

# DÁIL ÉIREANN

---

## AN COMHCHOISTE UM CHUMARSÁID, GNÍOMHÚ AR SON NA HAERÁIDE AGUS COMHSHAOL

## JOINT COMMITTEE ON COMMUNICATIONS, CLIMATE ACTION AND EN- VIRONMENT

---

*Dé Máirt, 23 Bealtaine 2017*

*Tuesday, 23 May 2017*

---

Tháinig an Comhchoiste le chéile ag 5 p.m.

The Joint Committee met at 5 p.m.

---

Comhaltaí a bhí i láthair Members present:

Teachtaí Dála/Deputies	Seanadóirí /Senators
Timmy Dooley,	Terry Leyden,
Eamon Ryan.	Michael McDowell,
	Joe O'Reilly.

I láthair/In attendance: Deputy Thomas Pringle.

Teachta/Deputy James Lawless sa Chathaoir/ in the Chair

*The joint committee met in private session until 5.25 p.m.*

### **Commission for Communications Regulation Performance Review: Discussion**

**Vice Chairman:** I welcome the Commission for Communications Regulation, ComReg. The outline for the meeting is that ComReg will account to the committee for the performance of its functions and the strategy statement 2017-2019 and then any current issues can be raised. I would like to welcome from ComReg Mr. Gerry Fahy, chairperson, Mr. Jeremy Godfrey, commissioner, and Mr. Kevin O'Brien, commissioner, and thank them for joining us. Their presentation has been circulated to members but they may wish to brief members on it.

I remind members to turn off their mobile phones or switch them to flight mode, as they can interfere with the sound system and make it difficult for the parliamentary reporters as well as for web-streaming coverage. I draw witnesses' attention to the fact that, by virtue of section 17 (2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the Chairman to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected to the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, persons or entity by name, or in such a way as to make him, her or it identifiable. Any submissions or opening statement made to the committee will be published on the committee website after this meeting. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House, or an official, either by name or in such a way as to make him or her identifiable.

The joint committee has an oversight role, rewritten into the Acts of the Oireachtas as well as Standing Orders, over the following independent regulators: the Broadcasting Authority of Ireland; the Commission for Energy Regulation; and ComReg, the Commission for Communications Regulation, which is here today. The joint committee has had discussions with the OECD in relation to its role as an oversight body, which it intends to develop further on over the coming year. The committee intends to meet each regulator on an annual basis to review its performance and today we are meeting ComReg for the purposes mentioned, namely, accounting to the committee for the performance of its functions and the strategy statement 2017-2019 and to deal with any current issues.

I call Mr. Gerry Fahy.

**Mr. Gerry Fahy:** We are very pleased to be here today to meet the committee and give an account of our functions. I am joined by my colleagues, Mr. Jeremy Godfrey, commissioner, and Mr. Kevin O'Brien, commissioner. We will be going through the presentation jointly. I will give the overview and will then hand over Mr. Godfrey to talk about our strategy while Mr. O'Brien will talk about the projects that flow from our strategy. I will then talk about the issue of roaming, which I know is of interest to the committee, and will then cover the highlights of our issues for the last 12 months. I will close on that point.

ComReg was established by an Act of the Oireachtas in December 2002. It followed on from the ODTR, the Office of the Director of Telecommunications Regulation, which preceded it. ComReg has three commissioners, who are here today. We are supported by a highly skilled multidisciplinary staff, including economists, engineers, accountants and lawyers, among others. We regulate under Irish and EU law and our key responsibilities are: promoting competition and consumer choice; upholding consumer rights; facilitating marketing development, innovation and efficient use of spectrum; and ensuring the maintenance of the universal service in both telecoms and post. We have other miscellaneous responsibilities, including emergency call-answering services, domain registry and premium rate services regulation, among a number of other services which are too long to list here.

That is just an overview of what ComReg is and what it does. At this point I will hand over to my colleague, Mr. Godfrey, to talk about the market today and the strategy that we have evolved.

**Mr. Jeremy Godfrey:** Any strategy starts with knowing where one is today. In view of this I will give a brief overview of the marketplace. The electronic communications sector is an important sector in its own right in terms of its turnover and employment, but its real impact on Ireland economically is in the support it gives to other industries in making Ireland an attractive destination for foreign direct investment, and also the support it gives to a sector such as health care, education and general social life.

In the past several years, there has been a big increase in competition in the marketplace and in consumer choice. In the fixed broadband market, there are now four players, each of whom has more than 10% market share, and the largest player is down to about 32% market share. The supply, therefore, is much more evenly spread than has been the case. In the mobile market it is a little more concentrated, with just three players with more than 10% market share, although there is a fourth player, Tesco, with 7%. The largest player in mobile has a market share of something like 37%. That competition has led to a great deal of choice for consumers. There is a variety of bundles they can buy, including voice services, mobile, TV services and so forth.

In general, prices have been coming down in the past five years, as measured by the communications component of the consumer price index, CPI. Prices rose slightly in 2015 and fell back again in 2016. So far this year, we have seen a few operators increase prices slightly. However, not all operators have done that and customers are able to switch and take up lower price bundles. We await to see the impact that will have on prices overall.

There has also been a good deal of investment. Even in the years since the financial crisis, investment has run at over €3 billion. That has mostly gone into high speed networks for broadband and 4G high speed mobile networks. The result of that is that the number of people with high speed packages since 2012 has increased from approximately 20% to approximately 65%. The percentage of users using 4G has gone from 27% to 42% in a year but, and it is a significant “but”, the benefits of that have occurred for around the 70% of the population that lives in urban and more highly populated areas. The experience of users in less populated rural areas is that those services are much less widespread. I will come back to that issue when we talk about the strategy.

These changes have been very useful in meeting consumers’ evolving needs. We are seeing a much greater use of smart phones, tablets and laptops. The mobile data use has increased by 500% in the past five years. Mobile phones have become the primary communications device people use, which was not the case several years ago.

In terms of the trends we see developing in the next four or five years, the first one we will highlight is the variability in consumer experience. In urban areas in Ireland, the availability of communications services is as good as anywhere in Europe, but we have a much bigger rural population than most other places in Europe and the impact of the poorer services in the rural areas is much more significant. That problem is getting worse because of the importance of communications services. To give an example, five or six years ago it did not matter too much to people if they could not get mobile coverage in their homes because when they were in their homes they would largely use their fixed line. Now that people's main communications device is their mobile phone, it matters much more that they can make phone calls on their mobile phone while they are in their homes. In recent years, we have started to see many more complaints about poor indoor coverage in rural areas, as well as complaints about outdoor coverage. As our strategy goes forward, addressing that issue is a very important plank for us.

The next three trends we see are all about making sure that the services available in Ireland remain at the forefront of what is available globally. It takes a good deal of work on the part of the Regulator to create the conditions where people will invest and innovate, and where the need to compete creates that imperative. We believe that is important for three reasons. First, electronic communications in their own right are less important than the things they enable. As we are seeing greater use of social media and online video, we need to have an eye on how we enable start-ups, innovation and development of those related markets, even though we do not regulate them ourselves.

Second, we need to have an eye on what has been called the Internet of things. In the future, communications will not just be between people. It is quite likely they will be between one device and another device. Already, we are seeing the beginning of that with devices for smart homes. We read a lot about autonomous vehicles. These new services are not of great importance today, but they will be of great importance in four or five years time, and we want to make sure that in five years time a member in a Dáil committee is not asking us why we did not make sure that people in Ireland had access to those new services.

The third aspect is around the technologies that support them. We can see much greater investment in fibre-optic technology to support services and also new sorts of mobile technology, particularly around 5G.

