

Audit Outcome Report

Gift Card Audit 2024/25

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Proactive Compliance Team Summary Report

Summary

- 1.1 As part of its consumer protection role, CAT monitors the compliance of businesses engaging in trade or commerce in Tasmania to encourage compliance with relevant Acts, Regulations, Codes of Practice and Standards.
- 1.2 A key objective of this audit was to strengthen awareness of CAT as a regulatory authority. CAT is committed to building positive, constructive relationships with businesses and stakeholders by delivering targeted education where required to promote a clear understanding of regulatory obligations.
- 1.3 This audit gathered data to establish a baseline level of compliance among businesses that supply gift cards (also commonly referred to as 'gift vouchers') to consumers. The findings will enable CAT to prioritise future compliance activities and evaluate the effectiveness of the current regulatory framework.
- 1.4 All businesses and individuals involved in this audit have been de-identified in this report. This measure ensures that the publication of audit outcomes does not disclose any information that could identify specific entities, while still providing transparency regarding overall findings and recommendations.

Background

- 2.1 Consumer Affairs Tasmania (CAT) is a business unit within the Tasmanian Department of Justice.
- 2.2 CAT incorporates areas of consumer affairs, occupational licensing, and building, electricity, plumbing and gas standards.
- 2.3 The Compliance and Dispute Resolution (CDR) unit within CAT undertakes compliance activities and provides advice and assistance with topics including renting and accommodation, building, shopping and trading. CAT is responsible for licensing, registration, and regulation of various occupations within the building and construction industry, as well as motor vehicle traders, conveyancers and security employees.
- 2.4 The ProActive Compliance Team (PACT) conducts both remote and on-site audits to support the CDR unit and strengthen CAT's compliance functions. By utilising

proactive audits as a regulatory tool, PACT aims to identify potential issues early, promote adherence to legislative requirements, and encourage best practice across regulated industries.

Jurisdiction

- 3.1 CAT is an output of the Department of Justice, exercising functions and powers under a suite of legislative instruments. As part of its regulatory responsibilities, CAT undertakes monitoring through a range of compliance activities, including on-site inspections, audits and desktop reviews.
- 3.2 This audit was conducted using powers in the *Australian Consumer Law (Tasmania) Act 2010* (the Act). The Act provides the legislative framework that enables CAT to monitor compliance, enforce consumer protections, and undertake regulatory activities necessary to upholding fair trading standards in Tasmania.

Use of Compliance Powers

- 4.1 All CAT officers undertaking the audit were authorised persons appointed by the Director under section 13 of the *Consumer Affairs Act 1988*.

Audit Details

- 5.1 This audit was conducted using a combination of both on-site and remote desktop reviews. A total of 96 businesses were included in the audit, comprising 20 businesses in the Launceston CBD and 44 businesses across Hobart, Kingston, Sandy Bay, Glenorchy and Moonah. In addition, 32 businesses were audited remotely through desktop reviews. The businesses and individuals chosen to be included in the audit were randomly selected based on location, with planning undertaken to ensure even coverage across Tasmania.

Key Findings/Trends

- 6.1 The audit assessed compliance with the Act.
- 6.2 Instances of non-compliance were identified in relation to the minimum expiry period for gift cards. Under the Act, gift cards must have a minimum expiry of three-years unless they are donated by the business for promotional purposes.
- 6.3 The audit found no instances where businesses included terms and conditions that voided consumer rights regarding expiry periods or imposed post-supply fees. However, the audit did identify that some businesses offering gift cards with unlimited expiry periods failed to disclose this information clearly on the article.

Conclusions

Compliant/Positive audit outcomes

- 7.1 Most businesses clearly stated the expiry period on gift cards, ensuring transparency for consumers.
- 7.2 Businesses did not impose additional fees after the gift card was supplied, which is in line with legislative requirements.
- 7.3 Most businesses provided easily accessible and understandable terms and conditions for gift card use.
- 7.4 Some businesses demonstrated proactive compliance by voluntarily highlighting their willingness to adopt best practice beyond minimum legal requirements.
- 7.5 Several businesses offered gift cards with an unlimited expiry period, exceeding legal requirements.
- 7.6 A majority of businesses were cooperative during audits and receptive to compliance education provided by CAT.
- 7.7 CAT identified moderate rates of compliance across audited businesses.

Non-compliant/Negative outcomes

- 7.8 Four businesses did not comply with the mandatory three-year expiry period. These businesses were provided with education and warned of the need to comply with legislative requirements.

7.9 Five businesses that offer no expiry period on their gift cards failed to clearly disclose this on the article.

7.10 A general lack of understanding of obligations under the Australian Consumer Law was observed, particularly regarding expiry periods and the minimum statements that must be included on the article in relation to expiry periods.

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