



Office of the Director of
**Telecommunications
Regulation**

Irish Communications Market

Quarterly Market Commentary

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1 Foreword by the Director

This report reviews information on the Irish Communications Sector for the period April to June 2002. The market has been relatively stable for some time, including the last quarter. However I am pleased to highlight two developments; the announcement of the results of the 3G competition and a reversal in the downward trend in CPS. I also note that the sales of DSL in the first full quarter has been relatively slow, reflecting the new start up and probably also price levels.

The Quarterly Report has developed significantly since the publication of the first report in 1999. It is one of the most accessed reports on our website and is quoted frequently as an independent source of data on the ICT sector. In light of the growing prominence of the report changes have been implemented. This quarter the document is presented in two parts to simplify access to key information and also provide analysis of developments in the marketplace during the quarter. This **Market Commentary Report** is published alongside the **Key Data Report** which contains data from all sectors of the communications market.

Key Regulatory Developments during this quarter include the issuing of papers which address the rates and scope of *eircom's* RIO, a review of the CPS regime, and the announcement of Mobile 3G Competition results. In relation to the new EU Regulatory Framework the ODTR issued, a joint response with the Competition Authority on the European Commissions draft recommendation on the relevant product and services markets within the electronic communications sector. Also a briefing paper was issued highlighting the main issues and the key differences between the current and the new Regulatory Frameworks, in particular the provision of the access directive, together with a paper on the general authorisation conditions.

We carried out our second postal survey, conducted by Millward Brown IMS, in July 2002, which has indicated a positive attitude towards some aspects of An Post letter post services. The reduction in the level of dissatisfaction with An Post's delivery performances is consistent with recorded improvements in service quality as reported by An Post over the past 12 months. The results of this survey are referred to in section three of the report.

There are a couple of restatements in this report, reflecting new population data from the CSO (mobile and internet penetration rates), and also revisions received from operators which have impacted some of the comparative data. I would like to thank all those operators and organisations who have contributed information and comments for this review and I appreciate their efforts in facilitating the publication of this document. I continue to encourage all operators to complete the questionnaire sent to them on a quarterly basis to ensure as complete a picture as possible of the Irish market can be presented.

Etain Doyle,
Director of Telecommunications Regulation.

2 Market Overview

This section of the report provides analysis on the main trends and developments in the various sectors of the Irish Communications market and is based on the information contained in the Key Data Report. For more detailed information on the sectors please refer to the Key Data Report.

Total revenues for fixed, mobile and broadcasting have been levelling off over the past year; however this figure has grown by approximately 5% since last quarter. This growth is attributable to increases in both the fixed and mobile markets.

Fixed

There is evidence of competitive activity within the market with a 6% increase in the number of CPS lines since last quarter. This increase represents movements to and from the incumbent and among other CPS operators. Fixed line revenue has increased by approximately 4% since last quarter, which is mainly attributable to an overall increase in the reported revenue of the incumbent. The increase this quarter reflects one off revenue increases in non core communication activity. Other licensed operators (OLO) market share remains at 21%, consistent with previous quarters. One new operator started business during the quarter while two ceased operations.

Mobile

With approximately three in four people having a mobile phone, Ireland's penetration rate is among the highest in Europe. During the last year there have been signs of stabilisation in the Irish mobile penetration rate, with the overall growth in subscribers to mobile phones keeping pace with the growth in population. There has been little movement in market share, with Meteor increasing its share to 4% during the quarter. The number of SMS messages sent during the quarter continues to grow, with each mobile subscriber now sending 63 SMS each month.

Internet

As noted in earlier reports, almost all Irish businesses are connected to the Internet. Ireland's residential Internet penetration rate as measured by Nielsen NetRatings has remained stable at approximately one third of the population over the last year, with the growth in the number accessing the Internet at home keeping pace with the growth in population. Internet minutes now account for over one third of all fixed retail traffic, reflecting increased usage of the Internet (2001; 28%). Approximately two in five Internet users made an online purchase in the last three months, with travel services continuing to account for the bulk of online purchases.

Cable/MMDS & Satellite

Total digital subscribers¹ in Ireland now represent 22% of all households with a television, a 2% increase since last quarter. Increases in cable/MMDS digital subscribers together with an increase in satellite digital subscribers to BSkyB have contributed to this growth.

Tariffs

Irish tariffs relative to those in comparator countries changed little in the last quarter. With the exception of the residential PSTN baskets Ireland's position in the various tariff baskets remained the same since our last review. Ireland's position increased in the national PSTN basket and decreased in the international PSTN basket.

¹ Total digital subscribers include digital cable/MMDS subscribers and satellite (BSkyB) subscribers.

Post

Both business and residential consumers were surveyed on An Post letter post services in the annual postal survey (see section 3). Attitudes towards some services are quite positive including An Post's new uniform tariff for standard sized envelopes. The changing face of residential communications is also illustrated with approximately two in five respondents sending less personal mail than five years ago, preferring to use the telephone, internet and email instead.

