

**M1'S RESPONSE TO IDA'S CONSULTATION PAPER ON
INTERCONNECTION CHARGING MODEL FOR
INTERNET DIAL-UP TRAFFIC**

30 April, 2002

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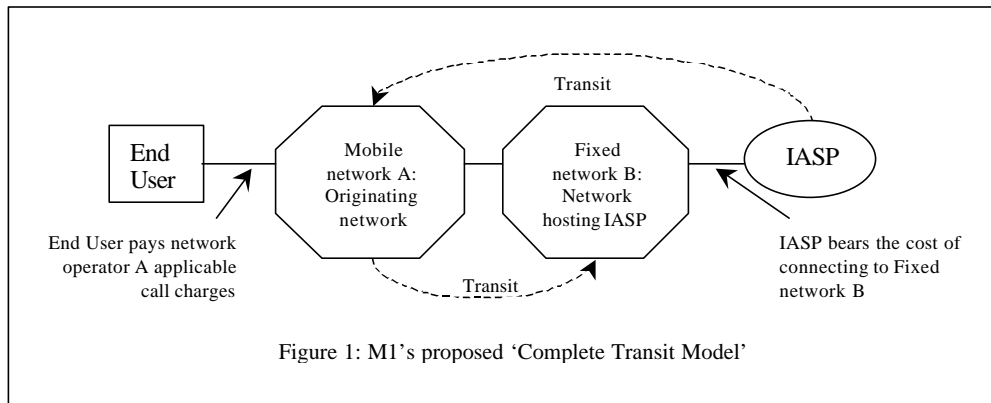
MI'S RESPONSE TO IDA'S CONSULTATION PAPER ON CHARGING MODEL FOR INTERNET DIAL-UP TRAFFIC

- 1 M1 welcomes the opportunity to submit our views and comments to IDA for its consideration in its policy decisions regarding the charging model for Internet dial-up traffic.
- 2 M1 has been providing cellular mobile and paging services to the Singapore market since 1 April 1997 and in August 2000, we launched our international telephone services. In April 2001, M1 was also awarded a FBO Licence for the Provision of 3G Mobile Communication System and Services and a 3G Spectrum Right.
- 3 As appropriate regulatory frameworks, such as the Telecom Competition Code (“Code”) are essential to the growth and development of the information technology market, IDA’s review of charging model for Internet dial-up traffic is timely. Since the introduction of full market competition in the telecommunications sector in April 2000, the market has advanced to become a multi-network, multi-operator competitive environment and M1 views that the treatment of Internet dial-up call traffic as call terminating traffic is no longer appropriate. M1 also agrees with IDA’s rationale for review, as stated in the consultation paper.
- 4 In our response to IDA’s consultation paper, we concentrate solely on the arrangement whereby a mobile operator is the originating network of the Internet dial-up traffic. Unless otherwise noted, our comments are made in reference only to the above mentioned arrangement and the issues corresponding to this particular form of arrangement.

PROPOSED CHARGING MODEL

- 5 In principle, M1 views that the ‘Transit Model’, as proposed by IDA in its consultation paper, is the most appropriate model among the suggested models to replace the current interconnection charging model for inter-network conveyance of Internet dial-up traffic. However, M1 believes that the ‘Transit Model’ as outlined in the consultation paper is still incomplete. In order to implement a fair charging model that is also in line with IDA’s regulatory approach as stated in the Code and IDA’s Information Paper on ‘Charging Regime for Origination, Termination and Transit Services in a Multi-Operator Environment’¹ (Information Paper), the Internet Access Service Provider (IASP) should compensate the Originating Network Operator for the transit charges incurred by the latter. Figure 1 shows the ‘Complete Transit Model’.

¹ IDA Information Paper “Charging Regime for Origination, Termination and Transit Services in a Multi-Operator Environment”, published on IDA’s website, revised – December 2001



- 6 The 'Complete Transit Model' follows the cost causality principle used by IDA in its regulatory approach towards interconnection charges. Since the arrangement is to enable a customer of the IASP to access the Internet, the IASP should bear the transit charges in the scenario described in Figure 1. Basically, the model ensures that the party responsible for causing the cost, and thereby benefiting from the access that is granted, is liable for the charges.

- 7 As mentioned by IDA in its consultation paper, the network operator hosting the IASP could be deemed as a transit operator. M1 agrees with this view, as the function of the network operator hosting the IASP is in fact merely to convey the Internet dial-up from the originating network to the IASP. M1 also supports IDA's point that the associated transit charges are better proxies of the network cost incurred by the network operator hosting the IASP. Therefore the 'Complete Transit Model' is a fair arrangement as it ensures that only the associated transit charges are levied and thus addresses the issue of any over-compensation to the network operator hosting the IASP.

- 8 In essence, the 'Complete Transit Model' that M1 proposes is parallel to the 'Origination and Transit Scenarios' described by IDA in its Information Paper. Therefore, the 'Complete Transit Model' also aligns the treatment of inter-network conveyance of Internet dial-up traffic with other types of interconnection arrangements. The IASP is also a Service-Base Operator ("SBO") Licensee and therefore should be treated similarly as other SBOs in terms of interconnection charges. Any differential treatment would only create confusion with regards to the regulatory framework for interconnection and also IDA's regulatory approach.

- 9 Finally, the 'Complete Transit Model' also has the benefit of being a generic model, which can be easily adapted to other forms of inter-network conveyance of Internet dial-up traffic. This would be the case as long as the underlying cost causality principle is maintained and that the role of the network operator hosting the IASP remains as a transit operator.

CONCLUSION

- 10 M1 supports IDA in its proposal to review and change the current interconnection charging model for inter-network conveyance of Internet dial-up traffic so as to make it more relevant, applicable and fair in today's multi-network, multi-operator competitive environment. M1 recommends that our proposed 'Complete Transit Model', which is an extension from IDA's proposed 'Transit Model', be considered for implementation as the model addresses the concern of over-compensation, and aligns the inter-network conveyance of Internet dial-up traffic with the Interconnection and Access Framework. More importantly, the model maintains the cost causality principle used by IDA in its regulatory approach towards interconnection charges, ensuring that the party deemed to have caused the network operator to incur the cost and also gain benefit from the access granted, would be responsible for the charges. M1 believes that the proposed charging model would work towards providing a level playing field for all network operators and service providers and further enhance the development of the industry.