



Commission for
Communications Regulation

Consultation Paper

Strategy Statement (2008-2010)

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All responses to this consultation should be clearly marked:-
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post, facsimile, e-mail or on-line at www.comreg.ie
(current consultations), to arrive on or before [5pm, 26th November], to:

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Please note ComReg will publish all submissions with the Response to
Consultation, subject to the standard confidentiality procedure.

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1. Foreword [by the Chairperson]

ComReg is pleased to undertake this public consultation process on its draft of the Strategy Statement for the electronic communications sector for the period 2008-2010, as required under the Communications Regulation Act 2002.

Our third Strategy Statement is a forward-looking document that serves as a framework for action by the organisation for the period 2008-2010. It sets out ComReg's plan over these three years for the successful delivery of identified key priorities and is underpinned by our annual Action Plan, which sets out our detailed priorities and timeframes.

In developing the plan, we recognise that the Strategy Statement should reflect ComReg's role and obligations under legislation and should also preserve flexibility to meet the challenges in our dynamic operating environment. This is a period of potentially great change in the sector, with developments such as Next Generation Networks (NGNs); convergence of technologies, platforms, applications and markets; further consolidation in the sector across Europe; proposals for separation both at EU level and by Eircom; revisions to the number and range of markets we regulate and revisions to the underpinning regulatory framework all presenting challenges.

The draft Strategy Statement sets out ComReg's vision of the way forward for the organisation for the next three years. It is part of a suite of consultations that we will be undertaking over the coming months. We also intend to consult separately on both the Postal and Spectrum Strategy Statements for the period 2008-2010.

The achieving of the appropriate level of regulation necessary to ensure sustainable competition, provide consumers with price choice and quality and drive innovation in such a rapidly changing and dynamic sector such as electronic communications is central to Ireland's continued economic success. Continuous dialogue with, and submissions from, all stakeholders is key to ensuring that this is achieved and we would encourage all interested parties to consider our draft strategy and provide us with their considered feedback by 26th November 2007.

Mike Byrne

**Chairperson
Commission for Communications Regulation**

2. Mission, Values, Vision

MISSION

ComReg enables the development of a sustainable, competitive and dynamic communications sector in Ireland and empowers consumers to make informed choices

VALUES

- Integrity
- Professionalism
- Impartiality
- Effectiveness
- Transparency

VISION

ComReg's vision for the electronic communications sector entails facilitating the conditions for sustainable, dynamic and innovative competition to exist in the sectors we regulate and for all consumers to be relevantly informed and protected and to have easy access to an increasingly wide range of competitively-priced quality products and services.

Our vision is of ComReg promoting innovation in converging platforms and technologies by creating a supportive and predictable regulatory environment that facilitates convergence and which enables industry and other stakeholders to make informed decisions on future investment, roll-out and deployment of new technologies. To ensure achievement of our vision, ComReg is a professional, innovative organisation that is acknowledged as a leading source of expertise in the electronic communications sector.

3. Environmental Analysis

3.1 Economic and Environmental

The Irish economy has continued to grow since ComReg's previous Strategy Statement 2005-2007.

In 2006, GDP expanded by 5.7%, while GNP increased by 6.5%.¹ IMF estimates suggest that the economy will continue to grow in 2007, albeit at a slightly slower rate.²

However, a number of commentators, such as the ESRI and the Central Bank, have highlighted potential threats to these prospects for growth, including a risk of declining competitiveness, rising interest rates and inflation, as well as increased risk of growth in unemployment, particularly in the multinational companies sector.

The ICT sector in Ireland has grown strongly since liberalisation and generated approx. €4.3bn in 2006. This represented approximately 2.6% of GDP at the end of 2006.³ While the EITO has forecast 2.9% growth in the EU ICT sector in 2007⁴, corresponding growth in Ireland is expected to be marginally lower at around 2.7%.

