Commission for
Communications Regulation

ANNUAL REPORT
2013 – 2014

Commission for Communications Regulation

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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

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

PROTECT AND EMPOWER CONSUMERS

KEY CHALLENGES for 2014-16	OUR PRIORITIES for 2014-16
Keeping basic service (including universal service) obligations up to date as technology changes.	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	

PROMOTE SUSTAINABLE COMPETITION

KEY CHALLENGES for 2014-16	OUR PRIORITIES for 2014-16
Maintaining the trend of increasing retail competition	Ensure effective implementation of existing wholesale remedies, adjusting approach in line with competitive conditions
Enabling infrastructure-based competition using different generations of technology	Promote competition and investment and protect the interests of users in less densely populated areas
Maximising consumer benefits from infrastructure competition in more densely populated areas, and protecting the interests of consumers in areas where competition is not established	Promote fair and vibrant competition in a market-place 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	Encourage commercial NGA roll out to the greatest extent possible
Making spectrum available to meet the various needs of society	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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As of June 2015

Commissioners

Kevin O'Brien
Commissioner

Gerry Fahy
Commissioner

Jeremy Godfrey
Chairperson

Executive Management Team

Caroline Dee-Brown
General Counsel

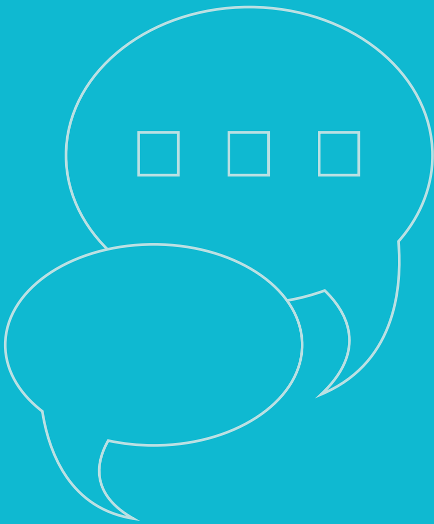
Barbara Delaney
Director, Retail and Consumer Services Division

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 had three Commissioners Gerry Fahy, Jeremy Godfrey and Kevin O'Brien. Mr. Fahy and Mr. Godfrey were appointed as Commissioners in September 2013.

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 2013 to 30 June 2014.

Key contact details:

The Commissioners' Office

Commissioner Jeremy Godfrey (Chairperson from March 1, 2015)
Commissioner Kevin O'Brien
Commissioner Gerry Fahy

Contact Marie Cussen
Tel: 01 8049689

Colette Andrews
Tel: 01 8049644

The ComReg Divisions and their Directors:

Market Framework - Director: George Merrigan

Market Framework is responsible for managing the radio spectrum and the regulation of the postal sector. It also oversees the general authorisation regime for the electronic communications sector in Ireland and monitors compliance with general authorisation conditions. Market Framework issues approximately 16,000 Wireless Telegraphy licences to various companies and individuals per year. 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 and 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 Economic Advisor is responsible for providing economic advice to the Commission and economic input to key economic projects undertaken by ComReg.

CHAIRPERSON'S REVIEW

2013-14 was a year in which users reaped the benefits of significant ComReg decisions taken in earlier years. Our decision in early 2013 on wholesale pricing for Eircom's next generation access network has led to a transformation of the market for high-speed broadband in much of Ireland; and our 2012 spectrum awards have enabled widespread roll-out of 4G mobile networks.

In general, competition has grown and competitive pressures have led operators to invest in better networks and services, and to offer customers cheaper prices. Average data speeds have grown, average data usage has grown, even as average spending has moderately declined. At the end of the reporting period Average Revenue Per User was €25, a decline of €2 on the previous year.

Enhanced value for consumers is especially noticeable in the increased popularity of 'bundled' services offering some combination of fixed and mobile telephony, broadband and television services, and in the increasing roll-out of fibre networks capable of handling high and growing data usage.

Broadband market developments

As of June 2014 there were over 1.7 million subscribers in Ireland, an increase of 1.9% on 2013. According to Eurostat, Ireland's household penetration for broadband is 67%. During the period under review there was strong growth in cable broadband take-up increasing by 9.7% since the previous 12 months. Average fixed broadband speeds also continued to increase. At the end of June 2013, 59% of all subscriptions were equal to or greater than 10 M/bits up from 37.5% a year ago. 40.1% of all fixed broadband subscriptions were equal to or greater than 30 M/bits up from 29.9% in 2013.

There have been signs of progress over the year with strong competitive pressure from operators and with consumers looking for greater value in both prices and offerings. Increasing numbers of consumers are getting greater value by choosing bundles of telephony, broadband and TV services.

During the year, new entrants continued to gain market share, and ESB and Vodafone announced their intention to enter the market with a fibre to the home roll out in certain towns where there was no other fixed line infrastructure competition.

Mobile Market developments

The roll-out of the 4G network continued during the period under review. At the end of June 2014 there were almost 5.77 million subscriptions to mobile communications services in Ireland, which equals a penetration rate of 125.1%. The level of text messaging declined sharply by 23.2% over the period due in part to the continued adoption by consumers of instant messaging services. Average monthly voice call minutes per mobile subscriber in Ireland increased from 189 minutes per month in June 2013 to 198 minutes per month in June 2014. This excludes usage of data services.

In Q2 2014 Average Revenue Per User (ARPU) was approximately €25 per month compared to approximately €27 in Q2 2013. The decline in ARPU is due to a number of factors such as lower priced mobile plans, an increased uptake of bundled services and reduced consumer spending. 432,484 mobile numbers were ported between operators in the year to June 2014, meaning on average, 36,040 mobile numbers were ported each month.

Although Vodafone retains the largest share of subscriptions (including mobile broadband and machine to machine) comparing Q2 2014 to Q2 2013, Vodafone lost market share down to 38.8% from 40.0%. At the end of Q2 2014 Three Group which incorporates O2 subscribers had 36.0% of subscribers. Eircom's Mobile market share declined by 0.4% since Q2 2013 while Tesco Mobile and other operators (including Lycamobile) increased their market shares by 0.8% and 0.7% respectively over the same period.

Competition

ComReg made a number of decisions relating to the leased lines and broadcasting transmission markets, and continued work on projects related to wholesale broadband, product bundles, termination rates, and wholesale voice markets.

Consumer

The provision of information and advice to consumers as well as the protection of their rights are key parts of ComReg's consumer mandate. By providing consumers with information and knowledge about communications services and offerings, consumers will make more informed choices and better decisions.

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 to make sure that providers complied with their obligation under the Universal Service Regulations to ensure that their conditions and procedures for contract termination do not act as a disincentive to a consumer to changing service provider.

ComReg continued to take action to secure compliance with the Premium Rate Services code of conduct and, as a result, complaints about this sector continued to fall.

ComReg activities - Postal

During the year ComReg's postal team engaged in significant work relating to a price cap for the universal postal service. This is the first time that An Post has been subject to a price control cap. In addition, ComReg also commissioned significant work on the postal market specifically examining the needs of large postal users.

International Activities

ComReg continued to play an active role within the Body of European Regulators of Electronic Communications (BEREC) through direct participation in a number of workstreams and in leading the BEREC work on measures to mitigate cross-border fraud or misuse of numbers. ComReg hosted the 19th Plenary meeting (Dublin) in June 2014, BEREC approved for publication its Opinion on the Commission Recommendation on Relevant Product and Service Markets Susceptible to ex ante Regulation and a revised BEREC Common Position on geographic aspects of market analysis (definition and remedies).

Corporate

ComReg published its Annual Action plan at the start of our Financial Year on 30 June 2013. The plan outlines specific work-streams and other initiatives that ComReg will undertake in order to implement our strategy.

In mid-2014, ComReg issued its Strategy Statement for the Electronic Communications sector 2014-2016. The Statement set out ComReg's vision, goals and strategies for the electronic communications sector, and it is closely linked to ComReg's work programme for the next two years.

Jeremy Godfrey
Chairperson

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 2014, approximately 494 such notifications were registered by ComReg. Of these, 421 were fixed/ wireless authorisations, 10 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 51.7% of the total fixed line market in terms of overall (retail and wholesale) revenue by June 2014 up from 48.1% in June 2013. Eircom accounted for the remaining share of the market.

