



Office of the Director of
**Telecommunications
Regulation**

QUARTERLY REVIEW

The Irish Communications Market Quarterly Review

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Oifig an Stiúrthóra Rialála Teileachumarsáide

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1 FOREWORD BY THE DIRECTOR

This review summarises the developments in the Irish communications sector in the period since our last review on 5 June 2001.

Key regulatory developments in the quarter included the framework for development of the national numbering scheme, revised SMP designations, price increase applications from the cable operators, full mobile number portability and a briefing note on technology developments in Ireland. During the quarter the office also published its 3rd Annual Report and Accounts for 1999 – 2000.

The ODTR is the National Regulatory Authority for the postal sector and we are pleased to include in this quarterly report, the results of a survey conducted by Irish Marketing Surveys on Business Postal Services. The results of the survey are referred to in the postal section.

We would like to thank all those operators and organisations who have contributed information and comments for this review and we appreciate their efforts in facilitating the publication of this document. We continue to encourage all operators to complete the questionnaire sent to them on a quarterly basis to ensure as complete a picture as possible of the Irish market can be presented.

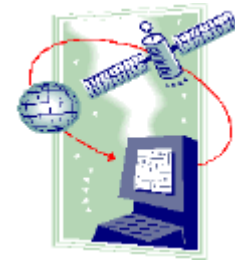
Etain Doyle

Director of Telecommunications Regulation

All figures and statements expressed in this review seek to reflect developments in the Irish market since the ODTR's last quarterly report. While every effort has been made to include the most up to date figures and estimates, we have, in some instances, referred to earlier data.

2 MARKET DEVELOPMENTS

The data in the review is based on returns from licensees for the period 1st April 2001 to 30th June 2001. The report is based on submissions from 39 operators (detailed in Appendix 1).



2.1 OVERVIEW

Key market indicators include:

- Total revenues for fixed, mobile and broadcasting markets now stands at an estimated IR£2.46 (€3.12) billion per annum on an annualised basis, a decrease of approximately 1% since the last quarter. This figure has increased by approximately 30% since June 2000.
- The telecoms sector is now estimated to account for approximately 3% of Irish GDP (2000)¹ which remains constant since the last quarter. This figure has increased by 0.3% since June 2000.
- The new entrants share of the fixed line market is approximately 21%. This has increased by 1% since last quarter. The market share held by new entrants has increased by 6% in the past 12 months.
- In the period up to the end of June 2001 3 additional basic licences were awarded, bringing the total number of Basic licences to 37.
- 22 of the 46 General licences and 21 of 37 basic licences are operational in the Irish market². During the quarter, one General licensee commenced operations and two licensees ceased operations.
- The Irish mobile penetration rate is now 70% as at 30th June 2001 an increase of 22% since this period last year. This figure is lower by 3% as compared to the figure given in the last quarter. This follows an adjustment during the quarter regarding what constitutes an active prepaid subscriber.
- There are approximately 625,000 cable/MMDS subscribers in Ireland, an increase of approximately 1.5% since June 2000. Approximately 1 million households are passed. By the end of September digital services will be available to over a quarter of households in Ireland.

¹ Figure was calculated using GDP at market price (2000) – ESRI Quarterly Economic Commentary, July 2001.

² The number of operational General Licensees was 23 and the number of Basic Licensees was 21 – this is due to a misprint in the last report.

- The total number of employees in the telecoms sector is approximately 17,300. There has been a decline by approximately 2.5% since last quarter and this is reflective of the recent job cuts in the sector.

2.1.1 GDP

In the year 2000, the growth of GDP for the EU as a whole (EU 15) was 3.3%, while Ireland had the highest GDP growth rate of 10.7%³. The telecoms sector is estimated to account for 3% of Irish GDP. The Real GDP growth for Ireland is estimated to be 7% for 2001⁴.

2.1.2 Significant Market Power

The third determination of operators with Significant Market Power in the Irish telecommunications market was made during the quarter. The new designations are based on the results of a review based on a questionnaire sent to all licensed operators which covered the period 1/1/00 to 31/12/00.

The revised designations are as follows:

Market	SMP Designations 2000
Public fixed telephony services market	<i>eircom</i> 89%
Public fixed telephony networks market	<i>eircom</i> 92%
Mobile public telephony networks & services market	Eircell 62% Esat Digifone 38%
Leased Lines Market	<i>eircom</i> 96%
National Market for Interconnection	Eircell 46% Esat Digifone 28%

The main change in designations comes in the National market for Interconnection where Esat Digifone is now designated with SMP in this market along with Eircell. For further information please refer to document no. 00/57 Significant Market Power in the Irish Telecommunications Sector – Decision Notice D10/01.

³ Source: Statistics in Focus – Economy and Finance Theme 2 – 24/2001: Gross Domestic Product 2000

⁴ Source: Quarterly Economic Commentary July 2001 – ESRI page 28.

2.2 DATA COMMUNICATIONS

The area of data communications now encompasses many aspects of telecommunications. The provision of broadband at the high usage end of the data communications market is at this stage still utilised in most part by larger corporates with larger SME businesses increasingly moving into this market. The main services associated with the use of broadband in this market are leased lines, both national and international, and frame relay technology.

As reported in the June 2001 Quarterly Review, the ODTR commissioned Irish Marketing Surveys to examine the views of large businesses with respect to the provision of broadband services in Ireland⁵. Results show that some companies operate with more than one type of broadband access and as can be seen from the table below the most common type of access by far is leased lines with 62% of respondents using a national leased line. Technologies such as ATM are only used by approximately 9% of large businesses according to the survey.

Table 1.1 Type of Broadband Access at Present

Broadband Access	%
National Leased Lines	62
Frame Relay	48
International Leased Lines	40
ISDN	14
ATM	9
Cable	5
Other	5
FWA	2
IVPVN	2
VPN	1

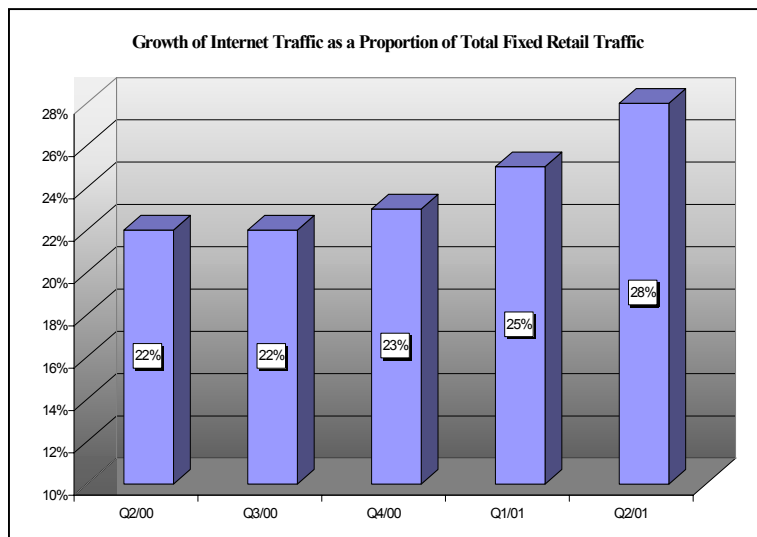
The results from the survey appear to confirm that leased lines are the most widely used form of broadband access for large corporate users and will continue to be in the future. According to figures collected for the June quarter, the total number of leased line circuits remained relatively constant at approximately 39,000.

⁵ Data used in this report uses results from a subset of the survey data, excluding those users without broadband access and those companies with under 100 employees.

Of the respondents that had broadband access, not surprisingly 100% used email and 99% used the Internet. Fast file transfer was used by 50% of respondents and video conferencing by 40%. Business to business e-services are used by approximately a third of the sample.

In terms of general telecommunications, of those surveyed the most important requirement for 26% of respondents was reliability of service, followed by the use of the Internet and email services 22%. This is closely followed by the use of ordinary voice communications by either mobile or fixed line telephone at 21%. These results confirm that large corporates have become highly dependent on the use of data communications as business tools and rate them above the use of their traditional voice systems. The fact that 26% of respondents stated reliability as their most important requirement also highlights the fact that irrespective of the services used, businesses expect services to be dependable.

Figure 1.1



Driving the demand at the consumer end of the data communications market is the Internet, of which consumer usage in Ireland continues to grow although at a somewhat slower pace than it had experienced during 2000. The proportion of Internet traffic of the total fixed

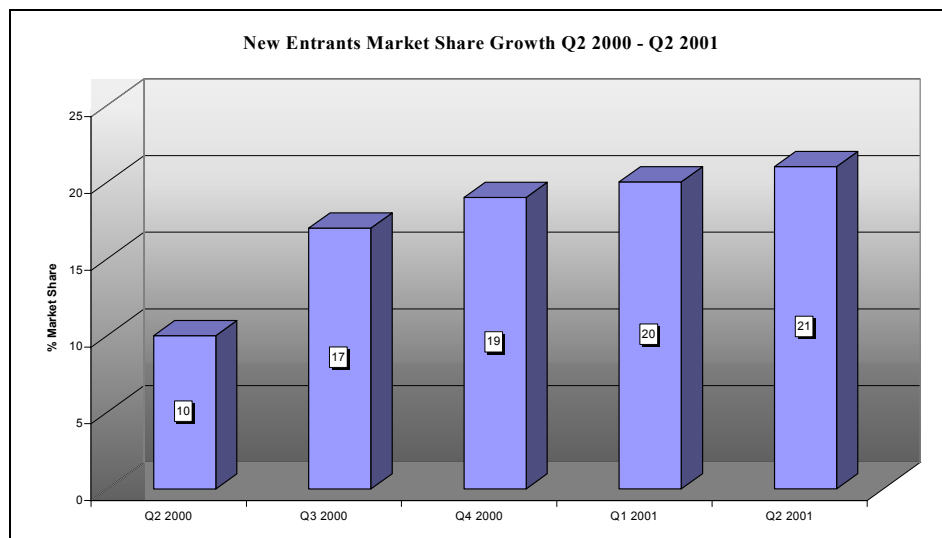
telephony retail traffic continues to grow significantly and now accounts for around 28% of all retail traffic, an increase of 3% since the previous quarter. The steady growth trend of Internet traffic is represented graphically in Figure 1.1.

3 FIXED LINE MARKET

Total fixed line revenue⁶ for the quarter to the end of June stands at approximately £394 (€500) million⁷, which accounts for approximately 63% of total telecommunications revenue.

