

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM IOMPAR AGUS CUMARSÁID

## JOINT COMMITTEE ON TRANSPORT AND COMMUNICATIONS

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*Dé Céadaoin, 8 Deireadh Fómhair 2014*

*Wednesday, 8 October 2014*

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The Joint Committee met at 9.30 a.m.

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### MEMBERS PRESENT:

Deputy Michael Colreavy,	Senator Sean D. Barrett,
Deputy Timmy Dooley,	Senator Terry Brennan,
Deputy Tom Fleming,	Senator Eamonn Coghlan,
Deputy Brendan Griffin,	Senator Paschal Mooney,
Deputy Noel Harrington,	Senator John Whelan.
Deputy Seán Kenny,	
Deputy Helen McEntee,	
Deputy Michael Moynihan,	
Deputy Patrick O'Donovan,	

DEPUTY JOHN O'MAHONY IN THE CHAIR.

*The joint committee met in private session until 10.10 a.m.*

### **Mobile Telephone Coverage and High Speed Broadband Availability: Discussion**

**Chairman:** The purpose of this morning's meeting is to engage with officials from the Department of Communications, Energy and Natural Resources and representatives of the Commission for Communications Regulation, ComReg, regarding poor mobile telephone and broadband coverage. On behalf of the committee, I welcome from the Commission for Communications Regulation, Mr. Kevin O'Brien, chairperson, Mr. Jeremy Godfrey, commissioner, and Mr. George Merrigan; and Ms Katherine Licken, assistant secretary, Mr. Fergal Mulligan, Mr. Patrick McCarthy and Mr. Patrick Neary from the Department of Communications, Energy and Natural Resources.

I draw the witnesses' attention to the fact that, by virtue of 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the joint committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a person, persons or entity by name or in such a way as to make him, her or it identifiable. I also advise that any submission or opening statements they have made to the committee will be published on the committee's website after the 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 Houses or an official by name or in such a way as to make him or her identifiable.

I propose that the committee hears from ComReg first and from the departmental officials second. Is that agreed? Agreed. I invite Mr. Kevin O'Brien of ComReg to make his opening remarks.

**Mr. Kevin O'Brien:** I thank the Chairman and members of the joint committee for the opportunity to appear before them today to discuss the specifics of the broadband markets and mobile coverage in Ireland. I am happy to meet with some of the committee's new members for the first time. As mentioned by the Chairman, I am joined today by my colleagues, Commissioner Jeremy Godfrey and Mr. George Merrigan, who is director of the market framework division in ComReg. While ComReg obviously is an independent regulatory body with a statutory mandate, we work closely with the Department of Communications, Energy and Natural Resources. I am hopeful that the presence of both the regulator and the Department here today will be helpful to members in discussing developments in the communications market in Ireland. We are happy to answer any questions members may have about the matters raised and look forward to the discussion. We have prepared a presentation on the key developments in the broadband and mobile markets and I believe this has been made available to members. It also will be displayed on the screens. I had intended to mention later on how the consumer today is using applications that industry develops for us all the time. Just last night, I downloaded the Houses of the Oireachtas app to my phone and so I believe this is a place that very

much is availing of the modern technologies that obviously we wish to bring to the benefit of all consumers.

I will begin with an overview of ComReg. As members are aware, ComReg is the national regulatory authority for the electronic communications and postal sectors and was established in 2002. We manage Ireland's radio-frequency spectrum and the national numbering resource and we regulate premium rate services and the emergency call answering service, among other activities. We focus on ensuring that users derive maximum benefit in terms of choice, price and quality and that there is no distortion or restriction in competition in the electronic communications sector. We seek to ensure that radio spectrum is used efficiently and effectively in meeting both economic and social objectives. We seek to ensure that efficient investment in infrastructure occurs and that innovation is promoted. The way in which we regulate is very much defined in European and Irish law, with a significant role played by the European Commission under the directives. In this regard, ComReg implements evidence-based regulatory measures to stimulate competition and to drive investment in particular areas such as the broadband market. It is important to note that we do not direct operators in the marketplace and nor do we approve operator budgets. Rather, we act as a referee to attempt to ensure a fair and competitive marketplace.

**Deputy Timmy Dooley:** Can Mr. O'Brien switch the slide show to presentation mode rather than edit mode please?

**Mr. Kevin O'Brien:** Yes. The slide on display gives a high-level overview of the communications market today. We have an active and vibrant communications market. There is a rapid pace of change with operators continually making available new products and new applications. On the slide now on display, members can see some of the statistics that capture marketplace trends. We have a high penetration of mobile phones and smartphones are becoming increasingly popular. We consume digital content in a myriad of ways. The marketplace has become much more competitive with approximately 50 active operators. While basic broadband generally is available to all households, the current step change is in the shift to high-speed mobile and fixed networks.

The next slide in some ways represents progress over the past 18 months. When I spoke to the committee on these issues in March 2013, we were at the beginning of Eircom's roll-out of next-generation access. As of a few weeks ago, Eircom has passed 1 million premises with its high-speed fibre product and it has a target of 1.6 million by the end of 2016. It is worth mentioning there are approximately 2.3 million addresses in the country. At this stage, Eircom's stated ambition is to get to 1.6 million with the high-speed service. The UPC network with which many of the members will be familiar now passes 850,000 houses in the country, with 90% of these being offered high-speed broadband. The committee will be familiar with the entry of Sky into the marketplace. A long-time provider of satellite television, Sky now offers retail broadband services.

BT no longer sells directly into the residential market but it plays an important part in investment behind the scenes where it reuses a lot of the Eircom infrastructure. That BT platform in Ireland is now offering a service to 65% of households.

Members will be familiar with the proposed joint venture between Vodafone and ESB, which was the subject of legislation passing through the Oireachtas a couple of months ago. The stated ambition of Vodafone and ESB is, in the first phase, to provide a service to 500,000 homes outside of the Dublin area and into more regional and rural areas.

Members will be familiar with ComReg's spectrum auction in late 2012. The auction raised over €840 million for the Exchequer. Importantly, there were four winners of spectrum at that stage, resulting in a competitive landscape and allowing those operators to move to start to roll out 4G mobile networks. Something significant that was finalised a couple of months ago was the merger of 3 and O2, two of the mobile operators in the marketplace. It will be interesting over time to see the results of that merger.

As I mentioned, 4G has commenced. Already, there are 300,000 4G subscriptions in play in the country. The final point on this slide relates to Wi-Fi. How consumers digest broadband is changing. They are doing it much more on the move, with smart devices. The growth in public Wi-Fi hotspots reflects this change in how we consume telecommunications services.

I will hand over to my colleague, Mr. Jeremy Godfrey, to present a number of slides on the fixed-line sector.

**Mr. Jeremy Godfrey:** This is my first opportunity to give evidence to the committee. I thank the committee for that opportunity and assure it that I, like my colleagues, will do my best to assist the committee in its work.

The next slide shows how broadband penetration has grown over the years in comparison with the EU average. As the committee will see, the penetration has grown fairly steadily. It has now reached 67%, which is a little below the EU average but which is fairly typical. By comparison, Italy is at 68% and Spain is at 69%. In fact, one third of the EU member states are within three percentage points of Ireland. Ireland is a fairly typical marketplace. In general, penetration is driven by demand rather than by the supply side. It is highly correlated, for example, with developments such as PC penetration.

