



Australian Government



**SUBMISSION TO AUSTRALIAN GOVERNMENT
DEPARTMENT OF TREASURY ON GIFT CARDS IN
THE AUSTRALIAN MARKET**

March 2012

Contents

AYF Background	3
Young people, and gift cards in Australia	4
Methodology	4
Executive Summary.....	5
<u>Section One</u>	
Young people’s use of gift cards	8
<u>Section Two</u>	
Issues related to gift cards	11
<u>Section Three</u>	
Restrictions and protections for young people.....	14
Conclusion	17
Attachments.....	18

Input from the Australian Youth Forum

This submission to the Australian Government through the Treasury and Commonwealth Consumer Affairs Advisory Council (CCAAC) is made on behalf of young Australians who contributed their thoughts and opinions through the Australian Youth Forum (AYF). It is a summary of the views, ideas and experiences of young Australians. The words and expressions of young people have been used where possible.

AYF Background

The Australian Youth Forum (AYF) was established as a formal communication channel between the Australian Government, young people (aged 15–24) and the youth sector. The AYF gives young people the opportunity to have their ideas heard, and encourages them to get involved in ongoing public discussions so that their views can be considered in the development of Australian public policy, programs or projects.

The AYF engages with young people in a variety of ways, including through:

- the AYF website (www.youth.gov.au/ayf)
- the AYF Steering Committee
- direct engagement activities – partnership activities, youth forums and community events
- online engagement activities – discussion topics and surveys on government policy and specific issues that are of interest to, or that may affect, young people
- social media – AYF on Facebook (www.facebook.com/AustralianYouthForum), YouTube (www.youtube.com/user/AustralianYouthForum) and Twitter (Twitter @AYForum)
- funding - for example Australian Youth Affairs Coalition and Young Australian of the Year.

Background to Gift Cards in the Australian Market

Since the mid-1990's, gift cards have become increasingly common in the Australian marketplace. For retailers and traders, gift cards are an effective way of increasing sales and building brand loyalty. For consumers, gift cards are an easy and convenient way to purchase a gift for family and friends.

As part of the review, the CCAAC has been asked to find out about the:

- use of gift cards in the Australian market, and
- issues in relation to the purchase and use of gift cards in Australia.

Note: For the purpose of this submission, gift cards do not include forms of prepayment that are not intended or designed to be gifts. For example, it will not examine pre-payment for mobile phones or internet.

As credit music downloads or movie passes are often used as gifts they will be considered by the review.

Young people, and gift cards in Australia

It is estimated that \$1.5 billion worth of gift cards were purchased in Australia in the 2009-2010 financial year.¹

Gift cards are a popular choice of gift, particularly for young people because of their ease and convenience. However, there are some concerns about gift cards, including the risk of losing money, such as when the receiver is not aware of expiry dates and other terms and conditions that apply.

The Australian Government through the Treasury CCAAC is seeking the views of young people on gift cards in the Australian market. The CCAAC seeks to explore and develop options to better protect consumers who buy or receive gift cards.

Between February and March 2012, the AYF sought feedback from young people (aged 15-24), on their experiences and opinion of giving and receiving gift cards, whether or not they had reason to complain about them, and if so where they were likely to direct their complaints.

The submission also provides a youth perspective on the question of whether or not the Australian Government should standardise the Terms and Conditions of all Australian gift cards and suggests some ways to do this.

Methodology

The AYF consultation process included an on-line survey and on-line discussion, along with a number of Facebook page 'likes' and a small group workshop.

The Australian Department of Human Services, included a short article about this issue in their regular e-news letter. A copy of the newsletter is at [Attachment A](#).

Young people who responded to the survey were provided information about gift cards via the AYF website. Links to the AACCA information were also provided.

1. On-line survey

Survey Monkey - an online survey tool, comprising fourteen multiple choice questions was developed and promoted to encourage young people to contribute their views. The survey was completed by 60 people. The survey is at [Attachment B](#).

2. AYF on-line Discussion topic

To supplement the survey, the AYF website hosted a Discussion topic on the Gift Cards Issues Paper. The Discussion topic asked young people to share their experiences and provide comment on this issue. Eleven responses and nine votes were received through the discussion topic. The online discussion topic is at [Attachment C](#).

3. AYF Facebook

The AYF also heard from young people via the AYF Facebook page and Centrelink schools page.

In total, the views and opinions of 80 respondents are included in this submission.

Executive Summary

It is very common for young people to receive gift cards. Equally, it is common that they experience issues when it comes to spending the value of the card. The most common cause of difficulty experienced by young people is expiry of the card, while others experienced difficulties related to specific terms and conditions or closure of the relevant retail outlet.

Young people do not usually complain about gift cards. If they were to complain, they are likely to complain to the retailer or to their family and friends.

