



Consultation Paper

Strategy Statement (2005-2007)

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All responses to this consultation should be clearly marked:-
“Reference: Submission re ComReg 05/47” as indicated above,
and sent by post, facsimile, e-mail or on-line at www.comreg.ie
(current consultations), to arrive on or before [5pm, 12th
August], to:

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1 Foreword [by the Chairperson]

ComReg's second strategy statement comes at a time of significant change in the Irish communications market with a growing optimism in the sector and following the implementation of the new regulatory framework. ComReg has already published consultations on its future spectrum¹ and telecoms strategies². It is therefore opportune for ComReg to consult on its proposed regulatory strategy for the next two years, in line with its regulatory obligations under the Communications Regulation Act, 2002.

The formulation of a strategy statement is invaluable to an organisation such as ComReg in that it facilitates stock-taking and forward-planning and helps ComReg prepare for near-term change, enhancing our regulatory agility and flexibility.

In a period of dynamic change in the communications market both in Ireland and globally, it is vital that regulation is predictable, consistent and transparent, both to promote competition and encourage investment.

This draft consultation will be followed by a public workshop, which will invite stakeholders to discuss and debate ComReg's proposed strategy and to discuss our earlier Forward-Looking Strategic Review.

ComReg is publishing a separate consultation on a Postal Strategy Statement. It is ComReg's intention to publish a combined final strategy statement in September 2005.

Regulation must be based on a process of continuous interaction with stakeholders and in this context I would encourage feedback on this draft strategy statement from a wide range of respondents.

**Isolde Goggin,
Chairperson.**

¹ Original consultation: ComReg document 05/01A and 05/01B, response to consultation ComReg document 05/36

² ComReg document 05/30

2 Introduction

Under the Communications Regulation Act 2002, ComReg is obliged to produce a Strategy Statement every 2 years. The Strategy Statement must take into account the objectives set out in section 12 of the Act and any directions under section 13 of the Act.

These objectives are as follows:

In relation to the provision of electronic communications networks, electronic communications services and associated facilities

- *To promote competition,*
- *To contribute to the development of the internal market, and*
- *To promote the interests of users within the Community*
- *To ensure the efficient management and use of the radio frequency spectrum and numbers from the national numbering scheme in the State in accordance with a direction under section 13, and*
- *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 June 2003 ComReg issued its first Strategy Statement for the period 2003-2005 following a period of consultation with its stakeholders.

Over the past 2 years communications markets have experienced a period of considerable change. The international communications sector has gradually emerged from an economic downturn between 2001 and 2003 and is now entering a period of renewed optimism. New services such as voice over Internet Protocol (VoIP), digital broadcasting and third generation mobile networks (3G) are offering consumers greater diversity, choice and value. Take-up of broadband has started to improve in the past 12 months, and there is evidence of strong consumer demand for new and advanced electronic communications services. This dynamism in the market has developed in parallel with impressive growth in the Irish economy.

A new EU regulatory framework for the electronic communications sector was introduced in July 2003 and Ireland is one of the most advanced countries in Europe in terms of its full implementation. This framework is based on the primacy of technological neutrality and competition law principles.

The objective of this draft Strategy Statement is to set out ComReg's initial views on possible developments in the Irish electronic communications sector from July 2005 to June 2007, and to set out our proposed regulatory strategy to meet our objectives and maximise market opportunities in light of those developments.

ComReg wishes to invite views on this draft Strategy Statement thus ensuring that its work programme for 2005-2007 reflects the concerns of its key stakeholders including consumers, industry and government.

Respondents should note that ComReg intends to issue a separate consultation document on its strategy for the postal sector for the period 2005-2007 which will be incorporated into the final Strategy Statement to be published in September.

The document is structured as follows:

Chapter 3 examines the environment within which ComReg operates including the legislative framework underpinning the work of ComReg.

Chapter 4 outlines ComReg's mission statement, core values and vision for the communications sector in Ireland.

Chapter 5 sets out ComReg's goals and objectives for the electronic communications sector between 2005 and 2007 and suggested strategies to achieve those objectives.

Chapter 6 sets out ComReg's goals and objectives for spectrum between 2005 and 2007 and suggested strategies to achieve those objectives.

Chapter 7 contains an overview of ComReg's current organisational structure and cost base and maps out the resources and strategies ComReg will need to employ in order to deliver services to our stakeholders.

There are a number of annexes to the document including an overview of the legislation pertaining to ComReg and its regulatory functions, a list of consultation questions, and an overview of responses to the Forward-Looking Strategic review document which have been incorporated into this draft Strategy Statement.

This document should be read in conjunction with ComReg's Spectrum Strategy consultation document and Forward-looking Strategic Review paper, both of which were issued earlier in 2005. While those documents focussed on future technological and social developments in the communications arena up to 2010, this draft Strategy Statement will focus on the communications market in the short term to 2007.

3 Environmental analysis

It is a vital first step of any strategy review to consider key developments in the relevant sector. This chapter will examine key trends in the Irish economy and also key trends in the sectors where ComReg has regulatory oversight.

Sector specific regulation promotes competition and promotes the interests of end users of electronic communications products and services. The level of intervention required in any given market is predicated on these objectives. The more that communication markets are fully functioning and delivering quality, price and choice to end users, the more regulators can forbear from intervention.

3.1 External environment

3.1.1 Irish economy

The Irish economy has continued to significantly out-perform most industrialised countries. The past 10 years has seen average growth exceed 7% per annum. In 2004 as a whole GDP expanded by 4.9%, while GNP increased by 5.5% - this is the first year since 2000 that GNP growth has exceeded GDP growth.³

This rapid growth has resulted in Ireland overtaking a number of peer countries in the EU in terms of GDP per capita.

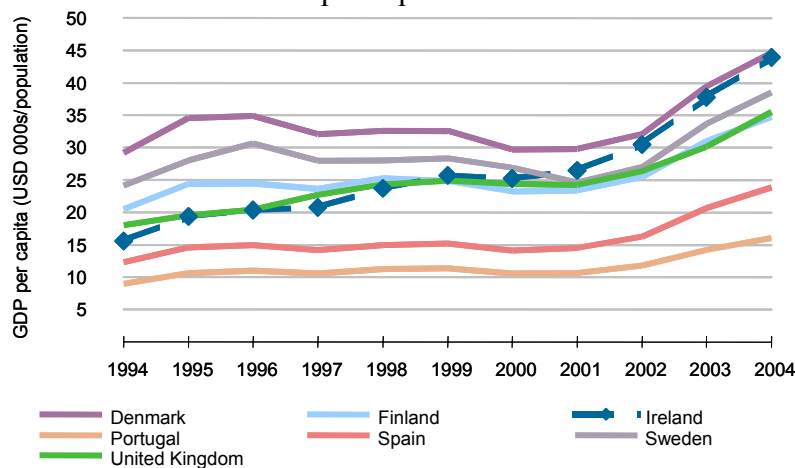


Figure 1 GDP per capita [source: Analysys]

This strong growth is set to continue over the period of this strategy statement. The European Commission forecasts GDP growth rates of 4.9% in 2005 and 5.1% in 2006. In addition recent analysis by Deutsche Bank indicates that Ireland will be the "top growth centre" within the OECD between now and 2020, with an estimated population growth rate of 1.1% per annum. Deutsche Bank also suggested that GDP per capita would grow by 3% per year, leaving Ireland second only to the US in terms of personal wealth.

³ Department of Finance. Monthly Economic Bulletin, June 2005

The strong growth in GDP has been accompanied by historically high levels of employment. At the end of 2004 unemployment stood at an estimated 4.5% of the labour force.

However given the openness of the economy, Ireland has not been immune to global economic shocks. The downturn in the telecoms industry in 2000 also impacted on the sector in Ireland despite continued growth in the economy here.

The success of the economy has however led to increasing concerns about Ireland’s competitiveness vis-à-vis other countries, particularly with the accession of 10 new Member States to the European Union in June 2004. Specific areas of concern identified by the National Competitive Council in their latest report included relatively high labour costs allied to labour shortages in sectors such as information technology, above inflation-level increases in a range of products and services and the low levels of Irish businesses’ investment in R&D compared with other developed countries.

Therefore, while there is optimism with regard to the Irish economy in the near term, such optimism is also tempered with a more cautious outlook with regard to future growth. ComReg also recognises the need by potential investors for regulatory certainty and has attempted to provide an element of certainty by clarifying its regulatory strategy to 2007.

3.1.2 Current analysis of the electronic communications market

Overview

The overall value of the Irish electronic communications sector has continued to rise, albeit gradually, as the global downturn in the sector eased off in later 2002 and early 2003.