The market share of OLOs has increased to approximately 21%. As can be seen from the graph OLO market share grew rapidly in 2000 and is now increasing at a slower pace.

Figure 3.1



The number of CPS⁸ subscribers also has remained relatively static at around 160,000 subscribers, including both residential and business customers, as at the end of June 2001. This figure has increased by approximately 100,000 subscribers in the past year.

⁶ This figure includes revenue from retail traffic (local, national, international, to mobiles, internet, payphone and other), internet services, leased lines, switched data services and other services such as directory publications and maintenance of customer equipment. Data based on operator returns.

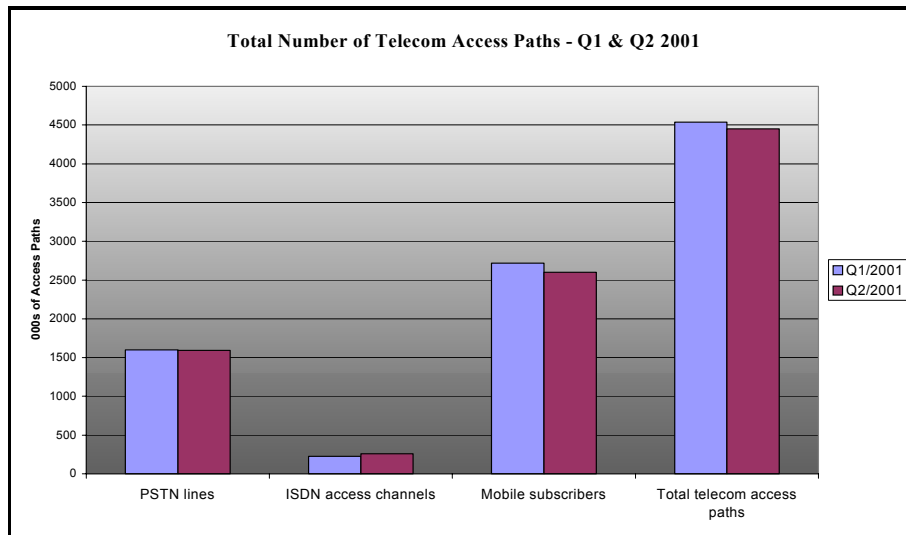
⁷ QR01 & QR02 2001 fixed line revenues are not comparable due to an exceptional revenue item entered by an operator in Q01.

⁸ Carrier pre selection is a service that enables a subscriber to the fixed network to select a different carrier from the local loop operator for the routing of all or some of its outgoing calls.

3.1 TELECOM ACCESS PATHS

The total number of telecom access paths at the end of the quarter was 4.450 million, 2% lower than the previous quarter due to a revision in mobile subscribers. This figure has increased by approximately 24% since June 2000.

Figure 3.3



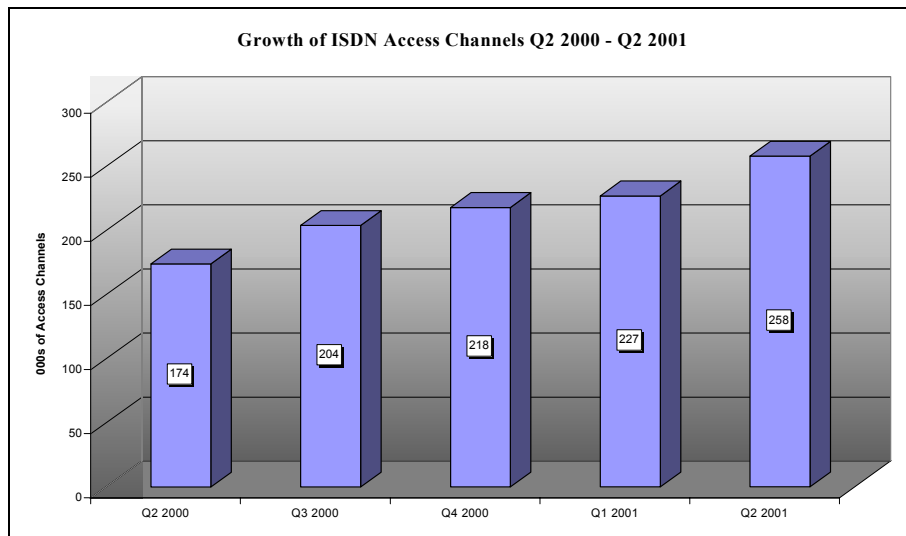
3.1.1 PSTN Lines

The total number of PSTN lines has remained relatively constant. The total was just over 1.59 million lines at the end of June 2001. This figure is split between residential and business lines, with 1.083 million and 0.5 million lines respectively.

3.1.2 ISDN Access Channels

The number of ISDN access channels⁹ has increased from approximately 227,000 at the end of March to approximately 258,000 access channels at the end of June 2001, which represents an increase of approximately 14%. In line with the overall upward trend of data communications the growth in the number of ISDN access channels has been steadily rising over the past year as is illustrated in the following graph. The proportion of ISDN as a percentage of total access paths is gradually increasing and now accounts for around 6%.

⁹ The figure for total ISDN access channels includes basic rate, fractional rate and primary rate ISDN and is expressed in basic rate equivalents.

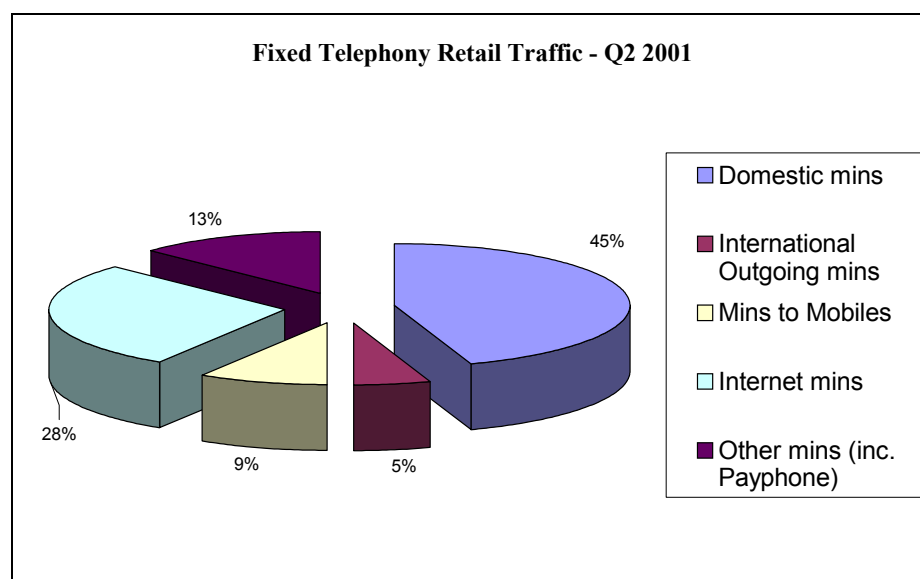
Figure 3.4

3.1.3 Mobile Subscribers

The number of mobile subscribers at the end of the quarter June 2001 is 2.6 million. Mobile lines however still account for nearly 60% of the total access paths.

3.2 RETAIL TRAFFIC

Fixed Telephony Retail traffic measured in minutes has decreased during the period by approximately 1%. The only category that continued to grow was Internet traffic, which grew by 8%. This growth is less than the previous quarter growth of 20% but it is a positive sign that data communications traffic is gaining ground as a proportion of total traffic (see Figure 1.1 in Data Communications).

Figure 3.5

The shift of proportions in the overall traffic picture was minor, 3% moving into the Internet minutes category and 1% added to the payphone and other minutes category. This shift was accompanied by corresponding decreases of 2% in both the domestic and international outgoing minutes categories. The shift in traffic over the last year is as follows:

Table 3.1

RETAIL TRAFFIC	JUNE '00	MARCH '01	JUNE '01
Domestic Minutes	57%	47%	45%
International Outgoing Minutes	7%	7%	5%
Minutes to Mobile	9%	9%	9%
Internet Minutes	22%	25%	28%
Other Minutes (inc.payphone)	5%	12%	13%

3.3 REGULATORY DEVELOPMENTS

3.3.1 National Numbering Scheme

Since liberalisation of the telecommunications market, the demand for numbers has increased significantly putting pressure on the telephone numbering infrastructure. This demand has been fuelled in the main by the growth of the Irish economy; the start up requirements for newly licensed operators and the demand from consumers for additional numbers. Following a public consultation and an extensive audit of numbers in use, only a limited amount of changes will be required and a new plan detailing these and the programme for evolution long

term was published by the office. Further details can be found in document no. 01/58 Review of the National Numbering Scheme for Telephony in Ireland – Decision Notice D9/01.

3.3.2 Itemised Billing

Following a consultation in May, the office directed *eircom* to provide itemised bills to customers that request it, free of charge¹⁰. This must be implemented by December 31st of this year. This direction will bring *eircom* into compliance with the relevant EU Directive on the provision of voice services.

3.3.3 Sale of *eircom*

There was significant activity in the matter of the sale of *eircom* from the two bidders, Valentia and eIsland during the quarter. The members of *eircom*'s Employee Share Ownership Trust (ESOT) voted to accept the offer from the Valentia Group. The offer document has been distributed to shareholders and is open for acceptance until 21st September 2001.

¹⁰ Itemised Billing by Telecommunications Operators – Report on Consultation and Decision Notice D9/01, 17th July 2001, ODTR Document 01/53.

4 MOBILE COMMUNICATIONS

The Irish mobile penetration rate now stands at 70% following an adjustment during the quarter regarding what constitutes an active pre-paid subscriber. This issue was highlighted in our last quarterly review when the ODTR wrote to the Irish mobile operators regarding the definition of mobile subscriber numbers¹¹.

