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REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT
2015

THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION
AND INFORMATION

REPORT ON THE
VISIT TO MULTICHOICE AFRICA IN JOHANNESBURG, SOUTH AFRICA
BETWEEN 7TH AND 10TH DECEMBER, 2014

Clerk's Chambers,
Parliament of Kenya
Nairobi

MARCH, 2015

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By leader of
Energy/Communication
and information
Hon. James
Kamau
Tuesday
31/3/2015
[Signature]

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1.0 PREFACE

Hon. Speaker,

On behalf of the Members of the Departmental Committee on Energy, Communication and Information, and pursuant to the provisions of Standing Order No. 216, it is my pleasure to present to the House the Committee's Report on the visit to MultiChoice Africa Offices in Johannesburg, South Africa from 7th to 10th December, 2014.

1.1 Committee Mandate

The Committee was established under *Standing Order 216* and mandated pursuant to the *Standing Order 216 (5)* to:

- a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- b) study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
- c) study and review all the legislation referred to it;
- d) study, access and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objective;
- e) investigate and inquire into all matters relating to the assigned ministries and departments as may be deemed necessary, and as may be referred to it by the House or a Cabinet Secretary;
- f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments); and
- g) make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

In accordance with Second Schedule of the Standing Orders, the Committee is mandated to consider:-

- a) Fossil fuels exploration
- b) Development of energy
- c) Production of energy
- d) Maintenance and regulation of energy
- e) Communication
- f) Information
- g) Broadcasting

- h) Information Communications Technology (ICT) development and management

1.2 Committee Membership

The Committee on Energy, Communication and Information was constituted by the House in May, 2013 comprising of the following Members:

1. The Hon. Jamleck Kamau, EGH, MP.....Chairperson
2. The Hon. Jackson Kiptanui, MPVice –Chairperson
3. The Hon. Mohammed Elmi, EGH, MP
4. The Hon. (Eng.)James Rege, MP
5. The Hon. (Eng.) Nicolas Gumbo, MP
6. The Hon. Mithika Linturi, MP
7. The Hon. Zebedeo Opore, MP
8. The Hon. Mary N. Mbugua, HSC, MP
9. The Hon. Aburi Mpuru, MP
10. The Hon. Aramat Lemanken, MP
11. The Hon. Arthur Papa Odera, MP
12. The Hon. Banticha Abdullahi, MP
13. The Hon. Daniel Kazungu, MP
14. The Hon. Esther Gathogo, MP
15. The Hon. Fathia Mahbub, MP
16. The Hon. James Lomenen, MP
17. The Hon. John Mati Munuve, MP
18. The Hon. Joe Mutambu, MP
19. The Hon. Junet Sheikh, MP
20. The Hon. Kanini Kega, MP
21. The Hon. Nicholas Ngikor, MP
22. The Hon. Onesmus Njuki, MP
23. The Hon. Rachael Amolo, MP
24. The Hon. Roba Duba, MP
25. The Hon. Ndung'u Gethenji, MP
26. The Hon. (Eng.)Vincent Musau, MP
27. The Hon. William Kisang, MP
28. The Hon. Richard Tongi, MP
29. The Hon. Moses Kuria, MP

1.3 Purpose of the Visit

The Committee undertook a three days visit to MultiChoice Africa offices in Johannesburg, South Africa.

The purpose of the visit was:

- Information sharing between MultiChoice Africa and the Committee
- Tour of MultiChoice Africa facilities

- Visit to MultiChoice Africa external facility, Telenetix; an offsite facility where their equipment is assembled (transmitters and generators) for the DTT roll-out.

The Committee nominated the following Members to attend the visit on its behalf.

- 1) Hon. Jamleck Kamau, MP –Leader of Delegation
- 2) Hon. Jackson Kiptanui, MP
- 3) Hon. Arthur Odera, MP

The Clerk of the National Assembly in consultation with the Director of Committee Services nominated Ms. Lauren Wesonga as the Secretary of the Delegation. They were also accompanied by the Committee's researcher, Ms. Lorna Okatch.

1.4 Committee Observations and Recommendations

1.4.1 Observations

The Committee made the following observations that;

1. Though ahead of Kenya in terms of development, South Africa was behind Kenya in terms of technology.
2. MultiChoice was one of the best media houses in Africa.

1.4.2 Recommendations

The Committee recommended that;

1. Digital migration is important if the world of technology has to advance further.
2. In order to be the viewers' choice, the Kenya Broadcasting Corporation has to improve the quality of services offered.
3. In order to improve the quality of service rendered by the Kenya Broadcasting Corporation then modern equipment have to be procured, better human resource employed and better remuneration paid to the staff.

1.5 Acknowledgement

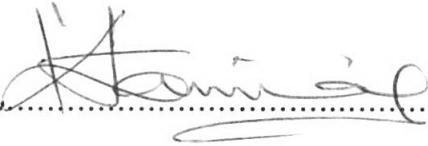
The delegation is grateful to the Honourable Speaker and the Liaison Committee for authorizing the visit, as well as the Office of the Clerk for providing the necessary logistical and technical support. The delegation also wishes to express its appreciation to the Ministry of Foreign Affairs for all the support given before the visit.

The Committee also acknowledges MultiChoice Offices in Kenya and South Africa for working in close partnership with the Committee.

HON. SPEAKER,

It is my pleasant duty and privilege, on behalf of the Committee to table this report pursuant to provisions of the National Assembly Standing Order 199.

Signed:



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THE HON. JAMLECK KAMAU, EGH, MP
Chairperson, Departmental Committee on Energy, Communication
and Information

Date



.....

