NATIONAL COMPETITIVENESS COMMISSION

Enhancing Zimbabwe's Global Competitiveness

ANALYSIS ON THE IMPACT OF THE ENACTED LEGISLATION: ZIMBABWE BROADCASTING SERVICES AMENDMENT ACT (NO. 2 OF 2025)

ON

COMPETITIVENESS

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1.0 Introduction

1.1 Government has recently on 23 May 2025 put into law the Broadcasting Services Amendment Act (No. 2 of 2025) mandating all motorists to obtain the Zimbabwe Broadcasting Corporation (ZBC) radio license, when renewing vehicle insurance or obtain a vehicle license disc. The changes, which were recently approved by Parliament, pegs private vehicle license fee at US$23 per quarter, amounting to US$92 per year; whilst radio license for corporate owned vehicles were set at US$50 per quarter, amounting to an annual fee of US$200.

1.2 Initial reactions to the law have been that the proposed figures are too high for private motorists and the corporate actors, especially given the difficult economic situation prevailing in the country. For instance, if a company has five (5) vehicles, then it has to part with US$1000 per year for the radio license before even taking into consideration the costs of insurance and the ZINARA license. This figure is even much higher for those companies operating large fleets of vehicles. This then put an additional burden to economic actors already reeling under escalating costs of compliance to regulations. The table below shows the incremental nature of the license fees on the fleet.

Number of vehicles	**Total radio license cost at US$200 per vehicle/ year**
1	US$200
10	US$2 000
20	US$4 000
50	US$10 000
100	US$20 000

1.3 As of May 2025, Zimbabwe is the only country within the Southern African Development Community (SADC) and the African continent that mandates a vehicle radio license fee**.**

1.4 The following table gives a comparison of vehicle radio licenses across SADC countries.

Country	Vehicle Radio License Required	Annual Fee (USD)
Zimbabwe	Yes	Private vehicles US$$92 Commercial US$200
South Africa	No	N/A
Mozambique	No	N/A
Zambia	No	N/A
Tanzania	No	N/A
Eswatini	No	N/A
Malawi	No	N/A
Botswana	No	N/A
Namibia	No	N/A

1.5 A look at how other public broadcasters are funded in the region shows that South Africa is funded through a hybrid model that includes commercial revenue, the largest source, from advertising, sponsorships, and program sales. Much of this revenue comes from its commercial television channels and radio stations. Television Licence Fees are the second largest source of funding with households paying ZAR265 per year. The third source is Government funding where SABC receives periodic funding or bailouts from the government, particularly when facing financial crises. These grants are typically conditional and meant to support public service programming, infrastructure, or digital migration projects. Other source of funding is from content licensing, merchandise, and facilities rentals.

1.6 For Zambia, the national broadcaster ZNBC (Zambia National Broadcasting Corporation) is funded through the television levy paid by households with television sets and commercial revenue through advertising sales and airtime sales to advertisers. These commercial activities account for approximately 80% of ZNBC's income. The Zambian Government provides financial assistance to ZNBC, especially during periods of financial distress.

1.7 In Botswana, the public broadcaster, Botswana Television (BTV), is primarily funded through Government allocations from the annual national budgets, with additional revenue from commercial activities.

1.8 Zimbabwe thus becomes an outlier in terms of charging vehicle radio licenses to fund the operations the national broadcaster.

1.9 Compelling motorists to pay radio licenses such as through Zimbabwe's 2025 Broadcasting Amendment Act has significant implications for business competitiveness in the country. Below is an analysis of the anticipated positive and negative effects on competitiveness of the ZBC Amendment Act.

2.0 Positive Effects on Business Competitiveness

Increased Funding for Public Broadcaster and Spill Over Effects

2.1 The new law is expected to generate substantial revenue for ZBC, estimated to be tens of millions of dollars annually, given the approximately 1.2 million vehicles in Zimbabwe. This influx of funds is expected to enable ZBC to invest in high-quality local content production, which may improve the overall media landscape and provide businesses with more engaging advertising platforms. This therefore means that there will be more funding for the national broadcaster, ZBC can improve programming quality, especially local content, which benefits businesses looking to advertise to domestic audiences. At the same time, a revitalized broadcaster may offer more competitive rates and reach, giving businesses new or better opportunities for advertising.

Increased Compliance and Reduced Evasion

2.2 By linking the radio levy to vehicle licensing and insurance, the Act reduces the likelihood of evasion, ensuring a more consistent revenue stream for ZBC. This stability can lead to more predictable advertising costs for businesses, aiding in budget planning, financial forecasting and ultimately sustained competitiveness.

