



2 November 2021

By email: inquiries@asbfeo.gov.au

Dear Bruce, Alexandra & the ASBFEO Team

RE: Submission to the ASBFEO Interim Report 'The Show Must Go On'

ABOUT THE AUSTRALIAN AMUSEMENT, LEISURE AND RECREATION ASSOCIATION (AALARA)

The Australian Amusement Leisure and Recreation Association Inc (AALARA) was established in 1994 and is the peak national body representing the amusement, leisure and recreation industry of Australia. AALARA was formed to promote, develop and safeguard the interests of its members particularly around safety, operations and management. While our members include the nation's premier and largest attraction companies, the majority of our members are small and family run businesses. AALARA has over 400 Members from all sectors of the fun industry.

SUBMISSION

The Australian Amusement, Leisure and Recreation Association welcomes *'The Show Must Go On'* report released by the Australian Small Business and Family Enterprise Ombudsman. There is a very real insurance crisis crippling our industry. Amusement rides sit idle around the country, theme parks have closed, family entertainment centres have shut their doors.

There is a clear and present danger that our attractions and events will no longer be able to support Australia's visitor economy.

To combat an unstable and unreliable failed insurance market for our industry, AALARA has proposed an industry-owned Discretionary Mutual Fund for our industry's long-term survival.

Discretionary Mutual Funds are well established concepts in Australia and have been deployed over the years to respond to hard to place risks.

We have surveyed our Members and industry in response to the Ombudsman's Interim Report and reading through the heartbreaking responses, it reiterates why AALARA must forge ahead to establish a long-term, durable solution for the industry.



Proposed Establishment Framework

The Australian Amusement Leisure & Recreation Association (AALARA) are exploring the feasibility of a discretionary mutual fund to provide \$20 million of general liability cover for AALARA members that participate in the fund.

Part of this investigation involves understanding the underlying exposures of the AALARA members and exploring the extent to which this exposure may be risk transferred to the reinsurance market.

AALARA can confirm we did look at two alternative DMF management models, before deciding to work with Aon. One proposed by KJ Risk Group and Michael Alexander (HIB Insurance Brokers) and another proposed by Tremayne West. When the AALARA Board discussed the offerings of all three, it was by unanimous decision that Aon was the globally recognised and experienced provider we felt comfortable would deliver what our Members and public need.

Aon has worked tirelessly to provide assistance and guidance to the AALARA Board of Directors and the AALARA Membership throughout this phase, and we deem their partnership a critical one.

We also understand concerns where the placing broker is acting as fund manager – ASBFEO have suggested potential conflict. Aon has a separate entity Aon Risk & Asset Management (ARAM) to manage the fund, and then Aon Broking & Reinsurance collaborate on the market facing XOL placement. ARAM will not be remunerated based on member participation – this will help to remove any perceived conflict.

AALARA understands ASBFEO's suggested make up of the proposed DMF Board and awaits further clarification on the interim report's DMF provider. AALARA's preference is Aon, given their assistance thus far, their reputation and experience in this field.

Data

In order to provide advice on transfer of risk to the reinsurance market, Aon Reinsurance Solutions needed to understand the underlying portfolio. Over the course of 6 months, AALARA & Aon sought the below information from its Members:

1. For each member that will participate in the mutual structure:
 - Industry (as per AALARA website) of the member
 - Detailed description of the member's current operations
 - Qualitative information on the change in the nature of the operations and its risks over the past 10 years (this is used to understand its current exposure to potential GL claims).

- Location(s) of operations
- Type and number of “attractions” (eg go-carts, rides, mazes, pools)
- Annual visitors (000s) over past 10 years (where relevant)
- Staff numbers over past 10 years
- Annual revenue (\$) over time (at least 10 years) and budgeted income for coming year(s)
- Insurance history - Details of current General Liability policies held, including:
 - policy term (eg one year)
 - i. policy limit(s),
 - ii. deductibles,
 - iii. any exclusions
 - iv. premium paid
- Claims history: including per claim for the last 10 years:
 - Industry (as per AALARA website)
 - i. Date of loss
 - ii. Cause
 - iii. \$ Amount, split into
 - i. current paid and outstanding
 - ii. heads of damage (eg medical expenses, care/assistance, aids & equipment, pain & suffering, loss of earnings, defence costs, subrogation, contributory negligence)
 - iii. development of incurred value over time (where available)
 - iv. Remedial action undertaken (if any)
 - v. Details of any declined claims (if any)

