

**MEDIA DEVELOPMENT AUTHORITY
OF SINGAPORE**

**POLICY AND REGULATORY FRAMEWORK FOR
MOBILE BROADCASTING SERVICES IN SINGAPORE:
CONSULTATION RESPONSE**

Issued on: 14 April 2011

1. Introduction
2. Technical issues
3. Licensing framework
4. Market structure issues
5. Regulation of content
6. Next steps

1 Introduction

- 1.1. On 21 November 2007, MDA issued a public consultation document on the policy and regulatory framework for mobile broadcasting services in Singapore. On the same date, MDA delivered briefings explaining the issues and policy positions proposed in the consultation document.
- 1.2. MDA requested parties to submit written comments on the public consultation document by 18 January 2008. A total of 22 written responses were received by the closing date. MDA would like to thank the respondents for their inputs.
- 1.3. This consultation response describes and explains the rationale behind MDA's proposed positions on key issues raised in the public consultation.

2 Position on Technical Issues

2.1 Standard for Mobile Television Services (MTVS)

- 2.1.1 MDA proposed to not mandate a single standard for MTVS in Singapore.
- 2.1.2 There was general support by respondents for the use of open standards and the majority of respondents were supportive of MDA's position not to mandate a MTVS standard so as to retain flexibility to respond to international technological developments. Four respondents argued in favour of adopting the DVB-H standard on technical grounds, to reduce consumer confusion (should multiple standards be deployed) and because of vendor support.
- 2.1.3 MDA believes that it is premature for a small market like Singapore to set any standard when there is no consensus on global standards for MTVS. Singapore will continue to monitor global trends on MTVS standards while enabling commercial entities to innovate and differentiate their services. For now, therefore, MDA will not mandate a standard for MTVS.

2.2 Quality of service

- 2.2.1 Technical quality of service has three main components – picture quality, network coverage and consumer service. MDA proposed not to mandate levels of picture quality or customer service. In respect of network coverage MDA proposed to set a minimum network coverage requirement of 95% outdoor coverage for multiplex licences.
- 2.2.2 There was general support from respondents for these three positions. Respondents agreed that picture quality and consumer service were best left to the market to determine what level is offered. Minimum outdoor coverage of 95% was generally supported except for one respondent who thought that the 95% coverage area should exclude unpopulated locations. MDA therefore will not set any picture quality and customer service and will impose a minimum outdoor coverage requirement of 95%.
- 2.2.3 In respect of indoor coverage MDA will require applicants for MTVS multiplex licences to specify the indoor coverage and the minimum signal strength that they would offer and to supply engineering calculations which back-up this value. A service that offers better indoor coverage would score higher points in a licence award evaluation. Several respondents objected to the inclusion of indoor coverage as an evaluation criterion on practical grounds. However, MDA believes that a meaningful definition of indoor coverage can be established and enforced and so will retain this as an evaluation criterion in its licence award process.

3 Position on the Licensing Framework

3.1 The types of licence

- 3.1.1 MDA proposed that the current licensing structure used for fixed digital broadcasting, involving a multiplex licence and a broadcasting service licence, should be applied to MTVS and cellular mobile TV services equally. This would mean that each cellular mobile operator would be migrated from the current Class Licence regime and would have to obtain a broadcasting services licence before transmitting TV services to its customers in future.
- 3.1.2 MDA also proposed to adapt the two- tier IPTV licence framework – with niche and nationwide licences - to regulate MTVS operators and cellular mobile operators who wish to provide content services. As mobile TV services are in their infancy, MDA proposed to license both MTVS and cellular mobile TV service providers under the niche licensing framework, subject to the refined criteria defining a niche service described in para 3.1.4.
- 3.1.3 A number of respondents disagreed with these proposals and argued that cellular mobile TV services should continue to be regulated as at present under the Class Licence regime and that these arrangements should extend to MTVS. There was concern that the move to the individual broadcast licence regime would be unduly onerous in terms of licence fee payments, the need for approvals before changing or showing content, and ownership controls. Respondents said that these factors would deter investment and service growth, and that the nascent stage of the industry argues for self regulation until take-up is at a level that warrants other regulatory intervention. Other respondents felt that cellular mobile TV services should be subject to the same regulatory framework as MTVS and fixed TV services.
- 3.1.4 In view of mobile TV’s high impact on its users due to its personalised nature, MDA plans to proceed with the individual licensing approach. MDA will refine the two-tier broadcasting licence framework to offer greater flexibility for nascent services. The broadcasting service licensing structure will be retained but the criteria defining a niche service will be refined as shown in the following table:

Refined definition of a niche service	Existing definition of a niche service
Dual threshold criteria	
Daily Reach of any Single Channel should not exceed 100,000 unique viewers.	Where the service operator targets not more than 100,000 subscribers.
Daily Reach of Niche Broadcaster should not exceed 250,000 unique viewers.	

