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Subject: (Embargoed) Speech By Mr Lee Yock Suan, 5 June 2000, 2.35 PM

Singapore Government

MEDIA RELEASE

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KEYNOTE ADDRESS BY MR LEE YOCK SUAN, MINISTER FOR INFORMATION AND THE ARTS AND MINISTER FOR THE ENVIRONMENT, AT "DIGITAL TELEVISION: MANAGING THE TRANSITION" SEMINAR ON 5 JUNE 2000 AT 2.35PM AT CONFERENCE HALL B & C, SINGAPORE EXPO

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1 I am pleased to join you here today at SBA's first DTV Seminar, held in conjunction with *BroadcastAsia 2000*. The theme of this year's BroadcastAsia, "The Year of Opportunity" aptly describes the world trend in the media and communication sectors today.

2 Digital technology has opened doors to many opportunities within the broadcast industry. With the convergence of IT, telecommunications and broadcasting, we can look forward to the emergence of many new services and players. Dot-com companies like Yahoo.com and Amazon.com have enjoyed

spectacular growth. Traditional media giants are busily reinventing themselves to ensure that they remain relevant in the new media and communications scene.

3 The Internet, with its ability to deliver text, sound and video at increasing speed and reducing cost, has given us a taste of this new world. Advances in broadband and wireless technology will further increase the power of the Internet.

4 In this rapidly changing environment, companies have to compete in both “old” and “new” media. Business models have to evolve to leverage on attractive content spread across several platforms to capture more “eyeballs” and build up their clientele.

Local Media Industry Review

5 What do these developments mean for us in Singapore? We welcome these new opportunities. At the same time, we are mindful of the need to retain our identity and cohesiveness as a nation. In this regard, our local media have a unique role to play to contribute to nation-building. They must also keep up with the competition or lose their relevance. Competition for attention will be particularly intense for our young who are more educated and net savvy.

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6 Amidst the international array of programmes at our fingertips, it is heartening that local content remains dear to the hearts of Singaporeans. Whether it is in news or entertainment the audience is more interested in themes that reflect the local environment. Surveys conducted last year found that 99% of Singaporeans continue to watch the local TV channels, with 60% of cable TV subscribers spending the same amount or more time watching these local channels. Local dramas continue to tug at our heartstrings. We will also continue to turn to the local media not just to find out about local events but also to get a local perspective on international developments.

7 In March this year, I announced that the Government was reviewing the structure of the media industry in Singapore. The media market in Singapore is small and fragmented. Unlike the telecommunications industry that services the world market, too much competition is unsustainable in the local media industry. It may lead to a lowering of standards and an appeal to the lowest common denominator. Singapore also does not have enough local talent to sustain a large number of high quality media companies.

8 Much as we welcome foreign talent to work in Singapore and many international media are already operating here, the regular reporting on Singaporean affairs for the Singapore audience has to be done by Singaporean media. Our objective is therefore to strengthen the local media so that it can hold the attention of local audience. We will stimulate the development of local multimedia content that appeals to the local audience and encourage local players to aggressively embrace the Internet.

9 The Government has decided to retain the present media structure, with SPH as the core newspaper group and MediaCorp as the core broadcaster. To enable them to compete more effectively across the range of media platform, the Government is prepared to grant SPH licences to run up to two free-to-air TV channels and up to two radio channels. Similarly, the Government is prepared to issue MediaCorp group a newspaper licence. In this way, both groups will be able to build on their core business and develop new capabilities so that they can better extend themselves on to the Internet.

10 The challenge posed by the new technology and convergence is not technology per se, but availability of quality content. We need more and better content. The Singapore audience prefers local content. With SPH and MediaCorp competing in both old and new media, they will be better able to hold our local audience with attractive local content.

11 The Government will review the ban on satellite dishes in 2002 when SCV's exclusive pay TV licence ends. SCV has just completed its cable rollout island-wide in Sep 99 and is focussing on recouping its investment by increasing cable penetration and services to the homes. It will have until June 2002 to recoup its substantial investment of \$600 million.

Digital TV

12 Let me now touch on Digital TV. DTV is a logical next step for the broadcast industry, with its ability to offer enhanced and interactive TV. While the Internet continues to capture our fancies, it is the TV set that is ubiquitous and present in every household. A recent survey by Pace Micro Technology on consumer attitudes to digital TV in UK found that almost two-thirds of respondents favoured interactive TV over PC-based home shopping. For generations that have grown up watching TV, there is something appealing about the TV that the PC has not been able to duplicate.

13 Digital is the way to go. There is no turning back. Since Singapore adopted Europe's Digital Video Broadcast (DVB) standard in May last year, industry players have been actively exploring this new area of opportunity. SBA has responded by issuing six digital TV trial licences to Television Corporation of Singapore, Advent TV, Cathay Organisation, DigitalONE, HealthAnswers and MediaManager to conduct R&D in DTV services and applications, such as mobile TV, enhanced and interactive TV and data broadcasting.

14 In July last year, the Television Corporation of Singapore partnered Singapore Bus Services to conduct the first "live" public mobile TV trial. For the first time, bus commuters were able to receive "live" digital TV programmes while travelling. With mobile TV, commuters can now enjoy their favourite TV shows and get "live" news updates even before they get home.

15 SBA has awarded the Media Corporation of Singapore two digital TV licences to operate in Singapore a commercial mobile TV service and a commercial DTV service which will carry the existing analogue elements in digital form. TCS will equip 2,000 public buses with digital TV by the end of this year. On the road, bus commuters will get to enjoy "live" feeds of information and entertainment. At home, TV viewers would eventually be able to experience the wonders of DTV as MediaCorp builds on the content of its existing TV services to bring on interactive TV.

16 DTV offers many opportunities for creative partnerships to develop applications and services that can reap the full benefits of the technology. SBA has been encouraging partnerships between content creators, technology specialists and media players to maximize the potential of DTV. To encourage further development in innovative DTV services and applications in Singapore, SBA has established a \$5m digital broadcasting development fund to assist industry players who are interested to develop new digital broadcasting applications and services. Singapore is a good test-bed for digital broadcasting services and we see great potential for digital broadcasting services developed in Singapore to travel worldwide as digital broadcasting technology takes off in other parts of the world.

17 We encourage players from both the software and hardware industries to seed partnerships with our local broadcasting industry to develop innovative services for digital broadcasting. I hope that this seminar will be the start of many successful partnerships as you explore the ways you can leverage on each other's strengths in the new digital world.

18 Finally, I welcome all our foreign visitors and wish all participants a rewarding and stimulating seminar.

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