

In Confidence



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28 March 2011

Ms. Aileen Chia
Deputy Director General (Telecoms & Post)
Infocomm Development Authority of Singapore
8 Temasek Boulevard
#14-00 Suntec Tower Three
Singapore 038988

By Email: IDA_Consultation@ida.gov.sg

Dear Ms. Chia,

INVITATION FOR COMMENTS ON OPENNET INTERCONNECTION OFFER FOR THE PROVISION OF SERVICES ON THE NEXT GENERATION NATIONWIDE BROADBAND NETWORK: THE PROPOSED REMEDY FRAMEWORK FOR ERRORS IN MANDATED SERVICES INFORMATION

1. We refer to the Authority's Consultation Paper of 14-March 2011 on the above matter. We are grateful for the opportunity to comment on the issues raised in the Consultation Paper.
2. This submission represents the views of the StarHub group of companies, namely, StarHub Ltd, StarHub Mobile Pte Ltd, StarHub Internet Pte Ltd, StarHub Online Pte Ltd and StarHub Cable Vision Ltd.

DESCRIPTION OF STARHUB AND ITS INTEREST IN THE PROCEEDING:

3. StarHub Ltd is a Facilities Based Operator ("FBO") in Singapore, having been awarded a licence to provide public basic telecommunication services ("PBTS") by the Telecommunications Authority of Singapore ("TAS") (the predecessor to IDA) on 5 May 1998. Nucleus Connect Pte Ltd, a wholly-owned subsidiary of StarHub Ltd incorporated on 14 April 2009, is the appointed Operating Company of the Next Generation Nationwide Broadband Network.
4. StarHub Mobile Pte Ltd is a wholly-owned subsidiary of StarHub Ltd. StarHub Mobile Pte Ltd was issued a licence to provide public cellular mobile telephone services ("PCMTS") by the TAS on 5 May 1998. StarHub launched its commercial PBTS and PCMTS services on 1 April 2000.

5. StarHub Ltd acquired CyberWay (now StarHub Internet Pte Ltd) for the provision of Public Internet Access Services in Singapore on 21 January 1999.
6. In July 2002, StarHub Ltd completed a merger with Singapore Cable Vision to form StarHub Cable Vision Ltd (“SCV”). SCV holds a FBO licence and offers broadband and cable TV services.
7. StarHub Online Pte Ltd is a wholly-owned subsidiary of StarHub Ltd. StarHub Online Pte Ltd was issued a licence to provide Public Internet Access Services in Singapore on 22 February 2005.
8. StarHub is a Retail Service Provider (“RSP”) in the Next-Gen NBN ecosystem. In order to provide services to our customers we need fast, accurate, and error-free access to OpenNet’s database. StarHub’s ability to provide Next-Gen NBN services to its customers is critically dependent on the accuracy and timeliness of OpenNet’s Mandated Service Information (“MSI”).
9. If OpenNet’s MSI is erroneous, outdated, or incomplete, this will impair StarHub’s ability to provide Next-Gen NBN services to its customers. It will also cause frustration and dissatisfaction for our customers; and will generate unnecessary costs for all the parties involved.

SUMMARY OF STARHUB’S POSITION

10. StarHub welcomes the Authority’s investigation of this issue. As the Authority will be aware, StarHub has had some concerns with regard to the MSI provided by OpenNet. We have found errors and inconsistencies in that MSI, which have made it difficult for StarHub to provide Next-Gen NBN services in some cases. Errors in the MSI will lead to RSPs either denying customers’ access to the Next-Gen NBN when they are actually connected; or advising customers that they can be served by the Next-Gen NBN when in reality they cannot be.
11. StarHub fully agrees with the Authority that OpenNet should be held liable for the erroneous and inaccurate MSI provided to Qualified Persons (“QPs”) and RSPs. However, we respectfully submit that:
 - i. It is necessary to clarify how MSI “errors” will be defined;
 - ii. The proposed penalties are insufficient, and need to be increased substantially; and
 - iii. It is necessary for the Authority to mandate the manner in which MSI is provided to QPs and RSPs, and the timeframes within which OpenNet must rectify and update its database.