The revised threshold criteria shall apply across all affiliates and related subsidiaries belonging to the same parent company (as defined in Section 6 of the Singapore Companies Act (Cap 50)) (“Related Corporations”). This means that an applicant would not qualify for a Niche TV Licence if at the time of application for a broadcasting licence, any of its Related Corporations holds a Nationwide TV Licence

or if the combined reach of all its Related Corporations exceed 250,000 unique viewers.

3.2 Licence award mechanism

- 3.2.1 MDA proposed to use a comparative tender to select MTVS multiplex licensees. Respondents gave a mixed set of responses with some favouring comparative tender, some favouring an auction and one favouring direct award.
- 3.2.2 Possible evaluation criteria for the tender were given in Figure 3.2 of the Consultation Document. Respondents gave a range of comments on these. They suggested some additional criteria and indicated the weight that should be applied to different criteria. While there was no clear consensus on these issues, respondents generally argued for clarity and transparency in MDA's approach.
- 3.2.3 MDA notes the comments on the importance of having an objective and transparent evaluation criteria and will take the comments into consideration when drafting the licence award framework.

3.3 Licence duration

- 3.3.1 MDA proposed that multiplex licences for MTVS should have duration of 10 years with an option to renew for a further five years. In line with MDA's proposal to grant niche licences, broadcasting service licences would have duration of 5 years and be renewable.
- 3.3.2 Some respondents agreed with these proposals while others argued for longer multiplex licence duration (of 15 or 20 years). No concrete evidence was given for the need for longer licence duration and so MDA will issue multiplex licences having duration of 10 years and niche broadcasting service licence of 5 years. The renewal of the licences will be contingent upon licensees' compliance with licence conditions.

3.4 Other licence conditions

- 3.4.1 MDA proposed that video based services should comprise at least 65% of the multiplex capacity utilised. This was questioned by a small number of respondents (who variously argued for a lower and a higher limit). However, MDA believes that, given the MTVS is a nascent service, the 65% requirement strikes an appropriate balance between ensuring that the main use of the multiplex is for TV services and giving operators the flexibility to offer other potentially profitable services to consumers. Hence the 65% limit will be retained.
- 3.4.2 MDA will also be exempting MTVS and cellular mobile TV service licensees from paying licence fees for the first 5 years of the service to promote the growth of mobile TV services.

4 Market structure issues

4.1 Number of MTVS multiplex licences

- 4.1.1 MDA proposed to issue up to four MTVS multiplex licences, giving access to two 8 MHz channels at UHF and two 1.7 MHz channels at VHF, and to allow applicants to bid for one or more licences.
- 4.1.2 A small number of respondents argued this was too many licences and that either fewer licences should be issued or the release staggered or delayed. MDA considers that it is best to leave the evaluation of how many licences will be taken up to the market.

4.2 Access to multiplex capacity

- 4.2.1 MDA proposed that holders of multiplex licences for MTVS should be obliged to make access to multiplex capacity available to third parties on fair, reasonable and non-discriminatory terms and conditions.
- 4.2.2 Respondents had mixed views on this issue, some arguing for a stronger regime including one respondent's suggestion to designate mobile TV multiplex as an Essential Resource under the Media Market Conduct Code and others asking for clarity over its application, e.g. whether the open access obligation applied to all capacity or "spare" capacity. One respondent suggested that an access offer be included as part of the licence bids so that it can be weighed against other features of the bid.
- 4.2.3 MDA views that it is premature to designate the mobile TV multiplexes as Essential Resources as the mobile TV sector is at the nascent stage and there are adequate multiplexes for mobile TV services. MDA will however monitor market developments and will take into consideration the suggestion to include third party access as one of the criteria for multiplex licence award.
- 4.2.4 One respondent also raised the issue of access to mobile operators' customer databases and billing and distribution capabilities. MDA considers that there is no need to regulate this and notes that elsewhere in the world content providers and mobile operators have reached commercial arrangements in these areas.

4.3 Advertising revenue cap

- 4.3.1 MDA proposed that a cap on the share of revenues earned from advertising by MTVS subscription service providers should not be applied. All responses on this issue agreed with MDA's proposal. MDA will therefore not set any cap on the advertising revenue.

