

**THURSDAY, 25 OCTOBER, 2018**

**MINISTERIAL STATEMENT**

**DIGITAL MIGRATION PROJECT IMPLEMENTATION**

**THE HON. MINISTER OF INFORMATION AND BROADCASTING, MS SILIYA**

Mr Speaker, I thank you for this opportunity to provide further clarity to this House and the nation at large, on the so called merger of the Zambia National Broadcasting Corporation and StarTimes.

The Zambia National Broadcasting Corporation (ZNBC) is a statutory body created under Act 154 of the Laws of Zambia. The corporation's core mandate is to provide radio and television broadcast services throughout the country. Zambia, like many other countries is a member of the International Telecommunications Union. In 2010, it was agreed that all member states should embrace new technology in broadcasting, and as such, migrate television broadcasting from analogue to digital by June, 2015. However, due to financial constraints, Zambia and many other African countries were unable to meet the deadline.

Mr Speaker, in 2016, the Government, through the Treasury allocated US \$9.5 million to Phase I of Digital Terrestrial Television Migration with ten transmitters installed from Livingstone to Chililabombwe to create a digital network. In the same year, the Government decided to accelerate the digital migration to the rest of the country by acquiring a loan facility through ZNBC amounting to US \$273 million from the Export-Import (Exim) Bank of China.

Sir, in an effort to reduce further burden on the Treasury, a Special Purpose Vehicle (SPV) was created between ZNBC and StarTimes Zambia to carry the loan for the Digital Migration Project. TopStar Communication Company Limited was incorporated in June, 2016 in Zambia, as a limited company with 60 to 40 shareholding to StarTimes and ZNBC respectively. The purpose of this SPV is to implement digital migration by providing new broadcasting technology and equipment as well as construction and equipping of six broadcasting studios. The project also includes training of more than 600 Zambians. TopStar Communication Company Limited is

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expected to raise revenue from this investment and remit to the Treasury for the loan repayment as stipulated in the On-lending Agreement. This is being done through its operations of providing Digital Terrestrial Transmission (DTT) and Direct To Home services (DTH). So far, more than 800,000 decoders have been sold to subscribers.

Mr Speaker, as part of the transparent process, in June, 2018, after objections from some industry players, TopStar applied to the Competition and Consumer Protection Commission (CCPC) for authority to continue as an SPV implementing the Digital Migration Project and providing DTT and DTH services in Zambia. Some Stakeholders had raised issues on the dual role of TopStar being both a signal and content provider. The CCPC provided clear guidance to all parties in its statement of Friday, 19<sup>th</sup> October, 2018 which copy I will lay on the Table. The CCPC went further to state that it had granted conditional authorisation to the proposed merger between ZNBC and StarTimes.

Sir, allow me to quote the relevant parts of the CCPC Act No. 24 of 2010. In Section 21 (1) the law says:

“For the purpose of this part, a merger occurs where an enterprise directly or indirectly acquires or establishes direct or indirect control over the whole or part of the business of another enterprise or when two or more enterprises mutually agree to adopt arrangement for common ownership or control over the whole part or part of their respective businesses.”

Mr Speaker, further, in subsection 2, it says:

“A merger contemplated in subsection (1) may be achieved in the following circumstances:

- (a) where an enterprise purchases shares or leases assets in or acquires an interest in, any shares or assets belonging to another enterprise;

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- (b) where an enterprise amalgamates or combines, with another enterprise; and
- (c) where a joint venture occurs between two or more independent enterprises.

Sir, that is a merger according to the CCPC Act. In view of the above, the merger is merely a merger of interest in a joint venture and not of two independent institutions such as ZNBC and StarTimes.

I thank you, Sir.