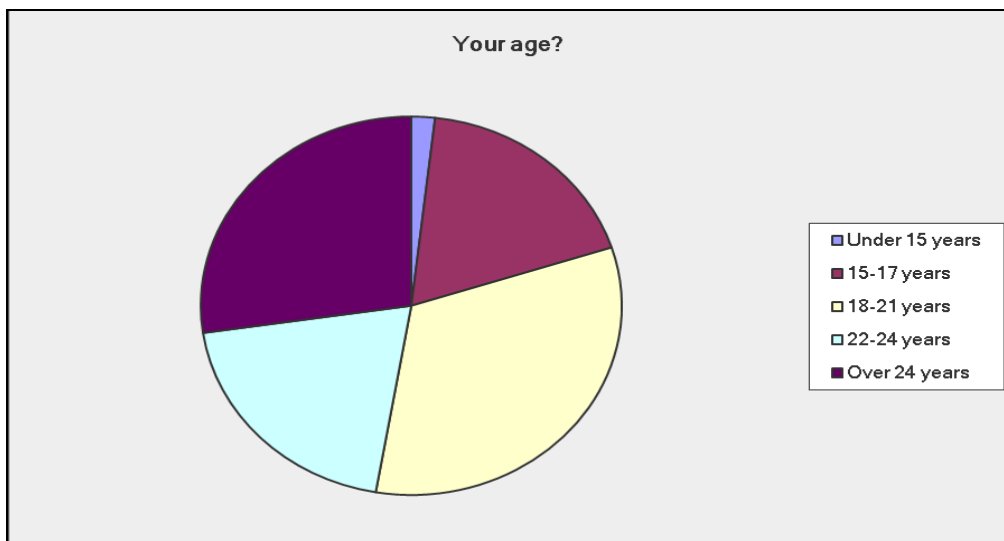
Young people who contributed to this submission would like added protection for young people. In particular, young people who are aged under 13 years. This might include protection against loss or stolen cards.

It was suggested that having the two year expiry date printed on the card, an on-line registration system and email reminder system would help overcome this difficulty. It was suggested that a gift card complaint number printed on the card would also assist young people if they encountered problems using gift cards.

Results

Note on tables and graphical information: Not all of the AYF contributors provided information that could be represented numerically in this report. However, the tables and graphs should be considered as indicative of the preferences and trends across the consultation groups discussed within this submission paper.

Participants



Approximately 73 per cent of the people who participated in the AYF consultations were aged 24 years or younger. Seventy five per cent of respondents were female and 25 per cent were male.

Aboriginal and Torres Strait Islander participants

The AYF staff used youth networks to specifically seek the opinion of young Aboriginal and Torres Strait Islander people. Approximately 9.3 per cent of the people who completed the survey identified themselves as an Australian Aboriginal or Torres Strait Islander people.

Distribution

Young people were asked to provide their postcode.

The Table 1 below provides an indication of the distribution of the respondents. Young people in South Australia were slightly more engaged in this topic than other states and territories.

Table 1.

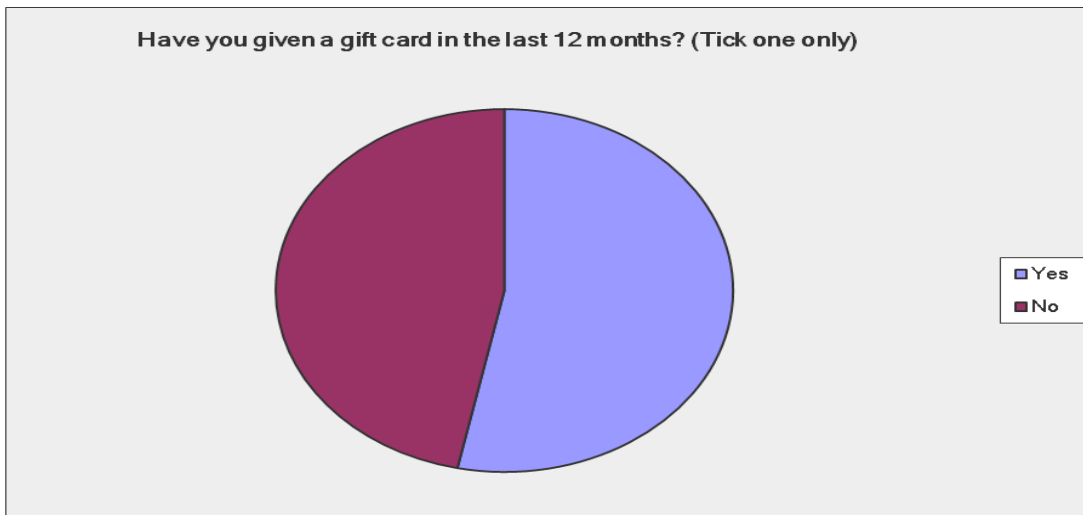
State	Tally	Total
WA (6000-6999)	1111	4
SA (5000-5999)	1111111111111111	14
Qld (4000-4999)	11111	5
ACT/NSW (2000-2999)	1111111111111111	17
Tas (7000-7499)	111	3
NT (0800-0899)	111	3
Vic (3000-3999)	111111111	9

*Note: Not all respondents provided their postcode.

