



AUSTRALIAN TIMESHARE
HOLIDAY OWNERSHIP COUNCIL

ANNUAL INDUSTRY REPORT TO ASIC

For the Calender Year 2012

Submitted, August 2013

1. PERFORMANCE AS A SUPERVISOR (8.1.5)

Following the election of Directors during the September 2012 AGM, the Code Administrative Committee for 2011/2012 are:

- Enzo Daquino (Independent Chair)
- Ivan Hill (Board Member)
- Andrew Shields (Alternate Board Director) with Laura Duesbury (Accor Vacation Club- Alternate Board Director) as an alternate to Andrew Shields on the Code Administrative Committee

ATHOC has the ability to discipline Members who breach ATHOC's Constitution, Code of Practice or the ATHOC Agreement.

The Board of ATHOC is committed to undertaking disciplinary action should the need ever arise.

All Members have been asked to identify emerging issues which are both specific to their operation and to the Australian timeshare industry. The Board of ATHOC will consider all emerging issues.

2. SUMMARY OF MAJOR ISSUES ADDRESSED

- **FOFA** – The industry has worked closely with both the Government and Opposition on this issue resulting in a carve out for the timeshare industry from the conflicted remuneration provision of the Bill as of July 1, 2012. The carve out was successful and ATHOC has since made changes to the Code of Practice to reflect this. This amended Code of Practice is currently sitting with ASIC for further discussion.
- **Application for relief: RG 160.83(g) and Class Order 02/237 currently with ASIC**
- **Application for relief: RG 160.83(f) and Pro Forma 207 currently with ASIC**

OTHER ISSUES ADDRESSED OR CONSIDERED

- **COSL and FOS** – As advised previously some members of ATHOC have moved across to COSL and we are now reporting results below from both organisations. ATHOC will continue to work with both COSL and FOS moving forward.

ONGOING UNRESOLVED PROBLEMS

- **Sold Out Schemes** – ATHOC raises this issue every year as the issue of finding delinquent owners is not going away. Meetings have been held with different State Lands Departments with some assisting to try to reduce our problems. The closest ATHOC has come to any resolution is through the NSW Lands Department under a Possessory Application after 12 years of no owner contact. Victoria is 15 and QLD is 30 years. The cost to deal with this issue for Resorts is well above the cost of the product. It does not matter which way the industry turns to try to resolve this, as it is different in every State it

is near impossible. We are now investigating potential options under the Body Corporate Act and will advise should we have any success.

- **Splitting of Shares and Titles** – Another ongoing discussion that has been raised many times is with concerns raised about the long term impact that may rise from the splitting of shares and titles. This issue does not appear to have an end in sight. We have addressed this with ASIC through a report last year and have raised the issues with Treasury, we don't appear to be having any success in getting a determination on this issue. We will continue to lobby for change for the long term benefit of the timeshare product and its owners who will be the most impacted.
- **Rogue operators and alleged timeshare resellers** have been reasonably quiet however they do from time to time rear their ugly head. We tend to hear very quickly if a new operation has started up and ensure complaints are sent to the appropriate regulatory bodies. There appears to be more problems coming out of Indonesia and America than out of Australia. There is very little that ATHOC can do to help the Consumer other than try to make contact with these operators and point out our concerns.
- For the **information** of ASIC The Moorings Resort is no longer licensed members of ATHOC.
- **Licensing of resellers within the industry** – ATHOC raised this issue with ASIC in August 2011 and has again noticed that Red Season are still operating as a reseller without a Financial Services License and without being granted the relevant relief in accordance with Regulatory Guide 160.73-77. ATHOC is still of a belief that this needs to be addressed by ASIC.

3. COMPLAINTS REFERRED TO ATHOC

Complaints from Members against other Members

Under the Code of Practice, written complaints by Members against other Members must be referred to the Board.

- During the last year no formal complaints were received.

3.1 Complaints from consumers/owners against Members

As the Complaints Resolution Committee was dissolved by ASIC due to changes to the PS160 from September 30, 2007, all Resort based complaints are dealt with directly by the Resorts and reported to ATHOC on an annual basis. Any calls received by ATHOC are sent to the relevant Regulatory Body if they are unable to come to an agreement with the Resort.

