



Commission for  
**Communications Regulation**

## Irish Communications Market

### **Quarterly Market Commentary**

**June 2003**

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# 1 Foreword

This report updates information on the Irish Communications Sector for the period January to March 2003. The mobile sector continues to grow this quarter, with the Irish mobile penetration rate reaching 80%. There are now 3.1 million mobile subscribers, while growth in SMS remains strong with 728 million messages sent during the quarter. Overall revenues for the communications sector have increased with OLO market share standing at 21% for the period.

We carried out our third Broadband and Data Communications survey, conducted by the Market Research Bureau of Ireland Ltd (MRBI), in April / May 2003, results of which are included in section three of the report. The full survey will be available on our website shortly.

The last quarter was important in terms of broadband development: Ireland reached 50% national coverage for DSL (compared with a number of Western European countries with over 70% at end 2002), and the halving of the price of the low end DSL product appears to have resulted in a marked increase in orders. According to our survey wireless broadband accounts for some 3% of the broadband access technologies of Irish businesses. Internet minutes (dial up internet traffic) now accounts for 39% of total (dialled) traffic as compared with 36% 12 months ago. Ireland is finally showing some progress in terms of broadband roll-out, but still lags very considerably in terms of take-up. In order to match the current average in take-up in UK / Western Europe we need to take account of the fact that there are 1.3 million households and less than one hundred thousand SMEs, 90% of whom have less than ten PSTN lines. The few hundred large corporates that use leased lines would not be in the market for DSL. Moreover our survey this quarter shows that businesses are all using e-mail/Internet and there has been no increase in the development of other uses over the last year. It is clear from the *Amárach* survey, of Internet use, also published this quarter, that price is of major importance for consumers. A more detailed survey carried out for us last year also put price first, with lack of familiarity as a further factor deterring take-up.

The arrival of 3G in Ireland on 1 May offers further opportunities for the development of mobile on the move. However, the court proceedings launched by *eircom* against the new local loop unbundling price and a pricing submission requested from them for PPCs have delayed key developments and will be vigorously defended by ComReg.

Key Regulatory Developments during this quarter include a decision on Local Loop Unbundling Charges, a review of Carrier Pre Selection and Premium Rate Services Numbering Scheme, the finalisation of prices for interconnect services provided by *eircom* together with a paper on fixed interconnection charging mechanism. A number of papers concerning the future regulation of electronic communications networks and services were issued. ComReg's strategy statement for 2003-2005 was also published.

I would like to thank all those operators and organisations who have contributed information and comments for this review and I appreciate their efforts in facilitating the publication of this document. I continue to encourage all operators to complete the questionnaire sent to them on a quarterly basis to ensure as complete a picture as possible of the Irish market can be presented.

Etain Doyle,  
Chairperson  
Commission for Communications Regulation.

## 2 Market Overview

This section of the report provides analysis on the main trends and developments in the various sectors of the Irish communications market and is based on the information contained in the Key Data Report. For more detailed information on the sectors please refer to the Key Data Report.

Total revenues for fixed, mobile and broadcasting increased slightly this quarter. The increase of 0.6% is attributable to increased revenues across all three sectors. One operator commenced operations this quarter and seven new licences were issued.

### Fixed

Fixed line revenue has increased slightly this quarter, while the OLO market share increased from 20 to 21%. There are now 50% of the lines in Ireland enabled to provide DSL. The number of DSL lines installed increased during the quarter; this growth is continuing following the reduction in price in May.

The CPS review announced in April has inter alia identified some anomalies in the reporting of numbers of CPS lines. The difficulty involved in reconciling the data provided by the various parties is both in terms of absolute numbers involved and the levels of churn. ComReg is engaged in the investigation of these issues and other metrics which may give a more appropriate picture of the CPS market and would inform the ongoing CPS review<sup>1</sup>.

### Mobile

Mobile penetration rate now stands at 80%, an increase of 1% since our last review. Meteor retains 4% of the market while Vodafone and 02 account for the remaining 96%. The growth in the number of SMS messages continues, with each mobile subscriber now sending on average 78 messages each month. This is up from 72 per month in the last quarter and from 62 messages per month for the same period last year.

The arrival of 3G in Ireland on May 1<sup>st</sup> offers further opportunities with the combination of mobility, voice communication and data rates up to 40 times more than 2G phones.

### Internet

The results of the *Amárach* residential Internet research show that 38% of adults have Internet access at home<sup>2</sup>, a small increase on the same period last year. Irish Internet users appear to be spending more time on-line each month while 38% have purchased on-line in the last three months.

Interest in a flat rate Internet access, which is due to be launched by the end of June, was primarily based on cost savings, with price reductions encouraging a greater level of interest. The majority of respondents were aware of DSL with 17% expressing an interest at a cost of €55 per month with an installation fee of €199. Of those who were not interested 53% indicated that DSL was too expensive. It appears that price remains the most important factor for widespread take up of DSL for consumers. A lack of awareness was a further factor deferring take-up.

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<sup>1</sup> ComReg Document No 03/44 – A Review of Carrier Pre Selection in the Irish Market

<sup>2</sup> Adults aged 15 – 75 with a fixed line telephone.

