

Starting up an accommodation business

The basics:

- Make sure **you** and your family are ready – this industry has a demanding set of skills that will probably change your lifestyle
- Do your homework and know your local, state and federal requirements
- Ensure that you're appropriately insured as a tourism business
- Good accommodation businesses are always changing and growing; undertake all relevant research
- Be adequately resourced. It will take longer than you think to get things off the ground and to reach break-even, let alone make a profit
- Do you like dealing with people of all different types and personalities? Could you do it every day?
- Approach the business concept strategically; develop a business plan

Tip:

Starting up in Tourism Workshop

Tourism Alliance Victoria, Small Business Victoria, Tourism Victoria and the OAMPS Group, have combined their expertise and resources to develop an introduction into the tourism industry for new operators. Its intention is to provide a strategic insight across a range of essential business practices and improve overall business acumen and planning. For more information visit www.tourismalliance.com.au/

Other valuable resources for business starters are:

- The Victorian Business Line on 13 22 15
- Business Victoria website www.business.vic.gov.au
- Victorian Business Centres (see last page)

Deciding to start up an accommodation business

What is an accommodation business?

It is important to start with a clear understanding of what are and what aren't 'accommodation businesses' in Victoria. The legal definition comes from the *Health (Prescribed Accommodation) Regulations 2001*.

Businesses covered by the Prescribed Accommodation Regulations are:

- bed & breakfasts accommodating more than five people
- hotels and motels
- guesthouses and boutique hotels
- self-contained accommodation
- farm stays

Businesses **not** covered by the Prescribed Accommodation Regulations are:

- caravan parks
- public hospitals and nursing homes
- retirement villages
- premises where five or less people can be accommodated

Am I ready to take the next step?

Running an accommodation business is definitely not a nine-to-five job. How ready are you to take the next step? Tick (✓) either Yes or No for the following:

	Yes	No
Have you thoroughly researched potential tourism markets and the level of competition in the area you plan to set up your accommodation property?		
Are you willing to work long hours as tourism is not a 9 to 5, Monday - Friday industry?		
Have you had discussions with your local council and are you sure a planning permit will be approved for your proposed development?		
Have you investigated the local, state and federal licences and registrations that could be relevant to your business? Have you investigated insurance costs?		
Do you have the financial resources to cover start up and living costs until your business becomes profitable? Could you survive 2-3 years before making a profit?		
Have you written a business plan, complete with a marketing plan and projected budget?		

If you answered 'No' to any of the questions above, it is recommended that further research is undertaken before commencing your business. Start by completing **Step-By-Step: Are you ready to start a business** at the Business Victoria website www.business.vic.gov.au/stepbystep

Do you have the personal attributes to run an accommodation business?

For a set of key questions worth considering, click here www.tourismexcellence.com.au/pdf/module3/Personal%20Attributes.pdf

What skills do you have, and what skill gaps will you need to fill?

To help you to assess your skill level and training needs, click here www.business.vic.gov.au/BUSVIC/STANDARD//PC_60694.html

Have you researched the market demand and need for your accommodation property?

To discover free and low cost research opportunities, click here www.tourismexcellence.com.au/module3/index.php?page=research

Reaching your decision

The decision to commence an accommodation business requires careful consideration regarding the type of property you intend to develop.

- Which type of accommodation property do you want to develop? E.g. mass resort, boutique motel, B&B, budget accommodation?
- Who are your competitors? How will your property be significantly different to other accommodation providers in your region?
- How much will the operation realistically cost to set up and how much money do you have available to invest in the business?
- Can you obtain affordable insurance cover to operate the business?
- Could you cover operating costs from other income sources or savings until the business breaks-even (typically 2-3 years)
- What types of customers will be attracted to your property? Are they readily accessible? Are there enough of them to sustain your business?
- Where and how will you find your customers?
- What knowledge and budget do you have at your disposal to market your accommodation property?
- Will your accommodation property represent quality and value for money?

Meeting Government requirements

Your main local, state and federal Government requirements are as follows.

Applying for a planning permit

To set up a new business, undertake land or building development, or change the purpose of a property, your first step is to apply for a planning permit from your local council. The planning permit provides evidence that the council has given you permission to develop your property.

Tip for B & B Owners:

A planning permit is usually not required for a Bed & Breakfast accommodating five guests or less, but registration is still required.

Do I also need a building permit?

If your development involves construction, demolition, alteration or extension of a building, you will probably need a building permit. This can be issued by either your local council building surveyor or a private registered building surveyor.

The building permit gives the surveyor's permission for building work to go ahead and ensures that building regulations are followed. If you are unsure if you need a building permit, contact either your council building department or the private registered building surveyor of your choice.

Tip:

A building permit is usually required for a pool or spa more than 300mm deep, and for the installation / alteration of a pool or spa safety barrier.

Registrations with your local council

- **Registration of Prescribed Accommodation** Under the provisions of the *Health (Prescribed Accommodation) Regulations 2001*, an accommodation business will need to apply to be registered with its local council. The application must include a plan of the premises, drawn to a scale of not less than 1:100, and showing the proposed use of each room.
- **Registration of Food Premises** Under the Victorian *Food Act 1984*, an accommodation business that provides food also needs a Registration of Food Premises from their local council. Contact an Environmental Health Officer from your council health department who will take you through the registration process, and ensure you comply with state and federal legal obligations.

