



SUBMISSION

25 February 2026

Sent by email: taxpolicy.advice@treasury.tas.gov.au

Department of Treasury and Finance
GPO Box 147
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Dear Department of Treasury and Finance

RE: Short Term Accommodation Association Australia (STAAA) Short Stay Levy Bill - Submission

The Short Term Accommodation Association Australia (STAAA) welcomes the opportunity to provide a submission on the Tasmanian Short Stay Levy Bill 2025 (Consultation Draft) and the accompanying Tasmania Short Stay Levy Discussion Paper.

However, before addressing the draft Bill, STAAA would like to put on record our concerns regarding the consultation process.

STAAA is the national peak body representing short-term rental accommodation (STRA) owners and operators across Australia. We do not represent booking platforms. As the recognised peak industry body, STAAA has consistently engaged constructively with governments across multiple jurisdictions on STRA regulation, registration schemes, taxation design and compliance frameworks.

In this case, STAAA was previously advised by the Tasmanian Government that we would be consulted in respect of the proposed short stay levy model. That consultation did not occur prior to the release of the draft legislation and discussion paper.

We are also disappointed that the consultation was released immediately prior to Christmas, the peak operational season for Tasmania's STRA industry. For many STRA owners and operators, particularly those in regional areas, the period in which the consultation has been open for, represents their highest occupancy and most intensive workload of the year. The timing of the consultation materially constrained the ability of STRA owners and operators, most of whom are small scale operators, to properly review the draft legislation, consult advisers, gather data and prepare considered submissions.

As a result, we submit that the process to date has not enabled full and informed participation by our industry that will be directly impacted by the proposed legislation. This is especially relevant given the Bill introduces new compliance obligations that will fall heavily on small scale operators and those in regional markets.

Given that the proposed Bill introduces new taxation and compliance obligations that will fall directly on these small scale operators, STAAA recommends that Treasury consider extending the consultation period and/or providing a further targeted consultation round with industry and regional operators to ensure the final design benefits from practical implementation input, reduces unintended consequences and aligns with the Government's stated objectives.

Notwithstanding these concerns, STAAA provides the following submission addressing the Bill and Discussion Paper directly and within the consultation scope.

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1. Introduction

The Short Term Accommodation Association Australia (STAAA) welcomes the opportunity to provide feedback on the Tasmanian Short Stay Levy Bill 2025 (Consultation Draft) and the accompanying Discussion Paper.

We acknowledge the Government's stated policy parameters that:

- A 5 per cent levy will apply to short stay accommodation bookings of less than 28 consecutive nights;
- Hotels, motels, inns, caravan parks, bed and breakfasts and other listed accommodation types will be exempt;
- The levy will be paid by users of short stay accommodation, not property owners; and
- 100 per cent of levy revenue will be directed to assisting first home buyers.

STAAA recognises housing affordability is a critical issue in Tasmania and that governments must consider a range of policy tools to address housing pressures. However, we submit that the proposed levy:

- Is sector specific in its design and creates differential treatment between accommodation types;
- Lacks evidence demonstrating measurable impacts;
- Introduces disproportionate compliance burden on small scale and regional operators;
- Risks unintended economic consequences for regional Tasmania and the visitor economy;
- Introduces additional regulatory complexity at a time when red tape reduction remains a Tasmania government stated objective; and
- Does not adopt best practice design elements adopted in other jurisdictions, particularly in relation to hosted accommodation and direct bookings.

STAAA recognises the complex challenges facing housing in Tasmania, including dwelling supply constraints, delays in planning and construction delays, infrastructure limitations, financing conditions, cost of living pressures, population growth and broader economic conditions affecting renters and homeowners alike. While the STRA industry has received increased scrutiny in this context, we submit it is essential to distinguish between perception and evidence when assessing STRA's true impact.

Our submission is intended to support the Treasury with an evidence based, data informed perspective that reflects the first hand experience of STRA owners and operators across

Tasmania and nationally. We address the proposed Bill and Discussion Paper and provide practical recommendations that aim to achieve the Government's stated objectives while minimising unintended consequences for Tasmania's visitor economy and regional communities.

2. About the Short Term Accommodation Association Australia (STAAA)

STAAA is the national peak industry body representing short-term rental accommodation (STRA) owners, operators and managers across Australia. Our members include a wide range of stakeholders within the short-term rental accommodation industry, including individuals, small scale operators and professional property managers. However, it is important to clarify that we do not represent international booking platforms such as Airbnb, Booking.com or Stayz.

STAAA Committee Members are STRA owners and operators, many with decades of direct experience in the sector. This provides an authentic, understanding of the practicalities, challenges and opportunities within STRA.

Membership is structured in tiers based on the number of properties operated. The largest cohort comprises owners and operators with one or two properties, often 'mum and dad' owner operators, self funded retirees or households supplementing income or making productive use of a holiday home.

This profile is directly relevant to the proposed levy, as policy settings that may be administratively manageable for large commercial accommodation providers can impose disproportionate burden on small scale household operators.

The STAAA advocates for a evidence based and balanced approach to STRA policy. We believe it is essential to recognise the critical role STRA plays in supporting Tasmania's visitor economy. STRA provides flexible, high quality and diverse accommodation options that meet the needs of a wide variety of domestic and international travellers. It also plays a vital role in sustaining regional tourism and supporting local communities, including small and family run businesses.

We support the introduction of evidence based, balanced and appropriate regulation in all sectors, including STRA. As with any industry, a small number of poor operators can damage the reputation of the majority who operate responsibly and it is important to protect both community interests and the integrity of the industry.

3. The STRA sector in Tasmania

STRA plays a critical role in Tasmania's visitor economy, particularly in regional, rural and seasonal markets where other accommodation supply is limited or absent.