3 Postal Survey

During the quarter the ODTR commissioned Millward Brown IMS to examine the attitudes of Irish business and residential consumers to the provision of letter post services (all standard sized letters such as bills, up to A4 size) in Ireland. Due to differing market characteristics, the survey was conducted in two parts using separate questionnaires for the business and residential markets. The interviews were conducted in July 2002 from 175 companies and 700 households who use An Post letter post services².

3.1 Business

The business survey questioned 175 businesses and all business sectors, including government and professional groups. Results from the survey reveal that 55 % of Irish businesses post between one and fifty letters each week, while 36 % sends over 100 each week (the heavy users). The volume of mail sent by most users is not a significant item of business expenditure so the remainder of this section of the report focuses on the 36% of businesses considered to be heavy users.

Of the heavy users 21% avail of An Post's Direct Mail Service³ while the majority of the remainder do not envisage using this service in the next 12 months. It must, however, be noted that An Post have a minimum posting volume of 2000 items of mail at any one time to qualify for Direct Mail discounts. This is higher than the once off volumes posted by many of those categorised as high users and thus many are unlikely to participate in this scheme.

Respondents were asked to rate their satisfaction with time taken to deliver letters between one and five (five being very satisfied)⁴. As can be seen in Table 3.1 results appear to indicate a change in attitudes compared with 12 months ago where a similar survey⁵ found that 20% were dissatisfied with time taken to deliver letters (the same groupings were used)⁶. The reduction in dissatisfaction with time taken to deliver letters may be consistent with improved delivery performances as reported by An Post for the first six months of 2002⁷. It should be noted that the sample contains a larger number of respondents from the Connaught / Ulster area than last year's survey and these areas are experiencing improved delivery which may also affect the proportion registering satisfaction with services.

Table 3.1 Attitudes of heavy users to letter post services

	<i>Satisfied (4 or 5)</i>		<i>Dissatisfied (1 or 2)</i>	
	2001	2002	2001	2002
<i>Time taken to deliver letters</i>	49%	61%	20%	13%

² The sample sizes for the Business and Residential surveys have 95% confidence intervals of +/-7.4% and +/-3.7% respectively (we can be 95% confident the population value lies within these ranges).

³ Direct Mail refers to "communications consisting of advertising, marketing or publicity material. . .", for example the mail that was issued by all the banks in promoting the SSIA (Special Saving Incentive Accounts) recently.

⁴ Respondents that registered four and five or one and two were grouped together as being satisfied or dissatisfied respectively.

⁵ For results see ODTR Irish Communications Market Quarterly Review, September 2001, ODTR doc 01/72

⁶ It should be noted that the surveys are not identical and thus are not directly comparable. The threshold for this year's survey (companies that send more than 100 letters per week) is higher than last year and the sample size is smaller. These differences may affect the results and any subsequent comparisons.

⁷ Source: An Post website

In relation to attitudes towards An Post tariffs, most heavy users (83% for national, 73% for international) are satisfied that both national and international standard sized letter post is either competitively priced or affordable (16% feel it is expensive for both). However, 38% and 37% respectively of the heavy users, feel that national and international letter post for larger and heavier items is expensive.

Table 3.2 expresses the attitudes of heavy users towards the development of letter post services in Ireland. Identical ratings and groupings were used as in Table 3.1. Results indicate that generally respondents feel there has either been an increase in the quality of letter post service from 12 months ago or that it has remained consistent. However, there appears to be a divergence in attitudes towards the value for money of these services.

There appears to be general agreement amongst heavy users that An Post’s new tariff for all standard sized envelopes (effective from 2 April 2002) will be of benefit with 70% indicating approval with the decision and only 6% registering their disapproval. Given the uniform tariff measure has been in effect for 4 months at the time of survey, it has perhaps been deemed a success amongst heavy users of letter post services.

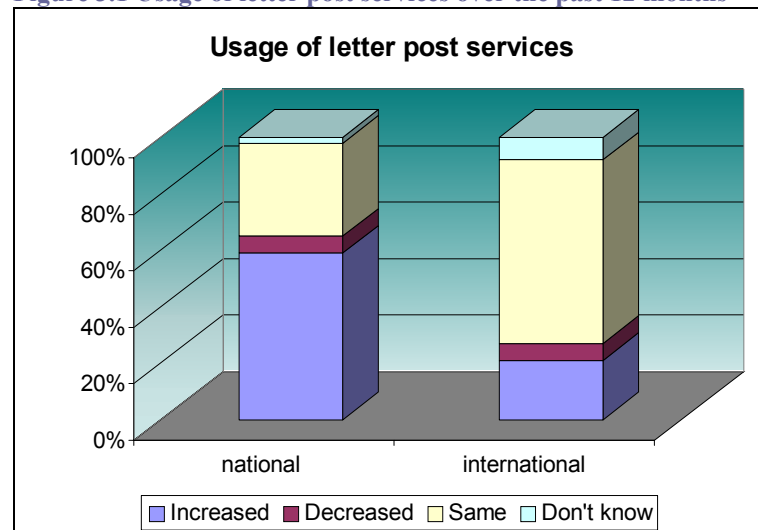
Table 3.2 Attitudes of heavy users to the development of letter post services