12. We would respectfully highlight that if these steps are not taken, there may be little incentive for OpenNet to ensure the accuracy of its MSI. It may be economically rational for OpenNet to simply tolerate the existing level of errors in its MSI, rather than incur the cost of auditing and correcting its MSI. Such an outcome would clearly be detrimental to the success of the Next-Gen NBN.

GENERAL COMMENTS:

13. StarHub fully agrees with the Authority that *“the provision of accurate and reliable MSI by OpenNet is essential to the smooth and effective provisioning of services on the Next-Gen NBN”*. Given our experience with OpenNet’s MSI and database access, we strongly support the imposition of additional regulatory measures on OpenNet to ensure that it provides *“accurate and reliable MSI”*. StarHub’s detailed comments are set out below.

Definition of Error:

14. There is some ambiguity in the Consultation Paper as to how MSI “errors” will be defined. For example, paragraph 5 appears to suggest that the remedy framework will only apply where the QP/RSP *“has submitted an order for the service based on the erroneous information”*. However, we respectfully submit that this regime would be unfair, and would lead to customer dissatisfaction.

15. Typically, the RSP will approach the customer after having ascertained the status of the customer’s property (from OpenNet’s MSI), and will seek to close a deal with the customer. The RSP will only submit a service order to OpenNet (via Nucleus Connect) after the customer has signed-up for the Next-Gen NBN service.

16. Under the arrangements proposed in paragraph 5 of the Consultation Paper, a customer could sign-up with the RSP based on erroneous MSI. However, if OpenNet corrects the MSI before the RSP submits a service order, the remedy framework proposed in paragraph 5 of the Consultation Paper would not apply. Clearly, this outcome would disadvantage the RSP and its customers.

17. StarHub therefore submits that it is necessary to clarify the circumstances in which the remedy framework would apply. We respectfully submit that the remedy framework should allow RSPs to highlight MSI errors to the Authority. If an investigation shows that the original OpenNet MSI was erroneous, the remedy framework should apply, regardless of whether a service order has been submitted to OpenNet. This framework would place a stronger discipline on OpenNet to provide *“accurate and reliable MSI”*, and would avoid penalizing the RSPs in the manner outlined above.

Incorrect Non-Residential MSI:

18. The Consultation Paper has proposed that when a Non-Residential Premise is incorrectly classified by OpenNet as a Residential Premise, OpenNet should charge based on Residential End-User Connection of Schedule 15 (Charges) of OpenNet's ICO; and the requested service should be in accordance with the terms and conditions in Schedule 2 (Non Residential End-User Connection). While StarHub fully supports the logic behind this approach, we have two significant concerns:

- ➔ This arrangement may not be practical. We have been advised by Nucleus Connect that there are major differences in the manner in which Residential and Non-Residential Services are offered and provisioned. Seeking to treat a Non-Residential Connection as if it was a Residential Connection may be impractical.
- ➔ We respectfully submit that the proposed penalties are inadequate, and will not drive the desired outcome (namely "*accurate and reliable MSI*"). OpenNet might simply decide that (given the relative costs involved) it will maintain its existing level of MSI errors, rather than working to remove those errors. Clearly such an outcome would be detrimental "*to the smooth and effective provisioning of services on the Next-Gen NBN*".

19. StarHub would respectfully suggest that, if the Authority is seeking to ensure OpenNet provides "*accurate and reliable MSI*", it is necessary to have a remedy framework that:

- ➔ Sets a financial penalty on OpenNet (of \$5,000) for each Non-Residential MSI error that is found; and
- ➔ Sets a requirement on OpenNet to have its database audited by a third-party auditor (at OpenNet's expense) if more than 20 MSI errors are found in any 12-month period. The objectives of this audit would be to ensure that the database is free of error, and to determine the cause of OpenNet's MSI errors.

These measures would be in addition to the remedies set out in Paragraph 4 of the Consultation Paper.

Residential MSI Errors:

20. The Consultation Paper has proposed that where a Residential Premise is incorrectly classified by OpenNet as a Non-Residential Premise, OpenNet should charge based on Residential End-User Connection of Schedule 15 (Charges) of OpenNet's ICO; and the requested service should be in accordance with the terms and conditions in Schedule 1 (Residential End-User Connection). StarHub strongly supports this measure. However, we believe that additional measures are needed to ensure the correct incentives are placed on OpenNet.

