

Combined Bunk Bed Safety Regulatory Impact Statement and Public Benefit Test

*Prepared by the Office of Regulatory Policy
November 2009*

Department of Employment, Economic Development and Innovation

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1 Title

A Combined Regulatory Impact Statement and Public Benefit Test (the RIS) on the costs and benefits of the options to reduce the risk of childhood injury associated with the use of bunk beds in the short-term rental accommodation industry.

2 Introduction

The RIS examines regulatory and non-regulatory options to reduce the risk of children being injured by the use of unsafe bunk beds in the short-term rental accommodation industry.

This issue was highlighted as a result of an inquest in September 2008 into the death of a child in Queensland in 2002. The child died as a result of head injuries sustained when she fell from an upper bunk in a holiday rental unit.

The bunk bed in question did not comply with the then voluntary Australian and New Zealand Standard for bunk beds (AS/NZS 4220:1994), as it did not have a guardrail around the top bunk. Amongst other things, the voluntary Australian and New Zealand Standard for bunk beds prescribed that upper bunks were to have guardrails on all four sides of the top bunk to prevent persons from rolling out.

In November 2002, a mandatory safety standard was introduced in Queensland under the *Fair Trading Act 1989* and nationally under the *Trade Practices Act 1974* (hereafter referred to as 'mandatory safety standard'). The mandatory safety standard requires that bunk beds supplied in trade or commerce must comply with key safety features contained in the 1994 version of the Australian and New Zealand Standard for bunk beds. The mandatory safety standard was also made compatible with the then proposed new version of the Australian and New Zealand Standard. The new version of the Australian and New Zealand Standard was published in November 2003.

However compliance with the mandatory safety standard was not made retrospective. Therefore, any bunk beds in use prior to November 2002, and which continue to be used to date, are not required to comply with the mandatory safety standard.

The mandatory safety standard was not introduced as a result of the abovementioned incident. However, the parents of the child in that incident subsequently lodged a complaint with the Queensland Ombudsman about what they saw as inadequate coverage of the safety regulations for bunk beds.

As a result, the Ombudsman recommended, amongst other things, that a Regulatory Impact Statement be prepared to consider the costs and benefits of introducing a regulation under the *Fair Trading Act 1989* to extend the mandatory safety standard to bunk beds supplied in the short-term rental accommodation industry.

This document has been prepared to meet the Queensland Government's obligations under the National Competition Policy principles and the requirements of the *Statutory Instruments Act 1992*. Under the National Competition Policy principles, the Queensland Government is obliged to limit anti-competitive conduct. The *Statutory Instruments Act 1992* stipulates that if a proposed regulation is likely to

impose appreciable costs on the community or part of the community, a Regulatory Impact Statement must be prepared prior to the introduction of a regulation.

The purpose of this document is therefore to provide an analysis of the costs and benefits of possible regulatory and non-regulatory options to reduce the risk of childhood injury associated with the use of bunk beds in the short-term rental accommodation industry, and to recommend a preferred option taking into account any potential restrictions on competition.

How to respond to this Combined Regulatory Impact Statement and Public Benefit Test

The closing date for providing comment on this RIS is 21 December 2009.

Written submissions should be sent to:

Mail:

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Public access to submissions

As submissions may be subject to Right to Information and other laws, this should be taken into consideration when making submissions.

Consideration of issues raised in the Combined Regulatory Impact Statement and Public Benefit Test

After the public consultation period closes, the Government will consider issues raised by members of the community. Further consultation may occur to address concerns raised by the community prior to the development of a final position by the Government.

It should be noted that the RIS is not government policy.

3 Background

3.1 Bunk bed-related injuries

Unsafe bunk beds have been identified as a significant cause of serious injury to young children. Bunk bed-related injuries are mainly due to falls, almost half of which result in fractures or concussion.

In Queensland alone, injuries associated with bunk beds account for one per cent of all injuries presented to emergency departments in children aged 14 years and under¹. The most common types of injuries presented are lacerations (predominately to the head/face) and upper limb fractures. On presentation to an emergency department, five per cent of these injuries required immediate attention and 20 per cent overall were admitted or transferred to another acute care facility for observation or care. As a result of bunk bed-related injuries in 2007/08, Queensland hospitals admitted 102 children aged 14 years and under. Queensland Health has reported that the average cost of treating an admitted patient is \$4 380.

The National Coronial Information System reported that from July 2000 to August 2007, there were eight reported childhood fatalities (excluding suicides) associated with bunk beds nationwide. Of these, at least four cases were the result of strangulation.