All complaints concerning the Financial Services Licence holders are dealt with by the Financial Ombudsman Service, and as of June 2011 also with the Credit Ombudsman Service Limited.

Any queries received by ATHOC are either directed to the relevant regulatory body in that State or directly to FOS/COSL dependant on whom the complaint is about.

The office of ATHOC continues to work with State and Federal Regulatory bodies and the consumer protectorate area of ASIC in providing information and assistance to consumers, and also in reporting inappropriate activity by companies outside of our membership.

Consumers are referred to ATHOC by these bodies to verify membership of the organisation, information about ATHOC'S Code of Practice and Ethics and follow-through with any matters relating to Members.

In keeping with the report of 31 August 2012, many of these people are really seeking reassurance and direction to ensure that they are taking the correct action.

ATHOC will continue to require all members to complete a complaints log annually.

Appendix 1 lists the number of complaints received by members and the time frame that they are dealt with.

Appendix 2 lists the number of complaints received by FOS and their determinations.

Appendix 3 lists the number of complaints received by COSL and their determinations.

Appendix 4 Key Industry Statistics from a recently completed economic impact study completed on 2012.

APPENDIX 1

Australian Timeshare & Holiday Ownership Council Ltd Complaints Report Collated From All ATHOC Members for the Calendar Year - 2012

It is important to note that the complaints contained within this list also include all complaints made within the member Resorts and could be as simple as a cleaning issue.

Please also note that there has been a reduction in complaints from 1801 in the 2011 calendar year to 1321 across this calendar year.

Number of Complaints	:	1321
Number Resolved Internally	:	1230
No. resolved within 1 month	:	1217
No. resolved 1-2 months	:	104
No. resolved 2-3 months	:	
No. resolved in 3+ months	:	
Number Referred Elsewhere	:	63
No. still Awaiting Resolution	:	28

APPENDIX 2 – Disputes Registered with FOS

FOS Timeshare Complaints and Disputes Received and closed during January to December 2012

Number of Timeshare Complaints and Disputes Received	13
Number of Timeshare Complaints and Disputes closed	17

Complaints and Disputes closed by Outcomes		
Conciliation	3	18%
Decision in Favour of FSP	1	6%
Negotiation	1	6%
Outside Terms of Reference	1	6%
Resolved by FSP	11	65%
Total closed	17	100%

APPENDIX 3 – Disputes Registered with COSL

	Timeshare	Finance for Timeshare	Total
Number of complaints received	45	36	81
Number of complaints closed	32	26	58

Closed Outcomes	Timeshare	Finance for Timeshare	Total
Resolved	17	16	33
Out of Jurisdiction	7	-	7
Not Made Out	3	5	8
Discontinued	5	5	10

APPENDIX 4

Key Industry Statistics from a recently completed economic impact study completed on 2012 – An Overview

INDUSTRY CONTRIBUTION TO THE AUSTRALIAN ECONOMY

Overall, the direct output of the timeshare industry in 2012 included approximately \$271.3 million in purchases of timeshares, \$110.8 million of spending on maintenance fees, \$22.7 million spending on exchange services, and \$211.6 million of spending by timeshare owners and guests while on holiday, yielding total direct spending, or output of approximately \$616.5 million.

Table ES.2. Comparison of the Direct Economic Contribution of the Australian Timeshare Industry, 2012 and 2009

Year	Output (\$M)	Employment (FTE)	Salaries, Wages and Related Income (\$M)	Value Add (\$M)
2012	\$616.5	2,962	\$173.7	\$342.1
2009	\$504.2	2,836	\$171.1	\$230.5
% Difference	22.3%	4.4%	1.5%	48.4%

Source: ABS (2012a), AECgroup (2010), AECgroup (unpublished¹), AECgroup (unpublished²), AECgroup (unpublished³), AECgroup (unpublished⁴).

Sales: The industry recorded an estimated \$271.3 million worth of new timeshare sales in Australia in 2012, including sales of timeshare weeks and points.