1. Additional information from AALARA – historical claims for members who are no longer part of AALARA

Claims history: including per claim for the last 10 years: • Industry (as per AALARA website)

- Date of loss
- Cause
- \$ Amount, split into
 - current paid and outstanding
 - heads of damage (eg medical expenses, care/assistance, aids & equipment, pain & suffering, loss of earnings, defence costs, subrogation, contributory negligence)
 - development of incurred value over time (where available)
- Remedial action undertaken (if any)
- Details of any declined claims (if any)

Analysis / Deliverables

Aon Reinsurance Solutions has reviewed the data provided by AALARA and the wider industry and confirm that it is appropriate and fit for purpose.



Aon Reinsurance Solutions has completed a standard actuarial analysis to determine the likely performance of the portfolio of exposures from the AALARA members. This analysis has been reliant on the accuracy and completeness of the data provided by the members and allows for uncertainty in results. This information can be found under '*Member Information*'.

Aon Reinsurance Solutions will then draw on its understanding of the Reinsurance Market to suggest potential options for reinsurance risk transfer of the underlying portfolio. In order for AALARA to complete this next stage and commit Member funds to the undertaking, AALARA has sought a letter of commitment from Treasury. This request has been received by Treasury, however any further confirmation is still forthcoming.

Traditional Insurance Market Failure

A short time prior to AALARA's investigation into our industry's failed insurance market and an appropriate solution, we had been hearing from an increasing number of Members that they were struggling to find insurance. We were aware that there had been no domestic insurer for our industry for a number of years, but now it seemed to be no offerings for our industry, internationally.

We had also previously heard of large jumps in premium prices, however, the rising trend of inability to find cover was extremely alarming.

AALARA sought council from a number of key industry stakeholders, including the Insurance Council of Australia.

On April 30 2021, Executive Director and CEO of ICA confirmed what our industry had been experiencing first hand, availability of insurance for our sector had dried up.

Fast forward to today, we are aware of a limited few operators in our industry who have secured insurance from CoverSure for \$20 million, with the first \$10million still being offered by an offshore insurer.

Coversure's offering, though a saviour to the few desperate operators who have been fortunate enough to be offered this option and can justify and afford the increases of up to 400%, it certainly isn't fit for purpose, nor a solution for the industry.

Add to the above undesirables, the insecurity a single insurer provides an entire industry. It has been reported to us some that have received terms that this offering is aggressive and extortionate. Providers taking advantage of Members at their most vulnerable by dictating that all insurance must be changed over to them for a minimum of 2-3 years, otherwise they won't receive coverage. This is unethical and unsatisfactory.

AALARA INC.

A discretionary mutual fund doesn't have to be the only option. DMF's coexist with traditional offerings across other sectors, but an industry does need a choice, and at the moment, ours doesn't have that.

Member Information

Based on the data provided, at least 126 members are assumed to be part of the fund for the first year of operation. 76 of these entities provided information (claims, incidents or no claims) for some of the past 10 years. 50 of the members (ie. Just under 40%) did not provide any information on claims history (whether positive or negative).

| 38 Members provided claim and/or incident information, as well as periods of no claims and/or incidents | | 38 additional Members provided confirmation of the periods where they had no claims | | 50 further members provided other information to participate but no history of claims/no claims | | 126 Members are considered for the purposes of the initial fund structure | |
|---|-----------|---|-----------|---|-----------|---|------------|
| Rides | 15 | Rides | 13 | Rides | 12 | Rides | 40 |
| Events | 7 | Events | 4 | Events | 12 | Events | 23 |
| Events & Rides | 6 | Events & Rides | 7 | Events & Rides | 5 | Events & Rides | 18 |
| Theme Parks | 4 | Theme Parks | 3 | Theme Parks | 9 | Theme Parks | 16 |
| Indoor Play | 2 | Indoor Play | 0 | Indoor Play | 5 | Indoor Play | 7 |
| Aquatic | 3 | Aquatic | 1 | Aquatic | 2 | Aquatic | 6 |
| Indoor Trampoline | 0 | Indoor Trampoline | 4 | Indoor Trampoline | 1 | Indoor Trampoline | 5 |
| Inflatable Hire | 0 | Inflatable Hire | 0 | Inflatable Hire | 3 | Inflatable Hire | 3 |
| Other | 0 | Other | 2 | Other | 0 | Other | 2 |
| Go Kart | 1 | Go Kart | 1 | Go Kart | 0 | Go Kart | 2 |
| Inflatable Castle | 0 | Inflatable Castle | 2 | Inflatable Castle | 0 | Inflatable Castle | 2 |
| Party Hire | 0 | Party Hire | 1 | Party Hire | 1 | Party Hire | 2 |
| Total | 38 | Total | 38 | Total | 50 | Total | 126 |

