

REACH LTD.

**SUBMISSION IN RESPONSE TO
IDA'S CONSULTATION PAPER**

**REVIEW OF SINGAPORE TELECOMMUNICATIONS LIMITED'S
REFERENCE INTERCONNECTION OFFER**

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INTERCONNECTION OFFER**

1. INTRODUCTION

Reach Ltd. ("*REACH*") provides this submission in response to IDA's Consultation Paper "*Review of Singapore Telecommunications Limited's Reference Interconnection Offer*" ("*RIO Consultation*"). Our comments are made on behalf of our subsidiary, Reach International Telecom (Singapore) Pte Ltd, which is the holder of a Facilities Based Operator Licence ("*FBO*") in Singapore. This entity has signed up to the current Singapore Telecommunications Limited ("*SingTel*") Reference Interconnection Offer ("*RIO*"), including service schedules on cable connection (4B), lead-in duct and manholes (5A) and cable station collocation (8D).

REACH strongly supports the IDA stance that the RIO continues to be relevant and critical in facilitating market entry and promoting any-to-any connectivity. As the RIO Consultation states, dominant licensees such as SingTel otherwise lack the economic and commercial incentives to enter into voluntary interconnect agreements on reasonable terms. At the same time as believing that the RIO is required, REACH believes that review of actual terms and some of the underlying policy is required.

In this context, REACH welcomes the opportunity to provide comments on the RIO Consultation. We first set out some of our key concerns with policy aspects of the RIO. We then set out our suggestions for improvements to specific RIO provisions, with the reason for such changes relating to our policy concerns. To the extent relevant to REACH's business, we have also provided responses the questions posed by IDA in the RIO Consultation.

2. SUMMARY

REACH's key comments on the RIO Consultation are summarised below for IDA's ease of reference:

- REACH believes that the RIO is a critical regulatory instrument and must be retained to ensure competition can develop in Singapore telecommunications markets.
- However, there is a real need for an overhaul of policies underlying the RIO and of RIO processes themselves to ensure continued relevance and to keep Singapore in line with international best practice.

- This may involve changes to the Competition Code RIO provisions as well. As the Code is being reviewed after the RIO, IDA must ensure that it further reviews the RIO to reflect Code changes and consults again with industry at that time.
- Perhaps the most significant policy issue for IDA to deal with is the need for it to implement its support for infrastructure competition by way of supporting new entrants rather than protecting SingTel's existing investments.
- IDA also needs to improve transparency of the interconnect regime, particularly by allowing industry insight into how it sets prices and the validity of SingTel's claimed costs. Once set, interconnect prices should be publicly available.
- Infrastructure competition and transparency will also be promoted by removal of the excessive SingTel discretions in the RIO. SingTel should not, for example, be allowed to exploit maximum (or no) timeframes for key interconnect processes.
- IDA could improve the RIO markedly by requiring binding SLAs covering all matters from ordering to provisioning and fault management. Real penalties should bite on SingTel where its quality of service is inadequate.
- In this regard, it is critical for IDA to understand the effect of SingTel's current delay tactics in an industry where time is of the essence and speed of delivery is often the deciding factor for customers selecting a supplier.
- The RIO (and Code) would also be strengthened with the inclusion of mechanisms to ensure non-discrimination, as general prohibitions on such conduct are otherwise meaningless. Proposals include SLAs, non-price record keeping rules and IDA monitoring.
- In relation to RIO services, REACH submits IDA must ensure that SingTel puts into practice the intention of RIO provisions, rather than rely on ambiguities to avoid service provision.
- As a key example, IDA must ensure that cable connection services can be broadly used by FBOs to provide service to third parties as intended by recent RIO changes.
- The RIO process for introducing new cables to be connected under Schedule 4B must be improved to address current delays, with the ideal outcome being automatic inclusion under Schedule 4B once a system goes live.
- The provisioning or interconnection time for cables systems must be significantly reduced if IDA is serious about promoting Singapore as a competitive telecoms hub.

- Interconnection for cables should be available at the full range of speeds.
- Aspects of backhaul should be addressed in the RIO to the extent they impact on other RIO services such as cable connection and collocation.
- Use of cable station collocation space to service multiple systems should be promoted by IDA in the RIO given the obvious efficiencies.
- Collocation provisions in Schedule 8D must be updated to reflect that connection services and equipment can be used to provide service to third parties and that cable ownership or interest is no longer a prerequisite.
- IDA must ensure that all RIO prices, including for connection and collocation are truly cost based and at best practice benchmark levels. The ideal way to get industry buy in would be to involve other operators in the price setting process.
- IDA should also take on a more proactive role to support new FBOs in the critical area of access to MRT stations. It should use the RIO to stop SingTel delay tactics in rejecting access via its lead-in ducts and manholes (and it should seek to influence LTA policy that allows this).
- Finally, the RIO processes for dispute resolution require overhaul to shorten timeframes, promote IDA involvement and recognise that interconnection disputes with SingTel are not 'commercial'.

3. NEED FOR RELATED COMPETITION CODE REVIEW

At the outset, REACH notes its surprise that the RIO Consultation is being carried out in advance of review of the Code of Practice for Competition in Telecom in the Provision of Telecommunications Services ("*Code*"), given that it is the Code that sets the framework for a RIO. REACH is concerned that a subsequent Code review may result in changes, which then necessitate the need for further RIO amendments. Given the time pressures for completion of the 2003 regime review, there may not be adequate opportunity for feedback at that stage on the RIO, particularly where the Code review raises issues not considered in the RIO Consultation. However, REACH hopes that industry will be consulted at all stages.