Section 1.

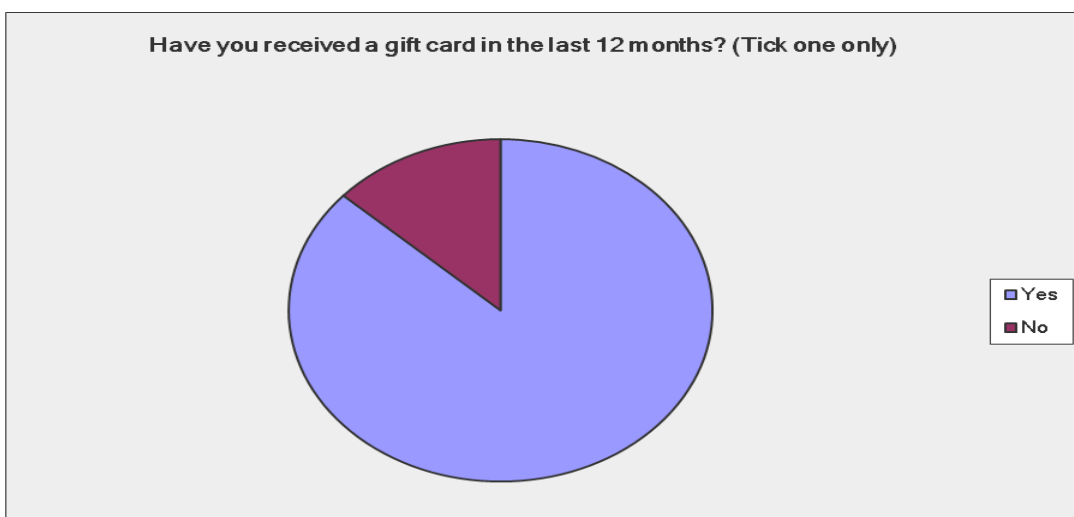
Young people's use of gift cards

Young people give gift cards

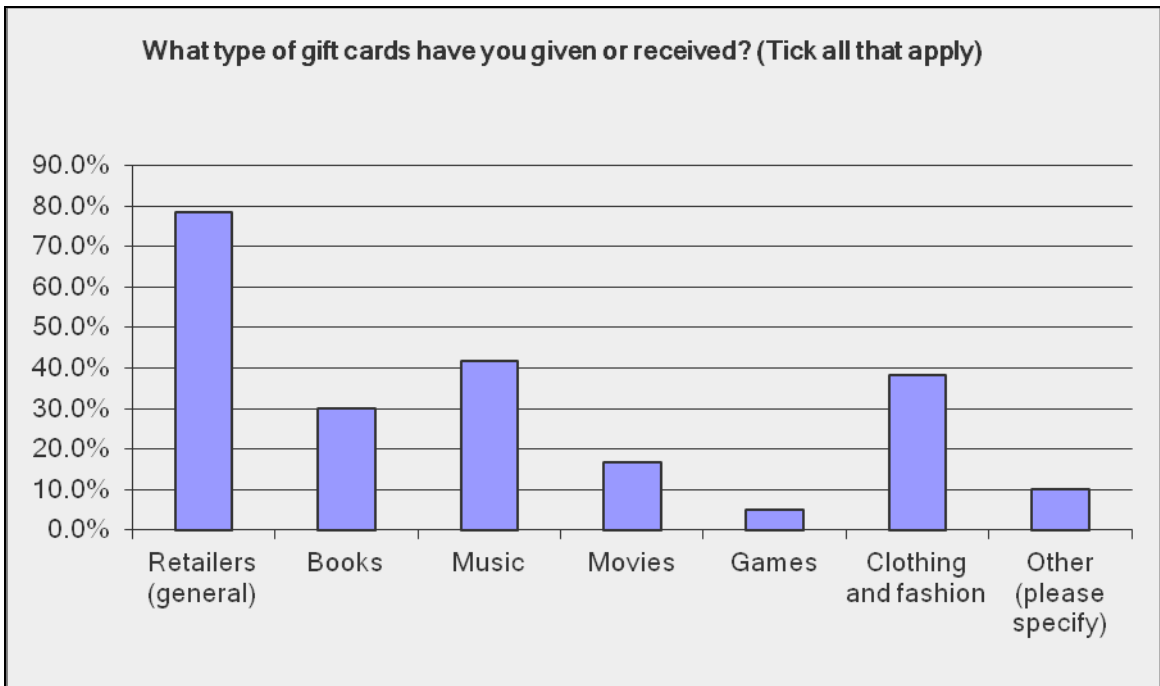


Just over half of respondents to the survey have given someone a gift card within the last year (54%).

Most young people receive gift cards



Approximately 87 per cent of the respondents had received at least one gift card during the last year.