In Tasmania, STRA:

- Supports regional dispersal of visitors and enables tourism growth beyond the Hobart/Launceston areas;
- Provides capacity during peak seasons and major events when hotel supply is constrained;
- Supports workforce mobility (including temporary workers, trades and short-term placements);
- Provides accommodation during emergencies such as floods and bushfires;
- Provides accessible and inclusive accommodation options for travellers with specific needs; and
- Enables Tasmanian households to supplement income and, in some cases, sustain home ownership.

The sector is highly diverse in character and content. Policy settings should recognise differences between:

- hosted STRA and non-hosted, entire home STRA;
- occasional/seasonal letting and year round operators; and
- regional tourism markets and metropolitan markets.

4. Executive Summary

This submission has been prepared by the Short Term Accommodation Association Australia (STAAA) in response to the Consultation Draft and Discussion Paper for the Tasmanian Short Stay Levy (SSL).

STAAA supports evidence based policy and acknowledges the importance of assisting first home buyers. However, taxation measures must be proportionate, supported by modelling, and designed to achieve measurable outcomes without generating unintended economic harm.

This submission addresses each key design element of the proposed levy with insights, member experience and practical policy recommendations.

The key messages of this submission are as follows:

4.1 Evidence Based Policy is Essential

Housing affordability pressures in Tasmania have multiple drivers, including supply constraints, planning delays, construction costs, infrastructure bottlenecks, financing conditions and population dynamics. These pressures are not uniform across the State.

A statewide tax applied uniformly across all STRA markets risks being disproportionate and untargeted. No publicly available modelling has demonstrated the likely measurable impact of the proposed levy.

4.2 STRA Supports Tasmania's Visitor Economy and Regional Communities

STRA provides flexible accommodation in locations, seasons and circumstances where other accommodation supply is limited or absent. It supports regional dispersal of visitors, local employment, small businesses, emergency accommodation needs and event based tourism.

In many areas, STRA forms part of Tasmania's core tourism infrastructure. This is supported by Tourism Tasmania's *Tasmanian Accommodation Report – January 2026*¹, which reports continued year-on-year demand growth in short-stay listing nights booked across Tasmania and key regions (see Section 6.1).

Any policy settings affecting this sector will therefore have broader visitor economy implications.

4.3 STRA Supports Major State Infrastructure Delivery

Tasmania is currently progressing major infrastructure projects including Macquarie Point Stadium and Marinus Link. Large scale construction projects of this nature rely heavily on temporary workforce accommodation. STRA is frequently the preferred accommodation type for contractors and specialist workers due to flexibility, self-contained facilities, location diversity and suitability for extended stays.

It is unclear whether the financial impact of the proposed levy on contractor accommodation costs has been incorporated into forward infrastructure cost modelling. If contractors pass on increased accommodation costs, the ultimate impact will fall on Tasmanian taxpayers. Treasury should clarify whether this has been assessed.

4.4 Assumptions Regarding Levy Pass Through Require Testing

The Discussion Paper assumes that the levy will be fully passed through to guests. However, dynamic pricing models dominate the STRA sector, similar to those used in hotels, airlines and other industries. Nightly rates are typically set based on competitor supply, seasonality, demand patterns and event based fluctuations.

In price sensitive or off peak markets, operators often have limited capacity to increase rates without losing bookings.

Based on STAAA's direct engagement with STRA owners and operators in Victoria following the introduction of the 7.5 per cent Short Stay Levy, our observation is that in many cases property owners have absorbed the levy rather than fully passing it on to guests. Particularly in regional areas, competitive pressures have meant that operators treated the levy as an additional cost of doing business.

¹ Tourism Tasmania - [Tasmanian Accommodation Report - January 2026](#)

This practical experience suggests that the economic burden of the proposed Tasmanian levy will fall, at least in part, on owners and small scale operators rather than solely on users of short stay accommodation.

STAAA respectfully queries whether Treasury's revenue modelling and behavioural assumptions are based on full pass through of the levy to guests and whether sensitivity testing has been undertaken to assess partial or full absorption by owners. If modelling assumes full pass through, the projected revenue impact, market behaviour and broader economic effects may differ materially from actual real world outcomes observed in other jurisdictions.

4.5 The Inclusion of Hosted Accommodation Is Disproportionate

The inclusion of hosted accommodation within the proposed levy framework is disproportionate and does not reflect the practical realities of this cohort in Tasmania.

Hosted accommodation providers in Tasmania are predominantly individuals offering a spare bedroom in their primary residence. Many are retirees or older Tasmanians who rely on occasional short stay income to assist with rising cost of living pressures, including rates, utilities, insurance and general household expenses. For this cohort, hosting is not a commercial enterprise but a supplementary income stream that enables them to remain financially sustainable in their own homes.

The current exemption for traditional bed and breakfasts creates a service based distinction, where breakfast provision determines tax treatment, rather than a clear and equitable policy distinction. Two identical hosted arrangements may be treated differently solely based on whether breakfast is included at no additional cost. This creates unnecessary complexity and inequity.

Importantly, hosted accommodation is not included within the short stay levy frameworks in either Victoria or the Australian Capital Territory. Both jurisdictions recognised the disproportionate impact such measures would have on individual household operators and excluded hosted arrangements accordingly.

STAAA requests that Tasmania should adopt a similarly proportionate approach and exclude hosted accommodation from the scope of the levy.

4.6 Direct Booking Liability Creates Unnecessary Red Tape

Imposing levy liability on owners and operators accepting direct bookings creates disproportionate administrative burden for small scale and regional owners and operators.

Under the current draft, STRA owners and operators effectively become unpaid tax collection agents for the State Revenue Office. For many small scale owners and operators, particularly retirees, this introduces additional registration, reporting and compliance obligations that are complex and unfamiliar.

The ACT model excludes direct bookings and provides a clearer compliance pathway by placing collection responsibility primarily on booking platforms.

STAAA therefore recommends that the Tasmania government also exclude direct bookings from the scope of the levy, to reduce red tape and compliance risk.

