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Commission for
Communications Regulation

Annual Report Year Ended June 2006

PRESENTED TO THE MINISTER FOR COMMUNICATIONS, ENERGY AND NATURAL RESOURCES (FORMERLY THE MINISTER FOR COMMUNICATIONS, MARINE AND NATURAL RESOURCES) IN ACCORDANCE WITH SECTION 32 OF THE COMMUNICATIONS REGULATION ACT, 2002.

Mission Statement

ComReg facilitates the development of a competitive, dynamic communications sector in Ireland that empowers consumers to make informed choices.

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Commissioners



Mike Byrne
Commissioner (Chairperson)

John Doherty
Commissioner

Executive Management Team



1. George Merrigan
Director
Market Framework Division

2. Dermot Nolan
Director
Retail Division

3. Donal Leavy
Director
Wholesale Division

4. Shay O'Malley
Director
Corporate Affairs Division

5. Sebastian Farr
Senior Legal Advisor

6. Gary Healy
Chairperson of the
IRG/ERG Framework Review Group

Organisational Structure and Roles

The Commission for Communications Regulation (ComReg) was established on December 1, 2002. ComReg is currently led by two Commissioners, Mike Byrne (Chairperson) and John Doherty. It consists of four Divisions supported by a Senior Legal Advisor. The structure is based on cross-functional teams operating in a multi-disciplinary environment.

ComReg is the statutory body responsible for the regulation of the electronic communications (telecommunications, radio communications and broadcasting) and the postal sectors. ComReg is the national regulatory authority for these sectors in accordance with EU and Irish Law.

ComReg is responsible for promoting competition, protecting consumers and for encouraging innovation. We deal in complex issues of law, economics and technology, and ensure that our decisions are clearly explained. ComReg operates as a collegiate body, with decisions taken collectively by the Commissioners. We see this as important in fulfilling the spirit of the Communications Regulation Act 2002, which established the Commission.

As the National Regulatory Authority, ComReg has a wide range of responsibilities in electronic communications services and networks, post and spectrum management. ComReg implements three major Acts relating to telecommunications, 13 in the area of wireless telegraphy and spectrum management, and numerous statutory instruments covering all three sectors.

ComReg's remit covers telecommunications networks and services including:

- Traditional telephone systems;
- Mobile networks providing voice and data services;
- Radio Communications including fixed wireless providing a variety of services;
- Traditional television and radio transmission;
- Cable Television;
- MMDS and deflector operations providing TV services;
- Test and Trial licence schemes;
- Licensing Framework for Satellite Services in Ireland

In addition, according to Section 10 and Section 12 of the Communications Regulation Act 2002, ComReg has a range of functions and objectives in relation to the provision of electronic communications networks, electronic communications services and associated facilities and post. These include:

- ensuring compliance with obligations;
- to promote competition;
- to contribute to the development of the internal market;
- to promote the interests of users within the European Community;
- to ensure efficient management and use of the radio frequency spectrum and numbers from the national numbering scheme;
- to promote the development of the postal sector and in particular the availability of a universal service within, to and from the State at an affordable price for the benefit of all users, including disabled users

This Report is structured to deal with ComReg's activities in relation to all of these areas.

ComReg enables competition in the communications sector by facilitating market entry through general authorisation to provide networks and services, and by regulating access to networks so as to develop effective choice for businesses and residential consumers. In a rapidly evolving sector, both in technological and commercial terms, ComReg provides the framework for the introduction of a range of new services including, for example, Next Generation Networks, 3G and Fixed Wireless Access Local Area (FWALA) and a Test and Trial Licence Scheme.

The focus of regulation for the postal service in the partly liberalised market is the maintenance of the Universal Service Obligation (USO) and in ensuring that An Post's prices are geared to cost. ComReg is also responsible for overseeing improvements in quality of service by setting targets for the delivery of mail and to monitor quality of service performance against targets set in accordance with European Standards.

Our activities focus on business & residential communications users and operators. This Annual Report covers our key activities from July 2005 to the end of June 2006.

The Commissioners' Office
 Commissioner Mike Byrne (Chairperson)
 Commissioner John Doherty

Contact Marie Cussen
 Executive Assistant to the Commission
 Tel: 01 8049689
 Colette Andrews
 Assistant to the Commission
 Tel 01 8049644

The ComReg Divisions and their Directors are:

Market Framework - Director: George Merrigan

Market Framework is responsible for managing the radio spectrum. It also oversees the general authorisation regime for the electronic communications sector in Ireland and monitors compliance with general authorisation conditions. It is also responsible for the regulation of the Postal Sector. Market Framework also manages radio spectrum and issues approximately 18,000 Wireless Telegraphy licences to various companies and individuals. In addition, Market Framework administers Ireland's National Numbering Plan, as well providing the framework for new regulatory products for both fixed and wireless markets.

Contact: Sinead Devey,
 Divisional Assistant at 01 8049621

Wholesale Division - Director: Donal Leavy

The Wholesale Division handles all issues concerning the regulation of the wholesale telecommunications market including such issues as interconnection, dispute resolution, unbundling the local loop and the pricing of regulated wholesale products. This division also has a role in relation to broadband deployment and next generation networks. Wholesale also has responsibility for telecoms compliance. This Division also has responsibility for the regulatory financial aspects of the telecoms sector, as well as managing ComReg's own finances and risk management function.

Contact: Sharon Ward,
 Divisional Assistant at 01 8049710

Retail Division – Director: Dr. Dermot Nolan

The Retail Division handles policy in relation to consumers interaction directly with sellers of services. This includes areas such as the universal service provision of telecoms access, consumer rights, some elements of retail pricing, and the collection and presentation of consumer and business views on the electronic communications and postal markets through surveys. The Division also is responsible for the provision of economic advice to the Commission.

Contact: Michelle Townshend,
 Divisional Assistant at 01 8049654

Corporate Affairs Division - Director: Shay O'Malley

This Division develops and implements leading-edge corporate affairs and communications strategies designed to enhance organisational performance and effectiveness. It is responsible for the human resources, consumer care, information systems, freedom of information, public relations, and general facilities management functions.

ComReg has attained a number of major HR awards, including the Excellence through People Standard and the Irish Institute of Training and Development's national training award. These prestigious awards recognise organisations which demonstrate best practice in human resources and an ongoing commitment to human resource development.

Contact: Triona Kelly,
 Divisional Assistant at 01 8049751

The Organisation is supported by a Senior Legal Advisor and a Communications Unit.

Senior Legal Advisor Sebastian Farr

The Senior Legal Advisor advises on all major legal matters and on the legal implications of communications policies in Ireland and the EU.

Contact: Clare Kelly,
 Divisional Assistant at 01-8049628

Chairperson of the IRG Project Team, Gary Healy

Contact: Sonja Owens,
 Divisional Assistant at 01-8049738

Communications Unit

The Communications Unit issues press releases and communicates messages and statements on behalf of ComReg to the media and general public. This Unit also manages our website, organises conferences and seminars and publishes our Annual Reports and other publications, including ComReg's newsletter.

Contact: Tom Butler,
 Communications Manager at 01 804 9639



Chairperson's Review of the Year

2006 was a year of continued growth for Ireland's €5 billion electronic communications and postal sectors. Competition in the Irish communications market continued to develop with a growing number of operators competing in the provision of Broadband in particular. The electronic communications sector generated in excess of €4 billion in the year to 30th June 2006, with the Fixed, Mobile and Broadcasting sectors contributing 50%, 46% and 4% of revenues respectively. The number of authorised postal operators also grew by 4 to 29 in the reporting year.

Both the electronic communications and the postal sectors play a critical role in our society. It's imperative that Ireland has modern and competitive communications services that meet the country's future economic, social and cultural needs. To remain competitive, we need to be able to ensure that the range, quality, diversity and price of products and services available here will continue to attract and develop the leaders of an increasing knowledge-based world. Clearly with companies such as Google, Amazon, IBM, Ebay, and MSN choosing to locate here the foundations are already well in place.

However, we cannot be complacent, we need to build on this progress as well as resolving some of the challenges in the residential market that a diverse and significantly rural population creates. We need to ensure that as other countries across Europe see the benefits of advancing and converging technologies, with the efficiencies and range of new products and services they can bring, that we too have the appropriate environment in place to support such deployments. All of this will no doubt raise interesting challenges, not just for the Industry but also for the Regulator and the Government. However, it is essential that we ensure that our communications services are on a par with, or better than, those of other leading countries.

With every passing year electronic communications services are becoming more ingrained in all our daily lives. Modern communications services can enrich the lives of people in so many ways and they have the potential to change the way we interact in society. Broadband and mobile communications are obvious examples of how communications systems and technology can have a real impact on society and lifestyles in a very short period of time.

Consumer

During the year, ComReg took a number of initiatives to assist, protect and empower consumers which included the development and launch of ComReg's www.callcosts.ie website. The site allows consumers to compare the costs of different mobile, fixed, Broadband and bundled packages that best suit their individual needs. In addition, ComReg worked closely with other stakeholders and State agencies, including the Data Protection Commissioner, to protect consumers an example of this was the campaign to inform consumers about how to stop unwanted marketing calls also known as 'cold calls.'

Broadband

During the period of this report Broadband subscriptions increased by 109%, with competition between the various Broadband platforms becoming more vigorous. Irish consumers experienced a greater range of choice in Broadband products, and increasing availability. Price levels for Broadband also came down over the period driven by increasing competition among suppliers and increased demand among consumers.

Mobile

During this period ComReg initiated a competition for a fourth and final 3G mobile phone licence. By the end of June 2006, there were 4.4 million mobile phone subscriptions and revenues reached €2 billion. The year was also marked by the re-entry of Eircom into the mobile market through its purchase of Meteor. Mobile companies began to offer new 3G services such as mobile TV. In June 2006, Sky and Vodafone teamed up to offer the first mobile TV service in Ireland. High usage of mobile data services is a particular feature of Irish mobile markets.

Innovation

ComReg fostered innovation through its Test and Trial Licence Scheme through which companies and research organisations are allowed to develop and test potential products and services in a real environment. ComReg will continue to do its utmost to encourage and promote innovation in order to allow end users to avail of new and dynamic services.

As part of its commitment to innovation and spectrum development, ComReg hosted a conference on Spectrum Management in conjunction with the OECD. The conference examined the international use of the radio management spectrum and the issues driving change in spectrum management.

Postal

In the postal sector quality of service remains a key challenge. The commitments given by An Post to provide quarterly updates on the steps being taken to improve quality are to be welcomed. As the market moves towards liberalisation, these steps will be of benefit to business and residential consumers who depend on a high-quality postal service.

ComReg is an agent for change and its mandate is clear. It must create a competitive marketplace, protect and inform consumers, and promote the internal market. ComReg will continue to play its role in ensuring that competition within the electronic communications and postal sectors is enhanced so that Irish consumers and businesses have access to the best value, widest choice and highest quality services.

Over the period of this Annual Report, ComReg published many consultation papers and launched many initiatives. I would like to extend my thanks to all of our stakeholders who interacted with ComReg during the year.

Finally, on behalf of the Commission, I would like to express my sincere thanks to all of my colleagues in ComReg for the effort and dedication that they have shown throughout the year. Their professionalism and integrity ensures that Ireland's reputation in terms of the regulation of the electronic communications and postal sectors continues to be held in high regard both at home and abroad.

Mike Byrne,
Chairperson

The Communications Sector at a Glance

Competition in the Irish communications market picked up pace in 2006, with a growing number of operators competing, particularly in the Broadband market. The electronic communications sector generated an estimated €4.05bn in revenue in the 12 months to June 2006. At the end of the period the fixed line sector (including Broadband) made up over 50% of this market while mobile revenues accounted for 46% and the broadcasting market made up the remaining share of 4%.

There were a number of high-profile mergers and acquisitions in Ireland in this period, notably Eircom's acquisition of mobile operator Meteor in July 2005, Cable & Wireless's take-over of Energis in August 2005, UPC's acquisition of NTL Ireland in late 2005, Telfonica's purchase of O2 in October 2005 and Babcock & Brown's purchase of a majority stake in Eircom in the summer of 2006.

Broadband penetration also grew strongly during the period on the back of increased marketing by a growing number of ISPs, rising PC penetration (59% of Irish households had a PC by February 2006), continued investment in alternative Broadband platforms such as fixed wireless access and cable modem, and the trend to offer consumers keenly-priced bundles of communications packages. A survey carried out by ComReg in late 2005¹ found that 99% of home Internet users were aware of the term "Broadband" and by June 2006² an estimated 36% of Internet households were accessing the Internet by means of a Broadband connection.

The mobile penetration rate increased, driven by ownership of multiple SIMs and strong take-up of mobile services. Mobile phone ownership exceeds home fixed line phone ownership, a trend mirrored in other markets world-wide. Advanced data services such as MMS began to take-off among the wider user base, helped by the launch of a 3G service by 3 Ireland in July 2005, O2's i-mode service and the launch by Vodafone of its Vodafone Unlimited Data 3G Broadband service in July 2006.

Number of Operators

Under the authorisations process, operators in Ireland notify ComReg of their intention to provide networks or services to third parties. In the period between the beginning of July 2005 and the end of June 2006, 99 such notifications were registered with ComReg.

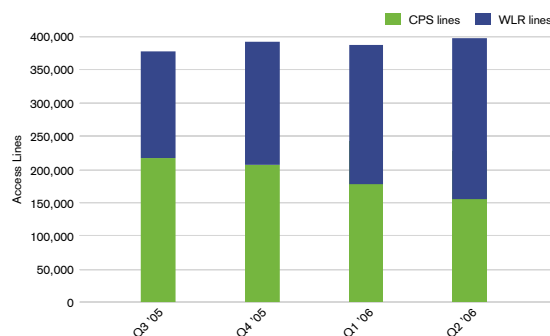
Fixed Market Share

Based on operator data submitted via the Quarterly Report questionnaire, Other Authorised Operators (OAOs) accounted for 26% of the total fixed line market in terms of revenue by June 2006³.

Fixed: CPS & WLR

Indirect access to fixed line networks can be provided through Carrier Pre Selection (CPS), where the call services are provided by an operator using Eircom's network. The customer in this situation pays line rental to the latter. Alternatively, through Wholesale Line Rental (WLR) an operator can provide single billing to the consumer for both their fixed line rental and fixed calls. By the end of June 2006, WLR accounted for 61% of lines provided via indirect access, up from 39% at the end of the previous 12 months, and evidence of consumers' preference for a single bill from their service provider. According to a residential survey⁴ commissioned by ComReg in April-May 2006, 15% of fixed line households had switched fixed line provider at least once in the previous 12 months. The same survey found that the average bi-monthly spend on fixed line telephony was €101.39.

Fig 1.1: Indirect Access: CPS and WLR
Carrier Pre-Select and Wholesale Line Rental

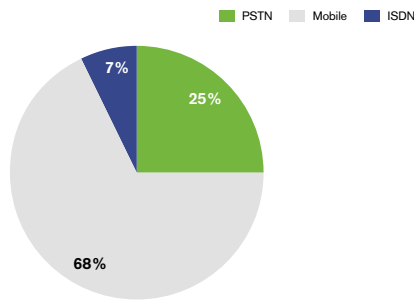


1 http://www.comreg.ie/_fileupload/publications/ComReg0608a.pdf
 2 Amárach Consulting trends survey available at http://www.comreg.ie/_fileupload/publications/ComReg0657a.pdf
 3 Based on Quarterly Key Data Report – ComReg 06/52.
 4 Amárach Consulting trends survey available at http://www.comreg.ie/_fileupload/publications/ComReg0657a.pdf

Telecom Access Paths

The total number of access paths reached 6.4 million by the end of June 2006. This figure includes PSTN, Mobile and ISDN paths and is up from 5.9 million as reported in the previous report⁵. Mobile continued to count for the highest number of access paths at over 68%, a 3% increase in the number of paths on the previous year, while PSTN access lines fell slightly to just under 1.6 million. The number of unbundled access paths increased since the previous report to 15,000 as there was renewed interest in local loop unbundling.

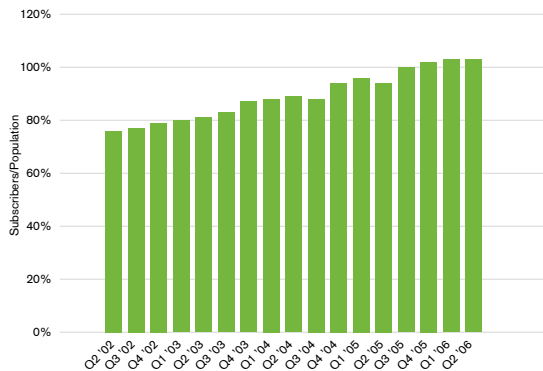
Fig 1.2: Telecom Access Paths
Percentage Share of Access Paths - June 2006



Mobile

At the end of June 2006 there were 4.4 million subscriptions to mobile communications services in Ireland, which translates to a penetration rate of 103%. This is up from a 94% penetration rate as reported in the previous report. The EU average for the same period was 105%.

Fig 1.3: Mobile Penetration Rate
Mobile Penetration Q2, 2002 - Q2, 2006



Source: Quarterly Key Data Questionnaire

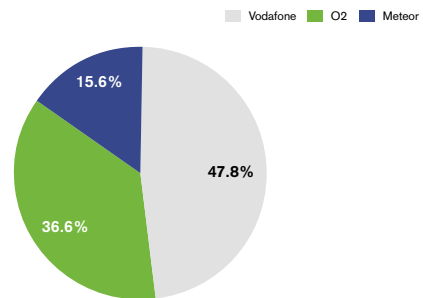
Text messaging continued to be a popular application of mobile services and some 5 billion text messages were sent during the course of the year. In the last quarter to the end of June 2006, the average Irish mobile subscriber sent an average of 114 messages per month.