2.0 INTRODUCTION

Backed by the exceptional expertise of holding company MIH and their parent company Naspers – MultiChoice has become one of the most prominent companies in the global MIH stable.

2.1 MultiChoice's Operations

MultiChoice has terrestrial analogue and digital direct-to-home satellite television platforms.

The existing analogue system has been around for over 20 years, delivering the main M-Net entertainment channel and Community Services Network (CSN). The analogue system uses 72 transmitter sites to deliver content exclusively to South Africa.

Via their three different satellite broadcasting platforms, MultiChoice imports channels from all over the world. These are packaged with local channels originating in the countries in which they operate, to form compelling entertainment bouquets for subscribers.

Their operations include:

- Promoting Pay Television services
- Entering into contract negotiations with various channel providers ensuring great packaging of the best content in their various bouquets for their customers
- Providing programme guides (both printed and electronic) to subscribers
- Operating a subscriber care call centre
- Administering subscriber contracts
- Receiving subscriber payments
- Co-ordinating the supply and servicing of decoders to subscribers
- Conducting in-depth market research

3.0 PRESENTATION BY NICO MEYER – CHIEF EXECUTIVE OFFICER MULTICHOICE AFRICA.

Mr. Nico Meyer, the Chief Executive Officer MultiChoice Africa welcomed the delegation to their offices. He acknowledged the fact that Kenya was at the forefront of technology in Africa and that MultiChoice was committed to digital migration in Kenya. He stated that he had met the President of Kenya in early September, 2014 over digital migration and that MultiChoice would offer any support to the Government in digital migration.

According to him, Kenya was ahead of South Africa in terms of digital migration and that digital migration would open up Kenya more in terms of technology. One analogue frequency is equivalent to thirty digital

frequencies and this will therefore mean that digital migration will make it possible for telecom operators to upgrade to 4G/LTE networks.

In a bid to promote digital migration, MultiChoice has subsidised the cost of Gotv which is one of their products in order to enable more people to afford it. The bouquets range from between eight hundred and fifty to two thousand Kenya Shillings thus affordable to most people in Kenya. They are offering forty free to air channels on DStv.

He further stated that MultiChoice had been in partnership with the Kenya Broadcasting Corporation for seventeen years and that the Kenya Broadcasting Corporation had 40% shareholding in MultiChoice Kenya with the Managing Director of the Kenya Broadcasting Corporation being the Chairman of the Board.

MultiChoice was also taking part in corporate social responsibility in Kenya. Some of the CSRs in Kenya include;

- resource centers in two hundred schools
- CNN - MultiChoice Journalist of the year award
- Africa MultiChoice Award
- Promotion of the local film industry, took Kenyan producers for a visit to Nollywood and this gave birth to Riverwood which produces local content in Kenya.

3.1 Other Brands by MultiChoice

In addition, Mr. Meyer stated that over and above their well-established position in the television broadcast sector, they also own the following brands;

- 3.1.1 DStv** is MultiChoice's flagship product, it provides various bouquets offering General Entertainment, Movies, Lifestyle & Culture, Sport, Documentaries, News & Commerce, Children, Music, Religion and Consumer channels to MultiChoice subscribers.
- 3.1.2 M-net** is wholly-owned by MultiChoice, and delivers premium thematic channels and exclusive content to DStv customers.
- 3.1.3 Super Sport** provides comprehensive coverage of local and global sport, broadcast over seven dedicated channels.
- 3.1.4 DStv Digital Media** is a new division of MultiChoice responsible for the emerging platforms and products for the group. With an enormous amount of entertainment content and services that exist within the MultiChoice stable, DStv Digital Media uses breakthrough technologies to deliver the entertainment its customers want, whenever and wherever they want it. DStv

Digital Media gives life to MultiChoice's streaming and video-on-demand services, the various portals and websites under the DStv and Super Sport brands, and mobile broadcasting to name but only a few of this company's flagship offerings. Services are available in various African countries with a view to be the leading player in the Sub-Saharan mobile video market across all capable portable devices.

- 3.1.5 MWEB was founded in 1997 and is at the forefront of Internet research and development, always looking for new ways to delight its customers with constant innovation and superior service. As South Africa's leading ISP, MWEB has guided 350, 000 users through its MWEB and MWEB Business divisions, and also operates in a number of other African countries.
- 3.1.6 CommerceZone is one of Africa's foremost e-Marketplaces, delivering its services to a growing list of leading clients. Through a formula that delivers Preferential Procurement, Strategic Supplier Sourcing, Travel Management and the application of a powerful yet intuitive e-Procurement platform, CommerceZone has revolutionised the purchasing processes of their clients.
- 3.1.7 NMScom (Pty) Ltd was incorporated in January 2001 as the Naspers Groups shared services organisation. The company is jointly owned by MultiChoice Africa (Pty) Ltd and Media24 Ltd. The company was established to identify and consolidate common Information Communication and Technology (ICT) Services across the wider Naspers Group. NMScom provides Facilities Services including the management of the MultiChoice property holding company.
- 3.1.8 Smart Village has a very strong national footprint, with over a thousand homes and businesses already connected. Having already secured a significant portion of the market, accelerated growth is expected as MultiChoice has acquired a controlling stake in Smart Village to broaden its core DStv offerings, by using Smart Village's next generation networks.

From humble beginnings in 2004, the company has grown from a small start-up venture, into South Africa's premier multi-play service provider. Smart Village is a pioneer in its field, and the only company currently able to provide a truly converged multimedia and telecommunication services solution via a single access point to the residential and commercial sector.