3.0 Negative Effects on Business Competitiveness

Increased Operational Costs

3.1 The mandatory $200 license fee per vehicle per year for corporates adds up a huge cost burden, especially for logistics, transport, or service-based businesses with many vehicles. This is then passed through to consumers thereby reducing price competitiveness.

Unfair or Non-Usage-Based Taxation

3.2 The one-size-fits-all model being applied by Government on the radio licenses may result in some businesses being forced to pay for a service (radio broadcasting) they do not use, which is seen as inefficient or unfair.

Administrative Burden and Bureaucracy

3.3 With the new regulation, businesses must now manage one more regulatory requirement, adding to admin overheads, whilst chances of possible corruption risks are imminent if exemption processes are not transparent (e.g., proving a car has no radio), they may introduce corruption risks or delays. This has a negative effect on competitiveness of local firms.

Reduced Trust in Government Institutions

3.4 It is important to note that when Government policies are seen as coercive, they may dampen the overall business climate and deter investors. The policy may promote inefficiency of the protected entity, ZBC and cripple efforts for innovation, which is instrumental in enhancing national productivity and competitiveness.

Promotion of Informality

3.5 The country is currently fighting rampant informality that is threatening the economic fabric of the nation. The mandatory radio levy adds an additional financial burden on businesses. This extra cost has an impact of reducing profit margins and discourage formal business operations, potentially leading to increased informality in the economy.

4.0 Proposed Recommendations

4.1 To minimize the adverse impact on business competitiveness from negative spill over effects on implementation of the Act, a balanced policy and implementation strategy is crucial. The following are some policy-based, and business-focused recommendations.

Recommendations to Government and Policy makers:

Introduce Tiered or Scaled Licensing Fees

4.2 There is need to base the radio license fee on vehicle type or business size for example small vehicles versus commercial fleets. This reduces the disproportionate burden on small businesses and transport operators with multiple vehicles.

Allow for Exemptions or Opt-Out Mechanisms

4.3 Businesses can be allowed to prove non-use (e.g., no radio installed) and apply for exemptions. This ensures fairness and avoids charging for unused services.

Tax Credit or Deduction for Registered Businesses

4.4 Government may offer tax credits or deductions for companies paying the radio levy on fleet vehicles. The policy serves as an incentive helping to reduces the net financial burden while still ensuring compliance.

Earmark Funds for Economic Development

4.5 Government is urged to allocate a portion of the radio license revenue toward supporting media that benefits business such as local business news, SME advertising packages etc. This is good in that it increases the value proposition of the fee and builds goodwill among businesses.

Transparent Use of Funds

4.6 ZBC can publish detailed reports on how radio license revenue is spent. This is meant to build trust and justify the compulsory nature of the levy.

Digitalize Exemption and Appeal Processes

4.7 ZBC to provide an online portal for exemptions, queries, and appeals in a move aimed at preventing corruption, improving efficiency, and avoiding delays for business users.

Private Sector Recommendations:

Leverage Media Exposure

4.8 Private sector can use the expanded or improved ZBC programming as a platform to advertise local products and services. This turns a regulatory burden into a strategic marketing opportunity.

Engage in Policy Dialogue

4.9 Business associations and chambers of commerce to actively engage Government and regulators to voice sector-specific concerns. This increases the chance of policy refinements or future reliefs.

Fleet Management Optimization

4.10 Businesses with large fleets to audit their vehicles and deregister or reassign unused vehicles to minimize unnecessary fees. The measure helps to cuts costs while maintaining compliance.

5.0 Conclusion

5.1 While the Act presents potential benefits, businesses perceive it as an additional financial burden, which has an impact on cash flows, profitability and competitiveness. The Act poses high risk of triggering informality of some businesses and igniting tendencies for corruption in issuance of exemptions. On the other hand, the Act has potential to positively influence business competitiveness by enhancing media content quality and providing a more stable advertising environment. However, businesses may consider the broader economic implications and ensure that their strategies align with the evolving media landscape so that they positively benefit.

5.2 To sum it up, the net effect on business competitiveness depends on sector, scale, and implementation. Media and advertising industries might benefit from better-funded local broadcasters and content whilst Transport-heavy sectors, small enterprises, and low-margin businesses may see it as an unfair cost that affects competitiveness. Therefore, transparent, fair implementation and visible returns in broadcast quality would be critical to minimizing harm and maximizing benefits.