

Submission to the Tasmanian Government

Short Stay Levy Bill 2025

Submitted by: Destination Southern Tasmania

1. Introduction

Destination Southern Tasmania (DST) welcomes the opportunity to provide this submission in response to the Short Stay Levy (SSL) Bill 2025 and the accompanying Discussion Paper released by the Department of Treasury and Finance.

DST is the Regional Tourism Organisation for Southern Tasmania, representing more than 220 tourism operators across accommodation, tours, hospitality, events, and experiences. DST works in partnership with industry, communities, and government to grow a sustainable, high-value visitor economy that delivers positive economic, social, cultural, and environmental outcomes for Tasmania.

DST is aligned with the position of the Tourism Industry Council Tasmania (TICT) and broader tourism industry stakeholders in opposing the SSL as currently proposed.

2. Summary of Position

DST does not support the introduction of the Short Stay Levy in its current form.

While recognising the Tasmanian Government's objective of improving housing affordability and supporting first home buyers, DST considers that the proposed levy:

- Has been developed without adequate industry consultation or impact assessment;
- Will increase the cost of visiting Tasmania for interstate, international, and Tasmanian travellers;
- Risks undermining regional dispersal and destination competitiveness;
- Creates inequity between accommodation providers;
- Diverts visitor-derived revenue away from the visitor economy; and
- Will not address the underlying causes of housing supply constraints.

DST submits that the levy represents a blunt policy instrument that risks unintended and counterproductive consequences for Tasmania's visitor economy and regional communities.

3. Lack of Consultation and Impact Assessment

DST notes that the SSL was developed outside the established 2030 Visitor Economy Strategy governance framework and without meaningful consultation with the tourism industry.

No comprehensive impact assessment has been undertaken to assess likely effects on visitation, regional dispersal, employment, or business viability. Given that tourism supports approximately one in six Tasmanian jobs, the absence of such analysis represents a significant policy and economic risk.

DST submits that major policy interventions affecting the visitor economy should be developed collaboratively and informed by robust evidence.

4. Absence of Legislative Direction on Use of Levy Revenue

The Bill contains no legislative mechanism specifying how levy revenue will be applied, beyond a broad policy intention that funds will support first home buyers.

DST understands that there were similar challenges in relation to the Waste Levy, where revenue was not clearly or transparently directed toward stated policy objectives.

The absence of legislated safeguards creates uncertainty and undermines confidence that levy revenue will be used effectively or accountably.

5. First Home Buyer Grants do not Address Housing Supply

DST shares industry concerns that directing levy revenue into first home buyer grant schemes does not address the fundamental driver of housing affordability, namely insufficient housing supply.

Evidence and industry experience indicate that demand-side grants can be capitalised into higher land and dwelling prices, allowing developers and vendors to absorb the benefit. Without parallel increases in housing supply, such programs risk delivering little or no net benefit to purchasers while inflating market prices.

DST submits that sustainable housing outcomes require long-term investment in supply-side delivery, planning reform, and social and affordable housing construction.

6. Impact on Visitors and Destination Competitiveness

The levy is designed to be borne by visitors. As a result:

- Tasmanians travelling within their own state will face higher accommodation costs;
- Interstate visitors, who already face comparatively high access costs, will encounter additional price barriers; and
- International visitors may perceive Tasmania as a higher-cost destination relative to mainland alternatives.

In price-sensitive markets, particularly during shoulder and off-peak seasons, incremental cost increases materially influence destination choice, length of stay, and visitor spending.

Operator feedback indicates that increased costs will encourage visitors to shift toward levy-exempt accommodation types, other states, or informal arrangements.

7. Regional Dispersal and Equity Impacts

Tasmania's visitor economy relies heavily on short stay accommodation in regional areas where levy-exempt accommodation options are limited or unavailable.

The levy risks:

- Reducing the perceived value of travelling beyond Hobart and other CBDs;
- Encouraging visitor concentration in levy-exempt accommodation;
- Undermining long-standing regional dispersal objectives; and
- Disproportionately impacting regional tourism operators and communities.

The policy also creates an uneven playing field between accommodation providers, disadvantaging accredited, compliant, and locally owned tourism businesses.

8. Increased Regulatory and Administrative Burden

TICT and individual operators have raised concerns regarding increased regulatory and administrative burden, particularly for small and regional businesses accepting direct bookings.

Requirements for registration, reporting, and remittance represent additional costs and complexity at a time when many tourism operators are experiencing subdued trading conditions.

These requirements are inconsistent with the Government's stated objective of reducing red tape and supporting small business.

9. Experience in Other Jurisdictions

Victoria introduced a 7.5 per cent Short Stay Levy from 1 January 2025. Early industry feedback indicates increased visitor costs and administrative complexity without clear evidence of improved housing supply outcomes. Regional operators have reported particular concern regarding reduced shoulder-season demand.

The Australian Capital Territory introduced a 5 per cent levy from 1 July 2025, applying only to platform-based bookings. While narrower in scope, the ACT model has increased compliance complexity and distorted booking behaviour, with limited evidence of housing market impact.

Across both jurisdictions, there is currently no clear public evidence that short stay levies materially improve long-term housing supply.

These experiences highlight the importance of careful policy design, transparency, and evidence-based decision-making.

10. Implementation and Market Distortion Risks

Industry submissions have identified several practical risks, including:

- Uncertainty regarding which booking platforms are captured;
- Ambiguity around accommodation definitions, particularly for agri-tourism and hosted models;
- Potential double taxation through application of the levy on GST-inclusive prices; and
- Increased risk of informal or non-compliant booking arrangements.

Collectively, these issues risk distorting the accommodation market and undermining policy effectiveness.

11. Alternative Policy Approaches

If the Government elects to proceed with a Short Stay Levy, DST strongly recommends that the policy be materially redesigned to ensure effectiveness, fairness, and alignment with housing and visitor economy objectives.

11.1 Visitor Economy Reinvestment

DST supports directing levy revenue back into the Tasmanian visitor economy to support:

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- Destination marketing and aviation access;
- Regional visitor infrastructure and amenities;
- Workforce accommodation and skills development; and
- Sustainability and destination management initiatives.

This approach aligns visitor-generated revenue with the systems that create visitation, employment, and regional economic value.

11.2 Affordable Housing Supply Delivery

If levy revenue is to be used for housing outcomes, DST strongly supports directing funds into proven housing supply delivery mechanisms, including:

- Homes Tasmania; and
- Accredited not-for-profit housing providers working in partnership with Homes Tasmania.

These models are more likely to deliver measurable increases in affordable housing supply than demand-side grant programs.

11.3 Policy Safeguards

DST further recommends:

- Exemptions for hosted accommodation and principal places of residence;
- Legislated transparency and public reporting on levy revenue use;
- A formal review after two years assessing housing outcomes, visitor impacts, and regional dispersal effects; and
- Ongoing consultation with the tourism industry and regional stakeholders.

12. Conclusion

DST supports balanced, evidence-based policy that recognises both housing affordability objectives and the critical role of the visitor economy in Tasmania's prosperity.

As currently proposed, the Short Stay Levy risks undermining Tasmania's visitor economy, imposing additional costs on visitors and residents, and failing to address the structural causes of housing supply constraints.

DST urges the Tasmanian Government to reconsider the design, purpose, and revenue allocation of the levy and to work collaboratively with industry to develop solutions that support both housing outcomes and a strong, sustainable visitor economy.