Maintenance Fees: An estimated \$110.8 million in annual maintenance fees was paid by Australian timeshare owners in 2012. The average annual maintenance fee in 2012 was approximately \$690 per owner.

Units: There were a total of 91 timeshare resorts in Australia in December 2012, with 2,683 timeshare units, predominantly located in Queensland, New South Wales and Victoria. Around 55% of the units are 2-bedroom units, with 27% 1-bedroom units.

Occupancy: There were approximately 966,400 nights available at timeshare units in Australia in 2012, of which 873,890 nights were occupied, equating to an occupancy rate of 90.4%. This represented an increase in occupancy from 86.5% in 2009 (AECgroup, 2010).

	Holiday Ownership Industry	Industry in General
Occupancy	90.4%	70.9% (ABS, 2013d)

Employees: There were an estimated 1,844 full-time equivalent (FTE) employees of timeshare sales, marketing, exchange and resort companies in Australia in 2012. These employees were paid an estimated \$118.3 million in wages, salaries and commissions in 2012.

Non Compensation Expenditures: An estimated \$146.8 million was spent by timeshare businesses on non-compensation expenditures in 2012 (excluding taxes).

Owner Expenditure: A total of \$211.6 million was spent by guests/owners while holidaying using timeshare in Australia in 2012, with an average expenditure of \$1,954 per travel party per trip. This represented an increase in total guest/ owner expenditure while holidaying using timeshare of 11% compared to 2009.

	Holiday Industry	Ownership	Tourism Industry in General
Increase in holiday spend, 2008-09 to 2011-12	11%		1% (Tourism Forecasting Committee, 2012).

Holiday Ownership Use: Approximately 12% of timeshare owners used their timeshare to book non-resort related services and/ or activities in 2012. Of these owners:

- 52% used their timeshare to book airfares.
- 33% used their timeshare to book a yacht or cruise.
- 31% used their timeshare to hire a motor vehicle.
- 21% used their timeshare for other purposes, such as tours, alternative accommodation, motor home, travel insurance or entertainment/ leisure pursuits such as theatre tickets.

In 2012, just over half (55%) of timeshare owners' most recent timeshare holiday, short break or trip away for leisure in Australia was at the timeshare they own, with the other 45% using their entitlement to stay at an alternative timeshare resort or for non-resort related services/ activities.

Direct Fiscal Contribution of the Australian Timeshare Industry, 2012

Category	Value (\$M)	Category	Value (\$M)
State Government Taxes		Commonwealth Government Taxes	
Property Taxes	\$3.8	Personal Income Tax	\$46.4
Payroll Taxes	\$6.1	Fringe Benefits Taxes	\$1.2
Total State Government Taxes	\$9.9	Goods and Services Tax	\$29.1
		Company Tax	\$24.1
		Total Commonwealth Government Taxes	\$100.8

Source: ABS (2013b), ABS (2013c), ABS (2012b), ABS (2012c), AECgroup (unpublished²), AECgroup (unpublished³), AECgroup (unpublished⁴).

Holiday Ownership Owners: There were approximately 170,000 owners of timeshare in Australia in 2012.

- Over 70% of Australian timeshare owners had a holiday, short break or trip away for leisure at a timeshare resort in Australia in 2012. This represents an approximate increase in the number of owners going on holiday using their timeshare of approximately 17% compared to 2009.

	Timeshare Industry	Industry in General
Growth of People holidaying in Australia 2009 V 2012	17%	9% (Tourism Forecasting Committee, 2012).

What Owners Think

- 77% of holiday ownership owners believe that their ownership has either already saved them money or will do so in the future.
- Approximately 74% of owners indicated their ownership has either very positively or somewhat positively affected the quality of life of their household.
- Over 75% of owners responding indicated they were very satisfied or somewhat satisfied with the overall performance of their exchange
- Approximately 90% of owners indicated that they were very satisfied or somewhat satisfied satisfaction with their most recent timeshare resort visit.
- Over 75% of owners surveyed indicated they were either very satisfied or satisfied with their timeshare purchase. This represents a high level of satisfaction with timeshare products.