We are also somewhat concerned at the limited time for submissions on the RIO. The RIO Consultation necessarily includes consideration of Code policy and provisions, making the review process a serious and time consuming one. While the RIO Consultation gives the impression that IDA is treating this as an administrative review, REACH submits that the time is ripe to do a thorough assessment of its policy drivers.

4. KEY CONCERNS WITH CURRENT RIO

Infrastructure competition requires support for new FBOs, not SingTel protection

Currently, the RIO unduly favours SingTel, providing it with far-reaching discretions and protecting it against recourse from new FBOs where SingTel performance is unsatisfactory. REACH submits that promotion of infrastructure competition does not mean protecting SingTel but rather ensuring that SingTel does not frustrate the ability of new FBOs to build infrastructure or to offer services that provide funding for further investment. Hence a key theme throughout our submission is that significant reform is needed to the RIO (in application as much, if not more, than the written procedures) if IDA is to support the Singapore government policy of promoting infrastructure competition.

Greater certainty must be provided to FBOs via transparency of regulation and removal of SingTel discretions. RIO processes also need to be streamlined and timeframes shortened so that SingTel cannot exploit the RIO to delay the supply of services by competitors. Finally, some teeth must be given to the RIO so that FBOs are able to enforce SingTel's provision of interconnection according to best practice terms and conditions.

Transparency of price regulation required

REACH applauds IDA's decision to continue to apply LRAIC pricing to RIO services while at the same time reassessing the current LRAIC for each service. This is timely, not just because of the mandatory requirement for RIO review, but because it is increasingly evident that current RIO prices are too high and are hampering competition.

REACH believes current prices are not in line with best practice benchmarks. Without otherwise being able to check SingTel's cost justifications, this leads us to view such prices as non-compliant with IDA's requirement for LRAIC pricing.

REACH submits that the validity of SingTel pricing could be verified by seeking input from industry as well as independent consultants. This industry consultation should relate to calculation methodologies and cost ranges. To the extent SingTel claims information is sensitive, it could still be subject to industry review via external advisors appointed by operators. There is precedent for such an approach with overseas regulators recognising the value that industry can add, as well as the greater regime buy-in where operators participate in development of pricing. For example, when the access pricing regime was introduced in Australia, there was detailed input from operators on Telstra's application of TSLRIC cost methodology.

Once the prices have been established, REACH submits that these should be publicly available, rather than only provided to FBOs who have proven eligibility and signed confidentiality agreements. Current requirements delay operator decisions to move into new service areas and do not allow for early exploration of opportunities without having

to show one's hand. Operators should be able to develop internal business strategies without having to go to IDA early on. We understand IDA may be taking a more flexible approach these days in relation to provision of RIO prices to interested parties, however, the IDA publicised process for requesting RIO prices does not reflect this. Such an inconsistency in itself creates industry confusion and delays.

We also believe that publicly available pricing will improve industry transparency and accountability of SingTel and IDA with regard to interconnect regulation. It will be easier for commentators to benchmark Singapore telecommunications properly and prove that it is a competitive regional hub.

REACH observes that the Telecommunications chapter of the Singapore – US FTA would support our views. A consistent theme of the FTA is the need for regulatory transparency, in particular for terms and conditions of interconnection. Article 9.4(8) provides that interconnect rates should be transparent. It further provides in (8)(c) that RIOs should be publicly available, with this public document containing rates for services. Application procedures must also be public, in contrast to the previous RIO process for wholesale services where eligibility criteria for dark fibre and IPLCs were part of confidential IDA price lists.

As an aside, REACH notes its views that retail price regulation should also be more transparent with SingTel tariffs available to the public for similar accountability reasons. This issue has been stressed in the Singapore – US FTA. We intend to comment on this further when IDA reviews the Code.

Need to reduce SingTel discretions under RIO

The RIO currently provides too many opportunities for SingTel to manipulate wording and timeframes to delay, frustrate or reject provision of services. If IDA is serious about promoting infrastructure competition, it needs to provide greater certainty for new FBOs. Where RIO provisions allow SingTel to make decisions that adversely affect other operators, such as rejection of applications, decommissioning, delay of implementation work etc, the RIO should elaborate on what grounds SingTel can do so. Such grounds must be reasonable and transparent to other operators rather than SingTel simply being able to loosely dictate eg. that it has no space or it has to decommission for commercial reasons.

The timeframes in the RIO are also overly generous and allow SingTel to use its discretion to take as long as possible. While timeframes are designed to be an outer limit to cater for difficult scenarios, SingTel tends to take the entire allowed timeframe even where circumstances may not justify.

Enforceable SLAs required

To address the above, there should be binding service level agreements (“SLAs”) setting out processes and definite timeframes for SingTel performance of interconnection tasks.

SLAs should cover key processes such as ordering, provisioning and fault management. The processes should be kept simple, with all superfluous steps deleted from the current RIO. This would in itself reduce the overall timeframe for a process, however, even timeframes for remaining steps should be shortened. IDA should set these with regard to best practice SLAs rather than leaving SingTel to come up with excuses for why it cannot act as efficiently as operators elsewhere.

To make this proposal effective, SLAs should be backed by penalties. Just as IDA has recognised that SingTel, as a dominant operator, has no incentive to voluntarily negotiate interconnect agreements, equally it has no incentive to implement them and provide a high quality of service. Operators currently have no real remedy where SingTel fails to perform. There are only a few instances under the RIO where SingTel will provide charge credits when it has caused delay and may other examples where there is no relief whatsoever. While SingTel may claim its ad hoc rebates on recurring charges for services during periods of delay is a 'genuine' pre-estimate of the loss suffered by other operators, clearly there is nothing genuine about it. The loss suffered will always extend beyond to matters such as operator reputation, loss of downstream business, customer compensation etc. Neither does the remedy penalise SingTel as there is no real cost to it. Any penalty should be a real 'stick' to make SingTel comply and should also act as compensation to operators for their real losses.