While there is currently no nationally coordinated collection of injury data that would allow a direct measure of total injuries associated with bunk beds in the short-term rental accommodation industry in Australia, data available to organisations, such as the Queensland Injury Surveillance Unit, give a broad indication of the injuries being sustained that are presented to hospital emergency departments.

According to the Queensland Injury Surveillance Unit², 95 per cent of bunk bed-related injuries occurred in the home environment between 1999 and 2007. Two per cent of the injuries occurred outside the home in places such as short-term rental accommodation, dormitory accommodation and mobile homes or caravans. The locations of injuries for the remaining three per cent were not specified, although in one case the injury occurred in a shop.

An earlier study by the South Australian Injury Surveillance System indicated that between January 1986 and July 2003, 75 per cent of bunk bed-related injuries presented to emergency departments in South Australia were children under the age of nine and that 25.3 per cent of injuries occurred to children under four years of age. The report also showed that injury data indicated that one in 10 injuries occur outside the home environment, such as holiday accommodation and caravans.

More recently, the Victorian Injury Surveillance Unit revealed that from 2002 to 2006 there were 1 236 bunk bed-related injury cases presented to participating Victorian hospitals. Of these injuries, seven per cent occurred outside the home.

Although the above statistics indicate that bunk bed-related injuries in the short-term rental accommodation industry may be relatively low, reliance on such collected incidence-only data may not illustrate the true seriousness of the problem. For example, the data reveals that bunk beds are a serious injury risk, with a disproportionate amount of bunk bed-related injuries resulting in hospital admission (when compared to other products that are implicated in childhood injuries). Further, although bunk beds are used by persons of all ages, the overwhelming number of injuries in relation to falls from bunk beds involves children under nine. Finally, the

¹ Queensland Injury Surveillance Unit (2008) *Injury Bulletin No. 103*

² Queensland Injury Surveillance Unit (2008) *Injury Bulletin No. 103*

number of injuries in short-term rental accommodation may be understated as some hospitals in major tourist areas where bunk beds are commonly used may not feed into the injury data collection system administered by the Queensland Injury Surveillance Unit.

3.2 Existing legislative framework

The Department of Employment, Economic Development and Innovation (DEEDI) administers a number of Acts including the *Fair Trading Act 1989*. The principal objective of this Act is to provide for an equitable, competitive, informed and safe marketplace.

The enactment of the mandatory safety standard in 2002 was in direct response to ongoing injury concerns and a general lack of compliance with the previous Australian and New Zealand Standard for bunk beds, which was voluntary. As noted above, this means that all bunk beds supplied in trade or commerce since 1 November 2002 must comply with key safety features of this standard (for example, upper bunks are to have guardrails on all four sides of the top bunk to prevent persons from rolling out) irrespective of where they are used. Although the mandatory safety standard applies both within Queensland and nationally, is not retrospective and does not therefore apply to bunk beds that were in use either domestically or in commercial premises prior to November 2002.

3.3 Short-term rental accommodation industry

The short-term rental accommodation industry consists of hotels, units, hostels, private homes used commercially (i.e. a bed and breakfast or guest house), caravans, and other such holiday rental facilities. Some short-term rental accommodation is also owned by community groups and government agencies (for example, school camps). Feedback from stakeholders of this industry suggests that the short-term rental accommodation industry, and holiday units in particular, have evolved over the years. Unit owners and managers generally now favour the use of double beds and/or two single beds (some with trundle beds stored underneath), as opposed to the use of bunk beds. In the motel industry, the use of bunk beds is extremely limited. Many hotels and motels have adopted trundle or rollaway beds as an alternative to bunk beds, as these have become increasingly popular from a safety and revenue perspective.

However, bunk beds are still used within the caravan and cabin sectors of the tourism industry. Due to the limited space in these facilities, there are no practical alternatives to using bunk beds. The current industry practice for cabins is that all bunk beds are required to have ladders and guardrails. Due to space restrictions in cabins, they are often manufactured with the bunk beds already installed as a fixture.

The average occupancy rate in holiday caravans and cabins in Queensland is 40 per cent. The higher the occupancy rate, the sooner a bunk bed is likely to be replaced (and therefore, if replaced after November 2002, would comply with the mandatory safety standard). Such businesses would also be more likely to have greater financial ability to replace their existing bunk beds with new beds, thereby complying with the mandatory safety standard.

On the other hand, businesses with lower occupancy rates, which may include bed-and-breakfast or guest-house facilities, may not find it necessary to replace bed furniture as frequently. Further, they may not be as financially able to replace furniture before it is no longer useable. Therefore, some short-term rental accommodation facilities may have bunk beds which have been in place for more than 10 years.