Fixed CPS, WLR and WLA

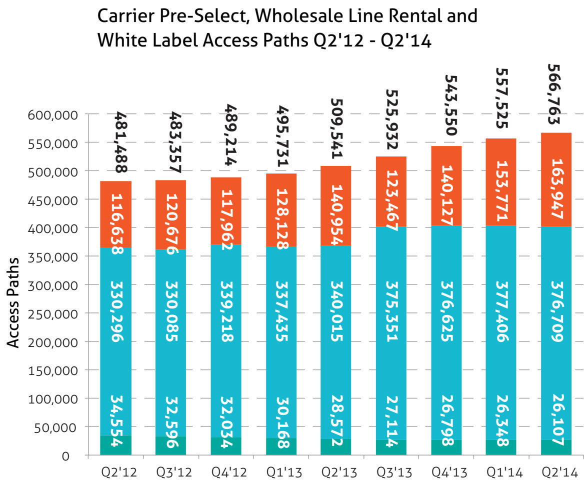
Indirect access to fixed line networks for call services can be provided through Carrier Pre-Selection (CPS), where the call services are provided by an operator using the incumbent operator's network, with the customer paying line rental to the incumbent.

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 2014, WLR accounted for 66.5% of all lines provided via indirect access, (down from 66.7% at the end of June 2013), WLA accounted for 28.9% (up from 27.7% in June 2013) and CPS accounted for 4.6% of lines (down from 5.6% in June 2013). In total there were 566,763 indirect access paths at the end of Q2 2014, up by 11.2% since June 2013.

Figure 1: Narrowband Indirect Access Paths



Fixed telecom access paths

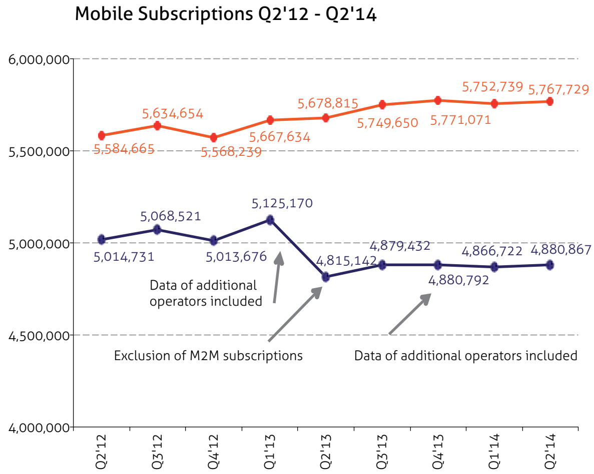
There were 1.63 million direct and indirect PSTN and ISDN access paths in the Irish market in Q2 2014, a decline of 0.9% since June 2013. Indirect access using WLR or CPS accounts for 34.9% of all access paths in the fixed copper market.

Since ComReg reduced wholesale charges for Local Loop Unbundling (LLU), there has been a marked increase in take up of LLU lines, particularly shared lines. This should help promote greater competition in the retail market and lead to better offers for consumers. There were 87,528 total LLU connections as of June 2014, up from 73,175 in June 2013.

Mobile telephony

At the end of June 2014 there were almost 5.77 million subscriptions to mobile communications services in Ireland, which equates to a penetration rate of 125.1%

Figure 2: Mobile Subscriptions



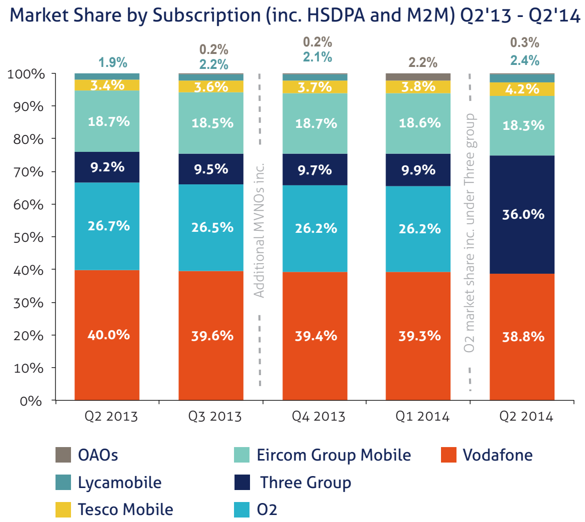
Due partly to the increasing use by consumers of instant messaging services, the volume of text messaging decreased by 23.2% in Q2 2014 compared to Q2 2013. In the three months to June 2014, the average Irish mobile subscriber sent an average of 129 messages per month, compared with an average of 170 per month in the quarter to June 2013.

Average monthly voice call minutes per mobile subscriber in Ireland increased from 189 minutes per month in June 2013 to 198 minutes per month in June 2014. Average monthly traffic per mobile subscriber using data services reached 1GB in June 2014 compared to 0.5GB in June 2013.

In Q2 2014 Average Revenue Per User (ARPU) was approximately €25 per month compared to approximately €27 in Q2 2013 and €29 per month in Q2 2012. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to economic conditions in Ireland (e.g. reduced consumer spending), and reductions in mobile termination rates among other factors.

432,484 mobile numbers were ported between operators in the twelve months to June 2014, which equates to, on average, 36,040 mobile numbers ported every month.

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

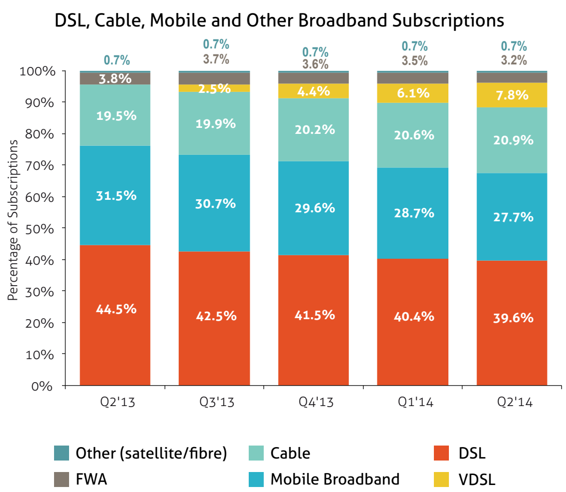


Source: Quarterly Key Data Questionnaire

Internet and broadband

The number of narrowband or dial-up internet users continues to decline quarter on quarter. As of June 2014 there were 7,441 narrowband subscriptions in Ireland, accounting for only 0.4% of the total internet subscription base of 1,704,319.

Figure 4: Profile of Active Broadband Subscriptions by Type



Source: Quarterly Key Data Questionnaire

By the end of June 2014 there were 1,696,878 internet subscribers using broadband technologies. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions at 672,384, followed by 470,823 mobile broadband subscriptions and 355,396 cable subscriptions. The number of VDSL subscribers (broadband provided over eircom's next generation network) was 132,764 at the end of June 2014.

In Q2 2014 cable accounted for 20.9%, DSL 39.6%, VDSL 7.8%, FWA 3.2%, other 0.7% and mobile broadband 27.7% of all broadband subscriptions. Since Q2 2013, the number of VDSL and cable subscriptions has increased, in contrast to a fall in FWA, DSL, other (fibre/satellite), and mobile broadband subscriptions.

In addition to broadband subscriptions, there are an estimated 3,232 WiFi hotspots in Ireland providing nomadic broadband access nationwide, particularly to laptop and smartphone users. This figure increased by 21.7% comparing Q2 2013 to Q2 2014.

Figure 5: Broadband Subscriptions and Growth

Subscription Type	Q2'14 Subs	Quarterly Growth Q1'14 – Q2'14	Year-on-Year Growth Q2'13 – Q2'14
DSL Broadband[1]	672,384	-2.1%	-9.3%
VDSL Broadband[2]	132,764	+28.4%	-
Cable Broadband	355,396	+1.2%	+9.7%
FWA Broadband	53,687	-9.0%	-15.6%
Other Broadband[3]	11,824	-1.6%	-3.9%
Total Fixed broadband	1,226,055	+1.1%	+7.4%
Mobile Broadband	470,823	-3.7%	-10.2%
Total Broadband	**1,696,878**	**-0.3%**	**+1.9%**

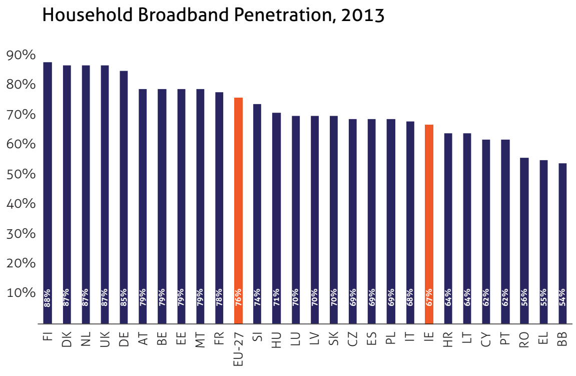
1 DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

2 VDSL refers to very-high-bit-rate digital subscriber line. Since Q3 2013 these lines are reported in the separate category. In Q2 2013 report VDSL lines were included in DSL category.

