



Tasmanian
Audit Office

University of Tasmania's management of student accommodation

Report of the Auditor-General
No.2 of 2019-20

Today's presentation

- Objective and scope of the audit
- Audit approach
- Auditor-General's conclusion
- Major themes of the audit including Auditor-General's recommendations:
 - Does the University have a strategic approach to student accommodation?
 - Does the accommodation meet student expectations?
 - Are student accommodation facilities effectively managed?
 - Is the financial management of student accommodation effective?

Objective and scope of the audit

Objective: To express an opinion on the effectiveness of the University of Tasmania's (the University) management of student accommodation.

Scope: The audit covered accommodation facilities owned by the University

The audit covered the period commencing from January 2012

The audit scope did not include:

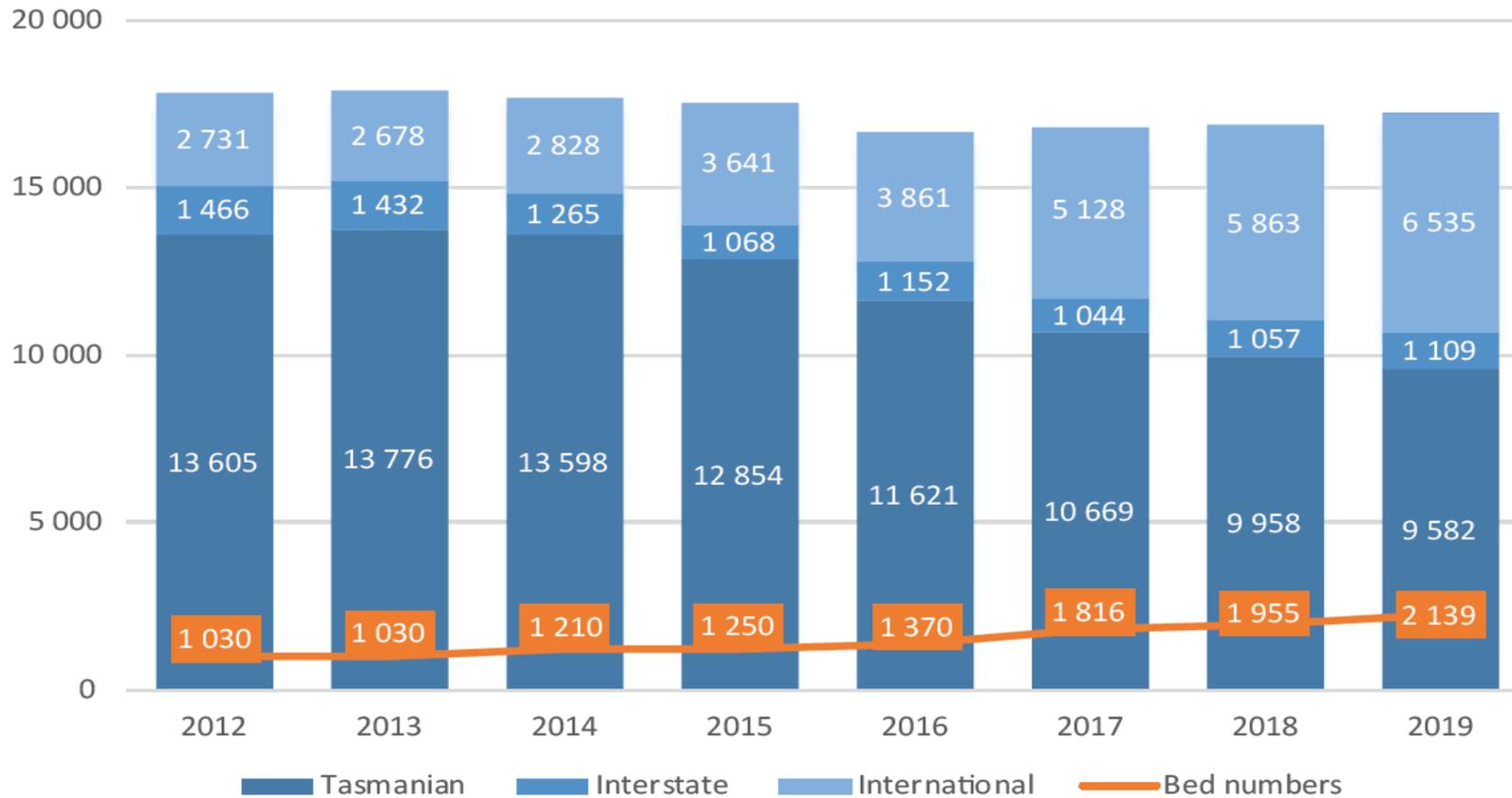
- Accommodation not owned by the University
- Accommodation properties managed by the College of Health and Medicine
- Residential properties formerly owned by the University
- Student safety and security outside of student accommodation

