

Media release  
IoDSA

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### **AT LAST! GREATER PROTECTION FOR CONSUMERS**

*The Institute of Directors in Southern Africa warns Business to get to grips with new Consumer Protection Act*

The Institute of Directors in Southern Africa (IoDSA) has welcomed the new Consumer Protection Act (CPA), particularly for the way in which it gives consumers a voice, governs irresponsible marketing and grants consumer entitlements. However, it's also warned business owners and directors to make sure that they're aware of their responsibilities towards their customers and clients in terms of the Act No. 68 of 2008.

The CPA, certain parts of which kick in this month, protects consumers to whom goods or services are marketed, who have entered into transactions with suppliers, who use particular goods or are recipients of services, or who are franchisees in certain circumstances as specified in the Act.

"Now it's up to the directors of all businesses in South Africa to familiarise themselves with exactly what will be expected of them under the Act," said Natasha Bouwman from the IoDSA's Centre for Corporate Governance.

Essentially, the CPA protects the following fundamental consumer rights:

Right of Equality in the Consumer Market;	Right to Privacy;
Right to Choice;	Right to Disclosure and Information;
Right to Fair and Responsible Marketing;	Right to Fair and Honest Dealing;
Right to Fair, Just and Reasonable Terms and Conditions;	Right to Accountability by Suppliers.
Right to Fair Value, Good Quality and Safety	

"The CPA stipulates numerous prohibited practices, for example, negative option marketing and bait marketing, as well as consumer entitlements such as 'cooling-off' rights and the right to return goods, under each fundamental right in order to achieve protection thereof," she said.

"It definitely means that some companies will have to structure the way that they do business in future and modify their interactions with consumers in a way that complies with the CPA."

The CPA also regulates names that businesses use in their interaction with consumers, authorises the Minister to prescribe industry codes by regulation and regulates consumer protection institutions.

According to Bouwman, the CPA sets a framework that enforces the protection of consumer rights and the consumer's voice. "Consumers will be able to approach the National Consumer Commission, the National Consumer Tribunal, certain ombuds and specified courts for assistance in protection of their rights."

Offences will be penalised with imprisonment or a fine. The National Consumer Tribunal will be able to impose administrative fines of up to 10% of a company's turnover or R100 000.

However, "The CPA does not apply to consumers, who are juristic persons, whose asset value or annual turnover equals or exceeds the threshold value determined by the Minister," added Bouwman.

"It is important for directors and businesses to note that if their businesses have an asset value or annual turnover that equals or exceeds the threshold, it will not be able to use the CPA for its protection as a consumer."

"It will also not be able to use the CPA for its protection if it supplies goods or services to the government or if its transactions are listed as those to which the CPA does not apply," Bouwman concluded.

Certain parts of the CPA will become effective during April 2010 and the other parts during October 2010.

Ends

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