

8 November 2021

Alexandra Hordern
Director
Australian Small Business and
Family Enterprise Ombudsman

Dear Alexandra

Re: The Show Must Go On | DMF Review Interim Report

The Zoo and Aquarium Association wishes to respond to the DMF Review Interim Report which explores whether a Discretionary Mutual Fund (DMF) can be a durable solution and fit for purpose for Australia's amusement, leisure, and recreation sector.

As a peak body, the Zoo and Aquarium Association (ZAA) represents the collective voice of the zoos, aquariums, sanctuaries, and wildlife parks across Australasia that operate to the highest standards. Each year, ZAA members connect 22 million visitors with nature and educate 1.1 million students about wildlife.

ZAA members vary from government owned/supported organisations, not-for-profit businesses supported by charitable trusts, and independent owner operators; many of them small family businesses. Approximately 45% of ZAA membership is the latter.

Over the recent period ZAA members have advised of perceived changes in the availability and coverage of insurance, in some cases down to a single underwriter. With no competition, prices have increased dramatically. There have also been huge increases in policy cost, even when there is more than one available insurer, challenging insurance policy affordability. This feedback has come from multiple sources and geographic locations across the country.

ZAA is monitoring the situation and is in regular contact with insurance brokers and other relevant stakeholders to be aware of growing trends and upcoming risk. Through these discussions AALARA's proposal to establish a DMF as a solution to the critical and immediate need for insurance in the amusement, leisure and recreation sector has been highlighted.

Considering the above, ZAA is responding to The Show Must Go On report, Section 4.5, Question 3; **Are there any other groups or entities likely to be affected if the government does not take action?**

ZAA supports AALARA's position to seek a solution to the current insurance crisis and advocates for the Government to act; to either supplement the hardening insurance market or provide support funding for the proposed DMF.

With recorded impact on public liability insurance for tourism businesses, and property insurance in some Australian locations, without intervention many businesses will suffer. As the country works hard to recover from the impacts of COVID-19, losing businesses from a hardening insurance cycle will only place additional pressure on Australia's long-term economic recovery.

Unlike many other businesses, zoos and aquariums have a high share of fixed operational costs. With animals to feed and care for, absorbing the dramatic increase of insurance costs; liability and property, is hugely challenging.

Whilst not as heavily impacted as the amusement, leisure, and recreation sector at this point, ZAA members are affected. ZAA is mindful of these trends continuing and the potential emerging challenges.

Business failure for zoos and aquariums due to lack of available and/or affordable insurance means the additional concern of animal welfare and threatened species conservation work. Unlike other sectors where business closures mean 'turning off the lights and closing the doors', closure for zoos and aquariums has heightened impact. It is imperative that there is a solution to this emerging insurance crisis.

Kind regards



Executive Director

