

**CONSULTATION ON THE PROPOSED AMENDMENTS TO
SINGAPORE TELECOMMUNICATIONS LIMITED'S
REFERENCE INTERCONNECTION OFFER TO OFFER
LOCAL LEASED CIRCUITS AS A WHOLESALE SERVICE**

11 AUGUST 2004

**JOINT SUBMISSION OF
TELECOMMUNICATION CARRIERS
IN THE ASIA PACIFIC**

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STATEMENT OF INTEREST

We appreciate the opportunity given by the Infocomm Development Authority (“IDA”) to comment on the proposed amendments to Singapore Telecommunications Limited’s (“SingTel”) Reference Interconnection Offer (“RIO”) to offer local leased circuits (“LLC”) as a wholesale service

The carriers involved in preparing this joint submission (“Submission”) are AT&T Worldwide Telecommunications Services Singapore Pte Ltd, BT Singapore Pte Ltd, Cable & Wireless Global Pte Ltd, MCI WorldCom Asia Pte Ltd, Reach International Telecom (Singapore) Pte Ltd, StarHub Pte Ltd and T-Systems Singapore Pte Ltd. The carriers may also be submitting their own individual more detailed comments.

All of these carriers are currently purchasing LLCs from SingTel and will also likely be doing so pursuant to the RIO. The terms of the RIO are therefore extremely important to each of these carriers.

INTRODUCTION

As the IDA recognizes, successful implementation of its 16 December 2003 Decision (the “Decision”) will have a positive impact on the competitiveness of Singapore, its businesses, the communications sector and the overall economy.

In the absence of a competitive market for the provision of local leased circuits, regulatory intervention is necessary to replicate the effect of market forces in achieving a competitive offering of terms, conditions and price. We commend the IDA for its accurate assessment of the non-competitive status of Singapore’s market for local leased circuit services and applying regulatory intervention to mandate that SingTel offer wholesale local leased circuit services to competing carriers at cost-oriented prices, and subject to non-discriminatory terms and conditions.

Unfortunately, contrary to the clear requirements of IDA’s Decision, it appears that SingTel is attempting to degrade rather than improve its LLC offer to its competitors. SingTel’s draft RIO includes a wide variety of new and onerous terms and conditions which are unduly burdensome, unnecessarily delay delivery of the LLC services, and are less favorable than SingTel might offer to itself for equivalent requirements. Furthermore, some of these terms are inconsistent with the IDA’s Decision. We are concerned that to implement the RIO as drafted is to simply exchange an LLC pricing barrier to competition with a provisioning and timing barrier.

We express grave concern over these onerous terms as detailed in our submission below, which if approved for inclusion in the final RIO, will render the RIO Wholesale LLC offer unusable. We review these key areas in our comments below.

In light of the number of concerns which the carriers have with the draft RIO terms and the complexity of some of these issues, we request the opportunity to have a meeting with the IDA to discuss some of the matters in more detail.

COMMENTS

Our comments are structured in three parts: First, we review the draft section on Full Local Leased Circuits (FLLC) in draft Schedule 7A of the proposed RIO. We then provide comment on Schedule 7B, the draft Schedule for interconnection to the Tail Local Leased Circuits (TLLC). Finally, we comment on a set of other key issues.

Part 1. FLLC – Draft Schedule 7A

We understand the IDA’s 16 December 2003 Decision to mandate a “retail-minus” wholesale offering of the DigiPlus or Digilink retail service operators purchase today. Yet the draft RIO Schedule 7A – Wholesale Local Leased Circuit (Full Circuits) Service - provides a set of terms and conditions inferior to the “DigiPlus” and “DigiLink” retail products that we buy today.

The table below demonstrates the inferior aspect of Schedule 7A compared to DigiPlus and DigiLink products.

Table 1: Examples of the inferior aspects of Schedule 7A

KEY ISSUE	DIGIPLUS/LINK SERVICE		DRAFT RIO SCHEDULE 7A
Pre- Order Application Process	None		Requirement to submit pre-order notification to SingTel 30 Business Days in advance.
Provisioning Time	SingTel commits to provision within 9-12 Business Days for circuits above 128k and 5-7 Business Days for circuits under 128k. An express provisioning option is also offered, whereby SingTel commits to provision within 3 Business Days		No provisioning time commitment. SingTel is free to provide a provisioning date of its choosing after all pre-provisioning procedures are complied with. The provision time could be as long as 30-50 Business Days.
Penalty for missing agreed provisioning time	Missed RFS Date By	Rebates	None
	1 Day	10 % of installation charge	
	2 Days	20 % of installation charge	
	3 Days	50 % of installation charge	

