



Commission for
Communications Regulation



ANNUAL REPORT
2014 – 2015



Commission for Communications Regulation
ANNUAL REPORT 1 July 2014 – 30 June 2015



Commission for
Communications Regulation

Strategy at a Glance

COMREG'S MISSION

Through effective and relevant regulation, to facilitate the development of a competitive communications sector in Ireland that attracts investment, encourages innovation and empowers consumers to choose and use communications services with confidence.

COMREG'S VALUES

Integrity
Impartiality
Effectiveness
Excellence
Transparency

PROTECT AND EMPOWER CONSUMERS



KEY CHALLENGES for 2014-16

Keeping basic service (including universal service) obligations up to date as technology changes.

OUR PRIORITIES for 2014-16

Ensure that the basic electronic communications needs of all consumers, including those with disabilities, are appropriately met

Continue to ensure that access to 112/999 services is safeguarded as technological and legislative changes continue to emerge

Continue to protect consumers' interests in their engagement with PRS

Reducing instances where consumers' rights are not addressed by their service provider.

Optimise consumers' experience in respect of contracts and switching

Drive service providers to uphold consumer rights and deliver customer service

Enabling consumers to make informed choices when products and offers are becoming more complicated.

Maximise the effectiveness of ComReg's consumer information and communication



BE AN EFFECTIVE AND AGILE ORGANISATION

KEY CHALLENGES for 2014-16

OUR PRIORITIES for 2014-16

Responding quickly to major policy and market changes within resourcing constraints

Presented to the Minister for Communications, Energy and Natural Resources in accordance with Section 32 of the Communications Regulation Act, 2002

PROMOTE SUSTAINABLE COMPETITION



KEY CHALLENGES for 2014-16

OUR PRIORITIES for 2014-16

Maintaining the trend of increasing retail competition

Enabling infrastructure-based competition using different generations of technology

Maximising consumer benefits from infrastructure competition in more densely populated areas, and protecting the interests of consumers in areas where competition is not established

Ensure effective implementation of existing wholesale remedies, adjusting approach in line with competitive conditions

Promote competition and investment and protect the interests of users in less densely populated areas

Promote fair and vibrant competition in a marketplace where users choose between traditional and new products, and between stand-alone products and bundles

Ensure that wholesale offers reflect both legacy and next generation network technology, so as to promote competition based on deepest level of infrastructure possible

Work to ensure mobile markets are free of competitive distortions

FACILITATE INNOVATION, INVESTMENT & THE INTERNAL MARKET



KEY CHALLENGES for 2014-16

OUR PRIORITIES for 2014-16

Enabling continued investment in high-speed broadband

Making spectrum available to meet the various needs of society

Encourage commercial NGA roll out to the greatest extent possible

Finalise a strategy for the UHF band (470-790MHz)

Release additional spectrum for wireless broadband

Test & Trial Ireland: Promote Ireland's research and development agenda

Develop our people through enhancing skills and knowledge

Enable timely and robust regulatory processes and decision-making

Improve the effectiveness and efficiency of ComReg's business processes

Inform the evolution of the national and international regulatory environment

Facilitate engagement to ensure stakeholders understand what we do

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Commissioners



Kevin O'Brien
Commissioner



Gerry Fahy
Commissioner



Jeremy Godfrey
Chairperson

Executive Management Team



Caroline Dee-Brown
General Counsel



Barbara Delaney
Director, Retail and Consumer
Services Division



Joe Heavey
Director
Corporate Services Division



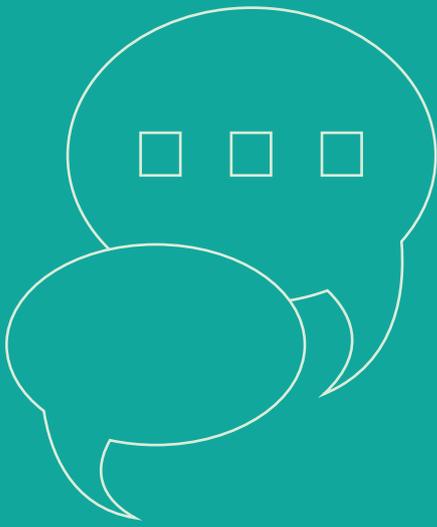
Donal Leavy
Director
Wholesale Division



George Merrigan
Director
Market Framework Division



Dr John Evans
Senior Advisor
Economics, Policy and Research



ABOUT COMREG

ComReg is the statutory body responsible for the regulation of electronic communications (telecommunications, radio communications and broadcasting networks), postal and premium rate services. ComReg is the national regulatory authority for these sectors, in accordance with EU and Irish Law. In addition we manage the radio frequency spectrum and the national numbering resource, among other responsibilities.

Organisational Structure

The Commission for Communications Regulation (ComReg) was established on 1 December 2002 and is led by a Commission of up to three Commissioners. At the end of this reporting period the Commission comprised three Commissioners: Gerry Fahy, Jeremy Godfrey and Kevin O'Brien.

The Commission, with the Leadership Team, is responsible for the strategic and operational management of the organisation. ComReg depends on the efforts of all of our staff (including lawyers, economists, engineers, accountants, business analysts and administrative specialists) to deliver on our mission and meet our regulatory objectives.

ComReg operates as a collegiate body, with decisions taken collectively by the Commissioners. We see this as important in fulfilling the spirit of the Communications Regulation Act 2002, which established the Commission. ComReg consists of four Divisions, supported by a General Counsel and a Senior Economic Advisor. The structure is based on cross-functional teams operating in a multi-disciplinary environment.

ComReg's Functions

ComReg is responsible for promoting competition, protecting consumers and for encouraging innovation. We deal in complex issues of law, economics, accounting, regulation and technology. We aim to ensure that our decisions are explained clearly.

Our objectives are set out in line with both primary and secondary legislation, and this legislative framework continues to evolve. In 2007, ComReg's responsibilities and powers, as well as available enforcement measures, were augmented by the Communications Regulation (Amendment) Act 2007. In particular, ComReg was granted Competition Act powers in relation to electronic communications and services. The Communications Regulation (Premium Rate Services & Electronic Communications Infrastructure) Act 2010 transferred responsibility for the regulation of premium rate services to ComReg and ComReg commenced regulation of this area in July 2010. Postal Regulation is subject to the 2011 Postal Act.

Under the Communications Regulation Acts 2002 to 2011, ComReg has a range of functions and objectives in relation to the provision of electronic communications networks, electronic communications services and post.

These include:

- Ensuring compliance by operators with obligations
- Promoting competition
- Contributing to the development of the internal market
- Promoting the interests of users within the European Community
- Ensuring the efficient management and use of the radio frequency spectrum and numbers from the national numbering scheme
- Promoting the development of the postal sector and, in particular, the availability of a universal service
- Protecting the interests of end users of premium rate services

This Annual Report covers our key activities from 1 July 2014 to 30 June 2015.

The ComReg Divisions and their Directors:

Market Framework - Director: George Merrigan

Market Framework is responsible for managing the radio spectrum. It also oversees the general authorisation regime for the electronic communications sector in Ireland and monitors compliance with general authorisation conditions. Furthermore, it is responsible for the regulation of the Postal Sector. Market Framework manages radio spectrum and issues approximately 16,000 Wireless Telegraphy licences per year to various companies and individuals. In addition, Market Framework administers Ireland's National Numbering Plan, as well as providing the framework for new regulatory requirements for numbering for both fixed and wireless markets.

Wholesale Division - Director: Donal Leavy

The Wholesale Division handles all issues concerning the regulation of the wholesale telecommunications market including such matters as interconnection, dispute resolution, unbundling the local loop and the pricing of regulated wholesale products. This Division also has a role in relation to broadband deployment and next generation access. Wholesale has responsibility for telecoms compliance. This Division also has responsibility for the regulatory financial aspects of the telecoms sector.

Retail and Consumer Services Division – Director: Barbara Delaney

The Retail and Consumer Services Division handles policy in relation to consumers' interaction directly with sellers of services. This includes areas such as the universal service provision of telecoms access, consumer rights and some elements of retail pricing and roaming. It is also responsible for ComReg's interaction with EU institutions, including the Body of European Regulators of Electronic Communications (BEREC). Retail and Consumer Services is responsible for the monitoring of the quality of service and price control of the Emergency Call Answering Service

(ECAS). Since July 12 2010, this Division has been responsible for the regulation of premium rate services.

Corporate Services Division - Director: Joe Heavey

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

General Counsel: Caroline Dee-Brown

The General Counsel advises on all major legal matters and on the legal implications of communications policies in Ireland and the EU.

Senior Advisor – Economics, Policy and Research: John Evans

The Senior Advisor Policy, Economics & Research is responsible for providing economic advice to the Commission and economic input to key projects undertaken by ComReg.



COMMUNICATIONS MARKET OVERVIEW

Number of operators

Under the authorisations process, operators in Ireland notify ComReg of their intention to provide networks or services to third parties. By June 2015, 540 such notifications were registered by ComReg. Of these, 466 were fixed/wireless authorisations, 11 were mobile telephony authorisations and 63 were broadcasting authorisations.

Fixed Revenue market share

Based on operator data submitted via the Quarterly Report questionnaire, Other Authorised Operators (OAOs) accounted for 49.4% of the total fixed line market in terms of overall (retail and wholesale) revenue by June 2015 down from 49.7% in June 2014. Eircom accounted for the remaining share of the market.

Fixed CPS, WLR and WLA

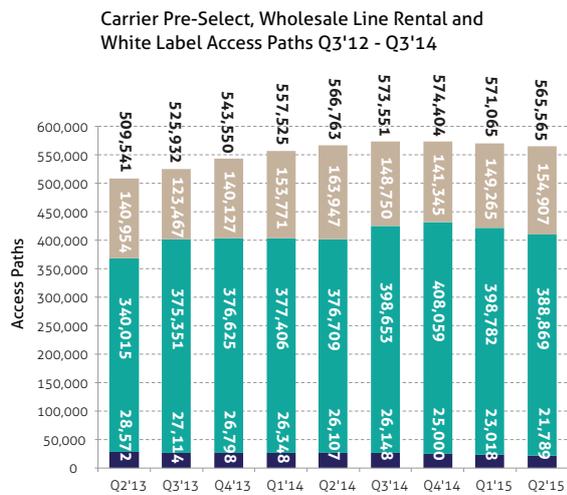
Indirect access to fixed line networks for call services can be provided through Carrier Pre-Selection (CPS), where the call services are provided by an operator using the incumbent operator's network, with the customer paying line rental to the incumbent.

Through Wholesale Line Rental (WLR) an operator can provide single billing to the consumer for both their fixed line rental and fixed call usage.

White Label Access-Voice Access (WLA-(Voice)) is a switchless voice service which allows an operator to purchase end-to-end call services without the need to have its own interconnection infrastructure.

By the end of June 2015, WLR accounted for 68.8% of all lines provided via indirect access, (up from 66.5% at the end of June 2014), WLA accounted for 27.4% (down from 28.9% in June 2014) and CPS accounted for 3.9% of lines (down from 4.6% in June 2014). In total there were 565,565 indirect access paths at the end of Q2 2015, down by 0.2% since June 2014.

Figure 1: Narrowband Indirect Access Paths



Fixed telecom access paths and fixed voice traffic

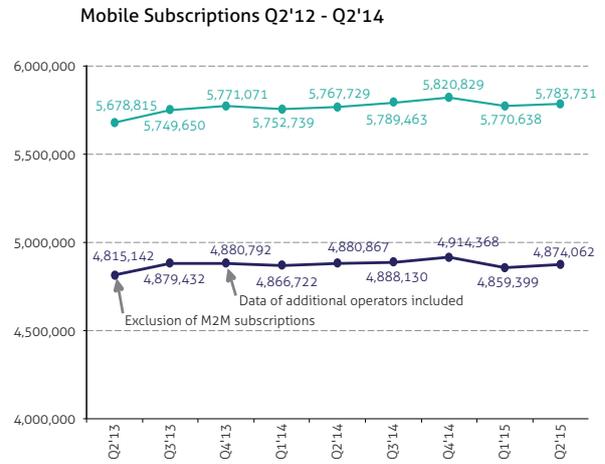
There were 1.57 million direct and indirect PSTN and ISDN access paths in the Irish market in Q2 2015, a decline of 3.6% since June 2014. Indirect access using WLR or CPS accounts for 36.1% of all access paths in the fixed copper market.

Voice traffic originating on fixed networks continued to decline. In Q2 2015 the average residential subscriber originated 154 minutes of fixed voice calls compared to 169 minutes in June 2014.

Mobile telephony

At the end of June 2015 there were over 5.78 million subscriptions to mobile communications services in Ireland, which equates to a penetration rate of 124.9%.

Figure 2: Mobile Subscriptions



Due partly to the increasing use by consumers of instant messaging services, the volume of text messaging decreased by 9.7% in Q2 2015 compared to Q2 2014. In the three months to June 2015, the average Irish mobile subscriber sent an average of 117 messages per month, compared with an average of 129 per month in the quarter to June 2014.

Average monthly voice call minutes per mobile subscriber in Ireland increased from 198 minutes per month in June 2014 to 208 minutes per month in June 2015. Average monthly traffic per mobile subscriber using voice and data services reached 1.8GB in June 2015 compared to 1.0GB in June 2014.

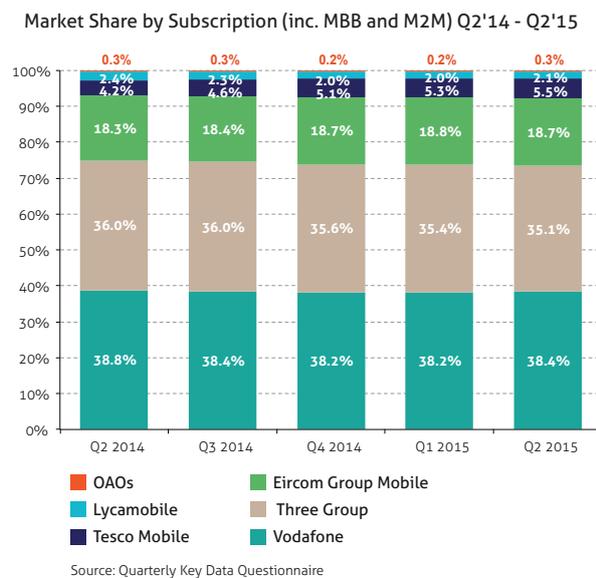
In Q2 2015 Average Revenue Per User (ARPU) was approximately €24.8 per month compared to approximately €25 in Q2 2014 and €27 per month in Q2 2013. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to increased sales of bundled products (combining mobile with fixed calls and sometimes broadband and/or TV) and reductions in roaming and mobile termination rates among other factors.

386,236 mobile numbers were ported between operators in the twelve months to June 2015, which equates to, on average, 32,186 mobile numbers ported every month.

Although Vodafone retains the largest share of subscriptions (including mobile broadband and machine to machine subscriptions) comparing Q2 2015 to Q2 2014, Vodafone lost market share down to 38.4% from 38.8%. At the end of Q2 2015, Three Group had 35.1% of subscribers down from 36.0% in Q2 2014.

Eircom’s Mobile market share increased by 0.4% since Q2 2014. Tesco Mobile’s market share increased by 1.3% while other operators’ (including Lycamobile) market shares decreased by 0.3% since Q2 2014.

Figure 3: Market Share – Number of Subscriptions (inc. mobile broadband and M2M)



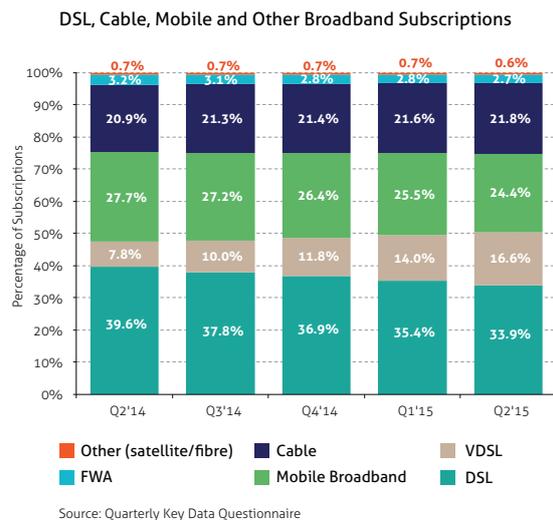
Broadband

By the end of June 2015, there were 1,694,176 broadband subscribers. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions at 573,822, followed by 412,610 mobile broadband subscriptions and 370,112 cable subscriptions. The number of VDSL subscribers (broadband provided over eircom’s next generation network) was 281,022 at the end of June 2015.

