Northern Territory
Law Reform Committee

Report on

DISPOSAL OF UNCOLLECTED GOODS ACT
SUMMARY OF RECOMMENDATIONS

1. That the *Disposal of Uncollected Goods Act* be repealed and a new Act passed along the lines of the NSW legislation.

2. It is recognised that for various good reasons the various provisions under the several Acts referred to in Schedule 3 of the Issues Paper and Chapter 2 of this report should remain.
INTRODUCTION

This paper arises out of the difficulties encountered with disposing of uncollected goods, particularly by small business operators that are left with goods delivered to them for repairs and not collected by the owner (when the repairer is owed money for repairs undertaken) and by landlords left with tenants goods (sometimes perishable) after a tenant has vacated premises.

Except in the case of residential tenancies, the only means of any recovery for these persons is disposal of the goods pursuant to the Disposal of Uncollected Goods Act. The Act passed in 1980 to overcome some of the difficulties following Cyclone Tracey is now out of date and cumbersome.

There are provisions in many other Acts to provide for disposal of goods in specific circumstances, but there still needs to be streamlined modern legislation that offers the public a cost effective means of disposing of uncollected goods.

STRUCTURE OF REPORT

The paper examines the legal rights to dispose of uncollected goods. Chapter 1 examines the Disposal of Uncollected Goods Act 1980. Chapter 2 examines other legislation that has been passed to regulate disposal of goods. Chapter 3 is an evaluation of the Disposal of Uncollected Goods Act 1980. The evaluation is based entirely on a comparison between the NT Act and other State/Territory legislation in Australia.

Chapter 1

THE EXISTING LAW

STATUTORY PROVISIONS: DISPOSAL OF UNCOLLECTED GOODS ACT

1.1 The purpose of the Disposal of Uncollected Goods Act 1980 is to give persons in possession of uncollected goods another means of disposing of those goods where the person entitled to possession does not resume possession of them.

1.2 The NT Act sets out two methods of exercising the right of sale: by way of notice (Part II) and by way of court order (Part III). Section 4 of the Act makes it clear that the rights given by the Act are in addition to other remedies available to the bailee. Thus, where there is a contract of bailment between the parties, they may use the contract to regulate the relationship rather than rely on the Act.

A. Disposal of Goods without a Court Order

1.3 Part II of the Act deals with the disposal of goods valued at not more than $200 without a court order. The part is restricted to bailment’s created in the course of businesses for inspection, custody, storage, repair or other treatment. Section 7 creates in the bailee a right to sell goods where they have not been collected by
a bailor but are ready for re-delivery. The right is limited and is withdrawn if the bailee is unaware of the identity or whereabouts of the bailor.

1.4 Section 6 provides for the bailee to sell goods which do not exceed $200 in value, where the goods are ready for re-delivery and there is a failure by the bailor to either collect the goods, give directions as to their re-delivery or to pay the charges lawfully due to the bailee.

1.5 Before exercising the right of sale under Part II the bailee must comply with the conditions as to the sale of goods set out in section 8:

1.5.1 First notice to bailor

The bailee must give notice to the bailor, after the goods are ready for re-delivery, that the goods are so ready. The contents of a notice for re-delivery is set out in section 23 and should include:

(a) names & addresses of the bailee & bailor;
(b) a sufficient description of the goods and the place where they are situated;
(c) a statement indicating the Part of the Act pursuant to which the notice is given;
(d) the goods are available for re-delivery by the bailee to the bailor;
(e) the place at which they are so available;
(f) the amount the bailee claims is due to him as charges;
(g) that, unless the bailor takes or gives directions for re-delivery of the goods; or gives to the bailee a notice in writing that he disputes any of the matters contained in the notice, the bailee will sell the goods or apply to the court for such an order under Part III.

1.5.2 Second notice to bailor

Three months after the first notice is given and one month before the intended sale, the bailee must give a further notice to the bailor, in the same terms as the first. This second notice must state in addition; the bailee’s estimate of the value of the goods, the date on which the bailee gave to the bailor notice that the goods were ready for re-delivery; and that if the charges are not paid and notice is not given relating to their re-delivery within one month, the bailee intends to sell them.

1.5.3 Persons to whom notice should be sent

The second notice should be forwarded to the bailor, the Commissioner of Police and every other person known to have an interest in the goods. It must also be published in the Government Gazette.