Another way in which we look at the success and how the market is operating is how competition has delivered improved prices for consumers and an indicator of that is the communications sub-index in the CPI. That sub-index mostly comprises telecommunications services, both fixed-line and mobile. One will see that over the past two years - this chart begins in 2012 - the CPI in general has grown by approximately 1% whereas there has been quite a substantial drop in the communications sub-index, which has been driven by the aggressive competition. As Mr. O'Brien mentioned, there have been new entrants into the broadband market in that time. There has also been some aggressive competition in the mobile market. Typically, now we are seeing broadband and voice bundles priced at €40 per month or a little more, with some fairly aggressive offers for new customers such as discounts for the first six months. The market has worked fairly well in bringing down over the past two years.

The next slide shows how competition and investment have led to an increase in broadband speeds: the red block at the top represents the highest speed services - ones with greater than 30 megabits per second, Mbps; the green one represents those between 10 Mbps and 30 Mbps; the blue, those between 2 Mbps and 10 Mbps; and the grey ones at the bottom are the ones that are less than 2 Mbps. The biggest trend one sees here is the growth in the higher-speed service as a percentage of services sold in Ireland. One will see that the red block took off at the beginning of 2013. That coincided with the launch of Eircom's next-generation access, NGA, service. Half of the growth in that percentage since then is due to Eircom and half of it is due to those having higher speeds on the cable network.

Mr. O'Brien spoke of how some of the players in the market have their own infrastructure and some use others' infrastructure. The next slide shows how the different platforms or un-

derlying technologies are being used. At the bottom, the dark blue box and the golden line just above it are both technologies that make use of the Eircom copper network. The gold line is the higher-speed NGA version where the copper is combined with fibre - the fibre goes to a cabinet and the copper goes into the premises. The blue box is the older generation of technology where the copper goes all the way back to the exchange. The golden one is a higher-speed service; the blue one is a lower speed service. One is beginning to see how there has been migration in that platform, from the blue to the gold. At the retail level, the blue and gold services are not only sold by Eircom; they are also sold by other providers.

The green box in the middle is the cable network, which is now a high-speed network. At the top, there are a number of wireless technologies. I should say that the light blue one, which is described as mobile broadband, represents dongles that one plugs into one's laptop or computer. Those with smart phones also can get fairly high-speed Internet but those are not included in these figures. This refers to wireless mobile broadband. The grey at the top is the fixed wireless operators.

Finally, on how the marketplace has become more competitive, one can see that Eircom still remains the market leader, but with considerably less than a 50% market share in broadband. Vodafone and Sky are both players which largely operate by reselling the Eircom copper network and they have taken quite a lot of share in the past couple of years. The other big player is UPC on the cable network. The competition among all of those players has both driven investments in higher-speed services and the reductions in prices we noted previously. With that, I will hand back to Mr. O'Brien to talk about mobile.

**Mr. Kevin O'Brien:** Turning to the next slide on mobile penetration, one can see at an overall level that mobile penetration is very high in Ireland. There is a greater than 100% penetration rate, which means the vast majority of citizens have a mobile device. Therefore, there is high take-up.

The slide shows stability over a number of quarters. The blue area represents mobile phones per person. The red area is where mobile SIMs are used for mobile broadband, which Mr. Godfrey mentioned is an important way in which we get broadband in parts of the country. Finally, on the top, there is what we call machine-to-machine use of the mobile network. For example, this could be where a vending machine talks from a remote area to a central point about the amount of stock it contains. We see an increasing amount of such activity through the mobile networks over time.

The next slides captures market share. There are two interesting points to make here. First, one will note familiar household names in the large pieces: Vodafone in red; O2 in navy; Eircom, which retails in the mobile space as either Meteor or eMobile, in green; and 3 in black. The tops of the columns depict the smaller market shares held by Tesco Mobile, Lycamobile and certain others. That category consists of what we call mobile virtual network operators, or MVNOs. They are companies which do not own networks but rent minutes or capacity from the network owners which they resell. MVNOs have a small share of the market. The interesting thing members will see before the final column on the right is the impact of the merger I mentioned. The navy and black join together as 3 after the merger with a much larger market share.

The next slide concerns mobile costs for the consumer. What we have seen over many years now and captured on the chart for the last two quarters is a continuing decline in revenue per customer for the mobile operator. That means an improvement in price for the consumer. Pre-

pay and post-pay are both set out and the green line in the middle captures the average paid per subscription for mobile services. While people are using more and more data and somewhat less text and voice, they are paying less in overall terms for the service they get.

The next slide captures in statistical form one of the behavioural changes of which we are all aware. On the left, the number of texts per user is set out. This has declined over time. On the right, the increased use of data for mobile broadband users on the mobile broadband network is set out in red. Data use by smartphone users is set out in green. We are using more and more data which is interesting in terms of consumer behaviour as we move to apps, including communication and social media apps, and away from traditional texting. This has major implications for operators and the type of networks they must build to meet this need.

The next slide concerns mobile coverage licence conditions. I emphasise that it is licence conditions. We have always observed that operators provide coverage far exceeding the conditions included in their licences. There is an historic evolution in the slide. The first line - 2G GSM - relates to the original mobile phone licences from the mid-1990s. These were voice and text only services and a specific type of technology with certain roll-out requirements. A number of the licences are no longer in place. These licences were auctioned in 2012 and are being reused by operators under different conditions. It is important to note that the 2G network and those 2G licences with roll-out obligations resulted in national networks being built. The 3G licensing stage and the auction in 2012 took place against a backdrop of networks which were already largely in place. What occurred was a change within the network. Coverage is measured as a percentage of population. Operators have always exceeded their licence conditions in this regard. ComReg verifies that operators meet their licence conditions and we have done this through drive tests. We are planning significantly extended drive tests into the future.

I mentioned earlier that 4G roll-out is happening. On foot of the 2012 auction, operators have more spectrum and spectrum licences have been liberalised, which is a European requirement. It gives more space to the operators to use different technologies. There are a couple of statements there from operators about what they will offer to the consumer with 4G.

My final slide looks a little bit to the future. We expect to see continuing aggressive competition. The week before last, we put out an information note in relation to the early stage of the next potential spectrum award process. Other spectrum bands are becoming available and we are at an early stage of consultation in relation to what those could be. What we will see in coming years is ComReg making more spectrum available to the marketplace to allow operators to offer more and more services. In relation to the merger I mentioned earlier, one of the requirements of the European Commission in approving it was for 3 to make certain commitments to alleviate certain concerns. One set of commitments 3 made was to allow more virtual mobile operators into the marketplace. The two operators who have come forward are UPC and Carphone Warehouse. They are not yet active in the market but they are preparing to enter it as virtual mobile operators.

Colleagues from the Department will talk to the committee about Government intervention in rural areas, but I note that well-flagged future interventions are planned. A final comment from ComReg for the purposes of the presentation is to note that we have not really talked today about what we do on consumer empowerment and upholding consumer rights. It is an important part of our work and we will continue to do it.

**Chairman:** We will now hear from the Department before taking questions.

**Ms Katherine Licken:** I thank the committee for inviting the Department to discuss this important topic. I am joined by my colleague Mr. Fergal Mulligan, programme director for the national broadband plan, Mr. Patrick McCarthy, who is responsible for the national broadband scheme, and Mr. Patrick Neary, the technical director for the national broadband plan. I do not intend to dwell on some of the statistics as ComReg has taken us through them very comprehensively. I have passed around copies of my presentation.

By way of scene setting, consumer demand has rocketed not just for broadband services, but for proper high-speed broadband services. That is the real conundrum and challenge facing industry and Government in terms of investing to meet the demand. It is useful to be aware of certain statistics to understand why this is so important. Online consumer spending is approximately €6 billion this year. There is a statistic - it is another part of our brief - that 70% of that spend is going overseas. It is something we must address as part of the national digital strategy. That is why we have a trading-online voucher scheme and other measures to get citizens and businesses online. The projected online spend by 2020 is €20 billion, which shows where consumers and businesses are moving.