	<i>Agree</i>	<i>Disagree</i>
<i>An Post’s letter service is more reliable than 12 months ago</i>	49%	10%
<i>An Post’s letter services offer better value for money than 12 months ago</i>	28%	26%
<i>Overall the letter service from An Post is better than 12 months ago</i>	48%	17%
<i>An Post’s new tariff that charges the same price for all standard sized envelopes (POP Letters weighing less than 50g) will benefit my business</i>	70%	6%

As can be seen in Figure 3.1 a large percentage of respondents indicate an increase in letters posted nationally each week over the past 12 months. This increase may be due to a number of internal (to the company) and external factors including, for example, a shift in marketing approach, changes in business practices or economic buoyancy.

Ninety one per cent of all businesses use An Post alone to post their letters. The majority of these have less than fifty employees but do not fall into any particular industry sector. This is also characteristic of the remaining 9% that use both An Post and another service provider.

Figure 3.1 Usage of letter post services over the past 12 months



3.2 Residential

3.2.1 Receipt of Letters

The residential survey questioned 700 households and results reveal that 86% of Irish households receive between one and twenty letters a week with an overall average of 14 per week.

The majority of the householders received consisted of personal letters (including bills), with the remainder made up of direct mail (personally or not personally addressed).

As can be seen in Table 3.3 a large number of respondents record an increase in the number of personal letters delivered to their home address each week, compared with five years ago. The primary reason given for this increase, mentioned by one in six respondents, was an increase in service bills received (e.g. mobile, cable, etc.). One in eight attributed the increase to a new business or to work related reasons. This may in part be due to the twenty six per cent of households with self-employed income earners in the sample, 82% of who use their home address as their business point of contact.

Table 3.3 Receipt of mail compared with five years ago

	<i>Percentage</i>
<i>Receive more personal letters compared with five years ago</i>	45%
<i>Receive less personal letters compared with five years ago</i>	29%
<i>Receive the same amount of personal letters compared with five years ago</i>	24%
<i>Don't know</i>	2%

3.2.1.1 Direct Mail

There appears to be an overall increase in the volume of direct mail received by households in the past five years with almost seven in ten households indicating an increase. When asked what was done with this direct mail, over four in ten respondents said they sometimes read it, followed by a third who indicated they always read it. This would seem to indicate the usefulness of direct mail as a tool for businesses to target households.

3.2.1.2 Postal delivery service

Indications are that the majority of customers are satisfied with each aspect of the postal delivery service measured, notably the consistency or regularity of the service offered by the postman, where 84% expressed satisfaction with regard to this service (see Table 3.4). At 19%, there is a significant minority that are dissatisfied with the time post is delivered each day.

Table 3.4 Satisfaction with postal delivery service

	<i>Satisfied</i>	<i>Dissatisfied</i>
<i>The time your post is delivered each day</i>	63%	19%
<i>The time it has taken to deliver your letters (measured from the time and date of posting)</i>	68%	11%
<i>The consistency or regularity of the service being offered by your postman</i>	84%	6%

3.2.2 **Sending Letters**

Thirty eight per cent of respondents reported a decrease in the number of personal letters posted from their home address each week, compared with five years ago, citing telephone, internet and email as the main reasons. As expected this is greater than the twenty five per cent that have indicated an increase, who cite higher age profile, business and increased social contacts as the main reasons. Further, the percentage of respondents indicating an increase may in part be due to the twenty six per cent of households with self-employed income earners in the sample (households with self-employed income earners posted on average 3.3 more letters per week than households without self-employed income earners).

3.2.3 **General aspects of postal service**

Respondents were asked to rate their satisfaction with the postal service on a number of general service issues. As seen in Table 3.5, each of the service aspects measured was reasonably well rated in terms of satisfaction, but equally for each, there were a significant minority dissatisfied. As many as one in five registered their dissatisfaction with the ability to buy postage stamps when and where you want and the availability of letter boxes.

Table 3.5 Satisfaction with aspects of postal service

	<i>Satisfied</i>	<i>Dissatisfied</i>
<i>The cost of postage stamps</i>	56%	15%
<i>The ability to buy postage stamps when and where you want</i>	60%	23%
<i>The availability of a letter box where you can post your letters</i>	61%	20%
<i>The latest collection time for next day delivery from your usual letter box</i>	59%	15%
<i>The time it takes An Post to deliver letters</i>	71%	7%

As illustrated in Table 3.6, the majority of households considered the cost of posting letters (standard sized envelopes) to be good value for money. At 22%, there was a significant minority of respondents who felt that letters delivered within Ireland did not represent value for money. These 22% are perhaps influenced by the interim price increase on letter post introduced by An Post on 2 April 2002.

