

28 May 2018

Gift Card Expiry Dates Consultation Paper  
Consumer and Corporations Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam

## Gift Card Expiry Dates

Caravan Parks Association of Queensland Ltd (CPAQ) appreciates the ability to provide input into the current review on gift card expiry dates and the impact the proposed changes would have on caravan parks in Queensland.

While we believe the status quo (option 1) is the most suitable option of those proposed, we would also support option 3: three year minimum expiry period with mandatory information disclosure.

As the peak body for caravan parks in Queensland we **do not** support option 2: Prohibition on expiry dates.

## Background

In a recent survey of our members, a third of respondents indicated they sell gift cards. Of these respondents 65% have a twelve-month expiry date on their gift cards with 17% currently not imposing an expiry date.

Of those caravan parks that include expiry dates on their gift cards, 65% advised that they include the expiry date on the gift card, a further 12% include the date on documentation that is provided with the gift card.

The majority of caravan parks in Queensland are small to medium businesses. Expiry dates on gift cards allow these businesses to manage their liabilities and minimise issues in relation to the keeping of records beyond what is required by the Australian Taxation Office.

Where a gift card is for a product rather than a dollar value (e.g. two nights accommodation on a powered site or in a cabin), an expiry date ensures that there is not a significant increase in the value of the product between the time of purchase and the redemption of the gift card. This could also impact a consumer where they have been given a gift card for a set value that was based on the costs of a product or service at a point in time, should the cost of that product or service increase the consumer would then be required to contribute towards the additional cost.

From a consumer point of view expiry dates place urgency on the use of their gift card reducing the likelihood that the gift card gets misplaced. Based on feedback from our member caravan parks over 50% of respondents would extend the expiry date on the card should the recipient contact them and ask for an extension.



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Caravan parks raised concerns over who would be responsible for honouring gift cards with no expiry date should the business be sold, or where a gift card has been lost by a consumer. The ability for a business to impose an expiry date on a gift card would minimise these concerns.

Most small businesses that offer gift vouchers understand the need to have clear expiry dates which are disclosed to their customers:

*“Disclosure of expiry dates should be clear along with the businesses expectations of the use of the gift voucher/card. As a small business, along with our consumers needs, we find a shorter expiry date and making this clear on the gift certificate has had no implications for the recipients. If there were any issues arising from expiry dates, we were contacted by the recipients to arrange reasonable terms for both parties.”*

### **Responses to Consultation Regulation Impact Statement**

Only questions where CPAQ has a position have been answered below:

**8. Do you offer gift cards that have a fixed financial value, or gift cards for a specific service or both?**

Caravan parks in Queensland offer both fixed financial value gift cards and gift cards for a specific product and/or service.

**9. If you offer gift cards, do you use an expiry date? How do you determine your expiry date?**

In a recent survey of our members only 17% have no expiry date on their gift cards. 65% have a twelve-month expiry date, and 6% had an expiry date of less than twelve months. 12% of respondents offered a three-year expiry date, these respondents had sister caravan parks in NSW and as such had adopted a uniform three-year expiry date across the country.

The expiry dates had been determined through consideration of regulation, cash flow implications and to create some impetus for consumers to redeem their gift cards in a timely manner.

**10. Is the expiry date necessary to the operation of the scheme? If yes, why?**

An expiry date is necessary for most caravan parks to run their gift card program as it allows them to manage their cash flow and liabilities, reduces challenges associate with record keeping and prevents concerns where a business changes hands. Further where a gift card has been given as a prize or donation it allows the business to determine the effectiveness of that competition or donation, ‘closing the circle’.

For a small business having no expiry date creates a larger liability which could impact the ongoing viability of the business.

For over 50% of caravan parks in Queensland offering gift cards, the expiry dates can be extended on a case by case basis.

**11. What proportion of retailers offer expiry dates of a duration less than 12 months?**

Only 6% of industry businesses have an expiry date of less than 12 months.

**17. What are your views on the existing law governing gift card expiry dates? Is the existing law effective in protecting consumers while balancing the interests of business?**

Current laws provide businesses the opportunity to manage their own liabilities including the option of having an expiry date on their gift cards. It is in the best interest of the business to have a fair expiry date on their gift cards to protect their reputation.

Providing businesses with flexibility on their expiry dates also creates an environment where, over time, consumer expectations will likely mean that expiry dates will be extended without the need to regulate it.

**18. Do you allow consumers to use gift cards after they have expired ('grace periods') and for how long after would you typically accept an expired card?**

When surveyed 61% of responding caravan parks indicated they sometimes extend expiry dates on gift cards and that this is done on a case by case basis. 28% indicated they never extend their expiry cards and 11% indicated they always extend their expiry dates.

**20. How many national retailers have implemented nationally consistent expiry dates?**

Those caravan parks that operate as part of a group with other caravan parks located interstate have implemented a nationally consistent expiry date with the NSW requirements adopted for consistency.

**21. If this option were adopted, would you continue to offer gift cards to consumers?**

Should the ability to include an expiry date on a gift card be removed many smaller caravan parks would need to reconsider whether they would offer them in the future. This may also flow through to how they handle donations made for charity raffles and other community activities that they support.

