



REPUBLIC OF SINGAPORE

INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE

**PUBLIC CONSULTATION ON
REQUEST BY SINGAPORE TELECOMMUNICATIONS LIMITED
FOR EXEMPTION FROM DOMINANT LICENSEE OBLIGATIONS
WITH RESPECT TO THE BUSINESS AND GOVERNMENT CUSTOMER
SEGMENT AND INDIVIDUAL MARKETS PURSUANT TO SUB-SECTION 2.5.1 OF
THE CODE OF PRACTICE FOR COMPETITION IN THE PROVISION OF
TELECOMMUNICATION SERVICES 2005**

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TELECOMMUNICATION SERVICES 2005**

In accordance with Sub-section 2.5.2 of the Code of Practice for Competition in the Provision of Telecommunication Services 2005 (the “Code”), the Info-Communications Development Authority of Singapore (“IDA”) hereby invites comments from the industry and the public on the request by Singapore Telecommunications Limited (“SingTel”) for exemption from the Dominant Licensee obligations set out in the Code with respect to the business and government customer segment and individual markets.

1. Introduction

- 1.1 As a Dominant Licensee¹, SingTel is subject to special provisions applicable to Dominant Licensees set out in the Code. These provisions address:
- (a) the duty to provide telecommunication services on just, reasonable and non-discriminatory terms, to file and publish tariffs, and to provide services consistent with effective tariffs (Sub-sections 4.2, 4.3, 4.4, 4.5 and 4.6 of the Code);
 - (b) the duty to provide Interconnection Related Services and Mandated Wholesale Services to other Licensees (Sub-sections 6.2, 6.3 and 6.4 of the Code); and
 - (c) prohibitions against abuse of dominant position (Sub-section 8.2 of the Code).

These special provisions are also referred to as Dominant Licensee obligations.

- 1.2 IDA recognises that as competition develops, it may no longer be necessary to apply each of the Dominant Licensee obligations to every facility operated and/or service provided by a Dominant Licensee. Sub-section 2.5 of the Code therefore provides a procedure by which a Dominant Licensee may request IDA to exempt it from any of the special provisions applicable to Dominant Licensees². IDA has also issued the “Advisory Guidelines

¹ SingTel was designated a Dominant Licensee in 2000 under the first Telecom Competition Code, and re-designated in 2005 under the Telecom Competition Code 2005. Sub-section 2.2.1 of the Code sets out the criteria applied by IDA in determining a Licensee’s designation as a Dominant Licensee.

² Under Sub-section 2.5.1 of the Code, the Dominant Licensee must submit an application to IDA identifying the specific provisions of the Code from which it seeks exemption. The Dominant Licensee must also demonstrate, using verifiable data, that the continued

Governing Petitions for Reclassification and Requests for Exemption under Sub-Sections 2.3 and 2.5 of the Code of Practice for Competition in the Provision of Telecommunication Services 2005” (“**Reclassification and Exemption Guidelines**”), governing requests for exemptions under Subsection 2.5 of the Code. The Reclassification and Exemption Guidelines set out the procedures that IDA will generally use, and the standards that IDA will generally apply, when implementing Subsection 2.5 of the Code. The Guidelines also describe the procedures that Licensees and other parties should follow in order to comply with the requirements contained in the Code.

- 1.3 Before issuing a preliminary decision and a final decision granting or denying any request for exemption, IDA will generally provide an opportunity for public comment in accordance with Sub-section 2.5.2 of the Code.

2. SingTel's Request for Exemption From Dominant Licensee Obligations

- 2.1 In March 2007, IDA received a request from SingTel for exemption from Dominant Licensee obligations with respect to telecommunication services provided to business and government customers, and in individual markets (“**Exemption Request**”). As the submission lacked clarity and did not meet information requirements contained in the Reclassification and Exemption Guidelines, the IDA did not accept the Exemption Request and instead requested for greater clarity from SingTel. SingTel subsequently submitted a revised request in September 2007, and after IDA's request for further clarification, submitted a further revised request on 10 October 2007. IDA accepted the latest submission as it has met the requirements contained in the Guidelines. A copy of SingTel's Exemption Request is enclosed as Annex A.

