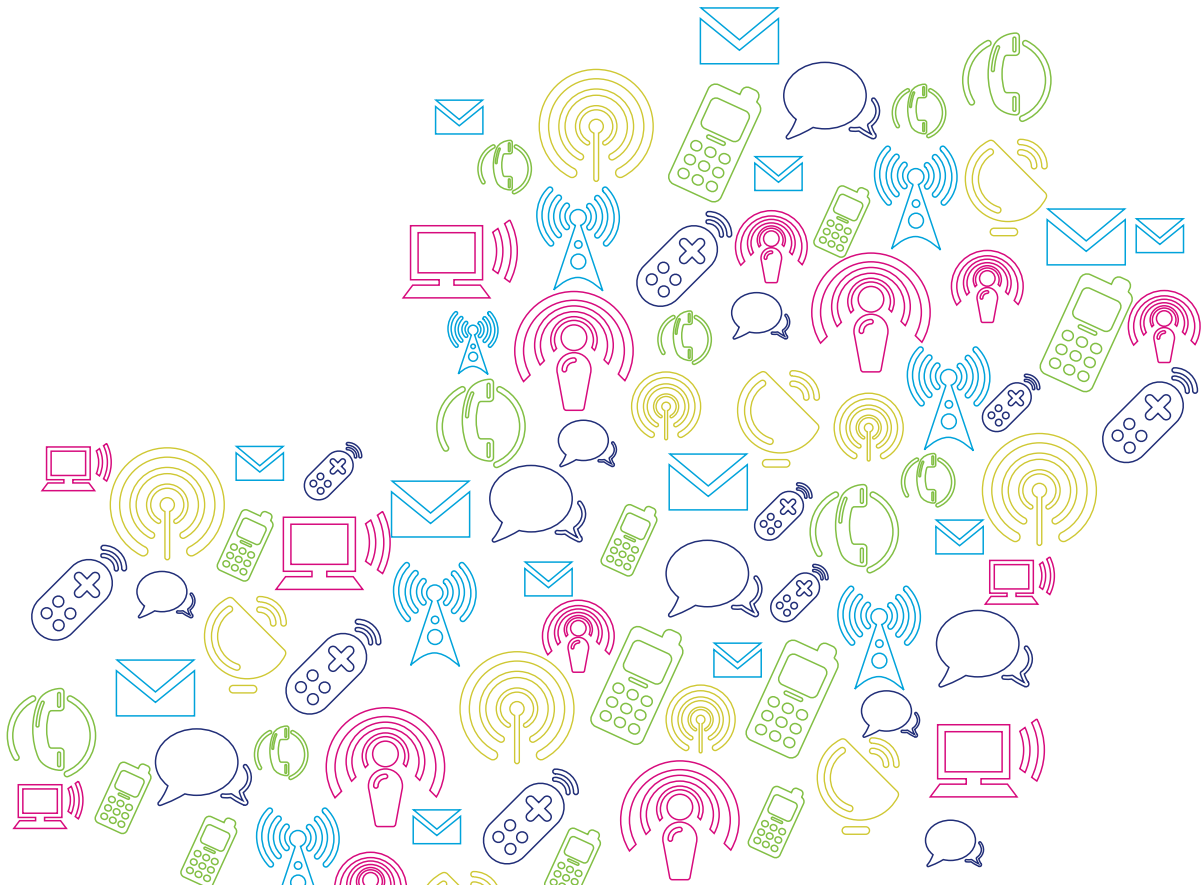




Commission for
Communications Regulation



ANNUAL REPORT 2010/2011



Encouraging
innovation

Promoting
competition

Protecting
consumers

Mission Statement

ComReg's mission is to promote competition, foster innovation, and provide appropriate protection, for the benefit of all users of communications services.

Presented to the Minister for Communications, Energy and Natural Resources in accordance with Section 32 of the Communications Regulation Act, 2002.

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Commissioners



Alex Chisholm
Chairperson



Mike Byrne
Commissioner



John Doherty
Commissioner
(Retired Feb.2011)

Executive Management Team



George Merrigan
Director
Market Framework Division



Donal Leavy
Director
Wholesale Division

Vacant
Director
Retail & Consumer Services Division



Yvonne White
Director
Corporate Services Division



Caroline Dee-Brown
General Counsel



Patrick Kenny
Senior Economic Advisor

ComReg is the statutory body responsible for the regulation of electronic communications (telecommunications, radio communications and broadcasting), postal and premium rate services. ComReg is the national regulatory authority for these sectors, in accordance with EU and Irish Law. In addition we manage the radio frequency spectrum and the national numbering resource, among other responsibilities.

Organisational Structure

The Minister for Communications, Marine and Natural Resources announced the establishment of ComReg on December 1 2002. On February 1, 2010, Alex Chisholm was appointed Chairperson of the Commission, with John Doherty having served as Chairperson from 1 December 2008, and Mike Byrne previous to that. The Commission was comprised of these three Commissioners up to end 2010, when John Doherty retired following a long career in the public service.

The Commission, with the Management Policy Committee (MPC), is responsible for the strategic and operational management of the organisation. ComReg depends on the efforts of all of our staff (including lawyers, economists, engineers and administrative specialists) to deliver on our mission and meet our regulatory objectives.

ComReg operates as a collegiate body, with decisions being taken collectively by the Commissioners. We see this as important in fulfilling the spirit of the Communications Regulation Act 2002, which established the Commission. ComReg consists of four Divisions, supported by a General Counsel and a Senior Economic Advisor. The structure is based on cross-functional teams operating in a multi-disciplinary environment.

Functions

ComReg is responsible for promoting competition, protecting consumers and for encouraging innovation. We deal in complex issues of law, economics and technology, and ensure that our decisions are explained clearly.

Our objectives are set out in line with both primary and secondary legislation, and this legislative framework continues to evolve. In 2007, ComReg's responsibilities and powers, as well as available enforcement measures, were augmented by the Communications Regulation (Amendment) Act 2007. In particular, ComReg was granted Competition Act powers in relation to electronic communications and services. In June 2009 the Minister for Communications, Energy and Natural Resources published legislation to transfer responsibility for the regulation of premium rate services to ComReg and the Communications Regulation (Premium Rate Services & Electronic Communications Infrastructure) Act was signed on 16 March 2010. Following a period of preparation, ComReg commenced regulation of this area in July 2010.

Our telecommunications networks and services remit now includes:

- Traditional telephone systems
- Mobile networks providing voice and data services
- Radio communications, including fixed wireless, providing a variety of services
- Traditional television and radio transmission
- Cable Television
- Multi-channel Multipoint Distribution Service and deflector operations providing TV services
- Test and Trial licence schemes
- Licensing Framework for Satellite Services in Ireland
- Premium Rate Services.

ComReg enables competition in the communications sector by facilitating market entry through a general authorisation to provide networks and services, and by regulating access to networks so as to develop

effective choice for businesses and residential consumers. In a rapidly evolving sector, both in technological and commercial terms, ComReg provides the framework for the introduction of a range of new services including, for example, Next Generation Networks, 3G services, Fixed Wireless Access Local Area (FWALA) and a Test and Trial Licence Scheme.

Under Section 10 and Section 12 of the Communications Regulation Act 2002, ComReg has a range of functions and objectives in relation to the provision of electronic communications networks, electronic communications services and post.

These include:

- Ensuring compliance with obligations
- Promoting competition
- Contributing to the development of the internal market
- Promoting the interests of users within the European Community
- Ensuring the efficient management and use of the radio frequency spectrum and numbers from the national numbering scheme
- Promoting the development of the postal sector and, in particular, the availability of a universal service.

The focus of regulation for the postal service in the liberalised market has been the maintenance of the Universal Service Obligation (USO) and in ensuring that An Post's prices are geared to cost. ComReg is also responsible for overseeing improvements in quality of service by setting targets for the delivery of mail and monitoring the quality of service performance against the targets set, in accordance with European standards.

Our activities focus on business and residential communications users and operators. This Annual Report covers our key activities from July 2010 to the end of June 2011.

Key contact details:

The Commissioners' Office

Commissioner Alex Chisholm (Chairperson)
Commissioner Mike Byrne

Contact Marie Cussen
Tel: 01 8049689

Colette Andrews
Tel: 01 8049644

The ComReg Divisions and their Directors are:

Market Framework - Director: George Merrigan

Market Framework is responsible for managing the radio spectrum. It also oversees the general authorisation regime for the electronic communications sector in Ireland and monitors compliance with general authorisation conditions. Furthermore, it is responsible for the regulation of the Postal Sector. Market Framework manages radio spectrum and issues approximately 16,000 Wireless Telegraphy licences to various companies and individuals. In addition, Market Framework administers Ireland's National Numbering Plan, as well as providing the framework for new regulatory requirements for both fixed and wireless markets.

Contact: Sinéad Devey,
Tel: 01 8049621

Wholesale Division - Director: Donal Leavy

The Wholesale Division handles all issues concerning the regulation of the wholesale telecommunications market including such matters as interconnection, dispute resolution, unbundling the local loop and the pricing of regulated wholesale products. This Division also has a role in relation to broadband deployment and next generation networks. Wholesale has responsibility for telecoms compliance. This Division also has responsibility for the regulatory financial aspects of the telecoms sector.

Contact: Claire Kelly,
Tel: 01 8049710

Retail and Consumer Services Division – Director: Vacant

The Retail and Consumer Services Division handles policy in relation to consumers' interaction directly with sellers of services. This includes areas such as the universal service provision of telecoms access, consumer rights and some elements of retail pricing. It is also responsible for ComReg's interaction with EU institutions, including the Body of European Regulators of Electronic Communications (BEREC).

Retail and Consumer Services is responsible for the monitoring of the quality of service and price control of the Emergency Call Answering Service (ECAS). Since July 12 2010, this Division has been responsible for the regulation of premium rate services.

Contact: Michelle O'Donnell,
Tel: 01 8049654

Corporate Services Division - Director: Yvonne White

This Division develops and implements leading-edge corporate affairs and communications strategies designed to enhance organisational performance and effectiveness. It is responsible for the human resources, finance, information systems, freedom of information, public relations, and general facilities management functions and strategic management for the organisation.

Contact: Sharon Ward,
Tel: 01 8049720

General Counsel: Caroline Dee-Brown

The General Counsel advises on all major legal matters and on the legal implications of communications policies in Ireland and the EU.

Contact: Colette Andrews,
Tel: 01 8049644

Senior Economic Advisor: Patrick Kenny

The Senior Economic Advisor is responsible for providing economic advice to the Commission and economic input to key economic projects undertaken by ComReg.

Contact: Colette Andrews,
Tel: 01 8049644



Alex Chisholm Chairperson

During the year growth within the overall sector was relatively stable compared to a decline in revenues in previous years. The communications sector in Ireland is generating some €4 billion in annual revenues, employing over 23,000 people directly. Communications services, such as broadband and mobile services, are highly valued by consumers and businesses. They will contribute to economic growth and recovery by boosting productivity and providing access through the internet to markets overseas.

In the face of a deep recession, the electronic communications sector has coped better than many other sectors of the economy. The industry continues to respond to the demanding and testing environment as businesses and consumers look for better value and as Ireland tries to become more competitive. In parallel, next-generation broadband and infrastructure investment remain the focus of both policy-makers and industry. The Government's NewERA plan, as set out in the Programme for Government, will co-invest with the private sector and commercial Semi -State sector to provide next generation broadband to every home and business in the State.

ComReg's role is to facilitate the development of a vibrant, high performing communications sector, in which consumers and businesses have access to a wide choice of high quality and fairly valued services. We do this by promoting competition, investment and innovation, informing and protecting consumers, maintaining the universal service in telecoms and post, and managing the radio spectrum and national numbering schemes.

Since the liberalisation of the telecommunications market and the introduction of regulation in 1997, users have benefited significantly from improvements in technology and a sustained increase in competition. This has expressed itself in product innovations (such as mobile broadband), increased choice of supplier and network platform, extended coverage of fixed and wireless networks and services, falling prices for users, and annual investment from the private sector in excess of €500 million. A growing and profitable market, characterised by stable regulation and open competition, will provide the context in which the private sector will continue to invest in the Next Generation Networks, both fixed and wireless, needed to meet accelerating demand for bandwidth.

Recent Key Developments

- The modified EU framework for electronic communications has been transposed into Irish law. This enhances the regulatory regime, notably to promote consumer choice, to provide for spectrum trading, to address risks to the security of networks; and to reinforce regulatory independence and powers.
- The EC's Radio Spectrum Policy Group (chaired by ComReg) delivered on the busy and challenging work programme it set out for 2011. In particular the opinions and reports presented by RSPG on the key areas of the *Review on Spectrum Use, Improving Broadband Coverage, Collective Use of Spectrum and EU Assistance in Bilateral Negotiations* are strategic items necessary for the development of spectrum policy in the EU
- The Third Postal Directive provides for liberalisation of postal markets across Europe from 2011, and the necessary national legislation was enacted.
- ComReg is progressing proposals to liberalise and auction spectrum in the two bands currently used for GSM (voice and text) mobile services. It is now proposed to include in this auction the 'Digital Dividend' spectrum which will be freed up by the move from Analogue to Digital TV broadcasting in 2012. The auction will facilitate national roll-out of advanced mobile broadband services.
- ComReg is developing the regulatory framework for Next Generation Access, and will work with the Department of Communications, Energy and Natural Resources (DCENR) and the Next Generation Taskforce to accelerate rollout of networks and services.
- ComReg merged with another agency (RegTel), a key deliverable under the Public Service Agreement process. ComReg continues to take on more functions, without raising the industry levy, and while reducing costs.

Investment And Competition

Over the last 3 years, several hundred million Euros have been invested in broadband networks in Ireland – fixed, wireless and cable. We have a particular advantage in the high penetration of wireless broadband. The recent launch by the cable company UPC of a 100 M/Bits broadband service has the potential to bring superfast access to up to 500,000 households. Eircom's Ethernet product, launched last year, and rival products from the likes of BT, give high-speed access to most of the businesses in the country. Eircom is now contemplating a major investment in fibre-to-cabinet/fibre-to-home networks. Vodafone and BT continue to invest in the LLU market.

The prime driver of private sector investment has been competition, and ComReg continues to fine-tune the regulatory framework to provide appropriate incentives to spur further competitive investment. The current framework for local loop bundling, the new framework being developed for NGA regulation, and the proposed spectrum auction, are the key regulatory initiatives. ComReg also supported DCENR in the development of the National Broadband Scheme.

Spectrum And Innovation

It is critically important to manage the radio spectrum efficiently so that consumers, industry and the economy can benefit from the convergence and digitalisation of electronic communications services and networks.

During the year ComReg undertook an extensive amount of preparatory work in order to hold a competition for the 900 MHz, 1800 MHz and 800 MHz bands, including the publication of a number of consultation papers seeking the views of its stakeholders.

We also issued nine Test & Trial licences to various licensees, including universities, research centres, telecommunication manufacturers and telecommunication service providers. A wide variety of technologies were tested under this licensing programme, supporting industry innovation.

In the course of the reporting year ComReg continued its work in relation to spectrum planning for digital television and digital radio, including international coordination of the required radio frequencies. In May 2011 ComReg issued a licence to RTÉ in respect of its second digital multiplex. This multiplex will give RTÉ the capacity to include additional programme services in its SAORVIEW platform and to provide additional features such as High Definition programming.

Broadband

Despite the recession the numbers of consumers and businesses with a broadband subscription increased by 8.3%, while the numbers of narrowband subscriptions fell to 34,109 narrowband or dial-up internet subscriptions. This represents 2.1 % of overall internet subscriptions and demonstrates that Irish consumers have migrated in significant numbers to broadband. Across the range of specific broadband platforms, the strongest growth at 32% was in cable broadband. The take-up of mobile broadband grew by 14.8% over the year. Fixed broadband take-up fell slightly by 0.2% and there was a decline in Fixed Wireless Broadband of 6.2%.

ComReg continues to work with all stakeholders to encourage investment in next-generation broadband. For its part the Government has augmented the National Broadband Scheme with a further initiative, the Rural Broadband Scheme, to provide broadband to areas of the country where it is not available commercially.

Mobile

There were over 5.3 million mobile phone subscriptions registered by the end of June 2011 giving Ireland a mobile phone penetration of 117.4 % while the EU average at the same period was 126.8%. Average Revenue Per User (ARPU) fell further and was down to €30 from €38.50. The decline in ARPU reflects a number of factors, including more competitively priced plans, reductions in mobile termination rates and a decline in consumer spending.

During the year an estimated 35,000 mobile numbers were ported each month, or 396,260 over the entire year. This is an increase of 22% on the previous year. It reflects the level of competition in the market and that consumers are looking for the best value available.

Business Costs

In our most recent business survey, 56% of businesses claimed to have reduced their spend on communication services in the past 12 months. Across both SMEs and corporates, average stated monthly mobile spend has dropped by 20% between 2006 and 2009. The costs of business calls also compare well with international trends. Key ComReg initiatives:

- ComReg has introduced a business information portal, complemented by a dedicated business consumer line, to provide targeted assistance to businesses.
- ComReg has made a number of interventions in the mobile market to improve its functioning, notably in relation to Mobile Termination Rates.
- In terms of our current priorities, the introduction of NGN Ethernet (i.e. business-class broadband – Leased Lines) has resulted in reduced costs at the wholesale level, with annual business cost savings of up to 73%, with an average annual saving of circa 34%.

Postal

ComReg is the National Regulatory Authority for the postal sector and during the year a significant milestone was passed as full market opening was achieved. On January 1 2011 all exclusive and special rights for the provision of postal services in Ireland ended in line with the EU's postal directive. ComReg continues to monitor An Post's next-day delivery performance on an ongoing basis, and apply pressure for further improvements in quality.

Consumer Activities

Advising, protecting and informing consumers are key elements of ComReg's consumer mandate. Knowledgeable and informed consumers will help to drive competition within the electronic communications and postal sectors.

In January 2011, ComReg unveiled its latest consumer website www.phonesmart.ie. This site provides advice to consumers on Premium Rate Services (PRS) and their use. It also provides a number checker allowing consumers to check the origin of a five-digit shortcode so that they may contact service providers directly with a query.

In June 2010, following a public consultation, Eircom was re-designated as the Universal Service Provider (USP) for a period of two years, until 30 June 2012, in accordance with the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations.

At the same point in the year, Eircom established a Quality of Service Performance Improvement Programme (USO), with associated annual performance targets and bonds. In addition, Eircom estimated that it would make an annual investment of over €30m in 2010/2011 and 2011/2012. ComReg monitors Eircom's commitments in relation to the above programme and the targets specified by ComReg in 2008. ComReg continues to publish Eircom's Quality of Service performance on a quarterly and annual basis.

Better Regulation

Through the Economic Regulators' Group we have endeavoured to inform, and be informed by, regulatory best practice, with progress being made on stress testing and a number of resource and skill-sharing initiatives. We've worked closely with relevant bodies under the Public Service Agreement process to deliver cost savings, and prioritised our work in the context of the Employment Control Framework. Initiatives such as our eLicensing scheme have raised our efficiency and

reduced the cost to industry of dealing with regulation. We continue to have our approaches validated through European Competitive Telecommunications Agency (ECTA) benchmarking and Excellence Through People, among others.

Corporate

During the year ComReg issued its Strategy Statement which sets out our vision until 2012, following a consultative process.

As one of a small number of State bodies who have consolidated their operations, the full integration of the staff who had worked in Regtel previously was a particular focus of our work in this period, including training, mentoring and performance management.

ComReg's workload continues to grow with new responsibilities under the updated EU Communications Framework, new postal legislation and Premium Rate Services legislation. These additional functions have been progressed despite constraints on budgets and staff numbers reflecting the efficiency of our systems and procedures. It also reflects on the capability and commitment of our dedicated workforce.

The 2010 Regulatory Scorecard (an independent survey of telecoms regulation in Europe produced by the European Competitive Telecoms Association) rated Ireland sixth out of 27 nations, with ComReg a 'best practice' regulator in a number of categories.

In the year ahead, key tasks will include the spectrum auction, regulation of Next Generation Access networks, proposals for the future evolution, and financing, of the Universal Service in telecommunications and developments in the regulation of PRS. ComReg will also implement new legislation for postal and electronic communications. We will continue to use all the powers available to us to promote competition, investment and innovation, in the interests of consumers.

Alex Chisholm
Chairperson

According to Central Statistics Office data, Ireland's Gross National Product for the four quarters to the end of Q2 2011 was approximately €133.1 billion, while telecommunications sector revenue reported to ComReg for the same period was estimated at €3.9 billion. Based on this data, the electronic communications sector represents around 2.9% of total Irish GNP. This percentage has continued to grow over the last three years, indicating that while overall GNP has continued to decline and other sectors of the economy have suffered, the telecommunications sector has remained relatively stable despite the recession.



- The value of the telecommunications sector grew by 1.3% in the second quarter of 2011 and increased by 1.2% in the twelve months to June 2011.
- According to Central Statistics Office data, Ireland's Gross National Product for the four quarters to the end of Q2 2011 was approximately €133.1 billion, while telecommunications sector revenue reported to ComReg for the same period was estimated at €3.9 billion. Based on this data, the electronic communications sector represents around 2.9% of total Irish GNP. This percentage has continued to grow over the last three years, indicating that while overall GNP has continued to decline and other sectors of the economy have suffered, the telecommunications sector has remained relatively stable despite the recession.
- Of the €3.9 billion in total revenues generated, revenues from the fixed line sector (including broadband) accounted for 51.7%, while the mobile telephony sector contributed 43.5% of revenues. Broadcasting revenues (based on revenues from cable and Multichannel Multipoint Distribution Service (MMDS) providers only) accounted for the remaining 4.8%.
- Ireland's per capita mobile penetration rate¹ (based on 5,377,188 mobile subscriptions, including mobile broadband) at the end of Q2 2011 was 117% compared to 114.6% in June 2010.
- Ireland's per capita broadband penetration rate (based on 1,628,362 subscriptions, including mobile broadband) at the end of Q2 2011 was 35.5%. The fixed broadband household penetration rate² (based on 877,312 fixed broadband subscriptions) at the end of Q2 2011 was 53.3%.
- Total broadband subscriptions grew in the year to June 2011 by 8.3% (up 5% if mobile broadband is excluded). In the same period cable subscriptions increased by 32% and mobile broadband growth was 14.8%. As at Q2 2011, there were 34,109 narrowband or dial-up subscriptions in Ireland, down by 55.8% since Q2 2010.
- Next-generation broadband and infrastructure investment remains the focus of policy makers and industry players.
- Operators also announced some significant investments in infrastructure and services. Eircom announced that more than 300,000 customers were using its Next Generation Broadband (NGB) service at the wholesale and retail level. More than 240 exchanges are planned to be upgraded by the end of 2011. When the planned NGB rollout is complete, more than one million (75%) working lines will be connected to NGB enabled exchanges.
- The open access operator E-net, which is responsible for managing the State's MAN (metropolitan area network) infrastructure in 94 towns across Ireland, also announced investment of €25m in targeting next-generation access in Ireland's regions. Further investment in infrastructure and next generation broadband has been confirmed by Digiweb³, Vodafone Ireland⁴, UPC⁵ and 3 Ireland⁶ in the past twelve months.
- According to Nielsen's TV Audience Measurement (TAM) Establishment Survey, as of May 2011 almost 80% of all television homes in Ireland had a cable or satellite subscription. Nielsen's data also suggests that 75% of all television homes⁷ in Ireland have a digital subscription (either cable or satellite). SAORVIEW, Ireland's first free-to-air national digital television service was launched in May 2011 and by October 2012 will be accessible to 98% of Irish people, replicating the population coverage of the current analogue service.

