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Consultation Summary

ComReg seeks your views on:-

Universal Service for telephone services; Requirements for a minimum set of services for all consumers.

Consultation Summary:-	06/16a
Consultation Paper:-	06/16 available from comreg.ie or askcomreg.ie websites
Date by which you must respond:-	5:30pm on the 11 th May 2006
Who to send your response to:	Email:- retailconsult@comreg.ie Post to:- Ms. Michelle Townshend Commission for Communications Regulation Irish Life Centre Abbey Street Freepost Dublin 1 Ireland
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1 About Consultations

1.1 What is a Consultation?

A consultation is a way that allows you to make your views known on matters that ComReg are going to make a decision or act upon.

1.2 What is the Consultation process?

- ComReg will issue a ‘Consultation Paper’, that is, a document which outlines the measure(s) being considered and discusses the factors which ComReg consider relevant.
- You should express your views on the matter in question, by the date specified
- We will consider and take account of the merits of views expressed. However, the process is not equivalent to voting and ComReg will exercise its judgement by considering the merits of the views expressed and the scope of its powers.
- ComReg will issue a Response to Consultation paper, that is, a document which gives an overview of the responses sent to ComReg, ComReg’s response to them and ComReg’s decision relating to the matter being considered.

The views sent by people or organisations to ComReg are also published.

1.3 How do I make my views known to ComReg?

If you have views on the matter being discussed, send your views to ComReg using the following steps:-

- Send your views to the contact person by the date required. You will find these details on the 1st page of this document.
- You do not have to send us your views on every question but you should use the question numbers of the questions that you reply to in your response to us.
- You can send a letter, email us or use the consultation pages on the comreg.ie and askcomreg.ie website. Make sure you use the document number 06/16.
- We will publish the views you send to us and your name in our ‘Consultation Response’ paper.

1.4 What is a Consultation Summary Document?

A Consultation Summary Document summarises the key points of the Consultation Paper. ComReg will usually provide Consultation Summary Documents for those consultations which directly concern the general public.

You may find it useful if you are not familiar with consultations or with the technical or legal terms used. If you are using adaptive technology to read electronic documents you may also find the Summary Document helpful.

Please note that the Consultation Summary Document is only a summary and you will find the full text of the Consultation Paper, including the legislative basis, in the Consultation Paper itself. Details of where you can get a copy of the Consultation Paper are given on the 1st page of this document.

2 What is this consultation about?

This consultation relates to Universal Service Obligations (“USO”) for telephone services. This mainly covers the supply of landlines to end-users, provision of public payphones and availability of directory services.

eircom is the current Universal Service Provider, but the current period of 3 years will end in July 2006. It is now appropriate to address the coming period and ComReg wish to consult with you so that we can make an informed decision on the approach regarding the future provision of Universal Services.

Why do we need USO?

The purpose of USO is to ensure that basic fixed line services are available to consumers within Ireland at an affordable price.

There are both social and economic reasons for the USO:-

- to provide services to help vulnerable users
- to provide services to those in remote locations whom the market might otherwise not choose to serve
- to bring benefits to those with low incomes who have difficulty in affording a telephone service
- to provide for consumers with disabilities who need particular services or facilities
- to accommodate those in rural locations for whom the actual cost of gaining access to service might otherwise be prohibitively expensive.

Universal Services are:

- Provision of Access at a fixed location
- Directory Enquiry Services and Directories
- Public Pay Telephones

- Provision of Services to Disabled Users
- Affordability
- Control of Expenditure

3 Scope of the USO

The purpose of the consultation is to get information from you in relation to a number of questions regarding the scope of the USO.

In particular, we would like your views on

- the provision of access at a fixed location,
- provision of public pay telephones and
- measures to allow consumers control their phone expenditure.

Factors which ComReg believes are relevant to deciding the scope of the USO:

- Developments in the Market
- Significant Market Power in Fixed Access & Calls Market
- Disconnections
- Trends in Housing Growth
- Mobile Penetration Rate

**Q. 1. What are your views on the factors identified above in considering Universal Service obligations?
Are there other factors which need to be considered regarding the provision of Universal Service?
Please give reasons for your answer**

4 Duration of USO

In 2003, a period of 3 years was selected as the appropriate duration for all elements of Universal Service. An issue to be considered now is what should be the appropriate period.

Factors to be considered include:

- The overall legislative framework for Universal Services

- The ease and manner in which any changes to the scope of Universal Services can be made; changes may result from a review by the European Commission.

Q. 2. What are your views on the factors outlined above in the context of defining an appropriate designation period?

5 Provider of the USO

As part of the regulations ComReg must decide on one or more operators to guarantee the provision of the Universal Services and must ensure that the whole of the State is covered.

