

**Pukekohe Hiab Transport Ltd (PHT)** carry goods under Limited Carriers Risk (LCR) conditions and that limits PHT's liability to \$2,000 on any one item of goods.

LCR is the default condition for the carriage of goods in NZ as governed by the Contract and Commercial Law Act 2017.

Around 80% of all goods shipped around NZ by freight companies is carried under LCR conditions.

If any of our clients want PHT to carry their goods on different terms then it is up to the client to dictate which condition PHT carry for them.

It is not up to PHT as the carrier to set the terms – this is the clients responsibility and the client should have set the terms of carriage pre departure of the load.

If any damage occurs and it ends up in court or the tribunal all the client will get is \$2,000 and the client must still pay for the cartage – the client cannot deduct from the repair bill or refuse to pay PHT's invoice.

**Please read the article below from Lawlink which really clarifies the position in black and white.**

## What's the damage? Who is responsible if your goods are damaged during freight?

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Are you moving out of town or sending goods anytime soon? If the answer to this question is yes, you may want some insight as to what happens if your goods get damaged during freight and what you can do about it.

### Are you covered?

The Contract and Commercial Law Act 2017 governs the various types of situations that may arise during a carriage of goods contract. The Act covers a wide range of transport carriers, including road, rail, sea and air within New Zealand. The Act unfortunately does not cover the mail service. Once you have organised for goods to be transported by a 'carrier' and loss and damage occurs, you do not have to prove its cause in order to claim and get a remedy under the Act.

## What kind of contract did I have?

Your carrier's liability under the Act depends on the kind of contract you have with the carrier.

These types of contract include:

- **A contract for carriage at owner's risk**

Under a contract for carriage at owner's risk, the carrier is not liable for the loss of or damage to any goods except where the loss or damage is intentionally caused by the carrier.

- **A contract at declared value risk**

The carrier is liable for the loss of or damage to any goods up to an amount specified in the contract.

- **A contract on declared terms**

The carrier is liable for the loss of or damage to goods in accordance with a specific term of the contract.

- **A contract for limited carrier's risk**

The carrier is liable for the loss or damage to goods up to a certain amount.

If there is no contract between the parties, the default position will be a limited carrier's risk contract.

## When does liability start and end?

Liability for goods begins when goods are accepted by a carrier for carriage in accordance with a contract. Liability for the goods ends once the goods are delivered to the receiver or the receiver has picked up the goods.

## How much compensation will I receive for limited carrier's risk?

The Act allows you to be compensated for damage up to \$2,000 per 'unit of goods' if there is any damage or loss present. The definition of 'unit of goods' is important because it defines how much the carrier has to pay you for any loss or damage to your goods. A 'unit of goods' is defined as each item of goods. For example, if you live in Timaru and buy a bed from Invercargill but the bed is dismantled into three parts for carriage then you have three units, meaning you will get \$6,000 compensation.

As will be apparent, if your freighted item is worth \$2,000 or less then the default 'limited carrier's risk' contract will be adequate but if your item or items are worth significantly more you should ensure your freight contract will give you appropriate compensation for damage.

## How much time do I have?

In order to make a claim under the Act you have 30 days after the date on which the carrier's responsibility for the goods ends. However, this time period can be shortened by contract, so ensure you check the terms of your contract for this. If there is no contract present, then you will fall under the default position which is a limited carrier's risk contract as outlined above.

## What should you do when freighting goods?

You should clearly establish what kind of contract you have with the carrier. If goods are damaged or there is loss during delivery you will then have a clear understanding as to who is liable for compensation, and be able to ensure that the compensation for damage is adequate. You should also consider arranging your own insurance.

## Relationship between insurance and the Act

It is important to get insurance when getting your goods moved or transported by a carrier, as loss or damage to your items may not be covered under the default position. Carriers are not liable for loss or damage directly resulting from:

- an inherent defect in the products;
- products not packed properly;
- packing of dangerous goods; or
- when the carrier is saving or trying to save life or property.

Therefore, it is important to make arrangements for insurance, either through the carrier, or directly with an insurer.