

Consumer Watch

EDITORIAL

Zambia's Electricity Crisis and its Impact on Economy

One of the most asked questions in current times is why load shedding has continued in Zambia despite the rains, which in some cases have been heavy to an extent of causing damage to buildings.

Undoubtedly, the background is that the state-owned Zambian power company Zesco has been rationing electricity due to a shortage. This is compounded by reduced water-levels at Kariba North Bank, Kafue Gorge, Victoria Falls power stations and the newly commissioned ItzhiTezhi power station, which has affected the generation capacity.

Hydropower is the main energy source of electricity in Zambia after wood fuel contributing about 10 percent to the national electricity supply. The drop in water-levels, necessitated by the change in water-levels, has crippled the nation's capacity of supplying electricity for both consumers and industry. These power stations account for more than 95 percent of the total electricity supply. Whatever the case, almost everyone has been affected by loadshedding.

Against this background, CUTS Lusaka, Zambia recently organised a public discussion on the energy crisis and its impact on the economy at the Best Western Plus Grand Hotel in Lusaka, drawing participation from the Ministry of Energy and Water Development, the Parliamentary Committee on Energy and the Private Sector Development Association.

Among others were Zesco, Zambia Chamber of Commerce and Industry, Zambia Development Agency, Zambia Council for Social Development and Civil Society Poverty Observatory Group. CUTS has since 1984 been working for the welfare of the consumers, both at grassroots and international-levels. The public discussion forum that CUTS Lusaka, Zambia organised was to facilitate an inclusive discussion on the energy crisis and its impact on all stakeholders.

The Deputy Minister of Energy and Water Development of Lusaka Charles Zulu who gave a keynote address at the public discussion, outlined the measures government has taken to overcome the challenges of the power crisis. Zulu explained that the country has continued to experience low rainfall in the current rainy season, which has resulted in further electricity generation reductions due to the low water inflows into the reservoirs of the three main hydro stations – Kafue Gorge, Kariba North Bank and Victoria Falls.



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NEWS

Stable Kwacha Cheers Consumers

The Zambia Consumer Association (ZACA) has indicated that the stability of Kwacha against international convertible currencies will give confidence to both local and foreign investors. ZACA is hopeful that the stability of the local currency will be sustained for the following three-months.



“We commend the central bank for stabilising the exchange rate of the Kwacha against the international convertible currencies”, ZACA Information Secretary Juba Zavala mentioned. Daily Nation newspaper proprietor Richard Sakala opined that the stability of the Kwacha will definitely give investors and manufacturers much confidence in the economy of the country. “It has also made most consumers have a lot of hope and plan properly to avoid panic as most of them are presently able to wake up with few worries as it was before”, he added. *(Daily Mail, 14.02.16)*

Consumer Protection Needs Borders Mostly on People’s Health: CCPC

The Livingstone City Council (Zambia) has confiscated and disposed off 129 cases of expired soft drinks from the Livingstone Institute of Business and Engineering Studies (LIBES).



The Competition and Consumer Protection Commission (CCPC) stated that total consumer protection can neither be achieved single-handedly by the CCPC nor by the government but requires concerted efforts from various stakeholders and the general public.

Furthermore, CCPC Public Relations Officer, Hanford Chaaba, said that the issue of consumer protection needs to be given the importance it deserves as it borders mostly on the health of people. Chaaba said that for this reason, the Commission and local authorities in Kalomo, Choma, Namwala and Sinazongwe districts in Southern province has seized various products worth over K5000. He explained that K1,041 worth of items were seized from Kalomo market, K1,265 from Choma while K1,990 as well as K720 worth of products were seized from Sinazeze in Sinazongwe and Namwala district markets respectively.

“We would like to urge people of Southern province to be careful when buying and consuming food products. Therefore, consumers not only in Southern province but countrywide also need to be proactive and report perpetrators of both anti-competitive business and unfair trading practices to CCPC”, Chaaba said.

Further, Southern province Permanent Secretary, Sibanze Simuchoba has urged the business community to desist from engaging in anti-competitive and unfair trading practices. Simuchoba said both anti-competitive and unfair conducts on the market had the potential to erode consumer welfare in the country.

Simuchoba also stated that it is imperative that traders adhered to the competition protection Act and other pieces of legislation that are aimed at perfecting the market, and businesses need to strive to achieve optimal consumer satisfaction and protection. *(Lusaka Times, 04.05.16)*

Lower Tariffs, Consumer Choice Could Hurt Zimbabwe’s Econet

Zimbabwean telecommunications consumer preferences are shifting towards increased adoption of Voice over Internet Protocol (VoIP) and other data enabled platforms, said analysts of IH Securities mentioning that this will result in lower revenues for Econet Wireless.

The Zimbabwean telecom company – which has more than 8 million registered mobile subscribers – reports its financials for the year to the end of February 2016 later in the current month.



Further, analysts are expecting revenue and profitability from the company to be weaker, with a tariff reduction enforced by the government in January also seen as worsening the profitability prospects.

