

**Submission
No 178**

ADEQUACY OF THE REGULATION OF SHORT-TERM HOLIDAY LETTING IN NEW SOUTH WALES

Organisation: Bed & Breakfast and Farmstay Association of NSW and ACT
Name: Ms Clare Keogh
Position: Chair
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Bed & Breakfast and Farmstay

Association of NSW and ACT Incorporated

ABN 23 730 643 618

PO Box R1372, Royal Exchange NSW 1225 | T: 1300 888 862 | F: 02 4367 8855

Email: enquiries@bbfassociation.com.au

Accommodation Website: www.bedandbreakfastnsw.com.au

Member Website: www.bbfassociation.com.au

9th November, 2015

Legislative Assembly

Committee On Environment And Planning

Email: environmentplanning@parliament.nsw.gov.au

**Re: Bed & Breakfast and Farmstay Association NSW-ACT
Submission to NSW Parliamentary Committee Inquiry into the adequacy of regulation
of short term letting in NSW**

BBFA

The Bed & Breakfast and Farmstay Association NSW-ACT (BBFA), a non-for profit organisation, is the peak body for hosted accommodation in NSW-ACT. An amalgamation of the Bed & Breakfast Council NSW and the NSW Farm and Country Holiday Association, both organisations formed in the 1990s.

The association has worked with governments at all three levels for many years. In 2000 the association prepared, with Local Government and Shires Associations NSW, a policy document - "Best Practices Policy Guidelines" for use by local government and the B&B industry. These Guidelines were designed to provide a consistent regulatory approach by local councils to B&B accommodation.

Submission Summary

On behalf of our members the BBFA advises that the numerous and in some cases onerous regulations for B&B's and Farmstays need to be simplified and standardised. A B&B in NSW has to comply with seven different regulatory groups of regulations administered by three levels of government. The BBFA recommends that the 'Best Practices Policy Guidelines' be re-visited to simplify and standardise regulations in NSW and take into account the rise and growth of online platforms where reports indicate many advertisers are not compliant.

In addition, the BBFA calls for the unfair advantage to BBFA non-members be addressed. There is reportedly widespread non-compliance by non-BBFA members, many who advertise via online accommodation platforms. Compliance costs for an average B&B equates to more than 15% of annual turnover, allowing non-compliance operators to unfairly profit, with zero compliance costs.

Differences between traditional B&B and Farmstay accommodation providers and online platforms

The BBFA advise there is no difference between our member properties who advertise on the online accommodation platforms and those members who do not use these platforms. While some of our members use these platforms for example Stayz, Wotif, AirBnB and Windu, the vast majority of users are not BBFA members. These may not be compliant with regulations. It is difficult to determine the extent of non-compliance as the new online platforms do not advise addresses or phone numbers of the properties listed until a reservation is completed.

Our BBFA members are categorised as: -

- B&B Homestay
- B&B Farmstay
- B&B Guesthouse or country inn
- B&B cottage, cabin, apartment or suite
- Self-catering (as per holiday rental). A recent addition many B&Bs/Farmstays are no longer serving breakfast due to onerous regulations.

Growth of short-term and online letting and changing character of the market.

The association has details of B&B's and Farmstay sector growth, as far back as the 1990's. During this time self-contained holiday letting properties in traditional NSW tourism destinations have outnumbered B&B's. Twenty years ago B&Bs were promoted through Visitor Information Centres and holiday lets were promoted through real estate agents and classified advertisements, for example newspapers and the NRMA magazine. In 1999 our BBFA B&B members first used the 'City Search' Fairfax web site. Later the Fairfax 'Stayz' became the popular web site for both B&Bs/Farmstays. Today there are thousands of B&B, Farmstays and holiday lets advertised with a number of online web sites. Our members are not only using Stayz, AirBnB but also others such as Wotif, Expedia, and Booking.com Trip Advisor etc.

The Internet and online accommodation platforms linked to social media have changed the industry. The association wants to ensure our members are not disadvantaged by some operators using online platforms such as AirBnB and not complying with regulations.

Economic impact of regulations on approved B&B operators

It is the belief of the BBFA that the application of large commercial restaurant rules to a homestay B&B is stifling the Bed and Breakfast sector. More and more B&B and Farmstay members are no longer serving breakfast as compliance with kitchen, health and safety regulations now requires B&B operator to obtain commercial food safety supervisor's qualifications and some LGAs require commercial kitchens.

A number of years ago the IPA carried out an exercise where the cost of annual compliance was 15% of the annual turnover, see Table 1. The BBFA estimate the percentage is a lot higher today.

Table 1: Example of regulatory costs for a small B&B

Annual gross B&B income roughly	\$21,000
Registration of premises for B&B	\$300
Prescribed accommodation licence	\$200
Liquor licence	\$60
Public liability (2-room operator)	\$1800
Tourism association membership	\$200
Accreditation Fees	\$180
Star Ratings	\$300
ANNUAL COMPLIANCE TOTAL	\$3,040

Source: IPA

Regulatory issues

The cost of compliance is a large part of a B&B and Farmstays revenue as discussed see Table 1. The BBFA wants to address the unfair advantages, for example non-compliant operators over traditional registered B&B's and homestays who do comply with regulations.

B&B and Farmstay need to comply with the following regulations: -

- Public Liability Cover
- Commercial insurance
- Fire Regulations (several acts and codes)
- GST (if a B&B, not applicable to holiday rentals)
- State Land tax applies to B&B's (and Farmstays if B&B income greater than farm income e.g. during a drought)
- DA required by NSW LGA's
- Food supervisor's certificate if serving breakfast
- Kitchen registration some LGA's require full commercial kitchens
- Access - disable bathrooms and ramps (for new B&B's)
- Commercial electrical tagging of every electric appliance

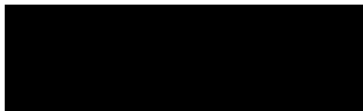
B&B and Farmstay propose - The existing regulations are too onerous for traditional B&B's and also sharing economy accommodation. The association want to work together with the NSW government to propose a new common-sense set of regulations. A meeting was held in 5 March 2015 with Destination NSW and the BBFA, where the association first made this proposal

Regulations and Star Ratings of B&B, Farmstay and Holiday Rentals

Australia has an independent rating review organisation set-up by the motoring associations. We have seen the eroding of the star rating system over the last ten years with the arrival of online 'self-rated' systems. The AAA independently assesses best practices including OH&S, kitchens, beds, cleanliness and many other areas, which a self-assessment can never achieve. At one time the Victorian government required membership of the star rating system before an accommodation property could be included in government marketing programmes. Self-regulated rating schemes are subjective not objective. This is an area of opportunity to relax some onerous regulations for B&Bs and Farmstays.

The BBFA has tried to keep this submission brief and to top-line issues. As set out in the terms of reference for the Parliamentary Committee. We are happy to provide any other information or assistance should you require.

Yours faithfully



Clare Keogh
Chair