



Office of the Director of
**Telecommunications
Regulation**

PRESS RELEASE

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REGULATOR REVIEWS THE PRICE CAP ON TELECOM ÉIREANN

The Telecommunications Regulator has launched the first stage of a review of the price cap on Telecom Éireann. The current price cap mechanism was introduced by the Minister and has been in operation since 1st January 1997. The cap controls the prices Telecom Éireann is allowed to charge for connecting customers to the fixed network, for line rentals and for calls over the fixed network.

The legislative basis for the price cap, the Telecommunications (Miscellaneous Provisions) Act, 1996, was introduced in 1996. The review arises from a direction issued by the Minister for Public Enterprise, Mrs Mary O'Rourke, T.D., under Section 7(5) of the Act.

The current price cap is set out in the Tariff Regulation Order, 1996 (S.I. No. 393 of 1996) and imposes a price cap on a relatively broad basket of 10 services provided by Telecom Éireann. The Order specifies that the basket of services in total should not increase by more than the change in CPI – 6 (the annual percentage change in the consumer price index less 6), but allows Telecom Éireann, within this overall control, to increase the prices of individual services within the basket up to specified levels.

The Regulator, Etain Doyle, stated that “Price control can be an important mechanism to ensure consumer protection. Our review indicates that the current structure of the price cap appears appropriate, but before reaching any decisions, I want to consider the views of all interested parties. The consultation which I am now undertaking will examine all aspects of price control including a need for continuing control, and the scope, form, level and duration of any such control.”

MORE

The Regulator has issued a consultation document on the subject to seek the views of interested parties. The consultation paper **ODTR 99/19 - "Review of the Price Cap on Telecom Éireann"** can be viewed on the ODTR web-site (<http://www.odtr.ie>). The consultation period concludes on April 26th, 1999.

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