

Mr Bruce Billson
Australian Small Business and
Family Enterprise Ombudsman



Review of Public Liability Insurance and a
Discretionary Mutual Fund for Operators in the Tourism Sector

Dear Mr Billson,

My name is [REDACTED], and along with [REDACTED] [REDACTED] we own Jetski Hire Magnetic Island. We welcome the opportunity to provide a response to the Small Business and Family Enterprise Ombudsman's Review of Public Liability Insurance for Tourism Operators.

I want to take this opportunity to explain to you how incredibly devastating the lack of action surrounding Public Liability Insurance has been for Tourism businesses like ours and explain what we believe needs to happen to safeguard Australian Adventure Tourism.

1. Our situation.
2. Short term solution.
3. Our personal recommendation for the long term security of our business and others in the same situation.

Jetski Hire Magnetic Island was established almost 30 years ago on the East Coast of Australia just a short ferry ride from Townsville. We took over the business in 2014 as we needed a change of pace from life in Brisbane, previously [REDACTED], and [REDACTED], our move and change was prioritised [REDACTED].

Life on the island is really something else, the people are kind and it's a slow and steady lifestyle, we've faced floods, and a pandemic in the last few years but in May of 2021 we faced our biggest battle. We had just begun to build our home when we received a phone call from our broker saying our current underwriter would not reinsure us and that they were having trouble placing our business with anyone else. At first we believed that we would get offers but that they may be excessive as a few years ago we were offered insurance with 2 separate Australian underwriters at a cost that was roughly 400% on top of our current premiums, those premiums were what forced us to an offshore underwriter, a 400% increase for a small Mum and Dad run business would have ruined us. Weeks went by and we realised this was no longer the same as what we had faced before, the companies who offered insane premiums weren't offering anything, there was no one in the entire world who was insuring businesses like ours, we called hundreds upon hundreds of brokers, we were playing a numbers game that maybe 1 of them would know something the others didn't. We rallied with other businesses, did everything that was within our power to keep our business going but there was nothing, it was 100% out of our control, it was devastating. You always think, we have a solid safety management system, there has never been a claim made against the business, we have never had a marine incident, those things should make us 'safe,' in 8 years we have paid over \$100,000 in premiums and have never had to use it but none of it accounted for anything, we were being treated as a number regardless of the business we ran, we were simply uninsurable and quickly approaching our liability due date.

I can't explain to you the stress this caused for our family, immediate and extended, our business is our sole income, we have a 2 year old, we moved our entire life and sold our home in Brisbane to ensure we could continue to live and be content in what we did. The fact that we are told by Government organisations such as Townsville City Council, GBRMPA, and QLD State Parks that we need to have a 20 million dollar level of public liability cover to operate is absurd, not only do these organisations all have their own public liability insurance but that limit is just considered 'standard,' we were told that's just what you need to operate here. It is absolutely no surprise to me that so many businesses operate without any insurance, unfortunately for us we never had another option, our permits require us to have it and otherwise, we close.

On 29 May 2021 I was invited to attend a lunch with Minister Stirling Hinchliffe, the Minister for Tourism Industry Development and Innovation and Minister for Sport, I was told liability limits, which are controlled by the states would not affect our chances of receiving insurance, to me this was beyond ridiculous, if you place any business with 20 million dollars against a business with say 5 million dollars up against each other, the 5 is less of a risk and more likely to be offered something affordable. I now know, watching our close friends at Horseshoe Bay Watersports go through this same challenge over the last 2 months that it does matter, the state determined liability limit has a profoundly negative effect on our businesses existence, something I've been told numerous times could be changed so quickly. Horseshoe Bay Watersports have been offered insurance of 10 million but that would leave them unable to fulfil the requirements dictated to us by the Government, those limits need to be revised and it needs to happen immediately, businesses are closing, and not a single thing has been done to date to stop this from repeating.

Thankfully for us we were offered a policy, an entire 2 hours before we would have indefinitely closed, this policy I would call our short term solution, our broker is considered one of the best for our industry and they have a number of jetski related businesses on their books, they essentially made a deal with an Australian underwriter to take on the

majority of these jetski businesses, the issue with this is that a monopoly doesn't necessarily offer longevity, there's no guarantees for tomorrow and most definitely significant stress around every renewal we will face until the government takes control of the mess we're faced with. This policy also did not just simply fall into our laps, we have now made (another) significant investment into our business and equipment, not only that but our premiums are 30% higher than we have ever accepted before. For us, that increase will very potentially prevent us from employing another staff member as we emerge from the ongoing effects of the global pandemic we've just survived, a 30% increase stifles the growth of our business indefinitely. Investing into a business with a guaranteed future is one thing but for us there's no guarantee that when our renewal rolls around again next year our current insurer (the only one in the world) will continue offering us cover, or perhaps they'll offer us unaffordable cover, we don't know and we won't until our renewal edges closer again, can you imagine having an unnecessary yet unavoidable stress that looms over every single decision we make, both personally and professionally. The only way to provide any security to businesses like ours is with government intervention, if the government requires us to have it the government has a responsibility to make sure the product is available and regulated.

The 2 solutions we would like to see happen for our industry is,

- Capped public liability limits, 3 million in line with the New Zealand model, not 20 million any longer, it's absurd and is the reason many businesses have not been offered cover, it's also the reason that pushes our premiums through the roof, as if North Queensland insurance isn't high enough already.
- Mutual Benefit Fund (industry led, but seed funded through Government) through an overarching association such as AALARA. There must be a guarantee to safeguard Adventure Tourism, I constantly see Tourism and Events Queensland and Visit Australia with their "Good to Go" and "Holiday Here this Year," there's going to be nothing left to do, we need all the support from domestic and returning international tourists as possible yet the flow on effect from losing even a select handful of businesses is astronomical. For example, in Horseshoe Bay (the Watersports capital of Magnetic Island) there is 9 food related businesses that rely on the pull of the Watersports activities, businesses like ours are why people visit Horseshoe Bay and it's why people stay.

Governments of the day have a fundamental obligation to support small business, businesses like ours are copping the brunt of neglect, we need government intervention so we know we'll be able to provide for our family and contribute to the community for generations more.

I am grateful for the opportunity to share our story, hopefully assist in your understanding the challenges we have faced and continue to face in our industry, and be a contributing factor to a drastic government change which is urgently needed for businesses like ours to continue securing Public Liability Insurance.

Kindest regards,

A large black rectangular redaction box covering the signature and name of the sender.