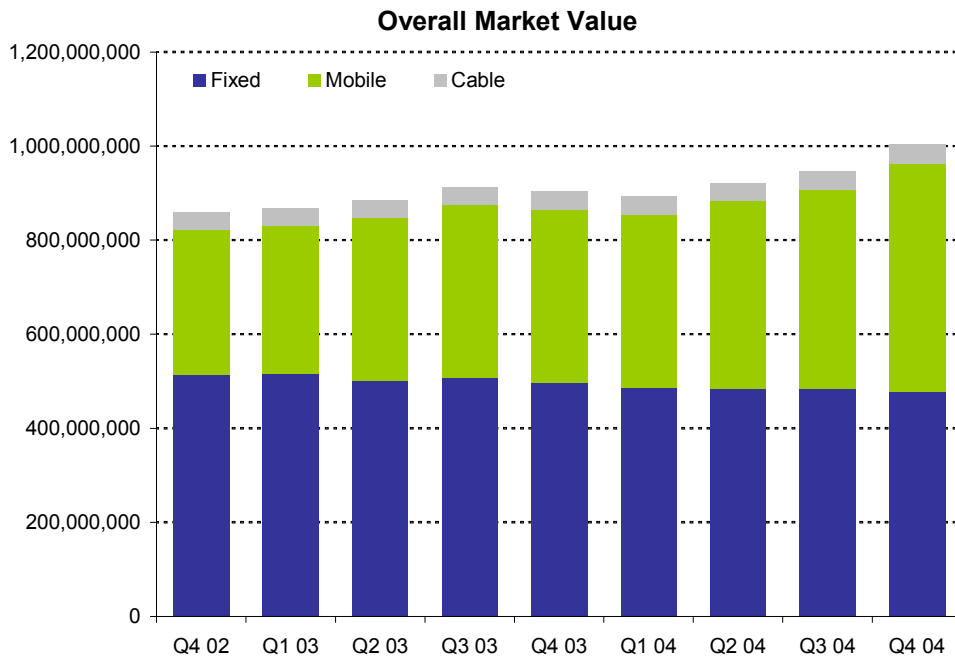
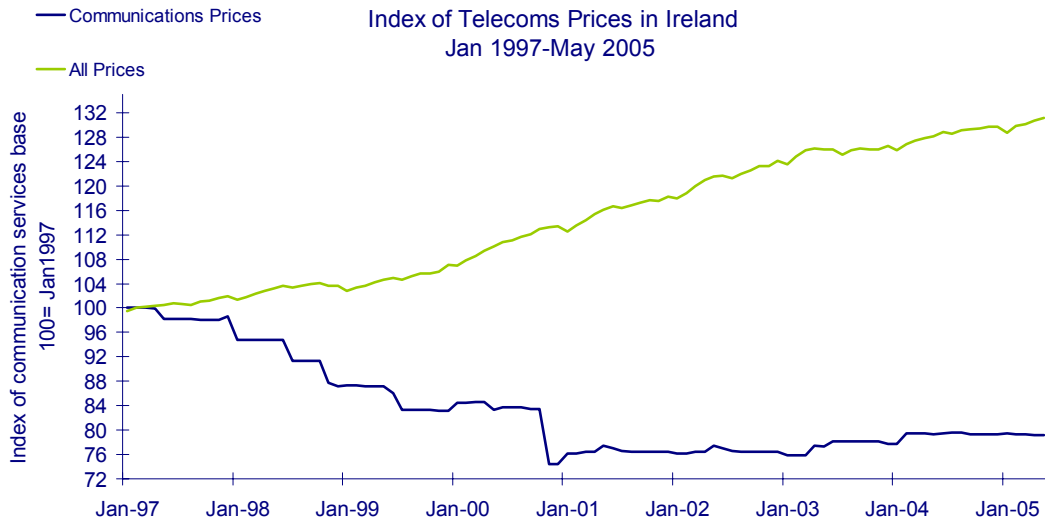


Figure 2 Total communications revenues 2003-2004 [Source: ComReg]

The mobile sector is the main driver of this revenue growth while fixed voice revenues in particular are declining as a result of more price competition and evidence of greater use of mobile networks for voice calls. The chart below plots the decline of electronic communications prices relative to overall prices in Ireland between 1997 and 2005.



Source: CSO

Figure 3 Communications prices and overall consumer prices between 1997 and 2005 [Source: CSO]

As the above chart clearly illustrates, Irish consumers have benefited from the liberalised market via lower prices. However, prices in certain segments of the mobile market have remained stubbornly high.

The European Information Technology Observatory (EITO) suggests that the Irish electronic communications market will grow by 4.3% in 2005 and 2006, above the EU average of between 3.1% and 3.3%.⁴

The importance of the Information Communications Technology sector is illustrated by the European Commission in its i2010 initiative, which states that ICT accounts for 40% of Europe’s productivity growth and for 25% of EU GDP growth.⁵

⁴ EITO Yearbook 2005

⁵<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/643&format=HTML&aged=0&language=EN&guiLanguage=en>

(b) Fixed electronic communications networks

eircom remains the dominant network operator with a core network of 55,000km of fibre. BT Ireland also has a national network, although it is limited in scope. ESB Telecom, a subsidiary of the Electricity Supply Board (ESB), and Aurora Telecom, a subsidiary of Bord Gais, both provide high bandwidth network facilities at the wholesale level to other operators, but do not compete at the retail level. ntl and Chorus, both cable TV service providers, have limited network infrastructure on specific routes, which is used to provide leased line services. Additionally, there is an increasing number of publicly owned Metropolitan Area Networks (MANs) and private metro rings within the main population areas of Ireland, which are utilised to provide wholesale and retail leased lines.

Network investment here has also been undertaken on a smaller scale by other operators in Ireland, such as Colt Telecom, Smart Telecom, Energis, MCI, Cable and Wireless, Equant and Global Crossing.

Since 2003 there has been a marked increase in activity in the Irish electronic communications market primarily by means of indirect access players, i.e. competitors using eircom's copper network to provide voice services to end-users by means of wholesale products such as carrier pre-selection (CPS) and wholesale line rental (WLR). By June 2005 5 operators were offering a single bill for both calls and line rental while more than 30 operators were actively offering call services using CPS. In the same period ComReg estimates that more than 1 in 5 of eircom's PSTN lines was controlled by an alternative operator (OAO). This is in line with the EU average.

(c) Mobile electronic communications networks

There are currently three companies – Vodafone, O2 and Meteor – providing mobile services over second-generation (GSM) networks in Ireland. Vodafone, O2 and 3 also have 3G licenses which will make higher-bandwidth mobile services available over the mobile phone. At present only Vodafone is offering full commercial 3G services on a wide scale although both O2 and '3' have announced their intentions to have their commercial 3G service available in 2005. The Irish mobile penetration rate has increased steadily over the past few years and is currently at 96% of the population. Until recently this increase has been mainly attributable to the two main operators, Vodafone and O2. In recent quarters, Meteor has also experienced an increase in pre-paid subscribers, adding to the overall growth.

Unlike other European countries, Ireland has not experienced the entry of Mobile Virtual Network Operators (MVNOs) on a commercial basis. This was one of the factors taken into consideration in ComReg's analysis of the wholesale market for Mobile Access and Call Origination, which found Vodafone and O2 to be jointly dominant and which proposed mandating access by MVNOs, on a commercial basis, as a remedy to the competition problems in the market.

(d) Broadcasting transmission networks

RTÉ Transmission Network Limited ('RTÉNL'), a wholly owned subsidiary of RTÉ, owns and operates the national analogue terrestrial transmission networks. The

Government is working on plans to introduce national Digital Terrestrial Television (DTT). Chorus and ntl have made significant investments to roll out digital services and increase broadband availability. Given that cable networks pass almost 80% of Irish households, a renewed appetite for investment in national analogue terrestrial broadcasting for the sector in the next 2 years may help spur continued roll-out and take-up of broadband.

There are increasingly moves throughout Europe to accelerate the transition from analogue to digital broadcasting. These developments will in turn make spectrum more available for more broadcasting and converged services (combining telephony and data services with television and radio). ComReg is working with the Department of Communications, Marine and Natural Resources to enable the introduction of national digital terrestrial television (DTT) in Ireland in the period under review. ComReg will also explore other schemes such as digital video broadcasting (DVB) services at a regional level to increase competition in the provision of pay TV and other services.

3.1.3 Future trends in the electronic communications market

(a) Fixed mobile convergence

A high proportion of Ireland's population is aged between 15 and 30 and this group has enthusiastically embraced electronic communications technologies such as mobile phones and broadband. According to Amarach Consulting's Trends survey (commissioned by ComReg), mobile phone ownership is highest among 15–24 year olds (92%), 25–34 year olds (96%) and third-level students (97%). This research also indicates that 31% of 25-34 year olds do not have a fixed line subscription in their home,⁶ suggesting a trend, particularly among younger demographic groups, of declining demand for a fixed line connection for voice telephony services.