The Yankee Group estimates that in Ireland Average Revenue Per User (ARPU) was around €47 for the 12 months to the end of June 2006. ComReg also carried out residential surveys during the course of the year and findings show that the average monthly spend on mobile services by residential consumers was around €58.⁶

Mobile Market Share

Meteor Ireland increased its market share of GSM subscribers to over 15% by the end of June 2006. Vodafone Ireland and O2 continued to retain the largest share of the GSM market.⁷

Fig 1.4: Mobile Subscribers Market Share
Mobile Market Share - June 2006



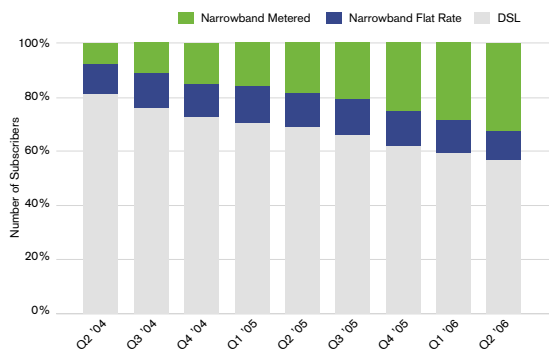
⁵ Access paths are not the same as access lines. A PSTN line and a mobile subscriptions are counted as one access path while an ISDN line can support multiple access paths.
⁶ Amárach Consulting trends survey available at http://www.comreg.ie/_fileupload/publications/ComReg0657a.pdf
⁷ Source: Quarterly Key Data Report ComReg 06/52

The Communications Sector at a Glance CONTINUED

Internet

The number of narrowband internet users (as a proportion of the total number of internet users in Ireland) continued to decline as users migrated from dial-up services to Broadband services such as DSL (Digital Subscriber Line). Narrowband subscribers, both flat-rate and pay-as-you-go (metered) services, declined from more than 80% of the copper internet market in June 2005 to less than 70% by June 2006.

Fig 1.5: Narrowband and DSL Internet subscribers, 2004 - 2006
Narrowband Metered, Narrowband Flat-rate, DSL Subscriptions



Source: Quarterly Key Data Questionnaire

Broadband

By the end of June 2006, over 370,000 internet subscribers were using Broadband technologies, an increase of 109% on last year. Digital Subscriber Lines (DSL) with 275,000 subscribers still account for the bulk of these. The growth in the proportion of Broadband subscriptions over alternative platforms such as wireless and cable was, however, the most notable during the year with wireless having over 52,000 and cable over 40,000 subscribers. Throughout June 2005, DSL represented 80% of all Broadband subscriptions while by June 2006 DSL connections had fallen to 74% of all Broadband subscriptions. Comparative data benchmarking Irish Broadband penetration against OECD countries is included below. In addition to Broadband subscriptions noted above, there are in excess of 1,800 WiFi⁸ access points in Ireland providing nomadic Broadband access.

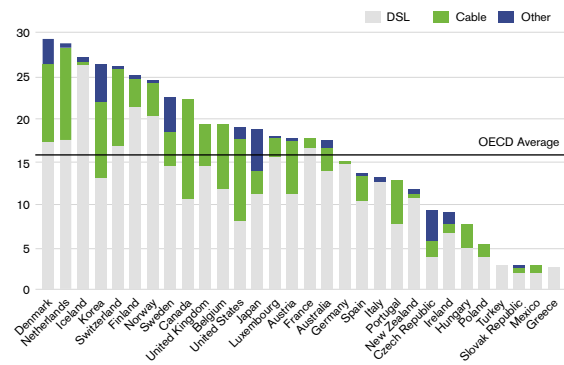
⁸ Mainly satellite and fibre

Figure 1.6: Broadband subscriber numbers and growth rates by platform

Platform	Q2 06 Subs	Year-on-Year Growth Q205-Q206
DSL	275,000	92%
Cable	40,000	167%
FWALA	53,000	192%
Other ⁸	4,000	196%
Total	372,000	109%

Fig 1.7: Broadband Penetration in the OECD - June 2006

OECD Broadband subscribers per 100 inhabitants, by technology, June 2006



Source: OECD

Broadcasting

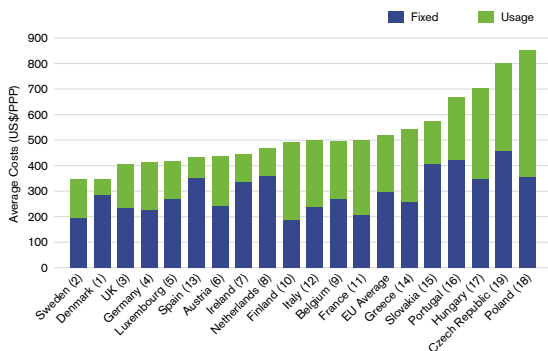
By the end of June 2006 there were 570,000 cable/MMDS subscribers in Ireland of which 319,000 were analogue subscribers, and 251,000 were digital subscribers. Overall, there were approximately 1 million pay TV subscribers, 68% of which subscribed to digital television services. There is continued migration from analogue to digital TV, with digital households representing approximately 47.5% of all households with a television, up from 40% in 2005.

Tariffs

Against a backdrop of rising prices generally, Ireland's PSTN and mobile tariffs have remained fairly static throughout the period as measured with within an OECD-approved set of pricing baskets. Both the PSTN and mobile baskets were updated following a public workshop in Rome in July 2005. A number of substantial changes were made to the fixed and Internet baskets as a result of this workshop, and therefore tariff data in this report cannot be easily compared with tariff data from June 2005. Tariff changes are, therefore, analysed only for the six months from January 2006 to June 2006.

In May 2006, Ireland was ranked in 8th position, which was six places better than the EU average in terms of price for a basket of residential calls and line rental.

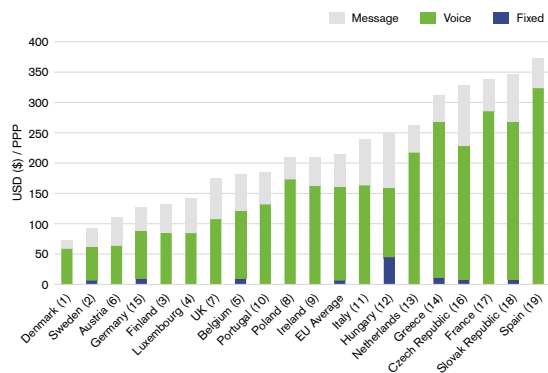
Fig 1.8: PSTN Residential Basket
OECD National Residential Basket - May '06



Source: Teligen
To note: The numbers in brackets represent each Member State's respective rankings as at February 2006

ComReg also collects comparative tariff data on a number of mobile baskets, including low, medium and high-user postpaid baskets and a prepaid baskets. As more than two-thirds of mobile subscriptions in Ireland are prepaid, this basket is presented below for comparative analysis of mobile tariffs across the EU. The pre-paid basket dropped two places to sixth place in the relative ranking. In May 2006 Ireland was ranked in 11th position in this basket, marginally better than the EU average.

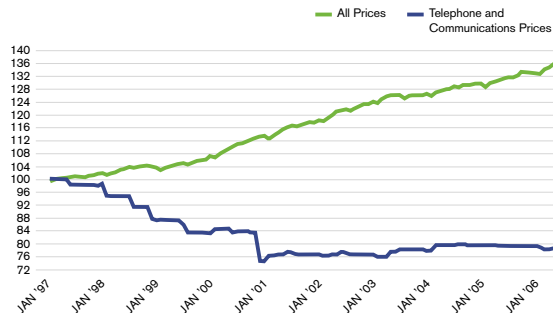
Fig 1.9: Mobile Prepaid Basket
OECD Pre-Paid Basket - May 2006



Source: Teligen
To note: The numbers in brackets represent each Member State's respective rankings as at February 2006

In overall terms, communications prices, in overall terms, have been declining over the last few years; Figure 1.10 shows communications prices relative to all prices.

Fig 1.10: Communications Price Index relative to Total Price Index in Ireland
Index of Telecoms Prices in Ireland Jan 1997 - June 2006

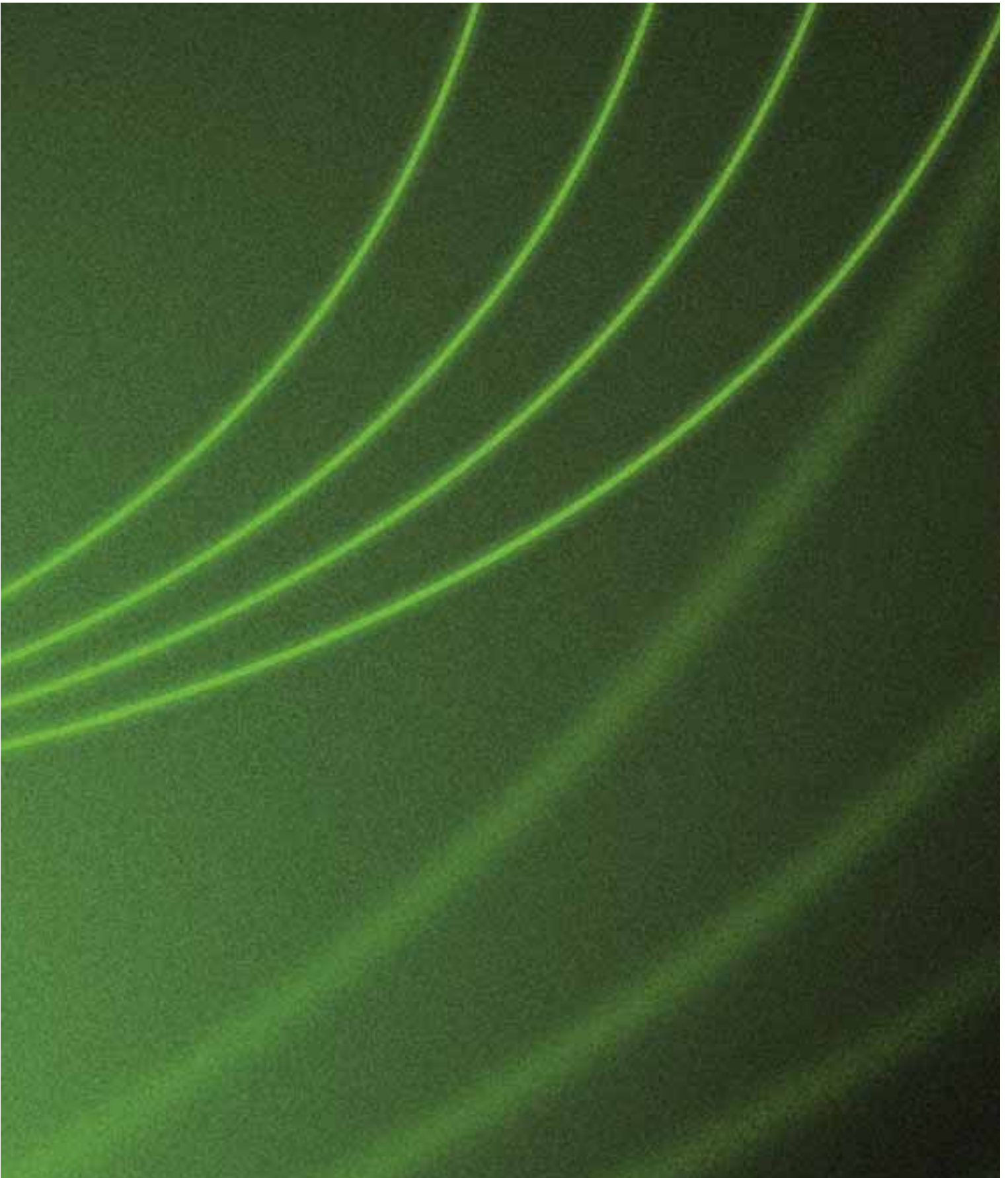


Source: CSO



com petition

ComReg is responsible for promoting competition, for protecting consumers and for encouraging innovation. We deal with complex issues of law, economics and technology, and strive to ensure that our decisions are taken fairly and are clearly explained.



Competition

The promotion of competition is a vital element of effective regulation. Competition is key to providing consumer choice and innovative products. By promoting effective competition in the communications sectors, consumers ultimately reap the benefits of greater choice, higher quality and lower prices.

Broadband

Broadband is the delivery of high capacity internet connectivity to a home or business, ComReg uses the working assumption that connections of 512kb/s, or above are included as Broadband. In some other markets, speeds as low 144K are defined as Broadband. This means that connections using ISDN or 3G mobile telephony are not included in the calculation of Broadband numbers. Significant progress was made on a number of fronts on Broadband in Ireland in the past year. Prices fell sharply and take-up increased rapidly. Although Ireland still had an aggregate penetration rate which was lower than many other developed countries that rate of growth was higher than most other comparable countries and the indications were that the gap between Ireland and its peer countries is closing.

BROADBAND TAKE UP BY PLATFORM as of June 2006

Platform	Subs 01/07/05	Subs 30/06/06	Annual Growth
DSL	143,000	275,000	92%
Cable	15,000	40,000	167%
FWA	18,000	53,000	192%
Other	2,000	4,000	196%
Total	178,000	372,000	109%

Pricing

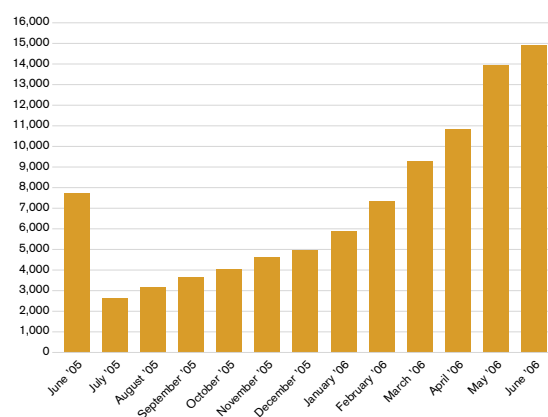
The market for Broadband grew rapidly during the year giving consumers more choice and options. This competition has led to increased differentiation with many companies lowering prices through bundles such as BT with its €45 Broadband offering, calls and line rental and the wireless providers offering service at sub €20 and Eircom doubling the capacity of its offering to 1 mb.

Technology

Unlike many other international locations such as the UK, USA, Holland and Belgium, the cable sector has played a relatively small role in the Broadband market to date. However, Ireland through initiatives taken by ComReg has been able to position itself in the vanguard of wireless Broadband deployment. Wireless Broadband represents a bigger share of the market in Ireland than many other European countries, resulting in a range of innovative companies entering the market.

The relative weakness of the cable sector to date has been an important structural weakness in the communications market and represents one of the key drivers of ComReg's pursuit of an efficient and competitive Local Loop Unbundling process in Ireland.

LLU Lines June 2005 - June 2006



Availability

At the end of the period, Eircom identified 85% of lines were connected to Broadband-enabled exchanges. Of these, however, about 10% of lines could not be Broadband-enabled because of technical difficulties or because of long loops, bringing effective availability down to around 75% to 80%. However, many of these non-Broadband-enabled households could avail of wireless Broadband or cable Broadband. Finally, almost all households were able to use Broadband over satellite although cost and latency were issues for this form of Broadband.

Regulatory issues

ComReg's involvement in Broadband under its regulatory framework is heavily focussed at the wholesale level where its mandate is to promote competition and innovation. Eircom's main regulatory obligations are to offer unbundled access to its local loops and to offer a wholesale version of its own DSL product. Progress continued to be made on Bitstream or the retailing of Eircom's wholesale products. However for companies that wanted to innovate and provide consumers with choice and flexibility around Broadband, Local Loop Unbundling continued to be difficult, inefficient and did not provide consumers with the sort of experience they need or expect.

LOCAL LOOP UNBUNDLING

Local Loop Unbundling (LLU) is a key wholesale product primarily designed to enable operators to provide retail Broadband and bundled Broadband/telephony products to compete with those provided by Eircom over the copper access network. The availability of LLU is considered to be a key catalyst in driving Broadband penetration in a range of countries including France and the United Kingdom. For consumers, LLU gives more choice in terms of services and service providers as it enables operators to innovate in terms of both the product design and its associated pricing. This contributes to the development of a more competitive Broadband market and can thereby play a key role in enhancing the take-up of Broadband by consumers. Meeting these twin objectives is clearly in the national interest and imperative if Ireland is to maintain its status as a leading growth economy.

Interest in LLU as a commercial proposition

Towards the end of 2004, LLU Access Seekers had presented a Market Requirements Document to Eircom which specified their requirements from Eircom in relation to the provision of LLU. On January 18, 2005 ComReg issued Decision Notice D1/05 which directed Eircom to meet with access seekers in the industry to progress key issues in relation to LLU and that the Market Requirements Document (MRD) be utilised to respond to access seekers' requests for access to the local loop.

ComReg followed up D1/05 with a further direction which put the original direction on a more urgent footing. Eircom challenged the second direction. On July 29th 2005 the High Court delivered its conclusion.

Following this judgement, ComReg withdrew D1/05 while Eircom for its part agreed to provide to ComReg and industry its response to the new LLU developments contained within the operators' statement of requirements by Oct 24, 2005. Subsequently an industry forum was convened to address the provision of simultaneous LLU and number portability.

There were in essence four key areas for LLU development. These were:

- Number Portability and LLU (known as GLUMP)
- Co-existence of Line Share and Wholesale Line Rental
- Ongoing delivery problems associated with the existing LLU product
- Wholesale Product Combinations & Migrations

Competition CONTINUED

Consumer Right to keep the existing phone number when switching to another operator (GLUMP)

ComReg also, in accordance with the terms of reference for the GLUMP Industry Forum, recently made a determination which removes a process known as 'Retail Defence' from the GLUMP product description proposed by Eircom.

It was also agreed that the initial GLUMP solution was only interim in nature and needed to be upgraded to a solution that requires lower levels of manual intervention, with less process complexity.

WHOLESALE BROADBAND ACCESS

Eircom has an obligation to offer a wholesale equivalent of its retail Broadband product. This obligation was originally imposed on February 24, 2005 on foot of ComReg Document 05/11r in which ComReg found that Eircom had significant market power in the market for Wholesale Broadband Access. As part of that decision ComReg imposed an interim price control, pending a further review of the issues, on Eircom whereby it was obliged to price its wholesale products at their equivalent retail price less a fixed monetary amount. Eircom challenged this aspect of ComReg's decision.

In January 2006 ComReg issued a new direction to Eircom in relation to this matter which amended the pricing obligation such that Eircom's wholesale offer is now priced by reference to a different formula which has a fixed and a variable element. Price notification and publication obligations were also amended.

OTHER WHOLESALE PRODUCTS

Interconnect

In June 2006, ComReg published an information notice concerning finalisation of wholesale interconnect conveyance rates for the three financial years to March 31, 2007. These relate to the charges to other operators from Eircom for the originating, terminating and transit of calls on the Eircom network. This is the first time in the history of setting conveyance rates in the Irish market that conveyance rates have been finalised in advance of the financial year end. This allows industry a degree of certainty in relation to a significant portion of the underlying costs of delivering calls when setting retail prices. Ireland's Interconnect voice conveyance rates continue to be amongst the lowest in the EU, which in turn contributes to the relatively low cost of calls at the retail level in Ireland.

ComReg is also considering the potential impact of technological changes such as the possible introduction of Next Generation Networks to ensure that any changes are transparent to industry and delivered in a non-discriminatory manner where they continue to fall within regulated markets.

