

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

Executive Summary

I provide this submission on behalf of the peak industry body for tourism in Tasmania, the Tourism Industry Council of Tasmania (TICT), which provides a united voice for our industry and is a signatory to the 2030 Visitor Economy Strategy in partnership with the Tasmanian Government.

This joint governance framework is a unique and enduring partnership which sees industry partner with Government to plan for the future of our visitor economy, including examining and proposing appropriate policy frameworks. From the outset of this submission, the TICT would like to firmly point out that the ‘Tasmanian Short Stay Levy’ was not discussed nor consulted on as part of this established framework and therefore was made outside of all other policy mechanisms collaboratively decided upon between Government and industry.

The Visitor Economy’s contribution to the broader Tasmanian economy is critical to the ongoing prosperity of the state and investing in ensuring visitors continue to travel to our island and spend in our regional communities is essential to supporting Tasmanian jobs. The role that tourism plays in the Tasmanian economy is more critical in Tasmania when compared to other States and Territories:

- Tourism in Tasmania directly and indirectly contributes around \$4.55 billion or 10.8 per cent to Tasmania’s Gross State Product.
- Tourism directly contributes \$2.27 billion or about 5.4 per cent to Tasmania’s Gross State Product.
- Tourism directly and indirectly supports around 50,800 filled jobs in Tasmania or 15.6 per cent of total Tasmanian filled jobs – the highest share in the country. One in six Tasmanian jobs depend on tourism.
- Every \$1 spent in tourism generates an additional 83 cents in the broader economy.
- In highly tourism-dependent regions such as the East Coast, 55.3% of all jobs rely on visitor spending.

This data demonstrates any policy that impacts the visitor economy in Tasmania will also impact prosperity and employment in every region of Tasmania.

To be clear, the TICT strongly opposes this proposal which:

- Has been developed without any consultation with the Tasmanian tourism industry
- Has been developed without any assessment of the impact of its introduction on the Tasmanian visitor economy
- Will disproportionately impact Tasmania’s heavily tourism reliant regions; and
- Will not address the systematic issues leading to the lack of affordable housing and supply in Tasmania.

In providing this submission, the TICT wishes to acknowledge the critical situation that Tasmania finds itself in with relation to the lack of affordable and accessible housing supply and the impact this is having on Tasmanians in the need. The industry's 2030 Strategy is premised on the need for the visitor economy to continue contributing positively to Tasmania's economic and social fabric and we remain committed to having a dialogue with Government about how, as an industry, we can support the Government's efforts to address this issue which has been primarily borne out of its inability drive a significant increase in social and affordable housing in Tasmania over many years.

However, this proposal is not the answer. It is ill-informed and poorly formulated and will lead to confusion and increased red tape for small, hard-working Tasmanian tourism operators, while increasing costs for visitors to Tasmania at a time when the Tasmanian Government and industry is investing in initiatives like the two new Spirit of Tasmania vessels and the Macquarie Point Stadium Precinct to entice more visitors to the island.

It is for this reason that the TICT is advocating for this proposal to be postponed while the impacts of the Victorian and ACT levies are researched and understood. Instead, industry and stakeholders are calling on the Tasmanian Government to collaboratively work on solutions with interested and Tasmanian stakeholders to progress more meaningful solutions.

The Tourism Industry Council Tasmania provides the following arguments against the Bill's implementation:

1. Unintended and untested impact on Tasmania visitor economy

Both the Tasmanian Government and Tasmanian Treasury have acknowledged that no impact assessment on the introduction of such a levy has been undertaken as to the possible impact on visitation, especially to regional areas. In the absence of such research, the Tasmanian Government is unable to outline what impact this new policy will have on the health of Tasmania's visitor economy.

What is known is that Tasmania already faces considerable barriers to visitation, including being a comparatively expensive destination to visit due to it being an island. Therefore, the impact of consumer price sensitivity should not be discounted in the current environment of cost of living pressures.

A report 'Short-Term Rental Perceptions' conducted by New Focus Research in July 2024, commissioned by the Australian and New Zealand Short Term Rentals Association and the Victorian Tourism Industry Council analysed the influence that state's proposed levy would have on perceptions of the short stay rental market along with consumer spending and visitation on holidays in Victoria. It found:

- Only 1 to 6 per cent of short-stay property owners surveyed stated they were likely or very likely to shift their short short-stay properties to the long-term rental market when the levy was due to take effect.
- In addition, 1,700 guest surveys were conducted and 51 per cent of respondents said they would reduce how often they travel and how much they spend, and 55 per cent indicated they would shorten their length of stay, with coastal and regional areas potentially the most impacted.

Further, there is currently no available data from either Victoria or the ACT to highlight what impact the respective levies may have had on those regional economies.

Given Tasmania hosts some of the most dependent regions on tourism in the country, to introduce such a levy in the absence of this work is ill-informed and reckless.

2. Negative impact on Tasmania's regions

As a destination, Tasmania is unlike many other states and territories across Australia. This is what makes our destination truly special, but it also means we need to work harder to move visitors across our state so they disperse regionally and benefit regional economies.

In popular locations such as the east coast, Derby and King Island, access to traditional hotel-like accommodation is simply not available. The only form of accommodation in these regions is short stay like accommodation, many of which have been developed in a brand-aligned way to particularly target the visitor market, thereby acting as demand drivers in themselves to entice visitors to regional areas.