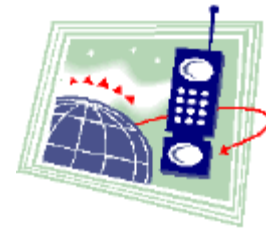
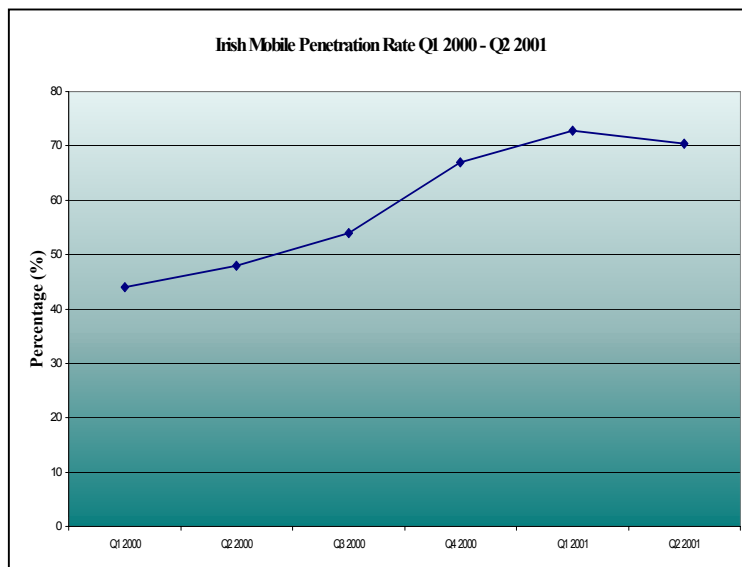


Figure 4.1: Irish Mobile Penetration Rate Q1 2000 – Q2 2001



The downturn in the graph is a result of Irish mobile operators no longer considering pre-paid customers active if they have not registered a “call event” in the previous 3 months¹². Previously, customers were considered inactive if they had not registered a call event in 6 months.

Source: FT Mobile Communications

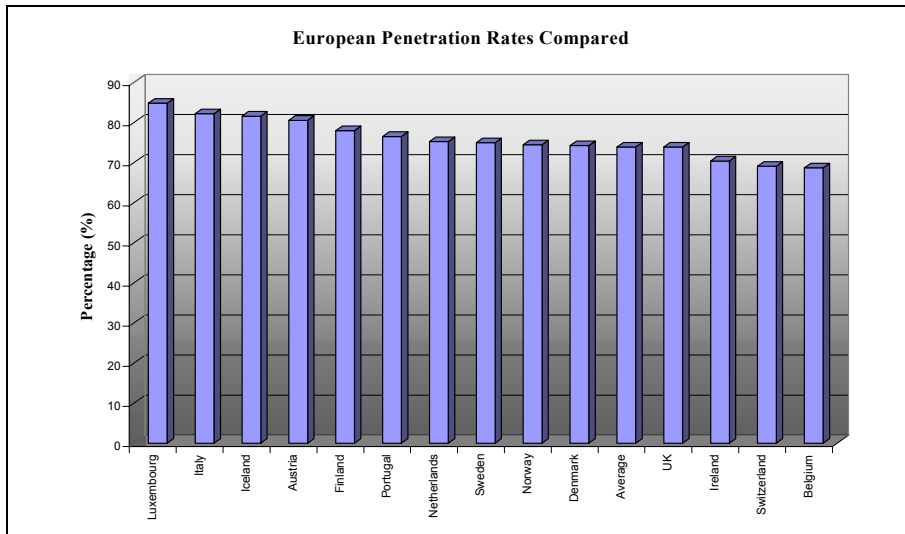
The mobile market has continued to expand during the quarter with each operator adding subscribers. Overall market share figures are largely unchanged for Eircell and Digifone while Meteor has gained new subscribers in competition with the established operators.

Figure 4.2 (overleaf) illustrates the various European mobile penetration rates. Luxembourg continues to have the highest mobile penetration rate in Europe at 85%. It can be seen from the graph that the UK and Ireland lie one and two places respectively behind the European average.

¹¹ During the quarter the operators clarified that for pre-paid subscribers, they wait 3 months following the last “call event” before considering the subscriber inactive.

¹² Earlier quarters have not been revised to take into account the operators new definitions of what constitutes an active pre-paid subscriber.

Figure 4.2 European Penetration Rates Compared.



Source: FT Mobile Communications

4.1 DATA SERVICES

The growth in the SMS market has plateaued since our last review in June. Having experienced remarkable growth from Q1 2000 to Q1 2001 SMS appears to be slowing down in the more mature European mobile markets.

Figure 4.3 Number of SMS sent Q1 2000 – Q2 2001

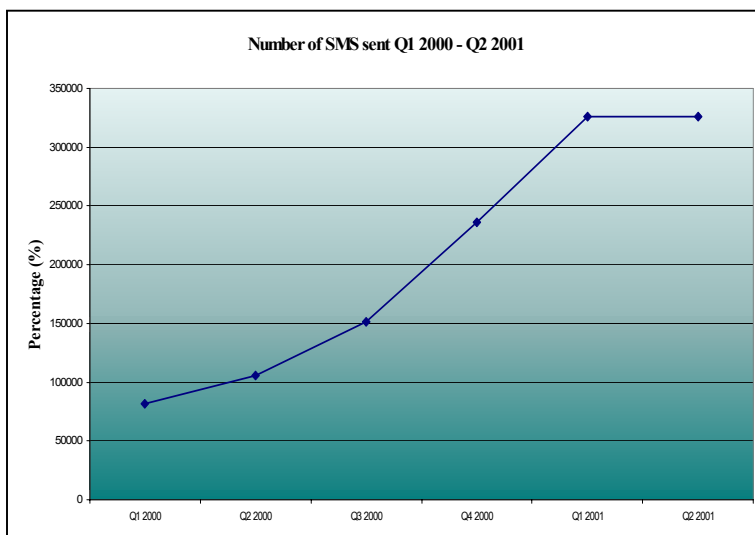
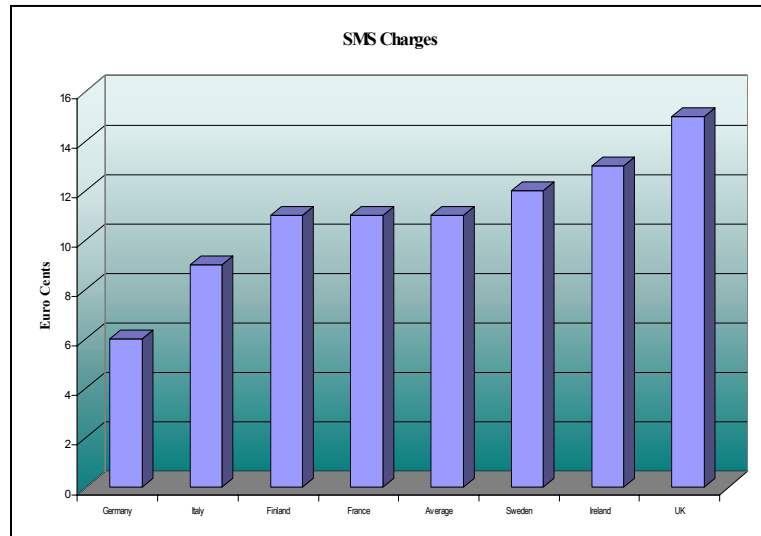


Figure 4.3 illustrates the growth in the number of SMS messages sent since Q1 2000. This quarter has seen a levelling off in the remarkable growth experienced over the last year.

Source: ODTR Quarterly Review Questionnaire

Figure 4.4 European sample of SMS tariffs

Figure 4.4 illustrates the different SMS charges being offered by a sample of European incumbent operators. It appears from data published by Merrill Lynch that Ireland lies behind the average of the countries selected charging approximately 13 cents per SMS.



Source: Merrill Lynch, Selectivity Rules, June 2001.

4.2 REGULATORY DEVELOPMENTS

The report on the consultation – Implementing Full Mobile Number Portability (FMNP) in Ireland¹³ – was issued during the quarter. The objective is for FMNP to be available in Ireland during the last quarter of 2002. The benefits arising from the introduction of FMNP, for mobile customers, will mean that they will be able to retain their entire number when changing to a new operator.

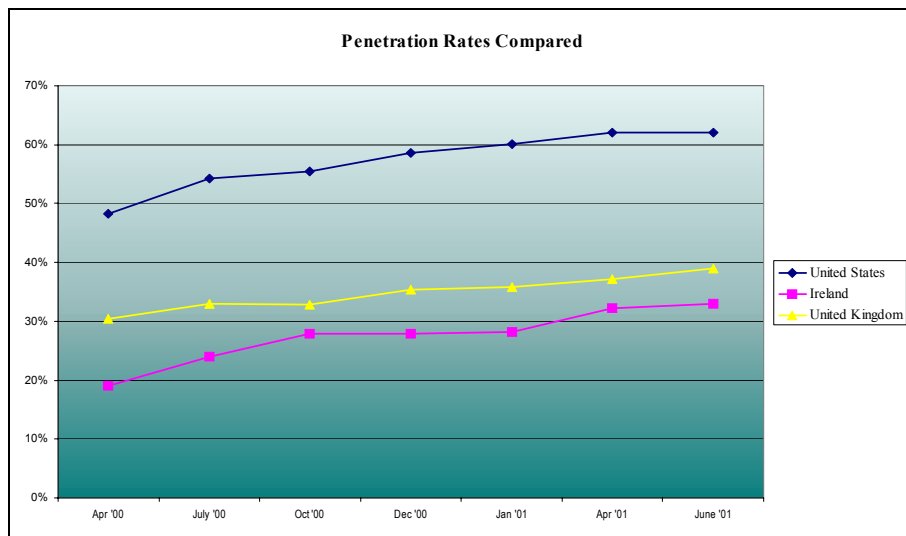
¹³ ODTR Doc. No 01/56

5 INTERNET & MULTIMEDIA

Ireland's Internet penetration has grown since our last review with approximately 1/3 of Ireland's population having home Internet access at the end of July 2001¹⁴. It can be seen from figure 5.1 below that Ireland still lies behind the UK and the USA in terms of the proportion of people with Internet access at home.



Figure 5.1: Internet Penetration Rates Compared



Source: Nielsen NetRatings

According to Nielsen's Internet figures the average home user spent just under 4 hours online in July. There has been a decrease in time online since the last quarter¹⁵.

¹⁴ The ODTR have been using Nielsen NetRatings – Current Internet Universe (i.e. penetration): All Individuals 2+ who have access to the Internet from home. Other methods of calculation, including penetration rates based on households and adults 16+ accessing the internet give different penetration numbers and many improve Ireland's penetration rate.

