



# ITU Development Symposium for Regulators

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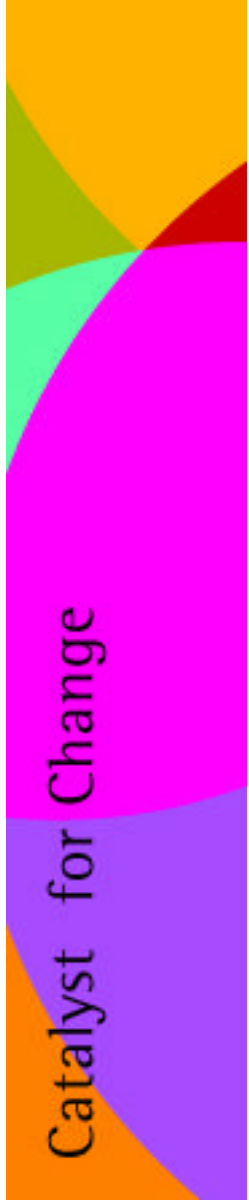
# **IDA** Regulating in a Changing Environment

Catalyst for Change

**Presentation by  
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# Presentation outline

- About IDA
  - Reconstitution of TAS
  - Corporatisation /Privatisation of SingTel;
  - Merger of TAS & NCB
- Changing Role of IDA
  - Telecom Market Liberalisation
  - Licensing Framework
  - Telecoms Competition Code



# About IDA

# Background and History

## Privatisation, Corporatisation & Merger

- On 1 April 1992
  - separation of regulatory & operational functions of TAS
  - reconstitution of TAS
  - corporatisation of SingTel
  - licensing of SingTel
- SingTel privatised in November 1993
  - flexibility for SingTel to operate & compete globally

# Formation of IDA

1st December 1999



**National  
Computer  
Board**

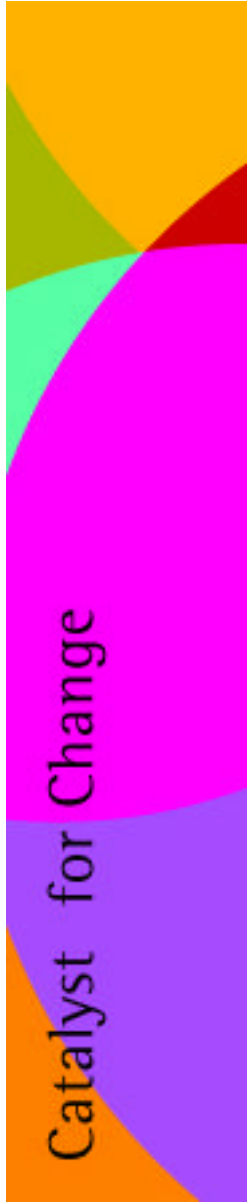
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**Telecommunications  
Authority of Singapore**



**INFOCOMM DEVELOPMENT AUTHORITY OF SINGAPORE**



# Changing Roles of IDA

# Regulatory Evolution

## 3 Main Stages

- **Monopoly/Restricted Competition**
  - separation of regulatory and operational functions
  - privatisation
  - regulator as proxy for competition
- **Transition to Full Market Competition**
  - introducing market liberalisation
  - new licensing framework
  - regulation of incumbent through competition code
- **Mature Competitive Market**
  - reliance on market forces
  - minimal regulation



# Introduction of Liberalisation

## Early Liberalisation Measures

- Govt had earlier adopted a phased & managed liberalisation approach
  - provision of services falling outside of SingTel's monopoly & resale of SingTel's monopoly services are fully liberalised
  - expiry of SingTel's monopoly rights advanced from 2007 to 2000 in May 96
  - committed to facilities-based competition (Apr 2000) & full competition (Apr 2002)
    - StarHub licensed (May 98) as 2nd fixed network & 3rd mobile phone operator to compete commercially from 1 Apr 2000

# Full Market Liberalisation

1 April 2000

- 2 years ahead of schedule
- Reasons for early liberalisation
  - Telecoms industry has undergone dramatic change, much faster than anticipated in '96
  - Openness of telecoms sector is key factor to attracting new investments & lowering business costs
  - Phased approach has led to perception of Singapore as less competitive & attractive
  - Competition accelerates pace of infocomm development