**Cable/MMDS & Satellite**

At 353,000, total digital subscribers in Ireland now represent 27% of all households with a television. This figure has increased by 93,000 since June 2002. Increases in both cable/MMDS and satellite digital subscribers have contributed equally to this annual growth. Total cable/MMDS revenues have increased by approximately 5% since last quarter. The migration of cable/MMDS subscribers from analogue to digital services resulted in this increase in total revenue.

**Tariffs**

New ISDN and ADSL baskets constructed by Teligen have been added to the Quarterly Report. Ireland's position fell by one place in three of the PSTN baskets. This fall would be largely due to an increase in line rental charge introduced during the quarter. Ireland's position remained unchanged in both of the leased lines baskets. Ireland moved up one place to third in the pre-paid mobile basket, down one place in the high user basket and there was no change in the remaining mobile baskets.

### 3 Broadband and Data Communications Survey

ComReg commissioned TNS MRBI to examine the attitudes of Irish businesses to the provision of broadband services in Ireland. The interviews were conducted in April / May 2003 with 400 companies who use their telecommunications system for data needs<sup>3</sup>.

#### 3.1 Summary

Results of the survey reveal that ISDN is the predominant access technology being used by Irish businesses.

There is evidence of competitive activity for broadband services in the Irish market, with suppliers actively approaching businesses. The importance of broadband for businesses is evident with the majority of respondents believing that the use of data has changed their business. Increased Internet speeds were seen as the main advantage of additional bandwidth.

With the majority of companies planning to increase their bandwidth over the next twelve months it would be hoped that competition in the market will continue.

#### 3.2 Broadband Access

The access technologies used by Irish Businesses are illustrated in table 3.1.

*Table 3.1 Types of broadband access companies have at present*

<i>ISDN</i>	<i>55%</i>
<i>National Leased Lines</i>	<i>29%</i>
<i>DSL</i>	<i>14%</i>
<i>International Leased Lines</i>	<i>7%</i>
<i>WLAN's</i>	<i>3%</i>

When asked which type of broadband access companies intended to have in the near future, DSL was the most prevalent, indicated by 18% of those surveyed.

#### 3.3 Broadband Services Supplier

A significant proportion of businesses have either upgraded or introduced their broadband requirements in the last twelve months. Over four in five who introduced National Leased Lines, ISDN or DSL indicated that delivery times were met.

Table 3.2 illustrates that the majority of companies were aware that they could get a Service Level Agreement (SLA) from their supplier while 46% actually had an SLA.

*Table 3.2 Awareness and uptake of SLA's*

<i>Aware of SLA</i>	<i>62%</i>
<i>Have SLA</i>	<i>46%</i>

<sup>3</sup> Sample size consisted of 61% SME's and 39% Corporates (2002: 58% SME's / 42% Corporates)

### 3.4 Broadband Usage

As illustrated in Table 3.3 e-mail and Internet is ubiquitous amongst Irish businesses.

*Table 3.3 Main services / facilities used by businesses on a regular basis.*

	2003	2002
<i>E-mail</i>	100%	99%
<i>Internet</i>	99%	98%
<i>Fast File Transfer</i>	41%	51%
<i>Business to business e-services</i>	34%	34%
<i>Video conferencing</i>	19%	27%

Businesses indicated increased speed of Internet applications (77%) as the main advantage of additional bandwidth while the main purpose of broadband is inter-company data transfer (47%).

Over two in five companies (44%) use remote access. Increased data rates may benefit employees who wish to download files or access the Internet outside the office.

### 3.5 Awareness

Table 3.4 illustrates that companies consider themselves well informed in terms of the various issues involved in acquiring broadband.

*Table 3.4*

<i>Do you believe that you are able to understand and compare technology options from different operators</i>	76%
<i>Do you believe that you are able to compare different broadband services in terms of price</i>	72%
<i>Do you believe you are able to determine the needs of your company in terms of broadband access and services required</i>	86%

### 3.6 Competitive Environment

Suppliers are promoting broadband services to businesses, with 59% of companies stating that they had been approached by a supplier other than their existing one in the past twelve months.

Although suppliers are actively approaching companies, the majority of Irish businesses (88%) have not switched their supplier in the last 12 months. The main reason given by those who did not switch supplier was that they were happy with the service currently received from their existing supplier (59%).

### 3.7 Future Requirements

The importance of additional bandwidth for Irish businesses is evident as the majority of companies (54%) anticipate that their broadband requirements will increase over the next twelve months.



**Table 3.5 How Broadband Requirements will change over the next 12 months**

	2003	2002
<i>Need a lot more</i>	14%	23%
<i>Need a little more</i>	39%	38%
<i>No Change</i>	43%	34%

Over two in five (44%) plan to increase their broadband requirements further, mainly to increase speeds (32%). Highlighting the importance of efficient communications systems, 82% of businesses indicate that the use of e-mail and Internet has changed their business.

Table 3.6 illustrates that companies will depend more on higher bandwidth technologies in the future.

**Table 3.6 Broadband service companies will depend more on in the future**

	2003	2002
<i>ISDN</i>	62%	33%
<i>DSL</i>	53%	47%
<i>IP</i>	50%	n/a
<i>WLAN's</i>	34%	34%
<i>Optical</i>	28%	27%

### 3.8 Difficulties Experienced

One in five companies (23%) stated that they encountered difficulties accessing broadband services to local networks of suppliers; half of the companies surveyed were located in Dublin. Of those who encountered difficulties inadequate bandwidth availability remains the biggest problem (2003: 38%, 2002: 31%), while 35% stated that the difficulties had impacted the investment decisions in terms of where they decide to locate their points of operation.

