

[REDACTED]

---

**From:** Stephen G [REDACTED]  
**Sent:** Tuesday, 13 January 2026 8:11 AM  
**To:** Taxpolicy Advice  
**Subject:** Submission on the Short Stay Levy Bill 2025 – Tasmanian Economic and Equity Impacts

[REDACTED]

Dear Treasury Policy Team,

I am writing to provide feedback on the draft **Short Stay Levy Bill 2025** and associated consultation materials.

While I acknowledge the Government’s objective of improving housing affordability, there is a growing body of evidence from other jurisdictions indicating that levies targeted at short-stay accommodation often fail to achieve their stated housing outcomes, while creating unintended consequences for local economies, small operators, and tourism competitiveness.

### **Executive Summary**

The proposed **Short Stay Levy Bill 2025** is intended to improve housing affordability by discouraging short-stay accommodation and encouraging a shift toward long-term rental supply. In the Tasmanian context, however, available evidence and local data suggest this approach is **unlikely to deliver meaningful housing benefits**, while posing **material risks to the Tasmanian visitor economy and local households**.

Tourism is a major pillar of the Tasmanian economy. In the year ending June 2025, Tasmania welcomed **more than 1.35 million visitors**, generating approximately **\$3.6 billion in visitor expenditure**, exceeding pre-COVID levels. This activity supports employment and local businesses across accommodation, hospitality, transport, and regional services. Maintaining accommodation capacity, diversity, and price competitiveness is therefore critical to the state’s economic performance.

Short-stay accommodation plays an important role in meeting this demand, particularly in regional areas where hotel supply is limited. Tasmanian accommodation reporting shows **continued growth in short-stay booked nights across peak and shoulder seasons**, indicating that this sector is absorbing genuine visitor demand rather than displacing other accommodation types.

Evidence from other Australian jurisdictions demonstrates that **only a very small proportion of short-stay properties transition into long-term rentals** following the introduction of levies. Victorian research found that only **1–6 % of operators** indicated they would consider moving properties into the long-term rental market in response to a levy. This is especially relevant in Tasmania, where many short-stay listings are **rooms or flexible spaces within primary residences**, offered intermittently or seasonally and **unsuitable for permanent tenancy**.

The proposed levy also **selectively targets short-stay accommodation**, while exempting hotels, caravan parks, and other visitor accommodation serving the same market. In Tasmania, this distinction is significant: short-stay accommodation is **predominantly locally owned and operated**, while hotels are more likely to be owned by large national or multinational entities. The levy therefore

risks shifting economic burden onto Tasmanian households while leaving larger operators unaffected.

Although the levy is nominally charged to visitors, Tasmania is a **price-sensitive tourism market**. Evidence from comparable jurisdictions suggests a significant portion of the cost is likely to be **absorbed by hosts through reduced prices** to remain competitive with exempt accommodation types. This directly reduces income for Tasmanian households relying on short-stay accommodation as supplementary income.

In summary, the proposed levy risks **clear economic harm in Tasmania**, while offering **uncertain and limited housing benefits**. Evidence indicates that housing affordability objectives are more effectively addressed through **supply-side housing and planning reforms**, rather than sector-specific tourism levies.

## 1. Unequal and Distortive Targeting of the Accommodation Market

The proposed 5 % levy applies exclusively to short-stay accommodation while exempting hotels, pubs, caravan parks, and other visitor accommodation types. This selectively targets one segment of the accommodation market while allowing direct substitutes to operate without equivalent imposts.

Economic research on tourism taxation shows that **selective accommodation taxes distort competition**, shifting demand toward untaxed alternatives rather than addressing underlying policy objectives<sup>1</sup>. In this case, short-stay accommodation is placed at a structural disadvantage relative to largely corporate-owned hotel operators.

## 2. Evidence Suggests Levies Are Absorbed by Hosts, Not Just Guests

Although the levy is technically charged to guests, evidence from price-sensitive tourism markets shows that **full pass-through of accommodation taxes is unlikely**.