The fourth important aspect it is worth pointing out is that the European legal framework in which we operate is being fundamentally reviewed. The proposal for a new communications code that is being discussed in the Council of Ministers and in the European Parliament is in some ways just a useful updating of the existing framework. However, there are some proposals which cause some concern, particularly around reducing the ability of regulators to promote consumer choice and protect the interests of consumers, and also some centralisation proposals, particularly around spectrum, which is to bring the decisions away from member states into Brussels. That proposal has attracted a great deal of concern, both from member states and regulatory authorities throughout Europe.

On the vision we adopted in our strategy, having looked at those trends, I will highlight three main concepts, namely, affordable, high quality and widespread access to communications services. That is picking up on the need for the services to continue to be at the forefront of what people need for them to be affordable, but also for them to be available not just in urban areas but also in rural and less populated areas.

ComReg's role in this, as an economic regulator, is to make sure that the market operates in

the interests of end users in society. That is not just about being an efficient market, it is about a market that operates in the public interest. We do that by promoting investment and consumer choice, and protecting consumers.

I will conclude with a slide on five elements of what we call strategic intent. We looked at the main tools available to ComReg and what we would like to achieve through the use of those tools. From a strategic intent we develop goals and then the projects, which Mr. O'Brien will discuss shortly.

On the competition side, having a variety of players providing services to end users is something we wish to promote. Also, it is a complicated market where the participants buy and sell services from one another. We want to see as much competition as is possible in the provision of some of the underlying networks and those wholesale services.

The second element is consumer protection. Many of the bundles are quite complicated, and it is difficult for consumers to have good information on all of the attributes of the service to allow them choose their services in a fully informed way. We are looking to make sure they are provided with the right information, that they are able to switch service providers when they need to do so, and that they are treated fairly by providers.

Investment is very important to make sure the new technologies are invested in. Regulation can ensure that the market delivers good, state-of-the-art services. It can also push back the boundaries of where that delivery is economically feasible. One thing we acknowledge also is that there are some parts of Ireland where, because of the costs of delivering service, a State intervention may be necessary in order to make the investment happen. Where that is the case, our role is much more as an adviser to the policy Department, as it is its policy initiatives to design the interventions.

Enforcement and compliance are very important. There is no point in our setting rules if they are not complied with. Our aim here is to make sure that operators proactively comply.

Mr. Fahy referred to the staff who support us. It is very important that we as an organisation are set up to deliver the strategy. That involves the people we have, the powers we need, the way we gather data about the marketplace and the techniques we use to analyse them and the way we engage with stakeholders such as the committee.

**Mr. Kevin O'Brien:** I will set out the key projects that ComReg is working on and that we see ourselves delivering on over the next two-year period. The first is promoting competition. Where operators have significant power in the market, and this usually means Eir or Eircom Limited about which we are talking, we introduce regulation. In the case of Eircom's network for broadband, through regulation we allow companies like Sky and Vodafone to use the Eir network so that they can sell services on to Irish consumers. That is a constantly changing piece of regulation and we have some big pieces of work in the job jar on that over the next 24 months. They will be dealing with issues like how other operators get access to things like poles and ducts on the Eir network and also at how Eir has led price, in particular with regard to the bundles market.

My second point concerns Eir's regulatory governance model. Over the years ComReg has had concerns about Eir's approach to meeting its regulatory obligations. Recently we commissioned consultants to do a deep dive examination of Eir in this regard. Those consultants are just finishing their work and on the basis of their recommendations we will be proceeding to

look at new ways of approaching Eir to demand certain standards from it around governance and adherence to regulation. That can include issues such as aspects or rules around separation of elements of the company.

I will now address the issue of empowering consumers. We have commissioned research into this area on an ongoing basis but we are trying to deepen our levels of research and understanding of consumer behaviour and consumers' ability to grapple with complex information better. We will produce a new comparison tool. ComReg had the first comparison tool on its website ten or more years ago called callcosts. We are updating that tool and we will relaunch it in 2017. It will be much more advanced and useful for consumers. Through our new website we are trying to find better ways for consumers to engage with us and ask us questions, and we are also starting to implement the neutrality rules, which are new European rules from last year. These concern keeping the Internet free and open.

ComReg has a number of initiatives in the area of mobile user experience. These are being carried out in the context of the Department's broadband and mobile coverage task force. We plan to gather information so that we can put in place something like a coverage checker map. We have not yet decided on the actual output of that yet but it will be something that consumers can use to understand coverage in their area. We are starting to work on examining handset performance because there is a big issue about the variability of handsets when it comes to mobile coverage and we will try to make data publicly available on that. We also want to examine the impact of better insulation in housing because that also has an impact on indoor coverage.

Moving on to how operators deal with complaints, we are currently consulting on proposals to basically tighten up the obligations on operators when they are contacted by consumers and we will propose new regulation in that regard.

My next point concerns investment. One of the spectrum bands that will become available in the next three years is the 700 band. Some members may remember analogue switch-off and the freeing up of the 800 band, which was subsequently auctioned and is now used for 4G services. It has now been decided at a European level that the 700 band will be used and made available for electronic communication services. Currently, RTE in conjunction with the Department is planning to continue providing the same television services but more efficiently and freeing up the 700 band. What is interesting about this band is that it has very good coverage characteristics so the ability to reach more on a geographic basis is a big possibility here.

Another point mentioned by Mr. Godfrey is our role in supporting the Department. The Department is the decision maker in all aspects of the national broadband plan project, however under state aid guidelines we have an advisory role.

I will now mention universal service. Eir is obliged to make sure that everybody in Ireland has a fixed telephony service that is fit for purpose. We have put in place obligations on that and we intend to ensure those obligations are met by Eir. In due course, we will also examine the question as to whether universal service should also include broadband.

My final point concerns the organisation. First, I will talk about compliance. We have learned in ComReg over that years that for regulation to be effective there must be real and serious compliance action. We have become more active in that regard. We want there to be proper deterrents to ensure operators meet their obligations. I mention to the committee that we have been engaging with Departments and with the Law Reform Commission on the need for regulators to have appropriate powers and in 2017 the Law Reform Commission intends

to publish its findings on this. That is something the committee might want to look at when it comes out. We need the organisation to be able to deliver on the strategic intent and projects we have mentioned so far. Therefore, to have the right capacity and the right skills means that, in some cases, we need additional staff and skills in the organisation. That is to ensure we deliver on our remit. I will pass back to Mr. Fahy.

**Mr. Gerry Fahy:** I would like to talk about roaming which has been somewhat controversial in recent times in respect of how the benefits of the European roam like at home regulations will be implemented in the Irish market. Let me take a step back and recall what roaming is. Roaming takes place when one takes one mobile abroad and generate a call or a text or a data event on a foreign network. That network generates a wholesale charge which it bills back to one's home operator. The home operator likely adds a retail margin and then one receives the bill. Those charges in the past were very high and were quite negatively received, naturally, and the European Commission took a close interest in seeking to address that issue.

In August 2007, the Commission commenced looking at the retail and wholesale charges for voice services and since that activity has rolled out over the years the retail prices for outgoing voice calls has reduced by 92%. In July 2010 it began to look at the wholesale charges for SMS and for data and since 2010 the retail charge for sending SMS has reduced by 92%. In 2012 it began to look very much more closely at charges for data and since then data roaming charges have reduced by 96%.

In April 2016 the Commission began the transition towards the roam like at home capability, putting very severe surcharge caps on the various elements of mobile usage. The culmination of that process will be on 15 June 2017 when the new roam like at home regulations come into force. That will effectively mean that one should be able to take one's home tariff abroad anywhere within the EU and use it as one would at home.