1 Based on a CSO April 2011 population estimate of 4,581,269

2 Based on a CSO Q4 2010 household estimate of 1,646,200

3 Digiweb launched a next generation broadband satellite service, Digiweb Tooway, aimed at reducing the cost of providing broadband access to remote parts of Ireland.

4 Vodafone Ireland is looking to increase investment by 20% in fiscal year 2012, with a focus on improving its network and IT infrastructure.

5 In May of 2010 UPC announced investment of €15 Million to deliver "Fibre Power" to six major towns - Sligo, Mullingar, Athlone, Newbridge, Carlow & Portlaoise; enabling these regional towns to receive the full menu of UPC services.

6 3 announced a €38m investment in Ireland with a new BT contract which will vastly increase bandwidth countrywide and will see BT's fibre network rolled out to over 200 new mobile sites and support to a further 1,000 sites that currently serve 3's customer base.

7 Nielsen estimates 1.591 million television homes in Ireland

In relation to competition, ComReg's aim is to drive access and investment in high-speed broadband networks through cross-platform competition, and to use effective and appropriate wholesale regulation to create the opportunities for dynamic and sustainable competition.



Progress in relation to these varied aspects of the role is outlined below as follows:

- Encouraging the roll-out of competitive Next Generation Access
- Promoting dynamism and innovation in the sector through infrastructure-based or service-based competition, as appropriate
- Facilitating fixed/mobile convergence by ensuring the treatment of bundles enables product innovation and sustainable competition
- Ensuring efficient release of radio spectrum using technology and service neutral mechanisms

The past twelve months have seen significant developments in the competitive landscape in the Irish telecoms sector particularly in more densely populated areas. The cable player UPC has emerged as a strong competitive presence across a number of urban areas while the renewed activity of Local Loop Unbundling (LLU) operators, notably BT, has given impetus to LLU volumes. During the period cable operators increased their broadband subscriber base from 173,146 to 228,595 growing by 32%, while LLU lines increased from 22,042 to 57, 548.

Traditional mobile subscribers approached 117 % penetration or 5,377,188 subscribers by June 2011. Mobile broadband volumes increased by 14.8% over the period. Overall, market shares in the mobile sector remained fairly stable.

Broad trends evident in the market over the period were consistent with international developments. Relatively densely populated areas saw the emergence of more infrastructure intensive competition with players such as UPC, BT and Magnet more reliant on self-provided infrastructure. There was some evidence of increasing bandwidth consumption, probably driven by, on the one hand, demand considerations such as more sophisticated usage of the internet and the increasing prevalence of smart phones on the mobile side, and on the other hand by improved supply due to core network upgrades by a number of operators including Eircom.

One study⁸ reported that Ireland was in the top ten globally for average connection speeds despite relatively low penetration of very fast broadband (excess of 25 Mb/s). The trend to faster connection speeds was expected to continue as a result of developments in faster access network technologies. ComReg's planned auction of mobile licences to extend to 2030, in conjunction with the availability of 800 MHz, liberalised 900 MHz and 1800 MHz spectrum as a result of Analogue Switch Off (ASO), will contribute to the proliferation of faster mobile services.

The continued convergence of services was notable with most operators focusing on bundled offers of one form or another, most commonly, fixed voice and broadband services but also television, voice and broadband.

The regulatory framework has underpinned much of this development. Reductions in Eircom wholesale pricing for local loop unbundling and Ethernet services contributed to the investment made by alternative operators in broadband infrastructure. The appropriate regulatory pricing has ensured that all these players are facilitated and there are sufficient margins for all players to compete fairly while ensuring that consumers have a wide variety of choice at the best possible value. Convergence was facilitated by substantial reductions in Mobile Termination Rates (MTRs) of an average of 42%.

The business sector in Ireland has seen prices for high speed data services drop significantly. These reductions are as a result of improved and cheaper technology such as Ethernet and radio services and the increased roll out of fibre networks by Eircom, BT Ireland, UPC, E-Net and many other niche players all contributing to a very vibrant and dynamic market. This has helped to encourage significant companies such as Google, IBM, Intel, Twitter and LinkedIn to establish centres in Ireland which have the necessary infrastructure in place, benefiting from competitive prices compared to international benchmarks. In the period in question it became possible to offer

8 <http://www.akamai.com/stateoftheinternet/>

Competition

fixed/mobile bundles more cheaply as the price of mobile termination fell from €8.03 per minute to €4.64 per minute which is a reduction of 42%. In October 2011 ComReg published a document entitled "Review of the appropriate price controls in the markets of Retail Fixed Narrowband Access, Wholesale Physical Network Infrastructure Access and Wholesale Broadband Access".

Next Generation Access

A number of significant developments occurred during the period. Notably UPC announced and proceeded to implement an upgrade of its network to the DOCSIS 3.0 technology which permits download speed of up to 100 Mb/s. UPC plans to roll out this technology to 500,000 homes in Ireland.

This means that on completion approximately 42% of Irish households would be able to avail of very high speed broadband. Also of note was Eircom's announcement of a trial of next generation access service in Dublin and Wexford to about 10,000 homes to commence in early 2012. The trial was described by Eircom as an "Open Access" trial Eircom supplemented this announcement in July 2011 by indicating it was to invest €100m in roll-out of Next Generation Access to 100,000 homes commencing in 2012, as part of larger multi-year programme.

This roll-out will be done using fibre optic cable to street side cabinets (known as "Fibre To The Cabinet" or "FTTC") which will allow maximum download speeds in the region of 40 Mb/s to 80 Mb/s. Eircom estimate that approximately 10% of these lines will be addressed by rolling out fibre all the way to the end user ("Fibre To The Home" or "FTTH"). These lines will be able to avail of speeds of up to 150 Mb/s download. A more detailed paper on NGN Regulation is in preparation.

In this context ComReg's decision (ComReg 11/49) in respect of the Market Analysis of Wholesale Broadband Access was important as it set out that next generation services would be subject to regulation.

Infrastructure-based or service-based competition

A key trend has been the emergence of alternative platforms to the Eircom network – notably UPC's cable network. Volumes of Local Loop Unbundling also increased substantially in the period, increasing from 22,042 in June 2010 to 57,548 in June 2011. Wireless based technologies such as mobile broadband and Wimax, albeit offering differing functionality and pricing to fixed lines, has offered considerably improved consumer choice. These developments have been consistent with ComReg's long standing policy of pricing the incumbent network that has regard to the possibility of the entry of competing platforms. Nevertheless service-based fixed line competition continues, and will continue to be an important feature of the market. This will both allow smaller operators to compete and build scale in urban areas and to provide a valuable choice to users in less densely populated areas where alternative platforms may not be available.

Local Loop Unbundling (LLU)

Volumes of LLU increased substantially during the year – albeit from a small base. At year end the figure stood at 57,548 or 5.5 % of fixed broadband connections and 7.9% of DSL connections. Of these connections 13,713 were based on full unbundling and 43,835 were shared lines. ComReg expended considerable resources on monitoring the performance of the product especially the migration process from wholesale broadband to LLU. It is ComReg's view that many aspects of this process were unsatisfactory – principally in terms of the speed of the completion of the process. As a result of engagement with Eircom many LLU related prices – including migration charges were reduced substantially. Also on foot of this Eircom announced to Industry in August 2011 a number of measures to improve product performance and increase confidence in the process.

Key Performance Indicators

In September 2010, ComReg published a consultation in ComReg Document 10/74 on the publication of performance metrics in regulated markets. A final decision on this matter was issued in ComReg Document 11/45. As a result of this decision Eircom was obliged to publish comparable statistics in respect of service metrics comparing what it provides to its retail arm with that made available to its wholesale customers. The intended effect of this was to provide confidence to ComReg and the rest of industry that Eircom was providing services of an equivalent standard to all. It was also intended to provide confidence to end users so that they could purchase alternative operators services which could at least match Eircom in terms of quality.

Business Services

Eircom's new wholesale NGN Ethernet data service was launched in August 2010. This was available across Eircom's core NGN platform covering an estimated 94% of businesses. Pricing agreed with ComReg was substantially lower than for legacy products, up to 90% in some cases, but more typically 50% to 60% depending on the connection configuration. ComReg consulted more generally on leased line and related services pricing and related obligations in documents in ComReg Documents 10/70 and 11/22. ComReg also announced price reductions on access charges for fibre-based business data services of approximately 40% in ComReg Document 11/26.

Broadcasting

ComReg consulted on whether the market for wholesale broadcast transmission was susceptible to regulation under the European Commission's Three Criteria Test. This market may include, for example, the services provided by RTE Networks Limited (RTENL) to RTE and other broadcasters comprising the physical distribution of audio-visual content. As this market is no longer recommended by the European Commission on a *prima facie* basis as being suitable for *ex ante* regulation, ComReg is obliged to assess

whether it is susceptible to regulation in Ireland based on prescribed criteria. In ComReg Document 11/24, ComReg found that the market was in fact susceptible to regulation and committed to consult further on the implications of this finding.

Accounting Separation

ComReg directed Eircom in ComReg Document 10/67 to prepare separated accounts on a revised basis. The direction resulted in a substantial update to Eircom's accounts and in turn made them more relevant to current market conditions.

Compliance

One of the ComReg functions managed by the Wholesale Division is Compliance in respect of the telecoms sector. The majority of cases, excluding PRS and Spectrum compliance cases, are handled by the Wholesale Compliance team.

The issues covered by the investigations cover a breadth of issues but generally involve the obligations which operators have through regulations imposed directly by legislation or by ComReg. Some of these obligations related to consumers' rights, such as the right to appropriate information in customer contracts. Other obligations include issues such as non-discrimination at the wholesale level, or transparency of information. A number of the investigations this year also included a failure by operators to provide accurate and timely information to the regulator when required to do so.

In the period 1 July 2010 to 30 June 2011, the Wholesale Compliance team opened a total of 55 new investigations and closed 73. Details of the trends in cases managed by the compliance team are available in the "Wholesale Compliance Interim Report 2011", ComReg Document 11/54.

In addition to the formal compliance investigations ComReg has been working with telecoms operators and the Department of Communications Energy and Natural Resources on the issue of incident handling.

Competition

In the 12 months ComReg has participated in one national joint telecommunications and energy sectors incident exercise and one European exercise in the area of telecommunications incidents. ComReg has also worked with other National Regulators, the European Commission and the European Network and Information Security Agency (ENISA) in the development of minimum security measures for operators and the arrangements for reporting network incidents to ENISA and the European Commission.

Competition Law

Since 2007, ComReg notwithstanding its *ex ante* regulatory role, also shares concurrent responsibility with the Competition Authority for investigating breaches of competition law in the electronic communications sector on an *ex post* basis.

Consumers of electronic communications services are best served through a well functioning competitive marketplace within which a range of service providers offer consumers high quality and competitively priced services. In certain cases, competition issues may arise within a market requiring intervention in order to protect the competitive process and, in turn, consumer interests.

During the year, ComReg opened one formal investigation into an alleged breach of section 5 of the Competition Act 2002 (as amended), in relation to an alleged abuse of a dominant position. This investigation is ongoing.

Given ComReg's broadened remit to investigate competition law breaches and, having received a small number of queries and complaints, in December 2010 ComReg published guidance in ComReg Document 10/110 for interested parties. It provides information about ComReg's expanded role. It outlines what information is required when submitting a complaint and details what can be generally expected of ComReg when dealing with such a complaint.

Liaison between ComReg and the Competition Authority

Throughout the year, ComReg and the Competition Authority continued to liaise, both formally and informally, on matters of mutual interest. To facilitate such interaction, both statutory bodies have entered into two separate co-operation agreements governing the effective and efficient exercise of our respective roles insofar as they relate to issues of competition, namely

- a Co-operation Agreement of December 2, 2002 governing co-operation between ComReg and the Competition Authority in the exercise of our respective *ex ante* and *ex post* regulatory respective functions, and
- a Co-operation Agreement of June 23, 2008 concerning the exercise of our respective concurrent *ex post* competition law powers in relation to electronic communications services, electronic communications networks or associated facilities.

GSM Liberalisation and Multi-Band Spectrum Award

Finally, in terms of our competition objectives, ensuring efficient release of radio spectrum using technology and service neutral mechanisms is a priority for us. ComReg continues to progress its work to facilitate the liberalisation of the 800 MHz, 900 MHz and 1800 MHz GSM bands.

In this reporting period ComReg issued its fourth consultation in September 2010 ComReg Document 10/71 in which ComReg presented its proposals on the inclusion of the 800 MHz digital dividend band in this process as well as proposals to extend the current GSM900 licences of two of the mobile operators. This was followed by ComReg's fifth consultation on December 2010 ComReg Document 10/105 proposing to include the 1800 MHz band.

ComReg published its response to consultation and Draft Decision on the issue of interim licences to

Telefónica O2 Ireland Limited and Vodafone Ireland Limited in February 2011 ComReg Document 11/11 and its final Decision in April 2011 ComReg Document 11/29. Interim licences have subsequently been issued to both O2 and Vodafone to deal with the expiry of their 900 MHz GSM licences in May 2011.

ComReg is seeking to finalise its proposals with a view to holding a multi-band spectrum award. The outcome of this process will be reported on in the next period.

Release of the Band 2300 – 2400 MHz

Work within the European standardisation body, the European Telecommunications Standard Institute (ETSI), has now been mostly finalised. ComReg intends to follow up with a second consultation to finalise a number of outstanding issues and then proceed with an auction for this band. This work will be reported on in the next period.

Review of the 2.6 GHz Band

In Ireland the band 2500 – 2690 MHz (the 2.6 GHz band) is currently used for Multipoint Microwave Distribution Systems (MMDS), licensed under the Programme Services Distribution Regulations (S.I. No. 529 of 2003) in accordance with the Wireless Telegraphy Act 1926.

In light of its obligations under the 2003 Regulations, ComReg published in May 2010 ComReg Document 10/38 a call for inputs and views on the range of potential uses of, and future licensing options for, the 2500 MHz to 2690 MHz spectrum band in Ireland. The inputs received represent a wide and often conflicting set of views on the best approach for the future use of the 2.6 GHz band, and were published in July 2010 ComReg Document 10/58. The breadth and depth of views received indicates to ComReg, among other things, that the future use of the 2.6 GHz band is viewed as being particularly valuable to respondents, for a variety of different reasons and viewpoints.

ComReg engaged external consultants, Aegis Systems Limited and Plum Consulting, to undertake a technical and economic study into the potential for sharing the band between MMDS and other potential applications. The results of this study, completed in February 2011, will be among the issues discussed in a consultation paper which is currently being finalised for publication in the near future. The outcome of this consultation will be reported on in the next reporting period.

Numbering

In relation to numbering, ComReg continued to balance the need to conserve this finite national resource while ensuring that there is always an adequate supply of numbers to support the demands of existing and new customers and service providers.

ComReg's overall goal in relation to consumer protection is to inform, empower and protect consumers, residential and business, and to ensure the availability of a universal telecommunications. Progress in relation to these varied aspects of the role is outlined below as follows:

1. Informing, empowering and protecting consumers
2. Ensuring consumer welfare and protection
3. Ensuring availability of a universal telecommunications service.



Informing, Empowering and Protecting Consumers

As part of ComReg's consumer role to protect and inform consumers, ComReg seeks to identify the needs of consumer segments such as businesses, individual consumers, people with disabilities and vulnerable consumers in respect of electronic communications. In order to achieve this, ComReg monitors developments through our Consumer Line; our award-winning websites; www.callcosts.ie and www.askcomreg.ie; our Consumer Outreach programme; the ComReg Consumer Advisory Panel; the Forum on Electronic Communications Services for People with Disabilities; relevant surveys and inputs from consumer organisations with which we liaise closely.

Tariff Transparency

ComReg recognises the need for consumers to make informed decisions and to be appropriately informed, empowered and protected, even more so as competition intensifies and in light of economic circumstances ComReg's strategy is to work with industry to ensure that relevant quality information is available to consumers in a comparable, structured and easily comprehensible format. ComReg continues to operate and enhance its website www.callcosts.ie to allow consumers to compare the packages on the market and to confirm which package offers best value (in terms of price, features, services, etc) for their specific usage. ComReg also provides comparative information about the price of calling the available Directory Enquiry Services from various networks. ComReg also continues to ensure that consumers are aware of the availability and benefits of alternative services by enhancing the independent information on our website www.askcomreg.ie. The statistics for the period July 2010 to June 2011 for visits to each of these websites are as follows:

- www.callcosts.ie - 96,000
- www.askcomreg.ie - 177,000

ComReg continues to monitor tariff transparency obligations on operators and has processed a number of complaints relating to claims made by operators in relation to the price of their packages in comparison to other operators (i.e. complaints with respect to competitive comparisons).

Outreach Programme

ComReg's Consumer Team continued its outreach programme during this period by hosting consumer stands at both the Ideal Homes Exhibition in October 2010 and the BT Young Scientist Exhibition in January 2011. Throughout the year, as part of our ongoing efforts to reach out to consumers, we liaised with a number of County Librarians to establish how ComReg could work collaboratively with the existing library network. During the year, ComReg produced two new Consumer Guides, as follows;

- Premium Rate Services
- Do you own a mobile phone?

ComReg Forum for People with Disabilities

ComReg continues its work on the Forum on Electronic Communications Services for People with Disabilities, established by ComReg to further its statutory objective to promote the interests of consumers with particular needs. ComReg works with industry and representative bodies, through the Forum, to promote the interests of users with disabilities and has worked towards implementing measures on a voluntary basis. ComReg plans a consultation with respect to measures to ensure equal access and choice for consumers with disabilities, in accordance with Article 23 of the Universal Service Directive as transposed.

Consumers

Ensuring Consumer Welfare and Protection

Consumer Contacts

ComReg continues to provide quality complaints handling service to consumers. During the period July 2010 to June 2011, 32,147 issues were received that are split between premium rate service, business and all other consumers.

Premium Rate Services

11,336 of the total issues related to premium rateservices, the majority of which pertained to mobile subscription services (where there is a recurring charge to the consumer). The main issues raised by consumers in relation to premium rate services were categorised under the headings "denial of subscription", "difficulty unsubscribing" and "general request to unsubscribe". During the period over 600 issues were escalated by ComReg to PRS Service Providers as complaints by consumers. 68% were closed within 20 days.

Business

1,708 of the total issues were issues raised by business consumers and mainly were in connection with contracts and billing. During the period nearly 1,200 business consumer issues were escalated to Service Providers, of which 75% were closed within 20 days.

All Other Consumers

19,103 of the total issues were raised by other consumers, mainly related to contractual, billing and service repair issues. During the period over 4,600 other consumer issues were escalated to Service Providers, of which 84% were closed within 20 days.

Contractual Issues

During the last period, ComReg has continued to monitor contracts for compliance with the relevant regulations, has published information for consumers in relation to their rights regarding changes to

contracts and will publish further updates, as appropriate.

In line with the new regulatory framework, ComReg now intends to commence a consultation in respect of the format of notifications.

Topical Issues

Our role in relation to consumer protection and awareness also encompasses new areas of responsibility and emerging issues. In the year under review the issues of premium rate services, emergency call answering services, roaming and the new regulatory framework were particularly prominent.

Premium Rate Services

In July 2010, the Government enacted legislation that provides for the transfer of the regulation of premium rate services (PRS) to ComReg. The total market value of the PRS sector in Ireland is approximately €60 million. In July 2010, following a public consultation ComReg Document 10/27, ComReg published its decision on the scope of PRS regulation and regulations setting out these decisions and the conditions attaching to PRS licences.

In December 2010, ComReg published its consultation on a draft Code of Practice for Premium Rate Service providers ComReg Document 10/92a. The consultation proposed modifying different aspects of the existing Code of Practice ComReg Document 10/54 and including additional provisions with the intention of ensuring that end-users are better informed of the costs of a PRS and the frequency of costs, in particular in relation to Subscription Services, before they are incurred.

In January 2011, ComReg launched its new consumer website www.phonesmart.ie which provides advice on premium rate services and their use. Features of the new website include a number checker whereby consumers can check the origin of a five-digit shortcode, thus enabling them to contact the service provider directly with their query. For the period from

January to June 2011, www.phonesmart.ie received 9,600 visits.

In July 2011, ComReg published its Response to Consultation 10/92a (Draft Code of Practice - Premium Rate Services) and Further Consultation on the draft Code of Practice ComReg Document 11/51.

Emergency Call Answering Service

In February 2009, the Minister for Communications, Energy and Natural Resources entered into a contract with BT Ireland to provide the Emergency Call Answering Service (ECAS) operation in Ireland. BT Ireland commenced live operations of the ECAS in July 2010 and, in October 2010, formally replaced Eircom as the ECAS provider. The service is performing to the quality specifications that the Minister set in the contract. ComReg is statutorily responsible for monitoring, and reporting to the Minister for Communications, Energy and Natural Resources on the quality of service of the ECAS provider and for reviewing the Call Handling Fee (CHF) that the ECAS provider may charge. In December 2010, ComReg determined, following the review of the costs incurred by the ECAS provider to increase the maximum CHF to €3.35 per call for the period 12 February 2011 to 11 February 2012. The consumer is not charged for calls to 999 or 112 as this cost is borne by the presenting telecommunications network.

In line with 112 Day (11 February), ComReg developed and launched a new consumer website (www.112.ie). This will assist in promoting awareness of the 112 European emergency number to Irish consumers and promote the proper use of the national emergency call answering service. Part of the functionality of the new website is an information-rich animation which is designed to help in educating children about 112.

