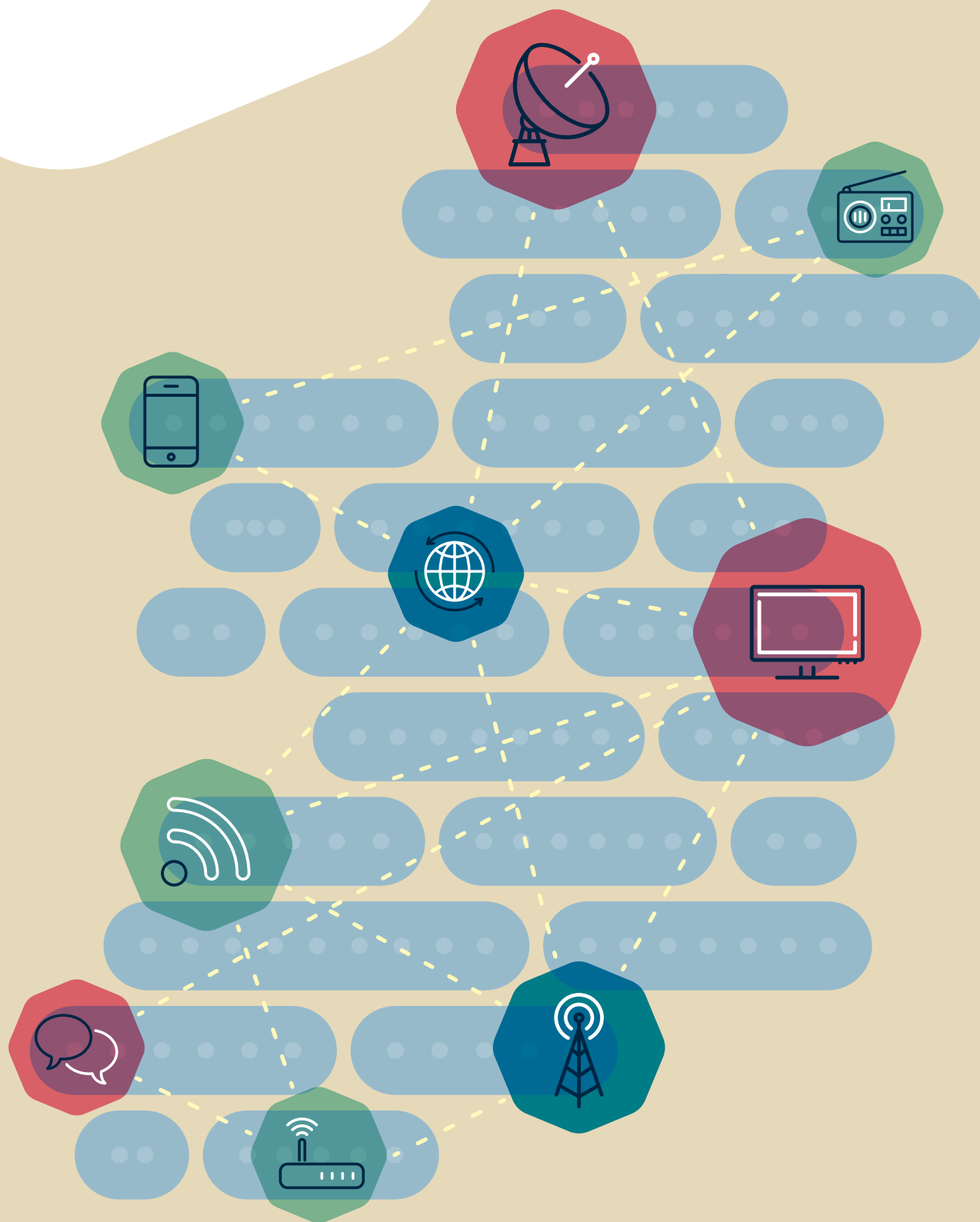




Commission for
Communications Regulation

ANNUAL REPORT

2015 – 2016



Commission for Communications Regulation
ANNUAL REPORT FOR THE PERIOD
JULY 1, 2015 – JUNE 30, 2016

Strategy at a Glance

COMREG'S MISSION

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

COMREG'S VALUES

Integrity
Impartiality
Effectiveness
Excellence
Transparency

PROTECT AND EMPOWER CONSUMERS



KEY CHALLENGES for 2014-16

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

OUR PRIORITIES for 2014-16

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

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

Continue to protect consumers' interests in their engagement with PRS

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

Optimise consumers' experience in respect of contracts and switching

Drive service providers to uphold consumer rights and deliver customer service

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

Maximise the effectiveness of ComReg's consumer information and communication



BE AN EFFECTIVE AND
AGILE ORGANISATION

KEY
CHALLENGES
for 2014-16

OUR
PRIORITIES
for 2014-16

Responding quickly to major policy and market changes within resourcing constraints

PROMOTE SUSTAINABLE COMPETITION



KEY CHALLENGES for 2014-16

OUR PRIORITIES for 2014-16

Maintaining the trend of increasing retail competition

Enabling infrastructure-based competition using different generations of technology

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

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

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

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

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

Work to ensure mobile markets are free of competitive distortions

FACILITATE INNOVATION, INVESTMENT & THE INTERNAL MARKET



KEY CHALLENGES for 2014-16

OUR PRIORITIES for 2014-16

Enabling continued investment in high-speed broadband

Making spectrum available to meet the various needs of society

Encourage commercial NGA roll out to the greatest extent possible

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

Release additional spectrum for wireless broadband

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

Develop our people through enhancing skills and knowledge

Enable timely and robust regulatory processes and decision-making

Improve the effectiveness and efficiency of ComReg's business processes

Inform the evolution of the national and international regulatory environment

Facilitate engagement to ensure stakeholders understand what we do

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COMMISSIONERS



Gerry Fahy
Commissioner



Jeremy Godfrey
Chairperson



Kevin O'Brien
Commissioner

LEADERSHIP TEAM



John Evans
Senior Advisor
Economics, Policy and Research



Caroline Dee-Brown
General Counsel



Barbara Delaney
Director, Retail and Consumer
Services Division



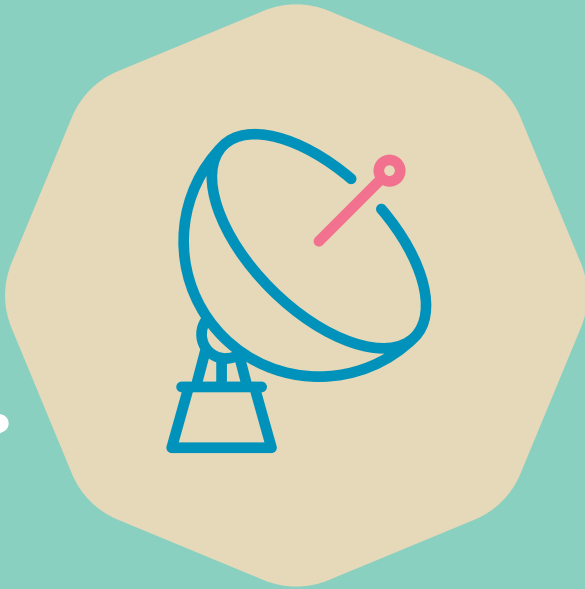
Donal Leavy
Director
Wholesale Division



George Merrigan
Director
Market Framework Division



Joe Heavey
Director
Corporate Services Division



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 (Chairperson) and Kevin O'Brien.

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

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

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 2015 to 30 June 2016.



COMMUNICATIONS OVERVIEW

Number of operators

Under the authorisation process, operators notify ComReg of their intention to provide networks or services to third parties. By June 2016, 570 such notifications were registered of which 559 were fixed/wireless broadcasting i.e. radio stations and 11 were mobile.

Fixed Line market share

Based on operator data submitted via the Quarterly Report questionnaire, Other Authorised Operators (OAOs) accounted for 50.7% of the total fixed line market in terms of overall (retail and wholesale) revenue by June 2016, up from 50.1% in June 2015. Eircom accounted for the remaining share of the market

Fixed CPS, WLR and WLA

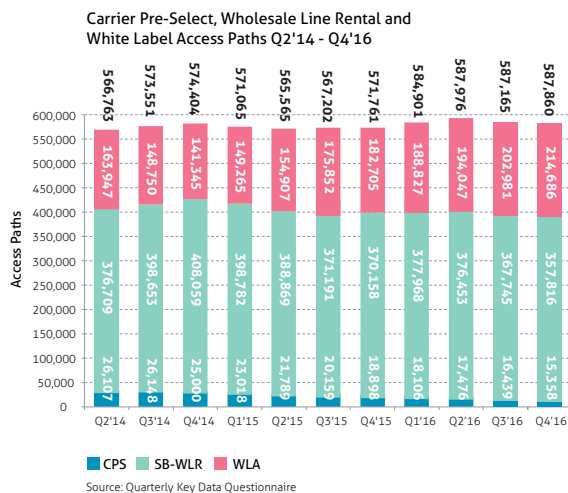
Indirect access to fixed line networks for call services can be provided through Carrier Pre-Selection (CPS), where the call services are provided by an operator using the incumbent operator's network, with the customer paying line rental to the incumbent.

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 2016, WLR accounted for 64.0% of all lines provided via indirect access, (down from 68.7% at the end of June 2015), WLA accounted for 33.0% (up from 27.4% in June 2015) and CPS accounted for 3.0% of lines (down from 3.9% in June 2015). In total there were 587,976 indirect access paths at the end of Q2 2016, up by 4.0% since June 2015.

Figure 1: Narrowband Indirect Access Paths



Fixed telecom access paths and fixed voice traffic

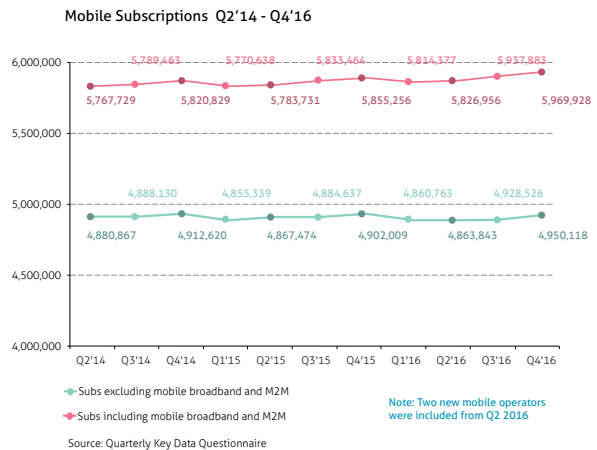
There were 1.49 million direct and indirect Public Switched Telephone Network (PSTN) and Integrated Switched Digital Networks (ISDN) access paths in the Irish market in as of June 2016, a decline of 2.9% since June 2015. Indirect access using WLR or CPS accounts for 39.6% of all access paths in the fixed copper market.

Voice traffic originating on fixed networks continued to decline. In Q2 2016 the average residential subscriber originated 126 minutes of fixed voice calls compared to 142 minutes in June 2015.

Mobile communications services

At the end of June 2016 there were over 5.83 million subscriptions to mobile communications services in Ireland, which equates to a penetration rate of 124.6%

Figure 2: Mobile Subscriptions



Due partly to the increasing use by consumers of instant messaging services, the volume of text messaging decreased by 16.6% in Q2 2016 compared to Q2 2015. In the three months to June 2016, the average Irish mobile subscriber sent an average of 97 messages per month, compared with an average of 117 per month in the quarter to June 2015.

Average monthly voice call minutes per mobile subscriber in Ireland increased from 212 minutes per month in June 2015 to 216 minutes per month in June 2016. Average monthly traffic per mobile subscriber using voice and data services reached 3.0GB in June 2016 compared to 1.8GB in June 2015.

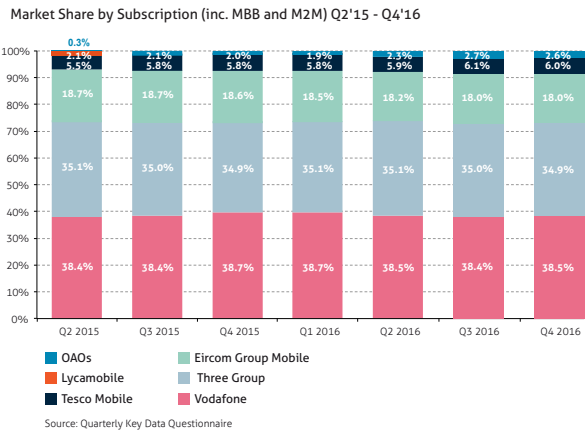
In June 2016 Average Revenue Per User (ARPU) was approximately €24.51 per month compared to approximately €24.75 in the same period in 2015 and €24.98 per month in June 2014. This decline in ARPU is a reflection of a number of factors such as those attributable to increased sales of bundled products (combining mobile with fixed calls and sometimes broadband and/or TV) and reductions in roaming and mobile termination rates among other factors.

There were 373,559 mobile numbers ported between operators in the twelve months to June 2016, which equates to, on average, 31,130 mobile numbers ported every month.

Vodafone retains the largest share of subscriptions (including mobile broadband and machine to machine subscriptions) and comparing Q2 2015 to Q2 2016, Vodafone slightly increased market share from 38.4% to 38.5%. At the end of Q2 2016, Three Group had 35.1% of subscribers, the same as in Q2 2015.

