

Setting Up an Accommodation Business

Fact Sheet 13
June 2008

What is an accommodation business?

It is important to start with a clear understanding of what are and what are not '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
- farmstays

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 9-to-5 job. How ready are you to take the next step?

	Yes	No
Have you investigated both the potential for tourism and the level of competition in the area where you plan to set up your business?	<input type="checkbox"/>	<input type="checkbox"/>
Are you willing to work much longer hours than most people, and to have no weekends or holidays for the next few years?	<input type="checkbox"/>	<input type="checkbox"/>
Have you had discussions with your local council and are you sure a planning permit will be approved for your proposed development?	<input type="checkbox"/>	<input type="checkbox"/>
Have you also investigated the state and federal licences and registrations that could be relevant to your business?	<input type="checkbox"/>	<input type="checkbox"/>
Can you access the funds needed to cover start up costs and survive until the business starts to pay for itself?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have a fully developed business plan for the first 12 months of operations, complete with a marketing plan and projected costs?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered 'No' to any question above, a lot more homework is needed. Start by completing Step-By-Step: Setting up an Accommodation Business at the Business Victoria website: www.business.vic.gov.au/stepbystep

MEETING GOVERNMENT REQUIREMENTS

Your 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. Make an appointment with a council planning officer who will take you through the application process. You will be advised on the zoning of your land and any other local planning conditions that apply to your development.

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.

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

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 BLIS will create a report of your relevant licences, application forms for those licences and details of the authorities you will need to contact.

Insuring Your Business

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

Did you know?

Bed & Breakfast 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.

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.

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

Tourism Alliance Victoria has summarised this text from material sourced from Small Business Victoria. Original text © State of Victoria 2007. For information sheets on other topics such as registering a business or employing people go to www.business.vic.gov.au