ComReg's research also indicates that there are more mobile than fixed telephony users in Ireland:

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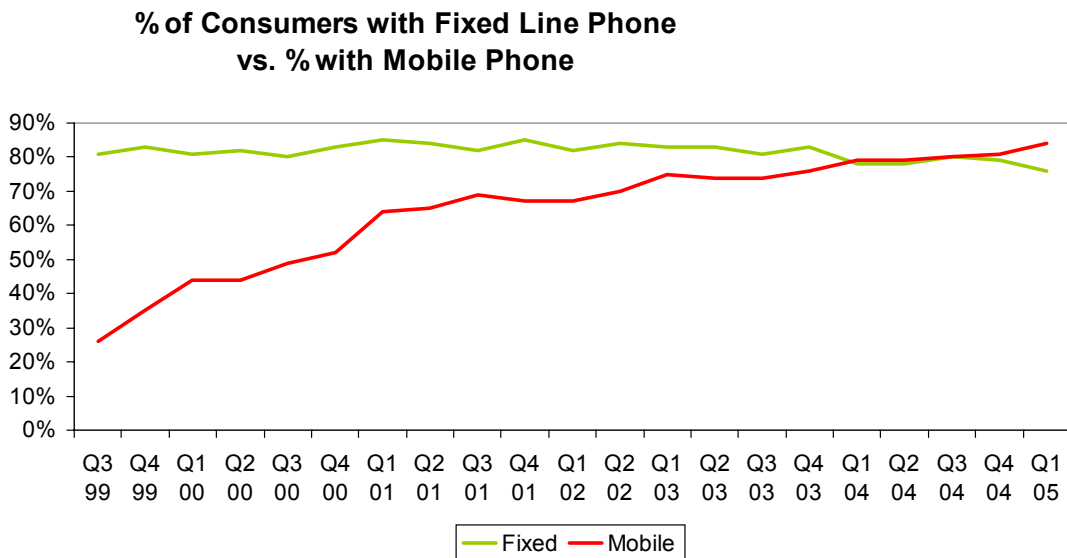


Figure 4: Fixed line and mobile phone subscribers in Ireland 1999-2005
[Source: Amarach Consulting]

Service providers may decide to offer a converged or unified fixed service, which includes mobile or nomadic elements, to allow users to switch between a fixed and mobile network depending on their location. While such services offer increased flexibility to the consumer, their implementation will pose enormous challenges for both industry and regulators. Recent launches in the UK and elsewhere in Europe of commercial Fixed Mobile Convergence (FMC) services herald a growing trend and ComReg will continue liaise with other European Regulatory Authorities to monitor their progress.

(a) Internet and broadband penetration

This decline in fixed line connections in Ireland may have implications for continued growth in home internet access, be it via broadband or narrowband lines. . Clearly the current level of PC penetration, while rising, also gives rise to concern as levels here fall anywhere between 10% and 30% best international practice. The chart below tracks growth in both home PC and internet access in Ireland over the past 4 years.

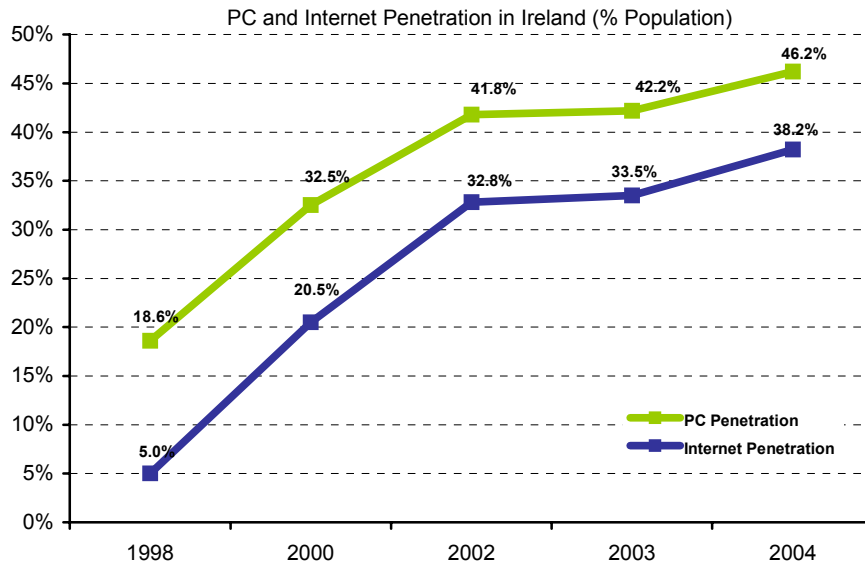


Figure 5 PC and Internet penetration in Ireland [Source: CSO]

The OECD publishes data on DSL availability, which is reproduced below. The chart shows that although DSL availability in Ireland is in and around the OECD average, Ireland still lags behind a number of other countries in Europe.

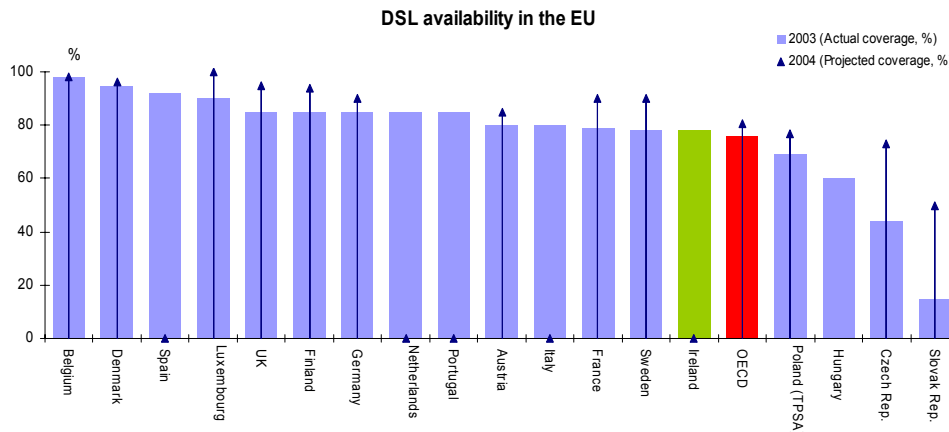


Figure 6 DSL availability in the OECD [Source: OECD]

It should be noted that the proliferation of single-unit housing in rural areas also has an impact on the electronic communications sector as the cost to connect these houses to the access network can be higher than in more urbanised areas. ComReg recognises that there are a range of challenges in relation to the roll-out of broadband in Ireland. Progress needs to continue to be made on the relatively high levels of DSL line failure, removal of pair gains, access to the local loop and more focus on demand stimulation, education and training of users.

However not all users will be able to avail of DSL because of issues with line failure and distance from the local exchange to the last mile into the customer’s premises. Alternative broadband technologies such as wireless and satellite will be crucial to ensure that all Irish consumers have access to some form of broadband

(c) VoIP and Next-Generation Networks

The international success of Voice over Internet Protocol (VoIP) service providers such as Skype and Vonage, linked to the rise in broadband penetration, has led to a new focus by new and existing fixed operators on the launch of commercial VoIP services to their own customer base. A number of service providers already offer retail VoIP services in the Irish market.

ComReg also notes developments elsewhere with regard to next-generation networks such as BT's 21st-Century Network and Telecom Italia's move to an all-IP converged network by 2008. The replacement of legacy networks with IP elements has the potential to deliver advanced electronic communications services to consumers while allowing network operators to reap the benefits of more efficient platforms, which in turn can help drive down network operational costs and improve margins.

3.2 Legislative environment

Regulation is used most often as a general term to describe the diverse set of instruments by which all Governments, and all branches of Government, regulate the economic and social activities of citizens and organisations

Sector-specific regulation aimed at introducing competition to former monopoly sectors has been promoted primarily by the EU and supported by national governments as a move towards fully liberalised markets offering low barriers to entry for new entrants and a wide range of competitive services to consumers. The new EU framework for regulation of the electronic communications sector has been fully implemented in Ireland and such progress has put Ireland among the most advanced countries in the EU in terms of regulatory agility and flexibility. The core regulatory principles as set out in Article 8 of the Framework Directive are:

- Technological neutrality
- Promotion of competition, for example by promoting innovation and ensuring that users derive maximum benefit in terms of choice, price and quality
- Promotion of the development of the Internal market, for example by eliminating discrimination, and by removing obstacles to the provision of electronic communication networks and services
- Promotion of the rights of citizens, for example by ensuring access to a universal service
- Regulation only where necessary and by means of clear, stable and predictable rules

ComReg recognises that it is important to continually review the impact of regulation to ensure that it is proportionate and justified. In this context ComReg will

carry out Regulatory Impact Analyses (RIA) where warranted to ensure that undue regulatory burdens are not imposed on the industry.