Auditor-General conclusion

It is my conclusion that the management of student accommodation by the University as measured against the audit criteria was, in all material respects, performed effectively

1. Introduction

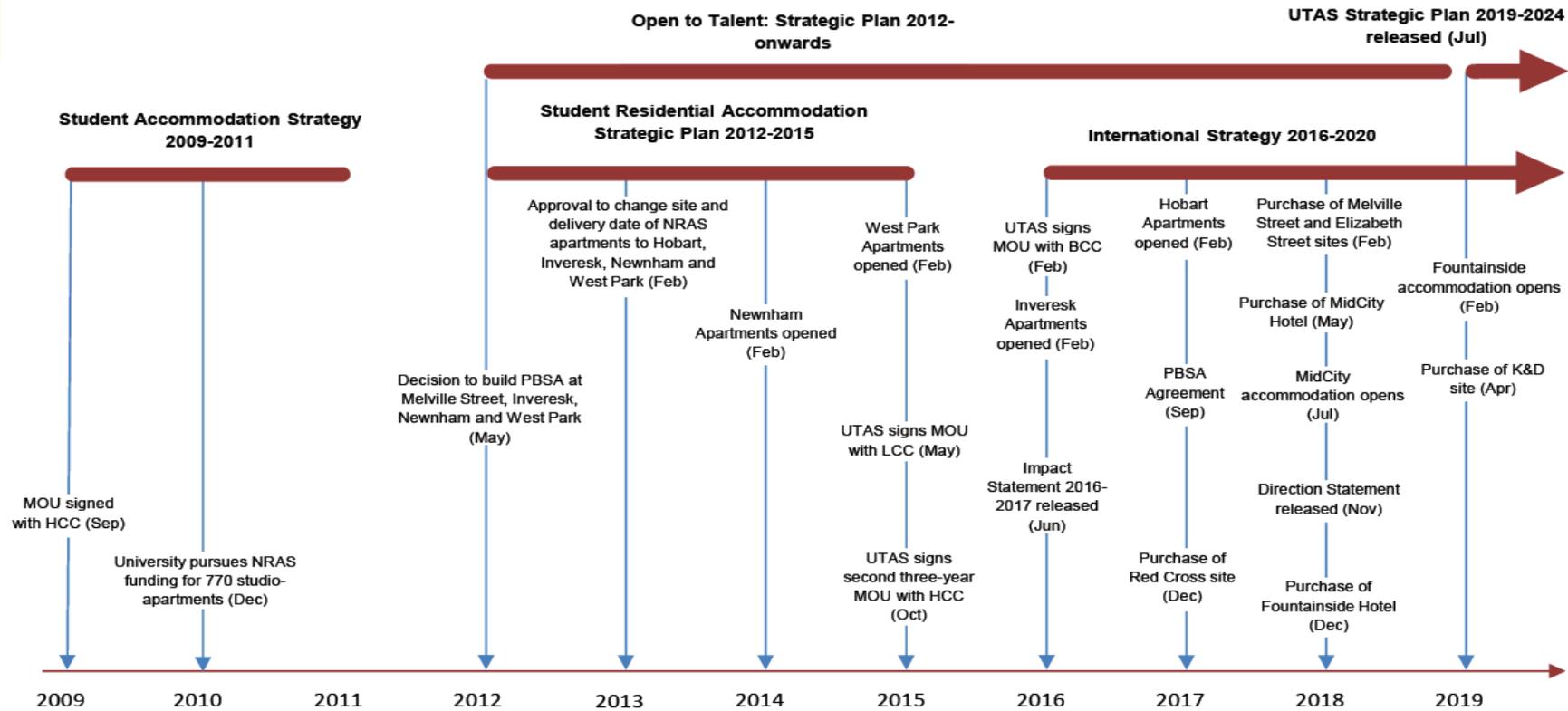
Students on-campus and bed numbers 2012 to 2019





