



Treasurer of Victoria

Minister for Industrial Relations
Minister for Economic Growth

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D24/244800

Mr Robert McDonald
Clerk of the Legislative Council
Parliament House
Spring Street
EAST MELBOURNE VIC 3002
council@parliament.vic.gov.au

Dear Mr McDonald

PETITION 579 - SHORT STAY LEVY

Thank you for your letter of 15 October 2024, notifying me of the petition tabled in the Legislative Council regarding the *Short Stay Levy Act 2024* which passed the Legislative Council on 17 October 2024.

I acknowledge David Limbrick MP, Member for the South-Eastern Metropolitan Region, the Short Term Accommodation Association Australia, and all those who signed the petition.

Short stay rentals reduce the number of properties available for longer term accommodation for families who need a place to live. In Victoria, there are around 63,000 short stay accommodation places. Almost 50,000 of those places are entire homes. The short stay levy will mean that more of those properties are available for long-term rental, and will help fund the growth of Victoria's social and affordable housing stock.

From 1 January 2025, a 7.5 per cent levy will apply on short stay accommodation bookings less than 28 days, including bookings made through platforms such as Airbnb and Stayz. Transitional arrangements will be in place, so that the levy will not apply to bookings made before 1 January 2025 even if the stay concludes after this date.

The levy will **not** apply to a homeowner leasing out all or part of their principal place of residence for a short stay. For example, when a homeowner goes on holiday and someone else stays there temporarily, the levy does not apply.

The levy is expected to raise around \$60 million a year, and 100 per cent of the revenue from the levy will go to Homes Victoria to support building and maintenance of social and affordable housing – with 25 per cent of funds to be invested in regional Victoria.

I note the concerns raised regarding the effect of the levy on the tourism sector. There are many different factors that contribute to the overall cost of travel to Victoria relative to other states, such as costs of airfares, food and beverages or the cost of major events or activities. The availability of tourist accommodation in regional areas needs to be balanced with the availability of long-term rental accommodation, including key worker housing in regional areas.



The Government carefully considers the taxation mix to balance many competing priorities, taking community views into account.

The short stay levy has been informed by extensive consultation with local councils, industry and tourism bodies to get the balance right for communities across Victoria.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tim Pallas', written over the 'Yours sincerely' text.

Tim Pallas MP

Treasurer

10/11/2024