There has been huge growth in traffic over all of the networks, which is not just a phenomenon in Ireland, but rather is an international one. It is being driven in particular by video services over various platforms, not just television. It is a challenge and Ireland is not alone in having to meet the demand for high-speed services. Every country faces it. Many of the online services consume far more bandwidth than was previously the case. We have surpassed all expectations in terms of the bandwidth being consumed. There is barely a job anywhere that does not rely on ICT. Clearly, it is a hugely important area. It is a key priority for the Government.

The national broadband plan has a serious ambition which is that 100% of premises in Ireland will have access to high-speed broadband and that all citizens and businesses can access high-speed services regardless of location. No matter where a person or business is based, there will be access to future-proofed, high-speed broadband. We have set a minimum benchmark of 30 Mbps to be available to all. That will be a minimum with an ability to scale up to meet demand as we have seen how the growth in demand has posed particular challenges. The broadband plan aims to achieve that through two means. The first is commercial investment - helping to accelerate commercial investment and helping the commercial sector to invest more. As we have seen, ComReg is saying that commercial investment of approximately €2.5 billion is taking place involving the various commercial operators. When we launched the broadband plan in 2012, we thought the State would have to address approximately 1.3 million of the 2.3 million premises in Ireland. Thanks to the accelerated investment by industry, the area that the State must address has shrunk by about 50%. In 2012, Eircom committed to addressing one million premises. It has now committed to addressing 1.6 million premises, which is very helpful. There are other operators, which we will come to, who are also investing and making a huge impact.

The second key commitment, which I am sure members are especially interested in, is the fact the Government has committed to intervene in the balance of those areas where it is-----

**Chairman:** There are mobile phones on. Coverage seems to be quite good here at the minute so could we try to-----

**Deputy Patrick O'Donovan:** It is not my phone as we have no coverage.

**Chairman:** It is just that there is interference.

**Ms Katherine Licken:** It could be the laptop. My apologies.

**Deputy Patrick O'Donovan:** I can assure the Chair that it is not the mobile phone.

**Ms Katherine Licken:** The ambition of the plan is that everybody, including future generations, will have access to high-speed broadband - broadband that is scalable and meets demands - in order that we are not sitting here in another six or seven years talking about the challenge of broadband.

The fifth slide deals with the commercial developments to which I have alluded. There is a typo in the slide: "€2.5 million investment" should read "€2.5 billion investment" by commercial operators. The Minister has said on numerous occasions that we collectively believe this to be a strong vote of confidence in the Irish consumer and Irish business by the telecommunications sector at a time of particular economic challenge in Ireland. We spoke about the investment by Eircom, which has increased its commitment from one million to 1.6 million premises by mid-2016. It passed its millionth premises in September. We were in Cahersiveen to mark that event.

Eircom is reaching parts of rural Ireland that hitherto had very poor quality broadband and are now getting speeds of up to 100 Mbps. Eircom is telling us its roll-out is benchmarked as one of the fastest in Europe and that it is one of the first to use vectoring technology, which allows it to move from 70 Mbps as a top speed to 100 Mbps as a top speed. That is making a big impact, and we saw this in black and white in Cahersiveen in September. UPC has also made great strides. It was talking in 2012 about more than 700,000 homes having access to speeds of up to 100 Mbps. That figure is now in or around 730,000 homes which have speeds of up to 200 Mbps, so UPC's speeds are between 100 Mbps and 200 Mbps and it has launched a business package of 500 Mbps. ESB and Vodafone, as has been alluded to by ComReg, are planning a €450 million investment in fibre to the building, FTTB, with speeds of anywhere between 200 Mbps and 1,000 Mbps. In phase one, 500,000 premises will be addressed in every county.

The spectrum auction is resulting in the roll-out of 4G networks. One operator told us that, as of yesterday, it has 75% coverage of 4G. 4G offers speeds that are roughly ten times greater than what is available on 3G. That is a noticeable change and it will represent quite a considerable change for people living in rural areas in particular, although it has not reached all rural areas. Vodafone told us that in the roll-out of 4G, what will take it three years in respect of 4G took it 12 years in respect of 3G. One can see the pace of development has changed very considerably, which is a very welcome development. Enet, which operates the metropolitan area networks on behalf of the Department, has announced projects of fibre to the home in four regional towns.

Wireless operators, who operate throughout Ireland, especially in rural Ireland, are making an impact as well in terms of delivering services in areas where other services are not necessarily providing the product consumers want.

We referred to Kerry. The Telecommunications Industry Federation visited Kerry last month to meet local representatives and talk about the issues of broadband coverage in Kerry. I suspect it probably could do a similar presentation in every county in Ireland and it probably would be very welcome if the committee was to invite the industry to appear before it to talk about the levels of coverage and the issues it has spoken about.

**Deputy Timmy Dooley:** They are slow enough to travel.

**Ms Katherine Licken:** The industry has invested approximately €18 million in Kerry over the past 18 months. Eircom intends to pass 42,500 homes and businesses in Kerry by mid-2016. It has passed somewhere in the region of 24,000 homes with speeds of up to 100 Mbps. ESB Telecoms is investing in the addition of a new fibre ring and its existing network, which will be more than 200 km of fibre optic capacity. Vodafone has invested €6 million in Kerry in one and a half years and is saying that more than 90% of the population can avail of 4G services. Clearly, there is more to be done, but a lot is happening and it is important to note those developments and encourage industry to keep going and accelerate even more.

The broadband plan is very much a two-pronged approach. It involves encouraging and supporting industry and committing to a State-led intervention. The measures we have introduced to support industry include ComReg's multiband spectrum auction, which freed up the spectrum for the 4G roll-out; a ComReg decision on the next generation access arrangement, which allowed Eircom to launch its eFibre services and operators to offer services off that network; and the legislation introduced in March 2014 which will enable ESB to enter the telecommunications market. We are also taking a series of measures to address barriers to commercial deployment. Again, local authorities have a key role in this area. In the process of pulling together the national broadband plan, industry identified barriers to deployment that are affecting coverage. They included planning barriers, issues with road openings and access to motorways. We are working with industry and the various State agencies and local authorities to address those barriers and help speed up the deployment.

I will take a slight backwards look at where we have invested to date. The members of the committee will be aware of the metropolitan area networks. The investment started in 2004. A total of 88 fibre rings were built covering 94 towns and cities in Ireland. They were developed to increase competition, reduce barriers to entry into the market and reduce costs. More than 60 operators use the metropolitan area networks today, with more than 1,650 connections to in excess of 600,000 individuals and business. Most of the operators operating in the Irish market use those fibre rings to improve the quality of service they are offer to customers. Enet has announced an investment in FTTB in Claremorris, Loughrea, Ardee and Kilkenny.

Deputies and Senators will be particularly interested in the national broadband scheme. It was launched in 2008. It was a very different world in 2008 where 1 to 2 Mb was considered basic broadband and reasonably adequate. At that stage, there were large tracts of Ireland which simply had no broadband, and the purpose of the scheme was to increase the coverage area and ensure everyone had at least basic broadband. What one might call basic broadband then and what one would call it today might be two different things, but people's expectations are far in excess of what one would have been doing in 2008. We could not have imagined where we would be today in such a short time. The scheme made basic broadband services available to 238,000 premises in 25 counties. It has ensured the infrastructure and services, albeit basic services, are in place. We have been told by 3 that the infrastructure will be used to upgrade to 4G services. I stress very strongly that there has been no discontinuation of services under the scheme. 3 has assured us it will continue providing services in all the areas, and not only that, it will upgrade the sites to 4G services within three years.

