



Commission for
Communications Regulation

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Annual Report
Year ended June 2007

Presented to the Minister
for Communications,
Energy 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



John Doherty
Chairperson
Commissioner



Mike Byrne
Commissioner



Alex Chisholm
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

Organisational structure and roles

The Commission for Communications Regulation (ComReg) was established on December 1, 2002. ComReg is currently led by three Commissioners, John Doherty (Chairperson), Mike Byrne and Alex Chisholm. 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. These are set out in a number of statutes as well as in secondary legislation. In 2007, ComReg's responsibilities and powers, as well as available enforcement measures were substantially increased by the Communications Regulation (Amendment) Act 2007. In particular, ComReg was granted Competition Act powers in relation to electronic communications and services.

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, under 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 a 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 (NGNs), 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 and residential communications users and operators. This Annual Report covers our key activities from July 2006 to the end of June 2007.

The Commissioners' Office

Commissioner John Doherty (Chairperson)
Commissioner Mike Byrne
Commissioner Alex Chisholm

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 manages radio spectrum and issues approximately 19,000 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: Sinéad 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 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 functions.

Contact: Sharon Ward,
Divisional Assistant at 01 8049710

Retail Division – Director:

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 is also 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 that 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 8049639

Chairperson's review



John Doherty
Chairperson

During the period of this Report competition within Ireland's electronic communications market intensified with very strong growth in broadband subscriptions and more offerings in both the fixed-line and mobile sectors.

ComReg believes it is vital that Ireland has a modern and competitive telecommunications industry and postal sector to underpin, and sustain, the continued expansion of our knowledge economy. For our businesses, companies and consumers the availability of a modern, diverse and competitive telecommunications sector is essential.

In June 2007, the Irish electronic communications market had annual revenues of €4.5 billion. The strong growth in broadband take-up and mobile were the key drivers of this continued growth. 2007 was an eventful year marked by significant mergers and acquisitions among communications companies. Vodafone entered the fixed-line business with its purchase of Perlico. 3 Ireland has also entered the fixed market with the acquisition of Pure Telecom. In the mobile sector, consumers were offered further choice following the Mobile Virtual Network Operator (MVNO) deal between Tesco and O2.

Broadband

Broadband subscriptions grew very strongly in 2007. In terms of per capita broadband penetration, Ireland's growth rate to June 2007 was the highest in the OECD. By the end of June 2007, there were some 698,000 broadband subscriptions in Ireland. In comparison, broadband subscriptions stood at 372,000 at the end of June 2006. During the period under review, broadband subscriptions increased by 75%.

It is imperative that all those who wish to get broadband have access to it, be that in their homes, businesses or communities. In order to achieve this end, ComReg has continued to assist and support the Department of Communications, Energy and Natural Resources (DCENR) with the design and implementation of the National Broadband Scheme (NBS). The first phase of the procurement process to identify an NBS service provider began in May 2007.

Local Loop Unbundling

In May 2007, following interventions by ComReg with Eircom, and on foot of discussions between industry, ComReg and Eircom, ComReg provided clear guidance on timelines for the resolution of all material matters pertaining to LLU at that time. As required, Eircom addressed the outstanding elements on schedule and an efficient LLU process is now in place.

LLU has been a key driver of competition and innovation in other markets. It has contributed significantly in the rise of broadband take-up in the UK for instance where, after years of delays, the functional separation of BT has resulted in over 2 million lines now being unbundled. The opportunity now exists for operators to avail of LLU and ComReg will continue to work with the Industry to ensure this opportunity can be realised.

Mobile

Currently, there are over 4.8 million active mobile subscriptions in Ireland which is equivalent to a penetration rate of around 114% - In line with the European average. An estimated 75% of all mobile subscriptions in Ireland are pre-paid connections. 2007 also was marked by the entrance of a fifth mobile provider, Tesco Mobile, to the Irish market. An estimated 6.6 billion texts messages were sent by Irish mobile subscribers during the period under review. Over 1 million mobile phone numbers have been switched between networks since mobile number portability was introduced by ComReg in June 2003.

Consumer Initiatives

Protecting and ensuring that consumers can make informed decisions is a cornerstone of our work. In this context, ComReg has in the period of this Report undertaken a range of initiatives, including:

- Working with the Data Protection Commissioner, we conducted a radio campaign highlighting the National Directory Database (NDD) opt-out register. This campaign informed consumers of their rights in relation to stopping unwanted marketing calls
- ComReg also undertook a major review of consumer contracts to establish the level of compliance with the requirements of Article 20 of the Universal Service Directive
- ComReg established a forum on "Services for People with Disabilities" to promote and encourage service providers to ensure that services are accessible to people with disabilities.

Spectrum/Innovation

Ireland is recognised as one of the leaders in Europe in terms of its innovative approach to spectrum licensing. ComReg has continued to make spectrum available for a range of companies who provide broadband and data services for businesses and consumers. For example, ComReg has, following consultation, expanded the service areas for the FWALA providers as well as facilitating through the introduction of geographical service areas, the aggregation of a number of licensed areas to enable the provision of services on a regional basis.

During the period under review, ComReg also held a competition with its counterpart in Northern Ireland which was the first co-ordinated spectrum auction between the two regulators. The competition was for spectrum in the 1785 MHz – 1805 MHz band and it was won by Personal Broadband UK Ltd.

Postal

In the postal sector, quality of service continued to improve in 2007. By June 2007, it stood at 78% for next day delivery, up from 73% year on year. In Dublin 81% of mail posted in Dublin for next day nationwide delivery is delivered. However, as this remains short of the target set of 94%. ComReg will continue to work to ensure that An Post achieves further improvement in this important area.

ComReg also published Complaints and Dispute Resolution Guidelines for the postal sector which provide for simple and inexpensive procedures for dealing with user complaints. In the event of loss, theft, damage or non-compliance with service quality standards, the Guidelines will ensure an appropriate form of redress is available to cover the cost of the mailing, including postage.

ComReg was given additional statutory responsibilities by the Oireachtas during 2007. In May 2007, the Communications Regulation (Amendment) Act 2007 was enacted and it revised the 2002 Communications Act which established ComReg.

The new law provides ComReg with additional powers and responsibilities for investigation, information-gathering and enforcement. In addition, ComReg has been given new responsibilities in relation to the Emergency Call Answering Service and the regulation of .ie domain registry names.

2007 also marked the tenth anniversary of the regulation of the electronic communications sector in Ireland. During that ten-year period, the electronic communications and postal landscapes have been totally transformed. Communications, now more than ever, plays a huge role in all of our business, family, social, educational and working lives. Liberalisation has brought benefits to the consumer as over the last ten years as telecoms prices have dropped by 20%. Businesses and consumers now have a greater range of choice and products than ever before.

Looking forward there will be many challenges for all stakeholders as convergence between technologies continues apace. There will be significant changes to the European Regulatory Framework and further take-overs and consolidations within the industry will take place.

It is also essential that we continue make further progress in the introduction of Next Generation Networks, and new wireless technologies such as WiMax and HSDPA. We have started down the road towards Digital Terrestrial Television. ComReg anticipates new regulations in relation to postal services as we move towards the full liberalisation of the market.

ComReg will continue to ensure consumers are informed and protected, by means of our own initiatives and by working with other consumer agencies. ComReg will continue to work with all of its stakeholders to ensure that Ireland's competitive and dynamic communications and postal sectors are sustained and developed.

The communications sector at a glance

Overview

- Competition in the Irish communications market picked up pace in 2006 with an ever growing number of authorised operators, particularly in the broadband market which experienced record levels of growth in the first three months of 2007. The electronic communications sector generated an estimated €4.5 billion in revenue on an annualised basis to the end of June 2007. 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 was a noticeable trend towards bundling of multiple services for a set monthly fee, driven primarily by increased consumer demand for broadband. ComReg research¹ indicates that by December 2006, an estimated 41% of households with a fixed line were availing of a bundled package from a single provider.
- Broadband penetration grew strongly in the period on the back of increased marketing by a growing number of Internet Service Providers (ISPs), rising Personal Computer (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. By March 2007², 60% of households with internet access were accessing the Internet by means of a broadband connection.
- The mobile penetration rate was at 114% by the end of June 2007, driven by ownership of multiple SIMs. Mobile phone ownership exceeds home fixed line phone ownership, a trend mirrored in other markets worldwide. A number of mobile operators began to provide mobile broadband services using technologies such as High-Speed Data Packet Access (HSDPA). As an increasing number of householders choose not to use a fixed line, such mobile broadband services offer an alternative means of broadband access.

1. Amárach Consulting trend survey available at http://www.comreg.ie/_fileupload/publications/ComReg0713.pdf

2. Amárach Consulting trends survey available at http://www.comreg.ie/_fileupload/publications/ComReg0732.pdf

Number of Operators

Under the authorisations process, operators in Ireland notify ComReg of their intention to provide networks or services to third parties. By June 2007, 392 such notifications were registered by ComReg.

Fixed Market Share

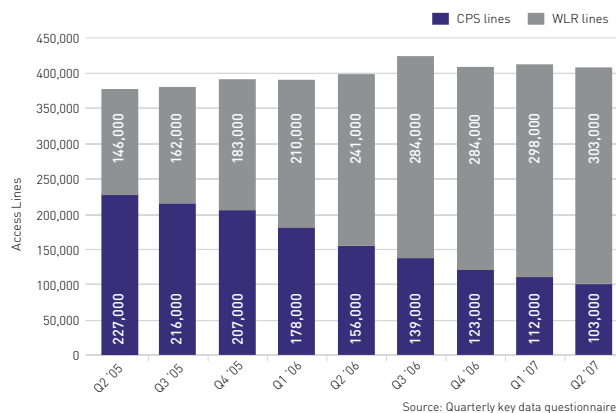
Based on operator data submitted via the Quarterly Report questionnaire, Other Authorised Operators (OAOs) accounted for 32% of the total fixed line market in terms of revenue by June 2007, up from 26% in June 2006.

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 the incumbent operator's network. The customer pays line rental to the latter. 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 2007, WLR accounted for 75% of lines provided via indirect access, up from 61% at the end June 2006 - evidence of consumers' preference for a single bill from their service provider. According to a residential survey commissioned by ComReg in February-March 2007, 34% of fixed line households had shopped around at some stage to compare prices between fixed line operators. The same survey found that the average bi-monthly spend on fixed line telephony was €97.20.

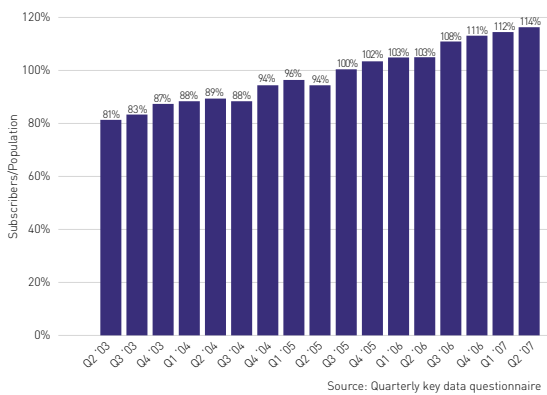
Fig 1.1: Indirect Access: CPS and WLR
Carrier Pre-Select and Wholesale Line Rental



Fixed Telecom Access Paths

There were just over 2.1 million direct and indirect PSTN and ISDN access paths in the Irish market in the second Quarter of 2007. Indirect access using WLR or CPS accounts for 22% of all access paths in the fixed market. The number of unbundled access paths was 18,600 by the end of June 2007.

Fig 1.2: Mobile Penetration Rate
Mobile Penetration Q2, 2003 - Q2, 2007



Mobile

At the end of June 2007, there were 4.8 million subscribers to mobile communications services in Ireland, which translates to a penetration rate of 114%. The EU average for the same period was 113%.

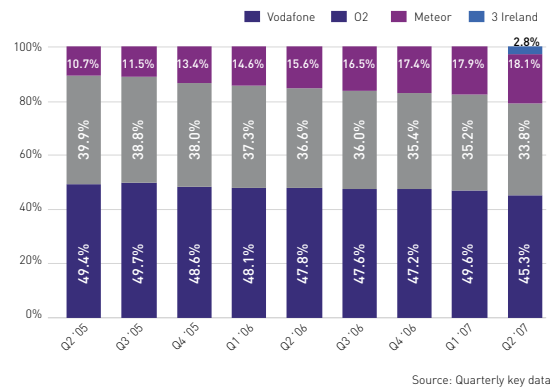
Text messaging continued to be a popular application of mobile services. In the last Quarter to the end of June 2007, the average Irish mobile subscriber sent an average of 123 messages per month. ComReg also found that the Average Minutes of Use per mobile subscriber in Ireland was 232 minutes per month. This figure excludes usage of data services such as text messaging.

The Yankee Group estimates that in Ireland Average Revenue Per User (ARPU) was €44.07 in June 2007. 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 €53.

Mobile Market Share

Meteor Ireland increased its market share of GSM subscribers to over 18% by the end of March 2007. Vodafone Ireland and O2 continued to retain the largest share of the GSM market. ComReg published 3 Ireland's market share for the first time in June 2007 at which time it was 2.8%. As this data was included, market shares for previous quarters are not comparable. Also, it should be noted that while 3 Ireland's market share is presented as a percentage of overall subscribers it only operates in the 3G sector.

Fig 1.3: Mobile Subscriber Market Share
Market Share by Subscription Q2 2005-Q2 2007



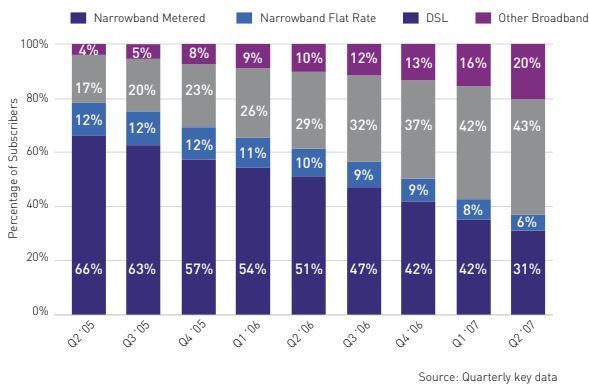
The communications sector at a glance continued

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 ADSL. Narrowband subscribers, both flat-rate and pay-as-you go (metered) services, made up only 37% of the total internet market by June 2007. Mobile broadband subscribers were included in the "other broadband" category for the first time in June 2007 and for this reason data from this time period is not directly comparable with earlier data.

Fig 1.4: Narrowband and Broadband Internet subscribers, 2005-2007

Narrowband Metered, Narrowband Flat-rate, DSL and other Broadband Subscriptions.



Broadband

By the end of June 2007, over 698,000 internet subscribers were using broadband technologies. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions with over 472,700 subscribers connecting via this technology at the end of the period. However, alternative broadband platforms other than DSL grew strongly over the last twelve months, and by the end of the period cable subscriptions totalled nearly 68,900 while Fixed Wireless Access (FWA) subscribers were up to nearly 102,500. For the first time in Quarter 2 2007, ComReg included an estimate of the number of mobile broadband subscribers in the total broadband figure published. ComReg estimates that there were 45,000 mobile broadband subscribers by the end of June 2007.

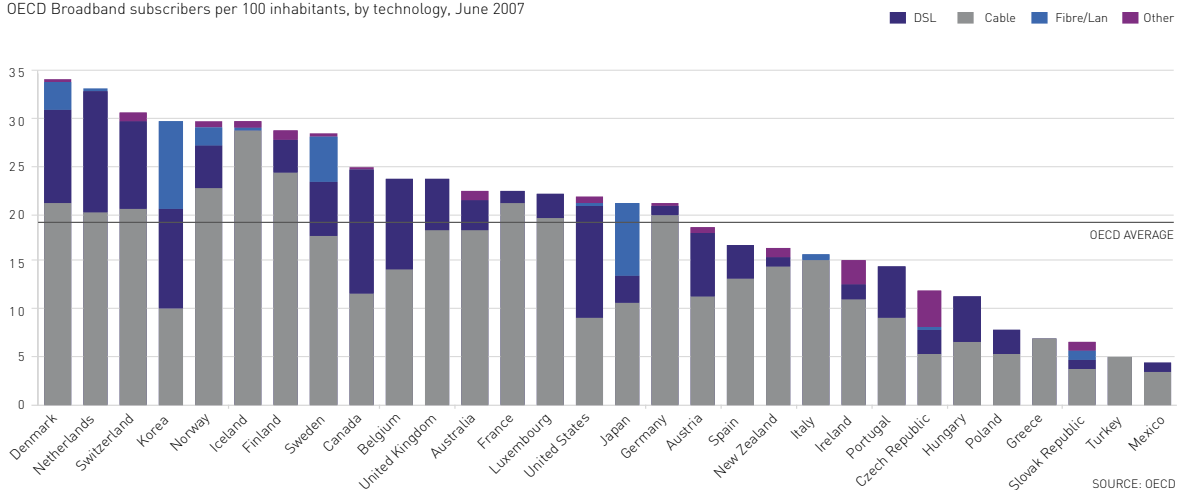
DSL represented 68% of all broadband subscriptions. Comparative data benchmarking Irish broadband penetration against OECD countries is included below. In addition to broadband subscriptions noted above, there are in excess of 2,345 WiFi access points in Ireland providing nomadic broadband access nationwide.