Eircom’s (trading as eir) Mobile market share decreased by 0.5% since Q2 2015. Tesco Mobile’s market share increased by 0.4% while other operators’ (including Lycamobile) market shares decreased by 0.1% since Q2 2015.

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

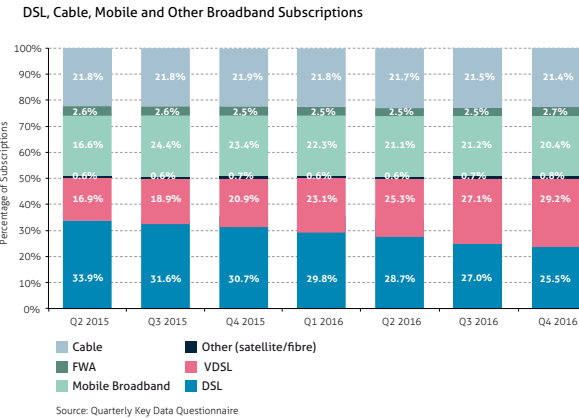


Broadband

By the end of June 2016, there were 1,683,552 broadband subscriptions. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions at 484,659, followed by 427,640 VDSL subscriptions, 366,561 cable subscriptions, Fixed Wireless Access (FWA) Broadband at 41,880 and Other Broadband at 10,206. The number of mobile broadband subscriptions was 352,606 at the end of June 2016.

In Q2 2016 cable broadband subscriptions accounted for 21.8%, DSL 28.8%, VDSL 25.4%, FWA 2.5%, other 0.6% (satellite & fibre) and mobile broadband 20.9% of all broadband subscriptions. Since Q2 2015, the number of VDSL subscriptions have increased, in contrast to a fall in cable, FWA, DSL, other, and mobile broadband subscriptions.

Figure 4: Profile of Active Broadband Subscriptions by Type



In addition to broadband subscriptions, there are an estimated 2,976 WiFi hotspots in Ireland providing nomadic broadband access nationwide, particularly to laptop and smartphone users. This figure decreased by 12.3% comparing Q2 2015 to Q2 2016.

Figure 5: Broadband Subscriptions and Growth

Subscription Type	Q2'16 Subs	Quarterly Growth Q1'16 – Q2'16	Year-on-Year Growth Q2'15 – Q2'16
DSL Broadband ¹	484,659	-4.1%	-15.5%
VDSL Broadband ²	427,640	+8.9%	+52.2%
Cable Broadband	366,561	-1.1%	-1.0%
FWA Broadband	41,880	-0.5%	-9.0%
Other Broadband ³	10,206	+1.2%	-2.5%
Total Fixed broadband	1,330,946	+0.7%	+3.9%
Mobile Broadband	352,606	-10.2%	-14.5%
Total Broadband	1,683,552	-1.8%	-0.6%

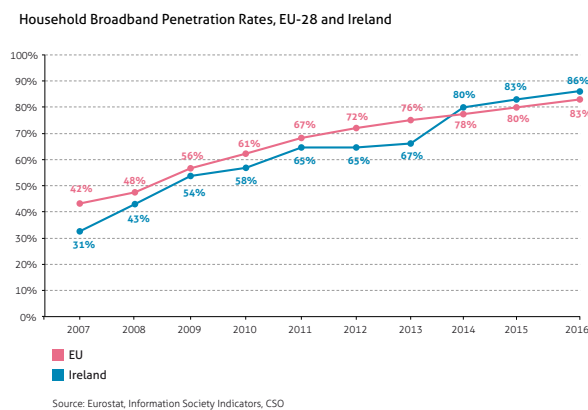
1 DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

2 VDSL refers to very-high-bit-rate digital subscriber line.

3 Other Broadband includes fibre and satellite broadband subscriptions.

Figure 6 illustrates Ireland's position compared to the EU28 average in terms of fixed and mobile broadband household penetration. Ireland (83%) was above the EU28 average (80%) for household broadband (fixed and mobile) penetration in 2015.

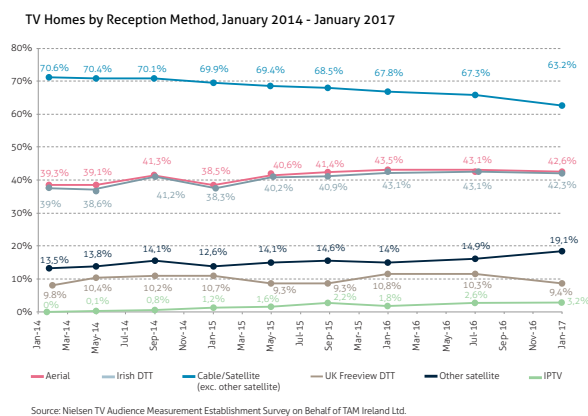
Figure 6: European household broadband penetration comparison, 2015



Broadcasting

By July 2016, of 1.57 million TV households in Ireland, 67% had a subscription cable or satellite service, 43% had an aerial service, 43% had Irish DTT service and 15% had a free to air satellite service. Reception by other/local supplier (deflector/relay services), and IPTV methods is relatively low.

Figure 7: Television Homes by Reception Method

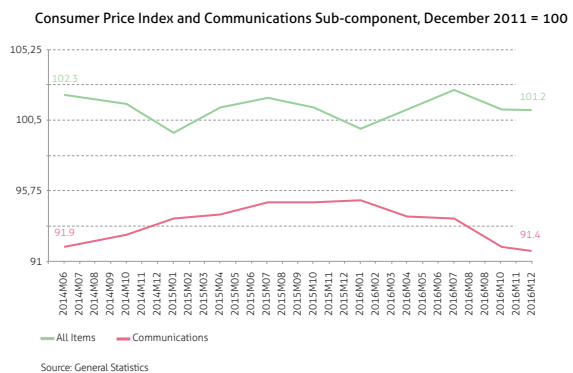


Price developments

In overall terms, figure 8 shows the change in the Consumer Price Index (CPI) and the communications sub-component. The CSO weights communications as 3.03% of the total CPI.

Using December 2011 as the base period, total CPI increased by 0.4% in the year to June 2016 while communications costs decreased by 1.2%.

Figure 8: Central Statistics Office Consumer Price Index



CHAIRPERSON'S REVIEW



During the period under review the Irish electronic communications market grew as communications companies continued to invest and respond to ever-changing consumer demand. Private investment in the electronic communications sector increased during the period. Since 2009 total investment in the sector has exceeded €3.2 Billion. High-speed networks have been rolled out and 4G mobile phone services have become more widely available.

It is ComReg's aim to see that Ireland's communications sector provides consumers and businesses with widespread access to affordable and high-quality communications services that support the social and economic needs of the population. Our challenge is to ensure that advanced and high-speed

electronic communication services and products are available to all of our citizens regardless of where they live or work.



Broadband Market Developments

During the period under review more consumers and businesses continued to benefit from faster broadband speeds. By the end of June 2016, there were 1,683,552 broadband subscribers. Digital Subscriber Lines (DSL) still account for the bulk of these subscriptions at 484,659, followed by 427,640 VDSL subscriptions and 366,561 cable subscriptions, while the number of mobile broadband subscribers was 352,606 at the end of June 2016.

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Mobile Market developments

At the end of June 2016 there were over 5.83 million subscriptions to mobile communications services in Ireland, which equates to a penetration rate of 124.6%

Due partly to the increasing use by consumers of instant messaging services, the volume of text messaging decreased by 16.6% in Q2 2016 compared to Q2 2015. In the three months to June 2016, the average Irish mobile subscriber sent an average of 97 messages per month, compared with an average of 117 per month in the quarter to June 2015.

Average monthly voice call minutes per mobile subscriber in Ireland increased from 212 minutes per month in June 2015 to 216 minutes per month in June 2016. Average monthly traffic per mobile subscriber using voice and data services reached 3.0GB in June 2016 compared to 1.8GB in June 2015, as demand for greater data capacity continued to increase.

In Q2 2016 Average Revenue Per User (ARPU) was approximately €24.51 per month compared to approximately €24.75 in Q2 2015 and €24.98 per month in Q2 2014. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to increased sales of bundled products (combining mobile with fixed calls and sometimes broadband and/or TV) and reductions in roaming and mobile termination rates among other factors.

Competition

In the year under review there was strong competition between providers of services with the market share of alternative operators continuing to increase. ComReg made decisions relating to the pricing of a range of Eircom's wholesale access products, mobile termination rates and the analysis of wholesale fixed call origination and transit markets as part of its work in regulating wholesale markets.

Consumer

ComReg has a statutory obligation to uphold the rights of consumers of communications services. We do this by actively monitoring compliance with obligations and taking appropriate action when we find non-compliance.

ComReg aims to provide a high-quality complaints handling service to consumers. Consumers may contact ComReg through the following channels – telephone, email, online complaints form, letter and web chat. In addition, consumers also have the option to send an SMS text in order 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 82% of all consumer calls to the consumer line were answered within 20 seconds. During the period under review ComReg commenced publishing quarterly statistics in respect of issues raised by consumers who contacted ComReg's Consumer Line.

Postal

During the period ComReg conducted a review of the losses incurred by the An Post in providing international inbound universal postal service and it also consulted on a proposed new Accounting Direction.

International

ComReg is an active member of the Body of European Regulators for Electronic Communications (BEREC) and during the period under review ComReg participated in three BEREC working groups.

Jeremy Godfrey
Chairperson



RETAIL AND CONSUMER SERVICES

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

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

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

Informing, Empowering and Protecting Consumers

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

Throughout 2015/16 ComReg continued to ensure that consumers were aware of relevant new developments and services by enhancing the independent information on its websites.

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. In this reporting period ComReg undertook a tender process to introduce a new price comparison tool that encompasses the following:

- The triple and quad play bundles in the market.
- Transparency with respect to the cost of terminal equipment (handsets), in particular, upfront costs when entering into a contract for a communications service.
- More accurate estimation of usage for example by offering the ability to download an app on your smartphone and/or upload a bill.

Outreach Programme

To promote awareness of the consumer services provided by ComReg, the role of its Consumer Care team and how it can be of assistance to consumers of communications, our Retail and Consumer Services division maintained its "Outreach" programme advertising in targeted publications such as the Senior Times Magazine. We also distributed consumer guides through Active Retirement Ireland and a network of GP surgeries, health centres and hospitals nationwide.

ComReg Forum / Workshop for People with Disabilities

In December 2015, ComReg held its final meeting with the Forum on Electronic Communications Services for People with Disabilities. This was following a meeting with Disability Representatives Groups (DSGs) and Service Providers to gather their respective views on how the Disability Forum was operating. The Forum had been very successful in fulfilling the purpose for

which it was set up, (which was before Regulation 17 (equivalence in access and choice) of the Universal Service Regulations came into effect).

ComReg developed a new "Forum" in 2016 which is a structured, topic based event programme. The composition of attendees at each Forum event is compiled to ensure that those in attendance (from service providers and bodies representing people with disabilities) can contribute both experience and best practice and have responsibility in respect of the topic in focus. The first meeting of the new Forum was held in Q2 2016 and the theme was "Accessible Complaints Procedures". Further meetings are scheduled in 2016/2017.

In 2015/16 ComReg published two Decisions to assist in ensuring that there is equivalence in access and choice for disabled end-users Electronic that resulted in the following Decisions:

- In September 2015, ComReg document number 15/98 Decision reference D06/15 was published, effective 1 January 2016, This Decision obliges every Service Provider, to maintain and provide an accessibility statement that contains information about accessible products and services, accessible contact methods and approach and policy with respect to providing services and information to disabled end-users.
- In December 2015, ComReg document 15/143 Decision reference D09/15 was published. This Decision obliges every service provider with more than 100,000 telephone subscribers (over 90% of landline providers and more than 95% of mobile providers) to provide access to an enhanced Text Relay Service (TRS), effective 2017. The service is a technology-neutral service available for use with the following devices: Minicom, fixed-line, mobile, personal computer, tablet, or other equivalent electronic device.

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, email, online complaints form, letter and web chat. In addition, consumers also have the option to send an SMS text with the words ComReg or AskComReg to 51500 to receive a call back or SMS⁴ 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 82% of all consumer calls to the consumer line were answered within 20 seconds.

In Q3 2015 ComReg commenced publishing quarterly statistics in respect of issues raised by consumers who contacted ComReg's Consumer Line. The information notices published during the period are ComReg document numbers 15/122, 16/08 and 16/38. Each quarterly publication sets out details of issues raised by consumers to ComReg in respect of premium rate services and electronic communication services and further splits the issues by topic area, listing those ECS Service Providers who had in excess of 100 issues logged by their customers with ComReg's Consumer Line during the quarter.

During the period July 2015 to June 2016 there were approximately 23,766 issues about which consumers contacted us. These issues are split between Electronic Communications Service (ECS) issues, Premium Rate Service (PRS) issues and all other issue types. 18,194 of the total issues raised were in relation to electronic communications consumer issues. 30% of ECS issues raised with ComReg in the period were complaints.

The majority of consumer issues raised in respect of ComReg's remit are in relation to Billing, Disputed Charges (including data), Service Issues - with Loss of Service and Mobile Coverage contributing to 53% of

all service issues raised – and Contractual Issues such as Misleading Sales Practices and a varied number of Contractual subcategories.

