



Restaurant
& Catering

SAVOUR
AUSTRALIA



9 August 2018

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

Dear Treasury,

Restaurant & Catering Australia (R&CA) is appreciative of the opportunity to provide feedback regarding the *Gift Cards Expiry Dates: Consultation paper on proposed regulations (Consultation Paper)* and the exposure draft of the *Competition and Consumer Amendment (Gift Cards) Bill 2018 (Bill)*. R&CA has been involved in previous consultations around the issue of gift cards at both a State and Federal Government level. R&CA's most recent involvement regarding the issue of gift cards was through its submission to the Australian Treasury's Regulatory Impact Statement on Gift Expiry Dates, provided in May 2018.

R&CA is the only national industry association representing the interests of over 45,000 cafés, restaurants and catering companies in Australia. The sector currently employs 633,300 people with this number expected to increase to 695,100 by May 2022 – the greatest percentage growth out of all industry subsectors.¹ In addition, the sector currently generates \$44.8 billion in turnover each year as of June 2018.² In addition, an overwhelming majority of businesses in the café, restaurant and catering sector (92.1 per cent) are small businesses employing 19 people or less. The impact of government regulation on these businesses is disproportionately greater than larger businesses due to a comparative lack of financial and time resources.³

The use of gift cards in cafés and restaurants is a popular option amongst consumers, particularly during peak trade periods such as long weekends and other public holidays. R&CA however notes that there may be several instances in which a discount coupon or voucher is used by the consumer on the value of a meal, rather than redeeming a gift card for the entire cost of the meal. R&CA argues that a distinction should be drawn between gift cards and discount coupons or vouchers for the purposes of clarity. Therefore, R&CA

¹ Department of Jobs and Small Businesses (2018) *Employment projections for the five years to May 2022*.

² ABS (2018) *8501.0 - Retail Trade, Australia, Jun 2018*.

³ ABS (2018) *8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2017*.



RESTAURANT & CATERING INDUSTRY ASSOCIATION

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supports the adoption of a definition which specifically excludes discount coupons or vouchers from the proposed regulations.

R&CA notes that restaurant and café-owners issuing bonus gift cards to encourage repeat custom amongst their clientele is a common and widespread practice across the industry. R&CA argues that this practice should be exempted from the regulations given that bonus cards are provided to customers as a goodwill gesture and that no actual money has changed hands between both parties. Should this practice be encompassed by the reforms, this would strongly disincentivise café and restaurant business-owners from issuing bonus gift cards in the future given the increased liability and the difficulty in monitoring issue and expiry dates. R&CA notes that the Consultation Paper has already proposed to exempt bonus gift cards used in promotional activities which is also currently the case in the NSW legislation. Therefore, an extension of this exemption to bonus gift cards issued to customers for use at all businesses is not an unreasonable proposal.

Finally, R&CA notes that the Consultation Paper includes a proposed date of 1 November 2019 for the commencement of the reforms. R&CA however argues that a 12-month implementation period for these reforms is an insufficient amount of time for industry to adequately adjust to these changes. R&CA supports the proposal from the Australian Retailers Association to increase the transitional period associated with these reforms to 18 months which would result in a mid-2020 commencement date.

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 _____ or _____

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Juliana Payne', written in a cursive style.

Juliana Payne
Chief Executive Officer
Restaurant & Catering Australia