



Media Release- 9th December 2002

ComReg Reaction to EU Telecoms Report

The European Commission's annual review of Member States' implementation of telecommunications Directives in the EU has rated Ireland's cost accounting and accounting separation methodology as best practice in the EU along with the UK. In an analysis of all the 15 Member States, Ireland was also deemed to have the most effective and comprehensive Service Level Agreements for Leased lines between its incumbent (eircom) and other operators.

The Report, the 8th in the series, stated that despite the overall fragility of the market there are many positive market indicators. This reflects the findings of ComReg's latest Quarterly Report. The European Commission also noted that unbundling the local loop in a number of countries including Ireland was not as speedy as it would like and concludes that several countries will need the intervention powers of the new EU regulatory framework.

Welcoming the Reports findings today, **ComReg Chairperson Etain Doyle** said that she was pleased that the Commission acknowledged the huge effort that had been put into developing, with support from the industry, a transparent cost accounting regime which ensures that eircom's interconnection prices in particular are cost-efficiently based and that the market can review the costs and revenues of each major line of eircom business. She also noted that the Commission praised the large reductions in prices of leased lines in Ireland, Finland and the UK to the USA which was due to intense competition between market players. On broadband access she said "I share the Commission's frustration at the lengthy time it takes to unbundle local loops'. As the text on this aspect was completed earlier this year, it does not take account of Esat BT's roll out of DSL, or Via Networks very recent entry into the DSL market. We need to build on this start and in particular I look forward to the reduced price offering from ESAT BT for DSL, as current prices are a deterrent to users". She stated that preparatory work for the new EU Framework has been a key priority for ComReg for some time now which will be important to ensure that there is a smooth transition to the new regulatory regime.

Extracts from European Commission Report:

New EU Directives: The report outlines the importance of preparing for the introduction of the new package of Directives next year and special note was made of the excellent arrangements in place to facilitate co-operation between ComReg and the National Competition Authority in Ireland.

Leased lines: The Commission praised Ireland, Finland and the UK for the large reductions in prices for leased line circuits to the USA and the significant improvements witnessed in delivery times between 2001 and 2002. (While the Commission figures on leased line delivery are based on a limited 2001 survey, comprehensive national statistics show that the current position in Ireland is now among the best in the EU.)

Service Level Agreements: The Report strongly commends the improvements in SLAs with respect to quality of service levels and notes that Ireland now appears to have “the most effective and comprehensive SLA applying to its incumbent operator”.

Cost Accounting and Accounting Separation: The report states: “The implementation of cost accounting and accounting separation in Ireland and in the UK can be regarded as best practice in the EU as regards the approach and methodology used, the detail of verification carried out by the regulators and the availability of information to third parties. All these elements result in greater transparency of the tariff determination process and contribute to establishing confidence in the cost accounting systems of the notified operators and indirectly in the cost of orientation of tariffs.”

Appeal Procedures: The Report refers to lengthy appeal procedures in some countries hampering the progress of the regulator’s work.

Local Loop Unbundling: The report notes disappointing results with regards to unbundling in many countries. Ireland is identified as having the highest monthly rental price for unbundling in Europe and an above average price for connection.

This price will be reviewed in the first quarter of 2003 following the output from an industry group which has been developing a new costing model for eircom’s access network.

ENDS

Issued By

Deirdre Healy

Public Affairs Manager, ComReg

Ph: 01 804 9639

Mobile: 087 2995609

deirdre.healy@comreg.ie