As I said, our ambition is for 100% of premises to be covered. This is infrastructure for the 21st century. This is as important as water, electricity, rail and roads were in previous centuries. That has been acknowledged by the Government and we have an ambitious programme of investment in high speed broadband so that nobody is left behind. We did not leave anybody behind with electricity; we should not leave anybody behind with broadband.

Much has happened since 2012. The last two years saw an explosion in data demand which was driven by video. The addressable area for the State has decreased by 50% thanks to accelerated commercial investment, which is good news for the Exchequer. New state aid guidelines provide that where states invest they must ensure a step change. That does not mean moving from 2 Mbps to 5 Mbps; it means that consumers must experience a considerable change in the speed experience. The guidelines also require fibre to be as near as possible to the end user, although they also note that we must be technology neutral. We have also introduced legislation to allow the ESB to enter the market. It is worth noting that new and more effective technologies have come on stream in the last two years, such as the vectoring that Eircom is doing to allow it to provide 100 Mbps. Wireless operators have developed new wireless technologies that are capable of delivering high speeds and other technologies are available to provide better services more cheaply and more effectively.

We have developed a detailed implementation strategy for the national broadband plan. Under state guidelines, we are precluded from any area in which the commercial sector is investing, for very good reasons. This requires us to carry out a comprehensive mapping exercise to define what we mean by next generation broadband and what that means for industry; identify where industry is and where it is going; and measure the gap that the State needs to fill. That process is coming to a conclusion and we hope to be in a position to publish the maps and carry out a full public consultation towards the end of this year. That will be a key milestone in this project because it defines, once and for all, the area in which we need to invest.

In April 2014, the Government announced a more ambitious programme for intervention and, by way of illustrating the scope of ambition for the project, published a list of 1,100 villages across Ireland where we envisaged networks being built in the first instance. These are, however, just a fraction of what needs to be done and they are not the full picture. The list allowed people to see that the project was coming to small villages close to them. Eircom is covering towns with populations of 900 or more, whereas this project deals with settlements with populations of fewer than 900.

In the past several months we have met with more than 60 operators and stakeholders to discuss their investment plans, expectations and views on the way we are progressing with the plan. The maps will be published towards the end of this year and next year we intend to publish a detailed implementation strategy which will cover issues including ownership if it is a network build, and whether we own it or the bidder owns it; whether there is one bid or multiple bids; regulatory issues to be considered; and how it should be funded. Considerable work will be done over the next six months to bring us to a point where, building on the maps, we have a detailed implementation strategy, which we will publish for public consultation with a view to going to tender to provide the services by the end of next year.

The mapping exercise is complex but it is important to get it right. Where an operator claims to be providing next generation services we have to be satisfied that it is doing so. There are multiple operators in this markets, including a myriad of small fixed wireless providers operating across rural Ireland and a number of large providers operating nationally. We have to examine the market impacts of the proposal because this is a large scale intervention which will impact on the market, probably for generations to come. We need to consider regulatory, financial, legal, planning and state aid requirements. A key challenge is that the last 30% is the most difficult to address. That is why the commercial sector says it cannot go there. These are the premises outside the towns and villages, on the hillsides and up the by-roads. Ireland has a population of 33 people per square kilometre compared to 253 people per square kilometre in

the UK, most of whom live in towns. This is a challenge we intend to address, however.

We must also ensure that whatever service we put in place is future proofed. By this we mean that 30 Mbps is a minimum benchmark. We do not want 30 Mbps to be the ceiling to which a prospective tenderer will aspire but the minimum benchmark so that this is a network build not only for this generation, but also for future generations. As demand rises, the services should scale up to meet it without having to make further significant investments. Our motto is do it once and do it right.

The milestones for 2015 are publishing the mapping towards the end of this year and the outcome of the mapping early next year; publishing the outcome of the public consultation process; publishing the detailed implementation strategy; applying for EU state aid clearance; launching the public procurement process; and ongoing stakeholder engagement. This plan is important because it will help to attract foreign direct investment; enable education, health and e-government services; support agribusinesses, SMEs, tourism, e-working, smart homes and businesses of the future; and put Ireland to the forefront in terms of our connectivity.

**Chairman:** I thank the witnesses for their detailed presentations. The context of our request for a presentation is the ending of the rural broadband scheme and the investment promised in this area. We are all aware of the huge increase in demand for broadband services. As public representatives, every day of the week we deal with businesses which are unable to access broadband services. This is preventing businesses from expanding in rural Ireland, particularly in areas that need jobs. The investment has been announced and the larger centres are being catered for in a certain way but we are being told that, from a rural point of view, the rich are getting richer while the poor are getting poorer.

As regards mobile phone coverage, anecdotal evidence based on our own use of phones suggests that it has worsened over the last three or four years. Why has that happened? There always have been blackspots but they appear to have expanded significantly in recent times.

There is no doubt the investment is coming but the problem is that the demand exists now and there is a gap between the present and when the investment will bear fruit. This is an issue on which we need more clarity.

**Ms Katherine Licken:** I agree with the Chairman. We hear the same complaints and get parliamentary questions and representations from local representatives. We are working with stakeholders, including organisations like the IFA, which are telling us directly the difficulties they are experiencing because of a lack of quality broadband. The purpose of this plan is to address that problem. In order to implement it properly and to avoid running into difficulties, it will take some time to prepare.

**Chairman:** The mapping exercise is useful in terms of seeing what is happening but it appears to have taken a long time. What is the answer to that? Ms Licken indicated that it is a complex issue but some people say it could be done much faster. Some people would say it could be done much faster. I am merely passing that on.

**Ms Katherine Licken:** I suppose by way of example, we could have published the maps in June, but then Eircom announced it is increasing its coverage area from 1.4 million then to 1.6 million now. So once new operator data come on stream, we have to add to that. The maps will be very granular. People will be able to see right down to their own house as to whether they are in or out, as in whether they are in a black area, which is either an area that is covered

commercially or about to be covered commercially, or whether they are in what we call a white area, which is the area subject to the intervention by the State. That has been a huge technology exercise working with industry to keep updating the maps as the material becomes available.

**Chairman:** Then there is a long lead-in period after that with consultation and tendering.

**Ms Katherine Licken:** There is, but that will happen in parallel with all the other work streams which are around the financials, the procurement and the legal aspects of the programme. So everything is working in parallel. It is not a linear process.

**Mr. Kevin O'Brien:** On the two general points the Chairman made, certainly society's needs have changed. The step change where we see the market delivering to about 70% of the population with high-speed networks is to be welcomed. We have had huge progress in the past two years in that regard. As colleagues in the Department have pointed out, the challenge now is to make those high-speed fixed networks available to everybody in the country. From ComReg's perspective, we think the Department's ambition is correct. We believe it is correct to seek to have something future-proofed. One will always look back and say it was never possible, but one should try to build it once and build it well for the rural areas.

Anecdotal is a good way to describe people's comments on mobile coverage. ComReg gets approximately 30,000 complaints or issues brought to its attention a year. In the year to date some 17,000 issues by individual consumers have been brought to our attention. Of those 300 are complaints about mobile coverage. That is probably slightly more than in previous years, but there are other issues that are bigger for consumers in our experience. So coverage is certainly a topic.

I will make a few comments on what is going on in the marketplace. As I said earlier, on foot of the auction the operators are now upgrading to 4G; so there are changes to the networks throughout the country. We have the operators also changing some of their network structures and network share arrangements. So there is considerable activity at the infrastructural level and that can have implications.

