

Department of Finance & Treasury

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

Short Stay Levy Draft Bill

Submission from Visit Northern Tasmania

Visit Northern Tasmania (VNT) supports the Tourism Industry Council of Tasmania (TICT)'s position that the proposed Short Stay Levy:

- has been developed without consultation
- has been developed without impact assessment,
- will impact tourism in northern Tasmania
- does not provide evidence that it will meaningfully improve housing outcomes or support the visitor economy.

Visit Northern Tasmania's region extends from Ross in the south to Flinders Island in the north, from the Walls of Jerusalem in the west to the north east coast. The rural areas of the region are predominantly short stay accommodation with no particular areas of high housing stress, the city being Launceston with a diverse range of accommodation from caravan parks to short stay accommodation to hotels still faces visitor accommodation challenges, and the unique location of Flinders Island has both a housing supply challenge and predominantly off shore owned short stay accommodation.

Specifically to the city, a study conducted in 2023 by the City of Launceston found short stay accommodation was not a major driver of housing stress in Launceston. Since then, Council have adopted a Launceston Housing Plan 2025-2040 which made no reference to short stay accommodation, leading to the assumption that this is not negatively impacting housing supply, or at least not more than other factors such as land supply.

While there are plans for further hotel development in Launceston specifically, accommodation providers are concerned that this levy is aimed at pivoting hotel's as a core business line, rather than ensuring a diverse range of accommodation offering. As articulated below, this is simply not an option in regional areas.

VNT's concerns by key themes:

Definitions required for clarity

There is a lack of clarity around the definitions of types of accommodation that are subject to the levy and those that are exempt.

Some examples:

- Hosted accommodation – there is an exemption where the host and guest occupy the same building. However, on farm stays and agritourism offerings, some of these operate from a manager's residence or separate guest building, which is then not exempt. This doesn't seem fair
- Bed and Breakfast – breakfast being the key? B and B – providing breakfast is exempt in your own property, but many short stay accommodation operators have been providing breakfast although in many Council area, there is now a push with the current Environmental Health view of food, if some providers stop providing breakfast, they will then be subject to the levy. It is not in the City of Gastronomy's best interests to provide bad food, would also be detrimental to short stay accommodation reputation
- Full refund makes the levy exempt, but a cancellation doesn't? It is also not clear where a partial refund sits. Clearer explanation/definition of this would help.

Agritourism offerings are not reducing housing stock

This directly contradicts current Government policy to encourage agritourism, farm-based tourism and nature-based accommodation in regional Tasmania.

Most farming properties are zoned Agricultural or Rural Resource which prohibits long term residential use so is therefore not a solution to the housing supply issue. However, if a farm is operating an agritourism business within those zones, there are options for short term visitor accommodation in keeping with the agritourism offering. This is indeed in line with the current Government policy to encourage agritourism, farm-based tourism and nature-based accommodation in regional Tasmania.

Small regional businesses carry additional administrative burden

Under the Bill, regional operators who take direct bookings must register with the State Revenue Office and calculate, collect and remit the levy. Properties exempt from this obligation will not be required to do so.

This means small, family-run tourism businesses will carry an additional compliance burden while many of their competitors do not, adding cost and red tape at a time when regional businesses are already under pressure. For instance, does a small operator with a basic website include the levy? What costs will be required to include and detail the levy? Do they advertise as a total cost?

Lack of evidence into impacts on Tasmanian visitor economy

It would seem there is a lack of research into the possible impact of such a levy on the Tasmanian visitor economy. It is our understanding that there is no available evidence or research from either Victoria or the ACT to highlight the impact of their levies on regional accommodation.

As an island state – with island destinations off the main island of Tasmania – travel costs are already expensive, and an additional cost to accommodation may be enough to dissuade travel. We believe this is already a barrier to places like Flinders Island and would not wish to see this exacerbated. Again, it would be useful to see if any research has been done on this from other places that have implemented such a levy.

It would also be useful to know the impacts of such a levy on travel agents, visitor information centres who rely on commission for bookings, wholesalers etc. This research is not evident either.

While it is acknowledged there is a housing supply and affordability issue facing Tasmania, we do not believe a levy that negatively impacts the visitor economy – one of the top contributors to the Tasmanian economy – is the right approach. Visit Northern Tasmania urges the State Government to reconsider this approach, and seek much broader consultation from those in the visitor economy before proceeding.



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