



Commission for  
**Communications Regulation**

## General

### **Dundalk Chamber of Commerce**

**Address by Etain Doyle, Chairperson, Commission for  
Communications Regulation, 29 April 2003**

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Mr Chairman, Members,

Thank you for this invitation to speak with you this morning. I am always pleased to come to locations outside of Dublin to ensure that I have the opportunity to see and hear directly what are the issues of concern – while the vast majority of our licensees who need daily or weekly contact with us are based in Dublin, communications services are needed nationwide. I have been looking forward to today as an opportunity for two-way communication.

The Chamber asked me to speak on a number of issues including broadband, the mobile market and of course the postal service, I am aware that many of you had unhappy experiences over the Christmas period, wondering by the end of January why your friends had forgotten to remember you at Christmas. I hope that I can clarify some of the issues and explain what ComReg can – and cannot do – to help resolve them.

The telecommunications sector has been revolutionised since the full liberalisation of the market in 1998. Telecommunications is now ‘consumer driven’ not ‘producer driven’. The end user has benefited from the competitive liberalised market through price and diversity of service. It wasn’t so long ago that a trunk phone call in Ireland cost an arm and a leg. With the advent of competition, those prices came tumbling down (20% reduction since 1997).

However, creating a free market is not just a matter of abolishing the legal monopolies. Without a framework of regulation, dominant players will tend to prevent the establishment of, and squeeze out, any competition before it has time to find its feet. Our job is to enable new entrants to enter the market and to facilitate competition. We do this by implementing regulatory frameworks for as many different ways of accessing the market as is feasible. We seek to ensure that access is provided in a competitive way. This involves a wide range of activities - from devising new licence frameworks for wireless licensing from 3G competitions to exemptions for mobile handsets; from developing, in close co-operation with the operators the rules for local loop unbundling and other types of access to the *eircom* network, and pricing these in accordance with regulatory and competition law rules, to enforcing compliance with the directions made by ComReg and set out in law. We deal with telecoms networks of all kinds and key access services on these such as local loop unbundling, and also telephone numbering and other access codes; we deal with broadcast distribution networks – the RTE network, cable, MMDS and the licence aspects of DTT; we deal with the provision of radio licensing to a myriad of private radio users including taxi and bus companies.

Competition should be the pressure to force higher quality standards, but in a market with a tradition of ‘sure it will do’ and limited competition, intervention is needed to raise the level of everyone’s game. This is why ComReg has required operators to set service quality standards, and codes of practice for resolution of user complaints which focus their attention on dealing with service quality issues in a systematic way, solving underlying problems rather than giving ad hoc responses – or lack of response – to individuals’ issues.

As regulator we are a key facilitator of the competitive market. We do not and cannot provide the services themselves - this is a matter for the operators. We can require performance in some key respects in particular in respect of the incumbent, but in many cases to achieve a result in a reasonable time we rely on persuasion and prodding, seeking

to line up competitive forces which are so much more powerful than any regulation in achieving the results we all want.

There is no doubt that, as technologies and services develop we will see increasing convergence between mobile, fixed (or portable) and broadcasting applications and services. Ultimately it is the user who should benefit with single handy devices which optimise communication to the prevailing environment, i.e., whilst mobile, temporarily stationary waiting in an airport lounge, or at their desk in the office.

For SMEs and organisations in local communities, the importance of e-mail and the maintenance of a web site have proven to bring huge advantages. Full use of the internet among this sector is growing and will continue to do so with the advent of cheaper internet access. The travel and tourism business continues to depend more and more on the use of the internet, which has led to increased margins for those companies who have opted to conduct almost all of their business via the internet. This is true for all sectors and I see for example that the Dundalk Institute of Technology have a very fine interactive website and any one of you could learn about Fire Safety in the home through information posted on the Dundalk Fire Service website.

## **Broadband**

Broadband. We have to have it.

Like road infrastructure, Broadband is crucial to our economy and the attraction of Ireland for inward investment. Shortly after taking office, Minister Dermot Ahern rightly identified this as a major issue facing Ireland that he wanted to have solved. It is absolutely plain that if Ireland is to prosper, we must have a communications infrastructure which is well ahead of the average amongst our competitors. We are geographically peripheral, but we have developed expertise in information technology and we have the benefit of speaking English, increasingly the international language for the sector.

There was a “chicken and egg” problem inhibiting the development of broadband. Operators will only invest if it is likely to be profitable. It will only be profitable if there are customers. There will only be customers if it is not too expensive and they can see what it can deliver... I am pleased to say that we have broken into this vicious circle and that things are now moving quickly. I will concentrate my remarks on the initiatives which involve the regulator to some degree - you will be familiar with other initiatives such as the fibre-optic rings being funded by the Minister for Communications, Mr Ahern.

