

**M1'S RESPONSE TO MDA'S CONSULTATION PAPER ON
THE POLICY AND REGULATORY FRAMEWORK FOR
MOBILE BROADCASTING SERVICES IN SINGAPORE**

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1. INTRODUCTION

M1 welcomes the opportunity to submit our comments to MDA for consideration on the proposed policy and regulatory framework for mobile broadcasting services in Singapore. We have been providing cellular mobile services to the Singapore market since 1 April 1997 and in 2000, we launched our international telephone services. In February 2005, M1 took the lead in introducing 3G technology and launching our 3G services. We launched the M1 Broadband service in December 2006, reaffirming M1's commitment to offer customers high quality services that complements mobility with high speed and wide area coverage for data intensive applications in the home, office and mobile broadband market.

2. STATEMENT OF INTEREST

Mobile TV is an emerging market that has been touted as the next phase of mobile entertainment. Though mobile TV is still in its infancy stage, it may prove viable especially in Singapore where overall mobile penetration has reached the 114% mark and is increasing¹, and the appetite for mobile phone based content is significantly higher in Asia than our European and American counterparts. M1 is interested in mobile broadcasting as a new market with new services and products, which may bring about opportunities to leverage the full potential of our mobile network infrastructure.

3. OVERVIEW

As Mobile TV is still in an infancy stage, it seems unlikely at this point to become a substitute for traditional television services and attain a similar reach of audience. Hence, it is important not to allow broadcasting-type regulations to creep into this new media platform, thus possibly stifling its development. As recognised by MDA, mobile TV has yet to develop in Singapore. Having any undue regulations at the conception of this industry would not only create uncertainty but also hamper incentives to invest and restrict the potential of any investment plans and deployment of new services to consumers.

M1 is of view that mobile TV opportunities should be allowed to be realised through the operation of market dynamics, as the operation of market forces would deliver the most efficient and effective economic outcome. Moreover, key licences and regulations are already in place to safeguard public/industry interests. MDA may wish to align its regulatory framework with international best practices such as Canada's Radio-Television and Telecommunications Commission ("CRTC")

¹ IDA - Statistics on Telecom Services for 2007 (Jul – Dec).
<http://www.ida.gov.sg/Publications/20070815141811.aspx>

regulatory framework for mobile broadcasting services, where CRTC ruled that mobile television services that offer accessible television programming by the way of mobile devices, are exempt from regulation.²

Mobile TV is a convergent service which utilises both broadcasting and telecommunications technology and provides a platform for services usually contained for broadcast within the confines of the home or selected entertainment venues to mobile phone customers. For these reasons, legislation that has historically separated these technologies is challenged with providing the need for a licensing regime that takes into account these factors.

Cellular mobile TV services do not have the same look and feel as Mobile TV services (“MTVS”). E.g. services are being offered on a point-to-point basis versus point-to-multipoint radio transmission over a dedicated network respectively, thus resulting in different and distinct types of programming being offered over such platforms. Point-to-point delivery of cellular mobile TV consumes considerable bandwidth, hence, the programming would have to cater accordingly. At such early stages of development, such services may have difficulty obtaining suitably formatted content. Hence, it may be unnecessary and potentially detrimental to the development of cellular mobile TV to impose MTVS regulations on cellular mobile TV.

M1 views strongly that cellular mobile TV providers should be excluded from the proposed licensing framework as our 3G network and services are already regulated by IDA and contents under MDA’s Class Licence regime. There are issues in practical terms. Mobile operators are currently governed by the Telecommunications Act, and the imposition of the requirements of Part X of the Broadcasting Act would be conflicting and contradictory to mobile operators. Mobile operators have also made a significant up-front payment to IDA for use of our 3G spectrum for potential capabilities including high-speed data transmission supporting multimedia applications, convergence of value-added data and voice services onto the same device, future innovative services and applications³. If MDA mandates that cellular mobile service providers have to also be licensed under the proposed licence regime due to offer of cellular TV services, it would result in double payment of licence fees to both regulators.

