

# SHORT STAY LEVY BILL 2025

## City of Hobart Submission

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February 2026

## 1. Introduction

Thank you for the opportunity to provide feedback on the draft Short Stay Levy Bill 2025. This submission is provided to assist the Tasmanian Government in refining the legislative and administrative framework of the proposed levy. It focuses on matters relevant to local government, including statutory alignment, implementation risks, and interaction with relevant land use planning controls.

In summary, the City of Hobart (the City) supports the introduction of a Short Stay Levy (SSL) however has some concerns over the proposed allocation of revenue to First Home Owner Initiatives and the intended effectiveness of improving housing affordability.

## 2. Key Issues

The City notes that the Bill closely aligns with short stay levies introduced in other Australian jurisdictions, particularly Victoria and the Australian Capital Territory, while adopting administrative features intended to reduce compliance burden for smaller operators (such as allowing returns to be remitted to the SRO annually for operators who have annual returns below \$75,000).

### 2.1 Land use Planning

From the City's perspective, these aligned approaches are welcomed, particularly given Hobart's exposure to interstate and international short-stay operators and booking platforms. However, clear delineation between the levy proposed in the Bill and planning and land-use rates/fees administered by councils will be critical to minimise confusion for property owners, residents and visitors.

The City considers it important that the implementation of the SSL does not inadvertently create the impression that:

- exemption from the levy implies an exemption from planning approval requirements; or
- payment of the levy confers any form of permission to operate short stay accommodation.

While the Discussion Paper notes that registration for SSL purposes "should not be mistaken as a licence or permit," the City recommends that this distinction be reinforced through:

- clear guidance published by the State Revenue Office (SRO); and
- consistent messaging in any public-facing education material.

## 2.2 Clause 21

Clause 21 of the Bill allows the Minister to declare classes of premises as exempt from the levy by order. While the City understands the value of policy flexibility, this power may have indirect local impacts, particularly if future exemptions alter the scale or distribution of short stay accommodation within metropolitan Hobart.

The City recommends consideration be given to:

- consultation with affected local governments prior to making or amending exemption orders that apply broadly or within urban areas, and
- publication of clear explanatory statements outlining the rationale and intended scope of exemptions.

Such measures would support transparency and assist councils in responding to community enquiries and strategic planning implications.

## 2.3 Administration

The City acknowledges that administration and enforcement of the SSL will sit entirely with the SRO (under the Taxation Administration Act 1997); and councils will have no compliance or enforcement role. Notwithstanding this, councils are often a first point of contact for community queries and complaints regarding short stay accommodation. The City therefore suggests that implementation should be supported by:

- a clearly identified SRO enquiry pathway for SSL-related matters; and
- guidance for local governments on referral protocols, to ensure consistent and efficient handling of enquiries.

## 2.4 First home buyer incentives and housing affordability

It is our understanding that statements regarding how the revenue will be spent are policy commitments only and are not legally binding unless addressed through separate legislation or budgetary measures. Details of these are yet to be released, however, related media releases indicate that the anticipated revenue will be directed towards existing first home buyer initiatives such as the First Home Owner Grant and First Home Owner Duty relief.

A substantial body of Australian research indicates that first-home-buyer incentives, including grants and deposit assistance schemes, do not materially improve housing affordability at a system-wide level and may instead contribute to higher dwelling prices where supply is constrained.

National housing research consistently finds that demand-side subsidies tend to be capitalised into prices, particularly in markets with limited short-term supply

responsiveness. The Productivity Commission<sup>1</sup> has previously identified grants to first-home buyers as adding to housing demand without addressing underlying supply constraints, thereby placing upward pressure on prices rather than improving affordability outcomes.

More recent modelling by the Australian Housing and Urban Research Institute (AHURI) similarly finds that first-home-buyer assistance often reshapes the timing of purchases rather than increasing total home ownership, with benefits disproportionately accruing to households that were already close to entering the market. AHURI concludes that such measures have weak affordability impacts at the market level.