Business Consumers

1,178 of the total issues were issues raised by business consumers and were mainly related to loss of service, billing, disputed charges, contractual issues and switching and number portability.

Premium Rate Service Issues

5,423 of the total issues relate to PRS, the majority of which relate to situations where the end user denies that they have engaged with the PRS or they say that they have no recollection of engaging with the PRS. During this period, 169 PRS issues were escalated by ComReg to PRS Service Providers as complaints on behalf of consumers.

Contractual Issues

In October 2015, ComReg issued a Notification of Non Compliance to Vodafone. This notified Vodafone of a finding that, in relation to the General Terms and Conditions of the Vodafone Mobile Telecommunications Service, Vodafone had not complied with its obligations as set out in Regulations 14 (1), 14 (2) and 14 (4) of the Universal Service Regulations. The notification related, in particular, to Vodafone's practice of distinguishing between "core" and "on-demand" contract terms.

In April 2016, ComReg initiated criminal prosecutions against Meteor⁵ in relation to the removal of discounts from Meteor customers and attendant contract changes that were imposed by Meteor without informing the customers affected by those changes. The cases were brought under Regulation 14 (4) of the Universal Service Regulations. ComReg will continue to monitor the consumer complaints it receives and will continue to investigate matters arising in respect of Regulation 14 of the Universal Service Regulations and other relevant regulatory obligations, howsoever imposed.

4 Short Messaging Service

5 www.comreg.ie/publication/district-court-prosecutions-update

Billing

In July 2015, ComReg initiated criminal prosecutions⁶ against Eircom, Vodafone and Three in relation to breaches of Section 45 of the Communications Regulation Act.

Sections 45(a), (b) and (c) of the Act recognises three categories of overcharging offences:

(a) imposing or purporting to impose a charge for supplying a product or service that exceeds the amount for that product or service specified in the undertaking's published tariffs or exceeds the amount published in a written statement previously made or given to the consumer by the undertaking for that supply;

(b) imposing or purporting to impose a charge for an electronic communications service or product to a consumer that was not requested by the consumer; and

(c) imposing or purporting to impose a charge for an electronic communications service or product to a consumer that was requested by a consumer but not supplied by the undertaking.

In all of these cases, the customers' issues were not resolved by the service provider until the customer contacted ComReg, at which point appropriate refunds were applied.

In December 2015, ComReg brought prosecutions⁷ under the same provisions against Virgin Media and Meteor.

Premium Rate Services

ComReg issued a Code of Practice⁸ ("the Code") on 5 April 2012, which came into effect on 25 July 2012.⁹

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.

ComReg's website also provides a "number checker" service which allows consumers to check the origin of a five-digit short code (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.

Premium Rate Services enforcement

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

⁶ www.comreg.ie/publication-download/district-court-cases-update-27-july-2015

⁷ www.comreg.ie/publication-download/district-court-prosecutions-update-14-december-2015

⁸ ComReg14/45

⁹ Following consultation, in April 2014, ComReg made final decisions to be incorporated into the updated Code of Practice for PRS providers. ComReg believes that the updated Code

provides greater protection for end users in their dealings with PRS through the provision of clear information, in particular transparency of tariffs and material conditions and enhanced certainty in the purchase process.

In August 2015, ComReg issued a notification of a finding of Non-compliance to Blackdog Communications. Blackdog's PRS that were the subject of ComReg's investigation are "live chat". In accordance with the National Numbering Conventions v7.0, the 1599 premium rate number range is reserved to provide PRS of an adult nature. The PRS on the 1599 premium rate numbers are charged €3.05 per minute. ComReg's investigation found that the age verification process, which is required to ensure that only adults can access the PRS operated on the 1599 premium rate number range, was periodically not available due to an incorrect technical set up by Blackdog.

In September 2015, ComReg concluded its investigation into Eircom's eircom.net Customer Care PRS on the 1530 277 100 premium rate number charged at €0.34 per minute. ComReg found that Eircom had operated its PRS without holding the relevant licence and had therefore committed an offence contrary to Section 12 of the Communications Regulation (Premium Rate Services and Electronic Communications Infrastructure) Act, 2010. ComReg also found that end users did not receive any pricing information on connection and, as such, ComReg issued a notification of a finding of non-compliance to Eircom.

In October 2015, ComReg concluded its investigation into Mobilenobo's PRS which was a subscription service charged at €12 per week and whereby end users were primarily offered the chance to win various different prizes, such as an iPad or an iPhone. ComReg had previously found that there has been misuse of the premium rate short code number, 57495, by Mobilenobo¹⁰. Following the investigation, ComReg found that Mobilenobo's PRS was not compliant with certain requirements, specifically relating to charging for a service that was not supplied to end users, sending unsolicited and misleading text messages to end users, not providing the terms and conditions of the service to end users following subscription, failing

to provide customer care to its subscribers and failing to provide information to ComReg.

In April 2016, ComReg issued a notification of a finding of non-compliance to Worldwide Digital Media Ltd (WDM). The PRS subject to ComReg's investigation were "live chat". The 1599 premium rate number range is reserved to provide PRS of an adult nature. PRS on the 1599 premium rate numbers are charged at €3.05 per minute. ComReg found that the age verification process, which is required to ensure that only adults can access PRS on the 1599 premium rate numbers, was not provided by WDM.

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 Climate Action and Environment in the original 2009 contract with the service provider. In January 2016, ComReg determined, following the review of the costs incurred by the ECAS provider to maintain the maximum CHF of €3.82 per call for the period 12 February 2016 to 11 February 2017¹¹. The consumer is not charged for calls to 999 or 112 as this cost is borne by the presenting telecommunications network.

Roaming Regulation

In accordance with its statutory function, ComReg continues its work in monitoring the implementation of the Roaming Regulation by Irish mobile companies. The key points noted in ComReg's report¹² for the period 1 April 2015 to 30 September 2015 are as follows:

¹⁰ Within the meaning of Regulation 23(2) of the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations, 2011 (this requirement is referred to herein as "the Regulation 23(2) Requirement").

¹¹ www.comreg.ie/_fileupload/publications/ComReg1502.pdf

¹² www.comreg.ie/publication/implementation-of-eu-roaming-regulation-by-irish-mobile-companies-16th-wave-of-irish-and-eu-aggregated-data-1-april-2015-to-30-september-2015/

Voice calls

Irish average retail roaming prices for calls made and received continue to indicate compliance with the regulatory price ceilings, and while the prices for calls received remained below the EU/EEA average, prices for calls made were slightly above the EU/EEA average in the period from Q2 2015 – Q3 2015.

Ireland's average price for making calls to the rest of the world (while outside the EU/EEA) has been lower than the EU/EEA average over all of the reported periods except for Q3 2015 where Ireland's average price was slightly more expensive than the EU/EEA average. However, Ireland's average price for calls received from rest of the world (while outside the EU/EEA) signals a peak in Q1 2014 before decreasing up to Q3 2014, increases again in Q4 2014 before decreasing for each quarter thereafter up to Q3 2015 and remains above the EU/EEA average for calls received.

The surcharge for Ireland's billed prices for retail "Eurotariff" calls made has decreased slightly (from a high of 11.6% in Q2 2015 to 11.0% in Q3 2015) and remains significantly above the EU/EEA average (5.6% in Q3 2015). This is a reflection of the billing practice provided for by the Regulation for calls made. The fluctuation is attributed to the volume of calls made with duration of less than 30 seconds.

Text Messages (SMS)

The average retail price, during the reported period, for sending a text message has remained on a par with the EU/EEA average price and is below the regulated cap of 6 cents.

Data

Following the reduction of the regulated price cap in July 2013 to 45 cents and the further reduction of the regulated price cap in July 2014 to 20 cents, Ireland's average Eurotariff retail data prices (€0.03 in Q2 2015 and €0.04 in Q3 2015) remain lower than the EU/EEA average (€0.06 in Q3 2015).

Volumes of retail data traffic have grown strongly over the reported periods and have increased by 63% from Q3 2014 to Q3 2015.

Ireland's average aggregate wholesale price per MB of data among non-group companies remains below the regulated price cap of 5 cents and was on par with the EU/EEA average for the reported period from Q2 2015 to Q3 2015.

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

Ensuring Availability of a Universal Telecommunications Service

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

- Access at a Fixed Location for 18 months until 31 December 2015 (D10/14)¹³.
- Public Payphones for 4 years until 20 June 2018 (D07/14). Note: Payphones with less than 1 minute per day and where calls to Emergency services and Freephone numbers are not more than 30 seconds of these minutes can be removed.
- Directory Services for 4 years until 30 June 2018 (D08/14). From 2016, Eircom may deliver printed directories only to those that have requested it (opt-in).

¹³ Subsequently extended to 31st July by ComReg Decision D10/15

In July 2016, ComReg designated Eircom to be the universal service provider to provide connections and a voice service at a fixed location until 2021¹⁴. Eircom appealed to the High Court against ComReg Decision D05/16 and on 8 March 2017, the proceedings were struck out with no order as to costs.

USO Quality of Service

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

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

PIP 3

Eircom and ComReg established a new performance improvement programme (PIP3) for the period 7 July 2014 to 31 December 2015. The targets were in respect of timescales for connection, fault repairs and fault rate occurrence. ComReg assessed Eircom's performance for compliance against the PIP3 targets for the period 1 January 2015 to 31 December 2015.

Eircom undertook to ensure that any customer (wholesale and retail) were automatically refunded if they suffer a service outage in excess of 10 working days during the period of the current access at a fixed location (AFL) Designation.

As standard an Information Notice is published by ComReg showing Eircom USO performance on a quarterly basis. Performance Data for Quarter 4 2015 and Annual 2015 was published on 3 June 2016, ComReg 16/46.

Each quarterly Information Notice published for 2015 showed details of amounts Eircom refunded to its wholesale and retail customers that suffered outages in excess of 10 working days.

Assessment of compliance for the annual period 2015 followed the publication of ComReg 16/46. Eircom submitted a force majeure claim as provided for in PIP 3 Agreement in relation to fault repair performance for the months of January, November and December 2015. ComReg calculated the final annual performance achieved by Eircom, allowing for force majeure claim in respect of fault repair performance, for the period 1 January 2015 to 31 December 2015. Eircom paid ComReg €3,094,000 in December 2016 for its failure to meet the PIP3 agreed USO quality of service performance targets for 2015.

Cost of the USO

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

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

While ComReg has completed its assessment of Eircom's application for funding for the 2009-2010 period, ComReg is currently assessing Eircom's applications for funding for the periods 2010-2011, 2011-2012, 2012-2013, 2013-2014, which were all resubmitted by Eircom on 15 July 2016.¹⁵

¹⁴ ComReg Decision D05/16

¹⁵ www.comreg.ie/publication/universal-services-obligation-funding-status-funding-application/



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 the pricing of a range of Eircom's wholesale access products, mobile termination rates and the analysis of wholesale fixed call origination and transit markets.

Retail Trends

Total retail revenues in the twelve months to June 2016 at €3.056 billion were up from over €3.013 billion over the 12 months previous. During the period Eircom's retail share of fixed line revenues declined by 1% over the year to 49.3% of the overall fixed line retail revenues. There were 1,683,552 broadband (fixed and mobile) subscriptions which was a decrease of 0.62% compared to June 2015. Fixed broadband subscriptions grew to 1,330,946, an increase of 3.86% over the previous 12 months.

Fixed broadband household penetration increased from 66% to 67.9%. According to Eurostat data, Ireland's household fixed and mobile broadband penetration rate was 83% at the end of 2015 compared to an average EU household penetration rate of 80%. Eircom's retail share of the fixed broadband market at the end of June 2016 was 33.7% in terms of subscriber numbers, a fall of 1.7 percentage points compared to one year earlier. Virgin Media's share had decreased from 28.7% to 27.4% in that period. Approximately 34.9% of fixed broadband subscriptions were supplied by other operators using Eircom's wholesale bitstream, Local Loop Unbundling (LLU) and Virtual Unbundled Access (VUA) products.

Next Generation Access and Broadband

Eircom, having launched NGA services based on Fibre to the Cabinet (FTTC) VDSL technology in May 2013 continued its roll-out programme, with some Fibre to the Home (FTTH) also being rolled out. As at June 2016 to approximately 1.6m premises were connected to NGA enabled exchanges and 427,640 subscribers in total were using these service. Of these 45.1% were supplied by Eircom Retail while 54.9% were supplied by other operators using Eircom's wholesale NGA product set.

Virgin Media continued to be an important player in the market, offering speeds in excess of 300Mbps downstream. According to public filings¹⁶ Virgin Media's network addressed 784,400 homes and premises as at 30 June 2016. It had 364,200 broadband subscribers at that date amounting to 27.4% of the fixed broadband market.

Average fixed broadband speeds continued to increase. In June 2016 approximately 75% of all fixed broadband subscriptions were equal to or greater than 10Mbps up from 65.1% in June 2015. While at the end of this review period 60.1% of all fixed broadband subscriptions were equal to or greater than 30Mbps, up from 51.1% in Q2 2015.

Total fixed broadband subscriptions increased from 1.28m in June 2015 to 1.33m in June 2016. Of these about 33.7% (down from 35% in Q2 2015) were provided by Eircom Retail; about 27.4% by Virgin Media and about 30.5% by operators using Eircom's bitstream and Virtual Unbundled Access products. Approximately 4.4% were provided over Local Loop Unbundling with the balance being provided over a variety of infrastructures such as Fixed Wireless Access, Alternative Network Operator fibre, cable (excluding Virgin Media) and satellite. The major players relying on Eircom's wholesale products were Vodafone with 17.7% market share of all fixed broadband subscriptions and Sky with 11.1% market share.

