



Restaurant
& Catering

SAVOUR
AUSTRALIA



30 May 2018

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

Dear Treasury,

Thank you for the opportunity for Restaurant & Catering Australia (R&CA) to provide a submission to this consultation regarding the expiry dates of gift cards in Australia. As the only national industry association representing the interests of over 45,000¹ cafés, restaurants and catering companies in Australia, R&CA is well-placed to provide comment on the issue of government red tape and regulation affecting the sector.

Given the recent measures implemented in NSW and similar proposals in South Australia, the issue of gift card expiry dates is a salient one worthy of introspection at a national level. In principle, R&CA is opposed to any government measures representing an increase in administrative and red tape burden imposed on the café, restaurant and catering sector. In R&CA's view, the policy proposals put forward in Treasury's Consultation Paper are an unnecessary regulatory impost on the sector, particularly given that the overwhelming majority of businesses in the sector (92.1 per cent) are small businesses employing 19 people or less.²

R&CA argues that of the three Options presented within Treasury's Consultation Paper, Option 1 is the most preferred. The imposition of either three-year or perpetually valid gift cards would result in an added burden being placed on café and restaurant businesses who would be forced to amend their accounting and administrative practices. Small businesses already spend a significant amount of time dealing with government red tape measures which has been estimated at an average of 5 hours per week.³ As such, R&CA believes that the addition of unnecessary red tape measures such as unlimited gift card expiration dates would further compound the burden faced by small businesses in the hospitality sector.

¹ ABS (2018) 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2017.

² Ibid.

³ Productivity Commission (2013) *Regulator Engagement with Small Business*, Research Report, Canberra.

Furthermore, R&CA believes that there is little imperative to pursue either Option 2 or Option 3, given the vast majority of gift cards are in fact redeemed prior to their expiration date. It is already the case that many hospitality businesses will offer consumers a 'grace period' in which to redeem gift cards in a reasonable length of time after the expiry date if gift cards are, for whatever reason, lost or forgotten by the consumer. Should Option 2 or Option 3 be the eventual outcome of this consultation, R&CA envisages that many restaurants will simply cease the issuing of gift cards entirely which would be a suboptimal outcome for both businesses and the community.

In lieu of pursuing minimum three-year expiry dates on gift cards, R&CA supports the proposal put forward by the Australian Retailers Association (ARA) to create an industry Code of Conduct governing the use and expiry of gift cards. In R&CA's view, this is a far more workable outcome which does not impose additional unnecessary red tape measures on small businesses in the café, restaurant and catering sector. Option 1 within the Consultation Paper should be amended to include a best-practice Code of Conduct governing consumers and businesses' use of gift cards. Regardless of the final outcome of this consultation, R&CA urges Australian Treasury to ensure that proper collaboration with industry and other relevant stakeholders is prioritised as part of the final approach towards this issue.

Once again, R&CA appreciates the opportunity to contribute to this consultation on behalf of the café, restaurant and takeaway sector. Should there be any matters you wish to raise with me in relation to this submission, I may be contacted on [0894770000](tel:0894770000) or julianap@restaurantcater.asn.au.

Yours sincerely,



Juliana Payne
Chief Executive Officer
Restaurant & Catering Australia