Including SLAs as part of the interconnection regime and under the RIO would represent a regulatory best practice approach. For example, Oftel's interconnect regulation requires such SLAs for interconnect processes across a range of services, including LLCs as pointed out in the REACH submission to IDA's LLC Consultation. Oftel publications stress the importance of supporting such SLAs with real penalties.

REACH notes that the current timeframes and procedures in the RIO do not constitute SLAs and are ineffective in regulating interconnect quality of service. Therefore, IDA should not take comfort from the current RIO that it has covered off its regulatory obligations in this regard. IDA needs to include best practice, streamlined procedures, fixed timeframes with no SingTel discretion and real penalties for non-compliance.

In this regard, is critical for IDA to understand the effect of SingTel's current delay tactics. In today's environment, provisioning speed in particular is critical, and often the deciding factor for a potential customer in choosing a supplier. SingTel's control of essential facilities enables it to determine the speed with which its competitors can provision their services. This often cripples competitors given that SingTel at the same time seemingly has no time problems in provisioning for itself. While SingTel is theoretically prohibited from such conduct, REACH submits that it does occur.

Need to include mechanisms to implement non-discrimination principle

The Code and RIO currently require SingTel to act in a non-discriminatory fashion. While it is critical to retain overall obligations requiring non-discrimination, there should be mechanisms to ensure this for all RIO processes. Some of the measures proposed by

REACH in this submission are designed to do so. For example, introduction of SLAs would help ensure non-discrimination since, if standards are set at best practice levels, it is unlikely that SingTel would be able to perform tasks much faster for itself anyway.

We believe that non-discrimination principles could also be enforced through imposition of non-price record keeping rules as found in other jurisdictions. IDA would then take a more proactive role by requiring SingTel to report on actual performance under the RIO vis-à-vis other operators and itself.

The World Bank “*Telecommunications Regulation Handbook*” outlines these two complementary best practice approaches in discussing quality of service for interconnection (3-52) and the difficulty of implementing non-discriminatory interconnection:

“...policies in many countries require “non-discriminatory” interconnection by an incumbent. In practice, it is very difficult to ensure the implementation of such policies ... The practical tools available to a regulator to promote high quality interconnection are:

- *Establishing interconnection quality of service monitoring requirements;*
- *Monitoring complaints seriously, and establishing significant penalties for clearly unequal service quality; and*
- *Establishing an independent Interconnection Services Group within the incumbent’s organization [to measure QoS provided to different operators] ...*

A monitoring regime may require reports from incumbents on two types of quality of service performance:

- *Absolute performance based on established standards or international benchmarks, and*
- *Relative performance by the incumbent in providing interconnection facilities to itself and to interconnecting operators.”*

REACH urges IDA to move Singapore ahead of those countries where regulators simply impose non-discrimination principles, which lack any substance. Real implementation measures should be developed, with the first step being changes to the RIO as suggested above. It is simply inadequate for IDA to respond to allegations of SingTel discriminatory conduct by claiming there are general prohibitions on such behaviour and accounting separation requirements which mean that SingTel conduct must be legal. International experience shows that dominant operators can still act anti-competitively despite such regulatory protections and stronger enforcement mechanisms are required.

Interconnection rights for submarine cables must be strengthened and enforced

Purpose of connection service must be clarified and remain broad

REACH is strongly supportive of the IDA's December 2002 decision to expand the purposes for which SingTel's connection services may be used to include access to third party cable capacity to enable the third party to transit traffic between cable stations in Singapore. This promotes facilities based competition by increasing the addressable market for FBOs providing alternative transit services.

We understand IDA made this change to address SingTel's previous limitation of connection services to IRU holders or cable owners, a position which it would surely revert to if IDA backtracked on its decision. However, IDA needs to prevent SingTel attempts to evade its decision by relying on perceived ambiguities in relation to collocation as expanded on below. IDA must make it absolutely clear that an FBO does not need ownership or an interest in a particular cable system to obtain a connection service for that system.

Need to improve process for introducing new systems under Schedule 4B

The RIO needs to be amended to improve the speed at which SingTel updates the RIO to include new cable systems. Currently, FBOs have to request SingTel for their inclusion and SingTel takes this opportunity to reject applications. Even where accepted, SingTel can delay matters through taking a long time to develop the terms and conditions to apply to new systems. As a result of this cumbersome process, access to new cable systems is being significantly delayed. For example, i2i has still not been included in the RIO six months after going live, and there is still no published access price.

We refer IDA to our previous correspondence on inclusion of i2i and the manner in which SingTel has been able to frustrate competition from REACH by manipulating shortcomings in the current RIO. To date, SingTel has been able to delay inclusion of i2i by refusing to start the 60 day period which it has to submit terms to IDA on the basis that there is no proper 'request' for inclusion until an FBO has proven it is eligible to acquire the connection service for the new system. SingTel has then been able to spuriously reject proof of eligibility on the basis of RIO provisions outside of Schedule 4B. It has used provisions of Schedule 8D Collocation in a manner that cannot have been intended by IDA. Such provisions require amendment alongside Schedule 4B to address this as expanded on below.

Unless IDA improves the RIO processes, FBOs will suffer a similar fate with other cables. In this regard, we note that in addition to i2i, the TIS cable system also needs to be incorporated into the RIO.

Rather than FBOs being required to approach SingTel for inclusion of new cable systems under the RIO, REACH submits there should be provision for this to occur

automatically. For example, REACH proposes that a new system should be included by the Ready For Service (“RFS”) date of the system. This date should be workable for SingTel as it would have plenty of notice of the RFS date. This will reduce SingTel manipulation of the RIO to delay even initial discussions over RIO inclusion of the system.