“We expect Econet to report lower revenues as voice remains affected by the shift to VoIP and the regulatory tariffs affected by government”, said Lloyd Mlotshwa and other analysts at IH Securities in a market note. Investor interest on the Zimbabwe Stock Exchange (ZSE) has been lukewarm, but picked up in April for the first time in the past 14 months. Econet is one of the stocks in which investors continue to show interest.

In the year to February 2015, Econet Wireless’ income from voice calls declined by 11 percent to US\$477mn. Overall revenues, inclusive of voice, data and mobile money, marginally declined by 1 percent to US\$746mn as compared to the 2014 year end revenues, with income from data gaining ground as it grew 43 percent to US\$103mn.

During the month of April, Econet Wireless – which competes against non-listed state-owned NetOne and Telecel Zimbabwe – was the third stock with the highest trade values following a 6.56 percent value increase to US\$0.92mn.

This helped the ZSE return “to the green in the month of April, as it rose for the first time” since February 2015, according to IH Securities. Moreover, executives from mobile companies have complained that Over the Top (OTT) platforms, such as social media and instant messaging applications are eating into their revenue streams. However, the country’s regulator, Potraz has urged mobile firms in the country to adopt the platforms and find ways to generate revenue from them.

(IT Web Africa, 05.05.16)

Traders Urge to Avoid Anti-competitive Practices

Sibanze Simuchoba has urged the business community in the Southern province to desist from engaging in anti-competitive and unfair trading practices.

Simuchoba said this in the wake of the seizure of various expired products in Southern Province worth over K5,000 by the Competition and Consumer Protection Commission (CCPC) recently. Simuchoba said that both anti-competitive and unfair conducts on the market have the potential to erode consumer welfare in the country.

He said that it is imperative that traders adhere to the Competition and Consumer Protection Act and other pieces of legislation that are aimed at perfecting the market, and that the businesses need to strive to achieve optimal consumer satisfaction and protection.

Zambia has numerous pieces of legislation to benefit the public in both rural and urban areas. He



urged CCPC to ensure that businesses are made to account for their trade conducts and also challenged consumers to raise to the occasion and demand better justice.

And CCPC Public Relations Officer Hanford Chaaba said that the items were seized in Kalomo, Choma, Namwala and Sinazongwe in partnership with the local authorities. “As CCPC, we are of the view that total consumer protection can neither be achieved single-handedly by CCPC nor by the Government, but requires concerted efforts from various stakeholders, such as traditional leadership, institutions of learning and members of the public”, Chaaba opined.

(Daily Mail, 05.05.16)

Zambia's 'NO GMOs' Stance

Zambia's long held position of 'No GMOs' is under threat. The Zambia Alliance for Agroecology and Bio-diversity Conservation (ZAABC) is deeply concerned over the statements made by the



National Bio-safety Authority (NBA) Board Chairperson, Paul Zambezi. The statements were clearly biased towards the promotion of Genetically Modified Organisms (GMOs)

within Zambia.

A key element in the Zambia Biosafety Act is the 'Liability and Redress Clause'. This clause ensures that those who bring GMOs into Zambia will be liable for any resulting health, economic and environmental damage. This is a precautionary action to protect the nation and its people. The Bio-tech industry is trying to persuade Zambia to change this clause. It is clear that this industry is motivated by profits and not by health and welfare of Zambia, as a nation.

Once Zambia lets in one GMO, it will be more difficult to say no to other GMOs. We need to guard our rights and refuse to be affected by the false claims of the GMO industry and its beneficiaries. The NBA is in place to protect the rights of Zambia's citizens and uphold their best interests – their seeds, their farms and our health. It is not its place to promote the sales for multibillion dollar bio-tech companies. Zambia has said, and should continue to say NO to all GMOs.

(Lusaka Voice, 12.01.16)

SA Consumers Voice in Recession

South Africa (SA) is in recession and will not come out of it anytime soon, a majority of consumers who participated in a consumer confidence survey by Global Performance Management Company Nielsen Holdings

indicated. The company released its global survey of consumer confidence and spending intentions for the fourth quarter of 2015. More than 30,000 online consumers in 60 countries were surveyed.

South African consumers are also worried about the economy, with 34 percent citing it as their biggest or second-biggest concern followed by job security, debt, crime and rising food prices over the following six months. "Continued drought, coupled with a tumbling currency and political turmoil will adversely affect job prospects, consumer food prices and overall sentiment in 2016", Nielsen SA's Managing Director, Craig Henry stated.

Regarding perceptions about local job prospects in 2016, 74 percent of respondents said not so good or bad; 17 percent believed good – which was down five percentage points; and 4 percent considered excellent. Of those surveyed, 83 percent said that they had changed their spending patterns due to economic woes. They were spending less on takeaways, new clothes and home entertainment, were trying to save on gas and electricity, and were switching to cheaper grocery brands.



Perceptions of personal finances remained relatively stable. The majority of people surveyed – 57 percent viewed their personal finances as excellent or good, while 34 percent assumed them as not so good and 6 percent viewed them as bad.

Despite perceptions of finances remaining stable, most of those surveyed believed that it was not a good time to spend, given the rising costs.

(Business Day Live, 02.08.16)