



Commission for  
**Communications Regulation**

**General**

**Oireachtas Committee on Arts, Sport, Tourism,  
Community, Rural and Gaeltacht Affairs**

**Address by the Commission for Communications  
Regulation, 19<sup>th</sup> March 2003**

<b>Date:</b>	<b>19<sup>th</sup> March 2003</b>
<b>Document No.</b>	<b>03/33</b>

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**Address by the Commission for Communications Regulation**

Chairperson, Members

I would like to thank you for your invitation to explain, in detail, how the provision of telecommunications services throughout the whole of the country is guaranteed through the principle of Universal Service and, in particular, its impact on rural Ireland.

I would like to provide you with a brief outline of ComReg's role in the area of universal service provision and to give you some background on the current universal service obligations which were placed on eircom, the designated provider in 1999. I will then address ComReg's specific proposals for updating the universal service regime as set out in our recent public consultation. These proposals mainly arise as a result of the recent adoption by the EU of the new Directive on Universal Service and Users' Rights and the subsequent publication by the Department of Communications, Marine and Natural Resources of draft transposing regulations.

I note that Committee members may be aware of recent press comment on this issue.

At the outset, let me state that, the obligation to supply a telephone line and other universal services will continue in the future, irrespective of who is designated as the provider(s). ComReg's current review of the existing regime has been triggered by EU developments in this area which seek to enhance the existing European universal service framework. ComReg's role is to ensure that these enhancements are incorporated into the Irish regime and in certain cases this will involve the consent of the Minister for Communications, Marine and Natural Resources.

**Universal Service – Objectives and ComReg's Role**

People's ability to get access to a basic set of telephone services is important for full social and economic inclusion – that is why in Ireland and other countries the concept of universal service exists. The specific objective of the telecommunications universal service regime is to ensure that every person can reasonably expect to receive a basic set of services such as a telephone line and phone book, irrespective of their geographical location, at an affordable price.

One of the specific objectives of ComReg as set out in the Communications Regulation Act, 2002 is to promote the interests of users, in particular to ensure that all users have access to a universal service. In practice, this means that we are responsible for deciding on the scope of the services which form part of the universal service obligation and for deciding which operator or operator(s) should be responsible for meeting these obligations. As I mentioned, in certain instances this requires the consent of the Minister for Communications, Marine and Natural Resources.

Our role in this area is, of course, carried out in light of specific responsibilities set out in other national legislation and I will touch upon these later.

### **Current USO Regime**

By way of background, I would like to briefly describe the current USO Regime. The framework governing the existing USO regime principally stems from the Voice Telephony and Universal Service Regulations 1999 (S.I. 71 of 1999). These regulations required the then Director to designate one or more fixed telecommunications operators to guarantee the provision of a minimum set of services, to designate the geographic area or areas of the State in which the universal service obligation applies along with the services to which the designation refers.

In May 1999, following a public consultation process eircom, then Telecom Éireann, was designated by the ODTR as the Universal Service provider required to fulfil the following obligations.

- to ensure that any request is met, in so far as the fixed operator considers it reasonable, for connection to the fixed public telephone network
- to ensure that one or more subscriber directories (telephone book) are available to users
- to keep a record of all subscribers in the State, including those with fixed, mobile and personal numbers
- to provide public pay telephones in sufficient numbers, taking into account the population density in the geographic area or areas to satisfy all reasonable needs for such services throughout such area or areas.

In summary, the services to be provided as part of the USO include a basic telephone connection, the phone book, a directory enquiry service and the provision of public payphones. Let me be clear, eircom is currently obliged to supply these services to all areas of the State.

ComReg has, as required, established further specific regimes to ensure that the quality standards for the above services are maintained, to the ultimate benefit of the consumer.

### **New Legislation Governing USO**

What has given rise to ComReg's current review of the Universal Service Framework? As I mentioned earlier, a new EU Framework was adopted by the Council of the European Union on February 14<sup>th</sup> 2002 for the provision of electronic communications throughout the internal market.

The new framework consists of a package of five Directives which reflect technological and economic changes and which attempt to further harmonise the regulation of electronic communications. Of particular relevance to today's discussion is the Directive on Universal Service and End Users Rights.

All EU Member States are now obliged to adopt national legislation implementing the Directives by 24 July 2003 (except for the Data Protection Directive which has to be implemented before 31 October 2003).

In December 2002 the Department of Communications, Marine and Natural Resources issued their consultation on draft legislation which seeks to transpose the Universal Service Directive. The regulations deal with measures concerning the

provision of universal service and the protection of end users (many of which apply to operators other than the Universal Service Provider).

