

22 December 2011

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

Dear Sir/Madam,

RE: SUBMISSION FOFA BILL 2011

We write in support of the ATHOC submission to the Australian Government's proposals regarding the Future of Financial Advice reforms.

We understand the proposed reforms are intended to apply to financial advisors who are giving recommendations to clients of alternative products.

The Classic Group was established in 1978 and manages 17 timeshare Resorts and Clubs throughout Australia representing over 45,000 members and 650 staff. Average occupancy in our managed Resorts is in excess of 90% year round. We hold 3 AFSL – Classic Clubs Limited, Interchange Club Limited and Tiki Village International Limited. Classic Clubs Limited is in active sales.

We bring your attention to the following points;

- Timeshare is a lifestyle/prepaid holiday accommodation product and not a financial product.
- Timeshare is an important sector of the tourism industry and provides economic benefits to many regional locations where timeshare resorts are located
- Timeshare only sells a single product – holiday interests so there is little likelihood for conflict or consumer confusion and resultant consumer harm
- Holiday interests are not distributed through dealer groups or advisors, but are sold directly through sales offices, so volume-based payments have no wider impact on competition in the financial planning industry
- Holiday interests are an in-house product and not provided by a financial product manufacturer
- Banning commissions paid to timeshare employees who are remunerated on a volume basis as is the industry norm, will not result in improved investor protection for timeshare retail customers or investor protection overall

The proposed reforms would have a substantial and material negative impact on the timeshare industry and tourism in Australia and make the industry unviable.

We are aware that the Bill has already proposed exemptions for other single product issuers such as banks and insurance companies.

The timeshare industry body ATHOC represents the Industry with “one Voice” and we support their submission to Treasury which seeks an exemption for timeshare.

Yours sincerely,

CAROLE J. SMITH
MANAGING DIRECTOR