As one TICT accredited operator has rightly shared, as small operators they developed a product in a regional area which historically boasted little to no accommodation stock. The product grew in its prominence, winning national acclaim and in doing so, showcased the region in which it was built. This has since led to increased investment by other operators in the region. This operator is accredited with the TICT, is subject to yearly renewals and quality checks and participates in the broader visitor economy network. This operator receives approximately 50 per cent of bookings through online booking platforms, but another 50 per cent directly through its own website. Under this proposal, this small two-person operation will now be required to register and collect this levy on behalf of Government, creating more unnecessary red tape at a time when the Tasmanian Government has a stated objective to reduce red tape and make Tasmania more investor friendly. The policy objectives of the Government are clearly at odds.

Short stay accommodation also plays a vital role in catering for visitors once traditional hotel/motel options have been exhausted, which is often seen in Launceston when major events are underway. Any unintended impact on the availability of such accommodation and visitor demand will at the same time impact the State's broader strategy around events attractions and regional dispersal.

3. Proposal does not deal with core issues impacting housing availability

As outlined earlier in this submission, the TICT acknowledges the critical impact of the current housing shortage and the impacts on vulnerable Tasmanians. However, the TICT also fails to see how this policy response addresses in any way the systematic challenges which are causing the housing crisis.

The Tasmanian Government appears content to simply resort to the blunt instrument of revenue raising to cover its lack of statewide affordable housing strategy and inability to drive an increase in stock. The Government should instead focus on working with partners to increase

stock, particularly in regional areas, while supporting economy driving industries such as tourism to flourish. The Tasmanian tourism industry supports 1 in 6 Tasmanian jobs. Blunt efforts to raise revenue at the expense of an industry which generates such return on investment does not make sense.

4. Work underway to inform visitor contribution to protect Tasmania's most treasured places

Increasing the contribution visitors make to our protected areas and infrastructure is a key priority under the 2030 Visitor Economy Strategy and since the Strategy's release, work has been underway by both the Parks and Wildlife Service and Tourism Tasmania to investigate best practice mechanisms and ways in which this might be done. This work is supported by the Tasmanian tourism industry, and this policy approach is something that tourism industries across the world support.

Tourism Tasmania is undertaking thorough market testing around what visitors would be willing to contribute, noting that the types of visitors who travel to Tasmania are more likely to want to invest in conserving our natural environment and protecting what we hold so special, as a community.

The current proposal is not an approach supported by the tourism industry as it isn't premised on a best practice approach to sustainable visitor and destination management.

5. Implementation flaws with the proposed Bill

The definition of a short-stay property is also ambiguous and problematic. For example, it is noted that traditional Bed and Breakfast establishments are exempted (i.e a premises or part of a premises that is occupied by the owner/operator at the same time as the guest and breakfast is offered). However, concern has been raised by operators, particularly in the agri-tourism space, about whether a separate dwelling on a farm, where breakfast is offered, would or wouldn't be exempt. At a time when the Tasmanian Government is investing funding into cutting red tape and regulatory reform to entice more agri-tourism offering due to Tasmania's competitive strength, again this policy response appears at odds.

It is also a concern to the TICT that the Tasmanian draft legislation goes much further than both the ACT and Victorian initiatives. Both Victoria and ACT exempted a principal place of residence, thereby reducing the impact on hosted accommodation. If the levy were to go ahead in Tasmania, this would be an amendment that should be enacted.

Similarly, ACT exempted direct bookings from the operation of the levy, ensuring small operators were not subject to another regulatory burden of collecting the levy on behalf of government. In ACT, the levy only applied to bookings made through booking platforms like AirBnB and Stayz. Again, this is an amendment to the current legislation that should be enacted.

It should also be pointed out that the Tasmanian Government is applying the 5% levy on top of the total booking fee, which is inclusive of GST, meaning the Government is essentially taxing visitors twice.

Finally, it is unclear how the policy can be effectively policed to stop informal or non-compliant booking arrangements.

Alternative policy pathway

The TICT contends that this is not the right solution to addressing housing supply problems, especially at a time when other jurisdictions like Queensland are investing billions into their visitor economy to compete for the finite pool of domestic visitors.

Instead, the TICT argues that the Government should be focusing on incentives to drive more economic investment into the state, thereby generating more economic activity in the form of returns to Government to reinvest back into building more affordable housing. Instead, the Government appears content to tax their way out of the problem.

The Tasmanian tourism industry is calling for Government to invite all interested stakeholders to collaboratively discuss the varying options on the table including a statewide housing strategy inclusive of short stay and workers accommodation so meaningful solutions to the current housing crisis can be progressed.

Conclusion

While the TICT understands the critical need to address issues of housing affordability and access, especially in regional areas, we argue that this is not the right approach and will have unintended consequences at a time that we can least afford it.

As this submission outlines, we believe it will have a disproportionate impact on Tasmania's regional areas and with no research undertaken to prove otherwise, the Government appears comfortable to take this risk.

The TICT calls on the Tasmanian Government to abandon this legislation while more meaningful consultation is undertaken with industry, while also holding itself more accountable for increasing affordable housing stock within Tasmania.

Thank you for the opportunity to provide a submission on the Discussion Paper and Draft legislation and please don't hesitate to reach out should you have any questions.



Amy Hills – CEO Tourism Industry Council Tasmania