In Q2 2015 cable broadband subscriptions accounted for 21.8%, DSL 33.9%, VDSL 16.6%, FWA 2.7%, other 0.6% and mobile broadband 24.4% of all broadband

subscriptions. Since Q2 2014, the number of VDSL and cable subscriptions have increased, in contrast to a fall in FWA, DSL, other (fibre/satellite), and mobile broadband subscriptions.

Figure 4: Profile of Active Broadband Subscriptions by Type



In addition to broadband subscriptions, there are an estimated 3,392 WiFi hotspots in Ireland providing nomadic broadband access nationwide, particularly to laptop and smartphone users. This figure increased by 5.0% comparing Q2 2014 to Q2 2015.

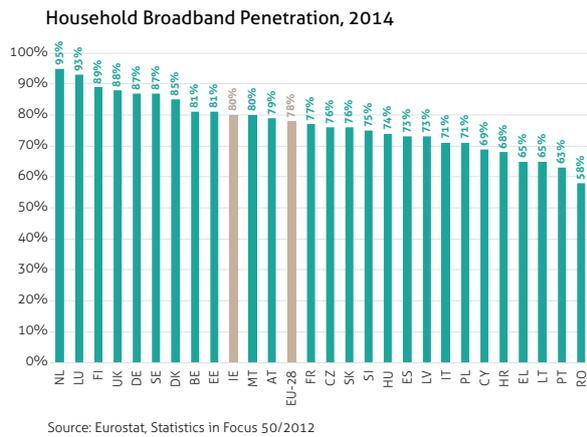
Figure 5: Broadband Subscriptions and Growth

| Subscription Type | Q2'15 Subs | Quarterly Growth | Year-on-Year Growth Q2'13 – Q2'14 |
|------------------------------|------------------|------------------|-----------------------------------|
| DSL Broadband ¹ | 573,822 | -5.1% | -14.7% |
| VDSL Broadband ² | 281,022 | +17.3% | +111.7% |
| Cable Broadband | 370,112 | +0.4% | +4.1% |
| FWA Broadband | 46,140 | -2.1% | -14.1% |
| Other Broadband ³ | 10,470 | -6.1% | -11.5% |
| Total Fixed broadband | 1,281,566 | +0.8% | +4.5% |
| Mobile Broadband | 412,610 | -5.2% | -12.4% |
| Total Broadband | 1,694,176 | -0.7% | -0.2% |

1, 2, 3 DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

Figure 6 illustrates Ireland’s position compared to other European countries in terms of fixed and mobile broadband household penetration. Ireland (80%) was above the EU28 average (78%) for household broadband (fixed and mobile) penetration in 2014.

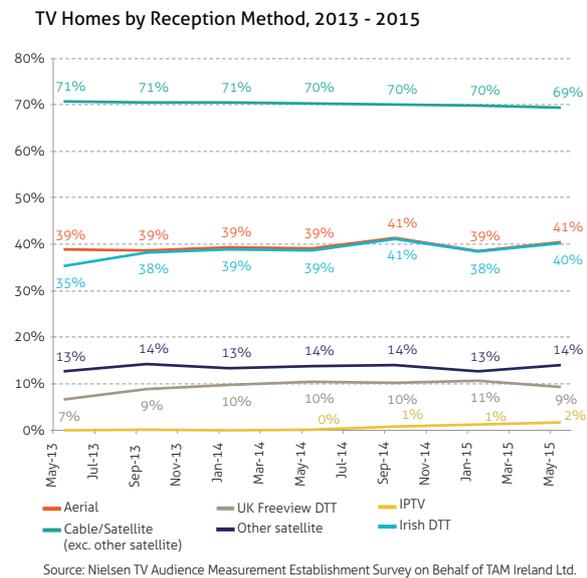
Figure 6: European household broadband penetration comparison, 2014



Broadcasting

By May 2015 of 1.58 million TV households in Ireland, 69% had a subscription cable or satellite service, 41% had an aerial service, 40% had Irish DTT service and 14% had a free to air satellite service. Reception by other/local supplier (deflector/relay services), and IPTV methods is relatively low.

Figure 7: Television Homes by Reception Method

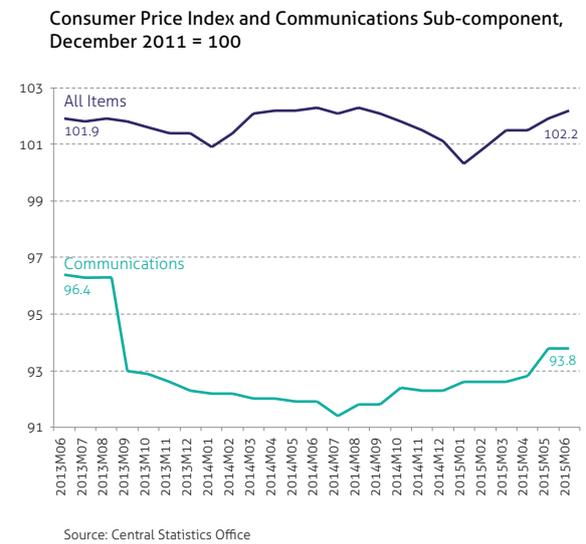


Price developments

In overall terms, figure 8 shows the change in the Consumer Price Index (CPI) and the communications sub-component. The CSO weights communications as 3.030% of the total CPI.

Using December 2011 as the base period, total CPI decreased by 0.1% in the year to June 2015 while communications costs increased by 2.1%.

Figure 8: Central Statistics Office Consumer Price Index



CHAIRPERSON'S REVIEW



During the period under review (2014-2015) the Irish electronic communications market continued to develop in response to the needs of a changing market. For its part, ComReg used its regulatory powers to improve competition, stimulate innovation and inform consumers. Our work in relation to lowering Mobile Termination Rates and access network pricing will result in benefits for users of communications services.



Broadband market developments

By the end of June 2015, there were 1,694,176 broadband subscribers. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions at 573,822, followed by 412,610 mobile broadband subscriptions and 370,112 cable subscriptions. The number of VDSL subscribers (broadband provided over eircom's next generation network) was at 281,022.

In June 2015 there was an estimated 3,392 WiFi hotspots in Ireland providing nomadic broadband access nationwide, particularly to laptop and smartphone users. This was an increase of 5.0% on the previous year.



Mobile Market developments

At the end of June 2015 there were over 5.78 million subscriptions to mobile communications services in Ireland, which equates to a penetration rate of 124.9%.

At the end of this reporting period Average Revenue Per User (ARPU) was approximately €24.8 per month compared to approximately €25 in Q2 2014 and €27 per month in Q2 2013. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to increased sales of bundled products (combining mobile with fixed calls and sometimes broadband and/or TV) and reductions in roaming and mobile termination rates.



Competition

In the period of this report there were a number of important developments. Competition between providers of services increased and the market share of alternative operators continued to increase. ComReg made important decisions relating to product bundles, termination rates and wholesale broadband.

Consumer

During the period July 2014 to June 2015 there were approximately 23,778 issues about which consumers contacted us. These issues are split between Electronic Communications Service issues, Premium Rate Services (PRS) issues and all other issue types. 20,861 of the total issues raised were in relation to other electronic communications consumer issues. 45% of electronic communications issues raised with ComReg in the period were complaints.

Of all issues logged, 83% were closed within 10 working days and 91% within 20 working days and 95% in 30 working days.

The majority of issues raised in respect of ComReg's remit are in respect of billing, disputed charges including data, misleading sales practice, service provider customer service, loss of service, switching & number portability and alleged overcharging.

During the period, ComReg has continued to monitor contracts for compliance with the relevant regulations and has published information for consumers in relation to their rights regarding changes to contracts and will publish further updates, as appropriate.

ComReg took compliance action in respect of Yourtel Limited ("Yourtel") as it found that it had not complied with its obligation set out at Regulation 14(4) of the Universal Service Regulations by implementing a contract change while failing to notify customers of the change and of their right to withdraw without penalty from such contract if they do not accept the modification.

Postal

During the year, ComReg also commissioned further research on the postal sector. This year, the research focussed on the packet and parcels sector in Ireland and the results of this research was published by ComReg (Document No. 15/47).

The key findings were:

- The size of the sector was between €430million and €520 million. In terms of volume, there were between 83 million to 94 million items carried across the sector.
- Volumes in 2016 will be between 90 million and 109 million items per year and that the value of the sector in 2016 will be between €470 million and €593 million reflecting growth by about 2-4% per annum over the three years after 2013.
- In relation to volume shares of this packets and parcels sector in Ireland, eight operators account for about 90%. Estimates suggest that An Post is the largest operator with between 30-40% of packet and parcel volumes. Nightline, DPD and GLS are the next largest with respective shares between 10-15%, while Fastway and DHL are estimated to have 5-10% of volumes respectively.

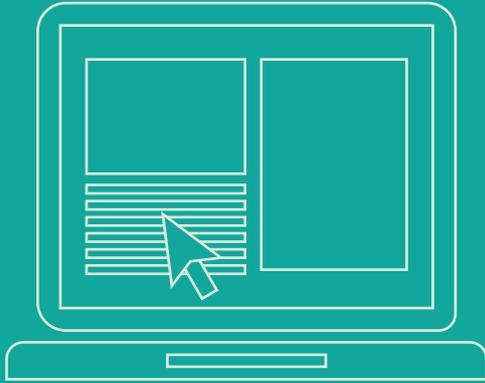
International

ComReg is an active member of the body of European Regulators of Electronic Communications (BEREC) and ComReg Commissioner, Kevin O'Brien served as a vice-chair of BEREC during 2015. ComReg participated on one BEREC working group during the period.

Corporate

ComReg published its annual action plan to coincide with the start of its Financial Year on the 30th of June 2015. The plan details particular work-streams and other projects that ComReg will initiate in order to fulfil our regulatory work.

Jeremy Godfrey
Chairperson



RETAIL AND CONSUMER SERVICES

ComReg’s overall goal in relation to consumer protection is to inform, empower and protect consumers, both residential and business, and to ensure the availability of a universal telecommunications service.

Progress in relation to these varied aspects of the role is outlined below as follows:

- Informing, empowering and protecting consumers
- Ensuring consumer welfare and protection
- Ensuring availability of a universal telecommunications service.

Informing, Empowering and Protecting Consumers

ComReg seeks to empower consumers through offering an effective complaints handling process while also ensuring the availability of appropriate and transparent information. ComReg seeks to identify the needs of consumer segments such as businesses, individual consumers, people with disabilities and vulnerable consumers in respect of electronic communications. ComReg monitors developments by liaising with various stakeholders using a variety of mechanisms such as our Consumer Line; our websites; our Consumer Outreach programme; the ComReg Consumer Advisory Panel; the Forum on Electronic Communications Services for People with Disabilities; relevant surveys and inputs from consumer organisations with which we liaise closely.

Consumer Websites

ComReg also continues to ensure that consumers are aware of relevant new developments and services by enhancing the independent information on our websites: www.askcomreg.ie, www.callcosts.ie and www.phonesmart.ie.

- **www.askcomreg.ie** provides general information for consumers in respect of electronic communications and postal services.
- **www.callcosts.ie** is ComReg's price comparison website for consumers.
- **www.phonesmart.ie**, the premium rate service website has a convenient facility to check the name and contact details for the premium rate service provider based on a five digit number.

Transparency of prices and other service attributes

ComReg recognises the need for consumers to be appropriately informed in order to make choices in respect of electronic communications, even more so as competition intensifies and in light of economic circumstances. In this respect, ComReg has continued to work with industry to ensure that relevant accurate information is available to consumers in a comparative, structured and easily comprehensible format via ComReg's website www.callcosts.ie, which has been enhanced throughout the period.

www.callcosts.ie allows consumers to compare the packages available on the market and to confirm which package offers best value (in terms of price, features, services, etc.) for their specific usage and requirements. This website also provides comparative information about the price of calling the available Directory Enquiry Services from various networks and the price of European mobile roaming.

ComReg continues to monitor tariff transparency obligations on operators. Non-pricing information, which is increasingly important to consumers, is also presented on the site. This includes, for example, billing format details and payment options, early contract termination charges, customer service hours, minimum contract duration periods and telephony and broadband usage limits, where applicable.

The combined section contains information on bundled plans. Service Providers have the facility to include plans that feature a TV service as part of the bundle. A brief description of the TV service

(number of channels available etc.) is also captured and displayed with the results. The addition of data to the mobile section is in progress and it is planned to develop the calculator to accommodate the addition of mobile services to the bundled section. Currently, there are over 30 service providers and in the region of 280 tariff plans live on the site.

Outreach Programme

To promote customer awareness of ComReg, its role and how it can be of assistance to consumers of communications, ComReg's Consumer Team maintained its "Outreach" Programme through stands at popular events such as Holiday Show Ireland, BT Young Scientists Exhibition and the over-50s Show. ComReg also advertises in targeted publications such as the Senior Times Magazine and The Pensioners' Handbook.

ComReg Forum for People with Disabilities

ComReg continues its work with the Forum on Electronic Communications Services for People with Disabilities, established by ComReg to further its statutory objective to promote the interests of consumers with particular needs. ComReg works alongside the National Disability Authority and industry and representative bodies, through the Forum, to promote the interests of users with disabilities. As well as working towards implementing measures on a voluntary basis, ComReg also worked with the Forum to prepare its consultation (ComReg 13/58) with respect to measures to ensure equal access and choice for consumers with disabilities, in accordance with Regulation 17(a) of the Universal Service Regulations. Following on from this work, ComReg issued a Decision and all the measures listed below, must be provided by 29 May 2015:

- Accessible complaints procedures
- Accessible top-ups for pre-paid mobile telephone end-users
- Accessible directory enquiries
- Accessible billing
- Accessible facility to test terminal equipment or appropriate returns policy

- Accessible information
- Facility for disabled subscribers to register requirements

Additionally, ComReg issued a separate Decision⁴ that stipulates measures for disabled end-users to be fulfilled by the universal service provider only, until further consultation takes place in 2015, in particular in respect of terminal equipment.

ComReg issued a consultation in June 2015 which proposed that all undertakings would be required to develop, maintain, publish and provide in accessible format, an Accessibility Statement. The proposed Accessibility Statement is to provide details of accessible information and accessible services and equipment that the service provider provides for people with disabilities.

In respect of Text Relay Services (TRS), on 5 March 2015, ComReg issued a consultation⁵ proposing measures in relation to text relay services and an associated rebate scheme. ComReg proposed that all undertakings providing a Publicly Available Telephone Service (PATS) should offer to disabled end-users a TRS, that is technology neutral and that provides facilities for the receipt and translation of voice messages into text and the conveyance of that text to a recipient, and vice versa.

ENSURING CONSUMER WELFARE AND PROTECTION

Consumer Contacts

ComReg continues to provide a quality complaints handling service to consumers. Consumers may contact ComReg through the following channels – telephone, e-mail, on-line complaints form, letter and web chat. In addition, consumers also have the option to send SMS⁶ text with either of the words ComReg or AskComReg to 51500 to receive a call back or SMS

text back from one of our agents. A call back service is also available to those callers who are holding on the phone for more than 20 seconds. During the year 92%, of all consumer calls to the consumer line were answered within 20 seconds.

During the period July 2014 to June 2015 there were approximately 23,778 issues about which consumers contacted us. These issues are split between Electronic Communications Service issues, Premium Rate Services (PRS) issues and all other issue types. 20,861 of the total issues raised were in relation to other electronic communications consumer issues. 45% of electronic communications issues raised with ComReg in the period were complaints.

Of all issues logged, 83% were closed within 10 working days and 91% within 20 working days and 95% in 30 working days.

The majority of issues raised in respect of ComReg's remit are in respect of billing, disputed charges including data, misleading sales practice, service provider customer service, loss of service, switching & number portability and alleged overcharging.

Business Consumers

1,224 of the total issues were issues raised by business consumers and were mainly related to loss of service, switching and number portability, billing, disputed charges, service repair and misleading sales practice.

Premium Rate Service Issues

2,917 of the total issues relate to PRS, the majority of which relate to where the end user denies they have engaged with the PRS or they have no recollection of engaging with the PRS. The main issues raised by consumers in relation to premium rate services were categorised under the headings "denial of subscription" and "doesn't recall engaging with PRS provider".

During this period, 182 PRS issues were escalated by ComReg to PRS Service Providers as complaints on behalf of consumers.

⁴ Decision 09/14, contained in ComReg document 14/70 "Universal Service Obligation: Measures for Disabled End-Users – Response to Consultation and Decision".

