



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

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BT RESPONSE TO THE IDA'S CONSULTATION ON PROPOSED AMENDMENTS TO SINGAPORE TELECOMMUNICATIONS' REFERENCE INTERCONNECT OFFER TO OFFER LOCAL LEASED CIRCUITS AS A WHOLESALE SERVICE

INTRODUCTION

Local Leased Circuits (LLCs) are key telecommunication products for businesses. They constitute an important element of telecommunication costs to business and a non-competitive market is likely to mean that the prices charged to businesses are higher than they need to be (or costs are impacted by delay in securing service).

British Telecommunications (BT) is supportive of the IDA's decision to mandate a reduction of wholesale tariffs on Singapore Telecommunications (SingTel) LLC services. As the main supplier of LLCs in Singapore, any price reduction by SingTel is likely to create a domino effect on the general price level of LLCs in Singapore. This would benefit businesses and end-users with consequential spill over effects on the entire Singapore economy. The reduced tariffs would also hopefully bring Singapore's benchmarked LLC prices to an internationally competitive level comparable to the EC recommended price ceilings for EU member states.

BT has an operating presence in Singapore via its wholly owned subsidiary, BT Singapore Pte Ltd. BT Singapore holds Service Based Operator (SBO) Individual and Class licences issued by the Info-Comm Development Authority of Singapore (IDA) under which it leases from Facilities Based Operators (FBOs) capacity for transmission, including LLCs. BT also holds an 11.8% stake in StarHub, Singapore's 2nd full-fledged service provider in competition to SingTel.

BT thanks the IDA for the opportunity to comment on SingTel's proposed non-price terms for Wholesale LLCs offered under its Reference Interconnect Offer (RIO).

GENERAL COMMENTS

(1) The price and non-price terms of SingTel's RIO Wholesale Local Leased Circuit (LLC) offer should match and be no worse off than SingTel's existing commercial offer

BT notes that several non-price terms in SingTel's RIO Wholesale LLC offer are less favourable compared to SingTel's existing commercial offer, such as the ordering and provisioning timeframes. Compared with current practice, SingTel has also imposed more onerous requirements on licensees seeking to procure LLCs under its RIO Wholesale offer, such as placing an order limit, more severe penalties for deactivation / deferments of RFS date, forecasting procedures etc.

This would not be consistent with the IDA's non-discrimination requirement to SingTel in its Explanatory Memorandum dated 16 Dec 2003 that *"SingTel must provide LLCs that are of the same quality and capable of supporting the same transmission characteristics as those it supplies to End Users."*¹

SingTel should not be allowed to lower its quality of service on FLCC / TLCC Services provided under the RIO as a compromise for lower tariffs. IDA's mandate to SingTel to lower its wholesale LLC tariffs is in seeking to bring wholesale LLC prices in Singapore to an internationally competitive level comparable to economies like Australia, S.Korea, Taiwan and the EC recommended price ceilings for EU member states². Should the IDA allow SingTel to offset lower wholesale LLC tariffs in return for poorer quality of service would not serve to support the IDA's objective of enhancing the overall competitiveness of Singapore's telecommunications industry.

In the case of a licensee seeking to "migrate" the provision of existing circuits to the RIO, IDA requires that SingTel must ensure that there is no service disruption to these circuits during the "migration"

¹ Page 11, Annex 1 paragraph 16

² Page 5, paragraph 18



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process³. The application of differing and discriminatory non-price terms, including inconsistent service descriptions, interfaces etc. could potentially disrupt existing services. Non-discrimination in all non-price terms is critical to ensure service continuity during the "migration" process. As such, BT would urge the IDA to require SingTel to align the non-price terms for its RIO Wholesale LLC offer to match and be no worse off than SingTel's existing commercial offer for DigiLink / DigiNet services.