### 3.9 Attitudes

An increasing number of business believe that Ireland is well placed to become an e-commerce hub for Europe (2003: 47%, 2002 37%). Respondents indicated that a number of key measures need to be addressed for Ireland to become an e-commerce hub, such as investment in national infrastructure, price reductions and nationwide access to new and improved broadband services.

## 4 Regulatory Developments

### 4.1 Fixed

#### 4.1.1 Local Loop Unbundling – Review of Charges

Local Loop Unbundling (LLU) allows new entrants to provide a full range of services directly to the customer. In particular, new entrants can offer the new range of broadband services (such as high-speed Internet access) even if the incumbent operator has not chosen to offer such services. As a result, LLU has the potential to significantly increase the range of competitive services available to businesses and consumers.

Following the submission of *eircom*'s proposed charges of €27 per month on 30 April 2003, ComReg reviewed these charges for compliance with the principles set out in the LLU Regulation. Decision Notice D12/03<sup>4</sup> sets a new rate of €14.67 for LLU rental charges for the period 1 April 2003 to 31 March 2004.

These charges will foster fair and sustainable competition and consumers will be able to benefit from the new broadband services and cheaper access to the Internet. This decision is currently being challenged by *eircom*.

#### 4.1.2 Price Cap on *eircom* 2002 Compliance Statement

The price cap is a key regulatory tool that is aimed at protecting consumers from excessive pricing in areas of the market where competition is ineffective or where there is a dominant operator. Price cap regulation is often referred to as 'incentive regulation' as it also encourages greater efficiencies in the provision of services by the operator concerned.

ComReg has reviewed the information supplied by *eircom* to ensure their compliance with the price cap in 2002. Following the review ComReg is satisfied that *eircom* have complied with the Telecommunications Tariff Regulation (Modification) Order, 1999 during 2002. Under the three year price cap, relevant retail prices were reduced by 20% in real terms. Decision notice D13/03<sup>5</sup> reports on the third year of operation of the 1999 Price Cap Order from 1<sup>st</sup> January 2002 to the 31<sup>st</sup> December of 2002.

#### 4.1.3 Interconnection

ComReg sought the views of interested parties on the current process of setting and finalising interconnection rates and a number of RIO related issues<sup>6</sup>. ComReg noted that most respondents considered the current arrangements for setting Fixed Interconnection rates to be unsatisfactory for various reasons and favoured a form of wholesale price cap as their preferred alternative. ComReg considered that a more detailed examination of the issue was warranted and a separate paper on this matter will be issued shortly.

In relation to the RIO, ComReg issued a direction on the allocation of carrier service and billing costs, order handling and other charges, and interconnects links which will enhance the development of competition in the market which, in turn, will lead to benefits for consumers.

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<sup>4</sup> ComReg Document No 03/55 – Decision Notice D12/03 Local Loop Unbundling Review of Charges

<sup>5</sup> ComReg Document No 03/56 – Decision Notice D13/03 Price Cap on *eircom* 2002, Compliance statement in accordance with the Telecommunication Tariff Regulation (Modification) Order, 1999 (Statutory Instrument No. 438 of 1999)

<sup>6</sup> ComReg Document No 03/57 – Response to Consultation & Decision Notice D14/03 on Fixed Interconnection Charging Mechanisms

ComReg also outlined interconnection rates for the 12 month period (doc no. 03/08) from 1<sup>st</sup> April 2002 – 31<sup>st</sup> March 2003. The rates will be used on an interim basis from 1<sup>st</sup> April 2003 onwards and are effective until further notice<sup>7</sup>.

#### **4.1.4 Number Translation Codes**

Number Translation Codes (NTCs) are services identified by their prefix and whose prices do not vary with geographic area. Number Translation Codes form part of the RIO and ComReg issued a decision notice which sets final retention rates for various Number Translation Codes (NTC) services that were previously interim rates. Finalisation of these rates will provide greater certainty for all operators involved<sup>8</sup>.

In this decision ComReg set final retention rates for a number of NTC services for the periods from 1 December 1999 to 31 March 2002<sup>9</sup>.

#### **4.1.5 Decision to amend *eircom Ltd's FWPMA Narrowband Licence*<sup>10</sup>**

ComReg published proposals for the amendment of Part 5 of *eircom's* General Telecommunications Licence in order to facilitate the development of FWPMA technologies and promote competition.

Notifications were published and interested parties had 21 days to make representations. As no representations were received on the proposed amendments, ComReg has decided to proceed with the proposals for the amendments as set out in document 03/18. Amendments included the removal of Centrex from the list of 'required services' in Part I and the removal of the obligation on *eircom* to rollout a specified number of antenna sites per year from Table I, Part III 'Coverage and Rollout targets'.

The revised text of Part 5 of *eircom's* General Telecommunications Licence (FWPMA Narrowband Licence) will be published on ComReg's website.