Roaming Regulation

ComReg continues its work in monitoring the implementation of the Roaming Regulation by Irish Mobile companies. The main points regarding the

data in the report (1 July 2010 - 31 December 2010) are listed below:-

- Irish retail roaming prices for voice calls made and received continue to indicate compliance with the regulatory price ceilings.
- The retail price for sending a text message while roaming remains at the regulated cap of 11 cents (excluding VAT). This compares to an EU/EEA average of 10 cents (excluding VAT) per text message sent while roaming.
- Volumes of retail data roaming traffic (pre and post-paid) have grown strongly over the reported periods. There is no regulated cap in place for retail data roaming prices. For Q4 2010, Ireland's average pre-paid data roaming retail price per MB (€4.28) is more than three times higher than the average post-paid data roaming retail price per MB (€1.25). During this period the wholesale rate for data roaming was capped at €0.80 per MB excluding VAT.

To further promote awareness and transparency for consumers while roaming, ComReg's website www.callcosts.ie/roaming provides consumers with information about mobile roaming, a guide to mobile roaming and a mobile roaming calculator which assists consumers in estimating the cost of their planned roaming usage.

In June 2010, ComReg published a Report on the implementation of the Roaming Regulation. Irish mobile operators have advised ComReg that they have implemented the appropriate transparency requirements, including the data roaming cut-off limit, the wholesale charge and retail caps for SMS messages and calls made and received.

The new regulatory framework and consumers

ComReg welcomes the new telecommunications regulations package published by the Department of Communications, Energy and Natural Resources on Friday 1 July 2011. These new regulations transpose the European regulatory framework (published in 2002 and amended in December 2009) and have

Consumers

implications for a number of stakeholders, including consumers, operators, users of spectrum, and ComReg.

In general, the regulations provide for enhanced consumer protection through changes such as mandatory compensation schemes by operators. There are also a number of implications for operators, some of which are outlined in information notice ComReg 11/48, and for ComReg in terms of its objectives and associated powers.

There have been a number of improvements to consumers' rights as a result of the new regulations. Examples of these enhanced rights are:

- New rules in relation to the consumer's right to retain their numbers when changing service provider ("porting") have been introduced. This gives subscribers more predictability in respect of the time taken to change service provider, allowing them to port their number to another service provider within one working day.
- A specific right to compensation for subscribers in the event of delay or abuse of the number porting procedure is provided for.
- Operators must offer the possibility to subscribe to a contract with a maximum duration of 12 months and other conditions and procedures for contract termination may not act as a disincentive to consumers to changing service provider.
- An entitlement to improved information to ensure that consumers understand the services they subscribe to and what they can and cannot do with those services. Consumer contracts are also to specify minimum service quality levels offered.
- Improvements on requirements for clarity of communications of contract changes by enabling ComReg to specify the format of notifications of contract changes and additional aspects including the basic level of itemized bills which are to be provided to subscribers free of charge.
- Provisions relating to access to and equal choice of electronic communications services for

users with disabilities have been strengthened and new protections in relation to unsolicited communications have been introduced.

The above does not list all the benefits to consumers of the new regulations but shows a number of key areas of improvement.

Ensuring Availability of a Universal Telecommunications Service

A central aspect of our work on consumer protection is to ensure availability of a universal telecommunications service. In June 2010, following a public consultation, Eircom was re-designated as the Universal Service Provider (USP) for a period of two years, until 30 June 2012, in accordance with the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations.

In 2008 ComReg specified annual quality of service performance targets in respect of the provision of certain elements of the universal service. In June 2010, Eircom established a Quality of Service Performance Improvement Programme (USO), with associated annual performance targets and bonds. In addition, Eircom estimated that it would make an annual investment of over €30m in 2010/2011 and 2011/2012. ComReg continues to monitor Eircom's commitments in relation to the above programme and the targets specified by ComReg in 2008. ComReg continues to publish Eircom's Quality of Service performance on a quarterly and annual basis.

In May 2011, following a consultation process, ComReg issued a Decision ComReg Document D04/11 regarding the principles and methodologies for establishing the net cost of providing the universal service. This decision provides the basis upon which the net cost of providing the universal service is calculated and will enable ComReg to determine if the net cost, if any, constitutes an unfair burden on the universal service provider.

Conclusion

Finally, one of our functions in protecting consumers is to drive consumer choice and access through efficient management of the national radio frequency spectrum and numbering resource. Progress made during the review period in relation to this objective is outlined in the Innovation chapter below.

ComReg aims to promote innovation by:

- Providing a predictable regulatory framework to support investment in converged services, for the benefit of the digital economy
- Promoting Ireland as a centre of excellence for research and innovation in spectrum
- Facilitating new spectrum-based techniques, services and applications
- Contributing to Ireland's Digital Dividend and making available this valuable radio spectrum band as soon as possible following Analogue Switch Off
- Promoting innovation and knowledge transfer by sharing national and international best practice
- Promoting NGA development and investment as a stimulus to innovation.



Spectrum Management

The radio frequency spectrum is a unique, finite, natural resource from which many sectors of society derive benefit. These benefits are accrued by a range of private, commercial, consumer, defence, security, scientific, transport and public safety applications which utilise the spectrum resource.

The pace of global development in wireless technologies and services increases demands on the spectrum resource and the associated regulatory framework and, particularly as the trend in communications is towards mobility, these demands continue to increase.

The Commission for Communications Regulation (ComReg) is responsible for ensuring the efficient management and use of this key resource, including the promotion of competition. To carry out its legislative functions in this context ComReg focuses on a number of areas including licensing, projects on release and development of new areas of spectrum, and spectrum compliance that together cover the entire ambit of Spectrum Management. In April 2011 ComReg published its proposed strategy for managing the radio spectrum in the period 2011-2013 ComReg Document 11/28 in which it also reviewed the previous period 2008 -2010.

The following provides some brief examples of the areas in which ComReg has been active during the past year:

Spectrum Development Programme

Ireland's geographic position on the western edge of Europe and its low population density provides a key natural advantage, namely, a relative abundance of unused spectrum. Coupled with ComReg's Test & Trial licensing programme, Test & Trial Ireland, this natural advantage allows entrepreneurs, researchers and developers to test or trial wireless technologies in a wide variety of frequency bands, including parts of the mobile and broadcasting bands. ComReg has established a website (www.testandtrial.ie) dedicated to promoting Ireland as an ideal location for the

testing and trialing of new radio spectrum products and services and among other items it contains information on the benefits of the programme to users as well as a list of previous users.

During the year, ComReg issued 9 Test & Trial licences to various licensees, including universities, research centres, telecommunication manufacturers and telecommunication service providers. A wide variety of technologies were tested under this licensing programme.

Trial licences facilitate the commercial trialing of new services that can garner consumer feedback before committing to a launch. During this year a variety of wireless technologies availed of the Test & Trial Ireland facility including mobile and broadcasting services, the advanced electricity Smart Metering project and the Smart Bay project.

Fixed Wireless Access

Fixed Wireless Access (FWA) is a means of delivering access to the public switched telephone network by means of radio rather than conventional wireline connections. FWA can be used to replicate the existing wire line local loop or to provide direct access to broadband data networks such as the Internet, or both. FWA thus has the potential to enhance competition in the market by providing alternative access networks to the existing local loop and to provide broadband access in areas where alternative platforms such as digital subscriber line (DSL), cable or fibre might not be feasible.

In the year under review ComReg consulted on the addition of mobility to the 3.6 GHz band, a European Commission (EC) requirement that required careful consideration to facilitate flexible access to broadband services. As a result of this consultation ComReg determined to introduce a new scheme that will also permit mobile services in this band on a local basis as well as allowing existing FWA local areas licensees to upgrade their licences to include mobile offerings.

Innovation - Spectrum Management

Mobile Satellite Service (MSS) with Complementary Ground Component (CGC)

Since 2005, ComReg has actively contributed to the EC work on Mobile Satellite Service (MSS) with Complementary Ground Component (CGC) in the 2GHz MSS bands. The CGC element not only overcomes the impact of shadowing of the satellite signal by buildings, geographical features and other clutter using ground-based transmitters to fill in the shadow areas but also provides for increased network capacity and subsequent decrease in latency in traffic hotspots.

To facilitate the licensing of these services in Ireland ComReg has held a consultation on how these services should be regulated on a permanent basis in Ireland and intends to finalise the regulatory framework to facilitate the introduction of MSS with CGC in Ireland.

New Short Range Devices

Among the most prevalent radio systems in Ireland are Short Range Devices (SRDs). Short Range Devices (SRDs) are radio transmitters which provide unidirectional or bi-directional communication and which, in general, have low capability of causing interference to other radio equipment. Consequently, they have generally been made exempt from the need for individual radio licences subject to certain constraints – for instance, operating on a non-interference, non protected basis. Typical applications include, building entry, inventory control, anti-theft, vehicle security, road tolling and traffic information, alarms and active medical implants.

On 23 December 2010 ComReg announced the licence exemption of a number of new applications ComReg Document 02/71R5 in the following categories, including:

- Non-specific SRDs
- Building material analysis
- Tank level probing radar
- Meter reading
- Ultra-Wideband applications.

Licence exemption of these mass market devices should facilitate their widespread deployment and utility.

Update of the National Radio Frequency Plan

ComReg is obliged by law to publish a National Radio Frequency Plan detailing the radio frequency allocations in Ireland, and the publication is seen as a vital source of information for consumers, licensees, manufacturers and operators.

A number of changes in use of the radio spectrum have occurred on a national and international level and ComReg published a further update in December 2010 ComReg Documents 08/90R2 and 10/112 reflecting the latest national and European legislation as well as the change of status of a limited number of spectrum bands. This latest update reflects all changes up to late 2010 and details the use of the different frequency bands together with the uses of those bands in Europe.

Programme Making & Special Events (PMSE)

ComReg recognises that the PMSE sector plays an essential role in enabling state-of-the-art coverage of high-profile public events in Ireland, whether it be news reporting, making TV and radio programmes or entertainment. The PMSE sector is allocated spectrum on a secondary and temporary basis. ComReg needs to balance the demand for this PMSE spectrum against the demand by alternative users for primary access to these bands to offer innovative services.

Following a consultation ComReg has identified in ComReg Document 10/68 alternative spectrum which could be made available for PMSE in the future, acknowledging at the same time that, the Irish market of itself has limited scale to justify equipment manufacturers making bespoke equipment.

Spectrum Compliance

As the radio spectrum is a finite natural resource it is the responsibility of ComReg to ensure it is utilised in the most efficient way possible. The spectrum is regulated through licence conditions and regulations

and in cases where no licence is applicable, through technical conditions imposed on the manufacturer of radio equipment.

ComReg's Spectrum Compliance section ensures that all users of the radio spectrum adhere to the relevant licence conditions or regulations so as to prevent interference to other radio users; and when interference does occur, ComReg is responsible for investigating the matter on behalf of the licensee.

During the period July 2010 – June 2011, 157 radio interference complaints were received, 33 of which involved interference to Air Traffic Control or Emergency Services. Periodic inspections of radio equipment in use in the State are also undertaken to ensure that the radio spectrum is fit for use by all users.

ComReg is also responsible for taking action against unlicensed broadcasters under the Wireless Telegraphy Act, 1926 and the Broadcasting & Wireless Telegraphy Act, 1988. Such action includes the execution of search warrants on premises suspected to contain unlicensed broadcast equipment and the prosecution of those accused of relevant offences. ComReg undertakes joint operations in conjunction with its Northern Ireland counterpart, Ofcom, with regard to cross-border unlicensed broadcasters.

ComReg also acts against the suppliers of illegal radio equipment; particularly those supplying equipment that can cause interference to other services, whether by design or by products not complying with European standards and regulations. An importation ban on jamming devices has been brought into force this year and has proven to be an effective tool in stopping illicit equipment from entering the State where it would be used to cause interference to licensed users of the radio spectrum.

The R&TTE (Radio & Telecommunications Terminal) Directive, and the EMC (Electromagnetic Compatibility) Directive, which both ensure that all electronic and radio equipment that is put on the

market in Ireland complies with the relevant EU standards and bears the CE mark, also falls within ComReg's remit. ComReg has brought a number of investigations to a satisfactory conclusion in this area during the year.

Progress has continued in the areas of inter-agency co-operation and proactive Market Surveillance. ComReg currently enjoys co-operation with industry and other responsible regulatory authorities throughout the EU. ComReg also fully participates in Market Surveillance Campaigns at national and EU levels aimed at analysing products on the market and enforcing the relevant standards. This year the focus of this campaign was LED lighting products. ComReg has continued to further develop its relationship with other law enforcement authorities within Ireland, particularly Customs and An Garda Síochána to help prevent non-compliant equipment from being put to use in the State.

ComReg is undertaking the roll-out of a Remote Monitoring Network to monitor radio spectrum throughout Ireland. At present ComReg has six Remote Monitoring Stations operational in major urban centres throughout the country. It is intended to expand this number and upgrade existing stations in the coming year.

ComReg also takes an active role in the area of spectrum compliance at European level, attending the CEPT RA1 Regulatory Affairs (Enforcement) working group and attends other working groups including the CEPT FM22 Frequency Management (Monitoring) working group, the Administrative Co-operation Working Group (ADCO for R&TTE) which is a forum for co-operation and exchange of information between national market surveillance authorities, and the Telecommunication Conformity Assessment and Market Surveillance Committee (TCAM).

Programme of Measurement of Non-Ionising Radiation Emissions

Radio technology continues to play a significant role in the development of the Irish economy. The benefits and convenience of mobile communications

Innovation - Spectrum Management

and other wireless technologies for business and consumers alike are well recognised by the public.

Non-ionising radiation (NIR) emissions from transmitter sites are also a matter of interest to the public. The Department of the Environment, Heritage and Local Government is responsible for the health effects of NIR, while ComReg requires, as a condition of wireless transmission licences, that operators of transmitting stations must ensure that their installations comply with the NIR emission limits specified in the latest guidelines published by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). ICNIRP is a body of independent scientific experts which works with the World Health Organisation to develop the guidelines.

ComReg carries out annual audits of compliance by operators with the ICNIRP emission limits. Each annual audit involves surveying a sample number of sites and transmitter types (broadcast, mobile telephony, wireless broadband etc.) countrywide.

Results of all the site surveys conducted during this reporting period (July 2010 – June 2011) were summarised and published in four quarterly interim reports ComReg Documents 10/57, 11/09, 11/39 and 11/52. Copies of the individual site survey reports were made available on the ComReg website as well as via www.siteviewer.ie, an on-line facility provided by ComReg, which allows the public to view details of GSM and 3G mobile telephony base stations throughout Ireland.

At all of the sites surveyed during this reporting period, measurements of NIR emissions were found to be significantly below the ICNIRP guideline limits.

Digital Broadcasting

ComReg is aware of the critical importance of managing the radio spectrum efficiently and providing access to spectrum so that consumers, industry and the economy can benefit from the convergence and digitalisation of electronic communications services and networks.

In the course of the reporting year ComReg continued its work in relation to spectrum planning for digital television and digital radio, including international coordination of the required radio frequencies. In May 2011 ComReg issued a licence to RTÉ in respect of its second digital multiplex. This multiplex will give RTÉ the capacity to include additional programme services in its SAORVIEW platform and to provide additional features such as High Definition programming.

The Broadcasting Authority of Ireland announced in August 2010 that it was discontinuing its process to identify and enter into contractual arrangements with a prospective operator of independent TV multiplexes. Subsequently, ComReg identified the sub-band 790 MHz to 862 MHz (the 800MHz band) as a block of spectrum which could be used for non-broadcasting electronic communications, following the switch off of analogue TV broadcasting transmissions, and the switch over to digital transmissions (DSO).

The transition from analogue to digital broadcasting in Ireland has the potential to free up significant amounts of valuable spectrum in the Ultra High Frequency (UHF) band which can be used for additional/enhanced television services and for new and innovative electronic communications services. The spectrum freed as a result of the transition from analogue to digital is known as the 'digital dividend'. Some analogue broadcasting services will be accommodated in the band up until that date. Coordination work aimed at freeing up the 800 MHz band continued during the reporting year.

Digital Dividend

On 29 July 2010, the Minister for Communications, Energy and Natural Resources, announced that analogue terrestrial television will be switched-off in the State in Quarter 4 of 2012, in conjunction with analogue switchover in Northern Ireland.

Following the Minister's announcement, ComReg set out its intention in ComReg Document 10/59 to consider the release and assignment of rights of use

of spectrum in the 800 MHz band in conjunction with the liberalisation and assignment of rights of use of spectrum in the 900 MHz band.

spectrum on a service and technology neutral basis could facilitate deployment of Mobile TV services, subject to the appropriate technical conditions.

On 5 August 2010, the Broadcasting Authority of Ireland (BAI) published a statement regarding the conclusion of its commercial DTT multiplex licensing process. In particular, the BAI stated that it will not be feasible to introduce commercial DTT as originally intended and not in advance of ASO. This statement by the BAI confirmed that there will not be any digital broadcasting requirement for the use of the 800 MHz spectrum in advance of ASO.

Collectively, these announcements provided greater clarity on the timelines for the availability of spectrum in the 800 MHz band in Ireland. As indicated above this digital dividend spectrum has now been combined into the Spectrum Liberalisation award process.

Broadcast Mobile TV

In the period June 2008 to March 2010, ComReg consulted on proposals in relation to the licensing of spectrum rights of use for 8 MHz of UHF spectrum in the five urban areas of Cork, Dublin, Galway, Limerick and Waterford, either on a service and technology neutral basis or for a broadcast mobile television (Mobile TV) service. While it was apparent early in the process that most prospective licensees favoured a mobile TV model, it became clear, as the process progressed, that interest in the licence had declined.

As a consequence of this, in November 2010 ComReg published an Expression of Interest paper, 10/89, to clarify if there was interest in the licence being proposed. No expression of interest was received and accordingly, in January 2011, we published ComReg Document 11/01 which gave notification of the discontinuation of the process to award a Mobile TV licence in Ireland. ComReg will, however, keep under review the potential for the identification of spectrum which would enable the award of dedicated licences for mobile TV. In addition, it should also be noted that any future awards by ComReg of UHF

Innovation - Radio Spectrum Licensing

Radio Spectrum Licensing

To use radio equipment in Ireland, an authorisation from ComReg is required. This authorisation may take the form of either a licence or a licence exemption. A licence may be issued under the Wireless Telegraphy Act 1926, or under the Broadcasting Authority Act 1960, as amended (in the case of the RTÉ Authority), or under the Radio and Television Act, 1988 (in the case of the Broadcasting Commission of Ireland) or under the Broadcasting (Amendment) Act 2007 for Digital Broadcasting.

ComReg processes all such licence requests and ensures that licences are maintained in a manner which both maximises the efficient use of available spectrum, and ensures that a quality service is available to all licensees. As of June 30, 2011, the total number of live radio licences on our database was 16,327, representing a 2.8% decrease on the previous year. This small reduction suggests that, even in these difficult economic times, maintaining the use of radio services remains a priority for individuals, businesses and electronic communications service providers. This is particularly true for certain radio licence types such as radio links and FWALA. In excess of 3,000 applications, both for new licences or changes to existing systems, are received and processed annually by the Licensing Section.

During the year in review, ComReg continued to improve the service it offers to its licensees through web enhancements. Following on from the introduction of an on-line application facility for Radio Link Licences in December 2009, ComReg introduced its e-signature facility in January 2011, whereby Radio Link licences are certified and made available in digital format thereby eliminating the requirement for issuing licences in paper format. ComReg intends to extend this facility to other licence types in the future.

Business Radio

Business Radio licences are issued to companies where a private mobile communications system is required, for example, where companies require

radios for direct two-way communications between a base and mobile personnel. Such systems would typically be used by taxi companies and transport companies, as well as by government, state organisations and the emergency services. During the year, 235 new or amended licences were issued compared to 199 in 2009 – 2010, reflecting the continued attraction of two-way communications in the business community.

Radio Links

In providing transmission capacity, radio instead of cable is often the preferred solution where constraints such as cost, local topography (e.g. mountainous terrain, paths across water) and the need for access to remote rural regions are fundamental considerations. In such scenarios fixed radio systems have a key role to play in bringing mobile and broadband communications to SMEs and consumers as they provide the operator with the ability to roll-out a network rapidly and the capability to install transmission paths as and when required.

During the reporting period, 2,513 new or amended radio link licences were issued compared to 3,076 in the previous period. The previous three years had seen a substantial increase due to continued network expansion and roll-out of the 2G and 3G networks by the network operators. However, the level of demand decreased somewhat in this reporting period with operators utilising more dual polarity links to increase spectrum efficiency and reduce costs.

Satellite

Satellites are used for numerous purposes including television broadcasts, meteorology, surveying and telecommunications. Satellite networks provide a flexible alternative to land-based fixed line and fixed radio link networks. Three categories of satellite earth stations require licences in Ireland: Large Earth Stations (LES), Transportable Earth Station (TES) and Very Small Aperture Terminals (VSAT). In the year under review, 120 new licences were issued, compared to 58 the previous year. Despite the satellite licence exemption regulations that ComReg

has introduced over the last number of years there is still a considerable demand for licensable satellite technology in Ireland, mostly driven by larger corporations using VSAT services for international connectivity for broadcasting purposes.

