

To the Australian Small Business
and Family Enterprise Ombudsman
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Australian Commercial Jet Boating Association Inc. submission to Insurance Inquiry

The Australian Commercial Jet Boat Association Inc. is a recently formed organisation, its membership comprising of Tourism Operators offering a range of products within the Adventure Sector of the Tourism Industry, it currently has 12 member businesses, these being located in New South Wales, Queensland, Tasmania, Victoria and Western Australia. The product offered includes, Scenic Rides, Thrill Rides and Whale Watching, all using water jet propelled vessels.

A number of the Association members are currently being faced with Liability Insurance issues in that they are unable to secure the Liability Insurance cover required to operate their businesses. In some instances this will result in business closure, others which may be more diverse may be able to operate on a reduced basis but may become financially unviable.

We are well aware that this issue is also affecting other Adventure Tourism businesses and if not addressed, could have a devastating effect on the whole industry.

A recent survey of the Association Membership indicated the following:

Members surveyed 12

Total in Annual Liability Insurance Premiums Paid \$312,000

Total Annual Turnover \$3,720,000

Total Annual Passengers Carried 91,200

Total Staff Employed 72

It should be noted that on average 8.39% of the annual turnover goes on Liability Insurance Premiums alone.

At present in Australia, Adventure Tourism operators are faced annually with the risk of rapidly increasing insurance premiums or as is the current situation for some, not being able to access cover at all, the reason being given for refusal or non-renewal of policies by insurers is they no longer have an "appetite" for this type of risk and as mentioned above this situation will force many businesses to close.

This situation does not provide any security for those businesses, many of which are owner operated and provide a unique experience for the consumer, it gives little or no incentive for anyone to invest in a business which may at some stage be confronted with these issues.

Correspondence we have on file indicates QBE Australia have refused cover to some of our Association members yet are providing cover for similar and possibly more risky businesses in New Zealand.

New Zealand has a thriving Adventure Tourism Industry and this has been made possible by their Accident Compensation Corporation (ACC), Australia lags way behind in not offering a similar scheme which provides Adventure Tourism operators with a stable insurance environment at a reasonable cost in which they can operate.

The ACJBA Inc. is currently investigating the setting up of an Insurance Mutual as a solution however this would need to take in the whole of the Adventure Tourism Industry as the Jet Boating sector in its own right would not be able to achieve a premium pool of sufficient size for the Mutual to operate. Attached is a presentation to the ACJBA Inc. on the Mutual concept by Peter Barron and Bruce Ford of Lockton Australia / Singapore.

If the current situation continues, the entire Jet Boating sector of the Adventure Tourism Industry will be wiped out as will I fear many of the other operations that fall under the Adventure Tourism category. This will have a significant economic effect on many regional tourism areas that rely heavily on the industry and be detrimental to Tourism Australia wide.

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