There are certain exceptions allowed, however, and I would like to take the committee through these. When the European Commission and the various bodies concerned examined this issue, they understood that there were certain very attractive domestic bundles in particular markets in Europe. When the European Commission and the various bodies were analysing this, they saw that there were some very attractive domestic bundles in particular markets in Europe, namely, the Scandinavian markets and in Ireland, where there were very large or effectively unlimited bundles of data available. If such bundles were obliged to be offered as a roaming capability, there would be unlimited wholesale charges and the offering operators would be at risk of having to respond to such charges. This was recognised as being an anomaly and if a roaming regime was implemented in this way, operators such as those in Ireland might be forced to take their particularly large bundles off the market. These large data bundles are very attractive and are very positive in terms of competition and consumer benefit. Therefore, a decision was made that a fair usage policy could be applied to these especially large bundles to protect the domestic data bundles while still allowing very significant amounts of roaming data to be made available. In the example outlined in my presentation document, the retail price for the tariff in Ireland is €25, including data. The customer will be able to use up to 6.5 Gbit of data while roaming. Given that the average smartphone user in Ireland today uses less than 3.5 Gbit of data per month, that is quite a generous amount of data to be allowed for while roaming. We must also bear in mind that 95% of travellers in Europe stay away for less than two weeks. This was seen as a way of ensuring domestic customers did not effectively have to subsidise roamers because, surprising as this may be, not everybody roams. At the European level approximately one third of customers do not roam at all. Therefore, it is possible to be compliant

with the regulations while bringing in a fair usage policy. If a customer goes over the cap on the data bundle while roaming, he or she will pay a 0.77 cent charge. Operators need to inform the regulator of their intention to bring in this fair usage policy and they must also inform their customers of same.

What has ComReg being doing about all of this? ComReg has written to all of the mobile operators reminding them of their obligations under the regulations and asking them what changes they are making to their tariffs to comply with those obligations and with the regulations coming into force on 15 June. Operators have indicated that the necessary steps are being taken to comply with the new roaming regulations and ComReg will be undertaking a full review of these tariffs, as implemented, to be satisfied with respect to their compliance. ComReg also notes that following the publication of the roaming guidelines produced recently by the Body of European Regulators for Electronic Communications, BEREC, one operator in particular, 3, has announced a change to its previously publicly indicated approach with the introduction of a fair usage policy bundle as provided for in the regulations.

I will now move on to talk about some other significant achievements at ComReg in the recent past. Yesterday, ComReg was pleased to announce the outcome of its 3.6 GHz spectrum auction. There were five winners and all the spectrum was assigned, which effectively is an 86% uplift on the amount of spectrum that was available previously for mobility services. This is in line with the strategy we outlined in 2016 in respect of spectrum. The five winners were three mobile operators, one new entrant and one fixed wireless operator. Between them, they will pay €78 million to the Exchequer over the licence period of 15 years.

In recent months, ComReg has redesignated Eir as a universal service provider, USP, for five years. We have also instigated a new quality regime in service provision with a particular focus on rural areas. We have imposed penalties in the order of €3 million on Eir for failing to meet its quality service targets in previous years. In promoting competition, ComReg has set wholesale prices for voice and data services on the Eir fixed network at a level that will stimulate more competition. We have also published proposals for a reduction in charges for services using Eir's next generation access network with the aim of stimulating further competition.

In terms of enforcement actions undertaken to uphold consumer rights, several successful prosecutions have been taken by ComReg in the courts against various operators for overcharging and incorrect billing. We are also taking action to ensure consumers are properly informed about contract changes and have the opportunity to exercise their right to sever a contract should they so wish. A number of investigations are ongoing in that area.

I look forward to engaging with committee members.

**Vice Chairman:** I thank the witnesses for their presentations. Deputy Dooley is first with questions.

**Deputy Timmy Dooley:** I welcome the presentation from ComReg. I am much happier on this occasion than the previous time representatives from the commission appeared before us. The witnesses have indicated a recognition that there is a very considerable level of dysfunction in the coverage in certain parts of the country, particularly but not exclusively in rural areas. I know of places in Dublin where, because of topography, trees and so on, there are very significant issues with coverage. At least it is clear from its strategy and its statements that ComReg is very cognisant of that fact. Obviously, the issue now is how it succeeds in encouraging or forcing its vision on the contractors.

My first question is for Mr. Fahy, who spoke about the spectrum auction and about urban and rural service provision. In terms of mobile coverage in particular, what is the land area requirement on the mobile phone operators for this spectrum?

**Mr. Gerry Fahy:** The coverage obligations were not expressed in those terms. The original users of this spectrum were fixed wireless operators so they were largely regional and rural. The spectrum was divided nationally into nine regions, both rural and urban. To strike a balance within those regions and to make the opportunity attractive to both regional and national operators, the coverage obligations were expressed in the number of base stations that will be required per region, depending on the amount of spectrum that was accumulated in the auction. They were not expressed in terms of percentages of land coverage.

**Deputy Timmy Dooley:** The spectrum is to cover mobile telephony. Is that correct?

**Mr. Gerry Fahy:** The spectrum is technology-neutral and can be used for whatever service the user desires. It is certainly capable of use for mobile telephony and that would be one of its main uses. It is also designated as a 5G band so it is one of those bands that manufacturers will target in terms of making 5G equipment and services available.

**Deputy Timmy Dooley:** Did the Department or the Minister have any input into the guidelines for this auction?

**Mr. Gerry Fahy:** The process was fully transparent through public consultation. These issues would have been fully explored and aired with the stakeholders and anyone else who wanted to engage with and respond to the consultation process. We took all their input on board and considered it carefully.

**Deputy Timmy Dooley:** There is no requirement on those who have won to provide within the various regions coverage of 95% or 99% of the land mass. Is that right?

**Mr. Gerry Fahy:** No, it is not expressed in those terms. It is expressed in terms of the number of base stations they need to have in the regions within three years of----

**Deputy Timmy Dooley:** Technically, one of the competitors could put a very considerable number of base stations into an area of high population density, meet the requirements under the contract but the coverage would be focused on population rather than land mass. Is that correct?

**Mr. Gerry Fahy:** There is no stipulation with regard to either population or land mass. The choice is a commercial one for the operator.

**Deputy Timmy Dooley:** The reason I ask is that the Minister made it very clear on a number of occasions, in the House and elsewhere, that when this spectrum would be offered, it was his desire to focus on the spread of coverage across the land mass rather than on the financial gain to the State from the auction. Mr. Fahy has indicated that the process was transparent so the question is whether there was any input from the Department or Minister in terms of setting criteria that would ensure that the land mass was covered. I am not trying to catch Mr. Fahy out or be awkward. Mr. Fahy has recognised the issues concerning the spread of coverage through the land mass. It is my view that on a small island, it should be possible to cover virtually every corner of the island. I do not want to hog the meeting but this is something ComReg needs to look at. I see some mobile phone companies advertising their service in very remote, scenic and beautiful rural areas where Mr. Fahy and I know full well there is no coverage. Has Com-

Reg failed yet again in this auction to ensure or put stipulations on those that have one spectrum? Has ComReg let them slip through the net again in terms of providing that coverage?

**Mr. Gerry Fahy:** The 3.6 spectrum is not a coverage spectrum *per se*. It is more of a capacity spectrum. It is certainly usable for coverage and is used significantly throughout the country for fixed wireless broadband services so it is not a mobility service. It is a fixed service and is very useful for that. One would expect it to be continued to be used for that. As was mentioned earlier by my colleagues, the real coverage is the 700 MHz band. That is used today for broadcast services and broadcasts well into valleys and through buildings. That would be the classic coverage spectrum. There is a big debate to be had with all stakeholders as to whether we need to move away from the population expression of coverage towards a geographic expression of coverage. ComReg is completely open minded on that issue.

**Deputy Timmy Dooley:** Is Mr. Fahy saying that when the 700 MHz spectrum is offered, it is at that stage where there is the potential to attach a land mass or land area covered rather than population?

