



28th August 2023

Joint Select Committee on Northern Australia

By email: northernaustralia.joint@aph.gov.au

Re: Escalating Marine Insurance Costs for Marinas in Northern Australia Threaten Marine Tourism

Dear Committee Members,

Further to our letter sent last month, the Marina Industries Association (MIA) brings to your attention the impact ever increasing marine insurance costs, conditions and availability are having on the marine and consequently the tourism industry. As the industry body representing marinas, which provide the land water interface for nearly all water related tourism activities and operators in the northern regions of Australia, we urge you to consider the pressing matter at hand and advocating for immediate solutions to alleviate the burden on our industry.

Marinas serve as gateways to some of the world's most stunning natural wonders, including the Great Barrier Reef, drawing tourists from around the globe. These visitors engage in activities like snorkelling, scuba diving, whale watching, and fishing charters, contributing significantly to our local economy.

The ongoing economic strain of struggling to absorb rising insurance premiums is impacting the viability of many, many marine and marinas businesses and hence putting the tourism sector in jeopardy. Most are small regional businesses, who employ local people. The consequences of this issue are far-reaching and include:

1. **Job Losses and Economic Impact:** Many regional economies in northern Australia, particularly Queensland rely on the tourism generated by the marine industry. The rising insurance costs could lead to substantial job losses within the sector, affecting the livelihoods of residents and weakening the overall economic foundation of regional communities.
2. **Reduced Affordability for Tourists:** Higher operational expenses for marine businesses are translating into increased prices for tourists. This could deter potential visitors from choosing Northern Australia as their travel destination, thus affecting tourism numbers.
3. **Limited Offerings and Experiences:** As businesses struggle to manage their costs, they may have to scale back services, limiting the range of experiences available to tourists. This could lead to tourists seeking alternative destinations with a broader array of marine-based activities.
4. **Social Disparity:** The financial burden of elevated insurance costs may force some operators to consider leaving the sector, or relocating to more economically viable regions, creating further disparity between capital cities and regions.
5. **Reduced Investment and Growth:** Funds quarantined for self-insurance reduces the available capital businesses have to further invest, improve and grow their businesses. The uncertainty arising from high insurance costs is likely to discourage potential investors from considering Northern Australia for marine-related ventures, impeding the sector's growth.

Considering these challenges, we respectfully request your support and intervention to address this issue. The Marina Industries Association has put forth two potential solutions.

We are aware that the Australian Consumers Insurance Lobby Inc is actively engaging with you and the Joint Select Committee on Northern Australia. Their efforts are aligned with our concerns, and we stand in support of their



advocacy in this matter. Specifically, we endorse their appeals for the immediate incorporation of marine insurance into the cyclone reinsurance pool. Moreover, we emphasise the necessity of exploring subsidy options in cases where immediate inclusion proves unfeasible.

Many coastal regional communities' prosperity is intrinsically tied to the health of the marine industry and the tourism sector it supports. We ask you use your influence and resources to advocate for the implementation of these solutions. Your support aid marinas and marine businesses, the local communities they are based in and uphold the economic vitality and attractiveness of Northern Australia as tourism destinations.

Thank you for your time and consideration. We await your response and look forward to the positive changes your intervention could bring to marine and tourism businesses, their workers and the regional communities that they operate in.

Yours sincerely

THE MARINA INDUSTRIES ASSOCIATION

Suzanne Davies
Chief Executive Officer

Andrew Chapman
President