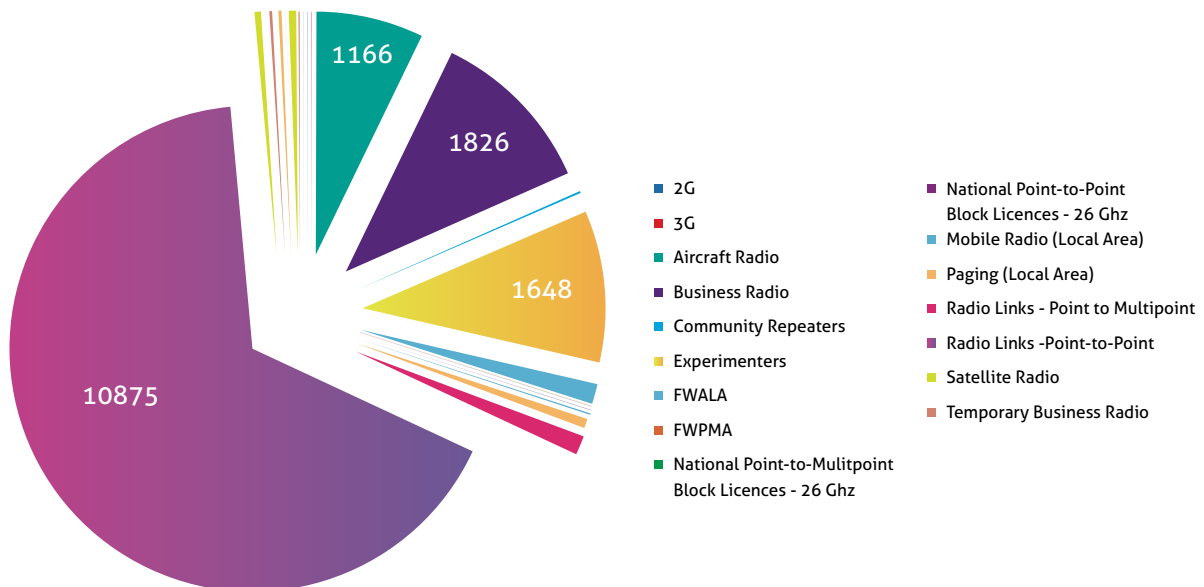
Temporary Business Radio 2010/11

ComReg issued 220 temporary licences, a 37% increase on the previous year, for various sporting and musical events throughout the year such as the Europa League final at the Aviva stadium in May 2010 as well as the State visits of Queen Elizabeth II and US President Barack Obama. For each of these events licences were required for satellite systems for broadcasting and news gathering purposes as well as wireless cameras and microphones.

Ongoing Issuing of Radio Licences

The following chart outlines the number of active licences managed by ComReg and the different types of radio licences issued in proportion to each other.

ComReg has 16,273 active licences of which 3,773 new licences were issued in this reporting period.



Innovation - Numbering

Numbering, Naming & Addressing

ComReg manages Ireland's telephone numbering scheme in accordance with National and European legislation. Numbering is a key enabler of communications services and it is essential that sufficient numbering capacity is available across all number ranges for existing and future services. ComReg's National Numbering Conventions have provided a long-term framework within which the Irish telecommunications numbering scheme has continued to develop. The latest revision (ComReg 11/17) of the Numbering Conventions was published in March 2011 following a public consultation process. The revised Conventions are designed *inter alia* to add clarity regarding retail charges made by mobile operators and in certain cases to improve those retail charges for consumers.

Apart from well-known geographic and mobile numbers, ComReg also manages a wide range of non-geographic numbers (e.g. Freephone, Shared Cost and Premium Rate numbers), all telephony short codes, all network routing numbers and codes, and codes for harmonised European services. The latter currently include 118 directory enquiry numbers, 116 harmonised services of social value and the 112 emergency access code.

ComReg must ensure that no numbering resource approaches exhaustion and this means frequent auditing of free and used resources, with early preparations being made for number changes or for number range expansion when necessary – typically up to three years in advance of the expected exhaustion date. The most recent number changes took place in 2009 and ComReg has no immediate plans for further number changes at present.

ComReg also works to ensure that new telephone numbers become operational promptly on all national and international networks.

Harmonised Services of Social Value

As a further step towards harmonisation of numbering resources across the European Community, the European Commission initiated the opening of a new series of "Harmonised Services of Social Value" on the 116XXX numbering range. The basic concept is that the same 6-digit telephone number commencing with '116' should be reserved for the same socially important service in each of the Member States, with the European Commission providing a coordinated approach. To date, five numbers have been introduced:

- 116000 – Hotline for missing children
- 116006 – Helpline for victims of crime
- 116111 – Child helplines
- 116117 – Non-emergency medical on-call service
- 116123 – Emotional support helplines

The 116111 child helpline has been operated in Ireland by Childline since March 2009, the Crime Victims Helpline became operational on 116006 in October 2010 and the Samaritans expect that 116123 will be fully operational in Ireland by early 2012.

ComReg has no role in providing or promoting the services on 116 numbers, but is responsible for promoting the availability of numbers. In that regard, ComReg has extensively advertised the availability of the remaining two numbers, but no applications have yet been received. ComReg is aware that a number of Government Departments are currently considering the issue of the 116000 hotline for missing children. For the latest information on the status of all 116 numbers in Ireland, please visit our website at www.comreg.ie/116.

Regulation of '.ie' Domain Names

Under the Communications Regulation (Amendment) Act 2007, ComReg is responsible for regulating the registration of all '.ie' internet domain names.

Following the completion of a detailed technical audit and due diligence analysis of the existing '.ie' registry, IE Domain Registry Limited (IEDR), ComReg consulted on a proposed regulatory framework. The Response to Consultation on this proposed framework was published in January 2009 (ComReg 09/01). The majority of recommendations made in the due diligence report have been implemented by IEDR. ComReg continues to monitor activities in the '.ie' domain name market through a quarterly reporting agreement with IEDR. The Department of Communications, Energy and Natural Resources (DCENR) has indicated that it is considering the introduction of new enabling legislation to facilitate improved safeguarding of all '.ie' related data. This will also enable ComReg to take the remaining steps towards implementation of the relevant regulatory framework.

Regulatory Framework for Voice over IP (VoIP) Services

The EU regulatory framework review in 2009 resulted in a number of revisions that impact service providers using VoIP technology. The revisions result in a broadening of obligations for many VoIP service providers in areas such as security and integrity of networks, access to emergency services and service quality experienced by end users. In response, ComReg commissioned Analysys Mason consultants to review the impact that these revisions would have on the regulatory framework for VoIP and Next Generation Voice services in Ireland and to make recommendations.

Analysys Mason's report was published as document 10/91a, along with an accompanying ComReg Information Notice 10/91 "Regulatory Framework for Next Generation Voice Services, including VoIP", in November 2010. The documents replaced the previous ComReg 05/50 Guidelines for VoIP providers.

The two documents provided guidance to Next Generation Voice (NGV) operators regarding the then incoming new telecoms regulatory framework

and its implications for them. This was to assist them to take steps towards compliance in advance of transposition. Subsequent responses to these publications showed that industry had taken cognisance of their contents and the obligation on them to comply with effect from the transposition date.

In addition to the key issues of network security and integrity and access to the emergency services, the documents additionally addressed quality of NGV service (including network neutrality), 'nomadicity', mobile NGV and mobile numbers, number portability, resolution of disputes and the provision of directory services and directory data.

Electronic Communications Expert Advisory Panel

The Electronic Communications Expert Advisory Panel (ECEAP) advises ComReg on the strategic approach it adopts to market developments, innovation and regulation of the Irish electronic communications sector. Its high level objective is to ensure that ComReg's decision making is well informed and forward looking with regard to the current and future electronic communications regulatory framework. Membership of the ECEAP is made up of senior-level independent advisors from industry and academia. The panel currently convenes three times a year and is a key element of ComReg's Forward Looking Programme which reports on emerging sector developments to assist with ComReg's strategic processes. Further information on our international work is set out at chapter 7.

Innovation - Postal Regulation

Postal Regulation

ComReg is the National Regulatory Authority for the Postal sector in Ireland. During the year under review ComReg's statutory objective was to promote the development of the postal sector and, in particular, the availability of a Universal Postal Service within, to and from the State at an affordable price for the benefit of all users.

In meeting this objective, ComReg focused on ensuring the provision of high quality customer-centred postal services, guaranteeing for both letters and parcels daily collections and deliveries, not less than five days a week, to every address in the country, while securing the freedom to provide competitive services in this sector through the gradual liberalisation of the postal market.

Specific functions of ComReg included issuing directions to An Post - the designated Universal Service Provider (USP), regarding the accounting procedures to be adopted in the preparation of its regulatory accounts and monitoring compliance with Tariff Principles. Functions also include setting quality of service standards for An Post, monitoring performance against this standard, and ensuring that An Post complies with its obligations to provide universal service (density of access points, daily collections and deliveries, etc).

Under separate powers An Post could not increase prices for reserved universal services without ComReg's concurrence.

Regulatory Framework - Postal Markets opened to Competition

The beginning of 2011 saw the *de facto* removal of all exclusive and special rights concerning the provision of postal services in line with the European Union's Postal Directives.

A key feature of the European Postal Directives is the obligation on Member States to ensure that everyone (businesses and private consumers) wherever they

live in the state has access to a guaranteed range of letter and parcel services at affordable prices. This is very important for a country such as Ireland where more than 40% of the population live outside urban areas. Postal services play an important role in integrating businesses and consumers based in such areas into the national and indeed global economy, providing access to goods and services that otherwise would only be available to the urban population.

ComReg deferred publishing a draft of its Postal Strategy Statement pending finalisation of the new Communications Regulation (Postal Services) Act 2011. It intends to publish its work programme for implementing its new responsibilities for regulating postal services during the next reporting period.

Quality of Service

The availability of an efficient, high quality postal service on a par with the best in Europe is a key objective for a modern competitive economy such as Ireland's. Therefore the quality of service afforded to mail is of particular concern to ComReg. One of the fundamental objectives of the European Postal Directives is to secure improvements in Quality of Service and ComReg is obliged by law to set a Quality of Service target for An Post.

As part of its remit, on 1st June 2004 ComReg directed An Post to achieve a next-day delivery standard of 94% for single piece priority mail delivered within the State. ComReg monitors An Post's performance against that 94% standard, on an ongoing basis, in accordance with international measurement standards, and ComReg publishes quarterly and annual performance reports.

Ipsos MRBI is contracted by ComReg to measure An Post's quality of service for single piece priority mail (the ordinary day to day correspondence posted by individuals and businesses, big and small). During the year under review, ComReg published Ipsos MRBI's annual report for 2010 (ComReg Document No. 11/33, and the performance result for the first quarter of 2011 (ComReg Document No. 11/43).

The 2010 annual report shows that:

- Overall **85%** of single piece priority mail was delivered within one working day throughout the State. This represents a 1% improvement in service quality performance over 2009. An Post's target for Next Day Delivery is 94%.
- **99%** of all mail was delivered within 3 working days against a target of 99.5% set for An Post.

Adjustments were made which took account of the weather conditions that prevailed between 28th November - 15th December and 17th - 30th December 2010 inclusive. ComReg confirmed that it would not consider these two periods in determining whether An Post had met its statutory obligations in respect of provision of the universal postal service.

ComReg noted that there had been a marginal improvement of 1% in next day delivery performance, between 2009 and 2010. However, and despite the An Post performance standard of 94% being in place since 2004, a significant deficit still prevailed between actual performance and An Post's performance standard.

An Post -National Next Day (D+1)

Performance of Mail - Full Year Comparisons								
	2003	2004	2005	2006	2007	2008	2009	2010*
Anywhere to Anywhere	71 %	72 %	73 %	72 %	77 %	79 %	84 %	85 %
Anywhere to Local (Delivery within county of posting)	75 %	75 %	76 %	75 %	78 %	79 %	85 %	85 %
Anywhere to Dublin County	71 %	73 %	73 %	72 %	77 %	75 %	83 %	84 %
Dublin County to Anywhere	70 %	69 %	73 %	70 %	77 %	77 %	84 %	85 %
Dublin County to Dublin County (Local)	72 %	75 %	76 %	73 %	78 %	76 %	84 %	85 %
Outside Dublin County to Anywhere	73 %	73 %	73 %	75 %	77 %	80 %	84 %	85 %
Outside Dublin County to Local (Delivery within county of posting)	78 %	76 %	76 %	77 %	79 %	83 %	85 %	86 %
Outside Dublin County to Dublin County	68 %	70 %	68 %	70 %	75 %	74 %	81 %	86 %

* Result excluding items posted on or between 28th November-15th December and 17th December-30th December 2010

Innovation - Postal Regulation

Qualitative research into the national need for communication and distribution services

ComReg published a report prepared by The Research Perspective Ltd on the national need for communication and distribution services in December 2010 (ComReg Document 10/102a). The objective of this research was to identify the usage of postal services and the needs of users in the future. It used qualitative research techniques to capture customer experience and perspectives directly from the customers of postal services with a focus on specific service experiences and needs.

Summary of Key Points

- Although it was found there is a general move from postal services to e-communications, the research identified that post has certain attributes which will maintain its usage by certain organisations at least for the foreseeable future.
- The current Universal Service appears generally to match organisational customer needs, with delivery to every address, certainty of eventual delivery, national rate, daily delivery and security considered to be essential attributes.
- There is a trend away from use of letter post among residential customers and it was estimated that approximately 20% of the entire population regularly send unprompted post⁹. Residential customers expressed high satisfaction with postal services.

Consultation Procedures

Under the Communications Regulation (Postal Services) Act 2011, ComReg is required to publish its public consultation procedures. In anticipation of this provision becoming law, ComReg undertook a review of its consultation procedures which dated from 2001

(postal¹⁰) and 2003 (electronic communications¹¹). Following this review ComReg decided it was timely to update and publish a single set of consolidated consultation procedures.

Comreg Document 11/34 updated and consolidated ComReg's public consultation procedures and took effect from 6 May 2011.

Residential and Business Surveys

ComReg published the findings of its 2010 Postal Service Business Survey ComReg Document 10/107a and Residential Survey ComReg Document 10/107b in December 2010.

The key findings from the **Business Survey**, based on telephone interviews conducted with a sample of 1,002 businesses, show:

- In 2010 one in four (26%) companies used only An Post, while seven in ten used at least one other provider for some of their mail services. While businesses expressed higher satisfaction with postal services at an overall level this year, one in two (48%) experienced an issue with An Post's service and one in three (31%) of other postal service provider users experienced a service issue in the past 12 months.
- Cheaper prices, reliability and efficiency are the most desired improvements to the postal service, which companies feel would have a positive impact on their business.
- Almost half of companies believe that a good quality postal service is critical to their business.

The key findings from the **Residential Survey**, based on a structured questionnaire to a nationally representative sample of 1,003 adults aged 18-74, show:

9 Defined to be post which is not in direct response to postal items received such as a bill

10 01/09 Regulation of Postal Services – Procedures for seeking the views of interested parties

11 03/31 Future Regulation of Electronic Communications Networks and Services – ComReg Consultation Procedures

- One in four (23%) households claim to use service providers other than An Post, mainly for receiving and sending packages and parcels.
- 60% of respondents believe that there are factors that would increase usage of the postal services, the key ones being cheaper prices, enhanced service quality and a faster, more reliable service.
- Satisfaction levels with An Post and with other postal service providers have increased.
- Six in ten respondents claim to have shopped online in the past 12 months, with one in five (18%) receiving deliveries solely from service providers other than An Post.
- Four in ten households who have switched any transaction type mail in the past 12 months to online delivery claim that they are likely to switch more in the future.

Postal Service Providers

Unlike some other countries where it is necessary to secure a licence to provide services in direct competition with the designated Universal Service Provider, it was possible during the year under review to establish a competing service in Ireland with little or no formality. Since 1 January, 2004, only those postal service providers (other than An Post) with a relevant annual turnover of more than €500,000 for postal services, exclusive of VAT, are required to apply for a “postal service authorisation” and, for those service providers providing postal services within universal service, to put in place simple complaint and redress procedures designed to protect consumers. A new regulatory framework will be introduced following the enactment of the Communications Regulation (Postal Services) Act 2011. As at 30 June, 2011, there were 26 Postal Service providers authorised by ComReg in total.

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.

ComReg aims to be a highly effective, innovative organisation which is a recognised centre of excellence playing its full part in shaping and delivering a knowledge-based economy.

Progress in relation to these varied aspects of the role is outlined below.



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Organisational Structure

The Minister for Communications, Marine and Natural Resources announced the establishment of ComReg on December 2002. On February 1, 2010, Alex Chisholm was appointed Chairperson of the Commission, with John Doherty having served as Chairperson from 1 December 2008 and Mike Byrne previously. The Commission was comprised of these three Commissioners up to end 2010, when John Doherty retired following a long career in the public service.

The Commission, with the Management Policy Committee (MPC) is responsible for the strategic and operational management of the organisation. ComReg depends on the efforts of all of our people (including lawyers, economists, engineers and administrative specialists) to deliver on our mission and meet our regulatory objectives.

Strategic Planning Process

ComReg published its Strategy Statement for the electronic communications sector for the period 2010-2012, as required under the Communications Regulation Act, following an extensive consultation process. The document is available at www.comreg.ie.

The strategy sets out ComReg's plan for the successful delivery of identified key priorities and is underpinned by ComReg's Annual Action Plan which sets out detailed timeframes, and which is updated regularly on our website. These actions are reflected in individual key result areas, which are the basis for our performance management process. Progress in relation to our regulatory projects is actively managed by the Management Policy Committee and the Commissioners.

This Annual Report shows progress in relation to objectives outlined in the Strategy Statement during the period from 1 July 2010 to 30 June 2011 and should be read in conjunction with our annual output statement.

Corporate Services

The Strategy Statement for the period 2010 to 2012 sets out ComReg's four high level goals, including being a highly effective innovative organisation which is a recognised centre of excellence and which plays its full part in shaping the development of a competitive communications industry.

The Corporate Services Division supports and informs ComReg's work by developing and implementing leading-edge strategies designed to foster and enable excellent performance by capable and committed people. The Corporate Services area includes the following functions: Finance and Governance; Human Resources, Training and Facilities; Information; Communications; and Strategy.

An Effective, Innovative and Adaptable Organisation

Corporate Governance

It is the objective of the Commission to ensure compliance, at all times, with best practice in Corporate Governance.

It is ComReg's policy to comply with the Code of Practice for the Governance of State Bodies and it has reported on its compliance with relevant sections of the Code either in this Annual Report or separately by way of a letter to the Minister for Communications, Energy and Natural Resources. In keeping with the new Code for State Bodies generally, ComReg submitted a revised Code to the Department for consideration this year.

ComReg has an extensive audit programme in place, with five audits undertaken this year, including reviews of financial controls. The Audit Committee operates under formal terms of reference and met five times during the year. The internal audit function is outsourced, and was subject to a tender process recently. An Independent Trustee of the pension's scheme is also in place, in keeping with best practice.

Corporate Services

ComReg is accountable to a number of Dáil committees, for example, it attended a Joint Oireachtas Committee meeting in relation to 116 calls.

As a public body operating in a difficult environment, an ongoing challenge is to continue to add value while working within resource constraints. In the financial year to mid-2011, we reduced our administrative costs by 3%, continuing the cost-reduction trend of a number of years. We continued to supplement our accountability framework over the period under review, including developing an invoice scanning system internally to provide more transparency. We continuously review and amend policies and procedures in relation to expenditure, procurement and risk management. A review of the efficiency and effectiveness of the Finance Unit was also undertaken, to ensure continued effectiveness.

People Management

With recruitment freezes, effective pay cuts, and limitations on our ability to promote and reward individuals, maximising the potential of our people and processes continues to be a key priority. The challenge is to have the right number of staff in place with the appropriate competencies to deliver our goals and objectives, while our remit continues to grow.

In order to maintain and enhance our reputation as a leading source of expertise on a rapidly evolving communications sector, and to perform appropriately, we must continue to focus on the development and commitment of our team. Our policies and systems are validated and recognised externally, through the achievement of re-accreditation with the Fás Excellence through People (Gold Standard) and Engineers Ireland in 2010 and our work with the Association of Chartered Certified Accountants. We also were recipients of awards for outstanding achievement in two categories of the Irish Institute of Training and Development (IITD) national awards in 2010 and 2011. These accreditations and awards acknowledge the high standards of professionalism and training and development which ComReg provides.

We continue to support individuals to acquire third and fourth level qualifications, to develop their management and professional skills, and to be exposed to leading edge thinking, including a customised accredited regulatory leadership programme that we've developed which is open to all Irish regulatory bodies.

As one of a small number of State Bodies who have consolidated their operations, the full integration of the individuals who had worked in Regtel previously was a particular focus of our work in this period, including training, mentoring and performance management.

In order to support the contribution of all our people, we've continued to focus on employee engagement, including initiating a new forum for internal communications, considered to be particularly important in terms of communicating new central policy developments.

A Centre of Excellence

Our approach to our work is guided by the "Better Regulation" principles of proportionality, necessity, subsidiarity, transparency, accountability, accessibility and simplicity underpinned by strong governance systems.

We invest significant resources in consulting on regulatory decisions and will continue to do so. During the period under review we issued 17 consultations. We also ensure that regulation is appropriate by conducting Regulatory Impact Assessments (RIAs) where appropriate, as a key means of minimising regulatory burdens and we conducted 9 RIAs last year.

We recognise that primary research into the economics of the development of the sector is important to all stakeholders and we've been working closely with the ESRI on a programme of research in communications. On an ongoing basis our processes and systems are adapted to ensure that we continue to deliver on our objectives and provide an effective

service. The Information Technology function also serves to act as a valuable business enabler for ComReg, enhancing the stakeholder experience. This is achieved through the provision and enhancement of on-line services and tools and back-office systems and services, including websites dedicated to providing users with a number of ComReg specific services (e.g. Radio Licences applications, Postal service registration etc.). We strive to ensure that all services provided are available in an online format. We provide independent, comparative, consumer-friendly information on alternative services, features and prices on our website www.callcosts.ie and a business information section on our consumer website (www.askcomreg.ie/business), is supported with a dedicated helpdesk for small business and small office/home office consumers.

In line with our eGovernment Strategy, prepared in June 2010, we have progressed a number of initiatives this year to

- Support consumer information and protection objectives in relation to our new powers to regulate premium rate services, including developing a new website aimed at the target audience www.phonesmart.ie and to support EU initiatives via www.112.ie. We have also initiated a review of ComReg websites to ensure that specific organisational objectives are met in a manner that is as efficient and standardised as possible, including improving accessibility standards.
- Provide new, on-line customer services, particularly a Personal Locator Beacon register and making www.testandtrial.ie available in additional languages
- Further enhance e-licensing arrangements to enable licensees to download an electronically signed version of their licence. Speedisign software was installed to allow bulk signing of licences. The number of licences issued continues to grow, while the administration time continues to reduce, based on these developments.

In terms of smart working initiatives, progress this year included:

- PRS integration including modification of two existing systems
- New remote access solution and remote working policy implemented
- Intranet developments including compliance case management system and 13d register
- Ticketing system to support restructure of IT function and outsourcing of support
- Numbering database went live
- Record management policy framework and information inventory developed
- Upgraded Purchase Order system released, including more procurement information, budget visibility and drill-down for managers and an invoice scanning and approval system developed.

In addition, a number of projects were progressed this year to ensure that our information technology infrastructure is stable and secure.