COMPLIANCE AND ENFORCEMENT

Telecommunications Regulation compliance and enforcement

Telecoms Compliance is concerned with the investigation and enforcement of obligations imposed directly on operators by the telecoms regulations, and also the obligations imposed by virtue of ComReg directions mainly following designation of operators with Significant Market Power.

For the majority of the period July 05 - June 06 ComReg's compliance and enforcement activities were distributed across the organisation. Under this arrangement, the ComReg Division responsible for each market area within the telecoms sector took responsibility for the compliance and enforcement of the regulations relevant to its area of remit.

As part of an internal review of the ComReg compliance activities, centralised monitoring of compliance activity was commenced in January 2006 and telecoms compliance was established as a separate function towards the end of the reporting period.

In the period from January to June, of 14 compliance investigations, five were completed with one notification of non-compliance published. The remainder were continued in the next reporting period.

Mobile

In October 2005, ComReg announced the imposition of a number of remedies on mobile operators who had dominance in the market for calls terminated on their own networks. ComReg followed up with an announcement in January 2006 that termination rate reductions had been agreed for mobile operators Vodafone, O2 and Meteor. In September 2005, ComReg announced that three operators had applied for the remaining 3G licence. These were Eircom, Meteor and Smart Mobile. On 16 November the licence was offered to Smart Mobile and the licence offer was withdrawn in February 2006. This decision was challenged in the High Court by Smart. ComReg's decision was upheld by the Court on October 31st, 2006. Since then the licence was offered and accepted by Eircom.



Innovation and Spectrum Management

The radio frequency spectrum is an essential resource for many of the critical sectors which underpin the modern Irish economy. This encompasses the telecommunications, broadcasting, transport and leisure sectors. Radio spectrum is increasingly in demand to enhance the functionality and utility of many of the consumer products we take for granted and use at home, in the office and increasingly on the move. The pace of technological innovation is, and will, continue to create further demands for spectrum making it imperative that it is allocated and deployed efficiently.

The management of the radio spectrum resource is the responsibility of ComReg under Section 10 of the Communications Regulation Act 2002 and one of the key objectives under Section 12 of the same Act is that ComReg must ensure the efficient management and use of the radio frequency spectrum.

Radio Spectrum Management Strategy for 2005 - 2007.

The radio frequency spectrum is a vital and finite natural resource which provides the means to convey audio, video or other information content over distances from a few metres to thousands of kilometres. Radio spectrum is essential for the provision of mobile communications and to provide wireless reception of broadcast services. It is also fundamental to the safe operation of air and maritime transport, is used widely by the defence forces and emergency services and supports important scientific applications such as meteorology and radio astronomy. As part of its responsibility for the efficient management and use of the radio spectrum, ComReg published its second Radio Spectrum Strategy document in September 2005 (ComReg Document 05/72). The publication sets out ComReg's strategy for managing the use of the radio spectrum in Ireland until 2007.

ComReg's spectrum strategy is intended to ensure that Ireland can leverage the maximum benefits economically, strategically and in a wider social context, from use of the radio spectrum. As part of its strategy development, ComReg commissioned research to determine the contribution made by the use of radio spectrum to the Irish economy. This research estimated that the contribution for 2003 was almost €2 Billion, equivalent to 1.4% of total GDP. The number of employees whose jobs are dependent on use of the radio spectrum was, conservatively, estimated to be over 24,000.

ComReg's broad spectrum strategy focuses on four main objectives, namely:

- (i) Facilitating access to radio spectrum, particularly for innovative technologies and services;
- (ii) Maximising the economic and social benefits arising from the use of radio spectrum;
- (iii) Promoting the efficient use of scarce radio spectrum resources; and
- (iv) Ensuring compliance with national and international requirements and the avoidance of harmful interference.

For each of these objectives a number of specific goals have been set and specific actions identified in the strategy document for the various categories of spectrum use.

Wideband Digital Mobile Data services in the 420 MHz and 900 MHz bands

The availability of Broadband to support the provision of data services to the public is a key national objective. ComReg is committed to ensuring that every avenue is explored in terms of meeting this objective and has already introduced a number of initiatives including national and local area fixed wireless access licences which currently provide Broadband services to over 53,000 consumers at the end of this reporting period. Growth in the take up of these services is continuing and ComReg is keen to promote yet further competition in this area and to maintain Ireland as a leading location for the development and utilisation of wireless technologies.

In October 2005 the Commission launched the first ever auction for radio spectrum in Ireland (ComReg Document 05/79). On the 21 December 2005, following a single-sealed bid auction, ComReg licensed three applicants to provide wideband digital mobile data services in the 420 MHz and 900 MHz bands on a national basis. Eight applications were received for the two licences at 400 MHz which were auctioned for €110,000 and €215,007 respectively and two applicants applied for the licence at 900 MHz which was acquired for €177,000.

ComReg recognises the value of spectrum auctions and intends to continue this method of awarding spectrum where it is appropriate.

Competition for 3G Mobile Telecommunications Licence

During this review period, ComReg received a formal expression of interest in acquiring the remaining 3G 'B' licence which had been outstanding since the earlier competition in 2001/2002. The B licence requires a licensee to provide as a minimum coverage of the five major cities (53%) and somewhat slower minimum roll-out conditions compared with the A licence.

In accordance with the requirements of the Authorisation Regulations for non-discrimination, openness and transparency, ComReg invited further expressions of interest in acquiring the 3rd 'B' licence and three companies Eircom, Meteor Mobile Communications and Smart Mobile Ltd submitted applications by the closing date in September 2005. ComReg conducted a comparative evaluation in accordance with the procedures laid out in the tender documentation and in November 2005 Smart Mobile Ltd, as the highest ranked applicant, was offered the 3G 'B' licence subject to compliance with a number of conditions. At the end of this reporting period the matter was under legal challenge. The matter was, in due course, resolved in ComReg's favour.

Regional Radiocommunication Conference (RRC-06)

The use of frequencies for analogue terrestrial television broadcasting in Europe has been successfully planned around an agreed frequency assignment plan concluded forty three years ago (the so-called Stockholm 1961 Agreement). To update the plan to take into account modern digital delivery platforms, the International Telecommunications Union (ITU) convened a Regional Radiocommunication Conference (RRC) which involved 119 countries from Europe, Africa, the Middle East and Iran, as well as the Russian Federation and some of its neighbouring countries.

Having held a first session in 2004 that developed the framework of the plan and agreed a programme of intersessional work, the second session was held over a five week period in May and June 2006 to agree a comprehensive frequency plan and associated rules for the introduction of digital broadcasting. ComReg, as part of the Irish delegation, was intensively involved in the process, including chairing an associated conference to revise the Stockholm 1961 Agreement. The outcome was very satisfactory from Ireland's perspective and establishes a sound basis for a digital broadcasting future in Ireland.

All-Ireland Spectrum Award

The border between Ireland and Northern Ireland raises some specific telecommunications and spectrum issues for consumers and businesses. In April 2004, ComReg Commissioners John Doherty and Isolde Goggin met with the, Chief Executive of Ofcom, ComReg's UK counterpart, with the aim of seeking solutions that would be both market-driven and in the best interests of citizens and consumers in both jurisdictions. As a result, ComReg and Ofcom launched a public consultation in December 2005 to obtain views on the award of spectrum licences in a market-driven and co-ordinated way across the whole of the island of Ireland. The proposals set out in the consultation (ComReg Document 05/93), offer the potential to create and develop wireless-based electronic communications services throughout the island of Ireland.

As Ireland and the UK are separate States operating under distinct legal frameworks, it is not feasible for either administration to award licences that have extra-territorial effect. Therefore, ComReg and Ofcom proposed to develop separate but closely linked competitions run under each State's legal framework, but reflecting the common objective of optimal usage of radio spectrum for the benefit of citizens and consumers across Ireland and Northern Ireland.

The proposal is to auction 20 MHz of spectrum in the band 1785-1805 MHz which has all the propagation characteristics that make it ideal for mobile, broadcasting, FWA and other such services.

The work involved in reaching a co-ordinated approach, proposal, response and auction process is considerable but can potentially provide many benefits. The response to consultation is expected in the next reporting period coinciding with the launch of the spectrum award process.

Innovation and Spectrum Management CONTINUED

26 GHz Spectrum Auction

Having initiated a public consultation at the end of the last review period, ComReg published its response to the consultation (ComReg Document 05/84) on spectrum rationalisation in the 26 GHz band. On the basis of the responses received ComReg decided to proceed by designating a limited amount of spectrum in the band for individual licensing in response to applications received on a first-come, first-served basis under the existing licence regulations.

The remainder of the spectrum will be made available for block licences on a National basis. These National spectrum block licences can be awarded following an auction process and operators shall be free to bid for multiple frequency channels. ComReg believes this rationalisation of the spectrum in the 26 GHz band can provide greater flexibility in how the band can be used and will contribute significantly to efficient use of the spectrum. The benefits of the improved flexibility being offered to operators should result in improved services for consumers.

The auction process will commence very early in the next reporting period.

WAPECS

In 2004, the European Commission requested the Radio Spectrum Policy Group to provide an opinion on what the future authorisation of Electronic Communications Services should look like. A ComReg spectrum management team lead a high-level working group of the European Commission Radio Spectrum Policy Group which defined a new concept now known as WAPECS – a Wireless Access Policy for Electronic Communications Services.

The term "WAPECS" is used to signal a move away from sector-specific allocations to radio services under which spectrum is currently designated for use. Using the WAPECS concept, technologies can be deployed to deliver all electronic communications services within their capabilities, making use of appropriate frequency bands and networks, subject to technical coexistence requirements which are tailored to each specific band.

Having taken the draft opinion through a lengthy public consultation, the team reached agreement with all representatives of EU member States on the final wording of the opinion presented to the European Commission. The opinion takes into account the influence of convergence, identifies constraints that would limit the concept and defines the challenges faced by regulators across Europe.

The opinion also establishes a number of long term policy goals including the principles of technology and service neutrality, the requirement for a coherent authorisation scheme and the need for rapid accesses to spectrum by the market.

WAPECS is expected to play a direct role in information society development by encouraging a more flexible and responsive spectrum management system.

Regional DVB in the UHF Band

ComReg is aware that throughout Europe there are increasing moves towards digital technology in broadcasting, particularly in television and that at a European level the debate is ongoing in relation to the switch-off of analogue terrestrial television services. Digital technology offers the opportunity of additional services, better quality picture and sound and potentially, the availability of converged broadcasting, telephony and data services using a single device.

ComReg is of the view that at this point in time there may be an opportunity to promote competition in the delivery of digital television by making licences available for terrestrial services at a local or regional level. In addition, it is considered appropriate to facilitate the provision of converged television, telephony and data services on hand-held devices.

In December 2005 (ComReg Document 05/96) the Commission consulted on a proposal to introduce a licensing scheme for local and regional services and possibly on a broader scale for hand-held devices. It also sought views as to whether standards for hand-held devices other than DVB-H should be licensed in the future. In addition the consultation called for expressions of interest in the provision of services under any scheme which would result from the consultation process.

The outcome of this consultation will be reported on in the next period.

Fixed Wireless Access for Broadband Services

In its continued support of the Government Decision to drive Broadband access, ComReg made additional spectrum available at 10.5 GHz for the provision of local area Broadband Fixed Wireless Access services. ComReg is aware that due to the success of this initiative, congestion has arisen in some urban areas, ComReg is reviewing its options on how to release further spectrum at 3.5 GHz and this will be reported on in the next period.

ComReg's Wireless Test and Trial Licence Scheme

The wireless test and trial licensing scheme is a ComReg initiative that enables innovators to carry out field tests of wireless technologies and services that otherwise would not be possible under typical spectrum management regimes. It facilitates the development of new systems which are not yet fully standardised, giving companies in Ireland an advantage over international competitors. Additionally it also facilitates the testing and manufacture of systems destined for deployment in foreign markets, where different standards and regulations may apply.

The test licensing scheme has been in operation since 2000 and has enabled a wide variety of organisations to test and develop new radio equipment including international equipment manufacturers such as Ericsson (GSM and 3G) and Intel (WiMax).

The trial licensing scheme was introduced in 2005 in response to the growing need from industry to have the ability to get consumer feedback on wireless services in a live trial environment before launch. This scheme is currently being used by the mobile operators (O2 and 3) to trial mobile TV and by RTE to trial digital TV and Radio (T-DAB, DRM).

Ireland's relative abundance of un-congested spectrum allows ComReg to endeavour to accommodate requests for any frequency bands not currently being used in a particular location for test licences, including parts of the mobile and broadcasting bands.

Ireland's geographic position on the western edge of Europe and low population density are the key natural advantages that allow ComReg to promote this scheme, as test licences are unlikely to cause interference to existing users or neighbouring countries.

Details on the Test & Trial Licensing Scheme

ComReg has issued 29 test licences and 12 trial licences. These have been in a variety of areas including 3G, WiMax, Ultrawideband, Defined-Software and Cognitive Radio, Dynamic Spectrum Access, medical applications, and Mobile Broadcasting.

Innovation and Spectrum Management CONTINUED

The table below shows the details of some of the Licences issued by ComReg.

Organisation	Description of radio service
Altobridge	GSM Solution Testing
Digiweb Ltd.	IP versus TDM based solutions (23GHz)
e2v Technologies Ltd.	Testing of Thermal Imaging Equipment
Guidant Corporation	Test Licence for Medical Implants (900MHz band)
Hutchison 3G Ireland Ltd.	DVB-H Trial
IBM RFID & Wireless Centre T/A	Test Licence for RFID
International Business Machines	Test Licence for UWB
Intel Ireland Ltd.	WiMax Capability Testing
Imagine Communications	WiMax Product testing
LM Ericsson Limited	Collaborative developmental testing for GSM and WCDMA technologies
O2 Communications Ltd.	FWA testing, DVB-H Trial
PCTEL Antenna Products Group Inc	Antenna Tests, 400MHz to 2500MHz T-DAB Trial (Private trial; Limited duration)
RTE Transmission Network Ltd.	DTT Trial DVB-H Testing
Tango Telecom (advanced charging and messaging products)	GSM Solution Testing
Tyco Safety Products (Sensormatic)	UHF Product Testing (865 - 868MHz)
Trinity College, Centre for Telecommunications Value-Chain Research (CTVR)	Testing of reconfigurable software-based radio and dynamic spectrum management techniques.
Trinity College Dublin, Centre For Telecommunications Value-Chain Research	Cognitive radio, cognitive networks, and dynamic spectrum access techniques
UCD Dublin School of Computer Science and Informatics	UWB Location Tracking System Evaluation
University of Dublin (TCD)	Test Licence for UWB
Waterford Institute of Technology	Participation in EU project 'Daidalos' (FP6 IST)
Wireless Projects Ireland Ltd.	Wi-Fiber Technology Testing



FORWARD LOOKING ACTIVITIES

FORWARD-LOOKING PROGRAMME

ComReg's Forward-Looking Programme monitors technological and market innovations occurring in the telecoms sector and considers how they may impact on market development in Ireland. The programme examines the potential issues arising so that we can assess and plan how our regulatory measures should evolve in the future, with a view to facilitating innovation and helping the Irish telecoms sector develop.

FORWARD-LOOKING PROGRAMME

STEERING PANEL

ComReg convenes a panel of senior-level advisors to help guide and assist the Forward-Looking Programme. The panel meets in a workshop setting two to three times a year to review and help develop work carried out under the programme, to identify new topics to be addressed, and to draw attention to potential new issues. The workshops are chaired by ComReg. Three meetings took place during the year; October 2005 in Cork and March and June 2006 in Dublin. The panel's membership was extended this year to include expertise in the areas of applications and services.

Bi-lateral Meetings with Industry

As part of the Strategy Statement 05-07 process ComReg met with stakeholders on a bi-lateral basis to discuss future developments and ComReg's strategy in an open format. A broad range of stakeholders were approached including operators, service providers, manufacturers, user representatives and industry bodies. Input was taken from these meetings and fed into the strategy statement process and the ComReg work programme. 'The Forward-looking Strategic Review of the Irish Telecoms Sector' consultation (ComReg Doc. 05/30) was used as the main discussion point and useful dialogue was opened in the areas of next generation networks and future trends. Stakeholders were invited to comment on emerging trends as well as the future role of regulation in the sector.

Programme of Measurement of Non-Ionising Radiation Emissions

The use of radio technology has played and will continue to play a significant role in the development and growth of the Irish economy. Advances in mobile radio technology with the convenience they can bring to business and consumers alike are well documented. In June 2006 there were 4.4 million subscriptions to 2G and 3G mobile services. The use of SMS messages, once the domain of the young, is increasingly being adopted by all age groups and the latest technologies such as GPRS and 3G, with their range of new and interesting applications, indicate that further growth can be anticipated in the mobile communications sector.

This growth and development has raised public awareness of the positive benefits which mobile radio technology can bring to individuals, industry and commerce. To maintain this level of progress also requires continuing investment in the telecommunications network infrastructure. All licensed operators of radiocommunication services are required, as a condition of their licence, to comply with the international guidelines for general exposure to electromagnetic fields.

The Commission publishes audit reports on compliance by operators with emission limits for non-ionising radiation. Each audit has focused on compliance with the general exposure limits specified in the guidelines published by the International Commission on Non Ionising Radiation Protection (ICNIRP). On the basis of the work carried out in each of the audits it has been possible to confirm that all of the companies audited have procedures and processes in place to ensure compliance with these international general exposure limits.

In September 2004, ComReg published the fourth interim report (ComReg document 04/97) covering 100 sites, including forty sites used for a variety of radio systems. The report concludes that on the basis of the audit undertaken, levels of non-ionising radiation at all of the sites are significantly below the ICNIRP guideline levels.

Following on from previous work that measured non-ionising radiation levels at up to 400 antenna sites around the country, a further programme commenced in November 2005, the purpose of which is to survey emissions from a further 80 sites over a period of twelve months. This survey is ongoing and the audit reports are published on our website as they become available. Again, the results of the measurements carried out show that emissions from all of the sites tested were significantly below the internationally defined limits.

Consumers

ComReg's statutory functions and objectives, as set out in the Communications Regulations Act 2002, include the investigation of complaints regarding the supply of and access to electronic communications services, networks and associated facilities and promotion of the interests of users. ComReg's consumer policy seeks to protect, inform and promote the interests of consumers.

The specific objectives relating to consumers as set out in ComReg's Strategy Statement (2005-2007), published in October 2005, are outlined below:-

- **Maximising consumer welfare**
The aim is to ensure choice, price and quality for consumers and is generally delivered through the regulatory framework that has been put in place to facilitate the development of effective competition.
- **Protecting Consumers**
The aim is to put in place measures to protect consumers while competition is developing; this is achieved through specific measures adopted under appropriate legislation (mainly EU Directives and national legislation).
- **Raising Consumer Awareness**
The aim is to provide consumers with information to allow them to make informed choices in the market, thereby contributing to the development of competition. This is achieved through the publication of relevant information and ongoing communication with consumer groups and their representatives.