⁵ http://www.comreg.ie/_fileupload/publications/ComReg1521.pdf

⁶ Short Messaging Service

Contractual Issues

ComReg's enforcement powers in relation to consumer contracts have been strengthened as a result of the Consumer Rights Directive, as transposed by S.I. 484 of 2013 which took effect in June 2014.⁷ Additionally, ComReg also received enforcement powers in respect of unfair contract terms⁸. It is ComReg's intention to use the powers provided for by the new regulations to improve consumers' experience of contracts and switching.

In January 2015, following an investigation ComReg found that Yourtel was not in compliance with the Consumer Information Regulations because it did not inform customers of their right to cancel their contracts pursuant to Regulations 10, 14, 15, 17 and 19. Where ComReg believes that a trader has acted in contravention of the Consumer Information Regulations it has the power in accordance with Section 10 (1B) of the Communication Regulations Act 2002 (as amended) to accept a written Undertaking from that trader in relation to the contravention containing terms and conditions and in the form, that are, in ComReg's determination, appropriate in the circumstances. Following ComReg's action, Yourtel Limited made an Undertaking pursuant to Section 73 of the Consumer Protection Acts.⁹

During the period, ComReg has continued to monitor contracts for compliance with the relevant regulations and has published information for consumers in relation to their rights regarding changes to contracts and will publish further updates, as appropriate.

ComReg took compliance action in respect of Yourtel Limited ("Yourtel") as it found that it had not complied with its obligation set out at Regulation 14(4) of the Universal Service Regulations by implementing a

contract change while failing to notify customers of the change and of their right to withdraw without penalty from such contract if they do not accept the modification.

ComReg also notified Imagine Telecommunications Business Limited ("Imagine") of a finding of non-compliance with respect to Imagine's obligations under the Universal Service Regulations in respect of certain contracts.

Switching

During the period, ComReg continued to monitor service providers' practice in respect of switching, in particular for customers outside the minimum contract term.

ComReg took action in respect of Regulation 25(6)(b) of the Universal Service Regulations which requires service providers to ensure that their conditions and procedures for contract termination do not act as a disincentive to a consumer to changing service provider.

ComReg has set, through compliance action¹⁰ what it considers to be an acceptable standard, at this point in time, with respect to undertaking's obligations at Regulation 25(6)(b) of the Universal Service Regulations. ComReg expects all undertakings to adhere to the standard so as to ensure that they are compliant and in this regard, ComReg is continuing its monitoring programme in respect of compliance by all undertakings including the application of termination charges in lieu of notice and other non-compliant conditions and procedures for contract termination.

Premium Rate Services

ComReg issued a Code of Practice¹¹ ("the Code") on 5 April 2012, which came into effect on 25 July 2012.

In accordance with its statutory obligation, ComReg is fully committed to ensuring the interests of end-

⁷ European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013 (S.I. No. 484 of 2013)

⁸ European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 (S.I. No. 27 of 1995), as amended by inter alia the European Communities (Unfair Terms in Consumer Contracts) (Amendment) Regulations 2014 (S.I. No. 336 of 2014)

⁹ http://www.comreg.ie/_fileupload/publications/ComReg1508.pdf
http://www.comreg.ie/_fileupload/publications/ComRegPR30012015.pdf

¹⁰ http://www.comreg.ie/_fileupload/publications/ComReg1477.pdf Settlement of matters arising from ComReg's opinion of non-compliance by Eircom with Regulation 25(6)(b) of the Universal Service Regulations

¹¹ ComReg14/45

users of PRS are protected and believes that the Code provides greater transparency for end-users in their dealings with PRS through the provision of clear information, in particular for pricing, material conditions and enhanced certainty in the purchase process.

In September 2013, ComReg published its Consultation on the Code of Practice for Premium Rate Services as, in light of the experience gained over the previous year, it believed that some provisions of the Code required minor modifications and clarifications. In addition to these proposed amendments, ComReg also sought submissions on whether a threshold value should be introduced below which the Double Opt-in requirements of the Code of Practice ('the Double Opt-in Requirements') would not apply or might apply in a modified manner.

In April 2014, ComReg published its Response to Consultation and has made final decisions to be incorporated into the updated Code of Practice for PRS providers. ComReg believes that the updated Code provides greater protection for end users in their dealings with PRS through the provision of clear information, in particular transparency of tariffs and material conditions and enhanced certainty in the purchase process.

During the year, ComReg investigated a number of PRS providers and, in some instances found that PRS providers had breached certain provisions of the Code. In these cases, ComReg directed the PRS provider to remedy the non-compliance and refund end users connected to the non-compliance, which resulted in many consumers receiving a refund for charges that they had incorrectly incurred. Details of these findings of non-compliance are published on ComReg's PRS-related website www.phonesmart.ie. Some non-compliant PRS providers failed to provide refunds required by ComReg and ComReg subsequently suspended the licences of these providers until such time as all refunds were issued. Details of these suspensions are also published on www.phonesmart.ie

On 6 March 2015, ComReg issued an information notice confirming that following compliance, a total of over €390,000 had been refunded to more than 12,000 end users, who were connected to Dragonfly Ltd.'s non-compliance.¹² In this case PRS licences were revoked and numbers allocated were also withdrawn.

In addition, www.phonesmart.ie includes a "number checker" which allows consumers to check the origin of a five-digit shortcode (5XXXX), thus enabling them to contact the service provider directly with any query relating to the charges they may have incurred. ComReg has developed its eLicensing portal, which allows PRS providers to better manage their PRS licensing applications and to review and categorise existing licences. ComReg will continue to introduce enhancements to eLicensing aimed at making the licensing process easier for PRS providers, while providing better information for consumers.

Emergency Call Answering Service

ComReg is statutorily responsible for monitoring, the quality of service of the Emergency Call Answering Service (ECAS) provider and for reviewing the Call Handling Fee (CHF) that the ECAS provider may charge.

The service continues to perform to the quality specifications set by the Minister for Communications, Energy and Natural Resources in the original 2009 contract with the service provider. In January 2015, ComReg determined, following the review of the costs incurred by the ECAS provider to maintain the maximum CHF of €3.82 per call for the period 12 February 2015 to 11 February 2016.¹³ The consumer is not charged for calls to 999 or 112 as this cost is borne by the presenting telecommunications network.

Roaming Regulation

ComReg continues its work in monitoring the implementation of the Roaming Regulation by Irish

12 http://www.comreg.ie/_fileupload/publications/ComReg1523.pdf

13 http://www.comreg.ie/_fileupload/publications/ComReg1502.pdf

Mobile companies. The key points noted in ComReg's report¹⁴ for the period 1 October 2014 to 31 March 2015 are as follows;

Voice calls

- Irish average retail roaming prices for calls made and received continue to indicate compliance with the regulatory price ceilings, and while the prices for calls received remained below the EU/EEA average, prices for calls made were slightly above the EU/EEA average in the period from Q2 2014 - Q1 2015.
- Ireland's average price for making calls to the rest of the world (while outside the EU/EEA) has been lower than the EU/EEA average over all of the reported periods. However, Ireland's average price for calls received from rest of the world (while outside the EU/EEA) increased in Q4 2013, reaching a peak in Q1 2014 before gradually decreasing until Q3 2014, the average price increased again in Q4 2014 before decreasing slightly in Q1 2015, it still remains above the EU/EEA average for calls received.
- The surcharge for Ireland's billed prices for retail "Eurotariff" calls made has increased slightly (from 10.6% in Q3 2014 to 11.1% in Q1 2015) and remains significantly above the EU/EEA average (5.1% in Q1 2015). This is a reflection of the billing practice provided for by the Regulation for calls made. The fluctuation is attributed to the volume of calls made with duration of less than 30 seconds.

Text Messages (SMS)

The average retail price, during the reported period, for sending a text message decreased and is slightly below the regulated cap of 6 cents.

Data

- Following the reduction of the regulated price cap in July 2013 to 45 cents and the further reduction of the regulated price cap in July 2014

to 20 cents, Ireland's average Eurotariff retail data prices (€0.03 in Q4 2014 and Q1 2015) continue to be lower than the EU/EEA average (€0.05 in Q1 2015).

- Volumes of retail data traffic have grown strongly over the reported periods. Volumes for Ireland were over 4.7 times higher in Q1 2015 compared to Q1 2011.
- Ireland's average aggregate wholesale price per MB of data among non-group companies remains below the regulated price cap of 5 cents for Q4 2014 and Q1 2015 and has decreased below the EU/EEA average (€0.02 in Q1 2015).

To further promote awareness and transparency for consumers while roaming, ComReg's website www.callcosts.ie/roaming provides consumers with information about mobile roaming, a guide to mobile roaming and a mobile roaming calculator which assists consumers in estimating the cost of their planned roaming usage.

Ensuring Availability of a Universal Telecommunications Service

A central aspect of our work on consumer protection is to ensure availability of a universal telecommunications service. In July 2014, following a series of public consultations, Eircom was designated as the Universal Service Provider (USP), in accordance with the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011, for the following services:

- Access at a Fixed Location for 18 months until 31 December 2015 (D10/14).
- Public Payphones for 4 years until 20 June 2018 (D07/14)
- Directory Services for 4 years until 30 June 2018 (D08/14)

¹⁴ http://www.comreg.ie/_fileupload/publications/ComReg15129.pdf

USO Quality of Service

In 2008, ComReg specified annual quality of service performance targets in respect of the provision of certain elements of the universal service. In August 2012, Eircom established a USO Quality of Service Performance Improvement Programme with associated annual performance targets and a financial mechanism to guarantee performance. Subsequently Eircom established a performance improvement programme (PIP2) for the two annual periods (2012/2013 and 2013/2014).

A further performance improvement programme (PIP3) has been agreed commencing at the expiry of PIP2.

PIP 3

Eircom and ComReg established a new performance improvement programme (PIP3) for the period 7 July 2014 to 31 December 2015. The targets are in respect of timescales for connection, fault repairs and fault rate occurrence. While Eircom will continue to report performance for the period 7 July 2014 to 31 December 2014, ComReg has agreed not to undergo a compliance assessment against the relevant PIP3 targets for this period. ComReg will assess Eircom's performance for compliance against the PIP3 targets for the period 1 January 2015 to 31 December 2015. Eircom has undertaken to ensure that any customer (wholesale and retail) will automatically be refunded if they suffer a service outage in excess of 10 working days during the period of the current access at a fixed location (AFL) Designation.

Cost of the USO

In May 2011, following a consultation process, ComReg issued a Decision ComReg Document D04/11 regarding the principles and methodologies for establishing the net cost of providing the universal service. This decision provided the basis upon which the net cost of providing the universal service is calculated and will enable ComReg to determine if the net cost, if any, constitutes an unfair burden on the universal service provider.

Eircom made an application for Universal Service Funding for the period 2009 – 2010 and subsequently in January 2014, ComReg issued its Decision (D01/14) that the net cost of €5.1m arising from the provision of the USO, did not constitute an unfair Burden. On 6 February 2014, Eircom appealed to the High Court against ComReg Decision D01/14 and on 11 November 2014, this matter was settled.

While ComReg has completed its assessment of Eircom's application for funding for the 2009-2010 period, ComReg is currently assessing Eircom's applications for funding for the periods 2010-2011, 2011-2012, 2012-2013, 2013-2014.



COMPETITION

In the period of this report there were a number of important developments. Competition between providers of services increased and the market share of alternative operators continued to increase. ComReg made a decisions relating to product bundles, termination rates and wholesale broadband.

Retail Trends

Total retail revenues in the twelve months to June 2015 at €2.99 billion were down from over €3.06 billion over the 12 months previous. During the period Eircom's retail share of fixed line revenues has remained at 47% of the overall fixed line retail revenues. Its share of voice revenues including revenues derived from access (i.e. line rental) fell from 55% to 54%. There were 1,694,176 broadband subscriptions which was a decrease of 0.2% compared to June 2014.

Fixed broadband household penetration increased from 63% to 66%. According to Eurostat data, Ireland's household fixed and mobile broadband penetration rate was 80% at the end of 2014 compared to an average EU household penetration rate of 78%. Eircom's retail share of the fixed broadband market at the end of June 2015 was 35.4% in terms of subscriber numbers, a fall of 1.8 percentage points compared to one year earlier. UPC's share had decreased from 28.8% to 28.7% in that period. Approximately 31.3% of fixed broadband subscriptions were supplied by other operators using Eircom's wholesale bitstream, LLU and VUA products.

At the end of June 2015 there were 5,783,731 mobile subscriptions (including mobile broadband and Machine to Machine (M2M) in Ireland, an increase of 0.3% since June 2014. The mobile penetration rate was 124.9% including mobile broadband and M2M subscriptions and 105.2% excluding mobile broadband and M2M subscriptions.

Next Generation Access and Broadband

Eircom, having launched NGA services based on vDSL technology in May 2013 continued its roll out programme. As at June 2015 this service was available to 1,250,000 households and 281,022 subscribers in total were using the service. Of these 63.5% were supplied by Eircom Retail while 36.5% were supplied by other operators using Eircom's wholesale NGA product set.

UPC continued to be an important player in the market, offering speeds in excess of 100Mbps downstream. According to public filings¹⁵ UPC's network addressed 760,000 homes and premises as at 30 June 2015. It had 367,300 broadband subscribers at that date amounting to 28.7% of the fixed broadband market.

Average fixed broadband speeds continued to increase. In Q2 2015 approximately 65.1% of all fixed broadband subscriptions were equal to or greater than 10Mbps up from 59.0% in Q2 2014. 51.1% of all fixed broadband subscriptions were equal to or greater than 30Mbps up from 40.1% in Q2 2014.

Total fixed broadband subscriptions increased from 1.23m in June 2014 to 1.28m in June 2015. Of these about 35% (down from 37% in Q2 2014) were provided by Eircom Retail; about 29% by UPC and about 26% by operators using Eircom's bitstream and Virtual Unbundled Access products. Approximately 6% were provided over Local Loop Unbundling with the balance being provided over a variety of infrastructures such as Fixed Wireless Access, Alternative Network Operator fibre, cable (excluding UPC) and satellite. The major players relying on Eircom's wholesale products were Vodafone with 18% market share of all fixed broadband subscriptions and Sky with 9% market share.

Market Analysis

In Ireland the scope and nature of telecommunications regulation is determined by a process set out in European law known as a market analysis. As part of the process ComReg must first of all define what markets are potentially within the scope of regulation having had regard to a list of recommended markets published by the European Commission. Having defined the relevant market, ComReg must assess whether any company or companies is individually or jointly dominant within that market. If it concluded that a dominant operator does exist it must impose at least one remedy to ameliorate the effect of this dominance based on a list set out in the legislation. For example, ComReg may require a dominant operator to open up its network to competitors at the wholesale level. In practice, most telecommunications regulation is targeted at the wholesale level; at the end of 30 June 2015 only one retail market (with three sub-segments) was subject to regulation - the market for retail access to the public telephone network at a fixed location (line rental).

A decision issued in respect of the above retail access market ("Market Review – Retail Access to the Public Telephone Network at a Fixed Location for Residential and Non Residential Customers") was published¹⁶ in August 2014, with Eircom having been identified as having Significant Market Power (SMP) and having had various obligations imposed upon it – principally to foster the development of competition to the ultimate benefit of consumers.

Following the conduct of earlier consultations, in June 2015 ComReg also notified its proposed measures to the European Commission with respect to its analysis of the wholesale fixed access and call origination ('FACO') markets. In the former market ComReg proposed inter alia to introduce Wholesale Line Rental as a wholesale remedy. Previously this had been mandated as a remedy in retail markets. ComReg also proposed to remove all regulation from voice transit

15 See <http://www.libertyglobal.com/pdf/press-release/Liberty-Global-Earnings-Release-Q2-15-FINAL.pdf>

16 Market Review – Retail Access to the Public Telephone Network at a Fixed Location for Residential and Non Residential Customers, ComReg Document 14/89, Decision D12/14, August 2014.

markets as these were identified as being potentially competitive.

ComReg also commenced the initial stages of its analysis of a number of other wholesale markets including the wholesale markets for:

1. High Quality Access (HQA): essentially wholesale high speed symmetric broadband services used as inputs in the provision of downstream/retail broadband services to medium to large businesses, as well as being used by service providers to extend the boundaries of their networks.
2. Wholesale Local Access (WLA) and Wholesale Central Access (WCA): being two wholesale markets which are used as inputs in the provision of downstream/retail broadband and telephony services (amongst others)

ComReg has been heavily engaged in gathering of information from service providers using its statutory information gathering powers. In doing so there have been considerable delays due to non-compliance by certain operators with these statutory information requests, with ComReg having had to initiate and take enforcement action in a number of cases.