KEY ISSUE	DIGIPLUS/LINK SERVICE	DRAFT RIO SCHEDULE 7A				
	<table border="1"> <tr> <td>4 Days</td> <td>75 % of installation charge</td> </tr> <tr> <td>5 Days or more</td> <td>100 % of installation charge</td> </tr> </table>	4 Days	75 % of installation charge	5 Days or more	100 % of installation charge	
4 Days	75 % of installation charge					
5 Days or more	100 % of installation charge					
Project Study	None	Project Study required, whereby SingTel takes time to “study” whether it can deliver the circuit				
Term	Month to month	One year minimum				
Order Limit	None	<ul style="list-style-type: none"> • Maximum of 5 request per Requesting Licensee per Business Day • Maximum of 20 request from ALL REQUESTING LICENSEES within each week 				
Deferment of Circuit Activation Date	Simple notification in writing to SingTel. No financial penalties to the applicant	Complex procedures leading to (i) cancellation of original circuit order – deactivation charges applies; and (ii) Fines of up to 50% of installation charges				
Deactivation	No charge	Charge				
Bandwidth Upgrade/Downgrade	Straight forward notification procedure without any financial penalties. End-Users are not impacted	Considered a termination with applicable termination penalties. New circuit will face significant delays as a new request. End Users are impacted				
Network Interface	G703	V35, which is not useable for carrier to carrier connections				
Service Level Commitments	Significant Service Commitments with specific penalties for failure to meet	Minimal, with little or no specific penalties for failure to meet				

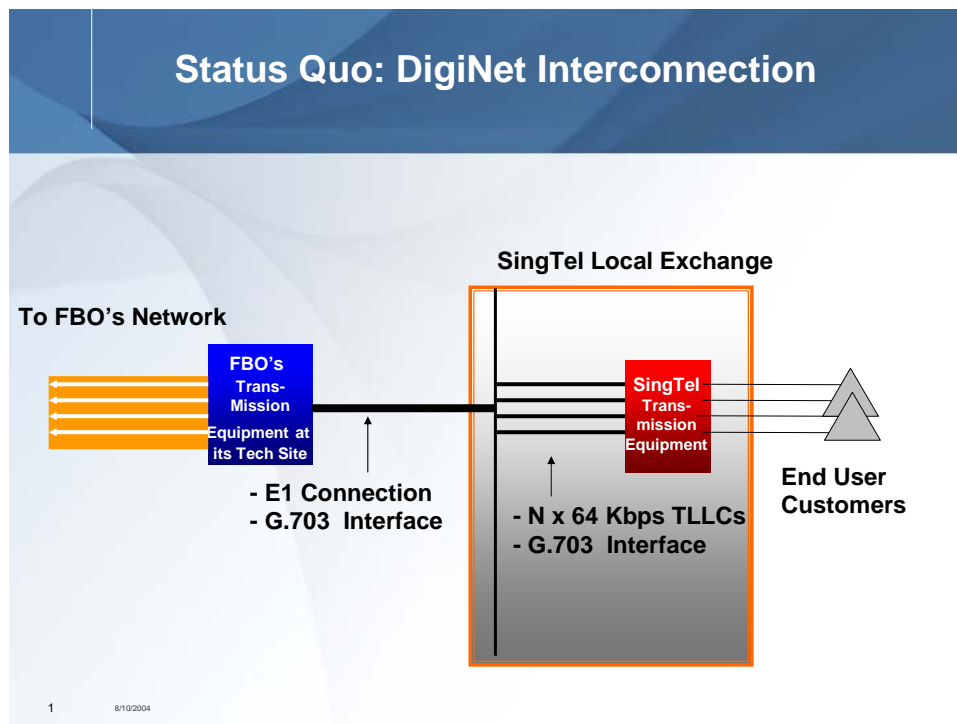
The table is not exhaustive but provides examples of the major deficiencies in the wholesale LLC offer as proposed in the draft RIO. Each deficiency is significant enough to make the RIO LLC offer unusable.

We therefore respectfully request that the IDA require Schedule 7A of the RIO be revised to be at least as favorable in all respects with the terms and conditions currently in place for DigiPlus and DigiLink, and only modified to the extent that improvements in terms, conditions and price are made in accordance with the IDA Decision.¹