3 Other Broadband includes fibre and satellite broadband subscriptions.

Figure 6 illustrates Ireland's position compared to other European countries in terms of fixed and mobile broadband household penetration. Ireland (67%) was behind the EU27 average (76%) for household broadband (fixed and mobile) penetration in 2013.

Figure 6: European household broadband penetration comparison, 2013[4]

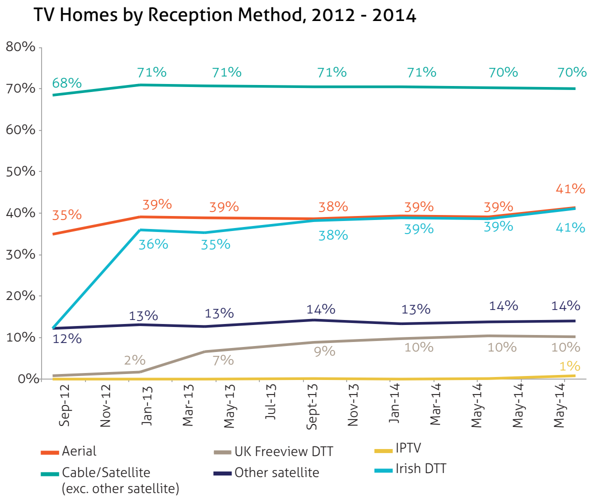


Source: Eurostat, Statistics in Focus 50/2012

Broadcasting

Of almost 1.59 million TV households in Ireland, 70% had a subscription cable or satellite service, 41% had an aerial service, 41% 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

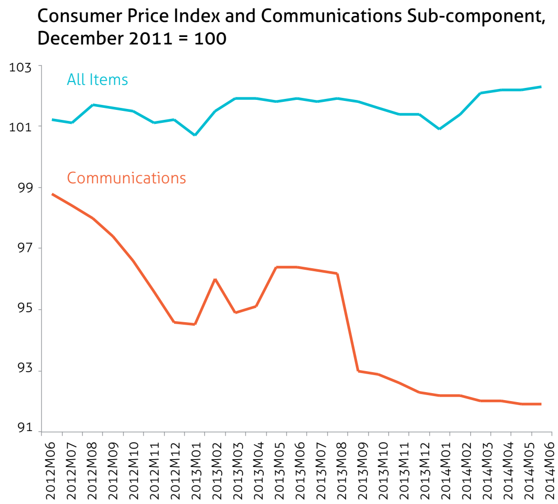


Source: Nielsen TV Audience Measurement Establishment Survey on Behalf of TAM Ireland Ltd.

In overall terms, figure 8 shows the change in the Consumer Price Index (CPI) and the communications sub-component. The CSO weights communications as 2.932% of the total CPI.

Total CPI increased by 0.4% in the year to June 2014 while communications costs decreased by 4.7%.

Figure 8: Central Statistics Office Consumer Price Index



Source: Central Statistics Office

4 Note: Sweden's data is not available.

RETAIL AND CONSUMER SERVICES

ComReg's overall goal in relation to consumer protection is to inform, empower and protect consumers, 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** 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.

These websites had 333,147 visits resulting in 836,166 page views, during the period.

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 34 service providers and 305 packages live on the site.

Outreach Programme

ComReg's Consumer Team continued its outreach programme during this period by hosting consumer stands at the Over 50s Show in Cork on 1 and 2 March 2014 which attracted over 5,000 consumers to the show.

ComReg continued to focus on the over 50s demographic by providing consumer information to them and by placing public ads about ComReg and our complaints handling role in the September and October 2013 Senior Times Magazine. There was similar information set out in articles in the Senior Times Magazine in December 2013 and February 2014.

These issues of the magazine were also circulated as part of a welcome pack for the attendants at the Over 50s Shows in Galway & Dublin.

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 has 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.

In May 2014, ComReg issued a Decision in respect of the consultation measures and all the measures listed below, must be complied with 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 also issued a separate Decision[5] that stipulates measures for disabled end-users to be fulfilled by the universal service provider only, until further consultation takes place in 2015. These measures include obligations on the USP in respect of a Code of Practice and provision of certain terminal equipment used with a fixed voice service and a Text Relay Service (TRS).

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 a SMS[6] 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 91.2%, of all consumer calls to the consumer line were answered within 20 seconds.

During the period July 2013 to June 2014 there were approximately 31,096 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. 24,287 of the total issues raised were in relation to other electronic communications consumer issues.

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

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

Business Consumers

1,208 of the total issues were issues raised by business consumers and were mainly related to switching and number portability, disputed charges, and misleading sales practice.

Premium Rate Service Issues

6,809 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, 605 PRS issues were escalated by ComReg to PRS Service Providers as complaints on behalf of consumers.

Contractual Issues

During the period, ComReg has continued to monitor contracts for compliance with the relevant regulations

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

6 Short Messaging Service

and has published information for consumers in relation to their rights regarding changes to contracts and will publish further updates, as appropriate.

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 this compliance action[7] 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

In accordance with its statutory obligation, ComReg is fully committed to ensuring the interests of end-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 which will 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 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 licenses of these providers until such time as all refunds were issued. Details of these suspensions are also published on www.phonesmart.ie

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.

7 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

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 2014, ComReg determined, following the review of the costs incurred by the ECAS provider, a maximum CHF of €3.08 per call for the period 12 February 2014 to 11 February 2015. 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 Mobile companies. The key points noted in ComReg's report[8] for the period 1 October 2013 to 31 March 2014 are as follows;

- The average retail roaming prices for voice calls made and received continue to indicate compliance with the regulatory price ceilings.
- The average retail price for sending a text message while roaming has decreased and is now 1 cent below the regulated cap of 8 cents (excluding VAT).
- Volumes of retail data roaming traffic (pre and post-paid) have grown strongly over the reported periods. Volumes for Ireland were over 5.5 times higher in Q1 2014 compared to Q1 2010.
- Following the reduction of the regulated price cap in July 2013 Ireland's average Eurotariff retail data prices (€0.06 in Q1 2014) continue to be significantly lower than the regulated price cap of 45 cents and the EU/EEA average (€0.17 in Q1 2014).

8 ComReg 14/132

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 June 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)

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).

While a number of the targets for the USO quality of service performance improvement programme for the period 1 July 2013 to 30 June 2014 (PIP2) were achieved by Eircom in relation to connections, Eircom did not achieve all of its fault repair targets and did not achieve the fault occurrence target. However, Eircom submitted a Force Majeure claim related to the weather conditions that occurred between December 2013 and April 2014.

There was disagreement between Eircom and ComReg regarding Eircom's claim of Force Majeure. However, this was resolved out of court with both parties agreeing not to pursue the force majeure matter and for Eircom to discharge its obligations under PIP2 for this period by paying ComReg a penalty of €2,500,000. In addition, Eircom will arrange for refunds to be issued to customers (both retail and wholesale) who suffered an outage exceeding 10 working days during the period from 20 December 2013 to 30 April 2014.

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.

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 decisions relating to product bundles, termination rates and wholesale broadband.

Retail Trends

Total retail revenues in the twelve months to June 2014 at €3.06 billion were down from over €3.18 billion over the 12 months previous. During the period Eircom's retail share of fixed line revenues decreased from 49% to 47% of the overall fixed line retail revenues. Its share of voice revenues including revenues derived from access (i.e. line rental) fell from 57% to 55%. There were 1,696,878 broadband subscriptions which was an increase of 1.9% compared to June 2013. Fixed broadband household penetration increased from 58% to 63%. According to Eurostat data, Ireland's household fixed and mobile broadband penetration rate was 67% at the end of 2013 compared to an average EU household penetration rate of 76%. Eircom's retail share of the fixed broadband market at the end of June 2014 was 37.2% in terms of subscriber numbers, a fall of 2.2 percentage points compared to one year earlier. UPC's share had increased from 28.2% to 28.8% in that period. Approximately 28.5% of fixed broadband subscriptions were supplied by other operators using Eircom's wholesale bitstream and LLU products.