Pricing

ComReg was active across a range of issues with regard to regulated prices.

ComReg issued a decision¹⁷ in July 2014 further specifying the national cost orientation obligation on Eircom's wholesale current generation Bitstream services. In addition, that decision also imposed a retail margin squeeze test which withdrew the previous retail minus price control that was in place.

On the 3 November 2014, ComReg published a report on the potential pricing methodologies

17 ComReg Document no: 14/73R: Wholesale Broadband Access: Price control obligation in relation to current generation Bitstream; dated 9 July 2014.

for Bitstream Managed Backhaul pricing.¹⁸ This coincided with Eircom introducing a change to the way wholesale price change for Bitstream Managed Backhaul was calculated. ComReg considers that the Eircom approach has provided operators with greater predictability regarding the charges they are likely to face as their average broadband usage level per customer evolves.

Following consultation ComReg made a decision in December 2014 regarding the appropriate return regulated services should be entitled to recover. It was decided that fixed line services should attract a rate of return on capital employed of 8.18%, mobile services 8.63% and broadcasting 8.11%.

In respect of mobile termination, ComReg issued a further consultation paper in February 2015 as part of the consultation process with industry. The further consultation, ComReg Document No 15/19¹⁹ considered inter alia, the proposed material modifications to the draft model (which was made available as part of the Original MTR Consultation²⁰ – which was published in April 2014).

Wholesale Compliance

This section covers investigations into breaches of regulatory obligations by telecoms operators, incidents associated with misuse of Irish numbers and reports of significant network incidents.

When dealing with regulatory obligation investigations the conclusion of the case may result in a formal opinion of non-compliance by an operator, an administrative payment by an operator, court proceedings or the closure of a case where no issue is identified or closure following remediation by an operator where ComReg considers further action is not warranted.

18 http://www.comreg.ie/_fileupload/publications/ComReg14116a.pdf

19 ComReg Document No 15/19: Mobile Termination Rates: Draft Bottom-Up Pure Long Run Incremental Cost Model; dated 26 February 2015.

20 ComReg Document No 14/29: Mobile Termination Rates: Draft Bottom-Up Pure Long Run Incremental Cost Model; dated 14 April 2014.

During the period of 1 July 2014 to 30 June 2015
telecoms compliance activities included :

- **Regulatory compliance**
58 cases opened
55 cases closed
- **Misuse of Irish numbers**
78 Cases opened
70 cases closed
- **Network incident reports**
15 incidents reported

Associated with the regulatory compliance cases
ComReg issued one notification to an operator relating
to a finding of non-compliance.

In one case ComReg formed an opinion of non-
compliance. In two cases, following an investigation
by ComReg two operators made administrative
payments to ComReg in lieu of prosecutions.



INNOVATION

RADIO SPECTRUM MANAGEMENT

Radio spectrum is a medium by which information may be transmitted wirelessly over distances ranging from a few metres to thousands of kilometres. It is essential to the provision of mobile communications and wireless reception of broadcast services.

Radio spectrum is also fundamental to the safe operation of air and maritime transport, the day-to-day operation of the defence forces and emergency services, as well as being vital to many important scientific applications. However, it is a finite natural resource and so prudent use must always be made of it.

During the year in review, ComReg continued to implement its radio spectrum management strategy as set out in Document 11/89 and several key spectrum management projects were commenced and or completed as detailed below. ComReg's strategy aims to ensure that Ireland derives the maximum benefits economically, strategically and socially from the use of the radio spectrum.

Strategy for the UHF band (470 to 790 MHz)

In August 2014, ComReg issued its response to consultation on the management and future use of the UHF radio frequency band (470 - 790 MHz) (Document 14/85). This band, and in particular the 694 - 790 MHz sub-band (the "700 MHz band"), is seen as a key band for a variety of advanced communication services given its attractive propagation characteristics and the ongoing international harmonisation activities.

Having considered the responses received to the preliminary consultation (Document 14/13) and other relevant material, ComReg outlined its next steps in the management and use of this band. These included:

- the continuation of work, at both a national and international level, on the radio spectrum re-planning of the UHF band such that the spectrum requirements for Irish Digital Terrestrial Television (DTT) services could be accommodated in the UHF band below the 700 MHz band; and
- the carrying out a fully reasoned Cost Benefit Analysis (CBA) study to assess the likely costs and benefits (economic, social, and cultural) of DTT and Programme making and Special Events (PMSE) users migrating out of the 700MHz band and into the remainder of the UHF band.

In August 2014, ComReg commissioned Frontier Economics Ltd. to carry out the CBA study. The results of the CBA were presented in June 2015 (Documents 15/62, 15/62a and 15/62b).

The CBA central estimate is that if the 700 MHz band was repurposed in Ireland in 2018 then this could result in a total benefit of €103.5m predicated on total upfront costs of €12.4m, yielding a net benefit of €91m. ComReg concluded that the 700 MHz band can and should be repurposed as this would represent its most efficient use.

However, ComReg noted that there are a number of important matters to consider as regards a repurposing of the 700 MHz band, including its timing, its co-ordination with neighbouring countries, and the costs likely to be incurred by the incumbents. To develop Ireland's consideration of these important matters, ComReg stated that it would:

- engage with all relevant stakeholders, including DCENR and the incumbents; and
- work on finalising its spectrum re-planning of the UHF plan to migrate DTT below the 700 MHz band.

Interim GSM Licence in the 1800 MHz band

In August 2014 ComReg consulted upon a proposal to facilitate the granting of an interim wireless telegraphy licence to Telefónica O2 Ireland Limited (Telefónica), which would assign GSM spectrum rights of use in the 1800 MHz band for the 6½ month period from 1 January 2015 to 12 July 2015.

In November 2014 ComReg issued its response to consultation and decision on this matter (Document 14/121 and Decision No. 13 of 2014). ComReg decided that:

- subject to, and upon obtaining, the consent of the Minister of Communications Energy and Natural Resources to the making of Interim Licence Regulations, ComReg will make such regulations under section 6(1) of the Wireless Telegraphy Act 1926, prescribing relevant matters in regard to an Interim 1800 MHz Licence.
- upon application properly being made to it by Telefónica within the terms of the Interim Licence Regulations, and on payment of the fees in respect of an Interim 1800 MHz Licence prescribed thereby, ComReg will grant an Interim 1800 MHz Licence to Telefónica.

In December 2014 the Wireless Telegraphy (Interim GSM Mobile Telephony Licence) Regulations 2014 (S.I. 554 of 2014) were adopted into law. Following the completion of the application process, an Interim GSM Licence for the 1800 MHz band was issued to Telefónica.

The release of spectrum in the 2.6 GHz, 700 MHz, 1.4 GHz, 2.3 GHz, and 3.6 GHz bands.

In September 2014 ComReg launched a consultation process on the potential award of spectrum rights of use in the 2.6 GHz band (2500 – 2690 MHz) with the possible inclusion of the 700 MHz (694

- 790 MHz), 1.4 GHz (1452 – 1492 MHz), 2.3 GHz (2300 - 2400 MHz) and 3.6 GHz (3400 – 3800 MHz) bands (Document 14/101). This consultation set out ComReg's initial views on a number of matters including the spectrum bands for inclusion in the award process, the award process itself and the licence conditions.

Having considered the responses received to this consultation, in February 2015 ComReg issued an Information Notice (Document 15/14) wherein it noted the broad support of respondents for the release of rights of use in the 3.6 GHz band in a separate award process. ComReg indicated that it was considering this proposal and that it expected to issue a consultation on this during the summer of 2015.

Transition Project Plan for Time Slice 2 of the Multi-Band Spectrum Award (MBSA) process.

In May 2015 ComReg set out its Transition Project Plan (TPP) in respect of Time Slice 2 (TS2) of the Multi-Band Spectrum Award (MBSA) process (Document 15/41).

The purpose of the TPP was to set out the transition activities and deadlines required to be completed by the Licensees in order to facilitate the outcome of the MBSA process. Transition activities and deadlines dates prior to the commencement of TS2 on 13 July 2015 were set for each of the Licensees and work is being carried out in this regard following the publication of Document 15/41. It is expected that all transition activities will conclude prior to 13 July 2015.

The judicial review proceedings [2014/595/JR]

On 12 June 2015, ComReg issued an Information Notice (Document 15/62) stating that Vodafone and ComReg had agreed to strike out judicial review proceedings [2014/595/JR] in which Vodafone had challenged the way in which ComReg has conducted its spectrum management role, and in particular how it conducted its role in the context of the 2014 acquisition by Hutchison 3G UK Holdings Limited of Telefónica Ireland Limited ("the Merger").

In essence, Vodafone brought the case because it did not believe that ComReg had exercised its spectrum management function in the context of the Merger. ComReg, for its part, maintains that it has at all times been mindful of its statutory functions, duties and obligations and, in this regard, prior to the Merger, in the context of the Merger and in the aftermath of the Merger, it has exercised, and continues to exercise, its spectrum management role appropriately, in the context of all spectrum bands including those at issue.

In particular, ComReg assessed the Merger from a spectrum management perspective and continues to monitor spectrum use in Ireland (including as it may be affected by the Merger) in accordance with its relevant statutory functions, duties and obligations.

Test & Trial Ireland

Ireland's geographic position on the western edge of Europe and its low population density provides a key natural advantage, namely, a relative abundance of unused spectrum. Test & Trial Ireland is a service which entrepreneurs, researchers and developers may use to test or trial wireless technologies in a wide variety of frequency bands, including parts of the mobile and broadcasting bands. During the year in review ComReg issued 21 Test & Trial licences to various clients, including universities and research centres. Further details are set out at Test & Trial Ireland; www.testandtrial.ie.

RADIO SPECTRUM LICENSING

The possession and use of radio equipment in Ireland requires authorisation from ComReg. This authorisation may take the form of either a licence or a licence exemption. Licences may be issued in accordance with the following legislation:

- Wireless Telegraphy Act 1926 (as amended);
- Broadcasting Authority Act 1960, as amended (in the case of the RTÉ Authority);
- Radio and Television Act, 1988 (in the case of the Broadcasting Commission of Ireland); or the
- Broadcasting (Amendment) Act 2007 for Digital Broadcasting.

As of 30 June 2015, the total number of live radio licences on our database was 17,301, representing a small decrease of 0.2% over 2014. Approximately 4,000 radio licence applications were processed in the same period.

Telemetry Licensing

A telemetry system is a wireless telegraphy system by which automated measurements are made and other data collected at remote or inaccessible locations, and transmitted to receiving stations for monitoring, recording or remote control purposes. These systems are primarily used by organisations such as utility and industrial companies, where continuous monitoring of operations and control of equipment at multiple locations is necessary to ensure the proper function of processes and equipment. Following the adoption of the Wireless Telegraphy (Licensing of Telemetry Systems) Regulations 2014, S.I. 240 of 2014, ComReg issued 3 National Telemetry licences in July 2014.

Business Radio

Business Radio licences are issued to companies where a private mobile communications system is required, for example, where companies require radios for direct two-way communications between a base and mobile personnel. Such systems are typically used by security firms or taxi and transport companies. 228 new or amended business radio licences issued in 2014 - 2015, compared to 336 in the previous 2013 – 2014 period.

Radio Links

In providing transmission capacity, radio rather than cable is often the preferred solution where constraints such as cost, local topography (e.g. mountainous terrain, paths across water) and the need for access to remote rural locations are fundamental considerations. In such scenarios fixed radio systems have a key role to play in bringing mobile and broadband communications to SMEs and consumers as they provide operators with the ability to roll-out rapidly and the capability to install transmission paths as and when required. During the reporting period,

2,796 new or amended radio link licences were issued, a decrease of 13% over the previous period. This decrease was due to operators consolidating and in some cases integrating their networks.

Temporary Business Radio

Demand for temporary business radio licences continued to grow during this reporting period. A total of 363 temporary licences were issued for various sporting and musical events throughout the year, including the GAA hurling and football championships, the Ploughing Championship, Electric Picnic 2014 and Slane 2015. This represents a 27% increase on the previous reporting period. For a number of these events licences were required for satellite systems for broadcasting and news gathering purposes as well as wireless cameras and microphones.

Spectrum Compliance

ComReg's Spectrum Compliance Unit ensures that all users of the radio spectrum adhere to the relevant licence conditions or regulations so as to prevent interference to other radio users; and when interference does occur, ComReg is responsible for investigating the matter on behalf of the licensee.

During the period July 2014 – June 2015, 126 cases of interference were reported, 3 of which involved interference to Air Traffic Control or Emergency Services. Surveys of just over 100 pieces of radio equipment, primarily microwave link equipment, in use in the State were undertaken to ensure compliance with licence conditions to ensure that the radio spectrum is fit for use by all users.

ComReg is also responsible for taking actions as required under the Wireless Telegraphy Acts, 1926 to 2009, Broadcasting & Wireless Telegraphy Act, 1988 and the R&TTE and EMC Directives. Such action includes the execution of search warrants on premises suspected to contain unlicensed radio equipment, illicit equipment or records related to the illegal importation of equipment and the prosecution of those accused of relevant offences. During the period

in question, 7 large scale operations in addition to daily activities²¹ were conducted and there were 4 cases pending for court at the time of this report.

The R&TTE (Radio & Telecommunications Terminal) Directive, and the EMC (Electromagnetic Compatibility) Directive, which both ensure that all electronic and radio equipment that is put on the market in Ireland complies with the relevant EU standards and bears the CE mark, also falls within ComReg's remit. During the period July 2014 – June 2015 in excess of 200 investigations into products being placed on the market in Ireland were undertaken resulting in over 120 non-compliant products being identified and removed from the market.

ComReg enjoys co-operation with industry and with other regulatory authorities both in Ireland and throughout the EU. ComReg participates in Market Surveillance Campaigns at national and EU levels aimed at analysing products on the market and enforcing the relevant standards. The main focus of this year's campaigns were remotely operated aerial vehicles operating in the 2.4GHz spectrum and LED lighting products. ComReg liaises with other law enforcement authorities within Ireland, particularly Customs and An Garda Síochána to help prevent non-compliant equipment from entering the State.

ComReg is currently extending its Remote Monitoring Network to monitor radio spectrum throughout Ireland. This will assist in both the investigation of interference issues and associated enforcement activities. At present ComReg has Remote Monitoring Stations operational in all major urban centres throughout the country and the roll-out continues in the provincial towns.

ComReg continues to take an active role in spectrum compliance activities at European level, attending the Administrative Cooperation Working Group (ADCO for R&TTE), which is a forum for co-operation and exchange of information between national market

21 The majority of cases dealt with by ComReg are dealt with by issuing on-the-spot warnings and the voluntary handover of illicit or non-compliant equipment, it is only in the minority of cases that legal action is required to bring about a resolution.

surveillance authorities, and the Telecommunication Conformity Assessment and Market Surveillance Committee (TCAM).

Programme of Measurement of Non-Ionising Radiation

Non-ionising radiation (NIR) emissions from transmitter sites remains a matter of interest for the public. The Department of the Environment, Heritage and Local Government is responsible for the health effects of NIR, while ComReg requires, as a condition of wireless transmission licences, that operators of transmitting stations must ensure that their installations comply with the NIR emission limits specified in the latest guidelines published by the International Commission on Non-Ionizing Radiation Protection (ICNIRP²²).

ComReg carries out annual audits of compliance by operators with licence conditions which includes the ICNIRP emission limits. Each annual audit involves surveying a sample number of sites and transmitter types (broadcast, mobile telephony, wireless broadband etc.) countrywide. Results of all the site surveys conducted during this reporting period (July 2014 – June 2015) were summarised and published in four quarterly reports which are available on www.comreg.ie. Copies of the individual site survey reports were made available on the ComReg website as well as via www.siteviewer.ie, an on-line facility provided by ComReg, which allows the public to view details of GSM, 3G and LTE mobile telephony base stations throughout Ireland.

At all of the sites surveyed during this reporting period, measurements of NIR emissions were found to be significantly below the ICNIRP guideline limits.

NUMBERING

Management of the National Numbering Scheme

Telephone numbers, network routing codes and other

22 ICNIRP is a body of independent scientific experts which works with the World Health Organisation to develop the guidelines.

addressing resources have always been key enablers of telecom services that ensure effective routing of national and international communications. They also support the correct functioning of billing and settlement regimes that accompany those services. ComReg is the body responsible for the management of Ireland’s national numbering scheme, a role it must fulfil in accordance with obligations set down by the International Union for Telecoms (ITU) and subject to specific National and European legislation. A key requirement is that sufficient numbering capacity must always remain available - across all number ranges - to provide for existing and future services, and thereby to promote vibrant competition in the communications market.