Table 3.6 Value for money of postal services

	<i>Yes</i>	<i>No</i>	<i>Don't Know</i>
<i>Letters for delivery within Ireland (41 cent)</i>	78%	22%	1%
<i>Letters for delivery in Britain (41 cent)</i>	95%	4%	1%
<i>Letters for delivery in Europe (44 cent up to 25g /83 cent over 25g)</i>	87%	10%	4%

Twenty per cent of respondents have indicated they have had letters delivered to their home address by means other than An Post. Amongst those who did, the majority (72%) were delivered by a courier company, followed by personal delivery (34%).

3.3 Summary

There appears to be at least the same and in some cases greater satisfaction with An Post letter post services amongst both business and residential consumers with relatively few respondents indicating that there has been any deterioration in these services over the past twelve months. Although heavy business users tend to feel that larger and heavier letter post items are expensive there is widespread satisfaction amongst heavy users with An Post's new uniform tariff for standard sized envelopes.

Direct mail may be a useful tool for businesses to target households with seven in ten residential respondents either sometimes or always reading it. It is also interesting to note the changing face of communications with approximately two in five respondents sending less personal mail than five years ago, preferring to use telephone, internet and email instead.

4 Regulatory Developments

4.1 Fixed

4.1.1 *Inter-Operator NTC Charges*

National Translation Codes (NTCs) services are of importance to customers who use the telecommunications network to dial-up and access a wide range of further services - including accessing the Internet. When an *eircom* customer dials an NTC belonging to an Other Licensed Operator (OLO) two billing calculations are involved; the computation of gross revenue from the customer and *eircom*'s retention for conveying the call and collecting the revenue from the customer. The net amount of these two calculations is termed the settlement rate.

This consultation addressed the practical implementation of these principles in the context of the development of billing systems and network build out over the intervening period⁸. *eircom* have been directed to develop individual operator average values as a basis for calculation of NTC settlements

4.1.2 *Reference Interconnect Offer (RIO)*

The Reference Interconnect Offer (RIO) is the catalogue of services that *eircom* provides to other operators enabling them in turn to offer their own services. The ODTR carried out a major review of a number of technical and operational issues which have arisen since the last review of *eircom*'s RIO in 2000.

Following this review a number of key decisions were made⁹. One of these requires *eircom* to allow operators to interconnect at additional network points (points of presence [PoPs]). This new form of interconnection will enable the Other Licensed Operator (OLOs) to make more effective use of their network investment and interconnect more flexibly and economically.

Other decisions include the creation and revamp of various forums to develop a new Partial Private Circuits product and to address issues such as the interconnection billing process and the important operational aspects of the interconnect regime. The introduction of version control to *eircom*'s RIO was also decided.

4.1.3 *Price Cap*

The price cap is a key regulatory tool applied to dominant operators and is aimed at protecting consumers from excessive pricing in areas of the market where competition is ineffective. It also encourages greater efficiencies in the provision of services by the operator concerned.

In June the ODTR issued the second round of three consultations to be undertaken as part of the review of the current price cap that is in place on a range of telecommunications services.¹⁰

⁸ Inter-Operator Itemised Billing - Response to Consultation and Decision Notice (R) D9/02

⁹ *eircoms* Reference Interconnect Offer – Decision Notice – D10/02

¹⁰ Review of the Price Cap on Certain Telecommunications Services – Consultation II – ODTR doc 02/57

The consultation seeks views from interested parties on proposals outlining which services should be price capped in the future¹¹. The Director has proposed that priority is to be given to the review of the fixed line markets as there is already a fixed line cap in place. Price caps for the mobile and leased line markets will be considered next year.

The ODTR is planning to issue the third consultation paper in September 2002. This will consult on the level and structure of any price caps to be applied and will also include a draft tariff regulation amendment order.

4.1.4 Sub Loop Unbundling

The LLU Regulation requires *eircom* to publish a reference offer for unbundled access to the local loop and related facilities, and to meet reasonable request for such services. This includes sub-loop unbundling¹². *eircom*'s Access Reference Offer (ARO) did not explicitly include sub loop unbundling, and on 28th March 2002 Ireland received formal notification that, together with four other countries, the European Commission was opening an infringement action for failure to include this provision.

Despite the fact that there was no industry demand for this product, and a work programme had already been identified to meet the LLU priorities for 2002, the ODTR and *eircom* indicated that a reference offer for sub loop unbundling would be developed to comply with the decision of the Commission.

eircom published Service Schedule 104 as part of v1.10 of their ARO on 28th May 2002. In Decision Notice D12/02¹³, the ODTR directs amendments to these prices set out in the ARO and provides for industry refinement of the Schedule.

4.1.5 Interconnect Conveyance Rates – LRIC Models

Following on from a commitment made at the LRIC Industry Advisory Group for the core network and in order to ensure greater transparency within the industry, the ODTR issued a report to the industry on the comparison between the Industry Bottom-up (Long Run Incremental Cost) LRIC model and *eircom*'s top-down LRIC cost model for the financial year ending 31st March 2000¹⁴. The main purpose of this review of *eircom*'s top down model was to identify any areas requiring modification or revision in order to ensure compliance with the regulations.