21. It is important to note that, in listing a Residential Premise as a Non-Residential Premise, OpenNet has committed a significant error. RSPs may well have been discouraged from serving customers in that Premise, given its Non-Residential listing. However, the only “penalty” on OpenNet for making this error is an obligation to charge at the correct (Residential) rate. Given that the consequences of Residential MSI errors on OpenNet are so low, there is little incentive for OpenNet to correct those errors.

22. Therefore, StarHub submits that, in addition to the remedies set out in Paragraph 5 of the Consultation Paper:

- ➔ There would be a financial penalty on OpenNet (of \$10,000) for each Residential MSI error that is found; and
- ➔ OpenNet would have a requirement to have its database audited by a third party auditor (at OpenNet’s expense) if more than 20 MSI errors are found in any 12-month period.

Coverage MSI Errors

23. The Consultation Paper has proposed that where sites that are not Ready-for-Service (“RFS”) are erroneously classified by OpenNet as being RFS, OpenNet can simply reject the QP’s service order and credit one month of recurring charges. StarHub would respectfully submit that this remedy is entirely inadequate.

24. In this scenario, due to an OpenNet error, the RSP has devoted time and resources to winning over customers in an area that cannot be served. Customers will have been advised that they can be served by the Next-Gen NBN (based on the information in OpenNet’s database), when in reality they cannot be. In such circumstances, a credit of one month of recurring charges is clearly inadequate. Such a “penalty” would not provide an incentive for OpenNet to ensure that its MSI is accurate.

25. In the event of OpenNet providing incorrect coverage information, StarHub would respectfully submit that OpenNet should be required to:

- ➔ Roll out infrastructure to the Premise in question within the specified SAPs; or
- ➔ If this is judged (by the Authority) to be impractical, to credit twelve months of recurring charges to the affected QP/RSP.

We submit that such a penalty is needed to serve as a warning to OpenNet to ensure that its coverage information is accurate and fit-for purpose.

26. We would also highlight that it is necessary for the remedy framework to cover cases where a Premise has a Next-Gen NBN connection (i.e. is “home reached”) but is incorrectly classified as “home passed”. In such cases, the MSI error will discourage RSPs from serving the Premise, thereby denying service to the customer. StarHub has encountered examples of such MSI errors. In the event of such MSI errors being detected, we respectfully believe that OpenNet should be obliged to credit twelve months of recurring charges to the affected QP/RSP.

Other Matters:

27. As the Authority will be aware, StarHub has some concerns as to OpenNet’s provision of MSI. There is a risk that, faced with a new remedy framework, OpenNet may take even longer to update its database. Similarly, we note that there are no provisions in the remedy framework with regard to: (i) the timeframes within which OpenNet must correct its errors; or (ii) the form of the MSI OpenNet is to provide.

28. To deal with these issues, StarHub would respectfully suggest that the remedy framework be modified to ensure that:

- i. Where OpenNet finds an error in its MSI (or has an error brought to its attention), OpenNet will amend its database within 1 day, and will advise its QPs of the amendment;
- ii. OpenNet will update its database on a weekly basis at a minimum (and will ensure that any connections installed during that week are captured in the weekly database update); and
- iii. OpenNet is required to provide its MSI to the RSPs in electronic form, and allow the RSPs to include that data into their own systems.

29. StarHub would also respectfully submit that the MSI should be provided to all QPs and RSPs at the same time. We would note that if any one operator receives MSI ahead of its competitors, this would give that operator an unfair (and unreasonable) competitive advantage.

Conclusion

30. StarHub welcomes the Authority’s investigation of this issue. We fully agree with the Authority as to the importance of accurate MSI, and on the problems that will arise if the MSI contains errors. However, we also believe that the proposed remedy framework should be strengthened to create incentives for OpenNet to keep its MSI error-free.

31. We are grateful for the Authority's consideration of our views and comments, and welcome the opportunity to discuss this matter further with the Authority. Please do not hesitate to contact me, should anything in this letter require clarification or elaboration.

Yours Sincerely,
For and on behalf of
StarHub Ltd



Tim Goodchild
Head (Government & Strategic Affairs)