(3) The full price and non-price terms of SingTel's IRS and wholesale services should be subject to tariff filing (subject to public consultation) and web-based publication

Important pricing information is omitted from SingTel's Reference Interconnection Offer (RIO). At present, licensees requiring pricing information on SingTel's Interconnection Related Services (IRS) are required to submit an application to the IDA requesting such information – this procedure is unduly burdensome to administer and unnecessarily prolongs the process for licensees to obtain IRS / wholesale services. Furthermore, this procedure is undesirable as it does not promote transparency and non-discrimination. In this respect, BT would propose that prices of IRS / wholesale services supplied by SingTel should be similarly subject to filing and publication on the same basis as for tariffed services under the proposed Section 4.4.1 of the revised Competition Code.

As such, BT would request that the IDA require SingTel to file and publish the tariffs for its IRS / wholesale services, including the full price and non-price terms and conditions for all such services. In addition, the proposed tariffs and terms and conditions that are filed with the IDA should also be subject to public consultation to provide the public an opportunity to comment. These measures would seek to enhance transparency and keep a check on behaviour that discriminates.

As regards the form of disclosure, BT considers that a web-based system with suitable level of granularity would be most appropriate in this era of electronic communication. To avoid unnecessary delays in service procurement by licensees as a result of tariff non-publication, there should be a timeframe stipulated to govern the publication of effective tariffs, terms and conditions. Consequently, SingTel should be required to publish effective tariffs, terms and conditions within a stipulated timeframe following the approval of such tariffs by the IDA.

Contractual and pricing information for BT's Reference Offers in the UK is published on BT Wholesale's website at <http://www.btwholesale.com>

(3) Requesting Licensees should not be liable to pay SingTel for charges that are not published in SingTel's scheduled price list for IRS / wholesale services

SingTel's schedule of prices for IRS / wholesale services should be an all-encompassing, comprehensive list of all IRS / wholesale service charges including any associated charges relating to the provision of IRS / wholesale services. The price list should also include any applicable discount structures, charges for call out rates etc. In addition, the price list should be transparent so that Requesting Licensees know how much they would be charged for a particular service. As a matter of principle, Requesting Licensees should not be liable to pay SingTel for any charges that are not notified to them prior to service delivery.

In conjunction, provisions in the RIO and its Schedules that make reference to any other charges resulting from SingTel incurring 'additional cost' for work done should be consequently amended – this includes but would not be limited to clauses 7.2(n) and 7.3 of Schedules 7A and 7B. For examples, please refer to BT Wholesale's "Excess Charges" price list.

³ Page 6, paragraph 21



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(4) SingTel should be required to include Service Level Agreements for the provision of its FLCC / TLCC Services under the RIO

Service Level Agreements (SLAs) on the performance of wholesale access lines should be mandatory as part of SingTel's RIO wholesale LLC offer. As a minimum it should cover guarantees on service delivery, and availability which are subject to penalties should SingTel not meet the agreed performance levels, including: -

- Delays in the delivery date caused solely by SingTel should be subject to a reduction in the installation charge in proportion to the length of delay for that access line.
- Should the availability of the service fall below a defined availability (e.g. 99.99%) measured on a monthly basis, SingTel should compensate the Requesting Licensee a proportion of the monthly charges for that access line.
- Number of outages in a month is also an often used metric.

BT Wholesale offers an extensive SLA for its Reference Offer (RO) on Partial Private Circuits (PPCs), a copy of which is available on <http://www.btwholesale.com/ppc>.

SINGAPORE TELECOMMUNICATIONS LIMITED – REFERENCE INTERCONNECTION OFFER

PART 1 – ACCEPTANCE PROCEDURES

Section 1 – Notification and Acceptance of RIO

Clauses 1.1(e)

As it is ambiguous as to what SingTel would deem to be “a bank reasonably acceptable to SingTel”, BT would request that the IDA require SingTel to publish a schedule of such banks, including but not limited to.