- 2.2 Specifically, SingTel seeks exemption in relation to:
 - (a) the provision of all telecommunication services to End Users in the business and government customer segment (namely those End Users with an annual spend on telecommunication services of at least S\$250,000) (“**Customer Segment Request**”); and
 - (b) the provision of telecommunication services in relevant markets identified in Table 2 below (“**Market Based Request**”).

Customer Segment Request

- 2.3 In its Exemption Request, SingTel stated that the Customer Segment Request constitutes a “narrow” request for exemption, as provided in Paragraph 2.1(f) of the Reclassification and Exemption Guidelines. SingTel explained that the Customer Segment Request is intended to only include large business and government End Users whose telecommunication services contracts are of a significant value. Further, SingTel considered contracts with business and

application of the provision to a specific facility or service is not necessary to protect End Users, or to promote and preserve effective competition amongst Licensees.

government End Users (with an annual spend on telecommunication services of at least S\$250,000 per annum) to be of significant value. SingTel noted that such End Users typically purchase services pursuant to competitive tenders, in which they seek to obtain a "package" of services which, in some cases, include both telecommunication services and IT management.

- 2.4 SingTel has provided examples of the types of services to which the Exemption Request relates (see Table 1 below). SingTel, however, clarified that this was only an indicative list of the types of services provided to business and government End Users. The effect of the Customer Segment Request is to seek an exemption in respect of *all* telecommunication services supplied to business and government End Users with an annual spend on telecommunication services of at least S\$250,000.

Table 1

Categories	SingTel Product Offerings
Business Local Telephony	DEL; ISDN2; ISDN30; PhoneNet; i-PhoneNet
Local Leased Circuit ("LLC")	Analogue LLC, Digilink; Digiplus; Weblink; Webplus
Local Asynchronous Transfer Mode ("ATM")	Local ATM
Local Internet Protocol ("IP")	Meg@POP (BizLink; MegaLink; EthernetLink; iLink; SymLink; DirectLink; HomeLink; VLink)
Local Metro-Ethernet ("ME")	Local ME
Terrestrial International Private Leased Circuits ("IPLC")	ConnectPlus Bilateral IPLC; ACASIA IPLC; ConnectPlus Node-to-Node (IPLC)
International Frame Relay ("FR")	Bilateral FR; ConnectPlus FR; ACASIA FR
International Asynchronous Transfer Mode ("ATM")	Bilateral ATM; ConnectPlus ATM; ACASIA ATM
International Internet Protocol – Virtual Private Network ("IP-VPN")	ConnectPlus IP-VPN
International Ethernet	ConnectPlus Ethernet-Line; ConnectPlus Ethernet-VPN

Market Based Request

- 2.5 In addition to the Customer Segment Request, SingTel seeks an exemption in six defined markets. The markets for which SingTel seeks an exemption ("**Individual Markets**") (and the specific SingTel product offerings currently offered in those markets) are listed in Table 2 below.³

³ If IDA grants an exemption to services provided in a specific market, the exemption will apply to any other telecommunication service or product offering that SingTel introduces during or

Table 2

Individual Markets	Service Offers	SingTel Product Offerings
Business Local Telephony Service ("BLTS")	Fixed Telephone Line; ISDN; PhoneNet	DEL; ISDN2; ISDN30; PhoneNet; i-PhoneNet
LLC	Analogue LLC; Digital LLC	Analogue LLC, Digilink; Digiplus; Weblink; Webplus
Local Managed Data Services ("LMDS")	Local ATM; Local IP; Local ME	Local ATM; Meg@POP (BizLink; MegaLink; EthernetLink; iLink; SymLink; DirectLink; HomeLink; VLink); ME
Terrestrial IPLC	Bilateral IPLC; End-to-End IPLC	ConnectPlus Bilateral IPLC; ACASIA IPLC; ConnectPlus Node-to-Node IPLC
International Managed Data Services ("IMDS")	International FR; International ATM; International IP-VPN; International Ethernet	Bilateral FR; ConnectPlus FR; ACASIA FR; Bilateral ATM; ConnectPlus ATM; ACASIA ATM; ConnectPlus IP-VPN; ConnectPlus Ethernet-Line; ConnectPlus Ethernet-VPN
Backhaul	Backhaul Service, including Point-to-Point and Backhaul to GNCC	Backhaul (to GNCC); Point-to-Point Backhaul; Standard Point-to-Point Backhaul; Backhaul with Interface Protection; Point-to-Point Backhaul with Interface Protection

Interaction between Customer Segment Request and Market Based Request

- 2.6 SingTel clarified that the Customer Segment Request and Market Based Request should be read separately, but cumulatively (*i.e.*, not in the alternative). SingTel explained that there are some customers, for example, who acquire services in the Individual Markets that are the subject of the Market Based Request, who may not be business or government End Users within the scope of the Customer Segment Request. Such customers could be business and government End Users who spend less than S\$250,000 per annum on telecommunication services, or customers who obtain SingTel's telecommunication service or product offering on a wholesale basis.

