



28 January 2021

The Hon Michael Sukkar MP  
Assistant Treasurer, Minister for Housing, and  
Minister for Homelessness, Social and Community Housing  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

via email - [prebudgetssubs@treasury.gov.au](mailto:prebudgetssubs@treasury.gov.au)

Dear Minister Sukkar,

Tourism is a key pillar in Mackay's economy, alongside our longstanding agriculture and resource-industry sectors. Although tourism and its role in our region is still being developed, the cyclical nature of other industries has cemented tourism as a fundamental player in Mackay's long-term resilience, with growth in this area expected to rise.

Our close proximity to tourism hub The Whitsundays assists in attracting tourists to the Mackay region and as their visitation declines during international border closures, ours also suffers. With a lack of confidence in domestic travel and an undetermined future date for international travel, our region is at risk of losing its developing tourism market with accommodation providers, restaurant owners and tour operators struggling to stay afloat. Any barriers to operating a business in our region, on top of COVID-19 restrictions, will detract Mackay's appeal in the eyes of new and existing tourism operators.

The following recommendations will greatly assist in supporting a struggling industry and we hope that you consider them – and our region – when completing your budget plan.



## Expand the Federal Reinsurance Pool

***Mackay Tourism recommends the Federal Government expands the Australian Reinsurance Pool, providing assurance to struggling Northern Australian businesses, covering them with affordable commercial property insurance and preparing them for all-natural disasters.***

Average premiums for combined home and contents insurance in some parts of northern Australia are three times the level of the rest of Australia's average, with small businesses and residents in Mackay forced to pay bills as high as \$4000 and an average of \$2500. Further to this, some property owners are unable to obtain insurance at all, due to the likelihood of natural disasters in north Queensland.

The escalating prices are cause for concern, particularly in an unstable period like that of the COVID-19 crisis. Many of our region's business owners – who lost significant income in 2020 – may be unable to afford the cost of insurance which could result in multiple business closures and a severe hit to Mackay's economy and future liveability.

The recent Small Business and Family Enterprise Ombudsman's Report (December 2020) recommends expanding the Federal Reinsurance Pool to ease property premiums for existing small businesses. We support this recommendation and believe it is the best option considering the number of insurers who are unable to support businesses located in areas at risk of natural disasters. With this reinsurance pool in place, the Royal Commission into Natural Disaster Arrangements also recommends placing a strong emphasis on natural disaster risk in land planning decisions, to avoid any incentive to build commercial property in areas of high risk to natural liabilities.

## Create a program for Public Liability Insurance

***Mackay Tourism recommends the Federal Government provides affordable and accessible liability insurance for small and medium businesses by adopting the National Injury Insurance Scheme (NIIS) model currently implemented in New Zealand.***

It has become increasingly difficult for small businesses to obtain public liability and professional indemnity insurances in Northern Australia. Mackay's travel and tourism sector, as well as our mining and resources sector, report the stresses of finding an insurance company that will cover their operations considering a simple slip or fall could cost a business millions of dollars.

Several Mackay businesses have reported as much as a 300 per cent increase in their professional indemnity insurance over the past four years. This is just a taste of the struggles our tourism operators face, with caravan parks, amusement operators, jet boating and quad bike tours among some of the industries finding it near impossible to afford coverage.



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Our tourism sector is at risk – particularly with the development of tours and experiences vital to ensure Mackay’s burgeoning tourism industry continues to grow. With the open-ended nature of injury claims, insurance availability is limited and our industries need help. We recommend following the solution outlined in the Small Business and Family Enterprise Ombudsman’s Report (December 2020) to take up New Zealand’s approach and enforce statutory caps on liability for personal injury.

This approach will allow businesses access to insurance products when things go wrong and will provide clarity while balancing the risk for insurers. New Zealand also follows the no-fault National Injury Insurance Scheme (NIIS) to cover lifetime care for acquired catastrophic injuries. This proposal is a suitable option as it does not cover non-catastrophic care costs or the resulting economic loss/pain and suffering due to these injuries – which means there is still ample incentive for businesses to undertake risk mitigation and continue to hold public liability insurance.

We urge the Australian Government to immediately start work with each State and Territory Government to ensure the country has a functioning civil liability framework to limit inconsistencies. This will reduce the risks for both insurers and small businesses due to the fault-based injury compensation framework currently in place.

### The Extension of Job Keeper beyond March 2021

***Mackay Tourism recommends the Federal Government’s JobKeeper program be extended beyond March 2021 to continue to provide support to those businesses struggling to cover the costs of operating due to COVID-19. The tourism industry will continue to feel the brunt of COVID-19 until international travel resumes and will rely on the government’s support to keep businesses open while operating on a reduced income.***

The JobKeeper initiative has been a lifeline for many small businesses across Queensland. In April last year, during the toughest lockdown restrictions, local Mackay business owner Damien Connors was able to reinstate 10 staff members. This was a huge win for the restaurant after slashing his workforce by half due to the pandemic. Mr Connors is just one example of the many regional business owners who are relying on the extension of JobKeeper in order to keep their business open.

The expiry date for the JobKeeper Payment Scheme is 28 March 2021, coinciding with the travel industry’s low season. Without international travellers, business may be quieter than usual for our tourism operators making the end of JobKeeper support even more debilitating. Our region will continue to struggle until international travel resumes and without some form of wage support, small businesses will find it difficult to recover and bounce back when it is finally time to welcome global travellers – particularly if they have been forced to close their doors.





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For these reasons we recommend the extension of the JobKeeper program to allow the continued support of our small business owners, in the same way the government has supported our industry with much-needed marketing funds, aviation and the terrific Recovery for the Regions program.

Tourism may not be the lifeblood of the Mackay region, but it is a key economic pillar attracting leisure visitation, business and destination events and providing an industry to fall back on during the inevitable ebbs and flows of competing industries. The above recommendations will assist in keeping businesses open, encourage the development of new experiences for Mackay’s tourism industry and reinstate a sense of security for tour operators who were some of the hardest hit by COVID-19. Some reprieve in the form of government support will be critical to the country’s recovery once international borders reopen.

Thank you for your consideration.

Kind regards,

**Tas Webber**  
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