QUEENSLAND TOURISM INDUSTRY COUNCIL
The Voice of Tourism

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Joint Parliamentary Committee

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

Dear Sir/Madam

RE: FOFA BILL 2011

I am aware that a Bill was introduced into Parliament on November 24, 2011, known as the *FOFA Bill 2011*. The proposed Bill seems to inadvertently encompass the timeshare industry, which is a thriving and important sector of the tourism industry.

Tourism in Australia is being severely buffeted by a range of factors including consumer caution, economic uncertainty and a strong Australian dollar. This is well recongnised by the Federal Government and under Minister Ferguson's tourism portfolio, numerous initiatives are being pursed to support this important part of the Australian economy. Despite the difficult conditions, the Australian timeshare and holiday ownership sector continues to perform strongly.

With 78 holiday ownership resorts currently operating in Australia, (a large number located in Queensland), the industry generates expenditure of over $1 billion, employs 4,603 people and adds economic value to the tune of $486.4 million.

We understand that the Bill primarily seeks to regulate financial advisers who sell financial investment products. Specifically, it aims to prevent advisers from favouring financial products which produce the greatest commission, rather than those that are most suitable to the client. The Bill essentially bans commissions for sales persons and their remuneration 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 no more reasonable or practical 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 few growth sectors within the tourism industry and achieves 86% occupancy nationally and over 90% occupancy on the Gold Coast.

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

We strongly recommend that the Committee consider these concerns in the drafting of the Bill and except the timeshare industry.

Yours sincerely

Daniel Gschwind
Chief Executive
QTIC