There is opportunity for further growth in consumer and small business adoption of broadband in Ireland. The installed base of broadband subscribers stood at approx. 700,000 at the end of June 2007. However, in the same period, a further 400,000 subscribers were still connecting to the internet by means of a narrowband connection. Encouraging such users to migrate to broadband, as well as increasing household ownership of PC's and other internet-enabled devices, will be a key challenge in the period to 2010.

Broadband adoption will, in turn, help drive adoption of complementary services such as voice over broadband and postal delivery of online purchases. While global voice revenues currently account for around 70% of total telecoms revenues according to the OECD⁵, telecommunications service providers face the prospect of, at best, stabilising revenues generated by voice services and, in some cases, actual declines in revenues generated by voice calls. New services such as VoIP and instant messaging, as well as falling wholesale or interconnection rates, and increasing trends towards bundling of multiple services based on set pricing, may cannibalise voice revenues. This trend will drive operators to seek revenues elsewhere, such as fixed and mobile broadband, IPTV and other valued-added services.

The pursuit of new revenue streams may see increased industry consolidation through mergers and acquisitions, as operators seek scale and opportunities for adding new services such as mobile voice to their bundled services offerings. However, strong

¹ Source: Department of Finance Monthly Bulletin, September 2007

² Dept. of Finance press release, 25/09/2007,

<http://www.finance.gov.ie/viewdoc.asp?DocID=4654&CatID=1&StartDate=1+January+2007&m=n>

³ Based on CSO data, 28th March 2007,

<http://www.cso.ie/releasespublications/documents/economy/current/qna.pdf>

⁴ European Information Technology Observatory 2007 (www.eito.org)

⁵ OECD's Communications Outlook 2007

consumer demand for bundled services may also encourage new and non-traditional operators to offer electronic communications services.

3.2 Political and Legislative

Between 2008 and 2010, ComReg will operate against a backdrop of substantial legal and regulatory change.

A new regulatory framework for electronic communications is due to be introduced in the EU by 2008 and implemented in Member States by 2009-2010. This review will substantially overhaul regulation based on the following principles:

- Flexible spectrum management
- Streamlining market reviews
- Consolidating the internal market
- Strengthening consumer protection and user rights
- Improving security
- Removing outdated provisions

In addition, ComReg is operating under new powers in the Communications Regulation (Amendment) Act which came into force in 2007.

3.3 Social

Ireland has undergone a dramatic transformation in recent years with strong population growth, driven by high birth rates and inward migration. In the decade from 1996 to 2006, Ireland's population expanded from 3.6m to 4.2m. The CSO has indicated that it expects this growth to continue to 2021. The Greater Dublin Area⁶ (GDA) may account for almost 41% of the total population by this date.

Predictions indicate considerable continuing investment in infrastructural development including roads, energy supply, communications, etc, and that this, in turn, will offset any slowing in the housing construction market back to more typical levels enjoyed across Europe.

3.4 Technical

The electronic communications industry operates against a backdrop of ever-evolving technologies and standards. Regulation in this environment is, therefore, a constant challenge. While it is impossible to identify with any certainty the technical forces that will shape the electronic communications industry in the medium to long-term, two key technical forces are noted here; namely convergence and the roll-out of next-generation networks and access.

Convergence is perhaps the technical force most frequently cited by commentators on the industry. Such convergence may embrace the provision of both fixed and mobile voice services over single devices permitting, in future, consumers to be able to access their entertainment, business and social needs through a range of different devices across multiple platforms.

⁶ The GDA covers counties Dublin, Kildare, Meath and Wicklow

Increased demand for bandwidth, as broadband usage grows and new applications are created, will push existing broadband platforms to the limit. New and media-rich applications are and will continue to drive demand for higher capacity broadband. Evidence of these developments can already be seen from countries such as Japan and Korea.