Once the trigger for RIO inclusion has occurred, IDA must still ensure that SingTel prepares applicable terms in a reasonable timeframe. The current 60 day period for this task is excessive. Given that there is ample precedent for connection service terms, REACH believes it should only take SingTel around a week to develop terms specific to a new cable system.

Regardless of whether the above proposal is introduced or current RIO provisions retained, once an FBO is generally eligible to acquire connection services, it should not have to prove its interest in a new cable system before it can acquire information from SingTel about terms of service. Such information as a matter of normal business practice is required in advance in order for an FBO to assess whether it is commercially viable to buy capacity or an IRU in the new system.

IDA should also reduce SingTel discretion as to what it will treat as ‘evidence’ of an FBO’s interest in a cable system. Again, REACH refers to its previous correspondence with IDA on this point outlining problems we have experienced. REACH suggests that a letter confirming an FBO’s interest should suffice as there may be competitive or commercial confidentiality concerns in providing actual capacity contracts for example.

REACH also submits that the RIO should contain strengthened provisions for IDA to intervene in instances where SingTel has abused discretion to reject FBO requests for services such as cable connection. A more proactive IDA role will serve to discourage SingTel from such behaviour.

Real cost based pricing required

Interconnection charges must be cost-based. Core interconnect services should not be based on ‘commercial’ retail rates or a top down approach but rather based on independently conducted bottom up cost studies. Further, REACH submits that charges should not be product/usage dependent.

REACH is aware that IDA has required LRAIC pricing but we reiterate our concerns above that there is no visibility of how prices are really set. We believe that the outcome may well be prices above cost. This is indicated by aspects of RIO pricing that just do not make sense if a rigorous cost model is used. As an example of inconsistency in SingTel pricing at least as stated in the RIO, interconnection charges are currently in multiples of STM1 prices. However, costs do not vary directly with capacity. While SingTel may in fact charge differently by capacity, we believe that charges for all bandwidths (eg. STM4, STM16, fibre pair etc.) should be specified in the RIO to avoid any ambiguities.

REACH observes that the Singapore – US FTA specifically identifies cable connection as an area requiring regulatory attention and requires that connection be provided at cost-oriented rates that are reasonable, non-discriminatory and transparent.

Timeframe for interconnection should be shortened

The SingTel 30 day period for providing connection services is too long, particularly when compared to industry best practice and the timeframe that carriers actually need for this task. For example, REACH is able to provide connection services within a 10 day period in Hong Kong. In Australia, the timeframe is also 10 days. REACH also has extensive experience of what other operators provide in the region and a 2 or 3 week period is typically the maximum we have experienced as a matter of practice (aside from any committed timeframes):

- NTT: 2 weeks for cable interconnection APCN2/JUS
- KDD: 2 weeks for cable interconnection APCN2/CUS
- JT: 3 weeks for cable interconnection AJC/JUS
- CT: 3 weeks for cable interconnection SMW3/CUS
- KT: 3 weeks for cable interconnection APCN2/CUS.

We are aware that SingTel is able to provide interconnection in a timeframe significantly faster than 30 days in practice and that the RIO period is meant to be an outer limit. However, IDA should require a shorter timeframe that reflects SingTel's best practice abilities. This will ensure that SingTel cannot exploit maximum timeframes where circumstances do not justify.

Aside from the fact that interconnection is generally too slow, REACH is also concerned that delays may only be inflicted on new FBOs and that SingTel is experiencing a better quality of service itself. SingTel should not treat itself preferentially when providing interconnection – cost or speed wise. As per our comments above, IDA needs to introduce mechanisms to ensure that its non-discrimination principles are really being complied with.

Scope of interconnection service

Interconnection should not be limited to STM1 capacity and under. It should cover the full interconnection range, including 10G fibre connections. Providing a competitive service is often based on accessing a block of bandwidth greater than STM1 to gain economies of scale. If interconnection is limited to STM1 level then competition is constrained.

Backhaul to be addressed in RIO

REACH believes that there are aspects of backhaul services that should be regulated under the RIO in order to promote infrastructure competition in Singapore. This is necessary to ensure reasonable access to other RIO services. For example, REACH

has already had experience of SingTel preventing us from using backhaul equipment already on site for new systems. REACH would like to see the RIO clarified to the effect that backhaul equipment can and should be able to be used to serve multiple cable systems. This will ensure efficient use of that equipment and of space where it is collocated. Particularly when SingTel expresses concern over limited facilities, an FBO's use of existing backhaul equipment already in place for multiple systems would be in the interests of all parties. SingTel should not be allowed to raise rivals' costs by requiring them to acquire separate backhaul equipment for each system when there is no good reason for this.

We would also like to ensure that FBOs who are providing backhaul competition are able to compete across the market. To this end, FBOs should not need to prove ownership in a particular cable system to provide backhaul.

Further, the RIO should require SingTel to unbundle international capacity from backhaul so that SingTel cannot effectively evade obligations to allow other FBOs access at cable stations and connection to that international capacity. To illustrate, SingTel currently sells i2i capacity on a PoP to SingTel PoP basis only, with cable capacity and backhaul bundled. This means that other FBOs are unable to collocate at Tuas and acquire i2i connection services under the RIO in order to provide backhaul for themselves or third parties. SingTel is effectively using the fact that backhaul and IRUs are currently outside the RIO to make services provided for in the RIO meaningless.

From a competition perspective, SingTel's behaviour has adverse impacts as FBOs are locked out of providing competing i2i services given SingTel and Bharti are the exclusive agents for this cable system, with SingTel having control from a Singapore perspective. Such bundling is not conducive to competition in international markets, including the supply of alternative backhaul and does not encourage investment in underlying infrastructure. Alternative backhaul is only effective if FBOs can force access at cable stations and this can only occur if SingTel services are unbundled.