3.2.1 Legislative framework for the electronic communications sector

The new EU Regulatory Electronic Communications package was transposed on July 25th 2003 in an attempt to harmonise and streamline regulation of the electronic communications sector in the EU. The framework is made up of five Directives and one Decision. These are the Framework Directive (2002/21/EC), the Authorisation Directive (2002/20/EC), the Universal Service Directive (2002/22/EC), the Access and Interconnection Directive (2002/19/EC), the Data Protection Directive (2002/58/EC) and Decision No 676/2002/EC on a regulatory framework for radio spectrum policy in the European Community.

In addition to the main legislative texts there are other provisions dealing with competition in the markets for networks and service, the workings of the European Regulator's Group and guidelines on the assessment of market power.

This new framework promotes two principal regulatory concepts - technologically-neutral regulation and the application of competition law principles.

The Irish government was one of only a few EU member states to transpose the new framework into national legislation on time. The impact of this new framework in Ireland has been to simplify the legislation in relation to the electronic communications sector, to introduce an authorisation process to replace the previous telecommunications and cable licensing framework that removes barriers to entry by merely requiring notification by undertakings of their intention to provide networks and services, and to apply a common economic and legal framework for analysis of 18 key markets.

ComReg is among the first member states to complete its market analysis in a timely manner and is currently applying remedies to those markets where one or more operators have been designated as dominant. This will ensure that ComReg regulates markets consistently and where necessary, thus minimising the regulatory burden on providers of electronic communications networks and services.

ComReg notes the European Commission's intention as stated in its i2010 Communication to review the regulatory framework for electronic communications in 2006 and will work closely with the Commission and regulators from the 25 Member States during this review.

However, it should be noted that a number of legal challenges have been lodged against some of ComReg's decisions on dominance and remedies. ComReg fully recognises the right of affected persons to bring appeals, but ComReg is concerned that they should be concluded quickly in order to bring regulatory certainty to the market. ComReg notes that both the OECD and the European Commission have commented on the threats which delays caused by these legal challenges pose to the further development of the Irish market.

3.2.2 Legislative Framework for spectrum management

Until 2003, the Wireless Telegraphy (WT) Acts 1926-1988 provided the licensing framework for radio systems in Ireland. Under the WT Act, 1926, everybody requires an authorisation to keep and have apparatus for wireless telegraphy and this authorisation generally takes the form of a licence or a licence exemption created under secondary legislation. ComReg has the authority to develop secondary legislation to permit the licensing or licence exemption of different types of wireless apparatus.

The primary legislation applicable to the broadcasting sector comprises the Broadcasting Authority Act 1960 as amended, the Broadcasting and Wireless Telegraphy Act, 1988, the Broadcasting Act 1990, the Radio and Television Act, 1988 and the Broadcasting Act 2001 in addition to the Wireless Telegraphy Acts. Irish television and radio broadcasters are licensed for the use of spectrum and apparatus under the Broadcasting Authority Act 1960 (in the case of RTÉ) and under the Radio and Television Act 1988 (in the case of the BCI contractors). MMDS and Deflectors (which allow for the distribution of programme services in Ireland over the air), are licensed by ComReg under the 1926 WT Act. Broadcasting distribution and transmission systems are subject to the new EU regulatory framework for electronic communications networks and services.

The new framework regulations do not replace the WT Acts 1926-1988 but take priority over it. Since 2003, licensing of wireless electronic communications services and networks under the WT Acts must be done in accordance with the requirements of the framework regulations.

A number of new Acts relating to the regulation of the electronic communications sector are expected in the medium term. These include a new Miscellaneous Provisions Act, a new Radiocommunications Act, which will replace the Wireless Telegraphy Acts 1926-1988, and a new Broadcasting Act.

Q. 1. Do you agree with ComReg's analysis of the external market and legislative environments? Are there other key short term developments that ComReg needs to consider?

3.3 Our stakeholders

ComReg has a number of stakeholders whose views are considered when developing policy and regulatory initiatives. The diagram below analyses our more important stakeholders.

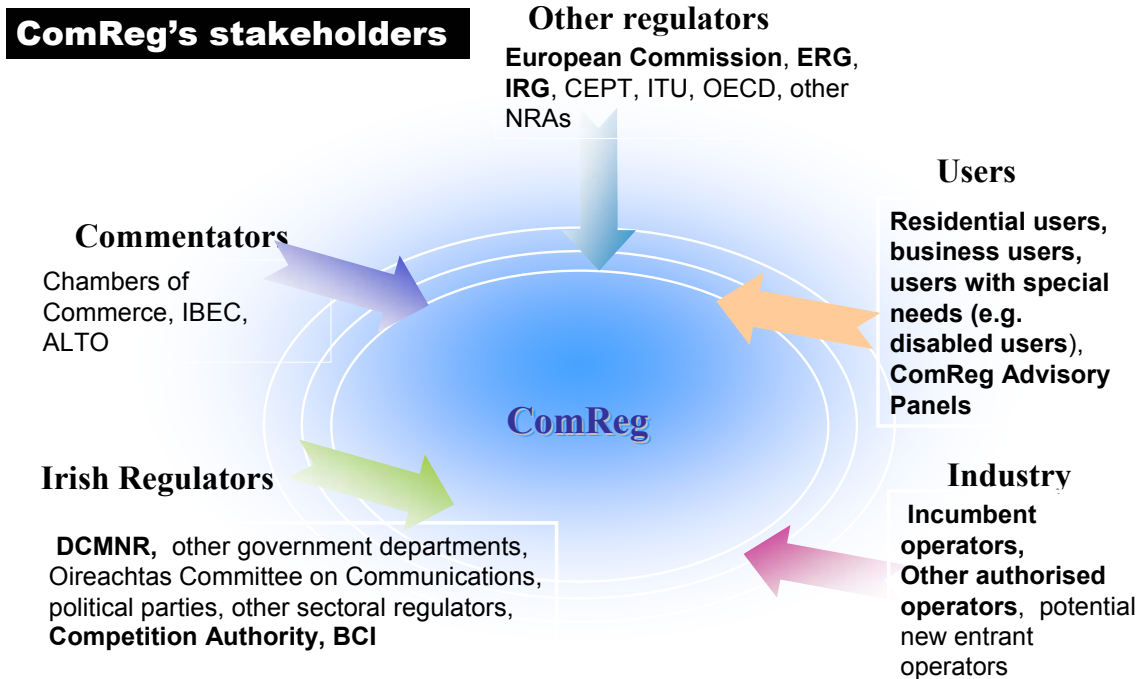


Figure 7 ComReg's stakeholders

Given the difficulties inherent in satisfying the competing needs of all of these stakeholders, ComReg will require each group's input into its work. ComReg seeks shareholders' views in a number of ways including meetings and public consultations.

Although interaction with all of our stakeholders is important, the following section outlines our interactions with 3 of our most important stakeholders.

3.3.1 Users

ComReg will pay particular attention to its relationship with users, including those with special needs or disabilities. Impending legislation will place increased emphasis on those with disabilities.

ComReg welcomes the formation of the National Consumer Agency (NCA) and will cooperate closely with the NCA, alongside its continuing dialogue with the Consumer Association of Ireland and the Office of the Director of Consumer Affairs, to ensure that its regulatory policy continues to reflect the needs of all consumers.

ComReg will also continue to engage with business users both individually and via organisations such as the Chambers of Commerce of Ireland and IBEC, to ensure that their voices are represented and their needs are met.

In addition ComReg will continue to encourage direct interaction with consumers via its dedicated consumer phone line, consumer web site, consumer guides and networking events such as trade fairs and conferences. Further detail on our interactions with consumers can be found in section 7.2.1.

3.3.2 Industry

ComReg anticipates rapid change in the 2005-2007 timeframe, particularly with regard to converged services and consumer demand for advanced services such as high-speed broadband and 3G. This poses enormous challenges for regulators and industry alike.

In order to ensure the smooth implementation of its regulatory policy, ComReg depends upon the active cooperation of the electronic communications industry. ComReg appreciates input from industry to date in shaping an increasingly competitive electronic communications market in Ireland. Continued progress will require enhanced co-operation and dialogue between the industry and the regulator if consumers are to benefit from innovative and competitive products and services for the Irish market.

3.3.3 Regulatory bodies

Given the wide range of issues inherent in regulation of the electronic communications sector, ComReg recognises the value of close cooperation with other regulatory bodies such as the Broadcasting Commission of Ireland (BCI), the Competition Authority, the RTÉ Authority, the Consumer Strategy Group and the Data Protection Commissioner.