The most common gift card received were to those that could be spent with general retailers. Seventy eight per cent of the respondents had received or purchased gift cards that could be spent at general retail outlets. Music (42 per cent) and Clothing and fashion (38 per cent) gift cards were also popular. Other types of gift cards young people used included: health and beauty, restaurant and camping store cards.

Young people think that gift cards are a good idea for young people in lieu of cash.

"Young people use gift cards on-line in lieu of a credit card"
 Young person comment

"It's a great alternative to money with respect to children as you can control what they use them for"
 Young person comment

"Sometimes it's better to give young children gift cards instead of money."
 Young person comment

Where were gift cards used

Most of the gift cards were intended to be spent in person at the retail outlet (60 per cent) with some providing the option of either on-line or in store usage (32 per cent). At the time of the survey, just 8 per cent of gift cards were designed for on-line only use.

Summary

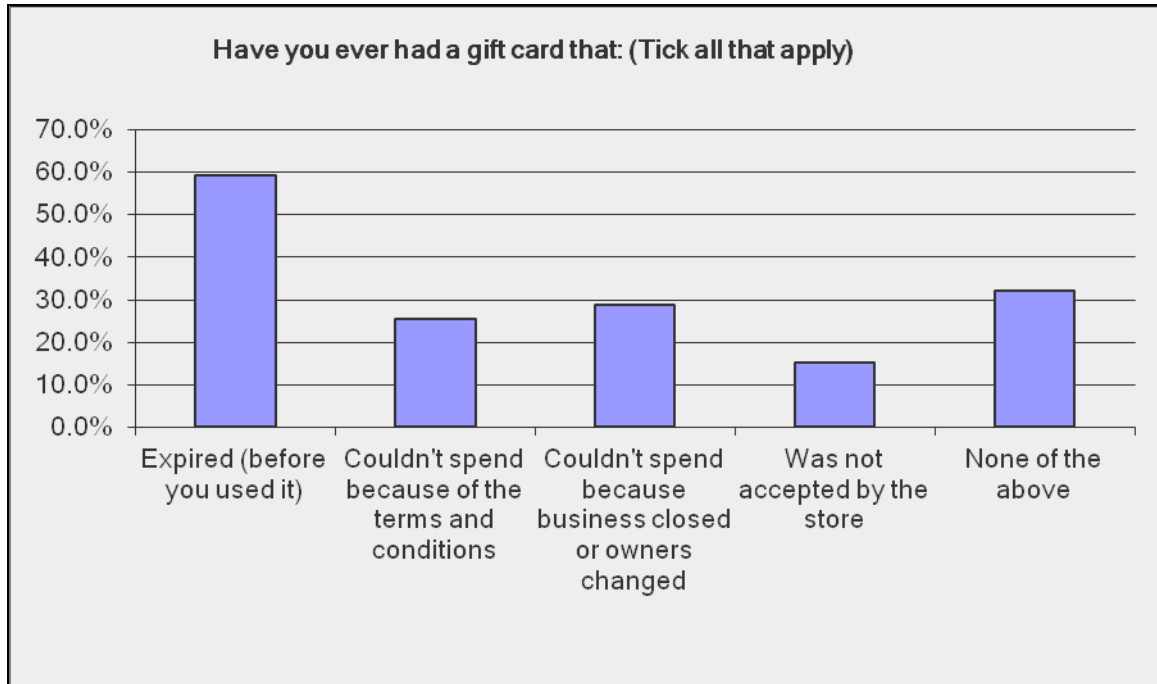
Approximately 90 per cent of young people who contributed to the AYF survey had received a gift card in the last year.

Most of the time, the gift cards were for use in person at general retail outlets.

Section 2

Issues related to gift cards

Problems encountered



The majority of young people (68 per cent) had experienced some issue when it came to spending their gift cards. Most issues (60 per cent) related to gift cards that had expired before the young person had used them. Twenty nine per cent of the AYF respondents indicated that they had not been able to spend their gift cards because the business had closed or changed hands. Interestingly, issues associated with the Terms and Conditions had affected about one quarter of the survey respondents.

"A store was not in my area."

