

CCAAC Gift Card Review
c/- The Manager
Consumer Policy Framework Unit
Infrastructure, Competition and Consumer Division
Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

As both a purchaser and receiver of gift cards, I am providing a few comments for consideration in your review of Gift Cards in Australia. I think this review is timely and worthwhile as there is so much variety in the terms and conditions of gift cards across retailers.

My experience is as a recipient and giver of gift cards (ranging between \$20 and \$1000) at the following stores over the last five years:

- David Jones
- Myer
- Westfield
- Champagne Brasserie, Broadbeach
- Ella Bache beauty salons
- Pure Indulgence beauty salons
- Palace Cinemas
- Event Cinemas
- Woolworths Group
- Big W
- Target
- EB Games.

I have also claimed gift cards as rewards from loyalty programs such as the Qantas Frequent Flyer program, Fly Buys, and credit cards.

I have never experienced any difficulties in using gift cards at any of these stores, although I have had some concerns about certain terms and conditions, as explained below. I have only ever had one gift card expire and this was quickly resolved with the issuer agreeing to accept it within 3 months of the expiry.

When purchasing gift cards, I tend to go for large stores that sell a broad range of goods, have reasonable terms and conditions, and a 1 or 2 year expiry date (e.g. Myer, David Jones, Woolworths group, Westfield).

Another concern that I have about gift cards is the maximum value a single gift card can carry. Although I'm aware that some stores will sell gift cards up to \$1000 or \$2000, it is probably safer to have 10 or 20 x \$100 ones that you don't carry in your wallet at the same time. There may be safer alternatives to gift cards over a certain value (eg one-off preloaded debit cards with pin numbers).

I have arranged my responses under your consultation questions:

1.2 Why do consumers purchase gift cards and how are any advantages or disadvantages shared between the giver and receiver

The obvious benefit of gift cards is that the recipient has choice in what they purchase and is much less likely to be getting a gift that they already have, don't want or won't use. It saves the embarrassment of having someone ask for a receipt so that they can return a gift. For example, I have no idea what to buy my teenage nephew for Christmas or birthdays. Now I generally buy him an annual \$100 EB Games gift voucher. This means that I'm nominating the kind of thing I'd like him to get (eg a computer game) but I'm not buying something that he already has, or which he has no interest in. I'm aware that other family members also purchase EB games gift cards for him – which means that he can pool the value of the cards for a larger purchase.

My husband frequently buys me gift vouchers for birthdays, Christmas and anniversaries. Generally he purchases vouchers from Myer, David Jones or Westfield. I have also received gift cards as wedding gifts (Myer and David Jones), baby gifts (Target and Big W), and birthday gifts from friends who generally choose a service that they know I might not treat myself to (eg vouchers for beauty salons and restaurants).

I tend to use gift vouchers to buy things that I'd prefer to choose for myself eg clothing, shoes, make-up, soft furnishings. Since it is a gift, I often use the gift cards for luxury items and pampering that I probably would not buy myself. I've also saved up gift cards from across a variety of sources (gifts and loyalty programs) to have a 'shopping spree' during sales.

One disadvantage of gift cards is that the recipient will often use their gift to purchase items for someone else (eg their child's school shoes). This is obviously their choice, but often not what the giver intended.

Another disadvantage for the recipient is the incentive to spend more than the value of the gift card in order to use it in entirety.

2.1 What evidence is there to demonstrate that issues related to gift card terms and conditions lead to consumer detriment?

I object to Terms and Conditions that apply to gift cards that would not apply if I was paying by other means. For example,

- Having to specify that I will be paying by gift card when making an appointment or booking. I have come across this with gift cards from restaurants and beauty salons. Why do they need to know that I will be paying by gift card? Are they going to give me a less desirable table, an inexperienced waiter, or a trainee beauty therapist because I'm using a gift card?
- Conditions set around days/times that I can or cannot use the gift card (eg not able to be used on Thursday nights or Saturdays) . The following information is currently on the Ella Bache, Carindale website <http://carindale.ellabache.com.au/policies-payment/> My understanding is that you now have to purchase gift cards for this chain online and I couldn't see reference to these terms and conditions on the website where you purchase the card, only on the salon's 'payment' page.

*Gift Vouchers: Our gift vouchers have a 3 month expiry date. A gift voucher number is required when making your booking and must be presented in the form of payment for your treatment on the day of service. **Due to demand we are unable to redeem gift vouchers on Thursday nights and Saturdays.** We require 12 hours notice if a Gift Voucher treatment is cancelled or changed. If this notice is not given, 50% of the gift voucher value will be redeemed.*

- Conditions that if you cancel your appointment, then you forfeit the voucher (in full or part). I note that the Ella Bache example above now specifies that they require 12 hours notice of cancellation or 50% of the value of the voucher will be forfeited. I think that this is unfair in certain situations, depending on why you are wanting to cancel or alter the appointment. In addition, if I am paying cash and I cancel and appointment within 12 hours, I am not required to pay anything. What should I do if I have a 9am appointment and I wake up unwell? Should I still go to my appointment and potentially spread germs to the service provider and consumers that might be using the salon after I do? There are some circumstance (such as illness, train strikes, car accidents) when I think this condition is completely unreasonable. I'm not sure how stringently the salon applies this condition.

2.2 What experiences have individual consumers had with the terms and conditions that apply to gift cards, including the resolution of any complaints whether direct with the gift card issuer or through a consumer affairs for fair trading body

Last year I received a gift voucher for the Champagne Brasserie at Broadbeach. I live in Brisbane and am not often at Broadbeach. I thought the voucher was valid for 12 months and put it in a safe place. The next time I looked at it, almost 9 months later, I realised that it had expired. I contacted the restaurant and they advised that as long as I used the voucher within the next couple of weeks, they would still honour it. It was about 3 months out of date when I used it. They did not hesitate.

2.5 What expectations do consumers have re terms and conditions?

I consider that the holder of a gift card should be treated in exactly the same way as a person paying cash for an item or service. My reasoning is that the card has been prepaid and loaded with money by the giver of the card. They have not received a discount and the service should be exactly the same as if the person using the card is paying for the good or service. Where the value of the card is not redeemed with an initial purchase, the credit should remain on the card for later use, or change given.

As previously mentioned, I consider conditions about when you can use the card and forfeiting value if you cancel a service to be unfair. I now discourage my friends from buying gift cards for me with such conditions attached – I think they are better to give me cash and suggest what they want me to use it for. My husband now buys me Westfield gift cards which enable me to use the same beauty salons but without having these conditions attached.

2.8 How can information about gift card terms and conditions be effectively communicated to people purchasing gift cards as well as those receiving gift cards?

All terms and conditions should be upfront and made available to the person purchasing the gift card prior to finalisation of the purchase. Terms and conditions should also be printed on the gift card, or attached to it somehow, for the recipient.

I think some retailers intentionally hide some of the less palatable terms and conditions from the purchaser. The conditions are frequently written on the card/voucher and you often don't see this until you have paid for it.

Shop front locations should have gift card terms and conditions clearly displayed at any point of sale, and sales persons should be required to indicate the expiry period. Websites should clearly identify gift card terms, conditions, and expiry dates.

4.1 How can consumers be assisted to understand their rights

Advertising is still one of the most powerful means of getting information to consumers, particularly television advertising, radio, and print. A series of ads along the lines of "I got a gift voucher and do you know what...?" could be effective in better informing people on this topic, and reminding them to check terms, conditions and expiry dates.

I wish you all the best with this inquiry and will be interested in the outcomes.

Regards

Linda