The report outlines the comparison process and changes to both models as a result of this comparison and lists specific changes and modifications recommended to *eircom*'s top down model. Discussions between the ODTR and *eircom* are ongoing in relation to the implementation of these recommendations.

¹¹ Categories similar to the current cap

¹² A partial local loop connecting the network termination point at the subscriber's premises to a concentration point or a specified intermediate access point in the fixed telephone network

¹³ Review of *eircom*'s Access Reference Offer – Sub loop unbundling – Decision Notice D12/02

¹⁴ Report on the comparison of costs used to compute interconnect conveyance rates charged by *eicom* – ODTR doc 02/61

4.1.6 Bitstream Developments

Following requests from operator's eircom has reviewed the pricing of the wholesale bitstream product and has agreed a single port charge whereas previously an operator had to order in volumes of 24 ports. This should make the returns on such circuits more predictable for operators. The ODTR is pleased to see this initiative and hopes that it will help with business cases for broadband roll out.

4.1.7 Payphone Access Charge

To take account for the shortfall in Payphone Access Charge (PAC) revenues the Director adjusted the PAC effective from 1st October 2002 to 31st March 2003, basing it on forecasts costs and projected volumes¹⁵. The Director also decided to adjust the charge annually from 1st April 2003, by reference to the Consumer Price Index (CPI) for the previous year.

4.2 Radio Spectrum

4.2.1 3G

Following a comprehensive evaluation of the applications for the 3G mobile licences, Hutchison Whampoa was the highest ranked applicant for the "A" licence, and was awarded the licence. In accordance with the rules of the competition Vodafone and O₂ were offered "B" Licenses. Under the tender rules Vodafone has requested an extension, which has been granted by the ODTR until September 12th 2002.

4.3 EU Framework

4.3.1 EU Directives - Access and Interconnection

The briefing paper on the future regulation of Electronic Communications networks and service access and interconnection directive highlights the major issues and key differences between the current and the New Regulatory Frameworks, in particular the provisions of the access directive which replaces current arrangements regulating interconnection and access¹⁶.

It replaces the current regulatory regime created by the Interconnection Directive, certain provisions of the Voice Telephony and Universal Service Directive, certain elements of the Leased Line directive, and the Advanced Television Standards Directive. The Local Loop Unbundling Regulation remains in place with its provisions referenced in the access directive.

¹⁵ Payphone Access Charge – Response to Consultation and Decision Notice – ODTR doc 02/73

¹⁶ Briefing Note: Future Regulation of Electronic Communications Networks and Services Access and Interconnection Directive 2002/19/EC

4.3.2 **EU Directives - Authorisations**

Following on an earlier consultation about the general principles of authorisations, a further consultation document¹⁷ was issued in August outlining the implications that the new EU Directives will have on the provision of networks and services. Currently networks and services are subject to individual licensing, such as, general telecommunications licences and basic telecommunications licences. From July 2003, under the terms of the new EU Directives, the ODTR will issue standard general authorisations in place of individual licences. Therefore, it will be no longer necessary to obtain a licence before commencing operations except where the use of radio frequencies is involved.

The paper seeks views on the applicability of the new regulatory framework to different types of networks and services. It also provides users with the opportunity to raise concerns that may be addressed under the new framework. The ODTR's preliminary views on how it might implement the conditions in relation to particular categories of networks and services are also outlined.

4.3.3 **SMP**

The fourth Significant Market Power (SMP) review of operators in the Irish telecommunications market was carried out during the quarter¹⁸. The Director reconfirmed the designations of *eircom*, Vodafone and 0₂ as operators with SMP based on a questionnaire sent to all licensed operators which covered the period 1st January 2001 to the 31st December 2001.

4.3.4 **Response to EU Recommendation on Markets**

The European Commission issued its consultation paper in relation to the Draft Recommendation on Relevant Product and Services Markets within the Electronic Communications Sector. The recommendation will provide the framework on the markets that regulators will need to perform market analysis on and assess whether the markets are effectively competitive. The legislative package aims to establish a harmonised regulatory framework for networks and services across the EU. In a joint response to the consultation the ODTR, and the Competition Authority, welcomed the opportunity to contribute and outlined their concerns to the Commission. This process is ongoing and the Commission is expected to meet with National Regulatory Authorities (NRA's) and National Competition Authorities (NCA's) to discuss responses late in September.

¹⁷ Future Regulation of Electronic Communications Networks and Services – General Authorisation Conditions. ODTR doc 02/72

¹⁸ Significant Market Power in the Irish Telecommunications Sector – Decision Notice D08/02

4.4 Statutory Instruments

4.4.1 *Wireless Telegraphy Regulations – SI 345*

SI 345 of 2002 allows for the issue of Licences for the purpose of providing Third Generation and GSM mobile telephony services, for the regulation of such apparatus and for the payment of fees by persons granted Licences for that purpose. The above is issued with the consent of the Minister for Communications, Marine and Natural Resources.

