

TASMAN COUNCIL

A Natural Escape

Tasman Council

Submission to the Consultation on Proposed Short Stay Levy Bill 2025

Submitted by: Tasman Council (Tasmania)

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Date:

Tasman Council welcomes the opportunity to provide feedback on the proposed Short Stay Levy Bill 2025. Council recognises the Tasmanian Government's commitment to improving housing affordability and supporting first home buyers. However, Council does not support the introduction of the Short Stay Levy in its current form, as it fails to recognise the role and financial burden borne by local government in supporting short stay accommodation and visitor-driven communities.

Cost Burden on Local Government

Tasman Council hosts a significant volume of short-stay accommodation, particularly in coastal and high-amenity locations. These properties place disproportionate demand on council-owned infrastructure and services, including:

- Local road networks are subject to higher traffic volumes and accelerated wear
- Waste collection, litter management, and public amenities
- Emergency management readiness and local compliance activity
- Environmental and coastal asset protection

These costs are ongoing, location-specific, and borne almost entirely by Council, yet no portion of the proposed levy revenue is returned to local government. While the levy is raised from activity occurring within council areas, the financial benefit is retained entirely by the State.

This creates a structural misalignment: Councils carry the service and infrastructure costs, while the State retains the revenue.

Inequitable Revenue Allocation

The Discussion Paper indicates that 100 per cent of levy revenue (estimated at ~\$11 million per annum) will be directed to first home buyer initiatives. While housing affordability is a legitimate policy objective, Council considers this allocation illogical and disconnected from the source of the levy.

The Short Stay Levy is generated by tourism and visitor activity. Redirecting those funds away from the communities and councils that host and support that activity undermines:

- Infrastructure sustainability in high-tourism regions
- Local government financial capacity
- The long-term viability of visitor destinations

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Council submits that a levy imposed on visitor accommodation should, at least in part, be reinvested in the places that enable that visitor economy to function.

First Home Buyer Deposits – Policy Disconnect

Council is particularly concerned that levy revenue is proposed to be used to fund first-home buyer deposits, rather than to address housing supply constraints or local infrastructure pressures.

From the Council's perspective:

- The levy does not increase housing supply
- It does not reduce construction costs
- It does not address planning or land availability constraints

Using a tourism-derived levy to subsidise deposits risks inflating prices without addressing underlying supply issues and does nothing to offset the local impacts of short-stay accommodation.

Absence of Local Government Partnership

Council notes that the Bill and Discussion Paper contain no formal mechanism for consultation with, or revenue sharing for, local government, despite councils being key stakeholders in land use, compliance, and service delivery relating to short-stay accommodation.

This omission contrasts with the practical reality that councils are:

- The primary managers of local infrastructure
- The first responders to community amenity impacts
- The regulators of local land use and development

Comparison with Other Jurisdictions

The Tasmanian Government has referenced Victoria and the Australian Capital Territory (ACT) as comparable jurisdictions. However, the Tasman Council notes that the purpose and revenue treatment of those levies differ materially from those proposed in Tasmania.

Victoria

Victoria's 7.5 per cent Short Stay Levy is framed as part of a broader housing and amenity response. Importantly:

- Levy revenue supports social and affordable housing initiatives, including supply-side measures
- The policy context recognises the localised impacts of short-stay accommodation on communities and planning systems
- The levy sits alongside mechanisms that acknowledge local government pressures in high-tourism areas

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While the levy is collected at a state level, the policy intent recognises the connection between short-stay accommodation, local impacts, and the need for reinvestment.

Australian Capital Territory (ACT)

The ACT applies a 5 per cent Short-Term Rental Accommodation Levy, but with key structural differences:

- The levy applies only to platform-based bookings, not direct bookings
- Revenue is retained by the ACT Government, which performs both state and municipal functions, including roads, waste, planning, and community services

As a result, levy revenue in the ACT directly funds the authority responsible for local infrastructure and service delivery.

Tasmania – Key Point of Difference

In contrast, Tasmania’s proposed model:

- Directs 100 per cent of levy revenue to first home buyer deposits
- Provides no funding or offset for local government, despite councils bearing the infrastructure and service costs
- Creates a disconnect between where the levy is generated and where the revenue is spent

Tasman Council submits that adopting the levy rate or structure of other jurisdictions without adopting their reinvestment logic places Tasmania out of step with best practice.

Council Position and Recommendations

Tasman Council does not support the Short Stay Levy Bill 2025 in its current form.

Council recommends that the Tasmanian Government:

1. Reconsider the allocation of levy revenue, with a defined proportion returned to host councils to fund roads, waste, environmental protection, and community infrastructure.
2. Establish a transparent local government funding mechanism tied to short-stay accommodation activity.
3. Review the policy logic of using tourism-based revenue to fund first home buyer deposits, noting the weak causal link between the levy and housing affordability outcomes.
4. Engage directly with councils prior to finalising the Bill to ensure local impacts are appropriately recognised and addressed.

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Tasman Council supports balanced, evidence-based policy that recognises the interconnected roles of State and local government. Without meaningful reinvestment into the communities that host short-stay accommodation, the proposed levy risks undermining local infrastructure, community amenity, and the long-term sustainability of Tasmania's visitor economy.

Council would welcome further discussion with the Department of Treasury and Finance on alternative models that better align costs, benefits, and accountability.

Kind regards,



Cr Rod Macdonald
Mayor