Care must be taken to balance the making available of sufficient numbers for emerging services with the obligation to ensure efficient use of numbers, in order to avoid exhaustion of numbering resources. Number exhaustion is a constant concern for national numbering plans and the usual remedy of introducing number changes to expand capacity carries with it heavy cost implications for all.

To ensure that no numbering resources exhaust, ComReg carries out frequent auditing of used and available resources, making early preparations for number changes or for number range expansion when necessary – typically up to three years in advance of the expected exhaustion date. The most recent number changes took place in 2009 and major conservation measures now underway aimed at recovery of unused geographic and mobile numbers mean ComReg foresees no need for further number changes in the immediate future. This work, carried out with the assistance of ComReg’s consultants, has the full support of the Irish telecoms industry, which is very aware that the only alternative remedy would be very costly number changes.

ComReg also works with its colleagues in other national administrations and with ITU-T to ensure that new Irish and foreign telephone numbers become operational promptly on all national and international networks.

Future requirements for numbers and addresses are likely to emerge from innovative ‘over-the-top’ services, the Internet of Things and Machine-to-Machine communications (IoT & M2M), as well as the continuing convergence of fixed and mobile services – all of which will bring exciting and advanced capabilities. ComReg is working with its European partners to ensure Ireland remains at the forefront of all initiatives in these areas.

Numbering Conditions of Use

ComReg has carried out a major review of its National Numbering Conventions and its Numbering Applications Document and has proposed²³ a wide range of changes to those documents. A single replacement document²⁴ incorporating all proposed changes has been produced and was sent for public consultation on 25 June 2015. The new document, titled “Numbering Conditions of Use and Application Process” is significant in that many numbering conditions of use are intended to be legally based on the General Authorisation, rather than on conditions attached to numbering rights of use, as heretofore.

The Evolving Geographic and Mobile Numbering Scene

In 2013, ComReg engaged consultants to undertake studies targeted at geographic numbers and M2M numbering, which resulted in decisions to undertake targeted actions aimed, respectively, at recovering unused geographic and mobile numbers already allocated to undertakings²⁵. Furthermore, these actions were to be supplemented by the development of specific utilisation targets for blocks of numbers allocated to those undertakings, so that further number allocations will only occur once those targets are reached.

Intensive discussions are underway with the major operators to identify those number blocks that can be recovered and to establish the operators individual

²³ ComReg 15/60: Consultation: Numbering Conditions of Use and Application Process

²⁴ ComReg 15/60a

²⁵ ComReg documents 13/122 and 13/109, respectively.

numbering consumption patterns and needs so that appropriate utilisation figures can be set down. Furthermore, worthwhile quantities of unused geographic numbers have already been recovered, leading to a more comfortable reserve situation for Dublin, for example, with the projected date of Dublin number²⁶ exhaustion being pushed further out by several years. It is anticipated that this immediate gain will be replicated for other number ranges by the ongoing work over the next year.

Machine to Machine (M2M) Communications

The M2M sector is currently enjoying explosive growth across all developed nations and the majority of undertakings are now either actively engaged in it or studying how best to participate. Commentators are predicting that we can expect a connected universe of 25-50 billion²⁷ connected end devices globally, as soon as 2020 with a prediction of as many as 7 Trillion inter-connected things by the European Commission²⁸. These will all need addressing capabilities, which are likely to be met via IPv6 mechanisms in the longer term, with IPv4 and

numbers (mainly mobile numbers) being used in the meantime.

ComReg is participating in work underway at European level (in CEPT and BEREC) on these matters and has also had discussions with individual undertakings on their M2M wishes, some of which have also been expressed in consultation responses. It can be foreseen that the potential impacts of both M2M and IoT will need to be considered in all future numbering decisions.

Harmonised Numbers for Harmonised Services of Social Value

Harmonised Numbers for Harmonised Services of Social Value is an EC initiative to have the 'same number for the same service' in all Member States. Ireland has been very successful relative to most of our EU partners in bringing five of the available six EU Harmonised Services of Social Value into active use, as shown in the following table:

| Number | Designation of Harmonised Service of Social Value | Reserved by ComReg | Applications Received | Assigned | In Service |
|--------|---|--------------------|-----------------------|----------|------------|
| 116000 | Hotlines for missing children | ✓ | ✓ | ✓ | ✓ |
| 116006 | Helpline for victims of crime | ✓ | ✓ | ✓ | ✓ |
| 116111 | Child helplines | ✓ | ✓ | ✓ | ✓ |
| 116117 | Non-emergency medical on-call service | ✓ | ✗ | ✗ | ✗ |
| 116123 | Emotional support helplines | ✓ | ✓ | ✓ | ✓ |

26 This relates to the '01' range of numbers.

27 Gartner 25 Billion; Ericsson 50 Billion

28 Research EU Focus Magazine No.15 by DG Connect

While ComReg has no function with regard to the promotion of 116 services, it continues to provide advice and guidance to 116 service providers.

The 116123 Emotional Support Helplines service run by Samaritans, has received particular praise lately, from Minister White²⁹ and from the Oireachtas Joint Committee on Transport and Communications³⁰, due to its welcome sponsorship of free calls by the Telecoms Industry Federation (TIF), with incoming helpline traffic rapidly multiplying well beyond initial expectations.

POSTAL REGULATION

The Communications Regulation (Postal Services) Act 2011 designated An Post as the universal postal service provider (USP) until 2023. The 2011 Act also set a number of tasks for ComReg, as the National Regulatory Authority for the postal sector in Ireland, in relation to the regulation of An Post as USP.

ComReg's statutory functions are to ensure the provision of a universal postal service that meets the reasonable needs of postal service users and to monitor and ensure compliance by postal service providers with the obligations imposed on them.

ComReg's statutory objectives are 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;
- promote the interests of postal service users;
- facilitate the development of competition and innovation in the market for postal service provision.

Specific functions of ComReg include monitoring compliance of the USP with directions issued by

ComReg, for example, accounting procedures to be adopted in the preparation of its regulatory accounts and monitoring performance against the quality of service standard set.

During the year, ComReg consulted on and published its strategy for postal regulation 2015 – 2017. ComReg's Postal Strategy Statement 2015 – 2017 (Document 15/18) serves as a framework for action by ComReg over the next two years, and is aimed at the successful delivery of identified key priorities within the indicative timeframes set.

During the year, ComReg also completed the following required tasks of the 2011 Act:

Independent dispute resolution procedures

Section 43(3) of the 2011 Act gives ComReg, or an appointee of ComReg, a discretionary power to resolve postal service users' disputes which remain unresolved after due completion of all the procedures of a postal service provider's code of practice.

Following a public consultation, in Document No. 15/07, ComReg set procedures to be used in cases where a postal service user's dispute, which remains unresolved after due completion of all the procedures of a postal service provider's code of practice, requires resolution. Dispute resolution, under section 43(3), is fundamentally different to any dispute resolution processes provided by postal service provider's themselves, as section 43(3) disputes are to be resolved by a party independent of the postal service provider.

In establishing the section 43(3) dispute resolution procedures, ComReg was cognisant of its statutory functions and objectives under the 2011 Act and, in particular, section 43(5) which requires that these procedures shall be (a) transparent, (b) simple, (c) inexpensive, and (d) enable disputes to be settled fairly and promptly.

29 <http://www.dcenr.gov.ie/news-and-media/en-ie/Pages/PressRelease/Minister-White-commends-telecommunications-industry-partnership-with-Samaritans.aspx>

30 <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/TRJ2015070800002?opendocument#A00200>

Terms and conditions of the universal postal service

Terms and conditions are the basis of the agreement between a customer and a service provider. They fulfil the essential role of informing and protecting all parties to a contract. This is particularly important in the case of consumer services where there may be an imbalance in knowledge between the contracting parties. Postal services are one such service.

Terms and conditions of the universal postal service are a basic requirement for all postal service users. Sections 22, 23 and 24 of the 2011 Act set out the legislative framework relating to terms and conditions for the universal postal service. ComReg has a statutory objective to promote the interests of postal service users and considers that postal service users require clear and unambiguous terms and conditions for the universal postal service.

ComReg, through Consultation 15/37, outlined its preliminary views on An Post's proposed terms and conditions for the universal postal service. Next year, following consideration of all responses to the consultation, ComReg anticipates that it will proceed to approve, with or without amendment, the proposed terms and conditions for the universal postal service.

Derogation from the universal postal service in respect of certain working days

Section 16(1)(a) of the 2011 Act sets the scope of the "universal postal service" as meaning that on every working day there is at least one clearance and one delivery to the home or premises of every person in the State, except in such circumstances or geographical conditions as ComReg considers to be exceptional.

During the year, An Post made an application for derogations from the universal postal service in respect of the following working days:

1. Good Friday,
2. Mondays following a public holiday which falls on a Saturday or Sunday,
3. 24 December (Christmas Eve) (derogation for collections only), and
4. First working day after 26 December (St. Stephen's Day).

Following a public consultation, ComReg granted these derogations from the universal postal service.

Quality of Service

The availability of an efficient, high quality postal service is a key objective for a modern competitive economy such as Ireland. One of the fundamental objectives of the European Postal Directives is to secure improvements in quality of service for universal postal service and ComReg is obliged by law to set a quality of service target for the USP for its provision of universal postal service.

Currently, An Post, as USP, is directed to achieve a next-day delivery standard of 94% for single piece priority mail delivered within the State. ComReg monitors An Post's performance against that 94% standard, on an ongoing basis, in accordance with international measurement standards, and ComReg publishes annual performance reports on its website. Ipsos MRBI is contracted by ComReg to measure An Post's quality of service for single piece priority mail (the ordinary day to day correspondence posted by individuals and businesses, big and small). During the year, ComReg issued a public consultation as to whether these quality of service standards remained appropriate. Next year, following consideration of all responses to the consultation, ComReg anticipates that it will proceed to set quality of service standards pursuant to the 2011 Act.

Research on the packets and parcels sector in Ireland

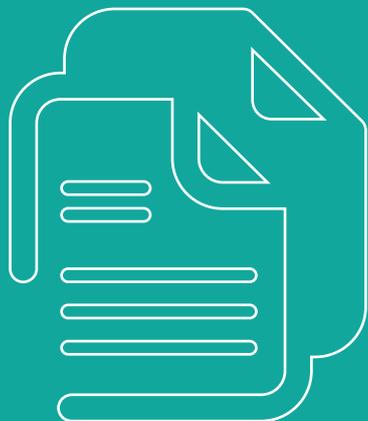
During the year, ComReg also commissioned further research on the postal sector. This year, the research focussed on the packet and parcels sector in Ireland and the results of this research was published by

ComReg (Document No. 15/47).

The key findings were:

- The size of the sector in 2013 was between €430million and €520 million. This has grown by about 5-6% per annum over the three years to the end of 2013. In terms of volume, there were between 83 million to 94 million items carried in 2013 across the sector.
- Volumes in 2016 will be between 90 million and 109 million items per year and that the value of the sector in 2016 will be between €470 million and €593 million reflecting growth by about 2-4% per annum over the three years after 2013.
- In relation to volume shares of this packets and parcels sector in Ireland, eight operators account for about 90%. Estimates suggest that An Post is the largest operator with between 30-40% of packet and parcel volumes. Nightline, DPD and GLS are the next largest with respective shares between 10-15%, while Fastway and DHL are estimated to have 5-10% of volumes respectively.

In relation to value shares of this packets and parcels sector in Ireland, estimates suggest that An Post is the largest operator with between 20-30% share by value. This is less than An Post's share by volume, primarily due to express operators having higher per item revenues. DHL and UPS are estimated to have between 10-15% respectively by value, reflecting higher average revenue per item as both these operators primarily serve the express and international parts of the sector.



CORPORATE SERVICES

ComReg aims to be a highly effective, innovative organisation which is a recognised centre of excellence playing its full part in shaping and delivering a knowledge-based economy.

Organisational Structure

ComReg was established under the Communications Regulation Act 2002. The Commission with the Leadership Team is responsible for the strategic and operational management of the organisation. ComReg depends on the efforts of all of our people (including lawyers, economists, engineers, accountants, business analysts and other specialists) to deliver on our mission and meet our regulatory objectives.

Strategic Planning Process

As required under the Communications Regulation Act, following an extensive consultation process ComReg's Strategy Statement for 2014 – 2016 was published in July 2014 (ComReg 14/75). The Strategy Statement sets out ComReg's plan for the delivery of our key priorities and it is underpinned by ComReg's Annual Action Plan which sets out detailed timeframes, and which is updated regularly on our website. These actions are reflected in individual key result areas, which are the basis for our performance management process. Progress in relation to our regulatory projects is actively managed by the Leadership Team and the Commission.

Corporate Services

The Strategy Statement for the period 2014 to 2016 sets out ComReg's four high level goals, including a goal to be an effective and agile organisation that supports and enables its people to achieve the organisation's objectives.

The Corporate Services Division supports and informs ComReg's work by developing and implementing leading-edge strategies designed to foster and enable excellent performance by capable and committed people. The Corporate Services area includes the following functions: Human Resources, Training and Facilities, Finance and Governance, Information Technology and Communications.

Corporate Governance

It is the objective of the Commission to ensure compliance, at all times, with best practice in Corporate Governance.

ComReg's policy is to comply with the Code of Practice for the Governance of State Bodies and it has reported on its compliance with relevant sections of the Code either in this Annual Report or separately by way of a letter to the Minister for Communications, Energy and Natural Resources.

ComReg has an extensive audit programme in place, overseen by the Audit Committee which met 3 times during the year. The internal audit function is outsourced. An independent trustee of the pension scheme is also in place, in keeping with best practice.

As a public body operating in a difficult environment, an ongoing challenge is to continue to add value while working within resource constraints. We continuously review and amend policies and procedures in relation to expenditure, procurement and risk management. ComReg is accountable to the Oireachtas through its Committees.

The ongoing implementation of the procurement plan has also been an important means of delivering on new policy objectives e.g. expectations of efficiency

gains in non-regulatory costs. During the current year we have retendered for a number of outsourced services and commenced the procurement process in respect of framework agreements for research services, professional services and regulatory advice.

We aim to pay all valid invoices within 15 days and we publish on our web-site the number and value of payments made quarterly. We continue to improve work processing cycle times, aided by the co-operation of all staff and the new technological initiatives developed internally to improve processing. In the year to 30 June 2015 74% of payments has been made within the requisite time period.

People Management

We recognise that people are our most valuable asset. It is their skill, dedication and commitment that enables ComReg to fulfil our role in promoting competing, protecting customers and encouraging innovation. We strive to cultivate an environment where development is encouraged, potential is maximised and innovation thrives.

As our remit evolves, it continues to be imperative that we attract and retain individuals with the appropriate specialisations and competencies. Ensuring we have the required number of skilled people is a fundamental element in the achievement of our regulatory objectives.

Demand in the private sector telecoms industry is growing and we are competing with both private and public sector employers for resources with highly specialised skills. Although we were constrained with regard to recruiting to fill vacancies, staff assumed additional responsibilities and we filled those critical positions essential to discharging our principal objectives.

Learning and development is a major component in the organisations human resource toolkit. Our focus is on encouraging continuous professional development. We are proud to be recognised externally through continuous accreditations by bodies such as NSAI

(Excellence through People), Engineers Ireland and a number of professional accountancy bodies. We also benchmark our health and safety standards by entering the National Irish Safety Organisation's awards. We see this participation and the awards which we have received as acknowledgement of the commitment we have towards achieving and maintaining best practice.

ComReg staff collaborated on designing a bespoke Project Management training programme, which has been recognised as best in class. Through our CPD committee, staff are also involved in the design of Continuous Professional Development (CPD) programmes. The committee is comprised of cross-functional staff representing accountants, economists, engineers and lawyers.

In addition to formal training, we run an annual Mentoring Programme. Recognised externally by Engineers Ireland and by the CIPD, the objective of the programme is to maximise ComReg's effectiveness by engaging people and encouraging them to reach their potential through sharing knowledge and experience across the organisation.

We continue to support individuals to acquire third and fourth level qualifications, to develop leadership, management and professional skills. Many staff attend a regulatory leadership programme run by the Irish Management Institute (IMI), this course was developed by ComReg in conjunction with the IMI and is now popular with all Irish organisations with a significant regulatory remit.

The achievements of ComReg are built on the quality, commitment and professional standards of the people who work here. We look forward to continuing to build on this through the future introduction of refreshed and new initiatives.