4.4.2 *Wireless Telegraphy (Mobile Radio Systems) Regulations – SI 435*

SI 435 of 2002 allows for the issue of licences for types of mobile radio systems, intended for local or on-site use, not covered by existing regulations. They will allow for the licensing of a variety of mobile radio systems including; Public Access Trunked Radio systems, Automatic Vehicle Location systems and Mobile Data systems. Both 3G and the mobile radio system regulations have been made with the consent of the Minister for Communications, Marine and Natural Resources.

4.4.3 *Fixed Wireless Access – SI 405*

An exemption order¹⁹ issued in July exempts from licensing²⁰ a number of wireless short range devices (SRDs), including some for the provision of fixed wireless access (FWA) in the 2.4GHz and the 5.8GHz band²¹. This is a significant development that could help enable the rapid deployment of new wireless access services such as wireless Internet provision and could complement existing licensed FWA services. Higher power levels are being permitted in the 5.8GHz band to enable higher capacity and greater flexibility of use.

In addition to several SRDs (including devices for short range telemetry, wireless local area networks (WLANs), motion detection, radio microphones, inductive loop systems and medical implants) and FWA at 5.8GHz, the order also provides an interim exemption from licensing devices for the provision of indoor WLANs in the band 5150 – 5350MHz utilising technologies such as IEEE 802.11a facilitating higher data rates than are available via the IEEE 802.11b standard.

¹⁹ S.I. No. 405 of 2002.

²⁰ Under the Wireless Telegraphy Act, 1926.

²¹ Permitted short range devices in Ireland – ODTR doc 02/71

5 Consumer Focus

5.1 Carrier Pre-selection

Carrier pre-selection (CPS) is a key enabler for the development of competition in Irish telecommunications. Following a comprehensive review of the service by the ODTR which included a consultation process²², it was recognised that consumers would prefer the option of receiving a single bill, making the CPS telephony service simpler, clearer and more convenient to use as well as facilitating competition among operators.

The ODTR announced important changes to the current Irish carrier pre-selection regime which will result in single billing for customers, rather than the dual billing method (one for line rental and the other for call services) that is in place currently²³. Single billing will be generated by the CPS operator. The CPS operator will also be able to avail of wholesale line rental offering from eircom.

Another of the changes to be implemented is the facilitation of CPS operators to provide ancillary services directly to CPS customers, e.g. call barring. Codes of Practice issues were also addressed and a comprehensive review of the current CoP will be undertaken by the ODTR.

5.2 Service Level Agreements (Leased Lines)

The delivery of leased lines is a key service for a liberalised market. Service Level Agreements (SLAs) are of critical importance to the development of competition, particularly as operators can be constrained in their ability to offer a credible level of service to their customers if they do not have certainty over the quality and timely delivery of service provided to them by SMP operators.

A new SLA regime under which *eircom* committed to deliver 95% of leased lines to Other Licensed Operators (OLOs) by their promise date was introduced in July.

The implementation of this new regime will give customers, mainly business users, certainty around delivery timeframes along with guaranteed levels of service availability. Decision Notice D2/02 published in March 2002²⁴ set out *eircom*'s requirements to amend various aspects of its service level agreements.

A decision notice issued in June removed PSTN circuits from *eircom*'s SLA offered to OLOs, effective from 1st July 2002²⁵. However *eircom* are obliged to provide OLOs with PSTN lines on a non-discriminatory basis and in line with their USO obligations.

²² Carrier Pre-Selection in Ireland – ODTR doc 02/47

²³ CPS in Ireland 2002 – ODTR doc 02/64

²⁴ Service Levels Provided to Other Licensed Operators by Operators with Significant Market Power – Decision Notice D2/02 – ODTR doc 02/28

²⁵ Removal of PSTN Circuits from *eircom*'s Service Level Agreement offered to OLOs – Decision Notice D11/02. ODTR doc 02/56

5.3 International Roaming

Following on from the results of a consumer survey²⁶ carried out in conjunction with OFTEL, the UK regulator, the ODTR published an information document advising consumers how best to manage costs of roaming whilst travelling in the UK²⁷.

In order to further raise consumer awareness in relation to international roaming charges the ODTR carried out additional research on international roaming charges for Irish travellers visiting a number of other EU countries.²⁸ The destinations featured are France, Spain, Netherlands, Portugal and Greece.

Using two typical user profiles it was found that savings of over 50% could be made in all the featured destinations when switching from a pre-pay to a post-pay service. The best advice pertinent to both profiles is to contact the operator for up to date charges before travelling and asking the operator to outline ways of minimising these costs. Other suggestions include; change from pre-pay to a post-pay service, use text messaging instead of voice calls, manually select a network to roam on, use International Traveller services and avail of cheaper off-peak tariffs. Consumers can reduce the cost of roaming by reviewing their usage pattern and selecting the most appropriate option to suit their requirements.

