



Office of the Director of  
**Telecommunications  
Regulation**

**MEDIA RELEASE**

**28 November 2002**

## **ODTR Reviews Funding Structure in Light of New EU Framework**

New EU Directives which are due to come into force in July 2003 require a review of the way that the National Regulatory Authority (NRA) in each Member State is funded and for the setting of fees for spectrum rights. In a paper issued today the Telecoms Regulator Etain Doyle notes that the Irish fee structure is generally in line with the new EU requirements, but in the light of the need for a technologically neutral approach, she opens up for consideration whether fees should be imposed for broadcasting spectrum. The Regulator does not intend to increase the overall level of fees, and expects the cost of regulation to stabilise now as the Office has geared up for key tasks, including the preparation of the new EU framework, and the transformation from the ODTR to ComReg is completed.

Following analysis of the cost of regulation in a number of EU countries, Ireland emerges as one of the most efficient with the lowest cost and staffing levels of those examined. For example the UK's regulatory structure, is comprised of 4 regulatory bodies with a total staff of 840 as opposed to the ODTR with a staff of 120.

One of the key changes that the new regulatory framework introduces is to extend the scope of coverage beyond telecommunications networks and services, to include all electronic communication networks and services as one. There is also an obligation in the 2002 Act dealing with technology neutrality. This raises the question as to the treatment of broadcast transmission operators such as RTE and whether they should also be subject to administrative charges and/or spectrum usage fees. She also asks if satellite service providers have the opportunity to acquire spectrum rights of use similar to those held by operators of terrestrial radio networks, and if so what level of fees should apply to such rights?

The ODTR incurs a variety of costs in performing its regulatory duties. Some of these are directly related to the administration costs of particular rights of use categories which are not used to provide services on a commercial basis. The Director proposes that these costs would be recovered by means of a fixed administrative charge. Other costs, such as the general costs of ensuring compliance with interconnection or other regulations including broadcasting transmission cannot be so easily attributed and must be recovered by some other equitable means. Currently such costs are recovered in part by means of, a levy on the turnover of licensed telecommunications operators, from the revenue generated from radio spectrum fees and from a licence fee charged on Cable, MMDS and deflector licensees who distribute television programme services.

The benefits of the levy system are acknowledged in the text of the EU Authorisation Directive (Recital 31), which states that

“An example of a fair, simple and transparent alternative for these charge attribution criteria could be a turnover related distribution key”.

The Director believes that the current 0.2% levy on turnover represents a fair apportionment of non-attributable costs and that it complies with the requirement to be objective, transparent and proportionate and therefore proposes a turnover related administrative charge to be levied in much the same way as the current telecoms levy to be set at 0.2% of turnover subject to a minimum fixed payment of €1,016. The turnover levy income varies with industry turnover, rising or falling with overall performance.

While the ODTR regulates the telecommunications, broadcasting, spectrum and postal sectors in Ireland, *OFTEL* in the UK regulates only the telecommunications sector; licensing and enforcement is carried out by the *Radiocommunications Agency* (RA); the UK postal industry is regulated by *Postcomm* whilst *Postwatch* is a separate statutory body whose role is to protect, promote and develop the interests of all customers of postal services in the U.K. Other Regulatory Bodies which are similarly structured to Ireland are: Denmark with a staff of 160, Belgium - a staff of 193 and Finland who have 220 employees.

The ODTR invites comments from interested parties on this consultation which is due to end on 10 January 2003. The full text is available on [www.odtr.ie](http://www.odtr.ie) – odtr 02/102.

**ENDS**

**Issued By**

**Deirdre Healy,**

**Public Affairs Manager**

**Ph: 01 804 9639**

**Mobile: 087 2995609**