ComReg can decide to use different operators or sets of operators to provide different elements of Universal Service and /or to cover different parts of the State.

We must consider a number of factors in deciding on an operator as the provider for each element of the Universal Service.

This consultation asks interested operators to put themselves forward to provide all or part of the Universal Services. Any expressions of interest should be accompanied by the following:

- An outline of technical competence and expertise in providing the service concerned.
- An outline as to how the proposed obligations as detailed in this paper will be fulfilled including a full description as to how the service(s) will be provided.
- Procedures for connection, fault management, the provision of information to consumers and the handling of complaints.

If expressions of interest are received, ComReg will consider how to advance matters further and may outline an approach in the response to this consultation.

6 Aspects of the USO

6.1 Provision of Access at a Fixed Location

A fundamental requirement of the Universal Service Obligation is that all “reasonable” requests for connection to the public telephone network are met by at least one operator. Therefore, *eircom* as the Universal Service Provider (“USP”) is currently required to satisfy any reasonable request to provide a connection to the public telephone network at any fixed location in the State.

Any connection must be capable of allowing consumers make and receive the following:

- Local, national and international calls
- Facsimile communications, and
- Data communications at data rates that is sufficient to permit functional Internet access.

In addition, The Universal Service Provider is required to treat all requests for connection at a fixed location to the public telephone network and for access to publicly available telephone services at a fixed location as reasonable

- if the estimated expenditure involved in meeting the request is not greater than €7,000 and the applicant agrees to the payment of the standard connection charge.

OR

- if the estimated expenditure involved in meeting the request is greater than €7,000 and the applicant agrees to the payment of the standard connection charge plus the amount by which the estimated expenditure exceeds €7,000.

The Universal Service Provider shall use all reasonable endeavours to ensure that all connections to the publicly available telephone network are capable of a reasonable minimum data rate no lower than 28.8 Kbit/s. The legislation covering Universal Services excludes Broadband.

Q. 3. What are your views in relation to the proposal above?

Are there other factors which should be considered by ComReg in making this designation?

6.2 Private Commercial Agreements

ComReg is aware that developers have been entering into arrangements with operators for the provision of phone services, often coupled with broadband and TV/Video content (triple play) for new developments.

A number of interested parties, including consumers, have contacted ComReg in respect of the implications of this practice, particularly in terms of access to services from the USP or other operators.

Q. 4. In your view what is the most appropriate way to deal with the situation described above?

6.3 Directory Services

The Regulations provide that a USO Provider must ensure that a comprehensive directory of consumers is made available to all consumers and is updated at least once a year **OR** that a comprehensive telephone directory inquiry service is made available to all consumers, including users of public pay telephones.

To date, *eircom* as the USO provider has been providing both elements, that is a telephone directory and a comprehensive directory enquiry service. Over the past 3 years, the directory inquiry market has grown with Conduit also providing Directory Enquiry services.

This leads ComReg to believe that directory enquiry services are being provided on a commercial basis and Consumers can exercise choice in terms of using competing services for directory enquiries.

The Regulations also state that the USP for directory services shall also maintain the National Directory Database (NDD).

What is the National Directory Database (NDD)?

The database is a record of all consumers of publicly available telephone services in the State who have not refused to be included in the NDD i.e. anyone who is not “ex-directory”

As *eircom* customers make up the majority of consumers included in the NDD, ComReg considers that *eircom* may be the most suitable operator to provide Universal Services in this area.

ComReg will carefully consider any representations it receives from interested parties for the provision of the comprehensive Directory Enquiry service or the telephone directory or both (and the maintenance of the NDD).

Q. 5. What are your views in relation to the preliminary view that eircom should be designated as the universal service provider with respect to the provision of a subscriber directory and the directory enquiry element should it remain part of the universal service requirement? Are there other factors which should be considered by ComReg in making this designation?

Q. 6. Do you believe that the present provision of directory enquiry services meets the needs of end-users?

Q. 7. Do you think there is any benefit in removing the Directory Enquiry element from the Universal Service?

6.4 Public Pay Telephones

The Regulations provide that a USO Provider shall ensure that Public Pay telephones are provided to meet the reasonable needs of consumers in terms of

- geographical coverage
- number of telephones
- accessibility of such telephones to disabled users and
- the quality of services.

As a consequence of the growth in mobile phone usage, some further reductions in the number of payphones in both urban and rural areas may be unavoidable due to a possible further fall in demand for Payphones. The number of USO payphones operated by *eircom* at the end of September 2005 was 4,095.