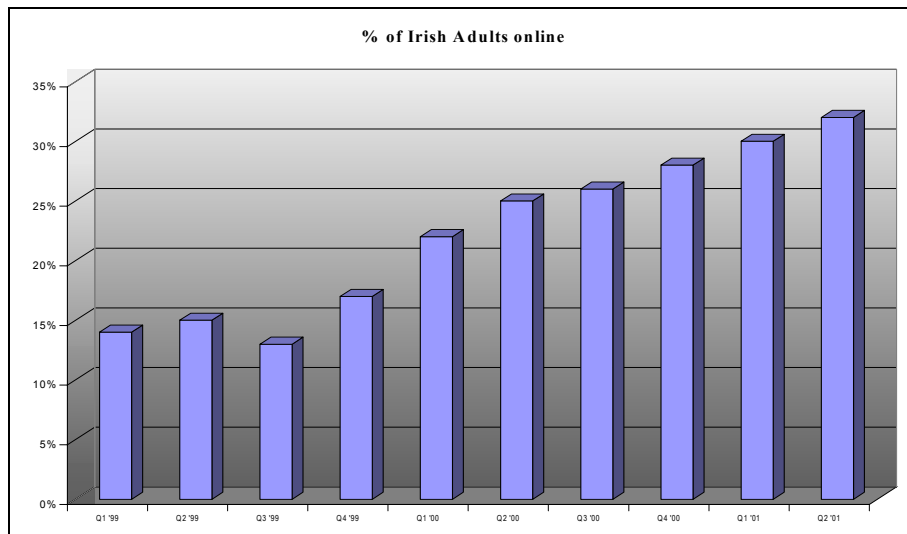
¹⁵ ODTR are investigating with Nielsen Net Ratings possible sources for this decline.

Table 5.1: Average Internet Usage for Ireland, the UK and the US, July 2001.

	United States	Ireland	United Kingdom
Number of Sessions per Month	20	9	13
Number of Unique Sites Visited	11	18	18
Time Spent per Site	n/a	13:29	20:45
Time Spent per Month	10:19:06	3:56:15	6:22:21
Time Spent During Surfing Session	31:44	25:59	29:28
Duration of a Page viewed	00:51	00:42	00:43
Active Internet Universe	102,077,288	560,842	13,098,235
Current Internet Universe Estimate	165,180,807	1,250,404	23,870,341

According to a recent report issued by Amarach Consulting¹⁶, the rate of increase in Internet users is slowing down.

Figure 5.2 % of Irish Adults online



Source: Amarach Consulting, Eir-Commerce 2001

Amarach asked those who have never used the Internet whether they thought they would ever start using it in the future. Seventy-four percent said they would not – this is equivalent to 1.3 million adults and represents almost half (47%) of Ireland’s adult population. Many non-users continue to believe that the Internet is irrelevant to them and fail to see any benefits in starting to use it. This finding is similar to that reported on in previously ODTR quarterly

reviews. Overcoming this attitude will require detailed attention in terms of content development, presenting a challenge and opportunity for ISP's and e-business.

The survey also reported a considerable level of e-commerce activity, with 15% of Internet users having made an on-line purchase in the last 3 months. The number of people buying online has more than doubled in the last 12 months. The report identifies that the number purchasing online is growing at a much faster rate than the growth in Internet use. This suggests that the time required for recent first-time Internet users to feel comfortable shopping online is diminishing.

Amarach Consulting estimates 63% of Irish adults do not have a credit card. This may explain why Ireland is behind on consumer eCommerce transactions compared to the UK for example, where credit card ownership is virtually double the level it is in Ireland.

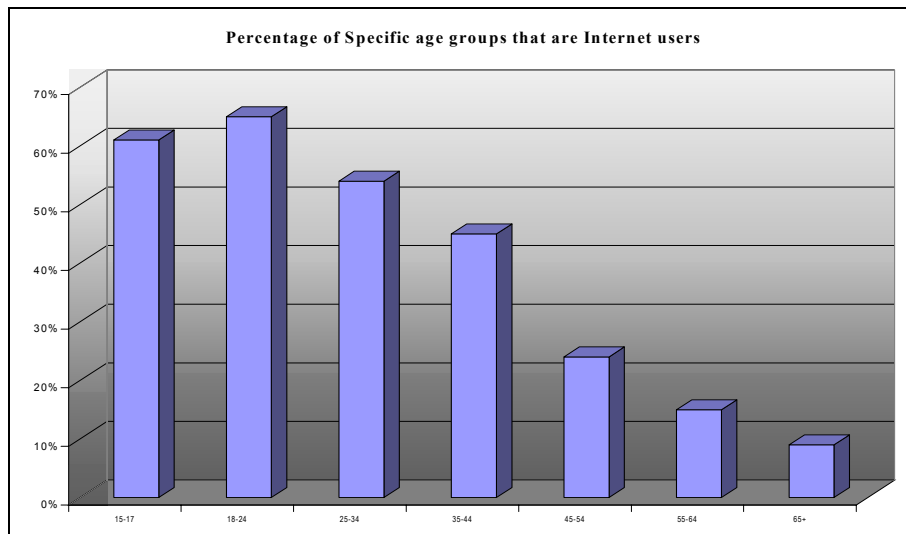
The reasons identified by those surveyed for not having purchased on-line are:

- No means of paying – haven't got a credit card (27%)
- Concerned about giving details (20%)
- like to see/try the products I'm buying (20%)

In a recent report by TNS Interactive¹⁷ 39% of the population were identified as Internet users. The report examines the demographics of those online with 65% of 18-24 year olds described as Internet users (See figure 5.3). Similar to the Amarach Consulting report a reasonable level of online activity was detected with 18% of Internet users having bought goods or services online in the last month. Of the purchases made online in the last month 20% were books, 18% Holidays/Travel Leisure and 10% were theatre and cinema tickets.

¹⁶ Source: Amarach Consulting, Eir-Commerce 2001

¹⁷ Source: Taylor Nelson Sofres Interactive, Global eCommerce Report 2001.

Figure 5.3: Percentage of Specific age Groups that are Internet users

Source: TNS Interactive, Global eCommerce Report 2001.

By inverting the picture of the Irish Internet user a profile of the typical non-user can be identified. The emerging picture of the non-user of Internet access in Ireland, is typically over 32 years of age, outside the ABC1 social groupings with earnings of less than £30,000 per annum and probably not a college graduate. The adult non-user is likely to be a parent, either male or female, whose income level does not allow for the purchase and usage of a connected PC. A frequent viewer of TV, the non-Internet user is located in both urban and rural areas. The non-Internet user has probably no trial experience of Internet use and is aware of their lack of Internet skills.

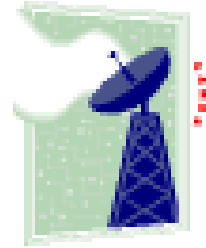
5.1 REGULATORY DEVELOPMENTS

During the quarter a consultation paper regarding communications and delivery issues connected with the Internet was issued¹⁸. Recognising that the Internet is entering a more mature stage of its development the ODTR is seeking views from interested parties on how the Internet will and should develop. The paper seeks to identify more clearly what the issues are so as to devise the appropriate responses, in so far as these relate to regulatory matters.

¹⁸ ODTR Doc. No 01/47 – The Internet in Ireland – Communications Transmission and Delivery Issues – Consultation Paper

6 CABLE & MMDS

As at the end of June 2001, the ODTR estimates that there were approximately 625,000 cable & MMDS subscribers in Ireland, an increase of approximately 1.5% from June 2000. But approximately 1 million households were passed. Total cable & MMDS revenues have increased by approximately 2.5% in a year.



Since last quarter, the number of cable/MMDS subscribers have decreased by approximately 1.5%. This is mainly attributable to a decrease in the number of subscribers to basic television services on these networks. There has also been a decline in cable/MMDS revenues.

Ntl have recently launched their digital TV service, which will be available initially to 140,000 homes in its franchise areas by the end of September 2001. The launch is to take place in Dublin on the 29th August and in Waterford and Galway on the 24th September. Chorus had previously launched its digital service in its franchise area and is continuing to provide digital services to its customers. Accordingly, by the end of September digital services will be available to over a quarter of the households in Ireland.

Both operators are continuing to provide telephony and Internet services to its customers. For cable and MMDS users the number of telephony subscribers increased by 43% and Internet subscribers have increased by 13% since last quarter (from a very low base of Q3 2000).

6.1 REGULATORY DEVELOPMENTS

6.1.1 Applications for Price Increases

Chorus and ntl have submitted applications during the quarter for a price increase in respect of their basic television services¹⁹. The Director is considering these applications and is consulting²⁰ separately on the matter. The Director is also taking in to account a wide range of issues concerning quality and services as well as financial matters. Both companies have not had any price increases since 1999.

¹⁹ This price increase applies to both ntl & Chorus' licensed cable areas and some of Chorus' MMDS licensed areas.

²⁰ ODTR document no. 01/63 Chorus Price Increase Application for Cable/MMDS licensed areas – Consultation Paper
ODTR document no. 01/64 ntl Price Increase Application for Cable licensed areas – Consultation Paper

7 TECHNOLOGY DEVELOPMENTS

A collection of short briefing notes on technology developments have been issued recently, which describe some emerging and evolving technologies that may help to develop Ireland's ICT sector (refer to ODTR document 01/59)²¹. As part of the ODTR's Forward Looking Programme, technology trends are monitored to identify which ones may lead to development opportunities for the Irish market.



An emerging technology known as optical wireless could prove to be a cost effective and timely networking solution for some users requiring broadband access. Optical wireless is a technology facilitating broadband communication by using light signals without having to install cables. This technology offers high capacity, high security and high reliability. It is also quick and easy to install and roll out.

Software Defined Radio (SDR) is an emerging radio technology that will be capable of offering more flexibility than traditional radio technologies. An SDR can be modified at any time to operate different types of services, simply, by loading additional software. Currently radio devices are typically constructed from electronic components, which are assembled and configured in the factory to operate in a particular way (i.e. a GSM handset). If a user wants to avail of new or different services (e.g. GPRS or WAP) which their current radio terminal was not designed for, they have to purchase new equipment. Similarly, if a network operator wishes to provide a new type of service as well as, or instead of, existing ones (e.g. GPRS instead of GSM) they have to replace each individual base station with new equipment at considerable cost. SDRs can overcome this problem because they are re-programmable.

High Altitude Platform Stations (HAPS) may in the future offer an alternative method of delivering broadband services. A user on the ground would be connected to a telecoms network via a station that is located high in the sky. The idea is to mimic the functionality of a satellite without incurring large costs. The coverage area for single HAPS is typically 19000 square km (155km diameter).