At the end of June 2014 there were 5,767,729 mobile subscriptions (including mobile broadband and M2M) in Ireland, an increase of 1.5% since June 2013. The mobile penetration rate was 125.1% including mobile broadband and Machine to Machine subscriptions and 105.8% excluding mobile broadband and Machine to Machine 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 2014 this service was available to 850,000 households and 132,764 subscribers in total were using the service. Of these 71.4% were supplied by Eircom retail while 28.6% 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 100mb/s downstream. According to public filings[9] UPC's network addressed 750,000 homes and premises as at 30 June 2014. It had 352,300 broadband subscribers at that date amounting to 28.8% of the fixed broadband market.

Average fixed broadband speeds continued to increase. In Q2 2014 approximately 59.0% of all fixed broadband subscriptions were equal to or greater than 10Mbps up from 37.5% in Q2 2013. 40.1% of all fixed broadband subscriptions were equal or greater than 30Mbps up from 29.9% in Q2 2013.

Total fixed broadband subscriptions increased from 1.14m in June 2013 to 1.23 m in June 2014. Of these about 37% (down from 39% in Q2 2013) were provided by Eircom retail; about 29% by UPC and about 21% by operators using Eircom's bitstream products. Approximately 7% were provided over Local Loop Unbundling with the balance being provided over a variety of infrastructures such as Fixed Wireless Access, Alternative Network Opertator fibre, cable (excluding UPC) and satellite. The major players relying on Eircom's wholesale products were Vodafone with 17% market share of all fixed broadband subscriptions and Sky with 7% market share.

9 See http://www.libertyglobal.com/pdf/press-release/UPC-Holding-Press-Release-Q2-2014-FINAL.pdf

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 2014 only one retail market was subject to regulation - the market for retail access (line rental).

A consultation in respect of retail line rental ("Market Review – Retail Access to the Public Telephone Network at a Fixed Location for Residential and Non Residential Customers ComReg 12/117) had been published in October 2012.

ComReg also consulted on two important wholesale voice markets – the markets for fixed voice origination and fixed voice transit. 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 markets as these were identifued as being potentially competitive.

In ComReg document 13/75 Leased Line Markets: Further review of Urban Centres (Decision D12/13) ComReg considered whether the list of 16 towns and cities that demarcated the boundary between regulated and unregulated business leased line markets should be expanded to a list of 21. In this decision ComReg came to the view that the list should be increased to include a further 4 towns bringing the total list to 20 towns and cities.

In the broadcasting market ComReg issued Decision D11/13 on 26 July 2013. (ComReg 13/71 Market Review Broadcasting Transmission Services in Ireland). In this decision, ComReg defined two wholesale broadcast transmission markets. These were Market A – the market for wholesale access to national terrestrial broadcast transmission services; and Market B – the market for wholesale access to DTT Multiplexing Services. ComReg imposed a number of obligations in both markets.

Pricing

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

In relation to fixed broadband ComReg kept the pricing of wholesale broadband under review. One output of this was a price reduction announced on 28 January 2014 in ComReg document 14/07. Work commenced on a review of the appropriate return regulated services should be entitled to recover and a consultation was launched in document 14/28 published on 11 April 2014. It was proposed that fixed line services sould attract a rate of return on capital employed of 8.48%, mobile services 8.66% and broadcasting 8.68%.

In respect of mobile termination, ComReg had issued a decision in December 2012 mandating inter alia a maximum rate of 1.04c per minute to be applied after 1 July 2013 by relevant mobile operators, namely Vodafone, O2, H3GI, Meteor, Tesco Mobile and Lycamobile. ComReg determined the use of a particular cost measurement methodology (known as "Pure Long Run Incremental Cost" or "Pure LRIC" and pending the development fo a suitable cost model, directed the use of a rate calculated as a benchmark against other EU countries. This decision was appealed to the High Court by Vodafone. The Court isued a judgment on 13 August 2013 and issued perfected orders on foot of the judgment on 11 October 2013. In summary the rate of 1.04 was set aside on the grounds that ComReg's use of benchmarking was ultra vires its powers. The court did not opine on the appropriateness of Pure LRIC pending the completion of the cost model. It also directed that pending the final determination of the appeal that Vodafone should charge no more than 2.6c per minute for termination. ComReg later appealed the decision to the Supreme Court.
On 11 April 2014 ComReg consulted on the appropriate cost model to implement the Pure LRIC methodology for mobile termination in document 14/29.

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.

During the period of 1 July 2013 to 30 June 2014 telecoms compliance activities included :

- Regulatory compliance
- 15 cases opened
- 25 cases closed
- Misuse of Irish numbers
- 33 Cases opened
- 41 cases closed
- Network incident reports
- 11 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, following an investigation by ComReg, an operator remedied the issue under investigation and made an administrative payment to ComReg.

Additionally, following an admission of a breach of the non-discrimination obligation one operator paid a penalty of €275,000 in lieu of High Court action.

Further details in this area can be found in ComReg Documents 14/37 and 15/24.

Competition Law

One investigation under the Competition Act was open as at 30 June 2013. This concerned an allegation that RTE/RTENL had abused its position the the market for wholesale broadcast transmission services contrary to Section 5 of the Competition Act 2002, and/or Article 102 of the Treaty on the Functioning of the European Union.

On 20 June 2014 ComReg published an information notice (Document 14/62) to the effect that it had decided to close the case on the basis that there were insufficient grounds for action with respect to each of the alleged excessive and discriminatory pricing abuses that had been alleged by TV3.

INNOVATION

ComReg is obliged by law to promote innovation and encourage investment. This is achieved through the provision of a predictable regulatory environment, the promotion of Ireland as a centre of excellence for research and innovation in radio spectrum, and through the provision and management of radio spectrum.

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.

Strategy for Managing the Radio Spectrum

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

Conclusion of release of 1800 MHz radio spectrum rights

Following a consultation period, in November 2013 ComReg finalised its award process for the release of the three of blocks of spectrum in the 1800 MHz band which remained unassigned following the Multi-Band Spectrum Award (MBSA) process of 2012. In January 2014, ComReg issued Document 14/01 on the outcome of this 1800 MHz spectrum release. As ComReg did not receive any valid applications to this particular award process the three spectrum blocks will remain unassigned until 13 July 2015.

Acquisition of O2 by Three Ireland

On 28 May 2014, the European Commission (EC) announced that it had completed its investigation into Hutchison 3G UK Holdings Limited's (Hutchison) proposed acquisition of Telefónica Ireland Limited (O2) (the "Proposed Acquisition"). The EC decided to conditionally approve the Proposed Acquisition on the basis of commitments put forward by Hutchison in response to the competition concerns identified by the EC. ComReg's position on the matter is set out in its Information Note ComReg 14/53.

Launch of spectrum trading to enable transfers of individual rights of use to spectrum

In January 2014 ComReg finalised its framework for the transfer of rights of use of spectrum in the bands designated by Decision No. 243/2012/EU of the European Parliament and of the Council of 14 March 2012 establishing a multiannual Radio Spectrum Policy Programme (the "RSPP").

The "RSPP bands" are the radio frequency bands set out in Article 6.8 of the RSPP Decision, being: 790-862 MHz, 880-915MHz, 925-960MHz, 1710-1785MHz, 1805-1880MHz, 1900-1980MHz, 2010-2025MHz, 2110-2170MHz, 2.5-2.69GHz and 3.4-3.8GHz.

ComReg's framework consists of:

- procedures specified by the Commission concerning how undertakings must notify their intention to transfer individual rights of use to radio frequencies to the Commission; and
- guidance on how the Commission will determine whether or not a transfer would distort competition.

To date, no transfers of rights of use of spectrum have been notified to ComReg and ComReg observes that there remain few (if any) cases such cases internationally. ComReg intends to consider the matter of leasing of individual rights of use of radio spectrum in due course.

Strategy for the UHF band (470 to 790 MHz)

In February 2014, ComReg issued a preliminary consultation on the management and future use of the UHF radio frequency band 470 to 790 MHz (Document 14/13). This band is seen as one of the key bands for a variety of advanced communication services given its good in-building penetration and wide-area coverage technical characteristics.

At the International Telecommunication Union World Radiocommunication Conference ("WRC") in 2012 ("WRC-12"), a resolution was adopted (Resolution 232) to broaden the primary allocation status associated with the upper part of the UHF band for Region 1 (Europe, Africa and the Middle East). Specifically, this resolution resolved to give a co-primary allocation to mobile services (excluding aeronautical services) in the 694-790 MHz band (the "700 MHz band"), alongside the existing primary allocation for broadcasting services, and to identify this frequency band for International Mobile Telecommunications ("IMT"). The future of the remainder of the band from 470MHz to 694MHz has also been the subject of EC studies through a consultation on the future of the UHF band.