4.7 The Definition of “Total Booking Fee” Requires Clarification

Modern booking systems bundle accommodation with ancillary goods and services, including Tasmanian wine, local produce, tours, tickets and equipment hire.

The levy base should be limited to accommodation charges to avoid unintended taxation of unrelated goods and services, which would undermine local small businesses and local tourism collaboration.

4.8. Policy Stability and Lessons from Victoria

Victoria introduced a 7.5 per cent short stay levy in 2025 alongside other property taxation measures.

Feedback provided to STAAA indicates market stagnation, investor uncertainty and negative impacts in some regional tourism markets. There is growing political debate regarding the policy's effectiveness.

The Victorian Liberal Party has publicly stated that it will repeal the levy if elected at the November 2026 State Election. This highlights the policy volatility that can arise when sector specific taxation measures are introduced without broad consensus or demonstrated effectiveness.

STAAA recommends that the Tasmania Government ensures that any new proposed levies or taxes are carefully considered with evidence based modelling.

4.9. Best Practice Regulation Differs from Punitive Taxation

Registration, transparency and enforceable standards, as demonstrated in Western Australia, can improve public confidence and compliance without the collateral impacts of punitive taxation.

The WA model prioritises visibility, accountability and data transparency rather than sector specific taxation. This approach strengthens regulation without destabilising regional tourism markets.

STAAA recommends that the Tasmania Government consider whether improved regulatory transparency would better achieve public confidence objectives than additional taxation.

4.10 A Digital Services Tax Is a Fairer Revenue Pathway

If additional revenue is required from the short-stay accommodation ecosystem, a Digital Services Tax (DST) targeting large international booking platforms would provide a broader and more equitable revenue base.

Large digital intermediaries, including international booking platforms that facilitate STRA bookings, generate substantial revenue from Australian users while operating under

international corporate structures. These platforms often pay minimal local taxes within Australia despite significant economic activity and commercial value being derived from Australian markets.

Targeting global digital intermediaries rather than small Tasmanian owners and operators would better align with principles of tax fairness, competitive neutrality and efficient market design.

STAAA's 6 June 2025 submission to the Productivity Commission's 2025 Competition Policy Inquiry (Submission 033)² outlines in detail the competitive impacts of digital platforms, the market power imbalances inherent in global platform intermediaries and the rationale for platform focused taxation mechanisms in situations where other tax instruments fail to capture digital value creation.

A Digital Services Tax calibrated to short-stay accommodation intermediation would:

- Capture value where it is generated (platform intermediation services);
- Reduce competitive distortion between local accommodation providers and offshore intermediaries;
- Limit compliance burden on small scale owners and operators;
- Provide a stable revenue base that does not rely on taxing Tasmanian households or individual property owners; and
- Complement other revenue streams without direct taxation of Tasmanian residents or small operators.

Such a mechanism would align with international approaches to addressing the tax challenges posed by digitalised and platform-based markets.

4.11 A Formal Review Mechanism Is Essential

STAAA recommends legislating a post implementation review mechanism to ensure that the Short Stay Levy operates as intended and does not generate unintended economic consequences.

Given Tourism Tasmania's published data demonstrates that short-stay demand (listing nights booked) is a material and growing component of Tasmania's accommodation ecosystem, it is essential that the operation of the levy be assessed against measurable visitor economy indicators.

A formal review should assess impacts on:

- Revenue generated and allocation transparency;
- Compliance outcomes and administrative burden;
- Regional tourism markets and visitor dispersal patterns;
- Short-term rental accommodation (STRA) demand trends, including listing nights booked as reported by Tourism Tasmania;
- Overall visitor economy performance, including potential substitution effects between accommodation types;

² STAAA - [Submission to the Productivity Commission's 2025 Competition Policy Inquiry \(Submission 33\)](#), 6 June 2025

- Infrastructure delivery costs where workforce accommodation relies on STRA supply; and
- Any demonstrable and measurable housing outcomes attributable to the levy.

Importantly, Tourism Tasmania's Accommodation Reports provide an existing dataset through which STRA demand and regional impacts can be monitored over time. These data series offer an objective baseline against which policy effects can be evaluated.

Embedding a structured review framework will:

- Improve transparency and accountability;
- Enable Treasury to test behavioural assumptions (including levy pass through versus absorption);
- Identify unintended impacts on regional tourism and seasonal markets; and
- Ensure that housing objectives are supported by measurable outcomes rather than assumed effects.

Given the interdependence between Tasmania's housing policy settings and its visitor economy performance, ongoing review is critical to maintaining balanced, evidence based policy.

4.12 A 12 Month Deferral Is Requested

Given consultation timing, modelling uncertainty and implementation complexity, STAAA recommends a 12 month deferral to allow appropriate modelling, system readiness and stakeholder engagement.

5. Overview of the Tasmanian Short Stay Levy Proposal

The proposed Short Stay Levy (SSL) introduces a 5 per cent charge on the total booking fee for short stay rental accommodation (STRA) bookings of less than 28 consecutive nights, excluding specified accommodation types.

Unless exempt, the levy will apply to premises capable of accommodating a person, including residential premises where used for short stay accommodation. Exempt categories include hotels, motels, inns, caravan parks, traditional bed and breakfasts (as defined) and certain specialist accommodation types.

The levy is proposed to commence from 1 July 2026 and will apply to bookings made on or after that date.

Liability for collection rests primarily with booking platforms facilitating transactions. In the case of direct bookings, the person accepting the booking will be responsible for collection and remittance. The policy intent, as outlined in the Discussion Paper, is that the levy will be passed through to guests.

The Government has stated that 100 per cent of levy revenue will be directed toward assisting first home buyers.

STAAA acknowledges the Government's objective of supporting housing affordability through first home buyer assistance initiatives. Tasmania has implemented its own housing assistance programs in this area. However, Tasmania remains the only Australian jurisdiction not to opt into the Federal Government's Help to Buy scheme.

