

Position Statement: Land Tax Treatment of Agritourism in NSW

Submitted by: Destination Central West NSW (DNCW)

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1. About Destination Central West NSW

Destination Central West NSW (DNCW) is the Destination Network representing the Central West region of New South Wales, encompassing twelve Local Government Areas across the Central Tablelands and Central West. DNCW is responsible for destination management, industry development, advocacy and strategic alignment with state and national visitor economy priorities. DNCW works closely with the NSW Government, local councils, industry associations and primary producers to strengthen the sustainability, resilience and competitiveness of the visitor economy. This includes extensive delivery of agritourism development initiatives designed to support farm diversification, regional dispersal and economic resilience in line with state policy settings.

2. Introduction and Purpose

This Position Statement outlines DNCW's concerns regarding the current application of land tax to primary producers undertaking agritourism activities in New South Wales. It advocates for policy alignment between NSW Government agritourism planning reforms and land tax administration, to ensure primary producers are not unintentionally penalised for diversification activities that have been explicitly encouraged by government policy. This Position Statement reflects growing evidence of unintended financial and operational impacts on compliant primary producers, particularly wineries, who have diversified in good faith in response to NSW Government reforms.

3. NSW Policy Context – Agritourism Reform

In recent years, the NSW Government has implemented targeted planning reforms to enable and encourage agritourism as a mechanism to improve drought resilience, strengthen farm viability, and support regional economic diversification. These reforms recognise agritourism as a complementary, value-adding activity that supports continued agricultural production while generating supplementary income streams. DNCW, in partnership with local councils and industry, has actively supported the

implementation of these reforms by assisting primary producers to develop compliant, low-impact agritourism offerings such as cellar doors, farm stays, tastings and on-farm experiences.

4. Emerging Land Tax Issue

DNCW has become increasingly aware of recent land tax assessments issued to primary producers where agritourism activities are undertaken on land otherwise used for active commercial agriculture. These assessments indicate a tightening in the interpretation of the land tax exemption for land used for primary production under the *Land Tax Management Act 1956 (NSW)* with agritourism activity being treated as a competing or dominant land use.

The outcome has been the loss of land tax exemptions and the issuing of significant and unanticipated land tax liabilities, in some cases retrospectively. While individual assessments are matters for Revenue NSW, the pattern emerging suggests a broader policy issue requiring clarification.

5. Misalignment Between Planning and Tax Policy

DNCW is concerned that the current land tax approach is misaligned with the intent of NSW agritourism planning reforms. Agritourism has been positioned as a tool to strengthen resilience within the primary production sector. However, penalising diversification through land tax assessments undermines this intent, discourages further investment and erodes confidence in government-led reform programs.

6. Regional and Economic Implications

In the Central West, agritourism is a critical risk management and resilience strategy rather than a discretionary activity. Tourism income supports ongoing agricultural employment, underwrites capital investment, and contributes directly to visitor dispersal, length of stay and yield.

Without policy certainty, operators may reduce or abandon agritourism activity, reversing progress achieved through coordinated government and industry effort.

7. Alignment with VES2035 and DNCW DMP 2022–2030

This Position Statement aligns with the NSW Visitor Economy Strategy 2035, particularly actions relating to strengthening regional destinations, supporting resilient tourism businesses and improving certainty and ease of doing business.

It also directly aligns with the DNCW Destination Management Plan 2022–2030, which identifies agritourism as a priority mechanism for product diversification, yield growth and regional storytelling, while maintaining strong links to primary production.



8. National Context and Precedent

Other Australian jurisdictions have taken steps to better align agritourism and land taxation policy. For example, states such as Victoria and South Australia recognise agritourism as ancillary to farming for land tax or valuation purposes where primary production remains active and dominant. These approaches provide greater certainty for producers and avoid penalising diversification that supports farm sustainability.

NSW has an opportunity to adopt a similarly clear and enabling approach.

9. DNCW Position

DNCW's position is that agritourism activities which are ancillary, complementary or value-adding to active primary production should not, of themselves, invalidate eligibility for the Primary Production Land Tax Exemption.

Policy settings should recognise continued agricultural use, functional linkage between tourism and production, and the proportional footprint of agritourism activities.

10. Path Forward

DNCW advocates for policy clarification through legislative amendment, administrative guidance or coordinated inter-agency alignment. Transitional or grandfathering arrangements should be considered for producers who diversified in response to NSW Government agritourism reforms.

11. Conclusion

NSW Government has actively promoted agritourism as a tool to build resilience, diversification and regional economic strength. Applying land tax in a manner that penalises compliant primary producers undermines that policy intent.

DNCW calls for timely and constructive action to align land tax administration with agritourism planning policy, ensuring agritourism continues to support the sustainability of primary production and the growth of the visitor economy in regional NSW.

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