5.4 Measuring Licensed Operator Performance (MLOP)

On 12th July the ODTR published the second report in the Measuring Licensed Operator Performance programme.²⁹ Based on data supplied by the major fixed line operators, the report measures quality of service performance which will, over time, allow consumers to make informed choices when deciding on the fixed line provider that best suits their requirements.

The performance measures focus on the management of orders, faults, complaints and the promises made by operators to their customers in both business and residential markets. The aim is to stimulate greater competition in service quality among the operators, thereby leading to further improvements in performance.

The results of this second report reveal that a number of operators have shown improvements since the first report³⁰ in the following areas:

- Business Indirect Access order completion
- Business and Residential Direct Access fault clearance
- Leased line fault clearance
- Residential direct order provision

²⁶ Consumer awareness of mobile roaming – A report by the ODTR, part of a joint ODTR/Ofel study on mobile roaming – ODTR doc 02/33

²⁷ Benchmarking study and Consumer Advice on mobile roaming between Ireland and the UK – a report by the ODTR, part of a joint ODTR/Ofel study on mobile roaming – ODTR doc 02/34

²⁸ Consumer awareness report on mobile roaming costs for popular package holiday and short break destinations – ODTR doc 02/67

²⁹ Measuring Licensed Operator Performance Programme. Issue 2: July – December 2001 – ODTR doc 02/66

³⁰ Measuring Licensed Operator Performance Programme. Issue 1: July to September 2001 – ODTR doc 02/23

5.5 Consumer Complaints

The ODTR has an established framework on the Codes of Conduct for the handling of complaints by cable and MMDS operators³¹ and a similar framework for telecommunications operators³².

During the quarter, 152 complaints were received by the ODTR in relation to fixed operators compared to 233 in previous quarter, 27 complaints were received about mobile operators compared to 50 last quarter and 79 complaints related to broadcasting operators compared to 119 last quarter.³³

Table 5.1 Consumer Complaints

<i>Complaints</i>	<i>Q01</i>	<i>Q02</i>
<i>Fixed Operators</i>	233	152
<i>Mobile Operators</i>	50	27
<i>Broadcasting Operators</i>	119	79

This quarter, 477 consumer queries were received compared to 378 for previous quarter. Most queries related to price increases granted to licensed cable and MMDS television providers, as well as the changes by operators to the content of their services. General queries surrounding contractual matters between consumers and operators were also received, i.e. disconnection policies, and changes in tariff plans.

Table 5.2 Consumer Queries

	<i>Q01</i>	<i>Q02</i>
<i>Queries</i>	378	477

³¹ Codes of Practice by cable and MMDS operators for handling consumer complaints – Decision Notice D6/01 and response to the consultation – ODTR doc 01/22

³² Codes of Practice for the handling of consumer complaints by telecommunications operators – Decision Notice D13/01 – ODTR doc 01/67

³³ The ODTR does not handle complaints about BSkyB as it is not licensed by this Office.

6 Technology Developments

A key aspect of the ODTR's role is to raise awareness of new and emerging telecommunications technologies in the ICT sector. To this end, a Briefing Note on the topic of Internet Protocol version 6 (IPv6)³⁴ was issued. During this quarter, the ODTR also held two half day seminars, one entitled Innovation in Communications – Planning for the Future and one entitled Strategic Management of Radio Spectrum in Ireland.

The Strategic Management of Radio Spectrum in Ireland seminar outlined the ODTR's spectrum strategy following the publication of the Strategic Management of Radio Spectrum in Ireland paper in May³⁵. The seminar presented the framework within which radio spectrum can be used, outlining current uses and objectives for future development, and looked at recent strategic developments in radio services. The seminar was attended by a broad range of representatives of the wireless sector in Ireland who took the opportunity to pose questions on issues covering administrative pricing to terrestrial broadcasting migration to digital services.

The purpose of the Innovation in Communications symposium was to raise awareness of new and developing technologies that may offer significant opportunities for the telecommunications sector in Ireland. During this symposium representatives of the Irish and global ICT sector had an opportunity to hear and discuss the work of the ODTR's 'Forward-looking Programme' which is designed to identify future trends and new issues arising in the communications sector. Technology issues relating to Internet Protocol, future DSL, future mobile applications and all optical networks were discussed among others. The presentations given during the symposium and the briefing notes in the forward looking programme are available on the ODTR website³⁶.

The latest briefing note in the forward looking programme covered the topic of IPv6, sometimes known as 'next generation IP', is a new version of the Internet protocol, designed to cope more effectively than the existing IPv4 with modern applications such as 3G mobile and e-commerce than the current Internet protocol. IPv6 can greatly increase the availability of IP addresses, which is a significant limitation on current networks, with the capability of providing multiple individual addresses to every user. Among other benefits, IPv6 can facilitate security and quality of service features, and can be automatically configured making it more user friendly. IPv6 is currently being deployed to a limited extent in networks in Ireland and around the world. This Briefing Note outlines some of the problems network operators are currently facing or are likely to face shortly and offers IPv6 as a possible solution for consideration as they move forward with more advanced Internet applications.