4 Authorising Law

Provision exists under Section 83(1) of the *Fair Trading Act 1989* for the introduction of a regulation which may prescribe a safety standard for a specified kind of good as well as a service. Section 83(3) states that such a safety standard for services must consist of requirements such as:

- (a) the manner in which services are to be supplied, and
- (b) the form and manner of disclosure of warnings, instructions or other information to be communicated to a person to whom services are to be supplied.

These requirements must be reasonably necessary to prevent or reduce risk of injury, including physical, mental or psychological injury, to any person. Non-compliance is a breach of section 84 of the *Fair Trading Act 1989*.

5 Policy objective

The policy objective is to reduce the risk of childhood injury associated with bunk beds in the short-term rental accommodation industry.

There is a demonstrated need for government intervention. This is due to:

- (a) the high rate of serious injury arising from bunk bed-related incidents;
- (b) the absence of any business-model uniformity or specific representative body in the short-term rental accommodation industry; and
- (c) the rate of furniture turnover in this industry being too slow to activate the requirements of the mandatory safety standard as intended when the standard was only made prospective in operation.

Given the particular challenges presented in improving coverage of the mandatory safety standard across this diverse slice of the overall accommodation industry, a range of options need to be considered. These options include regulatory and/or non-regulatory approaches.

6 Proposed course of action

Based on the examination of options (see section 12), the proposed course of action is to introduce a bunk bed regulation by 2012 (allowing industry three years to comply) to extend the mandatory safety standard to bunk beds supplied in the short-term rental accommodation industry.

It is also proposed that an ongoing marketplace education program be conducted. This program should target users of bunk beds and suppliers of short-term rental accommodation.

The objectives of the education program should be to:

- educate parents and caregivers about the dangers of bunk beds and the additional dangers of using bunk beds in unfamiliar surroundings (e.g. short-term rental accommodation);
- promote ‘best practice’ to all industry sectors in terms of ensuring bunk beds meet the safety requirements of the mandatory safety standard and encourage the removal of older unsafe bunk beds;
- educate consumers and the industry as to safer alternatives to bunk beds (such as trundle beds) in accommodation where space is at a minimum;
- provide self-help strategies to consumers so they may quickly assess the safety of bunk beds with a long-term objective of removing unsafe bunk beds from consumer homes;
- raise awareness amongst those establishments run by government, schools and community groups about the safety of bunk beds; and
- ensure manufacturers and retailers are aware of their responsibilities in regard to providing a safe product.

The intent of the proposed course of action is to achieve the desired policy objective by promoting measures to reduce the risk of childhood injury associated with bunk beds when used in short-term rental accommodation.

The education program will use various strategies targeted towards each marketplace sector. The overarching theme for industry will be that safety is good for business, whilst the theme for consumers is that bunk bed safety is uncomplicated and requires minimum input.

The education tools that will be employed include:

- Supplying information on bunk bed safety by direct marketing to restricted letting agents, real estate agents and other industry members responsible for letting and managing unit complexes;
- Providing consumer information to tourist centres in relation to bunk bed safety;
- Providing web-based information to consumers and businesses on bunk bed safety;
- Developing simple-to-use compliance checklists for industry;
- Developing specific material for community groups and government agencies in relation to bunk bed safety;
- Providing editorial content to parenting, tourism and letting industry trade magazines;
- Developing regular media events, warning parents and caregivers about unsafe bunk beds and encouraging parents to avoid holiday accommodation with unsafe bunk beds;

- Providing guidance to government agencies and community groups on bunk bed safety; and
- Providing schools with articles on bunk bed safety for newsletters.

Irrespective of the outcome from the RIS, DEEDI will continue to promote bunk bed safety based on the above points, highlighting the possible dangers of using older bunk beds.

The preferred option may be amended should material submitted during the consultation period provide an evidence base to consider alternative options. This is particularly so if feedback reveals that levels of compliance with the mandatory safety standard within the short-term rental accommodation industry is sufficiently high so that a strategically-tailored education program alone would address the small ‘gap’ in the coverage of the mandatory safety which remains.

7 Legislative intent

The intent of the proposed course of action is to achieve the desired policy objective by promoting measures to reduce the risk of childhood injury associated with bunk beds when used in short-term rental accommodation.

The introduction of a regulation and an education program is considered reasonable and appropriate as there is a need to address ongoing injuries associated with bunk beds in the short-term rental accommodation industry.

8 Consistency with the authorising law

The proposed introduction of a regulation and education program is consistent with the policy objectives of the *Fair Trading Act 1989*.

9 Consistency with other legislation

The proposed introduction of a regulation and education program is consistent with the policy objectives of other legislation.