Clause 1.5

There is no stipulated timeframe by which SingTel is required to revert to the Requesting Licensee with advice as to whether SingTel finds the Notification for Acceptance to be conforming or non-conforming. To minimise unnecessary delays, there should be a stipulated timeframe by which SingTel must revert to the Requesting Licensee as to whether its Notification of Acceptance conforms or does not conform to SingTel's requirements. BT would request that the IDA require SingTel to respond to the Requesting Licensee within five (5) Business Days on the Notification of Acceptance.

Section 2 – Assessment of Notification of Acceptance of RIO

Clause 2.2

To be deleted. See comments on clause 2.3 below.

Clause 2.3

To be deleted. SingTel should not be allowed to apply to the IDA for an exemption from providing the FLCC / TLCC Services to any Requesting Licensee. Giving SingTel the ability to seek such an exemption for no objective reason would be a carte blanche for SingTel to deny provision of FLCC / TLCC Services to Requesting Licensees – this would tantamount to discrimination and would be against the intent of including wholesale LLC services under SingTel's RIO.

Section 3 – Representations and Warranties

Clause 3.1(c)

To be deleted. Requesting Licensees should not bear the burden of warranting the validity of the RIO Agreement.

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Clause 3.4

To be replaced with: -

3.4 The Requesting Licensee agrees to indemnify SingTel on demand for any liability, loss, damage, cost or expense (including legal fees on a full indemnity basis) incurred or suffered by SingTel which arises out of or in connection with any breach of any of the representations given by the Requesting Licensee given in this clause 3.

Section 6 – Payment

Clause 6.6

To be replaced with: -

6.6 The Requesting Licensee shall, whenever requested by SingTel, deposit with SingTel such sums or such further or additional sums calculated in accordance with this clause as may be requested by SingTel from time to time in respect of any Services. (The requesting Licensee may satisfy this obligation by obtaining a banker's guarantee in the form of Attachment D to this RIO for an equal amount). SingTel will require a security deposit to be lodged or a Security Requirement under clause 22 with a value of 2.5 times the existing or prospective level of monthly Charges incurred or likely to be incurred by the Requesting Licensee under this RIO Agreement. The Requesting Licensee shall not require SingTel to apply any sum deposited with SingTel in payment of its Charges. A deposit does not relieve the Requesting Licensee from its obligations to pay amounts to SingTel as they become due and payable, nor does it constitute a waiver of SingTel's right to suspend, disconnect, or terminate the Services due to non-payment of any sums due or payable to SingTel.

SCHEDULE 7A – WHOLESALE LOCAL LEASED CIRCUITS (FULL CIRCUITS) SCHEDULE 7B – WHOLESALE LOCAL LEASED CIRCUITS (TAIL CIRCUITS)

BT's comments on Schedules 7A and 7B are consolidated where the provisions are similar.

Section 1 – Scope

Clause 1.5 (Schedules 7A & 7B)

SingTel's commitment to route and deliver the FLCC and TLCC Services at no less favourable than the routing which SingTel provides to its Customers is rather vague and because it is relative subject to what SingTel offers its customers. Requesting Licensees are not guaranteed with an absolute level of service. As SingTel's FLCC and TLCC Services would be used by Requesting Licensees as inputs toward the provision of their own telecommunication services to end-users with commitments to quality of service, the service levels offered by SingTel must be pegged to measured indicators rather than an arbitrary outcome. As such, BT would request that the IDA require SingTel to subject its FLCC and TLCC services to Service Level Agreements (SLAs), which should include: -

- Commitment on service delivery timeframes
- Indicators to measure service availability
- Quality of service

Clause 1.7 (Schedules 7A & 7B)

Pre-provisioning work should be similarly subject to SLAs.

Section 2 – Ordering and Provisioning

Clause 2.2 (Schedule 7A) / Clause 2.3 (Schedule 7B)

The thirty (30) Business Days lead time between the provision of the FLAR to SingTel and the requested date of service activation is unduly long and regressively departs from SingTel's existing standard, which on average would not exceed fourteen (14) Business Days. BT considers that it would be reasonable to

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request that the lead time in clause 2.2 be no worse off than what SingTel presently offers, i.e. fourteen (14) Business Days.