Further licences, registrations and permits

Any further licences required will depend on the activities to be included in your business operations. As an example, a motel with a restaurant is likely to need:

- **to register a business or company name:** business name registration with Consumer Affairs Victoria, or company name registration with the Australian Securities and Investments Commission.
- **to register for tax:** Tax File Number, Australian Business Number and GST / PAYG withholding registrations from the Australian Taxation Office.
- **to sell and serve alcohol:** a planning permit from the local council and general liquor licence from Consumer Affairs Victoria.
- **to play recorded music:** music licences from the Australian Performing Rights Association and Phonographic Performance Company of Australia.
- **to have tables and chairs on the footpath:** a permit to establish an outdoor eating facility from the local council.

Make the job easy – use BLIS

The easiest way to identify the range of licences, registrations and permits you will need is to use the Business Licence Information Service (BLIS).

Go to www.business.vic.gov.au/blis, click 'Search the Victorian Business Licence Information Service (BLIS)', choose the report type you want, and search for 'Accommodation'.

BLIS will create a report of your relevant licences, application forms for those licences and details of the authorities you will need to contact. Your BLIS report can be downloaded and printed, emailed to your preferred address or, when you're logged on, saved to your free account at Business Victoria.

Insuring your business and planning for growth

Insuring your business

As well as insuring your premises and assets, the following additional insurances can be critical for accommodations businesses.

- **Public liability** of at least \$10 million to cover paying guests and visitors.
- **Product liability** to cover prepared food or other products offered to guests
- **Motor vehicle** insurance if your vehicle is used for business purposes.
- **Personal injury** and/or **income protection**, especially if WorkCover is not applicable to your business. Personal injury and income protection are often taken out by sole traders and partnerships.

Tip for B & B Owners:

The public liability part of a Home and Contents policy is void when a business is started on the premises. Additional insurance is essential.

To learn more about this vital aspect of operating a tourism business, click here www.tourismexcellence.com.au/module3/index.php?page=insurance

Accreditation

Accreditation is a set of industry standards established by the tourism industry to a model for better business practice and customer service. In other words, accreditation provides business operators with a guide or outline of industry requirements to help them plan, develop, improve and document their business practices and procedures.

Tourism Accreditation Board of Victoria Inc



The Tourism Accreditation Board of Victoria Inc (TABV) administers the accreditation program in Victoria.

TABV contact details: Address: Level 2, 10 Queen Street, Melbourne, VIC 3000

Phone: (03) 9620 4199

Email: info@tourismaccreditationvic.com.au

Website: www.tourismaccreditationvic.com.au

Seek Advice

Professional advice sought at this stage can save money and heartache down the track. Accountants, solicitors, business advisors, management consultants and experienced tourism staff can be sourced to provide objective and realistic advice. Don't let your heart rule your head!

Planning for growth

Once you're established, you need to plan for growth. Use the following contacts list to plan and develop an outstanding Victorian accommodation business.

Tourism Victoria's online tourism excellence modules will also be an invaluable source of information as you proceed down the path to profitability.

To view all the Tourism Excellence modules, click here

www.tourismexcellence.com.au

To view module 3 'Business Excellence', click here

www.tourismexcellence.com.au/module3/index.php

Disclaimer: Tourism Victoria has incorporated material sourced from Small Business Victoria for this document. For information sheets on other topics such as registering a business, go to www.business.viv.gov.au

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INFORMATION SOURCES	COMPANY	CONTACT DETAILS
Starting up in Tourism Workshop Introduction into the tourism industry for new operators. (Also contact TAV for a listing of Victoria's major regional and local tourist attractions)	Tourism Alliance Victoria (TAV) 486 Albert Street, East Melbourne Ph: 03 9650 8399	www.tourismalliance.com.au
Get assistance with: <ul style="list-style-type: none"> - small business and start up enquiries - enquiries about licences and registration - print-based and online resources - Under New Management workshops and seminars - the Small Business Mentoring Service 	Victorian Consumer and Business Centre - walk-in customer service centre at 113 Exhibition Street, Melbourne 3000 Victorian Business Centres - located across metropolitan and regional Victoria - for contact details go to the Business Victoria website Victorian Business Line 13 22 15	www.business.vic.gov.au www.business.vic.gov.au/blis www.business.vic.gov.au/stepbystep www.business.vic.gov.au/vbc www.business.vic.gov.au/workshops www.sbms.org.au
Visit Tourism Excellence website Tourism Excellence is a website designed by Tourism Victoria and targeted at tourism and accommodation businesses wanting to grow.	Tourism Victoria GPO Box 2219T, Melbourne 3001 Phone: (03) 9653 9777	www.tourismexcellence.com.au
Join the local Tourism Association (LTA) LTA's work with local government, their regional Tourism Association and Tourism Victoria to market and develop tourism in their local area.	Local Tourism Association - get contact details for the local LTA from your council	Go to the Department for Victorian Communities website www.dvc.vic.gov.au/ and use 'Find your local Council' to make contact.
Get accredited with the Tourism Accreditation Board of Victoria (TABV) <ul style="list-style-type: none"> - assesses issues like your business plan and licences - most good tourism businesses are accredited 	Tourism Accreditation Board of Victoria Level 2, 10 Queen Street, Melbourne 3000 Phone: (03) 9620 4199	www.tourismaccreditationvic.com.au/
Get STAR rated with Australian Automobile Association Tourism (AAAT). <ul style="list-style-type: none"> - involves an annual inspection of your customer service. - Can be a valuable addition to your marketing plan. 	Australian Automobile Association Tourism Pty Ltd Level 3, 131 Queen St, Melbourne 3000 Phone: (03) 8601 2200	www.aaatourism.com.au