



Submission to New Plymouth District Council

Proposed District Plan GRZ-R6 – Residential Visitor Accommodation

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Summary

Our submission to the New Plymouth District Council is directed to section GRZ-R6 – Residential Visitor Accommodation, specifically the clause that states:

Activity status: PER

Where:

1. ...
2. the activity occurs for no more than 90 days in total per site during any 12 month period;
- ...

The Association believes that this is unreasonable to residential visitor accommodation providers and the clause will have a negative impact on the New Plymouth District economy.

Introduction

Bed & Breakfast Association NEW ZEALAND Incorporated is a national association working exclusively to support bed and breakfast operators. It is a non-profit organisation incorporated under the Incorporated Societies Act 1908. The Association works to enable members to provide a world class service to their guests by the provision of best practice guidelines, business support and training. The Association works for its members and with other accommodation associations and tourism bodies to ensure the voice of bed and breakfast owners is heard in the tourism industry.

Bed & Breakfast Association New Zealand represents small owner operated businesses throughout New Zealand. Bed and breakfast properties hold a niche position in the accommodation sector of the New Zealand tourism industry and have requirements and issues that are specific to this style of operation such as the size of operation, owner operated businesses and their location.

Specific Issues

1. **Small home based businesses:**

Bed and breakfast properties are small home based businesses that open their homes to guests who wish to stay with local people in local areas. These visitors are treated to an experience and level of hospitality not available in other types of accommodation.

These type of properties are already subject to a wide range of rules and regulations that, as they are small home based businesses which don't generate a lot of income, are expensive – for example, appropriate and sufficient insurance. See attached our Quick Fact Sheet for further details.

Limiting the number of days these properties are able to operate limits the total income these properties are able to generate which, in some cases, means that they will be unable to cover their expenses – possibly forcing their closure or worse, encouraging them to operate in an unsafe manner.

2. Tourism New Zealand

Tourism New Zealand actively promotes New Zealand to visitors to travel during the shoulder seasons, effectively increasing a season to up to 180 days of the year. Having a limit of 90 days is counterintuitive to this.

3. Who will benefit from the 90 day restriction?

- 2.1 Those wishing to let their properties will not make sufficient income to make it worthwhile opening – forcing them to close will reduce the amount of visitor accommodation available in New Plymouth.
- 2.2 Local businesses will suffer doubly as property owners will not be spending in the local economy combined with less visitor spend.

4. Will the 90 day restriction make a difference to noise and traffic?

Tourism Industry Association estimates that in New Zealand:

- 30% of visitors stay in commercial accommodation
- 7% of visitors stay in an Airbnb or holiday house

This leaves approximately 63% of visitors enjoying free accommodation, mainly with friends or relatives where there are no regulations on the maximum number of guests, the number of vehicle movements or length of stay.

Given that only 7% of visitors stay in B&Bs or holiday homes it is unlikely that having a 90 day restriction will make a difference to noise and traffic.

There are already Council procedures in place to deal with excessive noise in residential areas.

5. Decrease in accommodation spend:

Visitors should be able to choose from a wide range of accommodation options and not be forced into staying somewhere they have no preference for or which does not suit them. This is particularly true for families wishing to stay in holiday homes.

Introducing a 90 day restriction to business operations will reduce the amount of preferred accommodation available. We believe that many of the travellers who stay in bed and breakfasts are unlikely to change their accommodation preferences and therefore may not visit a region if their preferred accommodation type is unable.

This will result in a decrease in accommodation spend which will have flow on effects to the local economy.

6. Small businesses support local businesses:

Residential accommodation providers are small businesses and are often not eligible for the discounts that larger commercial properties can achieve. Wherever possible, bed and breakfast owners take the opportunity to showcase local suppliers and local produce rather than sourcing their products from outside the region.

Reducing the period a business is able to operate will negatively impact the region, both by the lack of tourists coming into the region with their dollar spend and also by the reduction in income of the owners of bed and breakfast properties.

Bed and breakfasts bring new money into the region rather than recirculating that which is already there and thus have a direct positive impact on the growth of the local economy.

7. Regional Economic Growth

Bed and breakfasts bring new money into the region rather than recirculating that which is already there and thus have a direct positive impact on the growth of the local economy.

8. Local Events:

Residential visitor accommodation provides accommodation at times when extra visitors come into the Region spending money for large events. However, there is a cost to running a business (including capital outlay and ongoing insurance) and these properties should be allowed to open for sufficient time each year to ensure they can not only recoup their costs but also make profit.

