RESPONSE BY DR YAACOB IBRAHIM, MINISTER FOR COMMUNICATIONS AND INFORMATION, AT THE COMMITTEE OF SUPPLY DEBATE ON MCI'S BUDGET ON FRIDAY, 8 MAR 2013

LEVERAGING THE ICMD SECTORS FOR FUTURE ECONOMIC GROWTH

I thank honourable Members for their valuable comments and suggestions.

2.   The infocomm, media, and design sectors continue to show great promise – in their own right, as well as their potential to transform society and the economy. Innovation has come about through successive waves of convergence.

3.   The first wave of convergence brought together the IT and telecommunications industries – to give us the infocomm sector. This wave is almost complete. Later this year, new homes to be built will no longer need to be fitted with telephone ports, since a data port can serve both voice and data needs.

4.   The second wave of convergence is unifying data. This wave is allowing for the emergence of massive datasets from which businesses and government can get deep insights to help improve services. This is why we see data analytics as a promising growth area for the infocomm sector.

5.   The third wave of convergence is bringing together infocomm and media industries. It is presently disrupting traditional business models for content creation, but there is no doubt that it will eventually lead to new and more robust business models. We must ensure that our regulatory frameworks are able to keep pace, and Singapore is among several countries at the forefront of studying its impact.

6.   Around the corner, we see possibilities for infocomm flowing into autonomous machines. This will be especially relevant as the Singapore economy shifts gear in view of slowing workforce growth.

7.   We estimate that the infocomm, media and design sectors grew by 6.5% in 2012. Singapore has also consistently ranked among the top two countries in the World Economic Forum's Global Information Technology Report since 2009.

8.   Our plans for the infocomm, media and design sectors are four-fold. Firstly, we want to improve our infocomm and media infrastructure. Secondly, we want to ensure the sectors deliver enhanced quality of life for our people. Thirdly, we want the sectors to contribute to business competiveness and a more productive

economy. And finally, we want Singapore to be in a good position to seize future growth opportunities in infocomm, media and design.

Improving Singapore's Infocomm and Media (ICM) infrastructure

9.   Mr Zaqy Mohamad and Ms Penny Low have highlighted the importance of investing in infrastructure and technology that can improve Singaporeans' daily lives. Ms Lee Li Lian also touched on the Quality-of-Service (QoS) standards for our mobile services infrastructure.

10.   We will be improving our wireless infrastructure. The free Wireless@SG network is popular with Singaporeans. More businesses have subscribed to Wireless@SG for their own operations, such as cashless payments and facility surveillance. But the system is now over six years old.

11.   IDA will therefore enhance our national wireless infrastructure by expanding the capacity and speed of Wireless@SG. We will also simplify the login process. Instead of having to repeatedly enter one's login information, the improved Wireless@SG will be able to recognise registered users through the SIM cards in their mobile devices. This will complement our mobile networks and allow subscribers to more seamlessly shift from 3G/4G networks to Wireless@SG.

12.   We recognise that mobile services have become increasingly integral to consumers and businesses. In fact, Singapore is one of the few countries globally to impose quality of service (QoS) standards for compliance. Over the past two years, IDA has enhanced the standards required of 3G mobile service operators. Mobile operators also face higher financial penalties for non-compliance. The standard for outdoor service coverage was raised to above 99% in April 2012.

13.   The recent $10,000 financial penalty that IDA imposed on each mobile operator was for failing to comply with this enhanced standard. I understand that IDA had taken into consideration that it was the first time the operators failed to meet the new requirements, and by a relatively small margin. Therefore, the penalties levied were appropriate – not the maximum under the current standard, but still much higher than allowed for under the old standard.

QoS for in-building coverage and mobile broadband services

14.   IDA will be holding a 4G spectrum auction in mid-2013. This will give our mobile operators greater certainty over their spectrum holdings, and allow them to expand their 4G offerings. We will encourage further deployment and adoption of new mobile capabilities that will bring more benefits to consumers – greater

coverage and bandwidth. IDA will also soon revise the Code of Practice for Info-communication Facilities in Buildings (COPIF) to ensure that building facilities have adequate space set aside to support the quicker deployment of mobile services.

