News Release

MDA issues guidelines on pay TV contracts to protect consumers

Singapore, 1 November 2011 – Consumers can look forward to pay TV contracts offering greater consumer protection when the Media Development Authority (MDA) effects guidelines to its Media Market Conduct Code ("MMCC")[1] from 1 March 2012.

This move comes on the back of a growing and more competitive pay TV market which has seen the number of subscribers increase from 490,000 in Dec 2006 to more than 857,000 today. There are also more pay TV retailers today, offering content choices of 345 channels, representing a 150 per cent growth in channels over the last four years.

The pay TV market has become more vibrant benefitting consumers with greater choice while creating more switching opportunities as well. Against this backdrop, the guidelines will enable consumers to switch pay TV retailers more easily, while protecting their interest especially with regard to reasonable early termination charges (ETCs) should they wish to end their contracts prematurely.

These new guidelines come after a public consultation spanning five weeks between April to May 2011, drawing feedback from pay TV retailers and the Consumer Association of Singapore. To give pay TV retailers sufficient time to prepare for implementation, these guidelines will apply to new residential pay TV contracts signed or renewed from 1 March 2012.

Maximum contract period of two years

Under the new guidelines, pay TV retailers may implement a maximum subscription contract length of two years. This is consistent with the current industry norm where most pay TV contracts do not exceed two years. By capping the maximum term, consumers are not locked-in to excessively long

[1] The Media Market Conduct Code is a code of practice which enables and maintains fair market conduct and effective competition in the media industry while safeguarding public interest.

contracts. As such, they have greater freedom to switch between operators and take advantage of new services and applications that are offered in a vibrant market environment.

Graduated early termination charges for contracts that are longer than three months

Consumers who wish to terminate their contracts before the stipulated period should not have to pay excessive charges. Consumers need only pay early termination charges or ETC that is commensurate with the remaining length of the unfulfilled contract. The ETC should be pegged to the agreed terms and conditions of the contract. For instance, if the contract was offered on a discounted rate, the consumer will pay his or her ETC based on the discounted rate. The ETC should also not include avoidable costs[2].

To ensure that consumers are more aware of their ETC obligations, pay TV retailers will also have to inform consumers of the ETCs payable at varying points of the contract, so subscribers know what to expect. This has to be conveyed at point-of-sale and upon contract renewal.

MDA highlights that consumer rights are protected under the MMCC, while the Consumer Protection (Fair Trading) Act also enables consumers to seek redress through the courts if they have suffered from specific unfair practices. Attached is a list of consumer protection tips which they may wish to refer to.

Please refer to http://www.mda.gov.sg/Reports/ConsultationReports/Pages/MaxContractTermEarlyTerminationCharges.aspx for the detailed guidelines.

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[2] Avoidable costs refer to costs which the retailer need not have to incur as a result of a terminated contract such as administrative charges.

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About Media Development Authority (MDA)
The Media Development Authority of Singapore (www.mda.gov.sg) promotes the growth of globally competitive Animation, Broadcast, Film, Games, Interactive Media, Music and Publishing industries. It also regulates the media sector to safeguard the interest of consumers and promotes a connected society.