2. Does the University have a strategic approach to student accommodation?

Timeline of University strategies and key events



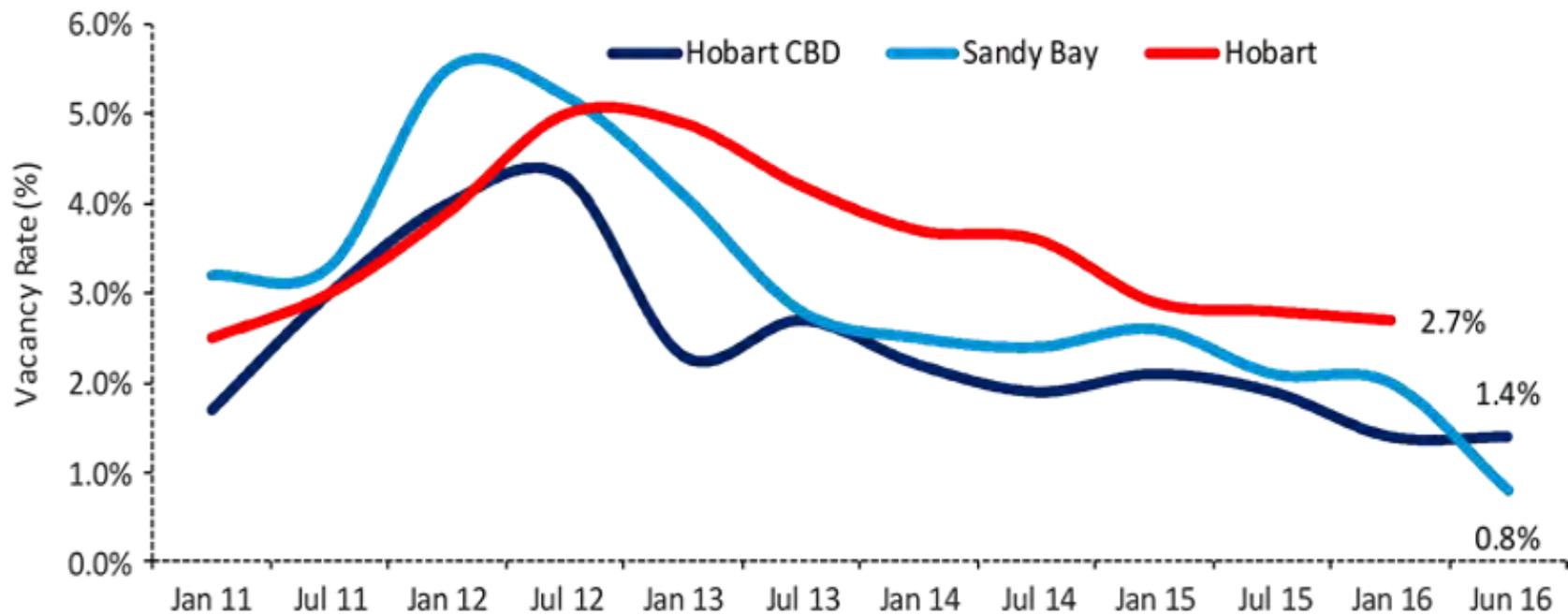
Overarching student accommodation strategy

- While no overarching strategy for student accommodation, strong alignment with other strategies
- 2016: a strategic capital management framework
 - Opportunity to monetise student accommodation facilities
 - September 2017 Spark Living Consortium
- Strategic Plan 2019-2024 – double student accommodation
- Overarching student accommodation strategy allows better communications with stakeholders