Young person comment

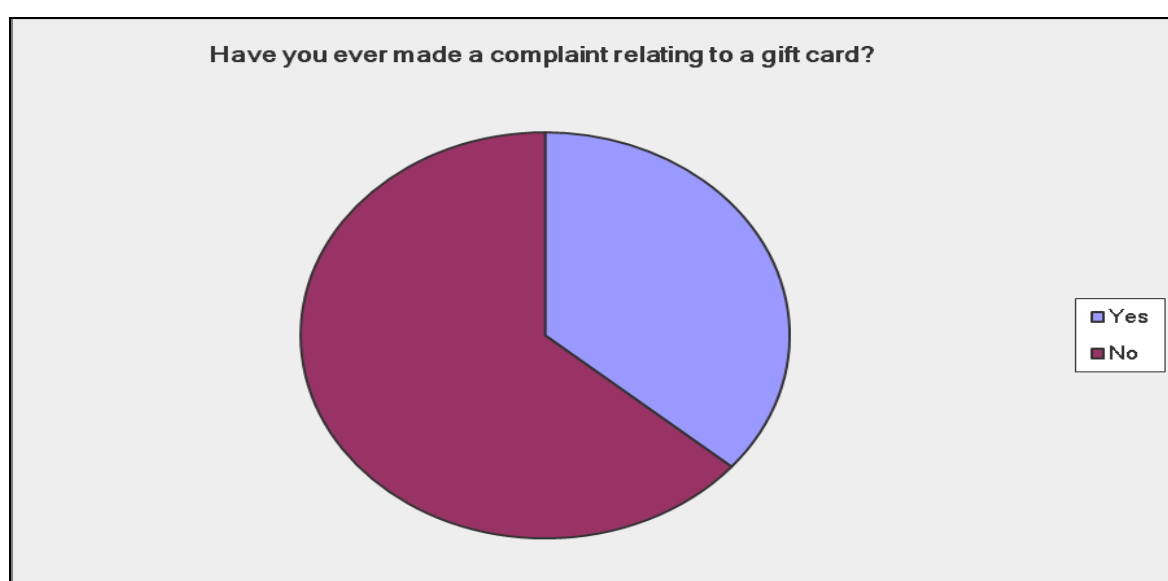
"I only had 5 cents left on it so it wasn't worth using the rest of it. "

Young person comment

When asked what they believed to be a reasonable expiry period for gift cards, most of the respondents to the AYF survey indicated that 24 months was a reasonable timeframe (42 per cent). Thirty two per cent of respondents selected a 12 month expiry.

Approximately a quarter of respondents didn't think that an expiry date is necessary.

Serious enough to complain?



Over a quarter (36 per cent) of the young people who participated in the survey had made a complaint about gift cards. Given the number of difficulties experienced by the respondents (discussed above), it appears that young people are reluctant to complain even when they encounter problems.

When asked who/where they would make a complaint, approximately three quarters of the respondents said that they would make complaints to the retailer (75 per cent). Friends and family (58 and 56 per cent) were also important avenues for young people to turn to when they experienced difficulties with their gift card use.

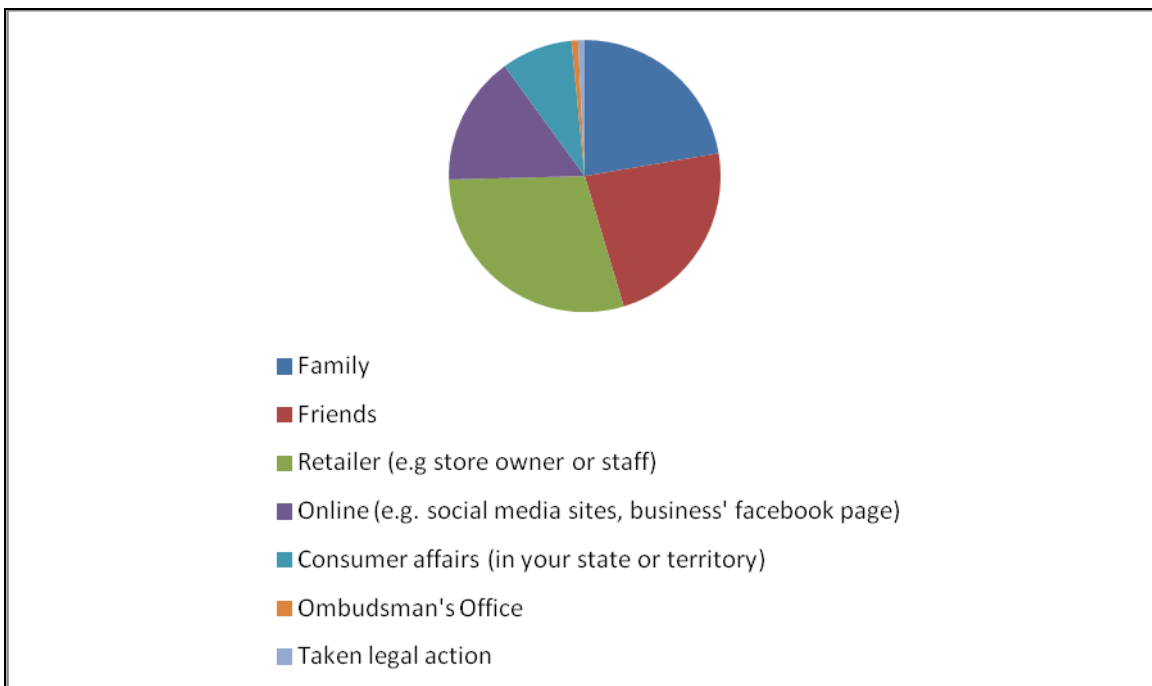
Less common, but perhaps significantly, (39 per cent) of respondents would make complaints about gift cards using social media such as Facebook.

Consumer affairs (21 per cent), Ombudsman's office (2 per cent) and legal action (2 per cent) were less common avenues of complaint.