Claims Information (\$ based on type of member)

Information gathered by Aon shows total claims (after any excess that applied at the time) of \$9.3m have been incurred over the 10 year period. This **excludes** any adjustment for inflation, further development of claims or incidents, and claims that are not yet reported. Use of this unadjusted figure alone could potentially materially understate the loss cost.

Actuarial Results

Adjusted Claims for Expected Loss Cost

For analysis purposes, a number of adjustments are made to the historical claims figures. These are:

- For the collection of open claims (14 in total), an additional 5% was added to the incurred position.
- A historical excess is applied to increase the incurred to the total loss (ie to include any member contribution). Where the excess figure was not provided (majority of cases), a historical excess of \$5,000 was used. This is completed so that the proposed excess can be applied later

- Inflation based on Male AWE was used to increase the historical figure to the average settlement date (assumed 30 June 2023)
- The excess that would apply in future (ie between \$5,000 and \$200,000 based on expected turnover) is used to adjust down the cost to that which the fund would incur.

This figure assumes that the claims reported represents all claims, and that the member size is equivalent to the numbers historically, **which we know is not the case**. Therefore, two additional adjustments (applied to the aggregate claim figures) are made:

- Claims and incidents that are not yet reported (and incidents that are reported becoming claims) are included on cohort basis. This assumption is based on the development of the incurred position of the wider ANZSIC code 93 liability claims in APRA's NCPD data, with judgement applied
- Upwards adjustment for the member base that will be in place for the first year (ie 126 members rather than the smaller number in the dataset)

Note that for the purposes of this analysis the large claim in 2020 (\$3,294,092) is treated differently to ensure that there is not a non-sensical impact on the results.

- Optimistic development assumes that less claims are not yet reported / incidents becoming claims
- All \$50k excess changes the excess that is applied that is based on expected turnover to \$50k for all members
- Conservative member adjustment uses the count of members rather than expected turnover

As already noted, there are material assumptions made in this analysis, so caution should be applied when considering the below numbers. Note also that the figures below ignore costs such as expenses, stamp duty and GST.

Stochastic modelling – losses after member excess

Using the historical claims data, along with the adjustments for size of fund (based on count of members and turnover), we can make an assumption on the number of claims and severity of claims and a single excess (\$50,000) to determine the average loss cost for the fund (with the 126 members) over a large number of simulated years.

The below summarises the model results for the fund prior to the purchase of reinsurance.

The average cost after member excess is \$1.9m, whilst the 99th percentile is \$8.2m. The largest modelled loss is \$22.3m, although actual losses may be far higher.

Modelled results of number and \$ losses

| | Number of Claims | Member Excess | Total \$ cost to fund |
|-----------------|---------------------|------------------|--------------------------|
| Average | 18 | 606,239 | 1,871,583 |
| 90th percentile | 24 | 818,447 | 3,679,593 |
| 97th percentile | 26 | 929,504 | 5,734,655 |
| 99th percentile | 29 | 1,018,979 | 8,247,671 |
| Max | 40 | 1,460,363 | 22,326,483 |

Reinsurance analysis

The stochastic modelling allows us to determine the claims that are above a potential deductible for reinsurance, the likely cost of that reinsurance and therefore the reduction in volatility to the potential results. A number of potential structures could be explored with the market. Below is the technical pricing based on standard actuarial techniques.

One option for coverage excess of \$0.5m each and every loss occurrence, with an aggregate program protecting the net position excess of \$2m (to a maximum of \$18m recoverable on the aggregate). Given the quality of data and the potential for very large claims, there is a good potential that this particular structure would not be able to be placed commercially.