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<sup>7</sup> ComReg Document No 03/38 - Decision Notice D8/03 Interconnection Rates in the Irish Telecommunications Sector: Interim Rates to apply from 1<sup>st</sup> April 2003

<sup>8</sup> ComReg Document No 03/51 - Information Notice: Interim Rates for NTC Services effective from 1<sup>st</sup> April 2003

<sup>9</sup> ComReg Document No 03/49 - Number Translation Codes: Final Retention Rates to apply for NTCs from 1 December 1999 to 31 March 2002

<sup>10</sup> ComReg Document No 03/30 - Decision to amend *eircom* Ltd FWPMA Narrowband Licence

## 4.2 General

### 4.2.1 Strategy Statement (2003-2005)

ComReg published its Strategy Statement (2003 – 2005) in April to outline the strategic and regulatory direction the organisation plans to follow over the next two years. As part of this process comments from the communications sector were invited, and the final strategy document<sup>11</sup>, published in May, was amended to reflect key issues highlighted in the consultation process. The main areas respondents drew attention to as priority issues were the promotion of competition in the access network, the development of broadband, and the enforcement of regulatory obligations. Additionally more information regarding the organisational structure of ComReg and the roles of the Commissioners were seen as being important by respondents.

With the Communications sector's position as a key contributor to the Irish economy, the Strategy Statement sets out ComReg's role in developing its strategies in line with maintaining sustainable competition in an industry capable of delivering innovative services, alternative technologies and effective choice to end users. The Strategy encompasses both electronic and postal communications, and the management of the radio frequency spectrum.

## 4.3 Radio Spectrum and Technology

### 4.3.1 Registration of 5.8GHz Wireless Access Base Stations

In Ireland, since July 2002, wideband data transmission systems for the provision of fixed wireless access networks/metropolitan area networks in the 5.8GHz band have been permitted on a licence exempt basis up to a maximum radiated power of 2W eirp. Operation in this 5.8GHz band is subject to the registration of operational base stations. The purpose of the registration process is to facilitate management of the band in the event of changes being necessitated by European standards or regulatory developments and to afford users in the band, adequate notice of any anticipated changes. ComReg is also establishing a user's group for the 5.8GHz band to facilitate exchanges of information relating to operational and sharing issues. In April ComReg issued a general note outlining the method for registration of base stations and joining this user's group<sup>12</sup>. To date five operators have registered.

### 4.3.2 Request for Expressions of Interest – 3.5 GHz Local Licences for Wireless Broadband

In March ComReg invited "Expressions of Interest"<sup>13</sup> in a new initiative aimed at introducing, in the near future, a local area Broadband Fixed Wireless Access licensing scheme in the 3.5GHz frequency band. The invitation sets out the minimum level of information that interested parties should provide. The "Expressions of Interest" will be used by ComReg to assist in the development of the licensing scheme.

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<sup>11</sup> ComReg Document No 03/59 - ComReg Strategy Statement (2003 – 2005)

<sup>12</sup> ComReg Document No 03/42 - Registration of 5.8GHz Wireless Access Base Stations

<sup>13</sup> ComReg Document No 03/32R - Request for Expressions Of Interest – 3.5 GHz Local Licences for Wireless Broadband

### **4.3.3 Audit of Compliance with emission limits for non-ionising radiation**

In co-operation with the Department of Communications, Marine and Natural Resources, and the Department of the Environment and Local Government, ComReg has agreed to put a programme in place to measure Non Ionising Radiation levels at up to 400 antenna sites around the country. ComReg intends to commence the survey in June 2003, the project will be of one year duration and a final report will issue in June/July 2004. Three interim reports will also be produced and a report for each site measured will be made available. Details of criteria for choosing sites and a site nomination form are contained in the information note<sup>14</sup>. Three previous audits have been undertaken and all operators audited have passed.

### **4.3.4 Convergence of Mobile and Fixed Technologies Extending Broadband Access within Licensed GSM Radio Spectrum**

In line with Government objectives to achieve widespread availability of broadband infrastructure and services throughout Ireland within the next three years ComReg issued a consultation in February 2003<sup>15</sup> on extending broadband access within licensed GSM spectrum. The response to that consultation was published in June 2003<sup>16</sup>.

One of the ten respondents proposed that 3G type technology be used for this purpose. In order to assist ComReg in coming to a conclusion as to whether this should be permitted and under what conditions, further questions have been posed in the response document.

## **4.4 Numbering**

### **4.4.1 Premium Rate Services Numbering Scheme**

Following a consultation process on premium rate services numbering issues, ComReg issued its response<sup>17</sup> which provides for an overhaul of the old numbering scheme and the introduction of a new 1540 and 1590 code to meet service provider's needs.

It is expected that the new numbering framework can be introduced by November 2003 at the latest. A further period of 9 months is planned to allow orderly migration of services from the old single 1540 pay-per-call number to the new number ranges.