1.5.4 Mode of Sale

Once these requirements are satisfied the goods must be sold by public auction in separate lots. If the bailee has not succeeded in selling them, he may sell them by private treaty or dispose of them. When there is a dispute between the
bailee and bailor, the right of sale is suspended. Sections 10(1) and (3) set out special provisions for the resolution of such disputes.

1.6 Where the right of sale is to be exercised the bailee is required to prepare a record of the sale and to retain that record for a period of six years from the date of sale or disposal. These records must be made available for inspection by the person who at the time of sale had an interest in the goods.

B. Disposal of Goods with a Court Order

1.7 Part III of the Act deals with disposal of goods by way of a court order. Part III covers a wider field by including all goods irrespective of their value and whether they were acquired under a bailment. It also provides an alternative remedy for bailment’s already covered by Part II. Part III differs from Part II in three respects. It allows for:

(a) a bailee to proceed by way of court order;
(b) a reduction of the period during which the goods must be held;
(c) the disposal of goods by means other than public auction.

Procedure by way of Court Order

1.8 Under Part III the bailee is able to apply for an order to sell the goods from the Local Court of the district in which the goods were accepted. Not less than one month before a bailee makes an application to the court he/she must give notice in writing of his intention to do so. Who he gives notice to depends on the circumstances of the uncollected goods but essentially is in the same terms as notices described above.

1.9 If the Court makes an order for the sale or disposal of goods it should:

(a) fix the rate of storage charges and the date from which those charges shall accrue;
(b) fix the expenses that may be incurred on the sale or disposal of the goods;
(c) impose conditions on the sale or disposal of the goods.

C. Other Provisions of the Act

1.10 A number of other provisions in the Act should be noted.

1.10.1 Disposal of Goods by Agreement

Section 5 provides that all powers conferred by the Act are granted in addition to, and not in derogation from, any powers exercisable independently of the Act. The parties to a bailment may therefore regulate the terms of any right of sale through a bailment agreement.

1.10.2 Proceeds of Sale
Section 19 sets out the procedure for the disposal of the proceeds of the sale. Any surplus moneys are to be paid by the seller to the bailor or if the bailor's whereabouts is unknown, to the Minister.

1.10.3 Rights of Purchasers

Section 22 deals with the rights of persons acquiring goods under this Act. Good title will be acquired provided the purchaser buys in good faith and without notice of any failure of the seller to comply with the provisions of the Act, or any lack of title in the bailee. The burden of proving that the provisions of the Act have been complied with, rest on the bailee in civil proceedings.

1.10.4 Penalty for failing to comply with this Act

Section 24 provides that a person who does not comply with this Act is guilty of an offence. The penalty being 400 dollars, imprisonment for three months or both.

1.10.5 Unfair Transactions

Section 20 deals with the power of the Court to re-open a transaction where the method of sale or disposition, or the price or consideration received was unfair, to either the bailor, or to the person whom possession was obtained.

Chapter 2

OTHER LEGISLATION

2.1 This chapter outlines the procedures available to dispose of goods under legislation other than the Disposal of Uncollected Goods Act.

I. LOST GOODS

2.2 There are a variety of regulations giving rights to disposal of personal goods lost or misplaced on public transport. There are extensive provisions relating to “public passenger vehicles” (including buses, taxis and private hire cars) set out in the Taxi Regulations and Motor Vehicle (Hire Car) Regulations. Under these regulations drivers must immediately call the hirer or hail back the passenger. If this fails they are to take the article to the nearest police station.

2.3 Lost property at public swimming pools in the Northern Territory if not claimed within one month is also to be taken to the police station.

II. POLICE ADMINISTRATION ACT

2.4 Any goods and chattels which have come into the possession of a member of the Police Force are governed by section 166 of the Act. Where the goods have remained unclaimed for at least three months and a notice has been published in
the Gazette of the intention to sell or dispose of those goods or chattels, they may be sold by public auction or disposed of in such a manner as the Commissioner directs. Different provisions apply where the goods or chattels are perishable.

2.5 Section 166 only applies where the goods or chattels have come into the possession of a member of the Police Force in the course of their duties.

(Note that section 130B of the Justices Act provides a further means of disposal of goods in the custody of the police.)