Figure 1.5: Broadband subscriber numbers and growth rates by platform

Platform	Q2 07 Subscribers	Quarterly Growth Q107-Q207	Year-on-Year Growth Q206-Q207
DSL	472,700	8%	72%
Cable	68,900	7%	73%
FWA	102,500	9%	95%
Other	8,900	21%	94%
Sub-Total	653,000	8%	75%
Mobile Broadband	45,000	n/a	n/a
Total	698,000	n/a	n/a

Fig 1.6: Broadband Penetration in the OECD - June 2007

OECD Broadband subscribers per 100 inhabitants, by technology, June 2007



Broadcasting

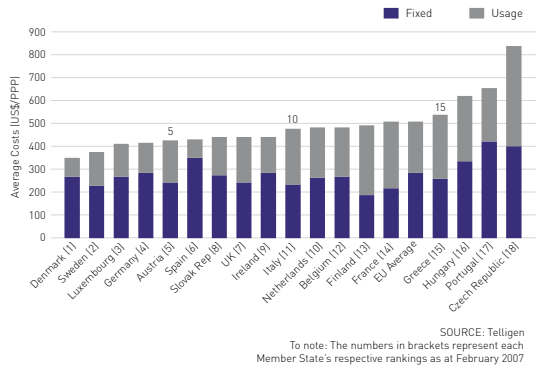
By the end of June 2007, there were 565,000 cable/MMDS subscribers in Ireland. Overall, there were more than one million pay TV subscribers, 75% of which subscribed to digital television services. There is continued migration from analogue to digital TV, with digital households representing approximately 55% of all households with a television.

Tariffs

Ireland's PSTN and mobile tariffs remained relatively constant in this period as measured by a set of OECD-approved price baskets.

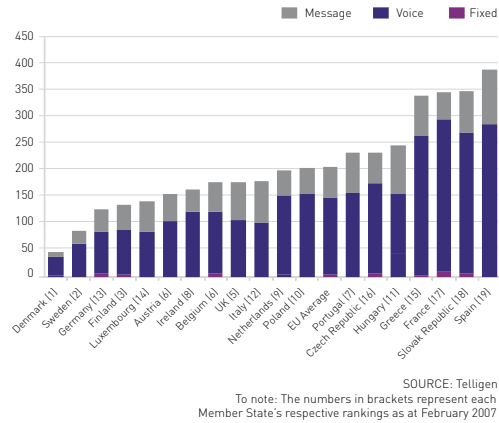
In May 2007, Ireland was ranked at ninth position, which was six places better than the EU average in terms of price for a basket of residential calls and line rental.

Fig 1.7: PSTN Residential Basket
OECD National Residential Basket - May '07



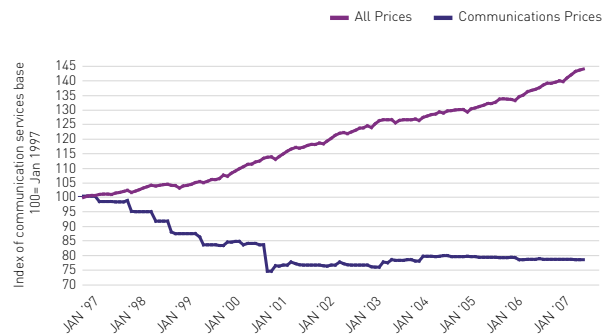
ComReg also collects comparative tariff data on a number of mobile baskets, including low, medium and high-user post-paid baskets and a prepaid basket. As more than two-thirds of mobile subscriptions in Ireland are pre-paid, this basket is presented below for comparative analysis of mobile tariffs across the EU. In May 2007, Ireland was ranked in seventh position in this basket, six places better than the EU average.

Fig 1.8: Mobile Prepaid Basket
OECD Pre-Paid Basket - May 2007



In overall terms, telecoms prices have been declining over the last few years. Overall communication costs (i.e. post and telecoms) remained unchanged in the month of June 2007 and also remained unchanged in the year to June 2007.

Fig 1.9: Communications Price Index relative to Total Price Index in Ireland
Index of Telecoms Prices in Ireland Jan 1997 - June 2007



Competition

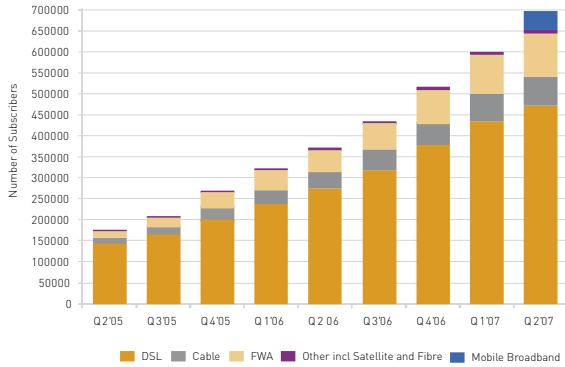
Broadband

The year to June 2007 was marked by significant progress in Ireland with regard to broadband in a number of areas. Broadband penetration increased at a faster rate relative to the rest of the EU. As a consequence, by year-end Irish penetration rates were close to the EU average and still growing rapidly. Significant progress was also made in relation to Local Loop Unbundling (LLU) with agreement being reached with Eircom in May 2007 that it would implement a number of product features which had previously been in dispute. Also notable was that fact that alternative infrastructure providers continuing to increase market share.

Since the beginning of this year, the availability of High Speed DownLink Packet Access (HSDPA) was providing mobile broadband access at speeds between 1.4 and 3.6 Mb to a growing number of Irish consumers. By the end of June 2007, ComReg estimated that there were around 45,000 subscriptions to this service. In order to fully reflect the range of broadband services available to customers in Ireland, ComReg therefore included this data in its overview for the first time.



Broadband Subscriptions by Platform



Source: Quarterly Key Data Questionnaire

Relative to other developed countries, Ireland still lagged in terms of broadband penetration although, because its rate of growth was relatively high, the gap was closing. Nevertheless, the gap between leading countries such as The Netherlands or Denmark and Ireland was still considerable.

Availability

National Broadband Scheme

On May 2, 2007, the Department of Communications, Marine and Natural Resources (DCMNR) announced the commencement of the procurement process for the National Broadband Scheme (NBS). The objective of the NBS is to encourage and secure the provision of broadband services to certain target areas in Ireland in which broadband services are not currently available and are unlikely to be available in the near future. It is envisaged that the NBS will lead to a broadband product

being available to fixed locations in these areas which is affordable, sustainable and scalable. It was intended that the broadband service delivered under the NBS will be broadly comparable to the products enjoyed in the majority of currently served areas, now and in the future.

Regulatory Issues

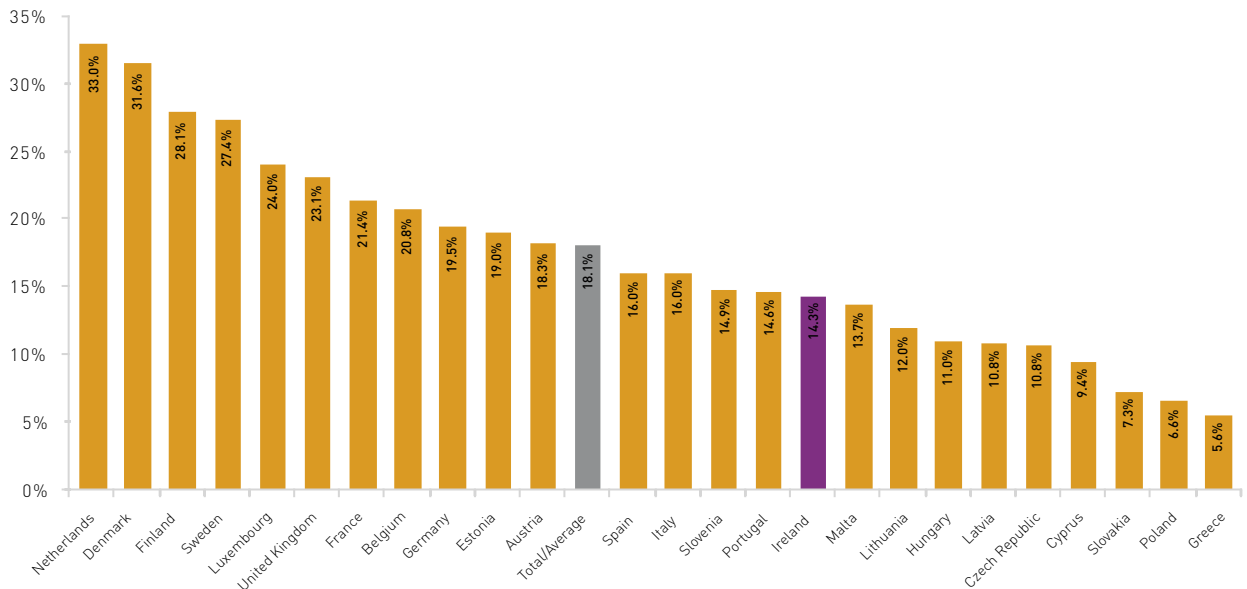
Local Loop Unbundling

Local Loop Unbundling (LLU) is a key wholesale product in telecommunications which provides the ability for non-incumbent operators to provide new and innovative broadband products. Experience in other countries suggests that LLU is a key stimulant of broadband innovation and take up.

LLU is the process whereby a new entrant operator takes control of the access path between an exchange and an end-user premises by renting it from Eircom, and using it to provide services using its own, as opposed to Eircom's, equipment. In ComReg Document 06/30 – Status Update on Local Loop Unbundling, published on July 6, 2006, ComReg indicated that there were four key areas to be addressed with regard to industry requirements for Local loop Unbundling:

1. Number Portability and LLU (known as GLMP);
2. Co-existence of Line Share and Wholesale Line Rental;
3. Ongoing delivery problems associated with the existing LLU product;
4. Wholesale Product Combinations & Migrations.

European Broadband Penetration Rate, ECTA (March 2007*)



SOURCE: ECTA
Note: *Data for Cyprus and Denmark is from September 2006

Competition continued

ComReg published a number of LLU Status Update reports during the period under review which documented developments with regard to this important product. While significant difficulties were encountered during the period, LLU Update 07/25 (Status Update on Local Loop Unbundling - Issue 8) confirmed that ComReg was in a position to provide clear guidance on timelines for the resolution on all material matters pertaining to LLU at this time and that Eircom had now committed to resolving all of the issues identified as outstanding (the vast majority) by September 2007.

The major issues that have been resolved in principle are that Eircom agreed to:

1. Implement all requested migration paths to LLU from other wholesale products. Return paths are also to be developed, which should improve consumer confidence in the LLU product;
2. Introduce changes to the existing product in stages until September 2007 which should lead to significant improvements in product performance;
3. Provide a standard Service Level Agreement (SLA) which is to meet industry requirements;
4. Conclude negotiations on and implement an enhanced SLA;
5. Conclude negotiations on and supply appropriate LLU backhaul.

Next Generation Networks

In March of 2007, ComReg set the scene for industry by holding an NGN forum. The aim of the forum was to facilitate industry in discussing Next Generation Networks, understanding the current trends and examining what has happened to date across Europe. It was also an opportunity for Eircom to present its vision of a next generation network and for alternative operators to give their views. ComReg proposed some general policy principles for consideration.

This was followed in April with the formation of the NGN Industry Steering Group (NISG). Two sub-groups, namely the NGN Core working group and the NGN Access working group were also formed. The NISG is a cross-industry group which examines the technical, interconnect, regulatory and commercial issues associated with NGNs.

The purpose of the NISG is to create and manage the framework within which the communications industry can discuss issues, and agree plans, to facilitate the successful introduction and deployment of all next generation networks and next generation access in Ireland. The purpose of the Core and Access working Groups is to discuss and agree detailed implementation issues such as interoperability, product definition and also to ensure that all consumer issues are addressed.

In July 2007, ComReg published a Position Paper (07/40) the purpose of which is to deal with any perceived regulatory uncertainty, to facilitate efficient investment by providing infrastructure competition at the deepest level viable, to give guidance on ComReg's policy position in relation to the existing suite of regulated wholesale products and to outline the main issues associated with future wholesale products that will be considered in upcoming market reviews.

Currently, ComReg is ensuring clarity on operator plans, consulting on detailed wholesale requirements and monitoring regulatory developments at a European level.

It is important for alternative operators, as well as for consumers, that there is continuity of the existing set of wholesale products. This will require that there is an adequate notice period given before these products are discontinued. In addition to this, it is necessary to have effective migration paths so as to both avoid disruption to wholesale customers, and to end-users, and to encourage operators to invest in new networks and products to keep the industry competitive.

The next generation Bitstream product is an important enabler of service competition. It is important that in a next generation environment, the product still provides a comparable level of Quality of Service (QoS) to the end-user. OAOs will also require remote access to the support systems to enable them to have some control over the quality and other key parameters of its service offering.

The issues surrounding Sub-loop unbundling are mainly that of cabinet co-location and backhaul issues. As the high costs associated with building additional street cabinets can be seen as a barrier to entry, then it is reasonable to assume that an operator with Significant Market Power (SMP) in this market will be obliged to provide space and access to necessary facilities in their cabinets.

The backhaul issues will also need to be addressed as there is also considerable costs associated with providing your own backhaul. Alternatives to this could include leasing from the SMP operator or possibly a third party provider who has passed the cabinets.

The next generation leased line products suggest that a move to Ethernet-based products is likely. Ethernet is increasingly being deployed in the backhaul and TDM-based circuits become less cost-effective. As part of its market reviews which are due for completion in Quarter 2 of 2008, ComReg will be examining all alternative solutions to existing wholesale products to see what can be considered a suitable substitute for existing wholesale products where a competition problem still remains.

In order to ensure that consumer welfare is maintained, ComReg will facilitate effective competition and innovation to provide a choice of well-priced, high-quality next generation products such as Bandwidths in excess of 20MB/s, bandwidth on demand, triple and quadruple play. Consumers should not experience degradation in service quality as a result of the migration to NGNs and it is equally important to ensure that QoS is maintained during the migration period itself. It is also necessary to ensure that tariff transparency is maintained in the NGN environment, as tariffing can potentially grow in complexity with more bundled services being offered.

The operator also has responsibilities to the consumer which must be continued. Where SMP still exists, it is necessary for all current mandatory services to be maintained in the NGN environment. Key obligations such as number portability will remain and it is expected that interconnected IP networks may in fact facilitate efficient porting. Providing call location information for all users be they fixed, mobile or nomadic is also an issue which operators need to address. As ComReg undertakes the market reviews, it may in some cases be found necessary to change the scope of services covered by the Universal Service Obligations as the next generation networks are deployed.

Other Fixed Wholesale Products

Interconnection

In January 2007, ComReg consulted on its review of the markets for Fixed Interconnection for wholesale call origination, transit and termination services. In these papers, ComReg proposed that Eircom be designated as having Significant Market Power (SMP) in three markets, while all fixed operators which provided termination services were designated as having SMP in the markets for call termination on their own networks.

In June 2007, ComReg announced average reductions in wholesale interconnection rates of approximately 10% (Document 07/31).

Other Matters: Fixed Line

In October 2006, Smart Telecom, a provider of fixed voice services, encountered serious financial difficulties and as a result was forced to cease providing services to most of its customers. ComReg intervened by agreeing with Eircom, as Smart's principal provider of wholesale services, that an interim telephony service would be provided to Smart customers who used Eircom's wholesale line rental product to allow those customers to source a new telecoms supplier. This interim arrangement lasted until November 2, 2006. Smart Telecom continued to trade thereafter following financial restructuring but with a reduced customer base.

Regulatory Issues

On August 11, 2006, ComReg Published Document 06/35 Market Analysis – Wholesale International Roaming (Response to Consultation Document 06/20). In this document, ComReg decided not to designate any operator as having significant market power in the market for Wholesale International Roaming.

During this period, ComReg and industry were engaged in a programme of work to facilitate the entry of Ireland's first Mobile Virtual Network Operator (MVNO) Tesco Mobile Ireland (TMI).

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.

ComReg's Telecoms Compliance activities are centralised and are carried out by a separate function within the Wholesale Division.

