value is also an issue given the specificity of the accommodation design and usage, and lands are often crown lands (or a number of other titles) which are not readily available for sale, but are specifically endowed for the use of the business of universities, which is the provision of educational resources for students. Many of the universities' modest commercial services are co-located with educational facilities such as lecture rooms or libraries, and there is no indication how rates would be determined in such situations.

Consistency across the IPART recommendations

The universities have noted that IPART specifically reserves exemption from the requirement to pay rates not only to public schools and hospitals, but also extends this privilege to private schools, including those that board students, and private hospitals, noting that the majority of these institutions, while providing a public good, do so for personal/commercial profit. This is inconsistent with targeting one section of the education sector, and in effect is simple cost shifting of government provided funding, which is most likely to diminish the services that universities provide in a time of continued cuts to the sector, and will necessarily impact on students as the cost is passed on, as it must be.

Conclusion

The NSW Vice-Chancellors note that a number of universities have provided detailed responses to the draft report provided by IPART, and provide this response as an overarching, principles based submission. The NSWVCC asks that IPART consider the complexity of the proposal to rate portions of university lands, and the probable, if unintended consequences, such a regulation would impart. Universities request that IPART fully and carefully consider the integrated nature of student accommodation with education, which provides at best an unsure measurement of public good against private benefit in this particular case. We would welcome an opportunity to discuss this matter in more detail with you if this remains an issue.

Yours sincerely



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cc NSWVCC members