III. PAWNBROKERS

2.6 When goods are given in pawn, the pawnbroker’s right to sell the goods is governed by the Consumer Affairs and Fair Trading Act 1986. The period during which any article taken in pawn may be redeemed is 1 months, or longer as agreed between the parties. Section 273 regulates the sale of unredeemed goods.

IV. WAREHOUSES AND STORAGE FOR HIRE

2.7 The responsibilities and liabilities of a person who is engaged in the business of storing goods as a bailee for hire or reward, are set out in the Warehouseman’s Liens Act 1980. Under sections 4 and 5, a warehouseman has a lien on goods deposited with him/her for all the charges incidental to storage and preservation of the goods, including the cost of insurance, transportation, labour, weighing, packing, coopering and other expenses in relation to the goods.

2.8 Section 8 empowers the warehouseman to sell the goods over which he has a lien at public auction upon satisfaction of certain conditions, which include:

(1) written notice of intention to sell to the person liable for the debt, the owner of the goods, to the grantee, and any other persons with interests in them, as set out by s8(2). This notice is to be delivered personally or by registered post;

(2) requirements for the contents of the notice are set out by s8(3), and include a brief description of the goods, a statement showing the situation of the warehouse where the goods are stored, the date of their deposit, the name of the person by whom they were deposited, a statement of the charges due, a demand that they be paid, and advice that if such charges are not paid the goods are liable to be sold;

(3) an advertisement of the sale of the goods published at least twice in a daily newspaper printed and published in Darwin and Alice Springs, describing the goods and stating the time and place of the sale;

(4) sale of the goods will only be allowed where the charges due on them are more than 12 months in arrears.
2.9 While the conditions imposed on the bailee’s right of sale may be appropriate to the extensive operations of warehouses and other such storage facilities, they are unlikely to be helpful when the goods involved are of little value, perishable or when the bailee’s facilities are not designed to deal with long-term storage of goods.

V. “INERTIA” SELLING

2.10 Inertia selling is a practice whereby goods are sent unsolicited to a person and, when not returned, are deemed to have been accepted by the recipient, who is then billed accordingly. The practice is regulated by the Consumer Affairs and Fair Trading Act 1990. Section 59 of this Act relieves the recipient from any liability for damage to, or payment for, goods sent in such a manner. After a specified period (at least 3 months) the goods are deemed to be the property of the recipient “freed and discharged from all liens and charges of any description”, so long as the recipient has not unreasonably refused to allow the sender to retrieve them and so long as the goods were not received in circumstances “in which the person knew, or might reasonably be expected to have known, that the goods were not intended for him/her”. Section 59 (5) also sets out some notice provisions, but these are optional as title to the goods automatically vests in the recipient after three months.

VI. HOTEL-KEEPERS

2.11 When a guest departs premises leaving goods behind, the proprietor of a hotel or guesthouse is in the same position at common law as a landlord. However, if a guest leaves without paying for food, drink, accommodation or services provided to that guest, the hotel-keeper has a lien over the property. The extent of this lien is however limited by s7(2) of the Hotel-keepers Act 1981, which abolishes a hotel-keepers lien over a vehicle.

VII. TENANCY

2.12 At common law a landlord was considered to be an involuntary bailee with no right to dispose of goods left by a tenant vacating premises. The bailment was imposed even when the landlord had neither the desire nor capacity to store the goods. Any attempt to sell exposed the landlord to liability for conversion. Even where the landlord had a lien for unpaid rent the sale or other disposal of the goods could still constitute conversion. In the Northern Territory tenancy was governed by the Tenancy Act up to 1 March 2000. Leases entered into prior to that date are still governed by that Act. This legislation does not include any provisions relating to the removal, destruction or disposal of uncollected or unclaimed goods.

2.13 Residential and commercial tenancies are now determined by the Residential Tenancies Act and the Commercial Tenancies Act respectfully.