In the period of the report, 31 compliance investigations were concluded. These included investigations of alleged breaches of obligations and also monitoring of compliance with obligations. Seven of the investigations resulted in findings of non-compliance.

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), are outlined below:

- **Maximising consumer welfare**

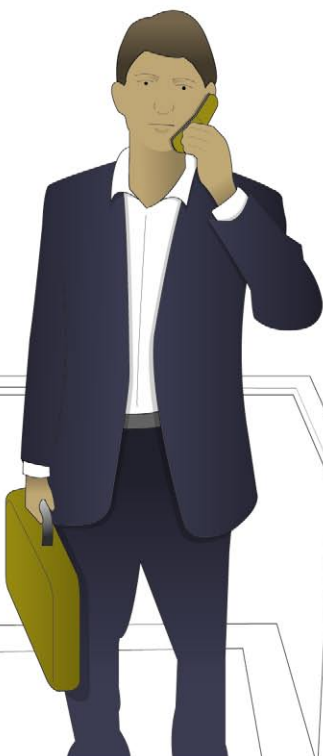
The aim is to ensure choice, price and quality for consumers and is generally delivered through the regulatory framework that has been put in place to facilitate the development of effective competition.

- **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. 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.

During the period, ComReg has published Eircom's USO performance on a quarterly basis. The format of each publication covers installation and connections of lines, the number of line faults and repairs, functional internet access, public payphones, affordability of tariffs and specific measures for people with disabilities.

Based on the USO performance guidelines published in September 2005, ComReg has seen the following trends in Eircom's performance over the period:

Speed of installations

For each quarter of 2006, Eircom has managed to complete over 90% of installations within the first four weeks of being ordered. In comparison to the guideline target of a 60% rate in four weeks, this is an encouraging performance. However it must be noted that most of the installations are in-situ (electronically enabled) which do not require physical installation of a line.

Out of all the guideline targets set for speed of installations, Eircom failed to meet the target for all applications to be met within 52 weeks.

Line faults and line repairs

Eircom's fault rate has been on a steady increase since the beginning of 2006 - the residential fault rate has risen over the last year. For instance, it was 4.5 faults per 100 lines for the first quarter of 2006, as against 7.5 faults per 100 lines for Quarter 1 2007. It has fallen slightly since then but remains at well over 6 faults per quarter. This is an extremely worrying trend for not just Eircom's retail customers but for the other operators who rely on Eircom lines to provide their own services.

The time taken to repair line faults has increased in tandem with the occurrence of faults in each quarter. For residential faults, the average time taken in March 2006 to repair 95% of faults was 55.4 working hours. As of March 2007, the time taken to repair this segment had increased to 74.5 working hours.

Performance in other Areas

The guideline set out for Functional Internet Access requires that at least 94% of lines are capable of speeds of 28kbps or more. Eircom has achieved this guideline since March 2006.

There were 4,074 USO payphones available in March 2006 with just over 86% being in full working order. Under procedures established in 2006, Eircom reduced the number of payphones due to reduced usage. Most of the removals were done between the last quarter of 2006 and the first quarter of 2007 with the total number of payphones being 3,800 as of March 2007. Further rationalisation of the number of payphones is expected during 2007. Additional payphones are provided by Eircom at shopping centres, airports, etc. As these are located in areas where the public does not have uninterrupted access at all times their availability is not included for Universal Service purposes.

ComReg's approach to Eircom's USO performance

The current guidelines only cover installations and functional internet access. Based on Eircom's performance over the last year, ComReg initiated a consultation on USO Performance Targets to review the current guidelines and establish updated targets. ComReg's proposed targets in the consultation have a specific emphasis on speeding up installations and fault repairs and reducing fault occurrence.

Accessibility

Under the 2002 Communications Act, ComReg takes special measures to ensure that all users, including people with disabilities, derive maximum benefit in terms of choice, price and quality.

In addition to the Communications Act, ComReg contributed to the Communications Department's Sectoral Plan 2006 – 2009, under the Disability act of 2005, by setting out the following action points:

1. To work with the industry, including those not covered by the USO, to promote and encourage service providers to ensure that services are accessible for people with disabilities;
2. To ensure that information on the availability of accessible services will be widely available;
3. To work with service providers on developing effective billing arrangements for people with disabilities.

Consumers continued

Forum on Services for People with Disabilities

In light of the action points set out by ComReg, a Forum on "Services for People with Disabilities" was set up in October 2006. The Forum's current membership includes representatives of major telecommunications companies and disability organisations throughout the country.

Main goals of the Forum and current progress

1. The identification of services currently provided by communications service providers that are relevant to the needs of users with disabilities.

A Forum subgroup was arranged with an aim to compile a service provider questionnaire. Based on the results, the Forum could determine the services which were currently available and how many catered for people with disabilities.

2. The identification of accessibility issues for people with disabilities in relation to communications services.

ComReg worked with the National Disability Authority (NDA) and the various disability groups of the Forum to compile a survey. The survey covered what services people with disabilities would like and what services they already used in relation to mobile phones, fixed lines phones and broadband services.

3. The promotion of good practice by service providers in relation to the accessibility of customer service.

The Forum has proposed many initiatives that ComReg is currently working on with the service providers who attend the Forum. The initiative which has been universally agreed by the Forum is for service providers to enhance their customer support and further their staff training. Another initiative which service providers are currently implementing is a one-click-link disability section on their websites. Both initiatives should help to increase good practice and accessibility to customer service. Further initiatives including billing in accessible formats are currently being worked on.

4. The promotion of accessible information provision by service providers to users with disabilities so that such users can exercise choice in respect of services and service provider.

A project was initiated to develop a consumer guide covering the range of services currently offered by service providers with an aim to help users choose a service which is right for them.

5. The promotion of the needs of users with disabilities through a review of the effectiveness of existing services in meeting the needs of users with disabilities and recommending improvements and/or new services. The survey has given the Forum an indication of the needs and wants of people with disabilities.

International Roaming

On June 7, 2007, The European Council of Ministers reached political agreement on a proposal for a Regulation on roaming. This had been proposed by the European Commission to force substantial reductions in mobile roaming charges.

The roaming Regulation was proposed by the European Commission following concern expressed by national regulators, including ComReg through its European Regulatory Group. The 2002 Regulatory Framework prevented regulators from addressing the issue of high roaming charges. The new Regulation lays down rules on charges that may be levied by mobile operators for the provision of roaming services for voice calls originating and terminating within the community at both wholesale and retail level.

How does the EU Roaming Regulation reduce roaming prices?

Wholesale roaming rates are subject to a price cap of 30 cent per minute, decreasing to 28 cent and 26 cent after 12 and 24 months.

Effective Date	30 August 2007	30 August 2008	30 August 2009
Wholesale Roaming Rate per Minute	30 cent	28 cent	26 cent

Retail rates are subject to the following limits:

VAT exclusive basis	2007	2008	2009
Maximum limit for the "Eurotariff" for calls made with EU	49 cent	46 cent	43 cent
Maximum limit for the "Eurotariff" for calls received within EU	24 cent	22 cent	19 cent

Transparency

The roaming Regulation will also ensure that information about pricing is clearer for consumers. It requires mobile service providers to give free personalised information on retail roaming charges to their customers. Although the regulation caps roaming prices for voice services only, at the same time it requires national regulators to monitor closely price developments for roamed short message services (SMS) and data services. The Commission calls on mobile operators to demonstrate very clearly their willingness to voluntarily reduce the very high roaming charges for SMS and data services to avoid them also having to be regulated.

When the roaming Regulation became law on June 30, 2007, ComReg contacted and met all four mobile operators in Ireland to monitor implementation and compliance with this new EU Regulation.

EU destinations where the Eurotariff applies

Austria	Finland	Lithuania	Slovakia
Belgium	France	Luxembourg	Slovenia
Bulgaria	Germany	Malta	Spain
Cyprus	Greece	Netherlands	Sweden
Czech Republic	Hungary	Poland	UK
Denmark	Italy	Portugal	
Estonia	Latvia	Romania	

Protecting Consumers

Unsolicited Marketing Calls

In July 2005, ComReg and the Data Protection Commissioner launched a "Do Not Contact" register for telephone users to prevent them from 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.

Prior to October 31, 2006, the NDD did not hold records relating to ex-directory subscribers. This resulted in ex-directory subscribers being denied the protection from unsolicited marketing calls that is offered to listed/unlisted subscribers.

This option required a Direction from ComReg under Regulation 18 of S.I. 535 of 2003 to all Publicly Accessible Telephone Services (PATs) providers to supply ex-directory numbers to the NDD. The Data Protection Commissioner also issued an Enforcement Notice to all parties, (issue date June 30, 2006). Technical and practical issues were addressed by industry and the NDD at this time and compliance was monitored by ComReg.

New guidance was sent to all ex-directory customers by their fixed line operator to advise that they had been given the full protection of the NDD's opt-out register for direct marketing. Automatic opt-out is now in place for all ex-directory customers.

In the last quarter of 2006, ComReg in conjunction with the Data Protection Commissioner's Office (DPC), ran a series of press advertisements in national newspapers to inform consumers of the opt-out register. Additionally, in the first quarter of 2007, a joint radio campaign with the DPC aired highlighting the National Directory Database (NDD) opt-out register to consumers. This campaign generated much interest through the ComReg Consumer Line from consumers that were enquiring about further details regarding opting out of receiving marketing calls.

The total number of consumers on the direct marketing opt-out database at the end of the period was 847,500.

Consumers continued

Contracts monitoring

During the past year, ComReg undertook a major review of consumer contracts to establish the level of compliance with the requirements of Regulation 17 of the Universal Service Regulations.

The requirements of Regulation 17 are that a contract must specify the following minimum level of information:

- (a) the identity and address of the supplier,
- (b) service provided, the service quality levels offered, as well as the time for the initial connection,
- (c) the types of maintenance service offered,
- (d) particulars of prices and tariffs and the means by which up to date information on all applicable tariffs and maintenance charges may be obtained,
- (e) the duration of the contract, conditions of renewal and termination of services of the contract,
- (f) any compensation and refund arrangements which apply if contracted service quality levels are not met, and
- (g) the method of initiating procedures for settlement of disputes in accordance with Regulation 28.

In September 2006, ComReg directed all service providers of publicly available electronic communication services to supply all standard contract documentation which was reviewed to establish the level of compliance with the statutory obligations.

In July 2007, ComReg notified individual service providers in relation to the matters which are not adequately addressed in their consumer contracts. Service providers were afforded a period of three months, until October 31, 2007, to remedy areas of non-compliance or state their view on ComReg's findings in their particular case.

As part of this initiative, ComReg also launched a new consumer guide on contracts to raise awareness among consumers of their specific rights in relation to telecommunications contracts.

Complaint handling by Quarter

During the period July 2006 to June 2007, ComReg resolved 3,049 complaints and 14,465 queries covering a range of consumer-related issues. This shows an 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 Consumer Line related to:

- Billing enquiries
- Installations of phone and broadband services
- Fault repairs
- Contractual enquiries

The average ratio of complaints to queries is 18% to 82%.

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 has established processes for monthly review of trends, operator meetings and enforcement escalation processes, as relevant, to address any issues that emerge or are ongoing.

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 three times during the year on October 12, 2006; January 25, 2007 and April 27, 2007 to examine and discuss a wide and varied range of topics.

Working with Other Agencies

ComReg has continued its work with other agencies in particular the newly established NCA (National Consumer Agency) and also the ASAI (Advertising Standards Authority of Ireland).

On November 8, 2006, ComReg, together with the NCA, invited operators to a consumer-related forum in Dublin. The objective of the forum was to provide the operators with an opportunity to become more aware of their obligations towards consumers of electronic communication services. Over 80 representatives were able to hear first hand from both ComReg and the NCA on the issues that are presented to them by residential and business consumers alike.

ComReg and NCA commenced reviewing the possible implications for the communications sector of the new Consumer Protection Act and aspects of its implementation.

ComReg also worked with ASAI to monitor the use of certain contract terms such as 'acceptable usage' and have agreed a common understanding of how such terms should be implemented in order to ensure transparent pricing.

Smart Telecom issue

On Monday October 2, 2006, Smart Telecom withdrew from providing certain telecommunications services to their customers.

From Monday October 2, 2006, ComReg implemented a range of measures with a core strategy to deliver targeted, timely and accurate information to Smart Telecom customers ensuring that they were kept informed of the situation, in particular how it affected their phone service and, what they needed to do, and by when.

To achieve this, ComReg used a number of resources including their websites, Consumer Line and the press, allowing consumers to access the information in the way best suited to their needs.

Details of the measures implemented are listed below:-

- **On-Phone Messages agreed by ComReg**

Those consumers who were affected on October 2 were firstly made aware of the issue via a message, which was agreed by ComReg, when they went to use their phone.

Subsequently, a temporary service was restored until October 25, 2006, at which stage customers who had not yet switched would have received a further ComReg -agreed message when they went to dial a local number.

- **Website**

The homepage of the ComReg consumer website www.askcomreg.ie was updated on October 3, 2006 and at regular intervals thereafter. This ensured that Smart Telecom consumers were kept updated regarding the status of the issue and also what it meant for them in terms of their short term and ongoing ability to make and receive calls, and the implications for their broadband service.

The website also conveyed the important message for voice-only customers regarding their requirement to switch provider as soon as possible. For this reason, ComReg consumer information on switching and fixed line providers was consolidated onto one web page, together with a link to www.callcosts.ie.

On October 5, 2006, a search facility was added to the website to enable Smart Telecom customers to obtain their Universal Account Number (UAN), which is necessary to effect a switch to a new provider. The number of visits to www.askcomreg.ie and www.callcosts.ie, and the downloads of the UANs (circa 10,600) during the period indicate that this initiative went a long way to providing consumers with a 'one-stop-shop' for all their information needs in order to choose and make the switch to an alternative provider.

- **Consumer Line**

The initial information for Smart Telecom customers was comprised of three parts depending on the service that the customer had signed up to with Smart Telecom. To deliver this information initially, an IVR (Interactive Voice Response) was established. As the issue progressed, the ComReg Consumer Line was configured to handle the Smart Telecom customer calls separately from the 'normal' ComReg Consumer Line contacts (reported in the normal quarterly statistics on www.askcomreg.ie). During the period, an estimated 9,100 phone calls and circa 2,000 emails relating to Smart Telecom were managed.

Consumers continued

• Outbound Campaign

Between the October 27 and November 1, 2006, an outbound consumer campaign was implemented. This campaign specifically targeted those customers who, according to our information, had not yet switched provider and were in danger of being cut off on November 2 (circa 12,000).

A phone call was initiated to each customer with the primary objective of conveying a core message that they were going to be cut off if they did not switch immediately. Consumers contacted were generally found to be aware of the situation, but, despite this, had not yet done anything about it. Additionally, between October 31 and November 1, 2006, all of these customers also received a letter from ComReg explaining the issue, the information to date and the immediate requirement to switch to an alternative provider.

• Press Advertisements

In line with our communication strategy for consumers on this issue, press advertisements specifically designed to inform consumers of the updating position were placed at regular intervals, also referring people to the askcomreg website and to the ComReg Consumer Line for more details.

Raising Consumer Awareness

Consumer Information

Pro-active 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:

1. Consumer Guides

ComReg's consumer-friendly guides are made available in print and hardcopy format and provide a valuable reference for communications consumers to ensure that:

- consumers are kept informed on various areas of interest in relation to communications;
- all the relevant information about a specific topic is available to consumers at a single point;
- the information provided is easy to understand. For this reason, ComReg have continued to work with NALA (National Adult Literacy Agency) and have achieved the 'Plain English' mark for its guides.

The following consumer guides were published or updated during the period:-

- Switching - Fixed Telephony (Landlines) - Exercise your Choice
- Cold Calls - A quick guide to preventing unwanted calls from direct marketing companies
- A Guide to USO - Universal Service Obligations
- A guide to VOIP - Voice over Internet Protocol
- A guide to Telecommunications Contracts

It is envisaged that the remainder of the consumer guides will be updated during 2007/8.

2. Consumer Websites

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

www.askcomreg.ie

ComReg continued to build and develop its consumer website www.askcomreg.ie which provides a wide range of information relevant for consumers on telecommunications and postal matters. This site was re-designed and additional features were added such as a 'Tell Us' section, Question of the Week and featured links.

www.callcosts.ie - 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. ComReg's website, www.callcosts.ie is a user-friendly, interactive website that has been developed by ComReg with the co-operation of the telecoms industry.

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.

During the period, new functionality was added to facilitate mobile broadband plans which were introduced by three mobile operators. ComReg also introduced a formalised update procedure with operators to ensure that the site tariffs are kept up-to-date.

In addition to the previous awards that the website received, the website won the 2006 Golden Spider Award for the best public sector website. Further development work on the website will be conducted during 2007/8 to improve the overall consumer experience.