While policy decisions regarding participation in federal programs are matters for the Government, the introduction of a new state based levy for first home buyer assistance raises important questions regarding interaction with existing and potential housing support mechanisms.

Given that the levy is justified on the basis of improving housing affordability outcomes, clarity regarding:

- how levy revenue will complement existing housing assistance programs;
- how revenue will be allocated and reported; and
- how measurable outcomes will be assessed

will be important to ensuring transparency, accountability and public confidence in the scheme.

The draft legislation does not establish a hypothecated fund or dedicated statutory mechanism within the Bill itself. Further clarification regarding revenue allocation and reporting arrangements would assist stakeholders in understanding how the stated policy objective will be delivered in practice.

6. Visitor Economy and Regional Impacts

STRA forms a material component of Tasmania's accommodation capacity in particular market segments, including:

- Regional and remote destinations;
- Nature based tourism locations;
Seasonal visitor hubs; and
- Areas with limited or other alternative accommodation options.

In these markets, STRA supplements existing accommodation supply and provides flexibility during peak demand periods and major events.

In many regional areas of Tasmania, a significant number of STRA operators are primary producers who operate small scale accommodation as a form of supplementary income diversification. For farming households facing variable commodity prices, seasonal conditions and rising input costs, modest accommodation offerings can provide important financial stability and assist with broader cost of living pressures.

These operations are typically small in scale and integrated into working farms or rural properties. The imposition of additional taxation and compliance obligations may have a

disproportionate impact on this cohort compared with metropolitan or other accommodation providers.

Any additional cost imposed on STRA has the potential to influence pricing dynamics and competitiveness, particularly in price sensitive domestic travel markets. Given Tasmania's reliance on interstate visitation and regional tourism dispersal, it is important that the economic implications of the levy on visitor behaviour and regional markets are carefully assessed.

In addition to interstate and international visitors, the levy will also apply to Tasmanian residents booking short stay accommodation within their own State. This includes families travelling for events, medical appointments, education related travel, family functions, regional holidays or temporary relocation during renovations or emergencies.

While the policy intent may be framed around visitor accommodation, the practical effect is that Tasmanian households will also bear the additional cost. Consideration should therefore be given to the distributional impact of the levy on local residents and whether this aligns with the stated objective of improving affordability outcomes.

6.1 Tourism Short Stay Demand Data - Tourism Tasmania Accommodation Report - January 2026

The importance of short-term rental accommodation (STRA) within Tasmania's visitor economy is reflected in Tourism Tasmania's published data.

Tourism Tasmania's *Tasmanian Accommodation Report – January 2026*³ provides official, government-produced reporting on commercial occupancy and short-stay demand (listing nights booked) across the State.

The January 2026 report confirms that short-stay demand remains significant and continues to grow across Tasmania.

Tourism Tasmania reports:

- Statewide short-stay demand increased 3.9% year-on-year (January 2025 to January 2026), reaching 127,000 listing nights booked.
- Year-ending growth of 7.5% statewide, reaching 1,050,100 listing nights booked.
- Strong regional year-on-year growth:
 - Southern Tasmania: +4.8%
 - Northern Tasmania: +5.5%
 - North West Tasmania: +4.3%

This Tourism Tasmania data demonstrates that STRA forms a material and growing component of Tasmania's accommodation ecosystem, including across regional markets beyond Hobart and Launceston.

³ Tourism Tasmania - [Tasmania Accommodation Report - January 2026](#)

Importantly, short-stay demand growth is occurring in regions that rely heavily on visitor dispersal, seasonal tourism and nature-based travel. In many of these markets, STRA supplements limited commercial accommodation stock and provides flexibility during peak periods and major events.

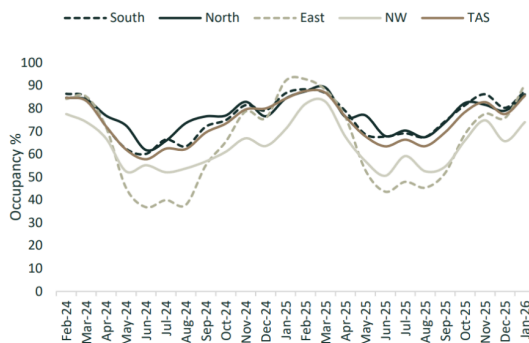
Given Tourism Tasmania’s own reporting confirms sustained growth in short-stay listing nights booked across multiple regions, any policy intervention affecting STRA should be assessed for broader visitor economy implications, including:

- Regional business revenue;
Local employment impacts;
Peak season capacity resilience;
- Infrastructure project workforce accommodation;
- And the cumulative effect on Tasmania’s overall tourism competitiveness.

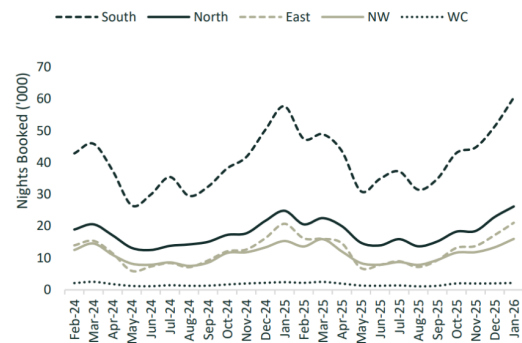
TASMANIAN ACCOMMODATION REPORT

JANUARY 2026

COMMERCIAL OCCUPANCY RATE



SHORT-STAY DEMAND (LISTING NIGHTS BOOKED)



COMMERCIAL OCCUPANCY % RATE

Month of: Dec	2020	2021	2022	2023	2024	2025	2026
TASMANIA	87.1	60.4	71.2	78.2	83.5	83.6	85.6
Southern	89.8	64.9	75.5	80.3	83.5	86.6	87.6
Northern	87.1	52.7	61.6	82.0	79.6	80.7	86.1
East Coast	81.5	64.1	78.9	78.8	87.5	92.0	90.4
North West	80.7	45.5	66.1	66.7	73.3	71.8	74.0
West Coast	no data						