ComReg's consultation aims to stimulate and facilitate discussion at a national level on the future use of the UHF band and ComReg will report further on the outcome of the consultation in the next reporting period.

Revision of ComReg's technical reference document for permitted Short Range Devices in Ireland

The use of radio spectrum by short range devices is an increasingly important sector of radio communications services. Among the most prevalent radio systems in Ireland are Short Range Devices ("SRDs"). SRDs occupy a range of diverse frequencies in the radio spectrum, ranging from very low frequencies (kHz), to extra high frequencies (GHz). Due to their low power and localised usage, SRDs are generally regarded as having a low capability of causing interference and are licence-exempt, subject to meeting certain technical criteria, including maximum power levels, duty cycles and reference standards.

In March 2014 ComReg Document 02/71R, which sets out the reference technical criteria for the operation of SRDs in Ireland was revised and updated to take account of the latest internationally agreed conditions within the European Conference of Postal and Telecommunications Administrators (CEPT) countries.

Radio Link channels at 13 and 15 GHz in Greater Dublin

In April 2014 ComReg issued an Information Notice (Document 14/32) advising interested parties that due to the exhaustion of all available channels within certain designated areas of Greater Dublin, that it would not be possible to make any further fixed link channel assignments in the 13 GHz and 15 GHz frequency bands. As a result ComReg suspended accepting new applications in the 13 GHz and 15 GHz Frequency Bands within this limited area.

ComReg will keep the matter of availability of channels in this limited geographic area under review and will advise of any future availability in the 13 GHz and 15 GHz Frequency Bands if or when it arises.

Liberalisation of the paired terrestrial 2GHz radio spectrum band

In June 2014 ComReg issued a call for inputs (Document 14/65) in relation to the implementation of European Commission Decision 688/2012/EU. ComReg set out its preliminary views in relation to liberalising existing rights of use in the paired terrestrial 2GHz radio band so as to enable the deployment of technologies which are compatible with Decision 688/2012.

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 licensees, including universities and research centres such as the CTVR / The Telecommunications Research Centre, telecommunication manufacturers and service providers including Intel Labs Europe, ESB, Huawei and Vodafone to name but a few.

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 2009;

ComReg processes all licence requests and ensures that licences are maintained in a manner that maximises the efficient use of available spectrum. As of 30 June 2014, the total number of live radio licences on our database was 17,336, representing a 5.5% increase over 2013. In excess of 4,300 radio licence applications were processed in the last reporting period.

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, taxi and transport companies. The growth in business radio licences continued during the year, with 336 new or amended business radio licences issued in 2013 -2014, compared to 324 in the previous 2012 – 2013 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 networks rapidly and the capability to install transmission paths as and when required.

During the reporting period, 3,226 new or amended radio link licences were issued, an increase of 20% over the previous period. This increase was driven by the roll-out of new technologies such as LTE as well as government initiatives such as the schools broadband programme.

Temporary Business Radio 2013/14

ComReg issued 285 temporary licences for various sporting and musical events throughout the year, including Giro d'Italia and Slane 2014. This represents a 15% 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.

NUMBERING

Managing The National Numbering Scheme

One of ComReg's statutory functions is to manage Ireland's telecommunications numbering scheme in accordance with National and European legislation. The ongoing availability of numbers is a key enabler for communications services. It is essential that sufficient numbering capacity is available across all number ranges for both existing and future services, thereby contributing to ComReg's core objective to promote vibrant competition in the communications sector.

Anticipating the needs of future and emerging services while monitoring the consumption of numbers by existing services are therefore important ongoing elements of ComReg's work programme. Future requirements for numbers are likely to come from innovative 'over-the-top' services, machine-to-machine communications and the convergence of fixed and mobile services – all of which will bring exciting and advanced capabilities.

Care must be taken to balance making numbers available for these emerging services with the requirement for 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.

The Evolution of Geographic Numbering

In mid-2013, ComReg engaged consultants to undertake a study mainly targeted at geographic numbers and particularly focused on Dublin (01) geographic numbers, which ComReg had considered to be moving towards medium-term exhaustion. Their joint report was published as part of a public consultation in December 2013 titled "The Evolution of Geographic Telephone Numbering in Ireland" (Documents 13/121 and 13/122). The purpose of the consultation was to better understand the impact of emerging trends on demand for geographic numbers and to identify whether the current supply of geographic numbers caters for that demand for the foreseeable future. The consultation sought to determine the impact of any new or revised numbering plan management measures aimed at achieving more efficient use of the existing supply of geographic numbers.

The responses to the consultation showed that industry mainly agreed with ComReg that it is advisable to introduce conservation measures in order avoid expensive and disruptive changes to geographic numbers, which otherwise are likely to become necessary in the near future. Eight conservation measures were identified during the consultation and ComReg is planning to take the most effective of these measures forward.

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. Some commentators are predicting that we can expect a connected universe of perhaps 50 billion connected devices globally, as soon as 2020.

ComReg consulted extensively on the merits of a new number range for M2M communications. The consultation (ComReg 13/33) revealed that while there will be a significant demand for numbers for M2M purposes, and in the main for mobile numbers, this need can likely be met from existing numbering resources, provided operators contribute to the early adoption of certain reasonable conservation measures. ComReg will however monitor the impact of M2M communications on numbering capacity and take further steps if or as required.

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	✔	✔	✔	✔

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

POSTAL REGULATION

The Communications Regulation (Postal Services) Act 2011 designated An Post as the universal 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 completed the following required tasks of the 2011 Act:

Price cap for the universal postal service

Following two rounds of public consultation, in Document No. 14/59 (D05/14), ComReg made a decision, in accordance with relevant provisions of the 2011 Act, to set a price cap for the universal postal services, provided by An Post as the Universal Service Provider (USP).

This is the first time that An Post has been subject to a price cap control. This price cap has effect for 5 years and sets an upper limit on the amount by which An Post may adjust its prices for its universal postal services, during those 5 years. The price cap decision therefore does not set actual prices but only sets an uppermost limit on the extent to which An Post may adjust its prices. The price cap control will enable An Post to manage and adjust its universal postal service prices and also make a reasonable return on the efficient provision of the universal postal service. ComReg has also set the price cap in such a manner as to provide incentives for efficient provision of the universal postal services.

How any unfair burden on the USP will be assessed and shared

Arising from the 2011 Act, where ComReg makes a determination that the net cost of a universal postal service does represent an unfair financial burden on the USP it shall apportion that net cost among providers of postal services within the scope of the universal postal service. In accordance with the 2011 Act, the assessment, apportionment, collection and distribution to the USP of such contributions shall be carried out in accordance with a "sharing mechanism", provided for in regulations made by ComReg.

Following a public consultation, in Document No. 13/116 (D15/13 & S.I. 469 of 2013), ComReg set out its decisions on:

- how ComReg will determine whether any net cost request represents an unfair financial burden on the USP;
- if ComReg should determine that the net cost of provision of a universal postal service does represent an unfair financial burden on the USP concerned, how it would apportion that net cost among providers of postal services within the scope of the universal postal service.

Complaints and redress procedures

Postal service providers are required under section 43(1) of the 2011 Act to draw up and implement a code of practice setting out procedures, standards and policies for handling complaints from postal service users, which are transparent, simple, inexpensive, and enable disputes to be settled fairly and promptly.

Following a public consultation, in Document No. 14/06, ComReg set guidelines to assist postal service providers in drawing up, implementing and publishing their Codes of Practice and in particular to facilitate compliance with section 43 of the 2011 Act.

Terms and conditions of the universal postal 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. 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.

In Document No. 14/24a, ComReg set out its Recommendations for drafting of terms and conditions of the universal postal service. The purpose of these recommendations is to provide the USP with increased clarity as to what ComReg considers should be contained within the USP's terms and conditions of the universal postal service.

ComReg will take into account these recommendations when considering the approval, amendment or modification of the Terms and Conditions pursuant to sections 24(3), 24(4) or 24(5) of the 2011 Act.

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.

As part of its remit, on 1st June 2004, following a public consultation, ComReg directed An Post 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 **www.comreg.ie**. 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).

As noted in previous Annual Reports, in February 2012, ComReg initiated legal proceedings against An Post in relation to its compliance with ComReg's direction in respect of the quality of the universal postal service. In June 2014, ComReg and An Post reached a settlement on proceedings before the High Court (Case No. 2012/45 MCA) relating to the quality of the universal postal service and those proceedings have now been struck out by consent.

