

# Quick Fact Sheet:

## Requirements for Operating a Bed & Breakfast in New Zealand

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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

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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.