**Mr. Gerry Fahy:** Absolutely. The reason RTE uses it today for broadcasting is because it is useful for that purpose. It is a low-frequency spectrum that penetrates much further and has the ability to serve wide geographic areas. That is really the solution. Nevertheless, very significant services are offered on the 3.6 spectrum. They are not offered in a mobile way but are offered with fixed terminals at both ends and high-gain antennae at both ends so significant coverage can be achieved and is achieved today.

**Deputy Timmy Dooley:** When does ComReg hope to offer the 700 MHz spectrum to the marketplace?

**Mr. Gerry Fahy:** It will be a two-year process. All going to plan, the assignment process should take place in 2019 for use in 2020.

**Deputy Timmy Dooley:** I have other questions but I will leave them because other people wish to speak.

**Vice Chairman:** We might come back around again if the Deputy wishes.

**Senator Joe O'Reilly:** I welcome our guests. I will begin with roaming charges, about which Mr. Fahy has spoken. The issue of roaming charges is very important for people who travel a lot. I represent Cavan-Monaghan and the issue of roaming charges is very important for people there. It is understood that there are 30,000 journeys across the Border every day so it is important in that context. There have been reports in the media recently that phone operators are attempting to circumvent the regulations - the new roaming rules. Is Mr. Fahy happy that this issue has been fully resolved? Do EU roaming rules mean that people can use their phones in other member states in a manner comparable to the way they are used at home? Can they have the same ease and assurances in terms of cost, etc.? Recent reports have suggested that all is not as it seems where data allowances are concerned, that there is a hidden charge there and that people are being penalised in that area.

Does Mr. Fahy agree that the area I represent, which is a microcosm of much of the country, has very uneven coverage for a combination of reasons with topography being a major one? Our towns and villages are quite good but our broadband access and coverage is poor in many rural areas. Does Mr. Fahy agree that this is the case? Does he agree that mobile phone services are erratic in parts of Cavan-Monaghan? I receive anecdotal evidence. People tell me that they

cannot use their mobile phones in certain areas. Could Mr. Fahy tell us the steps ComReg is taking to ensure that we get a good service in rural communities? Could he assure us that he will work to go for land coverage rather than focusing totally on population centres and ensure that the various operators, notably Eir in this instance, meet their obligations in terms of people getting access?

What will be the immediate impact of assigning the spectrum on coverage and consumers, particularly those in rural areas? It is a reasonable proposition to say that people have the same need for broadband regardless of where they live. They use broadband on their mobile phones. It is a big issue for students in rural communities and local businesses. I do not have to go through the list but it is a very serious matter for many people. Can Mr. Fahy reassure us or give us any indication when the auction of the spectrum and the welcome announcement yesterday will result in better services? How will that manifest itself? When can the consumers who are watching this online be assured that they will get a better service as a consequence?

I know Mr. Fahy is not in the policy department but will the €78 million relating to this be ring-fenced for communications expenditure? I was concerned that the base stations might be in very large urban centres. I share Deputy Dooley's concern that we would not have a sufficient number of base stations and access in rural communities. It seems that Mr. Fahy is talking about a very advanced level of broadband service. In so far as it is accessible, broadband in the future will be very powerful, which is to be welcomed. My duty to the people I represent is to find out the degree to which ComReg is ensuring in a proactive way that the great discrimination that exists in terms of broadband and mobile phone coverage is being actively addressed. How is ComReg on the side of those who are discriminated against? Throughout Cavan-Monaghan which I represent it is extraordinary how the culture and everything else have changed. The issue of coverage is raised with me regularly when I attend meetings or meet people in other settings. It has replaced other issues that arose in the past. I never attend a public meeting now at which the question of coverage does not arise. Somebody will say to me that he or she cannot get coverage on his or her phone and cannot get broadband. People tell me that their children are in college in Dundalk or Cavan or attending the Monaghan Institute and they cannot study at home because they cannot access to information. They might say they have a small business that is affected. In the village of Canningstown, near Bailieborough, County Cavan, there is an employer who could be employing up to 50 people. It is in an area that traditionally has not had employment. This staffing level is the equivalent of a few hundred jobs in an urban setting but the employer tells me that he has real issues with coverage and broadband. How will ComReg correct this?

**Mr. Gerry Fahy:** A number of questions were asked. I will answer some of them and pass on the rest to my colleagues.

The quickest question to answer is on the figure of €78 million. The initial payment is €60.5 million upfront. It forms part of ComReg's surplus and is immediately available for distribution back to the Department. It is not ring-fenced and is returned to the Exchequer. It is probably worth noting that in its 21-year existence ComReg has effectively generated a surplus return to the Exchequer of over €1 billion.

With regard to coverage in rural areas such as Cavan and other areas with undulating and mountainous terrain, there are undoubtedly black spots. Planning permission is a key issue. Some of the locations are beauty spots. One of the work streams of the Government task force which is engaging with the mobile operators and local authorities involves looking for ways to smooth the path for base stations in areas where there are known black spots and great difficul-

ties in obtaining planning permission. The mobile operators, ComReg and the local communities have a joint interest in solving these problems. There is positive intent generally, but the planning issues can be problematic, particularly in beauty spots. In a sense, it is a society challenge. What is ComReg doing about it? Reference was made to the current spectrum award and the Senator asked how it would help. The spectrum is being trialled and used for high-speed rural broadband provision. One operator offers a wireless service of 70 Mbps on the spectrum. Now that it has secured a long licence, it will be able to deploy the service more widely. Three of the operators that have won spectrum are mobile operators. They have thousands of base stations all over the country, each one of which can be used to deploy the spectrum for either mobile or fixed broadband services. There is significant potential which competition will drive.

**Senator Joe O'Reilly:** In three months what will be different? I appreciate Mr. Fahy's answer.

**Mr. Gerry Fahy:** I cannot tell the Senator specifically because the benefit of competition is that it will drive much of the progress in terms of who wants to move first. There are operators serving those communities and a new entrant is coming into the market. There will be a dynamic in terms of competition in this regard and we strongly hope there will be many quick returns. To be clear, the coverage or roll-out target is three years. It is not specified what should happen in years one and two as the reference is to the end of year three. I can tell the Senator that the degree of interest in the spectrum far surpasses ComReg's expectations. I notice that there is quite a lot of interest internationally in the outcome achieved and the fact that it was well ahead of any other international benchmark in terms of the price paid for spectrum. That shows the degree of interest in using the spectrum.

The Senator mentioned the availability of broadband services in rural areas. I invite my colleague, Mr. Godfrey, to talk about broadband services in rural areas and, perhaps, the national broadband plan.

**Mr. Jeremy Godfrey:** Senator Joe O'Reilly is right that Cavan-Monaghan is probably a microcosm of Ireland. Cavan town is the place where SIRO made its first investment in an all-fibre network. There is a really sharp difference between the services available in Cavan town and beyond it. Eir was also responsible for investment. One part of where the Senator represents is as well served as Seoul, Singapore and Hong Kong, while others are very poorly served. The Department, in its national broadband plan, has published a map of where high-speed broadband services are available and expected to become available. I do not have the map in front of me, but it will confirm absolutely that the population centres which comprise tiny landmasses are the places where many of the high-speed broadband services are expected to be.

The biggest initiative to address the problem of rural broadband coverage, as I alluded to in the presentation, is State intervention. That is not ComReg's responsibility; it is an intervention being run by the Department. ComReg has a few roles in support of it. Under state aid guidelines, it is an adviser to the Department on various competition matters. We have seconded staff to help with that initiative.