In managing the resources available to us, we are always aware of sustainability issues, and the efforts invested last year in introducing more energy-efficient solutions have paid off in terms of increasing our energy rating. ComReg has introduced many green initiatives e.g. recycling bins, switch to water dispensers rather than use of bottled water, promotion of use of public transport by staff under the tax-saver scheme and the promotion of the cycle-to-work scheme and supports to it (this has led to a very significant take-up on this initiative).

Energy saving measures were introduced by ComReg into its offices over the past year, including the installation of sensory-activated lights in offices and other general locations, and timers on heating water. The Building Energy Rating (BER) certificate for ComReg's offices at end-2010 shows a significant improvement in results (20% improvement and upgrade by category) over that calculated at end-2009. ComReg also achieved similar savings in its energy bill. ComReg continues to engage with the

Corporate Services

Sustainable Energy Authority of Ireland (SEAI) towards further initiatives and development in this area.

We've implemented new self-service solutions this year, and worked closely with other regulatory agencies and State bodies to share resources. Under the Public Service Agreement process, we've developed an ambitious action plan this year, outlining the scale of proposed efficiency gains. Actions undertaken have included working with other bodies under the aegis of the Department of Communications, Energy and Natural Resources to explore potential economies from sharing resources on insurance, internal audit, energy efficiency and chairing a group on pensions administration. The focus of ComReg's Action Plan has been the actions necessary to facilitate delivering effectively on an expanding remit with fewer resources, including new roles in relation to Premium Rate Services, the revised EU Framework Directive and the Postal Directive which envisage new roles and responsibilities for National Regulatory Authorities. The moratorium on recruitment and promotions, the Employment Control Framework, the National Recovery Plan objective of 10% non-pay cost reductions for 2011 onwards and other new developments mean that, in addition to the productivity measures that we have already had in place ourselves for a number of years to minimise the cost of regulation, there are also centrally imposed limitations to financial and human resources available to us.

Our focus on enhancing individual and organisational performance will continue, together with finding ways to work smarter and minimise the cost of regulation, both internally and in our dealing with industry and other stakeholders.

Engaging with others

Appropriate engagement with stakeholders is central to effective regulation and to supporting the 'smart economy'. We endeavour to engage with our stakeholders on a regular basis to be collaborative and responsive to changing needs.

This involves publication of the Annual Action Plan, Output Statement, Annual Report and ComReg's Newsletter, responding to media queries and publishing press releases, factsheets, consultation papers and responses etc.

We engage with regulatory agencies and key stakeholders, nationally and internationally. In particular, we continue to participate in fora to inform and influence the development of national and international regulatory policies (e.g. through the Body of European Regulators for Electronic Communications, the Radio Spectrum Policy Group. We have actively contributed to the work of the new Economic Regulators' Group, including workstreams on training and development, audit and customer care, and leading on the information technology work. We meet with the Broadcasting Authority of Ireland (BAI) and the Telecommunications Industry Forum (TIF) at regular intervals to discuss issues of mutual interest.

We continue to optimise ComReg's stakeholder relationships for the benefit of consumers and the national interest by progressing outreach programmes with stakeholders including the Oireachtas, industry, media and the general public and key initiatives progressed this year include

- Developing relationships in respect of new areas of work e.g. meeting Age Action, The Children's Ombudsman Emily Logan and Youth Service Ireland regarding Premium Rate Services
- Assisting with central policy initiatives, including attending the Review Group on State Assets
- Supporting learning among regulators, e.g. hosting a learning visit for a delegation from Vietnam

- Hosting the first visit of an EU Commissioner to ComReg, Ms. Neelie Kroes
- Publishing 50 information notices, 17 consultations and 14 responses to consultation and 13 press releases over the course of the year
- Responded to 24 Freedom of Information Queries and three Access to Information on the Environment queries during the period.

Ensure continuous performance

ComReg continued to measure its performance and publish data on this measurement as part of key publications such as the Quarterly Key Data Report and the Annual Output Statement. In addition ComReg continued to contribute to key international benchmarking exercises such as the European Commission's Digital Agenda, ECTA's regulatory Scorecard and the OECD's broadband benchmarks.

International Affairs Unit manages our international work programme, including engagement at the highest levels with a broad range of stakeholders, such as the European Commission and other National Regulatory Authorities.



Radio Spectrum Policy Group

The Radio Spectrum Policy Group (RSPG) is a senior-level group established by EC Decision 2002/622/EC (the Radio Spectrum Policy Group Decision) to assist and advise the European Commission on policies regarding the use and development of the radio spectrum. The RSPG does this by preparing formal Opinions or Reports on topics of interest, either at its own initiative or at the request of the EC or European Parliament.

ComReg participates actively with DCENR in the RSPG both at working group and at plenary level. As a reflection of that participation, one of ComReg's Commissioners, Mike Byrne, was elected as vice-chairman of the RSPG for the year 2010 and then as chairman for 2011.

During the period of this report the RSPG addressed the following issues:

Multiannual Radio Spectrum Policy Programme

The RSPG developed an Opinion contributing to the drafting of the first multiannual EU Radio Spectrum Policy Programme prepared by the EC, taking into account the explicit role given by the new regulatory framework to the RSPG.

Common Policy Objectives for WRC-12

This Opinion developed proposals for common policy objectives for Europe in preparation for the forthcoming World Radiocommunications Conference 2012 (WRC-12).

RSPG Report on Frequency Coordination and Other Issues Concerning the Digital Dividend

The third document to be produced by the RSPG on the digital dividend concentrated on supporting the implementation of the EU roadmap for

implementation of the digital dividend. The two issues addressed in the report were the development of a strategy for increasing spectrum efficiency and spectrum utilisation a list of possibilities and concerns specifically related to an EU-level mechanism for assisting Member States in cross-border frequency coordination issues.

The Independent Regulators Group (IRG)

The Independent Regulators Group (IRG) provides national regulatory authorities (NRAs) with the opportunity to meet solely with other regulatory authorities to discuss implementation issues. The forum has proved useful as a debating ground on the application of the regulatory framework and as an information exchange. In addition, the IRG provides support facilities, as required, at its Brussels premises for meetings of BEREC Expert Working Groups. BEREC's website is <http://berec.europa.eu/>

During 2010/11, the work of the IRG continued to be dominated by preparation for the implementation of the revised EU Regulatory Framework which had been adopted in November 2009 and subsequently transposed into Irish law in July 2011.

Body of European Regulators for Electronic Communications (BEREC)

In order to facilitate closer co-operation between European Telecoms regulators, the Body of European Regulators for Electronic Communications (BEREC) and the BEREC Office were established as an integral part of the revised Regulatory Framework. BEREC allows NRAs to exchange expertise and best practice and to develop common approaches to the implementation of the regulatory framework in the EU.

BEREC is comprised of a Board of Regulators consisting of the Heads or nominated high level representatives of the 27 EU NRAs. The EU Commission and NRAs from the EFTA States

International Affairs

(Switzerland, Norway, Iceland and Liechtenstein along with those from three EU candidate countries (Turkey, Croatia and the Former Yugoslav Republic of Macedonia) participate in a non-voting capacity as observers to the Board of Regulators.

BEREC is assisted by the BEREC Office. The Office is a Community Body located in Riga and operates under the guidance of a Management Committee in which all NRAs and the Commission are represented.

BEREC provides a formal structure for European regulators and the European Commission to interact, discuss and develop the common application of the regulatory framework for electronic communications networks and services. As an advisory body to the European Commission, it provides the mechanism for reflection and debate and, with the adoption of its recommendations, acts as the driver for common approaches to regulatory intervention. Under the provisions of the revised regulatory framework, NRAs and the Commission are required to take the utmost account of any opinion, recommendation, guidelines, advice or regulatory best practice adopted by BEREC.

BEREC also acts as an advisor to the European Parliament and Council, and can proactively offer its expert opinion to all three institutions.

The chair of BEREC is elected annually. John Doherty, then ComReg Commissioner, was elected as its inaugural chair for 2010. He was succeeded as BEREC Chair in January 2011 by Chris Fonteijn, chair of the Dutch regulator OPTA. BEREC's website is <http://berec.europa.eu/>

BEREC Work Programme

In order to carry out its Work Programme, BEREC allocates individual elements of the Work Programme to Expert Working Groups (EWG). Participation in BEREC's work programme, while a requirement of the regulatory framework, represents a significant commitment by NRAs. Because of the necessity to minimise travel, the number of Expert Working Group meetings is kept to the minimum necessary to ensure

that the Work Programme is effectively carried out. In addition to meetings, EWGs conduct their activities electronically via conference calls and e-mail exchanges. ComReg participates directly in a number of EWGs and is actively involved in all outputs.

During the period July 2010 to June 2011 BEREC adopted a number of documents that both enhanced the clarity of regulatory approach and sought to determine agreed future regulatory action. Among the major outputs were: Next Generation Networks, Network Neutrality, International Roaming, Termination Rates, Disabled Users' Rights.

Next Generation Networks

The European Commission published its long-awaited Recommendation on Regulated Access to Next Generation Networks in September 2010. As required by the BEREC Regulation, BEREC had earlier provided an Opinion on the Recommendation, which noted that there were a number of areas requiring amendment (including references to cost orientation, pricing flexibility, risk assessment, geographic de-averaging of prices and geographic variations), but welcomed the explicit recognition that symmetric measures are an option to complement SMP regulation.

BEREC also published an analysis of future charging mechanisms for NGN, including a possible transition from "Calling Network Party Pays" (the current system) to "Bill and Keep". While the latter has some potential benefits, the analysis concluded that any transition would need to be carefully assessed at a national level.

Network Neutrality

BEREC established an Expert Working Group to consider the issues surrounding network neutrality and to inform BEREC members on the matter. As noted in BEREC's response to the European Commission's consultation on the matter, few incidents have come to the attention of NRAs to date, and those that have arisen have been rectified without regulatory intervention. Nonetheless BEREC

believes it prudent to keep the matter under review, and has included this subject as an important part of its 2011 work programme.

International Roaming

The Roaming Regulation came into force at the end of June 2007 and was revised in July 2009. In December, BEREC presented its formal advice to the Commission regarding the functioning and possible extension of the Roaming Regulation. This advice reflected its analysis and assessment of the prospects for competition in roaming services, the effects of regulation on the mobile market, roaming prices and underlying costs, the European Digital Agenda target on international roaming, trends in domestic prices and future regulatory options. The Commission has since made proposals to extend the Regulation in time and scope. The proposals include an extension of the price caps to retail data roaming and the introduction of structural measures to boost competition. The proposal has been submitted to the European Parliament and the Council of Ministers for consideration and adoption.

As part of its normal activities, BEREC also co-ordinates the monitoring by NRAs of compliance with the requirements of the Regulation, and published two benchmark data reports reviewing roaming market data covering the calendar year 2010.

Termination Rates

BEREC has continued the ERG practice of calculating Mobile Termination Rates benchmarks and publishes snapshots at six-month intervals. Irish MTRs were at the EU average at 1 July 2011.

Ensuring equivalent access and choice for end-users with disabilities

Following a public consultation and a public hearing, BEREC published a report which reviewed existing measures in place in different countries which have the aim of contributing to equivalent access and

choice for end-users with disabilities. ComReg led the Expert Working Group which prepared the report and BEREC has committed to return to the subject in view of its importance and the new provisions in the revised regulatory framework.

The Communications Committee (CoCom)

Established as an advisory committee to the European Commission, the Communications Committee is intended as a forum where Member States can interact with the Commission, discuss and advise on the situation and the development of regulatory activities regarding electronic communications, networks and services. Along with representatives of the Department of Communications, Energy and Natural Resources, ComReg participates as part of the Irish delegation.

Review of Regulatory Framework

As noted above, the revised Regulatory Framework was adopted in late 2009 and was transposed into national legislation at the beginning of July 2011. ComReg provided technical advice to the Department of Communications, Energy and Natural Resources during preparations for the transposition.

Cognitive Technologies

Use of cognitive radio technologies (radios capable of sensing their operational environment) is seen as a possible solution to the increasing complexity of spectrum management. The aim of this Opinion was to create enough confidence in current spectrum users and industry players to develop cognitive technologies. The Opinion addressed the prospects for the implementation of cognitive technologies and any need for coordination at EU level.

Future of radio broadcasting in Europe

A report addressed the divergent approaches across Europe to the introduction of digital

radio broadcasting, assessing the needs and the opportunities of the sector and identifying which activities could be beneficial for its development and the strategic objectives for the future more efficient use of the bands.

Competition Issues: RSPG Cooperation with BEREC

During the period a joint working group of the RSPG and BEREC produced two reports: one on competition related issues arising from the liberalisation of spectrum in the 900 MHz and 1800 MHz bands and the award of other relevant spectrum (such as 800 MHz and 2.6 GHz) for electronic communications services; the other on implications for competition of infrastructure and spectrum sharing in mobile/wireless networks.



Financial Statements for the year ended 30 June 2011

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I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation for the year ended 30 June 2011.

Principal Activities

The Commission for Communications Regulation was established on 1 December 2002. The functions of the Commission are specified in the Communications Regulation Act, 2002, and the Communications Regulation (Amendment) Act, 2008. These functions relate to the regulation and licensing of the electronic communications industry (including radio and broadcasting transmission), the regulation of postal services, the regulation of premium rate services and the regulation of the .ie domain name. The Commission is funded wholly by income received from the electronic communications and postal industries.

Income

Levies are raised on certain providers of electronic communications and postal services which are used to fund the cost of regulation.

The commission is also responsible for the management of the radio spectrum and issues and renews a large number of Wireless Telegraphy licences to various operators, public bodies, private companies and individuals. These licences generate most of the Commission's income. Certain licences also include a requirement to pay for the right to use radio spectrum.

Financial Results

Details of the financial results of the Commission are set out in the Financial Statements and the notes supporting the Financial Statements.

Auditor and Accounts

Under the Communications Regulation Act, 2002, the Commission shall keep in such form as may be approved by the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Finance, all proper and usual accounts of all moneys received or expended by it. The Commission shall submit accounts in respect of each year to the Comptroller and Auditor General. Within 42 days of the accounts being audited, the Commission is required to present to the Minister for Communications, Energy and Natural Resources a copy of such accounts, together with the audit report of the Comptroller and Auditor General.

Corporate Governance

The Commission is committed to maintaining the highest standards of corporate governance. The Code of Practice for the Governance of State Bodies published by the Department of Finance is the foundation on which our corporate governance policies are based.

Section 33 of the Communications Regulation Act, 2002, requires the Commission to adopt, with the approval of the Minister for Communications, Energy and Natural Resources and the Minister for Finance, a code of financial management and to arrange for its publication following such approval. In addition the Commission is required to review periodically its code of financial management and revise and republish the code as appropriate. There is also a requirement on the Commission to comment in the annual report on adherence to the code.

Our code of financial management (which is based on the Code of Practice for the Governance of State Bodies published by the Department of Finance) has been approved by the Minister for Communications, Energy and Natural Resources and the Minister for Finance. The code is published on our website, and it is the policy of the Commission to ensure compliance with the code.

Report of the Chairperson

Going Concern

The Commissioners, after making enquiries, believe that the Commission has adequate resources to continue in operation for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Prompt Payment of Accounts

The Commission acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations, 2002 ("the Regulations"). Procedures have been put in place to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

Alex Chisholm

Chairperson

Commission for Communications Regulation

7 December 2011

Section 32 of the Communications Regulation Act, 2002, requires the Commission to keep in such form as may be approved by the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Finance, all proper and usual accounts of moneys received or expended by it, including an income and expenditure account and a balance sheet, distinguishing between:

- (a) its functions relating to electronic communications,
- (b) its functions relating to postal matters and
- (c) its functions relation to premium rate services.

In preparing financial statements, the Commission is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission for Communications Regulation will continue in operation.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and which enable the Commission to ensure that financial statements comply with the requirements of the Act. The Commission is also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Alex Chisholm
Chairperson

Commission for Communications Regulation
7 December 2011

Statement on Internal Financial Control

Responsibility for Internal Financial Control

On behalf of the Commission for Communications Regulation, I acknowledge the Commission's responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities either are prevented or would be detected in a timely period.

Key Control Procedures

The Commission has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The Commission has established processes to identify, evaluate and manage business risks by:

- identifying the nature, extent and financial implication of risks facing the body, including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the body's ability to manage and mitigate the risks that do occur;
- assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures, including segregation of duties, and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by

the Commission;

- regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- formal project management disciplines.

The Commission has an internal audit function, which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which the Commission is exposed, and annual internal audit plans are based on this analysis. The analysis of risk is reviewed by the Audit Committee, and the internal audit plans are approved by the Audit Committee and the Commission. At least annually, the internal auditor provides the Audit Committee and the Commission with a report of internal audit activity. The report includes the internal auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee, which oversees the work of the internal auditor, the executive managers within the Commission who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that a review of the effectiveness of the system of internal financial control took place for the year ended 30 June 2011.

Alex Chisholm
Chairperson

Commission for Communications Regulation
7 December 2011

I have audited the financial statements of the Commission for Communications Regulation for the year ended 30 June 2011 under the Communications Regulation Act, 2002. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Appropriation Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Commission

The Commission is responsible for preparing the financial statements, for ensuring that they give a true and fair view of the Commission's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland)

and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Commission's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of the audit.

In addition I read all the financial and non-financial information in the Commission's Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the state of the Commission's affairs at 30 June 2011 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the where the transactions did not confirm to the authorities governing them, or
- the information given in the Commission's Annual report for the year for which the financial statements are prepared is not consistent with the financial statements, or
- the Statement on Internal Financial Control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report on regard to those matters upon which reporting is by exception.

John Buckley

Comptroller and Auditor General

21 December 2011

1. Accounting Convention

The financial statements for the Commission, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Finance, are prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Practice. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the euro.

2. Income Recognition

Income from the Electronic Communications administration levy, Postal administration levy and Premium Rate Services levy is brought to account over the period to which it relates, and any excess over the relevant administration costs, including provisions, is refunded.

Radio, MMDS and Deflector licence income is brought to account over the period to which the licence relates.

Spectrum Income represents fee income paid to the Commission for the right to use radio spectrum. This income is brought to account in the period when it falls due. In the year to 30 June 2011, the income derived from 3G radio spectrum.

Other Income is brought to account over the period to which it relates.

3. Appropriation of Operating Surplus

The distribution of the surplus arising in the year is set out in an Appropriation Account. Under the Communications Regulation Act, 2002, the Minister for Communications, Energy and Natural Resources may direct the Commission to pay into the Exchequer such sum as he or she may specify being a sum that represents the amount by which the aggregate sum received by the Commission in each financial year exceeds the aggregate costs incurred on

administration in that year. Such sums are treated as a contribution from the retained surplus generated from operations.

4. Fixed Assets and Depreciation

The Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of fixed assets on a straight-line basis over their estimated useful lives at the following rates:

Technical equipment	-15%
Computer equipment	-33 1/3%
Fixtures, fittings & office equipment	-15%
Motor vehicle	-20%

5. Capital Reserve

The capital reserve represents the unamortised amount of income used to purchase fixed assets.

6. Foreign Currencies

Transactions denominated in foreign currencies relating to revenues and costs are translated into euro at the rates of exchange ruling on the dates on which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the Balance Sheet date.

7. Pensions

The Commission is staffed by Commissioners and directly recruited employees. A defined-benefit pension scheme is in place for Commissioners and employees of the Commission. The scheme is funded by contributions from Commissioners, employees and the Commission, which are transferred to a separate trustee administered fund.

The Commission has adopted FRS 17 Retirement Benefits. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected units method.

An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability.

The pension charge in the Income and Expenditure account comprises the current service cost plus the difference between the expected return on scheme assets and the interest cost of scheme liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

8. Taxation

The Commission is not liable for Corporation Tax. Income raised by the Commission is not subject to VAT. Provision is made for taxation on deposit interest received.

9. Allocation of Costs

The Commission is required under Section 32 of the Communications Regulation Act, 2002, to distinguish between its functions relating to electronic communications and its functions relating to postal matters. Revenues and expenses directly related to each function are identified separately in the accounts. Shared overhead costs are allocated to each function in proportion to the staff numbers engaged in each function.

Income and Expenditure Account

For the year ended 30 June 2011

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		2011		2011		Year to 30 June 2011	Year to 30 June 2010
	Notes	Electronic Communications		Post	Premium Rate Services	Total	Total
		Levy	Other	Levy	Levy	€'000	€'000
		€'000	€'000	€'000	€'000	€'000	€'000
INCOME							
Levy		8,750		1,210	894	10,854	10,726
Licensing Fees	1		28,672			28,672	27,608
Spectrum Income	1		13,900			13,900	10,100
Other Income	1		548			548	388
GROSS INCOME		8,750	43,120	1,210	894	53,974	48,822
Transfer (to) / from Capital Reserve	9		(22)			(22)	160
NET INCOME		8,750	43,098	1,210	894	53,952	48,982
EXPENDITURE							
Staff Costs	2	5,339	3,565	457	647	10,008	9,996
Pension Costs	14(b)	311	208	26	38	583	953
Technical Advice	3	2,627	1,210	600	193	4,630	4,627
Legal Expenses		441	1,253	37	64	1,795	2,274
Advertising		38	19	1	4	62	108
Administrative Expenses	4	991	874	159	256	2,280	2,347
Auditors' Remuneration		14	11	1	2	28	28
Premises and Related Expenses		748	577	65	107	1,497	1,383
Depreciation	5	369	280	32	45	726	646
(Profit) / Loss on Sale of Vehicle			(2)			(2)	9
Subscriptions to International Organisations	12	659				659	488
		11,537	7,995	1,378	1,356	22,266	22,859
OPERATING (DEFICIT)/ SURPLUS		(2,787)	35,103	(168)	(462)	31,686	26,123

The Statement of Accounting Policies and Notes 1 to 19 form an integral part of these Financial Statements.

Alex Chisholm

Chairperson

Commission for Communications Regulation

Appropriation Account

For the year ended 30 June 2011

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		Year to 30 June	Year to 30 June
		2011	2010
	Notes	Total	Total
		€'000	€'000
OPERATING SURPLUS		31,686	26,123
Less: Appropriations			
Payable to Central Fund	10	(30,765)	(25,441)
Additional contribution to Pension fund	10		
Pension Reserve adjustment	10	(921)	(682)
SURPLUS CARRIED FORWARD		0	0

The Statement of Accounting Policies and Notes 1 to 19 form an integral part of these Financial Statements.