Part 2. TLLC – Draft Schedule 7B

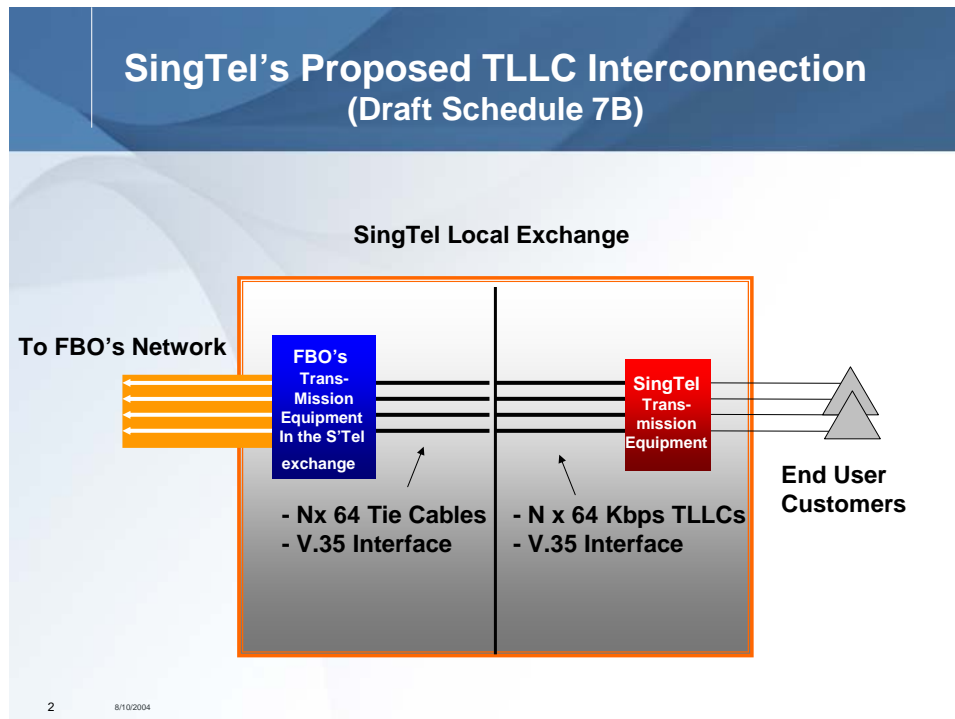
The IDA’s 16 December 2003 Decision to mandates interconnection to DigiNet tail end circuits for operators co-located in SingTel’s exchange buildings. Unfortunately, the draft RIO Schedule 7B (Wholesale Local Leased Circuit (Tail Circuits) Service) provides a set of inferior terms and conditions that will effectively prevent interconnection in the exchange.

Table 2: Interconnection to the DigiNetwork as it currently works with the Point of Interconnection at the FBO’s Tech Site



¹ As mentioned, the table is not an exhaustive comparison of the existing retail Digi products with the proposed wholesale RIO equivalent. Should the IDA request, we would be pleased to provide a complete comparison so as to ensure that the RIO is revised to be at least as favorable in all respects with the terms and conditions currently in place for DigiPlus and DigiLink, and only modified to the extent that improvements in terms, conditions and price are made in accordance with the IDA Decision.

Table 3: The Inferior form of interconnection proposed in Schedule 7B of the draft RIO



The proposed form of interconnection depicted in table 3 is inferior to the status quo provided via the DigiPlus service. In the absence of the modifications described below, the RIO as currently drafted will effectively prevent interconnection. We therefore suggest the IDA consider requiring the following modifications.

- The V.35 interface proposed in the draft RIO should be replaced with the G.703 interface currently provided with the DigiPlus/Link service. The V.35 interface is a communications protocol normally used between Data Terminal Equipment (DTE) and Data Communications Equipment (DCE). In other words, it is designed primarily for network to end user connections not network to network connects.²
- The requirement in the draft RIO that individual Nx64 tie cables be provided to connect to each individual N x 64k tail end circuits should be modified to allow the use of 2Mbps tie cables at the G703 interface to connect to multiple N x 64k tail end circuits. This is the form of connection that takes place today at the point of interconnection at the FBO's technical

² We note as an aside that the ITU is phasing out the V.35 standard.

site. In moving up the point of interconnection to the SingTel exchange once the FBO co-locates there, the form of interconnection should not be made inferior. The FBO should continue to be able to use a 2Mbbs G.703 circuit (tie cable) to interconnect with SingTel's N x 64k tail end circuits. If this is not allowed, the ability to interconnect in the exchange will be effectively foreclosed.

- Grooming should be unbundled from the tail end circuit and made available for purchase under the same terms as currently provided under the DigiPlus service (i.e., at a charge of SGD \$50 per N x 64k tail end circuit connected to the 2Mbps tie cable of the FBO co-located in the SingTel exchange). If this is not ensured, interconnection in the exchange may be effectively foreclosed.

We believe these modifications to the RIO are necessary for the interconnection framework to be workable. We therefore ask that the IDA consider each proposed modification carefully.