Specific Obligations for Which Exemptions Are Sought

- 2.7 In respect to the Customer Segment Request and Market Based Request, SingTel seeks exemption from the following Sub-sections of the Code (to the extent applicable) in Table 3.

following the proceeding ("**New Service**") that is in the market in which IDA has granted an exemption, provided that SingTel: (i) provides a written notification to IDA requesting that the exemption applies to the New Service; and (ii) obtains IDA's prior written confirmation that the New Service is within the market in which IDA has granted an exemption.

Table 3

Sub-section	Description of Dominant Licensee Obligations
4.2.1.1	Duty to Provide Service at Just and Reasonable Prices, Terms and Conditions
4.2.1.2	Duty to Provide Service on a Non-discriminatory Basis
4.2.1.3	Duty to Provide Unbundled Telecommunication Services
4.2.2.1	Duty to Provide Service on Reasonable Request
4.2.2.2	Duty to Allow Resale of End User Telecommunication Services
4.2.2.3	Duty to Allow Sales Agency
4.3	Wholesale Services
4.4.1	Services for which a Dominant Licensee must File Tariffs
4.4.2.1	Information to be Included
4.5	Duty to Publish Tariffs
4.6	Duty to Provide Service Consistent with Effective Tariffs
8.2.1.1	Predatory Pricing
8.2.1.2	Price Squeezes
8.2.1.3	Cross-subsidisation
8.2.2.1	Discrimination
8.2.2.2	Predatory Network Alteration

- 2.8 SingTel submitted that the business and government customer segment (namely those End Users with an annual spend on telecommunication services of at least S\$250,000) is highly contestable. Therefore, the Customer Segment Request should be granted. In addition, SingTel submitted that the supply of telecommunication services within the Individual Markets under the Market Based Request is also highly contestable and, therefore, that this Exemption Request should be granted.

3. Invitation to Comment

- 3.1 Pursuant to Sub-section 2.5.2 of the Code, IDA hereby invites comments from the industry and public on SingTel's Exemption Request. IDA also encourages comments from large government and business customers, and other users of services for which SingTel seeks an exemption, describing the means by which they purchase these services, the competitive alternatives available to them, and the anticipated effect if IDA grants SingTel the exemptions that it seeks.
- 3.2 In considering SingTel's Exemption Request, IDA will seek to apply economic analysis to determine whether, as a result of changing market conditions, continued application of the special provisions continue to be necessary. Therefore, to assist IDA in reviewing SingTel's Exemption Request, respondents should provide views and comments that will assist IDA in making a determination. Respondents should keep in mind the analytical framework put forth in Paragraph 2.4 of the Reclassification and Exemption Guidelines (which can be found on the IDA website at www.ida.gov.sg under "Policies & Regulation – Codes of Practice & Guidelines"). Respondents are also invited to comment on any other relevant issues that would assist IDA in making its determination.
- 3.3 All submissions must reach IDA **before 12 noon on 28 December 2007**. Respondents are required to provide a softcopy of their submission (preferably in Microsoft Word format). Respondents' personal or company particulars, correspondence address, contact number and email address must be included in the submissions. IDA will make public all or parts of any written submissions made in response to the consultation paper, and will disclose the identity of the source. Any part of the submission which is considered commercially confidential must be clearly marked and placed as an annex to the submission.
- 3.4 All comments must be addressed to:

**Mr Andrew Haire
Deputy Director-General (Telecoms)
Infocomm Development Authority of Singapore
8 Temasek Boulevard
#14-00 Suntec Tower Three
Singapore 038988**

Respondents are required to submit the softcopy via e-mail to: IDA_Consultation@ida.gov.sg. Respondents may also submit a hardcopy to fax number: (65) 6211-2116.

- 3.5 IDA will issue a preliminary decision and seek further public comments on the preliminary decision, prior to issuing its final decision.