



**Backpacker Operators
Alliance of Victoria**

STARTING UP A BUDGET ACCOMMODATION BUSINESS

WHAT IS A BUDGET 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
- 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

THE BASICS:

1. Which type of accommodation property do you want to develop? E.g. backpacker hostel, mass resort, B&B, budget accommodation?
2. Have you researched adequate demand for your chosen accommodation business and reviewed your competition?
3. Make sure you and your family are ready – this industry has a demanding set of skills that will probably change your lifestyle
4. Do your homework and know your local, state and federal requirements
5. Is there adequate supporting infrastructure in your region? e.g. other hospitality and transport services
6. Ensure that you're appropriately insured as a tourism business
7. Good tourism businesses are always changing and growing;

undertake all relevant research

8. 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
9. Approach the business concept strategically; develop a business plan

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 business?		
Are you willing to work long hours, as an accommodation business is not a 9 to 5, Monday - Friday industry?		
Have you investigated the local, state and federal compliance and legislation areas that could be relevant to your business (Including planning laws, insurance etc)?		
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 comprehensive 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.



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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 a tourism 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 skills 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 for your attraction and the need for your business?

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

REACHING YOUR DECISION

Once you have researched the above resources ensure you have covered the following key elements within your business planning process before reaching your decision

1. Ascertain how much the operation will realistically cost to set up. Consider seeking independent financial advice
2. Ensure you have adequate funds to both invest in the business and cover operating costs from other income sources or savings until the business breaks-even (typically 2-3 years)
3. Ensure you have researched all relevant legal compliance and legislation your business will be subject to (and their costs!). Speak to your local council and legal representative to be sure

4. Ensure you have undertaken a thorough business analysis covering elements unique to your business. These include comparative and competitive advantages, access to staff and other business requirements, fixed and non-fixed costs and seasonality of trade
5. Ensure you meet with your local council tourism and/or economic development group to discuss marketing and other support services available in your proposed region. Both for new and existing businesses.

ARE YOU READY TO PROGRESS FURTHER?

1. Have your completed business and marketing plans indicated that you have a viable and profitable business option?
2. Are you and your family willing to undertake such a big investment - financially and mentally?

MEETING COMPLIANCE AND LEGISLATION REQUIREMENTS

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 privately 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 a privately registered building surveyor of your choice.

FURTHER LICENCES, REGISTRATIONS AND PERMITS

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 play recorded music: music licences from the Australian Performing Rights Association and Phonographic Performance Company of Australia.

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 'tourism'. 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 tourism businesses.

1. **Public liability** of at least \$10 million



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- to cover paying customers
- 2. **Product liability** to cover prepared food or other products offered to guests
- 3. **Motor vehicle** insurance if your vehicle is used for business purposes
- 4. **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

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

OTHER BUSINESS AND TOURISM RESOURCES

Accreditation

Accreditation is a set of industry standards established by the tourism industry to be 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 info@tourismaccreditationvic.com.au 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 tourist attraction. 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

TOURISM INDUSTRY RESOURCES

Starting Up In Tourism Workshop

Tourism Alliance Victoria, Small Business Victoria, Tourism Victoria and the OAMPS 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 a tourist attraction

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

Tourism Excellence

Tourism Excellence is a website initiated by the tourism industry and supported by Tourism Victoria and Tourism Alliance.

The extensive information online is also supported by a new range of Tourism Excellence workshops delivered through all Regional Tourism Organisations.

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 Associations

- 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



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Get accredited with the Tourism Accreditation Board of Victoria (TABV)

- 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).

- 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

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