Note the figures below ignore costs such as expenses, stamp duty and GST.

| Modelled results after \$19.5m xs \$0.5m each and every, with \$18m xs \$2m on net position | | | | |
|--|---------------------|-------------------------|-------------------------------|--------------------------|
| | Gross Losses | Reinsurance cost | Reinsurance recoveries | Total Fund needed |
| Average | 1,871,583 | 1,300,000 | 670,833 | 2,500,750 |
| 90th percentile | 3,679,593 | 1,300,000 | 1,949,396 | 3,300,000 |
| 97th percentile | 5,734,655 | 1,300,000 | 3,984,045 | 3,300,000 |
| 99th percentile | 8,247,671 | 1,300,000 | 6,492,658 | 3,300,000 |
| Max | 22,326,483 | 1,300,000 | 20,326,483 | 3,300,000 |

Level of Capital Contribution

To date, AALARA has committed an estimated \$55,000 of Member funds to the process of establishing a stable and secure solution for the industry's failed insurance position.

It is estimated that a further \$50,000 is required for Aon to launch the proposed DMF. There will also be other costs for reporting, claims management and individual client broking fees that haven't been costed in to these figures.

In addition to these costs, we have sought legal advice on this proposed DMF from The Fold, a specialist legal firm in this landscape. We are of the belief that going forward, our legal costs to establish the proposed DMF will be approximately \$85,000.

According to Aon's feasibility and actuarial studies, the level of capital contribution from Federal Treasury would be at least \$3,300,000. This is a conservative figure and AALARA have maintained the position throughout this process that the figure of capital would more accurately be approx. \$5,000,000, which would ensure a safe and solid base to the proposed self funded DMF.

AALARA understands Treasury's position in that it doesn't want to be seen as an insurane company, and in order to avoid creating a precedent whereby the Government is seen as the financier, we welcome any and all options of financial support provision.



Proposed Member Composition

AALARA enjoys a collaborative and aligned approach with industry. With the work AALARA has done thus far, it is understood by all industry that a single solution approach is the best pathway forward, so as not to dilute the capacity to help the industry. The collective view is that the only way forward to avoid insurance market failures for our industry, now and in the future, is a Discretionary Mutual Fund.

We also acknowledge ASBFEO's strict entry commentary and concur – and think for phase one and to address the immediate need – we focus on Transportable Rides & Attractions and Theme Parks & Outdoor Attractions including aquatic. We can then in phase two look at Trampoline Centres/Parks and indoor play centres – which have a challenge around staff, and supervision of activities, which will need a lot of collaboration with key stakeholders on risk management.

Phase one can be supported by the work AALARA has already completed in risk management, ride operator training, harmonisation of industry standards and our engineer network.

Direct from the industry

Following the release of ASBFEO's Interim Report 'The Show Must Go On', AALARA released a survey for industry to complete.

We have received 157 completed surveys over the past nine days, with the mood of the responses, devastating.

Not all respondents answered all questions, which explains the varying number of answers in the infographic below.

Quite tellingly, the most skipped question of the survey was 'If still insured, how much is your premium?'

Some industry professionals recall the insurance challenges of 2000, where AALARA again sought to find a solution for the industry until the market softened again.

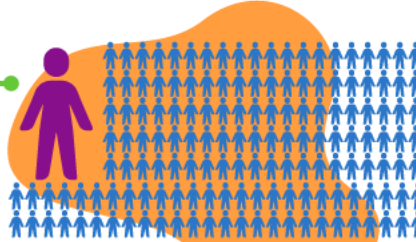
AALARA Members and the wider industry are committed to investing in their future. The stability and security of their livelihood hangs in the balance of their insurance. They want a long term and robust solution that ensures a thriving and safe industry for many years to come, not one that is dependant on other market factors.

Survey Results Overview

AALARA has collected responses from the amusement, leisure and recreation industry over the last nine days to highlight the devastating impact the insurance crisis is having on the amusement industry and its people.

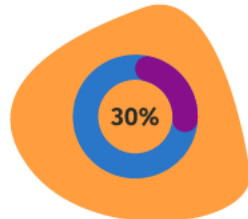
Who's effected?

Of the 153 surveyed, one respondent reported they hadn't been affected by the insurance crisis.



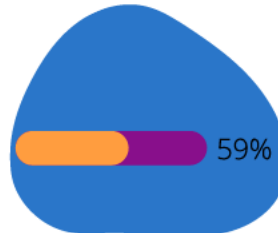
Increased costs

Increases of up to 800% in premium costs were reported from our 120 respondents.



