

18 April 2024

**Dr Jim Chalmers MP**  
Treasurer

Dear Treasurer

### **Draft legislation for build-to-rent tax concessions**

On behalf of Universities Australia (UA), the peak body representing Australia's 39 comprehensive universities, I am writing to welcome the Albanese Government's move to introduce tax incentives to encourage investment and construction in the build-to-rent sector. This is important legislation, designed to help ease Australia's long-standing housing supply issues at a time action is urgently needed.

As you have made clear, Australia hasn't been building the homes it needs. This is a step in the right direction. Build-to-rent developments have proven to be an effective model overseas to increase housing supply and could be the key to helping the Government meet its target of building one million homes by 2029. We are very supportive of this ambition to ensure Australia has enough houses to support a growing population into the future.

Much has been made recently of the impact of migration on housing, with calls for Government intervention to bring down high prices and rents. The Government's commitment to lower immigration to more sustainable levels is sensible given the ongoing challenges, but it is not a silver bullet and should not target any one cohort or sector at the expense of another, as has been suggested in discussions about migration and housing.

International students have been at the centre of this debate. Contrary to some opinions, international students are not entirely responsible for our housing problems. It is both short-sighted and ill-considered to lay the blame solely at their feet. Housing affordability and availability are significant social problems, complicated by significant political and economic factors. They have been a challenge for successive governments over decades as policies have failed to keep up with our growing population.

COVID-19 has also had clear and lasting consequences. Workforce shortages and supply issues fuelled by the pandemic acted as a handbrake on the construction sector and led to fewer homes being built. The number of completed houses in Australia fell from 203,000 in 2019 to 173,000 in 2023<sup>1</sup>. The suggestion that the post-pandemic international student influx has fuelled the nation's housing problems overlooks these factors. It also ignores the fact that international student enrolments in 2023 were lower than in 2019, prior to the pandemic.

In seeking to reduce Australia's migration intake, we encourage the Government to balance public demands with the substantial economic benefits that migrants, especially international students, make to our nation. The International Monetary Fund has found that large immigration waves raise domestic output and productivity in both the short and the medium term<sup>2</sup>.

International education, in particular, is a key economic driver for Australia. Last year, the return of international students accounted for over half of our economic growth through \$48 billion in spending. Without this contribution, the nation would have been at risk of recession, potentially putting a second budget surplus out of reach in 2024-25. Further, the absence of this money would

---

<sup>1</sup> ABS Table 87520037, [Building Activity, Australia, December 2023](#) | Australian Bureau of Statistics ([abs.gov.au](#))

<sup>2</sup> <https://www.imf.org/en/Publications/WP/Issues/2023/12/14/The-Macroeconomic-Effects-of-Large-Immigration-Waves-542526>

limit the government's ability to invest in essential services and infrastructure – including initiatives to boost housing supply.

Reducing international student numbers would also put the financial viability of our universities at stake. Our members are forecasting a collective shortfall of more than half a billion dollars in 2024 due to the impact of visa processing changes, potentially leading to job losses and reduced investment in important research and teaching activities that are vital to Australia's long-term economic and productivity success. Financial vulnerabilities will also limit our ability to deliver on the recommendations of the Australian Universities Accord final report and to support the delivery of national priorities, including under initiatives such as the *Future Made in Australia Act*.

International students also play a vital role in filling gaps in our labour market while they study, particularly in areas of shortage such as aged care, hospitality and retail. Businesses and industries rely heavily on these workers. This economic reality cannot be ignored.

We do not expect the Government to do all the heavy lifting in accommodating international students who come to Australia. A number of universities already guarantee accommodation for their students and, where they need more capacity, work with private providers to accommodate more students. Universities have successfully worked with Government and industry in initiatives such as the Rudd Government's National Rental Affordability Scheme, and we support expanding similar programs to boost affordable rental housing supply.

While there's no quick fix for Australia's housing pressures, I urge the Government to consider the very real and significant contribution of international students to our economy and communities before making any further adjustments to migration policies. Reducing our international student numbers is not in Australia's or the university sector's interest.

Treasurer, thank you for your long-held support for universities in this country, particularly through initiatives to open the door to a university education for more Australians regardless of their background or circumstances. I look forward to working with you on growing our world-class university system and ensuring it has the strong and sustainable footing it needs to continue supporting the nation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Luke Sheehy', written in a cursive style.

**Luke Sheehy**  
Chief Executive Officer, Universities Australia