REACH observes that the Singapore – US FTA places some emphasis on supply of cable systems and related services/facilities, with suppliers such as SingTel obliged to offer reasonable and non-discriminatory terms. We question whether SingTel's bundling of i2i capacity is discriminatory and in any event submit that it clearly is not reasonable with regard to its competitive effects.

Collocation at cable stations currently too restrictive

Space should be useable for multiple systems

An FBO should be able to use collocation space to service multiple systems. For example, both SMW3 and i2i land at Tuas. FBOs should be able to use existing space for SMW3 to collocate equipment for connection to i2i and backhaul.

As more operators obtain FBO licences, there is going to be greater demand for

collocation space. The effect will be twofold. First, IDA can expect a higher level of complaints as more FBO licensees are frustrated in their attempts to gain collocation space. Second, to accommodate the growth in FBO's seeking collocation, more efficient use needs to be made of existing cable station facilities, otherwise additional space will have to be built, with associated time delays, etc.

REACH refers to previous correspondence with IDA on this matter, which demonstrates SingTel's obstructive approach to use of cable station space for multiple systems and the need to prevent such anti-competitive behaviour. In particular, SingTel has shown that it will use the requirement for an FBO to have collocation under Schedule 8D in order to be eligible for connection services to frustrate FBO attempts to provide competing capacity services. It has manipulated RIO ambiguity to require that an FBO obtain collocation space in relation to each cable system rather than finding that eligibility requirements are met provided an FBO has useable collocation at the relevant cable station.

There are many good reasons for FBOs to be able to use collocation space to service multiple systems. Obviously, the direct benefit is that FBOs will not need to go through the whole process for each cable system landing at a cable station. This unnecessarily delays access and wastes time and resources. REACH's proposal will also improve the efficiency and effectiveness of interconnection. In this regard, we stress that the speed at which competitors can gain collocation space is a fundamental inhibitor/facilitator for government policy of promoting competition.

Similar to shared use of backhaul equipment, shared use of collocation space for multiple cable systems by the same FBO will also ensure efficient use of space, as well as equipment collocated therein. Particularly when SingTel expresses concern over limited facilities, multiple cable system sharing of space would be in the interests of all parties. SingTel should not be allowed to raise rivals' costs by requiring them to acquire separate space for each system when there is no good reason for this.

REACH submits that change is necessary to support the IDA policy objective of promoting Singapore as a regional hub. There is a need for easier collocation access if Singapore is to be a competitive regional hub, rather than just a hub.

Eligibility criteria must be updated to reflect Schedule 4B changes

REACH is extremely concerned that SingTel has been able to delay launch of REACH services by exploiting the fact that Schedule 8D has not been amended in line with the IDA's December 2002 decision to expand the scope of connection services. By this, we mean that while connection services can now be used for third party transit, Schedule 8 still provides that collocation space used for the connection services is restricted to cables in which an FBO has an interest. IDA needs to ensure that the revised RIO states unequivocally that FBOs do not need to own capacity in a particular cable system in order to get collocation space for connection to that cable system.

An appropriate alternative criterion for eligibility may be that the FBO should have built backhaul to the cable station. In this case the FBO has made contributions to infrastructure build and can provide competition in backhaul services to FBOs that do not have ownership or an IRU in cable systems connected to the cable station. On this basis, they should merit regulatory support and there can be no justification for protecting SingTel interests ahead of such FBOs.

Collocation prices must be cost-based

Collocation charges must be cost-based. Core interconnect services should not be based on 'commercial' retail rates or a top down approach but rather based on independently conducted bottom up cost studies. Further, REACH submits that charges should not be product/usage dependent.

REACH is aware that IDA has required LRAIC pricing but we reiterate our concerns above that there is no visibility of how prices are really set. We believe that the outcome may well be prices above cost.

REACH observes that the Singapore – US FTA specifically identifies collocation as an area requiring regulatory attention and requires that collocation be provided at cost-oriented rates that are reasonable, non-discriminatory and transparent.

POA access at MRTs obstructed by SingTel (and LTA)

REACH needs to be able to access MRT stations to connect to the SMRTI Island-wide Optical Network. In order to access these stations, LTA requires FBOs in the first instance to approach SingTel to use its manholes under Schedule 5A of the RIO. After wasting time going through the RIO procedure, SingTel almost as a matter of course rejects requests, but only when it has utilised its full allotment of time to respond. This delays an FBO's ability to pursue other alternative access as only then will the LTA agree to alternative options.

We are aware that this same problem is faced by other FBOs and have already raised the matter with IDA. This is a serious matter that should not be sidestepped by deference to LTA policies that encourage anti-competitive behaviour from SingTel. Nor should IDA accept lightly excuses from SingTel as to why it rejects requests. These should be questioned, but more importantly IDA should challenge the length of time SingTel takes to reject requests.

We believe that IDA needs to take on a more proactive role in responding to industry concerns if it wants to promote infrastructure competition. IDA needs to ensure there is an immediate alternative means of access to manholes/cable ducts (particularly for the SMRT) to:

- provide certainty as to means of access where this cannot be gained through SingTel;

- avoid or at least reduce the delay in having to go through the SingTel access procedures only for the access request to be rejected.

There are two ways this problem should be addressed: by IDA separately working with LTA to change its policy; and of relevance here, by IDA requiring amendments to Schedule 5A to prevent SingTel delays in rejecting access so that FBOs can quickly begin discussions with LTA for alternatives. SingTel should be required to provide information in advance about available facilities or a register should be maintained by it or IDA with this data. This will avoid FBOs having to go through the pointless exercise of applying under Schedule 5A and being repeatedly rejected. Further, there should be greater checks and balances on SingTel discretion to claim space is validly reserved, including a right for FBOs to inspect facilities and a clear list of grounds in the RIO justifying SingTel reservation.