Ultrawideband (UWB) is a radio technology under recent development. Instead of transmitting information on a continuous specific carrier frequency, short pulses are transmitted in sequence, representing information bits. The idea is that the bandwidth will

become so wide (~2GHz), and the energy so spread out across the spectrum, that its presence will be undetectable to traditional frequency selective radio systems.

A VSAT (Very Small Aperture Terminal) is a communication terminal that can be easily installed at a user's premises and used to access a wide range of telecommunications services such as broadcast video and Internet access. Recently, VSAT networks have been able to offer increasingly two-way 'broadband' services. This market is growing and systems are currently being developed that will provide higher broadband access rates.

The Department of Public Enterprise has awarded IR£1 million to a co-funded pilot initiative as part of the National Development Plan. This is a step towards considering satellite based broadband services as a potential alternative to remote areas of the country including offshore islands.

8 POSTAL REGULATION

The ODTR commissioned Irish Marketing Surveys to conduct a survey of business postal users to establish how their requirements are being met by An Post and other postal service providers. The survey, conducted in August 2001, questioned 300 businesses, 50% of which were based in Dublin. All business sectors, including government and professional groups, were included in the survey.



Preliminary results are outlined below:

Attitudes to aspects of An Post are as shown below. Clearly there is a marked difference in satisfaction levels for different aspects of An Post services. As illustrated in Table 8.1 below, the survey asked respondents to rate different aspects of An Post's service. Each aspect is rated on a scale of 1 to 5 where 1 is very dissatisfied and 5, very satisfied.

Table 8.1: An Post Service Satisfaction

An Post Service Satisfaction	Mean Score
Percentage of Mail Delivered the Next Working Day	3.4
Latest collection times from Post Boxes	3.4
Cost of Collections from Premises	3.5
Location of Post-boxes	3.6
Efficiency and General Responsiveness of Customer Services	3.6
Availability of Collections from Premises	3.6
Accessibility of Post Offices	3.6
Time of Delivery	3.7
Consistency in Time of Delivery	3.7
Prices of Services	3.8

Source: ODTR IMS Postal Survey, August 2001.

The level of satisfaction among larger users is notably lower as shown in Table 8.2. It can be seen from the table that the largest cause of dissatisfaction was with the latest collection time from post boxes, followed by the location of post boxes. 27% of respondents complained regarding the time of letter delivery, of those who complained 44% were still not satisfied. Of all those who complained there is a significant percentage who are still dissatisfied with the services offered by An Post.

Table 8.2: Satisfaction with services offered by An Post – Large Users

	% dissatisfied	% complaining	% of those who complained and are still dissatisfied
Time of letter delivery	16	27	44
Percentage of mail delivered the next working day after posting	20	12	50
Location of post boxes	22	6	50
Latest collection times from post boxes	25	9	33

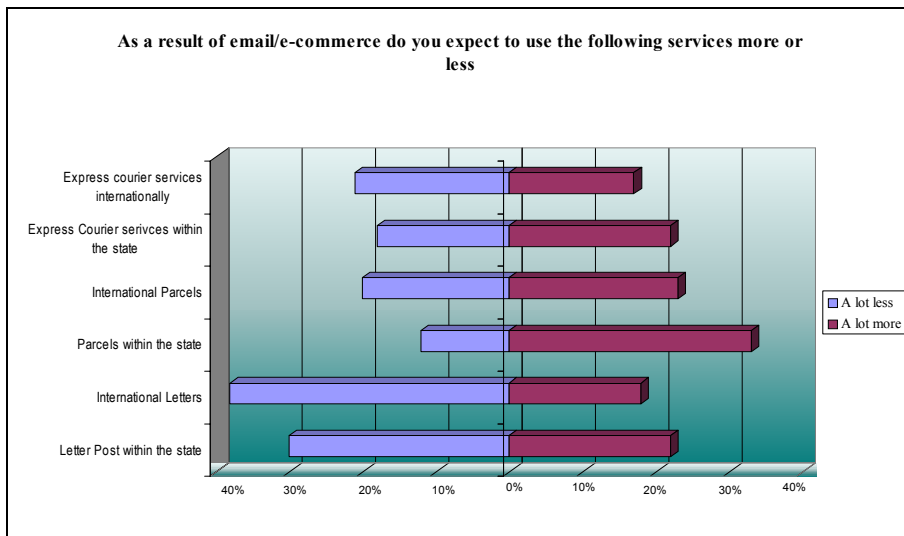
Source: ODTR IMS Postal Survey, August 2001.

The survey also sought the views of respondents about their attitude to An Post and their view of the market generally. Most of the respondents believe that the letter/parcel/courier services are more competitive than twelve months ago.

Possible improvements to postal services were addressed in the survey and it was found that 73% believe that '*all businesses*' should have a choice between a first class letter post service offering next day delivery and a cheaper second class service with delivery within three days. 43% also believe that their business would benefit if letter post prices were based on the size of the envelope, not on the weight.

Looking to the future, the growth of e-commerce and e-mail services could have an adverse impact on demand in the letter post sector, but stimulate the parcels sector.

Figure 8.1: The Future of the Postal Sector as a result of E-Commerce



Source: ODTR IMS Postal Survey, August 2001.

The consultation paper ODTR 01/55 ‘Levy on Providers of Postal Services’ was published at the end of July. This report highlights the main factors to be considered with setting the levy and a report will be published shortly.

9 REVIEW OF TELECOMMUNICATIONS TARIFFS

This section compares movements in incumbents' tariffs for a range of telecommunication services since the ODTR's last review in June. It should be noted that competing operators sometimes offer cheaper tariffs and this would also be true in the other countries surveyed. The tariff comparisons, generated from the pricing of a number of baskets of telecom services, rank Ireland's position against a group of key countries in relation to telecom tariffs²².



The baskets, which are constructed by Teligen using an OECD approved methodology, provide a “snapshot” of Ireland's position vis-à-vis other countries at a particular point in time. The baskets of services examined in this review include:

- National PSTN
- International PSTN
- National Leased Lines
- International Leased Lines
- Personal Mobile Basket
- Business Mobile Basket
- Personal Pre-paid Mobile Basket

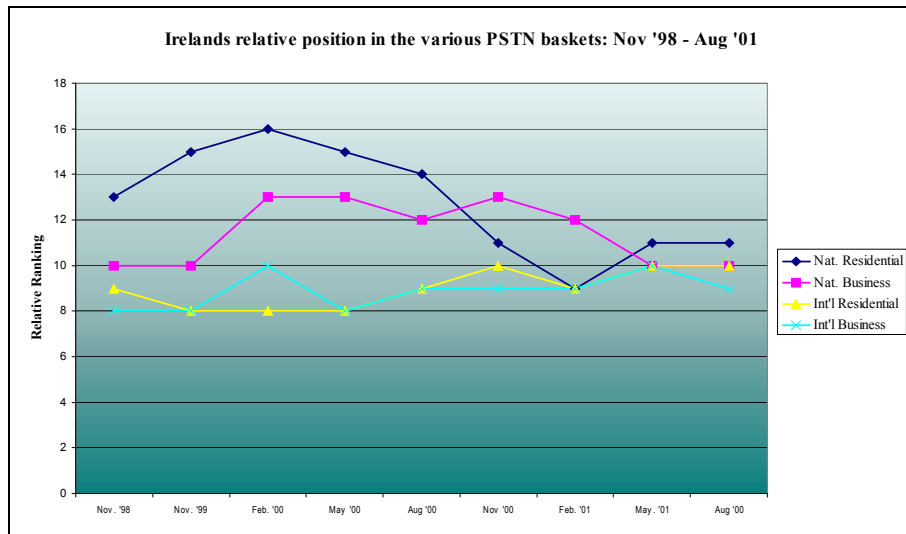
9.1 OVERVIEW

Overall the trend in Ireland's PSTN tariffs during the quarter have been relatively static. In the national residential basket Ireland's position has improved by three places since August 2000. In the International residential basket Ireland has seen its position drop by one place year on year.

Results for the business baskets have been more positive with the international business basket improving its position by one place since our last review in June 2001. Ireland's position in the national business basket remained the same during the quarter. Ireland lies ahead of the OECD average in all the PSTN baskets.

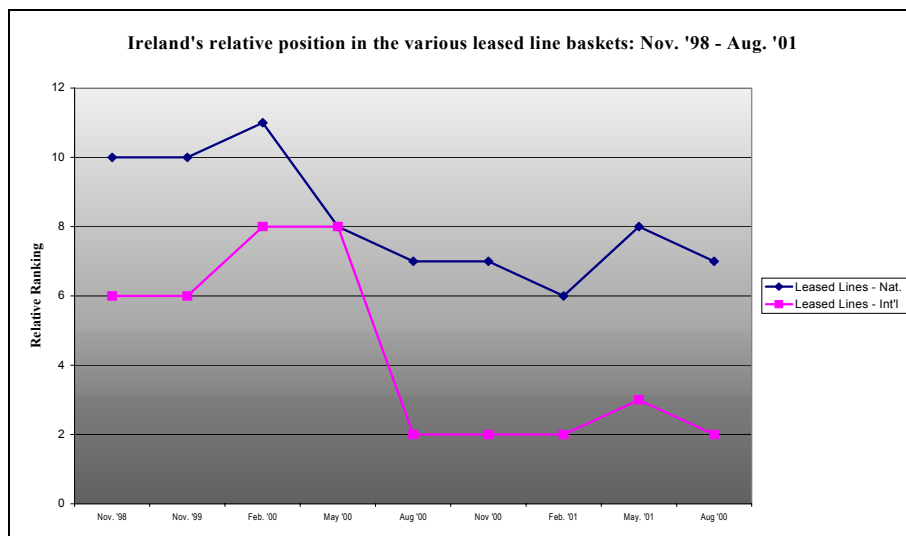
²² For the purpose of our analysis only the EU 15, Iceland, Norway and Switzerland are examined.

Figure 9.1: Ireland's Relative Position for Various PSTN baskets: Nov. '98 – August. '01



Ireland's position in both the National and International leased line baskets has improved during the quarter. In the National basket Ireland improved by one ranking since our last review in June 2001. Similarly in the International basket Ireland's ranking improved by one place which sees it move into second position.

