



21 December, 2011

Joint Parliamentary Committee,
By email: corporations.joint@aph.gov.au

Dear Sir/Madam,

RE: SUBMISSION FOFA BILL 2011

I have been advised that a Bill was introduced into Parliament on November 24, 2011, known as the FOFA Bill 2011. The proposed Bill seems to have inadvertently encompassed the timeshare industry, which is an extremely important sector of the Tourism Industry.

The overall tourism industry in Australia is being severely buffeted by a range of factors including consumer caution, economic uncertainty and a strong Australian dollar. In the face of this headwind, the Australian timeshare and holiday ownership sector continues to perform strongly.

With 78 holiday ownership resorts in Australia, (a large number located on the Gold Coast), the industry generates an output of over \$1 billion, employs 4603 people, pays them compensation of \$304.4 million and adds value to the tune of \$486.4 million.

We understand that the Bill primarily seeks to regulate financial advisers selling financial investment products and from favouring the ones which produce the greatest commission rather than the ones that are most suitable to the client. The Bill essentially bans commissions for sales persons and their management based on volume of sales of financial products and also bans 'soft dollar' benefits.

The timeshare industry uses commission based sales of its lifestyle/prepaid holiday accommodation products as the model to compensate its sales staff just as the real estate industry does for its sales agents selling interests in property. The travel/leisure industry similarly pays volume based commissions to its travel agents making bookings on flights, hotels and holiday packages. It is not any more sensible to ban volume based commissions for the timeshare industry than it would be for any of these industries.

Timeshare is a lifestyle product and is not bought as a financial investment. It is currently one of the only growth sectors within the Tourism industry and has an 86% national annual occupancy and over 90% occupancy on the Gold Coast.

We believe that if the timeshare industry is not exempted from the Bill there could be a substantial and material negative impact on the timeshare industry and tourism in Australia.

Yours sincerely,

Martin Winter
Chief Executive Officer
Gold Coast Tourism