



21 May 2020

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## **RTF asks for higher threshold in Fair Trading Act**

A contract threshold of \$500,000 should be included in the Fair-Trading Act Amendment Bill, Road Transport Forum (RTF) chief executive Nick Leggett told the Economic Development, Science and Innovation Select Committee at Parliament today.

“The RTF supports the overall intent of this Bill,” Leggett says. “That is, to extend the current protections under the Act against unfair contract terms (UCT) to small trade contracts. We would like to thank Ministers Kris Faafoi and Stuart Nash for responding to industry calls on this Bill.

“A significant chunk of the road freight transport industry is small and medium sized business operators. However, despite being small businesses themselves, they take on large contracts. This is why we are submitting that the definition of small trade contracts in the Bill should be increased to a threshold of \$500,000.

“Too many contracts whose parties deserve protection from unfair contract terms will be worth more than \$250,000. Many transport operators will have contracts with an annual threshold value well in excess of that amount.

“Unless the threshold is increased, a significant number of small businesses that deserve protection under the Act will not get it.”

RTF has also submitted that the Commerce Commission’s monopoly on enforcement of unfair contract terms (UCT) should be removed; the amendment should apply to all existing standard form small trade contracts, not just when they are varied; and extending the UCT provisions to small businesses is more important than the prohibition on unconscionable conduct.

“Prohibiting unconscionable conduct is unlikely to be effective. We prefer the focus on protections against unfair contract terms to small trade contracts,” Leggett says.

“This will have a profound impact on small transport companies that in some parts of the country are subject to unfair contract terms in the form of unilateral deferred payments (UDP). This is an insidious practice used by some large corporates seeking to extend payment times to their suppliers beyond what is normally considered acceptable.

“Road freight is critical to New Zealand’s economy and will have a substantial role to play in COVID-19 recovery to ensure that supply chains remain connected. Support for road freight transport must be prioritised at this critical period.”

The RTF submission is available [here](#).

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**About Road Transport Forum New Zealand (RTF)**

RTF provides unified national representation for several regional trucking associations. RTF members include Road Transport Association NZ, National Road Carriers, and NZ Trucking Association. The affiliated representation of the RTF is about 3,000 individual road transport companies which in turn, operate 16-18,000 trucks involved in road freight transport, as well as companies that provide services allied to road freight transport.

The road freight transport industry employs 32,868 people (2.0% of the workforce), has a gross annual turnover of \$6 billion, and transports 93% of the total tonnes of freight moved in New Zealand.