Student demand forecasts

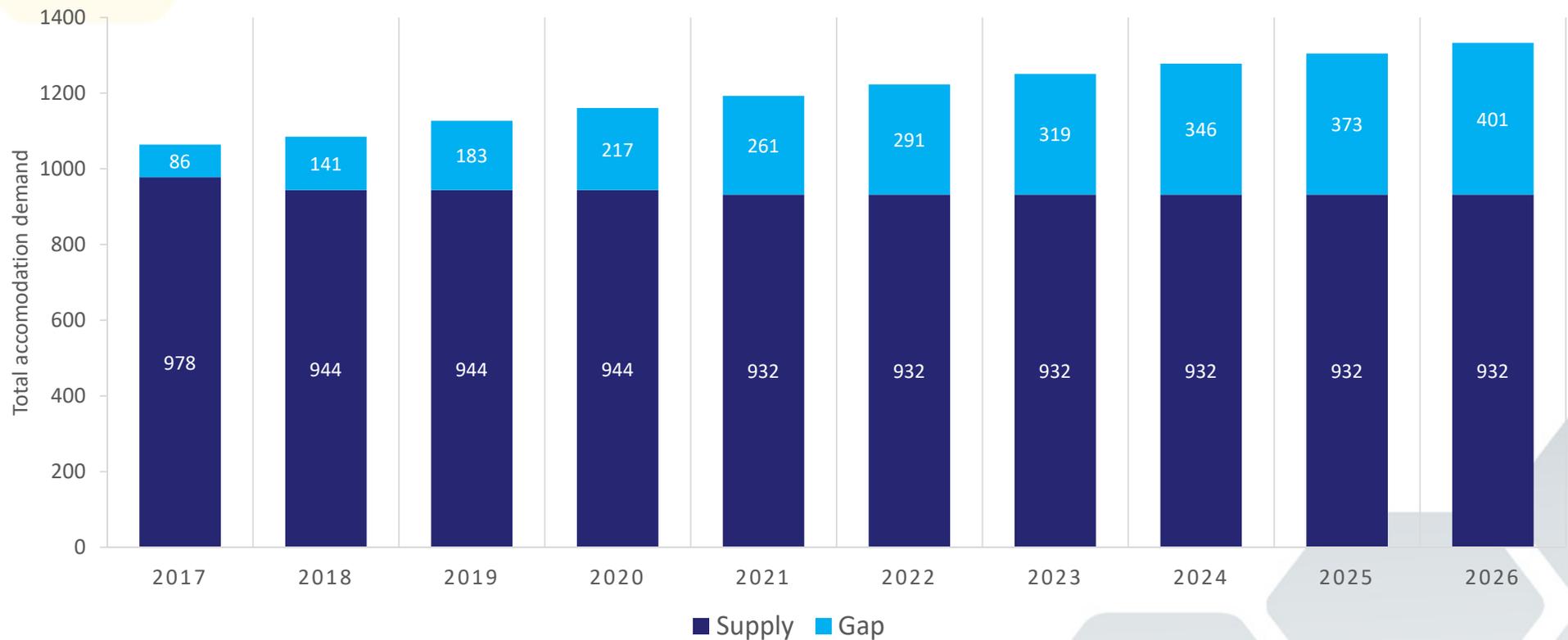
- 2009 – University recognised need for more student accommodation
- 2016 – Urbis engaged to assess overall accommodation demand
- 2017 – Urbis undertook an assessment of accommodation demand in Hobart
- Urbis concluded there was a excess demand