15.   Our mobile payments system will see improvements. Since August 2012, consumers have been able to make contactless payments with their Near-Field Communications (NFC)-enabled phones at over 30,000 acceptance points. These include convenience stores and most taxis. At least seven additional NFC mobile payment and value-added services will be launched by 2014. IDA will be working with the public transport industry to assess the feasibility of adopting NFC payment, and the public can look forward to field trials and pilots later this year. All these initiatives spell more convenience and options for consumers.

16.   It has been 50 years since Mr S Rajaratnam went on air to launch our television service. It was a momentous occasion for our people. We have seen much progress over these five decades, including going colour and adding more Free-to-Air channels. And it is fitting that this 50th year will herald another milestone in our broadcasting history – we are going digital. We are upgrading our broadcasting infrastructure and will begin our transition to digital TV by year-end. Digital TV will enhance our viewing experience. At the same time, going digital will also free up spectrum that can be reallocated for better and faster wireless services for our public and businesses.

17.   Come December, MediaCorp's seven Free-to-Air channels will be broadcast in digital format and move to High-Definition in two phases. Channels 5, 8, Suria, and Vasantham will move first to High-Definition. Channel U, okto and Channel NewsAsia will be broadcast in Standard-Definition first, and then High-Definition in 2016. Viewers will be able to enjoy the higher quality images and surround sound from digital TV through existing pay-TV set-top boxes or a separate receiver.

18.   We will ensure sufficient time for households to make the digital transition. MediaCorp will continue to broadcast analogue signals for Free-to-Air channels for at least two years from the digital switch-on in end-2013. MDA will also introduce consumer labels for dealers to affix to compatible digital receivers. This will allow consumers to easily identify the equipment suitable for their needs. From April 2013, consumers will be able to buy TVs with compatible integrated digital receivers that are affixed with MDA's consumer labels. Consumers can also choose to buy set-top boxes affixed with these labels to connect to their existing TVs as the boxes gradually become available.

19.   We will not forget the needy households who may need assistance with the switchover. MDA is looking at ways to assist them. We expect to finalise and

ready these plans by 2014. We recognise the important role that TV broadcast plays and I would like to assure the House that MDA is working to ensure that all Singaporeans can benefit from our Free-to-Air digital programming.

Enhancing Singaporean's quality of life

20.   Through infocomm, media, and design, we are improving Singaporeans' quality of life. Ms Penny Low, Mr David Ong, Dr Chia Shi-Lu, Mr Inderjit Singh, Mr Low Thia Khiang, and other members have shared their views about the important role that infocomm plays in this. The Next Generation Nationwide Broadband Network is already allowing IDA and industry partners to explore projects such as home-based work. This can help Singaporeans better balance their work-life commitments and minimise travel during peak hours. Our economy will also benefit from the increased level of labour force participation. Businesses may also derive long-term cost savings in office space rental.

21.   Rasa Sayang Healthcare is a home-grown SME that will be launching a home-based work pilot project soon. The company provides home nursing services. Currently, their nurses pick up their scheduled jobs from the office before travelling to the patients' homes to do their work. They subsequently return to the office to file their patient reports. With this pilot, Rasa Sayang's nurses will be equipped with computing devices and broadband connectivity to allow them to receive their schedules at home. They will be able to start work from home, and return home to file their reports. The reduced travelling and time saved will allow nurses to spend more time with patients and improve productivity. In addition, Rasa Sayang's customer service staff will be equipped with proprietary customer management and call routing solutions. This allows their staff to work from home and continue serving their customers in a timely manner.

22.   IDA will also call for proposals to establish Smart Work Centres. Smart Work Centres are conducive alternative working spaces. They will be equipped with professional facilities and shared by employees of different companies. Employers looking to offer flexible work arrangements can arrange for their employees to work at a Smart Work Centre nearer home. IDA is also currently working with NLB to pilot Smart Work Centres at selected libraries. At the same time, the Public Service will be piloting a similar concept at the Treasury building and the new MND and MOM buildings for use by public officers from participating public agencies.