Part 3. Other Key Areas Where the Draft RIO Needs To Be Modified In Order To Comply With The Spirit And Letter Of The IDA’s Decision

1. The RIO should include Service Level Guarantees with commitments that are non-discriminatory to that offered to existing End-Users

The IDA in its Decision is clear on this point, stating explicitly that “SingTel must provide the LLCs to FBOs in a timely and non-discriminatory manner” ensuring that the LLCs are “of the same quality ... as those it supplies to its End Users.”³

It is imperative that the IDA ensure that SingTel’s draft RIO include a set of specific Service Level Commitments whereby SingTel explicitly commits to the equivalent provisioning times and service quality as it provides to its customer today via its DigiPlus and DigiLink products.

The specific metrics the RIO should govern include:

- a set of minimum service levels for ordering and provisioning times, for example the standard provisioning time for 10 days under its retail DigiPlus products;
- a set of minimum service levels for fault management and restoration, for example 99.7% for service reliability, as per IDA’s Quality of Service Requirements and a mean time of 2.3 hours for restoration of service;
- a set of minimum service levels for order cancellations and disconnects;
- a penalty scheme for non-compliance with the service levels that is straight forward to manage / calculate and begins on the first day of non-compliance, for example, there is a 10% rebate from the installation charge should SingTel install the DigiPlus service one day late; and
- reporting requirements whereby SingTel reports to the IDA on an itemized basis its performance on the above listed metrics

Including such minimum provisioning times and service levels in the RIO will make clear that SingTel is compelled to provide an equivalent level of service under the RIO as it does under its retail DigiPlus and DigiLink products. Under the RIO, SingTel should be compelled to provide the same provisioning time as measured from order to installation.

2. The RIO should include provisions that ensure a non-discriminatory ordering, provisioning, service delivery and deactivation process

The draft RIO Section 2.4 of Schedule 7A (and Section 2.5 of Schedule 7B) sets out an ordering process that is significantly more complicated and lengthy than that in place today for DigiPlus and DigiLink. The draft RIO also contains restrictions that do not exist in the DigiPlus and DigiLink order process. For example, Section 2.6 of Schedule 7A (and Section 2.7 of Schedule 7B), of the draft RIO provides that only five requests will be

³ 16 December 2003 IDA Decision, Appendix 1 paragraph 16.

accepted per Business Day and only 20 per week whereas no such limitation is currently imposed when ordering DigiPlus and DigiLink services. In the spirit of non-discrimination, we submit that SingTel should not impose any order limits on Requesting Licensees for TLCC and FLCC Services.

Please see Annex 1 for the comparison between the straight forward and timely ordering process for DigiPlus/Link as compared with the complicated and untimely process outlined in the draft RIO.

3. *The Commencement Date of the RIO should be in compliance with IDA's designation terms.*

SingTel's draft RIO proposes that the FLLC and the TLLC schedules commence on 20 July 2004. We note that, in the iDA's explanatory memorandum of the designation of SingTel's LLCs as mandated wholesale services dated 16 December 2003, the iDA states, in paragraph 19 that the designation will commence "from the date on which the iDA approves the prices, terms and conditions of the service for incorporation into SingTel's Reference Interconnection Offer by a separate notice in the Government Gazette, IDA will specify the commencement date....". We submit that the proposal by SingTel that the schedules commence on 20 July is therefore not in compliance with the iDA's designation terms. We further propose that the IDA publishes a clear commencement date, which should be no earlier than the date on which the relevant prices, terms and conditions for the FLLC and TLLC services are approved by the iDA and are published and available to FBO licensees."

SingTel has, in its draft RIO, also tried to reduce the overall period for which the mandated wholesale FLLC will be effective by at least six months. As discussed above, SingTel maintains that the proposed RIO schedules and mandated wholesale LLC offer commenced on 20 July 2000. Allowing time for completion of the LLC Consultation and implementation of its conclusions, plus a minimum 30 Business Days prior notification of service requirement, plus a provisioning time of 40 calendar days or more (10 business days for a project study and 30 calendar days for service delivery) erodes by more than four months the mandated wholesale LCC offer period before a single LCC would be connected under wholesale pricing. This assumes that the LLC order is even accepted, given the SingTel imposed limitation of processing only five requests a day, and a maximum of 20 requests a week from all Requesting Licensees (paragraph 2.6 of Schedule 7A), and that the Project Study required by SingTel went smoothly (section 3 of Schedule 7A).

In addition, for expiration of the wholesale LLC offer, SingTel proposes, for administrative reasons, not to process any requests received less than 60 business days prior to expiry of the LCC offer term (paragraph 2.4 of Schedule 7A) - approximately three months before the end of the IDA determined periods. The combined effect of these proposals is to reduce the mandated wholesale LLC offer period by nearly seven months. To remedy this situation, we propose the IDA ask SingTel to remove the 60 business day provision and accept orders up to 30 calendar days prior to the 18 or 24 month expiration date of the wholesale LLC service.

