

INSIGHT



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Proposed Amendments to Carriage of Goods Act Are Largely Abandoned

The Consumer Law Reform Bill was reported back to Parliament on 2 October 2012, after having been considered and significantly revised by the Commerce Select Committee in the light of the submissions received.

It will be recalled that the Bill originally proposed some sweeping changes to the Carriage of Goods Act 1999, including making it subject to the Consumer Guarantees Act and restricting the situations in which carriers would be permitted to offer carriage on owner's risk and declared terms.

The revised version of the Bill does not feature any of those suggested changes, which have been wholly abandoned. The only change to the Carriage of Goods Act which is now proposed, is an increase in the limited carrier's risk limit of liability, from \$1500 per unit of goods to \$2000 per unit. There is still no mention of GST, and the limit will therefore remain inclusive of any applicable GST.

The redrafted Consumer Law Reform Bill now includes an amendment to the Consumer Guarantees Act which was added as a result of submissions to the Select Committee. The amendment will add a new section that creates a new guarantee to consumers. The effect is that where a supplier of goods is responsible for delivering or arranging the delivery of goods to a consumer, there will be a guarantee that the goods will be received by the consumer either at the time agreed or, where no time has been agreed, within a reasonable time; and also that the goods will be in proper condition.

The practical effect of this new guarantee, is that it will place the primary responsibility on to suppliers of goods, to resolve with consumers any issues over goods that are lost or damaged in transit. That will then leave the supplier to claim indemnity (up to the limit of liability) from the contracting carrier.

This solution addresses the concern expressed to the Select Committee, that if carriers were required to provide compensation directly to consumers with whom they had not contracted, it could expose them to a completely different liability regime to that which they had agreed. For example, a carrier could have contracted with a supplier on "owner's risk" terms, but nevertheless have unlimited liability to the consignee consumer.

Now, the contractual claim will remain intact and enable commercial arrangements to take effect as intended. A good result for carriers, with benefits for consumers also—a rare win/win situation.

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