



## TTF SUBMISSION

### Inquiry into the draft Disability (Access To Premises – Buildings) Standards

#### 1. Introduction

Tourism & Transport Forum (TTF) is a national non-profit forum representing the interests of the leading institutions and corporations in the transport, property, tourism and investment sectors. TTF membership includes the investors and operators of hotels, motels, resorts, serviced apartments and other tourism accommodation providers. TTF welcomes the opportunity to make the following submission to the *Inquiry into the draft Disability (Access to Premises – Buildings) Standards* (the draft disability standards).

#### 2. Summary

The tourism industry generates jobs, exports and economic activity by providing services to visitors. The industry supports greater access for disabled visitors and, despite the significant cost to industry, TTF broadly endorses the draft disability standards.

TTF does not support the standards being imposed on Class 3 buildings while Class 2 buildings are exempt. The unequal application of the standards will reduce investment in new tourist accommodation, costing further economic and jobs growth in the sector. The draft standards' proposed ratio of disabled access rooms in Class 3 accommodation far exceeds the room stock needs of disabled visitors. These vacant rooms would incur a critical operational cost and would make new accommodation investment unviable.

The cumulative effect of these elements of the current draft standards would be to impose a significant burden on new accommodation development and fundamentally affect the provision of room supply. Overall, there would be a considerable reduction in new accommodation investment, including disabled access accommodation. This submission recommends options to genuinely improve disabled access to accommodation and tourism facilities.

#### 3. Profile of the Tourism Economy

Tourism is a critical contributor to the Australian economy, generating export earnings, economic value and wealth. Australian tourism directly generates:

- 482,000 jobs (4.6% of total employment).
- \$22.3 billion in export earnings (10.4% of total exports).
- \$38.9 billion in direct economic activity (3.7% of GDP).

The accommodation and food services industry is the backbone of the tourism economy. The quality of visitor accommodation and services determines our product offering and drives demand. The quantity of accommodation (room stock) sets the capacity limit for the industry and limits jobs, export earnings and economic activity.

#### **4. Tourism Industry Support for the Disability Access Standards**

The tourism industry exists to make destinations accessible and the industry has a proud tradition of embracing visitors with diverse backgrounds and needs. The industry is committed to providing accessibility and services to disabled visitors and TTF broadly supports the draft disability standards.

The draft disability standards will impose significant costs on the development, refurbishment and operation of tourism accommodation, and these costs far exceed the estimates outlined in the regulatory impact statement. Despite the costs of implementation, the industry would broadly support standards which:

- fulfill an access need for disabled persons;
- provide certainty on the requirements of the *Disability Discrimination Act 1992*; and
- apply equally across the industry and property classes.

The proposals for access requirements for swimming pools, passing and turning spaces and the number of accessible entrances to premises are broadly supported by TTF.

TTF does not support the standards being imposed on Class 3 buildings while Class 2 buildings are exempt. Nor does TTF support the proposed ratio of disabled access rooms in Class 3 accommodation which far exceeds the room stock needs of disabled visitors.

The cumulative effect of these elements of the current draft standards would be to significantly reduce investment in new tourist accommodation and exacerbate the shortage of accommodation and the supply of disabled access rooms.

#### **5. Accommodation Shortage and the Disability Standards**

The tourism industry is facing significant capacity constraints due to lack of accommodation supply. Investment in new room stock has fallen well behind growing demand for accommodation. This has led to significant price increases and record occupancy rates of over 80 per cent across all Australian capital cities. Perth, Brisbane, Melbourne and Sydney all sit in the world top 20 cities for hotel occupancy rates. The room stock capacity constraint on tourism employment, export and economic growth has been recognised by the Australian Government as a key issue for the *National Long-term Tourism Strategy* currently under development.

The increase in accommodation demand and price has not led to new investment because tourism cannot compete with residential development for "highest and best use" of available land. The distinction between residential and tourism use is an artificial regulatory separation between 'short stay letting' and 'rental tenancy', which is typically measured by a length of stay in accommodation of less than six weeks.

Federal and state government regulation favors residential over tourism use. Tourism has a lower return on investment due to operational and development regulatory costs from which residential is exempt, such as Land Tax and the draft disability standards. Residential development is favored by taxation, transfers and planning. Since residential and tourism use compete for the same land, the impact of this regulation has been the near total cessation of new purpose built tourist accommodation, such as hotels in Class 3 buildings.