3. Outreach Programme

ComReg's Consumer Team continued its Outreach Programme during this period by hosting stands at a number of public events. On September 20, 2006, ComReg attended the Local Economic Development Conference in Limerick and provided bespoke advice and information to the business community. It also afforded ComReg the opportunity to brief individual Chamber principals on the key advantages of the ComReg website www.callcosts.ie and other key messages.

ComReg's Consumer Team also attended the four-day National and World Ploughing Championships in Tullamore between September 27 and 30, 2006 which was attended by over 200,000 consumers. Consumers who visited the ComReg stand were able to see live demonstrations of the callcosts website and seek information on a range of subject matters including broadband availability, how to opt-out of the National Directory Database (NDD) and how to make use of the contents of ComReg's consumer website www.askcomreg.ie

ComReg's Consumer Team were also present at the Ideal Homes Exhibition from October 26 to 30, 2006 and provided an information-sharing platform for over the 35,000 consumers who attended the event.

ComReg's Consumer Team attended the Technology for Business Show in the RDS on April 25 and 26, 2007 which provided the attendees from the business community the opportunity to seek advice and information on their telecommunication needs.

ComReg will continue to participate in external consumer events to increase awareness among consumers and to deliver key consumer messages.

Innovation and spectrum management

Management of the Radio Frequency Spectrum

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. Access to the 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 and is used widely

by the defence forces and emergency services. It also supports important scientific applications such as weather forecasting, earth observation and radio astronomy.

As the statutory body responsible for management of the radio spectrum resource under the Communications Regulation Act, 2002, ComReg's objective is to ensure the efficient management and use of the radio frequency spectrum.



The Fourth 3G Mobile Telecommunications Licence

Following a legal challenge and a High Court hearing, the outcome of which supported ComReg's decisions, the fourth 3G mobile telecommunications licence was awarded to Eircom in March 2007. Commercial services are expected to begin in 2008 which will bring to four the number of operators offering 3G services in Ireland. This should further increase competition to the benefit of businesses and consumers in this important market.

All-Ireland Spectrum Award

The border between Ireland and Northern Ireland raises some specific telecommunications and spectrum issues for consumers and businesses, particularly with respect to cross-border communications. In a joint initiative, ComReg and the UK telecoms regulator, Ofcom, decided to explore the possibility of running a co-ordinated spectrum licence competition to facilitate the provision of 'all-island' wireless services for the benefit of citizens and consumers across Ireland and Northern Ireland.

Subsequently, in December 2006, ComReg and Ofcom announced (ComReg Document 06/65R) an auction for 20 MHz of spectrum in the band 1785-1805 MHz which has all the propagation characteristics that make it ideal for mobile, broadcasting, broadband wireless access and similar services.

The co-ordinated competitions were run sequentially as single-tender, sealed-bid, second-price auctions. As a result of the auction in April 2007, ComReg offered Personal Broadband UK Ltd a 15-year technology and service-neutral licence at a fee of €205,000. Ofcom's auction followed soon after and Personal Broadband UK Ltd also won the licence in Northern Ireland, gaining the opportunity to roll out the first all-island wireless network.

26 GHz Spectrum Auction

Fixed wireless access technology continues to advance and play an important role in the provision of backhaul and access links. Several manufacturers have developed suitable products and a number of telecommunication service providers have made known their intentions to implement new local distribution networks and to expand existing networks. In August 2006, ComReg launched an auction process for the award of national block assignments in the 26 GHz band. These licences were intended for the provision of point-to-point (P2P) and point-to-multipoint (PMP) fixed links.

However, the reserve price proved to be above the market valuation of the price of spectrum in this band and the auction was unsuccessful in attracting any interest. Following discussions with interested parties, determination of the level of demand and having reassessed the value of spectrum in this band, ComReg is preparing to hold another auction for this spectrum during the next reporting period.



Innovation and spectrum management continued

Digital Broadcasting

ComReg was part of a delegation, led by the Department of Communications, Marine and Natural Resources, who attended the Regional Radiocommunications Conference 2006 (RRC-06)⁸ in Geneva.

At this conference a Frequency Plan and Treaty were developed and agreed between 104 countries in Europe, Africa and the Middle East for digital broadcasting (VHF Band III and UHF Band IV/V)⁹. As a result of the Conference, Ireland has eight national DVB-T multiplexes in UHF Band IV/V. While VHF Band III is mainly planned for T-DAB (Terrestrial – Digital Audio Broadcast), Ireland has agreement for one national multiplex for DVB-T (Digital Video Broadcast – Terrestrial) in this band. The new Treaty and Frequency Plan provides for an all-digital broadcasting environment.

In August 2006, ComReg granted a licence to RTÉ Transmission Network Limited (RTÉ NL) under the Trial Licensing Framework for a DVB-T Trial at two sites (Three Rock Mountain and Clermont Carn) covering counties Dublin, Meath and Louth. The DTT trial uses four UHF multiplexes at each site. The trial is a technological and consumer trial. The Department of Communications, Marine and Natural Resources engaged a market research company to assess consumer attitude and inform consumers of the development of a DTT platform in Ireland. The trial is due to end in August 2008.

ComReg also granted a licence to RTÉ NL under the Trial Licensing Framework for a T-DAB technology evaluation trial along the East coast, Cork city and Limerick.

ComReg granted a licence to O2 Ireland, under the Trial Licensing Framework, for a mobile television trial in the greater Dublin area using the DVB-H standard. This trial is both a technology evaluation and consumer trial. The trial is due to end in January 2008.

The Broadcasting (Amendment) Act 2007 was enacted earlier this year and commenced on May 15, 2007. This Act sets out the legislative framework for future licensing of digital broadcasting services and provides a mechanism for the switch-off of analogue broadcasting services in Ireland.

The enactment of the legislation requires an appropriate licensing regime to be developed and implemented by ComReg.

Fixed Wireless Access for Broadband Services

As part of its continued support for this important market for fixed wireless access local area licences (FWALA), ComReg consulted on methods to introduce greater flexibility in FWALA licences (ComReg Document 06/54). The outcome of the consultations was that ComReg permitted an increase in the size of the area in which licensed broadband services can be deployed. This in turn should result in improved availability of services for consumers.

Taking this development a stage further, ComReg has launched a consultation seeking views of interested parties on a proposal to implement Geographical Service Areas (GSAs) into the FWALA licensing scheme (ComReg Document 07/29). This will be reported on in the next period.

8. http://www.itu.int/newsroom/press_releases/2006/11.html

9. Analogue television currently uses VHF Band III and UHF Band IV/V.

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. The availability of mobile communications in particular, with the convenience it can bring to business and consumers alike, are well known.

This increasing use of radiocommunications has raised the awareness of the public of the positive benefits which mobile radio and other radio-based applications can bring to individuals, industry and to commerce.

There have also been concerns expressed by some members of the public regarding non-ionising radiation from masts. ComReg requires that a condition of all wireless transmission licences is that operators of transmitting stations ensure that their installations comply with the general exposure limits specified in the guidelines published by the International Commission on Non-Ionising Radiation Protection (ICNIRP), a body of independent scientific experts. ICNIRP's partner organisations include the World Health Organisation.

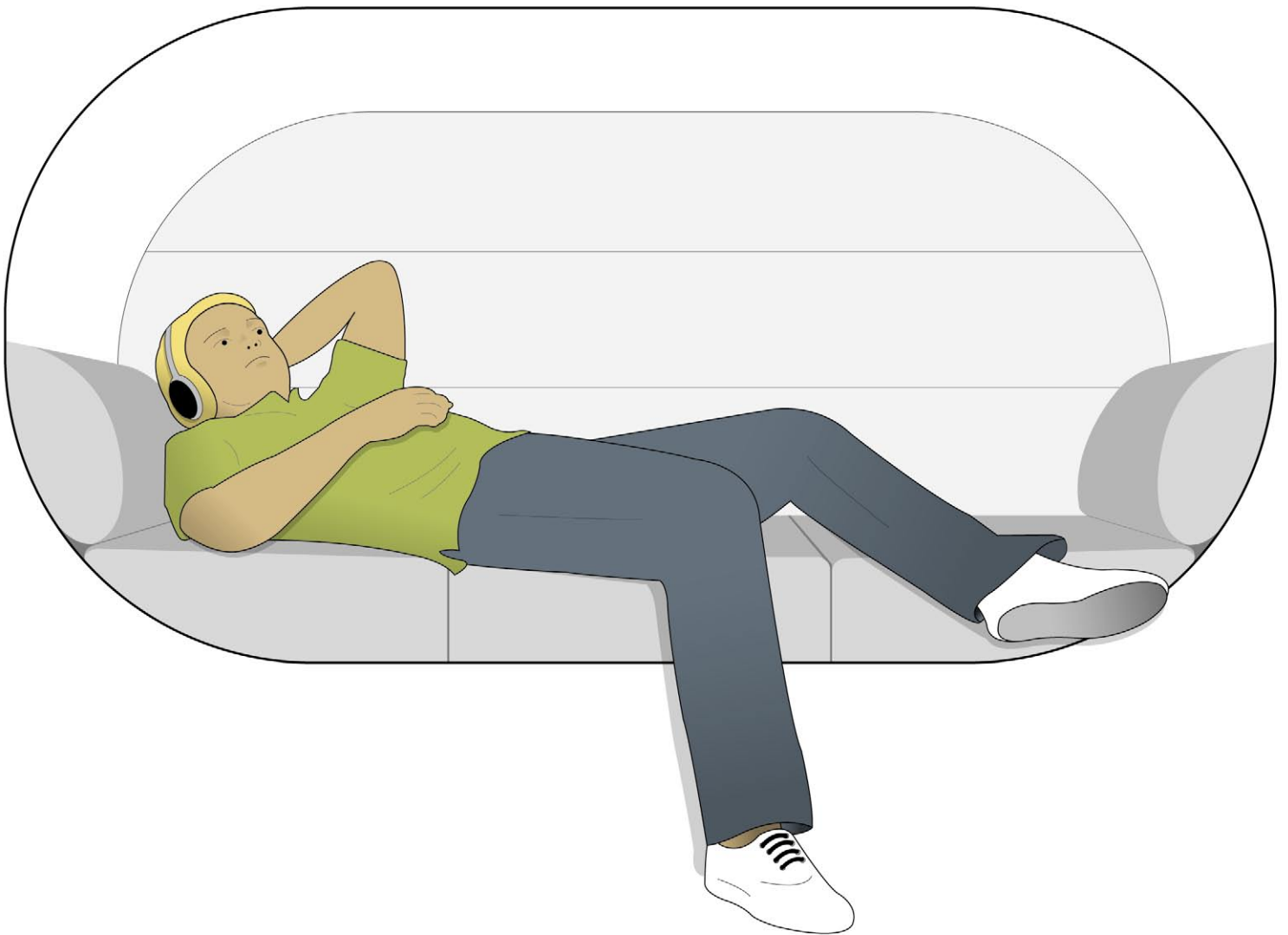
ComReg carries out annual audits of compliance by operators with the ICNIRP emission limits.

In November 2006, ComReg published three reports (ComReg Documents 06/12r, 06/24r and 06/58) covering the audit of 60 sites and, in January 2007, a report (ComReg 07/05) on a further 20 sites. Furthermore, in May 2007, Document 07/27 was published outlining plans to measure a further 130 sites nationwide during 2007 and included the results of the first 25 sites measured under that programme. All of the sites measured to date have been significantly below the ICNIRP guideline limits.

Radio spectrum licensing

Radio spectrum is available for use for the provision of a variety of communications services and networks. These not only 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 a 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, 2007, the total number of live radio licences on our database was 18,596.

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.

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.

Radio Experimenter Examinations

Since signing the experimenter examination contract with the Irish Radio Transmitters Society (IRTS) in May 2005, six radio experimenter examinations have been held. A total of 125 candidates have sat this exam with 73 successfully passing this exam.

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.

FWALA

The Fixed Wireless Access scheme has gone from strength to strength over the past couple of years. There is an increasing demand for access to spectrum from the FWALA operators and ComReg continues release new spectrum allocations to assist the operators expand their networks. This, in turn, allows a greater public access to wireless broadband.

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 the 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 two-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, state organisations and the emergency services. During the year, 321 new or amended licences were issued compared to 452 in 2005-2006.

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 only one new licence was issued, compared to four 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, 252 new licences were issued compared to 194 in 2005-2006.

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, 591 new ships' radio licences were issued compared to 980 in 2005-2006.

A ship's radio licence can only be issued in circumstances where the operator of the radio equipment holds an appropriate Certificate of Competency. This year ComReg issued 1,622 such certificates compared to 1,783 in 2005-2006.

From May 15, 2007, the responsibility for the licensing of radio communications equipment on Irish Ships, and associated Certificates of Competency, was transferred to the Maritime Radio Affairs Unit of the Department of Transport & the Marine.

Radio spectrum licensing continued

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). Three new mobile radio licences were issued in the period, two of which were on site Civil Terrestrial Trunked Radio (TETRA) radio systems, one of the new digital trunked radio systems standards.

Radio Experimenters

A Radio Experimenter licence is issued to amateur radio enthusiasts who wish to use radio for recreational study of radio propagation effects. In the past 12 months, 45 new licences were issued compared to 54 in the previous year. This sustained interest is directly related to the successful running of the radio experimenter 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, 1,962 new/amended radio link licences were issued compared to 1808 in the previous period. The continued network expansion and roll-out of 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.

By June 2007, ComReg has issued a total of 185 local area licences, an increase on last year's figure of 133 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 require licences: Large Earth Stations (LES), Transportable Earth Station (TES) and Very Small Aperture Terminals (VSAT). In the year under review, 49 new licences were issued, compared to 32 the previous year. This low level of activity in satellite licensing is attributable to the satellite licence exemption regulations that ComReg introduced over the last number of years.

Broadcasting

Of the total number of TV households at the end of June 2007, there were approximately 571,300 subscribers to cable/MMDS television services in Ireland. For the same period BSkyB reported 484,000 Irish satellite TV subscribers. The total number of pay TV households in Ireland (cable/MMDS and satellite) is 1.06 million. This is a 1% quarterly increase and an 8% increase in pay-TV subscriptions year-on-year. Pay-TV households account for 72% of all homes with a television.

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 Industrial, Scientific and Medical (ISM) bands and where the risk of harmful 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 following table:

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. 160 of 2006 S.I. 405 of 2002	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 S.I. 007 of 2004	ERC/DEC/(97)03 Documents: 00/68, 00/62R
	Low Power Satellite user Terminals	S.I. 505 of 2003	Standards: EN 301-459 TBR 28 ERC/DEC/(00) 03 ERC/DEC/(00) 04 ERC/DEC/(00) 05
	Onboard Aircraft Satellite Terminals	S.I. 007 of 2004	Standards: EN 301-473; EN 302-186
	Mobile Satellite User Terminals	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) 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	S.I. 410 of 1997	Documents: 00/62R
Broadcasting	Certain wired broadcast relay stations Sound broadcasting receivers	S.I. 200 of 1976 S.I. 211 of 1972	Documents: 00/62R
Radio Receivers	General Radio Receivers (excluding Television Sets)	S.I. 197 of 2005 S.I. 292 of 2005	

Radio spectrum licensing continued

The Ryder Cup

The 36th Ryder Cup was successfully organised and held in the K Club, Straffan, Co. Kildare in September 2006. The Ryder Cup was one of the largest sporting events held in Ireland and its staging required very heavy, and indeed exceptional, usage of wireless frequencies in one location at the same time.

ComReg issued 42 wireless licences for the Ryder Cup (typically ComReg issues 5-10 licences per big event). This translated into the licensing of 354 frequency channels for operations at the K Club, between 34 entities ranging from TV broadcasters to the Emergency Services.

ComReg's preparations for the staging of the Ryder Cup began in January 2006 when the first meeting was held between ComReg staff and the European Tour Productions (ETP), the event organisers. Internally within ComReg, a Ryder cup project team (comprising of staff from the Licensing and Spectrum Compliance Teams) was set-up to deal with all Ryder Cup issues. This team put together a wireless frequency plan taking into consideration the needs of all applicants and also liaised very closely with the ETP and all wireless operators right until the commencement date of the event.

ComReg's preparation of an event specific frequency plan required a number of key actions including:

- The querying of ComReg's Licensing Systems (LING and ledgers) to identify potentially usable channels for temporary wireless licensing for the Ryder Cup;
- ComReg's spectrum compliance team carrying out an on-site survey at the K-club to see if the potentially usable channels were, in reality, available at the site;
- On an ongoing basis ComReg assessing the increasing demand for wireless frequencies and updating the plan to endeavour to meet this demand.