¹⁶ See www.libertyglobal.com/pdf/press-release/LG-Earnings-Release-Q2-16-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 2016 only one retail market (with three sub-segments) was subject to regulation - the market for retail access to the public telephone network at a fixed location (line rental).

Following the conduct of earlier consultations, in July 2016 ComReg published its decision¹⁷ with respect to its analysis of the wholesale fixed access and call origination ('FACO') markets and the voice call transit market. Arising from this market review, Eircom was designated as having Significant Market Power (SMP) in the FACO market and has had various obligations imposed upon it to, inter alia, provide Wholesale Line Rental and call origination services to other operators. ComReg also removed all regulation from voice call transit market as these were identified as being competitive.

ComReg also advanced its analysis of a number of other wholesale markets including the wholesale markets for:

1. High Quality Access (HQA): essentially wholesale high speed symmetric broadband services used

¹⁷ Market Review – Wholesale Fixed Voice Call Origination and Transit Markets, Response to Consultation and Decision, ComReg Document 15/82, D05/15, July 2015.

as inputs in the provision of downstream/retail broadband services to medium to large businesses, as well as being used by service providers to extend the boundaries of their networks.

2. Wholesale Local Access (WLA) and Wholesale Central Access (WCA): being two wholesale markets which are used as inputs in the provision of downstream/retail broadband and telephony services (amongst others).

3. Fixed Voice Call Termination (FVCT) and Mobile Voice Call Termination (MVCT): being two wholesale markets involving the completion of calls on the networks of called parties.

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

Pricing

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

In May 2016, following consultation with industry in ComReg Document 15/67, we issued a decision in ComReg Document 16/39 (ComReg Decision D03/16)¹⁸. ComReg Decision D03/16 sets revised monthly rental charges for LLU, Sub Loop Unbundling (SLU), Single Billing-Wholesale Line Rental SB-WLR and standalone broadband (SABB) outside the larger exchange area (LEA). In addition, we set annual rental prices for poles, ducts and dark fibre. In general, we applied a BU-LRAIC+ approach to those assets that cannot be reused for NGA services and we have used Eircom's top down / actual data for those assets that can be reused for NGA services (e.g., ducts and poles). This is consistent with the European Commission

Recommendation of 2013 on non-discrimination and costing methodologies.

For SB-WLR, we set the price on the higher of Eircom's top down / actual costs and adjusted for efficiencies associated with the provision of SB-WLR nationally or the BU-LRAIC+ costs in the larger exchange area (LEA). For SABB Outside the LEA we set the price based on Eircom's top down costs (adjusted for efficiencies) associated with the provision of SABB Outside the LEA.

The prices in ComReg Decision D03/16 are set from 1 July 2016 – 30 June 2019 and in addition we determined prices for the first two years outside the price control period in the event that a subsequent review is not completed by then.

For mobile termination, following consultation with industry (ComReg documents No 15/19 and 14/29) ComReg issued a decision paper (D02/16). This decision, implemented mobile termination rates (MTR) in the Irish market which were calculated using a bottom-up pure LRIC methodology in line with that described and evaluated in the 2012 Price Control Decision in ComReg Document 12/125. ComReg modelled the costs that would be incurred by an efficient mobile network operator in the Irish market – using characteristics of actual Irish mobile service providers. The values calculated from this method will apply from 1 September 2016 – 31 December 2018. Each mobile service provider designated with significant market power shall now ensure that its MTR is no greater than the rate determined for that year in accordance with the final MTR model.

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

¹⁸ ComReg Document No. 16/39, ComReg Decision D03/16, "Pricing of Eir's Wholesale Fixed Access Services: Response to Consultation Document 15/67 and Final Decision", dated 18 May 2016.

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 ComReg's telecoms compliance activities included :

- Regulatory compliance:
 - » 32 cases opened
 - » 21 cases closed
 - » 54 ongoing cases.
- Misuse of Irish numbers:
 - » 91 Cases opened
 - » 85 cases closed
- Network incident reports:
 - » 4 incidents reported

Associated with the regulatory compliance cases, ComReg carried out 22 active compliance investigations in to the incumbent fixed line operator and 14 active compliance investigations into mobile operators.



INNOVATION

Radio Spectrum Management

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

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

During the year in review, several key spectrum management projects were commenced and or completed as detailed below.

Radio Spectrum Management Strategy for 2016 to 2018

While continuing to implement its radio spectrum management strategy as set out in ComReg Document 11/89, in December 2015 ComReg issued a consultation on its proposed strategy to manage the radio spectrum in Ireland for the period 2016 to 2018 ComReg Document 15/131.

This consultation provided analysis on the radio spectrum management environment in Ireland and then set out ComReg's proposed spectrum work plan

for 2016 to 2018, noting the need for appropriate prioritisation of spectrum activities.

Significantly, ComReg's proposals included making an additional 740 MHz of harmonised radio spectrum available to the market in the coming years, nearly trebling the amount of relevant radio spectrum currently assigned. Included in the information informing this proposal was:

- data usage on Irish mobile networks increased by nearly 500% between 2011 and 2015;
- circa 82% of all Irish mobile subscribers now use smartphones; and
- mobile data usage in Ireland is estimated to increase 33 times by 2035.

Following analysis of the stakeholder responses and other relevant material, in June 2016 ComReg set out its finalised radio spectrum management strategy for the period 2016 to 2018 (Document 16/50).

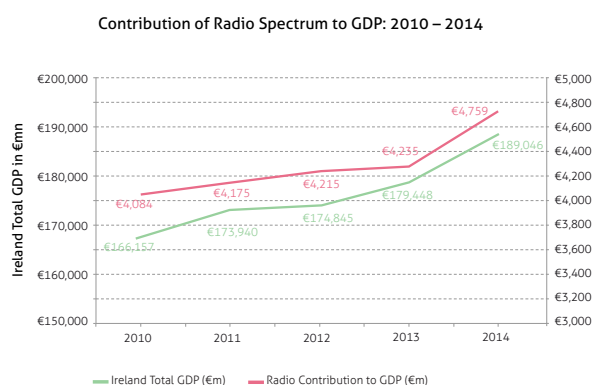
The spectrum work plan for 2016 to 2018 outlines the spectrum activities that ComReg intends to carry out within this timeframe. These include:

- completing the assignment process for the 3.6 GHz band significantly in advance of the expiry of existing FWALA licences on 31 July 2017;
- actively engaging with relevant stakeholders to progress the repurposing of the 700 MHz band so as to obtain clarity on its timing availability;
- further developing ComReg's award proposals in relation to the 700 MHz, 1.4 GHz, 2.3 GHz, and 2.6 GHz bands;
- collaborating with the Broadcasting Authority of Ireland (BAI) and 2rn to finalise internationally-coordinated spectrum and transition plans for DTT services in the UHF band below the 700 MHz band; and
- promoting Test and Trial Ireland and the benefits of using Ireland as a location to test or trial wireless products and services in a real world environment.

In addition, ComReg provided information on the valuable economic contribution that radio spectrum provides to Ireland. For 2014 ComReg conservatively estimates that:

- radio spectrum contributed over €4.7 billion, or approximately 2.5% of Irish Gross Domestic Product (GDP); and
- almost 29,000 people employed through the use of radio spectrum.

Figure 9: Contribution of Radio Spectrum to GDP: 2010 – 2014



Finalising internationally-coordinated DTT spectrum plans in the UHF band below the 700 MHz band

At the World Radiocommunication Conference of 2012 (WRC-12), an alternative allocation for the 700 MHz band (694 MHz to 790 MHz) was resolved giving the mobile service (excluding aeronautical) co-primary status with the broadcasting service. This allocation came into effect on 28 November 2015.

To facilitate any future repurposing of the 700 MHz band in Ireland, and in collaboration with the BAI and 2rn, in July 2013 ComReg commenced work on the coordination of a revised UHF band plan to migrate DTT services below the 700 MHz band. In April 2016, two agreements were signed by Ireland in relation to this work.

- a multilateral agreement relating to the DTT plan for the 470-694 MHz band, as facilitated by the Western European Digital Dividend Implementation Platform (WEDDIP) group was signed by the administrations of Belgium, France, Germany, Ireland, Luxembourg, the Netherlands and the United Kingdom; and
- a DTT co-ordination agreement for the UHF band was signed with France.

In the coming year, ComReg aims to finalise its UHF planning co-ordination work with the UK.

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 18 Test & Trial licences to various clients, including universities and research centres. Further details are set out at Test & Trial Ireland; www.testandtrial.ie.

Proposed 3.6GHz Award

Following the process to award rights of use in the 2.6 GHz band (2500 – 2690 MHz) with the possible inclusion of the 700 MHz (694 – 790 MHz), 1.4 GHz (1452 – 1492 MHz), 2.3 GHz (2300 – 2400 MHz) and 3.6 GHz (3400 – 3800 MHz) bands (Document 14/101) in February 2015 ComReg issued an Information Notice ComReg Document 15/14 which noted the broad support of respondents for the release of rights of use in the 3.6 GHz band in a separate award process.

The process has further advanced through the publication of ComReg Documents 15/70 and 15/140 which consulted on the format of the proposed award, the regions available for licensing, and the regulatory impact assessments, among other things. This has culminated in the publication of the draft Information Memorandum (Document 16/22) and Final Decision (Document 16/57). It is expected that the award process itself will commence in the latter stages of 2016 with the licences being issued, pending a successful auction, in the first half of 2017.

Licensing Operations

The possession and use of radio equipment in Ireland requires authorisation from ComReg. This

authorisation may take the form of either a licence or a licence exemption. Licences may be issued in accordance with the following legislation:

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

As of 30 June 2016, the total number of live radio licences on our database was 17,489, representing a small increase of 1.1% over the 2014-15 period.

Spectrum Compliance

ComReg's Spectrum Compliance unit is responsible for ensuring compliance with wireless telegraphy legislation and the EMC and Radio Equipment Directives in the State and enforcing same as required. In the period from July 2015 to June 2016 Spectrum Compliance received 131 reports of harmful interference to radio services. This represents a 3.9% increase over the previous period.

Spectrum Compliance works closely with Customs to ensure non-compliant electronic equipment does not enter the State. Such devices have been found to cause harmful interference to a range of services including mobile phone networks and aeronautical services. In the 2015 to 2016 period, 112 suspect devices were seized via Customs, of which approximately 80% were found to be non-compliant.

ComReg has a statutory obligation to maintain the integrity of the radio spectrum and Spectrum Compliance is tasked with delivering it. This often results in the need to take compliance or enforcement action against unlicensed operators as appropriate. In the 2015/16 operating year ComReg brought two successful prosecutions in this area.

Programme of Measurement of Non-Ionising Radiation

Non-ionising radiation (NIR) emissions from transmitter sites remains a matter of interest for the public. The Department of Housing, Planning, Community and Local Government is responsible for the health effects of NIR, while ComReg requires, as a condition of wireless transmission licences, that operators of transmitting stations must ensure that their installations comply with the NIR emission limits specified in the latest guidelines published by the International Commission on Non-Ionising Radiation Protection (ICNIRP¹⁹).

ComReg carries out annual audits of compliance by operators with licence conditions which includes the ICNIRP emission limits. Each annual audit involves surveying a sample number of sites and transmitter types (broadcast, mobile telephony, wireless broadband etc.) countrywide. Results of all the site surveys conducted during this reporting period were summarised and published in four quarterly reports which are available on www.comreg.ie. Copies of the individual site survey reports were made available on the ComReg website.

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

Mobile Network Operator Licence Compliance – Drive Testing

During the 2015-16 period ComReg published, for the first time, a summary report of its drive testing activities, which is undertaken on ComReg's behalf by a third party provider.

The drive test regime is designed to assess compliance with the coverage obligations set down in the 3G and Liberalised Use Licences. The route taken covers in excess of 5,000 km taking in all primary and secondary roads in the State and this is the most rigorous schedule undertaken by any National Regulatory Authority in the EU.

The results show that all operators are not only in compliance with their licence conditions, but are exceeding them across the board.

World Radiocommunication Conference

World Radiocommunication Conferences (WRC) are held every three to four years under the auspices of the International Telecommunication Union. It is the job of WRC to review, and, if necessary, revise the Radio Regulations, the international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits.

In November 2015 ComReg, together with other agencies, assisted the Department of Communications, Climate Action and Environment (DCCAE) in representing Ireland's interests at the conference as well as in the European preparatory work in the preceding three years. Of interest to Ireland was the success in securing an allocation of radio frequency spectrum for global flight tracking in civil aviation – in response to the need for a system to overcome the loss of contact with commercial flights over remote regions of the planet.

The conference addressed over 40 topics related to frequency allocation and frequency sharing for the efficient use of spectrum and orbital resources. The outcomes ensure high quality radiocommunications services for mobile and satellite communications, maritime and aeronautical transport, air and road safety as well as for scientific purposes related to the environment, meteorology and climatology, disaster prediction, mitigation and relief.

