



National  
Retail  
Association

## Submission to Treasury

## Gift card expiry dates

Prepared by the National Retail Association

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## About the Submitter

The National Retail Association (NRA) is a not-for-profit industry organisation providing professional services and critical information and advice to the retail, fast food and broader service industry throughout Australia. The Queensland-based NRA is Australia's most representative retail industry organisation, representing more than 24,000 stores and outlets nationwide.

The NRA's membership is comprised of members from all sub-categories of retail including fashion, groceries, department stores, homewares, hardware, recreational goods, newsagents, fast food, cafes and personal services like hairdressing and beauty. It also includes both large and small businesses, including the majority of national retail chains, as well as independent retailers and franchisees, and other service sector employers. The NRA has represented the interests of retailers and the broader service sector for almost 100 years. The NRA's aim is to help Australian retail businesses grow.

## Gift card expiry dates

Millions of gift cards are purchased by Australian shoppers each year and form a significant part of the Australian retail landscape. With a few rare exceptions, the NRA believes that the current system, whereby individual businesses determine the expiry periods, has worked well. The arrangements to date have provided retailers with the flexibility to set dates that align with their business needs.

The NRA understands the motivation of lawmakers to protect consumers and ensure that they get a fair return on their investment. However, we urge that any changes to the existing laws surrounding gift cards are made with careful consideration to the costs imposed on business. Should reform occur it is essential that it is under a national regulatory framework that is uniform across each of the states and territories.

A complete prohibition on the use of expiry dates on gift cards is not a feasible option, in our view. Although it may reduce the likelihood of customer dissatisfaction, it would place an enormous burden on retailers by forcing them to record the liability associated with each card on their balance sheet indefinitely. Arguably, a consumer could present a card in 50 years or more and demand that it be honoured by a business that has long since changed ownership, or by a franchisee who was not associated with the business when the card was first issued. Given that a proportion of cards will never be presented or have their value fully drawn down, is it reasonable that retailers should be allowed to place a sunset on their redemption in order to alleviate the red tape and costs associated with maintaining those cards.

If there is to be a national policy on gift cards, any change to the current arrangements needs to be coupled with a significant lead time prior to implementation. The recent New South Wales experience shows there are considerable costs and time pressures associated with updating software, printing new cards and winding down existing cards that are on stock. Providing an extensive transition period would limit inconvenience to retailers and ensure that there is sufficient time to adapt to the new laws.

Should any reform take place, we implore the Government to work closely with industry groups such as the NRA to ensure a smooth transition, and to ensure the views of business are considered and that all new responsibilities are effectively communicated to retailers. The NRA stands ready to assist in this regard.

## Contact information

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