



WOMEN and MEN OF ZIMBABWE ARISE (WOZA)

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WOZA and MOZA views on the electricity service from Zimbabwe Electricity Supply Authority (ZESA) – April 2010

It is a fact of history that only certain parts of Zimbabwe were electrified and the majority of people remained in the dark. At Independence in 1980 the promise of social justice and development filled people with hope that their own homes may also be filled with electrical gadgets. Thirty years later, this remains a dream. The living reality is darkness and very little power to the people. This research was conducted to give members a complete understanding of what went wrong and it went wrong with ZESA.

First of all we should understand what led us into this mess.

In 1992, the government approved the World Bank-funded System Development Plan, which was going to develop Zimbabwe's own electricity generation capacity to levels where the country could export to its neighbours. The project would have involved building the 800 MW Batoka power stations between Kariba and Victoria Falls. At that time the World Bank had promised \$1.6 billion for the project and an additional \$800 million for the refurbishment of Hwange Power Station. The World Bank had also pledged funds for the completion of Hwange phases 7 and 8, which would have enabled Zimbabwe to be an exporter of electricity by now if it had been implemented.

Problems arose because while a UK company, National Power, had won the contract to carry out the work, Mugabe preferred to give the job to YTL of Malaysia. Except the company Mugabe wanted did not have the capacity to build a power station; they were a construction company. And so of all the power projects started after Independence, not one has been completed. Kariba Power Station was built in 1960 while Hwange was started under Ian Smith in 1976 but took an extra 10 years to complete due to the Zipra activities in the area.

People close to the Zimbabwe Electricity Supply Authority (ZESA) will tell you of political interference that affects the way it is run and proof of this lies in the appointment of a Mugabe '*mukwasha*' (relative) as the ZESA boss. This interference has affected the middle and lower levels of management, resulting in the looting of infrastructure and the award of tenders to useless suppliers. During election campaigns, charges are set below the cost of supply and rural electrification projects are promised as vote buying exercises. The final nail in the coffin of ZESA came in 1998 when war veterans needed to be paid off. Government demanded, and was given, a massive US\$88 million from ZESA, half of its profit for the years 1995 to 1997. This ate up any possible financial reserves that could have been used for developing more energy sources. Obviously this track record means that organisations like the World Bank and the IMF will not be forthcoming to help fund any electrification projects as the money could be diverted to keep Zanu PF in power. And so consumers were forced to pay the price of the political decision of 1998 and further bad management and political interference.

An unfortunate legacy is a useless ZESA of 2010 that cannot supply power to us and is far from exporting power according to the plan of 1992. At the moment the response people get to complaints is that the utility is 'doing its best'. Their best plan lies in projects at Batoka, Hwange 7 and 8 and Sengwe all due for completion 5 years ago, these projects remain words without meaning to suffering consumers.

The cash crisis and economic disaster provided ZESA with an excuse but they did little to try to keep the company profitable. For vote buying power they did not raise rates. When it was close to bankrupt, they prioritised rural vote buying by the electrification programme and campaign '*ZESA yawuya nemagetsi*' (ZESA will bring electricity to you). But this was also an empty promise and so they returned to complaining that they did not have enough foreign currency for spare parts.

The current crisis for consumers

People can go for days or weeks without power and load shedding happens in a very haphazard way with no published timetables. There is no recompense to consumers for these power outages and it is the poor with fixed meters who suffer the most as they pay a fixed charge per month whether there is power or not. Lucky Consumers can earn US\$150 a month but have to pay a ZESA bill of between US\$28 to 800.

Besides feeding a family, there are also extra costs meaning people have to buy firewood, candles and matches, paraffin, batteries and torches to cope. There is also food wasted due to poor refrigeration. Food like Sadza (the staple diet of most Zimbabweans) cannot be eaten if the cooking is interrupted by a power cut at the wrong time and must be thrown away. Homes and property have been lost due to power surges with no way to get compensated. But there is no mercy for these high bills; ZESA has disconnected customers who have not paid their bills without notice. Apparently ZESA is owed in excess of US\$200 million, money that now has to pay for importing electricity because electricity generation stands at less than 800 megawatts against peak national demand of 2200MW. This money is also supposed to pay for materials and equipment for network maintenance and expansion and coal for thermal power stations to ensure security of electricity supply. But is this the truth or once again words without meaning. Does most of it not go to ZESA staff salaries?

ZESA is a bankrupt company with highly paid staff

Consumers should suspect that most of their payments go to pay a huge salary bill. ZESA have hiked salaries to above the level of most Zimbabweans. Sources say a junior worker at the ZESA is earning around US\$800 a month while most civil servants in the country are earning just over US\$150 a month.

ZESA Holdings will get US\$132 million in loans and grants from the Development Bank of Southern Africa and African Development Bank for infrastructure rehabilitation once repayment conditions have been worked out. Finance minister Tendai Biti allocated ZESA only \$53 million in the 2010 budget while the African Development Bank pledged \$51 million and the European Union offered \$1,4 million. After all this money, ZESA still needs another \$1 billion to sort out its mess. Of that amount they need \$385 million for upgrading equipment. There has also been lots of equipment vandalised and equipment looted by ZESA staff that has to be replaced. Right now ZESA needs \$430 million to pay off its debts. When these loans are paid off, members of the public can prepare for more suffering, as consumers will be forced to pay more for less as usual.