### **DIGITAL SUBSCRIBER LINE (DSL)**

DSL (which is ten times faster than our phones) was launched in May 2002 but Ireland did not rush to use broadband in 2002. Prices were prohibitive as noted in a study we published last year: it found that there would be a greater market for DSL if prices were sharply reduced and if there was familiarity and training. Firstly Esat BT and finally *eircom* recognised that the prices were too high and have reduced them substantially. ComReg secured agreement on the wholesale price now being offered by *eircom* and the retail products were launched. For €45-€50 a month, consumers can now have always-on high speed access to the internet and first indications are that this is having a big effect.

*eircom*'s initial roll out programme for DSL includes the current deployment in the Dundalk area where both *eircom* and Esat BT have service. However, DSL services are distance dependant and typically even the longer reach DSL products now being made available will not work on telephone lines over 4km.

Wireless based systems provide the best alternative in lower density population areas beyond this range. The following examples outline two ways to provide broadband access and I will come back to 3 and 2.5G mobile later on.

### **WIRELESS LANS**

Ireland was one of the first EU countries to set up a regulatory framework facilitating the use of Wireless Lans. These are ideal solutions for schools and other educational institutions which can use the cheapest versions in the €150-€250 range without any security features and also for some SMEs – with security features. With the help of Government funding, Digiweb has recently launched its broadband w-lan service in the Dundalk to Drogheda area complementing its satellite broadband service.

You can also use a wireless lan in a portable or mobile context. It basically involves putting a card into a laptop to access the internet and download documents and e-mails from what is known as a hotspot, such as airports, hotels and business centres – and indeed the ComReg office. You can also hook your laptop onto your mobile with a special card or device and access the internet and your e-mails over the mobile network.

### **FIXED WIRELESS ACCESS**

National FWA licences for broadband and narrowband services were issued in 2000. FWA has an important role to play in the quick delivery of broadband access with a guaranteed quality. ComReg recently launched a further initiative to permit Local Area FWA provision on a first-come first-served basis. The objective is to support local provision of FWA where there is a need for such services.

### **FRIACO**

And of course, FRIACO is also on the way. We are working with the operators to secure the launch of retail products by the end of June 2003. For the consumer, this means they will have predictable flat rate internet charges on their dial up phones by the end of June.

## **Mobile Market**

Mobile phones have become so much a part of everyday life in Ireland, that they have transformed the way we conduct our business and personal lives. The Irish mobile penetration rate currently stands at 79% – a far cry from the 10% penetration we had six years ago. Nationwide networks have been built in a few short years and consumers have services readily available to them. Users in Ireland have particularly taken up the prepaid services and SMS texting has taken off in this country at a phenomenal rate – we are only second to Japan in our usage of SMS. Only a few short weeks ago almost 3 million text votes were cast in the popular “You’re a star” competition.

I know that you in Dundalk are particularly concerned that phone users in this area can inadvertently roam onto a “foreign” mobile network operator and thus incur international roaming charges.

The reason behind this is that radio signals do not stop at the border. Radio signals from Northern Ireland may cross the border and vice versa. Where the radio signal from a “foreign” mobile network is stronger than the radio signal from the “home” mobile network, some mobile handsets will automatically select the stronger signal, i.e. the “foreign” mobile network operator. In this instance, a mobile user may “inadvertently” incur roaming charges when making or receiving calls.

ComReg has worked on a number of initiatives in order to reduce the incidence of cross-border roaming. ComReg is working with our opposite number in the UK in relation to frequency co-ordination of GSM Spectrum. The broad objective of this is to ensure that cross-border interference is minimised thus allowing operators in the border area to provide a high quality service to its customers.

Second, there is a practical way to ward off unwanted roaming onto an international operator’s network. Most people leave their mobile phones set to automatically lock onto the strongest signal. For you in this border area, as we know, that is not always the cheapest option. A simple practical solution is to *manually* select your home network operator.

Third, on a generic level ComReg has published consumer leaflets in order to raise awareness of international roaming charges and the methods to reduce these charges (copies available).

Irish fixed to mobile charges are among the lowest in Western Europe and I am pleased to note that only yesterday Vodafone announced further cuts of some 13% in the rate it charges other operators to finish a call on their network. To the extent that this is passed on it will be of considerable benefit to businesses.

### **3G**

3G mobile services are on the way. In a matter of months there will be 3 operators starting to offer 3G services in Ireland. They will upgrade the current GSM based technology services such as GPRS (2.5G) and will provide ‘always on’ fast access on the move to the internet, emails and a host of other applications. We can expect to see applications of m-commerce (on-line banking, bill payment, parking charges, etc), location based services (restaurant/cinema information and bookings, directions to a location, etc), e-business (travel bookings/timetables, ‘yellow pages’ etc). The main advantage of 3G is that it is broadband on the move, an upgrade of the services we get on mobile phones already and which are used by 4 in 5 Irish people. The familiarity with and widespread use of mobile can play a key role in expanding broadband and internet use in Ireland.