Maximising Consumer Welfare

Universal Service

A vital programme in regard to consumer welfare is the provision of a Universal Service. The original designation carried out under the new framework expired in July 2006. In March 2006, ComReg launched a consultation process for the purpose of designating undertakings for the succeeding period including the scope of such obligations. As part of that consultation, ComReg also published a "plain English" consultation paper to facilitate end-users and consumers. A workshop was also held for representatives of people with disabilities to encourage participation in the process. No undertaking other than Eircom expressed interest in providing aspects of Universal Service and Eircom was again designated as Universal

Service Provider (USP) in respect of all relevant services for a period to end June 2010.

Under the current designation Eircom has the following obligations:

Services at a fixed location

- To satisfy any reasonable request to provide at a fixed location:
 - (a) Connections to the public telephone network; and
 - (b) Access to publicly available telephone services.

The USP is required to comply with the requirements in relation to the above as were set out in ComReg Decision D9/05 of September 7, 2005. These include that the standard connection charge would apply to connections costing up to €7,000 while the target data rate for functional internet access was set at 28.8 kbps

Directory Services

- (a) to ensure that a comprehensive printed directory of subscribers is made available to all end-users free of charge, and is updated at least once in each year;
- (b) to maintain the National Directory Database (NDD) which is a record of all those subscribers of publicly available telephone services in the State, who have not refused to be included, and allow access to any information contained in the NDD for the purposes of directory services on terms and conditions approved by ComReg.

Public Pay Telephones

- (a) to ensure that public pay telephones are provided to meet the reasonable needs of end-users in terms of the geographical coverage, the number of telephones, the accessibility of such telephones to disabled users and the quality of services;
- (b) to ensure that it is possible to make emergency calls from a public pay telephone using the single European emergency call number "112" and any national emergency call number that may be specified by ComReg, in each case free of charge and without the necessity to use coins or cards or any other means of payment;
- (c) to ensure that users of its public pay telephones have access to a directory enquiry service;

- (d) Where possible, to ensure that all public pay telephones provide for a number of payment means; including coins and/or credit/debit cards and/or pre-payment cards, including cards for use with dialling codes; and
- (e) to publish its processes for the removal/relocation of public pay telephones.

Specific Measures for Disabled Users

- (a) to provide a dedicated section of its website, accessible from the homepage, containing comprehensive information in relation to the services it provides which are of particular interest and relevance to people with disabilities;
- (b) to maintain, operate, monitor and ensure its own compliance with a Code of Practice concerning the provision of services for people with disabilities and shall periodically review and, where appropriate, amend the Code of Practice in consultation with the NDA and other representative bodies; and
- (c) The USP shall provide the following specific services:

For users who are hearing-impaired

- Inductive couplers which allow users with a hearing aid set to connect the set to their telephone in order to allow them to hear incoming speech clearly;
- Amplifier phones which allow the user to increase the volume of incoming speech; and
- Teleflash Visual Alert which shows a flashing light, or makes a loud noise when the telephone rings.

For users that are hearing and/or speech impaired

- A text Relay Service providing facilities for the receipt and translation of voice messages into text and the conveyance of that text to the textphone of customers of any operator, and vice versa; and
- A rebate scheme whereby, as a result of the time taken to make a text telephone call, equality of payment for deaf text telephone users can be assured.

For users with limited dexterity or mobility

- Push button telephone sets with speed and automatic redial buttons allowing pre-programmed telephone numbers (typically the most called numbers) or last called telephone numbers to be dialled without having to re-enter the telephone number; and
- Hands free/loudspeaker phones means that the handset does not need to be used at all.

For users with restricted vision

- Restricted vision telephones which can help people with restricted vision to find other numbers more easily; and
- Braille billing free of charge.

For users unable to use the phone book because of a disability

- Special Directory Enquiry arrangements to allow the use of directory enquiry services free of charge.

Geographically Averaged Pricing

To apply geographically averaged prices throughout the State for the services referred to within the Universal Service Obligations (USO).

Control of expenditure

- (a) to provide, on request, a minimum level of itemised billing to customers free of charge;
- (b) to provide selective call barring facilities for outgoing calls to national, mobile, international and premium rate numbers. The call barring facility in respect of premium rate numbers shall be provided free of charge to users;
- (c) to maintain and publish its scheme to allow for the phased payment of connection fees; and
- (d) to maintain and publish its disconnection policy in connection with non-payment of bills.

Following extensive discussion with the USP, a programme for the publication of performance indicators in relation to Universal Service Obligations will commence. Publication will be on a quarterly basis and the initial publication will cover Q1 and Q2 2006.

Forum on services for people with disabilities

In the course of the consultation on Universal Service, a number of issues were raised by disability representatives which fell outside the scope of the permissible services under the Universal Service Directive. It was felt, however, that issues raised could, if addressed on a general basis, increase accessibility and consumer choice. ComReg established a forum with user representatives and service providers operating in the fixed, mobile and wireless sector. The intention is to encourage communications/co-operation between Service Providers and disability groups.

Protecting Consumers

Complaint handling

During the period July 2005 to June 2006, ComReg received 1,590 complaints. 13,710 queries covering a range of consumer related issues were also logged during the same period. This shows a significant increase in contacts to the ComReg consumer line during the period compared with the same period last year.

The main issues concerning consumers who contacted the consumerline relate to:

- Billing enquiries
- Installations of phone and Broadband services
- Fault repairs
- Contractual enquiries
- Customer service standards
- Unsolicited communications ("cold calling")

Consumers CONTINUED

Working with Other Agencies

ComReg continued to work closely with the Office of the Data Protection Commissioner, the Office of Director of Consumer Affairs and the National Consumer Association regarding specific complaints and more general issues to ensure that consumers are protected in the best way possible.

Consumer Advisory Panel

The Consumer Advisory Panel (CAP) was established by the Commission to enable it to gain insight into emerging developments from key representatives of industry and consumers. The CAP met twice during the year on November 17, 2005 and on March 1, 2006 to examine and discuss wide and varied range of topics.

Industry Monitoring

ComReg has monitored closely, through consumer care statistics and trends, calls to our help-line, mis-selling and other practices that may have a negative impact on consumers and the industry. ComReg established processes for monthly review of trends, operator meetings and enforcement escalation processes, as relevant, to address any issues that emerge or are ongoing.

Unsolicited Marketing Calls

In July 2005, ComReg and the Data Protection Commissioner launched a "do not contact" register for telephone users to prevent receiving unsolicited marketing calls. The relevant Regulations state that telephone users must individually opt-out. The register is to be a subset of the National Directory Database (NDD) which is a listing of all telephone subscribers except those who do not wish to be included in public directories or listed through directory enquiry services. Since the launch of the register, ComReg and the DPC along with the NDD and PATS (Publicly Accessible Telephone Services) providers have been working to ensure that "ex-directory" subscribers can also avail of the do not contact register. Their telephone numbers (no personal details) will be automatically entered, i.e. they will not have to individually opt-out, and the process will be completed by the end of October, 2006.

On average, 5,000 subscribers per month request to be included in the register.

Raising Consumer Awareness

Consumer Information

Proactive production of consumer information by ComReg is key to ensuring that consumers are informed when making and acting upon decisions relating to their communications services. This is achieved in a number of ways:-

Consumer Guides

Since 2005, ComReg has been reviewing its consumer guides and working towards a 'plain English' certification achieved through NALA (National Adult Literacy Association). Additionally, the guides have been re-designed and re-printed.

A number of significant changes were made to the following guides to ensure that they reflected the current position and also to specifically address the questions that consumers most commonly ask:-

A Guide to Directory Enquiry Services aims to help consumers to make more informed choices when using a Directory Enquiry Service and includes up to date tariff information.



Switching - Fixed Telephony (Landlines) - Exercise your Choice is a new guide. This guide is focused on the steps involved in switching fixed line service provider.

Mobile Roaming is a guide for consumers on using their mobile phone abroad.

Consumer Websites

ComReg is committed to ensuring consumers are fully informed about the range of communications choices available, and www.callcosts.ie and www.askcomreg.ie play a vital role in achieving this.

ComReg has also continued to build and develop its consumer website www.askcomreg.ie

The following additional features have been implemented as part of the site during the period:-

- *Consumer Care statistics*
Information is displayed on the quantity and nature of consumer queries and complaints handled by ComReg each quarter. These pages also provide consumers with information on the current most common issues or questions.
- *Roaming Pages*
As part of the European Regulators Group (ERG) initiative to improve price transparency, ComReg launched specific pages on its consumer website relating to roaming charges in March 2006. Detailed cost information for consumers using their mobiles in 10 countries is given for all possible combination of operator and roaming network. The countries were selected on the basis of the territories most visited by Irish consumers.

Callcosts.ie – ComReg’s Interactive Tariff Guide

Although pricing information is provided by operators, many consumers find it difficult to compare and rank the cost of the various packages on offer. A new ComReg website, www.callcosts.ie, was launched in November 2005. It is a user-friendly, interactive website that has been developed by ComReg with the co-operation of the telecoms industry. ComReg’s consumer surveys have consistently shown that the majority of consumers are looking for clear and transparent information that is both readily understandable, and which will enable them to make informed choices.

The website works by asking the consumer a few questions regarding their usage of calls and/or Broadband services. Once the consumer answers these questions they are presented with a list of plans ranked according to cost.

ComReg has received a Department of An Taoiseach Public Service Excellence Award for the website. These awards are presented every two years for public service projects and initiatives.

Awards

W-Mark

Both consumer websites have obtained the W-Mark Level 2 by EIQA (Excellence Ireland Quality Association), which is the national body for quality and excellence and continuous improvement programmes. The W-Mark is an independent standards programme that evaluates and audits published websites to globally recognised standards. This award gave ComReg the honour of being one of two companies, globally, who are the first to receive the strict accreditation - Level 2 of the W-Mark.

The W-Mark is assessed and audited under the following 6 criteria:

- Accessibility
- Commitment to Customer Service
- Consistency & Appearance
- Data and Information Security Management
- Navigation
- Privacy Compliance Management

This award gives both ComReg and communications consumers independent assurance that www.callcosts.ie is a high quality, consumer oriented information resource.

Outreach Programme

ComReg’s Consumer Team continued its outreach programme which is aimed at bringing key messages to business and residential consumers, at a number of events around the country.

In April 2006, the Consumer Team participated in a conference which was part of the Galway Chamber of Commerce e-Galway Week National Broadband Conference and Expo. The event, aimed at furthering awareness of Broadband, was well attended by the business community, as well as members of the public and allowed ComReg to deliver its key consumer messages.

During May, and in partnership with Intel Ireland, ComReg spent three days at the Intel plant in Leixlip giving communications advice and information to the 5,000 staff.

In June, ComReg’s Consumer Team attended the Chambers Ireland Policy Forum in Mullingar which, as with the other events, was aimed at providing bespoke advice and information - albeit to a focused business audience. It also afforded ComReg the opportunity to brief individual Chamber principals on the key advantages of the ComReg website www.callcosts.ie, and to outline the roaming information on www.askcomreg.ie.

Radio Spectrum Licensing

Radio spectrum is available for use for the provision of a variety of communications services and networks. These include radio networks, such as the mobile or wireless broadband network providers, but also incorporate such services as radio navigation systems, business radio, broadcasting, ships' radio and equipment used in industry, medicine and commerce.

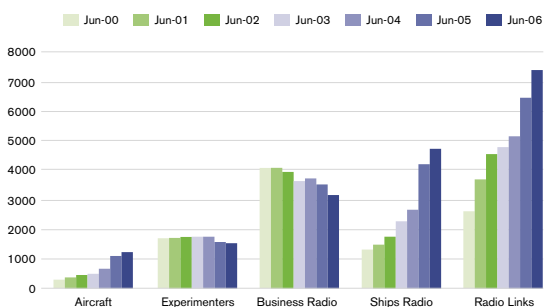
To use radio equipment in Ireland, an authorisation from ComReg is required. This authorisation may take the form of either a licence or a licence exemption. A licence may be issued under the Wireless Telegraphy Act 1926, or under the Broadcasting Authority Act 1960, as amended (in the case of the RTÉ Authority), or under the Radio and Television Act, 1988 (in the case of the Broadcasting Commission of Ireland).

The Licensing section within Market Framework processes all such licence requests and ensures that licences are maintained in a manner which both maximises the efficient use of available spectrum and ensures that a quality service is available to all Licensees.

As of June 30, 2006, the total number of radio licences on our database was 18,621. This is an 8% increase compared to the previous year and represents a 57% increase over 5 years.

This increase highlights that individuals, businesses and electronic communications providers, are making greater use of radio technology. This increase is particularly true for certain radio licence types such as radio links, ships' radio and aircraft radio, as shown in the figure below.

Number of Live Radio Licences '00 to '06



During the year in review, the radio licensing section continued to improve the service it offers to its Licensees and also introduced a number of new radio licence types to meet the increasing demand for radio spectrum. These improvements are outlined below:-

E-Licensing

The E-Licensing website, www.elicensing.comreg.ie, was launched in October 2004 and allowed Licensees to make on-line payments via laser or credit card in a secure, convenient and easy to use manner. In 2005, ComReg upgraded the E-Licensing website, allowing users greater account functionality. For example, users can now update their contact details or view a list of their current licences held on-line.

The use of the E-Licensing website for online payments and account management has proved extremely successful, particularly with the many individual Licensees who hold Ships' radio or Experimenter Licences.

Review of Radio Licence Fees

During this year, ComReg reviewed the radio licences fees and fee structures associated with the following types of radio licences: Ships, Aircraft, Business Radio, Community Repeaters, Paging Systems, Fixed Radio Links and Experimenters.

This review proposed fee changes aimed at ensuring greater efficiency in the utilisation of spectrum by linking the current value of licensed spectrum to the amount paid by individual Licensees.

Additionally, ComReg sought to reduce the burden of regulation where possible. In this regard, ComReg's review proposed that Ships' radio and Experimenter Licensees should no longer be required to renew their licences annually but could instead apply for Lifetime Licences.

ComReg is proceeding with the necessary work to introduce the new fee regime during 2006. This includes the preparations of new regulations and the updating of guidance and application forms.

Introduction of the Third Party Business Radio (TPBR) Licensing scheme

In September 2005, the Third Party Business Radio (TPBR) Licensing scheme was launched by ComReg. This licensing scheme was aimed at companies interested in providing two-way business radio services to third parties. Unlike traditional business radio licences, the TPBR licence allows Licensees to provide business radio services to third parties throughout the country without the need for individual licensing of business radio operations for each specific geographic site or by each third party user.

ComReg was very pleased at the level of interest shown in this scheme, and in January 2006, 15 TPBR licences were issued to 6 Licensees. By the end of the year in review, 19 TPBR licences were issued to 8 Licensees.

Introduction of the Wireless Public Address System (WPAS) Licensing scheme

In June 2006, ComReg launched the Wireless Public Address System (WPAS) Licensing scheme. This licensing scheme allows religious and community organisations to transmit services and events, such as religious services, for the benefit of people in local communities throughout the country.

ComReg has allocated a specific part of the radio spectrum, the 27.6 to 27.99 MHz band, for this scheme. A licence is required for each WPAS transmitter and costs €100. The licence is valid for 5 years and is renewable. People who wish to listen to services transmitted via WPAS are not required to buy a licence.

Radio Experimenter's Examinations

Since signing the experimenter examination contract with the Irish Radio Transmitters Society (IRTS) in May 2005, four radio experimenter examinations have now been held. A total of 53 candidates have sat this exam with 35 passing.

ComReg is encouraged by the level of interest shown by the amateur radio community in sitting this examination. ComReg will continue to work with the IRTS to ensure that examinations will continue to be held on a regular basis in the future.

Ongoing Issuing of Radio Licences

An average of 4,000 applications, both for new licences or changes to existing systems, are received and processed annually by ComReg's Licensing section. The following outlines the different types of radio licences issued by ComReg detailing the number of new licences issued during this year:

Business Radio

Business radio licences are issued to companies where a private mobile communications system is required, e.g. where companies require radios for direct 2-way communications between a base and mobile personnel. Such systems would typically be used by taxi companies and transport companies as well as by government and state organisations and the emergency services. During the year, 452 new or amended licences were issued compared to 422 in 2004-2005. This represents a 7% increase.

Community Repeater

Community Repeater services involve the sharing of a repeater station at a high site by a number of users. The repeater station is supplied, installed and maintained by a Licensee who can then allow access to the repeater station on a commercial basis. This year 4 new licences were issued, compared to 7 licences issued the previous year.

Aircraft Radio

These licences cover the use of radio transceiver equipment located on board aircraft and operating within the aeronautical frequency bands to airport control towers (either while the aircraft is on the ground or airborne). During the year, 194 new licences were issued compared to 189 in 2004-2005. This represents a 3% increase on the previous year.

Radio Spectrum Licensing CONTINUED

Ships' Radio

These licences authorise the use of two-way communications with other vessels and with Coast Radio Stations. Coast Radio Stations allow the ships' radio operators to connect with the ordinary telephone network.

All merchant ships, all sea-going passenger vessels and most fishing vessels must have a radio installed and are obliged to have a radio licence. Most pleasure craft are not compelled to have a radio installed but more and more are doing so – in these cases licences must also be obtained. During the year in review, 980 new ships' radio licences were issued.

A ship's radio licence can only be issued in circumstances where the operator of the radio equipment holds an appropriate Certificate of Competency.

Mobile Radio Systems

Legislation was introduced in August 2002 (S.I. No. 435 of 2002), which facilitated the introduction of a new licensing regime for local area or on-site mobile radio systems which had not been specifically accommodated under previous legislation. The regime covers systems such as trunked radio (a radio system which operates by dynamically assigning radio frequency channels from a group of channels assigned). Four new mobile radio licences were issued in the period.

Radio Experimenters

A Radio Experimenter licence is issued to amateur radio enthusiasts who wish to use radio for the recreational study of radio propagation effects. In the past 12 months, 54 new licences were issued compared to 28 in the previous year, a 93% increase. This increase is directly related to the successful running of the radio experimenters' examinations by the Irish Radio Transmitter Society (IRTS).

Radio Links

Where a dedicated radio transmission path is required between fixed locations, a radio link licence is required. Many telecommunications operators use radio to link their transmission sites together. In particular, mobile phone operators use radio links in the provision of their transmission network. During the reporting period, 1808 new/amended radio link licences were issued compared to 1761 in the previous period, representing a 3% year-on-year increase. The continued network expansion and roll-out by the 2G and 3G mobile operators, and the introduction of wireless Broadband providers to the market, are the main reasons for the continued high level of demand for radio link licences.

