

**M1'S RESPONSE TO IDA'S CONSULTATION PAPER 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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**M1'S RESPONSE TO IDA'S CONSULTATION PAPER 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**

1. M1 has been providing cellular mobile services to the Singapore market since 1 April 1997 and in 2000, we launched our international telephone services. In February 2005, M1 took the lead in introducing 3G technology and launching our 3G services. We launched the M1 Broadband service in December 2006, reaffirming M1's commitment to offer customers high quality services that complements mobility with high speed and wide area coverage for data-intensive applications in the home, office and mobile broadband market.
2. M1 welcomes the opportunity to submit our comments to IDA for its consideration on the decision on Singapore Telecommunications Limited's ("SingTel") request for exemption from Dominant Licensee obligations with respect to the business and government customer segment and individual markets. Our view is that SingTel's request for exemption from their Dominant Licensee obligations involves lines of businesses that in fact, fall squarely within the definition of a Dominant Licensee. SingTel has inherited legacy infrastructure, which is difficult and expensive to duplicate. This places them in an unbridled position to compete more advantageously than other licensees. Hence, exemption from regulatory safeguards would highly likely result in an uncompetitive market where products and services available to the end-users would be greatly limited.
3. We herein focus our concerns primarily on the six individual markets that SingTel is seeking exemption from Dominant Licensee obligations, namely, Business Local Telephony Service ("BLTS"), Local Leased Circuit ("LLC"), Backhaul Services markets, Terrestrial International Private Leased Circuit ("IPLC"), Local Managed Data Services ("LMDS"), and International Manager Data Service ("IMDS") markets.
4. The BLTS, LLC, IPLC, and Backhaul services are highly dependent on or require access to domestic connectivity as input. The provision of such services involves the laying of underground cables in Singapore, which is capital, labour, and time-intensive. In a metropolitan city like Singapore, these factors render it difficult to have a commercially viable and sustainable business case. As seen from the results published in SingTel's Annual Report<sup>1</sup>, SingTel remains as the dominant provider in the fixed-line market with a significant market share of **more than 95%** market share despite 8 years of market liberalisation. This clearly substantiates the fact that to-date, there is no equivalent competitor to ensure the

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<sup>1</sup> SingTel Annual Report 2006/2007, p25.

effective, efficient and reasonable provision of services that are highly dependent on the ubiquitous, fixed network infrastructure that SingTel possess.

5. Although the Next Generation National Broadband Network (“NGNBN”), to be partially funded by the Government, could provide a viable alternative to SingTel’s ubiquitous, fixed network infrastructure, it is only expected to be available nationwide by 2015<sup>2</sup>. Hence, M1 views that it would be appropriate for IDA to consider reviewing SingTel’s request for full exemption for these markets only after 2015 where NGNBN has achieved an “equivalent” nationwide infrastructure/coverage.
6. We also want to highlight that the higher value-added services listed in SingTel’s services such as Local Metro-Ethernet, Local IP, and Local ATM, are services which are wholly dependent on fair access to domestic leased circuits. Exemption from Dominant Licensee obligations for such value-added services, particularly International IP-VPN services, would give SingTel a significant competitive advantage over other licensees. Exemption of Dominant Licensee obligations could result in anti-competitive bundling or cross-subsidisation that could potentially limit competition in other telecommunications areas, since many licensees depend on such higher value-added services or even just domestic connectivity.
7. Without Dominant Licensee obligations, SingTel would also have a free rein to determine retail rates. Many licensees depend on SingTel for domestic leased circuits through SingTel’s mandated wholesale offerings, upon which these licensees have to obtain connectivity in order to service end-users. Without Dominant Licensee obligations, SingTel can possibly withhold leasing of circuits or restrict the use or resale of such circuits and/or exert predatory price pressures on the market.
8. In conclusion, M1 submits that SingTel still possess market dominance, especially in the provision of BLTS, LLC, LMDS, IPLC, IMDS, and Backhaul Services markets. The continued application of Dominant Licensee obligations on SingTel is necessary to ensure transparency, fair and efficient competition, transparency and facilitate access to facilities and services and to protect end-users and effective competition in the telecommunications industry.

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<sup>2</sup> IDA’s media release, Singapore’s Ultra-High Speed Digital Highway Ready by 2015, [www.ida.gov.sg](http://www.ida.gov.sg).