

3 November 2021

Mr Bruce Billson
Australian Small Business and Family Enterprise Ombudsman
GPO BOX 1791
CANBERRA ACT 2601

Dear Bruce

The Royal Agricultural Society of NSW welcomed your recent report *The Show Must Go On* and concurs with your position that the industry faces a clear and present danger. Amusement rides are a top two attraction for the Sydney Royal Easter Show and indeed the 580 agricultural shows across Australia. The product provides a compelling reason to attend these events and help attract circa 6,000,000 guests annually. The attraction and recurring revenue provide a vital hook and financial means to allow agricultural shows an opportunity to teach kids where their food comes from and develop Australian agriculture through competition.

The RAS of NSW excluded five rides from the 2021 Sydney Royal Easter Show due to an inability of licensees to secure public liability insurance. Without adjusting our criteria for 2022 Show, we fear that figure will be closer to 80%. In response to your questions, I provide the following;

1. Is there a need for action by government? Is there a proven incapacity for the industry to self-support a solution? *Yes, this has been an ongoing issue for 18 months and needs a solution. The travelling ride operators have suffered enormously as a result of COVID 19 and cancelled events across the country. I don't believe the industry is capable of self-supporting a solution in light of the current climate.*
2. If the government does not act to support the sector, what alternatives could the sector pursue? *Traditional insurance has failed the industry, the lack of availability and significant premium increases represents a market failure*
3. Are there any other groups or entities likely to be affected if the government does not take action? *School fetes, Christmas carnivals in local coastal communities*
4. Are there any other options for action that should be considered by the sector or the government? *No further comments*
5. What other aspects of DMF better practice should be considered? *The RAS of NSW is confident an industry owned and operated DMF will lift the standard with regards to risk management and improve safety outcomes for amusement devices. This would be an excellent additional outcome.*
6. Are the public policy considerations listed accurate? Should additional considerations be included? *Yes, the report is comprehensive*

Royal Agricultural Society of NSW

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7. Is there sufficient evidence that a DMF, if appropriately formed and governed, could work for the various stakeholder groups? *I am confident an industry DMF with appropriate corporate governance will receive appropriate support.*
8. Are there other regulatory considerations that should be addressed? *No further comments*
9. Are the design, risk management, and governance suggestions appropriate? *The DMF requires appropriate independent oversight to ensure it is conducted as intended. I am confident in Aon's experience in running these vehicles.*
10. Does the timeline appear reasonable? *Yes, this issue is time critical and needs a solution.*
11. Are there alternative examples of government intervention that should be considered? *No further comment*
12. Are there other aspects that should be considered in terms of market conditions or capacity building for the DMF board and membership? *No further comment*
13. What alternative models of financial support could be offered? *Given the circumstances a grant seems most appropriate and will allow the industry to develop a long-term solution and look after itself*
14. Are the governance and reporting proposals appropriate? Is the suggested board make-up likely to provide the best results for the DMF? *As suggested, independent directors must be encouraged to avoid the potential issues described.*
15. Are there other issues that need to be considered in relation to interaction with states and territories? a. Are the perceptions around discretion presented accurate? Are there other perceptions that should be considered? b. Are there specific legislative barriers that should be considered? *Following a briefing session with Aon I am confident the discretionary nature of DMF will be used appropriately.*
16. Are the current safety standards/regulatory environment/Quality Assurance verification purposes fit for purpose? If not, how would you suggest these be amended? *The industry must continue to challenge itself with regard to safety and risk management. Digital records that follow the National Audit Tool for Amusement Devices will increase visibility and lift standards.*
17. What needs to be undertaken to ensure consumer awareness around the DMF? Are there alternative methods for consumers to manage their own risk? *No further comment*
18. Are there other sectors that should be included in membership of this DMF? *No further comment*
19. Are the proposed DMF member entry requirements adequate? What additional requirements could be considered? *Entry requirements appear appropriate.*
20. What else should be considered in the process of the final proposal development? *CEOs of Royal Shows in Australia will investigate suitability of a DMF with individual brokers.*
21. Are the key success features identified accurate? Are there other features that should be considered? *Agree, regular communication with members and adoption of a safety program will contribute to ongoing success.*
22. What other offerings to the DMF membership might increase 'stickability'? *No further comment.*
23. How important is contestability of service offerings? Are there other ways to ensure contestability? *It would appear Aon has undertaken a substantial amount of work to*

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determine feasibility. They have experience in the sector, and I am confident in their ability to operate the mutual with AALARA as industry association.

24. What are additional best practice claims handling procedures? *No further comment.*
25. Should the DMF include a constitutional protection against demutualisation? Should government introduce a protection against demutualisation for the broader sector? *Certainly, worthy of consideration.*
26. Is public confidence in the DMF likely to be an issue? What else could be done to encourage public confidence in the proposed DMF? *No. Mutuals appear well established throughout Australia.*
27. Are there appropriate mechanisms to reengage with private sector/industry market solutions over the life of the insurance market cycle? If not, what proposal settings would enable the sector to take advantage of a softening market? *No further comment.*

I appreciate the Australian Small Business and Family Enterprise Ombudsman taking an interest in this issue and commend you on working towards a strategic solution to a recurring issue.

Kind Regards