### **4.4.2 ENUM: Accessing Multiple Customer Services through Telephone Numbers**

ENUM is an emerging telecommunications protocol that, at its simplest, is designed to help users make contact with other persons through various means (e.g. mobile, email, web page) while knowing only their telephone number. This can work with either a fixed line or mobile number or possibly also a freephone or personal number. This protocol is on trial in a number of countries and ComReg issued a consultation paper<sup>18</sup> in March to establish

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<sup>14</sup> ComReg Document No 03/53 - Audit of Compliance with emission limits for non-ionising radiation - Information Note and Site Nomination form

<sup>15</sup> ComReg Document No 03/13 - Convergence of Mobile and Fixed Technologies Extending Broadband Access within Licensed GSM Radio Spectrum

<sup>16</sup> ComReg Document No 03/63 - Convergence of Mobile and Fixed Technologies Extending Broadband Access within Licensed GSM Radio Spectrum

<sup>17</sup> ComReg Document No 03/54 - Review of the Premium Rate Services Numbering Scheme – Response to Consultation

<sup>18</sup> ComReg Document No 03/56 - ENUM: Accessing Multiple Customer Services Through Telephone Numbers

whether or not there is enough interest in Ireland to carry out an ENUM trial here. The paper presents a possible Irish approach, whilst outlining the opportunities for telecoms operators, Internet service providers, directory operators and communications software developers.

## 4.5 EU Framework

### 4.5.1 Arrangements for General Authorisations

Under the new EU regulatory framework operators of ECS/ENS no longer have to apply for licences; instead there will be a general entitlement to provide networks and services subject to compliance with standard conditions. This will come into effect following transposition of the directives planned for July 2003.

ComReg issued a consultation paper concerning the format in which the general authorisations will be expressed, providing operators and users with information on the basic ground rules which will apply to the provision of services<sup>19</sup>.

### 4.5.2 Fees for Authorisations and Rights of Use

Following a consultation on fees and rights of use, ComReg published its response which outlines future charging principles for Authorisations and Rights of Use under the new EU regulatory framework<sup>20</sup>.

Some of the proposals outlined were:

- Turn-over related levy is the most equitable way to collect administrative fees from service providers;
- No administrative fee payable by entities with annual turnover from service provision of less than €500,000;
- Maintain a single annual licence fee for radio networks.

### 4.5.3 Rights of Use for Radio Frequencies

The principles outlined in this consultation response are intended to ensure a smooth transition from the old to the new regulatory framework so that the benefits of the new regime can be enjoyed with the minimum of disruption to existing licensees<sup>21</sup>. The document outlines the procedures and processes which ComReg will adopt within the national legislative framework. The proposals are generally neutral on spectrum users and should benefit end-users through greater competition in the provisions of communications services.

### 4.5.4 ComReg Consultation Procedures

ComReg issued an internal notice and invited comments on its plan to operate consultation procedures of its regulatory activities<sup>22</sup>. While the paper is a general statement of principles, there may be circumstances which require ComReg to depart from the

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<sup>19</sup> ComReg Document No 03/61 - Future Regulation of Electronic Communications Networks and Services – Arrangements for General Authorisations

<sup>20</sup> ComReg Document No 03/46 - Future Regulation of Electronic Communications Networks and Services – Fees for Authorisations and Rights of Use

<sup>21</sup> ComReg Document No 03/39 - Future Regulation of Electronic Communications Networks and Services – Rights of Use for Radio Frequencies

<sup>22</sup> ComReg Document No 03/31 - Future Regulation of Electronic Communications Networks and Services – ComReg Consultation Procedures

procedures specified. Such circumstances can include specific legislative requirements or where there is an urgent need to implement the measure in question.

#### **4.5.5 Entitlement to Interconnection under Access Directive**

ComReg issued an information notice on interconnect/access issues under the new regulatory framework which sets out the criteria that an entity must satisfy in order to qualify for interconnection rights<sup>23</sup>.

The entity seeking interconnection must:

- Be an undertaking authorised to provide an electronic communications network in accordance with the Authorisation Directive/Regulations;
- Be an electronic communications network provider;
- Provide publicly available electronic communications services.

Should an applicant for interconnection satisfy each of the criteria, then the entity is eligible for interconnection.

## **4.6 Statutory Instruments**

### **4.6.1 Wireless Telegraphy Regulations - S.I. 158 of 2003**

This order provides for the exemption of GSM and IMT-2000 mobile telephones from the requirement to be licensed under the Wireless Telegraphy Act, 1926. It also repeals the exemption of analogue mobile phones which have been phased out of service in Ireland since March 2002.

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<sup>23</sup> ComReg Document No 03/62 - Future Regulation of Electronic Communications Networks and Services - Entitlement to Interconnection under Access Directive 2002/19 /EC

## 5 Consumer Focus

### 5.1 Consumer Complaints

ComReg has an established framework on the Codes of Conduct for the handling of complaints by cable and MMDS operators<sup>24</sup> and a similar framework for telecommunications operators<sup>25</sup>.

The majority of complaints received during Q1 2003 for the fixed telecommunications sector related to billing and installation issues, in particular, disputed CPS charges, incorrect billing for services cancelled, ongoing delays with dates of connection and lack of feedback of these delays. Most complaints in the broadcasting area were billing and customer service issues, including disputed charges due to lack of service, delay with credit/refunds, duplicate billing, excessive holding times and failed promised call-backs. In the mobile sector, the most common complaints related to billing and network/coverage issues.

**Table 5.1 Consumer Complaints**

<i>Complaints</i>	<i>Q012003</i>	<i>Q042002</i>
<i>Fixed Telecommunications Operators</i>	230	178
<i>Mobile Telecommunications Operators</i>	29	27
<i>Broadcasting</i>	129	95

ComReg also receives general consumer queries on a wide range of ECN/ECS issues. Most queries received during the quarter related to operators' policies, for example, in relation to customer service, credit control and disconnection. Queries on phone based CPS subscription processes; mobile spamming and number portability were also received. Table 5.2 below illustrates the volume of queries received this quarter compared to last quarter.