Figure 9.2 Ireland's Relative Position in the Leased Line Baskets: Nov. '98 – August. '01

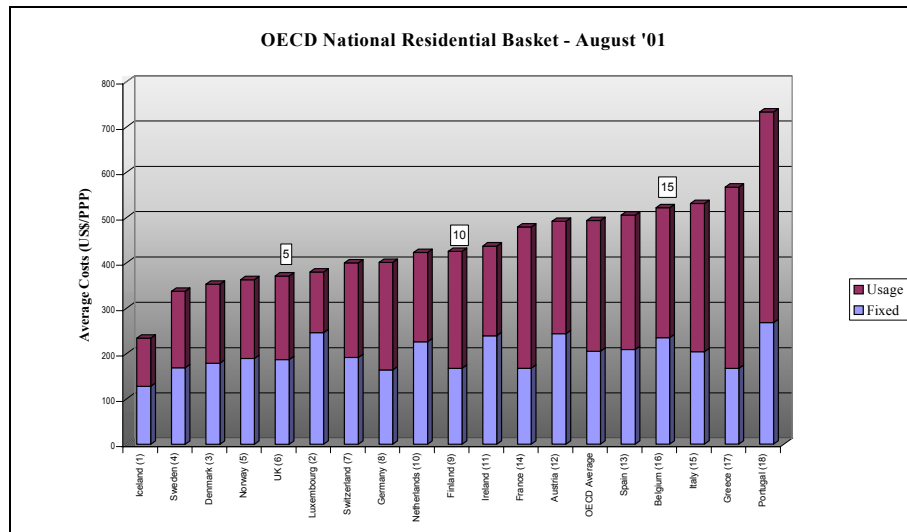


In the mobile baskets the trend in Ireland's overall position has been positive since our last review. Ireland's position has improved in both of the personal mobile baskets, however the business mobile basket has seen Ireland's ranking drop by one position during the quarter.

9.2 NATIONAL RESIDENTIAL BASKET

The “National Residential Basket” examines the average cost of national (including local) calls for the residential sector. Ireland’s position has not changed in this basket since our last review in June. As illustrated by figure 9.3, in 11th position Ireland now lies two places ahead of the OECD average.

Figure 9.3: OECD National Residential Basket – August 2001

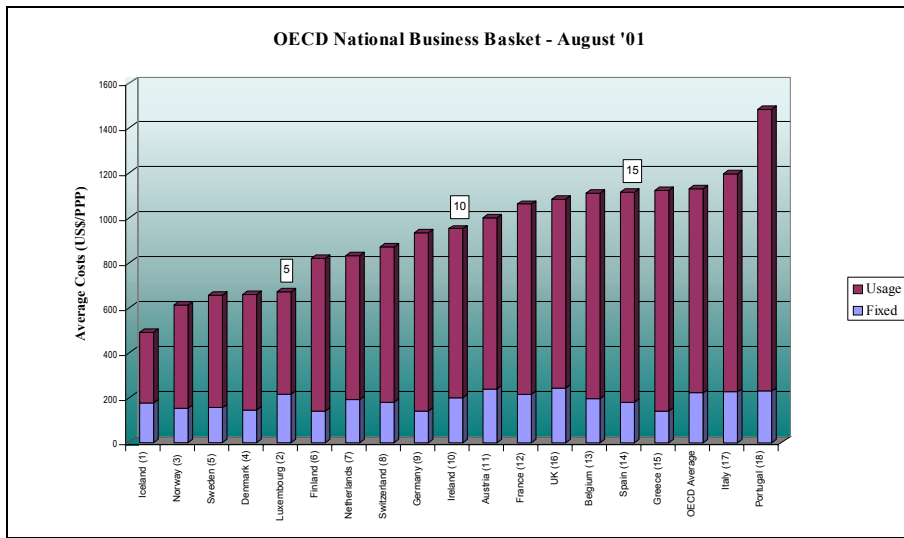


NB: The numbers in brackets represent the countries respective rankings as at June 2001.

9.3 NATIONAL BUSINESS BASKET

The “National Business Basket” examines the average cost of national (incl. local) calls for the business sector. This basket is comprised of a much larger number of calls compared to the residential basket, with a greater proportion at peak times although they are generally of shorter duration. Ireland’s position remained static in this basket during the quarter. Ireland now lies 3 places ahead of the UK and 7 places ahead of the OECD average.

Figure 9.4: OECD National Business Basket – August 2001

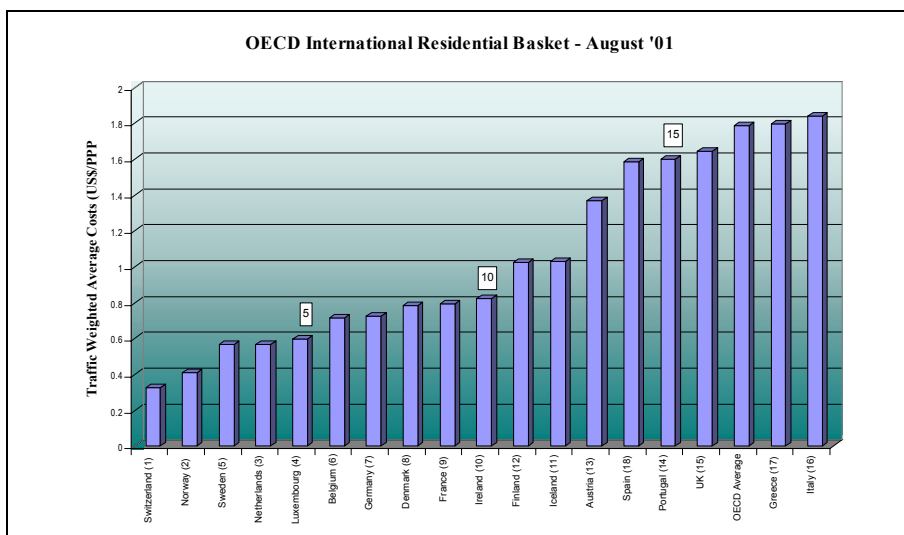


NB: The numbers in brackets represent the countries respective rankings as at June 2001.

9.4 INTERNATIONAL RESIDENTIAL BASKET

The “International Residential Basket” sets out the average cost of international calls for residential users. Figure 9.5 illustrates Ireland’s position in this basket. In 10th place Ireland lies 7 positions ahead of the OECD average. Like two of the other PSTN baskets Ireland’s position has remained the same since our last review in June.

Figure 9.5: OECD International Residential Basket – August 2001

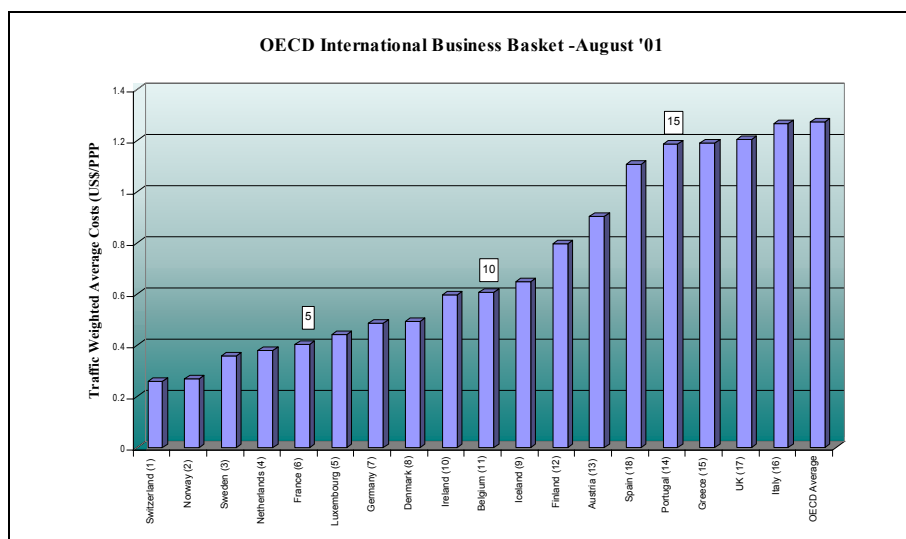


NB: The numbers in brackets represent the countries respective rankings as at June 2001.

9.5 INTERNATIONAL BUSINESS BASKET

Figure 9.6 illustrates the average cost of international calls for business users. Like the national baskets, the international baskets have different weights for the business and the residential sectors. The business basket apportions 75% of the calls to peak rates, while the residential basket apportions 25% to peak rates. Previously in June, Ireland was ranked 10th amongst 18 key countries, and 8 positions ahead of the OECD average. As illustrated in figure 9.6 Ireland's ranking has improved by one place and now lies in 9th position, and 10 positions ahead of the OECD average.

Figure 9.6: OECD International Business Basket – August 2001



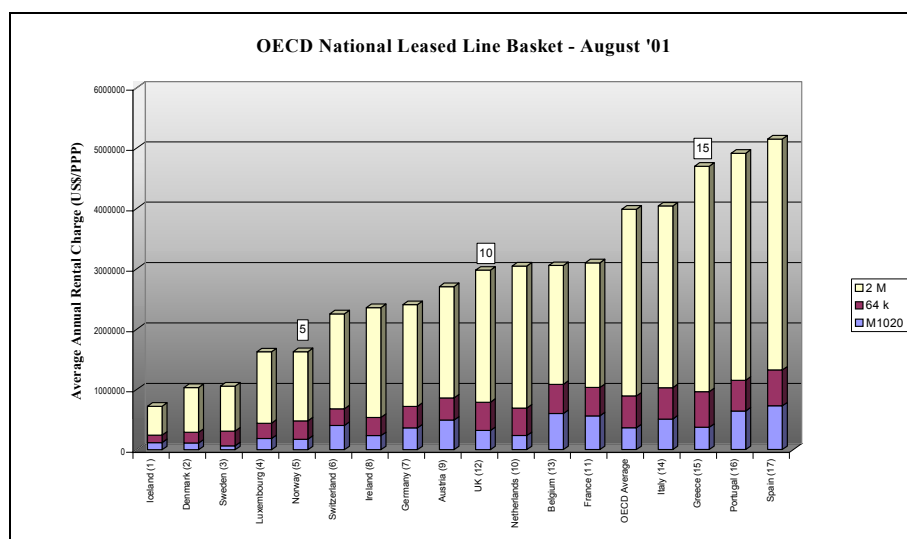
NB: The numbers in brackets represent the countries respective rankings as at June 2001.