Currently not insured

Of the 144 respondents, 30% are currently without insurance.



Insurances falling due

Over the next 12 months, 59% of the industry's insurances will be due for renewal.

Industry Equipment

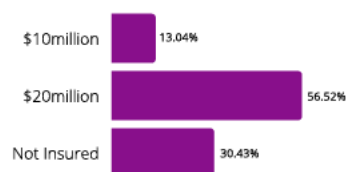
Of the 128 respondents, their total equipment value is...

\$958,707,000

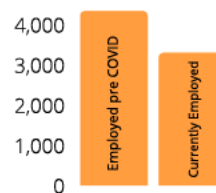


Industry Equipment

Between the 128 respondents, they own 1,161 pieces of amusement equipment.



Current Insurance Status



Employment

[View entire survey](#)

<https://www.surveymonkey.com/stories/SM-TPH7VXYQ/>

Below are some of the survey questions and responses:

(The survey results and all responses can be found in its entirety here:

<https://www.surveymonkey.com/stories/SM-TPH7VXYQ/>)

Describe how the insurance crisis has affected your business?

Put me out of business

I am a 4th generation Showman and have been in the amusement industry since birth. It's what I do. I want to be able to continue in the industry until I am too old to continue, I am 60. If I am unable to obtain insurance, I don't know what I will do at my age. I don't know anything else, it's my life and I have put my heart and sole, into this business and I will be devastated if it collapses.

We went from paying \$20,000PA for \$20MIL Public Liability in 2019. 2021 - we can only get \$1MILL Public Liability Insurance, and it costs \$70,000pa, not only does the lack of cover mean exclusion of many corporate or school groups participation, but also means a huge increase in overheads. This is a case where less means more, means less. We've never had a claim. We are struggling to cover the cost of this ridiculous amount annually. We only charged \$18 pp, we've put the price up to \$19 pp, but any higher would make it unaffordable for many families and still wouldnt help us cover this huge overhead. We may end up having to close this youth and family oriented regional business. That will be a tragedy for our South West Regional community

Over the past year we have lost contracts and work because we could not secure future bookings because we could not guarantee public insurance . The mental stress has affected us far more then the loss of income. Having millions of dollars invested in our business, contracts to be fulfilled, then not knowing if we would ever be able to secure public liability insurance has been unimaginably stressful over the past 14 months. Our business has been through many difficulties, including droughts, bushfires, pandemic, massive regulations, floods, however this insurance crisis has been by far worse and much more destructive and threatening then anything we have ever encountered over 40 years in business. It has taken a huge toll for over a year. We finally secured insurance 3 weeks after our policy expiry date, then our stress relief turned to horror as the premium increased from \$15,000 (\$20 mill cover) to \$50,400 (\$10 million cover). Now we have the pressure of paying over \$4700 per month which we will be struggling to pay for, therefore more stress and another threat to our business. We are still recovering from the loss of work, however, there was no other alternative. Borrow the \$50,414 or no work. Therefore this damaging insurance crisis still continues on.

we have had to close two of our venues

Our present insurer will not insure parts of inventory including water slides and ice skating rink. No other insurer will provide cover. The assets are stranded. Can't be used and no market to sell them. The cost of insurance is also a large problem. On renewal no insurance coverage was available for persons over 18yrs old on inflatable devices

The Bundaberg Show is a annual 3 day event. We are a registered not for profit organization. To prepare, present and produce our annual show we rely on our gate takings income to cover all our expenses. We believe without all the Showmens Guild of Australasia members and all their rides and other activities which are a major draw card for our event, it is not viable to hold our show. It is a condition of our rental of the grounds that EACH contract holder/amusement must have a ABN and \$20M public liability insurance policy. Without this they can not attend and participate at our show.

We are a small family business & we have had to run the business at a loss this year just to have insurance. Our insurance cost went from 4% of our revenue to 30% of our revenue. We have had to pay for 2 policies at once as one would not cover public events and the other would not cover our inflatable water slides & adults inflatables. We are at the stage now where we are making decisions to whether we pack up the business and source a job elsewhere outside of the industry from February as this is not sustainable. Plus there are no other insurance option for us from February so we can't operate anyway. We can't even sell our business as it's worth nothing as no one else can get insurance either. It's cause a lot of stress and anxiety over the last 2years, then add the layer of COVID shutdowns and we are struggling severely financially. We can't even out the policy on hold during COVID shutdowns to assist financially as they wouldn't cover us again to start up again. Once these policies are up, we are done.