Pertaining to content regulation, there are existing regulations and controls in place to address content issues, such as compliance with MDA’s Class Licence conditions and the mobile operators’ Voluntary Code for Content.

² Canada’s Radio-Television and Telecommunications Commission Broadcasting Notice 2007-13 – Exemption order for mobile television broadcast undertakings.
<http://www.crtc.gc.ca/archive/ENG/Notices/2006/pb2006-47.htm>

³ IDA – Auction for Third Generation Mobile Communication Spectrum Rights Information Memorandum, 8 March 2001.

In sum, there are no compelling reasons for additional or increased regulations, such as to subject cellular mobile operators to additional licence fees, content approval and Quality of Service requirements and coverage obligations.

Pertaining to the proposed regulatory framework, our feedback as a mobile operator would focus on the following:

- Technology issues
- Licensing framework
- Market structure issues
- Content and advertising regulation

3.1 Technology issues

M1 supports MDA's proposal of not considering the use of satellite technology to deliver MTVS, as the use of satellite technologies would result in poor MTVS coverage especially in populous areas with numerous skyscrapers due to significant building reflection of signals.

In line with MDA's policy of technology neutrality, M1 supports MDA's proposal not to mandate a single standard for MTVS in Singapore. With mobile TV still in its infancy, and new technologies evolving, it may be more viable to allow market forces to determine the standards, rather than for the regulator to mandate a particular deployment standard. In the selection of appropriate technologies when evaluating bids for multiplex licences, we recommend that MDA considers the following factors:-

- The selected technology must offer economies of scales and be capable of establishing synergy among the chosen technologies; and
- Range of terminals available to consumers.

M1 concurs with MDA's view of not mandating objective inputs to picture quality, as it would naturally be in the interest of the MTVS provider to ensure that good audio and visual qualities are delivered to customers. However, there should be regulatory guidelines in place to minimise potential spectrum interference.

As MTVS devices are likely to be integrated with a mobile phone, based on our experience with mobile services, it is highly likely that a MTVS subscriber would seek assistance from his cellular provider's customer service hotline when he encounters any service issues. Hence, if the cellular operator is not the MTVS provider, it is essential to mandate that the MTVS provider maintain a customer service hotline to which the customer may be directed for service support.

M1 supports MDA's proposed imposition of 95% outdoor coverage requirement on multiplex licences, but this should exclude unpopulated and rural areas e.g. forested areas, reservoirs, live firing area, etc.

M1 agrees with the view to regulate outdoor coverage in the immediate term. But we would recommend that the MTVS provider be given the discretion on indoor coverage depending on business considerations based on projected usage patterns and demand. It is important that the MTVS operator decides on its own coverage plans so as to maximise the user experience. However, we wish to highlight that there may be possible differences in interest in terms of target audience and service offered in the tender evaluation of indoor coverage and this may affect the score criteria for the evaluation. E.g. If MTVS provider A chooses to enhance indoor coverage in HDB estates, and MTVS provider B chooses to enhance indoor coverage in shopping malls, based on their respective target segments, then the assessment may prove to be a challenge.

3.2 Licensing Framework

A “light touch” approach would allow mobile TV to flourish according to the precepts of market forces, eliminate the need for providers to apply for multiple licences, and would achieve the most efficient and effective outcome. Undue regulations would hamper incentives to invest and restrict the potential of any investment plans and services. We recommend that MDA maintain the existing licensing structure for MTVS, requiring providers to possess IDA’s FBO licence, MDA’s Multiplex licence for broadcasting spectrum and MDA’s Class licence for content regulation.

As the role of the mobile operators is merely a conduit, they should not be made liable for 3rd party content including overseas content or be required to comply with additional regulations. We recommend that only local content providers or local distributors need apply for the respective broadcasting or VOD licence from MDA. However, to address MDA’s concern on content regulation, we agree that if the original content of the programme is re-authored or derived from an unlicensed source, then mobile operators should be required to apply for the relevant licence.