23.   We will continue to commit resources to ensure that ICT benefits all and fosters a cohesive and inclusive society. Over the past three years, IDA's People Sector programme has reached out to over 460,000 people. IDA has also

equipped more than 100 people sector organisations with infocomm capabilities and to increase ICT literacy and competency of their clients.

24.   For example, the Singapore Association for the Deaf has partnered with the People Sector Infocomm Resource Centre, and are developing a Singapore Sign Language mobile app to meet the needs of our hearing-impaired and promote our Singapore Sign Language. The video on the screen shows some of the signs that one can learn from the prototype app, such as "Durian" and "Kallang".

25.   IDA will also continue to actively engage and promote ICT programmes and initiatives among the elderly, low-income households with school-going children, and people with disabilities. To date, the Digital Inclusion Programme has assisted more than 14,600 low-income households with PCs and broadband service. It has trained more than 76,000 senior citizens and people with disabilities to use infocomm for digital lifestyle activities and work support.

26.   Volunteers play a key role in this effort as well. They are young at heart and sharp in the mind – just like Mdm Irene Lim.

27.   Sixty-one year old Irene retired seven years ago and has been pursuing her interest in photography and in computers. She attended courses on Social Networking and Digital Photo Management, which were offered under the Silver Infocomm Curriculum. In her words, "being able to catch up with the latest technology trends, I feel young and active again". She puts to good use her IT skills in enhancing photographs and producing video collages of her travels. She is also an active Facebook user, blogger, and, as I said earlier, a volunteer IT tutor.

28.   Beyond improving work-life balance and social inclusion, we also recognise that the media industry can uplift, inspire, and entertain Singaporeans. Last year was a very good year for film, but I want to specially recognise the contributions of the TV sector. For example, local production company "Very!" won two Gold Medals at the prestigious New York Festivals for their work on the Channel NewsAsia documentary *"The End/Beginning"* in 2012. Last year's Asian TV Awards also saw local company Scrawl Studios win the Best 2D Animated Programme with *"Guess How Much I Love You"*, while another local producer, The Moving Visuals, picked up an award for their work on The Biography Channel's social awareness programme *"Junkie Monastery"*.

29.   Ms Sylvia Lim spoke about the local music scene. We are committed to growing our music industry and creating opportunities for our music talents. MDA has various schemes to support our local music professionals at varying stages

of their careers. This includes the development of singles, production of albums and Extended Plays (EPs), marketing assistance, training, and upskilling.

Local music quota for radio airplay

30. MDA has been working with local broadcasters and industry partners to increase their repertoire of local works for broadcast, and to provide greater exposure to our local musicians. Several radio stations, such as Class 95, Y.E.S. 93.3FM, Ria, and Oli, have programmes to showcase local artistes and music. In September last year, MDA and MediaCorp put out a joint call-for-proposal seeking theme songs for MediaCorp's TV dramas. This provides nationwide exposure to our local musicians, and uncovers new talent. The winning compositions received airplay on our Free-to-Air TV channels and radio. We ensured that the intellectual property (IP) rights of these songs stayed with their creators, so that the composers could further benefit from it. MDA will launch another call-for-proposal for theme song production soon. Selected applicants will be provided with a Development Assistance grant of up to $8,000 each.

31. The Government also recognises the importance of royalty payments to sustain our music industry. An Industry Code of Conduct was launched in June 2012 to improve the collection of royalty payments. This has taken us another step in the right direction as we work to ensure that royalty payments reach their rightful owners. MDA will continue to work with our broadcasters, MinLaw, industry associations, and various stakeholders to support the growth of a vibrant eco-system for local music.

Increasing business competitiveness and productivity

32. Ms Penny Low, Mr Inderjit Singh, Mr Sitoh Yih Pin, Mr Arthur Fong, and Mr Vikram Nair have asked about how we can increase business productivity, and the measures we have taken to enhance our design sector. Let me now touch on these areas.