ComReg initiated a consultation process in December 2002 which outlined the updated universal service obligations and made a number of proposals as to how to implement these. We have received a number of responses to the consultation which are currently being considered.

The principal aim behind our consultation process is to address the question of how ComReg should decide, in practical terms, to implement the measures set out in the regulations which are designed to ensure the provision of a minimum set of services throughout the country.

The responses we have received are currently being assessed and these will help focus the issues and ultimately provide greater clarity for consumers regarding universal service provision and the designated provider's role in this regard.

It is also worth noting that in February 2003 a further consultation issued which deals with those other aspects of the regulations concerning obligations which may be applied to all operators in the interests of protecting end users. Issues such as complaint handling procedures and publication of quality of service information were addressed in this consultation.

I will now provide some more specific details on what the measures proposed in our consultation on Universal Service will actually mean for Irish consumers, including those living in rural areas.

### **What is Universal Service?**

The underlying principle of Universal Service is particularly relevant to persons who by virtue of their location in Ireland may not receive a service were it to be provided under normal commercial conditions. The Universal Service Framework is designed to protect such users (including those on low incomes) and ensure that they have access to essential services.

As I stated earlier, in Ireland, the concept of universal service provides that every person can reasonably expect to receive a basic set of telecommunications services no matter where they live, at an affordable price. These basic set of services include:

- Provision of telephone access (at a fixed location)
- Provision of Directory Enquiry Services and the Phone Book
- Provision of Public Pay Telephones

ComReg has made proposals to deal with the implementation of the obligations set out under the new framework, a number of which I will now go through.

### **Provision of Telephone Access at a fixed location**

A fundamental issue for those living in rural areas is the ability to get a telephone line. In essence, the Universal Service operator is required to provide consumers with a telephone phone line and access to calling services. From time to time, ComReg receives complaints regarding the provision of telephone lines, however, in the main these are ultimately resolved with the operator concerned.

Currently, the USO operator in providing a telephone line (now eircom) is responsible for deciding on the reasonableness of a request from a consumer for a telephone connection. In the majority of cases, the Universal Service provider should not have any significant difficulties in providing network connections throughout the country. However, in some remote areas the provider may not have a network presence and the cost of building out the network to meet this obligation may not be 'reasonable' in light of the standard installation charges (currently €129.99) that apply to new connections. As a consequence, any attempt to describe the concept of reasonableness in relation to the supply of standard services cannot be absolute, and must be dealt with on a case by case basis.

Under the draft legislation, ComReg can, with the consent of the Minister for Communications, Marine and Natural Resources, specify requirements to be complied with by the USO provider in meeting its obligation to provide access to the telephone network, in particular, regarding

- the reasonableness of requests for connection to the network and for access to universal services
- the capability of the line to allow functional internet access, having regard to prevailing technologies used by the majority of subscribers and to technological feasibility

Unlike the existing regime, ComReg will in future, be in a position to specify requirements regarding the reasonableness of a request for a telephone line. In such situations, the USO provider would be required to deliver a telephone line.

In dealing with this aspect, ComReg has made proposals which are designed to increase the level of transparency for consumers in their dealings with the universal service provider, thereby allowing them to directly enforce their rights when seeking to obtain a telephone line. Such proposals include the publication of clear requirements governing the universal service provider's obligation to meet all 'reasonable' requests for access. These may include, amongst other things, the terms and conditions upon which a connection to the network and access to services will be provided; situations where ComReg can require the provision of a line; a basis upon which a determination regarding the reasonableness of a request for access can be made. ComReg has also proposed that these requirements should be captured in a wider policy statement to be published by the USO provider (and approved by ComReg) which would govern how it will deliver services under the USO. Again, the benefit of this approach is that it clearly sets out the circumstances under which a telephone line must be provided. Should disputes arise regarding the provision of a line then the USO operator is obliged to notify the customer as to their rights to pursue the matter further through the dispute resolution procedures established by ComReg.

ComReg has made other proposals to deal with the functional internet access requirement. Given the growth in dial-up internet access over recent years, the speed of data transmission over networks has become of increasing importance to users, particularly where it involves access to e-commerce or e-government services. One measure proposed by ComReg is to require that the telephone connection is capable of adequately supporting the transmission of data. In addition, it is proposed that the Universal Service Provider would publish a statement setting out the factors which

can reasonably affect the performance of its network and thus the data rate available to the end user.

I must stress that once designated, the new Universal Service provider will be required to meet its obligations in light of the requirements specified by ComReg in relation to the provision of telephone access. There is no question of the abandonment of obligations. Regardless of which operator or operators are designated as the Universal service provider(s) the obligation to provide Universal Service is a legislative requirement.

### **Provision of public payphones**

The existing universal service operator (eircom) must ensure that public payphones are provided in sufficient numbers to satisfy all reasonable needs for such services.