There is also some evidence that while a smart phone does amazing things - compared with what we carried out in our pockets ten years ago the utility is fantastic - from time to time questions are raised over smart phones' capacity regarding voice calls. So there is a technical issue with the hardware which is commented on from time to time. With 100% of the population expecting to see a voice signal there all the time, 60% with smart phones expecting to see at least a 3G signal there all the time and now 300,000 people expecting to see a 4G signal there all the time, expectations have gone up. Networks are being built and there is perhaps some limited sense that in certain cases coverage is not what it could be. However, what we see coming is somewhat limited in that regard.

**Chairman:** It is not just that it is not what it could be; the issue is that it is not what it was.

**Ms Katherine Licken:** I might just add to that. We mentioned working on barriers to deployment. One of the work streams the Department has is working with the NRA on access to infrastructure along the motorway - the ability to erect masts and antennae along or adjacent to motorways. The motorways were built through areas that were previously not built-up areas and would not have had high mobile usage. That is one of the areas where we believe there is a particular problem and we are working to address it. Some of the operators are saying - this is where it might be helpful to have them in - that if a person is on a 4G call and moves from a

4G cell to a 2G cell, quite often that call will drop. It is back to handsets and also the band in which the person is making the call.

Operators are saying sometimes there are temporary outages as they start to upgrade areas from 2G or 3G to 4G. It is correct to say that something has happened all right. We are aware of some - possibly not all - of it. It is an issue that would be good to take up with industry also.

**Deputy Michael Moynihan:** I welcome the witnesses to discuss what is one of the biggest issues facing communities. Judging by the documentation from the Department, ComReg and everything else, it is a case of "we're working on it". However, there is a crisis out there and the broadband issue is one of the major concerns. The witnesses are quite right in some of the language used. Everybody now requires broadband.

Phase one of the joint venture with the ESB is bringing broadband to the provincial towns. It is coming to a certain level but is not penetrating deeply. I live four miles from the Kerry border and according to the documentation everything is fine in Cahersiveen, in Kerry and everywhere else. It is not. There is a crisis out there - perhaps I am meeting the wrong people. Regarding Eircom, one of the providers contacted ComReg over a complaint for some of the regions in north County Cork recently and there has been no feedback. What happens with a complaint when it comes into ComReg if there is a fault from the service provider? How quickly is that acted upon? How are complaints dealt with? What are the outcomes from those complaints?

There is huge frustration out there. Does the broadband scheme announced in April need to get state-aid approval from the EU? When is that likely to happen? Why was that not put out there back in April regarding waiting for it? With all the plans that exist there is desperate frustration. It is not just me living three and a half hours from here deep in the rural community; some people living only 15 or 20 minutes from O'Connell Street have no broadband coverage. There are people who are running businesses. Farms are now more interactive than any other business in this regard. They are doing a huge amount of their business on line in all aspects of agriculture and they need broadband.

I listened to all the presentations and noted the sincerity. However, the reality is that it is not getting down there to the people who need broadband coverage. They are quite right in pointing out that in the 1950s ESB coverage was the major issue. There are so many plans, roll-outs and initiatives. The service providers - wireless and others - are not getting to the issue. Certain households are paying huge premiums to get wireless access of some type, and they are still not getting a broadband service. The witnesses have their plans and their ideas. I know of a primary school in north County Cork that has no broadband service. Can the witnesses imagine the disadvantage those kids have when they go into the nearest town to secondary school when they do not have the broadband service? There is a huge crisis in this regard. We need to tackle it more seriously.

Regarding complaints to ComReg, I know that people in Banteer contacted it sometime in the middle of July and there has been no correspondence back. What procedure does it follow? Does it contact the providers? They have been promised that they would be upgraded. When will that happen? I could mention many more communities. We have to accept that it is not just deep rural communities far away from here; it includes some communities quite close to it. I have met them all over the country. Over the past 12 months I have had reason to travel throughout the country and the issue of broadband service was raised everywhere. The Department made an excellent presentation, and I know its aims and ideals, but it simply is not happening. The people I meet are hugely frustrated about broadband services. I ask the witnesses

to take this on board and come back to me on it. Will the witnesses clarify the situation with regard to State aid for the scheme announced? When is it likely to happen? Will it be a long time down the line?

**Ms Katherine Licken:** I do not disagree with the Deputy. The service in Cahersiveen has been upgraded and it is great, but if one lives just outside Cahersiveen it is no good to one. We are critically aware of this, which is why we have a national broadband plan to address all of these issues.

The announcement in April was not only with regard to just one scheme. Another scheme will follow. The announcement was the first signal of the Government's intent and ambition in the programme by stating it knows for certain it must deal with the 1,100 villages included. It will be much bigger than this. We have already been in touch with the Directorate General for competition and met it with regard to state aid. We expect to obtain state aid approval next year for one scheme for everybody.

**Deputy Michael Moynihan:** When next year?

**Ms Katherine Licken:** I suppose the end-----

**Mr. Fergal Mulligan:** We must go in November with the map we will publish. We will publish a map with every townland that requires an intervention, which we refer to as white areas, and this will allow every individual to see on the Department's website whether his or her house is included. This will include everyone outside the border of Caherciveen's footprint. The European Commission will have to review this and see whether we have done a proper job and ensure no issues arise with regard to state aid and the State intervening where it should not. We will go through the first stage of the state aid process in November, which is mapping, and in the middle of next year we will go through the second stage, which is telling the European Commission how we will do it. It needs to know exactly what we plan to do with the State's money for broadband before it gives approval. At present we are not in a position to go to the Commission with this, and we have the next six months to identify exactly all of the issues outlined by Ms Licken on ownership, governance and how we will identify the priority areas mentioned to ensure jobs are brought to the areas through the availability of high-speed broadband. We expect to obtain state aid approval at some point in 2015 but I cannot say whether it will be mid-2015 or late 2015.

**Ms Katherine Licken:** Everything will be done in parallel. We are very confident the approach we are taking to the scheme is very much in line with the state aid guidelines so we will not run into issues. One never knows, but we are very confident we are taking the right approach and that Directorate General for competition will be happy with how we are doing it, which will mean a much speedier state aid approval process.

**Mr. Kevin O'Brien:** We absolutely agree with the real expectations of small and medium enterprises and individuals in rural areas with regard to their future broadband needs and our ambition is to try to regulate so the marketplace will bring these services to as many places as possible. State intervention is necessary to fill in the gaps in certain areas. The Deputy spoke about a specific complaint in north Cork. We receive many complaints per year and we have a process whereby we require the complainant to have taken it up with the operator for a short period of time, and if he or she has not achieved satisfaction ComReg gets involved. Usually we speak with the operator directly on behalf of the complainant and find a satisfactory solution. In certain cases there is no solution and ComReg needs to take compliance action. We are not

afraid to do this. If there are significant outages in a network, or we feel consumers are being charged when they should not be, ComReg takes compliance action which usually gets the right result for the consumer. We can discuss with the Deputy the specific case after the meeting. I am sure it is being dealt with but we can update the Deputy on it.

**Deputy Michael Moynihan:** How many of the approximately 30,000 complaints received by ComReg are taken to the next level rather than seeing whether the operator resolves the issue?

**Mr. Kevin O'Brien:** It often depends on the category. If we receive a significant number of complaints in a particular category it might lead to the early stage of court proceedings which may obtain a result from the operator.

**Deputy Michael Moynihan:** What percentage of cases go this far?

**Mr. Kevin O'Brien:** It would be best if I provided Deputy with statistics on this.

**Deputy Michael Moynihan:** I would appreciate that.

**Mr. Kevin O'Brien:** Usually if there has been-----

**Deputy Michael Moynihan:** A perception exists that when a complaint is received it is passed on to the service provider but there are no teeth to drive the service provider into rectifying the issue.