5. COMMENTS ON SPECIFIC RIO PROVISIONS

In this section, REACH comments on specific RIO provisions that are critical to its business, with a particular focus on RIO service schedules for cable connection, lead-in duct and manholes and cable station collocation. We then follow with comments on core RIO provisions in the main agreement and schedules dealing with broader matters such as dispute resolution processes.

*Note: Provisions identified by IDA in the RIO Consultation for public comment have been highlighted with an asterisk.

Interconnection Service Schedules

Schedule 4B Submarine Cable Connection Service			
Clause	Subject	Comment	Proposed Improvement
General		REACH is surprised that IDA has not identified any Schedule 4B provisions for comment. While the schedule has only recently been implemented, some shortcomings should already be evident, including those identified above and as set out in previous REACH correspondence with IDA.	
1.2	Definition of service	The connection service is defined by reference to connection with a "Cable System" but the definition in Schedule 12 of Cable System is out of date. The definition also supports the current restrictive process for introduction of new cable systems.	Amend definition of Cable System to refer to existing cables in cl 2.1 and new cables under cl 2.2, with cl 2.2 to be amended to allow automatic inclusion of new cables as proposed below.
1.3	Purpose of service	As explained above, SingTel is frustrating access to the service by rejecting evidence of proposed use of the service when there is no basis for this under cl 1.3.	Clarify rights of FBOs by adding to end of cl 1.3 that SingTel may not reject a request provided an FBO has produced a letter stating that the proposed use of the service complies with cl 1.3 in a format of the FBO's choice.
1.4	Collocation	As explained above, SingTel is frustrating access to the service by requiring that an FBO be eligible and acquire collocation for a specific cable system rather than allowing collocation space used for one system to be used automatically for another where cables land at the same station.	Clarify cl 1.4 by adding that collocation space need not be acquired for each system and that the requirements of cl 1.4 will be met if there is already useable collocation space initially acquired for another system.
1.7	Remedies for delays	This clause provides that SingTel only has to rebate recurring charges for the period of SingTel delay and claims that this is a 'genuine' pre-estimate of an FBOs loss from delay, Clearly an FBO's loss will be much more extensive and such a minimal remedy gives SingTel no incentive to prevent delays.	REACH refers to its comments in section 4 that there should be enforceable SLAs with penalties that reflect the real loss to FBOs from SingTel delays.

Schedule 4B Submarine Cable Connection Service			
Clause	Subject	Comment	Proposed Improvement
2.2	New cable systems	<p>As explained above, SingTel is frustrating access to the service by requiring that an FBO be eligible and acquire collocation for a specific cable system rather than allowing collocation space used for one system to automatically be used for another where they land at the same station.</p> <p>The requirement to 'promptly discuss' inclusion of a new system is vague and superfluous, particularly given that at this stage the terms of service have not yet been developed. All that should be necessary for SingTel to start work on developing access terms is for SingTel to be aware that an FBO requires connection to the new system via the initial request.</p> <p>The 30 day period before SingTel even commences drafting the new system terms is also superfluous. Once again, provided the new system is live and an FBO has or is obtaining collocation, its request to SingTel should trigger immediate drafting of terms for connection to the system. It does not make sense at this stage for an FBO to have to state its intent to definitely pursue the connection service before SingTel starts drafting as the FBO cannot decide such a matter before it even has seen terms of access.</p> <p>We also believe that the 60 day period for SingTel to draft terms is unnecessary and out of line with IDA's pro-competitive policies. There is ample precedent for connection service terms and SingTel will know well in advance that it is likely to have to provide such terms after the system is live.</p>	<p>Clarify cl 2.2 by adding that collocation space need not be acquired for each system and that the requirements of cl 1.4 will be met if there is useable collocation space even if initially acquired for another system.</p> <p>New cable systems should be introduced automatically as proposed in section 4. REACH proposes that a new system should be included by the Ready For Service ("<i>RFS</i>") date of the system. This date should be workable for SingTel as it would have plenty of notice of the RFS date.</p> <p>Even if the current process is retained, it must be truncated to remove the need for initial discussions and a 30 day 'consideration' period. There should be a simple 30 day limit for SingTel to provide IDA with terms from when it receives a request from an FBO.</p>
3.1	Non-discrimination	There should be further expansion of how non-discrimination principles apply.	Expand this clause by providing that this includes automatic inclusion of new cable systems on the same terms where SingTel has itself connected the cable system to other capacity.

Schedule 4B Submarine Cable Connection Service			
Clause	Subject	Comment	Proposed Improvement
3	Ordering and provisioning	SingTel should not be allowed to abuse its ability to delay activation by requiring unnecessary evidence of third party authorisations to access capacity.	Add to cl 3.3 that SingTel must accept any form of authorisation letter provided the letter states the FBO can access the relevant third party capacity.
4	Activation	<p>The requirement for 30 days notice of link and capacity activation is unduly long, particularly with regard to SingTel's ability to perform this task in a shorter period and overseas experience. We refer to our comments in section 4 in this regard.</p> <p>The timeframe for other processes in cl 4 is also vague including under cl 4.4.</p> <p>Further, under cl 4.2, it is not clear what grounds SingTel has to delay an activation date beyond that requested and what proof it must provide.</p>	<p>Reduce the notice period for link and capacity activation to 10 business days (ie. 2 calendar weeks) in line with best practice.</p> <p>It should be clear that SingTel must seek confirmation of an activation request under cl 4.4 within the 5 day period set by cl 4.2.</p> <p>The grounds on which SingTel may delay an activation date should be specified in Schedule 4B and SingTel should be required to provide evidence or an explanation to requesting FBOs.</p>
6	Standard terms	This provision is very vague in terms of SingTel obligations to provide SLAs for the service, including in particular for faults.	Include specific SLAs for processes such as ordering, provisioning and fault management. These should specify timeframes for SingTel action and penalties for non-compliance that reflect not only an FBO's inability to use the service but also flow through loss of business.
8	Fault resolution	This clause is currently weak due to it only providing 'guidelines' for action not proper SLAs.	Include binding SLAs and shortened timeframes.
9	Expiry	The term of the connection service currently expires when the collocation space term expires.	Cl 9 should be clarified to provide that the term of connection service will not expire where there is other useable collocation space.
11	Termination	Under cl 11.1(d), SingTel should not be free to decide when a service is being used for a purpose other than under cl 1.3 as it may not have full information nor may it correctly be interpreting cl 1.3. We note the differences of interpretation that have arisen to date as highlighted in previous REACH IDA correspondence.	Add a requirement for SingTel to have necessary confirmation from IDA that use of the service is not within cl 1.3.

