



"A Better Way to Stay"

Hosted Accommodation Australia Ltd

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**Australian Government
Productivity Commission**

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Business Setup, Transfer and Closure

Background to Hosted Accommodation Australia Ltd

Hosted Accommodation Australia Ltd (HAA) is the peak industry organisation representing hosted accommodation providers throughout Australia. HAA is a not-for-profit company, limited by guarantee, whose objective is to assist, strengthen and advance the purpose of providing bed and breakfast, farmstay and other eligible styles accommodation in Australia, and it applies its income to this objective.

The company is managed by a Board of Directors and has over 400 members representing some 450 properties across Australia. It, therefore, has a significant interest in all matters that affect the viability of its members and the sustainability of this sector of the tourism industry.

A key requirement of HAA members is that they conform to the company's quality standards and abide by its code of conduct. Members are required to provide a degree of hosting commensurate with the type of accommodation services they provide. HAA's membership encompasses:

- fully hosted bed and breakfast accommodation where the host is resident and he or she prepares and serves breakfast to their guests;
- self catering accommodation where the host supplies breakfast provisions and cooking facilities for guests to prepare breakfast for themselves, and
- fully self catering where no food is provided within the tariff, but business is owned and operated by the host, including communications at the time of booking and arrival of guests, and the accommodation and amenities are more personal than those offered for the hire of a holiday house.

The Industry in Australia

This sector of the industry encompasses accommodation in contemporary residences; farmstays and station stays in homesteads, shearers' quarters, farm cottages and cabins; guesthouses; beach and winery cottages, and historic homes. The scope of the sector is not known, as Tourism Research Australia has not allocated funds to a study of it.

An estimate of the average longevity of businesses in the industry as a whole is from three to five years, however, approximately twenty percent of HAA members have been in business from fifteen to thirty years, and forty percent between five and ten years.

Hosted accommodation appeals to both domestic and international guests for its diversity and for its personalised services. Guests get to experience staying with Australian hosts and discovering a depth of local knowledge and Australian hospitality. The sector has establishments that cater for people travelling with their pets, and for special interest groups such as in photography, art, quilting, bird watching, bushwalking, fishing, golf and other group activities.



Hosted Accommodation Australia Ltd
SUBMISSION
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Regulations affecting the ease of starting a business

Hosted Accommodation Australia Ltd (HAA) conducts bed and breakfast courses in Melbourne, Adelaide and Perth. At the grass root level, we experience people seeking to enter the industry ranging from those who have no background in business; some with a skill such as a chef; and others who are planning to supplement their retirement income after a career in business.

In the main, people are entering this industry with little idea of the heavy and sometimes, onerous, regulations that have been developed with which accommodation business must comply. HAA endeavours to inform newcomers of all aspects of the industry and to encourage the adoption of the high standards in accommodation, service and business competence. In addition to the bed and breakfast courses, HAA publishes a manual for aspiring business owners which provides information on regulations, the tourism industry, business setup, hosting, Australian Consumer Law, and marketing.

Australia's compliant accommodation businesses are more heavily regulated than those in many other countries for planning, food and environmental safety, and occupational health and safety. While this provides an opportunity to promote Australia's accommodation businesses as safe to visit, it also places a regulatory and financial burden on small businesses.

Regulations such as planning (Australian Building Commission) and food safety (Food Standards Australia) are written under Federal Acts but implemented by local government in the States and by the Territory governments.

- As a national organisation, HAA has great difficulty in keeping abreast of regulation updates in all states and territories so that it can update its members. There are HAA members who have been in business for many years, and whose businesses were compliant when they first opened, are now being advised by their councils that their businesses are no longer compliant with current regulations. This is because councils do not advise when there have been changes to legislation affecting member businesses. **There is simply too much new red tape and variations to current red tape formulated without consideration given as to how advice is distributed to businesses within the relevant industry sector.**
- Through lack of consultation with this industry sector, new regulations are developed that are intended for larger businesses. Often, very small businesses are caught up in legislation that is not aimed at them, or where it is impractical to apply the legislation to them because they are not considered by the legislators. This results in extra workload and expense that is not sustainable for small business owners.

A case in point is the **Disability (Access to Premises - Buildings) Standards 2010**. This legislation does not take into consideration the impracticability of converting some private dwellings

without prohibitive expense. An exemption applies for new businesses of fewer than four rooms, but the only avenue of appeal for businesses with more than four guest rooms is by lodging an appeal with the relevant building tribunal on the grounds of financial hardship, at, again, prohibitive further expense with no guarantee of a favourable outcome. There is a cost to being in business, but for very small businesses, often with seasonal business only, the capacity to pay is just is not there. The authorities whose responsibility it is to apply legislation, In particular, local government, do not recognise the threat that high fees and charges pose to the financial viability of businesses in this sector of the tourism industry that are within their jurisdiction. **The Access to Premises Code was developed over ten years. A white paper published contained a warning that the code would impact on bed and breakfasts, but representatives of this sector of the industry were not consulted in the development of the Code. HAA will be seeking inclusion in the review process for this legislation scheduled for 2015.**

- There have always been non compliant operators in this industry that have not been penalised by their regulatory authority, either territory governments or local government departments. These businesses operate in competition to compliant businesses and may pose a threat to their guests through non compliance with food and electrical safety regulations. Non compliant businesses have been promoted heavily through websites such as airbnb.com. Although it recognised that this website now advises business owners to ensure that they comply with local regulations, the success of airbnb around the world has been built on the promotion of cheap, unregulated accommodation. Members of HAA have alerted their local authorities to non compliant accommodation businesses operating in their locales. Where there has been a response to their concerns, the answer, invariably, has been that the local authority does not have the resources to follow up these non compliant providers.

Business Closures and Transfer of Ownership

In the experience of HAA, except where owners have invested heavily in the development of a purpose built accommodation business, closure is rarely because of business failure. In the case of very small, owner operated establishments when there is a downturn in the economy, and where there are no liabilities on the business for the employment of staff, etc., owners choose to ride out the downturn. Alternatively, if they have been in business for a long time, they may decide that this would be a good time to close the business and retire.

Hosted Accommodation Australia is available for consultation in connection with this submission. Please contact:

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