

Important notice regarding Consumer Goods and Services Ombudsman (CGSO) for members to take note!



31 January 2023 — Printing SA

In 2022, some Printing SA members were contacted directly by the office of the Consumer Goods and Services Ombud (CGSO) to comply with the Consumer Goods and Services Industry Code. Printing SA further enquired from the CGSO office to get clarity and to understand the requirements.

Key Points:

1. It is mandatory for all eligible businesses to comply with the provisions of the Consumer Goods and Services Industry Code of Conduct ('the code')
2. To register with the Consumer Goods and Services Ombudsman (CGSO)
3. To contribute towards the funding of the CGSO in accordance with the funding model approved by CGSO's board.
4. Eligible businesses include all suppliers in the consumer goods and services industry, including retailers, suppliers, wholesalers, distributors, manufacturers, importers, intermediaries, logistics and supply chain agents.

Printing SA enquired to the CGSO as to why members are mandated to comply.

The CGSO office explained that the code also covers our sector as per the definition of supplier and supply chain in terms of the Consumer Protection Act. The definition of supply chain refers to any particular goods or services, including all suppliers who directly or indirectly contribute in turn to the ultimate supply of those goods or services to a consumer, whether they are a producer, importer, distributor or retailer of goods, or as a service provider.

There are some businesses that are not regulated by the code which fall under another recognised ombudsman scheme, i.e., lawyers, doctors, financial services, etc.

Mandatory participation has been recently clarified.

Until recently, there was uncertainty as to whether businesses were obliged to subscribe to the Code and pay annual fees that fund the Ombudsman. The position was recently clarified in March 2021, when the High Court in Pretoria declared that mandatory participation and payment of fees by all eligible businesses is lawful.

The High Court ruling, forcing businesses to comply with the code.

For the longest time, some qualified businesses (Voltex (Pty) LTD and Astral Operations limited) refused to comply with the Code as they challenged the constitutional validity of the Code as well as the powers of the Minister of Trade and Industry to promulgate the Code. They had further advanced that it is not compulsory for qualifying businesses to subscribe to the Code and pay the annual participation fees. Voltex demanded to be repaid their participation fee.

In 2021 the matter was ruled in favour of CGSO. The ruling confirmed the lawfulness of the the Code as well as the powers vested on the CGSO to levy annual participation fees based on the parameters set out in the Code to determine the fee. [Read the High Court ruling in full.](#)

What are the next steps to be undertaken by members already contacted by CGSO?

- Once the CGSO has identified you, it is important to comply as non- compliance is an offence.
- Visit the CGSO website www.cgso.org.za/cgso/register/ to register.
- A failure to comply with the code amounts to a contravention of section 82(8) of the Consumer Protection Act. If an eligible supplier fails to pay the fees or levies owed by it, the CGSO is entitled under the code to take legal action against them.

ANALYSIS: Should you belong to the Consumer Goods and Services Ombudsman?

- All Participants and/or entities involved in the Supply Chain that provides, markets and/or offers to supply Goods and Services to Consumers are required to belong to the CGSO.
- All Participants and/or entities include all suppliers in the consumer goods and services industry, including retailers, suppliers, wholesalers, distributors, manufacturers, importers, intermediaries, logistics and supply chain agents.
- All Participants and/or entities must register with the CGSO in accordance with the procedures provided on the [CGSO website](#) from time to time.
- Consumer Goods and Services Ombudsman was established to guide the consumer goods and services industry on the minimum standards of conduct expected when engaging consumers, and to assist the industry in resolving consumer disputes.
- The office of the Consumer Goods and Services Ombud (CGSO) is the consumer goods and services industry's compulsory Ombud scheme and was set up in line with the Consumer Protection Act 68 of 2008. The Consumer Goods and Services Industry Code became law on 29 April 2015.

How much is the contributing/ participating fee, when is it implemented and how is it payable?

- The CGSO's participation fee is based on the assumption that all eligible businesses will pay their share based on their turnover.
 - [Click to view funding model — group categories participation fee, once off late joining fee.](#)
- The code became law in April 2015, any registrations afterwards irrespective when you join, the penalty is 25% of the participation fee.

Are there businesses excluded or not regulated by the code?

- Yes, the code does not apply to any business that belongs to an industry that is regulated elsewhere or falls under another recognised ombudsman scheme.
- These exclusions include estate agents, medical aid societies, lawyers, doctors and dentists, the automotive industry and financial institutions.

Read more!

1. FAQ- [frequently asked questions](#)
2. [View full obligations document.](#)
3. [Background and overview of CGSO](#)