**Table 5.2 Consumer Queries**

	<i>Q012003</i>	<i>Q04 2002</i>
<i>Queries</i>	615	651

<sup>24</sup> ODTR Document No 01/22 - Decision Notice D6/01 and response to the consultation, Codes of Practice by cable and MMDS operators for handling consumer complaints

<sup>25</sup> ODTR Document No 01/67 – Decision Notice D13/01, Codes of Practice for the handling of consumer complaints by telecommunications operators



## 5.2 Measuring Licensed Operator Performance

In June, ComReg released a consumer leaflet<sup>26</sup> on fixed telephony operator performance. The quality of service performance results covering the period from July to December 2002 are collected and reported by operators participating on the Measuring Licensed Operator Performance (MLOP) programme. Over recent months ComReg and the operators on this programme have discussed quality of service with consumers in order to assess their requirements in this area. Both business and residential consumers emphasised their main concern is operator commitment, in terms of delivery of service, fault management and complaint handling. To address this requirement, the consumer leaflet provides a snapshot of operator performance against those service quality elements that consumers believe are most relevant to them. The leaflet is available by contacting ComReg (LoCall 1890 229668) or from our website at [www.comreg.ie](http://www.comreg.ie). If consumers require any additional performance measures a more detailed report is also available on the ComReg website<sup>27</sup>.

## 5.3 Vulnerable User Scheme

Following a review of the price cap on *eircom*<sup>28</sup>, ComReg stated that the Lower Quartile Cap would remain in place until a suitable scheme was introduced by *eircom*; this took place on June 2<sup>nd</sup> 2003.

The aim of the vulnerable user scheme is to limit the increases in the size of vulnerable users' telephone bills where they have relatively low levels of usage<sup>29</sup>.

The scheme will have an initial subscription fee of €22.50 per month which will include line rental and local, national, fixed to mobile and international calls up to a value of €5. Once a customer exceeds the €5 worth of free calls they will pay double the call rate on calls up to €11, after which they will revert to standard call rates. The median bill of those customers who avail of the scheme will not increase by more than CPI-0%.

## 5.4 Carrier Pre Selection (CPS)

### 5.4.1 A Review of Carrier Pre-Selection (CPS) in the Irish Market<sup>30</sup>

The availability and take-up of Carrier Pre-Selection (CPS) is considered as a key barometer of competition in the marketplace. By continuing to work with industry players, ComReg has enhanced the CPS framework and has consistently sought to take all the necessary steps to foster competition.

Following an evaluation of progress, ComReg noted that whereas absolute levels of CPS appear stable, the levels of consumer churn and readjusted cost to OLOs is a concern. As a result ComReg intend to carry out a wide ranging consultative process with the industry and consumers to review all elements of the CPS framework and associated processes and costs. The purpose of this review will be to identify ways in which further growth in competition through CPS can be achieved.

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<sup>26</sup> ComReg Document No 03/64 - Fixed Telephony Operator Performance – a comparative guide for consumers July to December 2002.

<sup>27</sup> ComReg Document No 03/64a - Fixed Telephony Operator Performance – Detailed Business and Residential Results July to December 2002. ComReg Document No. 03/64c – Measuring Licensed Operator Performance Definitions V3.2. ComReg Document No 03/64b - SMP Operator Quality of Service Performance

<sup>28</sup> ComReg Document No 03/14 - Decision Notice D3/03 Review of the Price Cap on Certain Telecommunications Services

<sup>29</sup> ComReg Document No 03/48 - Vulnerable User Scheme

<sup>30</sup> ComReg Document No 03/44 - A Review of Carrier Pre-selection (CPS) in the Irish Market

**5.4.2 Implementation of CPS Single Billing Products – Wholesale Line Rental and Agency Rebilling<sup>31</sup>**

Carrier Pre Selection (CPS) provides consumers with choices and access to competitive pricing and is often seen as a proxy for the level of competition in a given market. Following a review of both national and international developments in this area in 2002 a number of initiatives were identified by ComReg/Industry which would contribute to the further stimulation of the CPS market.

ComReg has been working with the industry to develop and launch a number of CPS Single Billing products namely Single Billing through Wholesale Line Rental (SB-WLR) and Single Billing through Agency Rebilling (SB-AR). These products will enable Other Licensed Operators (OLOs) to provide a single bill for telephony rental, calls and ancillary services to their customers.

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<sup>31</sup> ComReg Document No 03/47 - Implementation of CPS Single Billing Products – Wholesale Line Rental and Agency Rebilling. Updating of timetable and formalisation of product descriptions.

## 6 Technology Developments

A key aspect of ComReg's role is to raise awareness of new and emerging telecommunications technologies in the ICT sector. To this end, a Briefing Note was published as part of the Forward-looking Programme during this quarter on the topic of Future Mobile Applications<sup>32</sup>. A seminar on 'Mobile Applications for 3G' was hosted by ComReg in June. This provided a forum for operators, application and service developers, and systems integrators to come together to discuss the opportunities and challenges presented by advanced mobile communications systems.