The only real increase in tourism accommodation has been in serviced apartments. This has been driven primarily by regulation, not consumer demand. Serviced apartments are developed because they can be flexibly converted to residential apartments and sold if needed (unlike hotel rooms). Serviced apartment development captures some of the government regulatory advantages of residential development.

The unequal playing field between residential and tourist regulation contracts investment to create an accommodation shortage and distorts tourism product away from consumer demand. The proposed exemption of Class 2 buildings from the draft disability standards is significant extension of this regulatory distortion of investment.

Since there is a limited market for disabled access apartments, the property sector will move away from strata title development of Class 3 buildings which can be used for tourism. Property investment will be distorted in favor of Class 2 residential development to which the disability standards would not apply. The end result would be the provision of less tourist accommodation development in Class 2 or Class 3 buildings.

This distortion is exacerbated by the proposed ratio of disabled access rooms under the draft disability standards. The ratio far exceeds current or future demand by disabled visitors resulting in significant operational losses and reduced return on investment. The net effect will be reduced investment in tourist accommodation. TTF believes that the regulatory impact of the current draft of the disability standards would be to reduce (not increase) the number of disabled access rooms that would otherwise have been developed.

#### **6. Lack of demand for increased disabled accessible rooms ratios**

Disabled access rooms are operated on a 'last to let' basis within any Class 3 property. These rooms are held in reserve for disabled visitors and because they are unpopular with guests. Disabled rooms are usually let only when all other rooms are occupied and often guests express dissatisfaction and seek a discounted room rate.

The current ratio of disabled access rooms already far exceeds demand by disabled guests. Hotel and serviced apartment operators consistently report an occupancy rate of less than 1.5% for disabled access rooms, not including those nights when the hotel is 100% occupied and the disabled access rooms are let to other guests.

This reported 1.5% occupancy rate for disabled access rooms is occurring at a time when average room occupancy exceeds 80% in most capital city accommodation. The draft disability standards would require additional disabled access rooms per hotel, which would simply increase the number of almost permanently vacant rooms that a hotel must carry.

TTF has sought from the Attorney General's Department (the Department) a rationale for how the draft disability standard room ratios were determined. We have not received a rationale for the ratio, and the Department has advised that it has no information on the demand or supply of disabled access rooms.

TTF contends that there is no reasonable rationale to increase the ratio of disabled access rooms, as they are simply not needed. The current standards are well in excess of demand. This is not to suggest that there will always be a room for a disabled guest. In some locations and periods all hotel rooms will be fully occupied and additional guests (with or without disabled access needs) will be

turned away. Lack of disabled access rooms will be primarily due to an overall accommodation shortage in specific destinations.

### **7. Additional construction, refurbishment and operating costs**

Retrofitting existing buildings in order to comply with the draft standards comes at a high cost, particularly for hotel owners and operators. Hotels typically have a single owner and operator. Under the proposed changes, a single refurbishment will normally trigger the application of the draft standards across common areas. By comparison, an office building with multiple tenants is less likely to trigger the draft standards over common areas. Combined with the reality that hotels are already absorbing costs associated with the supply of disabled access rooms well in excess of demand, the additional responsibilities under the draft standards will be hard for the industry to bear.

### **8. Recommendations**

TTF submits that the primary objective of the draft *Disability (Access to Premises – Buildings) Standards 2009* should be to ensure there are sufficient accessible rooms available for disabled people in locations where rooms are needed.

To do this, TTF believes the draft disabled standards should not hinder investment in new accommodation but should require a ratio of accessible rooms that matches (but does not exceed) disabled visitor needs. TTF recommends the following options:

#### **1. Disabled Access Room Ratio**

*Option A:* Do not impose higher ratios in the draft standards. Undertake an independent review of the actual demand for disabled access rooms and establish room ratios consistent with that demand.

*Option B:* Explicitly enable the ratio of disabled access rooms to be reduced for an individual development (under the hardship provisions) where a demand study shows that the room ratio is unjustified.

#### **2. Alignment of investment allocation**

*Option 1:* Apply the standards uniformly to Class 2 and Class 3 buildings, including consistent application between 'short stay' and longer stay tenants.

*Option 2:* If the standards are not applied to Class 2, provide a taxation incentive for Class 3 development sufficient to mitigate the investment distortion created by the draft Standards.

#### **3. Compliance certainty**

*Option 1:* If the standards are not applied to Class 2, provide certainty to developers on the required standards needed to comply with DDA provisions.

*Option 2:* If no standard is developed, provide legal certainty that any Class 2 building built to current BCA standards is compliant with DDA provisions.