On there being an immediate benefit, I echo what Mr. Fahy said. The wireless operators represent the quickest way of improving broadband coverage. I do not have the benefit of a home in Cavan-Monaghan as my family home is in north Cork, but I have certainly found that, since I switched from the fixed to the mobile network, the speed has increased from 1.5 Mbps to 70 Mbps. Even where I live, 5 km from the village centre, it is certainly possible to obtain

very high speeds. The operator that has been trialling this service has certainly been saying publicly in the past couple of years and in response to our consultations that there was a limit to the investment it could make until the spectrum had been reassigned with a long-licence duration supporting investment. I do not know how quickly its plans are to be realised, but its intention which it has aired publicly was to expand investment once it knew the licences had been awarded. Probably the best entity to answer the Senator's question on what could happen within months would be that operator. I will be happy to provide the Senator with the contact details afterwards.

**Vice Chairman:** Does Senator Joe O'Reilly want to respond?

**Senator Joe O'Reilly:** I will just ask a very quick supplementary question because the Vice Chairman has been quite indulgent; I have asked enough. I acknowledge that the gentlemen addressed the issue of roaming, but I would like to hear their views on it again. It is alleged that the service in Cavan town, while it is of the speed the delegates have suggested, is prohibitively expensive for consumers. If the delegates cannot comment or respond immediately, they might check the position for me.

**Mr. Gerry Fahy:** Roam-like-at-home capability should mean people along the Border should be able to move back and forth across it without noticing anything because they would be using their bundle in the North in the same way as they would in the South for calls, texts and data. It should improve their situation significantly. I did not mention it, but it is part of our programme of improving coverage, as expressed in our strategy, to license repeaters. We will look into licensing a repeater, so that where there is a black spot or coverage deficit, the repeater will bring coverage in from afar and direct it into a location. There are some very useful new technologies which are quite reasonably priced. We will work through a process, but if they were licensed in our jurisdiction they would significantly improve coverage.

**Deputy Eamon Ryan:** Will Mr. Fahy comment on the costs?

**Mr. Gerry Fahy:** We will have to get back to the Deputy on the costs.

**Mr. Jeremy Godfrey:** ComReg does not regulate the prices of these operators. That is a commercial decision for the operator.

**Senator Joe O'Reilly:** Who regulates them?

**Mr. Jeremy Godfrey:** That is a commercial decision which they make-----

**Senator Joe O'Reilly:** Who controls that to make sure that costs are not prohibitive or over the top? There is no control.

**Mr. Jeremy Godfrey:** That is their commercial decision.

**Senator Joe O'Reilly:** Is it not ComReg's brief to control them?

**Mr. Jeremy Godfrey:** We do not have a brief to regulate the price of those operators.

**Chairman:** I thank the witness and the Senator. If Senator O'Reilly wishes to come back in on that, I will go around the table and he can ask any further questions. We will come back to them later.

**Deputy Eamon Ryan:** I appreciate the presentation very much. On the auctioning of the

3.6 GHz spectrum, how many underbidders were there? Can the witnesses give us details as to how many of them there were and who they were? Mr. Fahy is shaking his head.

**Mr. Gerry Fahy:** Unfortunately, this is all confidential. It is kept entirely within the auction team for very good reason. It reveals information about the auction process which is viewed as being best kept confidential.

**Deputy Eamon Ryan:** Were there any other underbidders?

**Mr. Gerry Fahy:** I cannot answer that question.

**Deputy Eamon Ryan:** Could I use a freedom of information request? How do I find that out? How do we assess whether ComReg got a good price if I do not know whether there was another bidder?

**Mr. Gerry Fahy:** First of all we set a minimum threshold price based on international benchmarks. The price that was received was eight times that minimum threshold, that is to say the reserve price. As I mentioned earlier, the price received was well above the prices paid for similar spectrum internationally. Just before I came in I read a headline in an international journal saying that the price was 20 times what would have been expected based on international benchmarks. ComReg has no remit, however, in terms of the actual price. We are not there to generate the highest price. We are there to ensure the spectrum is assigned efficiently and is used effectively. That is what the auction process is about.

**Deputy Eamon Ryan:** That is true. We are interested in public assets. Our job is to make sure that we get a good return for any public assets. That is important. I put the question because one when looks at the process, four of the existing players are continuing to operate and there is one new player. I do not know what spectrum Airspan holds. I was frantically trying to check on my own 4G service. It seems to be more of a business-to-business type of an operator. I could be wrong on that.

**Mr. Gerry Fahy:** Our information so far is that it seems to operate in the manufacture and supply of services to operators. Acquiring spectrum appears to be a new departure for the company. It also appears to be a bidder in an auction in the Czech Republic. That information is in the public domain. Other than those whose bids succeed, we do not reveal who bidders are.

**Deputy Eamon Ryan:** I am just making the point that I do not see any new big operator. Perhaps there is not one. Perhaps three operators and Imagine are all we are going to get. I might pursue other means to get this information because it seems that we cannot get details on whether there were underbidders. It is important. I have just come out of a meeting of the Select Committee on Budgetary Oversight where the Irish Exporters Association said that one of the most important infrastructure investments that it wants to see is 5G technology. What we get there is not insignificant. Is Mr. Fahy confident that we have a competitive market in the area of mobile broadband?

**Mr. Gerry Fahy:** There has been some consolidation in the market. One of the operators, 3, consolidated by buying O2. That was reviewed by the European Commission. Remedies were agreed between the parties to address any potential deficit in competition which might have arisen due to the merger. Those remedies effectively provided for two mobile virtual network operators in the market, which have been provided. At the time, ComReg publicly expressed its scepticism as to whether those remedies would be sufficient. To date the impact of the mobile virtual network operators on the market has been minimal. It may be that they need time

to get going. We were concerned at the time that there might have been a degree of reduction in competition. We continually monitor the market to ensure that we understand what is going on. We welcome the entry of a new operator to the 3.6 GHz auction because that potentially introduces a new player. Imagine also now has a technology-neutral spectrum. It currently uses the spectrum for fixed broadband services but it does not have to.

**Deputy Eamon Ryan:** I am slightly concerned because I expected the answer to be a ringing yes, because a regulator's job is to ensure competition in the market. In a sense Mr. Fahy has raised real concerns that we do not. I might mark that because if we do not have competition that is an issue. When I was looking at the investment figures, somewhere in our pile of data, we invested something like €3 billion since 2009. I thought that was a bit of an underinvestment. That was my concern when I was looking at it. It may be above international expectation, but over 15 years the price for the 3.6 GHz spectrum works out at €4 million or €5 million a year. I was slightly concerned when I saw the figures.

**Mr. Gerry Fahy:** That was also during the period of recession and consolidation. I would not want to give the committee the impression that we do not think there is competition. There is competition but a fourth competitor acting as a maverick is always better than three competitors who have, perhaps, different interests. We therefore hoped to see the mobile virtual network operators reintroducing the maverick tendency into the market. Some of that has come in but it has not fully replaced what was there beforehand.

**Deputy Eamon Ryan:** If I may I will ask a short sharp question. Are we setting any of the 3.6 GHz spectrum, or indeed the upcoming 700 MHz spectrum, aside for innovative testing? I remember in the past-----

**Mr. Gerry Fahy:** ComReg has a test and trial model. Therefore, people can come to us at any time and seek to trial unused or fallow spectrum or spectrum that is about to be licensed. For example, people were trialing 3.6 GHz in advance of the auction to see how it might work for them in order that they would be in a position to judge whether to go for the auction.

**Deputy Eamon Ryan:** We have not set aside any of the 3.6 GHz spectrum for innovative testing.

**Mr. Gerry Fahy:** There is really no need to set any major amount of spectrum aside to conduct -----

**Deputy Eamon Ryan:** On a second question with regard to competition, I was interested in ComReg's involvement in the bidding process for the national broadband plan. Which of the three bidders is selected must be the ultimate question of competition. I know it will be divided into two parts of the country. I am particularly interested in that question because the latest digital economy and society index shows that overall we are going okay. We are placed eighth in Europe, but that is primarily because we are very good at using mobile broadband technology for business. In terms of provision of fixed broadband prices, we are 22nd out of 28 in Europe. In terms of fixed broadband coverage, we are 20th out of 28 in Europe. I am concerned, when I see those figures, that we have a significant problem in respect of fixed broadband, regardless of what is happening in our mobile sector. Does Mr. Fahy think the national broadband scheme might help in that regard?