Research commissioned in Victoria on a proposed short-stay levy found that many operators expected to **reduce nightly rates or absorb the levy** to remain competitive, particularly against exempt accommodation types<sup>2</sup>. This suggests that the economic burden would fall substantially on Tasmanian hosts rather than visitors.

## 3. Limited Evidence That Levies Increase Long-Term Rental Supply

Available evidence indicates that **short-stay levies do not materially increase long-term rental availability**:

- Victorian research found only **1–6 % of short-stay operators** would consider transitioning to long-term rental in response to a levy<sup>2</sup>.
- International academic studies consistently find that financial disincentives reduce short-stay listings without producing a meaningful increase in long-term rental supply, particularly where properties are part-time, shared, or unsuitable for permanent tenancy<sup>3</sup>.

This raises serious questions about whether the proposed levy will achieve its stated housing objectives.

## 4. Disproportionate Impact on Tasmanian Households

A significant proportion of Tasmania's short-stay accommodation consists of **rooms or flexible spaces within primary residences**, used to supplement household income.

Research shows many such listings:

- are operated by local residents rather than commercial investors;
- are only available intermittently; and
- cannot realistically transition to long-term rental use<sup>3</sup>.

A uniform levy therefore disproportionately impacts **everyday Tasmanians**, rather than large-scale or institutional investors.

## 5. Risk to Tourism Demand and Regional Economies

Tourism economics literature demonstrates that **accommodation taxes can reduce visitation**, particularly for discretionary travel to regional or island destinations.

Studies indicate that:

- increased accommodation costs can shorten stays or deter marginal visitors<sup>1</sup>;
- impacts are stronger in destinations reliant on value-driven travel; and
- reduced visitation has downstream impacts on employment and regional business activity<sup>4</sup>.

Short-stay accommodation also provides **niche and flexible options** that are not readily substituted by hotels, particularly in regional Tasmania.

## 6. Local Ownership vs Offshore Profit Extraction

Short-stay accommodation in Tasmania is predominantly **locally owned and operated**, with revenue more likely to remain within the state economy.

Hotels, by contrast, are more commonly owned by **large national or multinational operators**, with profits frequently remitted interstate or overseas. Targeting short-stay accommodation therefore risks disadvantaging Tasmanian households while leaving larger operators unaffected<sup>5</sup>.

## Conclusion –Policy Rationale and Evidence Misalignment

The stated rationale for the Short Stay Levy is to improve housing affordability by discouraging short-stay accommodation and encouraging a shift to long-term rentals. Evidence from comparable jurisdictions indicates that **this causal link is weak and largely unsupported**.

Research shows that levies are more likely to reduce tourism accommodation supply and household income than to meaningfully increase long-term rental availability. As currently designed, the levy risks imposing **clear economic costs on Tasmanian households and the visitor economy**, while delivering **uncertain housing benefits**.

A policy that produces measurable economic harm without strong evidence of effectiveness warrants reconsideration.

## Alternative Policy Approaches

If housing affordability is the primary objective, evidence suggests more effective options are available. These include: applying any accommodation levy consistently across all visitor accommodation types to avoid market distortion; exempting or reducing rates for primary-residence and low-volume hosts whose properties are unsuitable for long-term rental; and pairing any levy with planning and supply-side reforms that directly increase housing stock. Clear hypothecation of any revenue toward housing supply or enabling infrastructure would further strengthen policy credibility and public support.

I appreciate the opportunity to provide feedback and would be happy to discuss any aspects of this submission further.

Regards

Stephen

## Footnotes

1. Durbarry, R. (2008). *Tourism Taxes: Impacts on Destination Competitiveness*. Tourism Economics.
2. Victorian Tourism Industry Council (2023). *Economic Impact of Proposed Short-Stay Levy*.
3. García-López, M-À., et al. (2020). *Short-Term Rental Regulation and Housing Markets*. Journal of Urban Economics.
4. OECD (2018). *Tourism Trends and Policies – Taxation and Competitiveness*.
5. Australian Bureau of Statistics; Tourism Research Australia. *Tourism Ownership Structures and Economic Leakage*.