In Ireland three operators will provide 3G; Vodafone, O2 and a new entrant to the market called 3, formerly known as Hutchinson Whampoa. 3 will also host other operators on its network, adding to the range of choice and services here. Having extra competition in the market will also be useful in putting additional competitive pressure on mobile prices –

Irish average revenues per users are among the highest in Western Europe – as well as extending the range of services

## **Post**

And now to your Christmas frustrations... the postal service.

John Hynes of An Post has, of course, already conceded that with the benefit of hindsight it would have been better to have waited until after Christmas before making the changes that were made. An Post has assured both you and us that these were teething problems and will not reoccur. I can assure you we are monitoring developments carefully both in relation to this specific issue and quality of service issues generally. Competition will also play its part where An Post do not deliver an adequate service and you should be aware that you are entitled to use other operators if An Post is not meeting its obligations. We will also keep under review the case for a special Christmas stamp, as introduced in the Netherlands and Finland, with 3-4 day delivery for Christmas cards at a reduced price, while maintaining a faster service for business and other time sensitive mail.

An Post used to have a full monopoly of postal services, but this is gradually being reduced. Currently, An Post have a monopoly in respect of about 80% of postal services by value and over 90% by volume. The next extension of liberalisation will take place on 1 January 2004 when in particular outbound cross-border services will be open to be provided by any postal operator. The intention is that the market will be completely open by 1 January 2009.

### **UNIVERSAL SERVICE**

There has never been a clear description of the obligations of the Universal Service Provider for Postal Services in Ireland. The rights of users of the postal services have never been documented either. As regulator of the postal service in Ireland ComReg decided to publicly consult with the people on their views as to how An Post should provide a service to the whole population. Of course, our job as Regulator is to marry their views with what is practical both physically and financially. We must take into account that the population of this country is highly dispersed. There are just over 130 towns with a population of 1,500 or more in Ireland.

Although one of the issues raised in our consultation, the use of Roadside Letter Boxes, generated most of the media interest there are many other issues that will be of direct relevance to people like you running a business in a regional centre such as Dundalk.

Should Ireland adopt a postcode system? If we do will this solve the problem of having letters marked for Blackrock, Co. Louth ending up in Blackrock, Co. Cork?; what distance should a person have to go to post a letter?; how often should letters be collected and at what time?. This is important for business people such as you regarding sending out invoices and receiving that all important cheque in the post! You might have believed

them last Christmas!! How can customers of An Post be informed of their rights in terms of price, quality and service standards?

And of course there is the whole issue of roadside letter boxes, which are the norm in North America and some other countries. Indeed some Irish users already have them in operation and are very happy with them as indicated to us in their response to our consultation. However, others are very much opposed. We know that An Post are strongly in favour of their introduction as part of a series of measures to cut costs. But should the domestic mail service which made a profit of €7.5m in 2001 bail out the huge losses of €14.2m that An Post sustained in its international postage the same year?

We received approximately 1,000 responses to this consultation and much time has been spent going through each submission made and I expect that ComReg will be announcing our decision on these matters in the very near future.

### **PRICING AND COSTS**

Following a decade of price stability in the 1990's, costs in An Post have risen substantially with higher pay increases and other inflationary factors, while volumes have ceased to rise sufficiently to cover these higher costs. In reviewing An Post price increase applications, we noted that some aspects of their business were indeed loss-making while others were making very substantial profits. Given the overall financial position of An Post we have had to enable them to increase their overall revenue. In agreeing to any increases we have been careful also to ensure that An Post reduce other charges for very profitable services. We are also seeking simplification of postal prices. The aim is ultimately to have a single price for: standard envelopes (whatever the weight), larger envelopes (up to A4 size) and packets, although some adjustment for heavier items might still be needed.

## **Conclusion**

Thank you for your time and attention. As representatives of the business community of Dundalk, I want to congratulate you for your achievements in making this town such a dynamic and effective business centre.

DeValera once said he only had to look into his heart to know what the Irish people need. I don't share his talent in this regard! That is why my Office seeks the views of the public and the business community before making decisions on major matters that affect you. Issues such as how often letters should be posted or what constitutes fair access to a telephone line. These are issues which affect your needs and interests both personally and professionally. I invite each and every one of you to register on our mailing list so you can be flagged in advance of forthcoming consultations – [www.comreg.ie](http://www.comreg.ie) It is important that your voice is heard and that your opinions and observations are taken on board in our deliberations.

I hope that I have touched on matters that are of direct concern to you and that you can see that there is strategic thinking behind the regulation of Ireland's communications needs. I would welcome any questions or observations you may have.

