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Trade and Industry, Department of

General Notice

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GENERAL NOTICE

NOTICE 96 OF 2007

DEPARTMENT OF TRADE AND INDUSTRY CONSUMER AFFAIRS (UNFAIR BUSINESS PRACTICES) ACT, 1988

I, Mandisi Mpahlwa, Minister of Trade and Industry, do hereby, in terms of section 10(3) of the Consumer Affairs (Unfair Business Practices) Act, 1988 (Act No. 71 of 1988), publish the arrangement dated 29 August 2006 entered into between the Consumer Affairs Committee and the Health Connection Group and its members.



MANDISI MPAHLWA, MP

MINISTER OF TRADE AND INDUSTRY

20/12/2006

SCHEDULE

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CONSUMER AND CORPORATE
REGULATIONS DIVISION
SOUTH AFRICA**UNDERTAKING****UNDERTAKING BY MR MILES HARROP, GROUP MANAGING DIRECTOR OF HEALTH CONNECTION GROUP, IN TERMS OF SECTION 9 OF THE CONSUMER AFFAIRS (UNFAIR BUSINESS PRACTICES) ACT NO 71 OF 1988**

I, Mr Miles Harrop, do hereby confirm: that I am the managing director of the Health Connection Group. The enterprise's place of business is in, and around Gauteng province. The principal business of the enterprise is to offer the facilities at which fitness services are provided.

I am aware that: in 2002 the minister of Trade And Industry published notice 408 in the government gazette in terms of the act, which prohibit amongst others the "offering, selling or renewal of membership agreements by suppliers of the membership agreement for periods exceeding three years should the supplier have an existing lease agreement on the premises that exceeds three years at the signing of the membership agreement",

I am aware that on 18 May 2006, the Consumer Affairs Committee (the Committee) instituted an investigation in terms of section 4(1)(c) of the Consumer Affairs (Unfair Business Practices) Act no 71 Of 1988 (the Act) into allegations of unfair business practice, regarding Clause 10 under term and condition in the membership agreement of Health Connection: Clause 10 which reads,

" Unless a written notice is received by the club 90 Days prior to the date of expiry of this agreement from a member paying by debit order, and only after written acknowledgement by the club of such notice is from the member, the monthly deductions of such fees shall continue, Such a notice must be accompanied by the return of the member keys to the Health Connection Head office. (Address given) or by hand to the Head office .any such cancellation shall not prevent the club from recovering the full"

The Committee determined that this term implies that unless the complainant

cancels the contract with an expiry date as stated in the contract, the contract will still run indefinitely, this, the Committee is of the view that, it is in contravention of the prohibition.

The Committee further determined that, returning the keys to the Health connection Head Office implies that the members cannot enjoy the use of our facilities during the 90 Days notice period, because the keys would have been returned, yet payment is required, this, the Committee submitted, would be unfair to our members.

I am also aware that the Committee determined that in order to comply with the provisions of Fitness Center prohibition, Clause 10 of the Health Connection membership agreement should be amended to bring it inline with the provisions of Notice 408.

I am also aware that, in terms of section 9 of the act, the Committee may at any time negotiate with any person, with a view to making an arrangement which in the opinion of the Committee will ensure the discontinuance of an unfair business practice which exists or may come into existence and which is the subject of an investigation.

In view of the above I, Mr Harrop, the Managing Director of Health Connection Group undertake to:

1. Remove Clause 10 under terms and conditions in the membership contract so the membership shall automatically lapse upon the expiry date and all monthly deductions shall discontinue.

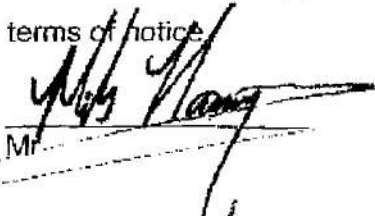
This will ensure compliance with notice 408 of 2002 which places a maximum of three years at the time of signing of the membership agreement

2. Ensure that the change is communicated to the existing members by sending out letters informing them of the amendment, to the best of the company's ability as many postal addresses of members might have changed over the duration of a three-year membership and Health Connection may not have been notified of these changes.

I furthermore understand that any contravention of this undertaking shall lead to the matter being referred for prosecution, as the practice was declared unlawful in respect of the parties.

The Health connection and its management and owners have agreed to these changes for no other reason than to display good will. We wish to develop a consumer friendly environment and would never consciously contravene any law and regulation.


The Health Connection once again pledges itself to observing any obligations in terms of notice.


Mr. _____

Signed on the 29 of August 2006

(1) Witness:  _____

Signed on the 29 of August 2006

(2) Witness:  _____

Signed on the 29 of August 2006