9.6 NATIONAL LEASED LINES

During the quarter Ireland's position in this basket has improved by one place²³. In 7th position Ireland now lies 7 places ahead of the OECD average and 3 places ahead of the UK. This basket has remained relatively static since our last review.

²³ The "National Leased Line Basket" is based on 100 circuits distributed over 6 distances from 2 to 500 km. Results exclude VAT.

Figure 9.7: OECD National Leased Line Basket – August 2001

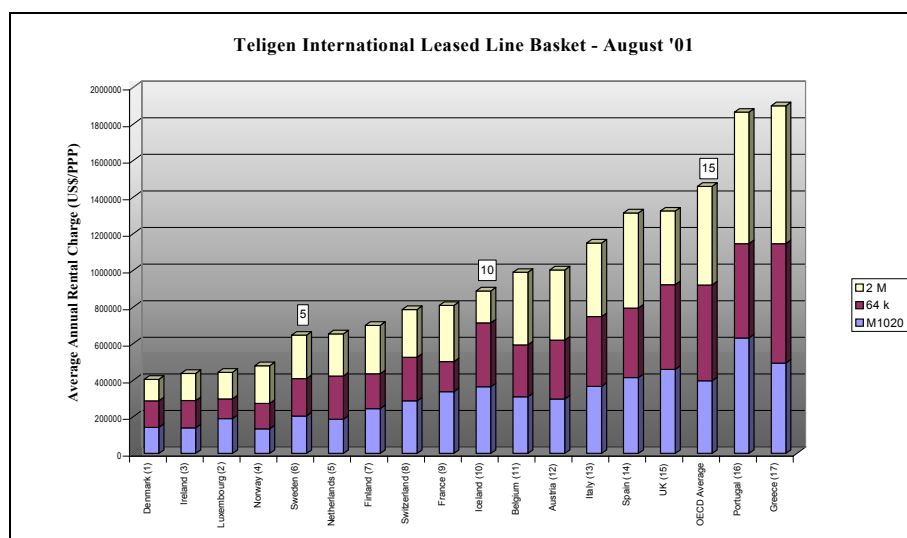


NB: The numbers in brackets represent the countries respective rankings as at June 2001

9.7 INTERNATIONAL LEASED LINES

Figure 9.8 illustrates Ireland’s position in the International leased line basket²⁴. Since our last review Ireland has gained one position, moving into second place. Ireland has now maintained second position in the International basket for four of the last five quarters, firmly establishing itself in the upper decile of this basket.

Figure 9.8 OECD International Leased Line Basket – August 2001



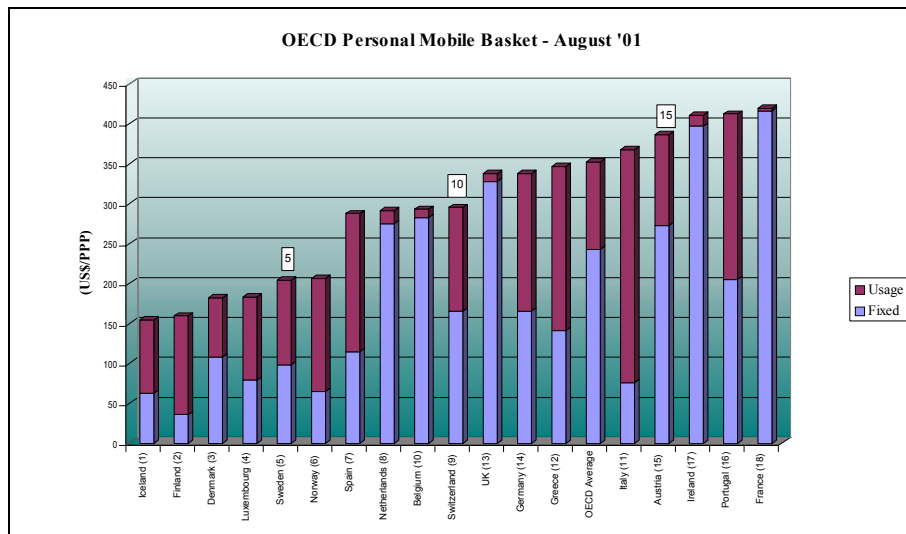
NB: The numbers in brackets represent the countries respective rankings as at June 2001

²⁴ The prices used for these circuits are derived from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

9.8 PERSONAL MOBILE BASKET – POST-PAID

This basket covers GSM or DCS tariffs²⁵. Both reflect post-paid tariffs available from the incumbent mobile operator. The “Personal Mobile Basket” sets out the average costs of personal mobile tariffs. Having remained static in our last two reviews Ireland’s position has now improved by one place during the quarter. In 16th place Ireland now lies 5 positions behind the UK and 3 positions behind the OECD average.

Figure 9.9: OECD Personal Mobile Basket – August 2001



NB: The numbers in brackets represent the countries respective rankings as at June 2001.

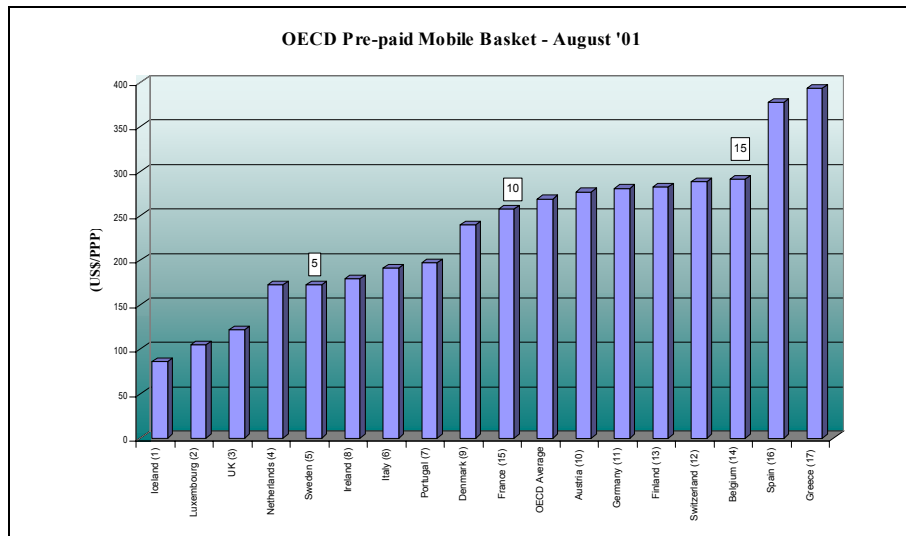
9.9 PERSONAL PRE-PAID BASKET

This basket covers GSM or DCS tariffs²⁶. Both reflect pre-paid tariffs available from the incumbent mobile operator. As illustrated in figure 9.10 Ireland’s position in this basket has improved by two places since our last review. In 6th position Ireland now lies 3 places behind the UK and is 5 places ahead of the OECD average.

²⁵ The OECD Personal Mobile basket has national calls fixed at 200 distributed between local and national (not distance related) and including 10% of calls to other mobiles in the same network. Call duration will be 3 minutes for all types of calls. The charge for each call reflects the actual charge for the duration in question, as defined by the tariff. Call set-up and minimum charges are included. Detailed lists of caveats are set out in our previous quarterly review for March 2001.

²⁶ The OECD Personal Pre-paid baskets has a peak / off-peak relationship of 25% / 75%, the same as the standard personal mobile basket, and as the OECD stipulates. There are no handset charges or other initial fees included, and the cheapest option available is always used. As is the case with all the baskets US\$/PPP is used

Figure 9.10 OECD Personal Pre-paid Basket – August 2001

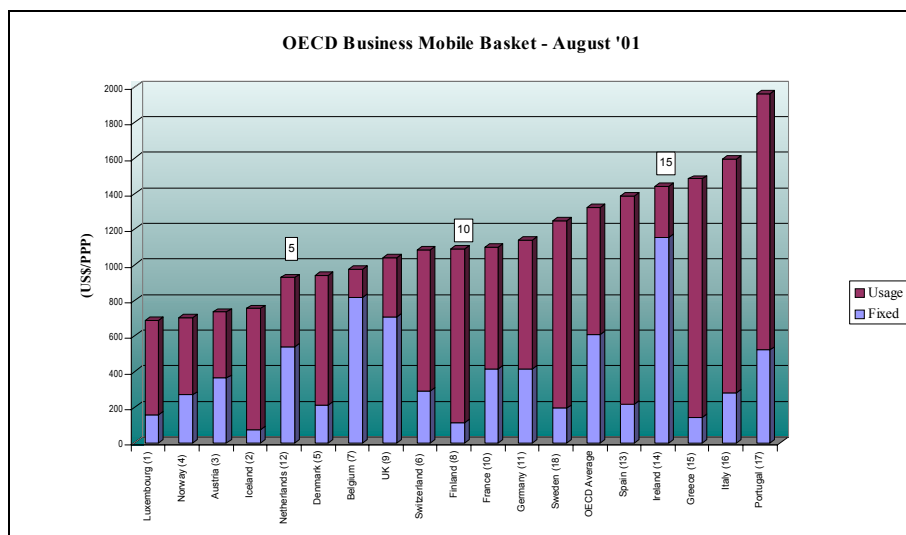


NB: The numbers in brackets represent the countries respective rankings as at June 2001.

9.10 BUSINESS MOBILE BASKET

This basket covers GSM or DCS tariffs. Both reflect post-paid tariffs available from the incumbent mobile operator²⁷. The “Business Mobile Basket” sets out the average cost of Business mobile tariffs. Unlike the other mobile baskets Ireland’s position has dropped by one place during the quarter. Ireland now lies in 15th position, 2 places behind of the OECD average.

Figure 9.11: OECD Business Mobile Basket – August 2001



NB: The numbers in brackets represent the countries respective rankings as at June 2001.

²⁷ The number of national calls in the OECD Business Mobile basket is fixed at 1200. The national calls are just distributed between local and national (not distance related), and include 10% of calls to other mobiles in the same network. The international proportion of the basket follows the basic structure of the international PSTN basket, for business & residential usage. The only difference is that calls have duration of 3 mins.