Fixed Wireless Access Local Area

In 2003, ComReg launched a local area licensing scheme for wireless Broadband access under the Fixed Wireless Access Local Area (FWALA) licensing regime. In 2006, ComReg revised the FWALA licensing scheme and released additional spectrum in the 10.5 GHz band.

ComReg has issued a total of 133 local area licences, a 41% increase on last years' figure of 93. During the year in review, ComReg issued 57 new licences in the 3.5GHz band and 26 new licences were issued in the 10.5GHz band, a total of 83 new licences.

Satellite

Satellites are used for numerous purposes, including television broadcasts, meteorology, surveying and telecommunications. Satellite networks provide a flexible alternative to land-based fixed line and fixed radio link networks. Three categories of satellite earth stations are licensable: Large Earth Stations (LES), Transportable Earth Station (TES) and Very Small Aperture Terminals (VSAT). In the year under review, 32 new licences were issued, compared to 26 the previous year. This low level of activity in satellite licensing is attributable to the satellite licence exemption regulations that ComReg has introduced previously.

Broadcasting

At the end of June 2006, there were approximately 570,000 subscribers to cable/MMDS television services in Ireland. The cable/MMDS market continues to experience a migration from analogue to digital subscriptions, with digital subscribers now representing 44% of cable/MMDS subscribers. The total number of pay TV subscribers in Ireland (cable/MMDS and satellite) is almost 997,000 – 68% of all pay TV subscribers now subscribe to digital TV.

The Regional Radiocommunication Conference 2006 (RRC-06) took place in Geneva from the 15th of May 2006 until 16th of June 2006. At this conference, a frequency plan and treaty were developed and agreed between 104 countries including Ireland for digital broadcasting. ComReg played a significant role in the co-ordination and development of the frequency plan and treaty. At the Conference, Ireland agreed a plan and co-ordinated frequencies for terrestrial digital television and radio in the State in an all-digital environment.

Licence Exemption

A large number of radio systems are exempt from licensing in Ireland. Exemptions from licensing are normally established when there is no requirement to manage the specific spectrum such as ISM (Industry, Scientific and Medicine) bands and where the risk of interference is negligible. In many instances, radio equipment which is exempted from licensing must operate in spectrum 'shared' with other devices. In addition, equipment exempted from licensing operates on a 'non-interference, non-protected' basis, that is, the equipment may not cause interference to other devices and may not claim protection from interference received. All radio equipment that is not exempt from licensing requires a licence. A summary of the radio devices that are exempt from licensing is contained in the table below.



Radio Spectrum Licensing CONTINUED

Summary of Radio Devices exempt from Licensing			
Radio Type	Description	Exemption Order	Other Information
Short Range Device (SRD)	Various low power devices such as inductive applications, alarms, model control, walkie talkies, wireless microphones and audio systems, radio LANS, Road Transport and traffic Telematics (RTTT), Radio Frequency Identification systems (RFID).	S.I. No 160 of 2006	ERC/REC/70-03 Documents: 02/71
Citizen's Band	AM citizens' band (CB) and PR 27 radio equipment.	S.I. 436 of 1998	Standards: ETS 300 433, ETS 300 135 Documents: 00/62R
Satellite	Certain Land Mobile Earth Stations including Inmarsat, Eutelsat, Italsat, Arcanet and Thuraya Stations.	S.I. 398 of 2001	Standards: TBR 026, TBR 044, TBR 027, EN 301 681 Documents: 00/68. 00/62R
	Certain Fixed Satellite Receiving Earth Stations including VSAT and SNG receivers.	S.I. 273 of 2000	Standards: TBR 28, TBR 30, TBR 43 Documents: 00/68. 00/62R
	Mobile Earth Stations for Satellite Personal Communications Systems <1GHz (S-PCS<1GHz)	S.I. 173 of 2000	Annex 2 of ERC/DEC/(99)06 Documents: 00/62R
	Satellite Earth Stations for Satellite Personal Communications Systems <1GHz (Global Mobile Personal Communications Service, GMPCS) Exemption of Low Power Aircraft Stations	S.I. 214 of 1998	ERC/DEC/(97)03 Documents: 00/68, 00/62R
	Low Power Satellite user Terminals	S.I. 007 of 2004	
	Onboard Aircraft Satellite Terminals	S.I. 505 of 2003	Standards: EN 301-459 TBR 28 ERC/DEC/(00) 03 ERC/DEC/(00) 04 ERC/DEC/(00) 05
Mobile Satellite User Terminals	S.I. 007 of 2004	Standards: EN 301-473; EN 302-186	
		S.I. 128 of 2005	Standards: ECC/DEC/(02) 11 EN 301-444 EN 301-681
PMR 446	Short range business radios operating in the 446MHz band	S.I. 93 of 1998	Documents: 00/62R
GSM	GSM phones operating in the 900MHz band	S.I. 409 of 1997	Documents: 00/62R
DCS 1800	GSM phones operating in the 1800MHz band	S.I. 107 of 1999	Standards: TBR 31, TBR 32 Documents: 00/62R
Cordless Telephones	Analogue cordless phones operating at 31.025 - 31.325MHz (fixed part) and 31.925 - 40.225MHz (portable part)	S.I. 410 of 1997	Documents: 00/62R
	DECT cordless phones operating between 1800 - 1810MHz		
	CT2-CAI digital cordless radio communications system operating in the band 864.1 - 868.1Mhz and complies with ETS 300 131		
Broadcasting	Certain wired broadcast relay stations	S.I. 200 of 1976	Documents: 00/62R
	Sound broadcasting receivers	S.I. 211 of 1972	
Radio Receivers	General Radio Receivers (excluding Television Sets)	S.I. 197 of 2005 S.I. 292 of 2005	

Table of Live Licences and New/Amended Licences Issued in year in Review

Licence Type	Number of Live Licences			Number of New/ Amended Licences Issued		
	30 June 2006	30 June 2005	% Change	30 June 2005 to 30 June 2006	30 June 2004 to 30 June 2005	% Change
3G	3	3	0%	0	0	n/a
Aircraft Radio	1,251	1,090	15%	194	189	3%
Business Radio	3,182	3,525	-10%	452	422	7%
Community Repeater	127	142	-11%	4	7	-43%
Experimenters	1,549	1,583	-2%	54	28	93%
FWALA	133	94	41%	83	64	30%
FWPMA	3	3	0%	0	0	n/a
GSM	3	3	0%	0	0	n/a
Radio Links						
- Point to Multipoint	123	128	-4%	0	3	-100%
Radio Links						
- Point to Point	7,407	6,462	15%	1,808	1,761	3%
Satellite	57	53	8%	32	26	23%
Ships' Radio	4,705	4,198	12%	980	1,516	-35%
Temporary Business Radio	30	0	n/a	172	126	37%
Third Party Business Radio	19	0	n/a	19	0	n/a
Trunked Radio	7	4	75%	4	2	100%
Wide Band Digital Mobile	2	0	n/a	2	0	n/a
Wireless Test	16	1	1,500%	19	1	1800%
Wireless Trial	4	0	n/a	5	0	n/a
Total Live Radio Licences	18,621	17,289	8%	3,828	4,145	-8%
Ships' Certificate of Competency	24,049	22,271	8%	1,783	2,215	-20%

Details of the above licence types including application forms are available from the ComReg website at www.comreg.ie

Numbering

ComReg is responsible for managing the national telephone numbering scheme. This entails analysing usage of all types of telephone numbers and short codes, operating a strategy that ensures no numbering resource gets exhausted, providing numbers and codes for all types of new and legacy services, and ensuring telephone numbers get opened up promptly on all national and international networks.

Voice over Internet Protocol (VoIP) Services

VoIP services in Ireland have been growing since ComReg published its first consultation paper ComReg Document 04/72 on June 17, 2004, which opened discussion on a wide range of VoIP topics (numbering, emergency service access, number portability, network integrity etc). Today VoIP services are available both from the traditional telecoms operators and from specialist VoIP operators who have entered the marketplace.

In 2004, as part of its role to facilitate the introduction of new and innovative products and services for the benefit of end users, ComReg put in place a framework to facilitate the introduction of Voice over Internet Protocol (VoIP) services into the Irish telecommunications market. In constructing this framework, ComReg was aware that due to the emerging nature of this particular market, it would be necessary to periodically review progress to ensure that any developments that could be potentially harmful to consumers were not taking place or if necessary put prompt measures in place to address these. Accordingly, on March 3, 2006, ComReg published a new consultation paper (ComReg Document 06/13 "Review of VoIP Framework"), and commenced a series of structured discussions with key industry players, in association with Analysys Consulting Ltd. These discussions are ongoing and a Response to Consultation document is expected in August 2006.

However, it is already clear that progress to date in relation to the take-up of VoIP services in Ireland has been modest, though rising. Nevertheless, with Broadband user levels now around 400,000 and increasing rapidly, and with the growing utilisation of VoIP by enterprises over their IP-VPNs, the indicators are for significant future growth. Experience in other countries, such as France, has illustrated that the advent of applications such as VOIP can be a catalyst for accelerated Broadband take-up – forming a virtuous circle - and that this in turn can drive the demand for local loop unbundling.

National Number Changes

In 2004, ComReg and the telecommunications industry, working closely together, determined that national number changes were necessary in parts of the "04" and "05" numbering areas (Midlands and South East of the country) to avoid risk of number exhaustion. Following preparatory work on these number changes, that took place throughout the first half of 2005, a first set of number change guidelines was issued to industry in June 2005 and a series of public announcements and press releases followed immediately, to alert the public to what was planned. Intensive planning and industry meetings continued throughout the period of this report and parallel working of the new 7-digit numbers with existing (mostly) 5-digit numbers commenced in all affected areas on December 5, 2005. This parallel working, which continued until May/June 2006 (according to area), provided a 6-month working period for members of the public to change their address books, signage, letterheads, dialling arrangements etc. The exercise completed satisfactorily on June 16, 2006, at which point the old numbers were withdrawn and placed in quarantine. To ensure no disruption for those members of the public who had ignored or missed previous alerts, a set of recorded announcements was added to all changed numbers and these will be maintained until May/June 2007 (i.e. for 12 months).

The affected numbering areas were Portlaoise, Abbeyleix, Tullamore, Birr, Mullingar, Castlepollard, Tyrellspass, Wexford, Enniscorthy, Ferns and Gorey. The completion of these number changes means that those areas will now have an adequate quantity of telephone numbers for the foreseeable future.

Electronic Numbering (ENUM)

The ENUM Protocol is a convergence mechanism that allows ordinary PSTN users to call an Internet-based customer using Voice over IP (VoIP) when given his/her telephone number as an input. ENUM is expected to be mainly used as an application embedded within other communications applications, such as VoIP, rather than being a stand-alone tool. It can potentially facilitate email, web access and number portability among others, by identifying the most efficient routing mechanisms for those services, on a call-by-call basis.

Since August 2003, ComReg has taken a number of initiatives to advance ENUM in Ireland starting with a public consultation, followed by a public trial and the setting up of an industry ENUM Forum. The trial ran from July 2004 until March 2005, while the Forum produced an important ENUM Final Report in September 2005 (ComReg Document 04/105a).

Following the success of the trial, several industry actors expressed an interest in moving forward to commercial-scale ENUM and work on that commenced with a ComReg advertisement for Expressions of Interest in November 2005, quickly followed by a Call for Proposals (ComReg Document 05/90) in December 2005. Following an independent evaluation exercise, a provider of the key ENUM Tier 1 registry services was provisionally selected and contract negotiations – which are currently still underway - commenced in April 2006. It is expected that full commercial operation of ENUM in Ireland can commence promptly after contract signature, if the current negotiations are successful. ENUM is already operational in Germany, Austria, Poland, Finland and several other European countries and is expected to open in additional countries (including USA and the UK) during the next 12-18 months.

Postal Regulation

Regulatory Framework

ComReg is the National Regulatory Authority for the Irish Postal sector. One of ComReg's key roles in this regard is to promote the development of the postal sector and in particular the availability of a universal postal service within, to and from the State at an affordable price for the benefit of all users.

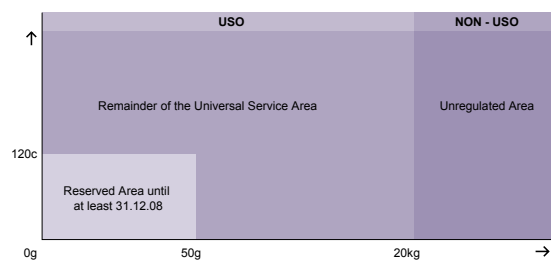
In delivering its objectives, ComReg focuses on the provision of high quality customer centric postal services, guaranteeing both letter and parcel daily collections and deliveries, not less than 5 days a week, to every address in the country, while securing the freedom to provide competitive services in this sector through the gradual liberalisation of the postal market.

Specific functions include setting quality of service standards for An Post, monitoring performance against this target, issuing directions to An Post regarding accounting procedures to be adopted in the preparation of its regulatory accounts, monitoring compliance with Tariff Principles and specifying features of the universal service that An Post is obliged to provide. Under separate powers, An Post cannot increase prices for reserved universal services without ComReg's concurrence.

Since January 2006, the services "reserved" to An Post as the designated Universal Service Provider are confined to items of domestic correspondence and incoming cross-border correspondence weighing 50g⁹.

Full opening of the market is scheduled for January 2009. The market for outgoing cross-border mail has been fully opened since January 1, 2004.

Figure 1: Interrelationship between Universal, Reserved and Unregulated Postal Services based on domestic price 48c



Unlike some other countries where it is necessary to secure a licence to provide services in direct competition with the designated universal service provider, it is possible to establish a competing service in Ireland (outside of the reserved area) with little or no formality. Since 1 January 2004 only those postal service providers (other than An Post) with an annual turnover of more than €500,000, exclusive of VAT, are required to apply for a "postal service authorisation" and to put in place simple complaint and redress procedures designed to protect consumers.

At the end of June 2006, 29 providers of Postal Services had been granted a Postal Service Authorisation, of which six were authorised during the year in review, while two operators had their authorisations withdrawn as they no longer reached the turnover criteria.

The current register of twenty nine holders, and the services each operator provides, can be viewed on ComReg's website www.comreg.ie.

An Post's Quality Of Service

The availability of an efficient, high quality postal service on a par with the best in Europe is a key objective for a modern competitive economy such as Ireland's. Therefore, the quality of service afforded to mail is of particular concern to ComReg. One of the fundamental objectives of the European Postal Directives is to secure improvements in Quality of Service and ComReg is obliged by law to set a Quality of Service target for An Post.

⁹ Or less, providing the price is less than two and a half times the domestic public tariff for an item of correspondence in the first weight step of the fastest standard category i.e. €1.20 (at current prices)

TNS mrbi is contracted by ComReg to measure An Post's quality of service for single piece priority mail¹⁰ (the ordinary day to day correspondence posted by individuals and businesses, big and small). During the year under review ComReg published TNS mrbi's annual report for 2005 and the results of each quarter's performance¹¹.

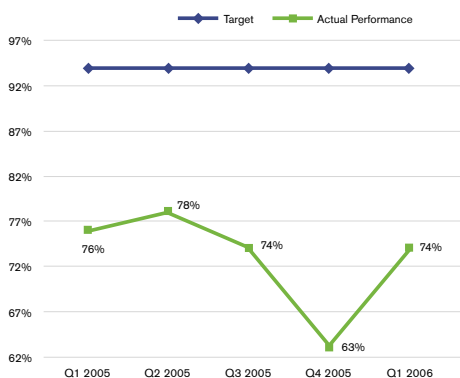
Results show that in 2005, for mail posted in the State for delivery in the State, 73% of ordinary correspondence (single piece mail) was delivered the next working day (excluding weekends and bank holidays). While the annual result shows a minor improvement over the annual result for 2004 (72%), performance falls well short of the quality of service target set by ComReg of 94%, for the third year in succession.

97% of ordinary correspondence was delivered within three working days of posting, which reflects a 1% increase over the previous two years of measurement, but still falls short of the 99.5% target set by ComReg. The purpose of this measure is to ensure that if there is a failure to provide the desired level of next day delivery, then it is corrected as quickly as possible thereafter.

These results are summarised below, with results for Quarter 1 2006 also provided.

	National Mail (D+1)	Local Mail (D+1)	National Mail (D+3)
Target Set	94%	94%	99.5%
Q1 2005	76%	79%	98%
Q2 2005	78%	81%	98%
Q3 2005	74%	78%	96%
Q4 2005	63%	67%	96%
Whole Year 2005	73%	76%	97%
Q1 2006	74%	78%	96%

Figure 2: National Mail Next Day (D+1) Delivery Performance



10 In accordance with the principles set out in the 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'

11 ComReg Document No. 05/48 (June 30 2005); 05/75 (September 22 2005), 05/95 (December 22 2005), 06/19 (April 06 2005), 06/25 (June 20 2006)

12 ComReg Document No. 05/68: 'An Post's proposals to increase the price of Domestic Postal Service 2005'

13 Regulation 9(1) of S.I. No 616 of 2002

14 ComReg Document No. 05/16 'The Universal Postal Service - Formulating a working definition'

European Cross Border Results

The 2005 UNEX (UNipost EXternal Monitoring System) results published by the International Post Corporation (IPC) on the quality of service of cross border mail within Europe show that 93.9% of first class mail was delivered within three days of posting (speed indicator) and 98.9% within five days (reliability indicator), a marginal improvement over 2004's performance.

An Post's Tariffs

In December 2005, ComReg, following a consultation process¹², issued a Response to Consultation document (ComReg Document No. 05/94) in relation to An Post's application (submitted on August 12 2005), to increase the prices of its domestic postal products reserved to it under the European Communities (Postal Services) Regulations, 2002.

ComReg concurred with the following headline price increases:

- An increase in the price of a large envelope from 60c to 90c.
- An increase in the price of a packet from 96c to €2.00.
- A number of increases in its discounted large envelopes and packets services.
- The price of the basic stamp remained unchanged at 48c, as ComReg did not concur with a request for a price increase

In addition to the above, ComReg made a number of further decisions, one of which requires that three months notice must elapse before the price increases approved by ComReg for the services in the reserved area could be implemented by An Post.

On February 20, 2006, An Post implemented a series of increases to tariffs in the non reserved area, for which ComReg's prior approval was not required. In setting tariffs An Post has a legal obligation to comply with, and ComReg has a legal responsibility to monitor compliance with, the Tariff Principles¹³.