Hobart historical residential vacancy rates



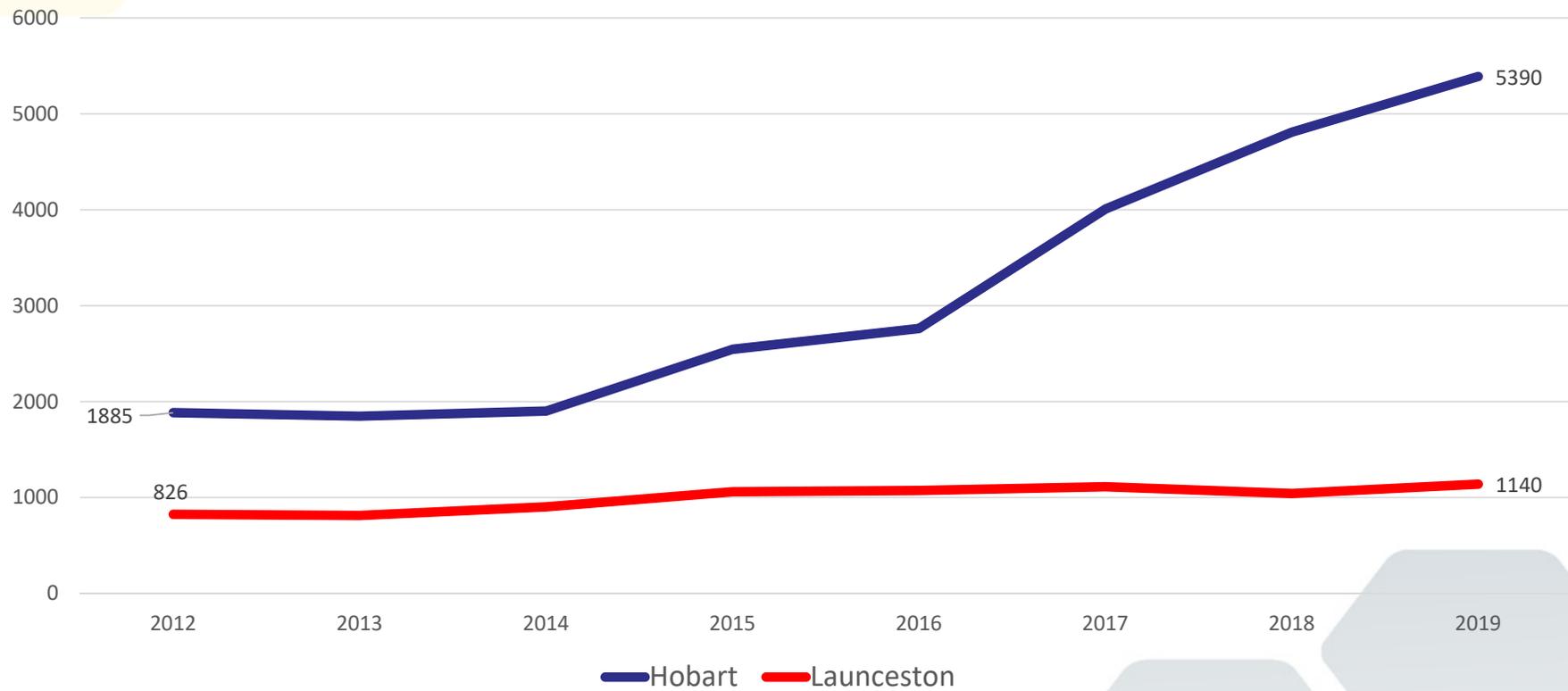
Source: Urbis

Projected student accommodation supply gap in Hobart using the propensity approach



Source: Urbis

International on-campus enrolments by location from 2012 to 2019



University adequately engaged with stakeholders

- No overarching engagement plan
- Incorporated stakeholder input and engagement, e.g. councils
- University entered into strategic partnerships and MOUs:
 - Tasmanian Government
 - Councils
 - TasTAFE

Does the University have a strategic approach to student accommodation?

Recommendations:

- The University continues with the development and implementation of an overarching student accommodation strategy that would better articulate the linkages from supporting strategies in governing student accommodation
- The University develop and implement an agile engagement and communication framework to improve the University's engagement with internal and external stakeholders regarding student accommodation



3. Does the accommodation meet student expectations?

Does the accommodation meet student expectations?

