



SUBMISSION

Prepared by
New Zealand Retailers Association

For the
Commerce Committee

In Respect of
Consumer Guarantees Amendment Bill

September 2010

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Introduction

These submissions are presented by the New Zealand Retailers Association

The Association is the largest Association representing the retail industry in New Zealand.

Our members include the major supermarket and general merchandise chains, specialised chains, traditional department stores and thousands of owner operators spread throughout the country.

Our membership also includes a number of specialised trade groups representing manufacturers, distributors and retailers in the plumbing materials, metal fastener, pet, equestrian, jewellery, bicycle and sporting goods sectors.

Retail sales currently total some \$66b per annum and the industry employs approximately 325,000 people (20% of the workforce) in over 49,000 outlets spread throughout the country.

Background

The Association recognises that consumer laws are important instruments that have widespread implications amongst the business community within New Zealand.

The Association recently submitted on the Ministry of Consumer Affairs Consumer Law Reform Discussion paper which provided an opportunity for the Ministry to seek views directly on many matters including those being addressed in the Consumer Guarantees Amendment Bill.

General Submission

The Association is supportive of the principles of the Bill and recommends that it proceeds within the context of wider legislative enhancements that may result from the Ministry of Consumer Affairs Consumer Law Review.

Our specific submissions follow:

1. *Extended Warranties*

Disclosure of Information

We note with concern that the Bill's explanatory note makes a broad and somewhat misleading statement in regards to Extended Warranties.

“**Generally**, these warranties offer no further protection to the consumer beyond the rights and remedies they already have under the principal Act”.

In reviewing the range of extended warranty products offered by our membership we find this statement not to be true.

However, this statement does reflect the confusion and subsequent need for education that exists around the transparency of what an extended warranty can offer over and above the rights and remedies provided to consumers by the Consumer Guarantees Act.

We agree that greater disclosure would assist consumers in making decisions on whether to purchase an extended warranty. However, the provision of such information is not as straightforward as it may seem. Every single product to which an extended warranty is available for purchase will have differing levels of benefits greater than those provided for under the Act. These will also be further complicated by a manufacturer or supplier's definition of 'ordinary consumer use' which may be quite different to what the consumer would deem to be ordinary use.

We suggest that guidelines could be prepared by the Ministry of Consumer Affairs in regards to the levels of disclosure, and the Association have already indicated our willingness to assist in such development and consultation with our members.

Cooling off Period

We are supportive of a requirement for a "cooling off" period, and note that the Bill provides for cancellation notice to be given by the consumer "within 7 days". Extended Warranty products that we reviewed offered terms up to 30 days, so we would suggest that the Bill be amended to "within 7 days or longer as stated by the Warranty....".

2. Application of CGA to Online Competitive Bidding Process

The Association are supportive of the proposal in the Bill that the Consumer Guarantees Act applies to the supply of goods and services by a supplier through a competitive bidding process using an online trading facility.

Appearance

We would welcome the opportunity to appear before the Committee to speak to our submissions.

New Zealand Retailers Association
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