5 Regulation of content

5.1 Regulation of MTVS content

- 5.1.1 MDA proposed to require the MTVS operators and cellular operators offering TV services over their cellular networks to obtain broadcasting service licences before transmitting these services. Under these licences the operators would be subject to the applicable programming codes issued by MDA, which will depend on the nature of service, i.e. whether it is free or subscription based. Therefore, an operator offering free-to-air or subscription-based content will have to comply with content standards pegged to those in the Free-to-Air TV Programme Code or the Subscription TV Programme Code respectively. MDA is currently working on a content code to address such content on mobile devices and will be consulting the industry on the code. All operators who are licensees would have to seek MDA's approval prior to making any new content and channels available or if they intend to make significant changes to the content of existing channels.
- 5.1.2 Individuals who responded supported the position that programming codes for fixed TV services should also apply to mobile TV services. However, industry respondents were concerned about the loss of flexibility and delays due to the need for prior approvals for changes in content. MDA has noted these concerns. To provide greater certainty and transparency, MDA will seek to adhere to MDA's service standard of approving new channels of its existing licensees within 20 working days upon receipt of all relevant information provided by the applicant.
- 5.1.3 It should be noted this timeframe will not apply if the channels are assessed to have difficulty complying with MDA's content guidelines, or are available as free channels which would then be subject to more stringent guidelines in view of their potential to have greater impact, especially on the young. For channels that have been previously approved for existing licensees, MDA will likely be able to convey its approval within a timeframe shorter than the service standard of 20 days. However, this will not apply to channels of a sensitive nature that were previously approved under special conditions. For channels approved by MDA, the onus will be on the content provider to ensure that the programmes abide by the content guidelines. Should any programme be found to be problematic, the content provider will be required to replace the programme in question.

5.2 Public service broadcasting obligations

5.2.1 Obligations for specific programme content

- 5.2.1.1 MDA proposed not to impose PSB obligations at this point in time, such as local content or specific genres, on cellular mobile TV service and MTVS operators because they would raise the costs of MTVS operators and could have a negative impact on MTVS viability.
- 5.2.1.2 All respondents who commented supported this proposal. MDA will therefore not impose any PSB obligations at this point in time.

5.2.2 Must carry obligations

- 5.2.2.1 There are strong public interest reasons for facilitating access to the local free-to-air channels in Singapore on mobile TV. MDA will:

- Remain open to the possibility of allowing MediaCorp to provide its local FTA channels on mobile TV if MediaCorp applies to the MDA to do so
- Not impose must-carry obligations on commercial MTVS and cellular mobile TV operators but will require mobile TV operators to enable access by their users to any local FTA channels offered by MediaCorp using compatible technologies

5.2.2.2 The comments from some respondents suggested that FTA channels could limit the capacity of the MTVS offering or would need to be part of the MTVS services. We think there is a misunderstanding here as the FTA channels would be transmitted on a different multiplex from that used for the MTVS services. Handsets should be able to receive the FTA services as well as the MTVS services as long as the service providers are using compatible technologies. FTA services might be blocked if the handset had a digital rights management system that did not allow the FTA channels to be viewed at no cost or the handset EPG did not list the FTA channels. These are outcomes the regulation is intended to avoid.

5.3 Advertising and sponsorship regulation

- 5.3.1 Advertising content on all media is regulated on a voluntary basis by the Singapore Code of Advertising Practice (SCAP), while the SPAM Control Act seeks to control mobile spam. These regulations would apply to advertising on MTVS, including interactive advertising. There is also broadcasting specific regulation of advertising and sponsorship administered by the MDA, including controls on the amount of advertising airtime, and the identification and separation of advertisements.
- 5.3.2 MDA proposed that this framework for advertising regulation should be applied to MTVS. This would include limiting advertisements and/or trailers to no more than 14 minutes in each and every hour and adherence to the MDA's advertising codes.
- 5.3.3 Several respondents objected to the 14mins/hour limit on advertising. MDA notes that similar controls are imposed in other countries where companies have been prepared to invest in MTVS suggesting that these controls are not unduly onerous. MDA will therefore retain the controls.

6 Next steps

- 6.1 MDA is open to expressions of interest from companies to launch a mobile TV service and to submit proposals for our consideration.
- 6.2 MDA will be contacting the current cellular mobile TV service providers to implement the migration of their services from the Class Licence regime to the mobile TV licensing framework.

- END -