33. An increasing number of companies have used design to gain an advantage for business competitiveness and growth. The DesignSingapore Council provides schemes to incentivise local businesses to invest in design for innovation and productivity gains. Over the past two years, over 100 companies have been supported through assistance schemes such as the Design for Business Innovation Grant (DBIG) and the Productivity and Innovation Credit (PIC) for Investments in Design.

34. Atmosphere Air-conditioning & Engineering Private Limited is a local SME that has benefitted from DBIG and PIC. Faced with difficulties expanding the business due to manpower constraints and logistical challenges, Atmosphere

partnered with a design consultancy to transform the way their air-con technicians go about their servicing jobs. Instead of two-man service crews in vans, motorcycles outfitted with a specially designed storage box containing re-designed servicing tools were introduced. Only one technician is now needed for smaller jobs. Clients are now served faster, productivity has doubled, operational costs have come down, and Atmosphere has eased its manpower constraints.

35.   New high growth ICT developments, such as data analytics, can also improve business competitiveness and create value across sectors. IDA is encouraging greater adoption of data analytics among businesses. It has been working with six early adopters to develop business analytics shared services for the retail and wholesale sectors. Such analytics services will allow businesses, such as Best Denki Singapore, to derive useful information from their customers' data, to better understand customer needs. The services will also help optimise inventory levels to meet forecasted demand. We expect these shared services to be rolled out progressively to early adopters starting mid-2013.

36.   Raising productivity is key to greater competitiveness. IDA has supported the efforts of more than 5,000 SMEs to raise business productivity through ICT solutions. IDA works closely with sector champions and industry associations to facilitate the development of collaborative ideas and innovative ICT solutions that can benefit the wider industry. With economies of scale, such solutions are more cost effective to adopt than if developed separately by businesses on their own.

37.   For example, to increase service staff productivity in the Food and Beverage industry, IDA supported mobile ordering systems for restaurants to automate key operational processes. Diners at Ocean Spoon Dining now submit their orders via tablets and have their payment processed at their tables. Ms Jocelyn Chng is the Managing Director of JR Foodstuff Industries, which owns Ocean Spoon Dining. She shared that, "with eMenu and payment-at-the-table, other than being able to achieve faster table turn-around, we foresee that we would be able to expand our operations without the need to increase service staff at the same rate".

38.   Furthermore, to help SMEs speed up their ICT adoption, IDA has also pre-qualified over 160 "ready-to-use" ICT packaged solutions under the iSPRINT scheme. SMEs can purchase and implement these solutions right away, and subsequently claim for the iSPRINT grant.We will also continue to support initiatives that raise labour productivity, to help our companies be better equipped to face challenges that arise from the tightening of local manpower. IDA will review existing infocomm manpower initiatives to develop the necessary skill sets for local infocomm professionals in anticipation of changing job profiles, and to attract greater talent into ICT.

39. For example, IDA has been working with the Singapore Workforce Development Agency (WDA) to organise Infocomm Productivity Masterclasses to help local ICT businesses reshape their business models and improve productivity. These Masterclasses target top management executives and cover topics such as product management, business strategy, and user experience design. Over 100 infocomm professionals have benefitted from this programme in the past nine months. We will continue to provide our local infocomm companies with more of such Masterclasses through our Infocomm Continuing Education and Training Centre.

40. This year, the Design Thinking & Innovation Academy (DTIA) will also partner with WDA to expand the availability of design thinking training. The DTIA has been helping both the private and public sectors to develop design-driven innovation capabilities, and to adopt a user-centric approach in creating innovative products and services. Up to $2.5 million has been set aside over the next three years for design thinking training. This will allow DTIA participants to receive up to 70% WDA co-funding when they apply for relevant Workforce Skills Qualification courses.