In addition the conference set an ambitious studies programme for the next four years covering a wide range of services from mobile satellite to broadcasting, mobile broadband, fixed satellite, earth stations on mobile platforms, and space exploration services. One such programme involves technical and regulatory studies of a number of spectrum bands that could be used for the provision of 5G radio services –

¹⁹ ICNIRP is a body of independent scientific experts which works with the World Health Organisation to develop the guidelines.

services promising very high speed, omnipresent and ultra-reliable mobile communications.

Management of the National Numbering Scheme

Telephone numbers, network routing codes and other addressing resources have always been the key enablers that ensure effective routing of national and international communications services. They also support the correct functioning of billing and settlement regimes that accompany those services.

ComReg manages Ireland's national numbering scheme in accordance with International Telecommunication Union (ITU) recommendations and subject to specific National and European legislation. ComReg works with its colleagues in other national administrations and with ITU-T, which is the ITU's telecommunication's standardisation sector, to ensure that new Irish and foreign telephone numbers become operational promptly on all national and international networks.

Since numbers are universal and trusted, they are increasingly being used in more complex ways, particularly by so-called 'Over-The-Top' (OTT) services such as Viber and WhatsApp, which rely on telephone numbers to function correctly. In addition, many machines now also need numbers. In particular, many commentators predict that automotive and transport M2M connections will account for almost 70% of the 800 Million global cellular Machine to Machine (M2M) connections expected within the next 5 years²⁰. ComReg is working with its European colleagues to ensure Ireland remains at the forefront of all initiatives in these areas.

Traditional mobile operator networks and business models are also rapidly evolving. Services such as 'Wi-Fi calling' are likely to become commonplace in the coming years. The Irish numbering and interoperability framework will need to evolve to cater for these exciting and advanced capabilities.

With numbers being used more creatively and in more innovative ways, a key requirement is that sufficient numbering capacity must always remain available to promote innovation and vibrant competition in the communications market. ComReg nevertheless must take care to balance the making available of sufficient numbers for emerging services with the obligation to ensure efficient use of numbers, in order to avoid exhaustion of numbering resources.

Conservation of Geographic and Mobile Numbers

Number exhaustion is a constant concern for national numbering planners. The customary remedy of introducing number changes to expand capacity carries with it heavy cost implications and disruption for all. Number changes are more costly in latter times because numbers are now more imbedded than ever into so many more systems and devices.

ComReg carries out frequent auditing of used and available numbering resources, making early preparations for number changes or for number range expansion when necessary – typically up to three years in advance of any expected number exhaustion.

Since numbers are now rooted into so many systems and devices, catering for a number change or introducing a new number range can take several years and is both costly and disruptive. Further, and while there is a considerable cost to operators if numbers do need to be changed, the cost of a change to operators is estimated at approximately 10% of the cost to the wider economy²¹. Conserving existing number ranges is therefore an essential element of effective numbering plan management.

In order to minimise number changes, major conservation measures are now underway aimed at recovery of unused geographic and mobile numbers. This work has the full support of the Irish telecoms industry, which is very aware of the costly alternatives.

20 Analysys Mason, June 2016.

21 Europe Economics study for ComReg, 2010

In 2015, ComReg engaged consultants to recommend measures for conserving existing Geographic and Mobile numbers. The consultants developed two reports²² which set out various measures for conserving numbers and assessed their likely impact. The reports identified inefficiencies in some of the current operators' business processes and systems that lead to significant wastage. For example, while there are 5.5 million mobile subscriptions in Ireland, operators have nevertheless 27M mobile numbers assigned. ComReg has met with the main fixed and mobile operators to present the recommended measures contained in these reports and to further their implementation. This has now been agreed with all operators.

ComReg will monitor operators to ensure that the conservation measures are properly implemented in a timely manner and on a voluntary basis over the course of the next two years. At that point ComReg will determine whether there is any need to impose any further specific measures, pursuant to its statutory powers.

As part of this work, ComReg also undertook targeted actions aimed at recovering unused numbers already allocated to operators. A key outcome was the recovery of approximately 1 million unused Dublin "01" Geographic numbers, resulting in the projected date of Dublin number exhaustion being pushed further out by several years. Intensive audits and discussions are underway with the main fixed operators to identify further number blocks that can be recovered in provincial areas, with the objective to avoid costly and disruptive number changes wherever possible.

Numbering Forum

Effective management of the national numbering scheme clearly relies on operators to play their part. ComReg has therefore formed an industry Numbering Forum, comprised of industry representatives and

consumer advocates. The Forum facilitates discussions on a range of issues which affect numbering, either directly or indirectly. The first meeting of the Forum took place in March 2016 and the participants discussed a range of topics, including number conservation measures. Future Numbering Forum meetings will focus on emerging demands for numbers from both OTT and M2M services mentioned above, and will consider whether number changes are necessary.

Numbering Conditions of Use

In December 2015, ComReg completed a major review of the conditions of use which attach to the various types of numbers and published a new document, titled "Numbering Conditions of Use and Application Process"²³. The new document is shorter, clearer, more precise and more user-friendly than the previous documents which it replaced. It fully reflects the modern framework for regulating the electronic communications sector, which includes number management. This new document contains the key statutory provisions which apply to rights of use for numbers, the general and specific conditions attaching to rights of use for numbers, and the administrative process for applying for rights of use for numbers.

Numbers for M2M Communications and OTT Services

The Machine-to-Machine (M2M) sector is currently enjoying explosive growth across all developed nations and the majority of communications service providers are now either actively engaged in it or studying how best to participate. Commentators are predicting that we can expect a connected universe of 25-50 Billion²⁴ connected M2M devices globally as soon as 2020, with a prediction of as many as 7 Trillion inter-connected devices by the European Commission²⁵. These will all need addressing capabilities, which are likely to be met via IPv6

²² ComReg 16/20a and ComReg 16/20b

²³ ComReg 15/136

²⁴ Gartner 25 Billion; Ericsson 50 Billion

²⁵ Research EU Focus Magazine No.15 by DG Connect

addresses in the longer term, with IPv4 and numbers (mainly mobile numbers) being used in the meantime. As mentioned above, the automotive and transport sector will account for the majority of the global cellular M2M connections in the medium term. This may present an opportunity for European operators in particular, given the requirement for 'eCall' (automated emergency calling) being mandated for all cars manufactured in the EU from 2018 onwards.

Over-the-Top (OTT) services are also experiencing rapid growth globally and are competing against traditional fixed and mobile voice and messaging services, as end-users move more to communicating with each other through such OTT services. For example, in 2013 Skype handled about 55 billion of international calling minutes compared with 35 billion of international calling minutes carried by traditional network operators²⁶.

ComReg is planning to conduct an in-depth review of numbering for M2M and OTT services later in 2016 with the aim of considering the potential impacts of M2M, IoT and OTT services on the Irish numbering resource. The study aims to consider if any changes should be proposed to take the growth of these types of services into account, particularly considering the apparent international growth opportunity. ComReg is also participating in work underway at European level (in CEPT and BEREC) on these matters.

Review of Non-Geographic Numbers

ComReg is obliged to ensure that numbers are used in a manner that protects consumers and promotes competition. ComReg is currently reviewing the functioning of five different classes of non geographic numbers (1800, 1850, 1890, 0818 and 076) in Ireland and plans to publish a Call for Input document in late 2016 outlining its findings.

Postal Regulation

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

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

ComReg's statutory objectives are to:

- promote the development of the postal sector and, in particular, the availability of a universal postal service within, to and from the State at an affordable price for the benefit of all users;
- promote the interests of postal service users;
- facilitate the development of competition and innovation in the market for postal service provision.

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

During the year, ComReg undertook the following:

Review of the losses incurred by the USP in providing international inbound universal postal service

The USP continues to incur significant losses in its universal postal services for international inbound mail. Ireland is different to many countries in that it is a net importer of mail - more mail comes into Ireland than goes out. That being the case, it is particularly important for the USP to cover its costs on inbound mail, because any losses cannot be offset by gains on outbound mail. According to An Post, the Universal Service Provider (USP), its losses on international inbound mail are mainly on letters (c. €8.7m at end 2015) and registered letters (c. €6.1m at end 2015).

26 ITU-T Study Group 3 (SG-3) Report TD 346

ComReg conducted a review of these losses and concluded²⁷ :

- An Post's losses in the international inbound segment of the universal postal service account for almost 40% of its total losses in providing the universal postal service.
- The impact of losses in the provision of any universal postal service on An Post's delivery of the universal postal service is of even greater concern given An Post's overall financial and liquidity position.
- An Post's losses in international inbound mail (primarily in letters and registered items and not in packets and parcels) will continue unless action is taken:
 - » in upcoming negotiations on new terminal dues multi-lateral agreements to increase revenues. There may be a role for the State in these multi-lateral negotiations.
 - » by An Post to reduce its costs to an efficient level.
 - » by An Post in its current bilateral negotiations with the operator that accounts for most of Ireland's international inbound mail. The rates which An Post has negotiated thus far with this international operator are insufficient to meet its costs.

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.

During the year, following a public consultation, ComReg directed the USP to achieve a next-day delivery standard of 94% for single piece priority mail delivered within the State. The standard directed remains unchanged from the previous standard.

ComReg monitors An Post's performance against that 94% standard, in accordance with international

measurement standards, and ComReg publishes annual performance reports on its website. During 2015, 91% of single piece priority mail was delivered by An Post throughout the State on the next working day following the day of posting, an improvement of 1% over the 2014 result. The 2015 performance continues the upward progression in An Post's quality of service performance, marking an improvement of a full 20 percentage points since independent ComReg monitoring was first introduced in 2003 when An Post's performance stood at just 71%. ComReg will work with An Post so that it can continue to improve its performance and achieve the required 94% next-day delivery standard.

Universal postal service accounting obligation

The USP is currently subject to the 2006 Accounting Direction. The purpose of an accounting direction is to set out the USP's accounting obligations in respect of the universal postal service and to ensure transparency on the costing and profitability of the universal postal service. This provides ComReg with the information necessary for it to discharge its statutory functions under the 2011 Act. The USP's accounting obligations also enable ComReg to monitor the USP's compliance with various other obligations under the 2011 Act, including the tariff and terminal dues requirements.

As outlined at section 31(6) of the 2011 Act, the USP's accounting obligations are in addition to, and not in substitution for, the provisions of the Companies Acts relating to the preparation of statutory accounts and their audit. The Regulatory Accounts are thus an additional set of accounts to meet the information requirements of ComReg and are not substitutes for the statutory accounts which An Post must prepare under the Companies Acts.

During the year, ComReg consulted on a proposed new Accounting Direction. For the most part, the proposed new Accounting Direction is a continuation of the existing 2006 Accounting Direction. ComReg plans to make its Accounting Direction in 2016/17.

²⁷ See Document 16/53 at www.comreg.ie

Terms and conditions for universal postal service

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

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

The process to enable ComReg to approve, with or without amendment, the proposed terms and conditions for the universal postal service has taken much longer than ComReg could have reasonably expected. ComReg finally received from the USP, An Post, the proposed terms and conditions for the universal postal service in the summer of 2016. ComReg plans to make its approval, with or without amendment, in 2016/17, to ensure postal service users have terms and conditions of the universal postal service that meet their reasonable needs.

Independent postal service user dispute resolution procedures

Section 43(3) of the 2011 Act gives ComReg, or an appointee of ComReg, a discretionary power to resolve postal service users' disputes which remain unresolved after due completion of all the procedures of a postal service provider's code of practice. During the year, ComReg made a number of dispute resolutions. ComReg intends to report on its activities in this area during the coming reporting year.



CORPORATE SERVICES DIVISION

Governance

ComReg has a comprehensive audit programme in place, overseen by its Audit Committee which met four times during the year. The internal audit function is outsourced. An independent trustee of the pension scheme is also in situ, in accordance with best industry practice.

As a public sector body operating in a challenging environment, ComReg aims to add value while working within resource constraints. We continually re-examine and adapt our policies and procedures in relation to expenditure, procurement and risk management, among others.

The implementation of our procurement plan aims to achieve value for money. We seek to provide a high-quality service to the public and our stakeholders while procuring services in a cost-effective manner. During the period under review we have arranged competitive tendering for a number of outsourced services.

We have followed European Procurement Directives for larger contracts including setting up of Framework Agreements for Research and Survey Services, Professional Services, Regulatory Assistance and Temporary Agency Staff. We have used the Office of Government Procurement Framework Agreements where feasible.

We aim to pay all valid invoices within 15 days and we publish the number and value of payments made quarterly on our website. 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 June 2016, 84% of payments were made within the requisite time period.

People Management

ComReg's ability to deliver depends on our people. We recognise that our staff are our most valuable asset. As a regulator with a mandate which is becoming increasingly complex, we rely on having suitably qualified and experienced staff in adequate numbers to ensure we fulfil our remit. As this remit evolves, it continues to be imperative that we attract and retain individuals with the appropriate specialisations and competencies. Our workforce is multi-disciplinary with a large cohort being engineers, accountants, lawyers and economists. These very specialist skills are not in plentiful supply in the market. Demand in the private sector telecoms industry is growing and we are competing with both private and public sector employers for resources with highly specialised skills. Ensuring we have the required number of skilled people is a fundamental element in the achievement of our regulatory objectives.

It is the skill, dedication and commitment of our people that enables ComReg to fulfil our role in promoting competition, protecting customers and encouraging innovation. We strive to cultivate an environment where development is encouraged, potential is maximised and innovation thrives.