The Reserve Bank of Australia has also observed that time-limited and demand-focused housing subsidies, including first-home-buyer grants and construction incentives<sup>2</sup>, have had “pervasive” impacts on housing prices, particularly during periods of strong demand. The RBA has cautioned that such measures can make housing less affordable overall, even when they temporarily increase first-home-buyer participation.

The Victorian Short Stay Levy, introduced from 1 January 2025, imposes a 7.5 per cent charge on short-term accommodation bookings, with revenue allocated to social and affordable housing investment, including a dedicated regional share. This approach avoids stimulating additional purchasing power in the owner-occupier market while directly funding housing supply.

If the revenue was allocated to social and affordable housing investment, it would provide a stable and scalable funding source; allow housing investment to be targeted to areas of demonstrated need; and avoid crowding effects in the entry-level housing market.

A Victorian-style levy model also supports clearer differentiation between housing affordability policy and home-purchase assistance; better aligns with planning, infrastructure and housing delivery programs; and improves transparency in how funds are raised and reinvested.

This coherence would also allow local governments across Tasmania to better align strategic land-use planning with housing delivery objectives, without the distorting price effects associated with first-home-buyer incentives.

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<sup>1</sup> Productivity Commission, First Home Ownership, Inquiry Report No. 89, 2022, <https://www.pc.gov.au/inquiries-and-research/first-home-ownership/report/>

<sup>2</sup> ABC News, "HomeBuilder and First Home Buyer Grants Push Up Housing Prices," 25 May 2022, <https://www.abc.net.au/news/2022-05-25/homebuilder-first-home-buyer-grants-housing-affordability-rba/101097376>

## 2.5 Short Stay Accommodation Regulation

Notwithstanding the primary focus of this Bill on taxation rather than land-use regulation, the City notes that the State Government's soft policy approach to short stay visitor accommodation has had detrimental impacts on housing supply in inner-city and established residential areas.

In the absence of comprehensive State-level controls on the scale, location and intensity of short stay accommodation, local governments have been required to take increasingly complex planning, strategic and compliance measures to manage the loss of long-term rental stock and protect residential amenity.

In Hobart, these impacts have necessitated the introduction and ongoing refinement of planning scheme provisions, monitoring frameworks and enforcement activity to limit cumulative housing impacts. Functions that sit squarely with councils but arise from State policy settings that prioritise visitor accommodation growth.

The City considers it important that this context is acknowledged in any assessment of the levy's purpose and effectiveness, particularly where revenue is proposed to be directed to housing affordability outcomes, as local governments are already bearing the regulatory and community-level consequences of short stay accommodation pressures on housing supply.

## 2.6 Data Sharing

Finally, the City notes that the Bill provides no mechanism for information sharing between the SRO and local governments. It's worth noting that access to high-level, aggregated and privacy-compliant data relating to levy-paying short stay accommodation (e.g. number of registered payers or bookings by local government area) would be valuable for:

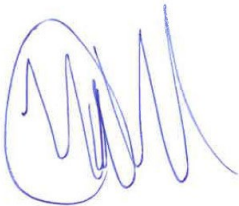
- strategic land-use planning and housing policy analysis,
- understanding cumulative impacts of short stay accommodation in inner-city and residential precincts, and
- informing evidence-based engagement with the State on housing affordability and visitor economy issues.

The City does not seek access to individual taxpayer information, however, encourages the State to consider formalised information-sharing arrangements or periodic public reporting at a local government area level. We acknowledge that data is provided to local government by the Consumer Building and Occupational Services (CBOS) pursuant to the Short Stay Accommodation Act 2019 however the issuing of this data is delayed; the most recent version we have been provided was quarter 3 of 2024, which was provided in November 2025. From our analysis of that data, it is also inaccurate, inconsistent and incomplete.

### **3. Conclusion**

The City of Hobart supports the objective of the short stay levy framework and recognises the Bill as a matter of State taxation policy. The City's comments are intended to assist in ensuring that the final legislation and associated administrative arrangements minimise confusion between taxation and planning systems; support transparency and consistency in implementation; and enable local governments to continue fulfilling their planning and community engagement roles without unintended impacts.

The City thanks the Department of Treasury and Finance for the opportunity to comment and would welcome ongoing engagement as the Short Stay Levy framework is finalised and implemented.



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