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Sent: Monday, 9 February 2026 11:31 AM
To: Taxpolicy Advice
Subject: Submission: Short Stay Levy Bill

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Discussion Paper and Draft Legislation – Tasmanian Short Stay Levy (Short Stay Levy Bill 2025)

We make this submission in the form of an article prepared for publication. This article addresses the practicality of the proposed short stay levy and the context of what is said to be its affordable housing objectives.

As a Tourism Industry Council of Tasmania accredited operator and a listed tourism operator under ATDW database (Australian Tourism Data Warehouse, Category: Accommodation) we ask that our submission be read in conjunction with the TICT's formal submission opposing the imposition of a short stay levy on all short stay accommodation providers in Tasmania.

Fix unaffordable housing? So let's put a spoke in the wheel of Tassie tourism

Quentin Dempster*

What a daft idea.

The Tasmanian government's proposed 5% short stay accommodation levy now under consideration is set for introduction on July 1.

The levy will apply to all online booking platforms, in particular the global operators AirBnb and Stayz. Tasmania's hotels, motels and caravan parks will be exempt.

The purpose of the levy is to raise revenue to be directed "toward supporting first-home buyers and stamp duty exemptions".

At the moment there is what is called a consultation process underway with "stakeholders".

Since three San Francisco dudes, Brian Chesky, Joe Gebbia and Nathan Blecharczyk, started an online booking website in 2018, home and property owners all over the world have seized the opportunity to let out their spare rooms, or houses or apartments or tents or caravans to earn some much needed income. (Stayz is now owned by Expedia Group, a publicly traded US headquartered corporation).

Short stay accommodation by owner is now a phenomenon of the digital revolution and the digital economy. These services clip the ticket of both hosts and guests with each reservation made at the super convenient click of a mouse as people browse photos, locations, availability calendars and appealing descriptions about what is available online. Australians now use these services with gusto, much to the chagrin of traditional accommodation providers.

You'll be pleased to know the Australian Tax Office is aware of the growth in online short stay accommodation and compulsorily requires hosts and the global platforms operating in Australia to share information about all revenues derived. It's data matching which means both the platforms and the hosts cannot avoid paying relevant tax including GST on their earnings.

When I asked the Tasmanian Department of State Growth by email if its analysts had projected the likely impact of a 5% levy on Tassie's visitor economy, the frank response from a helpful but anonymous official was: "To date, the Department of Treasury and Finance has not undertaken an assessment of the impact of the Short Stay Levy on Tasmania's visitor economy".

Revealing. Why the bloody hell not?

I'm writing this because 18 years ago my wife and I built a house at Table Cape, www.thewingedhouse.com.au, exclusively to let in the Tasmanian regional tourism market. At the time north west Tassie was relatively under serviced in unique short stay traveller accommodation. It was a risky piece of architecture, a 30 metre zinc wing with a two bedroom house underneath, cantilevered over a cliff but capturing breathtaking views of Bass Strait - waves breaking on rocks to the north east and Rocky Cape lighthouse to the west. We were accredited by the Tourism Industry Council of Tasmania, put in our quarterly BAS statements to the ATO for GST, paid our Tassie land tax, our municipal rates, our landlord's insurance and provided regular work to our ABN service providers, our cleaners and for property maintenance. We removed all the gorse and revegetated the property with native species and planted a small olive grove and small vineyard.

Over those 18 years we've attracted people from all over the world - from Europe, south east Asia, China, the US, Canada, New Zealand and the Australian mainland. During the pandemic we thought we'd be ruined. But instead of not going to Bali or on a COVID cruise liner many Tasmanians decided they had better explore their own state. We survived. Tassie is a great state for caravaners and campers. But it is now also a great state for domestic travellers either bringing their cars over on the Spirit of Tasmania or hiring one from Hobart, Launceston, Devonport or Burnie-Wynyard airports. These visitors plan their itineraries themselves by browsing and booking short stay accommodation, both lower cost and high end. No travel agents.