Over the last two years, eircom has embarked on a payphone rationalisation programme designed to reduce the number of uneconomic payphone kiosks. As a general rule, the rationalisation effort has focussed on multiple site payphones and a single site payphone presence has been maintained at most sites.

During this time, it has become clear that demand for public payphones has decreased, mainly as fixed and mobile phone penetration rates have increased. (As at Q2 2002, eircom's payphone numbers stand at 6,685.) Nonetheless, payphones continue to provide a key service to many people living in rural areas and have an important social function. In a changing market, it is important, therefore, that the future regulatory framework for public payphones continues to balance the needs of consumers with those of public payphone providers and for this reason ComReg has put forward proposals on a number of new measures and controls to ensure that the number and coverage of public payphones is carefully maintained and monitored.

In line with the new framework, ComReg has proposed that the public payphone Universal Service provider should provide an annual published statement on its payphone strategy that would outline for example,

- the number of payphones by county and their location in each county
- the operators payphone rationalisation plans

In addition, if the operator plans any changes to their public payphone strategy they should provide sufficient notification of this to ComReg. Sufficient notification would allow for a period of consultation with ComReg and other interested parties, if necessary.

The consultation also includes a proposal to establish of a ratio or quota system around payphone provision which would ensure that the requirement to provide a total number of payphones is not just met through the provision of payphones in high revenue locations.

Finally, ComReg has also proposed more formalised processes for the Universal Service provider to publish a notice where it intends to remove or re-site a payphone and allow a period for local communities to make representations to the provider concerned. This process could also set out the specific instances where consent of ComReg would be required and whether single site USO public payphones would

only be subject to the guidelines. We will be seeking to develop these guidelines over the coming months and this may involve further consultation.

### **Provision of Directory Enquiry Service and Directories**

Under the existing obligation the Universal Service operator must ensure provision of the telephone book and a directory enquiry service (all of which are supported by the operation of the National Directory Database which is the list of all subscriber numbers in the state for those users who have not refused inclusion in the directory). The obligations under the new framework are largely the same, although, ComReg has sought views on a proposal to provide the directory in CD format, a service which may prove beneficial to business users.

### **Disabled Users**

Specific measures have been proposed to ensure that disabled users can avail of universal services equivalent to that enjoyed by other users. To name but a few, these include text relay services or amplifier phones for the hearing impaired, Braille billing for users restricted vision.

### **Designation of Universal Service Provider**

For the basic set of services I have outlined, ComReg has proposed that eircom continues in its capacity as the universal service provider having regard to eircom's market share, the ubiquity of its network and its considerable experience in providing the directory and payphone services. The consultation did however include an invitation for other operators to put themselves forward to become Ireland's designated universal service provider for all or part of the basic set of services. A further important point to note is that ComReg has proposed that the universal service obligations should be applied to the whole geographic area of the State.

### **Control of Expenditure for Consumers**

ComReg has also proposed a number of measures to ensure that subscribers can monitor and control expenditure and avoid unwarranted disconnection from the network. These measures include a minimum level of itemised billing free of charge, selective call barring and the phased payment of connection fees. Such measures will be of benefit to all users, particularly vulnerable consumers.

### **Costing and Financing of USO**

Eircom, the designated USO operator, has requested funding of the cost of its existing USO. ComReg is currently reviewing whether the costs associated with the existing universal service obligation justify the activation of a funding mechanism. ComReg is awaiting further information from the incumbent USO operator prior to making a final determination

ComReg also intends to shortly carry out a separate consultation on the matter of costing and financing of Universal Service Obligations in light of the provisions contained in the new framework. A Universal Service provider may receive compensation for the net cost of meeting the Universal Service obligations where on the basis of a net cost calculation, ComReg determines that the provider is subject to an unfair burden. If appropriate, compensation will be funded by a sharing mechanism administered by ComReg or an independent body.

### **Next Steps**

As you are aware ComReg's preliminary consultation on the future Universal Service Framework closed in February. All responses which include those received from industry, consumer representative groups, special interest groups and consumers will be considered by Comreg in reaching a decision on the USO framework. We expect to issue our Decision in May 2003, although further consultation may be appropriate, if necessary.

### **Conclusion**

I would like to thank the Committee for their time and attention. I have not been able to mention everything that we are doing in the area but I hope I have dealt with all the issues of current importance and we would be happy to answer any further questions.

Finally, I would re-emphasise that there is no question of abandoning universal service obligations. These obligations are a legislative requirement and, regardless of which operator or operators are designated as the Universal Service provider(s), are designed to ensure that every person throughout the country can reasonably be provided with essential services such as a telephone line.

Thank you.