2.14 In the case of residential tenancies there is now provision for disposal of goods left at premises after the termination of a tenancy. There is no similar provision in the Commercial Tenancies Act and the remedies available at common law or under other legislation must be used.
2.15 The associated common law right of distress for rent continues to be abolished. Distress for rent has been abolished in all jurisdictions in Australia except for South Australia where the right still exists in relation to commercial premises. Distress for rent was a full defence to any allegation of conversion or trespass to property. With the abolition of distress for rent, a landlord even though having a lien for unpaid rent, was restrained from seizing the tenant’s chattels and satisfying the debt from the sale of the chattels. Even if goods had been left on premises after the termination of a tenancy and the tenant owed the landlord money under the former tenancy, the goods could not be seized or disposed of by the landlord without court order, and none of the procedures allowed for offsetting of moneys received from the sale of goods against money owed under the tenancy. The landlord had to take separate action for each cause and seek set-off on each judgment.

2.16 Both replevin and distress for rent were abolished in 1990 in the NT. Sections 124 and 125 of The Law of Property Act that came into force on 1 December 2000 restates the position originally included in section 30 of the Law Reform (Miscellaneous Provisions) Act.

2.17 The Commercial Tenancies Act does not deal with goods left at premises by a tenant who had abandoned or vacated the premises. Even though the tenant may have left owing rent or other moneys to the landlord, the landlord can only dispose of goods via the procedure in the Disposal of Uncollected Goods Act and had to deal with the proceeds according to that Act. Further, without a court order or judgment in respect of unpaid rent there could be no set off.

2.18 There is now provision for disposal of abandoned goods in residential tenancy situations in section 109 of the Residential Tenancies Act. In one circumstance a landlord is able to offset any proceeds from the sale of goods against outstanding rent or other money owed under the tenancy.

2.19 In the case of residential tenancies, which excludes holiday accommodation, caravan parks and a tenancy where no rent is paid, the landlord must store goods in a safe place and manner where goods are left on premises that were subject to a tenancy that has been terminated according to the Act. (There may be a question that the section on abandoned goods may not apply to a tenancy that has ended by effluxion of time. The Act deals with situations of early termination of tenancies. If a tenant has left the premises at the end of a tenancy, not owing any moneys, but leaving goods at the premises, it is not entirely clear that section 109 would apply. The Commissioner has the power to resolve disputes between parties about the exercise of powers conferred by section 109.)

2.20 If the goods are perishable foods or have perished or are worth less than a fair estimate of the cost of their removal, storage and sale the landlord may remove and dispose of or destroy the goods.

2.21 If goods are taken into storage by the landlord, within 14 days of so doing the landlord must give notice to the tenant (if possible) in the prescribed form and to any other person that may have an interest in the goods and publish a notice in a
newspaper of the storage of the goods. The person entitled to possession of the goods can reclaim them by paying the landlord the cost of removal and storage and the cost of publishing the notice. In that circumstance the landlord must return the goods to the owner and is not able to retain possession under some lien for unpaid moneys under the tenancy. To recover any unpaid moneys the landlord must take the other action available through the Act or by court action.

2.22 If the goods are not reclaimed within 30 days after the landlord retook possession of the premises the goods must be sold by public auction as soon as practicable. (Note the variation in the date for determining time: the notice is to be sent within 14 days of the goods being placed in storage; the goods can be sold by auction if not reclaimed after 30 days of the landlord retaking possession of premises. There is no provision in the Act requiring the goods to be stored for any minimum length of time or how much notice a tenant needs to have of the possible sale of the goods. Although it may be presumed that there is some connection between the time of giving notice and the time before a sale, the prescribed times are measured from different events. It is possible the 30 days from retaking possession could expire before the goods are placed in storage.)

2.23 On the sale of the goods the landlord may retain out of the proceeds the cost of removal, storage and sale, the reasonable costs of the notices required, and any amounts owed to the landlord under the tenancy. The balance is paid to the tenant or the Commissioner if the tenant cannot be found.

VIII. REPAIRERS

2.24 When goods are left for repair or treatment under a bailment for reward, the principal right the repairer has to dispose of them is under the terms of the Disposal of Uncollected Goods Act 1980. These terms are wordy, complex, expensive and time consuming. The main problem with the Act is that unless a court order is obtained, the only means of disposing of goods is by public auction. The process of a public auction is usually inappropriate for goods that are of little value, second-hand and useless to anyone but the owner.

2.25 The Workmen’s Liens Act has provision in section 41 for disposal of chattels where a person has a common law lien on that chattel. The lien must arise because of work done to improve the chattel. The person must also have continued to lawfully retain possession of the chattel. The Act allows a person to sell the chattel at public auction if an amount due to him remains unpaid for one month after it becomes due. After giving notice to the owner of such sale the chattel can be sold at public auction. The proceeds of a sale are to be applied to pay the person the amount owed in respect of the lien and the costs of the sale of the chattel. Any surplus is to be deposited at the Local Court.