Despite the decline in use, payphones continue to provide a key service to many people and are important for reasons of social and economic inclusion.

A public payphone is valued and needed by many people

- without a land line or a mobile phone or
- those away from home, or
- those whose mobile phone is out of credit, or
- those who for whatever reason choose to use a payphone instead of their mobile phone.

What is a Public Pay Telephone?

The Regulations define a public pay telephone as “a telephone available to the general public for the use of which the means of payment may include coins, credit cards, debit cards or pre-paid cards, including cards for use with dialling codes”.

In addition, it must be possible to make emergency calls free of charge from all Public Pay Telephones.

The scale of *eircom*'s network is relevant in the context of the provision of Public Pay Telephones. The ability to provide Public Pay Telephones throughout the country is clearly dependent on that scale and is reflected in the fact that *eircom* is the only provider to offer services over their own networks.

ComReg will carefully consider any representations it receives from interested parties for the provision of Public Pay Telephones throughout the State or a defined territory within the State.

Q. 8. What are your views in relation to the preliminary view that *eircom* should be designated as the universal service provider with respect to the provision of public pay telephones? Are there other factors which should be considered by ComReg in making this designation?

6.5 Provision of Universal Service to Disabled Users

The Regulations provide for specific measures for disabled users. ComReg can specify obligations applicable to USO Provider for the purpose of ensuring that disabled consumers

can enjoy access to and affordability of publicly available telephone services equivalent to that enjoyed by other consumers.

From July 2003, the Universal Service Provider is obliged to provide the following services to disabled users:

For users that are hearing-impaired

- Inductive couplers which allow users with a hearing aid set to connect the set to their telephone to allow them to hear incoming speech clearly.
- Amplifier phones which allow the user to increase the volume of incoming speech.
- Teleflash Visual Alert which shows a flashing light, or makes a loud noise when the telephone rings.

For users that are hearing and/or speech impaired

- A text Relay Service providing facilities for the receipt and translation of voice messages into text and the conveyance of that text to the textphone of customers of any operator, and vice versa.
- A rebate scheme whereby, as a result of the time taken to make a text telephone call, equality of payment for deaf text telephone users can be assured.

For users with limited dexterity or mobility

- Push button telephone sets with speed and automatic redial buttons allowing pre-programmed telephone numbers (typically the most called numbers) or last called telephone numbers to be dialled without having to re-enter the telephone number.
- Hands free/loudspeaker phones means that the handset does not need to be used at all.

For users with restricted vision

- Restricted vision telephones which can help people with restricted vision to find other numbers more easily.

- Braille billing free of charge.
- Special directory enquiry arrangements which allow those users unable to use the phone book because of a disability, to use a directory enquiry service free of charge.

In addition, the USP was required to develop and publish a code of practice for the provision of services to users with disabilities. This was developed and published on the *eircom* website at http://www.eircom.ie/bveircom/pdf/code_of_practice_disability.pdf. The code of practice incorporates details of the services which it provides to comply with the mandatory requirements.

ComReg notes that the mandatory set of obligations may be less than voluntary measures being taken by operators.

**Q. 9. What are your views on setting of requirements to ensure that the needs of people with disabilities are met?
Is the current set of obligations appropriate, or should a larger or smaller set of obligations be imposed?**

6.6 Affordability

The Universal Service Regulations adhere to the principle of maintaining affordability for the minimum set of Universal Services.

In particular, affordability has to be maintained

- in rural and high cost areas,
- for vulnerable user groups such as the elderly, those with disabilities and those with special needs.

While communications services are a basic necessity for all users, ComReg feels strongly that protections for vulnerable customers need to remain in place. These should aim to protect vulnerable customers from a rapid increase in overall bills.

At present, affordability is maintained by way of a number of different measures which include:

- overall safeguard control on consumers' bills (on line rental and calls). This is done by a method called the price cap regime
- the Department for Social and Family Affairs (DSFA's) Free Telephone Rental Allowance (FTRA); and
- Vulnerable Users scheme.

In 2003, a "Vulnerable Users" scheme was introduced by *eircom* in June 2003. It is targeted at low users, including those who may qualify for the *eircom* social benefit scheme. This scheme works as follows: if a user currently spends less than €10 a month on calls the scheme entitles the user to the first €6.46 worth of calls free. It should be noted that once a customer's bill is over €10 per month the call rates double after €5. All figures are inclusive of VAT.