The Future Mobile Applications Briefing Note highlights some of the applications that are becoming publicly available with the emergence of more advanced mobile systems with greater data capacity such as GPRS, 3G and Wireless LANs. More sophisticated services such as video messaging and high speed mobile Internet access are possible. Businesses and consumers will be able to use these types of technologies to begin 'un-wiring' their homes and offices allowing them to work while on the move or from home. In addition to GPRS and Wireless LAN, greater data capacity from 3G systems will also enable new mobile applications to develop in areas such as education, government, healthcare and entertainment. Future mobile applications and content will be accessible to consumers through a range of different types of mobile networks (e.g. GPRS, 3G mobile, Wireless LAN, personal area networks (PAN)), and devices.

The first meeting of the 'Forward-looking Programme's Steering Panel' was also held in May. The Steering Panel consists of a group of senior external experts from Ireland and overseas who have agreed to advise and assist ComReg on its Forward-looking Programme, in highlighting and discussing future technology developments and related issues that could impact the development of the Irish telecommunications market. The Programme typically looks two to six years ahead. Its purpose is to help ComReg anticipate technological trends and developments in order that these can be taken into account in shaping ComReg's strategy and future overall work programme.

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<sup>32</sup> ComReg Document No 03/60 - Future Mobile Applications – Briefing Note

## 7 Postal Regulation

### 7.1 Terminal Dues Agreement

An Post's published separated accounts for 2001<sup>33</sup> show a loss of €19.3m in the Inbound International business segment. This area of An Post business is responsible for mail posted abroad for delivery to Irish addresses.

An Post is paid to provide this service by overseas postal operators. Over 80% of all such payments are determined under REIMS II, a multilateral agreement between European Postal Operators. In accordance with Irish and European law such payments must comply with three fundamental principles, including 'prices must be fixed in relation to the costs of processing and delivering incoming cross-border mail'. The losses incurred by An Post in 2001, in the handling of incoming international mail are prima facie evidence that this principle is not being complied with.

The financial consequences for An Post are unsustainable. If not corrected, it will have a significant effect on An Post's ability to meet its universal postal service obligation as designated Universal Service Provider. In these circumstances and in accordance with Regulation 10(2) ComReg has directed An Post to bring its Agreements on Terminal Dues<sup>34</sup> into compliance with its obligations no later than 7 July 2003.

### 7.2 An Post's Quality of Service - Domestic single piece mail

ComReg is responsible for monitoring An Post's quality of service under regulations adopted by the Minister implementing the EU Directives on postal services. In April 2001 a consultation paper was issued on the Quality of Service Standards to be achieved by An Post<sup>35</sup>. The report on this consultation<sup>36</sup> concluded that ComReg should measure the quality of service of An Post's domestic mail in accordance with the CEN Standard<sup>37</sup> and that a contract should be put in place with an independent organisation for this purpose.

A contract was put in place between TNS MRBI and ComReg to monitor the quality of postal service of single piece mail in the Republic of Ireland for three years from 1<sup>st</sup> January 2003. On 30 May 2003 ComReg published an Information Notice together with the first quarter results, 1 January to 31 March 2003<sup>38</sup>, which indicated that only three out of four items of ordinary correspondence (single piece mail) are delivered the next day. Subsequent reports will be issued on a quarterly and annual basis.

In contrast, An Post publishes in its annual reports quality of service performance for all domestic mail, including bulk mail, which has a separate European measurement standard.

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<sup>33</sup> Source : An Post website : <http://www.anpost.ie/about/regulatoryaccounts.html>

<sup>34</sup> ComReg Document No 03/40 - Information Notice Terminal Dues Agreement

<sup>35</sup> Consultation Paper "Regulation of Postal Services-Quality of Service Standards to be achieved by An Post" document ODTR 01/28 issued April 2001

<sup>36</sup> Report on Consultation "Regulation of Universal Postal Services - Quality of Service Standards to be achieved by An Post" document ODTR 01/73 issued on 20 September 2001.

<sup>37</sup> European and Irish Standard, I.S. EN 13850: 2002, 'Postal Services – Quality of Service – Measurement of transit time of end-to-end services for single piece priority mail and first class mail'

<sup>38</sup> ComReg Document No 03/58 - An Post's Quality of Service Domestic single piece mail. Quarter 1, January to March 2003

An Post's systems indicate that around nine out of ten items of mail are delivered the next day. There are other differences in the measurement systems deployed, e.g., TNS MRBI's input test items at 400 sampling points while An Posts system only inputs at 150 sampling points.

### **7.3 Postal Services - Universal Service Obligation, Tariff Principles and miscellaneous issues**

The key responsibility of ComReg in respect of the postal sector is to ensure the availability of an affordable high quality Universal Postal Service. In November 2002 a consultation paper<sup>39</sup> was issued describing in some detail what exactly is required from a universal service provider. This paper discussed a number of issues concerning the rights of the consumer, such as access to the services, the guarantee of daily delivery, the publication of information about what is on offer, and complaints procedures. The paper also raised the question as to why Ireland is one of the few countries without a proper postcode system.