**Mr. Kevin O'Brien:** I will give an example of where many complaints were taken together. The storms at the beginning of the year meant some networks were down for a while. ComReg spoke to all of the operators about what they were doing to ensure they were not charging consumers for periods when they had no service. This was done in a comprehensive way which would have swept up many complaints. The complaints are just a sample of the problem, so one is also solving the problem for those who have not complained. This is one example where many complaints were taken together and there was a discussion with the operator and the possibility of compliance action.

I can provide the committee with specific data on how we escalate and how many complaints get resolved at various stages of escalation after they come to ComReg. It is best I do this in writing.

**Ms Katherine Licken:** We keep a list and watch what is happening in the market. Banteer is on Eircom's list for upgrading and its plan is to finish the entire programme by mid-2016. Representatives of Eircom are in the Gallery and they might like to contact the Deputy directly to give him an update on Banteer.

**Deputy Helen McEntee:** I thank the many witnesses for coming before the committee today. As some of them mentioned they have been before the committee previously. I am a relatively new member of the committee but I have looked over the proceedings of previous meetings, specifically a meeting which took place two or three years ago when ComReg came before the committee. A number of issues were raised, specifically with regard to mobile phone coverage. I am not sure whether the issues were addressed or whether the comments made were taken on board. A regulator exists to protect the consumer. HIQA protects patients to ensure not just safe practice but best practice, and this is what we should be looking at here.

To focus on mobile phone companies initially, they will say what they want. The word

“mobile” has lost its meaning because it is not mobile any more. I am a Deputy for the constituency of Meath East which stretches from the top of Cavan down to Clonee in Dublin. I spent most of the day in my car if I am not here. I do not know how many times I have almost thrown my phone out the window. I have a hands-free kit and everything is legal and above board. The main stakeholders, namely, O2, Vodafone and Meteor, all claim to have 99% population coverage. Perhaps this is clever use of language but it is false advertising because more than 50% of the population are in the top five or six cities. What the companies should state is what percentage of geographic coverage they have. A person who signs up to a contract thinks they will have coverage everywhere they go but they do not. The regulator needs to make this clear. What are the requirements laid down for the companies? Evidence-based measures were mentioned. What measures are taken into account? Will ComReg consider asking the companies to state their geographic coverage? Consumers do not pay as much as they have done for packages but that does not mean the service should also deteriorate.

I put a message on Facebook earlier this week indicating that representatives of ComReg and the Department were coming before the committee, that I was annoyed about services in the area and that people could inform me of blackspots in Meath. It is an understatement to say I got a response. Some of the areas mentioned were Kilmessan, Culmullin, Kilmainhamwood, Allentown, Rathmolyon, Kilskeer, Robinstown and Ardraccan. I have a two-and-a-half page list of areas sent by the people where broadband and mobile services are not satisfactory. Some people have indicated they have to stand on one leg, touch their nose and put their hand out a window to get reception. I apologise for sounding smart but the response I received was immense. People are really frustrated as their expectations are high. Mobile phone companies are pretending to do the devil and all but they are not providing a proper service. The regulator must ensure people know how to get the right service.

I will also pick up on the drive tests. Where are these tests carried out? Are they on main roads, motorways or regional local roads? I drop calls all the time, and not just on small roads. There is a large road network in Meath and many people are sick of listening to us going on about it. If I leave my office in Kells to go to Dublin on the M3, which is a relatively new motorway, phone calls may drop five or six times during the journey. There are 20,000 people using that motorway every day, so that should not happen.

With regard to broadband, I understand there is a mapping process under way, which takes time as the smaller areas must be examined. The Department has indicated the process will not go where a commercial entity has a presence, but what if the commercial entity is not giving the service it should? Many of the responses from people on Facebook claimed that when a complaint was made, they heard nothing from the companies. What will be done for the areas that the Department will not deal with? I understand there are issues with masts and pylons. In Meath, the North-South interconnector is causing a major problem. People want quick, easy, accessible, cheap and high-tech services but they do not want pylons. How can we bring people on board while giving them the service they want?

**Chairman:** There is much food for thought in that.

**Ms Katherine Licken:** We can take the mapping question first.

**Mr. Fergal Mulligan:** I thank the Deputy for her questions. She asked if we will go where there is already a substandard or standard broadband service. In all these rural areas, there is a broadband service of some sort being offered by somebody. One could go to Meath or Kerry and a broadband company would offer services of 1 Mbps, 2 Mbps or 10 Mbps. That does not

mean the State will not intervene in the area. As part of the requirements under state aid issues, the main instruction from the European Commission is not to distort competition. We must ensure that if we intervene in an area, it would see a step change in the service available. If there is a 3 Mbps service in an area, as the Deputy notes, it may be advertised as “up to 3 Mbps” and be much less at a particular time, such as 8 p.m. The State would intervene in such an area to ensure those customers and houses in that area would have a minimum of 30 Mbps. That is the current plan to ensure a network can be built in those areas.

One of the challenges is that many companies will not like this because they currently offer a service. With mapping, we must ensure we understand such issues, as operators may claim to offer a 30 Mbps service. We will have to do much research and investigation before we can intervene, as the European Commission would take on board the claims of operators. It will argue that not a penny of taxpayers’ money should be spent if a commercial operator offers a service in the area. There are operators which claim to offer the services and we must investigate that.

**Ms Katherine Licken:** We will set the benchmark speed to be defined as next-generation access. We had a “call for inputs” consultation over the summer, indicating the speed, and we sought the thoughts of the industry and stakeholders. That will inform what the maps look like. There might be a service in an area but if we do not consider it a next generation broadband service, we would have to intervene in the area. We must demonstrate that very clearly to the European Commission and we do not take the process lightly.

**Deputy Helen McEntee:** I ask to send my list to the Department for cross-reference purposes.

**Ms Katherine Licken:** Please do.

**Mr. Kevin O’Brien:** Deputy McEntee also raised some mobile phone coverage issues. Our mandate is all about the consumer. We speak about investment, innovation and networks but we make such considerations in terms of what they mean for the consumer. That is fundamentally what we are about. The Deputy made a good point regarding planning and infrastructure, which networks need, and there is no easy way to get away from that. Different local authorities have taken different approaches at different times, which has an impact on infrastructure roll-out.

The Deputy mentioned advertising, and the Advertising Standards Authority of Ireland deals with any misleading or false advertising. We have worked closely with the authority in the past, particularly with regard to the broadband speeds message. For example, the authority has insisted at different stages that operators should introduce phrases like “up to” when referring to speed and so on. We are not the relevant authority for advertising but we have lent some of our technical knowledge to the Advertising Standards Authority of Ireland to help in its work.

**Deputy Helen McEntee:** What about coverage of the population? When most people see 99% population coverage, they would equate it to coverage of 99% of the country. It is a misleading term as it does not relate to geography. Much of the population is in cities and I might make the same assumption about population coverage.

**Mr. Kevin O’Brien:** The licence conditions, referred to earlier, have always been exceeded. Those conditions are based on population rather than geographical coverage. If one includes mountainous areas and lakes, big chunks of the country do not have houses in them. It is a population measure.

The Deputy asked how we measure operator performance. We do drive tests, which is done within a mobile network metric. A mobile vehicle does the testing, so the experience would be the same as a person moving around the country. We recognise it is a mobile network when testing. I mentioned that we are increasing the amount of testing being done. Previously, we tested for all national primary routes but we are now extending that testing to all national routes. That is any road in Ireland which is a national primary or secondary route. That equates to 5,500 km of test route. Considering this per operator and per network, we do more than 1 million per annum on any one network.

