

Annual Review for 2008

2008 was a year of continued progress in the electronic communications sector. Increased competition in both the fixed and mobile sectors has resulted in more choice and lower prices for both consumers and businesses alike. Broadband take-up increased by over 300,000 subscriptions during the year, one of the highest growth rates in Europe. The broadband speeds available in Ireland have also continued to expand with a range of suppliers, some offering up to 24M/b.

Electronic communications play a critical role in all our lives. Whether it is for educational, social or business reasons, we all depend on telecommunications to an ever-increasing extent. ComReg, in line with the Government, wishes to see the further development of the knowledge society in Ireland for the benefit of all citizens and consumers. A vibrant electronic communications and postal sector is necessary to meet this objective. ComReg's role in achieving this goal is clear. We are mandated to create a competitive marketplace, protect and inform consumers, and to foster innovation.

Broadband

Broadband penetration continued to grow strongly in the year, through a mixture of increased marketing by a growing number of ISPs, expansion in PC ownership and further growth and investment in mobile broadband and cable.

By the end of September 2008, there were over 1.125 million internet subscribers using broadband technologies, with broadband take-up growing by over 42% over the previous 12 months. Mobile broadband, in particular, continued to grow spectacularly: over the last 12 months it has grown by over 200%. There has also been considerable investment in LLU by a number of the alternative operators

Local Loop Unbundling

Local Loop Unbundling [LLU] has been a key driver of innovation and consumer choice in broadband in key competitor locations across Europe and beyond. Average take-up levels in Europe currently exceed 17%. ComReg is determined to ensure that consumers and operators alike can benefit from the advantages LLU can bring.

Mobile

Competition continued to grow strongly in the mobile sector. The penetration rate now stands at 121%, which is at the European average. Annual mobile market revenues have declined slightly as a result of a combination of increased competition, regulation on a pan-European basis that imposed reductions in roaming revenues, lower mobile termination rates and increased discounting as more people avail of bundled packages.

Currently 70% of all mobile subscriptions use a pre-paid service with the remaining 30% using a post-paid service. Vodafone has 43% of mobile subscriptions, O2 33%, Meteor around 19% and 3 Ireland a share of 5%. Texting remains a popular service in Ireland with an average of almost 2,000 texts sent per subscriber per annum. Currently there are four Mobile Network Operators in the Irish market place: Vodafone, O2, Meteor and 3 Ireland. Late 2007 saw the launch of Tesco Mobile Ireland, in partnership with O2, and in December 2008 An Post announced that it too was entering the marketplace, in partnership with Vodafone. Eircom mobile is also in the market as a reseller, focusing on the business segment. The level of enhanced competition in 2009 will offer both consumers and businesses more choice and, by shopping around, lower prices.

Consumer Initiatives

Protecting and informing consumers about their rights in relation to the electronic communications and postal sectors is a central element of ComReg's work. ComReg has maintained its strong focus on consumer issues during the year. ComReg's consumer care team handled some 28,500 consumer queries in 2008 and while improvements have been made, the service that some customers get from their providers falls below what they should expect. ComReg will be continuing to work with both the industry and other relevant agencies to ensure that further improvements are made in 2009.

ComReg's analysis of consumer issues indicated that many consumers continued to find it difficult to interpret and understand their bills. On the 6th of November, ComReg launched a quality standard in telecommunications bill presentation which was developed in partnership with Excellence Ireland Quality Association. The standard was developed to promote best practice and to encourage operators to make bills fully transparent and comprehensible to consumers.

ComReg also has a role in ensuring that the needs of people with disabilities are met in relation to communications. ComReg and the National Disability Authority (NDA) jointly established a forum on telecommunications services for people with disabilities. In October, ComReg and the NDA held a briefing on disability awareness in the telecoms sector and in November, ComReg and the NDA held a workshop on universal, inclusive design for all telecommunications users. The purpose of the workshop was to ensure that telecoms operators were fully aware of the needs of all consumers, and integrated these perspectives into their product development and customer care processes.

ComReg's interactive tariff guide – www.callcosts.ie has been further developed and now includes an international roaming calculator. ComReg's other main consumer facing website, www.askcomreg.ie, was also enhanced in 2008, notably with guidance on broadband speeds.