Clause 2.5 (Schedule 7A) / Clause 2.6 (Schedule 7B)

To be replaced with: -

2.5 The FLARS from all Requesting Licensees will be processed on a non-discriminatory "first come first served" basis, subject to the total cumulative number of applications to be processed in clause 2.6.

Clause 2.6 (Schedule 7A) / Clause 2.7 (Schedule 7B)

While SingTel may have placed an order limit of 5 per business day and 21 per week due to concerns over resource issues in coping with an insurgence of orders, from a commercial perspective, increased orders means good business and any such concerns should be dismissed. As such, BT would propose that there should be no cap on requests and orders should be processed on a non-discriminatory "first come first served" basis.

Section 3 – Project Study

Clause 3.3 (Schedules 7A & 7B)

There is no stipulated timeframe committing SingTel to a completion of the Project Study. Such an open ended timeline could be easily subject to unnecessary delays. As such, BT would request that the IDA require SingTel to commit to a completion of the Project Study within a stipulated timeframe. Using current practice as a benchmark, BT would recommend that SingTel should be required to complete the Project Study within five (5) Business Days.

In addition, BT would request that the IDA review SingTel's proposed requirement to conduct a Project Study in relation to each order received as such a procedure may be unnecessarily burdensome and a waste of operational resources if repeated for similarly provisioned circuits. Generally, project studies or site surveys may be required where the circumstances are unusual or differ from normal provisioning.

Section 4 – Delivery

Clause 4.1 (Schedules 7A & 7B)

In view that the existing penalty to Requesting Licensees initiating requests to terminate FLCC / TLCC charges amount to the application Installation Charges, BT finds no objective reason for SingTel to now double the penalty charge to twice the Installation Charge, including imposing "additional charges for any losses it may incur".

To be replaced with: -

4.1 If the Requesting Licensee requests termination of the FLCC / TLCC Services after the completion of the Project Study, SingTel reserves the right to charge and the Requesting Licensee shall be liable to pay the Installation Charges as set out in Schedule 9.

Clause 4.2(i) (Schedules 7A & 7B)

Under existing commercial arrangements, a request for deferment of the Request for Service (RFS) is not treated as a cancelled order but simply requires a notification to the licensee supplying Services, subject to availability. BT sees no objective reason for SingTel to depart from existing practice which has served the industry well.

To be replaced with: -

4.2 (i) The Requesting Licensee shall be required to notify SingTel of the request for deferment by giving SingTel notice of such deferment at least five (5) Business Days prior to the RFS Date and propose a new RFS date.



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Clause 4.5 (Schedule 7A)

As there is no agreed industry standard of a network interface point, it could be a building MDF, network terminating unit (NTU) etc. For the avoidance of doubt, BT would request the IDA to require SingTel to define the "network interface points" referred to in clauses 4.5(a) and (b).

Section 5 – TLCC Routing, Re-location and Change of Bandwidth

Clause 5.3(a) (Schedules 7A & 7B)

As a request to upgrade a FLCC / TLCC order, e.g. 2Mb to 155Mb would translate to increased revenues for SingTel, it is difficult to understand the rationale for clause 5.3(a) as to why SingTel would consider a change of FLCC / TLCC bandwidth to be a termination request relating to that FLCC / TLCC Service. In any case, SingTel's concern over bandwidth downgrades could be addressed by requiring that in the event that the change of FLCC / TLCC bandwidth results in a lower order value than the initial request, the Requesting Licensee would still be liable to pay charges relating to the higher order value. Also, the clock for the Minimum Period of the contract should not restart for relocations and changes to bandwidth. In this instance, changes to bandwidth and relocation should not be treated as termination requests.