10 APPENDIX 1 – LIST OF LICENSEES

GENERAL LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To QR
AUCS Communications Services (Ireland) Ltd. - formerly known as AT&T Unisource	✓	×	✓	×	VPNs, International Call Centre Solutions.	×
Aurora Telecom Ltd	×	×	×	×	×	✓
Budget Telecommunications Ltd	✓	✓	✓	✓	Indirect Access (National/International/Mobile) Services. Number Translations Services.	✓
Cable & Wireless Services Ltd	✓	✓	✓	×	Customer Premises Equipment Frame Relay & ATM Freephone, Direct & Indirect Voice	✓
Cablelink (Acquired by ntl)	✓	✓	✓	×	Cable TV services	✓
Carrier 1 AG	×	×	×	×	×	✓
Chorus (trades as Irish Multichannel)	✓	✓	✓	×	Cable TV & Telephony services	✓
Signal Global Telecommunications Ireland Ltd	×	×	×	×	×	✓
Colt Telecom	✓	×	×	×	×	✓
Concert Global Networks Ltd.	×	×	×	×	×	×
<i>eircom</i>	✓	✓	✓	×	Global voice, data and internet services provider.	✓
Eircell	✓	✓	✓	×	Mobile Operator	✓
Esat Telecommunications Ltd	✓	✓	✓	×	Global voice, data and internet services provider	✓
Esat Digifone	✓	✓	✓	×	Mobile Operator	✓

GENERAL LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To
Esat Inland Ltd. (transferred from Post GEM)	✓	×	✓	×	Internet Service Provider	✓
Esat Net	✓	×	✓	×	Internet Service Provider	✓
Formus	×	×	×	×	×	×
GTS Business Services (Ireland) Ltd	✓	✓	✓	✓	Carrier and access services; Internet services; callcards	✓
IDT Europe BV Lts Liability Cooler	×	×	×	×	×	×
Interoute Ireland Ltd	×	×	×	×	Residential & Business CPS Carrier Access. Prepaid Accounts and cards.	×
ITG Group (IRL) Ltd.	✓	×	✓	×	EPOS Equipment Payphones CPS on Voice Land-Line Traffic	✓
IXC Communications Services Europe Ltd.	×	×	×	×	×	×
LCN-Ireland, L.L.C.	×	×	×	×	×	✓
LDMI Telecommunications of Ireland (previously known as Vianvi Ltd)	×	×	×	×	×	×
Mastercall International Ltd	×	×	×	×	×	×
WorldCom	✓	✓	✓	×	Int'l frame relay, int'l freefone service into Ireland, Nat. & Int'l VPNs.	✓
Meridian Communications Ltd. (formerly known as ACCESS Telecom)	×	×	×	×	Resale of mobile telephony services	×

GENERAL LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To
NTL (UK) Group, Inc.	✓	×	✓	×	Leased Lines & Broadcasting Transmission Services	✓
Ocean Communications Ltd	✓	✓	✓	×	Complete voice, data and internet Service provider.	✓
PrimeTEC UK Ltd	×	×	×	×	×	×
Primus Telecommunications Ltd	×	×	×	×	×	×
RSL Communications (Ireland) Ltd	×	×	×	×	×	×
Sigma	×	×	×	×	×	×
S.M. Communications (T/A Worldlink)	✓	✓	×	✓	Prepaid Services	✓
Smart Telecom	✓	×	×	×	×	✓
Startec Global Communications UK Ltd.	×	×	×	×	×	×
Stentor Communications Ltd	✓	✓	✓	✓	Call centre and VPN solutions Callcards	✓
Swiftcall Centre	✓	✓	×	✓	Indirect Access & CPS Telephony Internet & Callcard Services Call Centre Services	✓
Tele2 Telecommunications Services Ltd.	×	×	×	×	×	✓
Teleglobe Ireland Ltd	×	×	×	×	×	×
Torc Telecom	×	×	×	×	×	×
Transaction Network Services Limited	✓	×	×	×	Dial-up access for point of sales.	✓
VarTec Telecom (UK) Ltd.	×	×	×	×	×	×

GENERAL LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To QR
Viatel (I) Ltd.	x	x	x	x	x	x
WTI Ireland Ltd.	x	x	x	x	x	x
Yac.com Ltd.	x	x	x	x	x	x

BASIC LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To QR
Alord Holdings Ltd (T/a Switchcom)	✓	✓	×	✓	Pre-paid/Post paid residential service.	✓
AT&T Global Network Services Ireland Ltd.	✓	×	✓	×	Dial up and leased line services	✓
Broad Band Communications Ltd.	×	×	×	×	×	✓
Cargo Community Systems Ltd.	✓	×	✓	×	e-commerce solutions	✓
Casey CableVision Ltd.	✓	×	✓	×	Cable TV Limited internet services	×
Conduit Enterprises Ltd	✓	×	✓	×	Nat. & Int'l directory enquiry services	✓
Crossan Cable	×	×	×	×	×	×
EGN B.V.	✓	×	✓	×	relay services for multinationals	✓
Genesis Internet Service Provider Ltd.	×	×	×	×	×	×
Genuity International Inc. (formerly known as GTE Internetworking International Corporation)	×	×	×	×	×	×
Global Crossing Ireland Ltd.	✓	×	✓	×	Carriers' carrier	✓
Global One Communications Ltd.	✓	×	✓	×	ATM Switching	×
GTS Network (Ireland) Limited	×	×	×	×	×	×
Hibercall Ltd.	✓	✓	×	✓	Prepaid & Postpaid Services, Callcards	✓
Hyper Lan Ltd	×	×	×	×	×	×
Indigo	✓	×	✓	×	Internet Service Provider	✓
IXNET UK Ltd.	✓	×	✓	×	Limited service to banks.	×

BASIC LICENSEES	Operational	Voice Services	Infrastructural Network	Reseller	Other VAS	Responded To QR
Kokomo	x	x	x	x	x	x
Lake Communications System	✓	x	✓	x	ISDN, business solutions	x
MediaNet Ireland Ltd	✓	x	✓	x	Internet business solutions	x
Metromedia Fibre Network Ireland Ltd	x	x	x	x	x	
Next Telecom	x	x	x	x	x	x
QoS Networks Limited	x	x	x	x	x	x
Reuters Ltd T/A Reuters Connect Services.	✓	x	✓	x	Private wire services.	x
Rillbank Limited	✓	x	x	x	x	✓
Savvis Europe B.V.	✓	x	x	x	x	✓
Sonic Telecom	x	x	x	x	x	x
Société Internationale de Télécommunications Aéronautiques	✓	x	✓	x	Managed data network access services for the airline industry	x
TCS (Ireland) Ltd.	✓	✓	x	x	Voice Telephony services via the Internet.	x
Tele Media International Ltd.	x	x	x	x	x	x
Timas Ltd (T/A Galileo Ireland)	✓	x	✓	x	Frame relay service for travel agents	✓
Valuetel Ltd.	✓	✓	x	✓	Re-selling long distance domestic & international services; callcards	✓
Waterland Technologies						
Web-Sat Ltd.	✓	x	✓	x	Internet access via satellite; SMG news services.	x

11 APPENDIX 2 – DOCUMENTS ISSUED, JUNE – AUGUST 2001

DOCUMENT No.	NAME
FIXED	
01/67	Codes of Practice for the Handling of Consumer Complaints by Telecom Operators – Decision Notice D13/01
01/66	eircom's Reference Interconnect Offer Two-Part Call Charges – Information Notice
01/65	ODTR Review of eircom's Bitstream Pricing Proposals – Information Notice
01/62	Summary of final determination of the ODTR regarding a complaint by Esat against eircom alleging discriminatory routing by eircom for CPS calls – Dispute Resolution Determination Number 01/01
01/61	Revision of Timetable for Publication of Separated Accounts and Financial Information by eircom – Decision Notice D12/01
01/60	The Market for Directory Information Services and Products in Ireland – Information Notice
01/58	Review of the National Numbering Scheme for Telephony in Ireland – Decision Notice D11/01
01/57	Significant Market Power in the Irish Telecommunications Sector – Decision Notice D10/01
01/56	Implementing Full Mobile Number Portability in Ireland—Response to Consultation
01/54	Revision of Timetable for Publication of Separated Accounts and Financial Information by eircom – Consultation Paper
01/53	Itemised Billing by Telecommunications Operator – Response to Consultation & Decision Notice D9/01
01/51	The role of resellers in Carrier Pre- Selection & the block transfer of customer accounts – Consultation Paper
01/49	ODTR response to the European Commission's Working Document on Draft conditions on Market Analysis and the Calculation of SMP
01/48	Eircom's Reference Interconnect Offer Interim rates December 1999 to September 2001 – Information Notice
01/42	Treatment of discounts in the calculation of settlement rates for Number Translation Codes – Consultation Paper
MOBILE	
01/46	Mobile Telecommunications Licence – Meteor Mobile Communications Limited

DOCUMENT No.	NAME
INTERNET	
01/47	The Internet in Ireland – Communications Transmission and Delivery Issues – Consultation Paper
BROADCASTING/ TRANSMISSION	
01/69	Licensing Regional or Locally based Digital television Delivery – Consultation Paper
01/64	ntl's Price Increase Application for Cable Licensed Areas – Consultation Paper
01/63	Chorus' Price Increase Application for Cable/MMDS Licensed Areas – Consultation Paper
01/52	Licensing Digital Terrestrial Television (DTT) – Draft DTT Multiplex and Transmission Licences Regulations – Information Notice
POST	
01/55	Levy on Providers of Postal Services – Consultation Paper
RADIO SPECTRUM/ TECHNOLOGY	
01/71	New Opportunities in the radio communications market: Public Mobile Data and Automatic Vehicle Location/Tracking
01/70	New Opportunities in the Radiocommunications Market: Fixed Wireless Access (FWA)
01/59	Technology Developments in Telecommunications – Briefing Note Series
01/50	Review of Licensing of Trunked On-Site and Local Area Business Radio in the 410-430 MHz Frequency Band – Response to the Consultation
01/44	New Opportunities in the radio communications market: Public Mobile Data and Automatic Vehicle Location/Tracking – Consultation Paper
01/43	New Opportunities in the Radiocommunications Market: Fixed Wireless Access (FWA) – Consultation Paper
GENERAL	
01/68	Address by Eoin Doyle Director of Telecommunications Regulation to Ireland Offline Seminar on August 29 th 2001 in the Conrad Hotel, Dublin – “Regulatory Framework – A Liberalised Market gives the Consumer Power”.
01/45	Address by Eoin Doyle Director of Telecommunications Regulation – Outlining the IRG Position on the 1999 Review to the European Parliament – ECTA Seminar Brussels, 26th June 2001