They need to stop making corrupt decisions. The latest ZESA scandal is best described by the saying - robbing Peter to pay Paul! In this case 'Peter' is South Africa and 'Paul' is Namibia. ZESA was found to be importing low cost electricity from South Africa and then sending it to Namibia after failing to give Namibia the electricity according to the deal. They instead cheated South African taxpayers by sending their low cost Eskom power to Namibia but Energy and power development minister Elias Mudzuri stopped this. So we still own Namibia power for the next five years.

Bad management of ZESA poor billing and accounting procedures

For the last few years, proper accounting procedures have not been followed and ZESA have lost track of people payments. Meter reading also was not taking place, actual bills could not be prepared and customer's payments do not reflect on their accounts. There is no transparent process by which ZESA have explained their billing system. Last year, Government told ZESA customers in high-density areas to pay US\$30 monthly while people in low-density suburbs were told to pay US\$40. This payment system was supposed to subsist until new tariffs had been set, which has not yet happened.

WOZA and MOZA propose the following way forward to bring power to the people:

1. ZESA needs to invest in better infrastructure to provide a better service.

ZESA must meet the maintenance deadline at Kariba Power Station; this will see an increase of power generation from the current supply of 450MW to 700MW by June. Treasury must find and release enough funds for this and US \$135 million needed to fix Hwange power station. Minister Mudzuri must closely monitor the work of the two Chinese companies developing the Batoka Hydropower Station. This will bring us an extra 1 000 megawatts.

The insulting manner and behaviour of politicians towards potential investors is short-sighted and unacceptable. Mudzuri needs to find investors interested in pursuing private-public partnerships as a way of recapitalising ZESA and developing electricity generation – consumers cannot afford to do it. One such opportunity is the provision of pre-paid power meters. ZESA have recently purchased 10 000 prepaid meters. ZESA Matabeleland Region General Manager, Lovemore Chinaka confirmed the purchase of prepaid power meters. But he said the system needed a total overhaul before people could use it. Customers using these meters would only pay for the power that they use.

Please can ZESA and the minister locate a partner to assist in the re-activation of the prepaid system and the purchase of more meters – we are tired of paying for a service they do not receive.

2. Stop Unfair Accounting and Billing Systems and demand a more affordable quality service.

Seeing this impossible situation, the Competition and Tariff Commission has decided to investigate the operations of ZESA and other service providers. This could be a positive step if Zimbabweans turn out in their large numbers for the public hearings. Members of the public must speak out loudly in support of affordable service delivery. Zimbabwean parastatals have become thieves picking the pockets of Zimbabweans in broad daylight. This tendency of service providers loading consumers with high rates because of mismanagement and political expediency has got to stop. We pray that the commission will put all service providers under thorough investigation and if they have done their job they will find the consumer is being cheated.

WOZA and MOZA hope that the Commission will ensure ZESA uses a transparent accounting system both in how bills are prepared and payments processed as many people pay but never see their payments deducted.

The Commission statement reads.

The Competition and Tariff Commission will hold public hearings into the pricing structure of the Zimbabwe Electricity Supply Authority (ZESA). "It is hereby notified, in terms of Section 28 of the Competition Act (Chapter 14:28) that the Competition and Tariff Commission, after embarking on an investigation, in terms of Section 28 (1) of the Act, into the alleged abuse of monopoly by ZESA, invited interested persons or parties to submit written representations to the Commission in regard to the alleged abuse of monopoly through a notice published in the Government Gazette and the national newspapers in February 2010.

The director of the commission, Mr. Alexander Kububa, said the commission received "overwhelming" submissions from electricity users, a factor which prompted them to think about holding public hearings to enable electricity users to express themselves. On Wednesday, the chairman of the commission, Mr. Dumisani Sibanda, said the key issues in the submissions were poor communication, arbitrary disconnection and the unfair load-shedding programme

- 3. We know that the money consumer's pay may seem little but services are not worth the little we pay. So we demand that government and ZESA provide a discounted payment of US\$ 15 for customers in high-density and US\$20 in low density until they have a proper billing system and until they have consulted on and adopted new, but realistic tariffs.
- 4. As ZESA staff receive such high salaries we expect better service from them than what we are receiving. We expect speedy attendance to faults and want to see them doing routine maintenance to prevent power surges that are now common.

It is now 30 years since Zimbabwe attained its Independence. The people are still waiting for this independence to have full meaning in terms of development and equality. This power-sharing government also made promises of a better life for the suffering masses but we are still waiting. Making service delivery, affordable to all people is something they can do if they really care.

We demand power to the people in 2010 – we demand that you deliver!

-----cut out and deliver to ZESA-----

PROTEST NOTE PROTEST NOTE PROTEST NOTE
ZIMBABWE ELECTRICITY SUPPLY AUTHORITY (ZESA)

ZERO ZESA should mean a ZERO BILL

ZESA we are tired of long power cuts, bad service and high charges. We demand a proper service and if you cannot do this compensate us with a discount when there is no power.
We demand power to the people in 2010 – we demand that you deliver!

WOZA and MOZA members