We started by building and operating our own website. But when AirBnb took off globally we signed up and now receive about 50 percent of our reservations via this platform. We could easily unsubscribe of course but we know from our own travels that web browsing and booking is easily done and usually reliable. The host and guest online reviews also provide an ethical discipline for the short stayers and hosts. There are some horror stories and a few guest or host *a'holes* of course but when this happens the digital word quickly spreads via negative reviews.

When I asked the helpful government official just how short stay accommodation providers (tourism accredited or not, AirBnb/Stayz subscribers or not) would be statutorily obliged to impose the levy, the reply was: "To facilitate the collection of the Short Stay Levy, booking platform providers and persons taking direct bookings for Tasmanian properties will be required to register as a Short Stay Levy payer with the State Revenue Office."

Registered short stay providers would have to pay the 5% levy on any booking they accept with an expectation that the levy would be imposed on the guest at the point of sale. This would require all providers to become tax collectors for the State Revenue Office with no compensation for the administrative time, costs and tourist/consumer aggravation involved. By the way, the state government has a red tape reduction agenda - therefore how could this possibly align with that? It is fair to observe that small operators simply do not have the time to add yet another regulatory burden.

And it would require all registered providers, in transparent fairness to guests, to state upfront the 5% would be added to their bills which already includes 10% for GST. That is - double taxation.

The most galling and perverse aspect of all this is that the obvious national interest in facilitating affordable rental and owner-occupied housing in Australia has been so distorted by Commonwealth and state policy failure that the Tasmanian government now wants to put a spoke in the wheel of its own growing tourism industry, particularly in scenic regional Tasmania which many travellers want to explore at their leisure.

The policy failure is now well known to Australians - negative gearing (tax deductibility on mortgage interest payments) on not just one, but as many investment properties as you can acquire. It is very well known that many of our parliamentarians have more than one investment property. Also there's the capital gains tax concession which halves the tax applicable when you sell your investment property.

These distortions have put property investors in a dominant market position leading directly to their unmet demand and relentlessly increasing prices, thus housing unaffordability for first home buyers and rents bordering on extortion. Significantly neither the federal LNP nor the ALP will do anything to end the tax break distortions. The current Prime Minister, Anthony Albanese, says he's not touching these settings. It's "aspirational".

Why the states and territory premiers and chief ministers have not kicked up a stink at national cabinet about these federally implemented market distortions remains a mystery. Well, maybe it's not such a mystery. It's clearly a political calculation by both major parties.

Yes there is a housing affordability problem in Tasmania as there is in all Australia's capital cities and some regional cities. But there is no data or published precision in identifying where the housing affordability problem is here. Obviously it is in Hobart and Launceston, the major centres where young families have a better chance of getting jobs to sustain their mortgage payments. But why punish Tassie tourism? That 5% pricing increase will act as a direct disincentive for visitors.

After the pandemic the visitor economy recovered quickly and has grown again in 2025. The industry's 2030 strategy is to build on current stronger international visitor growth and now by "including becoming a leader in climate-conscious travel, managing growth to protect the brand, and boosting the value of visitors over sheer volume".

Tasmanian Treasury and Finance Department audits show that one in six Tasmanians are supported by tourism; 55 % of east coast jobs are dependant on tourism; every tourism dollar spent equals an additional 83 cents circulating in the Tassie economy. There are 50,800 jobs dependant on Tassie tourism which is a significant contribution to economic activity and public benefit.

Here's hoping Tassie's Treasurer Eric Abetz, his department, the Premier, Jeremy Rockliff, and all members of State Parliament can see the counter productive folly of this 5% short stay levy on Tassie tourism and the "visitor economy".

The solution? Build more houses exclusively for first home buyers and renters in areas where they need them.

- Quentin Dempster is a journalist and author and a TICT accredited tourism operator.