

**CONSULTATION ON PROPOSED AMENDMENTS TO
SCHEDULES 7B AND 9 OF
SINGAPORE TELECOMMUNICATIONS LIMITED'S
REFERENCE INTERCONNECTION OFFER –
PROVISION OF TAIL LOCAL LEASED CIRCUITS AT
G.703 INTERFACE STANDARDS**

22 NOVEMBER 2005

**JOINT SUBMISSION OF MEMBERS OF
THE ASIA PACIFIC CARRIERS'
COALITION**

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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 Schedules 7B and 9 of Singapore Telecommunications Limited’s (“SingTel”) Reference Interconnection Offer (“RIO”) to offer to handover the n x 64 kbps Tail Local Leased Circuits (“TLLC”) at G.703 interface standards and with grooming services.

All APCC members¹ involved in preparing this joint submission (the “Submission”) are carriers currently purchasing services, such as local leased circuits, co-location and interconnection services from SingTel and are likely to continue to do so pursuant to the terms of Singtel’s RIO (which sets out the IDA-approved prices and standard terms and conditions for interconnection and access to SingTel’s network). The terms of the RIO are therefore extremely important to each of these carriers.

¹ This submission has been approved by the majority of APCC members.

INTRODUCTION

We commend the IDA for its accurate assessment of the status of Singapore's market for TLLC services in its decision on 19 October 2005 (the "Decision"). As the IDA recognizes, successful implementation of the Decision will have a positive impact on the competitiveness of Singapore, its businesses, the telecommunications sector and the overall economy. In the absence of a competitive market for the provision of TLLC services, regulatory intervention is necessary to replicate the effect of market forces in achieving a competitive offering of terms, conditions and price.

We welcome IDA's request for views and comments on the amendments to Schedules 7B and 9 of SingTel's RIO. As mentioned, the RIO is of critical importance to us, as it deals with essential services we require in order to conduct our business. Nevertheless, we note that the two (2) week time frame (including the one (1) week extension granted on 15 November 2005) in which to provide comments is too short, given the importance of its contents. Accordingly, please note that this Submission contains key concerns only and any omission of comment with respect to any particular section does not mean that such section is acceptable to us.

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 for the opportunity to have a meeting with IDA to discuss some of the matters in more detail.

GENERAL COMMENTS

As a general comment, we are deeply concerned that there does not appear to be any comparative costs advantages or savings in accepting the provision of the TLLC services under SingTel's proposed RIO as opposed to purchasing such TLLC services on a retail basis. This is despite the fact that the carriers are purchasing the TLLC services on (what we understand to be) a wholesale basis under SingTel's RIO. In addition, the pricing structure under SingTel's proposed RIO negates all current benefits enjoyed by competing facilities based-operators vis-à-vis commercial arrangements.

APCC notes that the pricing structure under the proposed RIO appears to be contrary to SingTel's primary obligation to behave in a non-discriminatory manner with respect to the "wholesale services" it provides to its own retail business and the wholesale services it provides to other operators. As it stands presently, SingTel's RIO does not appear to satisfy Section 6.3.3.1 of the Telecom Competition Code 2005 (the "Code").²

Capitalised terms not otherwise defined herein have the meanings given to such terms in SingTel's RIO.

² Section 6.3.3.1 of the Code provides that a Dominant Licensee must offer to provide all Interconnection Related Services and Mandated Wholesale Services to Requesting Licensees on prices, terms and conditions that are no less favourable than the prices, terms and conditions on which it provides comparable services to itself, its affiliates or other Customers.

STRUCTURE OF COMMENTS

Our comments on the draft RIO are set out in the following sequence:

- Part 1: Key concerns regarding Schedules 7B and 9 of SingTel's RIO
- Part 2: Other Comments