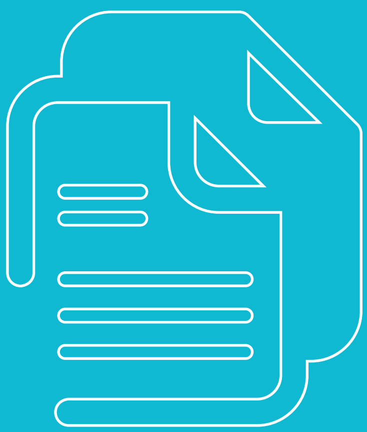
In the public Information Notice on this settlement (Document No. 14/63), it was noted that having regard to their respective roles, ComReg and An Post emphasise the importance of having a high quality universal postal service for the benefit of postal service users and the Irish economy and society as a whole.

During the year, ComReg also commissioned further research on the postal market:

Large Postal Users Survey

ComReg published its survey results on large postal users; large postal users include large senders and/or large receivers of post and account for the majority of post sent and received in Ireland.
The key findings from the Large Postal Users Survey were:

- All respondents use An Post as their primary postal provider with most aware of at least one other provider although, 40% of these postal users have used another provider in the past 12 months.
- The common experience across respondents is that there has been a slight decline in postal volumes (both sent and received) over the past two years.
- According to respondents, about 20% of their mail sent/received has been replaced by electronic means over the past two years. Respondents believe there will be a slowdown in the rate of switching to electronic means, in coming years, for mail being sent.
- 80% of respondents intend to reduce their future postal spend.
- Increases in postal charges are identified as posing problems for these postal users who, in response, are reducing mail volumes sent or are switching to electronic methods, rather than finding an alternative provider.
- The survey reveals that cost effectiveness is the key motivator for e-substitution, although speed of delivery also has appeal. Legal barriers and customer profile are the barriers to further adoption.



CORPORATE SERVICES DIVISION

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. Progress in relation to these varied aspects of the role is outlined below.

Organisational Structure

ComReg was established under the Communications Regulation Act 2002. The Commission with the Management Policy Committee MPC 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 14/17). 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 Management Policy Committee and the Commission.

Corporate Services

The Strategy Statement for the period 2012 to 2014 sets out ComReg's four high level goals, including a goal to be a highly effective and innovative organisation which is a centre of excellence 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.

AN EFFECTIVE, INNOVATIVE AND ADAPTABLE ORGANISATION

Corporate Governance

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

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

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 Oireachtas 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 re-tendered for a number of outsourced services including legal services and internal audit among others.

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 2014 over 91% of payments has been made within the requisite time period.

People Management

Our people are our most valuable asset and ComReg ensures that their potential is maximised in their interests and in the organisational interests. The challenge is to have talented staff in place with the appropriate competencies to deliver our goals and objectives, while our remit continues to grow and despite significant limitations on our ability to recruit the talent to discharge comprehensively our targeted key objectives. Demand continues for the very specialist skills of our people, and a significant number of key staff members continued to leave ComReg during the period under review.

In order to maintain and enhance our reputation as a leading source of expertise in a rapidly evolving communications sector, we continue to focus on the continuing professional development and motivation of our people. Our policies and systems are validated and recognised externally through continuous accreditations such as with Excellence through People and Engineers Ireland and with the various accountancy professional bodies. We were recognised in the Irish Institute of Training and Development (IITD) national awards at the end of 2013, and also won the Public Sector category in the Health and Safety awards. In October 2013, we won the national Engineers Ireland Continuing Professional

Development award for our external learning linkages. These accreditations and awards acknowledge the high standards of professionalism and best-practice learning and development which is core to ComReg's very high HR standards as a centre of excellence.

We continue to support individuals to acquire third and fourth level qualifications, to develop their leadership, management and professional skills, and to be exposed to leading edge thinking, including a customised accredited regulatory leadership programme that ComReg developed in conjunction with the Irish Management Institute and that is now popular with all Irish organisations with a significant regulatory remit.

The continuing success of ComReg is built on the quality and work ethos of its people, with ever increasing and expanding demands and requirements, and ComReg has continually striven to meet its requirements despite limited resources.

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 221 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 tools 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.). 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 budget system 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, anumber 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, including new roles in relation to Premium Rate Services, the revised EU Framework Directive and the Postal Directive which envisage new roles and responsibilities for National Regulatory Authorities. The moratorium on recruitment and promotions and the reduction in our Employment Control Framework during the period have meant that there were limitations to our resource availabilities that impinged 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 in 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.

The Chair and Vice Chairs of BEREC are elected annually. Since its inception, BEREC Chairs have been:

- 2010 - John Doherty, ComReg (Ireland)
- 2011 - Chris Fonteijn, OPTA (the Netherlands)
- 2012 - Georg Serentschy, RTR (Austria)
- 2013 - Leonidas Kanellos, EETT (Greece)
- 2014 - Göran Marby, PTS (Sweden)

BEREC elected its Chair for 2015, Fátima Barros, President of the Board of the Portuguese regulator (Anacom), at the 17th Plenary meeting (Budapest) in December 2013.

BEREC Work Programme[10]

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 effectively carried out. 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)[11] and European Union Agency for

10 Further information on BEREC's Annual Work Programmes and all other BEREC documents may be accessed at http://www.berec.europa.eu
11 Radio Spectrum Policy Group; http://rspg-spectrum.eu/

Network and Information Security (ENISA)[12] where that cooperation contributes to the interests of citizens and the promotion of competition.

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 17th Plenary, BEREC published a report on 'Transparency and Comparability of International Roaming Tariffs'. This report is focused on two aspects that are key issues for consumers when selecting tariffs for international roaming services: first, transparency, meaning the availability of clear information about prices and conditions for each tariff, as well as simple procedures for customers to switch between tariffs; and, second, the comparability of tariffs, i.e. the ability of customers to compare different type of tariffs offered by operators and to select the one best suited to their needs and pattern of consumption.

At the 18th Plenary meeting (Stockholm) in February 2014, BEREC discussed the cooperation between BEREC with the Euro-Mediterranean Regulators Group (EMERG) and approved for signature a Memorandum of Understanding (MoU) on cooperation between the two organisations. The meeting was preceded by a workshop with key stakeholders on the review of the Commission Recommendation on relevant markets, which took place on 26 February 2014.

At the 19th Plenary meeting (Dublin) in June 2014, BEREC approved for publication its Opinion on the Commission Recommendation on Relevant Product and Service Markets Susceptible to ex ante Regulation and a revised BEREC Common Position on geographic aspects of market analysis (definition and remedies)[13].

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 2014 there were 10 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 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 two EWGs 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 website[14].

European Commission proposals for a Connected Continent

On 11 September 2013, the European Commission published its legislative proposal for a Connected Continent[15]. Throughout 2014 BEREC has continued its own thinking on the policy issues raised by these proposals. On 17 October 2013, BEREC presented its views[16] on the European Commission's proposal and

12 European Network and Information Security Agency; http://www.enisa.europa.eu/

13 http://berec.europa.eu/eng/events/2014/53-19th-berec-plenary-meeting-in-ireland

14 http://berec.europa.eu/eng/article_7_procedures/article_7_cases/

15 https://ec.europa.eu/digital-agenda/en/news/regulation-european-parliament-and-council-laying-down-measures-concerning-european-single

16 http://berec.europa.eu/eng/document_register/

has participated fully in the continued debate on the proposals. BEREC has provided advice to the relevant European Institutions and published own-initiative analysis and commentary in the subsequent months.

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 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.

subject_matter/berec/opinions/2922-berec-views-on-the-proposal-for-a-regulation-8220laying-down-measures-to-complete-the-european-single-market-for-electronic-communications-and-to-achieve-a-connected-continent8221

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, such as:

- Implementation of Roaming Regulation
- Regulation on the measures applicable to the notification of personal data breaches
- Call for expressions of interest for the selection of the ".eu Top Level Domain Registry"
- Implementation of the single European emergency number 112.

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 2014

I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation for the year ended 30 June 2014.

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
5 June 2015

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
5 June 2015

STATEMENT ON INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 30 JUNE 2014

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. During 2014, services to a value of €2.5m were procured without recourse to a public procurement process. The majority of this related to legal services. The Commission has since tendered for legal services and has put framework agreements in place.The Commission is reviewing its procedures in relation to the remaining services.

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 2014.

Jeremy Godfrey
Chairperson
Commission for Communications Regulation
5 June 2015

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements of the Commission for Communications Regulation for the year ended 30 June 2014, 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 2014 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.