The Department for Social and Family Affairs also operates a number of schemes which are designed to protect vulnerable users (such as pensioners, widowers and defined disability groups) and ensures affordability for services. For example, the *eircom* social benefit scheme is targeted at consumers in receipt of the Department of Social and Family Affairs (DSFA) Telephone Allowance. The scheme provides users who qualify for the scheme with free line rental and credit of up to €1.21 towards calls each month.¹

**Q. 10. Do you believe that the current measures outlined above provide suitable protection for vulnerable users?
Alternatively, please comment on how additional protection could be best delivered or unnecessary requirements removed.**

¹ Further details of this scheme is on the *eircom* web site:
http://www.eircom.ie/About/Activities/Sn1_pt19.pdf

6.7 Control of Expenditure

In addition to the question of affordability of rates, ComReg believes that it is also imperative that consumers are able to monitor and control their expenditure to ensure that they do not find themselves unable to pay their bill and face disconnection from the network. ComReg can make rules to ensure that consumers are in a position to monitor and control expenditure. Measures which can be taken include:

- **Itemised Billing:** a minimum level of itemised billing to be provided to consumers free of charge.
- **Selective Call Barring:** the ability of the consumer to bar outgoing calls of defined types.
- **Introducing a spend threshold:** the ability to set a limit on the charges on your bill.
- **Phased Payment of Connection Fees:** the facility whereby consumers can pay for their connection fees on a phased basis.
- **Non-Payment of Bills:** a disconnection policy.

When responding to the questions below, respondents should consider whether any benefits from the measures discussed are likely to exceed the cost of provision.

6.7.1 Itemised Billing

eircom is required to provide a minimum level of itemised billing free of charge to consumers who request this facility. The level of itemisation provides consumers with a list of numbers called, call cost and duration, with subtotals by call type, line and equipment rental along with full details of any relevant discounts.

ComReg believes that the current level of itemised billing as provided is sufficient to allow consumers to verify their charges and assist them in the control of their expenditure; therefore ComReg does not believe this facility needs to be amended at this time.

Q. 11. Do you agree with the approach regarding call itemisation above?
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6.7.2 *Selective Call Barring*

eircom currently offers call barring to Premium Rate Services free of charge to consumers. A range of other call barring options is also offered subject to payment of a set up fee and ongoing rental charges. These include the following:

- Premium Rate, International, Cross Channel and National
- Premium Rate, International and Cross Channel
- Premium Rate and International
- Premium Rate and Mobile
- All of the above

ComReg believes the call barring options available are reasonable in terms of enabling users to control their expenditure. ComReg does not propose to make any amendments to the call barring options at present but may do so in relation to the charges imposed for such services.

Q. 12. Do you believe that the call barring options are reasonably sufficient to enable users to control their expenditure?

Q. 13. What are your views in relation to charges for availing of call barring options as a means of controlling expenditure?

6.7.3 *Setting of Spend threshold*

While the vulnerable users scheme assist those consumers spending less than €10 a month on calls, consumers who are just outside the scope of this scheme may benefit from a way to enable them to limit the size of their telephone bill.

One such way could be to set a credit limit on your account. This would work much in the same way as a credit card limit. However, once the limit is reached you would be informed and asked whether further outgoing calls should be permitted. Therefore, you would be able to decide on allowed usage.

Q. 14. What are your views on the possibility of facilitating end-users to set a credit limit on their telephone account as an aid to control expenditure?

6.7.4 Phased Payment for Connection Fees

In the previous universal service review, phased payment for connection fees was introduced. This is to ensure that as many people as possible can get access to phone services. Phasing of connection fees ensures that you are not stopped from early connection because of your inability to pay the total connection charge in one payment. The scheme is implemented using a direct debit option. ComReg does not propose to make any changes to this program at this time.

Q. 15. Do you believe that the option of spreading payment of connection fees is useful to enable subscribers to get connected to the network?

6.8 Non Payment of bills

All operators must publish their disconnection policy as part of their Code of Practice on Consumer Complaint Handling. In the previous review ComReg considered whether the USP should have a more detailed disconnection policy. However, it was decided that a balance had to be struck between protecting users from unwarranted disconnections and commercial interests.

ComReg is not proposing to amend *eircom*'s disconnection policy currently.

eircom's policy provides if you do not pay your bill by the account due date *eircom* may restrict your ability to make and receive calls. However, while doing this, *eircom* will endeavour to contact you to remind you that your bill is overdue.

Q. 16. Do you believe that the current disconnection policy is reasonable?

7 Regulatory Impact Assessment

A Regulatory Impact Assessment (RIA) is a description of the anticipated effects including costs of the matter being decided.

As ComReg must decide that there will be one or more Universal Service Providers (USP) for the next period commencing in July 2006, we must also consider key effects such as cost, burden and benefit to USP of providing USO services and associated benefits to consumers.

Q 17 What are your views on the general approach taken in this regulatory impact assessment?