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Mr Gary Swain
Secretary
Department of Treasury and Finance

By email: C/- taxpolicy.advice@treasury.tas.gov.au.

Dear Secretary

RE: Submission on the Short Stay Levy Bill 2025

Thank you for the opportunity to provide feedback on the Short Stay Levy Bill 2025. The Housing Industry Association (HIA) does not support new taxes, levies or charges being placed on Tasmanian households or businesses. These measures rarely address the underlying causes of housing pressures and can often make it harder, not easier, to deliver the homes Tasmania needs. However, if the Government proceeds with a Short Stay Levy, it is essential that the revenue is directed toward measures that genuinely increase new housing supply. We remain concerned that the proposed use of levy revenue will instead reinforce existing policy settings that are already failing to support, and may be actively undermining, new home construction in Tasmania.

The Tasmanian Government has indicated that revenue from the levy will be directed to the *Stamping Out Stamp Duty* initiative, which provides stamp duty concessions exclusively for first home buyers purchasing established homes. This means that levy revenue would be used to strengthen a demand-side incentive in the established housing market, rather than supporting first home buyers who wish to build a new home. For HIA's members, and indeed the broader Tasmanian community, this is a critical issue. Only new dwelling construction increases Tasmania's housing stock, easing pressures on the currently constrained housing market. Taxing one cohort of the market to fund incentives to purchase existing homes simply shifts demand within the current supply, places upward pressure on prices, and leaves the fundamental shortage unaddressed.

The lending data now demonstrates what that incentive structure produces. When the Stamping Out Stamp Duty policy was introduced in 2024, around 13–14 per cent of owner-occupier lending in Tasmania was going toward the construction or purchase of a new home. But by the end of 2025, that figure had fallen to approximately 10 per cent.

This is a material decline. It shows that the share of first-home-buyer-type activity going into new housing has eroded by roughly a quarter, from the mid-teens down to barely one in ten loans. At the same time, lending for the purchase of established dwellings has grown strongly, rising from 1,246 loans in March 2024 to 1,585 by December 2025, while new-dwelling loans remained flat.

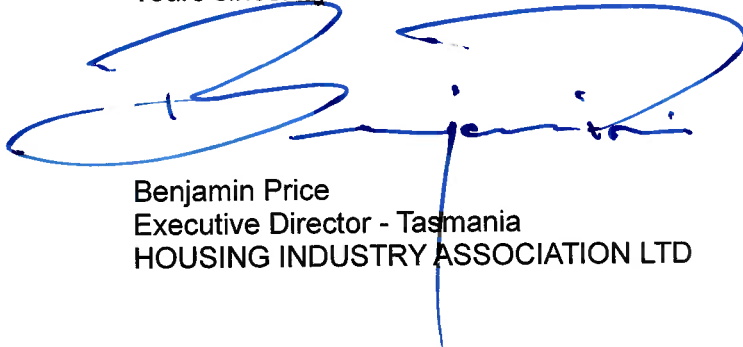
The result is unmistakable: the exemption is pulling buyers out of the new-build market and into the established market. This data is also reflected in anecdotal information provided by HIA members, who have stated that when weighing up the incentives available to them, they decide to proceed with purchasing an established home rather than contracting for the purchase of a newly built home.

In short, the policy is skewing the market, incentivising buyers to compete for existing homes instead of adding to Tasmania's housing stock. This is precisely backwards for a state facing a supply shortage. Unless incentives are realigned toward new housing, the levy will end up funding a program that intensifies the problem it claims to address.

HIA acknowledges and strongly supports the Tasmanian Government's decision to triple the First Home Owners Grant (FHOG) to \$30,000 for Tasmanians who contract to build their first home. However, noting that the increased FHOG is only funded until 30 June 2026, it is essential that the Short Stay Levy be used to sustain and extend this support.

If the Tasmanian Government is serious about addressing Tasmania's housing shortages, then levy revenue must be directed toward new housing supply and not demand-side incentives for established homes. A continued and adequately funded FHOG is the clearest, most direct mechanism to increase new dwelling construction and expand Tasmania's housing stock. Redirecting levy proceeds to this purpose would ensure the policy strengthens supply, rather than inadvertently worsening the shortage it seeks to resolve.

Yours sincerely



Benjamin Price
Executive Director - Tasmania
HOUSING INDUSTRY ASSOCIATION LTD