4. High Level Goals

- ❑ To ensure all consumers are relevantly informed and protected and have easy access to a wide range of competitively-priced quality products and services
- ❑ To create the conditions for sustainable, dynamic and innovative competition in the sectors we regulate, which delivers a choice of high quality products and services at competitive prices to consumers
- ❑ To promote innovation in converging platforms and technologies by creating a supportive and predictable regulatory environment which enables industry and other stakeholders to make informed decisions on future investment, roll-out and deployment of new technologies
- ❑ To be a professional, innovative organisation that is acknowledged as a leading source of expertise in the communications sector

5. Objectives – Consumer

To ensure all consumers are relevantly informed and protected and have easy access to a wide range of competitively-priced quality products and services.

Objectives

1. Provide accessible, relevant information to electronic communications consumers

Strategies

- Define the information required by consumers under the following headings:
 - ***Choices as an electronic communications consumer***
 - i. *Products and services including those accessible to consumers with disabilities.*
 - ii. *Prices*
 - iii. *Switching*
 - ***Specific rights and entitlements as an electronic communications consumer in relation to:***
 - i. *Universal Service*
 - ii. *Billing*
 - iii. *Tariff Transparency*
 - iv. *Contracts*
 - v. *Complaint Handling*
 - vi. *The National Directory Database*
 - vii. *Access to Emergency Services*
 - viii. *Unsolicited Marketing calls*
 - ix. *Number Portability*
 - ***New Technology***
Information explaining the benefits and uses of new technology
- Use ComReg research; Focus groups and surveys; Consumer Advisory Panel; the Disability Forum and ComReg Consumer Line contact trends as a guidance mechanism to highlight current consumer information needs
- Disseminate information through a number of channels including Consumer Guides; ComReg’s websites; Outreach Programmes and Advertising Campaigns, ensuring a consistent and identifiable brand.
- Ensure information is accessible, appropriate to need, accurate and timely.

2. Ensure consumers have convenient, affordable access to basic electronic communications services (universal service)

Strategies

- Establish performance targets for delivery of universal services
- Monitor and report on delivery of universal services
- Enforce performance targets, as appropriate
- Review requirements regarding ‘affordable access’

3. Support and encourage improvements in the quality of customer service and the overall consumer experience of the communications sector

Strategies

- Monitor consumer satisfaction and identify key issues, through consumer contacts and surveys
- Put in place appropriate minimum requirements for authorised operators and ensure consumers are adequately protected if operators exit the market.
- Develop initiatives to improve Bill Presentation standards.
- Ensure that communications services are accessible for people with disabilities
- Seek continual improvements in service and standards for operator’s consumer complaint process and continue to monitor and publish reported issues and trends.
- Continue to monitor the use of the opt-out register for fixed-line customers.

4. Deal efficiently with operator non-compliance

Strategies

- Efficiently manage consumer contacts to ComReg by answering consumer queries and liaising with operators to achieve a resolution for consumer complaints.
- Through compliance and enforcement, address serious issues and trends reported to ComReg, by priority.
- Monitor compliance by service providers with requirements necessary for communications consumer’s rights in relation to;
 - i. *Universal Service*
 - ii. *Billing*
 - iii. *Tariff Transparency*
 - iv. *Contracts*
 - v. *Complaint Handling*
 - vi. *The National Directory Database*
 - vii. *Access to Emergency Services*
 - viii. *Unsolicited Marketing calls*
 - ix. *Number Portability*

- Work with other bodies, using formal agreements, to effectively utilise consumer legislation in this respect (for example, NCA, ODPC, ASAI, Regtel)

Performance Measurement

- Verification of accessibility, usability, appropriateness and timeliness of consumer information through achievement and maintenance of accreditation of recognised best practice standards including NALA Plain English and W-Mark for consumer information.
- Publication of USO Performance targets and appropriate enforcement actions.
- Develop a Quality Standard for Customer Bill Presentation for telecommunications services
- Improved handling of consumer complaints by operators through their own published complaint handling procedures
- Publication of all breach notifications and associated compliance actions

6. Objectives - Competition

High Level Goal

To create the conditions for sustainable, dynamic and innovative competition in the sectors we regulate, which delivers a choice of high quality products and services at competitive prices to consumers