Spectrum and Innovation

The wireless telecommunications sector plays an important role in the Irish economy. ComReg estimates that more than 30,000 people are directly employed in the sector and that, at a conservative estimate, the economic contribution of the radio sector exceeds €3 billion per annum. This is equivalent to 1.67% of Ireland's total annual GDP.

During the past year ComReg consulted on and published its 2008-2010 Spectrum Strategy Statement. This outlines its strategy for managing the use of the radio spectrum in Ireland with the aim of maximizing its strategic, economic and social benefits for end users. The strategy covers all services and proposes a number of actions that ComReg will undertake over this three-year period.

A number of these actions are already underway including: a public consultation on release of spectrum for mobile TV, liberalisation of the 900 MHz and 1800 MHz GSM bands and release of additional spectrum to enable further broadband fixed wireless services to be provided.

ComReg considers that the availability of spectrum in Ireland potentially provides us with a significant competitive advantage particularly in the context of the developing digital media sector, our well educated and computer literate workforce and the other supports to business provided by Government. In this context, ComReg initiated in 2008 a Spectrum Development Programme to promote Ireland's natural advantage in terms of relatively uncongested radio spectrum resources. Throughout the year and to a range of different groups both at home and internationally ComReg has sought to raise awareness of this advantage. In particular ComReg has sought to further promote its best in class Test & Trial Licensing Scheme as a mechanism for assisting Ireland to become a test bed for wireless systems testing and service trials.

ComReg devoted its 2008 Annual Conference to stimulating the national debate on the subject of the Digital Dividend; the so-called dividend derived from moving from analogue to more efficient digital broadcasting. A major study of the technical and economic issues involved was published to coincide with the conference.

Postal

Like telecommunications, an efficient, competitive postal service is a prerequisite for a modern economy like Ireland's.

ComReg's website www.comreg.ie offers the facility to view an up to date register of authorised providers of postal services and the services each operator currently provides. In 2008 ComReg undertook an initiative to improve customer complaint handling by postal operators.

A key area of concern for ComReg is the quality of service provided. In the first three quarters of 2008, the percentage of mail delivered the next working day increased when compared to the same period the previous year. Maintaining progress is clearly important as current levels still fall well short of both international best practice and ComReg's target of 94%. ComReg will be continuing to work for improved standards of service from An Post.

On the 27th February 2008, the European Communities Third Postal Directive was published, mandating the opening of postal markets to competition no later than 31 December 2010. In anticipation of these developments, ComReg published its Postal Strategy Statement for the coming three years on the 14th of February 2008.

The statement sets out ComReg's plan over these three years for the successful delivery of identified key priorities and this is further underpinned by an annual Action Plan, which sets out the detailed priorities and timeframes. The introduction of legislation to turn the high-level Directive into a reality in Ireland is the necessary next step and ComReg will continue to work with all the key stakeholders in 2009 to ensure that Irish consumers and businesses benefit fully from the advantages liberalization can bring.

Conclusion

ComReg Chairperson, John Doherty, said "2009 will be a very challenging year for all stakeholders involved in these key sectors. Ireland is facing many challenges due to the global economic downturn. Consumer and business spending on communications will be weaker and the delivery of value will be critical. Getting finance for investment will be more challenging with only those plans providing significant returns likely to be successful. We will also witness further consolidations and takeovers in the sector. However, despite these difficulties it is imperative that the electronic communications industry continues to invest in telecoms infrastructure and services in Ireland".

“We must ensure that Ireland’s communications infrastructure is best in class so that it will both support the needs of existing companies here as well as acting as a spur to attracting new businesses to set up and flourish here. It is essential that we make further progress in relation to Next Generation Networks, and new wireless technologies such as WiMax/LTE. We will also need to maintain progress on rolling out Digital Terrestrial Television during the year. ComReg is committed to continuing to play its role in ensuring the environment to support investment, innovation and competition is fully in place”.

“Throughout the communications industry – both electronic and postal – we need to keep up the momentum towards competitive, open markets giving choice and value for money to businesses and consumers”.

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