"...don't bother complaining... store managers can be intimidating, asking to speak to someone older to complain can be scary...schools don't teach consumer rights, you learn by watching your parents ...stores should have information on their counters for complaints hotline information or online "

Workshop participants

The survey did not explore whether or not those who made complaints were satisfied with the outcomes of the complaint process.



Summary

Most young people have encountered difficulties when trying to use gift cards. Common issues experienced by young people were expired cards and terms and conditions.

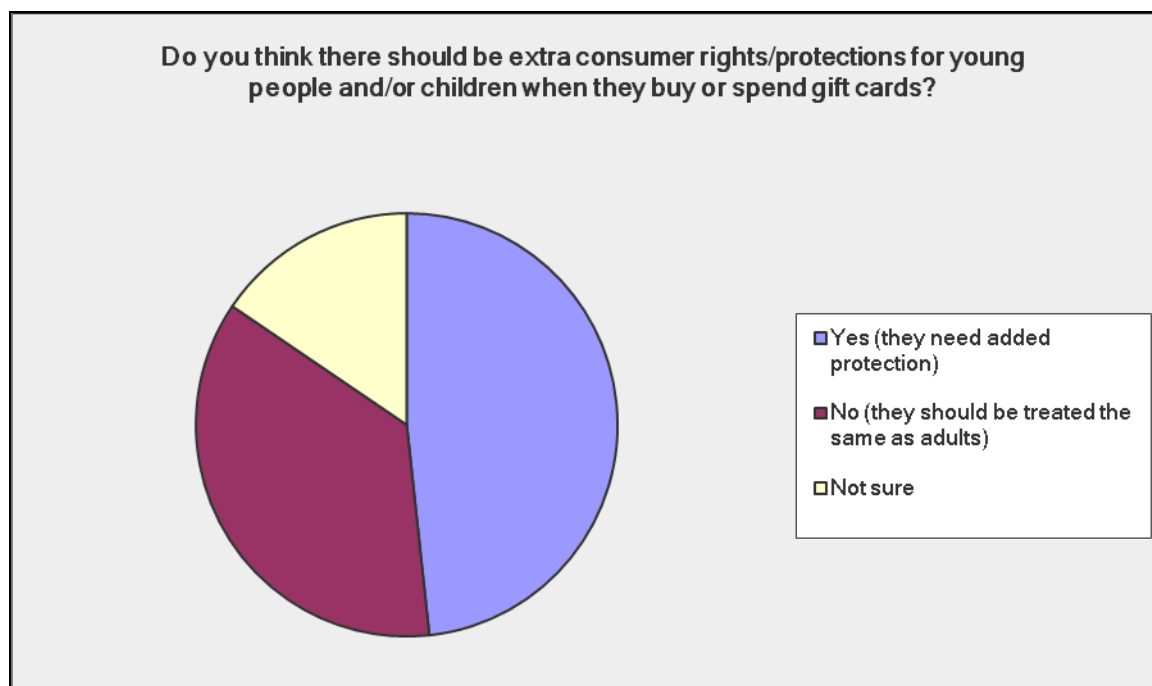
Most young people are unlikely to complain about their gift cards, but when they do they will usually talk to the retailer or their friends and family.

Very few young people have taken their gift card problems to consumer affairs or the Ombudsmen's office.

Section 3

Restrictions and protections for young people

Special protection for young people



Almost half (48 per cent) of the survey respondents believe that young people should be provided extra protection when they buy or spend gift cards. Thirty six per cent felt that they should be treated the same as adults, with the remainder unsure (15 per cent).

When asked about age restrictions being placed on purchasing and spending gift cards, a majority of the respondents didn't believe that age restrictions should be applied.

Opinions varied about having a recommended minimum age. For example, one person highlighted that gift cards are treated as legal contracts; therefore they should only be given to or bought by people who are over 18 years. Other respondents suggested 16 years of age and above should be recommended (46 per cent) for gift cards because under 13 year olds would have little understanding of financial matters.

One respondent suggested that children need protection from an overly "consumer culture".

Suggestions for improving how gift cards are sold and managed

Young people were invited to suggest ways to improve how gift cards are sold and managed. The majority of the comments related to better provision of information and better record keeping by retailers.

"All companies should have compulsory on-line web check amenity for gift cards".

"I think that it is ridiculous when cards have a short expiry. Even 1 year is too short, particularly if it is a large amount or the store is difficult to access. The business has received the money once the gift card has been purchased, so it should not be difficult to account for the exchange (card for goods) once it happens. For a small business where managing cash flow is tricky, I could understand. But large business (Coles/Myer) they can afford to have a longer expiry."

"Be able to register your gift card and be sent a reminder email when the expiry is coming close and you haven't spent the money on it..."

"Like the banks have to provide a one page summary of their loans, a gift card could come with a plain English summary of the terms and conditions. The font should be a reasonable size and use simple language, not complicated legalese, and what your rights are and who to contact if you need to complain."

