



Office of the Director of  
**Telecommunications  
Regulation**

## **PRESS RELEASE**

*For Immediate Release*  
20<sup>th</sup> October, 1999

### **REGULATOR MOVES TO ENSURE LOWER TELECOMS CHARGES FOR CONSUMERS**

The Telecoms Regulator Eoin Doyle today published proposals for amending the price cap on Eircom. The Regulator's proposals are designed to ensure that telecommunications consumers, particularly residential users, get the benefit of lower telecommunications prices. Competition should deliver the best deal for consumers in the long run, but until competition has developed to the point where pricing and services are not led by the most significant operator in the market - Eircom, it is essential to protect the interests of consumers.

The Regulator proposes to require Eircom to make annual reductions of between 7 and 9 per cent before inflation, in the prices of a group of telecommunications services that are in the bills of most residential users and small businesses. At the same time certain specific safeguards have been included to ensure affordability is maintained, particularly for users in rural and high cost areas and members of vulnerable groups. The proposed new price cap sets out to achieve the best deal for users while fairly balancing the interests of other parties, including Eircom itself and the other operators in the market.

The 1996 legislation on price caps sets out a two-month period during which comments can be made by Eircom on the proposals. The Regulator welcomes comments from Eircom and any other interested parties during that period, which ends on 19<sup>th</sup> December 1999. The final amendments to the price cap will come into effect on 1 January 2000 and run for a period of three years.

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Key details of the new proposals are:

- The requirement to make annual reductions of 7-9% minus inflation compared to the current price cap which requires Eircom to reduce prices on a basket of services by 6% minus the inflation rate each year.
- All services in the existing price cap will be in the new price cap except for international calls where competition is developing more quickly.
- The services in the price cap are - connection and rental charges for telephone lines and ISDN connections, local and trunk calls, directory enquiries, operator calls and calls from payphones.
- The prices for any individual service in the basket may not increase by more than 2% plus inflation annually
- The bill of the “lower quartile” user, representing consumers who do not make many calls, may not increase by more than CPI annually.

The Regulator said “Liberalisation has already brought benefits to users generally from big business to the residential consumer. These proposals will ensure that Irish telecommunications users and most importantly, the residential consumer and small businesses, will share more effectively in the benefits that competition brings. These consumers do not have the bargaining power of big businesses, and for them, competition has not yet developed very far. Until that happens, price caps are a means to bring them the benefits of overall reductions in tariffs and safeguard those consumers for whom individual tariff increases would represent a significant burden.”

The proposals are based on information available to the ODTR. The proposals will be reviewed in the light of inter alia the regulatory accounts for Eircom expected towards the end of this month and information from Eircom and others during the consultation period.

The information notice **ODTR 99/61 "Proposed amendment to the Telecommunications Tariff Regulation Order, 1996, (S.I. No. 393 of 1996). Price Cap on certain services provided by Eircom"** is available in the Information section of the ODTR website: [www.odtr.ie](http://www.odtr.ie).

**ENDS**