Alex Chisholm

Chairperson

Commission for Communications Regulation

Statement of Total Recognised Gains and Losses

For the year ended 30 June 2011

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		Year to 30 June	Year to 30 June
		2011	2010
	Notes	Total	Total
		€'000	€'000
SURPLUS		0	0
Actual return less expected return on scheme assets	14(ciii)	280	1,783
Experience gains / (losses) on pension scheme liabilities	14(f)	388	3,070
Changes in assumptions underlying the present value of pension scheme liabilities	14(cii)	2,643	(3,204)
Transfers in for prior service	14(ciii)	738	37
Total Recognised Gains relating to the Financial Year		4,049	1,686

The cumulative gain recognised from actuarial gains and losses arising in the last five years amounts to €2,047,000.

Movement in Pension Reserve			
Balance at 1 July		(65)	(2,433)
Total Recognised Gains/(Losses) in the year		4,049	1,686
Pension Reserve adjustment	10	921	682
Balance at 30 June		4,905	(65)

The Statement of Accounting Policies and Notes 1 to 19 form an integral part of these Financial Statements.

Alex Chisholm

Chairperson

Commission for Communications Regulation

Balance Sheet as at 30 June 2011

		30 June	30 June
		2011	2010
	Notes	€'000	€'000
FIXED ASSETS			
Tangible Assets	5	1,704	1,682
CURRENT ASSETS			
Debtors	6	9,160	8,565
Short-Term Investments	7	71,927	63,489
Cash at Bank and in hand and Short-Term Deposits		3,653	3,502
		84,740	75,556
CREDITORS (Amounts falling due within one year)			
Creditors	8	(84,740)	(75,556)
NET CURRENT ASSETS		0	0
TOTAL ASSETS LESS CURRENT LIABILITIES		1,704	1,682
NET ASSETS EXCLUDING PENSION ASSET / (LIABILITY)		1,704	1,682
Pension Asset / (Liability)	14(ci)	4,905	(65)
NET ASSETS INCLUDING PENSION ASSET / (LIABILITY)		6,609	1,617
REPRESENTED BY			
Capital Reserves	9	1,704	1,682
Pension Reserve		4,905	(65)
RESERVES INCLUDING PENSION ASSET / (LIABILITY)		6,609	1,617

The Statement of Accounting Policies and Notes 1 to 19 form an integral part of these Financial Statements.

Alex Chisholm

Chairperson

Commission for Communications Regulation

Cashflow Statement for the year ended 30 June 2011

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	Year to 30 June	Year to 30 June
	2011	2010
Notes	€'000	€'000
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating Surplus (before Appropriations)	31,686	26,123
Difference between pension charge and contributions	(921)	(682)
Depreciation	726	646
(Profit) / Loss in Sale of Asset	(2)	9
Bank interest	(541)	(388)
Capital reserve transfer	22	(160)
(Increase) / Decrease in Debtors	(595)	69
Increase in Creditors (excluding Central Fund)	3,284	906
NET CASH INFLOW FROM OPERATING ACTIVITIES	33,659	26,523
CASHFLOW STATEMENT		
Net cash inflow from operating activities	33,659	26,523
Return on Investments		
- Bank and other interest received	541	388
Capital expenditure	(751)	(508)
Receipt from sale of asset	5	13
Payment to Central Fund	10 (24,865)	(26,499)
Management of Liquid Resources		
- Decrease in Short-Term Deposits	128	19
- (Increase) / Decrease in Short-Term Investments	(8,438)	87
INCREASE / (DECREASE) IN CASH BALANCES	279	23
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS		
Increase in cash in the period	279	23
(Decrease) in Short-Term Deposits	(128)	(19)
Increase / (Decrease) in Short-Term Investments	8,438	(87)
Change in Net Funds	8,589	(83)
Opening Net Funds	66,991	67,074
Closing Net Funds	75,580	66,991

The Statement of Accounting Policies and Notes 1 to 19 form an integral part of these Financial Statements.

Alex Chisholm

Chairperson

Commission for Communications Regulation

Notes to the Financial Statements for the year ended 30 June 2011

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		Year to 30 June	Year to 30 June
	2011	2011	2010
	Electronic Communications		
	Other	Total	Total
	€'000	€'000	€'000

1. LICENSING FEES			
2G & 3G Radio Licensing Fees	15,671	15,671	15,431
Other Radio Licensing Fees	12,868	12,868	12,078
MMDS & Deflector Licensing	133	133	99
	28,672	28,672	27,608
Spectrum Income			
3G Spectrum Income	13,900	13,900	10,100
Other Income			
Bank Interest	541	541	388
Sundry	7	7	-
	548	548	388

					Year to 30 June	Year to 30 June
	2011	2011	2011	2011	2011	2010
	Electronic Communications		Post	PRS		
2. STAFF COSTS						
	Levy	Other	Levy	Levy	Total	Total
Employee costs during the year:	€'000	€'000	€'000	€'000	€'000	€'000
Wages and Salaries #	4,870	3,252	417	590	9,129	9,118
Social Welfare Costs	469	313	40	57	879	878
	5,339	3,565	457	647	10,008	9,996
The average number of staff employed by the Commission during the year, analysed by category, was as follows:	64	47	5	9	125	117
<p>#The Commission operates a performance related remuneration scheme (which was originally established by the ODTR). Of the total Wages and Salaries costs, €786,000 (or 8%) of the total represents payments to staff in accordance with the provisions of the performance related remuneration scheme and the terms of their contracts of employment. Details of the remuneration of Commissioners are shown below.</p>						

	Salary	Allow- ance	Other Remu- neration	Total
	€'000	€'000	€'000	€'000
Alex Chisholm* – Chairperson	164	16	1	181
Mike Byrne - Commissioner	164	-	1	165
John Doherty* - Commissioner	82	-	-	82

* John Doherty's salary is only shown for the period he was Commissioner i.e. 1 July 2010 to 31 Dec 2010. Other Remuneration represents the cost of medical insurance paid by ComReg. The Commissioners' pension entitlements do not extend beyond the standard entitlements in the ComReg Superannuation Scheme (which is based on the Model Superannuation Scheme for civil servants) and Commissioners are not eligible for performance related pay.

	30 June 2011	30 June 2010
	€'000	€'000

3. TECHNICAL ADVICE

Professional & Technical Advice	3,110	3,128
Contact Management	579	492
Market Research	271	372
Quality of Service Monitoring	370	365
Staff Training and Professional Development	300	270
	4,630	4,627

4. ADMINISTRATIVE EXPENSES

Equipment and IT Maintenance	618	648
Subscriptions to Databases/Research Reports	187	455
Travel and Subsistence	366	361
Conferences/Meetings	246	281
Postal and Telecommunications	146	127
Stationery	105	105
Publishing and Promotion	247	63
Recruitment	34	10
Light, Heat and Cleaning	99	99
Insurance	31	27
Other Administrative Costs	201	171
	2,280	2,347

Notes to the Financial Statements for the year ended 30 June 2011

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5. TANGIBLE ASSETS					
	Technical Equipment	Computer Equipment	Fixtures, Fittings & Office Equipment	Motor Vehicle	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 30 June 2010	811	3,046	2,396	131	6,384
Additions	72	502	177	0	751
Disposals		(180)			(180)
At 30 June 2011	883	3,368	2,573	131	6,955
Accumulated Depreciation					
At 30 June 2010	528	2,587	1,574	13	4,702
Disposals		(177)			(177)
Charge for period	73	342	292	19	726
At 30 June 2011	601	2,752	1,866	32	5,251
Net Book Value					
30 June 2011	282	616	707	99	1,704
30 June 2010	283	459	822	118	1,682

	30 June 2011	30 June 2010
	€'000	€'000

6. DEBTORS		
Due within one year:		
Electronic Communications administration levy	578	367
Postal administration levy	35	41
Radio Licence Income	7,262	7,331
Accrued Income	93	111
Pre-payments & Recoverable expenses	1,192	715
	9,160	8,565
Recoverable expenses includes the sum of €200,000 in respect of costs incurred by ComReg as a result of its involvement in the National Postcode Project in 2005/6. The total costs incurred by ComReg in respect of this project amounted to €479,000, of which €279,000 was recovered through the Postal Levy. ComReg is in consultation with the Department of Communications, Energy and Natural Resources regarding recovery of the remaining €200,000.		

7. SHORT TERM INVESTMENTS		
Short Term Investments	71,927	63,489
	71,927	63,489
Short Term Investments comprise Exchequer Notes purchased from the National Treasury Management Agency Limited.		

	30 June	30 June
	2011	2010
	€'000	€'000

8. CREDITORS

Amounts falling due within one year

Trade Creditors	1,853	967
Other Creditors	7,792	7,790
PAYE / PRSI	0	0
Value-added tax	110	61
Accruals	1,171	2,012
Deferred income (see analysis below)	21,913	18,719
Payroll	695	701
Payable to Central Fund (see Note 10)	51,206	45,306
	84,740	75,556

Analysis of Deferred Income

Radio Licence Income	21,710	17,709
Other	203	1,010
	21,913	18,719

Where licences are renewed for a period which extends beyond the end of the financial year, a proportion of that income is deferred to meet expenditure in the following year.

9. CAPITAL RESERVES

Opening Balance	1,682	1,842
Transfer (to) / from Income and Expenditure Account:		
Net Additions to fixed assets	751	448
Amortisation in line with fixed asset depreciation	(729)	(608)
Net Amount to Income and Expenditure Account	22	(160)
	1,704	1,682

Notes to the Financial Statements for the year ended 30 June 2011

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10. APPROPRIATION OF SURPLUS

No final determination of the amount distributable to the Central Fund has yet been made for the year to 30 June 2011. Any final determination is not expected to be greater than €30,765,000. During the year to 30 June 2011 €24,865,000 was paid to the Central Fund in respect of the year to 30 June 2009. The adjustment to the pension reserve in the year represents the difference between the cumulative contributions to the pension fund and the corresponding amounts recognised through the Income and Expenditure Account.

11. PREMISES AND ACCOMMODATION

The Commission occupies premises at Abbey Court, Irish Life Mall, Lower Abbey Street, Dublin 1. The premises are rented from the Office of Public Works at an annual rent of €900,000 per annum. The Commission also has annual commitments of €140,074 payable within the next twelve months on foot of two leases, one of which expires in 2013 and the other in 2024, for office accommodation (currently sublet to third parties) at Crescent Hall, Mount Street Crescent, Dublin 2.

12. MEMBERSHIP OF INTERNATIONAL TELECOMMUNICATIONS ORGANISATIONS

Certain payments to International Telecommunications Organisations are met by the Department of Communications, Energy and Natural Resources out of the proceeds of the Administrative Levy. The charge to the Income and Expenditure Account includes €659,000 for that purpose.

13. COMMISSIONERS AND STAFF – DISCLOSURE OF INTERESTS

The Commissioners and staff complied with the requirements of Section 25 (Disclosure of Interests) of the Communications Regulation Act, 2002. There were no transactions in the year in relation to the Commission's activities in which the Commissioners had any interest.

14. PENSIONS

a) Description of Scheme

The Commission for Communications Regulation is a national regulatory authority established under the Communications Regulation Act, 2002. Sections 26 and 27 of the Act provide that the Commission shall make schemes for granting of superannuation benefits to and in respect of Commissioners and staff members, subject to Ministerial approval.

A funded defined-benefit scheme is being operated for the Commissioners and employees of the Commission.

For the purposes of reporting in accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), an update of the actuarial review was completed as at 30 June 2011.

	30 June 2011 €'000	30 June 2010 €'000
b) Pension Costs		
Current service cost	1,257	1,413
Interest cost	1,120	1,117
Expected return on Scheme Assets	(1,400)	(1,142)
Past service cost		
Less: Employees' Contributions	(394)	(435)
Total	583	953

14 PENSIONS (continued)		
	30 June	30 June
	2011	2010
	€'000	€'000
ci) Net Pension Liability		
Made up of:		
Fair value of Scheme Assets	23,776	19,799
Present Value of Funded Obligations	(18,871)	(19,864)
Net Asset / (Liability)	4,905	(65)
cii) Present Value of Scheme Obligations at beginning of year	19,864	17,260
Current Service Cost	1,257	1,413
Interest Cost	1,120	1,117
Actuarial (Gain)/Loss	(3,031)	134
Benefits Paid	(300)	(14)
Premiums Paid	(39)	(46)
Present Value of Scheme Obligations at end of year	18,871	19,864
ciii) Change in Scheme Assets		
Fair Value of Scheme Assets at beginning of year	19,799	14,827
Expected return on Scheme Assets	1,400	1,142
Actuarial Gain/(Loss)	280	1,783
Employer Contributions	1,504	1,635
Members' Contributions	394	435
Transfers in for prior service	738	37
Benefits paid from Scheme	(300)	(14)
Premiums paid	(39)	(46)
Fair Value of Scheme Assets at end of year	23,776	19,799
The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation.		

Notes to the Financial Statements for the year ended 30 June 2011

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14 PENSIONS (continued)	30 June 2011	30 June 2010
d) Scheme Asset Composition		
The scheme assets at the year end were composed of:		
Equities	53.3%	75.7%
Bonds	45.0%	22.2%
Property	1.7%	2.1%
Other	0.0%	0.0%
	100.0%	100.0%
Actual return less expected return on scheme assets		
Actual Return	2,418	2,925
Less: Expected Return	(1,400)	(1,142)
	1,018	1,783
To develop the expected long-term rate of return on assets assumption, the Commission considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.89% assumption as at 30 June 2011 and 6.68% assumption as at 30 June 2010.		
Weighted average assumptions used to determine benefit obligations		
Discount Rate	6.10%	5.35%
Rate of compensation increase	4.00%	4.00%
Weighted average assumptions used to determine pension expense		
Discount Rate	6.10%	6.00%
Expected long-term return on scheme assets	5.89%	6.68%
e) Financial & Demographic Assumptions		
The Financial Assumptions used for FRS 17 purposes were:		
Discount rate	6.10%	5.35%
Salary increases	4.00%	4.00%
Pension increases	3.50%	3.50%
Inflation increases	2.25%	2.00%
The Demographic Assumptions used were as follows		
	2011	2010
Mortality Pre-Retirement*	108% of PNM/FL00-1	85% of PMA92/ PFA92(c=2030)-1
Mortality Post-Retirement*	CSO improvements from 2006 for all members.	85% of PMA92/ PFA92(c=2030)-1
Retirements	It is assumed that all members who joined prior to 1 April 2004 retire at age 60 and all other members retire at 65	It is assumed that all members who joined prior to 1 April 2004 retire at age 60 and all other members retire at 65

	2011	2010
Ill Health Retirement	No allowance	No allowance
Early Retirement	No allowance	No allowance
Withdrawals	No allowance	No allowance
Percentage married	It is assumed that 90% of Males and 75% of Females are married.	It is assumed that 90% of Males and 75% of Females are married.
Age Difference between spouses	A male is assumed to be 3 years older than his spouse	A male is assumed to be 3 years older than his spouse

*PMA92/PFA92 are both published mortality tables prepared for the Actuarial Profession in the U.K. by the Continuous Mortality Investigation Bureau. The mortality assumptions chosen are based on standard tables reflecting typical pensioner mortality and they allow for increasing life expectancy over time.

	30 June 2011 €'000	30 June 2010 €'000	30 June 2009 €'000	30 June 2008 €'000	30 June 2007 €'000
(f) History of defined benefit obligations, assets and experience gains and losses					
Defined benefit obligations	18,871	19,864	17,260	16,523	14,007
Fair value of Scheme Assets	(23,776)	(19,799)	(14,827)	(12,281)	(10,580)
Deficit (Surplus) for funded Scheme	(4,905)	65	2,433	4,242	3,427
Experience (gains) / losses on Scheme Liabilities					
amount	(388)	(3,070)	810	99	1,880
Percentage of Scheme Liabilities	(2.1%)	(15.5%)	4.7%	0.6%	13.4%
g) Prior Pensionable Service					
<p>The liabilities of the pension scheme relate to retirement benefits arising from service with the Commission and service with other public bodies prior to joining the Commission where such service is known to the Commission. The Commission is entitled to seek to recover the cost of funding the prior service from other public bodies under the terms of its membership of the Public Service Transfer Network.</p> <p>For service transferred by members prior to 30 June 2011, the total value of such payments received in the year to 30 June 2011 was €738,000.</p> <p>Payments in respect of transferred in service are shown as a separate item in the Statement of Total Recognised Gains and Losses.</p>					
h) Funding of Pensions					
<p>The Commission expects to contribute €1.6m to its pension scheme in 2012.</p>					

Notes to the Financial Statements for the year ended 30 June 2011

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15. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2011.

16. RELATED PARTY TRANSACTIONS

As part of the ordinary course of business, the Commission has had transactions with other government departments and other state bodies.

17. REGULATION OF PREMIUM RATE SERVICES

The enactment in March 2010 of the Communications Regulation (Premium Rate Services and Electronic Communications Infrastructure) Act 2010 transferred (with effect from 12 July 2010) the responsibility for the regulation of premium rate services (PRS) in Ireland from the Regulator of Premium Rate Telecommunications Services Ltd (Regtel) to the Commission for Communications Regulation. Arising from this transfer of responsibility ComReg purchased some of Regtel's assets, a number of Regtel staff joined ComReg and its pension scheme and their benefits under the scheme accrue from that date. In addition, leases in respect of premises occupied by Regtel were assigned to ComReg.

18. PENSION LEVY

An amount of €638,000 deducted from salaries in respect of the Pension Levy was paid to the Department of Communications, Energy and Natural Resources in the year ended 30 June 2011.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Alex Chisholm, Chairperson, for the Commission for Communications Regulation, on 7 December 2011.



Appendix 1: List of documents published by ComReg during the year

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02/71R5	Permitted Short Range Devices in Ireland 12/23/2010	10/48	Response to Consultation on Draft Strategy Statement 2010 – 2012 7/16/2010
03/81R3	General Authorisation - Conditions for the provision of Electronic Communications Networks and Services 3/23/2011	10/49	Response to Consultation on Draft Strategy Statement - 2010 – 2012 – 10/49 - Submissions received from respondents to consultation on ComReg Documents 10/31, 10/31a, 10/31b, 10/31c 8/25/2010
05/82R2	Guidelines to Applicants; Third Party Business Radio Licences 12/6/2010		
05/82aR2	Third Party Business Radio Licence 12/6/2010		
08/08R1	Radio Licensing for Special Events & Temporary Use in Ireland 12/13/2010	10/50	Response to Consultation and Decision - Scope of Premium Rate Services Regulation 7/9/2010
08/90R2	Radio Frequency Plan for Ireland 12/23/2010	10/51	Information Notice - ComReg assumes responsibility for regulation of Premium Rate Services (PRS) 7/12/2010
10/46s	DECISION NOTICE (AND DECISION INSTRUMENT) - Response to Consultation – The Provision of Telephony Services under Universal Service Obligations - Submissions received from respondents 8/5/2010	10/52	Application Form - Premium Rate Services Licence 7/12/2010
10/47	ComReg's Strategy Statement 2010 – 2012 7/1/2010	10/52a	Guidelines and Sample Applications Form: Premium Rate Service Licence 7/12/2010
10/47a	ComReg's Strategy Statement 2010 – 2012 - ANNEX 1 - PESTEL Analysis 7/1/2010	10/52R	Application Form - Premium Rate Services Licence 1/24/2011
10/47b	ComReg's Strategy Statement 2010 – 2012 - ANNEX 2 - Market Trends 7/1/2010	10/52aR	Guidelines and Sample Application Form: Premium Rate Services Licence 1/24/2011
10/47c	ComReg's Strategy Statement 2010 – 2012 - ANNEX 3 - Summary of EU Reforms 7/1/2010	10/53	Application Form Premium Rate Services - Authorised Service 7/12/2010
10/48	Response to Consultation on Draft Strategy Statement 2010 – 2012 7/1/2010	10/53R	Application Form: Premium Rate Services - Authorised Service 1/24/2011
PR010710	ComReg publishes its Strategy Statement 2010 - 2012 7/1/2010	10/54	Information Notice - Regtel Code of Practice for Premium Rate Services 7/12/2010
SI 339 of 2010	SI339of2010 - Communications Regulation Acts 2002 to 2010 (Section 30) Premium Rates Services Interim Levy Order 2010 7/9/2010	10/55	The Implementation of EC Decision 2008/411/EC and Introduction of Mobility to the 3400 -3800 MHz Band 7/14/2010
SI 338 of 2010	SI338of2010 Communications Regulation (Licensing of Premium Rate Services) Regulations 2010 7/9/2010	CP70	Cognitive Radio - An Opportunity for Ireland: Agenda 7/15/2010
		10/56	Wholesale Broadband Access: Consultation and draft decision on the appropriate price control 7/15/2010

10/57	2010 Programme of Measurement of Non-Ionising Radiation Emissions: Second Interim Report 7/16/2010		8/6/2010
PR240710	ComReg extends deadline for Consultation (ComReg10/55) - Implementation of EC Decision 2008/411/EC and Introduction of Mobility to the 3400-3800 MHz Band 7/23/2010	10/64 10/65 10/66	Expiry of Eircom's FWPMA licence and future spectrum availability licensing 8/12/2010 Quarterly Key Data Report Information Notice 8/19/2010 Quality of Postal Service Monitor - Interim Report Q2 2010 8/26/2010
10/58	Publication of submissions to ComReg Information Notice 10/38 Views on future uses and licensing options of the 2.6 GHz band in Ireland 7/27/2010	PR260810 10/67	ComReg Reports on An Post Quality of Service for Q2 2010 8/27/2010 Response to Consultation Document No. 09/75 and Final Direction and Decision: Accounting Separation and Cost Accounting Review of Eircom Limited 8/31/2010
10/58s	Inputs received on potential uses and future licensing options of the 2.6 GHz spectrum band Submissions received from respondents 7/27/2010	10/67s	Submissions to Consultation 09/75 - Accounting Separation and Cost Accounting Review of Eircom Limited 8/31/2010
10/59	Update on the Availability of Ireland's "Digital Dividend" and the 900 MHz Band Liberalisation Consultation Process 7/29/2010	10/68 10/68s	Response to Consultation: Future Spectrum Availability for PMSE 9/1/2010 Submissions to Consultation 10/37: Future Spectrum Availability for PMSE 9/1/2010
10/60	Sixth Review of the National Numbering Conventions 8/4/2010	10/69	Extension of Comment Response Period for Consultation Document 10/60 9/10/2010
10/60a	National Numbering Conventions v7.0 (Draft) 8/4/2010		Further specification of the price control obligation, the transparency obligation and the access obligation in relation to the market for the wholesale terminating section of leased lines 9/10/2010
10/60b	Numbering Application Procedures and Application Forms v2v3.0 (Draft) 8/4/2010	10/70	800 MHz, 900 MHz & 1800 MHz Spectrum Release 9/17/2010
PR040810	ComReg proposes additional protection for consumers with revised numbering rules 8/4/2010		Award of Liberalised Spectrum in the 900 MHz and other Bands - A Report for ComReg 9/17/2010
10/61	Cognitive Radio - An Opportunity for Ireland: Report of Seminar on 21 July 2010 8/5/2010	10/71 10/71a	Award of 800 MHz and 900 MHz Spectrum - Update Report on Benchmarking 9/17/2010
10/62	ComReg Residential ICT Services Survey Q2 2010 8/5/2010		Retuning and Relocating GSM900 Spectrum Assignments in Ireland - Join Report for ComReg
10/62r	Consumer ICT Survey Q2 2010 8/9/2010	10/71b	
10/63	Information requirements to undertakings pursuant to section 13D(1) of the Communications Regulations Acts 2002 to 2010	10/71c	