# Licensing framework

## 2 Pronged Approach

- **Facilities-Based Operators (FBOs)**
  - deploy any form of telecom networks / systems / facilities to offer telecom switching / transmission capacity / services to end-users or other licensees
  - individually licensed
- **Services-Based Operators (SBOs)**
  - lease telecom network elements from FBOs to provide telecom services to 3rd parties; or resell telecom services of FBOs
  - either individually or class licensed, depending on type of service offered

# Telecom Code of Competition Objectives

- Promote and maintain fair and efficient market conduct
  - presence of incumbent
- Ensure accessibility to a wide range of quality telecom services
- Promote efficiency & international competitiveness
  - global nature of telecommunications
- Encourage and facilitate industry self-regulation
- Encourage investment in and development of Singapore's infocomm industry
  - convergence of IT, telecoms and broadcasting

# Telecom Code of Competition

## An Overview

- Introduced 15 September 2000
- Integrated Code
  - Regulatory principles and framework (Sections 1 & 2)
  - Consumer protection rules (Section 3)
  - Interconnection regime (Sections 4 & 5)
  - Infrastructure sharing (Section 6)
  - Sector-specific competition rules (Sections 7 & 8)
  - Mergers and consolidation (Section 9)
  - Enforcement mechanism (Section 10)
  - Interconnection and Wholesale Pricing Approach (Appendices I & II)

# CLASSIFICATION OF LICENSEES

## Asymmetric Approach

- Dominant licensees
  - Control facilities that provide a direct connection to end users and have:
    - (a) ability to restrict output and raise prices; or
    - (b) facilities too difficult and costly to replicate
  - required to comply with more stringent requirements
- Non-dominant licensees
  - all other licensees
  - minimum “rules of the road” and “ex-post” enforcement

# CLASSIFICATION OF LICENSEES

## Asymmetric Approach

### This Approach

- ➔ Reflects different market/bargaining positions of different licensees
- ➔ Focuses IDA effort on areas where need for intervention is greatest given current market development

# COMPETITION REGIME

## Prohibitions against

- Abuse of Dominant Position such as
  - Pricing abuses
    - Predatory pricing (price cutting)
    - Price squeezes (pricing inputs too high)
  - Monopoly leveraging
    - Cross-subsidisation (monopoly profits to subsidise competitive services)
    - Discrimination (treating own affiliates more favourably)
- Agreements Between Licensees That Unreasonably Restrict Competition
  - Price fixing
  - Bid rigging (bid collusion)
  - Customer allocation (dividing up customers)
  - Group boycotts (refusal to serve a customer)



# INTERCONNECTION

- Greater emphasis placed on private commercial negotiations
- However, recognising that dominant licensees lack commercial incentives to voluntarily negotiate and given market situation now
  - IDA will take more active role to ensure just, reasonable and non-discriminating Interconnection Agreements (IAs) for initial 3 yr period
  - For interconnection among non-dominant licensees, IDA will rely on market forces and commercial negotiations.

# CONSUMER PROTECTION

- Provision of services to end users at just, reasonable and non-discriminatory terms
  - Advance disclosure of all prices, terms and conditions
  - Periodic, accurate and timely bills
  - No charges for unsolicited telecom services or equipment
  - Dispute resolution procedures
  - Protection of customer information
- Additional duties of Dominant Licensees
  - Duty to provide services to any end user upon reasonable request and in a non-discriminatory manner
  - Duty to provide unbundled telecom services

# Regulatory Evolution

## Building for the future

### • Focus of IDA

- promotion and development of infocomm industry
- Regulation is an essential tool

### • Changing Regulatory Approach

- greater reliance on market forces
- increasing role of industry self-regulation
- industry consultation in policy formulation
- regulation proportionate to extent of market failure
- open and reasoned decision making

Catalyst for Change

**Thank you**  
*[www.ida.gov.sg](http://www.ida.gov.sg)*