10 Impacted stakeholders

The proposed amendments are likely to impact on the following stakeholders:

- the holiday rental industry;
- unit owners (who rent units for monetary gain);
- community groups (who rent accommodation);
- the tourism industry (especially the backpacker industry);
- the real estate industry;
- the restricted letting agents industry;
- government agencies that lease premises;
- community groups;
- consumers; and

- health authorities.

An impact matrix is provided at Appendix 1, which analyses the potential impact of the proposed regulatory and non-regulatory options on relevant stakeholders.

11 Preliminary stakeholder consultation

On 27 October 2008, the Queensland Government held a workshop with industry stakeholders to discuss safety issues in relation to bunk beds and the likely cost/benefit impact that regulatory and non-regulatory options may have on their industry group. This included representatives from the real estate industry, the restricted letting agents industry (who rent holiday accommodation), the tourism industry, and the caravan industry. Feedback was sought on:

- the current use of bunk beds in accommodation facilities;
- the potential liability relating to the supply of bunk beds that do not meet applicable standards; and
- the effect that regulatory and non-regulatory options may have on each industry sector in terms of improving the level of compliance with the mandatory safety standard.

Industry feedback suggested that the use of bunk beds in the holiday unit and motel industries has declined over the years. Bunk beds are more commonly found in caravan and cabin facilities due to space limitations. This industry sector self regulates, and the safe installation of bunks in caravans and cabins is now a key consideration.

It was also noted that some insurance companies have a provision in their policies regarding compliance with Australian Standards, stating that if the product does not comply with the current safety standard, regardless of whether compliance is mandatory or not, the insurance policy may not cover the risk. Each accommodation facility would need to verify with their insurer as to whether this provision applies to them. This risk may deliver a safer outcome by driving accommodation suppliers away from bunk beds or take steps to ensure they are compliant with the mandatory safety standard for bunk beds.

Whilst regulation would legally bind the short-term rental accommodation industry to ensuring compliance with the mandatory safety standard, it was not supported by industry owing to costs and the relatively low risk of injury. This is especially relevant to small businesses which operate in regional and rural areas with infrequent visitors.

There is general industry support for a comprehensive education program directed towards industry promoting the importance of using bunk beds that meet key safety features (or avoiding bunk beds altogether) to ensure safer facilities and to mitigate liability. This would allow industry to update their accommodation facilities in a manner which complements their own business planning arrangements.

DEEDI has broad access to short-term rental accommodation providers through various industry representative groups such as the Real Estate Institute of Queensland

and the Australian Resident Accommodation Managers' Association Inc. (formerly Queensland Resident Accommodation Managers' Association Inc.). These groups have offered to provide an avenue to target education programs to those suppliers most in need of the information and guidance about making a safer holiday environment.

12 Options and alternatives

Consideration has been given to a number of options to reduce the risk of children being injured by the use of unsafe bunk beds in the short-term rental accommodation industry. These are as follows:

- Option 1 – Regulation – extend the mandatory safety standard to bunk beds supplied in the short-term rental accommodation industry. The regulation would be introduced within an agreed timeframe, but no later than three years.

This regulation would close a 'gap' in the coverage of the mandatory safety standard by applying to bunk beds already purchased and which are used in the short-term rental accommodation industry.

- Option 2 – Education program – promote the benefits of updating bunk beds to comply with the mandatory safety standard, highlighting industry responsibility to provide a safe environment for visitors and educating consumers about the safe use of bunk beds.
- Option 3 – Combination of Option 1 and Option 2 (preferred option).
- Option 4 – Status Quo – do not impose further regulation, and do not promote the importance of updating bunk beds to comply with the mandatory safety standard.

Rationale for selecting Option 3 – Regulation and education program

If this option is selected, it is proposed that a three-year lead-in time for introducing a regulation be implemented to allow businesses to absorb the costs of replacing non-compliant bunk beds. At the end of the lead-in period, the mandatory safety standard for the supply of bunk beds to the consumer market will have been in place for 10 years. Therefore, it is likely that the proposed regulation will only be significant to a small portion of the short-term rental accommodation industry, as beds older than 10 years are more likely to have already been replaced. Despite this, industry is expected to voice some objection to the introduction of such a regulation, due to the necessary replacement costs involved. The relatively low incidence of (reported) bunk bed-related injuries outside the home is also likely to fuel such industry objection to this increased regulatory burden.

However, replacing unsafe bunk beds appears to be a simple one-off transitional cost to unit owners. This cost would only be significantly more for owners and operators of parks with caravans and cabins with built-in bunk beds installed before the mandatory safety standard was introduced in 2002.