In parallel with formulating the wireless frequency plan, ComReg also took steps to communicate the wireless licensing process to all parties involved:

- From an early stage, ComReg briefed the ETP on the wireless licensing process so that any queries they received could be re-directed to ComReg without delay;
- ComReg stressed to all wireless operators, and the ETP, that the early submission of applications would greatly facilitate the spectrum planning process;
- In order to ensure early receipt of all wireless applications, ComReg set a cut-off date of 15 September 2006 for the receipt of applications. Even with this cut-off date, inevitably some applications were still being submitted, and processed by ComReg, right up to the commencement of the Ryder Cup.

Table of Live Licences and New/Amended Licences issued in Year in Review

Licence Type	No. of Live Licences			No. of New/Amended Licences Issued		
	30-Jun-07	30-Jun-06	% Change	June 06~ June 07	June 05~ June 06	% Change
3G	4	3	25	1	0	100
Aircraft Radio	429	1251	-66	252	194	24
Business Radio	2954	3182	-8	321	452	-29
Community Repeater	102	127	-20	1	4	-75
Experimenters	1494	1549	-4	45	54	-17
FWALA	185	133	29	63	83	-25
FWPMA	2	3	-33	0	0	0
GSM	3	3	0	0	0	0
Radio Links - Point to Point	8402	7407	12	1962	180	88
Radio Links - Point to Multipoint	124	123	1	2	0	n/a
Satellite	54	57	-6	49	32	35
Ships' Radio	4732	4705	1	591	980	-40
Temporary Business Radio	33	30	9	133	172	-23
Third Party Business Radio	19	19	0	4	19	-79
Trunked Radio	8	7	13	3	4	-25
Wide Band Digital Mobile	2	2	0	0	2	n/a
Wireless Test	14	16	-13	10	19	-48
Wireless Trial	8	4	50	8	53	8
Total Live Radio Licences	18596	18621	-1	3445	3828	-11

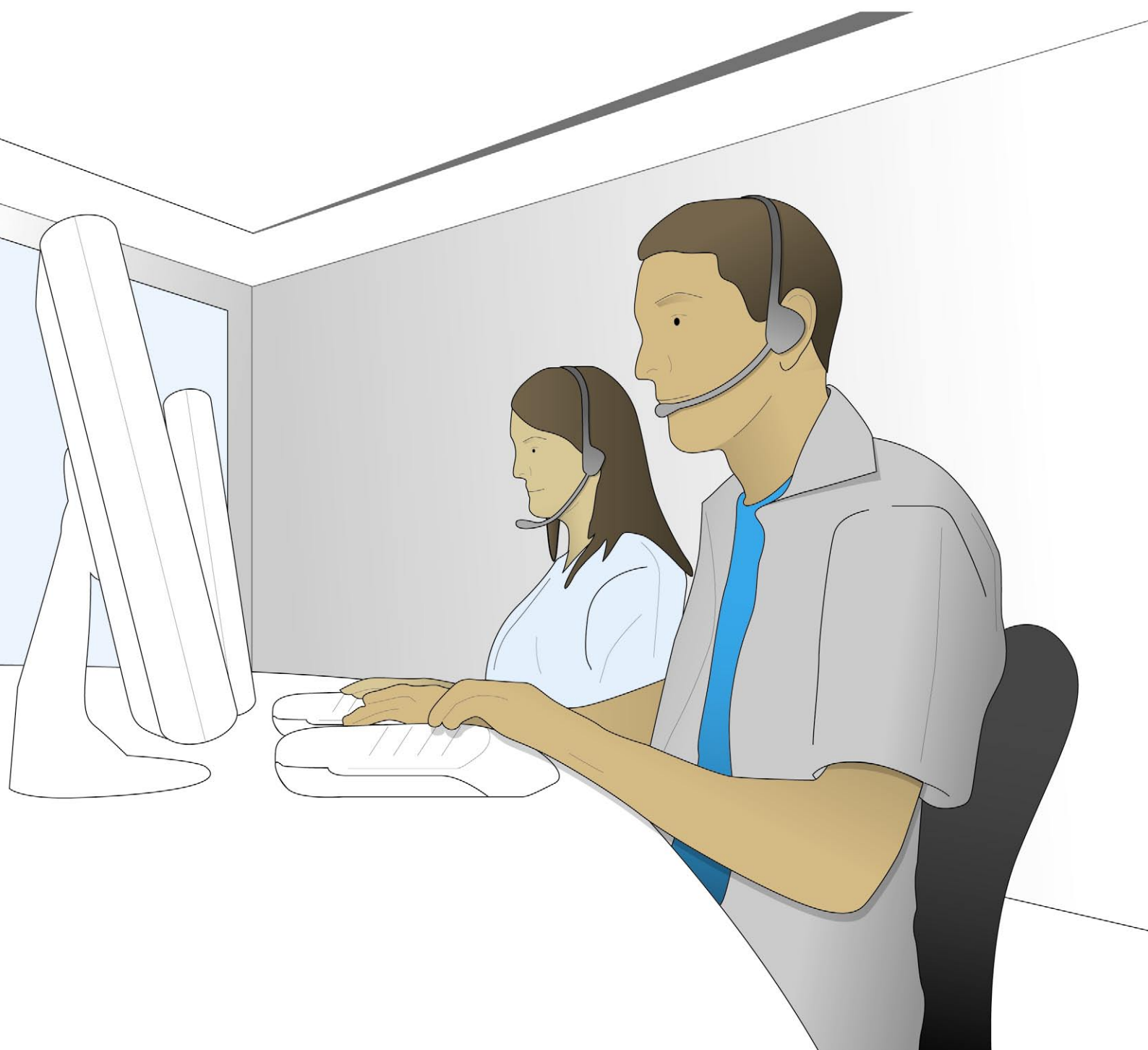
Details of the above licence types, including application forms, are available from the ComReg website www.comreg.ie

Numbering

Numbering

Amongst its other duties, ComReg is responsible for efficient management of 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, making provision of 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.



New Services in Fixed-Mobile Convergence telecommunications

ComReg published its Response to Consultation on the allocation of regular geographic telephone numbers to mobile operators for the new and innovative 'home-zonal' services on March 14, 2007 (ComReg 07/15).

This new service will allow mobile phone customers to make and receive calls – on their mobile phones – in or near their homes at fixed-line prices. Under this new service, a subscriber can receive calls on either a mobile number or a geographic number, while the mobile number is used for outgoing calls. Outgoing calls made from within the home-zonal area are nevertheless charged at reduced home-zonal rates.

For the first time, geographic numbers, which have been the preserve of fixed-line operators, will be made available to all Irish mobile operators and the mobile termination of the call is transparent to callers. A key condition of this allocation is that the prices charged to those availing of home-zonal services are set at fixed-line rates even though calls will be received on mobile handsets.

ComReg is also supporting changes to geographic number portability so that existing fixed-line customers will be able to move their telephone numbers entirely to mobile operators for this specific home-zonal service, should they choose to do so.

ComReg has balanced its decisions with a clear indication that in future fixed-line operators who wish to provide mobile numbers will be facilitated, so long as these numbers are used for genuinely mobile purposes. New services, based on a range of emerging technologies, could allow fixed-line operators to 'bolt-on' mobile access services for their customers.

These new opportunities will enable enhanced competition between fixed-line and mobile operators, in fields where they were previously excluded for practical reasons, but where technological progress is now breaking down barriers.

This will benefit consumers by offering greater flexibility in available offerings and in lower priced calls in many cases.

Innovative Mobile Services

Traditionally, mobile numbers have only been allocated to mobile operators. Technological breakthroughs such as VoIP, dual-mode handsets and emergent mobile network capabilities have all contributed to ComReg reviewing this policy in early 2007.

Consumers have an understanding of what can be reasonably expected of a mobile service and, provided these expectations can be met, ComReg now approves justified applications from service providers for mobile numbers. The first such service using VoIP over mobile data transport, has already been approved with mobile numbers being issued at the end of March 2007.

A service provider should have control over Quality of Service and support national and international roaming capability to be acceptable. Seamless in-call handover should be supported between differing network types, including to regular GSM transport. Certain obligations, such as access to emergency services, must also be met.

This development supports ComReg's commitment to technology neutrality and the introduction of innovative mobile services should result in increased competition and greater choice and value for the consumer.

Numbering continued

Electronic Numbering (ENUM)

In December 2006, following a Call for Tenders, a competition and a period of detailed contract negotiations, ComReg signed an Agreement with the IENUM consortium to provide an ENUM Tier 1 Registry services in Ireland. The contract sets out the terms of reference for ENUM as a whole in Ireland, thereby providing a framework within which Tier 2 organisations (Name-service providers and Registrars) can set up their services. It also involves an ENUM oversight body called the Policy Advisory Forum which has certain powers – backed up by ComReg and contractual terms – to monitor the service in the consumer interest and to provide guidance to IENUM limited. IENUM Ltd. is a joint venture consortium composed of the IE Domain Registry and the Internet Foundation of Austria (IPA).

The ENUM service opened for commercial service on May 31, 2007.

ENUM provides a highly efficient mechanism for Voice over Internet Protocol (VoIP) services to locate called persons, even when their VoIP addresses are unknown. It does this based on the called party's telephone number, which is still the most widely used form of address, throughout the world.

The new services provided by IENUM should form a firm basis for linking disparate islands of VoIP and should also offer real potential for carriers to enhance their interconnection routing and thereby reduce overall operational costs.

Review of Framework for Voice over Internet telephone services

On August 31, 2006, ComReg published the outcome of its review of the existing framework for Voice over Internet Protocol (VoIP). VoIP enables enhanced competition in the business market and greater choice for consumers. ComReg is keen to facilitate innovative services such as VoIP to bring benefits to Irish consumers.

ComReg therefore undertook a review of progress to date, particularly seeking to establish whether any further measures were needed to encourage growth of VoIP and the enhanced services it can provide. As part of that process, ComReg commissioned a study by Analysys Consulting which relied on a series of interviews with key industry players. In addition, ComReg carried out a formal consultation process that posed a series of key questions to readers on their experiences to date.

Overall, ComReg found that industry is very satisfied with the progress of VoIP to date and with the steps that have been taken so far. Various concerns or risks were mentioned (e.g. the danger of arbitrage on VoIP pricing) and ComReg will continue to monitor these and all facets of VoIP development in Ireland and elsewhere as its capabilities and penetration grow over the next few years.

Revision of the Numbering Conventions & new applications procedures

The National Numbering Conventions is the basic rule book that describes how ComReg manages the national numbering resource effectively and efficiently, as specified in legislation. It also clearly sets out the rights and obligations of all number holders vis-à-vis allocations made to them.

The first version of the National Numbering Conventions was published in February 2000 and that was followed by periodical updates, each in turn extending coverage into new areas. To continue these enhancements, a new draft is now in preparation and is expected to be published on July 24, 2007 for public consultation. This will lead to publication of Version 6 of the Conventions towards the end of 2007.

Harmonised Services of Social Value

On February 15, 2007, the Commission of the European Commission published a Decision (2007/116/EC) to provide Harmonised Services of Social Value across Member States on a consistent basis, using a "Same Number - Same Service" approach. The concept underpinning that Decision is that the same number should be reserved for the same service in each of the Member States, with the European Commission ensuring a co-ordinated approach.

To facilitate the introduction of these new harmonised services in Ireland, ComReg has reserved the entire number range beginning '116' for such services and will be inviting applications for 116-series numbers from prospective service providers during August 2007.

It is important to emphasise that services that will be available on these numbers will not be commercial but will aim to answer specific social needs that contribute to the well-being or safety of citizens, or particular groups of citizens, or which help citizens in difficulty. Citizens travelling within the EU, who will be familiar with these numbers from their home country, are among the intended beneficiaries of this scheme.

So far, the Annex to the Commission Decision lists one number as reserved - 116000 - Hotline for missing children.

Regulation of .ie Domain Names

The Communications Regulation (Amendment) Act 2007 transferred responsibility for regulation of the '.ie' domain name from the Minister for Communications to ComReg, with effect from the end of May 2007. ComReg has commenced studies of the present status of .ie operation and of what steps, if any, are needed to ensure its responsibilities can be properly carried out in the future.

Forward-Looking Programme

ComReg's Forward-Looking Programme monitors technological and market innovations occurring in the telecoms sector and considers how they may impact 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 up to three times a year to review and help develop work carried out under the programme, to propose new topics to be addressed, and to draw attention to potential new issues. Two meetings took place during the year, in November 2006 and April 2007 in Dublin.

Briefing Notes on Technology Developments

The Forward-Looking Programme's Briefing Notes deal with emerging technologies and related innovations that could potentially have significant impacts on the future shape and direction of the telecoms sector. Although the Notes sometimes deal with complex, technical topics, the intention is to inform readers who are broadly familiar with telecommunications but who may not have technology backgrounds. The principal purpose of these notes is to help ComReg develop its work programme and make well-informed decisions. Some Briefing Notes however fulfil a wider role in creating awareness, developing interest and, in some cases, stimulating innovation around new or evolving technologies.

During the year, Briefing Notes on the following topics were published:

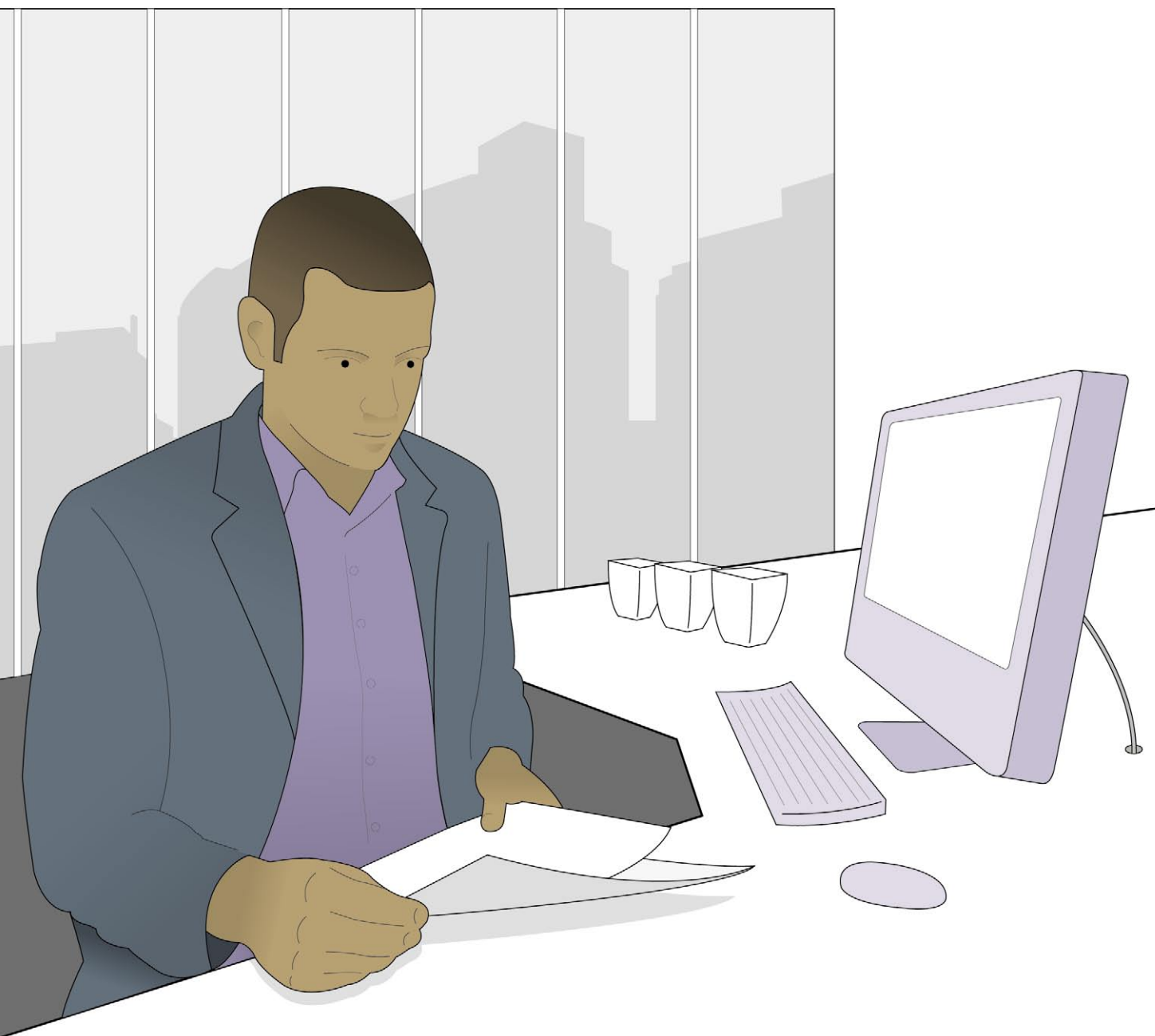
- Unlicensed Mobile Access (UMA)
(ComReg Document 06/43)
- Mobile TV
(ComReg Document 06/62)
- Dynamic Spectrum Access
(ComReg Document 07/22)

Postal Regulation

Regulatory Framework

ComReg is the National Regulatory Authority for the Irish Postal sector. A key role for ComReg 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 meeting its objectives, ComReg focuses on ensuring the provision of high quality customer-centric postal services, guaranteeing for both letters and parcels daily collections and deliveries not less than five 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;
- the Universal Service Provider designated by the Minister;
- 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 prior concurrence.