"In case they are stolen, there should be some database from the store of purchase which you can go up to and they can cancel the card and replace it at no added cost. Much like a stolen/lost keycard. The gift card should have a unique number, and they already ask for ID on who the card is intended for. After cancelling the lost/stolen gift card the person finding it wont be able to spend it as it will be cancelled."

Many respondents left comments about expiry dates.

"Standard Expiry date"

"No expiry. Trade for cash."

"Why even have an expiry date???"

“the expiry date and conditions need to be on the card. Don’t say it’s on the internet. Not everybody has access and to assume that they do is discriminatory”

“need longer expiry and clear expiry marking”

“Yes. I think that the expiry date of gift cards need to be more clearly stated at the Point of Sale.”

Summary

- *Young people want added protection for their use of gift cards.*
- *They think that the expiry dates are too short and recommended a minimum of two years if at all.*
- *The respondents recommended that retailers keep better records to protect against stolen or lost cards and to allow young people to access information about value left and date.*

Conclusion

It is very common for young people to receive gift cards. Equally, it is common that they experience issues when it comes to spending the value of the card. The most common cause of difficulty experienced by young people is expiry of the card, while others experienced difficulties related to specific terms and conditions or closure of the relevant retail outlet.

Young people do not usually complain about gift cards. If they were to complain, they are likely to complain to the retailer or to their family and friends.

Young people who contributed to this submission would like added protection for young people. In particular, young people who are aged under 13 years. This might include protection against loss or stolen cards.

It was suggested that having the two year expiry date printed on the card, an on-line registration system and email reminder system would help overcome this difficulty. It was suggested that a gift card complaint number printed on the card would also assist young people if they encountered problems using gift cards.

Attachment A - Centrelink newsletter

Have your say on gift cards through the Australian Youth Forum!

Publishing Date: 9 March 2012

Blog Tag: Breaking News

Theme: n/a

Flesch – Kincaid Readability Ease: 70.2

Flesch Readability Grade: 6.2

Image: News Hub stock photo

<http://newshub.dhs.gov.au/wp-content/uploads/2011/04/feedback-e1305265583866.jpg>



The Australian Government's *Australian Youth Forum* is giving you the opportunity to share your opinion on gifts cards.

Love them or hate them - gift cards are a popular choice as presents. They are often seen as an easy and risk-free present to give to others. In 2009-10 nearly \$1.5 billion worth of gift cards were purchased in Australia!

But what about expiry dates, or terms and conditions attached to gift cards? We want to hear your views!

Do you buy gift cards? Why or why not? What are your concerns and thoughts when purchasing gift cards?

Join the discussion now on the Australian Youth Forum website or complete a short survey to make your voice heard.

Feedback received will be used in a written submission to the Treasury on behalf of young people. Have your say now!

Note: This article was produced at the request of DEEWR and is not in the contents schedule.

Attachment B Survey Questions

Gift cards in the Australian market

Open date: Monday 13 February 2012 (discussion topic opened Mon 6 Feb)

Closing date: Wednesday 21 March 2012

Thank you for taking part in the Australian Youth Forum (AYF) survey.

It is estimated that about \$1.5 billion worth of gift cards are purchased by Australians each year. The Australian Government is seeking the views of consumers on gift cards in Australia. The [*Gift cards in the Australian market Issues Paper*](#) aims to find out about the use of gift cards and whether or not people who buy or receive them need added consumer protection.

The AYF wants to hear about young people's views and experiences of gift cards. Your responses will be used to help provide the views of young people in a written submission to Treasury in response to their Issues Paper – [*Gift cards in the Australian market*](#).

The survey should take less than 10 minutes to complete, is confidential and closes on Wednesday 21 March 2012.

You can also contribute your ideas through the online discussion topic on the [Have a Say](#) page on the AYF website.

Have you given a gift card in the last 12 months? (Tick one only)

Yes

No

Have you received a gift card in the last 12 months? (Tick one only)

Yes

No

What type of gift cards have you given or received? (Tick all that apply)

Retailers (general)

Books

Music

Movies

Games

Clothing and fashion

Other (please specify)

Were these gift cards for use at? (Tick one only)

Online stores only

Retail and shop outlets

Both

Have you ever had a gift card that: (Tick all that apply)

Expired (before you used it)

Couldn't spend because of the terms and conditions

Couldn't spend because business closed or owners changed

Was not accepted by the store

Other (please specify)

What do you consider to be a reasonable timeframe for an expiry date?

None (no expiry date)

6 months

12 months

24 months

Other (please specify)

Should there be a minimum age requirement for users of gift cards?

Yes

No

Not sure

Why? (optional)

If yes, what minimum age would you suggest?

Under 15

16 years

18 years

Other (please specify)

Do you think there should be extra consumer rights/protections for young people and/or children when they buy or spend gift cards?

Yes (they need added protection)

No (they should be treated the same as adults)

Not sure

Have you ever made a complaint relating to a gift card?

