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## **Submission to the Department of Treasury and Finance**

Draft Short Stay Levy Bill 2025

Submitted by Justine Brooks and Todd Bedelph

Owners of: Ulverstone River Edge Holiday Apartments - Ulverstone, Tasmania

### **1. Introduction**

Ulverstone River Edge Holiday Apartments is a six-unit serviced apartment complex in Ulverstone, North West Tasmania.

The premises were purpose-built by Tony and Val Foster specifically for short-term visitor accommodation. In 2020, we purchased both the building and the operating business as a going concern.

The apartments have never formed part of Tasmania's residential rental market.

We operate with:

- On-site management (office open 9:30am–2:20pm daily)
- We employ four staff from the local community
- Serviced apartment model (linen/towel rotation and amenities replenished)
- Tourism services including kayak and bicycle loans
- Mixed guest profile including business travellers, professionals, families and holiday visitors

We support the Government's objective of improving housing affordability. However, the proposed Short Stay Levy (SSL) is not appropriately targeted and will impose a tax on established regional tourism infrastructure that has not contributed to housing displacement.

### **2. The Levy Captures Us - Despite No Housing Impact**

The Discussion Paper defines short stay accommodation broadly as any premises not falling within limited exclusions.

It further confirms that persons taking direct bookings are liable for the levy, and that the levy applies to 5% of the total booking fee.

Ulverstone River Edge Holiday Apartments would therefore be captured, including direct bookings.

However:

- These apartments were purpose-built and approved by Council for visitor accommodation.
- They were purchased as an operating tourism business.
- They have never displaced a long-term rental dwelling.

Applying the levy to our business does not release housing stock. It does not increase supply. It does not reduce rental pressure.

It simply taxes an existing tourism enterprise.

### **3. The Real Housing Issue in Tasmania: Structural Supply Deficit**

Tasmania's housing pressures are well documented.

Homes Tasmania reports more than 5,300 households seeking social housing and ongoing system pressure.

Rental vacancy rates across Tasmania have remained structurally tight in recent years, with REIT data showing low single-digit vacancy rates in several regions.

However, these pressures are not primarily caused by established regional serviced apartments.

The more fundamental drivers are:

- Long-term under-delivery of new housing supply
- Insufficient social and affordable housing construction
- Population growth in key regions
- Changing household structure

National data shows that one-person households increased from 18% in 1981 to 26% in 2021, and household sizes have steadily reduced. This means more dwellings are required per capita than in the 1970s and 1980s.

Tasmania now needs more housing across a wide range of types — small dwellings, social housing, affordable housing, and medium-density stock — simply to meet demographic reality.

A levy on purpose-built regional serviced apartments does not address this structural supply gap.

### **4. Government Encouragement of Visitor Accommodation**

Tasmania previously reformed planning settings to enable visitor accommodation across multiple zones. Planning Directive No. 6 and related reforms in the mid-2010s facilitated broader visitor accommodation activity.

Operators responded in good faith to those policy settings and invested capital accordingly.

Ulverstone River Edge Holiday Apartments was acquired in 2020 as an established tourism business under that policy framework.

The current proposal risks sending a conflicting signal:

- Encourage investment in visitor accommodation during tourism growth periods.
- Later impose a blanket levy without differentiating between housing displacement and tourism infrastructure.

Policy stability matters for regional investment confidence.

## **5. Economic Contribution in Regional Tasmania**

Our business supports the North West region through:

- Employment (cleaning, maintenance, administration)
- Tourism activity (kayak and bike hire)
- Supporting local hospitality and retail businesses
- Hosting business travellers and professionals supporting regional industry
- Accommodating families and visitors during events and peak seasons

Regional towns rely on diversified accommodation types. Ulverstone is not Hobart's inner suburbs.

Purpose-built serviced apartments are part of regional economic infrastructure.

## **6. Turnover vs Profit: A Critical Distinction**

The Bill proposes quarterly reporting where annual booking fees exceed \$75,000

Our turnover exceeds this threshold. However, turnover is not profit.

Regional accommodation businesses operate on:

- Seasonal variability
- Significant cleaning and maintenance costs
- Utilities and insurance
- Marketing costs
- Compliance costs

A 5% levy on gross booking fees is not applied to profit — it is applied to revenue.

The practical effect is margin compression in a regional tourism market where pricing power is limited.

## **7. Equity Issue: We Are Treated the Same as Housing Conversions**

Under the current drafting, there is no distinction between:

1. A residential dwelling withdrawn from the rental market for Airbnb use.
2. A purpose-built serviced apartment complex operating for years as visitor accommodation.

These are materially different policy categories.

If the objective is housing supply, the policy should be designed to target displacement, not infrastructure.

## 8. Recommended Amendments

We respectfully recommend:

### A. Exemption for Non-Residential Origin Premises

Exclude premises that were purpose-built or continuously operated as visitor accommodation and never formed part of the long-term rental market.

### B. Targeted Housing Impact Mechanism

Apply the levy only to premises demonstrably removed from long-term residential use.

### D. Regional Calibration

Recognise that regional markets differ significantly from inner-city rental markets.

## 9. Conclusion

Ulverstone River Edge Holiday Apartments supports balanced housing reform.

However, the proposed Short Stay Levy in its current form:

- Does not distinguish between housing displacement and tourism infrastructure.
- Taxes established regional serviced apartments that have never contributed to rental shortages.
- Shifts responsibility for structural housing under-supply onto regional tourism operators.

Tasmania's housing challenges are rooted in decades of under-delivery of new housing and demographic change requiring more dwellings per capita.

We respectfully request that the final legislation incorporate a more targeted framework that aligns with the true policy objective of increasing housing availability.

Do not hesitate to contact us should you wish to discuss the contents of this submission further.

Yours sincerely



Justine Brooks



& Todd Bedelph