Marketplace compliance monitoring in the short-term rental accommodation industry presents particular challenges. For example, it would not be immediately evident

where the bunk beds were being used. Further, when bunk beds are located, it would be difficult to inspect the product in accommodation that is actually in use. Therefore, innovative compliance and enforcement strategies will be required to ensure the safety objectives are met.

It is anticipated that an increased number of compliance officers will be required to ensure compliance is monitored effectively and enforcement action is taken when required. Any lack of enforcement or marketplace presence by compliance officers would most likely mean the industry would not be motivated to comply with the regulation. Its effectiveness would therefore be partially reliant on the associated education program and industry goodwill.

However, if an education program is implemented prior to the introduction of a regulation informing industry of their legal obligations and maintained over the long term, short-term rental accommodation facilities may be motivated to assess the risk associated to their facility and implement key safety requirements. Product safety specialists from DEEDI will also provide guidance on how to make a sleeping environment safer.

The addition of an education program linked to a regulation is supported for two main reasons. Firstly, the education program will facilitate a lead-in time for affected operators to become compliant with the regulation when it commences. Secondly, given the diverse nature of the short-term rental accommodation industry and the absence of any one specific stakeholder organisation to represent operators in this industry, an education program will ensure affected operators are made aware of the regulation and how they can comply with it.

However, selecting this option is also supported by the Precautionary Principle, which is a science-based risk management tool. The principle is an approach to managing threats of serious or irreversible harm where there is scientific uncertainty. The precautionary approach recognises that the absence of full scientific certainty shall not be used as a reason to postpone decisions where there is risk of serious or irreversible harm.

The following factors, highlighting what may be perceived as a lack of scientific certainty as to the necessity for a regulation, are relevant in justifying use of the Precautionary Principle to the issue of how best to address the possible 'gap' in the coverage of the mandatory safety standard in the short-term rental accommodation industry:

- There is a lack of clear data in terms of causalities of injury related to bunk beds that are not compliant with the mandatory safety standard in the short-term rental accommodation industry, yet there is a high risk that injuries or deaths will occur where these products are implicated;
- Current interventions, such as educating industry and consumers, may not be adequately addressing the safety problem; and
- The serious-injury risk may not be well understood by consumers or suppliers of short-term rental accommodation.

Rationale for eliminating Option 1 – Regulation

Regulation alone would not guarantee the degree of compliance expected from introducing such a compulsory requirement, because of the diverse and fragmented nature of the short-term rental accommodation industry and the absence of any one specific stakeholder organisation representing operators in this industry may prevent all affected operators being made aware of the regulation and how they can comply with it. An education program will assist in achieving a broader reach for the regulation, thereby improving compliance.

The addition of an education program would facilitate a reasonable lead-in time before the regulation commences, thereby allowing operators to plan for the costs associated with complying with the proposed requirements under regulation, and raise their general awareness of the safety issues which prompted the regulation.

Rationale for eliminating Option 2 – Education program

As noted above, without a legal requirement to change to safer bunk beds, many operators in the short-term rental accommodation industry may simply not be motivated to comply with the mandatory safety standard within the proposed three-year lead-in period. Although the cost of replacing their bunk beds is relatively low, and might be an expected business expense in any event, many operators (particularly those who only rent accommodation for a few months or even weeks of the year) may not consider the risk justifies the expense involved.

Rationale for eliminating Option 4 – Status Quo

With ongoing injuries associated with bunk beds, it is recognised that some form of increased government intervention in the marketplace is required. The lack of awareness in the industry and the community has generally resulted in injuries that could have been prevented. Further, parents unaccustomed to bunk beds may be unaware that they are unsafe for children under the age of nine years.

It should be noted that in accordance with the Council of Australian Governments' business regulation reform agenda, it has been agreed that a new national product safety system will be in place by 2011. If a regulatory option is introduced in Queensland, the Queensland Government would need to put forward a proposal to the Commonwealth Government for consideration about adopting the regulatory option at a national level.

At present, no jurisdiction regulates bunk bed safety in the short-term rental accommodation industry.

A summary of the anticipated costs and benefits of each of the above options is provided in an impact matrix at Appendix 1.

13 Cost and benefit assessment

13.1 Option 1 – Regulation

The regulatory option will impose an obligation on the short-term rental accommodation industry to update all bunk beds in accordance with a new regulation

to only provide bunk beds which comply with the mandatory safety standard. This option would have a proposed lead-in time of three years.

Impact on Industry

Preliminary consultation indicates that industry will not respond positively to an increase in the regulatory burden. There will be a higher impact on some areas of industry than others.