³⁴ Internet Protocol version 6 (IPv6) – Briefing Note: ODTR doc 02/63

³⁵ The *Strategic Management of Radio Spectrum in Ireland* (ODTR doc 02/43) was published following a public consultation process. It is the intention of the ODTR to update and review the strategy on a biennial basis.

³⁶ www.odtr.ie/docs/odtr0259.doc

7 Postal Regulation

An Post must seek the Director's concurrence to any proposals they wish to make to increase prices to services which are "reserved" to it under Irish Law. It is necessary to have full and accurate separated accounts in order to carry out the necessary analysis³⁷. An Post's financial position warranted an increase before this analysis could be completed and the Director accepted the need for an "interim" increase.

A consultation paper³⁸ on the interim price submission was launched in January 2002. Decisions taken by the ODTR in the light of the responses were included in ODTR 02/32³⁹. The proposals for price increases for the Direct Mail services, e.g. Postaim and Loyalty Mail, could not be approved at the same time as the main First Class and International Tariffs because of considerable comment by respondents to the consultation. A further submission was received from An Post on 24 June and on 29 July the ODTR approved price changes which became effective from 11 August 2002⁴⁰.

The Director stated in ODTR Document No. 01/73 that a contract for the measurement of An Post's quality of service for single piece mail would be put in place using Irish and European procurement laws. A contract for this work was awarded to TNS MRBI in August 2002 and first results are expected to be published in the first half of 2003.

³⁷ Regulation of Universal Postal Services – Accounting Separation and Costing Methodology – Proposed Direction to An Post – Decision Notice D15/01 ODTR doc. 01/74

³⁸ Application by An Post to increase the price of Reserved Postal Service – Consultation Paper: ODTR doc. 02/15

³⁹ Decision 6: "The proposed changes in tariffs for Direct Mail services are not approved but An Post is authorised to raise a surcharge of 3c per item for the period until 30 June 2000..."

⁴⁰ Application by An Post to increase the price of reserved postal services ODTR 02/15 – Decision Notice and Further Response to Consultation: ODTR doc. 02/70

Appendix: Documents Issued July – September '02

Fixed

<i>Document No.</i>	<i>Title</i>
02/75	Information Notice on the Payphone Access Charge
02/73	Payphone Access Charge – Response to Consultation Paper and Decision Notice
02/69R	Briefing Note: Future Regulation of Electronic Communications Networks and Services Access and Interconnection Directive 2002/19/EC
02/68	Payphone Access Charge Consultation Paper
02/64	CPS in Ireland 2002
02/61	Report on the comparison of cost models used to compute interconnect conveyance rates charged by eircom
02/60	Review of eircom's Access Reference Offer – Sub loop unbundling – Decision Notice 12/02
02/57	Review of Price Cap on Certain Telecommunications Services – Consultation II
02/56	Removal of PSTN Circuits from eircom's Service Level Agreement offered to OLOs – Decision Notice D11/02
02/55	Eircom's Reference Interconnect Offer – Decision Notice D10/02
02/54	Inter-Operator Itemised Billing – Response to Consultation and Decision Notice

Consumer Issues

<i>Document No.</i>	<i>Title</i>
02/67	Consumer awareness report on mobile roaming costs for popular package holiday and short break destinations
02/66	Measuring Licensed Operator Performance Programme: Issue 2: July – December 2001

Post

<i>Document No.</i>	<i>Title</i>
02/70	Decision Notice and Further Response to Consultation ODTR 02/15
02/62	Notice as an addendum to the “Response to Consultation – Application by An Post to increase the price of reserved Postal Services ODTR 02/32” – Information Notice

Radio Spectrum/Technology

<i>Document No.</i>	<i>Title</i>
02/71	Permitted Short Range Devices in Ireland
02/63	Internet Protocol Version 6 (IPv6) – Briefing Note

EU Framework

<i>Document No.</i>	<i>Title</i>
02/74	Joint Response to Consultation on the European Commission’s Draft Recommendation on Relevant Product and Service Markets within the Electronic Communications Sector
02/72	Future Regulation of Electronic Communications Networks and Services – General Authorisation Conditions
02/53	Significant Market Power in the Irish Telecommunications Sector
02/51	Future Regulation of Electronic Communications Networks and Services – Future Authorisations

General

<i>Document No.</i>	<i>Title</i>
02/65	ODTR Response to Department of the Taoiseach Consultation “Towards Better Regulation”
02/59	Forward Looking Programme – Seminar Presentation
02/58	Dispute Resolution Determination D5/02 – Summary
02/52	Dispute Resolution Determination D4/02 - Summary

Regulations – Statutory Instruments

<i>SI No.</i>	<i>Title</i>
345 of 2002	Wireless Telegraphy (Third Generation and GSM Mobile Telephony Licence) Regulations 2002
435 of 2002	Wireless Telegraphy (Mobile Radio Systems) Regulations 2002