**Mr. Gerry Fahy:** First of all, ComReg has no decision-making role in that process. As I have said earlier we are advisers in a process. Perhaps my colleague, Mr. O'Brien will speak

on broadband costs.

**Mr. Kevin O'Brien:** If one takes the fixed broadband marketplace as it has evolved over the past four years, we have seen huge investment, if investment is judged as what needs to be spent to provide high-speed services where they were not there before. We have had such investment from Virgin Media in cable broadband in urban areas and we have had it from Eir, competing with Virgin Media in those areas. Eir's stated plan is now to roll out to 1.9 million homes. It is proposed that the last 300,000 of those homes would be to bring fibre to the home. We have a role in that because we have regulated Eir to let others compete, but we have also priced Eir so that it has an incentive to invest itself. There is a good news story in fixed broadband, but it does run out after approximately 70% of households. State intervention is required thereafter. We think that story stacks up. On pricing levels, in fixed broadband we saw a period of intense competition where Eir was pushing down both its wholesale and retail prices as it launched its high-speed service two to three years ago. Then, in recent years we have seen prices float up a little.

We are in a process at the moment whereby, through regulation, we are looking at the core wholesale products that Eir provides. When it sells a telephony service on to another company like Vodafone or Sky or when it sells on a broadband service, we are proposing changes in the way that is priced. We are largely proposing to move to what we call cost orientation models. These models recognise the actual cost of the investment and allow a reasonable mark-up. At wholesale level, in a competitive marketplace this should result in the right retail outcome. That is a snapshot description of what we are about in the fixed area.

**Deputy Eamon Ryan:** The European Commission recently produced a survey relating to the digital economy and society index. It concluded that we are 24th in Europe when it comes to digital skills. Who is responsible in the State for the development of digital skills? Why are we 24th out of 28 countries in terms of digital skills? Do our guests agree that this is probably important?

We always concentrate on speed. We never concentrate on encouraging good use, new uses and societal benefits by behavioural changes and so on. It is shocking to be down there with the other countries – I will not even mention them. In any event, that is not a good place to be, is it? Is it part of the job of ComReg to try to improve our digital skills?

**Mr. Gerry Fahy:** It is not ComReg's remit to deal with digital skills. Let us consider the metrics. In terms of usage of mobile devices and the amount of data that Irish consumers use, the levels are well above the European average. There are several different metrics. I agree that digital skills are important in terms of exploiting the technologies put in place, but it is not ComReg's role to pursue that.

**Deputy Eamon Ryan:** Whose job is it?

**Vice Chairman:** It is the Department's job.

**Mr. Gerry Fahy:** I am not aware personally of whose job it is. The Department of Communications, Climate Action and Environment has a role.

**Senator Michael McDowell:** I am sorry for coming in late. I was intrigued by one of the figures mentioned. Did I hear the commissioner correctly? Did he say ComReg has over several years paid over €1 billion to the Department? Can the commissioners tell me about that? Was this the product of competitions or is this a surplus generated on a reasonably predictable

annual basis? How does it work out from year to year? Does it come in enormous lumps? Has ComReg got to the point where this income stream is now factored into the Department's thinking? Does the Department apply it to current or capital projects?

**Mr. Gerry Fahy:** This is an accumulated surplus over the period of the existence of the office. Sometimes it comes in lumps. The committee may recall that the previous spectrum auction generated over €800 million in spectrum fees, some upfront and some annually. The annual spectrum fees generate a surplus on an yearly basis. Typically, in an average year, ComReg might generate a surplus of €50 million based on the surplus over the levy. We impose a levy on the industry and we collect spectrum fees for the various uses of spectrum. Every year, that surplus is available to be returned to the Exchequer. The use of the surplus is a matter for the Exchequer.

**Senator Michael McDowell:** I want to be clear because I may be slow on the uptake. The €800 million is part of the figure of €1 billion. Is that correct?

**Mr. Gerry Fahy:** It is still being paid in. The figure of €800 million was the price that represented the total value of the auction. Some of it is yet to be paid.

**Senator Michael McDowell:** It is coming in pieces. Is that correct?

**Mr. Gerry Fahy:** It comes in over time.

**Senator Michael McDowell:** Is it something that will carry on in future as an income stream? Is it a fairly constant part of the horizon?

**Mr. Gerry Fahy:** A fairly steady surplus is generated by ComReg, yes.

**Senator Michael McDowell:** That is interesting.

**Senator Terry Leyden:** Senator McDowell and I were in the Seanad with the Minister for Communications, Climate Action and Environment, so we have been in both places.

My question relates to postal costs. Has ComReg disengaged from the control of the price of stamps? Has that gone back directly to An Post? I disagree with the increase of the standard stamp to €1. It is a high price and the law of diminishing marginal returns could apply in the sense that the more we charge, the less we get back. The cost of postage is expensive. The company is certainly faces challenges from the private sector.

My next question relates to maintenance of the landlines that used to belong to Eircom and the old Department of Post and Telegraphs. I presume Eir is still responsible for the maintenance of those lines, even those other private companies are making offers and so on with those lines. Is that correct? The idea of having a telephone in the house is coming to an end as far as I can see. Most places do not have telephones aside from mobile telephones.

My final question relates to the use of infrastructure for land lines and poles throughout Ireland. Can fibre-optic cable be stretched from those poles, as opposed to being laid underground? Is it simply impractical? I realise that copper wire can bring broadband but it does not rate with the fibre-optic option.

**Mr. Gerry Fahy:** Perhaps I will refer the postal question to my colleague, Mr. O'Brien.

**Mr. Kevin O'Brien:** Senator Leyden is correct to say that ComReg no longer has a function

in respect of the price of stamps. The Communications Regulation (Postal Services) Act 2011, which had given us a role in setting a price cap, was amended by legislation earlier this year. In January we provided a statement to this committee on those matters. ComReg no longer has a role in that regard.

Senator Leyden made another point relating to fibre-optic cable on poles. That is possible. It is happening at the moment. Eir and other operators are doing that. In more rural areas the idea of fibre to the home is a proposal that is becoming a reality throughout the country.

**Mr. Gerry Fahy:** My colleague, Mr. Godfrey, will comment on issues of work maintenance.

**Mr. Jeremy Godfrey:** The Senator asked whether Eir was still responsible for maintaining the copper network. The answer is that the company is still responsible for that. Under universal service designation we have set standards for the quality of service. Previously, we had national targets, but in our most recent decision we have set regional targets as well. In the past it was possible for national targets to be met by delivering a good service in the urban areas and a poorer service in rural areas. We have now made sure of minimum targets for services in rural areas as well.

**Senator Michael McDowell:** I have some important technical information. I had a broadband service to my house in Roscommon. I noticed that it was very strained because it improved in the afternoon and then seemed to disimprove. Then I tried to work out whether my neighbours were watching television or something. It turned out that the explanation was that there was condensation on a joint. As the part at the top of the telephone pole warmed up, I got service and then I lost it. I hope that fibre between poles will be better than that. I presume it will be.

**Vice Chairman:** I know where to get engineering advice from. I have some questions of my own. I wanted to allow the members to have interaction first and it has been useful. I have a number of questions to put to the deputation as well.

The first question relates to Q-Sat. I presume the ComReg representatives are familiar with this company. For the record, Q-Sat was a private company that provided rural satellite broadband technology to 3,000 rural customers. It went spectacularly bust when some difficulty arose in the middle of last week. This meant that approximately 3,000 customers were left without broadband services. I understand they may have been given notice of a few moments or no notice at all in many cases. That is a major blow to the people subscribing to the service and it also undermines confidence in the marketplace. To be frank, it undermines confidence in the regulation of the marketplace.