4. *Transparency should be enforced by requiring the publications of the price and non-price terms of SingTel's RIO for wholesale LLC services*

As discussed in the introduction we are gravely concerned that the non-price terms of SingTel's RIO for wholesale LLC services are less favourable compared with its existing offers. In this regard, it would seem that SingTel is simply substituting an LLC pricing barrier to competition with a provisioning and timing barrier. In any case, SingTel should not be allowed to lower its provisioning and service quality commitments on the basis of reduced tariffs. In order to help ensure that SingTel is not unfairly discriminating against competitive carriers, we would urge the IDA to require SingTel to be more transparent in its pricing of LLCs. We would strongly recommend the IDA to require publication of the full price and non-price terms of both SingTel's retail and its wholesale LLC services on the Internet. This would also be consistent with the proposed publication of tariffs in the revised Section 4.4.1 of the draft Competition Code.

Transparency through web-based publication would help to ensure that there is no unfair discrimination against any party. Moreover, transparency in this area is consistent with international best practice and helps to promote investor confidence. For example, in the UK, BT's Reference Offer (RO) for Partial Private Circuits (PPCs) covering price, non-price terms, service level agreements etc. is published on BT Wholesale's website at <http://www.btwholesale.com/ppc>.

5. *The RIO should set out all charges relating to provision of the FLLC and TLLC service*

Sections 7.4 of Schedules 7A and 7B of the draft RIO provide for the payment of additional costs, where SingTel incurs additional costs beyond the normal provisioning of the FLLC and TLLC services. It is not clear to us what such additional costs beyond normal provisioning could entail – this is unacceptable. In order to ensure certainty and transparency, we urge the IDA to insist that all costs relating to the provisioning of the FLLC and TLLC services be explicitly stated in Schedule 9 of the RIO. Furthermore, a Requesting Licensee should in principle, not be liable for charges which it is not notified prior to service delivery.

6. *The minimum commitment term proposed in the draft RIO is discriminatory*

We urge the IDA to ensure that, in accordance with the IDA's Decision dated, the minimum commitment term for the proposed services in the RIO are no less favourable to those currently provided under the DigiPlus and DigiLink retail services. The minimum term for these retail services is one month. In other words, SingTel retail customers can take these services on a month by month basis. We note that SingTel proposes a minimum commitment term of one year in sections 11.2 of Schedules 7A and 7B of the draft RIO. We submit that this is discriminatory term which would have a material impact on our businesses as retail customers expect one month terms to be available. Under the current proposal, the only FBO who would be in a position to offer a one month term (without penalty for early termination) will be SingTel.

Our concerns over the proposals in sections 11.2 of Schedules 7A and 7B are increased by the onerous provisions for relocation and change of bandwidth set out in section 5 of Schedules 7A and 7B. Section 5.3 states that if a licensee requests that an LLC is either relocated or that the bandwidth is amended, then the FBO has to: (a) pay the remaining charges until the end of the 12 month minimum term; and (b) pay the installation and recurring charges for an entirely new LLC. In the event that a retail customer of an FBO wishes to upgrade its bandwidth during the second month of the initial 12 month term, a substantial “penalty” will be payable by the FBO. Section 5, coupled with section 11.2 of Schedules 7A and 7B, places SingTel with a significant competitive advantage over all other FBOs.

Whilst we recognise that there may be some limited costs incurred by SingTel in relocating an LLC or changing bandwidth on an existing LLC, we submit that all forms of penalty payment must be justified to enable fair competition, by allowing all FBOs to provide flexibility and choice of LLCs to their customers at competitive prices.

We propose that the charges levied by SingTel for the relocation of an LLC should simply be the installation costs for a new LLC. In relation to a bandwidth upgrade, we propose that no additional one-off charge should be payable (as the resources required by SingTel for such upgrade is minimal) and that the FBO should simply start to pay the higher recurring charge. In relation to a bandwidth downgrade, we suggest that FBOs should pay the lower recurring charge with no penalty as the original circuit can be terminated by giving one month’s notice under the current retail Diginet/Digiplus service. We believe that, in accordance with the principle of non-discrimination, this should also be applied in their wholesale offering.