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10/72	9/20/2010 ComReg consults on opening the 800 MHz and 900 MHz Bands for advanced mobile services 9/17/2010	10/83	termination charges by Vodafone, O2, Meteor and Hutchison 3G (Ireland) 10/8/2010 PBX Hacking and Telephony Fraud 10/11/2010
10/73a	Quarterly Key Data Report Memorandum Q2 2010 9/20/2010	10/84	Information Notice: Proposed licensing regime for GSM for railway operations spectrum. 10/13/2010
10/73R	Revised Quarterly Key Data Report 11/23/2010	CP71	Presentation by Alex Chisholm, Chairperson of ComReg, The Next Economy and Next Generation Broadband - TIF National Conference, 12/10/10 10/13/2010
10/74	Consultation on the Introduction of Key Performance Indicators for Regulated Markets 9/27/2010		Submissions to Consultation 10/55 10/15/2010
10/75	ComReg Issues H3GI with a Section 44 Notice 9/27/2010	10/85	Extension of response period for document 10/77 10/18/2010
10/76	Wholesale Call Origination and Wholesale Call Termination Markets Consultation and draft decisions in relation to proposed amendments to the price control obligations and further specifications of the transparency obligations 9/28/2010	10/86 10/87 10/88	Call For Input - Emergency Call Answering Service - Call Handling Fee review 10/22/2010 ComReg notifies O2 of a finding of non-compliance with respect to Electronic Billing 10/22/2010
10/77	Preliminary Consultation - Call for Input on costing and financing of Universal Service Obligation 9/28/2010	10/89 10/90	Mobile TV - Call for expressions of interest 11/11/2010 2010 Programme of Measurement of Non-Ionising Radiation Emissions: Third Interim Report 11/11/2010
10/78	Potential joint award of spectrum rights of use in the 800 MHz, 900 MHz and 1800 MHz bands - Extension of ComReg Consultation 10/71 Response Period 9/28/2010	10/91 10/91a	Future regulatory framework for Next Generation Voice services, including VoIP 11/18/2010 Review of the regulatory framework for VoIP in Ireland - A report for ComReg 11/19/2010
10/79	GSM Liberalisation Project - Publication of non-confidential submissions, correspondence and other material 9/30/2010	10/92	Information Notice - ComReg consults on the Code of Practice for Premium Rate Services 12/1/2010
10/80	Information Notice - Provision of Universal Service by eircom - Performance Data - Q2 2010 (1 April 2010 to 30 June 2010) and Annual (1 July 2009 to 30 June 2010) 10/1/2010	10/92a 10/92b 10/93	Consultation: Premium Rate Services - Code of Practice 12/1/2010 Draft Code of Practice - Premium Rate Services 12/1/2010 ComReg notifies Eircom Limited of a finding of non-compliance 11/30/2010
10/81	Market Review: Wholesale Broadband Access Consultation and Draft Decision 10/1/2010	10/94	Costing of universal service obligations: principles and methodologies
10/82	Further reductions in mobile		

	11/30/2010		respondents 12/8/2010
10/95	ComReg Update: O2-Electronic Billing 12/1/2010	10/103R	800 MHz, 900 Mhz & 1800 MHz spectrum release - Submissions received from respondents 1/7/2011
10/96	Preliminary Consultation - Electronic, and other, itemised bill formats 12/1/2010	10/104	Information Notice - Provision of Universal Service by Eircom - Performance Data - Q3 2010 (1 July 2010 to 30 September 2010) 12/15/2010
PR02122010	ComReg launches new Quality Standard for Customer Service Complaints Handling 12/2/2010		
10/97	Implementation of EU Roaming Regulations by Irish Mobile Companies and EU aggregated roaming data 12/2/2010	10/105	Inclusion of the 1800 MHz Band into the Proposed joint award of 800 MHz and 900 MHz 12/15/2010
10/97a	ComReg Mobile Roaming Research 12/2/2010	10/105a	Inclusion of the 1800MHz band in a joint award of spectrum in the 800MHz and 900 MHz bands - A report for ComReg 12/15/2010
PR02122010a	ComReg publishes Information Notice and Consumer Research on International Roaming practices 12/2/2010	10/105b	Retuning and Relocating GSM 1800 Spectrum Assignments in Ireland - a joint report for ComReg 12/15/2010
10/98	Consultation Paper - Three Criteria Test on the Broadcasting Transmission Market 12/3/2010	10/106	Quarterly Key Data Report Q3 2010 12/16/2010
10/99s	Submissions to Consultation - Sixth Review of the National Numbering Conventions 12/3/2010	10/106a	Quarterly Key Data Report Memorandum Q3 2010 12/16/2010
10/100	Quality of Postal Service Monitor - Interim Report Q3 2010 12/3/2010	10/107a	2010 Postal Market Business Survey 12/16/2010
PR03122010	ComReg reports on An Post quality of service performance for Q3 2010 12/3/2010	10/107b	2010 Postal Market Residential Survey 12/16/2010
10/101	Third-Party Business Radio Licensing; Reopening the Licensing Scheme 12/6/2010	10/108	Wholesale Broadband Access: Further consultation to Consultation Document No 10/56 and draft decision in relation to price control and transparency 12/22/2010
10/102	Findings from qualitative research into the national need for communication and distribution services - Report by The Research Perspective 12/6/2010	10/109	ComReg extends deadline for consultation on the Draft Code of Practice for Premium Rate Services 12/22/2010
10/102a	Findings from qualitative research into the national need for communication and distribution services - Presentation by The Research Perspective 12/6/2010	PR17122010	ComReg publishes 2010 Business and Residential Postal Survey 12/22/2010
10/103	800 MHz, 900 Mhz & 1800 MHz spectrum - Submissions received from	10/110	Guidance on the Submission of Competition Complaints relating to the Electronic Communications Sector 12/23/2010
		10/111	Inclusion of the 1800 MHz Band into

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	the Proposed joint award of 800 MHz and 900 MHz - Extension of ComReg 12/23/2010	11/07a	2/2/2011 Automatic Identification Systems (AIS) Licence Application Form
CP72	End of Year Review 2010 12/23/2010	11/07b	2/2/2011 Air Traffic Services 2/2/2011
10/112	Information Notice - Revised Amendments to ComReg document 08/90 - Radio Frequency Plan for Ireland 12/23/2010	11/07c	Radiodetermination (Radiolocation) Licence 2/2/2011
		11/07d	Radiodetermination (Radionavigation) Licence 2/2/2011
10/113	Industry meeting re maximum Call Handling Fee permitted for handling emergency calls for the period 12th Feb. 2011 to 11th Feb. 2012 12/31/2010	11/07e	Maritime Services Licence 2/2/2011
		11/08	Information Notice - Industry meeting regarding Premium Rate Services (PRS) licensing requirements and Consumer Support matters 2/7/2011
11/01	Discontinuation of licence award for Mobile TV in Ireland 1/7/2011		
11/02	Adjustment to the maximum permitted charge for the provision of Emergency Call Answering Service (ECAS) for the period 12 February 2011 to 11 February 2012 11/11/2011	11/09	2010 Programme of Measurement of Non-Ionising Radiation Emissions: Fourth Interim Report 2/8/2011
		11/10	Inclusion of 1800MHz into Proposed award of 800MHz & 900MHz - Responses to Consultation & Correspondence 2/9/2011
PR12012011	ComReg launches new consumer website to provide information about premium rate phone services 1/12/2011	PR110211	ComReg launches a new consumer website www.112.ie to highlight the EU emergency services number - 112 2/11/2011
11/03	Response to Consultation 10/55 - The Implementation of EC Decision 2008/411/EC and Introduction of Mobility to the 3400 – 3800 MHz Band. 1/20/2011	SI 66 of 2011	Prohibition of Sale, Letting on Hire, Manufacture, and Importation of Wireless Telegraphy Interference Apparatus Order 2011 2/14/2011
11/04	Submissions to Information Notice - Regulatory Framework for Next Generation Voice Services, including VoIP. 1/21/2011	11/11	Interim Licences for the 900 MHz band 2/17/2011
		11/12	Wholesale Compliance Annual Report 2010 2/18/2011
11/05	Information Notice - ComReg grants final extension to deadline for consultation on the Draft Code of Practice for Premium Rate Services 1/28/2011	11/13	ComReg Update - UPC Notification of Proposed Changes to Contract Terms and Conditions 2/18/2011
		11/14	Information Notice - Mobile Gateway Usage in Ireland 3/1/2011
11/06	ComReg Notifies UPC of a Finding of Non-Compliance with respect to Notification of Proposed Changes to Contract Terms and Conditions 2/1/2011	11/15	Response to Consultation and draft Decision - Costing of universal service obligations: Principles and Methodologies 3/7/2011
11/07	Radiodetermination, Air Traffic and Maritime Services Licence Guidelines	11/15s	Costing of universal service obligations: Submissions to

11/16	Consultation 3/7/2011 National Numbering Conventions Update to V.7 - Consultation Response 3/9/2011	11/26	Leased Lines: Further Reductions to Eircom's PPC fibre access prices 4/1/2011
11/17	National Numbering Conventions v7.0 3/9/2011	11/27	Interim Licences for the 900 MHz band - Response to Consultation & Correspondence 4/6/2011
11/18	Numbering Application Procedures and Application Forms v3.0 3/9/2011	11/28	Review of the Period 2008 – 2010 & Proposed Strategy for Managing the Radio Spectrum: 2011 – 2013. 4/12/2011
PRO9032011	ComReg tackles high cost of mobile calls to 1850, 1890 and 0818 phone numbers 3/9/2011	11/29	Response to Consultation and Decision: Interim Licences for the 900 MHz Band 4/13/2011
11/19	Irish Telephony Numbering & Dialling Scheme Status Report 3/9/2011	SI 189 of 2011	SI 189 of 2011 Wireless Telegraphy (Interim GSM Mobile Telephony Licence) Regulations 2011 4/21/2011
11/20	Local Loop Unbundling ("LLU") and Bitstream: Eircom's proposal to reduce ancillary charges 3/10/2011	11/30	Application Procedure for a Wireless Telegraphy (Interim GSM Mobile Telephony) Licence 4/21/2011
Annual Report 09	ComReg Annual Report 09 3/18/2011	11/31	Application Form for a Wireless Telegraphy (Interim GSM Mobile Telephony) Licence 4/21/2011
11/21	ComReg Quarterly Report Q4 2010 3/18/2011	11/32	Response to Consultation Document No. 10/70 and a further consultation and draft decision on the price control obligation in the market for wholesale terminating segments of leased lines 4/29/2011
11/21a	ComReg Quarterly Report Memorandum Q4 2010 3/18/2011	11/33	Republic of Ireland Quality of Postal Service Monitor - Annual Report 2010 5/6/2011
11/22	Response to Consultation and Final Decision: Amendments to the transparency obligation and the access obligation in the market for wholesale terminating segments of leased lines 3/22/2011	PR06052011	ComReg reports on An Post's quality of service performance for 2010 5/6/2011
11/22a	Submissions received to Consultation Document No 10/70 3/31/2011	11/34	ComReg Consultation Procedures 5/6/2011
11/23	Extension of Response to Consultation & Draft Decision 11/15 Response Period 3/30/2011	11/36	Grant of a Wireless Telegraphy (Interim GSM Mobile Telephony) Licence to each of Vodafone Ireland Limited and Telefonica Ireland Limited 5/13/2011
11/24	Response to Consultation - Three Criteria Test on the Broadcasting Transmission Market 3/30/2011	11/37	GSM Liberalisation Project - Publication of Correspondence 5/13/2011
11/24s	Consultation Submissions - Three Criteria Test on the Broadcasting Transmissions Market 3/30/2011	11/38	Submissions from Respondents
11/25	Information Notice - Provision of Universal Service by eircom - Performance Data - Q4 2010 (1 October 2010 to 31 December 2010) 3/31/2011		

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	relating to ComReg Document
	11/15 "Costing of universal service obligations: Principles and Methodologies". 5/18/2011
11/39	2011 Programme of Measurement of Non-Ionising Radiation Emissions: First Interim Report 5/20/2011
11/40	Next Generation Access (NGA) Remedies in Wholesale Regulated Markets 5/26/2011
11/41	Information Notice regarding response to consultation Document No. 10/92a and a further consultation and draft decision on the Code of Practice to be followed by premium rate service providers 5/30/2011
11/42	Report on Consultation and Decision on the costing of universal service obligations: Principles and Methodologies 5/31/2011
11/43	Quality of Postal Service Monitor - Interim Report Q1 2011 6/1/2011
PR01062011	ComReg reports on An Post's quality of service performance between January and March 2011 6/1/2011
11/44	ComReg Quarterly Report Q1 2011 6/21/2011
11/44a	ComReg Quarterly Report Memorandum Q1 2011 6/21/2011
PR21062011	Communications market revenues decline but broadband subscriptions continue to increase. 6/21/2011
11/45	Response to Consultation and Decision on the Introduction of Key Performance Indicators for Regulated Markets 6/29/2011



Appendix 2: Sector Overview

Number of operators

Under the authorisations process, operators in Ireland notify ComReg of their intention to provide networks or services to third parties. By June 2011, approximately 488 such notifications were registered by ComReg. Of this, 393 were fixed/wireless authorisations, 8 were mobile telephony authorisations and 87 were broadcasting authorisations.

Fixed market share

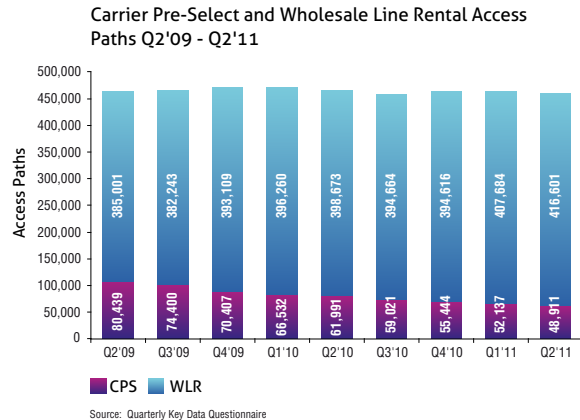
Based on operator data submitted via the Quarterly Report questionnaire, Other Authorised Operators (OAOs) accounted for 41.4% of the total fixed line market in terms of revenue by June 2011¹; this is up from 33% in June 2010 as reported by ComReg in its 2010 Annual Report.

Fixed CPS and WLR

Indirect access to fixed line networks for call services can be provided through Carrier Pre-Selection (CPS), where the call services are provided by an operator using the incumbent operator's network. The customer pays line rental to the incumbent. Through Wholesale Line Rental (WLR) an operator can provide single billing to the consumer for both their fixed line rental and fixed call usage.

By the end of June 2011, WLR accounted for 89.5% of lines provided via indirect access, up from 86.5% at the end of June 2010. In total there were 465,512 indirect access paths at the end of Q2 2011, up by 1.1% since June 2010.

Figure 1: CPS and WLR Q2'09 – Q2'11



Fixed telecom access paths

There were 1.81 million direct and indirect PSTN and ISDN access paths in the Irish market in Q2 2011, a decline of 5.5% since June 2010. Indirect access using WLR or CPS accounts for 25.7% of all access paths in the fixed copper market.

Since ComReg reduced wholesale charges for Local Loop Unbundling (LLU) there has been a marked increase in take up of LLU lines, particularly shared lines. This should help promote greater competition in the retail market and lead to better offers for consumers. There were 57,548 total LLU connections as of June 2011, up from 22,042 in June 2010.

Mobile telephony

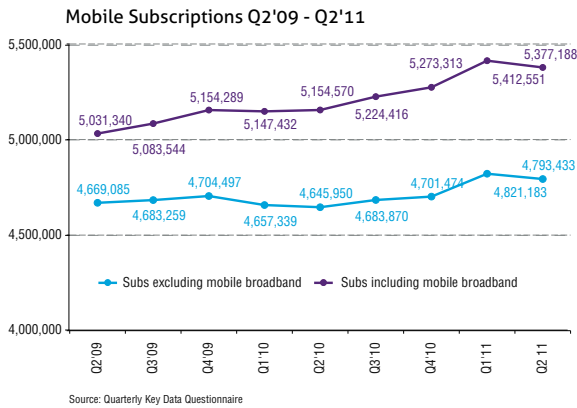
At the end of June 2011 there were almost 5.4 million subscriptions to mobile communications services in Ireland, which translates to a penetration rate of 117.4%. The European average² as of June 2011 was 126.8%.

1 Based on a combined share of interconnect, retail narrowband, leased lines & managed data, broadband and other fixed revenue streams.

2 As reported by Informa Telecoms & Media's World Cellular Information Service

Appendix 2: Sector Overview

Figure 2: Mobile subscriptions Q2'09 – Q2'11



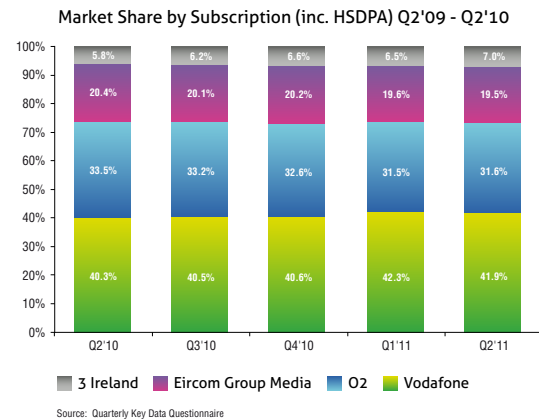
Growth in volumes of text messaging has slowed and, with the exception of a spike in volumes in December 2010 (perhaps due to the bad weather conditions and the Christmas period), quarter on quarter growth in the year since June 2010 has been negative. In the three months to June 2011, the average Irish mobile subscriber sent an average of 187 messages per month, compared with an average of 198 per month in the quarter to June 2010.

Average Minutes of Use per mobile subscriber in Ireland increased however from 249 minutes per month in June 2010 to 257 minutes per month in June 2011. This excludes usage of data services. In Q2 2011 Average Revenue per User was approximately €30 per month compared to approximately €32 per month in Q2 2010 and approximately €36 in Q2 2009. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to economic conditions in Ireland (e.g. reduced consumer spending), more competitively priced mobile plans and reductions in mobile termination rates among other factors.

422,192 mobile numbers were ported between operators in the twelve months to June 2011, which equates to approximately 35,000 mobile numbers ported every month. ComReg estimated that 346,260 mobile numbers were ported in the previous twelve months to June 2010.

Vodafone Ireland and 3 Ireland increased their market shares of subscriptions (including mobile broadband) to 41.9% and 7% respectively in the year to June 2011. Vodafone Ireland and O2 Ireland continue to retain the largest shares in the mobile market, holding 73.5% between them. Eircom Group Mobile (including Meteor and E-mobile) and 3 Ireland account for the remaining 26.5% of the mobile market. Tesco Mobile's customers share is not reported publicly.

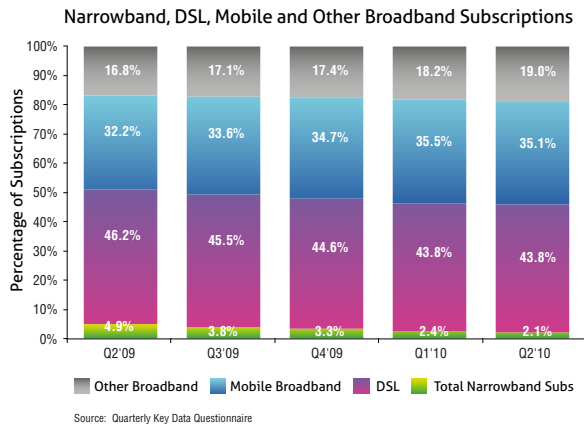
Figure 3: Mobile market shares by subscription Q2'10 – Q2'11



Internet and broadband

The number of narrowband or dial-up internet users continues to decline quarter on quarter. As of June 2011 there were 34,109 narrowband subscriptions in Ireland, accounting for only 2.1% of the total internet subscription base of 1,662,471. ComReg estimated that narrowband subscriptions accounted for 4.8% of all internet subscriptions in June 2010.

Figure 4: Internet subscriptions by type Q2'10 – Q2'11



By the end of June 2011 there were 1,662,471 internet subscribers using broadband technologies. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions with almost 730,000. However, alternative broadband platforms (particularly cable and mobile broadband) continued to grow strongly over the last twelve months.

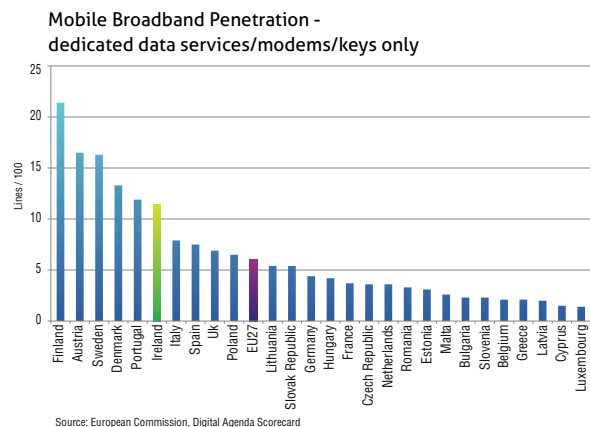
As of June 2011, cable subscriptions totalled just below 230,000. There were just under 585,000 mobile broadband subscriptions by the end of June 2011. In total, wireless and/or mobile broadband represented just over 41% of the total broadband market in Ireland while DSL accounted for 45% compared to 48% last year. In addition to broadband subscriptions, there are an estimated 1,050 WiFi hotspots in Ireland providing nomadic broadband access nationwide, particularly to laptop and smartphone users. This figure has fallen in the last year by almost 6%.