Part 1. Key concerns regarding Schedules 7B and 9 of SingTel's RIO

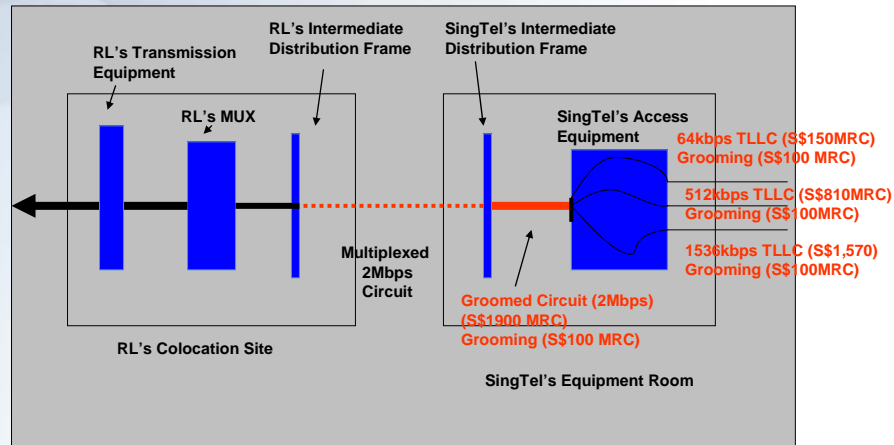
A. Pricing Anomalies

One of the primary reasons cited in the Decision for the IDA's directions to SingTel to provide the TLLC services at both G.703 and V.35 interface standards was to avoid the imposition of unnecessary and unjustified costs to any facilities-based requesting licensee ("RL"). Unfortunately, it appears that SingTel is attempting, through the proposed amendments, to impose arbitrary installation fees and charges, which are inconsistent with the spirit of the Decision and contrary to the clear concerns of the IDA on unwarranted costs.

(i) Presence of Unexplained B -End 1984kbps Link Installation Charge

Pursuant to Clause 4.7 of Schedule 7B of SingTel's RIO, if the RL requests for a PTMP circuit, SingTel is required to groom the A-end Link into any of the existing B-end 1984kbps Links ("B-end Link") or into a new B-end Link (that is to be installed by SingTel), to the RL's Co-Located Equipment. In this respect, the costs incurred for the installation of a new B-end Link (as set out in Schedule 9) are: (i) a one time set up charge of S\$1,500; and (ii) monthly recurring charges of S\$1,900. These fees are charged to the RL, irrespective of the reasons for requiring the installation of the new B-end Link. APCC submits that when the charges levied by SingTel for multiplexing each TLLC into 1984kbps capacities are added to such B-end Link charges, the overall financial effect to the RL is that the TLLC services are once again being offered at the uncompetitive pre-regulation pricing levels. This defeats the entire intent of the RIO.

Unexplained B-End Link Charge

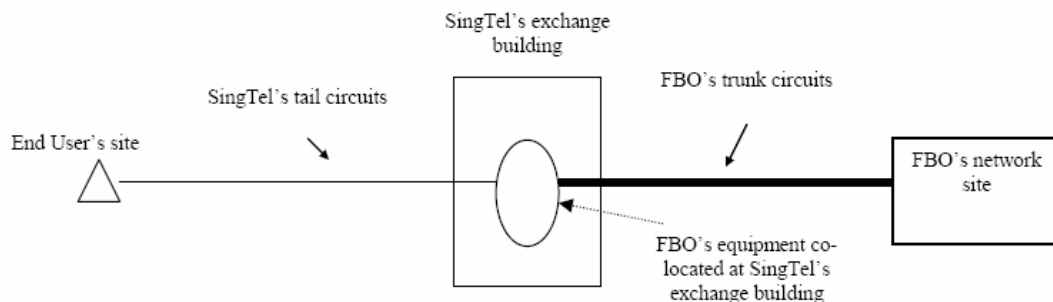


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By introducing an additional network element (i.e. the B-end Link), APCC also notes that additional equipment compatibility testing may be necessary prior to the handover and activation of the TLLC. Additional network elements also increase the number of potential points for network failures. This in turn requires more complex fault identification and restoration work in the event of circuit failures. All of the above translates to additional costs which will have to be borne by the RL.

