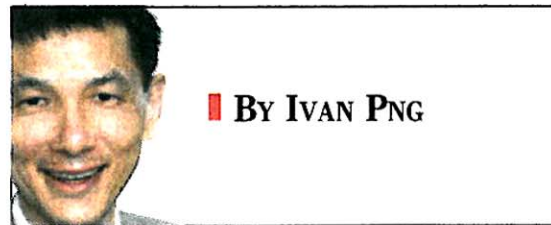


ASK: NUS ECONOMISTS

New TV rules will benefit S'poreans



■ *Is the United States government right to be concerned about the new regulation requiring the "cross-carriage" of pay-TV programmes in Singapore?*

Last October, SingTel won the bidding for the exclusive rights to broadcast the English Premier League (EPL). Soccer fans among the half a million StarHub cable subscribers greeted the news with dismay. They were left with the unpleasant choice of either subscribing to SingTel mio TV or foregoing the pleasure of watching EPL games at home.

The EPL episode clearly illustrates the judicious balance the Media Development Authority (MDA) must strike among

three competing interests – consumers, broadcasters and content owners.

EPL owns the content, SingTel and StarHub competed for the exclusive broadcasting rights, and the consumers will pay the bill – at least in part.

Why did SingTel bid hundreds of millions of dollars for the EPL rights? Because the EPL rights were exclusive, and because the two companies use separate broadcasting systems.

SingTel's aim was to leverage the EPL to draw consumers to its mio TV platform and away from StarHub.

Pay-TV providers use exclusive rights to EPL, the World Cup, and other "must-have" entertainment to build market power for their set-top boxes. To the extent that consumers are not willing to subscribe to multiple platforms, they become captive customers of a particular provider. The broadcaster can then exploit its monopoly power to sell other programmes to its captive customers.

The MDA's cross-carriage regulation



Arsenal's defender Gael Clichy (right) vying for the ball with Fulham's striker Erik Nevland in a football match in London on May 9. With the new cross-carriage regulation, popular sports programmes like the EPL will reach larger audiences in Singapore. PHOTO: AGENCE FRANCE-PRESSE

aims to weaken the monopoly power based on exclusive content. All pay-TV broadcasters would be required to "cross carry" any exclusive programming that any pay-TV broadcaster acquires.

With the cross-carriage regulation in effect, whether SingTel or StarHub wins the rights to broadcast the 2012 Olympics, consumers will be able to watch the Olympics without paying for another set-top box.

Using the same box, they can subscribe to the Olympics – just by paying whichever broadcaster wins the rights.

The Australian government imposes a much stricter regime for top sporting events. Under "anti-siphoning" rules, pay-TV broadcasters are not permitted to buy the rights before free-to-air broadcasters.

Britain and eight other members of the European Union enforce similar regulations to ensure free broadcast access to major sports and cultural events.

By diminishing the monopoly power of the set-top box, the MDA's cross-carriage regulation would likely reduce

the amount that SingTel or StarHub would be willing to pay for exclusive content. So, to that extent, American producers of broadcast entertainment may be concerned.

However, producers of entertainment will still earn attractive revenues from Singapore broadcasters. And these would be pure profits in the sense that they would cost the content owners nothing extra to produce. And their revenues would be derived from the value of the entertainment itself rather than the potential of their productions to create monopoly power in broadcasting.

It is also important to keep sight of the bigger picture. The cross-carriage regulation will extend the audience for popular sports. So EPL, the World Cup and the Olympics will reach larger audiences in Singapore.

This can only be good for sport and Singaporeans.

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