A 90 day limit will close some properties, reducing the amount of accommodation available which will have the biggest impact on those events which attract visitors from outside the region.


9. How will the restriction be monitored and by whom?

- Who will monitor and ensure that residential accommodation providers operate within this 90 day restriction?
- How will this be enforced?
- What additional cost will there be to the Council for monitoring and enforcing this restriction?
- How will the Council differentiate between paying guests and those guests who are friends and family of the owners?

As there is no benefit to local residents or the local economy we believe the cost of identifying residential accommodation providers and then monitoring them to ensure they only operate for their 90 day period will be prohibitive to the District Council.

Conclusion

Bed & Breakfast Association does not agree with the proposal to limit residential accommodation providers opening for only 90 days in a year. This proposal offers no benefit to the Council or local communities and is detrimental to small businesses.



Fiona Rollings

On behalf of Bed & Breakfast Association NEW ZEALAND incorporated

Current relative tourism accommodation figures:

Tourism Satellite Account 2018, Statistics New Zealand

For the year ended March 2018

- Total tourism expenditure was \$39.1 billion, an increase of 7.7 percent (\$2.8 billion) from the previous year.
- International tourism expenditure increased 9.6 percent (\$1.4 billion) to \$16.2 billion, and contributed 20.6 percent to New Zealand's total exports of goods and services.
- Domestic tourism expenditure increased 6.5 percent (\$1.4 billion) to \$23.0 billion.
- Tourism generated a direct contribution to gross domestic product (GDP) of \$15.9 billion, or 6.1 percent of GDP.
- Tourism is our biggest export industry, contributing 21% of foreign exchange earnings.
- The indirect value added of industries supporting tourism generated an additional \$11.1 billion, or 4.3 percent of GDP.
- 216,012 people were directly employed in tourism (8.0 percent of the total number of people employed in New Zealand), an increase of 2.6 percent from the previous year.
- Tourists generated \$3.7 billion in goods and services tax (GST) revenue, with \$1.7 billion coming from international tourists.
- Overseas visitor arrivals to New Zealand increased 7.8 percent.

Tourism Industry Association

TIA estimate that only a fraction of visit spending actually occurs within what are commonly considered tourism businesses.

Current tourism spend

- 42% of spend takes place in retail shops, cafes, petrol and other local businesses;
- 18% of spend is made up via food and beverages;
- 10% of spend is in accommodation.

Accommodation:

- 30% commercial accommodation
- 7% in an Airbnb or holiday house
- The balance enjoyed free accommodation – mainly with friends or relatives

Domestic vs. International Visitors:

- Domestic tourists account for 60% of commercial guest nights.

Quick Fact Sheet:

Requirements for Operating a Bed & Breakfast in New Zealand

The requirements for operating a bed and breakfast depend on many things such as location and individual local council requirements, and the size of the operation will often dictate which rules and regulations are applicable. The information provided below is designed to give bed and breakfast owners a brief outline of rules and regulations that *may* apply to a bed and breakfast operation.

Once you open your home to paying guests, you become part of the hospitality industry with all its accompanying responsibilities and obligations - you are operating a business from your home regardless of the number of rooms you let and regardless of whom you advertise your rooms with.

Legal Requirements

Bed and breakfast owners need to ensure they operate within their legal responsibilities. These include:

- The Innkeepers Act – this applies to any property whose proprietor provides sleeping accommodation for any traveller.
- The Health & Safety at Work Act (and Regulations) – bed and breakfast properties are considered a “workplace” and, therefore, are included in this Act.
- Local Council requirements and rates – each Local Council has different requirements for the operation of bed and breakfast properties in their area. Prospective operators should talk to their Local Council to ensure they operate within its rules. The amount of property rates / levies payable will also vary. Generally, if the operation is located in a commercially zoned area then commercial rates will apply. If located in a residential area, the size of the operation (and individual local council) will dictate whether commercial rates, a mixed use rate or residential rates apply.
- Food Safety – bed and breakfast operators are required by the Food Act to provide safe and suitable food and to meet other requirements contained in the Food Hygiene Regulations. Depending on the size of the bed and breakfast operation this may or may not include a commercial grade kitchen. If a property hosts less than 10 guests then this Act is *unlikely* to apply to you.
- Sale and Supply of Alcohol Act – Whether the bed and breakfast is covered under this Act is dependent on its size. If hosting less than 10 persons and resident on the property, bed and breakfast operators are able to supply alcohol to guests.
- Fire Safety – bed and breakfast properties are required to comply with the Fire Service Act and various building regulations. The level of compliance depends on the number of guests hosted and ranges from the bare minimum of evacuation plans and smoke detectors through to hard wired smoke alarms.
- Race Relations / Disabled Persons - the New Zealand Human Rights Act prohibits the discrimination of all people based on disability and race. All operators should inform themselves of the requirements of this Act particularly concerning the use of Disability Assist Dogs.
- GST / Income Tax – regardless of the size of operation owners are required to declare their income. Whether they are required to register for GST depends on their annual income.
- ACC Levies - ACC levies are payable by all self-employed persons running businesses which, of course, includes bed and breakfast businesses.
- Insurances – bed and breakfast properties require specialist insurance as a general house and contents policy does not cover bed and breakfast operations. Public liability insurance should also be taken.
- Transport of guests – there are a number of regulations involved in this and you should ensure you investigate this fully.
- Fair Trading Act and Consumer Guarantees Act – There are a number of things to be aware of under these Acts and at the very least you need to ensure what you are advertising is what you are providing.

Other

Many of the costs incurred by bed and breakfast operations and whether they pay commercial rates for supplies and services, are determined by the size of the operation:

- Building Requirements – commercial businesses can expect to comply with all the commercial rules and regulations that other commercial accommodation providers do.
- Insurance – B&B require specialist insurance and should also have Public Liability insurance. Normal domestic insurance policies do not protect you or your property if you are operating a B&B.
- Guarantees – some products may not be guaranteed if you are using them as part of your business.
- Telephone - if operators have more than one line or wish to install a PABX system, they can expect to pay commercial rates. Smaller bed and breakfast operations usually only have a single (home) line with the majority of guests using their own mobile phones.
- WIFI connections – bed and breakfast operators should shop around for Wifi deals particularly as they will have access to unlimited broadband connections. Guests expect to have access to free Wifi.
- Power – smaller operations use the same or less power than existing residential properties. However, they may be charged commercial rates if power usage reaches a certain level.
- Rubbish collection – this depends on the individual local council but small operators usually generate the same waste as, or less than, existing residential properties. Operators will only pay commercial rates if they choose to use a separate rubbish collection system (eg. wheelie bins)
- Water rates –if the Local Council charges for water operators will pay for what they use. In those areas where water rates are not charged, smaller operations would not normally incur water costs as the water use is equal to normal residential use. In some areas, water rates may be charged when water usage is in excess of normal residential use.
- Sky – Sky charges commercial rates for more than two connections (ie. for three people to watch three different channels).

Bed & Breakfast Association

Bed & Breakfast Association NEW ZEALAND Incorporated is New Zealand's leading national organisation that represents and promotes Bed & Breakfasts (including homestays, farm stays, country stays, boutique, heritage and luxury accommodation) and is highly regarded in the tourism industry throughout New Zealand. The Association works for members representing their interests in areas such as advocacy, advice and support, and quality assurance.

The Association also helps and supports its members to ensure they meet their legal obligations providing members with up to date and relevant information. For comprehensive information on running a bed and breakfast the Association has developed a resource "A Guide to Running A Successful Bed & Breakfast". This has been compiled by experienced B&B operators to provide assistance when starting up a new business.

For further information about the Association, please contact:

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Disclaimer:

The information contained in this document is intended to assist you in the operation of your Bed & Breakfast and contains suggestions and guidelines only. In making this information available the Bed & Breakfast Association NEW ZEALAND (the BBANZ) make no representations, warranties, undertakings or guarantees to you about the contents or use of the contents here. The BBANZ will not be liable to you in respect of any losses arising out of the use or otherwise of the information contained herein. The BBANZ strongly recommend that you consult your own professionals (including but not limited to legal, accounting, tax and regulatory professionals) to obtain advice pertaining to your specific business. Which laws, rules and regulations apply to you and your business will depend on individual factors including, but not limited to, the number of rooms in your bed and breakfast, the number of guests you can accommodate, and the goods and services you provide. In addition to applicable laws, tax and accountancy provisions, each local authority has their own regulations, by-laws and policies and you should familiarise yourself with the same.