



12 June 2012

Dr Richard Janes
Chair
EGCC Scheme Board
PO Box 5875
Lambton Quay
Wellington

by email: submissions@egcomplains.co.nz

Dear Dr Janes

We have been asked to comment on the recommendation by the Minister of Consumer Affairs that the jurisdictional limit be increased to \$50,000.

In our view it is appropriate to increase the jurisdictional limit to \$50,000 (and up to \$100,000 with the member's consent).

The limit proposed by the Board's working group (\$25,000/\$60,000) is too low, for a number of reasons.

The costs of taking action in the District Court make it an unrealistic option for matters involving less than at least \$50,000 (and even at that level would still require a very optimistic litigant).

It's worth pointing out also that the Disputes Tribunal only hears claims up to \$15,000 (or up to \$20,000 by agreement of the parties).

Increasing the scheme limit to \$50,000 would mean consumers would have a forum to resolve claims that are not currently able to be heard.

Some types of claims that are commonly raised with the Commission (for example, those that involve responsibility for trees, or damage caused by power surges) can involve reasonably large amounts of money. The jurisdictional limit should not be set so low as to prevent claims that are within the amounts one would expect to see.

It must be said we don't know how many consumers are missing out simply because they have claims which are too high because of the current limits.

We understand only a tiny number of complainants have had to be turned away from the Commission because their claims exceed the limit. However, that may be because potential claimants know of the limit and avoid the scheme as a result.

However, we do know this: if there are consumers out there with meritorious claims who are currently missing out on the right to have their claims heard, they should be given the opportunity to do so.

If on the other hand, there are only a very few consumers in that position, raising the limit will do no one any harm.

Regards

Paul Doocey
Advisor