

I am writing in response to the Straits Times' article on IDA's proposal to shorten telco deals, published on 27 December 2008.

I agree with IDA's observation that the telco's contracts are too long and early termination penalties unreasonably high. It makes it difficult for consumers, especially if they encounter hardship, to terminate their contract in order to save costs. In a downturn like this, if a person loses his job, he can choose to cut costs in all areas without much monetary penalty e.g. walk instead of taking public transport, downgrade to a smaller flat, eat out less, etc, except for the telco contract.

I would think the length of contract is secondary, what really matters is the early-termination penalties. It would be good if the penalties are graduated and preferably payable under a hundred dollars, especially when premiums are not involved. On the length of contract, I agree with IDA's proposal on shortening to two years, though I think 18 months would be ideal.

Actually, to help businesses survive, the changes should be extended into business plans as well. There are many corporate plans which are taken up by smaller companies as offered by the telcos without customization because they are not big enough to negotiate for one. And the penalties are exorbitantly high at monthly subscription charges multiplied by the number of months left in the contract period. Companies in difficulties cannot downgrade during the course of contract because technically they need to terminate their contract first before signing up for a lower plan. Then both the first-time installation and termination charges will be incurred. Telcos contracts are so much more "retrenchment proof" than employees' contract.

Regards,
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