I am not operating. I cannot get insurance. I have tried hard to get public liability. I held it for over twenty years

Between the covid out break and the insurance crisis We have a very real possibility of losing our business and our home We have had to sell of assets to keep a float. I am 65 and worked hard all my life If the insurance doesn't come through. I won't be able to work and will possibly lose everything for no fault of my own

My insurance expired in July and my business ceased to operate it is now October and our family run business is still not operating

Closed my business

The lack of insurance cover in the circus and live events industry has impacted our business enormously. We have lost a great deal of work and income for almost 2 years now. This has greatly affected our business and family. Our family have travelled Australia and entertained Australian's for over 170 years. We love what we do. We have never been in a situation like this, where we are forced to reject work due to no insurance cover for our business. This has been incredibly painful. We hope we can travel and bring live shows back to Australian families in 2022 and into the future for next generations to come.

Our local Show has been going for over 135 years here in Gunnedah. As the people say it is not a show without the Side Show Alley! Showmens Guild are also apart of our Australian history!! Without the Showies, we too Australian Agricultural Society's /Shows will be lost!

We have managed to stay covered, we experienced a 300% increase for 1/4 of the previous cover ie: \$21,000 for \$5 million - previously \$7,000 for \$20 million.

at this time, there is no public liability of 20 million available for my amusement equipment, only 10 million. Having 10 million cover is similiar to having a diesel vehicle and being offered no alternative but unleaded fuel.

I could not afford insurance so i have run for 2 years without it. It use to cost over \$10000 a year which was very expensive

We lost all our work on the 13/03/2020 our insurance run out in May 2020 our rides haven't worked since January 2020

I had to stop working my business and get a job because I can't get insurance

I can only get 4 of my 8 items insured

We have been unable to operate our business for nearly 4 months now. We have had to stand down 50+ casual staff and 2 full time staff with losses of hundreds of thousands of dollars not made at events we would usually attend.

Equipment has not operated for 20months Financial and emotional toll has been enormous Not sure how hard it will be to start up again

What is your biggest concern about the insurance crisis?

End of business. Loss of income, equipment worth nothing. Generations of family business gone.

I have never had a claim in 50 years, yet my insurance has risen almost 300% in the past 12 months, and I have been forced to go offshore with my inflatables in order to operate.

1. The cover we have is unaffordable 2. The cover we have is inadequate 3. The \$1mill cover we could get, excludes our Academy High Performance equipment and athletes which instead we insure participants via registration with Gymnastics Australia. Registration and subsequent fees are very expensive, so we have 2 lots of cover going on at the moment, PLUS an additional "slip and trip" policy for \$20mill. 5. Insurance in 2020 excluded "business interruption" (closure for 3 months) due to pandemic, although we found out later we could participate in a class action against insurers for this (a bit too late). Ironically, during this closure time (March), we were advised we shouldnt cancel our policy as renewal was due in July 2020, and we may not be able to even get PL insurance in the future. This business only survived on borrowed money, \$24000 of which went towards 3 months of PL Insurance! Should there be another lengthy closure it would be the end of us. 6. The cover we could get this year includes our foam pit, because it is a foam "falling" pit, not a foam jumping pit. But to have included I had to take images to prove there was a foam base, then a trampoline bed with redundancy trampoline beneath, then foam cubes. This may not be the case next year. I cant afford this years insurance already, let alone a renovation to rebuild any areas the will no longer insure. What happens if they exclude the foam pit or even more of my centre equipment next year?

At present, there is only one company offering insurance for Amusement Rides. They can charge a high premium and we really have no choice but to pay it if we want to keep operating. It is also not APPRA approved. We have also lost work due to them not offering \$20 million Public Liability as they only agreed to \$10 million.

I'm very frightened I'm going to go bankrupt and lose my equipment and home which is a very stressful situation

My business being shutdown by not having PL insurance. The business cant be sold and the assets are worthless. There is no certainly that the business can operate year to year.

If the showmen DO NOT HAVE \$20M public Liability Insurance they CANNOT attend our show. Without the showmen we DO NOT HAVE A SHOW.