The industry consultation conducted to date has been unable to identify exactly how many short-term rental accommodation businesses use bunk beds, and therefore it is difficult to accurately quantify how many operators would be affected by the proposed regulation. A broad estimate is that there may be up to 300 000 such businesses where bunk beds could potentially be in use (which includes backpacker hostels, caravan and camping parks, school camps, and holiday rentals). However, it is likely that the number of businesses actually using bunk beds would be far less, possibly as low as 25 per cent of this total.

Although the cost today of purchasing a bunk bed which complies with the mandatory safety standard will depend on a range of factors, the average cost of such a bunk bed is less than \$500. Therefore, owners of units utilising bunk beds which do not currently meet the mandatory safety standard will be required to replace them at a cost of about \$500 per bunk bed. However, the cost of replacing bunk beds in caravans and cabins is expected to start at \$800, given that bunk beds are usually built-in and therefore more complex to remove and replace.

The turnover of furniture in the short-term rental accommodation industry is probably less frequent than in year-round accommodation businesses. However, the turnover of furniture would be a standard expenditure across the entire accommodation industry, which all operators should already have built into their financial plans. In any event, the lead-in time until the regulation takes effect should give operators an opportunity to make allowance for this new cost.

Impact on Consumers

Introducing a regulation which requires all bunk beds to be compliant with the mandatory safety standard would reduce the injury risk to children using bunk beds in short-term rental accommodation. It should be noted that no regulatory regime can completely eliminate risk in this area, and it could even be argued that all bunk beds (even those that are compliant with the mandatory safety standard) pose potential hazards to a child. It should also be noted that injury data suggests that up to half of childhood injuries associated with bunk beds records the activity when the injury occurred as 'playing'.

Additionally, the costs associated with replacing non-compliant bunk beds may be passed onto the consumer. However, given that any such flow-on effects will be influenced by the decisions of accommodation suppliers and also by the number of bunk beds which need replacing, it cannot be estimated what, if any, costs would be passed on.

Impact on Government

Considering the size of the short-term rental accommodation industry, intensive enforcement of the regulation would be costly. Compliance officers would be required to undertake compliance checks around the state and the extensive nature of the proposed regulation would also require widespread marketplace education to inform industry and consumers of the new laws.

Assuming the size of this industry as estimated above, additional inspectors may be needed to monitor compliance with the regulation. However, as short-term rental accommodation is generally located in regional areas, these new additional inspectors could also undertake other compliance activities in such areas - thereby mitigating the cost of employing the inspectors by enhancing the overall enforcement program. These costs would be absorbed by the Department's operational budget.

In all the options that propose increased regulation of bunk beds, there may be an additional cost to government and community groups that own or manage short-term rental accommodation that use bunk beds. Traditionally, this sector has a very low risk tolerance and will likely seek to comply with the requirements of the mandatory safety standard as a matter of urgency. This will involve audit costs and upgrading costs where required.

13.2 Option 2 – Education program

The proposed education program will encourage the short-term rental accommodation industry to update all bunk beds in accordance with the mandatory safety standard, and raise community awareness of the dangers associated with bunk beds so that consumers can take their own preventative action (such as not holidaying in facilities that have unsafe bunk beds).

DEEDI already has an ongoing education program in place. For example, a 'safe holiday' guide produced by DEEDI has been sent to all Queensland tourist information centres. This guide is intended to raise consumer awareness about hidden hazards in holiday accommodation, such as unsafe bunk beds, the strangulation risk of looped blind cords, what to consider when hiring nursery furniture and drowning hazards of spa pools. It is hoped that this ongoing non-regulatory intervention will cause consumers to seek out safer holiday accommodation which in turn will result in accommodation suppliers upgrading the safety of their premises.

Impact on Industry

Short-term rental accommodation facilities will be encouraged to progressively update all bunk beds in line with the mandatory safety standard or remove bunk beds, as well as promote the safe use of bunk beds to consumers where applicable. Raised awareness of bunk bed safety could result in consumers questioning the safety of bunk beds in accommodation facilities. This in turn could encourage short-term rental accommodation facilities to voluntarily update their bedding facilities to improve their competitive advantage.

Impact on Consumers

Whilst consumers will not be required to actively participate in the education program with regard to short-term rental accommodation facilities, safety awareness

surrounding the use of bunk beds while on holidays is likely to increase. Safety guidance and information will continue to be provided by DEEDI. For example, consumers who do not have bunk beds in their homes may not be aware that children under the age of nine years should not use the top bunk. Exposure of the issue through an education program may encourage renters to question the use of bunk beds in accommodation facilities.

