



HUON VALLEY COUNCIL

From the Office of the Mayor

17 August 2020

Our Ref:

Enquiries to: [REDACTED]

To the Australian Small Business
and Family Enterprise Ombudsman
inquiries@asbfeo.gov.au

Huon Valley Council Submission to the Australian Small Business and Family Enterprise Ombudsman inquire into and report on practices of the insurance industry impacting small business and whether insurance products are fit for the purposes of small business.

This submission is to address item seven of the Terms of Reference, being:

7. Any other relevant matters.

Public liability insurance protects businesses from having to pay out of pocket if something goes wrong under their stewardship. It appears that insurers are becoming more risk averse in the types of companies they will cover.

Australian tourism operators are finding out that there is a clash in priorities that may put a whole industry at risk in the field predicated on risky adventures that tourists from all over the world are craving. In this industry insurance is critical.

As a Tasmanian local government in the southernmost tip of Australia, the Huon Valley Council is aware that several tour operators have already had to shut down their businesses due to COVID-19 and then an inability to insure their customers.

John Allport of Huon River Jet Boats told ABC news that he spoke with 20 insurance underwriters to cover his adventure business and stay open. None of the insurers he spoke with would deal with the company. John has also conveyed the same information to the Huon Valley Council. This has concerned us about the overall future of the adventure tourism industry.

There are a number of adventure tourism businesses established in the Huon Valley and in Tasmania as a whole that will be severely impacted if insurance for this industry is not available. There is demand for adventure tourism in this State and once COVID-19 restrictions are lifted this will be an industry that will need much support to get back up and running. If there is an inability to insure these activities it will surely kill this industry. The closure of adventure tourism operations would have a big impact on tourism, tourist towns and the economy in an already depressed market.

There is precedent for providing public liability insurance in a number of methods which could be explored. There is a system in New Zealand in which the Accident Compensation Corporation, operated by the New Zealand state, offers coverage at costs based on risk.

We ask that the insurance industry look at any form of innovation such as schemes that exist in New Zealand. They have a business scheme which is similar to the Medicare scheme where everybody is insured for any accident and it doesn't matter whether you fall off a ladder at your house, have a workers accident or an accident doing bungee jumping, you're insured and everybody pays a levy towards that. The lack of public liability policies during the pandemic reflects the cautious risk assessment from insurers and underwriters.

Many tour operators run on thin margins and, while insurance is one of their highest costs of doing business, it is mandatory. Those clients rely heavily on their broker or insurers to get their compliance right without damage to their overheads. If insurance is not available, owners can't operate and if there is no tourism product that operators can sell to those visitors, who want the thrill of adventure tourism products then the attraction to many of our towns will disappear, further deflating the economy.

This is a crucial time when tourism operators are turning to the insurance industry for guidance and assistance in developing the correct coverage, many insurers that have done well in the past and are quite profitable are dismissing the public liability policy as being too hard to find.

Without the Insurance industry responding in a positive manner to the issue of businesses finding public liability cover in Australia's tourism adventure market, there will be serious consequences for the tourism industry and many local economies. Senior analyst at IBISWorld, Nathan Cloutman, told Insurance Business Australia that the company expects to see thousands of businesses go under during the pandemic. He said that around 7,000 businesses will fall due to COVID-19.

We request that you give serious consideration to the overall implications to the local economies, tourism operators and adventure seekers in the opportunity this enquiry provides.

Kind regards



Bec Enders
MAYOR

cc Premier and Minister for Tourism, the Hon Peter Gutwein MP
cc Senator the Hon Jonathon Duniam, Assistant Minister for Regional Tourism
cc Huon Valley Councillors
cc John Fitzgerald, CEO Tourism Tasmania
cc Alex Heroys, CEO Destination Southern Tasmania
cc Katrena Stephenson, CEO Local Government Association of Tasmania
cc John Allport, Huon River Jet Boats