We continue to invest in developing the talent among our existing workforce to ensure that they are sufficiently agile to meet the demands of a changing environment. Learning and development is a major component in the organisation's human resource toolkit. Our focus is on encouraging continuous professional development, and supporting people to enable them to reach their full potential. We place a strong emphasis on developing leaders, nurturing talent and encouraging life-long learning through targeted interventions

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

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

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

ComReg staff collaborated on designing a bespoke Project Management training programme, which has been recognised as best in class. Through our CPD committee, made up of cross-functional staff representing their professions, there is collaboration on the design of technical Continuous Professional Development (CPD) programmes.

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

Operational excellence

During the period under review, ComReg continued to strive to be an effective and dynamic regulator using the necessary resources in order to respond to a rapidly changing environment. During the period under review we issued 228 publications. We also conduct Regulatory Impact Assessments (RIAs) where appropriate, to ensure excessive regulatory burdens are avoided.

ComReg believes it is imperative to be up-to-date in its research on markets and consumer behaviour. In particular, ComReg works with the Economic and

Social Research Institute (ESRI) on a number of research projects such as the Price Lab research which examined consumer responses to switching providers and the role that information plays in the decisions made by consumers. ComReg believes that making use of such data deepens our understanding of the markets we regulate.

During the period, ComReg also worked on other key initiatives

- ComReg updated its Business Continuity Planning function
- ComReg further improved financial reporting functionality.
- ComReg continued to put in place a project management system for all staff

ComReg is aware of its responsibilities in relation to sustainability issues. We have put in place a number of green initiatives which include the promotion of public transport use by staff under the tax-saver scheme, staff access to the cycle-to-work scheme, the use of recycling bins and energy efficient measures including the installation of sensory-activated lights in offices and other locations, and timers on water heaters. ComReg will continue to put in place necessary measures, where possible, in order to reduce our Carbon footprint.

Information Technology

The use of Information Technology plays a very important role in ComReg's regulatory work. During the period under review we undertook a significant review of ComReg's web presence seeking to consolidate the number of websites managed by ComReg and the information presented. The main features were the consolidation of five of ComReg's websites into one and a review of all the hosted applications and communications channels, including the presentations and accessibility of stakeholder information and publications. Strong focus was also put on the searching function of the website and optimisation of information to facilitate internet search engines. The output of this process is the revised ComReg.ie website which launched in July 2016.

ComReg also worked to implement a new strategic consumer management system to process consumer queries and complaints handled by ComReg. Its features include more efficient data capture and enhanced reporting capabilities.

ComReg continues to invest in its operational systems to achieve efficiency in speed of processing applications such as requests (i.e FOI, Data Protection etc.) and licences and also to make more efficient use of staff resources by systemising operational tasks where possible.

Communications and Engagement

One of ComReg's key goals is to engage proactively with its stakeholders. ComReg has a wide range of stakeholders spanning from consumers to authorised operators as well as government bodies, both national and international, among others.

Given the variety of its stakeholders, ComReg adapts its communication and engagement to different stakeholder groups. ComReg uses formal consultations which gives stakeholders the opportunity to offer feedback and express opinions on developing regulatory measures. ComReg uses Advisory panels to gain insights into consumer issues including issues for consumers with accessibility requirements.

We also host industry stakeholder forums to facilitate the development of new regulated wholesale products and changes to existing products. These forums also provide the industry with an opportunity to communicate to us on topical issues. ComReg also appears before Oireachtas Committees when requested and we appeared before the Transport and Communications Committee in January 2016 to discuss mobile phone coverage and broadband availability.



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 National Regulatory Authorities (NRAs), such as ComReg, 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 composed 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 (BoR). BEREC is assisted by the BEREC Office, which is located in Riga and provides full administrative support to the work of BEREC. The Office operates

under the guidance of a Management Committee in which all EU NRAs and the Commission are represented.

Kevin O'Brien, ComReg Commissioner, served as a BEREC vice-Chair in 2015.

BEREC Work Programme²⁸

Before the end of each year the Board of Regulators adopts the Annual Work Programme of BEREC for the following year, after consulting interested parties. The BEREC Work Programmes are developed by applying a multi-annual 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 (EWGs). Participation in BEREC's Work Programme is a requirement of the regulatory framework and it represents a significant commitment by NRAs. 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.

Furthermore, BEREC continues to co-operate with other advisory bodies, such as the Radio Spectrum Policy Group (RSPG²⁹) and European Union Agency for Network and Information Security (ENISA³⁰) where that cooperation contributes to the interests of citizens and the promotion of competition.

BEREC Plenary Meetings

The 24th BEREC Plenary meeting took place in October 2015 in Riga (Latvia) and was preceded by a workshop, which was dedicated to the following topics:

- price transparency and regulatory oversight regarding cross border parcels delivery;
- migration to all-IP networks.

During the Plenary meeting, the BoR approved for a number of reports for publication, including, International Roaming Benchmarking Report (October 2014 - March 2015, a report on Regulatory Accounting in practice (2015) and a report on Common Characteristics of Layer 2 Wholesale Access Products in the EU.

In December 2015, BEREC held its final Plenary meeting of 2015 (the 25th Plenary) in London, UK, during which it elected its Board for 2016: Wilhelm Eschweiler (BNetzA) as Chair, who was joined by Angelo Cardani (AGCOM) and Henk Don (ACM), as well as outgoing 2015 Chair Fátima Barros (ANACOM) and 2017 Chair-elect Sébastien Soriano (ARCEP).

Coinciding with the Plenary, a joint BEREC–FCC Workshop on net neutrality was held, which included the participation of Tom Wheeler, FCC's Chair.

During the Plenary BEREC finalised its response to a request from the Commission for BEREC's opinion on the review of the Regulatory Framework (see also under EU Commission's DSM strategy below). In addition BEREC adopted a report on the regulation of oligopolies which also fed into its opinion on the Framework review, and a report on IP-based interconnection for voice services. Following the recent adoption of the Telecoms Single Market Regulation, BEREC provided the Commission with input in relation to the wholesale international roaming market and "fair use" of international roaming services.

The 26th BEREC Plenary meeting took place in February 2016 in Rotterdam (The Netherlands). During the meeting, BEREC adopted a report on OTT

²⁸ Further information on BEREC's Annual Work Programmes and all other BEREC documents may be accessed at <http://www.berec.europa.eu>

²⁹ Radio Spectrum Policy Group; <http://rspg-spectrum.eu/>

³⁰ European Network and Information Security Agency; <http://www.enisa.europa.eu/>

services, and one on enabling the Internet of Things. Both reports followed a public consultation in late 2015, and both will serve as BEREC inputs into the Commission's review of the regulatory framework for electronic communications (in addition to BEREC's opinion on the review, published in December 2015).

BEREC adopted guidance for operators and regulators on the application of the new international roaming rules adopted in 2015 in the Telecoms Single Market Regulation. BEREC also adopted an analysis of the wholesale roaming market, which will inform the European Commission's review and proposals for new wholesale roaming price caps.

The Plenary meeting was preceded by a workshop focused on the development of guidelines on the implementation of the net neutrality rules in the Telecoms Single Market Regulation. This workshop provided the opportunity for BEREC to hear from high-level academic, legal and technical experts in the field of net neutrality. Discussions focused on the extent to which different commercial practices (including zero-rating) are consistent with the new rules, permissible traffic management, the role and nature of specialised services, and how regulators should assess the quality of Internet Access Services.

The BEREC Board of Regulators (BoR) held its 27th Plenary meeting in June 2016 in Vienna, Austria. During the meeting the BoR discussed and/or approved further documents for publication, including an input paper on potential regulatory implications of Software-Defined Network (SDN) and Network Functions Virtualisation (NFV), Termination rates at European level (January 2016) and BEREC's response to the European Commission's public consultation on the evaluation of the Termination Rates Recommendation.

At this Plenary meeting BEREC also approved for public consultation its Draft Guidelines on Regulators' Implementation of European Net Neutrality rules. BEREC was tasked in the Telecoms Single Market (TSM) Regulation³¹ with drawing up guidelines for NRAs

to observe in order to contribute to the consistent application of Net Neutrality rules. This was the first time that BEREC was specifically tasked with such a role in European legislation. The consultation period ran into July 2016 and the finalised Guidelines were published in August 2016.

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 December 2015/January 2016, ComReg acted as Rapporteur (lead drafter) on a BEREC Article 7a Phase II Expert Working Group, case DE/2015/1816, related to M1/2014, concerning wholesale call termination on individual public telephone networks provided at a fixed location in Germany). In March/April 2016, ComReg was also a member of the BEREC Article 7a Phase II Expert Working Group on case AT/2016/1846-1847, related to M1 & M2/2014 concerning the remedies in the market for wholesale call termination on individual public telephone networks provided at the fixed location (Fixed Termination) and the market for wholesale voice call termination on individual mobile networks (Mobile Termination) in Austria.

Due to constrained resources ComReg was a member of only one EWG during this period. However, ComReg contributes actively with comments and suggestions during every Phase II case. All BEREC Opinions

³¹ Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015

adopted by the Board of Regulators are published on the BEREC website.³²

European Commission's Digital Single Market (DSM) strategy

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

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

Included in the strategy statement was the intention to conduct a review of the regulatory framework for electronic communications (the Framework). In July 2015 the Commission requested BEREC's opinion on certain specific areas of the Framework, with a view to updating the rules, having cognisance for technological and competitive developments in the market. BEREC delivered its opinion in December 2015, which was approved by the BoR at the 25th Plenary held in London in December 2015.

European Commission proposals for a Telecoms Single Market

On September 11, 2013 the European Commission adopted a draft Regulation to achieve a Telecoms Single Market. After 18 months of negotiations all topics except for net neutrality and roaming (i.e. single EU authorisation, changes to market analysis procedure, EU wholesale broadband products, additional consumer protections measures and BEREC institutional changes) were discarded. The final text³³ entered into force in November 2015 and included rules on net neutrality and on the abolition of retail roaming surcharges, with effect from June 2017

(subject to further developments on a fair use policy and a review of the wholesale roaming market which would allow for the sustainability of the abolition of retail roaming surcharges).

BEREC was tasked with drawing up guidelines for NRAs to observe in order to contribute to the consistent application of Net Neutrality rules. BEREC published a draft version of the Guidelines for public consultation, following its 27th Plenary meeting in June 2016 in Vienna.

Work on putting conditions in place to allow for the abolition of retail roaming surcharges with effect from June 2017 are ongoing between the EU Commission, Council representing Member States and the European Parliament.

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.

³² berec.europa.eu/eng/article_7_procedures/article_7_cases/

³³ Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015

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.

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, Climate Action and Environment, ComReg participates as part of the Irish delegation.



FINANCIAL STATEMENTS

REPORT OF THE CHAIRPERSON

FOR THE YEAR ENDED 30 JUNE 2016

I have pleasure in submitting the annual report and audited financial statements for the Commission for Communications Regulation (the Commission) for the year ended 30 June 2016.

Principal Activities

The Commission 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, Climate Action and Environment, 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, Climate Action and Environment 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, Climate Action and Environment 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, Climate Action and Environment and the Minister for Public Expenditure and Reform. The code is published on our website, and it is the policy of the Commission to ensure compliance with the code.

Going Concern

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

Prompt Payment of Accounts

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

Jeremy Godfrey **Chairperson**

Commission for Communications Regulation
16 December 2016

STATEMENT OF THE COMMISSION'S RESPONSIBILITIES

Section 32 of the Communications Regulation Act, 2002, requires the Commission to keep in such form as may be approved by the Minister for Communications, Climate Action and Environment, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The Commission is responsible for keeping adequate accounting records 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 Section 32 of the Communications Regulation 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.

On behalf of the Commission

Jeremy Godfrey

Chairperson

Date: 16 December 2016

STATEMENT ON INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 30 JUNE 2016

Responsibility for Internal Financial Control

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

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

Key Control Procedures

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

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

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

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

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

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

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

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

Annual Review of Controls

I confirm that a review of the effectiveness of the system of internal financial control took place for the year ended 30 June 2016.

Jeremy Godfrey
Chairperson

Commission for Communications Regulation
16 December 2016

COMPTROLLER AND AUDITOR GENERAL REPORT

FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements of the Commission for Communications Regulation for the year ended 30 June 2016 under the Communications Regulation Act 2002. The financial statements comprise the statement of income and expenditure, the appropriation account, the statement of comprehensive income, the statement of financial position, the statement of cash flows 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 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 audit.