Universal Postal Service

As Ireland moves towards a fully liberalised postal market, it becomes increasingly important to be able to identify the essential elements of a postal service which, in a competitive market, will need to be guaranteed. With this in mind, ComReg initiated a public consultation¹⁴ in March 2005 to start the debate about what services should be provided as part of the universal postal service in Ireland.

Postal Regulation CONTINUED

Having considered the views of all respondents, in November 2005 ComReg published its Response to Consultation paper 'The Universal Postal Service - Formulating a working definition' (ComReg 05/85) detailing the specific services to be provided as part of the universal postal service in Ireland and in turn, which services An Post (as the current designated universal service provider) should provide to fulfil its obligation to provide a universal service.

This definition ensures that ComReg is safeguarding the services which postal customers need and results in increased certainty for customers (businesses, organisations and individuals) as to what services the universal service provider is obliged to provide for them.

In addition to the standard letter service, the key elements in the working definition include:

- bulk mail services offering 'delivery only', 'deferred delivery' and a combination of both options
- international bulk mail services
- a compensation limit of €4,600 payable for items (letter services and parcels) lost or delayed in the insured service
- a single standard parcel offering to all destinations with target delivery times, prices that comply with the tariff principles and a registered and insured service
- a number of ancillary and other services

Postal Levy

For the purpose of meeting expenses properly incurred in the discharge of its functions in respect of postal services, Section 30(2) of the Communications Regulation Act 2002 authorises ComReg to impose a levy on the providers of postal services. In 2004, ComReg extended the postal levy to all Authorised Postal Service Providers¹⁵ which was up to then only paid by An Post.

The current amended levy, effective from July 1, 2005¹⁶, reflects both the most recent financial information available to ComReg in relation to the Authorised Service Providers who offer a postal service and more closely aligns the amount payable with the costs incurred by ComReg in executing its obligations as regulator of the Irish postal industry.

Any surplus of levy income over the expenses incurred by the Commission in the discharge of its functions will be either retained by the Commission to be offset against levy obligations for the subsequent year, or be refunded proportionately to the applicable undertakings on whom the levy is imposed.

The levy for An Post of 0.25% of turnover, arising from the provision of the universal service, remains unchanged.

A two tier levy was introduced for all holders of Postal Service Authorisations, and for An Post (in respect of postal services that fall outside the scope of the Universal Service)

- €1,000, where the relevant turnover of the applicable undertaking is less than €20,000,000;
- or €15,000, where the relevant turnover of the applicable undertaking is equal to, or more than, €20,000,000.

Postcodes

The Universal Postal Union (UPU) describes the Postcode as the fundamental, essential element of an address, and a unique, universal identifier, which unambiguously identifies the addressee's locality and assists in the transmission and sorting of mail items. At present, 117 UPU member countries use Postcodes as part of their addressing systems. Ireland is the only country in the European Union without a system of postcodes and indeed one of the few in the developed world.

Noel Dempsey T.D., the Minister for Communications, Marine and Natural Resources, appointed a National Postcode Project Board consisting of representatives of many interested parties including ComReg, to advance a postcodes project in 2005.

The Board met for the first time on July 28, 2005, under the chairmanship of Mr. John Tierney, Fingal County Manager. Work is now finalised and a report recommended by the Board was submitted to the Minister in July 2006.

¹⁵ Since 1 January 2004, postal service providers other than An Post with an annual turnover of more than €500,000, exclusive of VAT, are required to apply for a "postal service authorisation"

¹⁶ ComReg Document No. 05/53 - Postal Levy 2005

Residential and Business Surveys

ComReg published the findings of its 2005 postal business and residential surveys during the year in review (ComReg Document No. 06/09a and 06/09b) in February 2006.

ComReg presented an advance preview of these results to the Authorised Service Providers. This was positively received by all postal operators, many of whom would not have the resources to undertake such research independently.

The annual surveys provide a valuable insight into how the postal market is performing as well as pointing to emerging trends. The key findings of the 2005 surveys included:

Residential Survey

- On average 9 items of mail were delivered to each home address every week, and 5 items of mail were posted weekly by Irish households.
- 1 in 5 respondents had used operators other than An Post.
- The 45-54 age group receive the highest number of mail items (+11) on average.
- Unaddressed direct mail volumes increased more than addressed direct mail.
- Homes with internet access receive the highest weekly volumes (13 items).
- Employed people and those with home internet access post the most mail.
- 55% of respondents were satisfied with the general cost of postage.

Business Survey

- The bulk of Irish businesses continue to rely solely on An Post with only about 12% using An Post as well as other service providers.
- Businesses spent an average €6,000 on postal services with An Post in 2005.
- Awareness of postal service providers other than An Post is relatively low.
- Financial services companies are the greatest users of postal services.
- Almost 1 in 5 respondents has made a complaint about postal services (any operator) in the last year. Over half believed their complaint was dealt with badly.

Postal Strategy Statement

ComReg issued its second Strategy Statement for 2005-2007 (ComReg Document No. 05/77) in October 2005. Under the Communications Regulation Act 2002, ComReg is obliged to produce a Strategy Statement every 2 years. The Strategy Statement must take into account the objectives set out in section 12 of the Act and any directions under section 13 of the Act.

The document includes an outline of ComReg's proposed Postal regulatory strategy for 2005 to 2007. It also describes the evolution of postal services, and sets out ComReg's views on possible developments and their impact on the market in this period.



International Affairs

The European Regulators Group

The European Regulators Group (ERG), established in 2003 is comprised of European National Regulatory Authorities (NRAs). Thirty-three European countries participate in the work of the ERG. In addition to the twenty-seven members from EU Member States, there are four EFTA States (Switzerland, Norway, Iceland and Liechtenstein) and two EU Accession/Candidate States (Turkey and Croatia).

The ERG provides a formal structure for European regulators and the European Commission to interact, discuss, and develop the common application of the regulatory framework for electronic communications, networks and services. As an advisory body to the European Commission, it provides the mechanism for reflection and debate and, with the adoption of its recommendations, acts as the driver for common approaches to regulatory intervention. ComReg is an active participant contributing to all projects in ERG's work programme.

The work of the ERG during most of the period was dominated by preparation of the response to the review of the Regulatory Framework and the EU Commission's Recommendation on Relevant Product and Service Markets. ComReg chaired the Project Team which continues to examine aspects of proposals in these areas.

During the period July 2005 to June 2006, the ERG adopted a number of documents that both enhanced the clarity of regulatory approach and sought to determine agreed future regulatory action. Among the major documents published were:

ERG Response to Call for Input on the review of the Regulatory Framework.

This response issued in February 2006 and concluded that the objectives of the Framework remain valid and that, by and large, it provides regulators with the tools they need to achieve those objectives. The Response proposed some adjustments so that NRAs can develop new priorities as markets evolve and new technologies are introduced. The following key areas were identified:

- Process requirements should be streamlined and simplified to help NRAs – especially those that are smaller and less well-resourced – to concentrate on the highest priority issues.
- The Framework must deal with certain competition issues in a more effective manner to ensure real equality of access to key network infrastructure that is essential to the development of competition. NRAs must be able to impose remedies across several communications markets, as a dominant player in one may be able to exert influence over competition in another.

- Greater competition has many benefits, but has led in some cases to an increase in concerns relating to consumer marketing and privacy. More should be done to protect consumers from the excesses of a competitive and open market.

ERG Project Team Report on International

Roaming Retail Tariff Transparency: The ERG undertook a review of the level of transparency on roaming costs available to consumers. The report additionally identified a number of initiatives which, if implemented by market players, could increase consumer awareness of roaming costs.

ERG Report on Experiences with Market Definition, Market Analysis and Applied

Remedies: In advance of the review of the regulatory framework, the ERG analysed the notifications of NRAs under Article 7 of the Framework Directive. The report describes the outcome of the market reviews in 5 key markets identifying common trends and identifies the reasons for differences in outcomes.

ERG Common Position on the approach to

appropriate remedies: This Common Position sets out the agreed approach to selecting appropriate remedies best suited to address specific issues in individual markets. This Common Position added to previous work in this area by reviewing selected areas. A full public consultation was held on the Common Position before adoption.

The Independent Regulators Group

The Independent Regulators Group (IRG) provides national regulatory authorities with the opportunity to meet solely with other regulatory authorities to discuss implementation issues. With common membership as ERG, the forum has proved useful as a debating ground on the application of the regulatory framework and as an information exchange. The group published a number of documents during the period, the most notable being *Principles of Implementation and Best Practice regarding the implementation and use of Retail Minus pricing and Principles of Implementation and Best Practice regarding the use of current cost accounting methodologies* along with updating the publication of a snapshot of Europe wide *Mobile Termination Rates*

The Communications Committee (COCOM)

Established as an advisory Committee to the European Commission, the Committee is intended as a forum where Member States can interact with the Commission, discuss and advise on the situation and the development of regulatory activities regarding electronic communications, networks and services. ComReg participates, along with representatives from the Department of Communications, Energy and Natural Resources, as part of the Irish delegation.

Corporate Affairs

The Corporate Affairs Division develops and implements leading-edge strategies and policies, designed to enhance operational performance. The Division is responsible for managing the following organisational functions:

- human resources
- information systems
- consumer care
- communications

Top Management Appointments

The Minister for Communications, Marine and Natural Resources announced the establishment of ComReg on December 1, 2002. The Commission, with the Management Policy Committee (MPC), is responsible for the strategic and operational management of the organisation. During the period under review, the Commission implemented some structural changes, with the appointment of Donal Leavy as Director of the Wholesale Division and Dermot Nolan as Director of the Retail Division. Shay O'Malley is Director of an enlarged Corporate Affairs Division, which now includes the Consumer Care, Information Services, Human Resources and Communications functions. George Merrigan was appointed as Director of the Market Framework Division.

HRD Awards

The Office recognises that human resource development is a key element in our continued success and that excellent performance can only be achieved through ongoing investment in and commitment to our staff. We were, therefore, pleased that our policies and systems were recognised externally, through the achievement of two major HR Awards - the renewal of the "Excellence Through People" national standard for human resource development and the Irish Institute of Training and Development (IITD) 2005 National Award (which we were also awarded in 2001 and 2003). These accreditations acknowledge the high standards of training and development which ComReg provides for its staff members.

Information Services

ComReg's information services function comprises the following:-

- Information Technology
- Information Access
- Consumer Care

Information Technology

ComReg's information technology function supports the organisation at an operational level; providing tactical mobilisation of IT and information systems and deploying strategic IT initiatives. The information Technology function serves to act as a valuable business enabler for ComReg as well as to enhance the stakeholder experience. This is achieved through the provision and enhancement of on-line services and tools and back-office systems and services.

During the period, ComReg introduced an RSS (Rich Site Summary) feed function to both www.comreg.ie and www.askcomreg.ie. RSS is a format for syndicating news and the content of news-like sites. This service enhances the existing mailing list updates and allows users to be automatically 'fed' with updates on a regular basis without having to go through the site.

Infocentre, the software application deployed by ComReg to support our licensing function, underwent a review and was converted to an enterprise standard database to enhance efficiency, ensure future-proofing of the software and ease of deployment of updates and changes. Additionally, the required functionality to support new licensing schemes was implemented.

The IT function provided support for technical setup; design and launch of Phase 1 of www.callcosts.ie, the interactive phone prices guide, and www.askcomreg.ie/roaming, the mobile roaming prices site, while both the mobile mast site and the e-licensing sites were further enhanced. The www.comreg.ie/numberchange site provided consumers with details of the number changes implemented in June 2006.

IT services, including Wireless Internet Access, were provided for a range of meetings and conferences. Facilities for internal presentations/meetings were also enhanced. The IT function provided both desktop and network support for ComReg staff. Other projects included further development of the consumer care system to facilitate enhanced reporting and statistics (now published quarterly on the www.askcomreg.ie website), implementation of mobile e-mail solution, enhancement of email filtering, rollout solution for an additional teleworker and support for a new data warehouse for the Trend team.

Corporate Affairs

CONTINUED

Information Access

During the period under review, ComReg received 18 requests for information under the FOI Act.

To facilitate effective communication, and in accordance with Disability Legislation and Official Languages legislation, ComReg undertook a number of related Information Access initiatives:-

- Production of Consumer Guides in 'plain English'; achieved with the assistance of National Adult Literacy Agency (NALA)
- Production of 'plain English' Consultation summary document
- Nomination of Access and Complaint Officer and development of associated procedures
- Attendance of a number of staff on Irish Language Training courses
- Provision of standard ComReg financial correspondence in Irish if stated as a preference by licensees
- Translation of key ComReg documents into Irish Language
- Provision of on-request Braille service for ComReg documents

Additionally, both consumer sites www.askcomreg.ie and www.callcosts.ie were awarded the W-Mark, signalling ComReg's commitment to and delivery of accessible information to consumers.

Consumer Care

The ComReg consumer care function provides both consumer line services, including management of queries and complaints, and information and awareness services. The related initiatives delivered during the period are detailed in the section on Consumers.

Communications and Publications

Communications Unit

Our Communications Unit which is part of the Corporate Affairs Division, issues press releases and communicates messages and statements on behalf of ComReg to the media and the public. The Unit also manages the content of our website, deals with queries from the media, organises conferences and seminars. In addition it is responsible for the publication of the Annual Report and ComReg's Newsletter.

ComReg also hosts a National Conference each year on a specific topic. Key national and international speakers are invited to share their expertise with our delegates. These events provide a perfect platform for sharing information, feedback and discussion among all stakeholders in the regulatory and technology sectors.

ComReg hosted its Chief Executive Officers Forum on October 6, 2005 in the Conrad Hotel, Dublin. The theme of the ComReg conference was Communications in the 21st Century. The forum provided key industry figures with the opportunity to meet and discuss strategies and regulatory developments, as well as affording ComReg an opportunity to launch its 'Strategy Statement 2005-2007'.

The forum was attended by over 100 telecoms industry representatives. The conference was opened by the Minister for Communications, Marine and Natural Resources, Mr. Noel Dempsey TD.

The list of documents published during the year may be found in appendix 1 of this Report and all of the documents are available on ComReg's website www.comreg.ie

Corporate Governance

It is the objective of the Commission to ensure compliance with best practice in Corporate Governance. The Code of Practice for the Governance of State Bodies was approved by the Government in October 2001. The Code sets out principles of Corporate Governance that State bodies are required to adopt.

The Code also states that where legislation applying to a State body contains provisions governing matters the subject of the Code of Practice, such matters will continue to be governed by the relevant legislation. In the case of ComReg, Section 33 of the Communications Regulation Act, 2002 provides that the Commission shall adopt with the approval of the Minister and the Minister for Finance, a code of financial management (which is based on the Code of Practice for the Governance of State Bodies) and shall arrange for its publication following such approval. Our code of financial management has been approved by the Minister for Communications, Energy and Natural Resources, and the Minister for Finance. It is published on our website.

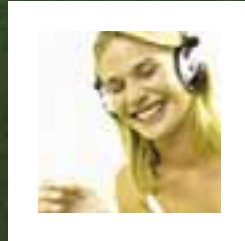
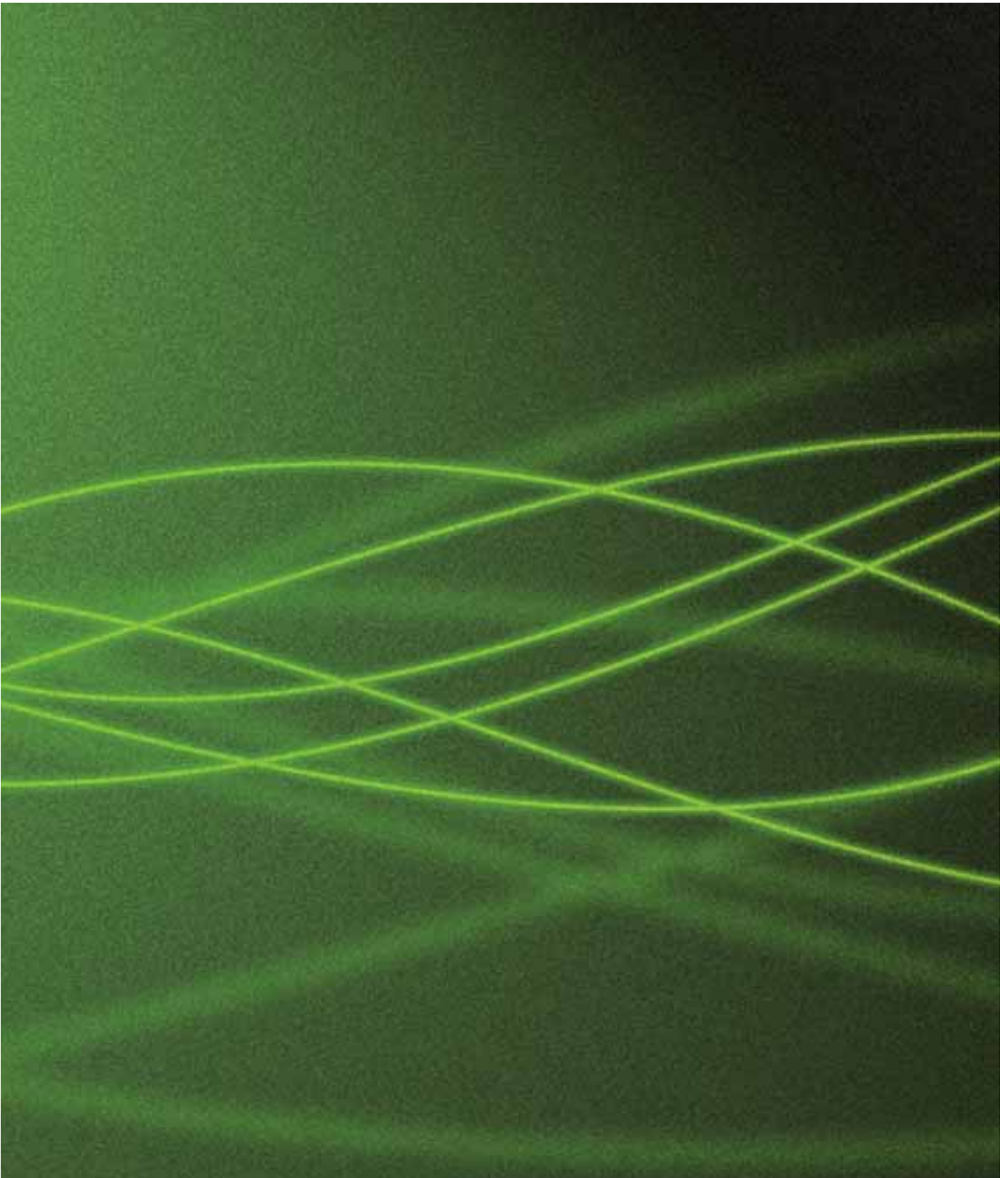
In order to assist with the discharge of its responsibilities, the Commission established a five-person Audit Committee to oversee the financial reporting process and internal control systems of ComReg. Three members of the Audit Committee are external members, including the chair of the Committee, Mr. Dan Flinter.