Figures are rounded to nearest whole percentage, unless where rounding may obscure small differences. Blank cells = no data

SHORT-STAY DEMAND (LISTING NIGHTS BOOKED)

Month of: Dec	2020	2021	2022	2023	2024	2025	2026
TASMANIA	100.7	74.1	83.5	100.9	108.5	122.2	127.0
Southern	49.8	32.9	37.3	46.1	51.0	57.7	60.4
Northern	20.8	15.1	17.9	20.8	21.7	24.8	26.2
East Coast	13.6	12.9	14.1	17.6	18.2	20.7	21.1
North West	13.4	10.6	11.5	12.9	14.2	15.3	16.0
West Coast	1.78	1.63	1.71	2.30	2.22	2.41	2.17

Figures are in thousands and rounded to nearest 100

TASMANIAN ACCOMMODATION REPORT

JANUARY 2026

COMMERCIAL OCCUPANCY RATE

January	Month			Quarter			Year Ending		
	2025	2026	% pt chg	2025	2026	% pt chg	2025	2026	% pt chg
TASMANIA	83.6%	85.6%	▲ 2.0	81%	82%	▲ 0.7	73%	75%	▲ 2.9
Southern	86.6%	87.6%	▲ 1.0	82%	85%	▲ 2.3	74%	78%	▲ 3.9
Northern	80.7%	86.1%	▲ 5.4	81%	82%	▲ 1.0	76%	78%	▲ 1.9
East Coast	92.0%	90.4%	▼ -1.6	82%	81%	▼ -0.9	64%	68%	▲ 3.6
North West	71.8%	74.0%	▲ 2.2	67%	71%	▲ 4.3	63%	66%	▲ 3.0
West Coast	no data			no data			no data		

Percentage point change refers to the absolute difference between two percentages and is calculated from the unrounded figures.

SHORT-STAY DEMAND (LISTING NIGHTS BOOKED – '000s)

January	Month			Quarter			Year Ending		
	2025	2026	% chg	2025	2026	% chg	2025	2026	% chg
TASMANIA	122.2	127.0	▲ 3.9%	313.7	326.3	▲ 4.0%	976.7	1050.1	▲ 7.5%
Southern	57.7	60.4	▲ 4.8%	149.7	156.5	▲ 4.5%	468.0	508.9	▲ 8.8%
Northern	24.8	26.2	▲ 5.5%	64.3	67.6	▲ 5.1%	207.0	222.5	▲ 7.5%
East Coast	20.7	21.1	▲ 1.6%	49.6	52.0	▲ 4.8%	140.6	152.2	▲ 8.3%
North West	15.3	16.0	▲ 4.3%	40.5	41.2	▲ 1.8%	130.9	136.7	▲ 4.4%
West Coast	2.41	2.17	▼ -10%	6.6	6.2	▼ -6.4%	21.1	21.2	▶ 0.5%

Figures are in thousands and rounded to nearest 100. Percentage change is based on the unrounded figures.

CHANGE KEY

- ▲ More than 1% or 1 percentage point
- ▼ Below -1% or -1 percentage point
- ▶ Stable when change is between -1% & +1%, or -1 to +1 percentage point

TASMANIAN ACCOMMODATION REPORT



7. Definition and Scope

7.1 Scope of Accommodation Captured by the Bill

The Bill in its current form adopts a broad definition of short stay accommodation, capturing:

- Entire dwellings;
- Partial dwellings; and
- Hosted accommodation arrangements.

This definition extends beyond full time short stay operations and includes arrangements occurring within principal places of residence.

STAAA notes that this approach differs from other Australian jurisdictions where comparable levy frameworks exclude hosted accommodation and/or principal places of residence. Given the diversity of short stay models operating in Tasmania, careful consideration should be given to whether a uniform approach appropriately reflects differing scales of operation, compliance capacity and economic characteristics across cohorts.

7.2 Inclusion of Hosted Accommodation and Principal Place of Residence

The inclusion of hosted accommodation and principal places of residence raises equity and proportionality considerations.

Hosted accommodation in Tasmania commonly involves an owner occupier offering a spare bedroom within their primary residence. This cohort frequently includes retirees or older Tasmanians supplementing household income in response to rising cost of living pressures, including rates, utilities and insurance.

For many in this group, hosting is not a full time operation but a modest supplementary income stream that assists financial sustainability within their own home.

The inclusion of this cohort within a levy framework designed primarily for full time non-hosted short stay operations may create disproportionate compliance obligations relative to the scale and nature of activity.

STAAA notes that comparable levy frameworks in Victoria and the Australian Capital Territory exclude hosted accommodation from their scope.

Our concerns are, that if hosted accommodation is included: -

1. Older Tasmanians may not be able to remain in their own homes; and
2. This cohort is unlikely to be proficient in the registration, reporting and compliance associated with the SRO process of collecting this tax, thereby causing them to exit the market or incur additional cost to manage this new “red tape”.

Information regarding principal place of residence is typically already held by the State Revenue Office and may be capable of verification through existing property and land title datasets.

7.3 Excluded Accommodation Types

STAAA acknowledges the exclusion of hotels, motels, traditional bed and breakfasts, caravan parks and specialist accommodation types.

However, this results in differential tax treatment across accommodation types that may serve similar visitor segments. Where comparable accommodation services are provided to guests, differing tax treatment may create competitive distortion.

STAAA recommends that the Treasury should consider whether the policy rationale for exemption is consistently applied across accommodation models.

7.4 Ministerial Power to Declare Exempt Premises

The Bill provides the Minister with discretion to declare additional premises exempt from the levy.