A centre of excellence

ComReg invests significant resources in consulting on regulatory decisions and will continue to do so. During the period under review we issued

188 publications. We also ensure that regulation is appropriate by conducting Regulatory Impact Assessments (RIAs) where appropriate, as a key means of minimising regulatory burdens.

We recognise that primary research into the economics of the development of the sector is important to all stakeholders and we have worked closely with the Economic and Social Research Institute (ESRI) on a programme of research in communications. On an ongoing basis our processes and systems are adapted to ensure that we continue to deliver on our objectives and provide an effective service.

The Information Technology function in particular serves to act as a valuable business enabler for ComReg, enhancing the stakeholder experience. This is achieved through the provision and enhancement of on-line services and back-office systems and services, including websites dedicated to providing users with a number of ComReg specific services (e.g. Radio Licences applications, Postal service registration etc.). More recently, we are introducing a collaborative, knowledge-sharing space for projects with a view to continuously improving consistency in the way we work, sharing internal and external best practices. We strive to ensure that all services provided are available in an online format. We provide independent, comparative, consumer-friendly information on alternative services, features and prices on our website www.callcosts.ie and a business information section on our consumer website www.askcomreg.ie/business is supported with a dedicated helpdesk for small business and small office/home office consumers. The Test and Trial Ireland website www.testandtrial.ie is a model for innovation that other international bodies have reviewed.

In line with our eGovernment Strategy, we have progressed a number of initiatives this year:

- Supporting consumer information and protection objectives, including further development of www.phonesmart.ie.
- Reviewing ComReg websites to ensure that

specific organisational objectives are met in a manner that is as efficient and standardised as possible, including improving accessibility standards.

- Further enhancing e-licensing arrangements, including PRS and amateur radio modules. The number of licences and documents issued continues to grow, while the administration time reduces, based on these developments.

In terms of smart working initiatives, progress this year included:

- Further development of our financial reporting to improve reporting functionality.
- Continued development of standardised templates for document creation and version control.
- Updating our Business Continuity Planning arrangements to improve information and response times.
- Standardising our project management approach and processes, ensuring consistency and quality.
- Providing in-house workshops on getting the best from the various computer software packages in use, availing of internal expertise to deliver.

In addition, a number of projects were progressed this year to ensure that our information technology infrastructure is stable and secure, including e-mail security. The move to a virtualised environment has been particularly worthwhile, enabling us to generate very significant efficiencies.

In managing our resources, ComReg is aware of sustainability issues. We have introduced many green initiatives e.g. recycling bins, promotion of use of public transport by staff under the tax-saver scheme, the promotion of the cycle-to-work scheme, and energy efficient measures including the installation of sensory-activated lights in offices and other general locations, and timers on heating water. ComReg continues to successfully seek and progress further methods and initiatives to reduce our Carbon footprint.

Under the Public Service Agreement process, we have developed an ambitious action plan, outlining the scale of proposed efficiency gains. The focus of ComReg's Action Plan has been the actions necessary to facilitate delivering effectively on an expanding remit with fewer resources. The Employment Control Framework restrictions during the period have meant that there were centrally imposed limitations to our resource availabilities that impinge on our work programme.

ComReg will continue to enhance individual and organisational performance, together with finding ways to work more efficiently and minimise the cost of regulation, both internally and in dealing with industry and other stakeholders.

Engaging with Stakeholders

Engaging with our stakeholders is key to good regulation and to underpinning Ireland's Digital economy. We endeavour to engage with our stakeholders on a regular basis to be collaborative and responsive to changing needs

ComReg functions in a dynamic and complex environment. Our stakeholders include consumers of electronic services, authorised entities, government departments, fellow regulators, Oireachtas Committees, large corporations, small and medium enterprises, the EU and other international bodies.



INTERNATIONAL AFFAIRS

Body of European Regulators for Electronic Communications (BEREC)

In order to facilitate closer co-operation between European Telecoms regulators, the Body of European Regulators for Electronic Communications (BEREC) was established by Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009, as part of the Telecom Reform package.

BEREC contributes to the development and better functioning of the internal market for electronic communications networks and services. It does so, by aiming to ensure a consistent application of the EU regulatory framework and by aiming to promote an effective internal market in the telecommunications sector, in order to bring even greater benefits to consumers and businesses alike. Furthermore, BEREC assists the Commission and the NRAs in implementing the EU regulatory framework for electronic communications, to give advice on request and on its own initiative to the European institutions and to complement at European level the regulatory tasks performed at national level by the regulatory authorities. NRAs and the Commission have to take utmost account of any opinion, recommendation, guidelines, advice or regulatory best practice adopted by BEREC.

BEREC is required to:

- develop and disseminate among NRAs regulatory best practices, such as common approaches, methodologies or guidelines on the implementation of the EU regulatory framework;
- provide assistance to NRAs on regulatory issues;
- deliver opinions on the draft decisions, recommendations and guidelines of the Commission as specified in the regulatory framework;
- issue reports and provide advice, upon a reasoned request of the Commission or on its own initiative, and deliver opinions to the European Parliament and the Council, when needed, on any matter within its competence;
- assist the European Parliament, the Council, the Commission and the NRAs in relations, discussions and exchanges of views with third parties; and assist the Commission and NRAs in the dissemination of regulatory best practices to third parties.

BEREC is comprised of a Board of Regulators consisting of the Heads or nominated high-level representatives of the 28 EU NRAs. The EU Commission and NRAs from non-EU countries (the 9 other members of IRG) participate in a non-voting capacity as observers to the Board of Regulators. BEREC is assisted by the BEREC Office. The Office is a Community Body located in Riga and operates under the guidance of a Management Committee on which all EU NRAs and the Commission are represented. During 2011, the BEREC Office became operationally independent and now provides full administrative support to the work of BEREC.

BEREC elected its Chair for 2016, Wilhelm Eschweiler, Vice President of Bundesnetzagentur (BNetzA), at the 21st Plenary meeting (Brussels) in December 2014. At that same meeting, Kevin O'Brien, ComReg Commissioner, was appointed as a BEREC vice-Chair for 2015.

BEREC Work Programme³¹

Before the end of each year the Board of Regulators adopts the Annual Work Programme of BEREC after consulting interested parties. The BEREC Work Programmes are developed by applying a multiannual approach which provides BEREC with the necessary flexibility to deal with the dynamic nature of the electronic communications sector.

In order to carry out its Work Programme, BEREC allocates individual elements of the Work Programme to Expert Working Groups (EWG). Participation in BEREC's Work Programme is a requirement of the regulatory framework but it represents a significant commitment by NRAs. Because of the necessity to minimise travel, the number of EWG meetings is kept to the minimum necessary to ensure that the Work Programme is carried out effectively. In addition to meetings, EWGs conduct their activities electronically via conference calls and e-mail exchanges. ComReg participates directly in a number of EWGs and is actively involved in all outputs. BEREC maintains close relations with the European Commission, the Council and the European Parliament, all of whom, in accordance with the BEREC Regulation, may ask for its opinion. BEREC assigns high priority to such requests and therefore needs to ensure that sufficient resources can be made available at short notice. In order to meet such requests, it may become necessary to re-prioritise or make changes to the work programme, especially with regard to the timing of individual elements of the work programme.

Furthermore, BEREC continues to co-operate with other advisory bodies, such as the Radio Spectrum Policy Group (RSPG)³² and European Union Agency for Network and Information Security (ENISA)³³ where that cooperation contributes to the interests of citizens and the promotion of competition.

31 Further information on BEREC's Annual Work Programmes and all other BEREC documents may be accessed at <http://www.berec.europa.eu>

32 www.rspg-spectrum.eu

33 European Network and Information Security Agency; <http://www.enisa.europa.eu/>

Since July 2013 BEREC has adopted a number of documents that both enhanced the clarity of regulatory approach and sought to determine agreed future regulatory action.

For example, at its 21st Plenary, BEREC published a report³⁴ on 'Guidance on the regulatory accounting approach to the economic replicability test (ex-ante margin squeeze tests)'. The purpose of this document is to provide guidance to NRAs from the regulatory accounting point of view on how to understand and deal with the relevant provisions of the Commission Recommendation on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment, related to the so called ex-ante economic replicability test (in a framework of an Equivalent of Inputs (Eol) or equivalent procedure) and how to run such an ex-ante economic replicability test according to Annex II of the Commission's Recommendation.

At the 22nd Plenary meeting (Berne, Switzerland) in February 2015, BEREC discussed the main challenges that the sector will face in the next five years were discussed, in an attempt to identify potential bottlenecks to be addressed by the next review of the EU Regulatory Framework for eCommunications. This was the first of a series of sessions for exchanging views aiming at supporting the Commission in the preparation of the review of the EU telecom rules in the context of the Digital Single Market Initiative. The meetings were preceded by a public BEREC Workshop on Oligopoly Analysis and Regulation. The workshop was attended by more than 160 participants (including key stakeholders) from 64 different organisations. The Workshop had the objective to trigger additional reflection regarding the application of the existing regulatory framework to oligopolistic situations and their impact on the market regulation.

At the 23rd Plenary meeting (Bergen, Norway) in June 2015, BEREC approved for publication a report to provide NRAs with an understanding of market

dynamics relating to net neutrality (NN), in particular from the end-user perspective. The BEREC Office commissioned a consumer research study to gain an understanding of how consumers value NN and a desk research to gather information already in the public domain on the Internet usage by consumers. Based on the evidence gathered through those studies the report has a descriptive character and does not make any recommendations about how NRAs should regulate in this area. The Report is addressed to both BEREC and the NRAs and could be used by them in their future analysis of the EU/national markets, as well as to contribute to the continuing public debate on the complex issue of NN. The meeting was preceded by Heads' workshops on 3 June 2015 dedicated to the forthcoming review of the EU Regulatory Framework for electronic communication networks and services and the future of the telecom sector.

Article 7 / 7a Cases

In order to achieve a greater consistency in regulatory measures, the European Commission has oversight powers in respect of measures which NRAs may take regarding the competitive state of markets at national level. This arises under Article 7 and 7a of the Framework Directive. When the Commission expresses serious doubts and opens a so-called Phase II case, its investigation period is extended by two months in the Article 7 cases, or by three months in the Article 7a investigations. If this situation occurs, BEREC has to issue an opinion on whether these serious doubts are justified. For this purpose BEREC has set up a procedure to establish an Expert Working Group for drafting an opinion.

As of May 2011, the Commission's powers may only be exercised after having taken the utmost account of BEREC Opinions. In the twelve months to June 2015 there were 7 individual cases where the Commission had expressed serious doubts about the measures which NRAs planned to take. In these cases the Commission's Phase II investigation suspended the adoption of the NRAs' draft measures and within the subsequent six weeks BEREC had to provide its

³⁴ <http://www.berec.europa.eu/eng/events/2014/59-21st-berec-plenary-meeting-in-brussels>

opinion on the Commission's serious doubt by a simple majority of its 28 members. None of these cases involved measures proposed by ComReg. Expert Working Groups, comprised of experts from BEREC members, were formed to address these cases. Due to constrained resources ComReg was a member of only one EWG during this period. However, ComReg contributes actively with comments and suggestions during every Phase II case. All BEREC Opinions adopted by the Board of Regulators are published on the BEREC website³⁵.

European Commission's Digital Single Market strategy

Creating a Digital Single Market was one of the top priorities set by the new European Commission president, Jean-Claude Juncker, in July 2014 in his political guidelines for the next European Commission. He committed to take "ambitious legislative steps towards a connected digital single market" within six months of the start of his mandate on November 1, 2014, including:

- swiftly concluding negotiations on common European data protection rules;
- adding more ambition to the ongoing reform of the telecoms rules;
- modernising copyright rules in the light of the digital revolution and changed consumer behaviour; and
- simplifying consumer rules for online and digital purchases.

The Digital Single Market (DSM) strategy, announced on 6 May 2015, includes 16 actions to be delivered by the Commission by the end of 2016. It is built on three pillars:

- better access for consumers and businesses to online goods and services across Europe;
- creating the right conditions for digital networks and services to flourish; and
- maximising the growth potential of the European digital economy.

European Commission proposals for a Telecoms Single Market)

On September 11, 2013 the European Commission adopted a draft Regulation to achieve a Telecoms Single Market. The proposal aimed at ensuring a globally competitive European telecoms sector by completing the telecoms single market. The Commission's plans have been contentious from the outset, as they included several significant changes regarding key policy issues. The European Parliament and the Council have thus been very critical about key aspects of the proposal.

After 18 months of negotiations, the member states (Council) reached an agreement with the European Parliament and Commission on June 30, 2015, on net neutrality rules and on the abolition of retail roaming charges from June 2017. Following final confirmation of the compromise text by the Council and Parliament, the new TSM Regulation should enter into force in April 2016.

All topics except for net neutrality and roaming (i.e. single EU authorisation, changes to market analysis procedure, EU wholesale broadband products, additional consumer protections measures and BEREC institutional changes), have been discarded during the negotiations.

The Independent Regulators Group (IRG)

The Independent Regulators Group (IRG) was established in 1997 as a group of European National Telecommunications Regulatory Authorities (NRAs) to share experiences and points of view among its members on important issues relating to the regulation and development of the European telecommunications market. The IRG consists of the NRAs of 37 countries – 28 European Union (EU) Member States, 4 European Free Trade Association (EFTA) members (Iceland, Liechtenstein, Norway, Switzerland) and 5 candidate countries to the EU (Albania, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey). The IRG works in

35 <http://berec.europa.eu>

close cooperation with BEREC (Body of European Regulators for Electronic Communications). All members of the IRG are also members or observers in BEREC.

The IRG Secretariat provides a permanent presence to BEREC in Brussels and cooperates closely with the BEREC Office for that purpose. Through the IRG, NRAs are afforded the opportunity to meet with other regulatory authorities to discuss implementation issues. The forum has proved useful as a debating ground on the application of the regulatory framework and as an information exchange. In addition, the IRG provides support facilities, as required, at its Brussels premises for meetings of BEREC Expert Working Groups.

The Communications Committee (CoCom)

The Communications Committee (CoCom) was established in 2002 under the Framework Directive as an advisory committee to the European Commission. The CoCom is composed of Member State representatives and its main role is to provide opinions on draft measures that the Commission intends to adopt. Furthermore it is intended as a forum where Member States can interact with the Commission, discuss and advise on the situation and the development of regulatory activities regarding electronic communications, networks and services. The CoCom deals with the current issues which form the Digital Agenda. Recent CoCom agenda topics for discussion include:

- Implementation of Directive 2014/61/CE on measures to reduce the cost of deploying high-speed electronic communications networks
- Mobile Satellite Systems – The use of Complementary Ground Components for aeronautical services
- Regulation laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration
- A European numbering scheme for M2M communications

Members of the Committee meet usually four times a year in Brussels. Observers from candidate and European Economic Area (EEA) countries participate in the meetings. Moreover, experts from European telecommunications associations may be invited to the meetings for specific agenda points. The Commission also organises debriefing sessions for the interested parties to inform them about the results of the CoCom meetings. Along with representatives of the Department of Communications, Energy and Natural Resources, ComReg participates as part of the Irish delegation.



FINANCIAL STATEMENTS

REPORT OF THE CHAIRPERSON FOR THE YEAR ENDED 30 JUNE 2015

I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation for the year ended 30 June 2015.

Principal Activities

The Commission for Communications Regulation was established on 1 December 2002. The functions of the Commission are specified in the Communications Regulation Act, 2002, and the Communications Regulation (Amendment) Act, 2007. These functions relate to the regulation and licensing of the electronic communications industry (including radio and broadcasting transmission), the regulation of postal services, the regulation of premium rate services and the regulation of the .ie domain name. The Commission is funded wholly by income received from the electronic communications, postal and premium rate services industries.

Income

Levies are raised on certain providers of electronic communications, postal services and premium rate services which are used to fund the cost of regulation.

The Commission is also responsible for the management of the radio spectrum and issues and renews a large number of Wireless Telegraphy licences to various operators, public bodies, private companies and individuals. These licences generate most of the Commission's income. Certain licences also include a requirement to pay for the right to use radio spectrum.

Financial Results

Details of the financial results of the Commission are set out in the Financial Statements and the notes supporting the Financial Statements.

Auditor and Accounts

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

Corporate Governance

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

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

Our code of financial management (which is based on the Code of Practice for the Governance of State Bodies published by the Department of Public

Expenditure and Reform) has been approved by the Minister for Communications, Energy and Natural Resources and the Minister for Public Expenditure and Reform. The code is published on our website, and it is the policy of the Commission to ensure compliance with the code.