The Audit Committee operates under formal terms of reference and met four times during the year. It is ComReg policy to comply with the Code of Practice for the Governance of State Bodies and it has reported on its compliance with relevant sections of the code, either in this Annual Report or separately by way of a letter to the Minister for Communications, Energy and Natural Resources.



com munication

Under the 2002 Communications Regulation Act, ComReg has a statutory role to protect consumers. In carrying out this responsibility, ComReg seeks to ensure that consumers get value in terms of price, choice and quality.



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

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Report of the Chairperson

FOR THE YEAR ENDED 30 JUNE 2006

I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation for the year ended 30 June, 2006.

Principal Activities

The Commission for Communications Regulation was established on 1 December 2002. The functions of the Commission were specified in the Communications Regulation Act, 2002. These functions relate to the regulation and licensing of the electronic communications industry (including radio and broadcasting transmission) and the regulation of postal services. The Commission was funded wholly by income received from the electronic communications and postal industries. The establishment of the Commission had the effect of dissolving the Office of the Director of Telecommunications Regulation on 1 December 2002 and the functions of the Director were transferred to the Commission for Communications Regulation.

Financial Results

Details of the financial results of the Commission are set out in the Financial Statements and the notes supporting the Financial Statements. The results for the year show no surplus or deficit.

Auditors and Accounts

Under the Communications Regulation Act, 2002, the Commission shall keep in such form as may be approved by the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources), with the consent of the Minister for Finance, all proper and usual accounts of all moneys received or expended by it. The Commission shall submit accounts in respect of each year to the Comptroller and Auditor General. Within 42 days of the accounts being audited, the Commission is required to present to the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources), a copy of such accounts together with the audit report of the Comptroller and Auditor General.

Corporate Governance

The Commission is committed to maintaining the highest standards of corporate governance. The Code of Practice for the Governance of State Bodies published by the Department of Finance is the foundation on which our corporate governance policies are based.

Section 33 of the Communications Regulation Act, 2002 requires ComReg to adopt, with the approval of the Minister and the Minister for Finance, a code of financial management and shall arrange for its publication following such approval. In addition the Commission is required to periodically review its code of financial management and revise and republish the code as appropriate. There is also a requirement on the Commission to comment in the annual report on adherence to the code.

Our code of financial management (which is based on the Code of Practice for the Governance of State Bodies published by the Department of Finance) has been approved by the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources) and the Minister for Finance. The code is published on our website and it is the policy of the Commission to ensure compliance with the code.

Going Concern

The Commissioners, after making enquiries, believe the Commission has adequate resources to continue in operation for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Prompt payment of accounts

The Commission acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 ("the Regulations"). Procedures have been put in place to identify the dates upon which invoices fall due for payment and to ensure payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

Mike Byrne

Chairperson

Commission for Communications Regulation

19 June 2007

Statement of the Commission's Responsibilities

Section 32 of the Communications Regulation Act, 2002, requires the Commission to keep in such form as may be approved by the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources), with the consent of the Minister for Finance, all proper and usual accounts of monies received or expended by it including an income and expenditure account and balance sheet, distinguishing between –

- (a) its functions relating to electronic communications and
- (b) its functions relating to postal matters.

In preparing financial statements, the Commission is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission for Communications Regulation will continue in operation.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and which enable the Commission to ensure that financial statements comply with the requirements of the Act. The Commission is also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mike Byrne

Chairperson

Commission for Communications Regulation

19 June 2007

Statement on the System of Internal Financial Control

FOR THE YEAR ENDED 30 JUNE 2006

Responsibility for System of Internal Financial Control

On behalf of the Commission for Communications Regulation (ComReg) I acknowledge the Commission's responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Commission has taken steps to ensure an appropriate control environment by

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The Commission has established processes to identify and evaluate business risks by

- identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the body's ability to manage and mitigate the risks that do occur;
- assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting system with an annual budget which is reviewed and agreed by the Commission;
- regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- formal project management disciplines.

The Commission has an internal audit function, which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which ComReg is exposed, and annual internal audit plans are based on this analysis. The analysis of risk is reviewed by the Audit Committee and the internal audit plans are approved by the Audit Committee and approved by the Commission. At least annually, the Internal Auditor provides the Audit Committee and the Commission with a report of internal audit activity. The report includes the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee which oversees the work of the internal auditor, the executive managers within ComReg who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that a review of the effectiveness of the system of internal financial control took place in the year ended 30 June 2006.

Mike Byrne

Chairperson

Commission for Communications Regulation

19 June 2007

Report of the Comptroller and Auditor General

FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements of the Commission for Communications Regulation for the year ended 30 June 2006 under the Communications Regulation Act, 2002.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Commission and the Comptroller and Auditor General

The Commission is responsible for preparing the financial statements in accordance with the Communications Regulation Act, 2002, and for ensuring the regularity of transactions. The Commission prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Commission are set out in the Statement of the Commission's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where monies have not been applied for the purposes intended or where transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Commission's affairs at 30 June 2006 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.

John Purcell

Comptroller and Auditor General

25 June 2007

Statement of Accounting Policies

1. ESTABLISHMENT OF THE COMMISSION

The Commission for Communications Regulation was established on 1 December 2002. The establishment of the Commission had the effect of dissolving the Office of the Director of Telecommunications Regulation (ODTR) on 1 December 2002 and the assets and liabilities of the ODTR were transferred to the Commission on that date. The functions of the Director were also transferred to the Commission for Communications Regulation on 1 December 2002.

2. ACCOUNTING CONVENTION

The financial statements for the Commission which are in the form approved by the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources) with the consent of the Minister for Finance are prepared on an accruals basis except as stated below, under the historical cost convention and in accordance with generally accepted accounting practice. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. These standards have been applied consistently with last year except as explained in Note 12, the Commission has adopted the requirements of FRS 17 in accounting for retirement obligations. The unit of currency in which the Financial Statements are denominated is the Euro.

3. INCOME RECOGNITION

Income from the Electronic Communications administration levy is brought to account over the period to which it relates and any excess over the relevant administration costs, including provisions, is refunded.

Income from the Postal administration levy is brought to account over the period to which it relates and any excess over the relevant administration costs, including provisions, is refunded.

Cable, MMDS and Radio Communication licence income is brought to account over the period to which the licence relates.

Other Income is brought to account over the period to which it relates.

4. FIXED ASSETS AND DEPRECIATION

The Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of fixed assets on a straight-line basis over their estimated useful lives at the following rates:

Technical equipment	- 15%
Computer equipment	- 33 1/3%
Fixtures, fittings & Office equipment	- 15%
Motor Vehicle	- 20%

5. CAPITAL RESERVE

The capital reserve represents the unamortised amount of income used to purchase fixed assets.

6. FOREIGN CURRENCIES

Transactions denominated in foreign currencies relating to revenues and costs are translated into Euro at the rates of exchange ruling on the dates on which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the Balance Sheet date.

7. PENSIONS

The Commission was staffed by Commissioners, directly recruited employees and a number of civil servants assigned by the Department of Communications, Energy and Natural Resources (formerly the Department of Communications, Marine and Natural Resources). A defined benefit pension scheme (originally established by the ODTR) was in place for Commissioners and employees of the Commission. The scheme was funded by contributions from Commissioners, employees and the Commission which are transferred to a separate trustee administered fund. The Commission reimbursed the Department for the wages and salary costs associated with Department staff and in addition paid a contribution towards superannuation entitlements.

The Commission adopted the full provision of FRS 17 retirement benefits in the year to 30 June 2006. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the project unit method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability.

The pension charge in the Income & Expenditure account comprises the current service cost plus the difference between the expected return on scheme assets and the interest cost of scheme liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

In prior years, the defined benefit charge to the Income and Expenditure account comprised employer contributions (employee contributions are included in the charge for salaries). The effect of the change in accounting policy is shown at Note 12.

8. TAXATION

The Commission is not liable for Corporation Tax. Income raised by the Commission is not subject to VAT. Provision is made for taxation on deposit interest received.

9. ALLOCATION OF COSTS

The Commission is required under Section 32 of the Communications Regulation Act, 2002 to distinguish between its functions relating to electronic communications and its functions relating to postal matters. Revenues and expenses directly related to each function are recorded in the accounts of that function. Shared overhead costs are allocated to each function in proportion to the staff numbers engaged in each function.

Income and Expenditure Account

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 Levy €'000	2006 Electronic Communications Other €'000	2006 Post Levy €'000	Year to 30 June 2006 Total €'000	Year to 30 June 2005 (As Restated) Total €'000
INCOME						
Levy		8,800		1,263	10,063	9,802
Licensing Fees	1		21,453		21,453	20,026
Other Income	1		826		826	628
GROSS INCOME						
		8,800	22,279	1,263	32,342	30,456
Transfer (to) capital reserve	7		(269)		(269)	(83)
NET INCOME						
		8,800	22,010	1,263	32,073	30,373
EXPENDITURE						
Staff Costs	2	4,867	2,547	608	8,022	7,739
Pension Costs		863	451	108	1,422	913
Technical Advice		2,270	695	300	3,265	4,115
Legal Expenses		73	1,118	26	1,217	4,451
Advertising		55	22	3	80	23
Administrative Expenses		1,455	771	144	2,370	2,277
Auditors' Remuneration		18	13	2	33	12
Premises and Related Expenses		707	495	71	1,273	1,249
Depreciation		133	93	13	239	244
Profit on Disposal of Vehicle			(10)		(10)	
Subscriptions to International Organisations	10	715			715	630
		11,156	6,195	1,275	18,626	21,653
OPERATING / (DEFICIT) SURPLUS						
		(2,356)	15,815	(12)	13,447	8,720
Payable to Central Fund	8				(13,447)	(8,720)
SURPLUS CARRIED FORWARD						
					0	0

The Statement of Accounting Policies and Notes 1 to 15 form an integral part of these Financial Statements.

Mike Byrne

Chairperson

Commission for Communications Regulation

Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 30 JUNE 2006

	Year to 30 June 2006 Total €'000	Year to 30 June 2005 (As Restated) Total €'000
SURPLUS FOR YEAR	0	0
Actual Return less expected return on scheme assets	292	377
Experience losses / (gains) on pension scheme liabilities	716	(695)
Changes in assumptions underlying the present value of pension scheme liabilities	1,156	(2,032)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL YEAR	2,164	(2,350)
Prior Year Adjustment	(6,263)	
Total losses recognised since the last Set of financial statements	(4,099)	(2,350)

The Statement of Accounting Policies and Notes 1 to 15 form an integral part of these Financial Statements.

Mike Byrne

Chairperson

Commission for Communications Regulation

Balance Sheet

AS 30 JUNE 2006

	Notes	30 June 2006 €'000	30 June 2005 (As Restated) €'000
FIXED ASSETS			
Tangible Assets	3	813	544
CURRENT ASSETS			
Debtors	4	7,450	4,416
Short Term Investments		32,345	31,113
Cash at Bank and in hand		2,132	1,720
		41,927	37,249
CREDITORS (Amounts falling due within 1 Year)			
Creditors	5	(41,406)	(33,708)
NET CURRENT ASSETS			
		521	3,541
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,334	4,085
PROVISIONS FOR LIABILITIES AND CHARGES			
	6	(521)	(3,541)
NET ASSETS EXCLUDING PENSION LIABILITY			
		813	544
Pension Liability		(4,360)	(6,263)
NET LIABILITIES INCLUDING PENSION LIABILITY			
		(3,547)	(5,719)
REPRESENTED BY			
Capital Reserves		813	544
Pension Reserve		(4,360)	(6,263)
RESERVES INCLUDING PENSION LIABILITY			
		(3,547)	(5,719)

The Statement of Accounting Policies and Notes 1 to 15 form an integral part of these Financial Statements

Mike Byrne

Chairperson

Commission for Communications Regulation

Cashflow Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Year to 30 June 2006 €'000	Year to 30 June 2005 (As Restated) €'000
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Surplus (before Amount due to Central Fund)		13,447	8,720
Depreciation		240	244
Bank interest		(773)	(618)
Capital reserve transfer		269	83
(Increase) / Decrease in Debtors		(3,034)	1,317
Increase in Creditors (excl Central Fund)		4,174	863
(Decrease) / Increase in Provisions for Liabilities and Charges		(3,020)	3,541
NET CASH INFLOW FROM OPERATING ACTIVITIES		11,303	14,150
CASH FLOW STATEMENT			
Net cash inflow from operating activities		11,303	14,150
Return on Investments			
- bank interest		773	618
Capital expenditure			
- purchase of fixed assets		(509)	(327)
Payment to Central Fund	8	(9,923)	(10,168)
Management of Liquid Resources			
(Increase) in Short Term Deposits		(312)	(30)
(Increase) in Short Term Investments		(1,232)	(4,517)
INCREASE / (DECREASE) IN CASH BALANCES		100	(274)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase / (Decrease) in Cash in the period		100	(274)
Increase in Short Term Deposits		312	30
Increase in Short Term Investments		1,232	4,517
Change in Net Funds		1,644	4,273
Opening Net Funds		32,833	28,560
Closing Net Funds		34,477	32,833

The Statement of Accounting Policies and Notes 1 to 15 form an integral part of these Financial Statements.

Mike Byrne

Chairperson

Commission for Communications Regulation

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005

1 LICENSING FEES

	2006	2006	2006	Year to 30 June 2006	Year to 30 June 2005
	Electronic Communications Levy		Post Levy	Total	Total
	€'000	€'000	€'000	€'000	€'000
2G & 3G Radio Licensing Fees		13,205		13,205	12,588
Other Radio Licensing Fees		8,148		8,148	7,338
Cable, MMDS & Deflector Licensing		100		100	100
		21,453		21,453	20,026
Other Income					
Bank Interest		773		773	618
Sundry		53		53	10
		826		826	628

2. STAFF COSTS

Employee costs during the period:					
Wages and Salaries	4,439	2,323	555	7,317	7,059
Social Welfare Costs	428	224	53	705	680
	4,867	2,547	608	8,022	7,739

The average number of staff employed by the Commission during the year, analysed by category was as follows:

	60	42	6	108	104
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A number of staff work across the different activities and the staff numbers have been calculated by reference to time spent on each activity

	€'000	€'000
The staff costs include salaries of the Commissioners which amounted to a total of	462	365

3. TANGIBLE ASSETS

	Technical Equipment €'000	Computer Equipment €'000	Fixtures, Fittings & Office Equipment €'000	Motor Vehicle €'000	Total €'000
Cost					
At 30 June 2005	401	1,675	814	53	2,943
Additions	87	247	115	60	509
Disposals				(53)	(53)
At 30 June 2006	488	1,922	929	60	3,399
Accumulated Depreciation					
At 30 June 2005	310	1,521	519	49	2,399
Charge for period	24	146	66	4	240
Disposals				(53)	(53)
At 30 June 2006	334	1,667	585	0	2,586
Net Book Value					
30 June 2006	154	255	344	60	813
30 June 2005	91	154	295	4	544

4. DEBTORS

	30 June 2006 €'000	30 June 2005 €'000
Due within one year:		
Electronic Communications administration levy	316	325
Postal administration levy	316	166
Radio Licence Income	4,876	2,988
Accrued Income	1,257	729
Prepayments & Recoverable expenses	685	208
	7,450	4,416

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 30 JUNE 2005

5. CREDITORS (Amounts falling due within one year)	30 June 2006 €'000	30 June 2005 €'000
Trade Creditors	1,531	800
Other Creditors	965	251
PAYE / PRSI	6	33
Value added tax	1	170
Accruals	2,535	3,085
Deferred income (see analysis below)	12,960	9,706
Payroll	1,308	1,087
Payable to Central Fund	22,100	18,576
	41,406	33,708
Analysis of Deferred Income		
Radio Licence Income	12,515	9,439
FWPMA Licence / Administrative Fee Income	411	261
Other	34	6
	12,960	9,706

Where licences are renewed for a period which extends beyond the end of the financial year a proportion of that income is deferred to meet expenditure in the following year.

6. PROVISIONS FOR LIABILITIES AND CHARGES	Year to 30 June 2006 '000	Year to 30 June 2005 '000
Legal Costs		
Balance at 1 July 2005	3,541	-
Provided in the year	480	3,541
Provisions not required written back	(403)	
Provisions utilised in the year	(3,097)	-
Unwinding of discount	-	-
Balance at 30 June 2006	521	3,541

S.I. No 307 of 2003, the European Communities (Electronic Communications Networks & Services) (Framework) Regulations 2003, provides for the establishment and operation of an Electronic Communications Appeal Panel to hear and determine appeals against decisions made by ComReg.

Included in provisions is an amount in respect of an appeal which had been initiated before 30 June 2005 and where legal advice indicates that the Commission will be obliged to pay legal costs the amount of which is uncertain. The appeal was made by Eircom against certain aspects of ComReg Decision D3/05 which found Eircom to be dominant in the market for Wholesale Broadband Access and which inter alia imposed a price control obligation on Eircom.

Provision has also been made in respect of two High Court actions both of which had been initiated before 30 June 2006.

One action was the Judicial Review proceedings taken by An Post in respect of the ComReg decision of 20 December 2005 which rejected an application by An Post to raise the price for the standard letter service from 48c to 60c. An Post had also sought a declaration from the Court to the effect that the cost of providing the Universal Service Obligation (whereby An Post delivers mail to every premises in the country five days a week) must be taken into account when considering price applications and that the revenue from universal services is sufficient to cover the cost of providing those services. This matter was settled after the year end.

The other action relates to a High Court action taken by Smart Mobile Limited against ComReg's decision to withdraw the offer of a 3G licence. Smart Mobile Limited took High Court proceedings to restore the offer of the licence. In October 2006 the High Court upheld ComReg's decision to withdraw the offer of a licence.

7. CAPITAL RESERVES	Year to 30 June 2006 €'000	Year to 30 June 2005 €'000
Opening Balance	544	461
Transfer to Income and Expenditure Account:		
Purchases of fixed assets	509	327
Amortisation in line with fixed asset depreciation	(240)	(244)
Net Amount of Transfer (to)/from reserve	269	83
	813	544

8. PAYOVER TO CENTRAL FUND

Under the Communications Regulation Act, 2002, the Minister for Communications, Energy and Natural Resources (formerly the Minister for Communications, Marine and Natural Resources) may direct the Commission to pay into the Exchequer such sum as he or she may specify being a sum that represents the amount by which the aggregate sum received by the Commission in each financial year exceeds the aggregate costs incurred in the administration of its office in that year. Such sums are treated as a distribution from the retained surplus generated from operations. No final determination has yet been made for the year to 30 June 2006. Any final determination is not expected to be greater than €13,447,000. During the year to 30 June 2006 the sum of €9,923,000 was paid to the Central Fund in respect of the year to 30 June 2004.