While flexibility may assist in addressing unforeseen circumstances, STAAA recommends that:

- Clear and transparent criteria be published;
- Exemption decisions be publicly listed; and
- Where appropriate, consultation occur prior to significant exemption determinations.

Regulatory certainty is important to ensure investment stability and avoid unintended competitive imbalance.

8. Application of the Levy

8.1 Levy Rate and Calculation

The proposed levy rate of 5 per cent is lower than Victoria’s nominal 7.5 per cent Short Stay Levy. However, experience in Victoria demonstrates that the effective rate being charged can differ from the headline statutory rate depending on how booking platforms calculate the levy relative to service fees and commissions.

In Victoria, while the legislated rate is 7.5 per cent, the interaction between:

- The levy base,
- Platform service fees,
- Commission structures, and
- The sequencing of levy calculation

has resulted in instances where the effective additional cost has been materially higher than 7.5 per cent. In certain platform configurations, this has been calculated as approximately 11–12 per cent of the total amount.

This has created confusion among guests, owners and operators regarding the true amount of the levy and has contributed to perception issues in the market.

To avoid similar outcomes in Tasmania, it will be important that:

- The levy base is clearly defined;
- The calculation methodology is transparent;
- Guidance is issued to owners, operators and platforms regarding calculation sequencing; and
- The effective rate aligns with the statutory rate.

Clarity in drafting and implementation will be critical to maintaining confidence.

8.2 Definition of Total Booking Fee

The definition of “total booking fee” requires further clarification to ensure that the levy applies only to accommodation consideration and does not unintentionally extend to unrelated goods and services.

Modern booking platforms allow operators to bundle additional services into a single transaction prior to check-in. These may include:

- Tasmanian wine, beer and spirits;
- Gift packs featuring local produce;
- Tours and entry tickets arranged in collaboration with local businesses;

- Equipment hire (such as cots, bicycles or kayaks);
- Airport transfers and similar ancillary services.

If the levy applies to the entire bundled transaction value, it may result in taxation of non-accommodation goods and services.

This would:

- Extend the levy beyond its stated accommodation focus;
- Disincentivise collaboration with local tourism operators; and
- Introduce compliance complexity where bundled components must be retrospectively separated.

STAAA recommends that the Treasury consider defining the levy base as accommodation consideration only, or otherwise establish a clear classification framework distinguishing between:

- Accommodation related charges; and
- Ancillary goods and activity related services.

Such clarification would improve administrative certainty and better align the levy with its stated policy intent.

8.3 Treatment of Fixed Fees

The inclusion of fixed cleaning and booking fees within the levy base may disproportionately increase the effective levy rate on shorter stays.

Where fixed fees represent a larger proportion of total transaction value (as is common in one or two night stays), the practical percentage impact of the levy increases.

Clear guidance regarding the treatment of these fees will assist owners and operators in ensuring consistent application.

STAAA supports the exclusion of payment processing fees from the levy base.

8.4 Foreign Currency and Technical Implementation

Currency conversion requirements for foreign currency bookings are reasonable; however, clear operational guidance will be required to ensure consistent treatment across platforms and direct booking systems.

9. Liability and Collection Mechanism

9.1 Booking Platform Bookings and Revenue Integrity

The Bill proposes that booking platforms collect and remit the levy for platform mediated bookings.

STAAA acknowledges that centralised collection through digital platforms can offer administrative efficiency and reduce compliance burden for individual operators.

However, the collection architecture must ensure that:

- The levy is applied strictly at the statutory rate;
- The levy amount is clearly separated from platform service fees;
- The levy amount does not form part of the base on which platform commissions are calculated; and
- Levy funds are not retained for extended periods prior to remittance.

Given that many international booking platforms operate under offshore corporate structures and pay comparatively limited Australian corporate income tax, it is important that the levy design avoids unintended financial advantage arising from the temporary holding or structuring of levy funds.

STAAA therefore recommends that Treasury consider an alternative remittance model under which:

- Platforms calculate the levy at the point of transaction;
- Levy data is reported to the State Revenue Office via API integration; and
- Levy funds are remitted directly to the SRO through designated payment channels rather than being pooled within platform accounts.

Such a model would:

- Strengthen fiscal transparency;
- Eliminate potential additional revenue by the international booking platforms;
- Prevent calculation layering that may inflate effective rates; and
- Enhance public confidence in the integrity of the scheme.

This approach would retain administrative efficiency while improving revenue governance.

9.2 Direct Bookings

The Bill proposes that where a booking is not facilitated by a platform, liability rests with the person accepting the booking.

STAAA believes that this approach may disproportionately impact small scale and regional operators.

For many owner operators, particularly those operating one property, direct bookings represent a modest proportion of total revenue is often less than 10 per cent of overall bookings.

Requiring these operators to:

- Register with the State Revenue Office;
- Lodge periodic returns; and
- Manage compliance obligations

will create administrative burden disproportionate to revenue collected.

The Australian Capital Territory model excludes direct bookings from its short stay levy framework. This approach:

- Reduces red tape for small operators;
- Concentrates compliance within large international booking platforms who are better equipped to manage reporting systems; and
- Minimises compliance risk within the small scale owners and operators.

Given the relatively small revenue contribution from direct bookings, excluding them from the scope of the Short Stay Levy Bill 2025 is unlikely to materially affect aggregate revenue projections, while significantly reducing compliance complexity.

STAAA recommends that Tasmania adopt a similar approach.

9.3 Passing the Levy to Guests

The Discussion Paper states that the levy will be paid by guests rather than property owners.

While this may be the intended policy design, in practice pricing behaviour in the short-term rental accommodation (STRA) sector suggests that full pass through cannot be assumed.

STRA pricing (similar to hotels, airlines and other industries) is typically dynamic and responsive to:

- Competitor supply;
- Seasonal demand fluctuations;
- Local events and peak periods; and
- Price sensitivity in regional markets.