There is much debate at present with regard to the compliance costs that regulation imposes on business through red tape, particularly small and medium businesses. There are efficiencies to be gained through better-engineered processes and less duplication in the collection of information and ComReg will continue to work closely and actively with both the Better Regulation Group and individual sectoral regulatory counterparts in Ireland to achieve such efficiencies.

ComReg will also continue to work closely with the European Commission on both a formal basis via the European Regulators' Group and our national regulatory counterparts by means of the International Regulator Group (IRG) to ensure that we follow best regulatory practice and regulate in a harmonised and proactive manner.

**Q. 2. Do you consider that ComReg provides sufficient opportunities for stakeholders' views to be heard? If not then how could we improve?
Are there other key stakeholders that ComReg needs to consider?**

4 ComReg's mission, values and vision

An organisation's vision is a key component of any corporate strategy. ComReg's vision encapsulates an efficient, dynamic and competitive market offering a range of innovative and competitively priced services to consumers.

We consider that our work critically enables:

- The provision of leading-edge, convergent electronic communications services to Irish consumers at the best possible value;
- Ireland becoming a leading international hub for electronic commerce and a base for investment in knowledge-intensive industry;
- Enhancing Ireland's development in the Information Age, unlocking the potential of technological convergence and, thereby, stimulating the overall development of Ireland's society and economy.

With this in mind, ComReg's mission statement takes into account both national and European objectives and has been revised in light of feedback from stakeholders. The revised mission statement and values are set out below:

Mission Statement

The Commission for Communications Regulation will to the extent of its powers facilitate the development of a dynamic, efficient and competitive market-place for electronic communications and postal networks and services for the benefit of the Irish Community.

Values

ComReg's mission is underpinned by adherence to five values:

- *Integrity*
- *Professionalism*
- *Impartiality*
- *Effectiveness*
- *Transparency*

Q. 3. ComReg is proposing to revise its mission statement and its core values to reflect changes in both the market and ComReg's regulatory duties. Do you think the revised mission statement and values set out above are appropriate?

5 ComReg’s objectives and strategies for the electronic communications sector

5.1 Competition

The promotion of competition is a vital component of effective regulation. Competition is key to ensuring a sustainable industry, which has the means and is willing to invest in developing innovative products and promoting product differentiation. Competition is also vital to ensure that there is a level playing field for both incumbents and new entrants, which in turn ensures the availability of a range of products and services to consumers, which offer them choice, quality and competitive prices.

ComReg will ensure its objectives are achieved by means of the following strategies:

Markets

In line with the new regulatory framework we will continue to identify distortions/restrictions in the provision or availability of Electronic Communications Services using market-based triggers. Where necessary, we will take steps/ develop policies to deal with any such restrictions or distortions.
Complete remaining market reviews and monitor relevant markets to ensure appropriate regulation applies
Consult on the principles to be applied in conducting market reviews and reviews on work on remedies.
Work with the industry to develop new and innovative indirect access wholesale products which are competitively priced and user-friendly while allowing for a sustainable margin for indirect access operators.
Work with industry to provide best-fit FMC services that are innovative, economically advantageous to both the consumer and the industry and user-friendly
Carry out Regulatory Impact Analyses (RIA) where warranted to ensure that undue regulatory burdens are not imposed on the industry
Consider within the context of the regulatory framework the appropriateness of the markets already defined and whether there are other markets where intervention may be warranted

Pricing

Continue to promote transparent pricing and processes for access and interconnection
ComReg will oversee the production of clear and transparent separated accounts from eircom, RTÉNL and dominant mobile operators
ComReg will review the existing price cap on eircom

Broadband

ComReg will continue to work with industry to develop transparent and efficient processes for unbundling the local loop
Ensure the availability of alternative technologies such as fixed wireless access to

ensure that all Irish consumers have access to broadband
--

Continue to support the development of the Group Broadband Schemes
--

Access

Raise awareness of the benefits of radio/alternative technologies to support competition in access, backhaul and/or core networks

Encourage virtual or indirect access to both fixed and mobile networks at cost-oriented prices, which both guarantee a viable rate of return to the network operator and provide a sustainable margin for the virtual network operator
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Encourage new operators to provide innovative services including internet-based access products

Broadcasting

Encourage the development of digital broadcasting by conducting a strategic review of digital services and introduce schemes as appropriate to licence new services

5.2 Consumers

A competitive electronic communications market offers benefits to consumers in terms of attractive and transparent pricing, a wide range of choice in terms of services and suppliers and high quality services and products. ComReg has a key role in informing and educating consumers with regard to the availability of electronic communications products and services, and in providing consumers with appropriate means of redress and support in the event of a dispute with their supplier.

The informed consumer feels more in control of their own lives and is better able to articulate their service and quality needs. This in turn ensures that the communications industry delivers products and services that are of real value to consumers.

ComReg's consumer policy is to promote the interests of consumers and end users and will ensure its objectives are achieved by means of the following strategies:

➤ **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.

ComReg will ensure its objectives are achieved by means of the following strategies:

Maximising Consumer Welfare

Ensure that a Universal service of fixed telephony services and narrowband internet services are available to all citizens upon reasonable request and at affordable prices
Conduct a detailed review of the Universal Service Obligation in Ireland in preparation for its renewal in July 2006

Protecting Consumers

Ensure the provision of an accessible and effective consumer complaints service to electronic communications users
Enforce compliance by operators with regard to codes of practice for tariff presentation
In collaboration with the with the Data Protection Commissioner, monitor usage of the National Directory Database direct marketing opt-out facility
Develop a memorandum of understanding with the newly established interim Board of the National Consumer Agency with regard to the needs of consumers of electronic communications services and networks
Through ComReg's consumer line team, monitor the impact on consumers of any negative mis-selling or other unfair sales practices and in collaboration with other agencies apply remedies to address incidents of such negative practices in the electronic communications sector
Continue to invite input from ComReg's External Consumer Advisory Panel on all consumer issues in the markets regulated by ComReg

Raising Consumer Awareness

Provide clear and user-friendly information through the www.askcomreg.ie website and the publication of consumer guides
Facilitate consumers to make more informed choices in order to allow them to benefit from increased competition and choice in the electronic communications market through the development and launch an Interactive Tariff Comparison website for Fixed, Mobile and Internet services
Carry out end-user surveys and research to inform the market of consumer attitudes to and use of communications technologies, and to raise awareness of the options open to consumers with regard to communications services and products in the Irish market

5.3 Internal market

The regulatory framework within which ComReg operates has been set at a pan-European level by the European Union. The implementation of this framework has enabled ComReg to apply a consistent and harmonised set of rules to the electronic

communications market in Ireland, which are based on the principles of technological neutrality, regulation only where necessary and the primacy of competition law.

The work of ComReg is dependent on cooperation with regulatory counterparts in the EU as well as the European Commission via the European Regulators' Group (ERG). In addition ComReg actively participates in a number of other European and internal fora to ensure that it follows best practice with regard to regulation of the electronic communications sector.

ComReg will ensure its objectives are achieved by means of the following strategies:

Innovation

Objective
Work within the European Regulators' Group to promote best practice with regard to regulation of the electronic communications market
Provide innovative solutions to Irish consumers through our work in international fora such as the European Commission, the ITU and the OECD
Work closely with DCMNR and the broadcasters in preparation for the ITU Regional Radiocommunications Conference in 2006 (RRC-06) which will establish the future plan for digital radio and television terrestrial services in a post-analogue era.

Cooperation

Continue to actively participate in the work of the IRG at both Plenary and sub-group level
Work closely with the IRG and other stakeholders to participate in the revision of the new regulatory framework
Continue to actively participate in the work of the ERG
Work closely with the IRG and other regulators to contribute to the review of the Recommendation on relevant markets

Q.4 Do you agree with the objectives and strategies set out above? Are there additional objectives that ComReg should agree?

6 ComReg's objectives and strategies for management of radio frequency spectrum

Overall objective is to ensure the efficient management and use of the radio frequency spectrum⁷ and to take all reasonable measures to encourage efficient use and ensuring the effective management of radio frequencies⁸.