Non compliance with procurement rules

The statement on internal financial control discloses that there were a number of instances of non compliance with public procurement guidelines. It also states that the Commission has taken measures to improve its procurement function.

Seamus McCarthy
Comptroller and Auditor General
11 June 2015

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 2014, 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 2014

						Year to 30 June	Year to 30 June
		2014	2014	2014	2014	2014	2013
	Notes		Electronic Communications	Post	Premium Rate Services		
		Levy	Other	Levy	Levy	Total	Total
		€'000	€'000	€'000	€'000	€'000	€'000
INCOME							
Levy		7,413		1,500	620	9,533	9,435
Licensing Fees	1		40,851			40,851	35,205
Spectrum Income	1		24,100			24,100	495,700
Other Income	1		631			631	801
GROSS INCOME		**7,413**	**65,582**	**1,500**	**620**	**75,115**	**541,141**
Transfer (to) / from Capital Reserve	11		(668)			(668)	26
NET INCOME		**7,413**	**64,914**	**1,500**	**620**	**74,447**	**541,167**
EXPENDITURE							
Staff Costs	2	4,893	3,273	500	502	9,168	9,558
Pension Costs	16(b)	791	529	81	81	1,482	1,510
Technical Advice	3	2,706	1,120	719	185	4,730	4,651
Legal Expenses	4	251	1,690	44	67	2,052	2,492
Advertising		16	7			23	50
Administrative Expenses	5	1,020	774	83	95	1,972	1,964
Auditors' Remuneration		17	12	2	2	33	24
Premises and Related Expenses		729	572	60	94	1,455	1,443
Depreciation	6	349	251	28	45	673	737
Loss on Sale of Vehicle			5			5	
Subscriptions to International Organisations	14	636				636	639
		11,408	**8,233**	**1,517**	**1,071**	**22,229**	**23,068**
OPERATING (DEFICIT)/ SURPLUS		**(3,995)**	**56,681**	**(17)**	**(451)**	**52,218**	**518,099**

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
5 June 2015

Appropriation Account for the year ended 30 June 2014

		Year to 30 June	Year to 30 June
		2014	**2013**
		Total	Total
	Notes	€'000	€'000
OPERATING SURPLUS		**52,218**	**518,099**
Less: Appropriations			
Payable to Central Fund	12	(52,155)	(518,150)
Pension Reserve adjustment	12	(63)	51
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
5 June 2015

Statement of Total Recognised Gains and Losses for the year ended 30 June 2014

		Year to 30 June	Year to 30 June
		2014	**2013**
		Total	Total
	Notes	€'000	€'000
SURPLUS		**0**	**0**
Actual return less expected return on scheme assets	16(ciii)	2,675	1,379
Experience gains/(losses) on pension scheme liabilities	16(f)	(267)	(267)
Changes in assumptions underlying the present value of pension scheme liabilities	16(cii)	(5,010)	(2,908)
Total Recognised Gains/(Losses) in the Financial Year		**(2,602)**	**(1,796)**

Movement in Pension Reserve			
Balance at 1 July		(5,183)	(3,336)
Total Recognised Gains/(Losses) in the year		(2,602)	(1,796)
Pension Reserve adjustment	12	63	(51)
Balance at 30 June		**(7,722)**	**(5,183)**

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
5 June 2015

Balance Sheet as at 30 June 2014

		30 June	30 June
		2014	2013
	Notes	€'000	€'000
FIXED ASSETS			
Tangible Assets	6	2,250	1,582
CURRENT ASSETS			
Debtors	7	9,252	8,536
Short-Term Investments	8	91,609	119,296
Cash at Bank and in hand and Short-Term Deposits		14,181	20,362
		115,042	**148,194**
CREDITORS (Amounts falling due within one year)			
Creditors	10	(115,042)	(148,194)
NET CURRENT ASSETS		**0**	**0**
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,250**	**1,582**
NET ASSETS EXCLUDING PENSION ASSET / (LIABILITY)		**2,250**	**1,582**
Pension Asset / (Liability)	16(ci)	(7,722)	(5,183)
NET ASSETS INCLUDING PENSION ASSET / (LIABILITY)		**(5,472)**	**(3,601)**
REPRESENTED BY			
Capital Reserves	11	2,250	1,582
Pension Reserve		(7,722)	(5,183)
RESERVES INCLUDING PENSION ASSET / (LIABILITY)		**(5,472)**	**(3,601)**

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
5 June 2015

Cashflow Statement for the year ended 30 June 2014

	Notes	Year to 30 June 2014 €'000	Year to 30 June 2013 €'000
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating Surplus (before Appropriations)		52,218	518,099
Difference between pension charge and contributions		(63)	51
Adjustment for Non Cash item		-	(200)
Depreciation		673	737
Loss on Sale of Asset		5	-
Bank interest		(271)	(260)
Capital reserve transfer		668	(26)
(Increase) / Decrease in Debtors		(716)	(925)
(Decrease) / Increase in Creditors (excluding Central Fund)		(4,791)	863
NET CASH INFLOW FROM OPERATING ACTIVITIES		**47,723**	**518,339**
CASHFLOW STATEMENT			
Net cash inflow from operating activities		47,723	518,339
Return on Investments			
- Bank and other interest received		271	260
Capital expenditure		(1,376)	(711)
Receipt from Sale of Asset		30	-
Payment to Central Fund	12	(80,516)	(450,245)
Management of Liquid Resources			
- Decrease / (Increase) in Short-Term Deposits		6,225	(16,802)
- Decrease / (Increase) in Short-Term Investments		27,687	(50,940)
(DECREASE) IN CASH BALANCE	9	**44**	**(99)**

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
5 June 2015

Notes to the Financial Statements for the year ended 30 June 2014

		Year to 30 June	Year to 30 June
		2014	**2013**
		Total	Total
		€'000	€'000
1.	**Non Levy Income**		
	Electronic Communications Licensing Fee		
	2G & 3G Radio Licensing Fees	10,717	16,549
	Liberalised Use Licensing Fees	16,703	5,560
	Other Radio Licensing Fees	13,303	12,963
	MMDS & Deflector Licensing	128	133
		40,851	**35,205**
	Electronic Communications Spectrum Income		
	3G Spectrum Income	24,100	21,500
	Liberalised Use Spectrum Income	-	474,200
		24,100	**495,700**

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). ComReg has made a provision of €2.1m in respect of further amounts which may become payable.

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 €16.70m was recorded as income in 2014.

	Other Income		
	Bank Interest	271	260
	Sundry*	360	541
		631	**801**

* Sundry Non Levy Income includes:

(a) 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.

(b) A payment of €80,000 in 2014 (2013: €525,000) 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 2012/2013 (2013: 2011/2012).

Notes to the Financial Statements for the year ended 30 June 2014

						Year to 30 June	Year to 30 June
						2014	**2013**
		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 #	4,464	2,986	456	458	8,364	8,720
	Social Welfare Costs	429	287	44	44	804	838
		4,893	**3,273**	**500**	**502**	**9,168**	**9,558**
	The average number of staff employed by the Commission during the year, analysed by category, was as follows:	59	42	5	7	113	116

#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, €698,000 (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.

Details of the remuneration of Commissioners are shown below.

	Salary	Other Remuneration	Total
	€'000	€'000	€'000
Kevin O' Brien – Chairperson*	155		155
Gerry Fahy - Commissioner	123	1	124
Jeremy Godfrey – Commissioner**	123	1	124

*Chairperson in year ended 30 June 2014
**Chairperson from 1 March 2015

Gerry Fahy and Jeremy Godfrey joined on 2 September 2013. 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.