In many regional areas, owners and operators have limited ability to increase advertised rates without losing bookings to competing accommodation options.

Based on STAAA's engagement and feedback received from STRA owners and operators in Victoria following the introduction of the 7.5 per cent Short Stay Levy, a significant number of owners and operators, particularly in regional markets, have absorbed all or part of the levy rather than fully passing it on to guests. In those markets, competitive pressures have resulted in the levy becoming an additional cost of doing business rather than a separately identifiable guest charge.

This feedback indicates that the economic burden of the proposed 5 per cent Tasmanian levy will fall, at least in part, on owners and small scale operators rather than solely on users of short stay accommodation.

STAAA recommends that the Treasury should ensure that behavioural modelling underpinning projected revenue and market impacts incorporates sensitivity testing for partial or full levy absorption by owners and operators, particularly in regional areas. .

If modelling assumes full pass through to guests, actual market outcomes may differ materially from projections.

10. Comparison with Other Jurisdictions

10.1 Victoria

Victoria's Short Stay Levy provides an example of how sector specific taxation interacts with pricing behaviour, platform calculation mechanics and regional market dynamics.

As outlined earlier in this submission, experience in Victoria has highlighted:

- Complexity in effective rate calculation;
- Evidence of all and/or partial levy absorption by owners and operators in regional markets; and
- Ongoing political debate regarding the policy's effectiveness.

In addition to these observations, STAAA has received direct feedback from STRA owners and operators in Victoria, particularly in regional areas, indicating impact of the levy, alongside other cost pressures, and how it has materially affected business viability.

Some owners and operators have advised that:

- They have been unable to pass the levy on to guests due to competitive market conditions;
- The levy has been absorbed as an additional operating cost;
- Reduced booking volumes in certain regional markets has resulted in financial pressure; and
- In some cases, owners and operators have ceased short stay operations entirely.

While broader tourism data will continue to evolve over time, this feedback suggests that in regional markets, where margins are typically narrower and demand is more seasonal, additional taxation can have disproportionate effects.

Tasmania has a higher reliance on regional and nature based tourism markets than many mainland jurisdictions. It is therefore important that the potential regional sensitivity of levy design be carefully considered.

Victoria demonstrates that levy structure, rate design, compliance architecture and interaction with market conditions can materially influence real world outcomes.

Tasmania has the opportunity to refine its approach with the benefit of these interstate experiences.

10.2 Australian Capital Territory (ACT)

The ACT has adopted a booking platform focused compliance model under which levy collection responsibility rests with booking platforms and direct bookings made with owners are excluded from the framework.

This approach materially reduces compliance burden on small scale owners and operators by:

- Avoiding mandatory registration and reporting obligations for low volume hosts;
- Concentrating administrative responsibility within large international booking platforms with established reporting systems; and
- Reducing compliance risk within the small scale and hosted accommodation cohort.

STAAA recommends that the Tasmania Government consider this framework and exclude direct bookings which would result in:

- Significantly reduce red tape for Tasmanian owners and operators;
- Maintain administrative efficiency;
- Minimise disproportionate compliance impact on retirees and regional operators; and
- Have limited impact on overall projected levy revenue, given that direct bookings typically represent a small proportion of total STRA transaction volume.

STAAA recommends that the Tasmania Short Stay Levy Bill 2025 be amended to exclude direct bookings.

11. STAAA's Position and Recommendations

11.1 STAAA's Position on the current Draft Short Stay Levy Bill 2025

STAAA's position is that the proposed Short Stay Levy represents a targeted, sector specific tax applied to one segment of a small accommodation market in Tasmania, while other accommodation types are exempt.

The levy introduces differential treatment across accommodation providers operating within the same visitor economy. In our opinion, this approach is not competitively neutral and risks creating distortion between accommodation providers.

In addition, we do not believe that the proposed levy:

- Has not been supported by publicly available modelling demonstrating measurable outcomes;
- Assumes full pass through to guests despite owner and operator reporting from Victoria indicating that, particularly in regional markets, competitive pressures have resulted in partial or full levy absorption by owners and operators;
- Introduces disproportionate compliance burden on small scale and regional operators; and
- May have unintended impacts on regional tourism markets, workforce accommodation and broader visitor economy performance.

STAAA has received direct feedback from STRA owners and operators in Victoria reporting material business contraction following the introduction of the 7.5 per cent Short Stay Levy, including revenue declines, levy absorption into pricing, reduced visitor demand in regional markets and in some cases exit from the sector. While broader tourism datasets continue to evolve, this operator reporting indicates that behavioural responses may differ materially from modelling assumptions that rely on full pass through.

For these reasons, STAAA does not support the introduction of the Short Stay Levy Bill 2025 in its current form.

However, should the Tasmanian Government determine to proceed with the levy framework, STAAA recommends that the final design of the Short Stay Levy must:

- Ensure levy architecture, compliance obligations and reporting requirements are proportionate for low-volume hosts, hosted accommodation providers and small-scale regional operators;
- Provide clear and comprehensive guidance on definitions, invoicing requirements, calculation methodology and treatment of fees;
- Include transparent criteria and consultation processes for any exemptions made by Ministerial Order;
- Minimise unintended impacts on regional tourism markets and visitor economy performance; and
- Clarify operational matters that may otherwise drive disputes or compliance risk, including declaration requirements and joint and several liability settings.

The following amendments and safeguards are therefore necessary to ensure proportionality, administrative integrity and reduced unintended consequences.

11.2 STAAA's Proposed Amendments

11.2.1 Exclusion of Hosted Accommodation

Hosted accommodation should be excluded from the scope of the levy.

We suggest the following exclusion be inserted at Section 5 (3) (o) (new sub section):

5 (3) (o) *“Hosted accommodation - accommodation in a dwelling or building where the dwelling or building is occupied by its owner or occupier (or their agent) at the same time as it is occupied by a person under a booking or other arrangement.”*

Alternatively, the Bill may exclude an owner's principal place of residence from the scope of the levy.