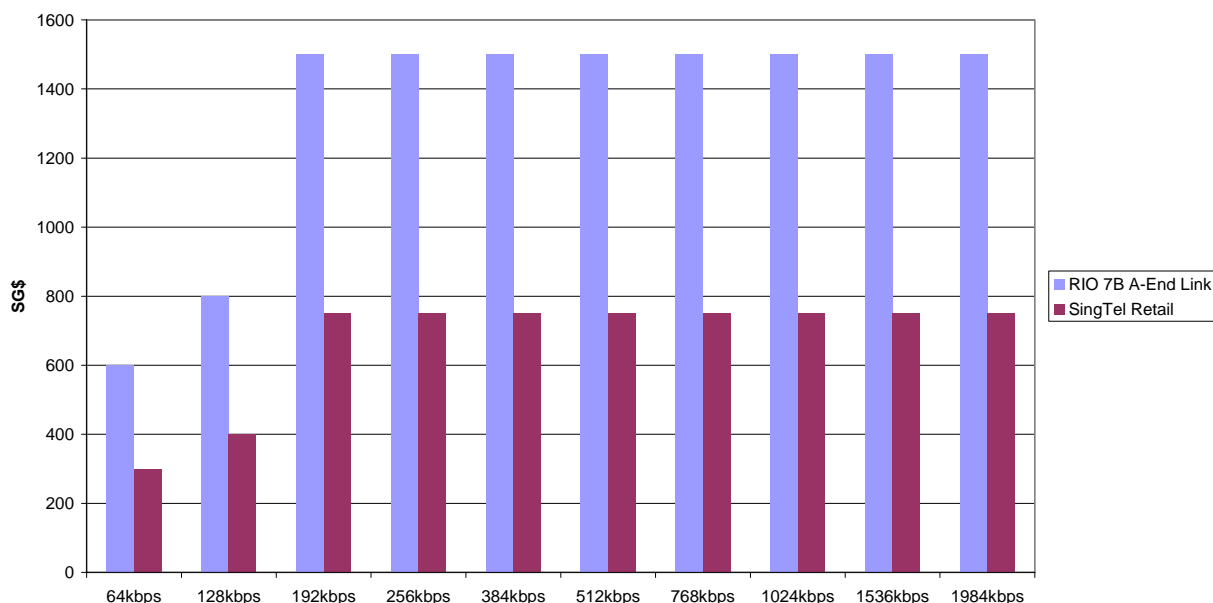
(ii) Higher Installation Charges on RIO TLLCs

On 16 December 2003, the IDA designated local leased circuits (“LLCs”) as a Mandated Wholesale Service under the Code. This was intended to act as an interim measure. IDA’s intention was to lift the mandated wholesale service requirements for LLCs and only designate SingTel’s LLC tail circuits as an interconnection related service under the Code, after a two year period. Under the auspices of the SingTel’s proposed RIO, interconnecting carriers, by deploying their network forward into SingTel’s local exchange, no longer need to purchase trunk circuits in order to serve their end-user customer as set out in the diagram below:



However, a closer analysis of SingTel’s proposed charges for TLLC services reveals a pricing discrepancy in respect of the installation charges under SingTel’s RIO. As clearly displayed in the chart below, the installation charges under the current pricing structure of SingTel’s RIO are approximately doubled that of SingTel’s retail offer for similar services:-.

**One-Time Installation Charges: A-End Link
Regulated Offer v SingTel Retail Offer**



(iii) Monthly Recurring Charges (Schedule 9)

APCC also notes that the proposed monthly recurring charges do not offer any scope for discounts (e.g. based on volume) vis-à-vis existing commercial practice. This would seem to be contrary to the spirit and intent of the RIO and is questionable if Section 6.3.3.1 of the Code has been satisfied in this respect.

B. Multiplexing Capacities

APCC notes that SingTel’s RIO limits multiplexing options for the n x 64kbps circuits to a maximum capacity of 2Mbps. This compares unfavourably with international standards and best practices where multiplexing options are available at capacities of DS-3s and STM-1s to STM-16s. Accordingly, APCC highly recommends that SingTel’s RIO be amended in this respect to provide for multiplexing at higher speeds as the size and volume of data transmissions continue to increase at a constant rate. Such an upward revision in the multiplexing capacity under SingTel’s RIO will bring it in line with international best practices.

Part 2. Other Comments

a. Unilateral Decision by SingTel to Install New B-End Link

In addition, APCC is also concerned that the decision to install a new B-end Link will be undertaken unilaterally by SingTel as contemplated by Clause 4.7 of Schedule 7B, without any consultation or discussion with the RL. We would suggest that an exhaustive list of reasons for requiring such new B-end Links be expressly provided to limit the scope of SingTel's interpretation and discretion.

b. Notification of Rejection of TLAR

We would also greatly appreciate it if Clause 3.3 of Schedule 7B is revised to expressly require SingTel to provide the written statement of reasons for rejection to the RL within five (5) business days since the events enumerated under clauses 3.3 (a) to (g) may be checked and confirmed within the same or shorter period..

c. Deferment Fee

We would be grateful if SingTel or the IDA could clarify whether the deferment fee payable under Clause 4.2(i) of Schedule 7B is part of the Installation Charges payable or a separate expense to be borne by the RL.

d. No Deferment of Service Activation Date (Clause 4.3 of Schedule 7B)

We seek clarification from SingTel or the IDA as to the rationale for not considering any request for the deferment of the Service Activation Date. Installation works could still be carried out on an independent and concurrent basis while the billing date is deferred.

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