Notes to the Financial Statements for the year ended 30 June 2014

		30 June	30 June
		2014	**2013**
		€'000	€'000
3.	**Technical Advice**		
	Professional & Technical Advice	3,271	3,187
	Contact Management	652	624
	Market Research	99	154
	Quality of Service Monitoring	363	381
	Staff Training and Professional Development	345	305
		4,730	**4,651**
4.	**Legal Expenses**	**2,052**	**2,492**
	In 2013 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	560	540
	Subscriptions to Databases/Research Reports	403	332
	Travel and Subsistence	270	263
	Conferences/Meetings	223	199
	Postal and Telecommunications	135	147
	Stationery	83	85
	Publishing and Promotion	41	92
	Recruitment	0	55
	Light, Heat and Cleaning	77	66
	Insurance	27	27
	Other Administrative Costs	153	158
		1,972	**1,964**

Notes to the Financial Statements for the year ended 30 June 2014

	30 June	30 June
	2014	**2013**
	€'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 2013	1,482	4,014	2,632	164	8,292
	Additions	625	673	36	42	1,376
	Disposals	-	-	-	(45)	(45)
	At 30 June 2014	**2,107**	**4,687**	**2,668**	**161**	**9,623**
	Accumulated Depreciation					
	At 30 June 2013	802	3,466	2,389	53	6,710
	Disposals	-	-	-	(10)	(10)
	Charge for period	189	350	114	20	673
	At 30 June 2014	**991**	**3,816**	**2,503**	**63**	**7,373**
	Net Book Value					
	30 June 2014	**1,116**	**871**	**165**	**98**	**2,250**
	30 June 2013	**680**	**548**	**243**	**111**	**1,582**

7.	Debtors		
	Due within one year:		
	Electronic Communications administration levy	840	77
	Postal administration levy	37	35
	Radio Licence Income	7,400	7,329
	Accrued Income	104	117
	Pre-payments & Recoverable expenses	871	978
		9,252	**8,536**

8.	Short Term Investments		
	Short Term Investments	**91,609**	**119,296**
	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).		

Notes to the Financial Statements for the year ended 30 June 2014

		30 June	30 June
		2014	**2013**
		€'000	€'000
9.	**Reconciliation of Net Cashflow to Movement in Net Funds**		
	Increase / (Decrease) in cash in the period	44	(99)
	(Decrease) / Increase in Short-Term Deposits	(6,225)	16,802
	(Decrease) / Increase in Short Term Investments	(27,687)	50,940
	Change in Net Funds	**(33,868)**	**67,643**
	Opening Net Funds	139,658	72,015
	Closing Net Funds	**105,790**	**139,658**
10.	**Creditors**		
	Amounts falling due within one year		
	Trade Creditors	1,200	1,218
	Other Creditors	11,551	17,736
	Value-added tax	95	118
	Accruals	1,512	1,003
	Deferred income (see analysis below)	29,424	28,465
	Payroll	695	728
	Payable to Central Fund (see Note 12)	70.565	98,926
		115,042	**148,194**
	ComReg holds Cash Deposits in the sum of €9.3m (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	28,611	28,110
	Other	813	355
		29,424	**28,465**
	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	**1,582**	**1,608**
	Transfer (to) / from Income and Expenditure Account:		
	Additions to fixed assets	1,376	711
	Amortisation in line with fixed asset depreciation	(673)	(737)
	Amount released on disposal of Fixed Assets	(35)	-
	Net Amount to Income and Expenditure Account	**668**	**(26)**
	Closing Balance	**2,250**	**1,582**

Notes to the Financial Statements for the year ended 30 June 2014

	30 June	30 June
	2014	**2013**
	€'000	€'000

12. APPROPRIATION OF SURPLUS

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. While interim payments were made during 2014, 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 2013 and 2014.

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.

	Gross Amount Due	Pension Adjustment(b)	Net Amount Due
	€'000	€'000	€'000
Balance due to Exchequer at 30 June 2013	103,286	(4,360)	98,926
Surplus for 2014	52,218		52,218
Paid in 2014	(80,516)		(80,516)
Pension reserve adjustment(a)	(63)		(63)
Pension Fund Payment Recovery	(320)	320	0
Balance at 30 June 2014	**74,605**	**(4,040)**	**70,565**

a) The pension reserve adjustment represents the difference between the pension amount charged to the Income and Expenditure Account in 2014 of €1,482,000 and the employer contributions in the period of €1,545,000.

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.

13. PREMISES AND ACCOMMODATION

The Commission occupies premises at Abbey Court, Irish Life Mall, Lower Abbey Street, Dublin 1. The premises are rented from the Office of Public Works at an annual rent of €900,000 per annum.

14. MEMBERSHIP OF INTERNATIONAL TELECOMMUNICATIONS ORGANISATIONS

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 €636,000 for that purpose.

15. COMMISSIONERS, STAFF AND ADVISORS/CONSULTANTS – DISCLOSURE OF INTERESTS

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

Notes to the Financial Statements for the year ended 30 June 2014

	30 June	30 June
	2014	**2013**
	€'000	€'000

16.	PENSIONS		
a)	**Description of Scheme**		
	The Commission for Communications Regulation is a national regulatory authority established under the Communications Regulation Act, 2002. Sections 26 and 27 of the Act 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. A funded defined-benefit scheme is being operated for the Commissioners and employees of the Commission. For the purposes of reporting in accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), an update of the actuarial review was completed as at 30 June 2014.		

b)	**Pension Costs**		
	Current service cost	1,894	1,778
	Interest cost	1,413	1,361
	Expected return on Scheme Assets	(1,431)	(1,247)
	Past service cost		
	Less: Employees' Contributions	(394)	(382)
	Total	**1,482**	**1,510**

ci)	**Net Pension Liability**		
	Made up of:		
	Fair value of Scheme Assets	35,758	30,566
	Present Value of Funded Obligations	(43,480)	(35,749)
	Net (Liability) / Asset	**(7,722)**	**(5,183)**
cii)	**Present Value of Scheme Obligations at beginning of year**	**35,749**	**29,622**
	Current Service Cost	1,894	1,778
	Interest Cost	1,413	1,361
	Actuarial Loss	5,277	3,175
	Benefits Paid	(815)	(144)
	Premiums Paid	(38)	(43)
	Present Value of Scheme Obligations at end of year	**43,480**	**35,749**
ciii)	**Change in Scheme Assets**		
	Fair Value of Scheme Assets at beginning of year	**30,566**	**26,286**
	Expected return on Scheme Assets	1,431	1,247
	Actuarial Gain/(Loss)	2,675	1,379
	Employer Contributions	1,545	1,459

		30 June	30 June
		2014	2013
		€'000	€'000
16.	**PENSIONS (Continued)**		
ciii)	**Change in Scheme Assets (Continued)**		
	Members' Contributions	394	382
	Transfers in for prior service	-	-
	Benefits paid from Scheme	(815)	(144)
	Premiums paid	(38)	(43)
	Fair Value of Scheme Assets at end of year	**35,758**	**30,566**
	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	53.4%	54.4%
	Bonds	45.4%	43.8%
	Property	1.1%	1.1%
	Other	0.1%	0.7%
		100.0%	100.0%
	Actual return less expected return on scheme assets		
	Actual Return	4,106	2,626
	Less: Expected Return	(1,431)	(1,247)
		2,675	**1,379**
	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 4.59% assumption as at 30 June 2014 and 4.60% assumption as at 30 June 2013. Asset returns provided are net of the pension levy.		
	Weighted average assumptions used to determine benefit obligations		
	Discount Rate	3.20%	3.80%
	Rate of compensation increase	3.50%	3.50%
	Weighted average assumptions used to determine pension expense		
	Discount Rate	3.80%	4.35%
	Expected long-term return on scheme assets	4.60%	4.60%

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

Notes to the Financial Statements for the year ended 30 June 2014

16.	PENSIONS (continued)		
e)	**Financial & Demographic Assumptions (Continued)**		
	The Demographic Assumptions used were as follows		
		2014	**2013**
	Mortality Pre-Retirement*	108% of PNM/FL00-1	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	30 June	30 June	30 June	30 June
		2014	**2013**	**2012**	**2011**	**2010**
		€'000	€'000	€'000	€'000	€'000
f)	**History of defined benefit obligations, assets and experience gains and losses**					
	Defined benefit obligations	43,480	35,749	29,622	18,871	19,864
	Fair value of Scheme Assets	(35,758)	(30,566)	(26,286)	(23,776)	(19,799)
	Deficit / (Surplus) for funded Scheme	7,722	5,183	3,336	4,905	65
	Experience Adjustment on Scheme Assets	2,675	1,379	(602)	280	1,783
	percentage of scheme assets	7.5%	4.5%	(2.3%)	1.2%	9.0%
	Experience gains / (losses) on Scheme Liabilities					
	amount	(267)	(267)	397	388	3,070
	percentage of Scheme Liabilities	(0.6%)	(0.8%)	1.3%	2.1%	15.5%

g) Prior Pensionable Service

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.

For service transferred by members prior to 30 June 2014, the total value of such payments received in the year to 30 June 2014 was Nil.

Payments in respect of transferred in service (when received) are shown as a separate item in the Statement of Total Recognised Gains and Losses.

h) Funding of Pensions

The Commission expects to contribute €1.9m to its pension scheme in 2015.

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 €596,000 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 2014.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Jeremy Godfrey, Chairperson, for the Commission for Communications Regulation, on the 5th June 2015.

**Commission for
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