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LTD (CGF)**

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**CONSUMER PROTECTION ACT EMPOWERS CONSUMERS - BUSINESSES TO
BEEF UP PRACTICES TO MEET REQUIREMENTS**

Are you ready for the CPA?

The new Consumer Protection Act 68 of 2008 (CPA), which was gazette on 29 April 2009, and which is scheduled for implementation in two phases, will put more power in the hands of consumers.

As an affirmation of their strategic partnership in promoting responsible business practice, the Proudly South African Campaign, together with CGF (Corporate Governance Framework) Research Institute (Pty) Ltd, a strategic partner of Proudly South African, have again joined forces to sensitise businesses on the importance of coming to grips with the provisions of the CPA in ensuring sustainable business development and growth.

“A lack of knowledge in applying the Act could cost a business dearly. Courts are given comprehensive powers to grant orders dealing with any contravention of the Act. Should a business be convicted for contravening the act, it may face a hefty fine or even imprisonment! Service or product delivering businesses, amongst others, are likely to require specialist advice to ensure that they are complying with the provisions of the CPA”, says Terry Booysen, CEO of CGF Research Institute (Pty) Ltd.

The first phase of the CPA, which will be introduced on 29 April 2010, will mainly see the establishment of the *National Consumer Commission*. This will be the body that is empowered to investigate public complaints, issue compliance notices and refer matters to the National Consumer Tribunal which was established under the National Credit Act.

Most of the other provisions of the CPA will require implementation when they come into effect during phase two - from October 2010. Just about every business in South Africa will be affected by the Act. The legal and logistic implications of the CPA for those in the supply chain will be substantive, with the interests of the consumer being paramount and the supplier held in check.

“Businesses will be required to assess and amend their business models, strategies and service delivery methods very fast in order to meet the timeframes indicated for the implementation of the Act. The cost implications may in many instances be sizeable and perhaps unexpected, considering the fact that the CPA applies to ‘every transaction’

within South Africa that involves the supply or promotion of any products or services between businesses and their customers”, says Booysen.

CGF Research Institute (Pty) Ltd has designed tailor-made products and services to assist companies to grasp the pressing issues associated with corporate governance, risk and compliance (GRC), including the compliance requirements relating to legislation such as the CPA.

This will assist companies in understanding, amongst others, issues such as the disclosure requirements placed on suppliers in terms of the CPA’s risk and liability clauses, and the prohibition (by the CPA) of many common limitations of liability which had previously been included in supplier agreements with consumers. Other responsibilities captured in the new Act relate to implied warranties in respect of safety and quality; and strict liability provisions.

It is generally concurred that the CPA, through its specific focus contributes to a more fair and balanced relationship between suppliers and consumers. Through its promulgation, the CPA will ‘consolidate’ the effects of older acts such as the Unfair Business Practices Act, the Trade Practices Act, the Sales and Service Matters Act, the Price Control Act and the Merchandise Marks Act which had addressed the issue of consumer protection on a more fragmented basis.

The requirement of good governance rings in a new era of service expectation and delivery. And with legislation such as the National Credit Act, the Competition Act and the Consumer Protection Act providing more rights and greater protection to consumers, consumer activism seems set to play a much more prominent role in ensuring business compliance.

The Proudly South African Campaign encourages its members, and all companies that are committed to the Campaign’s empowering and uplifting ethos, to ensure that they come to grips with and implement the provisions of the CPA, in the interest of fairness and transparency and in the spirit of building our participatory democracy.

For more information on the captivating subject of the CPA, contact:

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