I wish to invite comment on that scenario. How did it unfold? How can it be prevented in future? What can be done to address the situation for the 3,000 people who have been affected?

**Mr. Jeremy Godfrey:** Our staff have been in touch with QSAT and Avanti, who are the satellite providers. Briefly the way it works is Avanti is a company that owns some satellites and QSAT is one of four companies that service in Ireland based on the Avanti satellites. We understand there was a commercial difference between QSAT and Avanti, which has led to that relationship breaking down. Our understanding, from talking to them, is that at present QSAT customers are still receiving service from Avanti. When they go onto their service they get a pop-up advising them to get service with one of the other companies that provide the Avanti service, but at present people have not lost service. I understand QSAT customers pay in arrears

and a small number of customers who have paid in advance have been refunded. There is still an opportunity for all of those QSAT customers to switch to one of the other service providers and retain service. We are in touch with QSAT and Avanti to monitor the situation. In the regulations, there is an obligation on people to inform us when there is a prospective cessation of service. When we see that cessation of service, our role is to ensure customers are informed about what will happen and, as in this case, use our good offices to speak to the operators concerned to try to encourage some way of achieving continuity of service. We get notified when these problems arise and we try to do something about them. As I have said, at present QSAT customers are getting a bit of free service for a short while, during which time they have an opportunity to switch to something else.

**Vice Chairman:** I am not sure they are all getting continuity of service or free service. Some of them are not getting any service. I was speaking to someone last week, and when I asked for an email address I was told it was pointless because the person is totally offline. Naturally, quite a degree of frustration is arising and I believe it was aired on RTE on Friday afternoon. There are some difficulties. Perhaps Mr. Godfrey can take this away and come back to me on it.

**Mr. Jeremy Godfrey:** That is the understanding we have from speaking to customers, but if people have a different experience we would very much like to hear directly from them.

**Vice Chairman:** Mr. Godfrey can explain to me how that person can get in contact. The difficulties certain rural areas face are well established, as is the criticality of having broadband in all of these areas. Something that strikes me is the inconsistency in the map. I represent a constituency on the periphery of Dublin, namely, Kildare North, which in many ways could be considered part of the greater Dublin areas and is very much part of the commuter belt. We have huge gaps, so it is not just an issue for very rural areas. From studying the broadband map and the national broadband plan map, which will be discussed in later questions, there are lanes, boreens and rural roads which one might anticipate may still have difficulties, which I hope are being addressed, but there seems to be no particular logic as to why one road has service provision and one does not. In the national broadband plan map, some boreens are in light blue areas and others are in amber areas. ComReg does not provide the service but it regulates how it is provided. Is ComReg aware of why an operator runs fibre up one rural road but not the road beside it and does not have plans to do so? We have heard about geographic coverage. I would have thought an area would be covered in totality before an operator moved on to another area, but it seems to be very much hotchpotch and I am trying to understand how this arises. Is there anything ComReg can do to give a direction that one area is finished before another is started?

**Mr. Jeremy Godfrey:** We do not have a mandate to tell people where to invest, so the decisions they make in dark blue or light blue areas are commercial decisions for the operators concerned. The remaining amber area will get filled in through the national broadband plan and the precise details of this are a matter for the Department. It is not really for us to second-guess the commercial decisions and tell people where to invest. Where they do invest, our role is to ensure it is not just Eir that is able to provide service but other operators can also provide service in those dark blue and light blue areas. As Mr. O'Brien said, we are resetting the rules. We have proposed reductions in prices to access certain aspects of the eir network. We cannot tell people where to invest as that is their commercial decision. Areas where it is not commercial for them to invest fall within the scope of the national broadband plan.

**Vice Chairman:** We have had feedback that there can be delays in publishing ComReg's annual report. I am not aware of whether the report spanning the period from 2015 to 2016 has

been published. Will the witnesses comment on what delays have occurred in the past, why they arose and whether they can be avoided in future?

**Mr. Gerry Fahy:** I am aware there have been delays. I am not sure of the reason for them. We submit reports to the Department and they go through the process there. The current report is in process at present. We are aware of it and we are concerned about it. Our auditor is the Comptroller and Auditor General, who has to complete his work in respect of ComReg. This has to be done in a certain period for the report to hit the normal approval cycles. It is another key part of the equation.

**Vice Chairman:** ComReg submits its reports on time but the delays may arise in the Department.

**Mr. Gerry Fahy:** It is sometimes subject to the Comptroller and Auditor General's process. Interaction with the Comptroller and Auditor General can go on for some period.

**Vice Chairman:** Has the June 2016 report been submitted to the Department?

**Mr. Gerry Fahy:** It is on its way.

**Vice Chairman:** So, no.

**Mr. Gerry Fahy:** It is in the process.

**Vice Chairman:** When does Mr. Fahy expect it to arrive?

**Mr. Gerry Fahy:** I expect it will be in the queue in the next month or so.

**Vice Chairman:** To get out to the Department.

**Mr. Gerry Fahy:** It would be with the Department in that period.

**Vice Chairman:** The June 2016 report will arrive at the Department in June 2017, and then there might be further delays with the Comptroller and Auditor General, which might mean it is not published until June 2018.

**Mr. Gerry Fahy:** No, the Comptroller and Auditor General process is complete.

**Vice Chairman:** It has completed.

**Mr. Gerry Fahy:** Yes.

**Vice Chairman:** For clarification, I understood from what was said a moment ago that ComReg submits a report to the Department and delays may arise at that point. What Mr. Fahy is saying is ComReg has already provided a report to the Department.

**Mr. Gerry Fahy:** The process is that we engage with the Comptroller and Auditor General before we complete our report. Sometimes that can take a longer period than might be typical. It can give rise to delays. When that process is concluded we submit the report to the Department and it goes through the approval process there.

**Vice Chairman:** Okay. I might take this matter up with the Minister and the Comptroller and Auditor General separately.

I understand quarterly data is produced as are relevant strategy statements. Is it possible for

these to be correlated and comparisons made between them? The data is published separately. Could the quarterly data be included with the relevant strategy statements to make more comparisons?

**Mr. Gerry Fahy:** I will refer to my colleague, Mr. Godfrey, on this.

**Mr. Jeremy Godfrey:** We publish the quarterly report data in our strategy statements. Obviously, we look at trends over a somewhat longer period and some of the data we presented today was drawn from those quarterly reports. The strategy statements and the quarterly reports serve slightly different purposes. I am not sure we would necessarily try to combine them, although we are planning to look at how we make the quarterly data available and whether a big report remains the best way of doing things, and whether we might be better just to make the datasets available for people to download and process in their own way. This is under review.

**Vice Chairman:** That is fair enough.

The last general policy direction was in 2004, which is quite some time ago. I understand there are multiple ways in which a policy direction may be given. Has ComReg been issued with a policy direction recently? What form does that take? I understand that the Minister makes statements on a regular basis on various matters of importance. Are they interpreted under section 13 as policy directions or is it more formal? What is the latest procedure on how ComReg receives policy directions and how ComReg interprets them?

**Mr. Gerry Fahy:** We have received no policy directions since the policy direction in 2004 and we act as an independent regulator in the absence of policy directions. There is a formal process to be gone through for a Minister to issue a policy direction.

**Vice Chairman:** Okay, so when the Minister makes various statements this is not taken on board as a policy direction informally or in any other-----

**Mr. Gerry Fahy:** ComReg acts independently under its remit in the legislation.

**Vice Chairman:** Okay. I thank Mr. Fahy for that. There was a question around the 700 MHz band. I know we have heard about the more recent auction but it had previously been stated that the 700 MHz spectrum may enable more 5G broadband roll-out and that high-speed mobile broadband would arise from that, to some extent. What is Mr. Fahy's opinion on the suitability of that plan for 5G services that could be envisaged under that spectrum?