**Deputy Helen McEntee:** I live in the countryside and I am not beside a national road. If I travel to Slane and on to Dublin, I might not get coverage for 20 minutes until I get to Slane. If I go the other way and through Navan, my call would also be dropped five or six times on that route. Will local and regional roads be included in the testing? There is no point in stating that overall coverage is being tested if the areas where the main bulk of people live are not included. They do not live next to a national primary road.

**Mr. Kevin O'Brien:** We are at the procurement stage of purchasing the new drive test facility, which will be deployed next year. We have set it up to extend it significantly compared with what has been done in the past. The big question for us in terms of licence obligations is whether we are statistically robust and if the measuring will stand up. The experts providing the service to us must answer that question, and it must be an accurate measure of the overall characteristic of the network. We have specified the process to cover all national roads but not anything more at this stage. However, that does not detract from the accuracy of the overall measurement in terms of percentage population coverage. There is a statistical question in that, but we are safe in dealing with that by not going beyond the national routes at this stage. We are always open to further consideration of this.

The Deputy mentioned that a number of areas in her constituency have been brought to her attention in respect of mobile coverage. We would be happy if she would communicate those to us. We can take it offline. We follow up with operators regarding consumer questions and complaints in specific areas.

**Deputy Michael Colreavy:** I thank the witnesses for their presentations. I understand the frustration that exists. The witnesses, the Government and I have been telling people that things are going to get better. Someone mentioned the person who must put their hand out the window to get a signal. I know someone who must leave his house and drive to a higher point to get a signal. He is trying to run a business with that. I have been saying for the past couple of years that things are getting better, that there is a plan in place and so forth. At this stage it is a question of credibility in me, the Government and the witnesses. There was a reference to EU state aid approval. Are we sure of that? Is it a done deal? Is the amount agreed or even calculated? What is plan B if our expectations regarding the amount of that EU state aid approval are not as envisaged?

My second point is a suggestion. We must get that map completed very quickly. As well as giving information about the white spots, as we publish the maps we must be able to give solid information to people stating when these gaps will be filled. It must be accurate and we must give that information to people to enable them to plan.

One of the witnesses said there are more than 60 operators. It is quite a crowded workplace. Do the witnesses have the right to insist that the operators share infrastructure to manage costs? Do some of them operate in the Six Counties as well as the Twenty-six Counties? Are we

looking at the linkages between the Twenty-six Counties and the Six Counties in this regard? I understand that the more operators there are, the more competition there is and, therefore, in theory it should bring prices down. It also adds an element of risk for the continuity of service. Does the State have any control if someone is not performing or delivering as they should be and must be taken out?

I had another question but I cannot remember it at present.

**Ms Katherine Licken:** Fergal Mulligan and I will reply to the questions. Regarding state aid, the EU does not approve the money for us. State aid is about the approval to do what one wishes to do. The money is either Exchequer funding or other funding. While there might be an EU element in it, the Commission is not concerned with giving us the money but with ensuring that whatever money the State spends is spent correctly and that we do not put people out of business, for example, if Eircom is providing next generation broadband in an area, that we do not encroach on that area where it is not necessary. That is the purpose.

We have a well-worn path to the European Commission regarding state aid. We have been through it several times. We are confident in this programme. We are confident we will get the approval next year and that it will happen in parallel with the planning for the intervention and will not slow it down.

There are more than 60 operators. Some are small and some are very large. Some of them operate in both Northern Ireland and Ireland. There are provisions to allow infrastructure sharing and to mandate it in terms of State intervention. Obviously, we cannot force infrastructure sharing on private operators elsewhere, but we have found that it is happening increasingly in the market. In the mobile market, for example, they are beginning to share masts instead of having four different types of infrastructure in place.

**Mr. Fergal Mulligan:** The Deputy mentioned the credibility of the plan. We are acutely aware that the plan was published in 2012 and it is now 2014. I can confidently say that we have a very firm quarter-by-quarter plan to see this job done. That will take us through the majority of 2015 to launch a procurement process. The procurement process answers many of the Deputy's questions regarding money and operators. Next year we will know exactly where we are going and how we are going to get there. When we know that, we can then publish a tender to commercial companies to tender to the Government to build the network we require for rural areas.

We will not know how much that will cost the State until the procurement process is over. Part of my job is to get maximum value for the State where a company or companies build the network with the Government and with their own money as well. We do not know how much money the other operators are willing to put up to build the network in rural Ireland. The winner will decide that in terms of how much money they ask from the State to foot the bill for the bit they are not willing to fund. There are large companies, such as ESB or Eircom, and many small companies that are willing to bid for this network because, ultimately, we are going to subsidise the bit they cannot fund commercially. There is, therefore, quite a significant prize for a number of telecommunications companies to be part of the award process in which the Government will participate. Along with that, however, there are many issues in terms of legal challenges that might or might not happen and hurdles we might encounter along the way. One of our jobs is to stay out of court. If anyone goes to court, everyone is a loser because the entire process is delayed.

We are moving things as quickly as possible. We are conscious that we must ensure the European Commission is happy with everything we are doing and also that we do not get in trouble with any commercial operators who think what we are doing is illegal. Those are the two key points we must address over the next 12 months to ensure that when we do it, we do it right, it happens on time and we are not tripped up on the way.

We continually meet the European Commission. There will be a number of meetings between now and November and now and next June to ensure that by the time we seek the official seal of approval, we are confident of getting it. Again, one of our jobs is to ensure this communication area is open, the dialogue is open, the letter comes through in the end and we are not back to the drawing board.

**Deputy Michael Colreavy:** Regarding the publication of the maps, can we at the same time give certain dates as to when the white spaces will be covered?

**Mr. Fergal Mulligan:** We would not be able to give exact dates. We will be able to give indicative dates. The procurement process will start in 2015 and we will have to appoint a company or companies to build it. Within the tender process those companies, which are the experts in building networks, will tell us how they can get from Donegal to Cork and in what order they can address that market. Someone will have to build a network in every county in Ireland, which will be a logistical challenge in its own right. At some point in the very near future we will have a fairly high level but reasonably clear window regarding how long this will take, and by the time we award the contract, it will be very precise and will be on a website showing where it is going and the date it will arrive.

**Deputy Michael Colreavy:** I have recalled my last question. I probably forgot it because I am not sure it is something the witnesses must be concerned about, but it is something that must concern the Government. There would be little point in installing state-of-the-art communications if organs of Government, State and semi-State bodies and schools, hospitals and so forth continue to use record systems that Charles Dickens would work with quite comfortably. I am aware there is a body examining the use of IT, but it is something the Government must take a great deal more seriously than it does at present.

**Chairman:** I have no doubt the Deputy will raise the fact with the Minister when he is here or in the Chamber.

**Deputy Michael Colreavy:** Yes.

**Chairman:** His point was well made. The next speaker is Deputy Patrick O'Donovan who will be followed by Deputy Tom Fleming, if he so wishes.

**Deputy Patrick O'Donovan:** Deputy Fleming is my neighbour. I welcome the representatives from the Department and ComReg. I agree with a lot of what has been said up to now, particularly what Deputy Helen McEntee has said. Both organisations have successfully managed to let the operators off the hook, particularly regarding rural broadband, by focusing on population rather than an area. There is a glib estimate that 1.7 million people live in rural areas if we accept there is a population of between 37% to 40% of people living in rural areas. That is a considerable number of rural people. Reference was made, a while ago, to broadband connectivity from a rural point of view. Let us look at our population basis. Ireland has an average of 65 people per km<sup>2</sup>. Finland, with 18 people per km<sup>2</sup>, does not have this problem due to planning and has a single point of contact, as far as I know, to deal with the issue. Ireland,

thanks to the legacy of the botched privatisation of Eircom, now has a dog's dinner of a telecommunication set-up. The State's utility was privatised and now another State utility has been asked to come in, through legislation, to take up the slack. I refer to the ESB in commercial partnership with an operator. That is the kernel of the problem.