9. PREMISES AND ACCOMMODATION

The Commission occupies premises at Abbey Court, Irish Life Mall, Lower Abbey Street, Dublin 1. The premises are rented from the Office of Public Works.

10. MEMBERSHIP OF INTERNATIONAL TELECOMMUNICATIONS ORGANISATIONS

Certain payments to International Telecommunication Organisations are met by the Department of Communications, Marine and Natural Resources out of the proceeds of the Administrative Levy. The charge to the Income and Expenditure Account includes €715,000 for that purpose.

11. COMMISSIONERS AND STAFF – DISCLOSURE OF INTERESTS

The Commissioners and staff complied with the requirements of Section 25 (Disclosure of Interests) of the Communications Regulation Act, 2002. There were no transactions in the year in relation to the Commission's activities in which the Commissioners had any interest.

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 30 JUNE 2005

12. PENSIONS

(a) Description of Scheme

The Commission for Communications Regulation is a national regulatory authority established under the Communications Regulation Act 2002. Sections 26 and 27 of the act provides that the Commission shall make schemes for granting of superannuation benefits to and in respect of Commissioners and staff members, subject to Ministerial approval.

A funded defined benefit scheme is being operated for the Commissioners and employees of the Commission.

For the purposes of reporting in accordance with Financial Reporting Standard 17 – Retirement Benefits, the Commission has been advised by a qualified actuary. A valuation has been prepared by the actuary in order to assess the liabilities of the superannuation scheme at 30 June 2006.

(b) Financial Assumptions

The financial assumptions used to calculate the scheme liabilities under FRS 17 are

	30 June 2006	30 June 2005
Discount rate	5.10%	4.60%
Salary increases	4.25%	4.25%
Pension increases	3.25%	3.25%
Inflation increases	2.25%	2.25%

The market value of the assets in the pension scheme, the expected rate of return and the scheme liabilities at 30 June 2006

	Expected Return 30 June 2006 %	Expected Return 30 June 2005 %	Market Value 30 June 2006 €'000	Market Value at 30 June 2005 €'000
Equities	7.40	6.70	5,050	3,553
Bonds	4.00	3.20	684	574
Property	6.80	4.70	438	306
Cash	3.00	3.00	545	200
Total market value of assets			6,717	4,633
Present value of pension scheme liabilities			(11,077)	(10,896)
Net pension (Liability)			(4,360)	(6,263)

12. PENSIONS (continued)**(c) Analysis of total pension costs charged to expenditure**

	Year to 30 June 2006 €'000	Year to 30 June 2005 €'000
Current Service Cost	1,192	756
Past Service Cost	15	
Interest on pension scheme liabilities	215	157
	1,422	913
(d) Analysis of amount recognised in the Statement of Recognised Gains and Losses		
Actual return less expected return on assets	292	377
Experience gains and losses	716	(695)
Changes in assumptions	1,156	(2,032)
Actuarial Gain / Loss recognised in STRGL	2,164	(2,350)
(e) Movement in Surplus during the year		
Deficit at the beginning of the year	(6,263)	(3,939)
Current Service Cost	(1,192)	(756)
Past Service Costs	(15)	-
Contributions	995	939
Transfers in for Prior Service	166	-
Other finance income / (costs)	(215)	(157)
Actuarial Gain / (Loss)	2,164	(2,350)
Deficit at end of year	(4,360)	(6,263)
(f) History of experience gains and losses		
Difference between expected and actual return on scheme assets amount (€'000)	292	377
percentage of scheme assets	4.3%	8.1%
Experience gains and losses on scheme liabilities amount (€'000)	716	(695)
percentage of present value of scheme liabilities	(6.5)%	6.4%
Total amount recognised in STRGL amount (€'000)	2,164	(2,350)
percentage of present value of scheme liabilities	(19.5)%	21.6%

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 30 JUNE 2005

12. PENSIONS (continued)

(g) Effect of the change in accounting policy

The effect of the change in accounting policy arising from the introduction of FRS 17 is to recognise as expenditure in the year the cost of pensions earned rather than the payments made to the scheme. In addition, the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 30 June 2006, whereas previously this liability was disclosed by note only.

(h) Prior Pensionable Service

The assets and liabilities of the pension scheme relate to retirement benefits arising from service with the Commission and service with other public bodies prior to joining the Commission. The Commission is entitled to seek to recover the cost of funding the prior service from other public bodies under the terms of its membership of the Civil Service Transfer Network. The trustees of the ComReg pension scheme are also entitled under Section 27 of the Communications Regulation Act, 2002 to seek a payment from the Minister for Finance in respect of the superannuation benefits of former ODTR staff who transferred to ComReg.

For service transferred by members prior to 30 June 2006, ComReg estimates that the total value of payments receivable under either of these mechanisms is €2m of which €1m was received after 30 June 2006. Pending resolution of the amounts due no asset has been recognised in the financial statements.

(i) Funding of Pensions

The Commission intends to review the superannuation scheme to determine how the deficit is to be addressed.

(j) Restatement of Accounts

The Commission adopted the requirements of FRS 17 for the year ended 30 June 2006 and consequently restated its results for the year ended 30 June 2005 in accordance with FRS 17. The restated Surplus for 2005 is presented for comparison purposes only. The Actual Surplus for 2005 (€8,653,000) as shown in the financial statements for that year has been paid over to the Central Fund. The comparative Reserves figure in the Balance Sheet for the year ended 30 June 2005 have been adjusted as follows:

	Closing Reserves 30 June 2005 €'000
As Originally reported	544
Prior Year adjustment	(6,263)
As restated	(5,719)

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2006.

14. RELATED PARTY TRANSACTIONS

As part of the ordinary course of business, ComReg has had transactions with other government departments and other state bodies.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Mike Byrne, Chairperson, Commission for Communications Regulation on 19 June 2007.

Appendix 1

LIST OF DOCUMENTS PUBLISHED BY COMREG DURING THE YEAR

05/49	Consultation on the Proposed Financial Reporting Obligations on RTÉNL in the Wholesale National Markets for Analogue Terrestrial Broadcasting Transmission
05/49a	Annex to Consultation Paper 05/49-Financial Statements
05/50	Guidelines for VoIP Service Providers on Treatment of Consumers
05/51	Response to Consultation on Remedies & Notification to the European Commission - Market Analysis Wholesale Voice Call Termination on Individual Networks
05/52	Deferral of revised radio links fee structure as outlined in ComReg 03/124
05/53	Postal Levy 2005
05/54	CPS Code of Practice Breach: Optic Communications - misleading information
05/55	ComReg response to the Broadcasting Commission of Ireland consultation paper on BCI Ownership and Control Policy
05/56	Consultation on the Proposed Financial Reporting Obligations for Dominant Mobile Network Operators having Accounting Separation and/or Cost Accounting Systems
05/56a	Annex A - Indicative list of products/services per market - ComReg 05/56a
05/56b	Annex B - Proposed financial statements - MTRs - ComReg05/56b
05/56c	Annex C - Proposed financial statements - MACO - ComReg 05/56c
05/57	Notice of Number Changes 2006
05/58	Review of fees applicable to rights of use for radio frequencies
05/59	Consultation on ComReg Postal Strategy Statement (2005-2007)
05/60	Competition for 3G Services in Ireland: Tender Document for One "B" Licence to provide 3G Services in Ireland.
05/61	Additional Spectrum available for 10.5 GHz FWALA
05/62	National Numbering Conventions (Version 5.0) Reference
05/63	Response to Consultation Revised Numbering Conventions Publication of V5
05/64	Directory Enquiry Services and Directories - Amendment of requirement to make directories available in CD format
05/65a	ComReg Trends Report Q2 2005, prepared by Amárach Consulting
05/65b	Trends Survey Series - Wave 2, 2005. Residential Telecommunications and Broadcasting Survey Report
05/66	ComReg warns consumers of possible misunderstanding with recent fixed line packages
05/67	Consultation on retail minus wholesale price control for the WBA market
05/68a	Application from An Post to increase the prices for reserved postal services
05/68R	An Post's proposals to increase the price of Domestic Postal Service 2005
05/69	Extension of response period for the MACO elements ComReg Document 05/56
05/70	Universal Service Requirements: Provision of access at a fixed location - connection to public telephone network and provision of functional internet access
05/71	Update to Directions to Eircom: Local Loop Unbundling
05/72	Spectrum Management Strategy Statement 2005 -2007
05/72a	Spectrum Management Strategy Statement 2005 -2007 - Section 1
05/72b	Spectrum Management Strategy Statement 2005 -2007 - Section 2
05/72c	Spectrum Management Strategy Statement 2005 -2007 - Section 3
05/72d	Spectrum Management Strategy Statement 2005 -2007 - Section 4
05/72e1	Spectrum Management Strategy Statement 2005 -2007 - Section 5(1st part)
05/72e2	Spectrum Management Strategy Statement 2005 -2007 - Section 5(2nd Part)
05/72f	Spectrum Management Strategy Statement 2005 -2007 - Section 6
05/72g	Spectrum Management Strategy Statement 2005 -2007 - Annex 1 & 2
05/72h	Spectrum Management Strategy Statement 2005 -2007 - Annex 3
05/72i	Spectrum Management Strategy Statement 2005 -2007 - Annex 4
05/72j	Spectrum Management Strategy Statement 2005 -2007 - Cover & Back
05/73	Irish Communications Market: Quarterly Key Data - September 2005
05/73a	Irish Communications Market: Quarterly Key Data - September 2005: Explanatory Memorandum
05/73b	Irish Communications Market: Quarterly Key Data - September 2005: Raw Data
05/74	New Licensing Scheme for the provision of business radio services to third parties
05/75	An Post's Quality of Service for Domestic Single Piece mail (Q2 2005)
05/76a	SME Telecommunications Survey 2005: Report & Analysis
05/76b	SME Telecommunications Survey 2005: Survey Results.
AR 03/04	Statutory Annual Report and Accounts for 2003 to 2004
AR 03/04a	Tuarascáil agus Cuntais Bhliantúla ón gCoimisiún um Rialáil Cumarsáide 2003-2004
CP39	Presentation "Regulation, Remedies, Appeals and Penalties" by Isolde Goggin, Chairperson ComReg to Competition Press Conference, Dublin October 4, 2005
CP40	Paper "Regulation, Remedies, Appeals and Penalties" by Isolde Goggin, Chairperson ComReg to Competition Press Conference, Dublin October 4, 2005
05/77	Strategy Statement 2005 - 2007
05/77a	Ráiteas Straitéise (2005-2007)
CP32	National Conference 2005 - Presentation by Peter Alexiadis
CP33	National Conference 2005 - Presentation by Philip Nolan
CP34	National Conference 2005 - Presentation by Teresa Elder
CP35	National Conference 2005 - Presentation by Per Borgklint
CP36	National Conference 2005 - Presentation by Kerry Ritz
05/78	Market Analysis - Decision on SMP Obligations: Wholesale Voice Call Termination on Individual Mobile Networks
CP37	Paper to Dublin Economic Workshop, Kenmare on Spectrum Policy October 15, 2005 - Dermot Nolan, ComReg Senior Economic Advisor
CP38	Presentation to Dublin Economic Workshop, Kenmare on Spectrum Policy October 15, 2005 - Dermot Nolan, ComReg Senior Economic Advisor
05/79	Information Notice: The Awarding of National Licences for the Provision of Wideband Digital Mobile Data Services
05/80	Information Memorandum: Process for the Awarding of National Licences for the Provision of Wideband Digital Mobile Data Services
05/81	Information Note: eircom's Response to Operators' LLU Product Development Requests
eircom0501	eircom's response to Operator's LLU Product Development Requests
05/82R1	Guidelines to applicants for Third Party Business Radio (TPBR) Licences
05/82aR1	Application Form - Third Party Business Radio Licence
05/83	Revised Interim Order Handling Charges
05/84	26 GHz Fixed Service Band - Spectrum Rationalisation
05/85	The Universal Postal Service - A working definition
05/86a	ComReg Trends Report Q3 2005, prepared by Amárach Consulting

Appendix 1 CONTINUED

05/86b	Trends Survey Series Q3 2005. Residential Telecommunications and Broadcasting Survey Report
05/87	.eu Domain - Public Body Validation Criteria
05/88	Response to consultation and draft direction on retail minus wholesale price control for the WBA market
05/89	Review of fees applicable to rights of use for radio frequencies
05/90	Call for Proposals: Provision of ENUM Tier 1 Registry Services
05/90a	ENUM Terms of Reference: Commercial Operation in Ireland
05/91	Christmas Internet Shopping Survey. Trend Series Q4, 2005
05/92a	Explanatory Memorandum to Quarterly Key Data Report - December 2005
05/92b	Irish Communications Market: Quarterly Key Data - December 2005: Raw Data
05/93	Award of available spectrum: 1785 - 1805 MHz (ComReg and Ofcom)
05/93a	Annexes to 05/93: Award of available spectrum: 1785 - 1805MHz (ComReg and Ofcom)
05/94	Response to Consultation & Decision Notice - An Post Domestic Pricing Application 2005
05/95	Information Notice - An Post's Quality of Service for Domestic Single Piece Mail Q3 -2005 and Year to Date: Jan. - Sept. 2005
05/96	Regional DVB in the UHF Band
06/01	Retail minus wholesale price control for the Wholesale Broadband Access market
06/02	Reductions in mobile termination charges by Vodafone, O2 and Meteor will benefit consumers
06/03	Complaints about tele-marketing calls
06/04a	Business Telecommunications Survey Wave 2, 2005: Report & Analysis
06/04b	Business Telecommunications Survey Wave 2, 2005: Survey Data
06/05	Market Analysis: Retail Markets (1 - 6), Interconnection Market (8 - 10)
06/06	ComReg Response to Dept. of Communications, Marine and Natural Resources Consultation on the Draft Electronic Communications (Miscellaneous Provisions) Bill
06/07	ComReg Response to the Forfás Report on Benchmarking Ireland's Broadband Performance
06/08a	ComReg Trends Report Q4 2005, prepared by Amárach Consulting
06/08b	Trends Survey Series Q4 2005. Residential Telecommunications and Broadcasting Survey Report
06/09a	2005 Postal Services Survey IMS Business
06/09b	2005 Residential Postal Services Survey
06/10	Information Notice - Retail Access and Calls market review. Further consultation in relation to markets 1-6.
IRG/ERG 01	IRG/ERG Call for inputs into review of EU Framework on Electronic Communications
05/93b	Co-ordinated ComReg/Ofcom Spectrum Award in 1785-1805 MHz
06/11	ComReg response to the Department of Communications, Marine & Natural Resources' report on Broadband demand
06/12	2005-2006 Programme of Measurement of Non-Ionising Radiation emissions - First Interim Report
06/13	Review of VoIP Framework 2006
06/14	Universal Service Obligation - Relocation/Removal of Public Pay Telephones
03/102R	Guidance on Completion of Notification Form Relating to a General Authorisation
03/82R2	Notification Form for a General Authorisation Revised
06/15	Irish Communications Market: Quarterly Key Data - March 2006
06/15a	Irish Communications Market: Quarterly Key Data - March 2006: Explanatory Memorandum
06/15b	Irish Communications Market: Quarterly Key Data - March 2006: Raw Data
06/16	The Future Provision of Telephony Services Under Universal Service Obligations
06/16a	Consultation Summary - The Future Provision of Telephony Services Under Universal Service Obligations
06/17R	Revised Guidelines to Applicants to Fixed Wireless Access Local Area (FWALA) Licences
06/17a	Revised Application Form for Fixed Wireless Access Local Area (FWALA) Licence
06/18	Information Notice Comparative Evaluation Stage - Revised FWALA Licensing Process
06/19	Information Notice - An Post's Quality of Service Domestic single piece mail. Annual Report - January to December 2005
06/19a	Annex A TNS mrobi Report - First to Fourth Quarter 2005
06/19b	Annex B TNS mrobi Report - Fourth Quarter 2005
06/20	Market Analysis - Wholesale International Roaming
06/21	Information Notice - Status Update on Local Loop Unbundling
CP41	OECD/ComReg Workshop - Agenda
CP41a	OECD/ComReg Workshop - Presentation by Ruprecht Niepold
CP41b	OECD/ComReg Workshop - Presentation by Phillipa Marks
CP41c	OECD/ComReg Workshop - Presentation by Eric R. Stark
CP41d	OECD/ComReg Workshop - Presentation by Thomas W. Hazlett
CP41e	OECD/ComReg Workshop - Presentation by Paul Kolodzy
CP41f	OECD/ComReg Workshop - Presentation by Jorge Pereira
CP41g	OECD/ComReg Workshop - Presentation by Linda Doyle
CP41h	OECD/ComReg Workshop - Presentation by Robert Mourik
CP41i	OECD/ComReg Workshop - Presentation by Benoist Deschamps
CP41j	OECD/ComReg Workshop - Presentation by Jim Connolly
CP41k	OECD/ComReg Workshop - Presentation by Robert Pepper
CP41l	OECD/ComReg Workshop - Presentation by Graham Louth
CP41m	OECD/ComReg Workshop - Presentation by Philip Laven
06/22a	ComReg Trends Report Q1 2006 prepared by Amárach Consulting
06/22b	Trends Survey Series Q1 2006. Residential Telecommunications and Broadcasting Survey Report
06/23	Information Notice - Interconnection Rates for 2004/05, 2005/06 and 2006/07
05/92R	Irish Communications Market: Quarterly Key Data - December 2005
06/24	2006 Programme of Measurement of Non-Ionising Radiation emissions
06/25	Information Notice - An Post's Quality of Service Domestic single piece mail. Quarter 1, January to March 2006
06/25a	TNS mrobi Report - Interim Report - items posted on or between 1 January & 31 March 2006
06/26	Guidelines for Applicants - Wireless Public Address System (WPAS)
06/26a	Application Form - Wireless Public Address System (WPAS)
06/27	Notification to eircom of non-compliance by eircom with its non-discrimination obligation
06/28	Irish Communications Market: Quarterly Key Data- June 2006
06/28a	Irish Communications Market: Quarterly Key Data- June 2006: Explanatory Memorandum
06/28b	Irish Communications Market: Quarterly Key Data- June 2006: Raw Data