Going Concern

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

Prompt Payment of Accounts

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

Jeremy Godfrey

Chairperson

Commission for Communications Regulation

16 March 2016

STATEMENT OF THE COMMISSION'S RESPONSIBILITIES

Section 32 of the Communications Regulation Act, 2002, requires the Commission to keep in such form as may be approved by the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of moneys received or expended by it, including an income and expenditure account and a balance sheet, distinguishing between:

- (a) its functions relating to electronic communications,
- (b) its functions relating to postal matters and
- (c) its functions relating to premium rate services.

In preparing financial statements, the Commission is required to:

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

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

Jeremy Godfrey
Chairperson

Commission for Communications Regulation
16 March 2016

STATEMENT ON INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 30 JUNE 2015

Responsibility for Internal Financial Control

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

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

Key Control Procedures

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

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

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

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

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

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

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

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

Annual Review of Controls

I confirm that a review of the effectiveness of the system of internal financial control took place for the year ended 30 June 2015.

Jeremy Godfrey
Chairperson

Commission for Communications Regulation
16 March 2016

COMPTROLLER AND AUDITOR GENERAL REPORT

FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements of the Commission for Communications Regulation for the year ended 30 June 2015, as provided for in Section 32 of the Communications Regulation Act 2002. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the appropriation account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 32 of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Commission

The Commission is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Commission's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Commission's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of the audit.

In addition I read the Commission's annual report to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Commission's affairs at 30 June 2015 and of its income and expenditure for the year then ended.

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

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the where the transactions did not conform to the authorities governing them, or
- the information given in the Commission's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

Severance payment

I draw attention to note 2 to the financial statements which discloses costs incurred by the Commission amounting to €221,900 in relation to a severance agreement comprising a termination payment of €185,000 and a contribution to legal costs of €36,900.

Seamus McCarthy
Comptroller and Auditor General
 23 March 2016

STATEMENT OF ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements for the Commission, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Public Expenditure and Reform, are prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Practice. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the euro.

2. INCOME RECOGNITION

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

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

Spectrum Income represents fee income paid to the Commission for the right to use radio spectrum. This income is brought to account in the period when it falls due. In the year to 30 June 2015, the income derived from 3G and Liberalised Use radio spectrum.

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

Auction income is accounted for on a cash receipts basis.

3. APPROPRIATION OF OPERATING SURPLUS

The distribution of the surplus arising in the year is set out in an Appropriation Account. Under the Communications Regulation Act, 2002, the Minister for Communications, Energy and Natural Resources may direct the Commission to pay into the Exchequer such sum as he or she may specify being a sum that represents the amount by which the aggregate sum received by the Commission in each financial year exceeds the aggregate costs incurred on administration in that year. Such sums are treated as a contribution from the retained surplus generated from operations.

4. FIXED ASSETS AND DEPRECIATION

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

| | |
|---------------------------------------|----------|
| Technical equipment | -15% |
| Computer equipment | -33 1/3% |
| Fixtures, fittings & office equipment | -15% |
| Motor vehicles | -20% |

5. CAPITAL RESERVE

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

6. FOREIGN CURRENCIES

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

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

7. PENSIONS

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

The Commission has adopted FRS 17 Retirement Benefits. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected units method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability.

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

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

8. TAXATION

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

9. ALLOCATION OF COSTS

The Commission is required under Section 32 of the Communications Regulation Act, 2002 (as amended), to distinguish between its functions relating to electronic communications, its functions relating to postal matters and its functions relating to the premium rate services. Revenues and expenses directly related to each function are identified separately in the accounts. Shared overhead costs are allocated to each function in proportion to the staff numbers engaged in each function.

Income and Expenditure Account for the year ended 30 June 2015

| | | | | | | Year to 30 June | Year to 30 June |
|--|-------|------------------------------|---------------|-----------------------------|--------------|--------------------|--------------------|
| | | 2015 | 2015 | 2015 | 2015 | 2015 | 2014 |
| Notes | | Electronic Communications | Post | Premium Rate Services | | | |
| | | Levy | Other | Levy | Levy | Total | Total |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| INCOME | | | | | | | |
| Levy | | 7,606 | | 1,723 | 439 | 9,768 | 9,533 |
| Licensing Fees | 1 | | 43,734 | | | 43,734 | 40,851 |
| Spectrum Income | 1 | | 26,091 | | | 26,091 | 24,100 |
| Other Income | 1 | | 2,924 | | | 2,924 | 631 |
| GROSS INCOME | | 7,606 | 72,749 | 1,723 | 439 | 82,517 | 75,115 |
| Transfer (to) / from Capital Reserve | 11 | | (379) | | | (379) | (668) |
| NET INCOME | | 7,606 | 72,370 | 1,723 | 439 | 82,138 | 74,447 |
| EXPENDITURE | | | | | | | |
| Staff Costs | 2 | 4,932 | 3,303 | 541 | 419 | 9,195 | 9,168 |
| Pension Costs | 16(b) | 1,016 | 680 | 111 | 86 | 1,893 | 1,482 |
| Technical Advice | 3 | 3,478 | 1,375 | 832 | 157 | 5,842 | 4,730 |
| Legal Expenses | 4 | 508 | 1,794 | 40 | 41 | 2,383 | 2,052 |
| Advertising | | 13 | 3 | | | 16 | 23 |
| Administrative Expenses | 5 | 932 | 794 | 88 | 77 | 1,891 | 1,972 |
| Auditors' Remuneration | | 17 | 13 | 2 | 2 | 34 | 33 |
| Premises and Related Expenses | | 741 | 616 | 69 | 86 | 1,512 | 1,455 |
| Depreciation | 6 | 435 | 324 | 40 | 51 | 850 | 673 |
| Loss on Sale of Vehicle | | | | | | - | 5 |
| Subscriptions to International Organisations | 14 | 693 | | | | 693 | 636 |
| | | 12,765 | 8,902 | 1,723 | 919 | 24,309 | 22,229 |
| OPERATING (DEFICIT)/ SURPLUS | | (5,159) | 63,468 | - | (480) | 57,829 | 52,218 |

The Statement of Accounting Policies and Notes 1 to 20 form an integral part of these Financial Statements.

Jeremy Godfrey

Chairperson

Commission for Communications Regulation

16 March 2016

Appropriation Account for the year ended 30 June 2015

| | | Year to 30 June | Year to 30 June |
|--------------------------------|-------|--------------------|--------------------|
| | | 2015 | 2014 |
| | | Total | Total |
| | | €'000 | €'000 |
| | Notes | | |
| OPERATING SURPLUS | | 57,829 | 52,218 |
| Less: Appropriations | | | |
| Payable to Central Fund | 12 | (58,178) | (52,155) |
| Pension Reserve adjustment | 12 | 349 | (63) |
| SURPLUS CARRIED FORWARD | | 0 | 0 |

The Statement of Accounting Policies and Notes 1 to 20 form an integral part of these Financial Statements.

Jeremy Godfrey
Chairperson

Commission for Communications Regulation
16 March 2016

Statement of Total Recognised Gains and Losses for the year ended 30 June 2015

| | | Year to 30 June | Year to 30 June |
|---|----------|--------------------|--------------------|
| | | 2015 | 2014 |
| | | Total | Total |
| | | €'000 | €'000 |
| SURPLUS | Notes | 0 | 0 |
| Actual return less expected return on scheme assets | 16(ciii) | 1,821 | 2,675 |
| Experience gains/(losses) on pension scheme liabilities | 16(f) | 1,828 | (267) |
| Changes in assumptions underlying the present value of Pension scheme liabilities | 16(cii) | (334) | (5,010) |
| Transfers in for prior service | 16(g) | 682 | – |
| Total Recognised Gains/(Losses) in the Financial Year | | 3,997 | (2,602) |

| Movement in Pension Reserve | | | |
|---|----|----------------|----------------|
| Balance at 1 July | | (7,722) | (5,183) |
| Total Recognised Gains/(Losses) in the year | | 3,997 | (2,602) |
| Pension Reserve adjustment | 12 | (349) | 63 |
| Balance at 30 June | | (4,074) | (7,722) |

The Statement of Accounting Policies and Notes 1 to 20 form an integral part of these Financial Statements.

Jeremy Godfrey

Chairperson

Commission for Communications Regulation

16 March 2016

Balance Sheet as at 30 June 2015

| | | 30 June | 30 June |
|---|--------|----------------|----------------|
| | | 2015 | 2014 |
| | Notes | €'000 | €'000 |
| FIXED ASSETS | | | |
| Tangible Assets | 6 | 2,629 | 2,250 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 9,613 | 9,252 |
| Short-Term Investments | 8 | 91,705 | 91,609 |
| Cash at Bank and in hand and Short-Term Deposits | | 65,786 | 14,181 |
| | | 167,104 | 115,042 |
| CREDITORS (Amounts falling due within one year) | | | |
| Creditors | 10 | (167,104) | (115,042) |
| NET CURRENT ASSETS | | 0 | 0 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,629 | 2,250 |
| NET ASSETS EXCLUDING PENSION ASSET / (LIABILITY) | | 2,629 | 2,250 |
| Pension Asset / (Liability) | 16(ci) | (4,074) | (7,722) |
| NET ASSETS INCLUDING PENSION ASSET / (LIABILITY) | | (1,445) | (5,472) |
| REPRESENTED BY | | | |
| Capital Reserves | 11 | 2,629 | 2,250 |
| Pension Reserve | | (4,074) | (7,722) |
| RESERVES INCLUDING PENSION ASSET / (LIABILITY) | | (1,445) | (5,472) |

The Statement of Accounting Policies and Notes 1 to 20 form an integral part of these Financial Statements.

Jeremy Godfrey
Chairperson

Commission for Communications Regulation
16 March 2016

Cashflow Statement for the year ended 30 June 2015

| | Year to 30 June | Year to 30 June |
|---|--------------------|--------------------|
| | 2015 | 2014 |
| Notes | €'000 | €'000 |
| RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES | | |
| Operating Surplus (before Appropriations) | 57,829 | 52,218 |
| Difference between pension charge and contributions | 349 | (63) |
| Depreciation | 850 | 673 |
| Loss on Sale of Asset | - | 5 |
| Bank interest | (33) | (271) |
| Capital reserve transfer | 379 | 668 |
| (Increase) / Decrease in Debtors | (361) | (716) |
| (Decrease) / Increase in Creditors (excluding Central Fund) | (6,116) | (4,791) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 52,897 | 47,723 |
| CASHFLOW STATEMENT | | |
| Net cash inflow from operating activities | 52,897 | 47,723 |
| Return on Investments | | |
| - Bank and other interest received | 33 | 271 |
| Capital expenditure | (1,229) | (1,376) |
| Receipt from Sale of Asset | - | 30 |
| Payment to Central Fund | 12 | (80,516) |
| Management of Liquid Resources | | |
| - Increase / (Decrease) in Short-Term Deposits | (51,553) | 6,225 |
| - Increase / (Decrease) in Short-Term Investments | (96) | 27,687 |
| (DECREASE) IN CASH BALANCE | 9 | 44 |

The Statement of Accounting Policies and Notes 1 to 20 form an integral part of these Financial Statements.

Jeremy Godfrey

Chairperson

Commission for Communications Regulation

16 March 2016

Notes to the Financial Statements for the year ended 30 June 2015

| | | Year to 30 June | Year to 30 June |
|---|--|-----------------|-----------------|
| | | 2015 | 2014 |
| | | Total | Total |
| | | €'000 | €'000 |
| 1. | Non Levy Income | | |
| | Electronic Communications Licensing Fee | | |
| | 2G & 3G Radio Licensing Fees | 11,319 | 10,717 |
| | Liberalised Use Licensing Fees | 18,125 | 16,703 |
| | Other Radio Licensing Fees | 14,162 | 13,303 |
| | MMDS & Deflector Licensing | 128 | 128 |
| | | 43,734 | 40,851 |
| | Electronic Communications Spectrum Income | | |
| | 3G Spectrum Income | 24,100 | 24,100 |
| | Liberalised Use Spectrum Income | 1,991 | - |
| | | 26,091 | 24,100 |
| <p>A Multi Bank Spectrum Auction in respect of Liberalised Use Licences was conducted during 2012/13. The auction result was announced on 15th November 2012. Final upfront fees received (contingent on any licence fee refunds due) amounted to €481.7m. Of the €481.7m, €474.2m was recognised as income. ComReg paid amounts totalling €1.8m in refunds due to delayed access to lots won in the auction. An amount of €3.6m was paid as rebates to winning bidders who opted for early liberalisation of their existing licences. All refunds and rebates paid by ComReg were calculated in accordance with the methodology outlined in the Information Memorandum (ComReg Document 12/52). The Income in 2015 represents the release of a provision provided for in 2014.</p> <p>In addition annual Spectrum Usage fees (before indexation) for these licences will amount to a total of €372.94m and will be received yearly until 2030, of which €18.125m was recorded as income in 2015.</p> | | | |
| | Other Income | | |
| | Bank Interest | 33 | 271 |
| | Sundry* | 2891 | 360 |
| | | 2924 | 631 |
| <p>* Sundry Non Levy Income includes:</p> <p>a) A payment of €2,500,000 in 2015 (2014: €80,000) by Eircom arising from its failure to achieve certain performance targets in relation to Eircom's quality of service performance with respect to aspects of its Universal Service Obligation for the period 2013/2014 (2014: 2012/2013).</p> <p>(b) 2015 Sundry Income includes various amounts payable to ComReg on foot of compliance and enforcement activities conducted in the period. Where such activities were concluded by legal settlement, they may be subject to a confidentiality clause.</p> <p>(c) A payment of €275,000 in 2014 by Eircom arising from its admission of a breach of its non-discrimination obligations in the Retail Narrowband Access Market.</p> | | | |

Notes to the Financial Statements for the year ended 30 June 2015

| | | | | | Year to 30 June | Year to 30 June | |
|--|---|------------------------------|--------------|---------------|-------------------------------|--------------------|--------------|
| | | | | | 2015 | 2014 | |
| | | Electronic Communications | | Post | PRS | | |
| | | Levy | Other | Levy | Levy | Total | Total |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| 2. | Staff Costs | | | | | | |
| | Employee costs during the year: | | | | | | |
| | Wages and Salaries # | 4,499 | 3,013 | 494 | 382 | 8,388 | 8,364 |
| | Social Welfare Costs | 433 | 290 | 47 | 37 | 807 | 804 |
| | | 4,932 | 3,303 | 541 | 419 | 9,195 | 9,168 |
| | The average number of staff employed by the Commission during the year, analysed by category, was as follows: | 56 | 41 | 5 | 6 | 108 | 113 |
| <p>#The Commission operates a performance related remuneration scheme (which was originally established by the Office of the Director of Telecommunications Regulation). Of the total Wages and Salaries costs, €675,000 (or 8%) of the total represents payments to staff in accordance with the provisions of the performance related remuneration scheme and the terms of their contracts of employment. Staff costs include a termination payment of €185,000 in relation to an employee related settlement. Legal Expenses include a contribution to legal costs of €36,900 in respect of this matter.</p> <p>Details of the remuneration of Commissioners are shown below.</p> | | | | | | | |
| | | | | Salary | Other Remuneration | Total | |
| | | | | €'000 | €'000 | €'000 | |
| Kevin O' Brien – Chairperson* | | | | 155 | | 155 | |
| Gerry Fahy - Commissioner | | | | 147 | 2 | 149 | |
| Jeremy Godfrey – Commissioner** | | | | 152 | 2 | 154 | |
| <p>*Chairperson until 28 February 2015 **Chairperson from 1 March 2015</p> | | | | | | | |
| <p>Other Remuneration represents the cost of medical insurance paid by ComReg. The Commissioners' pension entitlements do not extend beyond the standard entitlements in Model Superannuation Scheme for civil servants or the Single Public Service Pension Scheme. Commissioners are not eligible for performance related pay.</p> | | | | | | | |