- Rents charged by the University were fair and reasonable
 - Accommodation GST compliant, therefore NRAS compliant
 - REIT data
- Basis for allocating accommodation to students was fair and reasonable
- Performance and monitoring of soft asset services were appropriate

Personal safety and security relating to student accommodation

Personal safety and security relating to student accommodation was well managed:

- Physical security: electronic and patrols
- University behavioural policy
- August 2017: Human Rights Commission report
- June 2018: Rosenthal and Banks report
- June 2019: Nous Report
 - Operational plan formulated in response

Student satisfaction levels

	2017	2018
Total students accommodated	1 734	1 842
Total respondents to survey	468	455
Respondents leaving	120	108
Leavers who said accommodation was too expensive	45 (37.5%)	32 (29.6%)
Respondents who do not feel included to some extent	170 (36.3%)	168 (36.9%)
Respondent's maintenance score	58/100	60/100

Source: University

Student satisfaction levels

- Student surveys highlights dissatisfaction with accommodation
- The University:
 - Should seek to better understand the reasons for the lower levels of satisfaction
 - Acknowledges it needs to improve its engagement with students – improvements in the 2019 survey
 - Has also expanded the leaders' network to encourage better engagement

Does the accommodation meet student expectations?

Recommendation:

- The University review and improve engagement with students to obtain a broader understanding of student satisfaction levels and drive improvement in the provision of student accommodation



4. Are student accommodation facilities effectively managed?

Student accommodation facilities

PBSA Agreement:

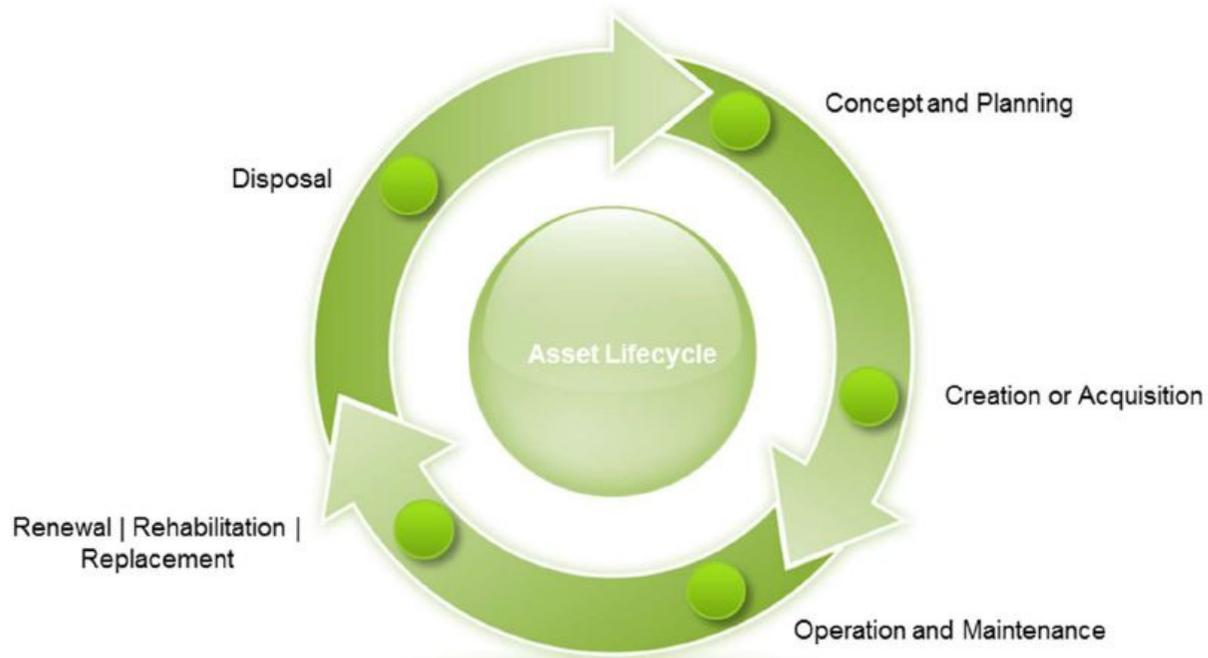
- Christ College
- John Fisher College
- University Apartments
- Hobart Apartments
- Leprena (until 2022)
- Kerlake Hall (until 2022)
- Investigator Hall
- Newnham Apartments
- Inveresk Apartments
- West Park Apartments

