

# Consumer Watch

January-March 2015

## EDITORIAL COMMENTS

### Impact of Multi-choice DSTV Subscription Price Hike

There have been complaints from the Zambian consumers in retaliation to the looming subscription price for Multi-choice DSTV services effective from April, 2015. The upsurge has gathered mixed reactions from most of the consumers as they opined that it was not the right time for the move.

It has been observed that the DSTV consumers have started online campaigns to boycott paying for their April DSTV subscriptions on social media sites, such as Facebook and Twitter. CUTS International Lusaka, Zambia has made an effort to understand the justification behind this increase so as to fulfil its watchdog duties. This process involved having a bilateral meeting with management and other stakeholders – comprising individual consumers also.

This array of engagement has enabled CUTS International, Lusaka to collate and aggregate different concerns against the justifications presented by Multi-choice to arrive at the conclusions specified below. It must be mentioned from the onset that Multi-choice, despite Zambian Government owning 49 percent shares, is a private entity and therefore the company has every right to adjust its prices accordingly. Moreover, price adjustments could be timely but the margin of adjustments is too steep and would affect the consumers negatively. The arguments given by Multi-choice on the pending hike is the increasing cost of production in Zambia as a result of exchange rate volatility and inflation. Thus what is required is to mention that this does not necessarily mean that all commodities or services should increase their prices when inflation is on a rise.

In terms of exchange rate volatility, this was eruditely explained and it came to light that the transactions associated with this industry involve huge costs – both in content procurement, rights and transmission holding. Billions of dollars are being spent annually to meet consumers’ satisfaction. With this justification being made, there remain some concerns, which might still need more clarity.

Furthermore, production/programming of DSTV content consumed in Zambia is transmitted from South Africa. This entails that the production is done in South Africa and all production-related costs are subjected to South African exchange rate regime. It is clear that South Africa is a low cost-producer of DSTV contents, hence, the variance in prices. In addition, the signals being transmitted to Zambia could be the only major service that could be subjected to Zambia exchange rate system. The impact might be minimal as compared to the other players producing the content in Zambia.

Thus there is a hope that the downward surge should be considered in Multi-choice’s subsequent decision. Multi-choice enjoys a good level of market dominance and therefore any action has a potential to coerce other industry players to follow suite.



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## Night Driving Restriction Hailed

The Zambian Road Safety Trust (ZRST) has welcomed the initiative by the Road Transport and Safety Agency (RTSA) to introduce a law that would restrict public service vehicles (PSV) drivers from operating during night. ZRST mentioned in a statement that limiting PSV drivers' night travelling would be helpful in reducing number of deaths caused in accidents.

The trust has noted that a disproportionate number of fatal injuries occur after the dark, despite less traffic on roads. Moreover, the most obvious danger of night driving is decreased visibility. It was also indicated



that the sight of most drivers is impaired during hours of darkness, hence, becomes a threat to road safety and drivers falling asleep while driving poses further risk to road safety.

In most countries, where road crashes have decreased significantly, there are laws that limit and restrict operational hours for PSV drivers. It has been long overdue for this law to be enacted in Zambia as it would certainly guarantee the safety of innocent lives. Members of the Parliament (MPs) must pass this law soon because road accidents claim more than 2,000 lives in Zambia every year and statistics at ZRST reveal that on an average, about 170 people die in Zambia due to road accidents.

*(Zambia Daily Mail, 31.03.15)*

## 2,400 Kg Fish Destroyed at Kasumbalesa

A team of officers from Chililabombwe Municipal Council (CMC), the Department of Veterinary Services and Fisheries Department in Zambia have destroyed 24 boxes of rotten fish weighing 2,400 kg at Kasumbalesa (border town in Katanga province, Democratic Republic of Congo). These boxes of fish, belonging to Suhails International were destroyed in a bid to prevent the outbreak of diseases at

Kasumbalesa border. There has been an influx of imported fish at Kasumbalesa border post, some of it gets rotten due to poor



refrigeration and posed serious risks to the consumers. An urge was therefore made to those who import fish from Namibia to obtain import permits from the authorities, so that law enforcement agents do not seize their fish.

*(Zambia Daily Mail, 22.03.15)*

## Cooking Oil Imports Suspended

The Government has suspended the issuance of licenses for importation on edible oil, Minister of Agriculture and Livestock, Zambia, Given Lubinda stated. He said that the indefinite suspension was with effect from March 14, 2015. "The decision was made to allow experts from the Ministries of Finance; Commerce; and the Zambia Revenue Authority (ZRA) to study the impact of the importation of vegetable oil on the Zambian market", he added. There have been complaints from the Zambian producers, manufacturers and consumers that the country has been flooded with imported oil. The findings of the experts would be made public soon after the

investigations. Besides, the Government also stated that they were looking at the possible ways of diversifying



agriculture sector because the rate of diversification of agricultural production among small-scale farmers in the country was low. Zambia has no capacity to produce finished products, hence, there was a need for the stakeholders to come on board to educate and train small-scale farmers.