7. *There should be no restriction on resale*

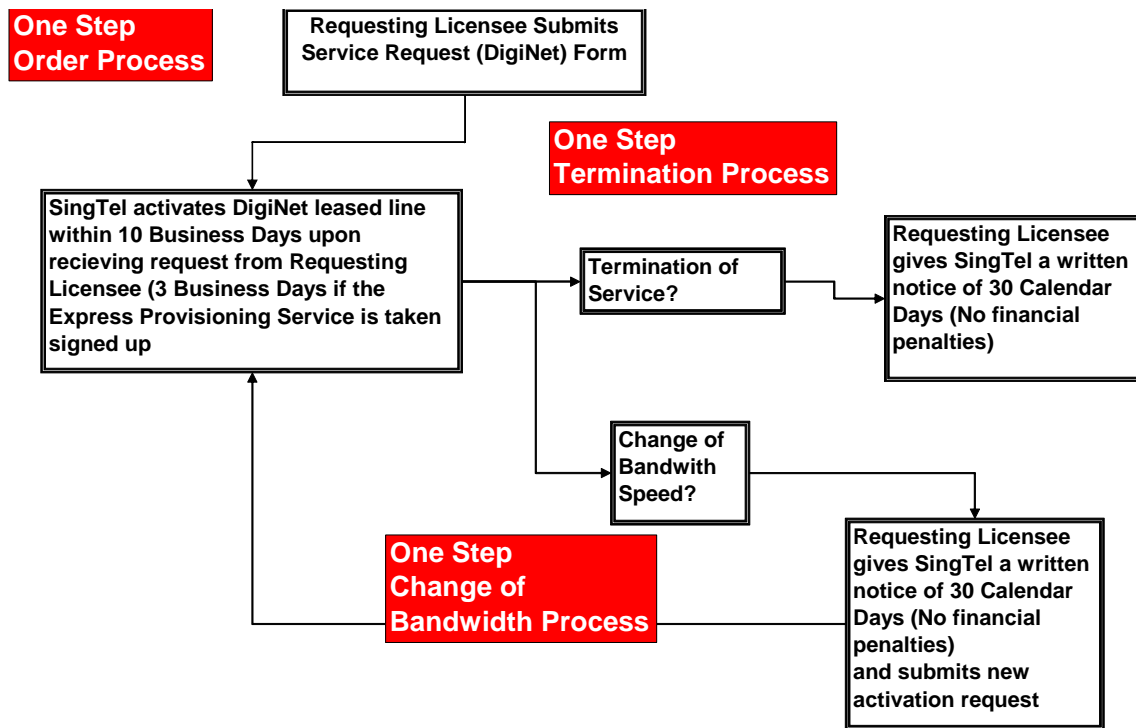
Sections 7.3(a) of Schedules 7A and 7B of the draft RIO appear to prevent the resale or re-supply of the FLLC and TLLC services to third parties. This appears inconsistent with IDA’s Decision as well as highly irregular, since the RIO is expressly stated to apply to *wholesale* services, which by their very nature are resold or resupplied. The inclusion of such a provision in the RIO causes us grave concern as to the intentions of SingTel in complying with IDA’s decision. These restrictions must be removed, and should be replaced with an affirmative statement that resale of the wholesale service to third parties is permissible.

Each of the carriers participating in this Submission would be happy to discuss these comments in more detail with the IDA, at the IDA’s convenience. Please do let us know when would be a convenient time for this discussion.

Annex 1 - Comparison between the ordering process for DigiPlus/Link as compared with the process outlined in the draft RIO