**Mr. Gerry Fahy:** It is likely to be one of the bands that will be designated also as a 5G band. As I said earlier, it is entirely suitable for wide-area coverage because that is what it is used for currently by RTE. It is a band that we have a lot of expectation for, as do other countries. At a European level it is being co-ordinated in respect of its release. Across Europe they are trying to ensure it is released by 2022 at the latest but in our case it will be 2020. The release of the spectrum here must be co-ordinated with the UK television operators because they must release the spectrum to their market at the same time. There is a whole European process around this spectrum because it is seen as a very strong contender for 5G services and for coverage in general.

**Vice Chairman:** I wish to move on to the mobile and broadband task force and the report issued last year from the Department. A number of actions were assigned against ComReg in that task force report. Action 40 relates to the review to identify black spots for mobile phone and broadband coverage and to include recommendations and initiatives as to the options avail-

able. Where are we in that regard? Does ComReg have that in process or does it have any views on that action?

**Mr. Gerry Fahy:** It is not one of the actions that is down to ComReg in particular. ComReg has a number of actions but is not directly involved in that action.

**Vice Chairman:** Does Mr. Fahy have views on its necessity or urgency?

**Mr. Gerry Fahy:** It is very welcome. As I expressed earlier, there are known black spots and they have been known for a long time. It can be an issue of planning permission. One initiative of the broadband task force, which I understand has had some early success, is the appointment of broadband officers in various local authority areas. Their role pertains to both fixed and mobile broadband and is to seek to work to grease the wheels of the planning processes, to identify blockages and seek potential solutions. Operators have expressed a willingness to share masts if that will help the planning process. They do a lot of sharing already and this is a recommendation we would strongly support. We believe there is good traction on it.

**Vice Chairman:** Very good. That brings me on to the shared infrastructure directive, Directive No. 2014/61/EU, which came into force on 26 July last year. Does ComReg have views on the implementation of the regulations in Ireland? Did ComReg have any input into those regulations? I am interested to know whether any dispute resolution processes have been invoked yet and how has that fared? Without getting into the nitty-gritty, how is it working in practice?

**Mr. Gerry Fahy:** I will ask my colleague Mr. O'Brien to take this question.

**Mr. Kevin O'Brien:** The directive was transposed by the Department. It was the Department's task to do that. Once transposed, the first step for ComReg was to set out a dispute process for if a dispute was taken to us under the directive. We have done this. We consulted on it and set out the timelines and processes that ComReg would follow if there was a request under the directive from one operator to access another entity's infrastructure. We have not had any disputes or requests brought to us at this stage but we are ready to accept them if they arrive.

**Vice Chairman:** So the facilities are in place, the mechanism is in place but it has not been invoked yet, either for a dispute or a request?

**Mr. Kevin O'Brien:** Nobody has come to us under that.

**Vice Chairman:** Has the single information point database been populated with the different infrastructure or what is going in there?

**Mr. Kevin O'Brien:** We have put it on our website and one can see the contact details and the information about any entity in Ireland that is likely to be a utility that could provide infrastructure for broadband. We have pulled together all the obvious types of entities. We have met that requirement and we will keep that information updated. It is primarily an information portal.

**Vice Chairman:** I will have a look at that separately. Does this database include details of the different stakeholders or is it actual infrastructure locations?

**Mr. Kevin O'Brien:** It really is an indication of stakeholders; it could be a port or an energy company. Somebody can then engage with the entities themselves to explore what it is they may be able to offer the operators.

**Vice Chairman:** Okay, very good. My last question centres on the national broadband plan. It is the silver bullet we are all waiting for in terms of rolling out complete coverage around the country. I believe the regulatory part started in 2015. To date, has ComReg completed all its requested inputs and analyses on that plan? What input or role will ComReg have with the plan and how will it interact with the plan to progress it as quickly as possible?

**Mr. Gerry Fahy:** I will ask my colleague Mr. Godfrey to answer that.

**Mr. Jeremy Godfrey:** Under the state aid rules there are various tasks assigned to national regulatory authorities. It is encouraged that the policy-makers doing these interventions would consult with us on certain aspects. We have set up a mechanism for that consultation as the strategy evolves. For example, when the map changes, we are being consulted about it in accordance with the state aid guidelines. That is an ongoing process and we stand ready to do that. Obviously, once the national broadband plan is in place, the contractors involved would be operating in the marketplace and they will be subject to the regulatory rules that apply at the time. We will have a role in that regard.

**Vice Chairman:** Okay. I have one last question beyond that. How will the 5G spectrum help to bridge the gap between the rural and urban divide?

**Mr. Gerry Fahy:** It is licensed nationally. Of the four winning bidders of both urban and rural spectrum, one of the bidders has just the rural spectrum. It is only focused on rural areas. That operator already has a customer base, businesses and base stations in rural Ireland. In the past, this operator has made public statements that if it had a licence for a long period, then it would be in a position to invest. If it is being consistent with that then the operator will be investing in rural Ireland because that is where its spectrum is.

**Senator Terry Leyden:** Does the directory inquiries service come under the remit of ComReg?

**Mr. Gerry Fahy:** It does.

**Senator Terry Leyden:** There is a company called Pure Telecom - it was small but is fairly big now - and it provides these services. It underbids Eir, for example, in providing some services. When it comes to telephone directories, however, I was charged €5.50 for one telephone inquiry. I contacted the company and told them this was 100% profit. They are charged €2.20 I believe, which is pretty high for the 11811 service, as far as I know. Can they basically charge what they like? I had no warning. When the bill was sent to me, I saw that I had been charged €5.50 for a single directory inquiry. People should be warned that this service is expensive. I do not think these companies have a right to impose a charge for this service that involves a 100% profit.

**Mr. Gerry Fahy:** I guess it is a competitive service. One can get information in many ways today. Telephone directories are available. One can get information about telephone numbers online. One can telephone one of these service providers. The pricing is commercial in the sense that a component of it is charged by the company that provides the directory inquiry process and a component of it is charged by the operator. One can access the ComReg website to find out what the charges are. One can use that information to choose what operator or service provider to use if one wants to avail of one of these services. The volume of activity in this area is declining significantly. There is very little traffic now. People are put off by the commercial charges and they go to the free services for their information.

**Senator Terry Leyden:** Does ComReg not control what companies like Pure Telecom are legitimately entitled to charge for this service?

**Mr. Gerry Fahy:** It is a commercial and competitive service.

**Senator Terry Leyden:** So they can charge what they like.

**Mr. Gerry Fahy:** There is competition for the service. Each company is in competition with the other providers.

**Senator Terry Leyden:** The company I have mentioned buys this information for €2.20 and charges €5.50 to those who wish to access it. That is a fact. They do not make any apologies for it. It is an exorbitant charge. People are being caught. Many people would not be aware of these charges when they sign up to a package. They are told it is a wonderful package because they will save a certain amount, but they end up not saving anything.

**Mr. Gerry Fahy:** ComReg seeks to make this information transparently available on its website. Eir is obliged to provide directories under the universal service obligation so that people have free access to listed telephone numbers.

**Vice Chairman:** I thank the Senator for his final question. On behalf of the joint committee, I thank the witnesses for coming before us today and for their worthwhile engagement. There was a good and robust discussion between members and witnesses. I thank everyone for making an input and participating. I propose that the committee will publish the submissions it has received in respect of today's meeting. Is that agreed? Agreed. We will see the ComReg officials again next year, if not before, as part of our ongoing oversight of its activities. I thank them again for their attendance today. We might be in contact with them regarding some of the matters that have been raised by members of the committee.

The joint committee adjourned at 7.05 p.m. until 5 p.m. on Tuesday, 20 June 2017.