Yes

No

Who would/have you complained to? (Tick all that apply)

Family

Friends

Retailer (e.g. store owner or staff)

Online (e.g. social media sites, business' facebook page)

Consumer Affairs (in your state or territory)

Australian Competition and Consumer Commission (ACCC)

Ombudsman' s Office

Taken legal action

Other (please specify)

Do you have any suggestions to improve how gift cards are sold and managed? (optional)

Please specify

Share a story (optional)

Please use the space below to share your story and experience of gift cards

Do you agree to the AYF publishing your story? This may include on the AYF website, AYF Facebook page and/or as a case study example in a written submission to Treasury in response to their Issues Paper – *Gift cards in the Australian market.*

Yes

No

AYF – About you

Your answers to the questions below provide the AYF with a better understanding about who and how young people are learning about AYF activities.

Where did you hear about the AYF?

Event/Presentation/Forum

E-newsletter

Facebook

National Youth Week

Friend

Youth organisation

Other (please specify)

Your age:

Under 15 years

15-17 years

18-21 years

22-24 years

Over 24 years

Your gender:

Male

Female

Do you identify yourself as an Australian Aboriginal or Torres Strait Islander person? (optional)

Yes

No

Your Post Code:

AYF newsletter sign-up

Thank you for taking the time to complete the AYF Survey. Your responses will be used to help provide the views of young Australians in a written submission to Treasury in response to their Issues Paper – *Gift Cards in the Australian Market*

Privacy

The Department manages information collected from participants in accordance with the Privacy Act 1988. Your personal information will not be used for any other purpose, added to any mailing list or disclosed to any person or organisation without your consent unless such disclosure is permitted pursuant to the Privacy Act 1988 or otherwise specified in the Conditions of Entry.

¹ Choice (2010) 'Gift card traps', 1 July 2010 (<http://www.choice.com.au/giftcards>).

Attachment C

Gift Cards in the Australian Market

HOST YOUR OWN FORUM: BACKGROUND PAPER

Introduction

It is estimated that \$1.5 billion worth of gift cards were purchased in Australia in the 2009-2010 financial year.¹

Gift cards are a popular choice of gift, particularly for young people because of their ease and convenience. However, there are some concerns about gift cards, including the risk of losing money, such as when the receiver is not aware of expiry dates and other terms and conditions that apply.

The Australian Government, through the Treasury and Commonwealth Consumer Affairs Advisory Council (CCAAC), is seeking the views of young people on gift cards in the Australian market.

The Gift cards in the Australian market issues paper seeks to explore and develop options to better protect consumers who buy or receive gift cards

Background

Since the mid-1990's, gift cards have become increasingly common in the Australian marketplace. For retailers and traders, gift cards are an effective way of increasing sales and building brand loyalty. For consumers, gift cards are an easy and convenient way to purchase a gift for family and friends.

As part of the review the CCAAC has been asked to find out about the:

- use of gift cards in the Australian market, and
- issues in relation to the purchase and use of gift cards in Australia.

Note: For the purpose of this review, gift cards do not include forms of prepayment that are not intended or designed to be gifts. For example, it will not examine pre-payment for mobile phones or internet.

As credit music downloads or movie passes are often used a gifts, they will be considered.

Who wants to know about this topic?

The Parliamentary Secretary to the Treasurer, the Hon David Bradbury MP, has provided the Commonwealth Consumer Affairs Advisory Council (CCAAC) with terms of reference to explore and develop options to better protect consumers who use gift card products.

Concerns relating to gift cards were raised by the Hon Paul Lucas MP, Attorney-General, Minister for Local Government and Special Minister of State for Queensland, at the 3 June 2011 Legislative and Governance Forum on Consumer Affairs (CAF) meeting. CAF noted concerns about terms and conditions of gift cards and the potential for consumer detriment.

Where can I get more information?

For more information on the topic visit: [Issues Paper - Gift cards in the Australian market](#).

The Australian Youth Forum (AYF)

The AYF wants to make sure that young Australians have the chance to voice their opinion on this issue.

Young people can share their views on gift cards by

- ⇒ Joining the online discussion: www.youth.gov.au/ayf/HaveASay/Pages/TopicDetails.aspx?TopicID=113
- ⇒ Taking the short online survey: www.surveymonkey.com/s/AYFgiftcards
- ⇒ Submitting ideas on Facebook: www.facebook.com/AustralianYouthForum
- ⇒ Submitting ideas via YouTube: www.youtube.com/user/AustralianYouthForum
- ⇒ Hosting your own forum: www.youth.gov.au/ayf or
- ⇒ Attending a forum.

Ideas and feedback received will be collected to form a submission to the Treasury, to ensure the views of young Australians are heard and taken into consideration.

Questions to consider

The AYF would like to hear about young people's experiences in relation to the following questions:

- What do young people think are the advantages and disadvantages of gift cards?
- What difficulties or reasons to complain do young people experience when using gift cards?
- How young people avoid gift card difficulties?
- Does the Australian Government need to standardise (the terms and conditions of) all gift cards in Australia?