2.26 The Act does not have any provision in relation to the purchaser obtaining clear title to the goods. A problem could arise if say a mechanic used the provisions to sell a vehicle he held a common law lien over, for example where a vehicle is repaired but the owner does not pay for those repairs. If the vehicle is sold at public auction, the new owner will seek to have the registration transferred. Without some court order or other legislative provision giving clear title to a purchaser the motor vehicle registry would be unlikely to allow a transfer unless it
was signed by the original owner. For other chattels the Act may be of some use.

**IX. ABANDONED MOTOR VEHICLES**

2.27 Pursuant to section 54(w) of the *Traffic Act*, the Administrator may make regulations with respect to the sale or disposal of abandoned vehicles.

2.28 Division 2 of Part XI of the Traffic Regulations deals with the power of a competent authority to move and dispose of abandoned vehicles.

2.29 The competent authority in relation to a public street or public place means the person, body or authority having the care, control and management of that street or place.

2.30 It is by that provision the Local Government authorises public highway authorities or the Territory in other areas have the means and power to dispose of abandoned vehicles.

2.31 Regulation 59 defines what constitutes an abandoned vehicle and the powers of an authorised officer of the competent authority to move the vehicle to storage.

2.32 Regulation 61 provides the system of notices and advertisement of the proposed disposal of the vehicle. Regulation 62 deals with how proceeds of the sale are to be dealt with.

2.33 Regulation 62(2) provides “A sale or disposal under regulation 61 shall be valid as against all persons”.

2.34 Note that some authorities have by-laws providing for disposal of abandoned vehicles (See for example Jabiru Town Development (Roads and Public Places) By-laws, Yulara Tourist Village By-laws, Palmerston (Traffic) By-laws, Katherine Town Council By-laws, Alice Springs (Control of Public Places) By-laws, Darwin City Council By-laws, Territory Parks and Wildlife Conservation By-laws.)

**Chapter 3**

**EVALUATION OF THE CURRENT LAW**

3.1 It was hoped the *Disposal of Uncollected Goods Act* would be of considerable assistance to persons who are burdened with goods that they cannot lawfully dispose of, whilst at the same time protecting the interests of the true owner. There was an urgent need for this legislation following Cyclone Tracy which resulted in many goods being left by people departing from the Territory.

3.2 The evaluation undertaken to date is based entirely on a comparison between NT legislation and the other States/Territory legislation. Of particular significance is the equivalent legislation from NSW and the ACT which are the most recent. There is a clear difference between the new legislation and the old.
3.3 In 1988 the New South Wales Law Reform Commission published a report outlining the deficiencies that existed in the current Disposal of Uncollected Goods Act (NSW)1966. Numerous recommendations were made and in 1995 the Uncollected Goods Act 1995 was passed repealing the old legislation.

3.4 Some immediate observations of the defects in the current Disposal of Uncollected Goods Act are:

3.4.1 The Act is unnecessarily complex due to the wording and the length of most sections. Disposing of uncollected goods is not a complex legal area. A repairer for example, should be able to understand and utilise the legislation without necessarily resorting to a lawyer’s expertise. Section 13 states when a notice is to be given. The section is quite complicated. Section 23 deals with what must be contained in the notice. The section is long and difficult to understand.

3.4.2 The terminology of the Act is confusing. There is no explanation in the definition section of terms such as; goods, bailment, custody, bailee, bailor, the meaning of disposal and so on. A layman is likely to be deterred by terms like ‘Short Title’ and ‘private treaty’. The NSW Act uses ‘Name of the Act’ in place of ‘Short Title’ and the ACT Act uses the terms ‘owner’ & ‘possessor’ in place of ‘bailee’ & ‘bailor’. Although these differences are only small I feel they would make a significant difference to the person using the legislation.

3.4.3 The current remedies are time consuming and inappropriate. For example, it would be unlikely a mechanic has the facilities to store a vehicle for up to 3 months whilst he/she gives notice to the bailor. Secondly an auction in a separate lot is inappropriate for perishable goods, goods of no value and goods of low value that are of no use to anyone but the owner. Furthermore a bailee may not have the expertise to conduct an auction.