Impact on Government

The Government's objective of a safer community would be met by the implementation and maintenance of an education program as the initiative encourages safety, without overburdening the short-term rental accommodation industry with further regulation. The education program would require the Government to communicate with the public utilising various communication tools and tactics, such as flyers, mail-outs, electronic newsletters, articles in industry journals and newspapers, and other media opportunities including news items on popular lifestyle television programs.

The cost of an ongoing education program to reach the diverse industry groups and consumers is estimated to be around \$15 000 per year and should be reviewed annually to evaluate the success or otherwise of the program.

Although there would be short-term costs associated with developing, implementing and evaluating the education program, the intention of the program (to reduce injuries) would ultimately see the cost to the community reduced in the long term.

13.3 Option 3 – Combination of Option 1 and Option 2

Impact on Industry

As stated above, noting that implementing the education program prior to introducing the regulation will ensure that industry is aware of the requirements and will have sufficient time to take appropriate action.

Impact on Consumers

Consumers will have access to safer holiday environments, but may be required to pay slightly higher prices as costs incurred in replacing bunk beds are passed on in higher rent.

Impact on Government

It is expected that implementing the education program prior to introducing the regulation will reduce the burden of compliance enforcement on the Department. However, the costs associated with introducing a regulation and an education program would be substantial.

13.4 Option 4 – Status Quo

Impact on Industry

In the absence of a regulation or an enhanced education program, the short-term rental accommodation industry will continue to provide sleeping accommodation that does not meet acceptable safety benchmarks. As there would be no incentive to improve

the safety of sleeping arrangements, the likelihood of industry upgrading the standard of bunk beds in facilities under its control would be remote.

Impact on Consumers

Whilst some consumers may question the safety of bedding, it is more plausible that consumers are unaware of the risks associated with bunk beds, and rely on accommodation suppliers to provide a safe sleeping environment.

Impact on Government

There would be costs associated with maintaining the Government's existing obligation to educating the marketplace about safety issues. However, these costs would not be significant and could be absorbed in day-to-day operational costs. Under the status quo option, Government would not incur further costs for the introduction and enforcement of a regulation. However, as there is clearly a need for some form of government intervention to reduce the likelihood of childhood injury caused by the use of bunk beds in the short-term rental accommodation industry, maintaining the status quo is not considered a desirable option.

14 Fundamental legislative principles

Fundamental legislative principles have been considered. The proposal to introduce a bunk bed regulation to extend the mandatory safety standard to bunk beds supplied in the short-term rental accommodation industry does not breach any fundamental legislative principle contained in section 4(3)(g) of the *Legislative Standards Act 1992*.

The proposed introduction of a regulation and education program is consistent with DEEDI's broader action plan to educate the short-term rental accommodation industry about safety issues that affect consumers, including the importance of having electrical safety switches installed, ensuring smoke alarms are in working order and that blind cords do not present a strangulation risk.

15 Risk assessment

As indicated by preliminary stakeholder consultation, an education program is expected to receive a more positive response than the introduction of a regulation. However, as the risk of childhood injuries associated with the use of bunk beds needs to be taken seriously, it is proposed that a regulation will be introduced in addition to an education program.

Although the short-term rental accommodation industry has become increasingly regulated in relation to safety of its facilities, the response to another regulation may not be given a high priority. Additionally, since a proposed regulation would be resource-intensive for the government to enforce, some owners of short-term rental accommodation facilities may view the likelihood of their non-compliance being discovered to be so low that they will even further de-prioritise complying with the regulation.

By launching an education program solely focused on the dangers associated with the use of older style bunk beds and promoting safer alternatives, the short-term rental

accommodation industry, as well as consumers, will become increasingly aware of the risks and be able to take preventative measures. To reduce the possibility of litigation, facilities forecasting a high risk of bunk bed-related injuries will be more inclined to implement compliant bedding and promote safe use of these bedding facilities.

16 Conclusion

The proposed introduction of a regulation and education program is considered appropriate because it meets the policy objective. The introduction of a regulation and an education program is being developed in response to the requirement to reduce the risk of childhood injuries associated with the use of bunk beds pre-dating the 2002 mandatory safety standard in the short-term rental accommodation industry. With the safety of children the primary concern, the combined initiatives (the introduction of a regulation and an education program) appear to be the most effective option.