**24. If this option were adopted, do you consider there would be a need for exemptions from this requirement? If so, what exemptions are needed and for what purpose?**

Should this option be adopted there should be an exemption for vouchers/gift cards given as prizes/community gifts. It is important for businesses to be able to get an accurate gauge of the success of their investment in these situations. Having no expiry date may mean that the prize is not used for years which both distances it from the activity it initially supported (i.e. the charity) and also does not allow the business to understand if this is an activity they should support in future or if they should support another organisation.

Expiry dates 'close the circle' when it comes to prizes, they ensure that the winner of the prize still associates the prize with the promotion that they won it in and helps the business that supplies the voucher understand how successful the promotion was.

Where a prize has been given or a donation made it is often done on the value of a current product or service. The absence of, or an extended, expiry date de-values the voucher as instead of it being valued at two nights accommodation, over time it will reduce to a point where it may be one or less nights accommodation. Alternatively, where a specific product or service is listed the cost of supplying that product or service may increase to a point where the business is making a significant loss in redeeming the voucher.

**28. What would be an appropriate transitional period?**

In order to successfully implement any change it would be necessary for most businesses to upgrade their existing stock (of physical gift cards), make changes to their software (likely through a third party which would add to the time and cost to be implemented) and train their staff therefore a reasonable time frame of no less than twelve months would be necessary.

**31. Are there any negative or unintended consequence of mandating a minimum three year expiry dates?**

Having longer expiry dates could have negative consequences for smaller businesses in relation to keeping a true record for the business if sold or shut down. Not all businesses use computer programs to manage their business, and keeping track of gift cards over such a long period with either long or no expiry dates could end up resulting in thousands of dollars sitting in bank accounts that will never be used for the intended purpose and not able to be written off. This could also have significant implications in the sale of a business.

Over time the face value of the voucher may no longer reflect the cost of the product or service, or the availability of the product or service. As advised by one of our member caravan parks:

*"If the gift card is for a good or service then having long expiry periods could mean that it has changed significantly in price or is no longer available and the business loses out providing the good/service at current value or a substitute that may cost more. This is particularly relevant to services where wage costs could easily increase 15% in a 3 year period, which could effectively swallow all profit margin."*

It was also noted that guests to caravan parks often question whether the expiry date on a gift voucher is the date when they have to have stayed by or if it is just date they have to have made the booking by. One of our member caravan parks noted:

*"Where a gift card expires on 1 March 2019 - Do they have to stay prior to 1 March 2019 or do they just need to make a reservation by 1 March 2019? If it's the latter, we are experiencing many guests make a booking just before the certificates expire and then they provide enough cancellation notice to receive a full refund."*

**32. What would be the costs associated with providing information on expiry dates to consumers? Would there be transition costs, from reprinting gift cards or replacing stock, if a minimum expiry period were introduced?**

The main costs associated with changed requirements around expiry dates would be reprinting stock, upgrading IT, and retraining staff. Further there may be additional costs around bookkeeping and record keeping.

**35. Should there be exemptions for particular types of gift cards from a minimum three year expiry period?**

As per question 24 above, we believe there should be exceptions where a gift card has been given as a prize or donation (such as to a community group). Please see the answer to question 24 for the reasoning behind this recommendation.

**36. If a minimum three year expiry period were to be introduced, how likely would it be that your business would introduce new post-purchase fees?**

While it would be unlikely that post-purchase fees would be introduced it is likely that the value of the product or service would not match the value of the gift card.

An extended expiry date de-values the voucher as instead of it being valued at two nights accommodation, over time it will reduce to a point where it may be one or less nights accommodation. Alternatively, where a specific product or service is listed the cost of supplying that product or service may increase to a point where the business is making a significant loss in redeeming the voucher.

**37. What would be an appropriate transitional period?**

In order to successfully implement any change it would be necessary for most businesses to upgrade their existing stock (of physical gift cards), make changes to their software (likely through a third party which would add to the time and cost to be implemented) and train their staff therefore a reasonable time frame of no less than twelve months would be necessary.

### **About us**

Caravan Parks Association of Queensland Ltd (CPAQ) is the industry body representing caravan parks in Queensland. Established in 1966, the association is the voice for the caravan parks industry in Queensland, providing support, networking, professional development and promotional opportunities for our members.

There are currently over 450 full and associate members of CPAQ, made up of caravan park operators, mixed use parks (i.e. catering for caravans and residents in manufactured homes), and campgrounds, large and small, from all corners of the State, industry suppliers, tourism businesses, plus regional and local tourism organisations.

## Submission in Relation to Gift Card Expiry Dates

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We seek to work with both state and local governments to balance the needs of the consumer with those of the Government and industry. Further we actively strive to ensure not only that minimum standards within parks are met, but that over time these industry standards are in fact driven higher.

As the peak body for the sector we aim to:

- Foster and assist in the development of the caravan parks industry
- Encourage a high standard of quality service and ethics from caravan parks in Queensland
- Strongly advocate for a level playing field for all industry participants
- Promote Queensland Caravan Parks as the holiday destination of choice
- Work closely with State and Local Government for the benefit of our members and councils
- Provide support and advice to member businesses and distribute relevant information to ensure the smooth running of member businesses

Should you wish to discuss the contents of this submission further please contact Michelle Weston, General Manager, Caravan Parks Association of Queensland on [0755222222](tel:0755222222) or via email, [mweston@cpaq.com.au](mailto:mweston@cpaq.com.au)

Regards



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