



Suite 2, Level 14, 189 Kent Street, Sydney NSW 2000
P 02 8666 9015
F 02 8666 9017
E mail@aaoa.com.au
www.aaoa.com.au

Building Code of Australia Review

Submission of the Accommodation Association of Australia

Introduction

1. The Accommodation Association of Australia (the Accommodation Association) welcomes the opportunity to provide formal comment to the Australian Building Codes Board (ABCB) on the Building Code of Australia (BCA).
2. Specifically, the Accommodation Association – through this submission – will address issues raised in the ABCB Discussion Paper dated 11 July 2011 about the impact of different classifications within the BCA on tourism accommodation within Australia.
3. The building classifications in question are:
 - Class 2 – Apartment building; and
 - Class 3 – Hotel, motel, hostel or similar.
4. In 2010, the Productivity Commission's Annual Review of Regulatory Burdens on Business stated this classification issue should be the subject of a comprehensive review by the ABCB.
5. The ABCB is considering whether or not such a review should be given a high priority.

About the Accommodation Association

6. The Accommodation Association of Australia is the national industry body for the Australian accommodation industry.
7. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and time-share establishments in metropolitan, regional and rural Australia across all States and Territories.
8. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms.
9. The Association's members include major international accommodation chains, including Accor Hotels, Mirvac Hotels and Resorts, Toga Hospitality, Mantra Group and InterContinental Hotels Group.

The Accommodation Sector – An Integral Part of the Tourism Industry

10. Tourism generates \$92 billion annually in spending.
11. Around 500,000 Australians are employed in the Australian tourism industry. The vast majority of employees within tourism work in accommodation businesses.
12. As an industry, tourism contributes \$33 billion in gross domestic product (GDP).
13. Tourism is Australia's leading services export earner, contributing \$24 billion or just over 10 per cent of Australia's total export earnings.
14. Around 75 per cent of the tourism industry is accounted for by domestic tourism.
15. Tourism has a number of unique characteristics in comparison to other industries. These include:
 - It is highly labour intensive;
 - It requires the input of many service providers into a single "product" to the end consumer;
 - It is dominated by a significant number of small businesses;
 - Tourism competes against all other discretionary expenditures for the "hearts and minds" expenditure of the consumer; and
 - Tourism businesses operate in a highly complex environment requiring significant compliance skills and costs.
16. Many of Australia's tourism accommodation businesses are struggling to be profitable. This is because of a downturn in tourism due partly to the global financial crisis and natural disasters, such as major floods in Queensland and Victoria and Cyclone Yasi in Far North Queensland.

Diversity of tourism accommodation in Australia

17. Australia has arguably the most diverse spread of types of tourism accommodation businesses of any country in the world.
18. Tourism accommodation businesses in Australia include hotels, motels, motor inns, resorts, serviced apartments, self-catering apartments, bed and breakfasts, guesthouses, backpacker establishments, time-share properties and holiday homes.
19. While there are distinct differences between these segments, the common theme across all of them is they offer guests tourism (or visitor) accommodation.

Importance of the BCA to the accommodation industry

20. The requirements of the BCA are critically important to the accommodation industry because in many instances, they have a direct impact on the viability of businesses whose primary source of income is the provision of tourism accommodation.
21. It must be economically feasible for a tourism accommodation business to alter its premises and a major consideration as part of this process is if the proposed alterations or renovations

require significant further capital investment in order for the building or buildings where accommodation is provided to continue to comply with the BCA.

22. Any change to the BCA has the potential to cost (or save) Australia's accommodation industry millions of dollars.
23. As the single voice for Australia's accommodation industry and given the broad range of tourism accommodation businesses that are part of our membership, the Accommodation Association of Australia should be the principal industry contact for the ABCB on any BCA issue that affects tourism accommodation.
24. The different types of tourism accommodation businesses that are members of the Accommodation Association means there is slight differentiation between the views of individual businesses, however the Association has captured a consistent industry-wide perspective on this issue within this submission.
25. The integral role the BCA plays in our industry is to assist with ensuring that guests who stay in tourism accommodation establishments are as safe as possible.

Questionnaire

26. Due to the economic ramifications of any change to the BCA, the Accommodation Association respectfully submits that to directly answer each of the questions that have been proposed by the ABCB in its discussion paper requires more research and analysis.
27. This research and analysis is necessary to compile a reliable and credible body of evidence that should be the basis of any assessment about whether or not the current requirements within the BCA that directly impact on tourism accommodation businesses should be changed.

Resolving this issue

28. The Accommodation Association notes the assertion of the ABCB that it has long been understood that the less familiar an occupant is with a building that provides sleeping accommodation, the higher the risk to life and hence the need for different minimum safety standards.
29. Therefore, it is the submission of the Association that the ABCB should explore the need for reform by undertaking a comprehensive study of the application of the BCA to buildings that are used for tourism accommodation.
30. As part of such a study, clear and concise data about tourism accommodation businesses should be obtained.
31. The study should involve comprehensive economic assessment of the impact of the BCA on the accommodation industry.
32. The economic assessment should consider the impact of the BCA on investment in tourism accommodation businesses within Australia.
33. Another key component of the study should be an intensive analysis of risk for guests who stay at all types of tourism accommodation establishments within Australia.

34. The outcomes of the study would determine whether or not the BCA should be changed, including if there is widespread misclassification of buildings that are used for tourism accommodation.
35. Ultimately, the study should provide tangible evidence that is used as the basis for resolving issues surrounding confusion about whether tourism accommodation buildings are classified under the BCA as Class 2 or Class 3.
36. The study should be used to inform a standard definition of short-stay accommodation in all Australian jurisdictions.
37. The economic consequences of this issue mean that, in conjunction with the ABCB, it may be appropriate for the Investment and Regulatory Reform Work Grouping of Australia's National Long-Term Tourism Strategy to assume oversight of the study.

Related issue – disability access

38. Of similar importance is the related issue of the new building accessibility standards that took effect on 1 May 2011.
39. Well before the new standards took effect, the standards were stifling investment in tourism accommodation businesses in Australia.
40. Specifically, the new standards have discouraged major improvements to facilities provided by tourism accommodation establishments. This remains an ongoing issue for Australia's status as an international tourism destination, as well as individual businesses.

Conclusion

41. BCA requirements for Australia's tourism accommodation businesses should be based on up-to-date, credible evidence and as a result, the aforementioned study/analysis of the application of the BCA to tourism should be undertaken as soon as possible.
42. Further to this study, a draft policy would be presented back to industry for further consultation to ensure that any potential changes are workable for all participants

Richard Munro

Chief Executive Officer

Date: 19 August 2011