Figure 5: Broadband subscriptions and growth

Platform	Q2'11 Subs	Quarterly Growth Q1'11-Q2'11	Year-on-Year Growth Q2'10-Q2'11
DSL	728,742	-0.2%	-0.2%
Cable	228,595	+4.6%	+32.0%
FWA	78,299	+3.7%	-6.2%
Other ¹	8,971	-2.5%	+7.4%
Sub-Total	1,044,607	+1.1%	+5.0%
Mobile Broadband	583,755	-1.3%	+14.8%
Total	1,628,362	+0.2%	+8.3%

- Figures 5 and 6 below illustrate Ireland's position compared to other European countries for both mobile broadband penetration and fixed broadband penetration at the end of December 2010. While Ireland is just behind the average for the EU27 countries in terms of fixed broadband penetration, it is ranked fifth overall for mobile broadband penetration and five places ahead of the EU27 average.

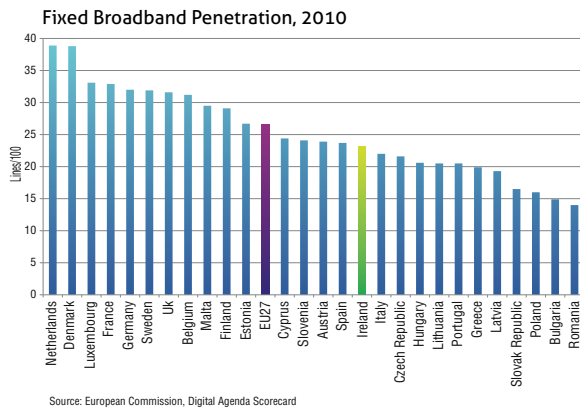
Figure 6: European mobile broadband penetration comparison, December 2010



3 Other Broadband includes Satellite and Optical Fibre broadband subscriptions.

Appendix 2: Sector Overview

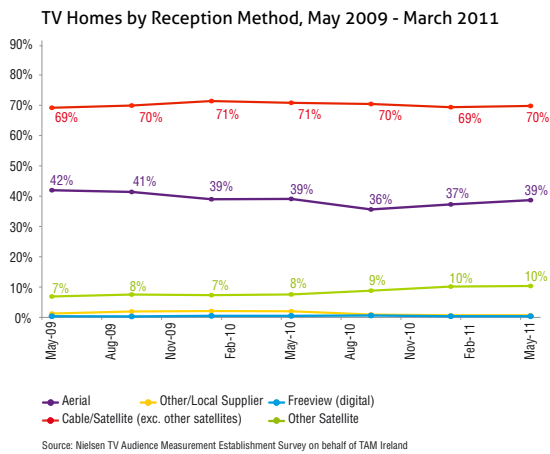
Figure 7: European fixed broadband penetration comparison, December 2010



Broadcasting

By the end of May 2011 almost 1.3 million households with a television received services via a cable or satellite provider in Ireland⁴.

Figure 8: Television homes by reception method

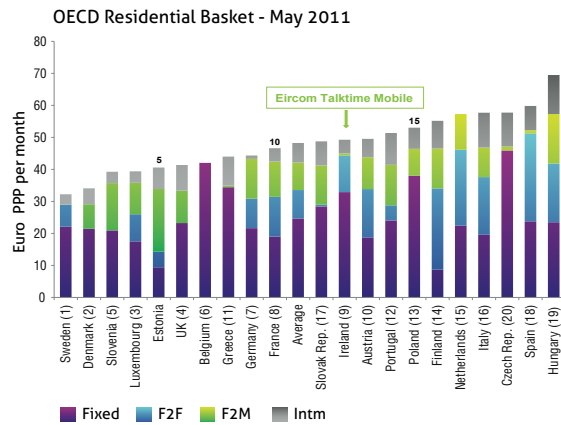


⁴ This figure counts households with more than one television multiple times so there may be some overstatement with regard to cable and satellite television penetration in Ireland.

Pricing

Ireland's PSTN residential basket, as measured by an OECD-approved methodology, remained competitive with other European countries although in the year to May 2011 the package used for Ireland has dropped back several places. The Irish package used for this comparison was 2% more expensive than the average for the other European countries charted in May 2011 compared to 8% cheaper in May 2010.

Figure 9: OECD PSTN residential basket



ComReg also collects comparative data on a number of mobile baskets, which estimate a price for low, medium and high-usage post-paid subscriptions as well as for a pre-paid subscription. As of May 2011, for the medium-user post-paid basket, Ireland is six places ahead of, and 28.9% cheaper than, the average. For the pre-paid basket, Ireland is three places behind the average of the countries benchmarked and the cost of this basket in Ireland is approximately 9.6% more expensive than the average.

Figure 10: OECD post-paid mobile basket

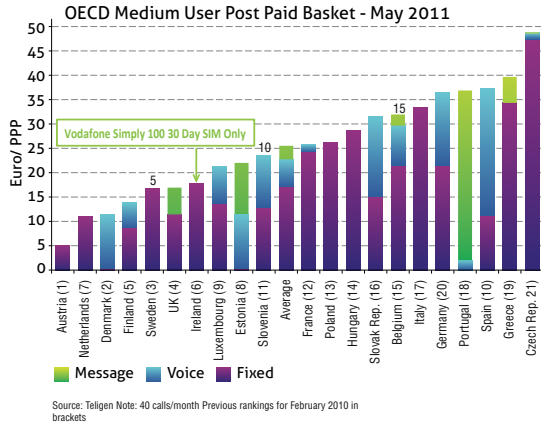


Figure 12: Central Statistics Office Consumer Price Index

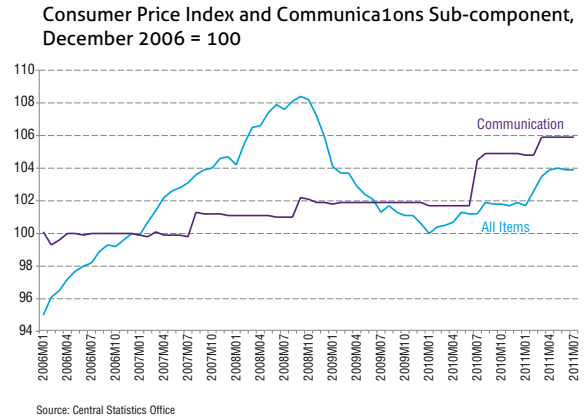
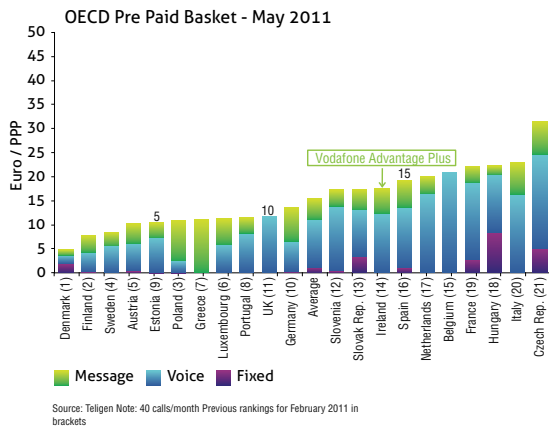


Figure 11: OECD pre-paid mobile basket



In overall terms, figure 12 shows the change in the Consumer Price Index (CPI) and the communications sub-component from 2006 to 2011. The CSO weights communications as 3.34% of the total CPI. Throughout 2010 and 2011 overall prices have been rising while communications costs have also increased since July 2010.

Total CPI increased by 2.7% in the year to June 2011 while communications costs increased by 4.1%. The communications price increase is primarily due to increased charges by Eircom and mobile operators. Figure 12 shows the change in both the overall CPI and the communications sub-component over the last five years.

Appendix 3: Output Statement for the period - 1 July 2010 – 30 June 2011

Output Statement for Year to 30 June 2011					
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011	
Promote the interest of users.	To inform, empower and protect consumers, both residential and business, and to ensure the availability for all users of quality telecommunications services.	Continuation of USP designation from 30 June 2010 to 30 June 2012.	Delivery of Universal Service by Universal Service provider.	New Designation from 30 June 2010 as outlined in ComReg Document 10/46 published 30 June 2010 and approved by Minister in July 2010.	
		USO Performance Data.	Ongoing reporting of USO Performance Data.	Monitoring of performance- Quarterly publication of USO performance data. Q2, Q3 and Q4 2010 Performance Data – ComReg Documents 10/80, 10/104 and 11/25 published on 1 October 2010, 15 December 2010 and 31 March 2011.	
		Consultation on the financing of USO.	Transparency on the approach to the financing of USO.	Decision on the guidelines to the principles and methodologies to calculate the net cost of meeting the USO – ComReg Document 11/42 published 31 May 2011.	
			Transfer of the regulation of PRS to ComReg.	PRS transferred and integrated within the ComReg structure.	PRS Regulation – Information Note, ComReg Document No. 10/51 published 12 July 2010.
					On 9 July, 2010, ComReg published its Response to Consultation (Document 10/50) on the scope of PRS regulation and also published Regulations (SI 338 of 2010) that gave effect to its Decisions. ComReg published Interim Levy Order (SI 339 of 2010) to provide for the collection of a PRS levy in accordance with established industry practices and pending a consultation on the matter. 01 Dec 2010 ComReg published a Consultation (10/92a) on the Code of Practice to be observed by providers of PRS services. Consultation period closed on 07 Feb 2011. ComReg to publish a second consultation on the Code in July 2011.
			Develop a quality standard for complaint handling by operators.	Quality standard for complaint handling by operators developed.	The Q Mark for Complaints Handling Standard was launched on 2 December 2010, ComReg Media Release Document PR02122010 published 2 December 2010.
			Monitor the operation of ECAS.	Ongoing monitoring of the operation of ECAS.	Ongoing Reporting.
		Review the ECAS Call Handling Fee.	Information Notice to all stakeholders.	Adjustment to ECAS Call Handling Fee – Information Note, ComReg document No 11/02 published 11 January 2011.	

Appendix 3: Output Statement for the period - 1 July 2010 – 30 June 2011

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
Promote the interest of users (cont'd)		To help promote pan-European emergency number 112.	Development of consumer website to highlight 'best practice' using 112 and promote the awareness of "112".	Website 112.ie launched 11 February 2011. ComReg Media Release Document PR110211 published 11 February 2011.
Promote competition, incentivise efficient investment, ensure development of internal market.	To drive access and investment in high-speed broadband networks through cross-platform competition, and to use effective and appropriate wholesale regulation to create the opportunities for dynamic and sustainable competition.	<p>Develop NGA rollout strategy and implementation plan with industry.</p> <p>Ensure no distortion to competition and appropriate investment incentives.</p>	<p>NGA strategy published and adopted.</p> <p>LLU and Line Share migrations implemented.</p> <p>Market review for WBA completed.</p> <p>Pricing review for WBA completed.</p> <p>Treatment of Bundles reviewed.</p>	<p>Consultation on NGA remedies – ComReg Document 11/10 published 26 May 2011.</p> <p>LLU and Line Share migrations processes implemented. Improved pricing leading to increased LLU volumes, most recent price reductions announced in April 2011 – ComReg Information Note 11/26 published 1 April 2011.</p> <p>Market review for WBA carried out and will be published in early July 2011.</p> <p>Pricing review for WBA consulted upon in December 2010 – ComReg Document 10/108 published 22 December 2010.</p> <p>Process ongoing – scheduled for completion in September 2011.</p>
		Point to point services to facilitate the provision of backhaul networks.	<p>PPC pricing Decision completed.</p> <p>Ethernet product development delivered.</p>	<p>Revised Ethernet pricing in market. Further reductions in PPC prices in place. Information Notice – ComReg Document 11/26 published 1 April 2011.</p> <p>Ethernet product launched August 2010.</p>
	Liberalisation of the 900MHz radio spectrum band in accordance with EC Directive.	<p>Publish response to ComReg Document 09/99.</p> <p>Publish Information memo and Final Decision.</p>	Liberalisation of GSM900 MHz to extend consumer welfare.	Information Notice - Update on the Availability of Ireland's "Digital Dividend" and the 900 MHz Band Liberalisation Consultation Process – ComReg Document 10/59 published 29 July 10.
				800 MHz, 900 MHz & 1800 MHz spectrum release. ComReg Document 10/71 published 17 September 10.

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
<p>Promote competition, incentivise efficient investment, ensure development of internal market. (cont'd)</p>				<p>DotEcon Report on "Award of liberalised spectrum in the 900MHz and other bands". ComReg document 10/71a. Published 17 September 2010.</p> <p>DotEcon Report on "Award of 800MHz and 900MHz spectrum - Update report on benchmarking" ComReg Document 10/71b published 17 September 2010.</p>
				<p>Vilicom/Red-M Report on "Retuning and Relocating GSM900 Spectrum Assignments in Ireland" ComReg Document 10/71c, published 17 September 2010.</p>
				<p>Information Notice - GSM Liberalisation Project - Publication of non-confidential submissions, correspondence and other material provided by respondents (and ComReg written responses to same) in the period following publication of submissions to Consultation 09/99 until publication of Consultation 10/71 – ComReg Document 10/79, published 30 September 2010.</p>
	<p>Liberalisation of the 900MHz radio spectrum band in accordance with EC Directive (cont'd)</p>	<p>Publish response to ComReg Document 09/99.</p> <p>Publish Information memo and Final Decision (cont'd).</p>	<p>Liberalisation of GSM900 MHz to extend consumer welfare (cont'd)</p>	<p>Submissions to Consultation - 800 MHz, 900 MHz & 1800 MHz spectrum release ComReg Document 10/103R, published 7 January 2011.</p>
				<p>Consultation: Inclusion of the 1800 MHz Band into the Proposed joint award of 800 MHz and 900 MHz Spectrum, ComReg Document 10/105, published 15 December 2010.</p>
				<p>DotEcon Report on "Inclusion of the 1800MHz band in a joint award of spectrum in the 800MHz and 900 MHz bands", ComReg document 10/105a, published 15 December 2010.</p>
				<p>Vilicom/Red-M Report on "Retuning and Relocating GSM1800 Spectrum Assignments in Ireland", ComReg Document 10/105b, published 15 December 2010.</p>

Appendix 3: Output Statement for the period - 1 July 2010 – 30 June 2011

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Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
Promote competition, incentivise efficient investment, ensure development of internal market (cont'd).				Consultation - Interim Licences for the 900 MHz band, ComReg Document 11/11, published 17 February 2011.
				Interim Licences for the 900 MHz band - Response to Consultation & Correspondence received, ComReg document 11/27, published 6 April 2011.
	Liberalisation of the 900MHz radio spectrum band in accordance with EC Directive (cont'd)	Publish response to ComReg Document 09/99. Publish Information memo and Final Decision (cont'd).	Liberalisation of GSM900 MHz to extend consumer welfare (cont'd).	Response to Consultation and Decision: Interim Licences for the 900 MHz Band, ComReg Document 11/29, published 13 April 2011.
	Contribute to the development of the electronic communications sector in the European Union.	Actively participate and contribute to the Body of European Regulators for Electronic Communications (BEREC).	Chair BEREC for calendar year 2010.	BEREC Office established in Riga, Latvia and key recruitments made. Represented BEREC in contacts with key stakeholders. Chaired Plenary meetings and Contact Network.
			Participation in key Expert Working Groups.	Participating in 10 individual work streams as drafters and chaired EWG on disabilities – BEREC Report "Ensuring equivalence in access and choice for disabled end-users" published February 2011.
	Ensure that the international allocations and regulatory framework accommodates Ireland's specific requirements.	To seek Ireland's best interests in European Spectrum Management Fora.	Contribute to the work of the EU RSPG (Radio Spectrum Policy Group), the EC RSC (Radio Spectrum Committee) and the CEPT (European Conference of Postal and Telecommunications Administrations)	Vice-Chair and Chairmanship of the EU RSPG. Representation of Ireland at the Plenipotentiary of the International Telecommunications Union. Active participation at plenary meetings of specific CEPT work groups and project teams.

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
Promote the development of the postal sector.	Transposition of the Third Postal Directive – ensure administrative procedures are developed on foot of Postal Act.	Publish consultations on the measures necessary to ensure that the 2010 Postal Act is Appropriately implemented.	Administrative procedures in place for postal regulation including registration and licensing of service providers. Arrangements for the supply of universal services implemented. Market supervision / statistical reports assessed.	Awaiting transposition of Third Postal Directive. (Communications Regulation (Postal Services) Bill).
	Postal Strategy Statement – set out ComReg’s objectives for the sector over the lifetime of the statement.	Publish Consultation. Publish Response to Consultation. Publish Postal Strategy Statement.	Framework for implementing ComReg’s obligations under Postal Directive and National legislation set.	Awaiting transposition of Third Postal Directive. (Communications Regulation (Postal Services) Bill).
	Quality of Service monitoring and reporting to ensure the provision of a high quality postal service	Publish Quarterly Report. Publish Annual Report. Address any compliance issues.	Ensure An Post meets with its legal obligations regarding Quality of Service.	QoS Interim Report Q2 2010, ComReg Document No. 10/66, published 26 August 2010. QoS Interim Report Q3 2010, ComReg Document No. 10/100, published 3 December 2010. QoS End of Year Report. ComReg Document No. 11/33, published 6 May 2011.
	Contribute to the development of the postal sector in the European Union.	Actively participate and contribute to the European Committee for Postal Regulation ((CERP) under the umbrella of the European Conference of Postal and Telecommunications Administrations (CEPT)) and its successor the European Regulators Group for Postal Services (ERGP).	Participation in CERP Working Groups.	Manager Postal Liberalisation completed second three year term as Vice-Chair of CERP. Played leading role in the establishment of ERGP. Elected chair of ERGP sub group on cross border issues. Papers presented at International Conferences.

Appendix 3: Output Statement for the period - 1 July 2010 – 30 June 2011

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
Efficient use of spectrum and numbers and promote innovation.	Spectrum Strategy – sets out ComReg’s objectives for the sector over the lifetime of the statement.	Publish Consultation. Publish Response to Consultation. Publish Spectrum Strategy Statement.	Framework for implementing ComReg’s obligations under National legislation set.	Review of the Period 2008 – 2010 & Proposed Strategy for Managing the Radio Spectrum: 2011 – 2013, ComReg Document 11/28, published 12 April 2011.
To ensure that we have the capacity to deliver on our objectives by having the requisite skills, structures and systems in place to operate efficiently and effectively as an independent regulator.	To be a highly effective, innovative organisation which is a recognised centre of excellence, and which plays its full part in shaping the development of a competitive communications industry.	Continue employee skill development and resource allocation.	Specific training delivered including regulatory communications and leadership programmes.	Capability Development: <ul style="list-style-type: none"> • Approaches Externally Validated: Excellence Through People, Engineers Ireland, N.I.S.O. and I.I.T.D. awards achieved following audit of policies and procedures. • Bespoke Regulatory Leadership Programme designed by ComReg and IMI NUI accredited and now open to all regulators. • Continued support for skills development, including educational assistance.
		Comply with corporate governance practice for State Bodies.	Corporate procurement plan implemented and risk management and internal audit arrangements reviewed.	Governance <ul style="list-style-type: none"> • Draft Code of practice for State Bodies submitted to DCENR. • Strategy Statement, Annual Report, Annual Action Plan published. • Three year audit plan developed, internal audit services tendered for, regular audit committee meetings held. • Risk management meetings held regularly. • Procurement: Plan implemented, advice given, staff updates issued.

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
<p>To ensure that we have the capacity to deliver on our objectives by having the requisite skills, structures and systems in place to operate efficiently and effectively as an independent regulator. (cont'd).</p>	<p>To be a highly effective, innovative organisation which is a recognised centre of excellence, and which plays its full part in shaping the development of a competitive communications industry (cont'd)</p>	<p>Design and implement continuous operational and strategic efficiencies.</p>	<p>Driving of efficiencies through smarter working; including implementation of IT plan.</p>	<p>Efficiencies</p> <ul style="list-style-type: none"> Public Service Agreement: Ambitious Action Plan developed and reported on; Chairing of working group on feasibility of shared pension administration arrangements and close co-operation with other agencies on shared arrangements on insurance etc. Smart Working IT enabled: <ul style="list-style-type: none"> End to End e-licensing Speedisign software installed to allow bulk signing of licenses New services: Numbering database went live. Better consumer information: www.Phonesmart.ie; www.112.ie launched. More efficient and effective operations: Record management policy framework and information inventory developed. Upgraded PO system released including more procurement information, budget visibility and drill-down for managers and invoice scanning system. New remote access solution and remote working policy implemented.
		<p>Assume responsibility of PRS organisation.</p>	<p>Integration of PRS within ComReg.</p>	<p>PRS</p> <ul style="list-style-type: none"> PRS functions (previously carried out by RegTel) fully integrated into ComReg.
		<p>Design and implement stakeholder management strategy.</p>	<p>Implement stakeholder management strategy implemented.</p>	<p>Stakeholder engagement:</p> <ul style="list-style-type: none"> New internal engagement forum initiated. Invitation and hosting of key stakeholder events including first visit by EU Commissioner Nellie Kroes. Stakeholder Programme developed and progressed.

Appendix 3: Output Statement for the period - 1 July 2010 – 30 June 2011

Output Statement for Year to 30 June 2011				
Public Interest Objective	High Level Goals	Programmes for completion by 30 June 2011	Output Indicators	Output achieved in Year to 30 June 2011
To ensure that we have the capacity to deliver on our objectives by having the requisite skills, structures and systems in place to operate efficiently and effectively as an independent regulator (cont'd).		Benchmark sectoral and policy performance against international standards.	Performance measurement through QR, ECTA scorecard, OECD etc.	Quarterly reports published for Q2, Q3, Q4 2010 and Q1 2011. ComReg Documents 10/73R, 10/106, 11/26, 11/44 published 23 November 2010, 16 December 2010, 18 March 2011 and 21 June 2011.
	To be a highly effective, innovative organisation which is a recognised centre of excellence, and which plays its full part in shaping the development of a competitive communications industry (cont'd)	Comply with Government statement on economic regulation.	Publication of Annual Output Statement.	Economic Regulation: <ul style="list-style-type: none"> • Output Statement to end June 2011 published. • Implementation of Government Statement on Regulation. • Active participation at Economic Regulator Group, including initiation of IT Network. Current Chair of Group is Chair of ComReg.





**Commission for
Communications Regulation**

Block DEF,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1.

Tel: +353 1 8049600

Fax: +353 1 8049680