Ensure flexibility and ease of access to radio spectrum to accommodate technological advances and market factors in order to leverage Ireland's competitive advantage;
Adapt the allocation of, and access to, the spectrum resource to provide spectrum that best meets the needs of the user
Be a European leader in the adoption of new and innovative wireless services
Support and promote innovation, research and development in new radiocommunication techniques, spectrum-based services and applications
Review the current procedures with a view to bringing licence duration more in line with investment cycles, noting that a radio licence does not confer ownership nor a continued right to a particular radio frequency
Ensure that current licensing schemes are appropriate and simple to use and administer so that licences can be issued quickly
Prepare and input spectrum planning submissions for RRC-06 to ensure maximisation of the spectrum available to Ireland to accommodate the development of digital services in the broadcasting bands.
Seek further opportunities to promote the use of radio/wireless systems to enhance Ireland's international competitiveness and to promote competition at home in infrastructure and services
Continue to ensure that spectrum continues to be available to meet the needs of public safety, emergency services, safety of life services and the defence forces in view of their vital role in the safeguarding of human life property and national security
Facilitate and encourage where appropriate the use of wireless to support regional development objectives
Consider further arrangements for the introduction of Administrative Incentive Pricing in order to encourage efficient use of the spectrum, with the intention of bringing the demand for spectrum into equilibrium with its supply
Work with Government to expedite the introduction of new legislation to facilitate more effective and flexible use of radio spectrum
Work to protect Ireland's national interests when harmonising and co-ordinating spectrum utilisation with other countries and regional and international organisations
Continue to represent and promote Irish positions with regard to all radio services in the relevant international fora, at both regional (European) and Global levels, within the EU, ITU and CEPT.

⁷ Communications Regulation Act, 2002, section 12 (b)

⁸ Communications Regulation Act, 2002, section 12 (2) (a) (iv)

These broad strategic goals are reflected in ComReg's positions regarding spectrum for specific services as detailed in ComReg document number 05/36, Spectrum Management Strategy Statement for 2005 – 2007.

7 Achieving our objectives

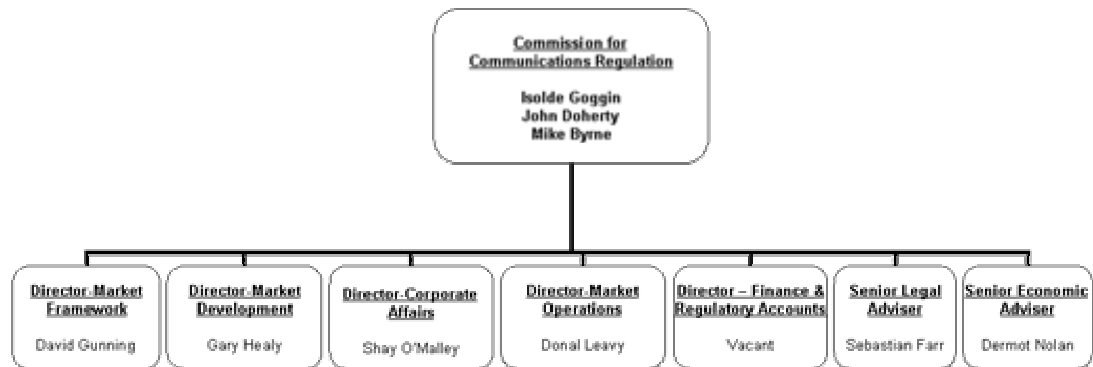
The delivery of timely, quality and transparent services and decisions to our stakeholders is central to effective regulation. In order to achieve our objectives, ComReg is reliant on a number of key internal corporate resources, as follows:

- Human resources
- Information services
- Finance.

7.1 Human Resources

7.1.1 Organisational structure and Commissioners' roles

ComReg is managed by a three person commission with the chairperson appointed on an annual basis by the Minister of Communications, Marine and Natural Resources. The current Chair is Isolde Goggin. ComReg is divided into five main divisions supported by the Senior Legal Advisor and a Senior Economic Advisor. The organisational structure is illustrated below



A more detailed description of the work of each Division is available on the ComReg web site.⁹ Each of the three Commissioners has a distinct and complementary role, which is outlined below:

Innovation: Isolde Goggin

This covers both regulatory innovations, such as the completion of the first round of market reviews under the new European regulatory framework, and technical innovations. The role also covers the revision of ComReg's spectrum strategy, new initiatives in the wireless licensing area, and the promotion of Ireland as a test bed for innovative uses of spectrum. It also covers the development of a forward-looking telecommunications regulatory strategy, taking into account new technical, economic and regulatory trends. The evolution of postal services and the associated regulatory framework are also within the ambit of the Innovation role.

⁹ http://www.comreg.ie/about_us/default.asp?s=2&navid=19

Competition: John Doherty

This role is concerned with enabling maximum competition in the electronic communications and postal sectors. It includes broadband, voice and Voice over Internet Protocol, including LLU, bitstream, wireless broadband (including mobile wireless broadband), cable and alternative infrastructure. John also leads on promoting enhanced competition in mobile via MVNO entrants, reviewing and (where appropriate) making adjustments in the fixed network wholesale pricing regime, and overseeing operator's compliance with obligations under the regulatory frameworks for telecoms, spectrum and the postal service.

Consumer Affairs: Mike Byrne

This role covers business and residential consumers, as well as major consumer representative organisations, and spans telecommunications, spectrum licensing operations and postal services. It covers regulatory developments which affect retail consumers, including the application of the consumer protection provisions of the Universal Service and Postal Directives. Mike oversees both proactive consumer information measures, such as the www.askcomreg.ie website, Consumer Guides and the Interactive Tariff Guide (ITG) comparative pricing website, and the consumer care function within ComReg. The role also oversees the strategic development of the Licensing Operations function within ComReg, which deals with more than 16,000 wireless telegraphy licences per annum.

7.1.2 Centre of Excellence

ComReg is a multi-disciplined organisation employing highly motivated professional and support staff, including accountants, engineers, business analysts, economists and lawyers, who work in project-based, cross-functional teams. At June 2005, ComReg employed approximately 105 staff members.

The ongoing challenges faced by ComReg in our complex and fast-changing operating environment have made investment in the professional development of our staff more important than ever. ComReg is committed to attracting, retaining and developing highly competent staff, and we are pleased to have been awarded a number of major awards for our innovative human resources programmes, including:

- the Excellence Through People national standard since 2002
- the Irish Institute of Training and Development (IITD) National Training Awards in 2002 and 2004
- the Institution of Engineers of Ireland (IEI) award for Continuing Professional Development (CPD) in 2003
- the Association of Chartered Certified Accountants (ACCA) award for Continuing Professional Development (CPD) in 2005.

A key HR strategy is to position ComReg as a recognised centre of excellence and these accreditations provide us with the opportunity to benchmark our HR processes with other organizations, to obtain independent recognition of best practice HR standards and provide assurance our stakeholders. ComReg aims to maintain these high standards and ensure that we continue to be perceived as an employer of choice.

7.1.3 Performance Management

ComReg aims to create a high performance, team-based culture where there is a realisation that performance makes a difference, both professionally and personally. The primary objective of ComReg's performance management process is to clarify staff expectations; provide feedback to staff on performance against goals; facilitate vertical communication between managers and staff; inform decisions on remuneration levels; identify staff development requirements and inform selection decisions.

Our human resources philosophy holds that our effective performance management process makes a significant contribution to achieving our business objectives and desired culture and we are committed to developing and enhancing this key process. ComReg currently allocates around 5% of its budget to training.

7.2 Information Services

Our information services function encompasses three areas;
Information Technology
Consumer Care
Access to Information

7.2.1 Information Technology

The ComReg IT function aims to provide an efficient, reliable, secure and value-add Management Information Service for its stakeholders.

To this extent, IT acts as a seamless business enablement resource, ensuring that ComReg's function supported and enhanced and supported through its effective use. This will be achieved by supporting ComReg's business at an operational level, providing tactical mobilisation of software applications and information systems, while enabling strategic initiatives as required.

The key objectives of the IT Function are:-

To ensure that IT is used effectively to support and enhance the delivery of ComReg's functions.

To ensure that ComReg's IT dependent services provided for staff, operator and consumer usage are kept operational and secure.

In the event of occurrence of IT issues, to ensure resolution of issues according to priority and within an acceptable time frame.

Strategic Use of IT

Recognising the benefits of information technology and its ability to deliver a more efficient, timely, transparent and user-friendly service to stakeholders,

ComReg intends to move firmly towards providing an array of on-line services for businesses and individuals who are providing and using electronic communications services regulated by ComReg.

Existing on-line services include:-

- On-line Form for Notification of Postal Services
- On-line Register and Search for Authorised Postal and Telecommunications Operators
- 'Siteviewer'
- Licensing e-payments service
- Email notification service

ComReg recognises the benefits of information technology to allow it to deliver a more efficient, timely, transparent and user-friendly service to stakeholders.

On-line payments have now become a popular method of payment with ComReg, with just over 10% of licensing payment transactions now taking place on-line via its Electronic Licensing Initiative launched in October 2004, www.elicensing.comreg.ie. This service facilitates existing licensees to make on-line payments via laser or credit card in a secure, convenient and easy-to-use manner. ComReg is pleased with the take-up of this service and is now moving to the next stages of the initiative which will be implemented before the end of 2005. The next stages will include added account functionality, which will be of particular benefit for the larger account holders who have regular contact with ComReg.