Other facilities:

Atrium Apartments

- Norfolk Hall
- Fountainside
- MidCity Apartments
- Heathfield at the 'Con'
- 31 Campbell (Theatre Royal)

Whole-of-lifecycle approach to asset management



Source: Programmed FM

- Handover Plan – provides for rehabilitation of assets
- Leprena and Kerlake to be withdrawn from PBSA Agreement in 2022
- Inveresk campus will include new student accommodation

The University's Strategic Asset Management Framework

- Aligned with the Open to Talent Strategic Plan
- Methodology for managing assets on a whole-of-lifecycle basis
- Not updated to reflect the PBSA Agreement
- Spark Living Consortium must comply with University policies and rules
- University responsible for student support and engagement

Student accommodation hard facilities are effectively managed

- Student accommodation facilities comply with statutory requirements
- All facilities have preventative maintenance annual plans

Under the PBSA Agreement:

- Monthly and annual reporting of asset performance
- PBSA Transaction Parties Co-Ordination Group



Student accommodation facilities are efficiently maintained

Priority Level	Received in 2018	Non-compliant	Percentage (%)
Priority A (Immediate)	19	2	10.5%
Priority B (Urgent)	51	8	15.7%
Priority C (Routine)	4 137	53	1.3%

Source: Programmed FM

- 26 of the 53 service failures for Routine requests were recorded from January to March 2018
- Only one service failure for Immediate and Urgent requests recorded from April to December 2018
- Helpdesk support for students

Are student accommodation facilities effectively managed?

Recommendation:

- The University review and update the Strategic Asset Management Framework to ensure the University's change in operating model for its student accommodation facilities is reflected in the Framework, and includes the process for approving the maintenance provider's suite of asset management plans to ensure that they align and support the University's existing asset management policies and strategies.



5. Is the financial management of student accommodation effective?

The University has a funding mechanism for new PBSAs

- University Council agreed to pursue strategy to monetise its student accommodation in September 2016
- Spark Living Consortium selected as preferred respondent
- The University received \$132.6m from Spark Living Consortium in September 2017
- Other Australian universities have entered into similar transactions

The University followed robust processes for its property acquisitions

- Due diligence and property valuations
- Acquisitions funded from the University's investment portfolio
- Expectation for commercial rate of return
- Cannot comment on whether the University achieved value for money
- The University was operating in a difficult private rental market:
 - Rental vacancy rate in Hobart at a five year low
 - Limited availability of suitable properties for student accommodation

The University's recent property acquisitions

Property	Purchase date	Rationale for purchase
40-42 Melville Street (former Red Cross building)	December 2017	Strategic location, near existing Hobart Apartments
44 Melville Street and 123, 139, 141-143 Elizabeth Street	February 2018	Sufficient demand for new PBSA build, properties acquired to form PBSA2 together with 40-42 Melville Street
MidCity Hotel	May 2018	Acquired to meet demand for University student accommodation in Hobart
Fountainside Hotel	December 2018	Acquired to meet immediate demand for student accommodation in Hobart and to alleviate concerns for students commencing in Semester 1 2019
Kemp and Denning (K&D) site	April 2019	Strategic location and opportunity to co-locate student accommodation with teaching and learning facilities

Reporting of financial outcomes

- There is clear reporting of financial outcomes from the provision of student accommodation:
 - The University prepares financial reporting and reconciliations from revenue generated from PBSA
 - Clear reporting of activities related to provision of asset services
- Rent collection is effectively managed:
 - StarRez computer package used by students for bookings, payments and other related student transactions
 - StarRez produces a number of reports
 - Student Living chase up late payments from students

Comments received

Chancellor of the University:

- Welcomed the report's conclusion that the University reacted well to changing and challenging circumstances
- Accepts all four recommendations
- Acknowledges there are areas for improvement:
 - Need to better communicate strategic approach
 - Understanding student satisfaction levels
 - Updating the SAMF to reflect change in operating model

Thank you