



DAVID O'BYRNE MP
MEMBER FOR FRANKLIN

25 February 2026

Department of Treasury and Finance
GPO Box 147
HOBART TAS 7001

By email: taxpolicy.advice@treasury.tas.gov.au

Dear Secretary,

Re: Short Stay Levy Bill 2025

Thank you for the opportunity to make a submission on the draft *Short Stay Levy Bill 2025*.

The growth of the short-term rental (“STR”) market has been a crucial component of Tasmania’s thriving tourism industry, but the repercussions of this growth on Tasmania’s long-term rental market have been disproportionate and unsustainable.

The argument frequently made by STR stakeholders, that STRs represent only a small proportion of total housing stock, is not persuasive in the Tasmanian context. This is due to the comparatively small size of our rental market and the unusually high density of STR’s relative to mainland cities. Multi-year monitoring of Tasmania’s rental market commissioned by Shelter Tasmania demonstrates that even modest changes in the number of properties available for long-term rent have tangible effects on vacancy rates and rental prices.

In Greater Hobart, the withdrawal of approximately 195 dwellings from the long-term rental market is sufficient to shift vacancy rates from 2% to 1% - a recognised tipping point at which rent increases move from manageable to double-digit growth. The presence of over 1,000 non-primary residence STR listings in this region is therefore not marginal; it is market-moving. This is consistent with the conclusions of Shelter Tasmania, which found that STR growth is not occurring in isolation from the rental market but rather represents properties that would otherwise be available for long-term tenancy.

I am supportive in principle of the proposed short stay levy as a means of addressing the challenges associated with the growth of the STR market. In my view, this levy is not simply a revenue measure, but a policy tool capable of influencing how properties are allocated between the STR and long-term rental markets.

Applied at an appropriate rate, such a levy would send a price signal that changes how property owners evaluate whether a property should be used as a STR or a long-term rental; this will assist in levelling the playing field by balancing the interests of investors, tourists and long-term renters. Further, the revenue generated from this levy can also be applied towards other measures aimed at alleviating the pressure on Tasmania’s rental market; enabling a multifaceted response which creates a compounding effect over time. In addition to the substantive benefits, this policy is also simple and easy to administer; STR booking platforms already have the required infrastructure to collect the levies – with more than \$5bn

globally is collected by Airbnb in levies – so there are no extra administrative burdens for owners or short-stay renters.

Whilst I am broadly supportive of the proposed levy, there are three aspects which in my view should be reconsidered. Firstly, I disagree with the revenue being applied towards first home buyer initiatives. Secondly, I do not consider that the proposed rate of 5% is sufficient. Lastly, the exemptions should be expanded to ensure that the levy does not deter properties from being listed on the STR market which are otherwise not suitable for use as long-term rentals.

Revenue

One of the key advantages of this policy is that it generates revenue which can be applied towards further measures that will alleviate the pressure on the long-term rental market. The Tasmanian State Government estimates that \$11 million will be generated from the levy per annum which they intend to apply towards first home buyer initiatives.

Directing levy revenue toward first home buyer initiatives misunderstands the nature of the problem. The core constraint in Tasmania's rental market is supply, not access to ownership. Measures that stimulate demand for ownership do not return properties to the long-term rental market and, therefore, do not address the pressure that the levy is intended to relieve.

Measures which directly address the issue of supply are likely to have a far greater impact, such as the approach taken by the Victorian State Government who have applied the revenue generated from their STR levy towards building social and affordable housing. Victoria's STR market is significantly larger than Tasmania's and, by consequence, the revenue generated from their levy is substantially greater than the figure that the Tasmanian State Government has estimated will be raised. Therefore, allocating the funds towards large-scale construction projects is unlikely to be effective in the Tasmanian context, as the relatively modest scale of anticipated revenue is not capable of materially increasing the level of housing stock.

Using the revenue to instead fund homeless services and crisis accommodation represents a more effective use of revenue in my view, and it would ensure that the levy directly supports those most affected by the housing pressures which the STR market contributes to. Homeless services and crisis accommodation can be delivered at substantially lower cost, on a per-person basis, compared to the construction of new dwellings. These facilities are also capable of supporting a far greater number of individuals over time, spreading the impact across a larger cohort of people. Using the revenue for this purpose would also create positive social connotations, as property owners and STR guests would, through payment of the levy, be supporting a segment of the community who are experiencing the most severe form of housing stress.

Rate

Ultimately, this policy seeks to alleviate pressure on Tasmania's long-term rental market, and the primary purpose of this levy should therefore be encouraging behavioural change, rather than just raising revenue. Irrespective of whether the levy erodes STR returns, its rate must be sufficient to alter the behaviour of property owners at the margins.

Evidence from other jurisdictions demonstrates that levies in the realm of 5% function primarily as revenue raising measures, whereas levies set at 10% or higher are more likely to influence decision-making of property owners when determining whether to list the

property as a STR or long-term rental. To achieve this aim, the rate should be set at 10% which is consistent with other jurisdictions that have introduced similar levies for the purpose of influencing market behaviour.

Increasing the rate to 10% would also double the amount of revenue that would be raised through the levy, significantly expanding the capacity of the State Government to further address this issue through the implementation of other measures, such as increased funding for homelessness services and crisis accommodation as I have advocated for above.

Exemptions

At present the levy contains exemptions for accommodation options such as hotels, traditional bed and breakfasts, caravan parks and similar commercial accommodation operations. This is consistent with the overarching purpose of the levy; addressing the shortage of long-term rentals in Tasmania.

I have heard that there are STRs operating in Tasmania which are also seeking an exemption on the basis that their property is not capable of being transferred for use as a long-term rental. These STRs are zoned for commercial use only and are generally converted office spaces or similar commercial-type spaces which do not have the facilities that are necessary for use as long-term rental.

I acknowledge that offering such an exemption may distort the market, advantaging those STRs which are not capable of use as a long-term rental. However, it is in my view something that should be given consideration by the State Government, as it is a legitimate point that they are not the target of this levy.

I trust this adequately sets out my position in respect of the proposed levy. Please do not hesitate to contact me should you wish to discuss this submission further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'D O'Byrne', with a stylized flourish at the end.

David O'Byrne MP
Member for Franklin
25 February 2026