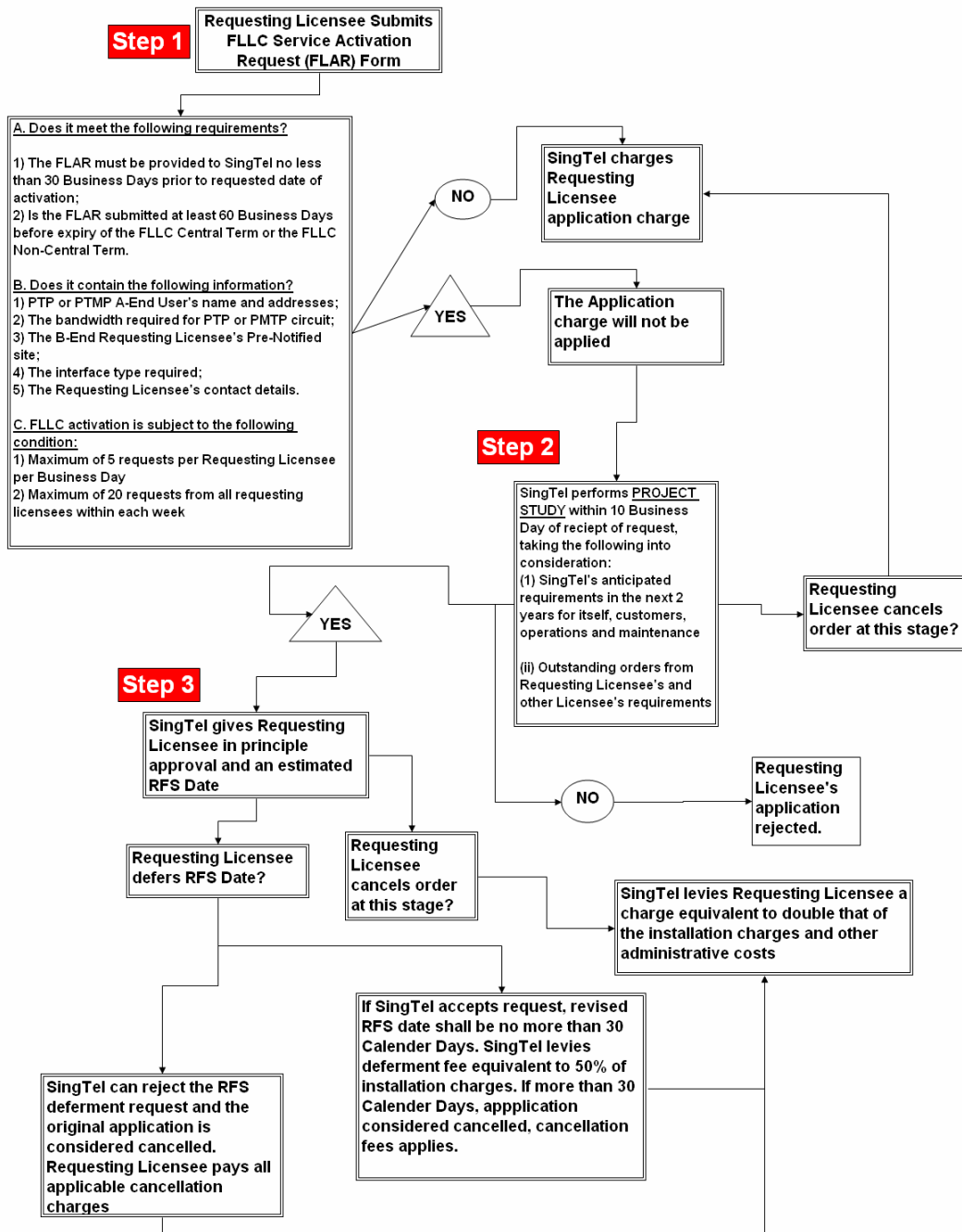
DIGINET SERVICE ORDER, TERMINATION AND CHANGE OF BANDWIDTH PROCESS:

- **Order Process:** One Step, resulting in a standard provisioning time of 10 days as measured from completion of Step One
- **Termination Process:** One Step. With 30 calendar days notice, there are no termination penalties
- **Change of Bandwidth Speed:** One Step. With 30 calendar days notice, there are not change financial penalties