In May 2003 ComReg published its response to this consultation<sup>40</sup>. ComReg received around 1,000 responses to this consultation which is the highest response to any consultation undertaken by ComReg and its predecessor the ODTR. Although one of the issues raised, the use of Roadside Letter Boxes, generated most of the media interest, and the issue of postcodes generated very significant interest among stakeholders in the Postal sector, there were many other issues that were of direct relevance to all users of the Post.

In its response ComReg issued a direction to An Post regarding the density of access points to the postal network and latest times of posting to guarantee next day delivery nationally. ComReg also issued guidelines to be used in drawing up a code of practice for dealing with users complaints with provision for compensation/reimbursement or both and issued a determination in relation to the provision of information about the Universal Service to users. ComReg also took the view that there was no provision in law that would allow An Post to oblige addressees to install a letterbox in the grounds of their home. The full text of the response to this consultation can be found on our website at [www.comreg.ie](http://www.comreg.ie).

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<sup>39</sup> ComReg Document No 02/95 - Regulation of Postal Services – Universal Service Obligation, Tariff Principles and miscellaneous issues

<sup>40</sup> ComReg Document No 03/50 - Postal Services - Universal Service Obligation, Tariff Principles and miscellaneous issues

## Appendix: Documents Issued December '02 – March '03

**Fixed**

<i>Document No.</i>	<i>Title</i>
03/57	Decision Notice on Fixed Interconnection Charging Mechanisms
03/56	Price Cap on eircom 2002 Compliance Statement in accordance with the Telecommunication Tariff Regulation (Modification) Order, 1999 (Statutory Instrument No. 438 of 1999)
03/55	Local Loop Unbundling Review of Charges
03/38	Interconnection Rates in the Irish Telecommunications Sector: Interim Rates to apply from 1st April 2003
03/37	Decision Notice: Local Loop Unbundling Review of Charges
03/30	Decision to Amend eircom Ltd's FWPMA Narrowband Licence

**Consumer Issues**

<i>Document No.</i>	<i>Title</i>
03/64	Fixed Telephony Operator Performance – a comparative guide for consumers July to December 2002
03/64a	Fixed Telephony Operator Performance – Detailed Business and Residential Results, July to December 2002
03/64b	SMP Operator Quality of Service Performance
03/64c	Measuring Licensed Operator Performance Definitions V3.2
03/48	Vulnerable User Scheme
03/47	Implementation of CPS Single Billing Products – Wholesale Line Rental and Agency Rebilling Updating of Timetable and Formalisation of Product Descriptions
03/44	A Review of Carrier Pre-selection (CPS) in the Irish Market

**Post**

<i>Document No.</i>	<i>Title</i>
03/65	An Post's Proposal to increase the price of Domestic Postal Services 2003
03/58	An Post's Quality of Service: Domestic Single Piece Mail Quarter 1, January to March 2003
03/50	Postal Services – Universal Service Obligation, Tariff Principles and miscellaneous issues. Directions to An Post under the European Communities (Postal Services) Regulations 2002, S.I. No. 616 of 2002
03/40	Information Notice: Terminal Dues Agreement

**Radio Spectrum/Technology**

<i>Document No.</i>	<i>Title</i>
03/63	Convergence of Mobile and Fixed Technologies Extending Broadband Access within Licensed GSM Radio Spectrum
03/60	Future Mobile Applications – Briefing Note
03/53	Audit of Compliance with emission limits for non-ionising radiation
03/43R	Radio licence application form and notes for anyone intending using radio at the Special Olympic Games
03/42	Registration of 5.8GHz Wireless Access Base Stations
03/35	Fixed Wireless Access Local Area Licence Application Form
03/34	Guidelines to Applicants for Local Area Fixed Wireless Access (FWA) Licences
03/32R	Request for Expressions of Interest – 3.5GHz Local Licences for Wireless Broadband

**Numbering**

<i>Document No.</i>	<i>Title</i>
03/54	Review of the Premium Rate Services Numbering Scheme – Response to Consultation
03/51	Information Notice: Interim Rates for NTC Services effective from 1st April 2003
03/49	Number Translation Codes: Final Retention Rates to apply for NTCs from 1 December 1999 to 31 March 2002
03/36	ENUM: Accessing Multiple Customer Services Through Telephone Numbers

**General**

<i>Document No.</i>	<i>Title</i>
03/59	Strategy Statement (2003 – 2005)
03/52	Address to the Institute of Electrical Engineers of Ireland by Etain Doyle, Chairperson of the Commission for Communications Regulation
03/45	Dundalk Chamber of Commerce Address by Etain Doyle, Chairperson, Commission for Communications Regulation, 29 April 2003
03/41	Strategy Statement (2003 – 2005)
03/33	Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs, Address by the Commission for Communications Regulation, 19th March 2003

**EU Directives**

<i><b>Document No.</b></i>	<i><b>Title</b></i>
ERG01	European Regulators Group – Public Call for Input on Remedies
03/62	Future Regulation of Electronic Communications Networks and Services – Entitlement to Interconnection under Access Directive 2002/29/EC
03/61	Future Regulation of Electronic Communications Networks and Services – Arrangements for General Authorisations
03/46	Future Regulation of Electronic Communications Networks and Services – Fees for Authorisations and Rights of Use
03/39	Future Regulation of Electronic Communications Networks and Services – Rights of Use for Radio Frequencies
03/31	Future Regulation of Electronic Communications Networks and Services – ComReg Consultation Procedures