Notes to the Financial Statements for the year ended 30 June 2015

| | 30 June | 30 June |
|--|-------------|-------------|
| | 2015 | 2014 |
| | €'000 | €'000 |

| 3. | Technical Advice | | |
|----|---|--------------|--------------|
| | Professional & Technical Advice | 4,239 | 3,271 |
| | Contact Management | 722 | 652 |
| | Market Research | 170 | 99 |
| | Quality of Service Monitoring | 442 | 363 |
| | Staff Training and Professional Development | 269 | 345 |
| | | 5,842 | 4,730 |

| 4. | Legal Expenses | 2,383 | 2,052 |
|----|--|-------|-------|
| | In 2014 ComReg received €200,000 in costs arising from a legal case. Legal expenses are stated net of this amount. | | |

| 5. | Administrative Expenses | | |
|----|---|--------------|--------------|
| | Equipment and IT Maintenance | 584 | 560 |
| | Subscriptions to Databases/Research Reports | 354 | 403 |
| | Travel and Subsistence | 258 | 270 |
| | Conferences/Meetings | 120 | 223 |
| | Postal and Telecommunications | 115 | 135 |
| | Stationery | 73 | 83 |
| | Publishing and Promotion | 74 | 41 |
| | Recruitment | 37 | 0 |
| | Light, Heat and Cleaning | 73 | 77 |
| | Insurance | 31 | 27 |
| | Other Administrative Costs | 172 | 153 |
| | | 1,891 | 1,972 |

Notes to the Financial Statements for the year ended 30 June 2015

| | 30 June | 30 June |
|--|---------|---------|
| | 2015 | 2014 |
| | €'000 | €'000 |

| 6. TANGIBLE ASSETS | | | | | | |
|---------------------------------|------------------------|-----------------------|--|-------------------|---------------|--|
| | Technical Equipment | Computer Equipment | Fixtures, Fittings & Office Equipment | Motor Vehicles | Total | |
| | €'000 | €'000 | €'000 | €'000 | €'000 | |
| Cost | | | | | | |
| At 30 June 2014 | 2,107 | 4,687 | 2,668 | 161 | 9,623 | |
| Additions | 201 | 1,028 | - | - | 1,229 | |
| Disposals | - | - | - | - | - | |
| At 30 June 2015 | 2,308 | 5,715 | 2,668 | 161 | 10,852 | |
| Accumulated Depreciation | | | | | | |
| At 30 June 2014 | 991 | 3,816 | 2,503 | 63 | 7,373 | |
| Disposals | - | - | - | - | - | |
| Charge for period | 229 | 554 | 47 | 20 | 850 | |
| At 30 June 2015 | 1,220 | 4,370 | 2,550 | 83 | 8,223 | |
| Net Book Value | | | | | | |
| 30 June 2015 | 1,088 | 1,345 | 118 | 78 | 2,629 | |
| 30 June 2014 | 1,116 | 871 | 165 | 98 | 2,250 | |

| 7. Debtors | | |
|---|--------------|--------------|
| Due within one year: | | |
| Electronic Communications administration levy | 1,062 | 840 |
| Postal administration levy | 5 | 37 |
| Radio Licence Income | 7,832 | 7,400 |
| Accrued Income | 37 | 104 |
| Pre-payments & Recoverable expenses | 677 | 871 |
| | 9,613 | 9,252 |

| 8. Short Term Investments | | |
|---|---------------|---------------|
| Short Term Investments | 91,705 | 91,609 |
| <p>Short Term Investments comprise Exchequer Notes purchased from the National Treasury Management Agency Limited. ComReg places excess cash holdings in short term investments. These cash holdings mainly represent surpluses generated by ComReg which are payable to the Exchequer (as disclosed in Note 10) and monies held in trust in relation to commitments made by third parties to ComReg (also disclosed in Note 10).</p> | | |

Notes to the Financial Statements for the year ended 30 June 2015

| | 30 June | 30 June |
|--|---------|---------|
| | 2015 | 2014 |
| | €'000 | €'000 |

| 9. | Reconciliation of Net Cashflow to Movement in Net Funds | | |
|----|---|----------------|-----------------|
| | Increase in cash in the period | 52 | 44 |
| | Increase / (Decrease) in Short-Term Deposits | 51,553 | (6,225) |
| | Increase / (Decrease) in Short Term Investments | 96 | (27,687) |
| | Change in Net Funds | 51,701 | (33,868) |
| | Opening Net Funds | 105,790 | 139,658 |
| | Closing Net Funds | 157,491 | 105,790 |

| 10. | Creditors | | |
|-----|---|----------------|----------------|
| | Amounts falling due within one year | | |
| | Trade Creditors | 1,025 | 1,200 |
| | Other Creditors | 5,796 | 11,551 |
| | Value-added tax | 94 | 95 |
| | Accruals | 1,749 | 1,512 |
| | Deferred income (see analysis below) | 28,995 | 29,424 |
| | Payroll | 702 | 695 |
| | Payable to Central Fund (see Note 12) | 128,743 | 70,565 |
| | | 167,104 | 115,042 |
| | ComReg holds Cash Deposits in the sum of €4.5m (included in Other Creditors) in trust and these deposits relate to certain commitments made to ComReg concerning its regulatory functions and the corresponding amount is included in the Commission's year end Bank balance. | | |
| | Analysis of Deferred Income | | |
| | Radio Licence Income | 28,612 | 28,611 |
| | Other | 383 | 813 |
| | | 28,995 | 29,424 |
| | Where licences are renewed for a period which extends beyond the end of the financial year, a proportion of that income is deferred to meet expenditure in the following year. | | |

| 11. | CAPITAL RESERVES | | |
|-----|--|--------------|--------------|
| | Opening Balance | 2,250 | 1,582 |
| | Transfer (to) / from Income and Expenditure Account: | | |
| | Additions to fixed assets | 1,229 | 1,376 |
| | Amortisation in line with fixed asset depreciation | (850) | (673) |
| | Amount released on disposal of Fixed Assets | | (35) |
| | Net Amount to Income and Expenditure Account | 379 | 668 |
| | Closing Balance | 2,629 | 2,250 |

Notes to the Financial Statements for the year ended 30 June 2015

| 12. APPROPRIATION OF SURPLUS | | | |
|--|-------------------------|------------------------------|-----------------------|
| <p>Section 30 of the Communications Regulation Act 2002 provides that the Minister may, with the consent of the Minister for Public Expenditure and Reform direct the Commission to pay sums to the Exchequer. The amount to be paid over is decided by the Minister after consultation with the Commission. The Commission is awaiting direction from the Department in relation to the final determination of the amount payable to the Central Fund for the years 2014 and 2015.</p> <p>The amount owed to the Exchequer is determined by reference to the surplus recorded by ComReg in the period, adjusted for a number of items as set out below.</p> | | | |
| | Gross Amount Due | Pension Adjustment(b) | Net Amount Due |
| | €'000 | €'000 | €'000 |
| Balance due to Exchequer at 30 June 2014 | 74,605 | (4,040) | 70,565 |
| Surplus for 2015 | 57,829 | | 57,829 |
| Paid in 2015 | - | | - |
| Pension reserve adjustment (a) | 349 | | 349 |
| Pension Fund Payment Clawback (b) | 0 | 0 | 0 |
| Balance at 30 June 2015 | 132,783 | (4,040) | 128,743 |
| <p>(a) The pension reserve adjustment represents the difference between the pension amount charged to the Income and Expenditure Account in 2015 of €1,893,000 and the employer contributions in the period of €1,544,000.</p> <p>(b) ComReg made a total contribution of €5m to its pension fund (€2.5m in 2008 and €2.5m in 2009, a total of €5m). The amount owed to the Exchequer is shown net of this contribution which is being recovered at €320,000 per annum as payments to the Exchequer are made.</p> | | | |
| 13. PREMISES AND ACCOMMODATION | | | |
| <p>The Commission occupies premises at Abbey Court, Irish Life Mall, Lower Abbey Street, Dublin 1. The premises are rented from the Office of Public Works at an annual rent of €900,000 per annum.</p> | | | |
| 14. MEMBERSHIP OF INTERNATIONAL TELECOMMUNICATIONS ORGANISATIONS | | | |
| <p>Certain payments to International Telecommunications Organisations are met by the Department of Communications, Energy and Natural Resources out of the proceeds of the Electronic Communication Administrative Levy. The charge to the Income and Expenditure Account includes €693,000 for that purpose.</p> | | | |
| 15. COMMISSIONERS, STAFF AND ADVISORS/CONSULTANTS – DISCLOSURE OF INTERESTS | | | |
| <p>The Commissioners and staff complied with the requirements of Section 25 (Disclosure of Interests) of the Communications Regulation Act, 2002. There were no transactions in the year in relation to the Commission's activities in which the Commissioners or any advisor or consultant had any interest.</p> | | | |

Notes to the Financial Statements for the year ended 30 June 2015

| | 30 June | 30 June |
|--|---------|---------|
| | 2015 | 2014 |
| | €'000 | €'000 |

| | | |
|---|--|--|
| 16. PENSIONS | | |
| a) Description of Scheme | | |
| <p>The Commission for Communications Regulation is a national regulatory authority established under the Communications Regulation Act, 2002. Sections 26 and 27 of the Act provide that the Commission shall make schemes for granting of superannuation benefits to and in respect of Commissioners and staff members, subject to Ministerial approval.</p> <p>A funded defined-benefit scheme is being operated for the Commissioners and employees of the Commission.</p> <p>For the purposes of reporting in accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), an update of the actuarial review was completed as at 30 June 2015.</p> | | |

| | | |
|----------------------------------|--------------|--------------|
| b) Pension Costs | | |
| Current service cost | 2,087 | 1,894 |
| Interest cost | 1,450 | 1,413 |
| Expected return on Scheme Assets | (1,295) | (1,431) |
| Past service cost | | |
| Less: Employees' Contributions | (349) | (394) |
| Total | 1,893 | 1,482 |

| | | |
|-------------------------------------|----------------|----------------|
| ci) Net Pension Liability | | |
| Made up of: | | |
| Fair value of Scheme Assets | 40,979 | 35,758 |
| Present Value of Funded Obligations | (45,053) | (43,480) |
| Net (Liability) / Asset | (4,074) | (7,722) |

| | | |
|--|---------------|---------------|
| cii) Present Value of Scheme Obligations at beginning of year | 43,480 | 35,749 |
| Current Service Cost | 2,087 | 1,894 |
| Interest Cost | 1,450 | 1,413 |
| Actuarial (gain) / Loss | (1,494) | 5,277 |
| Benefits Paid | (441) | (815) |
| Premiums Paid | (29) | (38) |
| Present Value of Scheme Obligations at end of year | 45,053 | 43,480 |

| | | |
|---|---------------|---------------|
| ciii) Change in Scheme Assets | | |
| Fair Value of Scheme Assets at beginning of year | 35,758 | 30,566 |
| Expected return on Scheme Assets | 1,295 | 1,431 |
| Actuarial Gain/(Loss) | 1,821 | 2,675 |
| Employer Contributions | 1,544 | 1,545 |

| | 30 June | 30 June |
|--|---------|---------|
| | 2015 | 2014 |
| | €'000 | €'000 |

| 16. | PENSIONS (Continued) | | |
|--------------|--|---------------|---------------|
| ciii) | Change in Scheme Assets (Continued) | | |
| | Members' Contributions | 349 | 394 |
| | Transfers in for prior service | 682 | - |
| | Benefits paid from Scheme | (441) | (815) |
| | Premiums paid | (29) | (38) |
| | Fair Value of Scheme Assets at end of year | 40,979 | 35,758 |
| | The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation. | | |

| d) | Scheme Asset Composition | | |
|----|---|--------------|--------------|
| | The scheme assets at the year end were composed of: | | |
| | Equities | 51.8% | 53.4% |
| | Bonds | 43.2% | 45.4% |
| | Property | 1.1% | 1.1% |
| | Other | 3.9% | 0.1% |
| | | 100.0% | 100.0% |
| | Actual return less expected return on scheme assets | | |
| | Actual Return | 3,116 | 4,106 |
| | Less: Expected Return | (1,295) | (1,431) |
| | | 1,821 | 2,675 |
| | To develop the expected long-term rate of return on assets assumption, the Commission considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 3.55% assumption as at 30 June 2014. The 2.7% assumption as at 30 June 2015 equates to the discount rate assumption that applied in calculating the scheme liabilities. ** Asset returns provided are net of the pension levy. | | |
| | Weighted average assumptions used to determine benefit obligations | | |
| | Discount Rate | 2.70% | 3.20% |
| | Rate of compensation increase | 3.00% | 3.50% |
| | Weighted average assumptions used to determine pension expense | | |
| | Discount Rate | 3.20% | 3.80% |
| | Expected long-term return on scheme assets | 2.70% | 3.55% |

| e) | Financial & Demographic Assumptions | | |
|----|--|-------|-------|
| | The Financial Assumptions used for FRS 17 purposes were: | | |
| | Discount rate | 3.20% | 3.80% |
| | Salary increases | 3.00% | 3.50% |
| | Pension increases | 2.50% | 3.00% |
| | Inflation increases | 2.50% | 3.00% |

Notes to the Financial Statements for the year ended 30 June 2015

| 16. | PENSIONS (continued) | | |
|---|---|---|--|
| e) | Financial & Demographic Assumptions (Continued) | | |
| The Demographic Assumptions used were as follows | | | |
| | 2015 | 2014 | |
| Mortality Pre-Retirement* | S2PMA -1 with CMI 2013 (1.5%) | 108% of PNM/FL00-1 | |
| Mortality Post-Retirement* | CSO improvements from 2006 for all members. | CSO improvements from 2006 for all members. | |
| Retirements | It is assumed that all members who joined prior to 1 April 2004 retire at age 60 and all other members retire at 65 | It is assumed that all members who joined prior to 1 April 2004 retire at age 60 and all other members retire at 65 | |
| Ill Health Retirement | No allowance | No allowance | |
| Early Retirement | No allowance | No allowance | |
| Withdrawals | No allowance | No allowance | |
| Percentage married | It is assumed that 90% of Males and 75% of Females are married. | It is assumed that 90% of Males and 75% of Females are married. | |
| Age Difference between spouses | A male is assumed to be 3 years older than his spouse | A male is assumed to be 3 years older than his spouse | |
| * The mortality assumptions chosen are based on standard tables reflecting typical pensioner mortality and they allow for increasing life expectancy over time. | | | |

| | 30 June |
|--|---------|---------|---------|---------|---------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | €'000 | €'000 | €'000 | €'000 | €'000 |

| f) | History of defined benefit obligations, assets and experience gains and losses | | | | |
|---|--|--------------|--------------|--------------|----------------|
| Defined benefit obligations | 45,053 | 43,480 | 35,749 | 29,622 | 18,871 |
| Fair value of Scheme Assets | (40,979) | (35,758) | (30,566) | (26,286) | (23,776) |
| Deficit / (Surplus) for funded Scheme | 4,074 | 7,722 | 5,183 | 3,336 | (4,905) |
| Experience Adjustment on Scheme Assets | 1,821 | 2,675 | 1,379 | (602) | 280 |
| percentage of scheme assets | 4.4% | 7.5% | 4.5% | (2.3%) | 1.2% |
| Experience gains / (losses) on Scheme Liabilities | | | | | |
| amount | 1,828 | (1,549) | (267) | 397 | 388 |
| percentage of Scheme Liabilities | 4.1% | (3.6%) | (0.8%) | 1.3% | 2.1% |

| | |
|-----------|--|
| g) | Prior Pensionable Service |
| | <p>The liabilities of the pension scheme relate to retirement benefits arising from service with the Commission and service with other public bodies prior to joining the Commission where such service is known to the Commission. The Commission is entitled to seek to recover the cost of funding the prior service from other public bodies under the terms of its membership of the Public Service Transfer Network.</p> <p>For service transferred by members prior to 30 June 2015, the total value of such payments received in the year to 30 June 2015 was €682,000.</p> <p>Payments in respect of transferred in service (when received) are shown as a separate item in the Statement of Total Recognised Gains and Losses.</p> |
| h) | Funding of Pensions |
| | The Commission expects to contribute €1.5m to its pension scheme in 2016. |

| | |
|------------|--|
| 17. | CONTINGENT LIABILITIES |
| | Legal costs incurred to date have been fully provided for in these financial statements. However, the Commission is involved in a number of legal cases, the outcome of which is uncertain. Potential future costs in relation to these cases have not been provided for due to the uncertainty around the outcome and the potential costs that may be incurred. |

| | |
|------------|---|
| 18. | RELATED PARTY TRANSACTIONS |
| | As part of the ordinary course of business, the Commission has had transactions with other government departments and other state bodies. |

| | |
|------------|---|
| 19. | PENSION RELATED DEDUCTION |
| | An amount of €706,000 deducted from salaries in respect of the Pension Related Deduction was paid to the Department of Communications, Energy and Natural Resources in the year ended 30 June 2015. |

| | |
|------------|--|
| 20. | APPROVAL OF FINANCIAL STATEMENTS |
| | These financial statements were approved by Jeremy Godfrey, Chairperson, for the Commission for Communications Regulation, on the 16 March 2016. |

**Commission for
Communications Regulation**

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