Accounting Direction

During 2006, ComReg commissioned consultants, LECG Ltd of London, to review the accounting Direction issued to An Post on September 20, 2001. Following a public consultation (ComReg Document 06/55), ComReg issued a revised accounting Direction to An Post on December 8, 2006 (ComReg Document 06/63) which will apply to the regulatory accounts for 2007 and subsequent accounting periods.

Postal Service Providers

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 50g 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. €1.375 (based on prices at March 1, 2007). The postal market for outgoing cross-border mail has been fully opened to competition since January 1, 2004.

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). Since January 1, 2004 only those postal service providers (other than An Post) with a relevant 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 June 30, 2007, thirty one providers of Postal Services had been granted a Postal Service Authorisation, of which two were authorised during the year in review.

ComReg’s website www.comreg.ie offers the facility to view an up-to-date register of authorised providers of postal services and the services each operator currently provides.

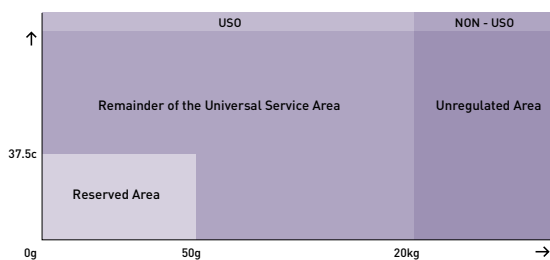
Market Opening

On October 18, 2006, the European Commission published its proposal for a Directive confirming January 1, 2009 as the date for full accomplishment of the internal market for postal services. On the basis of its research, the Commission believed that this was the best way to maintain universal service while further improving quality and choice for EU consumers and businesses.

By the end of the year under review, this proposal had not been endorsed by either the Council of Ministers or the European Parliament. However, it was clear from the debates in the European Parliament’s committees that the deadline proposed was not acceptable. There appeared to be a consensus that a deadline for Full Market Opening of December 31, 2010 would be preferable.

On the other hand, both Germany and the Netherlands proceeded with their preparations to open their markets to full competition from January 1, 2008, joining Sweden, Finland and the United Kingdom, whose markets were already fully opened. Other countries including Austria and Estonia have already opened the market for delivery of Direct Mail, irrespective of weight.

Figure 1: Interrelationship between Universal, Reserved and Unregulated Postal Services based on domestic price 55c



Postal Regulation continued

Although the date for Full Market Opening had not been settled, the scope of the regulatory framework after market opening was broadly acceptable to all the parties. The key features of the proposal include:

- The current obligations on Member States to ensure a high-quality Universal Service comprising at least one delivery and collection on five days a week for every EU citizen would be maintained;
- Improved consumer protection;
- New obligations to ensure the independence of National Regulatory Authorities;
- The obligation to ensure affordability of postal services is maintained, as is the ability for Member States to impose a uniform tariff for single piece tariff items such as consumer mail;
- Price control systems must stimulate efficiency gains and ensure that prices are cost-oriented.

It will be for each member state to decide how best to ensure provision of the Universal Service:

- by intervention in the event of market failure,
- by the use of public procurement procedures, or
- by designation of a Universal Service Provider. In this case, if there is a net cost of providing Universal Service, and if it represents an unfair burden on the designated Universal Service Provider, the Member State will have freedom to choose from a range of financing options including state aid, cost sharing (compensation fund) with other operators providing similar services and "pay or play" mechanisms.

From the point of view of Irish consumers:

- Universal Service provision on five days a week will continue to be guaranteed;
- The prices charged by An Post for these services will continue to be controlled;
- Quality will continue to be measured in accordance with European Standards.

ComReg's Enforcement Powers

On February 2, 2007, Noel Dempsey TD, the then Minister for Communications, Marine and Natural Resources, published the Communications Regulation (Amendment) Bill 2007.

This Bill introduces specific postal regulatory powers for ComReg to require an undertaking to provide it with such written information as it considers necessary to enable it to carry out its functions. It will be an offence for an undertaking to fail to comply with such a requirement, or provide false or misleading information.

The Bill also provides for the Minister, on the application of ComReg, to make an order requiring a specified person to comply with an obligation imposed by or under the regulations or prohibiting that person from continuing to contravene a prohibition specified in or under the regulations. The High Court may order the person to pay a financial penalty.

Quality of Service Domestic- An Post

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.

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 2006 and the results of each quarter's performance including Quarter 1 of 2007¹¹.

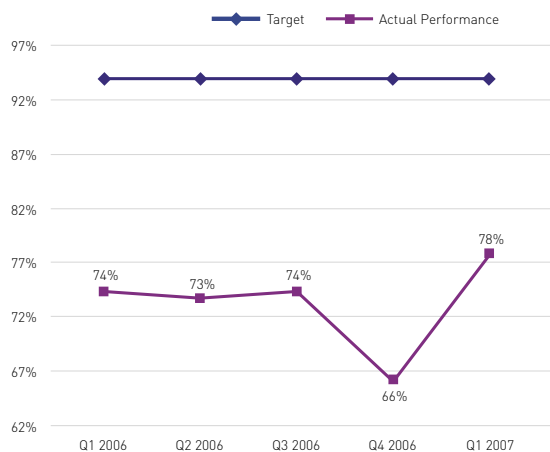
Results show that in 2006, for mail posted in the State for delivery in the State, 72% of ordinary correspondence (single piece mail) was delivered the next working day (excluding weekends and bank holidays). This annual result shows a drop of 1% over the annual result for 2005 (73%)¹². In both years performance fell well short of the quality of service target set by ComReg of 94%.

97% of ordinary correspondence was delivered within three working days of posting which maintains the previous year's measurement, but still falls short of the 99.5% target set by ComReg¹³.

These results are summarised below, with results for Quarter 1, 2007 also provided.

	National Mail (D+1)	Local Mail (D+1)	National Mail (D+3)
Target Set	94%	94%	99.5%
Q1 2006	74%	78%	96%
Q2 2006	73%	76%	97%
Q3 2006	74%	74%	98%
Q4 2006	66%	71%	96%
Whole Year 2006	72%	75%	97%
Q1 2007	78%	81%	98%

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. 06/25 (June 20 2006); 06/54 (September 28 2006), 06/70 (December 24 2006), 07/28 (May 10 2007), 07/33 (June 18 2007)

12. This is within the margin or error (+/- 1.0%)

13. 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.

International - European Cross-Border Results

The 2006, 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 overall 94.2% of priority letter mail was delivered within three days of posting (speed indicator) and 98.8% within five days (reliability indicator), a marginal improvement over 2005's performance.

Average figures for mail despatched from and delivered in Ireland are not published, but details for some specific routes (delivery within three days) are as follows:

Country	Despatched from Ireland		Delivered in Ireland	
	2005	2006	2005	2006
United Kingdom	91.6	93.0	86.2	94.4
Poland	60.1	82.3	77.6	81.3
Latvia*		78.6		83.7
Germany	94.7	94.6	94.1	93.4
France	90.2	90.6	89.0	88.1
Spain	65.1	71.1	85.5	89.6
The Netherlands	81.3	94.0	93.0	85.7
Belgium	78.9	93.3	87.2	91.7

NB Results are not measured for services to and from Lithuania.

*Results were not measured for services to and from Latvia in 2005

Price

An Post's Tariffs

On December 6, 2006, ComReg received proposals from An Post to increase the price of its domestic reserved services. An Post proposed an "interim" price increase because accounting data to support any significant rebalancing of tariffs would have to be based on the new accounting processes and procedures set out in ComReg's revised accounting Direction, but the data from these new systems would not be available until late 2007.

During the period from August 2003 to May 2007, it was projected that An Post would have absorbed significant cost increases, including wage increases of 18.9% under National Wage Agreements, while in the 12 months ending November 2006 alone the Consumer Price Index (CPI) increased by 4.4%. Furthermore, by March 2007 it would have been three and a half years since the last increases were granted in respect of An Post's reserved "letter" products, and almost 12 months in the case of reserved "large envelope" and "packet" products.

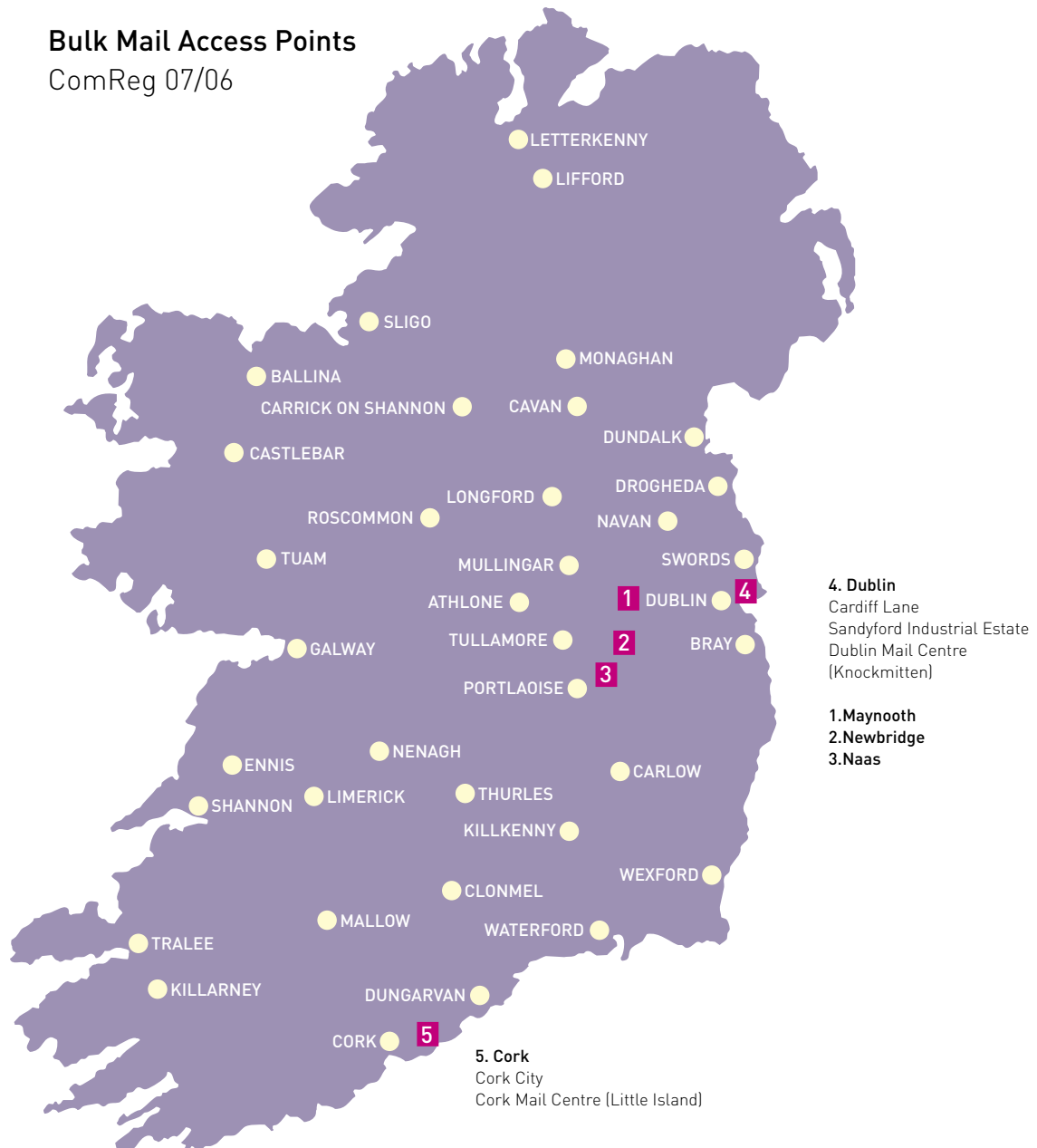
Postal Regulation continued

There was also a commitment from An Post to produce and submit accounting data based on the new processes and procedures late in 2007, and to review pricing in the light of that detailed information.

On the December 15, 2006, ComReg launched a consultation (ComReg Document 06/67) about these proposals, and on 9 February 2007 ComReg published its decision (ComReg Document 07/10). ComReg concurred with the following price increases:

- An increase in the price of a letter from 48c to 55c. For customers using An Post's Ceadúnas (Permit) services or meter franking machines the approved price was 54c;
- An increase in the price of a large envelope from 90c to 95c;
- An increase in the price of a packet from €2.00 to €2.10;
- Commensurate increases for An Post's discounted services for bulk mail.

Bulk Mail Access Points ComReg 07/06



Prices for services outside the reserved area were also increased, although the price of letters in the 50-100g category were reduced from 60c to 55c, restoring the principle of a single price for all standard sized envelopes whatever the weight. ComReg indicated that it intended to review all universal service tariffs when information from the new accounting systems became available, be it part of a price increase application or not.

Services

Bulk Mail

One of the principal functions of ComReg 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 this context, it issued a Direction to An Post on January 31, 2007 to ensure that the access points for Bulk Mail services met the needs of users (ComReg Document 07/06).

This followed a consultation (ComReg Document 06/53) in which ComReg proposed the expansion of the number of sites at which the full range of bulk mail services should be available on a non discriminatory basis. The consultation paper put forward an indicative list of 48 sites and also raised the issue of users having the facility of accessing multiple sites. All users who responded generally supported the expansion of the number of sites, with An Post claiming that they could offer access to bulk mail discounts at a substantial majority of the delivery offices listed in the consultation paper.

Accordingly, ComReg directed An Post to provide full and unconditional bulk mail access at 43 locations in the State to take effect no later than April 30, 2007.

Residential and Business Surveys

ComReg published the findings of its 2006 Postal Business and Residential Surveys during the year in review (ComReg Document No. 07/19a and 07/19b) in April 2007. The annual surveys provide a valuable insight into how the postal market is performing as well as pointing to emerging trends. An Post, the Universal Service Provider, delivers over 750 million items each year. Approximately 85% of all domestic mail originates with the business community.

Other key findings of the 2006 surveys included:

Business Survey

- An increase to 20% in the number of companies who state they are opting to use other providers in addition to An Post;
- An increase in the volume of post sent by businesses surveyed;
- Businesses estimate to have spent an average of €8,019 on postal services with An Post;
- Nearly half of all respondents expressed satisfaction with the postal service in Ireland. Among the lowest satisfaction scores were the length of time An Post takes to deliver letters and the clarity of information available on postal services provided by all providers.

Residential Survey

- A reduction in the estimated average amount of mail sent from 4.69 per week in 2005 to 3.06 items in 2006, and a reduction in mail items delivered to each home address per week from 9.36 in 2005 to 8.11 in 2006;
- A good increase in the level of awareness of other postal operators from 30% in 2005 to 47% in 2006;
- Over two-thirds of those surveyed expressed satisfaction with collection times and their mail delivery.

International Affairs

The European Regulators Group

The European Regulators Group (ERG), established by an EU Decision in 2002, is comprised of European National Regulatory Authorities (NRAs). Thirty four European countries participate in the work of the ERG. In addition to the twenty-seven members from EU Member States, there are four European Free Trade Association (EFTA) States (Switzerland, Norway, Iceland and Liechtenstein) and three EU Accession/Candidate States (Turkey, Croatia and FYR Macedonia).

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 in ERG's work programme.

The work of the ERG during the period continued to be dominated by preparation for the review of the Regulatory Framework and the EU Commission's Recommendation on Relevant Product and Service Markets. ComReg chaired the Project Team which examined proposals in these areas.

Development of ERG

In October 2006, recognising that stakeholders attach particular importance to progress on harmonisation, ERG committed to a number of steps to enhance its efforts in this area, including updating priority areas for harmonisation of regulatory approach and development of best practice in key markets. While ERG Common Positions cannot be binding, all NRAs committed to take the utmost account of them and to provide reasoned regulatory decisions accordingly.

During the period July 2006 to June 2007, 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 Input to the review of the Regulatory Framework

ERG engaged with the EU Commission on a continuous basis during the period and issued its formal response on the review of the Framework and on proposed revisions to the recommendation on relevant markets in October 2006. This developed some of the themes set out in ERG's earlier response of February 2006 the key of which were:

- 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.