That if the amusement industry is not covered by insurance the Show movement will cease to be a viable and will have an economic impact on the local towns and regional centers in their States.

Our livelihood, not being able to afford to continue to operate, the financial burden of having all of our products and can't even sell them. Not to mention the show & amusement industry in general. What's going to happen to the future of amusements and shows, our kids will grow up in a very different world without this.

Not being able to work and going broke

Loss of income. Loss of industry. Loss of heritage. Loss of culture. Loss of aquired assists and residential property.

Without insurance I can't work, I can't even sell the equipment because people won't buy what they can't insure

That we will not receive sufficient cover to trade (ie no cover for \$20m available) and not all amusement rides will be covered and that the premiums will be too high to be able to trade profitably. That insurers will refrain from entering the market due to no win no pay lawyers who know insurers will pay out something for an injury despite the operator doing nothing wrong. Insurers will pay out \$40k to settle to simply avoid court costs. No win no pay law firms should not be allowed to do this. A tort type law should be introduced operated similar to CTP insurance.

Going out of business, or doing inspections illegally

If there was a message that you could directly deliver to the Federal Government about our industry's insurance situation, what would it be?



Insurance need to be taken control by our industry. Insurance company and brokers profiteering from our industry. DMF introduced. Added extra costs - no future for our industry with high insurance - business's not viable - consumer prices increases - Public event ride pricing increases ie: Ride tickets from \$5 now \$8. No amusement industry.

Please support small business. This is unique industry and needs support asap

Showman bring life too to towns all over Australia it brings families together love and lather for the kids please let us keep going

What government would like to be remembered for letting the tourism industry fail

I have been unable to operate for 18 months due to Covid, and when we finally have a chance to get back on our feet in a limited capacity we are hit by exorbitant insurance fees due to no fault of our own. Unless you want to see the extinction of all amusement equipment in Australia, please intervene and help us to survive.

We have the highest standards and regulations globally and yet we can't find an insurer. Surely we are one of the safest jurisdictions for insurers to deploy capital? What is causing the cost of doing business here to be so high that insurers are unwilling to offer terms?

In the year 2000 our amusement business was involved in developing and operating a \$3 million dollar fun park, Tomteland, which employed over 300 locals in Newcastle. That year there was a catastrophic issue with public liability, where many fun-parks, street fairs, shows, festivals, adventure businesses etc were closed down (we closed in 2003) to a similar insurance crisis. Now in 2020-21 again we face a similar disastrous insurance crisis. Our industry plays such an important part in Australian life and culture, supplying fun and joy for all people. Our impact and contribution to Australian culture is enormous. The economic benefit is in the billions, from large capital investments to everyday expenditure such as catering supplies, marketing, electrical, plumbing and engineering, risk management, event management, vehicle registrations, general licensing, games and showbag purchases, logistics, fence and stage hire, animal shows, marquee hires, art shows, entertainment shows, the list is endless. Employment is a huge part of our industry, as its very labour intensive. Our industry is perfect especially to introduce and train young people to skills such as cash handling, labour work, dealing with the public and safe management of handling equipment, food sales, and hospitality, this list is also endless. In 2020 our company employed over 100 students at the Easter Show. For most of them, this was their first job. My husband and I are in our late 60s. My husband Les is a third generation showman, our children hope to continue with our business. We need the security to know that we can continue to trade, to invest, to build and to employ. I therefore humbly ask that you, our government kindly assist with solving this ever ongoing threat to our industry. We finally have the opportunity and an excellent solution to this crisis. Its far better for us Australians to invest and secure our money into the Australian economy and Australian businesses, rather than sending millions of dollars to a country overseas which can close our industry down at a whim. It is such a win win opportunity, please don't waste the opportunity. It will make such a positive impact on so many Australian people and businesses alike.

As a 5th generation Showmen a member of the showman's guild of Tasmania a member of The Showman's guild of Australasia and a member of the Victorian Showman's guild this industry has been mine and my families business since 1907 and now I can't operate as the insurance was expensive before and now they



tell us it could be more than double if you can get insurance. I'm not going to talk about the pandemic but with that and the insurance how are we meant to move forward

We need open competition or better still set up our own Mutual fund by which we will survive on our own merits.