Schedule 5A Licensing of Lead-in Duct and Associated Lead-in Manholes			
Clause	Subject	Comment	Proposed Improvement
1.5	Remedies for delays	This clause provides that SingTel only has to rebate recurring charges for the period of SingTel delay and claims that this is a 'genuine' pre-estimate of an FBOs loss from delay. Clearly an FBO's loss will be much more extensive and such a minimal remedy gives SingTel no incentive to prevent delays.	REACH refers to its comments in section 4 that there should be enforceable SLAs with penalties that reflect the real loss to FBOs from SingTel delays.
2*	Criteria for assessing availability	REACH submits that SingTel has too much discretion to decide availability and that its decisions are not transparent enough to other operators.	FBOs should have the opportunity to verify lack of availability through inspection. SingTel should also be required to maintain some form of register of availability, which could also be managed by IDA. This would provide industry with certainty and avoid time and resource wastage in making applications for unavailable facilities and having to pay related fees regardless of application success.
3*, 4*	Ordering, provisioning and studies	REACH supports the IDA proposal to remove the superfluous requirement for SingTel to estimate its processing time for requests and to require SingTel to get on with the desk study within a set timeframe from the date of request. However, we believe the timeframe set by IDA should be shorter where there is an immediately obvious reason for rejection. Further, it is unnecessary for SingTel to have a 10 day desk study period and then a 20 day project study period to assess the same matter – availability of lead-in duct and manholes.	Delete Processing Date provision in cl 3.5. Require desk study to be completed within 10 business days of request if rejection on basis of availability but 5 business days in other cases. REACH submits that an even better alternative would be to combine the desk and project study as both currently involve examination of the same key issue – availability. With this approach, SingTel would have 5 business days to reject a request on grounds under cl 4.3 except availability under (d), for which it would have 10 business days to complete a project study. If a longer time for a project study is required in order to determine scope of work, this should be carried out once a request is finally approved. SingTel should not have the opportunity to delay matters with a project study and only then reject a request on the grounds of non availability.

Schedule 5A Licensing of Lead-in Duct and Associated Lead-in Manholes			
Clause	Subject	Comment	Proposed Improvement
5*	Delivery	<p>Currently, only SingTel can construct ducts to connect FBOs to designated SingTel lead-in manholes. Greater flexibility is needed to promote infrastructure competition.</p> <p>REACH is concerned with the current provision in cl 5.3 for SingTel to give an estimated date of provision, with no real boundaries on this. Cl 5.5, while specifying 25 business days, still allows SingTel to freely notify an FBO that it may take longer.</p>	<p>REACH supports the IDA proposal to allow FBOs to undertake their own construction to connect ducts to SingTel's Lead-in Manhole. However, IDA needs to ensure that any requirements to protect SingTel do not create effective obstacles to taking up this option.</p> <p>Amend cl 5.3 and cl 5.5 to set an outer limit on SingTel delivery.</p>
9	Standard terms	REACH is concerned by the lack of SingTel obligation to fix anything within a certain time.	Include binding SLAs and shorten timeframes.
12.1 (d)	Physical access	<p>This provision currently allows SingTel to freely impose access requirements on FBOs.</p> <p>A similar concern exists in relation to Annex A (v) safeguards for SingTel plant.</p>	Amend cl 12.1(d) and Annex A (v) to at least require SingTel instructions to be reasonable or in line with industry practice.

Schedule 8D Collocation at Submarine Cable Landing Stations			
Clause	Subject	Comment	Proposed Improvement
1*	Eligibility requirements		
1.2	FBO eligibility	As detailed above, cl 1.2 currently defeats the purpose of IDA's December 2002 changes to Schedule 4B as it still requires an FBO to have cable ownership or an IRU to obtain collocation. SingTel treats this requirement as applying to any cable for which the collocation space is used.	Amend cl 1.2 to allow FBOs to use collocation space as providers of third party backhaul and transit services for cable systems.
1.3	Use of space	SingTel should not be allowed to continue its current obstructive approach of requiring collocation space for each system.	Clarify in cl 1.3 that the collocation space may be used for any cable system provided the (amended) requirements of cl 1.2 are met.
1.7	Included stations	The current provision gives SingTel the option of changing included cable stations with IDA approval.	There should be less SingTel discretion and a clearer process for inclusion of new cable stations.
1.11	Remedies for delays	This clause provides that SingTel only has to rebate recurring charges for the period of SingTel delay and claims that this is a 'genuine' pre-estimate of an FBO's loss from delay. Clearly an FBO's loss will be much more extensive and such a minimal remedy gives SingTel no incentive to prevent delays.	REACH refers to its comments in section 4 that there should be enforceable SLAs with penalties that reflect the real loss to FBOs from SingTel delays.
1.12	Use of equipment	This provision is currently restricted to use of equipment with own capacity or for third party backhaul and does not reflect changes to Schedule 4B.	Add provision for equipment to be used to access third party capacity for transit services.
2*	Criteria for assessing availability	REACH submits that SingTel has too much discretion to decide availability and that its decisions are not transparent enough to other operators.	<p>FBOs should have the opportunity to verify lack of availability through inspection.</p> <p>SingTel should also be required to maintain some form of register of availability, which could also be managed by IDA. This would provide industry with certainty and avoid time and resource wastage in making applications for unavailable facilities and having to pay related fees regardless of application success.</p> <p>There is precedent for similar availability registers in Hong Kong, where OFTA managed a public register of available space.</p>