In addition I read the Commission's annual report to identify if there are any material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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:

- give a true and fair view of the assets, liabilities and financial position of the Commission as at 30 June 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Commission were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- 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 with the knowledge acquired by me in the course of performing the audit, 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
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus McCarthy
Comptroller and Auditor General
23 December 2016

Statement of Income and Expenditure for the year ended 30 June 2016

						Year to 30 June	Year to 30 June
		2016	2016	2016	2016	2016	2015 Restated
	Notes	Electronic Communications		Post	Premium Rate Services		
		Levy	Other	Levy	Levy	Total	Total
		€'000	€'000	€'000	€'000	€'000	€'000
INCOME							
Levy		7,554		1,833	437	9,824	9,768
Licensing Fees	2		42,285			42,285	43,734
Spectrum Income	2		24,100			24,100	26,091
Other Income	2		42			42	2,924
GROSS INCOME		7,554	66,427	1,833	437	76,251	82,517
Transfer (to) Capital Reserve	12		(851)			(851)	(379)
NET INCOME		7,554	65,576	1,833	437	75,400	82,138
EXPENDITURE							
Staff Costs	3	5,689	3,116	549	264	9,618	9,195
Retirement Benefit Costs	17(b)	1,087	596	105	50	1,838	2,021
Technical Advice	4	3,575	1,596	943	213	6,327	5,842
Legal Expenses	5	670	998	25	25	1,718	2,383
Advertising		21	1			22	16
Administrative Expenses	6	1,034	767	121	53	1,975	1,891
Auditors' Remuneration		18	11	2	1	32	34
Premises and Related Expenses		784	565	79	63	1,491	1,512
Depreciation	7	648	403	65	52	1,168	850
Subscriptions to International Organisations	15	687				687	693
		14,213	8,053	1,889	721	24,876	24,437
SURPLUS / (DEFICIT) BEFORE APPROPRIATIONS		(6,659)	57,523	(56)	(284)	50,524	57,701

All income and expenditure for the year relates to continuing activities at the Statement of Financial Position date.

The Statement of Cash Flows and Notes 1 to 23 form part of these financial statements.
On behalf of the Commission

Jeremy Godfrey
Chairperson

Date: 16 December 2016

Appropriation Account for the year ended 30 June 2016

		Year to 30 June	Year to 30 June
		2016	2015
			Re-Styled
		Total	Total
		€'000	€'000
		Notes	
Surplus before Appropriations		50,524	57,701
Less: Appropriations			
Payable to Central Fund	13	(50,966)	(58,178)
Pension Reserve adjustment	13	442	477
Surplus after Appropriations		0	0

The Statement of Cash Flows and Notes 1 to 23 form part of these financial statements.

On behalf of the Commission

Jeremy Godfrey
Chairperson

Date: 16 December 2016

Statement of Comprehensive Income for the year ended 30 June 2016

		Year to 30 June	Year to 30 June
		2016	2015
			Restated
		Total	Total
	Notes	€'000	€'000
Surplus after Appropriations		0	0
Actual return less expected return on scheme assets		(93)	1,949
Experience gains/(losses) on retirement benefit obligations	17(f)	1,226	1,828
Changes in assumptions underlying the present value of Retirement benefit obligations		(10,377)	(334)
Transfers in for prior service	17(g)	-	682
Total actuarial gain/(loss) in the year		(9,244)	4,125

Movement in Pension Reserve			
Balance at 1 July		(4,074)	(7,722)
Total Recognised Gains/(Losses) in the year		(9,244)	4,125
Pension Reserve adjustment	13	(442)	(477)
Balance at 30 June		(13,760)	(4,074)

The Statement of Cash Flows and Notes 1 to 23 form part of these financial statements.

On behalf of the Commission

Jeremy Godfrey

Chairperson

Date: 16 December 2016

Statement of Financial Position as at 30 June 2016

		30 June	30 June
		2016	2015
			Restated
	Notes	€'000	€'000
Fixed Assets			
Property, Plant & Equipment	7	3,480	2,629
CURRENT ASSETS			
Receivables	8	9,700	9,613
Short-Term Investments	9	91,707	91,705
Cash and Cash Equivalents		96,289	65,786
		197,696	167,104
Current Liabilities (Amounts falling due within one year)			
Payables	11	(197,696)	(167,104)
NET CURRENT ASSETS		0	0
Total Assets less Current Liabilities		3,480	2,629
Total Net Assets excluding Retirement Benefits (Liability)		3,480	2,629
Retirement Benefits			
Net Defined Benefit (Liability)	17(c)	(13,760)	(4,074)
Total Net (Liabilities) including Retirement Benefits (Liability)		(10,280)	(1,445)
Representing			
Capital Reserves	12	3,480	2,629
Pension Reserve		(13,760)	(4,074))
		(10,280)	(1,445)

The Statement of Cash Flows and Notes 1 to 23 form part of these financial statements.

On behalf of the Commission

Jeremy Godfrey

Chairperson

Date: 16 December 2016

Statement of Cash Flows for the year ended 30 June 2016

		Year to 30 June	Year to 30 June
		2016	2015
			Restated
	Notes	€'000	€'000
Net Cash Flows from Operating Activities			
Excess Income over Expenditure (before Appropriations)		50,524	57,701
Difference between pension charge and contributions		442	477
Depreciation	7	1,168	850
Bank interest	2	(7)	(33)
Capital reserve transfer	12	851	379
(Increase) in Receivables		(87)	(361)
Increase / (Decrease) in Payables (excluding Central Fund)		1,756	(6,116)
Net Cash Inflow from Operating Activities		54,647	52,897
Cash Flows from Investing Activities			
Payments to acquire Property, Plant & Equipment	7	(2,019)	(1,229)
Cash Flows from Financing Activities			
Bank and Other Interest received	2	7	33
Payment to Central Fund		(22,130)	-
Management of Liquid Resources			
- (Increase) in Short-Term Investments		(2)	(96)
Net Cash Flows from Financing Activities		(22,125)	(63)
Net Increase in Cash and Cash Equivalents	10	30,503	51,605

Notes to the Financial Statements for the year ended 30 June 2016

1.	ACCOUNTING POLICIES
	The basis of accounting and significant accounting policies adopted by the Commission are set out below. They have all been applied consistently throughout the year and for the preceding year.
	a) General Information
	The Commission was set up under the Communications Regulation Act, 2002 with a head office at Abbey Court, Irish Life Centre, Lower Abbey Street, Dublin 2.
	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 a Public Benefit Entity (PBE).
	b) Statement of Compliance
	The financial statements of the Commission for the year ended 30 June 2016 have been prepared in accordance with FRS102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Commission's first set of financial statements prepared in accordance with FRS 102. The date of date of transition to FRS 102 is 1 July 2014. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. The result of this adoption can be seen in Note 22.
	c) Basis of Preparation
	The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Communications, Climate Action and Environment with the consent of the Minister for Public Expenditure and Reform under the Communications Regulation Act 2002. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Commission's financial statements.
	1.1 Income Recognition
	<p>The Commission receives income from a number of sources</p> <ul style="list-style-type: none"> Levies on certain providers to fund the costs of regulation. The relevant levies are as follows: <ul style="list-style-type: none"> i. Electronic Communication levy - The Levy is imposed on providers of electronic communications services. The levy payment due from an individual service provider for any particular year is calculated based on their annual turnover during the financial year ending in the levy year and is payable in four instalments. Income is recognised on a receivable basis. ii. Postal Levy - The Levy is imposed on postal service providers providing postal services within the scope of the universal postal service. Income is recognised on a receivable basis. iii. Premium Rate Services (PRS) are goods and services that you can buy by using your landline, mobile phone, the Internet, interactive digital TV or fax. The PRS Levy is paid equally by PRS services providers and network operators. The levy is invoiced one month in arrears and income is recognised on a receivable basis. Licensing Fees - The main areas this covers is the Radio Communication licensing and a small amount was made up of the cable and MMDS licensing. Spectrum Income - 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. Spectrum usage fees (before indexation) in relation to liberalised use licences (awarded in 2012) are receivable annually until 2030. €19.9 million was recorded as income in 2016. Other income - Other income includes bank and NTMA interest on deposits and amounts payable to the Commission on foot of compliance and enforcement activities.
	1.2 Appropriation of Operating Surplus
	The surplus generated in the year net of the pension reserve adjustment is payable to the Exchequer. Amounts are paid over to the Central Fund by direction of the Minister for Communications, Climate Action and Environment.

Notes to the Financial Statements for the year ended 30 June 2016

1.	ACCOUNTING POLICIES (CONTINUED)								
	1.3 Fixed Assets and Depreciation								
	<p>Property plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:</p> <table> <tr> <td>Technical equipment</td><td>–15% per annum</td></tr> <tr> <td>Computer equipment</td><td>–33 1/3% per annum</td></tr> <tr> <td>Fixtures, fittings & office equipment</td><td>–15% per annum</td></tr> <tr> <td>Motor vehicles</td><td>–20% per annum</td></tr> </table> <p>Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life. The Commission adopts a minimum capitalisation threshold of €1,000.</p> <p>If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure in the year.</p>	Technical equipment	–15% per annum	Computer equipment	–33 1/3% per annum	Fixtures, fittings & office equipment	–15% per annum	Motor vehicles	–20% per annum
Technical equipment	–15% per annum								
Computer equipment	–33 1/3% per annum								
Fixtures, fittings & office equipment	–15% per annum								
Motor vehicles	–20% per annum								
	1.4 Receivables								
	<p>Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Commission will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure.</p>								
	1.5 Capital Reserve								
	<p>The capital reserve represents the unamortised amount of income used to purchase fixed assets.</p>								
	1.6 Foreign Currencies								
	<p>Transactions denominated in foreign currencies relating to revenues and costs are translated into euro translated at the rates of exchange ruling on the dates on which the transactions occurred.</p> <p>Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the Statement of Financial Position date.</p>								
	1.7 Short Term Benefits								
	<p>Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.</p>								
	1.8 Retirement Benefits								
	<p>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 also operates the Single Public Service Pension Scheme ("Single Scheme") for staff who joined the Single Scheme on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER).</p> <p>The Commission has adopted FRS 102 which has impacted on the calculation of 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 Statement of Financial Position as a liability.</p> <p>The pension charge in the Statement of Income and Expenditure comprises the current service cost plus the difference between the expected return on defined benefit scheme assets and the interest cost of scheme liabilities.</p> <p>Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur.</p> <p>The financial statements reflect, at fair value, the assets and liabilities arising from the Commission's defined benefit pension obligations and any related funding, and recognises the cost of providing pension benefits in the accounting period in which they are earned by employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.</p>								

Notes to the Financial Statements for the year ended 30 June 2016

1.	ACCOUNTING POLICIES (CONTINUED)
	1.9 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.
	1.10 Allocation of Costs
	The Commission is required under Section 32 of the Communications Regulation Act, 2002, to distinguish between its functions relating to electronic communications, 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.
	1.11 Critical Accounting Judgements and Estimates
	<p>The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.</p> <p>a. Depreciation and Residual Values The Commission have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.</p> <p>b. Retirement Benefit obligation The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the retirement benefit and post-retirement plans.</p> <p>The assumptions can be affected by:</p> <ul style="list-style-type: none"> i. the discount rate, changes in the rate of return on high-quality corporate bonds ii. future compensation levels, future labour market conditions.

Notes to the Financial Statements for the year ended 30 June 2016

	Year to 30 June	Year to 30 June
	2016	2015
	Total	Total
	€'000	€'000
2. NON LEVY INCOME		
Electronic Communications Licensing Fee		
2G & 3G Radio Licensing Fees	8,010	11,319
Liberalised Use Licensing Fees	19,900	18,125
Other Radio Licensing Fees	14,291	14,162
MMDS & Deflector Licensing	84	128
	42,285	43,734
Electronic Communications Spectrum Income		
3G Spectrum Income	24,100	24,100
Liberalised Use Spectrum Income	-	1,991
	24,100	26,091

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. The Commission 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 the Commission were calculated in accordance with the methodology outlined in the Information Memorandum (Commission Document 12/52). The Income in 2015 represents the release of a provision provided for in 2014.

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 €19.9m was recorded as income in 2016.

OTHER INCOME		
Bank Interest	7	33
Sundry*	35	2,891
	42	2,924

* Sundry Non Levy Income includes:

(a) A payment of €2,500,000 in 2015 by Eircom arising from its failure to achieve certain performance targets in relation to Eircom's quality of service performance with respect to aspects of its Universal Service Obligation for the period 2013/2014.