*(Zambia Daily Mail, 20.03.15)*

## Counterfeit Drinks Confiscated

Solwezi Municipal Council of Zambia, the health inspectors and the Zambia Police Intellectual Property unit have confiscated counterfeit drinks worth K1, 340 from a local shop. The local authority has seized about 67 x 5 litres of cool drinks bearing a wrong label and having no batch numbers contrary to the Food and Drugs Act Cap 303 of the Laws of Zambia. Furthermore, the Council's health inspectors have intensified random inspections in various shops to ensure that food being sold to the public meets the required quality standards.

*(Daily Mail, 18.03.15)*

## Call for the Removal of GMO Products

There should be concerted efforts by all stakeholders to clear GMO products that have saturated the



Zambian market. The number of GMO products on the market is a source of concern and danger to the consumers,

therefore, there is need for a collective action to address the situation. Consumers should be cautious that whenever they are buying food products the regulators should come on board and help in ensuring that the consumers are

protected from such products, which are harmful to health. There is also need to educate the consumers, so that they can make informed decisions before buying GMO products.

*(Daily Nation, 20.03.15)*

## ZACCI Predicts Fuel Price Hike

Zambia Chamber of Commerce and Industry (ZACCI) has predicted fuel price hike due to disruption in fuel supply. Most major towns in Zambia have been hit by the shortages raising



concerns that the impact might cripple the weakening economy further. The disruption in fuel supply would also have a long-term impact on the country's economy and will necessitate a price hike in the cost of petroleum products in the local market. Considering the fact that the ship had docked and fuel was not bought on time indicates that the crude had been bought on-the-spot market and came at a price different than the normal tender contractual arrangement.

The ZACCI President, Geoffrey Sakulanda even instituted criminal proceedings to investigate the matter, meaning that there was termination in the supply at some point leading to shortages.

*(www.ilterziario.info, 19.03.15)*

## SNAPSHOTS

### E-voting for Ensuring Full Participation

The Electoral Commission of Zambia has implemented the electronic voting system during the general elections. The system has been welcomed by most political parties and is being considered good for counting and voting purposes. There is need to ensure full participation of Zambians in the electoral system regardless of where they are located. The move has, however, brought mixed reactions with other parties who feel that Zambia is not ready because it is lacking strong institutions to manage machine manipulators. The Government



must first create confidence in institutions mandated to spearhead elections in Zambia and put measures in place to avoid manipulations of the machines by hackers. If the Government does not take strong measures to monitor e-voting, it would be as good as doing nothing

because many hackers might tamper with the results and foreigners might also vote. Moreover, there is also need to channel adequate funds to election projects, such as voters' education, which is not effective at the moment.

*(Zambia Daily Mail, 24.03.15)*

## Cartels Harming Businesses

Competition and Consumers Protection Commission (CCPC) said that the cartels are detrimental to the Zambian economy and are reducing competition among goods and services providers. It is concerned with the increased level of consumer manipulation of the Zambian market due to formation of cartels. Consumer exploitation in acquiring goods and services poses a great threat to Zambia's economic development. Cartels do not endeavour to provide quality goods and services but only operate to make profits.

Competition also enhances provision of quality and acceptable goods and services equivalent to the money spent. CCPC has started the sensitisation process with public procurement officers in order for enabling them to detect and eradicate cartels in markets.

*(Zambia Daily Mail, 28.2.15)*

## Public Transport Operators to Reduce Fares

The Government of Zambia has directed the public transport operators countrywide to reduce fares following the reduction in fuel prices.

Transport operators should not resist reducing fares as it is fair and logical because they always seek to increase fares when there is an upward adjustment in fuel prices but also fail



to adjust downwards when petroleum prices drop. The high transport costs have a negative impact on pricing of essential commodities.

*(Zambia Daily Mail, 26.02.15)*

## Mealie-meal Prices Slashed

Mealie-meal prices have been reduced by an average of K4 for a 25 kg to bag the reduction in the price of mealie-meal as agreed upon by the Zambian Government and the millers. Given Lubinda, Minister of Agriculture and Livestock said that the

maximum wholesale price for a 25 kg bag of breakfast

would be K61. The

wholesale

price for a 25

kg bag of roller meal would not exceed K44. The

retail price for a 25 kg bag of breakfast mealie-

meal was K64. This was not a uniform price but

rather a maximum price. Consumers should be

encouraged to purchase mealie-meal from

milling company outlets and those that adhere

to the recommended price. The Government

stated that they would continue to monitor the

situation to ensure that the benefit of the

reduction in mealie-meal prices is passed on to

the consumers.

The current mealie-meal prices are not as a result of insufficient stocks of maize but due to other production-related factors.

*(Zambia Daily Mail, 21.02.15)*