Clause 5.3(b)

Where a Requesting Licensee makes a new request for FLCC / TLCC Service at the new location and/or bandwidth requested, it is critical to ensure that the ordering and provisioning procedures do not result in the customer experiencing any loss of service.

Section 6 – Deactivation

Clause 6.1

SingTel should maintain its existing practice of providing (30) Business Days prior to the requested date of deactivation for submission of deactivation requests.

Section 7 – Standard Terms and Conditions

Clause 7.2 (n) (Schedules 7A & 7B)

Any charges imposed by SingTel should be set out in its scheduled price list for transparency purposes. It is unacceptable that SingTel should have the liberty to decide on charges "... for the purpose at such rate or in such amount and calculated in such manner as SingTel may determine from time to time..." In principle, Requesting Licensees should not be liable for charges which are not specified and notified prior to service delivery. Please refer to point (3) of General Comments.

Clause 7.3 (a) (Schedules 7A & 7B)

To delete the statement: -

7.3 (a) ... For the avoidance of doubt, the resale or otherwise re-supply of the FLLC service 'as is' by the Requesting Licensee to any Third Party is outside the scope of this sole purpose;

The above statement is inconsistent with and defers from the IDA's Explanatory Memorandum dated 16 Dec 2003 (page 6) that "IDA will not prohibit any FBO licensee from reselling SingTel's mandated wholesale LLC service to any SBO licensee" so as to further IDA's policy objective of bringing about more competitive LLC prices for business users in Singapore⁴.

Clause 7.4 (Schedules 7A & 7B)

Cross reference BT's comment on clause 7.2(n) above. In following, BT would request the IDA to require SingTel to list the circumstances that it deems would constitute "beyond the normal provisioning of the FLCC / TLCC Services, e.g. acts of God, including the corresponding charges relating to SingTel's

⁴ Page 6 paragraph 20

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compensation for the incurrence of any such additional costs. The service descriptions and associated charges should be set out clearly in SingTel's schedule of prices.

Section 11 – Term

Clause 11.1 (Schedules 7A & 7B)

To delete "20 July 2004" in clauses 11, 11(a) and 11(b) and replace with "Effective Date" which is the date on which the RIO becomes effective following the IDA's approval, to be advised in due course.

Section 12 – Suspension

Clause 12.1 (Schedules 7A & 7B)

BT would like to suggest the following amendments to clause 12.1: -

- In suspending service, SingTel should be required to notify affected licensees in advance of the planned suspension for affected licenses to pursue alternative supply arrangements. BT would consider thirty (30) Business Days to be a reasonable notice period.
- For the avoidance of doubt, clause 12.1 should explicitly state that all charges would correspondingly be suspended during the period of service suspension.
- SingTel should be committed to a service re-start date.

Section 13 – Termination

Clause 13.2 (Schedule 7B)

Where termination of a TLCC Service is due to the closure of a SingTel co-location site at which the TLCC terminates, for the avoidance of doubt, clause 13.2 should explicitly state that the Requesting Licensee shall not be liable to pay any premature termination charges.

Section 14 – Expiry of Term

Clause 14.1

As service provider, the onus should be on SingTel to disconnect the FLCC/TLCC Service upon expiry or termination of the supply of FLCC/TLCC service rather than for the Requesting Licensee to monitor the expiration for the purpose of discontinuing service.

Clause 14.2

Following on comments to clause 14.1 above, SingTel should not be allowed to charge the Requesting Licensee for any costs associated with disconnecting the FLCC/TLCC Service.

CONCLUSION

For the IDA's Decision of 16 Dec 2003 to achieve its stated objectives, it is imperative that SingTel's RIO for Wholesale LLC services is consistent with and aligned to the IDA's requirements. In enforcing non-discrimination, the IDA should ensure that SingTel's proposed non-price terms in its RIO for Wholesale LCC services should not be any less favourable than its existing commercial offer for DigiLink / DigiNet services.