This amendment would ensure that household based hosting arrangements, particularly those involving retirees and older Tasmanians supplementing household income, are not subject to disproportionate compliance burden.

11.2.2 Exclusion of Direct Bookings

Direct bookings made directly with owners or operators should be excluded from the levy framework.

We suggest the following be added to Section 4 (4) (new sub section):

4 (4) *“A short-term rental accommodation booking is not made using a booking platform if the booking:*

Is made directly with the owner or operator of the rental accommodation

Excluding direct bookings would:

- Reduce red tape for small scale operators;
- Concentrate compliance responsibility with large international booking platforms better equipped to manage reporting systems; and
- Have limited impact on overall projected levy revenue, given the relatively small proportion of transactions represented by direct bookings.

11.2.3 Clarification of “Total Booking Fee”

The definition of “total booking fee” should be amended to ensure that the levy applies strictly to only accommodation consideration.

We suggest further clarification be inserted at section 7 (1) (d) (a new sub section):

Section 7 (1) (d) Amounts related to activities; and

Section 7 (1) (e) Products for consumption during the short stay booking

are excluded from the levy calculation.

This amendment would avoid unintended taxation of bundled tourism services, protect collaboration with local businesses and provide greater administrative clarity.

11.2.4 Platform Remittance and Revenue Integrity Safeguards

The Bill should ensure that:

- The levy is calculated strictly at the statutory 5 per cent rate;
- The levy amount is not included in the base on which platform commissions are calculated;
- The levy is clearly separated from service fees in all invoices; and
- Levy funds are remitted directly to the State Revenue Office through transparent reporting mechanisms, including API based reporting where applicable.

The Bill should also clarify operational matters that may otherwise create dispute or compliance risk, including declaration requirements, joint and several liability settings and circumstances in which liability may transfer between booking platform and property owner.

These safeguards would prevent effective rate inflation, eliminate potential additional revenue generation by international booking platforms and strengthen public confidence in the integrity of the scheme.

11.2.5 Transparency of Ministerial Exemptions

Where the Bill provides discretionary power for the Minister to declare additional premises exempt from the levy, STAAA recommends that:

- Clear and objective exemption criteria be published;
- All exemption determinations be publicly listed;
- Reasons for exemption decisions be documented; and
- Consultation occur where exemptions may materially affect market settings.

Transparent exemption processes are essential to ensure regulatory certainty, avoid competitive imbalance and maintain public confidence in the integrity of the levy framework.

11.3 Implementation and Review Mechanisms

Given the scale of reform and the sensitivity of regional tourism markets, STAAA recommends that the Tasmanian Government incorporate a structured implementation and review framework.

11.3.1 Deferral of Commencement

Defer commencement of the Short Stay Levy until 1 July 2027, to allow:

- Further economic modelling and behavioural testing (including levy pass through assumptions and sensitivity testing for full and/or partial absorption);
- Technical system readiness for platforms and the State Revenue Office;
- Clear administrative guidance to operators; and
- Additional targeted stakeholder consultation.

11.3.2 Independent Post-Implementation Review

Establish an independent industry review panel to assess the operation of the levy within 12 months of commencement (from 1 July 2028 if commencement is deferred).

11.3.3 Ongoing Three Year Review

Mandate statutory review of the Short Stay Levy every three years thereafter, to assess:

- Revenue performance and sustainability;
- Compliance outcomes and administrative burden;
- Regional tourism and visitor economy impacts, including short-term rental accommodation (STRA) demand trends such as listing demand nights booked as reported by Tourism Tasmania;
Behavioural assumptions regarding levy absorption or pass through;
- Infrastructure cost impacts where workforce accommodation relies on STRA; and

- Alignment with the stated objective of supporting first home buyers.

Given the dynamic nature of Tasmania's tourism industry and the reliance of many regional communities on visitor expenditure, periodic statutory review is essential to identify unintended consequences and ensure the levy remains proportionate, effective and aligned with policy objectives.

Embedding structured three year review mechanisms will enhance transparency, accountability and long term policy stability while avoiding unnecessary administrative burden.

12. Conclusion

STAAA acknowledges the Tasmanian Government's stated objective of supporting first home buyer. However, the proposed Short Stay Levy Bill 2025 adopts a sector specific taxation approach applied to one segment of the accommodation market while other accommodation types remain exempt.

In STAAA's view, this introduces differential treatment within the visitor economy and risks competitive distortion without publicly demonstrated modelling of measurable benefit.

The short-term rental accommodation (STRA) sector plays a significant role in Tasmania's visitor economy, regional communities and workforce accommodation ecosystem. In regional and seasonal markets particularly, STRA provides flexibility, supports small businesses and enables households, including retirees and local farmers, to supplement income in the face of rising costs.

Experience in other jurisdictions demonstrates that levy design, calculation methodology, collection architecture and behavioural assumptions materially influence real world outcomes. Feedback from Victoria indicates that full pass through to guests cannot be assumed and that in regional areas in particularly, the levy has been absorbed by owners and operators, affecting business viability.

For these reasons, STAAA does not support the introduction of the Short Stay Levy Bill 2025 in its current form.

Should the Government determine to proceed, STAAA recommends that the amendments and safeguards outlined in Section 11 are essential to ensure:

- Proportionality in compliance obligations;
- Competitive neutrality across accommodation types;
- Transparency and integrity in levy collection;
- Protection against effective rate inflation; and
- Ongoing review of economic and regional impacts.

The Treasury has the opportunity to refine the design of the proposed levy to minimise unintended consequences and strengthen policy integrity.

STAAA remains committed to constructive engagement with the Tasmania government and we would welcome consultation, to ensure that any final framework appropriately balances objectives with the sustainability of Tasmania's visitor economy.