Appendix 1 – Impact Matrix

Proposed Options	Positive Impacts	Negative Impacts
Option 1 – Regulation	<ul style="list-style-type: none"> • Reduced injury risk for consumers, and in particular children. • Industry will be able to risk manage the issue and develop innovative strategies to reduce the risk of childhood injury. • DEEDI would be in a position to provide positive guidance to industry on safe sleeping environments which may generate a culture of safety within industry. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • The anticipated reduction in injuries over time will reduce costs for the health sector. In turn, this should reduce the average cost of treating an admitted patient, which currently stands at \$4 380. 	<ul style="list-style-type: none"> • The Government will have to develop innovative compliance and enforcement strategies due to the size of the short-term rental accommodation industry and the limited number of investigators. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • Costs for industry will start at around \$500 to replace each bunk bed which does not currently meet the mandatory safety standard (albeit that industry would face this cost anyway, if in the normal course of events they decided to replace their bunk beds in the next few years). • Some accommodation facilities may be unable to comply if the requirement is prohibitively expensive, particularly in remote locations. • Industry may increase accommodation rent as a way of absorbing the cost of replacing their bunk beds, thereby impacting on consumers (however, experience with the introduction of other mandatory safety standards suggests that these consumer costs level out following the transition phase). • The compliance costs for government will be absorbed within the Department³.
Option 2 – Education program	<ul style="list-style-type: none"> • Industry will be able to assess the risks associated with bunk beds in their own facilities with the assistance of the expertise provided by DEEDI. • Industry will be able to comply with the mandatory safety standard in its own time. Note that since 2002, all bunk beds sold (including those sold into the short-term rental accommodation industry) have had to comply with the mandatory safety standard. 	<ul style="list-style-type: none"> • Short-term rental accommodation facilities will not be required to replace older style bunk beds. • Further injuries may still occur; however, the likelihood of this will decrease due to awareness raised in the industry as well as with consumers. • Education programs that are poorly targeted and under funded are generally seen to be the least effective safety intervention.

³The approximate annual cost of one inspector (and associated costs) is \$60 000.

Proposed Options	Positive Impacts	Negative Impacts
	<ul style="list-style-type: none"> • Consumers will be more aware of bunk bed safety and may question accommodation facilities about the safety of their beds when selecting accommodation. • The initiative encourages safety, without overburdening the short-term rental accommodation industry with additional compulsory requirements. • Industry will be able to risk manage the issue and develop innovative strategies to reduce the risk of childhood injury. • DEEDI would be in a position to provide positive guidance to industry on safe sleeping environments which may generate a culture of safety within industry. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • No compulsory expenditure for industry. • No costs to consumers. 	<p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • The education program⁴ costs for government will be absorbed within the Department.
Option 3 – Combination of Option 1 and Option 2 (preferred option)	<ul style="list-style-type: none"> • Increased safety for consumers and consumers do not have to take action to improve the safety of bunk beds. • Effective and sustainable means of changing industry behaviour. • Effective long term injury prevention strategy. • Effective means of reducing injuries. • A three-year lead-in time may reduce the immediate cost burden on industry. • Consumers will be more aware of bunk bed safety and may question accommodation facilities about the safety of their beds when selecting accommodation. • DEEDI would be in a position to provide positive guidance to industry on safe sleeping environments which may generate a culture of safety within industry. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • The anticipated reduction in injuries over time will 	<ul style="list-style-type: none"> • The Government will have great difficulty in enforcing the Regulation due to the size of the short-term rental accommodation industry and the limited number of investigators. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • Costs for industry will start at around \$500 to replace each bunk bed which does not currently meet the mandatory safety standard (albeit that industry would face this cost anyway, if in the normal course of events they decided to replace their bunk beds in the next few years). • Some accommodation facilities may be unable to comply if the requirement is prohibitively expensive, particularly in remote locations. • Industry may increase accommodation rent as a way of absorbing the cost of replacing their bunk beds, thereby impacting on consumers (however, experience with the

⁴The cost of the education program is estimated to be around \$15 000 per year.

Proposed Options	Positive Impacts	Negative Impacts
	<p>reduce costs for the health sector. In turn, this should reduce the average cost of treating an admitted patient, which currently stands at \$4 380.</p>	<p>introduction of other mandatory safety standards suggests that these consumer costs level out following the transition phase).</p> <ul style="list-style-type: none"> • The education program and compliance costs for government will be absorbed within the Department.
Option 4 – Status Quo	<ul style="list-style-type: none"> • No other impacts to industry, consumers or the Government (other than existing education programs). <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • No new cost to industry, consumers or the Government (other than existing education programs). 	<ul style="list-style-type: none"> • May have little impact on injury reduction. • Injury incidents involving bunk beds that pre-date the mandatory safety standard could still occur, which could result in further implications for the Government. <p><u>Financial impacts</u></p> <ul style="list-style-type: none"> • May not reduce bunk bed-related injuries over time, and therefore may not reduce costs in the health sector.