We need the Federal Government to support and help the Amusement / Entertainment industry to survive. A lot of these businesses are small and family owned and don't have the resources that the large corporations, such as theme parks do. Without your support, the long standing Australian tradition of school fetes, community and rural shows and festivals cannot continue. We personally know of 4 local businesses that have been forced to close their doors due to insurance being too expensive / unobtainable. We need your help.

I was born and bred in the amusement industry 4 generations of my family have worked in circus and the sideshow industry. It's a way of life as well as a business. Please help me and all the extended travelling show families to keep working

This issue is a time bomb. It is ruining businesses and lives, therefore the industry. Many are only just holding on and are waiting for very patiently for a resolution.

I would say to them, that we are a unique industry that provides entertainment and experiences that stay with families for a lifetime. We generate money throughout all sorts of communities in Australia, and we want to continue to do this for many generations to come, but we cannot do this without the Governments assistance. We need your help, we are real people, amongst us are OAMs, sports stars, college scholars, and the good old Aussie battlers, we pay our taxes, we give back to society in so many ways, but we can't keep going on, in such uncertain times without doing something to set up a fund for the future Entertainment Industry generations.

There is a significant risk that many operators, if not entire industries, will disappear as a result of the difficulties in securing insurance leading to facilities laying dormant, employees being laid off and investors (equity and debt) being reluctant to participate.

Without a solution to the crisis many Multi generational amusement businesses will fold . Shows and events held, in some cases,for over 100 years will cease to run and an entire way of life will end. The impact on communities will be terrible

We respectfully request assistance to ensure attractions like ours and others survive. Communities rely on fetes, mobile shows, theme parks and recreational activities to bring about fun and happiness. Attractions big and small, fast or slow all assist in creating memories with families and friends. If the industry can not get adequate insurance cover at an affordable rate then we people will lose the opportunity to create these precious memories. Areas within Australia that are densely populated with tourists because of the attractions on offer, will suddenly spike in unemployment due to closures and job losses. We need support to start this project, to keep Australia at the top of it's game as the WORLD'S GREATEST PLAYGROUND.

Please support the AALARA DMF as it is the only way to achieve certainty of insurance cover for our industry.



My equipment operates throughout Australia 12 months of the year. Working not only shows but also school fetes (generating valuable turnover for schools) and festivals. Over 50% of the shows I work are shows that would generally not have rides or games so without my equipment these shows would fold. We desperately need insurance for our industry as when towns and communities see our trucks roll into town they know it's Showtime.

There is much to lose if over 500 families are put out of business. Up to five generations of business gone.

As an industry, we are committed to providing clean safe fun for our patrons all over Australia. The financial benefit of having showmen busy towns is huge. It is a cheap investment into the economy to help make a solution possible.

Let us get a DMF up and running and we will never be in this situation again as it happened 20 years ago we must fix it now forever.

Conclusion

AALARA welcomes the ASBFEO's Interim Report 'The Show Must Go On' and thanks them for their work to highlight this dire situation and support our findings in that a Discretionary Mutual Fund is the most durable, long term solution for the future survival of our industry.

Through no fault of their own, the amusement, leisure & recreation industry is struggling and at the brink of collapse like never before.

With the travelling shows sector steeped in tradition, the attractions industry contributing millions to the Australian tourism economy, and all the smaller family businesses in between, this industry needs government support.

AALARA is clear that the domestic and global insurance markets are unreliable for Australian amusements, leisure and recreation and following 18 months of research and development, we have found the only way forward for our industry is to establish a Discretionary Mutual Fund.

AALARA acts on behalf of its Members, and in the best interest of its Members, as such, has initiated the reviews and conversations amongst both federal and state government departments regarding this catastrophic insurance crisis.

The urgency of enacting a solution for the industry cannot be diluted or underplayed.

Our survey findings show a significant amount of business' insurance policies coming up for renewal, with a high unlikelihood of securing terms. For the few that have secured a renewal, the cost and terms are unworkable, which will see many more businesses fail.

AALARA was formed in 1994 to promote and safeguard the interests of its members including business owners, operators and industry professionals in the amusement, leisure



and recreation sectors, with particular responsibilities in the areas of safety, operations and management. AALARA will continue to lobby and advocate on behalf of its member to ensure there is fun to be had for many more years to come.

We would be pleased to discuss further the submission above, or any other parts of the proposed DMF.

With great respect and sincerity,

[Redacted signature]

[Redacted name]

[Redacted title]

AALARA Inc