In February 2007, ERG also responded to Commissioner Reding's request for views on institutional aspects of the Regulatory Framework. In its response, ERG encouraged the Commission to fully utilise ERG's regulatory expertise and experience and pointed out the ERG's own initiatives to further develop harmonised approaches to regulation.

In respect of the Recommendation on Relevant Markets, ERG recommended some procedural changes to make the market analysis process more efficient and offered views on the importance of retaining certain markets in the recommended list.

ERG issued further documents related to the Framework and the Markets in the period up to the formal announcement of the Commission's proposals in November 2007.

International Roaming

In response to the EU Commission's proposals on International Roaming Charges, ERG provided advice to the Commission on options to ensure the effectiveness of regulation. In addition, ERG provided guidelines for mobile operators on implementation of the Regulation and continues to assist the Commission in monitoring market developments.

ERG Opinion on Regulatory Principles of NGA

Following a public consultation, the ERG published its opinion on the regulatory Principles for Next Generation Access (NGA). The document identified the regulatory challenges posed by Next Generation Networks particularly in ensuring access to facilities.

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 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. Along with representatives of the Department of Communications, Energy and Natural Resources, ComReg participates as part of the Irish delegation.

Radio Spectrum Policy Group

The Radio Spectrum Policy Group (RSPG), established under the Commission Decision 2002/622/EC, adopt opinions which are meant to assist and advise the European Commission on radio spectrum policy issues, on co-ordination of policy approaches and, where appropriate, on harmonised conditions with regard to the availability and efficient use of radio spectrum necessary for the establishment and functioning of the internal market.

In doing its work, the RSPG consults extensively and in a forward-looking manner on technological, market and regulatory developments relating to the use of radio spectrum in the context of EU policies on electronic communications, transport and research and development.

Along with representatives of the Department of Communications, Energy and Natural Resources, ComReg participates as part of the Irish delegation.

Radio Spectrum Committee

The Radio Spectrum Committee (RSC), established under the EC Radio Spectrum Decision (676/2002/EC), assists the European Commission in the development and adoption of technical implementing measures aimed at ensuring harmonised conditions for the availability and efficient use of radio spectrum, as well as the availability of information related to the use of radio spectrum. The committee exercises its function through advisory and regulatory procedures in accordance with the European Council Comitology Decision.

Along with representatives of the Department of Communications, Energy and Natural Resources, ComReg participates as part of the Irish delegation.

European Conference of Postal and Telecommunications Administrations (CEPT)

The European Conference of Postal and Telecommunications Administrations - CEPT – now consists of 48 member states. The body consists of two committees, one dealing with radiocommunications and telecommunications matters, the Electronic Communications Committee and the second dealing with postal services.

The basic aim of CEPT is to strengthen the relations between Members, promote their co-operation and contribute to the creation of a dynamic market in the field of European posts and electronic communications. Its functions comprise of working out common views on the priorities and aims set in the field of posts and electronic communications and examining, in a European context, public policy and appropriate regulatory issues regarding posts and electronic communications, including the use of radio spectrum.

ComReg participates in a number of project teams and working groups 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 2002. During the period under review, Mike Byrne was appointed Chairperson of the Commission on December 1, 2006. The Commission, with the Management Policy Committee (MPC), is responsible for the strategic and operational management of the organisation.

Human Resource Development 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 Awards; O2 Ability Award winner in June 2007 and Engineers Ireland re-accreditation for Continuing Professional Development (CPD). These accreditations acknowledge the high standards of professionalism, 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 re-launched its consumer website, www.askcomreg.ie, as part of an initiative to consolidate and build on its consumer focused resources and services. www.askcomreg.ie branding now aligns with ComReg's phone and broadband pricing website www.callcosts.ie and the website was extended to offer further information and services to communication consumers in Ireland.

The site now includes a 'Tell Us' section where consumers can review ComReg's Consumer Policy and are advised about contacting the ComReg Consumer Line with queries or complaints which have not been addressed by their service provider. Furthermore, www.askcomreg.ie now offers an e-mail alert service that will inform consumers of any news items, newsletters and other consumer related publications. The re-launch of www.askcomreg.ie forms part of ComReg's ongoing Consumer Strategy to enable consumers to make educated and informed telecommunications choices.

In June 2007, a new www.comreg.ie website site was launched. The new site allows for easy access by industry, press and other stakeholders to ComReg publications and press releases. The home page provides a view of current items including publications, consultations and what's new items. A new search function allows for extensive search capabilities and easy retrieval of items and documents containing the search terms entered.

The IT function provided support for technical setup, design and launch of Phase 2 of www.callcosts.ie which included fixed line and broadband price comparisons. Subsequently, ongoing enhancements such as the inclusion of mobile broadband plan comparisons were added to the website.

For ComReg staff, new desktop PCs were purchased and rolled out in line with the ComReg technology refresh policy. As part of the office refurbishment project, new IT facilities for reception and meeting rooms were provided. These include enhanced security and presentation facilities, electronic notice board in reception and electronic white board. A TV screen in ComReg reception was mounted and set up to 'showcase' the Digital Terrestrial TV Trial being conducted by DCENR.

IT developed, co-ordinated, implemented and tested a comprehensive Business Continuity Plan (BCP) for ComReg which encompasses a communications plan, IT mirror site and emergency operations site.

IT services, including Wireless Internet Access, were provided for a range of meetings and conferences. The IT function provided both desktop and network support for ComReg staff. Other projects included server upgrade and consolidation to ensure platform for future delivery of IT requirements and ongoing amendments to Siteviewer and ComReg's licensing software system.

Information Access

ComReg is fully supportive of the Freedom of Information legislation and, during the period under review, we had 12 requests for information under the FOI Act.

To facilitate effective communication and in accordance with Disability Legislation and Official Languages legislation, ComReg continued to implement their Information Access initiatives:

- Production of all Consumer Guides in 'plain English' - achieved through the National Adult Literacy Agency (NALA);
- Provision of Access and Complaint Officer and associated procedures including and publication of audio version of the procedure;
- Irish Language initiatives such as translation of key documents and staff awareness and training;
- Provision of on-request Braille and alternative formats for ComReg documents and correspondence.

Additionally, both consumer sites www.askcomreg.ie and www.callcosts.ie retained their W-Mark, while www.comreg.ie also obtained it, underlining ComReg's commitment to and delivery of accessible information.

ComReg established a Data Protection committee with the objective of ensuring ComReg's compliance with the provisions of the Data Protection Acts (1988 and 2003). The Committee is chaired by ComReg's Access Officer and was engaged in progressing initiatives such as review of ComReg's privacy statement, management of confidential waste and training.

Consumer Care

The ComReg consumer care function provides both Consumer Line services, including management of queries and complaints, and information and awareness services.

Communications and publications

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 stakeholders. These events provide an ideal platform for sharing information, feedback and discussion among all stakeholders in the regulatory and technology sectors.

ComReg hosted its Chief Executive Officers' Forum on September 21, 2006 in the Berkeley Court Hotel, Dublin. The theme of the ComReg conference was Facilitating Broadband Leadership. The Forum provided key industry figures the opportunity to meet and discuss strategies and regulatory developments.

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

ComReg also hosted a Forum on Next Generation Networks in the Berkeley Court Hotel on March 8, 2007. The Forum focused on emerging market and regulatory trends internationally.

2007 marked the 10th anniversary of the independent regulation of the electronic communications sector in Ireland. The Office of the Director of Telecommunications Regulation (ODTR) was established in 1997 and, having assumed responsibility for regulating the postal sector in 2000, its functions for both sectors were transferred to the Commission for Communications Regulation (ComReg) in 2002.

To commemorate the anniversary, ComReg hosted an event to mark the occasion in the Shelbourne Hotel, Dublin on June 27. The newly-appointed Minister for Communications, Energy and Natural Resources, Mr. Eamon Ryan TD, addressed the gathering and noted the progress which had been made in the communications sector in the previous preceding decade.

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 and is published on our website.

In order to assist with the discharge of its responsibilities, the Commission has 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's 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.

Financial statements of the Commission for Communications Regulation

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Report of the chairperson

FOR THE YEAR ENDED 30 JUNE 2007

I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation for the year ended 30 June 2007.

Principal Activities

The Commission for Communications Regulation was established on 1 December 2002. The functions of the Commission are specified in the Communications Regulation Act, 2002 and the Communications Regulation (Amendment) Act 2007. These functions relate to the regulation and licensing of the electronic communications industry (including radio and broadcasting transmission), the regulation of postal services and the regulation of the .ie domain name. The Commission is 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 the Commission to adopt, with the approval of the Minister and the Minister for Finance, a code of financial management and to 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 Payments 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.

John Doherty

Chairperson

Commission for Communications Regulation

14 May 2008

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 moneys 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.

John Doherty
Chairperson
Commission for Communications Regulation
14 May 2008

Statement on the system of internal financial control

FOR THE YEAR ENDED 30 JUNE 2007

Responsibility for System of Internal Financial Control

On behalf of the Commission for Communications Regulation, 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:

- a 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 the Commission 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 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 the Commission 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 for the year ended 30 June 2007.

John Doherty

Chairperson

Commission for Communications Regulation

14 May 2008

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 2007 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.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2007 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 Buckley

Comptroller and Auditor General
20 May 2008

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. 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.

Spectrum Income represents fee income paid to the Commission for the right to use radio spectrum. This income is brought to account in the period when it falls due. In the year to 30 June 2007, the income derived from 3G radio spectrum.

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 is staffed by Commissioners and directly recruited employees. A defined benefit pension scheme (originally established by the ODTR) is in place for Commissioners and employees of the Commission. The scheme is funded by contributions from Commissioners, employees and the Commission which are transferred to a separate trustee administered fund.

The Commission has adopted the full provision of FRS 17 Retirement Benefits. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected units 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.

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 identified separately in the accounts. 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 2007

	Notes	2007 Levy €'000	2007 Electronic Communications Other €'000	2007 Post Levy €'000	Year to 30 June 2007 Total €'000	Year to 30 June 2006 Total €'000
INCOME						
Levy		9,692		1,383	11,075	10,063
Licensing Fees	1		23,696		23,696	21,453
Spectrum Income	1		52,000		52,000	-
Other Income	1		1,890		1,890	826
GROSS INCOME						
Transfer (to) capital reserve	7	9,692	77,586 (1,203)	1,383	88,661 (1,203)	32,342 (269)
NET INCOME						
		9,692	76,383	1,383	87,458	32,073
EXPENDITURE						
Staff Costs	2	5,528	2,708	458	8,694	8,022
Pension Costs	12(c)	716	350	59	1,125	1,422
Technical Advice		2,739	685	702	4,126	3,265
Legal Expenses		25	143	1	169	1,217
Advertising		211	84	12	307	80
Administrative Expenses		1,560	1,084	126	2,770	2,369
Auditors' Remuneration		14	10	1	25	33
Premises and Related Expenses		749	516	71	1,336	1,273
Depreciation		219	150	21	390	240
Profit on Disposal of Vehicle						(10)
Subscriptions to International Organisations	10	213			213	715
		11,974	5,730	1,451	19,155	18,626
OPERATING SURPLUS / (DEFICIT)						
		(2,282)	70,653	(68)	68,303	13,447
Payable to Central Fund	8				(68,303)	(13,447)
SURPLUS CARRIED FORWARD						
					0	0

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

John Doherty

Chairperson

Commission for Communications Regulation

Statement of total recognised gains and losses

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Year to 30 June 2007 Total €'000	Year to 30 June 2006 Total €'000
SURPLUS FOR YEAR		0	0
Actual Return less expected return on scheme assets	12(d)	737	292
Experience gains / (losses) on pension scheme liabilities	12(d)	(751)	882
Changes in assumptions underlying the present value of pension scheme liabilities	12(d)	962	1,156
TOTAL RECOGNISED GAINS RELATING TO THE FINANCIAL YEAR	12(d)	948	2,330

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

John Doherty

Chairperson

Commission for Communications Regulation

Balance sheet

AS AT 30 JUNE 2007

	Notes	30 June 2007 €'000	30 June 2006 €'000
FIXED ASSETS			
Tangible Assets	3	2,016	813
CURRENT ASSETS			
Debtors	4	9,640	7,450
Short Term Investments		42,821	32,345
Cash at Bank and in hand and Short Term Deposits		3,257	2,132
		55,718	41,927
CREDITORS (Amounts falling due within 1 Year)			
Creditors	5	(55,276)	(40,979)
NET CURRENT ASSETS		442	948
TOTAL ASSETS LESS CURRENT LIABILITIES		2,458	1,761
PROVISIONS FOR LIABILITIES AND CHARGES		6	(521)
NET ASSETS EXCLUDING PENSION LIABILITY		2,458	1,240
Pension Liability	12(e)	(3,427)	(4,360)
NET LIABILITIES INCLUDING PENSION LIABILITY		(969)	(3,120)
REPRESENTED BY			
Capital Reserves	7	2,016	813
Pension Reserve		(2,985)	(3,933)
RESERVES INCLUDING PENSION LIABILITY		(969)	(3,120)

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

Cashflow statement

FOR THE YEAR ENDED 30 JUNE 2007

	Year to 30 June 2007 €'000	Year to 30 June 2006 €'000
Notes		
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus (before Amount due to Central Fund)	68,303	13,447
Difference between Pension charge and contributions	15	427
Depreciation	390	240
Bank interest	(1,533)	(773)
Capital reserve transfer	1,203	269
(Increase) / Decrease in Debtors	(2,190)	(3,034)
Increase in Creditors (excluding Central Fund)	6,647	3,747
(Decrease) / Increase in Provisions for Liabilities and Charges	(521)	(3,020)
NET CASH INFLOW FROM OPERATING ACTIVITIES	72,314	11,303
CASH FLOW STATEMENT		
Net cash inflow from operating activities	72,314	11,303
Return on Investments		
- Bank and other interest received	1,533	773
Capital expenditure	(1,593)	(509)
Payment to Central Fund	8 (60,653)	(9,923)
Management of Liquid Resources		
- (Increase) in Short Term Deposits	(1,168)	(312)
- (Increase) in Short Term Investments	(10,476)	(1,232)
INCREASE / (DECREASE) IN CASH BALANCES	(43)	100
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Increase / (Decrease) in Cash in the period	(43)	100
Increase in Short Term Deposits	1,168	312
Increase in Short Term Investments	10,476	1,232
Change in Net Funds	11,601	1,644
Opening Net Funds	34,477	32,833
Closing Net Funds	46,078	34,477

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

John Doherty

Chairperson

Commission for Communications Regulation

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2007

1. LICENSING FEES

	2007	2007	2007	Year to	Year to
	Electronic Communications		Post	30 June	30 June
	Levy	Other	Levy	Total	Total
	€'000	€'000	€'000	€'000	€'000
2G & 3G Radio Licensing Fees	-	13,528	-	13,528	13,205
Other Radio Licensing Fees	-	9,846	-	9,846	8,148
Cable, MMDS & Deflector Licensing	-	322	-	322	100
	-	23,696	-	23,696	21,453
Spectrum Income					
3G Spectrum Income	-	52,000	-	52,000	-
Other Income					
Bank Interest			1,533	1,533	773
Administration Fee Income			331	331	-
Sundry			26	26	53
			1,890	1,890	826

Of the total Spectrum Income of €52m, €44.4m was received from Eircom in respect of their 3G licence issued on 12 March 2007.

2. STAFF COSTS

Employee costs during the period:					
Wages and Salaries	5,042	2,470	418	7,930	7,317
Social Welfare Costs	486	238	40	764	705
	5,528	2,708	458	8,694	8,022

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

	62	42	6	110	108
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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	411	462

Notes to the financial statements

CONTINUED FOR THE YEAR ENDED 30 JUNE 2007

3. TANGIBLE ASSETS

	Technical Equipment €'000	Computer Equipment €'000	Fixtures, Fittings & Office Equipment €'000	Motor Vehicle €'000	Total €'000
Cost					
At 30 June 2006	488	1,922	929	60	3,399
Additions	21	284	1,288	-	1,593
Disposals		(117)			(117)
At 30 June 2007	509	2,089	2,217	60	4,875
Accumulated Depreciation					
At 30 June 2006	334	1,667	585	0	2,586
Charge for period	29	207	144	10	390
Disposals		(117)			(117)
At 30 June 2007	363	1,757	729	10	2,859
Net Book Value					
30 June 2007	146	332	1,488	50	2,016
30 June 2006	154	255	344	60	813

4. DEBTORS

	30 June 2007 €'000	30 June 2006 €'000
Due within one year:		
Electronic Communications administration levy	550	316
Postal administration levy	330	316
Radio Licence Income	6,333	4,876
Accrued Income	1,735	1,257
Prepayments & Recoverable expenses	692	685
	9,640	7,450

5. CREDITORS (Amounts falling due within one year)	30 June 2007 €'000	30 June 2006 €'000
Trade Creditors	987	1,531
Other Creditors	7,453	965
PAYE / PRSI	6	6
Value added tax	85	1
Accruals	1,720	2,535
Deferred income (see analysis below)	14,377	12,960
Payroll	898	881
Payable to Central Fund	29,750	22,100
	55,276	40,979
Analysis of Deferred Income		
Radio Licence Income	13,741	12,515
FWPMA Licence / Administrative Fee Income	365	411
Other	271	34
	14,377	12,960

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 2007 €'000	Year to 30 June 2006 €'000
Legal Costs		
Balance at 1 July 2006	521	3,541
Provided in the year	-	480
Provisions not required written back	-	(403)
Provisions utilised in the year	(521)	(3,097)
Unwinding of discount	-	-
	-	521

Included in the opening provisions was an amount in respect of an appeal which had been initiated before 30 June 2006 and where legal advice indicated that the Commission would be obliged to pay legal costs the amount of which was uncertain. Provisions had also been made in respect of two High Court actions both of which had been initiated before 30 June 2006. All of the opening provisions were utilised during the year.