(b) Sundry Income includes various amounts payable to the Commission on foot of compliance and enforcement activities conducted in the period. Where such activities were concluded by legal settlement, they may be subject to a confidentiality clause

Notes to the Financial Statements for the year ended 30 June 2016

						Year to 30 June	Year to 30 June
						2016	2015
		Electronic Communications		Post	PRS		
		Levy	Other	Levy	Levy	Total	Total
		€'000	€'000	€'000	€'000	€'000	€'000
3.	STAFF COSTS						
	Employee costs during the year:						
	Wages and Salaries #	5,190	2,842	501	241	8,774	8,388
	PRSI	499	274	48	23	844	807
		5,689	3,116	549	264	9,618	9,195
	The average number of staff employed by the Commission during the year, analysed by category, was as follows:	60	41	5	6	112	108
#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, €736,000 (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	
Jeremy Godfrey – Chairperson				163	2	165	
Kevin O' Brien – Commissioner				151		151	
Gerry Fahy - Commissioner				147	2	149	
Other Remuneration represents the cost of medical insurance paid by the Commission. 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.							
	Employee Salary breakdown				Number	Number	
	Range (€'000)						
	20 - 40				15	22	
	40 - 60				41	29	
	60 - 80				31	30	
	80 - 100				22	16	
	100 - 140				7	7	
	140 - 180				4	3	

Notes to the Financial Statements for the year ended 30 June 2016

	30 June	30 June
	2016	2015
	€'000	€'000

4.	TECHNICAL ADVICE		
	Professional & Technical Advice	4,632	4,239
	Contact Management	744	722
	Market Research	190	170
	Quality of Service Monitoring	469	442
	Staff Training and Professional Development	292	269
		6,327	5,842

5.	LEGAL EXPENSES	1,718	2,383
	Legal expenses are stated net of costs recovered from third parties.		

6.	ADMINISTRATIVE EXPENSES		
	Equipment and IT Maintenance	501	584
	Subscriptions to Databases/Research Reports	328	354
	Travel and Subsistence	231	258
	Conferences/Meetings	197	120
	Postal and Telecommunications	109	115
	Stationery	60	73
	Publishing and Promotion	93	74
	Recruitment	165	37
	Light, Heat and Cleaning	74	73
	Insurance	30	31
	Other Administrative Costs	187	172
		1,975	1,891

Notes to the Financial Statements for the year ended 30 June 2016

7.	PROPERTY, PLANT AND EQUIPMENT					
		Technical Equipment	Computer Equipment	Fixtures, Fittings & Office Equipment	Motor Vehicles	Total
		€'000	€'000	€'000	€'000	€'000
Cost						
	At 30 June 2015	2,308	5,715	2,668	161	10,852
	Additions	549	1,388	6	76	2,019
	Disposals	-	-	-	-	-
	At 30 June 2016	2,857	7,103	2,674	237	12,871
Accumulated Depreciation						
	At 30 June 2015	1,220	4,370	2,550	83	8,223
	Disposals	-	-	-	-	-
	Charge for period	259	856	43	10	1,168
	At 30 June 2016	1,479	5,226	2,593	93	9,391
Net Book Value						
	30 June 2016	1,378	1,877	81	144	3,480
	30 June 2015	1,088	1,345	118	78	2,629

	30 June	30 June
	2016	2015
	€'000	€'000

8.	RECEIVABLES	
	Due within one year:	
	Electronic Communications administration levy	638
	Postal administration levy	3
	Radio Licence Income	7,616
	Accrued Income	841
	Pre-payments & Recoverable expenses	602
		9,700
		9,613

9.	SHORT TERM INVESTMENTS	
	Short Term Investments	91,707
		91,705
	Short Term Investments comprise Exchequer Notes purchased from the National Treasury Management Agency Limited. The Commission places excess cash holdings in short term investments. These cash holdings mainly represent surpluses generated by the Commission which are payable to the Exchequer (as disclosed in Note 11) and monies held in trust in relation to commitments made by third parties to the Commission (also disclosed in Note 11).	

Notes to the Financial Statements for the year ended 30 June 2016

	30 June	30 June
	2016	2015
	€'000	€'000

10.	RECONCILIATION OF NET INCREASE IN CASH AND CASH EQUIVALENTS TO MOVEMENT IN NET FUNDS		
	Increase in Cash and Cash Equivalents in the period	30,503	51,605
	Increase / (Decrease) in Short Term Investments	2	96
	Change in Cash and Cash Equivalents	30,505	51,701
	Opening Net Funds	157,491	105,790
	Closing Net Funds	187,996	157,491

11.	PAYABLES		
	Amounts falling due within one year		
	Trade Creditors	1,707	1,025
	Other Creditors	4,363	5,796
	Value-added tax	36	94
	Accruals	1,749	1,749
	Deferred income (see analysis below)	31,373	28,995
	Payroll	889	702
	Payable to Central Fund (see Note 12)	157,579	128,743
		197,696	167,104
	The Commission holds Cash Deposits in the sum of €4.4m (included in Other Creditors) in trust and these deposits relate to certain commitments made to the Commission 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	30,873	28,612
	Other	500	383
		31,373	28,995
	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.		

Notes to the Financial Statements for the year ended 30 June 2016

	30 June	30 June
	2016	2015
	€'000	€'000

12. CAPITAL RESERVES

Opening Balance	2,629	2,250
Transfer (to) / from Income and Expenditure Account:		
Additions to fixed assets	2,019	1,229
Amortisation in line with fixed asset depreciation	(1,168)	(850)
Amount released on disposal of Fixed Assets	-	-
Net Amount from Income and Expenditure Account	851	379
Closing Balance	3,480	2,629

13. 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. 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 2015 and 2016.

The amount owed to the Exchequer is determined by reference to the surplus recorded by the Commission 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 2015	132,783	(4,040)	128,743
Surplus for 2016	50,524		50,524
Paid in 2016	(22,450)		(22,450)
Pension reserve adjustment(a)	442		442
Pension fund payment clawback(b)	0	320	320
Balance at 30 June 2016	161,299	(3,720)	157,579

(a) The pension reserve adjustment represents the difference between the pension amount charged to the Income and Expenditure Account in 2016 of €1,838,000 and the employer contributions in the period of €1,396,000.

(b) The Commission made a total contribution of €5m to its pension fund (€2.5m in 2008 and €2.5m in 2009, a total of €5m). The amount owed to the Exchequer is shown net of this contribution which is being recovered at €320,000 per annum as payments to the Exchequer are made.

14. 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.

15. MEMBERSHIP OF INTERNATIONAL TELECOMMUNICATIONS ORGANISATIONS

Certain payments to International Telecommunications Organisations are met by the Department of Communications, Climate Action and Environment out of the proceeds of the Electronic Communication Administrative Levy. The charge to the Income and Expenditure Account includes €687,000 for that purpose.

16. 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 2016

17.	RETIREMENT BENEFITS
a)	Description of Scheme
	<p>The Commission is a national regulatory authority established under the Communications Regulation Act, 2002. Sections 26 and 27 of the Act provide that the Commission shall make schemes for granting of superannuation benefits to and in respect of Commissioners and staff members, subject to Ministerial approval.</p> <p>A funded defined-benefit scheme is being operated for the employees of the Commission. The benefits are defined by reference to the current 'model' public sector scheme regulations. Employer contribution rates are set having regard to actuarial advice and periodic review on the funding rate required for the scheme. The scheme provides a retirement benefit (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's retirement benefits. Normal retirement age is a member's 65th birthday. Retirement benefits in payment (and deferment) normally increase in line with general public sector salary inflation.</p> <p>For the purposes of reporting in accordance with Financial Reporting Standard 102 – (FRS 102), an update of the actuarial review was completed as at 30 June 2016.</p>

	30 June	30 June
	2016	2015
		Restated
	€'000	€'000

b)	Retirement Benefit Costs		
	Current service cost	2,094	2,087
	Interest cost	1,211	1,450
	Expected return on Scheme Assets	(1,124)	(1,167)
	Less: Employees' Contributions	(343)	(349)
	Total	1,838	2,021

ci)	Net Retirement Benefit Liability		
	Made up of:		
	Fair value of Scheme Assets	43,341	40,979
	Present Value of Retirement benefit obligations	(57,101)	(45,053)
	Net (Liability)	(13,760)	(4,074)
cii)	Present Value of Retirement Benefit Obligations at beginning of year	45,053	43,480
	Current Service Cost	2,094	2,087
	Interest Cost	1,211	1,450
	Actuarial (Gain) /Loss	9,151	(1,494)
	Benefits Paid	(408)	(441)
	Premiums Paid	-	(29)
	Present Value of Retirement Benefit Obligations at end of year	57,101	45,053

Notes to the Financial Statements for the year ended 30 June 2016

	30 June	30 June
	2016	2015
	€'000	€'000

17. RETIREMENT BENEFITS (CONTINUED)		
ciii) Change in Scheme Assets		
Fair Value of Scheme Assets at beginning of year	40,979	35,758
Expected return on Scheme Assets	1,124	1,167
Actuarial Gain/(Loss)	(93)	1,949
Employer Contributions	1,396	1,544
Members' Contributions	343	349
Transfers in for prior service	-	682
Benefits paid from Scheme	(408)	(441)
Premiums paid	-	(29)
Fair Value of Scheme Assets at end of year	43,341	40,979
The current practice of increasing retirement benefits in line with public sector salary inflation is taken into account in measuring the defined retirement benefit obligation.		

d) Scheme Asset Composition		
The scheme assets at the year end were composed of:		
Equities	21,426	21,213
Bonds	18,098	17,701
Property	552	474
Cash and Other liquid assets	3,265	1,591
	43,341	40,979
The scheme assets at the year end expressed in % terms comprised		
	%	%
Equities	49.4%	51.8%
Bonds	41.8%	43.2%
Property	1.3%	1.1%
Cash and Other liquid assets	7.5%	3.9%
	100.0%	100.0%
Weighted average assumptions used to determine benefit obligations		
Discount Rate	1.95%	2.70%
Rate of compensation increase	3.00%	3.00%
Weighted average assumptions used to determine pension expense		
Discount Rate	2.70%	3.20%
Expected long-term return on scheme assets	2.70%	2.70%

Notes to the Financial Statements for the year ended 30 June 2016

17.	RETIREMENT BENEFITS (CONTINUED)	30 June	30 June
e)	Principal Actuarial, Financial & Demographic Assumptions	2016	2015
	The financial assumptions used were as follows:		
	Discount rate	2.70%	3.20%
	Salary increases	3.00%	3.00%
	Pension increases	2.50%	2.50%
	Inflation increases	1.50%	2.50%
	The Demographic Assumptions used were as follows		
		2016	2015
	Mortality Pre-Retirement & Post-Retirement	S2PMA with CMI 2013 (1.5%) improvements for all members	S2PMA -1 with CMI 2013 (1.5%) improvements 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.
	* The mortality assumptions chosen are based on standard tables reflecting typical pensioner mortality and they allow for increasing life expectancy over time.		
	The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the retirement benefit and post-retirement plans.		
	The assumptions can be affected by:		
	(a) the discount rate, changes in the rate of return on high-quality corporate bonds		
	(b) future compensation levels, future labour market conditions		
	(c) health care cost trend rates, the rate of medical cost inflation in the relevant regions.		

Notes to the Financial Statements for the year ended 30 June 2016

	30 June	30 June	30 June	30 June	30 June
	2016	2015	2014	2013	2012
	€'000	€'000	€'000	€'000	€'000

17. RETIREMENT BENEFITS (CONTINUED)**f) History of defined benefit obligations, assets and experience gains and losses**

Defined benefit obligations	57,101	45,053	43,480	35,749	29,622
Fair value of Scheme Assets	(43,341)	(40,979)	(35,758)	(30,566)	(26,286)
Deficit / (Surplus) for funded Scheme	(13,760)	4,074	7,722	5,183	3,336
Experience Adjustment on Scheme Assets	(87)	1,821	2,675	1,379	(602)
percentage of scheme assets	0.2%	4.4%	7.5%	4.5%	(2.3%)
Experience gains / (losses) on Scheme Liabilities					
amount	1,226	1,828	(1,549)	(267)	397
percentage of Scheme Liabilities	2.1%	4.1%	(3.6%)	(0.8%)	1.3%

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 2016, the total value of such payments received in the year to 30 June 2016 was Nil (2015: €682,000).

Payments in respect of transferred in service (when received) are shown as a separate item in the Statement of Comprehensive Income.

h) Funding of retirements benefits

A triennial actuarial valuation of the scheme was carried out as at 1 January 2016 and the recommended contribution rate was subsequently agreed. The next triennial actuarial valuation is due to be carried out as at 1 January 2019.

18. 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.

19. RELATED PARTY TRANSACTIONS

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

20. PENSION RELATED DEDUCTION

Notes to the Financial Statements for the year ended 30 June 2016

	An amount of €473,000 deducted from salaries in respect of the Pension Related Deduction was paid to the Department of Communications, Climate Action and Environment in the year ended 30 June 2016.
21.	POST BALANCE SHEET EVENTS
	In July 2016 the Commission signed 20 year leases for the ground and second floors of One Dockland Central, Guild Street, Dublin 1, with a tenant-only break option after 11 years. The Commission will pay an initial rent of €1.6m + VAT per annum (an average of €50 per sq. ft. + VAT for the office accommodation).
22.	TRANSITION TO FRS 102
	Under previous Irish GAAP the Commission recognised an expected return on defined benefit plan assets in the Income and Expenditure Account. Under FRS 102 a net interest expense is recognised in the Statement of Income and Expenditure. There has been no change to the defined pension asset at either 1 July 2014 or 30 June 2015.
	The effect of the change is to increase the Retired Benefit Costs for the year by €128,000 in the Statement of Income and Expenditure and increase the debit to the Statement of Comprehensive Income by an equivalent amount. As a result the Pension Reserve Adjustment will increase as this represents the difference between the pension charges to the Income and Expenditure Account and the employer contributions in the period. The net affect results in the capital and pension reserves and the amount payable to the Central Fund remaining unchanged.
	30 June
	2015
	€'000
	Reconciliation of Surplus / (Deficit) for the year
	Retirement Benefit Costs (as previously stated) 1,893
	Reduction in Expected Return on Scheme Assets 128
	Retirement Benefit Costs (as re-stated) 2,021
	Reconciliation of Comprehensive Income
	Actual Return less Expected Return on Scheme Assets (as previously stated) 1,821
	Reduction in Expected Return on Scheme Assets 128
	Actual Return less Expected Return on Scheme Assets (as re-stated) 1,949
	Reconciliation of Appropriation Account
	Pension Reserve Adjustment (as previously stated) 349
	Adjustment to reflect increased Retirement Benefit Cost 128
	Pension Reserve Adjustment (as re-stated) 477
23.	APPROVAL OF FINANCIAL STATEMENTS
	These financial statements were approved by Jeremy Godfrey, Chairperson, for the Commission, on the 16 December 2016.