Other planned on-line initiatives include:-

- The launch of an on-line form for Notification of Electronic Communications Services,
- The provision of a tool for on-line query of market data
- The provision of an Interactive Tariff guide for consumers
- The further development of Siteviewer.

7.2.2 Consumer Care

ComReg's consumer policy seeks to promote the interests of consumers with the following three aims:

- **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.

Consumer Initiatives

ComReg has introduced a number of initiatives to encourage a proactive and effective approach to providing up-to-date information to consumers. This is mainly done through the following means:

- **www.askcomreg.ie website**
- **Consumer Guides**
- **Market Research** and Surveys
- **Consultation Process**
- **Quarterly Reports**
- **Annual Report**

Complaints Policy

The aim of ComReg's complaints policy is to empower consumers to take direct action regarding poor service provision, quality or other issues. ComReg received circa. 13,000 consumer contacts in 2004. The primary emphasis is to provide users with sufficient relevant information so that they can deal with their service providers and to ensure that operators have adequate procedures in place to address customer issues (not all issues are complaints). Consumers can contact ComReg for information, however ComReg cannot act on a consumer complaint until the operator's complaint handling process is completed. The primary responsibility for complaint resolution must be retained by the operator, as they have the direct relationship with the consumer.

Advisory Panels

While public consultations are extremely valuable for eliciting comments from a range of external groups and individuals, ComReg has established a number of advisory panels to assist it in understanding specific aspects of its role and to provide advice and feedback. To date ComReg has set up 3 such panels for the electronic communications sector. These are:

- *Expert Advisory Group*
- *Consumer Advisory Panel*
- *Forward-Looking Programme Steering Panel*

These panels make a vital contribution to ComReg's work programme


www.askcomreg.ie

ComReg has developed a website which is dedicated to consumers (www.askcomreg.ie) and their specific needs. The aim of this website is to provide consumers with a user-friendly platform that gives them relevant information and answers on the main issues which affect them in their dealings with providers of communication services. The content of the website is written in non-technical language. In June 2005, ComReg was awarded the EIQA (Excellence Ireland Quality Association) W-mark award for this website. The W-Mark is assessed and audited under 6 criteria, namely: Accessibility, Commitment to Customer Service, Consistency & Appearance, Data and Information Security Management, Navigation and Privacy Compliance Management.

The www.askcomreg.ie website was developed to be accessible for all types of users, with special consideration for those with disabilities. Features include larger text sizes for consumers who are visually impaired; text only; high contrast versions for those with colour blindness; the ability to use assistive technologies such as screen readers and consideration for those consumers using adaptive keyboards or other more complex technologies to view websites. The site is built to adhere to W3C web standards, including WAI Accessibility standards.

Customer Charter

In 2003, ComReg launched its Customer Charter which sets out the standards of service that the consumer can expect when dealing with us. These standards apply to all our stakeholders including consumers, industry, Government, interest groups, other national regulatory authorities and EU institutions.

 [Click here to view our Customer Charter.](#) (PDF Document Download, Size 140KB)

7.3 Access to Information and Publication Procedures

In line with best practice, ComReg is committed to ensuring that its Communications Strategy provides our stakeholders with access to all public documents and information. In achieving this goal, ComReg has taken into account all of the existing legislation that it is obliged to comply with. This includes the Communications Regulation Act, 2002, the Official Languages Act, 2002 and Government Accessibility Guidelines.

ComReg Information and Publications

ComReg aims to communicate with all of its stakeholders in a manner appropriate to their needs and we use a range of methods and techniques to communicate effectively with all of the stakeholders. We aim to ensure that all of our regulatory decisions are communicated clearly and in a timely manner. ComReg has identified the following information channels through which it makes information available to its stakeholders. These include:

- Face-to-face meetings
- Web Site(s)
- Emails & Written Correspondence
- Consumer Information Leaflets

- Phone

ComReg has laid out the following core principles for dissemination of information:

- All Consumer information will be readily available in a format that can be accessed by a wide range of consumers.
- Corporate information will be readily available in a format which accommodates a wide range of consumers, including Irish Language speakers.
- All regulatory documents such as consultation papers, responses to consultation and information notes are placed on our website www.comreg.ie.
- ComReg will also make available on its website all non-confidential submissions to consultations. ComReg has set out its guidelines for the treatment of confidential information in ComReg document 05/24.

7.4 Costs

This section outlines at a high level the financial profile of ComReg in the context of the future funding of its activities.

ComReg's income derives mainly from three sources: electronic communications levy, postal levy and wireless telegraphy fees. The electronic communications levy is set by ComReg at 0.2% of relevant turnover (from the provision of electronic communications networks and services within the State). In any year, the levy covers approximately 35-50% of ComReg's costs. Wireless telegraphy fees, on the other hand, are the fees payable to the State, after deduction of administrative fees, for the use of the electromagnetic frequency spectrum. There is a huge range of applications, from individual use by radio experimenters, ship and aircraft radios, through to fixed links used by telecommunications network operators and mobile networks. There are more than 16,000 licenses in existence and their administration forms a large part of our day to day work. Some uses, such as short-range devices or radio LANS, are exempted from licensing, where this will not lead to interference problems.

The economic value of these spectrum allocations varies considerably, and in some cases the state considers it appropriate to charge a fee which reflects the economic rent for that spectrum. Fees are set by Statutory Instrument, which are drafted by ComReg but must be approved by the Minister for Communications, Marine & Natural Resources and the Minister for Finance. Since there is no overall policy framework for determining how fees should be set for any particular application, any change in fees (e.g. to reflect inflation) must be implemented by drafting new regulations for approval by both Ministers. The Wireless Telegraphy Act is currently under review by the Department of Communications, Marine and Natural Resources.

The table below shows ComReg's 5-year income and expenditure from 2000 to 2004.

Five Year Income and Expenditure Summary

	2000 €'m	2001 €'m	2002 €'m	2003 €'m	2004* €'m
Income					
Recurring					
Electronic Communications Levy	5	6	6	7	8
Cable, MMDS & Deflector licensing	4	4	4	5	1
Radio Spectrum Licensing	7	12	12	15	15
Postal Levy			1	1	1
Other (mainly Bank Interest)	1	1	1	2	1
Total Recurring Income	17	23	24	30	26
Non-Recurring					
Spectrum Income	27	2		101	0
Administration Fees	3		4		
Total Non-Recurring Income	30	2	4	101	0
Total Income (Recurring & Non-Recurring)	47	25	28	131	26

Summary of Income & Expenditure

Income					
Recurring	17	23	24	30	26
Non-Recurring	30	2	4	101	0
Total	47	25	28	131	26
Expenditure					
Recurring (Note 1)	13	15	9	20	16
Non-Recurring	3		4		
Total	16	15	13	20	16
Surplus					
Recurring	4	8	15	10	10
Non-Recurring	27	2	0	101	0
Total	31	10	15	111	10

*Unpublished

Note 1:

Recurring Expenditure in 2002 reflects a reduction in a Legal Provision of €4m. If the Legal Provision had not been reduced the Recurring Expenditure in 2002 would have been €13m giving a Recurring

Surplus in 2002 of €11m.

8 Submitting Comments

All comments are welcome; however it would make the task of analysing responses easier if comments were referenced to the relevant question numbers from this document.

The consultation period will run from 27th June 2005 to 12th August 2005 during which the Commission welcomes written comments on any of the issues raised in this paper.

ComReg is also planning to hold a public workshop prior to the 12th of August to canvass views on both the draft strategy statement for 2005-2007 and the Telecoms Strategy Document (ComReg document 05/30)

Having analysed and considered the comments received, ComReg will review the draft Strategy Statement and publish a final Strategy Statement in September based on responses received.

In order to promote further openness and transparency ComReg will publish all respondents' submissions to this consultation, subject to the provisions of ComReg's guidelines on the treatment of confidential information – ComReg 05/24

Please note

ComReg appreciates that many of the issues raised in this paper may require respondents to provide confidential information if their comments are to be meaningful.

As it is ComReg's policy to make all responses available on its web-site and for inspection generally, respondents to consultations are requested to clearly identify confidential material and place confidential material in a separate annex to their response

Such information will be treated subject to the provisions of ComReg's guidelines on the treatment of confidential information – ComReg 05/24

Appendix A – Legislation

The general principles and guidelines under which ComReg operates are set out in national legislation, which is itself underpinned by a number of European Directives.

The Commission for Communications Regulation (ComReg) was established in December 2002 under the Communications Regulation Act 2002.

The Act established ComReg as the national regulatory authority for the electronic communications sector in Ireland.

The 2002 Act sets out ComReg's objectives including the promotion of competition, the development of the internal market and the promotion of the interests of citizens.