Schedule 8D Collocation at Submarine Cable Landing Stations			
Clause	Subject	Comment	Proposed Improvement
3.1	Ordering and provisioning	SingTel should not be allowed to manipulate cl 3.1(b) by requiring unreasonable evidence of eligibility for collocation.	Clarify cl 3.1(b) to provide that such evidence may be by way of letter from the FBO confirming eligibility with no requirements as to form.
5*	Site preparation work	<p>SingTel currently has discretion to set the timeframe for site preparation work.</p> <p>This is one instance of the need to remove excessive SingTel discretions as mentioned earlier in our submission and the change is important to provide certainty to FBOs.</p> <p>However, IDA must be mindful that it does not set a timeframe that is designed as a maximum to cover all scenarios, which SingTel will use as its actual timeframe, even if there is minimal site preparation work to be done.</p> <p>REACH is also concerned that this clause does not deal adequately with the scenario where SingTel charges are beyond those estimated under cl 4.</p>	<p>REACH supports IDA's proposal to actually specify a timeframe for completion of work rather than leaving this to SingTel under cl 4.4.</p> <p>To make the timeframe meaningful, it should be binding and supported by penalty provisions reflecting the loss to FBOs from SingTel delay.</p> <p>SingTel should be required to keep FBOs informed of likely changes to charge estimates as soon as it is aware and seek ongoing approval OR it should be restricted to charging in line with its estimate. Any additional charges must be reasonably incurred.</p>
7*	Term of licence	SingTel should not be free to decide when a service is being used for a purpose other than under cl 1.2 and cl 1.12 as it may not have full information nor may it correctly be interpreting these clauses. In this regard, we note the differences of interpretation that have arisen to date as highlighted in previous REACH correspondence with IDA.	Add a requirement for SingTel to have necessary confirmation from IDA that use of the service is not within cl 1.2 and 1.12.

Main Agreement*

Given the shortness of time, REACH does not comment extensively on the RIO main agreement. However, we note our support of the changes proposed by IDA in the RIO Consultation. We believe:

- Clause 2.1(e) of the Part I Acceptance Procedures should be deleted as irrelevant.
- Automatic review of RIO agreements after IDA has amended the RIO is the most time effective way to implement changes and reduces the opportunity for SingTel delay.
- Insurance requirements must be reduced well below the current SGD20M as this is excessive compared to normal commercial levels of insurance in other industries and operators tend to exclude consequential loss in their dealings in any event.
- SingTel should not be allowed to retain security once a RIO agreement is terminated and all outstanding amounts paid. IDA should also review security requirements generally as they currently provide another avenue for SingTel to raise rivals' costs in a manner that is not entirely justified by SingTel's need to protect itself.

Schedule 11 Dispute Resolution*

IDA has requested comments on current RIO dispute resolution procedures as a whole. REACH submits that Schedule 11 needs to be streamlined and made more user-friendly. We believe that SingTel exploits dispute resolution processes in a similar fashion to other RIO provisions by using maximum days allowed rather than treating these as an outside boundary. Periods for triggering dispute escalation and for consideration of disputes at each level should therefore be reduced.

The RIO should also contain provisions requiring quick referral of disputes to IDA on the initiative of one party. We do not believe parties should be forced to go through the internal dispute resolution process if it is clear that SingTel will not really come to the table. The interconnection context is entirely different from standard commercial agreements where it may be reasonable to require parties to attempt to resolve disputes themselves before external recourse.

A further improvement under Schedule 11 would be to allow parties to seek guidance from IDA about RIO implementation disputes in addition to seeking formal IDA intervention by way of regulatory direction. IDA guidance may be more appropriate in the case of the smaller disputes that arise on a regular basis but which currently remain unresolved, or are only resolved after extensive delays due to the current formal nature

of RIO dispute resolution. We would hope that IDA would necessarily intervene to facilitate dispute resolution rather than see its role as discretionary.

REACH believes that the above requires not only changes to the RIO but a fundamental shift in approach for IDA. The IDA must change its dispute resolution policy as elaborated in the “*Dispute resolution framework to resolve any dispute arising out of the implementation of an interconnection agreement between IDA’s licensees*”. The process spelt out in that document is out of touch with the speed in which telecommunications businesses need to operate and the realities of a dominated marketplace where there is no such thing as ‘commercial’ negotiation at the interconnect level.

The need for IDA to intervene in interconnection disputes rather than deciding whether and when it will assist has been identified in the Singapore – US FTA, which requires that operators have recourse to the regulator for such disputes within a reasonable period of time. It is not a true recourse option where IDA may and often does turn away complainants or requests them to continue to deal direct with SingTel. REACH strongly urges IDA to be more proactive in interconnection disputes involving implementation matters.

REACH trusts that the above provides some useful feedback on the RIO Consultation. We remain ready to discuss RIO issues with IDA as and when required and hope that there will be further opportunity for dialogue on such an important review exercise.