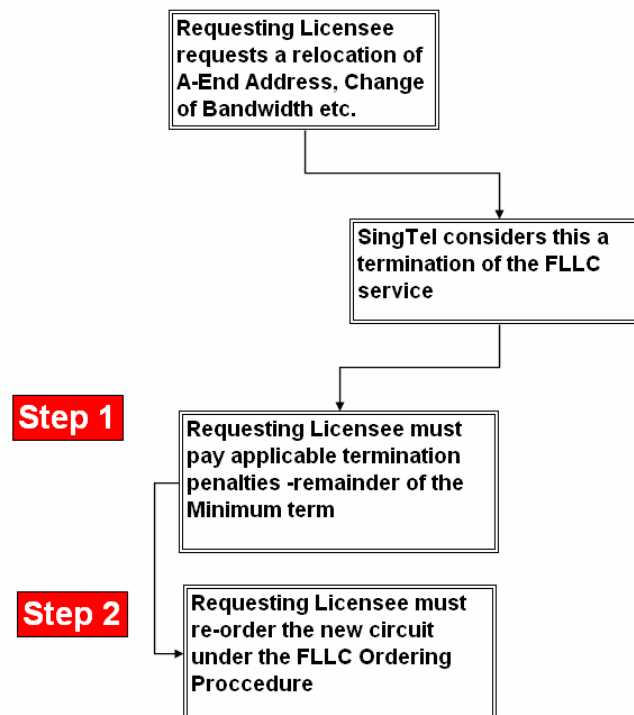


PROPOSED RIO SERVICE ORDER AND CHANGE OF BANDWIDTH PROCESS

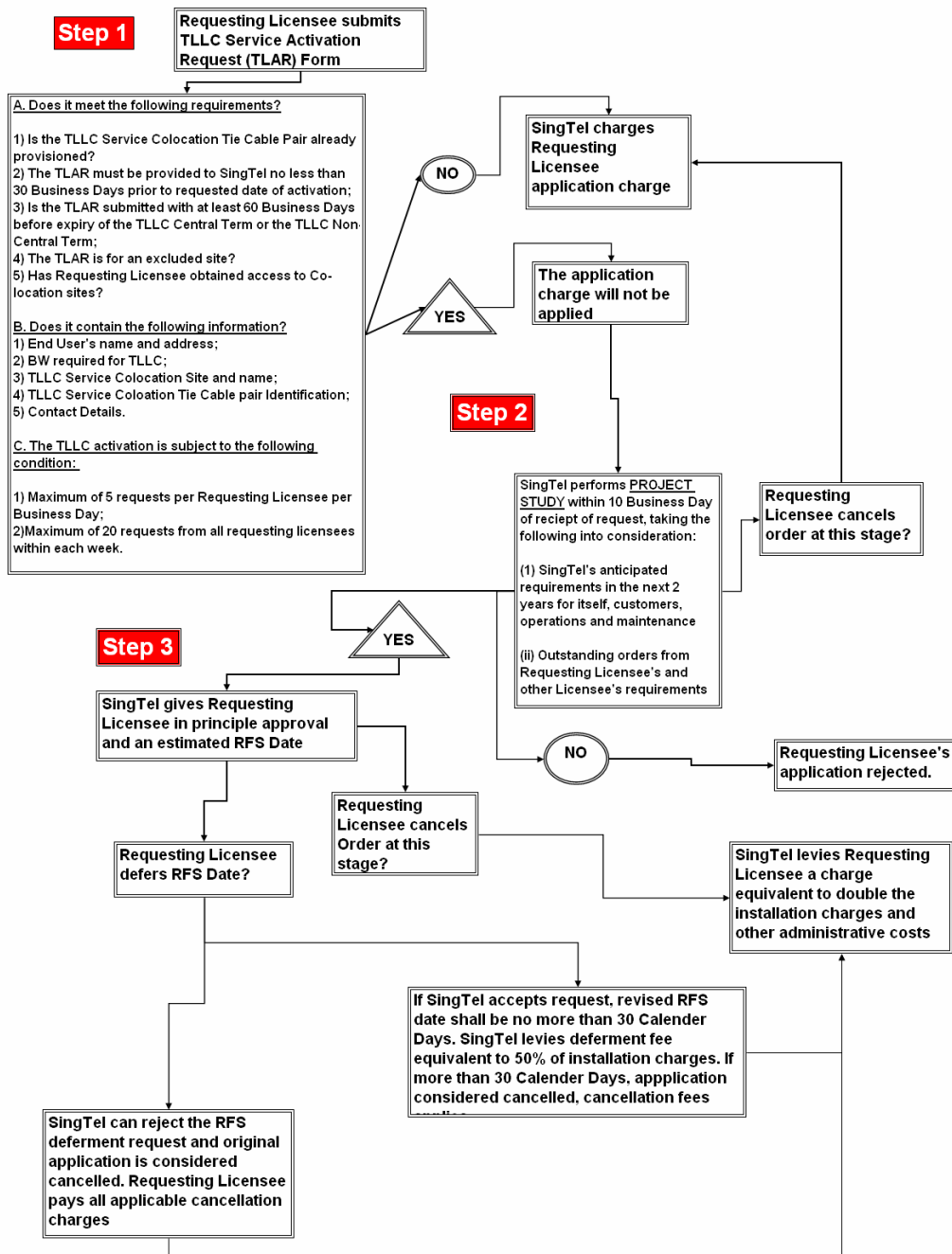
- **Order Process Under Schedule 7A for FLCC:** An overwhelming amount of steps and process. Whereas under the DigiNet product, there is a commitment to a 10 calendar day provisioning time, under the proposed RIO process shown below, provisioning would take over 40 calendar days (10 business days for a project study and 30 calendar days for service delivery) or longer.



- **Change Of Bandwidth Process Under Schedule 7A for FLLC:** An overwhelming amount of process is involved due to the fact that a change of bandwidth is treated as a termination, requiring the ordering licensee to pay in full for the remainder of the one year term and re-order under the order process depicted directly above.



- **Order Process Under Schedule 7B: TLLC:** An overwhelming amount of steps and process. Whereas under the DigiNet product, there is a commitment to a 10 calendar day provisioning time, under the proposed RIO process shown below, provisioning would take over 40 calendar days (10 business days for a project study and 30 calendar days for service delivery) or longer.



- **Change Of Bandwidth Under Schedule 7B TLCC:** An overwhelming amount of process is involved due to the fact that a change of bandwidth is treated as a termination, requiring the ordering licensee to pay in full for the remainder of the one year term and re-order under the order process depicted directly above.