Since key licences and conditions are already in place to safeguard public/industry interest, we wish to reiterate that cellular mobile TV providers should be excluded from the proposed licensing regime.

3.2.1 Duration of Multiplex licensing

M1’s view is that the licence duration of 10 years as proposed by MDA for the multiplex licence is too short. Due to the small market size in Singapore, economies of scale is important for commercial viability of capital intensive businesses. This is supported by the modelling of the Singapore market done by MDA which states that 10 years may be too short to address viability concerns⁴.

Hence, to balance viability concerns and flexibility to re-farm the spectrum, we recommend that the licence duration should be valid for a minimum period of 15 years with an option to renew for a further 5 years. This would also be aligned

⁴ MDA – Policy and Regulatory Framework for Mobile Broadcasting Services in Singapore.

with IDA's licensing framework for FBO licence. As such, the multiplex licensee ought to be given longer licence duration to provide business certainty and ensure reasonable returns on investment.

3.3 Market Structure Issues

3.3.1 Number of Multiplex licensees

Given the small market size in Singapore and the significant infrastructure investment, we believe the business case would be only viable for 1 multiplex licensee. For immediate and easy reach to customers to facilitate and drive take-up of MTVS, MDA may consider having the inclusion of at least one mobile operator's involvement in the company being awarded the multiplex licence. All other MTVS operators could participate to distribute the service through this single investment in infrastructure and compete on differentiated contents, noting that attractive content are costly to acquire. This would also allow for better sharing of infrastructure.

We also agree with MDA's proposal to require the multiplex licensee to offer capacity to third parties on fair, reasonable and non-discriminatory terms, as it is crucial that open access is regulated to prevent any potential anti-competitive practices.

3.4 Regulation of Content

M1 supports MDA's proposal not to impose Public Service Broadcasting ("PSB") obligations at this point in time, even if it is publicly funded. The imposition of PSB obligations on providers would affect mobile TV viability, as there is business opportunity cost involved in using the limited number of channels.

M1 agrees with MDA's proposal not to impose must carry obligations for free-to-air ("FTA") channels. In enabling access to FTA channels, costs would be incurred for acquiring the rights of the channels, cost of channels and also commercial agreements and negotiations. As such costs associated with open access should be recovered for business to be viable, we would recommend that the access to FTA channels should only be available to those who subscribe or pay for the respective associated fees e.g. access fees. This would ensure that any associated costs in enabling FTA channels on Mobile TV would be recoverable and maintain the viability of the services provided.

We also wish to seek MDA's clarification and confirmation that capacity issues for FTA channels would not be considered as blocking access to consumers.

4 CONCLUSION

In summary, M1 recommends that:

- 4.2.1 Mobile TV opportunities are best recognised through the operation of market forces;
- 4.2.2 Cellular mobile TV providers should be excluded from the proposed licensing framework and not be subjected to additional licence fee regime and regulations;
- 4.2.3 MDA should allow use of open global standards;
- 4.2.4 MDA imposes a 95% outdoor coverage requirement on multiplex licences, but excluding unpopulated and rural areas;
- 4.2.5 MDA impose guidelines to ensure minimal spectrum interference, and mandate that all MTVS providers maintain a customer service hotline; and
- 4.2.6 MDA adopts a light-touch licensing regime as follows:-
 - Criterion for MTVS providers should only require the possession of IDA's FBO licence, MDA's Multiplex licence for broadcasting spectrum and MDA's Class licence for content regulation;
 - Only Content Providers/Local distributors to apply for broadcasting or VOD licence (if applicable);
 - To limit to 1 multiplex licence with duration of 15 years with an option to renew for a further 5 years;
 - No PSB obligations regardless of whether there is use of public funds.

Separately, we seek MDA's clarification and confirmation that capacity issues for FTA channels would not be considered as blocking access to consumers.