The Communications Regulation Act, 2002 contains various organisational and procedural provisions relating to matters such as the composition, staffing and financing of ComReg, most of which are usual for bodies established by statute.

ComReg is also subject to a number of ministerial directions arising out of the 2002 Act. These Directions are available on the website of the Department of Communications, Marine and Natural Resources.¹⁰

In addition ComReg also participates in the Government's Better Regulation initiative, which has as its aim the development of best practice and heightened efficiency with regard to regulation in Ireland.

There are various other Acts and Statutory Instruments which have an actual or potential application to public bodies such as ComReg. Notable examples include the Freedom of Information Act 1997 which (subject to certain specified exemptions) provides a right of access to records held by it and the Regulations transposing the EU Directives relating to procurement of works and services contracts in the public sector.

As a public sector body, ComReg is subject to various obligations arising as a matter of administrative law and some of its decisions may, in certain circumstances, be subject to challenge by way of judicial review. Most of the principles of administrative law have been developed over the centuries through a very large body of case law in the Irish courts and the courts of other common law jurisdictions, whose rulings are persuasive (but not binding) on the Irish courts.

One of the key functions of ComReg is to regulate and license, including licensing the use of, radio frequencies and radio equipment. The Wireless Telegraphy Act, 1926 is the Act, which makes provision for the Regulation and control of and the issuing of licences for wireless telegraphy apparatus. Certain apparatuses such as mobile phones are exempt from the requirement for a licence. The use of spectrum is

¹⁰

<http://www.dcmnr.gov.ie/Communications/Regulation+and+Postal+Division/Policy+Directions+to+ComReg+2004/>

not licensed as such but is regulated and managed through licences issued under the Act and the regulations made thereunder.

The new EU Directives abolish the need for individual licences and introduce a new system of authorisations.

Many of the provisions of the Telecommunications (Miscellaneous Provisions) Act, 1996 were repealed by the Communications Regulation Act, 2002 but the provisions in section 7 relating to regulation of tariffs remain in force.

Electronic communications networks and services used for radio and television broadcasting transmission and distribution are covered by and subject to the new EU framework. Spectrum used for broadcasting transmission and distribution is still subject to a license. RTÉ is licensed under the Broadcasting Authority Act 1960, The Broadcasting Commission of Ireland is licensed under the Radio and Television Act, 1988 and MMDS and Deflector operators are licensed under the Wireless Telegraphy Act 1926. The Broadcasting Act 2001 sets down the legal framework for licensing DTT.

As much of the impetus for the liberalisation of the electronic communications sector has over the years come from the institutions of the EU, the State has enacted a range of Directives adopted at EU level.

The EU Parliament and Council adopted Regulation 2887/2000 on 18 December 2000 on unbundled access to the local loop. As the Regulation is directly applicable and is binding in its entirety on all member states, it did not require any national implementing legislation.

The new EU Regulatory electronic Communications package is made up of five Directives and one Decision, a recommendation and a set of guidelines. These are the Framework Directive (2002/21/EC), the Authorisation Directive (2002/20/EC), the Universal Service Directive (2002/22/EC), the Access and Interconnection Directive (2002/19/EC), the Data Protection Directive (2002/58/EC) and Decision No 676/2002/EC on a regulatory framework for radio spectrum policy in the European Community.

Ireland transposed the Directives into national law on July 25th 2003 and they have applied from that date.

Appendix B – Consultation Questions

List of Questions

- Q. 1. Do you agree with ComReg’s analysis of the external market and legislative environments? Are there other key short term developments that ComReg needs to consider?..... 14
- Q. 2. Do you consider that ComReg provides sufficient opportunities for stakeholders’ views to be heard? If not then how could we improve? Are there other key stakeholders that ComReg needs to consider?..... 16
- Q. 3. ComReg is proposing to revise its mission statement and its core values to reflect changes in both the market and ComReg’s regulatory duties. Do you think the revised mission statement and values set out above are appropriate? 17
- Q.4 Do you agree with the objectives and strategies set out above? Are there additional objectives that ComReg should agree?.....21

Annex C - Response to the Forward-looking Strategic Review of the Irish Telecoms Sector

Introduction

ComReg published its Forward-looking Strategic Review of the Irish Telecoms Sector (ComReg doc. 05/30) on April 5, 2005. This review was launched at an Investnet/First Tuesday event to help raise maximum awareness of the initiative. The initial consultation period of six weeks was later extended by two weeks to May 27.

The purpose of the consultation was to open the debate with industry on future developments in the Irish Telecoms sector taking into account the current state of the sector. These forward-looking views from the industry in response to the consultation were then used to help develop our thinking when formulating the draft strategy statement. The responses from the Strategic Review proved useful in terms of helping us draft this strategy statement and in influencing work programme areas.

The scope of the strategic review of telecoms included a historical analysis, an overall outlook of the current status of the sector and a forward-looking analysis of potential future developments over the next five years. The forward-looking analysis included a scenario analysis and an assessment of five key areas: the evolution of voice market, the migration to next generation networks, user access and content delivery, spectrum, and universal service obligations. Consultation questions were designed to be as broad as possible to encourage debate, particularly on the issues of finding the right balance between retail and wholesale regulation, and encouraging infrastructure investment over the period ahead.

Responses

ComReg received 16 responses to this consultation dealing with a wide range of issues from current day to day matters to far reaching strategic issues. We are pleased with the level of responses and ComReg is grateful to all those who took the time to respond and volunteered to assist further in the debate.

Respondents to ComReg Consultation doc. 05/30:

ALTO	Ericsson	O ₂
BT	Forfás	Peter Weigl
eircom	Gerry Graham	Smart Telecom
Emmet McDonagh	Ireland Offline	vodafoneVodafone
energis	MCI	
e-net	ntl	

In principle this initiative was generally received positively and respondents felt that it was a timely consultation. Many valid individual points were raised, which will be considered further in formulating future ComReg work programmes. A number of common recurring issues emerged across a range of responses; these are summarised below:

1. Scale of consultation process

A number of respondents felt that given the scope and relative importance of the issues being considered in this consultation, the process should be more substantial. Suggestions included a longer consultation period, face-to-face meetings with operators, and a dedicated response to consultation. Some of these suggestions will be taken on board directly.

The purpose of this consultation document was to encourage debate and comments from industry over a further reaching timeframe in advance of the strategy statement consultation (which will have a full response to consultation). We feel that a dedicated response to this consultation is not merited. Individual issues raised will be fed into the relevant ComReg work-streams.

2. Regulatory principles and certainty

Given that input from the response to the strategic review consultation were intended to be used in the draft strategy statement several respondents felt that ComReg should clearly define and lay-out a set a regulatory principles which could be used as underlying guidelines. This suggestion has been incorporated into the strategy statement.

Several of the questions in the consultation document sought to encourage comments on the most effective way of incentivising infrastructure based competition in Ireland. While some respondents felt that a level of infrastructure competition already exists (i.e. through competition mobile networks), others suggested that greater regulatory certainty would give them greater confidence to invest in infrastructure. Other respondents felt that infrastructure competition is not necessarily the most efficient means for delivering communications services to users in Ireland.

3. Finding the right balance between wholesale and retail regulation

Respondents to questions relating to striking the right balance between wholesale and retail regulation generally agreed with the principle of the EU regulatory framework, and that ComReg should refrain from imposing obligation on retail markets unless it is absolutely necessary.

4. Equivalence of access to eircom's network

Several respondents expressed a needed to gain greater and more equivalent access to eircom's access network. Suggested ways to improve this included regulatory intervention and a behavioural and organisational change within eircom. Some respondents believe that the only way to achieve true equivalence is through a full structural separation of eircom, although it is also acknowledged that this would be a very challenging and costly task to implement.

5. Timing of migration to next generation networks

Respondents generally felt that the migration to next generation networks and IP is inevitable and really only a question of when. A significant factor in this question of timing raised by several respondents is when will eircom adopt, and indicate to the market, a NGN strategy.

6. Spectrum strategy

Respondents generally support the spectrum strategy as laid out in the spectrum management strategy consultation. Issues such as spectrum trading and spectrum liberalisation are generally seen as positive steps towards a more efficient spectrum environment that can support greater innovation. The continued facilitation of existing users of spectrum was also recognised as a key responsibility of ComReg.

Publication of Responses

All responses can be read on the ComReg website: ComReg document 05/30s¹¹

Next Steps

Following the publication of the individual responses to the consultation and the incorporation of key elements into the draft strategy statement, we intend to pursue the debate with a series of face-to-face meetings with respondents, and a public workshop later in the year. Other items arising from responses will be fed into the various relevant ComReg work streams.

¹¹ http://www.comreg.ie/_fileupload/publications/ComReg0530s.pdf