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| <b>Case Reference</b>      | REG/INTC/003  |
| <b>Title</b>               | Dispute over Costs of Radio Coverage Provisioning in the Marina MRT Line (MRL)  |
| <b>Case Opened</b>         | 10 October 2001   |
| <b>Case Closed</b>         | 23 October 2001   |
| <b>Complainant(s)</b>      | Singapore Telecom Mobile Pte Ltd (“SingTel Mobile”)   |
| <b>Respondent</b>          | StarHub Mobile Pte Ltd (“StarHub Mobile”)<br>MobileOne (Asia) Pte Ltd (“M1”)  |
| <b>Case Summary</b>        | <p>Pursuant to Section 27(1) of the Telecom Competition Code (TCC), IDA has with effect from 13 June 2001 designated the LCX in the MRL as a Critical Support Infrastructure (CSI) under Section 6 of the TCC.</p> <p>On 25 Sept 2001, SingTel Mobile wrote to both StarHub Mobile and M1 to obtain their agreement to authorise SingTel Mobile to proceed with the signing of the contract with the LTA on the implementation of MRL radio coverage facilities. The recovery of the implementation costs of the project was based on SingTel Mobile’s proposed charging principles. As the operators could not agree to the charging principles, SingTel Mobile raised the matter as a dispute for IDA’s resolution on 10 October 2001. The charging principles in dispute were:</p> <ol style="list-style-type: none"> <li>a) The mark-up on total project costs, excluding LTA’s management fees, as a project management fee to SingTel Mobile;</li> <li>b) The mark-up on total project cost, including LTA’s project management fees, as SingTel’s Return on Investment (ROI) for the project;</li> <li>c) The mark-up on all third party fees; and</li> <li>d) The upfront recovery of capital costs.</li> </ol> |
| <b>IDA’s Determination</b> | <p>Giving due consideration to the parties’ respective positions, IDA issued a Direction on 23 October 2001 to resolve the disputed matters as follows:</p> <ol style="list-style-type: none"> <li>a) The project management fees will be based on actual costs SingTel Mobile incurs for managing the MRL project, including a margin on these costs. The costs include operating expenditure incurred to ensure the performance of the system and facilities maintenance; and</li> <li>b) The ROI mark-up on MRL project’s total capital costs was allowed. SingTel Mobile was also required to implement an annual lease payment scheme, inclusive of interest payments, with the lease period based on the economic lifespan of the respective capital assets.</li> </ol>   |