41. We are also making it easier for designers and other vital players in the design value chain to network, test and exchange ideas, and co-create new products and services. The National Design Centre (NDC) will open later this year. Located at the former site of St. Anthony's Convent, and now a designated conserved building, the NDC will serve as a key node in Singapore's design eco-system. It will house a prototyping laboratory for developing design concepts into prototypes, as well as design galleries to showcase design works. The DesignSingapore Council will also relocate there by the last quarter of 2013 to make it more convenient for both our businesses and designers to seek the Council's expertise and assistance.

Positioning for future infocomm, media & design growth

42. I spoke earlier about the changes being brought about by media convergence. Mr Zaqy Mohamad and Mr Baey Yam Keng have also asked about this. In March last year, we appointed a Media Convergence Review Panel, chaired by Mr Koh Boon Hwee and comprising experts from the private and public sectors, to study these issues. The Panel submitted their report in November 2012 and made recommendations to address four important areas – content regulation, encouraging local content, copyright challenges, and licensing frameworks.

43. The Government broadly agrees with the Panel's recommendations. I will elaborate now on our approach to the recommendations on the economic interests of the sector, and take up the content regulation and public service

broadcast aspects in my response to later cuts. Senior Parliamentary Secretary Sim Ann will address Mr Baey Yam Keng's comments on media literacy in her response later.

44.   Local content plays a vital role in strengthening Singapore's cultural identity and community bonds. There is merit in the Panel's recommendations to incentivise local content creation by requiring nationwide broadcasters, including pay TV operators, to invest part of their content expenditure on local content. We will consult stakeholders on the design and implementation of the local content obligation. We will explore the possibility of providing incentives to encourage more local content development. We will also study how best to ensure that local content is made prominently available on the landing pages of TVs with integrated Internet connectivity or Connected TV.

45.   To address online copyright challenges and digital piracy, we agree with the Panel's recommendation of a three-pronged approach comprising public education, promotion of legitimate digital content sources, and potential regulatory measures. We will continue to support the efforts of MinLaw and IPOS to strengthen existing collaborative efforts with the industry on online copyright issues.

46.   The Government will also work on the Panel's recommendation and look into providing further clarity and certainty for the licensing of all broadcast and online content services, including the definition of licensable audio-visual services. We agree with the need to align requirements imposed on both local and overseas broadcasters targeting the Singapore market. We look forward to working with stakeholders to follow up on the Report's recommendations. The target is to conduct the necessary consultations this year, with a view to implementing the recommendations, where feasible, from 2014 onwards.

47.   Next, we recognise that our industry development plans should anticipate the eventual convergence of the infocomm and media sectors. Convergence will extend beyond just media platforms as infocomm technologies increasingly become more deeply embedded with media. For example, data analytics has been increasingly used to better understand the viewers of media content. Pay TV operators in the UK are already looking to launch TV advertisement services that target specific homes based on viewing habits, household composition, and geographic location. The targeted advertising that we are most familiar with on the Internet is looking to expand to the TV sets in our homes. Here I mention the example of Amazon.com which tracks the books you have been buying, and tries to recommend books that you should be interested in.

48.   Convergence has and will continue to create opportunities and challenges both within the infocomm & media sector, and between it and other economic

sectors. Our businesses can exploit new opportunities in the converged environment to move up the value chain, and create new products and services to meet rapidly changing consumer demands.

49.   As the distinction between the traditional structures of infocomm and media undergo this paradigm shift, we need to look at the future masterplans for the ICM sectors in a more holistic and integrated way. Hence, I intend to commission a Joint Infocomm & Media (ICM) Masterplan to synergise their masterplanning efforts for the future. This Joint Masterplan will be led by a Steering Committee that comprises both public and private sector representation. We expect extensive industry consultations for the masterplan to begin later this year.

50.   The Joint Masterplan is a significant effort and will take some time. However, we want to start early to give ourselves time to carefully study both the opportunities and gaps brought about by ICM convergence. This will allow us to streamline our ICM policy frameworks and industry development efforts. By 2015, we hope to have a masterplan that will give Singapore a competitive advantage and propel Singapore's digital economy ahead to the next stage of development.

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