Objectives

1. Enable effective and sustainable competition in the electronic communications market

Strategies

- Implement effective remedies following analysis and any findings of dominance in relevant markets.
- Ensure proper regulatory controls are in place to encourage effective competition
- Continue to facilitate cross-platform competition in broadband through a range of measures, including provision of additional spectrum and enabling efficient LLU processes
- Monitor and ensure compliance with remedies and, where appropriate, take enforcement action
- Set and report metrics on compliance performance including, for example, national and international industry surveys; quality of service provision by USO provider; number of unbundled lines, number of cable lines and movement of consumers between suppliers
- Develop and implement mandatory Service Level Agreements (SLAs)
- Ensure that the appropriate guidance and regulatory policies are in place to accommodate the continued development of competition, particularly in dynamic areas such as functional/structural separation and NGNs

2. Where dominance exists, ensure fit-for-purpose wholesale telecommunication products and services are in place, where appropriate, to permit industry provide retail offerings

Strategies

- Identify key bottlenecks which are needed to deliver telecommunications products and services, which are uneconomic to replicate
- Allow access to network services, which are uneconomic to replicate
- Ensure that they can be accessed on a non discriminatory basis

3. Allow for the seamless movement of consumers between operators for services of their choice

Strategies

- Reduce lead times on the provision of wholesale services

- Reduce inappropriate barriers to switching, in co-ordination with other appropriate bodies
- Monitor and report on industry data on levels of churn, migrations between service providers and numbers ported

4. Encourage both investment in networks and competition by providing appropriate regulatory controls and pricing structure

Strategies

- Allow industry participants a reasonable rate of return
- Ensure adequate margins exist between retail and wholesale products
- Ensure that the relative pricing of wholesale products maximises infrastructure investment
- Use the available regulatory tools to reflect significant investment plans and the level of any associated risks

Performance Measures

- Continue to have the appropriate controls, products and pricing in place to ensure sustainable competition
- Facilitate continued growth of cross-platform competition
- Ensure that the processes and framework are in place to enable a timely transition to NGNs which will support continued sustainable competition, benefit consumers and drive innovation
- Provide clear metrics on key performance targets and/or areas, such as LLU and broadband

7. Objectives - Innovation

High Level Goal

To promote innovation in converging platforms and technologies by creating a supportive and predictable regulatory environment which enables industry and other stakeholders to make informed decisions on future investment, roll-out and deployment of new technologies

Objectives

1. Ensure that the regulatory environment is conducive to the timely introduction of innovative next-generation converged services

Strategies

- Facilitate two-way dialogue with industry, for example, through the NGN Industry Steering Group (NISG) and bilateral meetings
- Assist the NISG to create and manage the framework that facilitates the successful introduction of all Next Generation core and access networks in Ireland
- Taking input from the NISG, determine the impact that the deployment of NGNs may have on competition and consumer welfare, and develop appropriate policy proposals.
- Publish supporting material on a timely basis via ComReg website.
- Share experiences with other Member States and undertake research to inform dialogue and assist timely decision-making
- Provide regulatory certainty in relation to the continuity of existing regulatory obligations and migration to future NGN-based regulatory obligations
- Ensure that market developments, such as NGN/A developments, are considered in conducting the market review process

2. Provide appropriate spectrum to the market on a timely basis and in a manner that encourages and facilitates industry innovation

Strategies

- Consult and discuss with existing and prospective users of spectrum;
- Develop and publish a spectrum strategy and national frequency allocation tables and implement the strategy.
- Develop and publish supporting legislation and guidelines.
- Facilitate the timely introduction of digital broadcasting, in co-operation with key stakeholders
- Ensure regulatory certainty in all decisions and contacts with industry stakeholders

3. Contribute to the further development of Ireland as a centre of excellence for communications research and development

Strategies:

- Develop and actively promote ComReg's Test and Trial Scheme to encourage the development of innovative spectrum usage in a safe and technology-neutral environment
- Increase awareness of the Scheme among relevant development agencies, inward investors and other stakeholders
- Enhance our international reputation for excellence with international regulatory authorities and agencies

4. Provide an insight into how the communications landscape may develop and ensure continuing regulatory certainty

Strategies

- Raise awareness among stakeholders in relevant areas
- Interact with a range of groupings, including expert panels, industry fora, research organisations and universities
- Use scenario analysis to explore the potential implications of a range of developments in the electronic communications environment
- Develop roadmaps for development of discrete new technologies

Performance Measures

- Ireland is recognised as having a proactive, supportive regulatory environment for new communications, technologies, applications and services
- Ireland enhances its reputation as a location for launching new and innovative products and services though, for example, ComReg's Test and Trial Scheme
- Ireland scores in the top quartile of international surveys on openness to innovation in electronic communications.

8. Objectives - Organisation

High Level Goal

To be a professional, innovative organisation that is a leading source of expertise in the communications sector

Objectives

1. Ensure that ComReg has the powers, resources and skills to regulate effectively in a dynamic market

Strategies

- Engage with DCENR and D/Fin to ensure that ComReg has the powers and resources in place to regulate effectively in our operating environment
- Ensure the optimal utilisation of our resources to ensure continued high performance and value for money

2. Develop and implement regulatory policies in accordance with international and national standards

Strategies

- Influence the development and implementation of overall international regulatory policies (e.g. EC, ERG, CEPT)
- Participate in international fora to influence the development and implementation of best regulatory practice guidelines (e.g. ERG, OECD, CEPT)
- Influence the development and implementation of national regulatory policies (e.g. DCENR, Dept of An Taoiseach)
- Participate in the Better Regulation Forum to ensure better regulation in Ireland
- Develop and enhance co-operation agreements with appropriate regulatory agencies (e.g. NCA, Competition Authority)

3. Maintain ComReg's reputation for competence and expertise among key stakeholders

Strategies

- Formulate and implement a proactive Communications Plan
- Maintain an ongoing quality dialogue with key stakeholders
- Continue to participate in Outreach initiatives (e.g. events; conferences)
- Ensure balanced media coverage of communications regulatory issues

4. Develop and implement a focused Staff Development Programme

Strategies

- Align HR policies to ensure the attraction and retention of quality people; the continuation of a high performance culture and the reinforcement of our position as a recognised centre of excellence
- Formulate and implement a quality Learning and Development Programme
- Continue to pursue proactive policies in respect of corporate social responsibility and equality and diversity initiatives

Performance measures

- Benchmark ComReg's performance against best international comparators, using established standards
- Conduct a Key Stakeholder Survey (to establish confidence levels/respect in ComReg's expertise)
- Conduct an audit of competences (to establish if ComReg has the appropriate competences in place)

Appendix A – List of Abbreviations

ASAI	Advertising Standards Authority for Ireland
CEPT	European Conference of Postal and Telecommunications Administrations
CSO	Central Statistics Office
DCENR	Department of Energy, Communications and Natural Resources
D/Fin	Department of Finance
EC	European Commission
EITO	European Information Technology Observatory
ERG	European Regulators Group
ESRI	Economic and Social Research Institute
EU	European Union
GDA	Greater Dublin Area
GDP	Gross Domestic Product
GNP	Gross National Product
ICT	Information and Communications Technology
IMF	International Monetary Fund
IPTV	Delivery of television over Internet Protocol
LLU	Local Loop Unbundling
NCA	National Consumer Association
NGN/A	Next Generation Networks/Access
NISG	Next Generation Network Industry Steering Group Steering Group
OECD	Organisation for Economic Co-operation and Development
ODPC	Office of the Data Protection Commissioner
PC	Personal Computer

Regtel	Regulator of Premium Rate Telecommunications Services
SLA	Service Level Agreement
USO	Universal Service Obligation
VoIP	Voice over Internet Protocol