7. CAPITAL RESERVES	Year to 30 June 2007 €'000	Year to 30 June 2006 €'000
Opening Balance	813	544
Transfer (to) / from Income and Expenditure Account:		
Purchases of fixed assets	1,593	509
Amortisation in line with fixed asset depreciation	(390)	(240)
	1,203	269
Net Amount from Income and Expenditure Account	1,203	269
	2,016	813

Notes to the financial statements

CONTINUED FOR THE YEAR ENDED 30 JUNE 2007

8. PAYOVER TO CENTRAL FUND

Under the Communications Regulation Act, 2002, 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 2007. Any final determination is not expected to be greater than €68,303,000. During the year to 30 June 2007 a total of €60,653,000 was paid to the Central Fund, comprising the amount due in respect of the year to 30 June 2005 of €8,653,000 and Spectrum Income received in the year to 30 June 2007 of €52,000,000.

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, Energy and Natural Resources (formerly 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 €213,000 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.

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 2007.

12. PENSIONS (continued)**b) Financial Assumptions**

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

	30 June 2007	30 June 2006
Discount rate	5.50%	5.10%
Salary increases	4.50%	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 2007

	Expected Return 30 June 2007 %	Expected Return 30 June 2006 %	Market Value 30 June 2007 €'000	Market Value 30 June 2006 €'000
Equities	7.40	7.40	8,279	5,050
Bonds	4.60	4.00	1,045	684
Property	6.40	6.80	788	438
Cash	3.00	3.00	468	545
Total market value of assets			10,580	6,717
Present value of pension scheme liabilities			(14,007)	(11,077)
Net pension (Liability)			(3,427)	(4,360)

c) Analysis of total pension costs charged to expenditure

	Year to 30 June 2007 €'000	Year to 30 June 2006 €'000
Current Service Cost	1,070	1,192
Past Service Cost	-	15
Interest on pension scheme liabilities	55	215
	1,125	1,422

d) Analysis of amount recognised in the Statement of Recognised Gains and Losses

Actual return less expected return on assets	737	292
Experience gains and losses	(751)	882
Changes in assumptions	962	1,156
Actuarial Gain / (Loss) recognised in STRGL	948	2,330

e) Movement in Surplus during the year

Deficit at the beginning of the year	(4,360)	(6,263)
Current Service Cost	(1,070)	(1,192)
Past Service Costs	-	(15)
Contributions	1,110	995
Other finance costs	(55)	(215)
Actuarial Gain	948	2,330
Deficit at end of year	(3,427)	(4,360)

Notes to the financial statements

CONTINUED FOR THE YEAR ENDED 30 JUNE 2007

12. PENSIONS (continued)

f) History of experience gains and losses

	Year to 30 June 2007	Year to 30 June 2006	Year to 30 June 2005	Year to 30 June 2004
	€'000	€'000	€'000	€'000
Difference between expected and actual return on scheme assets amount (€'000)	737	292	377	(9)
percentage of scheme assets	7.0%	4.3%	8.1%	0.3%
Experience gains and losses on scheme liabilities amount (€'000)	(751)	882	(695)	4,364
percentage of present value of scheme liabilities	5.4%	8.0%	6.4%	64.6%
Changes in assumptions amount (€'000)	962	1,156	(2,032)	268
percentage of present value of scheme liabilities	6.9%	10.4%	18.6%	4.0%
Total amount recognised in STRGL amount (€'000)	948	2,330	(2,350)	(4,105)
percentage of present value of scheme liabilities	6.8%	21.0%	21.6%	60.8%

g) 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 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 the Commission.

For service transferred by members prior to 30 June 2007, the Commission estimates that the total value of payments receivable under either of these mechanisms is €2m of which €1.1m was received during the year ended 30 June 2007. Pending resolution of the amounts due no asset has been recognised in the financial statements.

h) Transferred in Service

Payments in respect of transferred in service are now included in the Actuarial Gain for the year and the comparative figures have been regrouped and restated for consistency with the 2007 figures. There is no effect on the surplus for 2006.

i) Funding of Pensions

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

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2007.

14. RELATED PARTY TRANSACTIONS

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

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by John Doherty, Chairperson, Commission for Communications Regulation on 14 May 2008.

Appendix 1

LIST OF DOCUMENTS PUBLISHED BY COMREG DURING THE YEAR

06/29	The Future Provision of Telephony Services Under Universal Service Obligations
06/30	Status Report on Local Loop Unbundling - Issue 2
06/31	Irish Telephony Numbering & Dialling Plan Status Report - July 2006
06/29a	The Submissions to The Future Provision of Telephony Services Under Universal Service Obligations
06/32	The Future Provision of Telephony Services Under Universal Service Obligations
CP42	Wireless Public Address Systems (WPAS) Licensing - Information Briefing
06/33	Geographic Number Allocations for Hybrid Fixed-Mobile Telecoms Services
06/34	Business Telecommunications Survey Wave 1, 2006: Survey Results
06/35	Market Analysis - Wholesale International Roaming (Response to Consultation)
06/36	Quarterly Key Data Report Information Notice
06/37a	Information Notice: The Award of National Block Point-to-Point and Point-to-Multipoint Assignments in the 26 GHz band
06/37b	Information memorandum: Process for the Award of National Block Point-to-Point and Point-to-Multipoint Assignments in the 26 GHz band
06/37cR	Guidelines for National Point-to-Point and Point-to-Multipoint Block Licences in the 26GHz Band
06/38	Status Update on Local Loop Unbundling - Issue 3
06/39	Market Review: Retail Fixed Narrowband Access Markets
06/40	Market Review: Retail and Wholesale Payphone Access and Calls Markets
06/41	Consultation on a retail Price Cap as a Potential Remedy on Fixed Narrowband Access Markets - Part 1
06/42	Proposed variation to SCTV Digital Plc Programme Services Distribution Licence
06/43	Unlicensed Mobile Access (UMA) - Briefing Note
06/44	Ships Radio Licence Transfer Form
06/45	Result of VoIP Framework Review 2006
06/46	Consultation on the Cost Orientation Obligation in Providing Number Information to the National Directory Database
06/47	Draft Interface Requirements for Radio Services in Ireland
06/47R	Interface Requirements for Radio Services in Ireland
06/48	Regional DVB in the UHF Band Response to Consultation
06/49	Developing a Next Generation Network Regulatory Framework - Proposed Work Programme
06/50	Status Update on Local Loop Unbundling - Issue 4
06/51	Retail Calls Market Review - Call for Input on an Assessment of the Three Criteria
CP43	Facilitating Broadband Leadership Forum 2006 - Agenda
CP43a	Facilitating Broadband Leadership Forum 2006 - Presentation by Prof. Peter Cochrane
CP43b	Facilitating Broadband Leadership Forum 2006 - Presentation by David Jesse
CP43c	Facilitating Broadband Leadership Forum 2006 - Presentation by Martin Cronin
CP43d	Facilitating Broadband Leadership Forum 2006 - Presentation by Brian Coll
CP43e	Facilitating Broadband Leadership Forum 2006 - Presentation by Dylan Collins
CP43f	Facilitating Broadband Leadership Forum 2006 - Presentation by Paul Bradley
CP43g	Facilitating Broadband Leadership Forum 2006 - Presentation by Gerry Fahy
06/52	Irish Communications Market: Quarterly Key Data - September 2006
06/52a	Irish Communications Market: Quarterly Key Data - September 2006: Explanatory Memorandum
06/52b	Irish Communications Market: Quarterly Key Data - September 2006: Raw Data
06/53	Regulation of Postal Services - Universal Service Obligation Bulk Mail Access
06/54	Information Notice - An Post's Quality of Service Domestic Single Piece Mail - Quarter 2, April to June 2006 & YTD, January - June 2006
06/54a	TNS mrbi Report for YTD, January - June 2006
06/54b	TNS mrbi Report for Qtr 2, April - June 2006
06/55	Regulation of Universal Postal Services - Accounting Separation & Costing Methodology - New Accounting Direction to An Post
06/55a	LECG Report Revised Accounting Direction and Related Issues
06/56	Status Update on Local Loop Unbundling - Issue 5
06/57a	ComReg Trends Report Q2 2006 prepared by Amárach Consulting
06/57b	Trends Survey Series Q2 2006. Residential Telecommunications Survey Report.
06/58	2005 - 2006 Programme of Measurement of Non-Ionising Radiation emissions Third Interim Report
06/01CR	ComReg's response to the Consultation Paper on Regulatory Appeals
06/12R	2005 - 2006 Programme of Measurement of Non-Ionising Radiation emissions First Interim Report
06/24R	2005 - 2006 Programme of Measurement of Non-Ionising Radiation emissions Second Interim Report
06/59	Consultation Paper - Increased FWALA Licence Flexibility
06/60	Order Handling Charges for 2005/06 and Number Translation Code Rates for 2004/05, 2005/06 and 2006/07
06/61	Status Update on Local Loop Unbundling - Issue 6
06/62	Mobile TV - Briefing Note
06/63	Regulation of Universal Postal Services - Accounting Separation and Costing Methodology - Accounting Direction to An Post
06/63a	Submissions to Consultation - Regulation of Universal Postal Services - Accounting Separation and Costing Methodology - Accounting Direction to An Post
06/64	ComReg Trends Survey Series Q3 2006. Presentation of Results, prepared by Amárach Consulting
06/65R	Information Memorandum - Co-ordinated Auction of Spectrum 1785 - 1805 MHz
06/66	Joint Statement on Award of Spectrum: 1785 - 1805 MHz
06/67	An Post's Application for Interim Price Increase - 2007
06/67a	An Post's Application
06/68	Irish Communications Market: Quarterly Key Data - December 2006
06/68a	Irish Communications Market: Quarterly Key Data - December 2006: Explanatory Memorandum

Appendix 1

CONTINUED LIST OF DOCUMENTS PUBLISHED BY COMREG DURING THE YEAR

06/68b	Irish Communications Market: Quarterly Key Data - December 2006: Raw Data
06/69	ComReg's Approach to Regulatory Impact Assessment
06/70	An Post's Quality of Service Domestic single-piece mail. Qtr 3, July-September 2006, and January-September 2006
06/70a	Annex A TNS mrbi Report - Third Quarter 2006
06/70b	Annex B TNS mrbi Report - First to Third Quarter 2006
06/71	Status Update on Local Loop Unbundling - Issue 7
07/01	Market Analysis - Consultation on Wholesale Voice Call Termination on Hutchison 3G Ireland's Mobile Network
07/02	Market Review-Interconnection: Wholesale Call Origination and Transit Services
07/03	Market Review-Interconnection: Wholesale Call Termination Services
07/04	ComReg amends the notification of non-compliance by eircom with its non-discrimination obligation
07/05	2005 - 2006 Programme of Measurement of Non-Ionising Radiation emissions - Fourth Interim Report
07/06	Regulation of the Postal Services - Universal Service Obligation - Bulk Mail Access
07/06a	Regulation of Postal Services - Universal Service Obligation - Bulk Mail Access - Submissions to Consultation
07/07	Provision of Universal Service: Request for Funding by Eircom
07/08	Focus Group Research, Residential Users; presentation prepared by Amarach Consulting
07/09	Focus Group Research, Business Users; presentation prepared by Millward Brown IMS
07/10	An Post's Application for Interim price increase - 2007
07/10a	An Post's Application for Interim Price Increase - 2007 Submissions received from respondents
07/11	Provision of Universal Service by Eircom - Performance Indicators Q1 - Q3 2006
07/12	The Internet and Broadband experience for Residential Users, a Trends Series Report
07/13	ComReg Trends Survey Series Q4 2006. Presentation of Results, prepared by Amarach Consulting.
07/14r	Revised Invitation to Tender - Non-ionising Radiation Site Survey Programme 2007
CP44	Next Generation Networks Forum 2007 - Agenda
CP44a	Next Generation Networks Forum 2007 - Presentation by David Rogerson
CP44b	Next Generation Networks Forum 2007 - Presentation by Ittai Hershman
CP44c	Next Generation Networks Forum 2007 - Presentation by Tim Kelly
CP44d	Next Generation Networks Forum 2007 - Presentation by Christa Cramer
CP44e	Next Generation Networks Forum 2007 - Presentation by Pierre Danon
CP44f	Next Generation Networks Forum 2007 - Presentation by Mike Maloney
CP44g	Next Generation Networks Forum 2007 - Presentation by Susan Sweet and Stewart Anderton
CP44h	Next Generation Networks Forum 2007 - Ovum Report on Policy principles for the Irish NGN regulatory framework
07/15	Addressing Geographic Number allocations for hybrid fixed-mobile services
07/16	Response to Tender Questions: Non-ionising Radiation Site Survey Programme 2007
07/17a	Irish Communications Market: Quarterly Key Data- March 2007: Explanatory Memorandum
07/17b	Irish Communications Market: Quarterly Key Data- March 2007: Raw Data
07/17R	Irish Communications Market: Quarterly Key Data - March 2007
AR04/05	Statutory Annual Report and Accounts for 2004 to 2005
AR04/05a	Tuarascáil agus Cuntais Bhliantúla ón gCoimisiún um Rialáil Cumarsáide 2004-2005
07/18	Invitation to Tender: Bi-Annual 3G and GSM Drive Tests 2007
07/19a	ComReg Postal Business Services Survey 2006 - Millward Brown IMS
07/19b	ComReg Postal Residential Survey 2006 - Amarach Consulting
07/20	Response to Consultation - The Cost Orientation Obligation in Providing Number Information to the National Directory Database
07/20a	Submissions to Consultation - The Cost Orientation Obligation in Providing Number Information to the National Directory Database
07/21	Consultation on Number Portability in the Fixed and Mobile Sectors
07/22	Dynamic Spectrum Access - Briefing Note
07/23	The Internet and Broadband Experience for Business Users
07/23a	Business Telecommunications Survey Wave 2, 2006: Survey Results
07/24	Reservation of Spectrum for the National Broadband Scheme
07/25	Status Update on Local Loop Unbundling - Issue 8
07/26	Fixed Retail Narrowband Access Markets - Response to Consultation 06/39 & Consultation on Draft Decision
07/27	2007 Programme of Measurement of Non-Ionising Radiation Emissions
07/28	Information Notice - An Post's Quality of Service Domestic single piece mail. Annual Report - January to December 2006
07/28a	Annex A TNS mrbi Report - First to Fourth Quarter 2006
07/28b	Annex B TNS mrbi Report - Fourth Quarter 2006
07/29	Response to Consultation Increased FWALA Licence Flexibility and Consultation FWALA Geographical Service Areas (GSAs)
07/30	Breach by TalkTalk of the Third Party Verification Code of Practice
07/31	Information Notice - Interconnection Rates for 2007/08
07/32	ComReg Trends Survey Series, Wave 1, 2007. Presentation of Results, prepared by Amarach Consulting
07/33	Information Notice - An Post's Quality of Service Domestic Single Piece Mail - Quarter 1, January to March 2007
07/33a	Annex A TNS mrbi Report for YTD, January - March 2007
07/34	Irish Communications Market: Quarterly Key Data - June 2007
07/34a	Irish Communications Market: Quarterly Key Data - June 2007: Explanatory Memorandum
07/34b	Irish Communications Market: Quarterly Key Data - June 2007: Raw Data
07/35	Radio Interference Complaint Form
07/36	Point to Point Radio Links Equipment Reference Code Registration
07/37	Short Range Devices in the 10.5 - 10.6 GHz
07/38	Information Notice: Meeting regarding Eircom charge for the provision of Emergency Call Answering Service (ECAS) for the interim period



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