3.4.4 The costs of complying with the notice provisions, or of instituting proceedings in court would in my opinion, greatly outweigh the value of most of the goods involved. Most often goods are second-hand, in need of repair and most likely don’t justify the long periods of storage, the record keeping and procedures for separate sale at public auction required by the Act. The Act fails to take account of the wide variety of goods involved by offering only two types of remedies no matter what the nature or value of the goods.

3.4.5 The explanation relating to uncollected goods is limited in that it does not relate to lost or abandoned goods. In chapter 2, I outlined the other remedies provided by legislation other than the Disposal of Uncollected Goods Act. The Act does not cover all bailees of uncollected goods. Its failure to do so raises the question of whether a general approach is the most effective method of dealing with the matter.

3.4.6 The Disposal of Uncollected Goods Act is the only remedy available for commercial landlords and repairers of goods (including motor vehicle
repairs) and the provisions of the Act are cumbersome and confusing in comparison to the analogous remedies available in the *Residential Tenancies Act* for residential landlords and the *Traffic Act* for abandoned vehicles.

3.5 When comparing the NT legislation with some of the more recent equivalent Acts, significant differences immediately appear obvious. The newer Acts from NSW and the ACT are ‘user friendly’ so to speak. They are simple, shorter, easier to understand and cover virtually all uncollected goods whether lost or abandoned and whether bailment exists or not.

3.6 Most importantly, the remedies are more appropriate. The NSW Act divides goods into four categories and provides remedies according to the category. The categories include goods up to $100, goods between $100 and $500 in value, goods between $500 and $5,000 in value, and perishable goods. It is only for goods over valued at over $5,000 that a court order for disposal is needed. Under the ACT Act there are no provisions providing for an application to court for an order of disposal. The only methods of disposal are by way of sale, appropriation, destruction or auction. Again the method of disposal depends on the type of goods and their value. For example, under section 23 goods of low value (which means goods which have a net value of more than $20 but less than $500) may be disposed of by sale, appropriation or destruction after one month. This section therefore gives the ‘possessor’ three alternative methods of disposal and a much shorter period of storage.

3.7 Attached is the NSW and ACT legislation outlining a proposed regime that could be implemented in the NT. Particularly the legislation provides a graded means of disposal depending on the value of the goods to be disposed. The NSW legislation is more applicable to the situation in the NT because of all the specialist legislation in the Territory (see Chapter 2) which can be retained if a general type of remedy such as the NSW Act is adopted.

3.8 Also attached is a copy of an Issues Paper prepared by the Attorney-General’s Department in December 1992 dealing with disposal of unclaimed moneys. Many of the recommendations in that report are still valid. The Attorney-General’s Department is currently examining the recommendations of that issues paper and preparing submissions in respect to it. Although there is overlap between the two matters the disposal of uncollected goods is still a separate matter that can be separately dealt with and there will be no interference with the recommendations concerning unclaimed moneys.

3.9 The position of the NT police is as follows:

3.9.1 NT police support the legislation being modernised and simplified and have no definite views on precisely what should constitute the new Act. The schemes which exist in other jurisdictions, together with Parliamentary Counsel’s advice as to what they consider appropriate would suffice.
3.9.2 Provided the Commissioner of Police received notification of applications to be heard or determined (including with a detailed itemised schedule of the goods to be disposed of so that checks as to “stolen goods” can be done if necessary), the Commissioner would be content with any new legislative scheme.

3.10 A careful examination of NT legislation is likely to reveal other instances of specific circumstances for the disposal of goods in the specific circumstances dealt with in that legislation. That does not detract from the continuing need for a modern “user friendly” and simplified means to dispose of uncollected goods where the value of the goods are not significant.

Recommendations

1. That the Disposal of Uncollected Goods Act be repealed and a new Act passed along the lines of the NSW legislation.

2. It is recognised that for various good reasons the various provisions under the several Acts referred to in Schedule 3 of the Issues Paper and Chapter 2 of this report should remain.

Original paper prepared by Sophie Silvester, with amendments on pawnbrokers by Bryan Elliott and amendments on tenancy, the Workmen’s Liens Act, the Traffic Act, the introduction and schedules by Dirk de Zwart. Paper edited by Dirk de Zwart.