Reference was made to Albert Reynolds, in his recent obituary, to the way he revolutionised the delivery of telephones to rural Ireland in the 1970s. That is the same sort of issue that we now have. The difference is that we had a State utility in those days that could be directed to do the work. We do not have that option now because this country made a bags of privatisation. Ireland is now ranked just under Algeria for its number of fixed subscription broadband connections, a fact that was stated in a recently published report that I read somewhere. Unfortunately, I cannot remember where I read the statistic. Ireland is ranked lower than Algeria for broadband connectivity which tells us the level of interest placed on the technology. I do not believe people take connectivity seriously.

Reference was made to e-net, for instance, and its role in the metropolitan area networks, MANs. I welcome its role and the fact that four towns are being connected. There are a lot of other towns in the metropolitan area networks. When will they be reached? Significant State investment was made into installing MAN cables around the country. In a lot of cases people have very different views on how effective they are.

The witnesses mentioned encouraging people to move to 4G which was going to be the be all and end all. In a lot of the places that I represent we just like G because we have bogband in a lot of cases. Dial-up was faster than what we have in some areas because we do not have a service. It is all well and good identifying places like Caherciveen, which is in Deputy Tom Fleming's constituency. However, there are places with poor coverage in my constituency due to the planning process where people objected to masts, and everything like that, which they were freely entitled to do. There are huge areas in my constituency where we are never going to have any real level of coverage unless a genuine attempt is made to look at existing infrastructure such as have fibre optic cables run along defunct railway lines, the existing Eircom infrastructure, and the existing ESB infrastructure being looked at in terms of fibre to the wall. Such initiatives are really the only way to deliver a service.

Deputy McEntee is quite right. It is all well and good that 95% of the people have coverage but the remaining 5% probably live in very remote areas. To be honest, I do not know if there is a more hostile landscape than the tundra located inside the Arctic Circle and I would not equate Deputy Fleming's constituency with the Arctic Circle. If the Finnish, Swedish and Norwegian governments can provide broadband coverage in the Arctic Circle then why can we not do so here?

I have asked the following question here before. Why do we not have a single agency to roll out broadband? We have e-net, the operators, the Department and ComReg. It seems that there is a huge amount of talk but very little action. That situation manifested itself again with another botched announcement during the summer on the ending of the rural broadband scheme. It was announced as though it was a surprise but it was no surprise because the scheme was due to end. The announcement could not have been done in a worse way as it sounded like the service was cut. It was not cut. It just reached its natural conclusion.

I have very little confidence that things will improve anytime soon. Will the EU state aid rules apply to extending MAN cables further?

Every town in the country has been dug up to install water meters. We seem to have a disjointed approach to installing infrastructure. When a sewer is laid we seem to be averse to also installing a cable duct at the same time and later the sewer will be dug up again by a private operator, the ESB or whoever. There is no joined-up thinking about infrastructure. There is a multiplicity of agencies which is evidenced by the fact that so many people have attended here today. I do not believe this matter, for areas outside of the M50, is being taken seriously.

**Deputy Timmy Dooley:** Deputy Fergus O'Dowd was not the only one upset in Fine Gael.

**Ms Katherine Licken:** I thank Deputy O'Donovan. We share his frustration. We know there is a problem and we have a programme in place to address it. We are working full on and flat out on a programme to address the deficit and I mean not in a way where we do a programme but are back here in six years' time saying "Demand has gone through the roof and we have to intervene again." We want to do it right, we want to do it once and that is what we intend to do. We will need a little bit of forbearance in order to see the programme through right. If we end up in court, as Mr. Mulligan has said, at any point in the juncture then everybody will lose.

The MANs has been very effective, particularly in some towns. Something like 85 out of the 88 MANs are now lit and being used.

We look at existing infrastructure. We look at the use of existing infrastructure and produce a database of assets that are available, in the broadband plan, for operators to use. For example, Bord Gáis Éireann has laid ducting on the Galway-Mayo pipeline route which will be brought into use, probably in the next year or so, for the purposes of putting fibre into it in order to use it. EirGrid and ESB, while doing transatlantic cables, also lay fibre next to those cables. The National Roads Authority has put ducts in all of its new road buildings in order to allow fibre to be put in those ducts. That shows we look at existing infrastructure. It is very difficult, I guess, where there are road opening issues with other utilities. There is a Government policy that, where possible, one leaves open the opportunity for telecoms operators to use existing infrastructure. For example, the OPW makes available publicly-owned buildings for the construction of masts and antennae for mobile broadband and fixed wireless.

I agree with Deputy O'Donovan's point about Finland. Although Finland has 16 people per km<sup>2</sup>, which is a lot less than Ireland, the country has a greater concentration of people in villages than we do which makes things slightly easier. Having said that, we share the ambition of Finland to deal with the problem conclusively.

**Deputy Patrick O'Donovan:** Have we assessed how Finland managed to get broadband into the Arctic Circle? We cannot get broadband into Limerick.

**Ms Katherine Licken:** We know how to get broadband into Limerick and that is the purpose of the project. We are looking at comparisons, right across Europe and internationally, to see what is best practice, who has done it well, who has not done it so well and what lessons we have learned from the process. The Deputy can be assured that we will do that research. Rolling out broadband is a big project which takes time to get right.

**Mr. Fergal Mulligan:** I wish to comment on the Finland issue. We recently had a meeting with the Leader group from Kilkenny which had visited Finland and it gave us a lot of background information on what Finland had done. Finland is predominantly community driven. It is a place where communities come together and stump up a lot of money. Local businesses and local people there want 100 to 200 Mbps, and are willing to pay for it. We are saying here that

we do not have the microcosm of Finland which has individual communities that put up their hands and said “we are willing to build and fund networks”. We do not have that in Ireland yet. I hope we will have it next year when we say to people that we are willing to fund a certain part of it. Then, hopefully, the commercial industry and maybe certain communities will be willing to fund certain parts of the network we want to build. This is all part of the strategy that we need to come up with next week to maximise the use of existing infrastructure, to maximise the network that is built and also to reduce the cost to the State, because this will cost hundreds of millions. To actually build it will cost much more, but the cost to the State will be hundreds of millions of euro because we expect the commercial sector, and maybe even local communities, to come forward with capital to build this network.

I can assure the Deputy that there will be no duplication of infrastructure. We are required under state aid guidelines to avoid this, but it is also a logical step that in rural Ireland where existing infrastructure can be used - for example, a pole or a duct - we would put fibre cabling on or through it. That is exactly what we will do; we will not allow a company to come in and say it will build all the poles on the other side of the road and put a cable on them. That will not happen. These are all the challenges that we have as part of the programme, but we know exactly what we have to do.

We will only mention a minimum of 30 megabits per second, with many of the premises in rural Ireland getting much more than that. We cannot and will not say it is fibre-to-the-home, because the technical solution is not up to us. The technical solution will be up to the companies that build it, with the proviso that it will be monitored every quarter and every year for the duration of the contract, which could be 15 or 20 years. The companies will be monitored every quarter by the Department or the body that governs the contract to see whether they are meeting these targets. As with issues of mobile phone coverage or other coverage where people promise up to 30 or 50 Mbps, within our programme, if the State is going to intervene here with money, there will be none of this “up to” this, that and the other. It will be a nailed-up contract, with the company monitored every quarter to ensure it is delivering the service we are paying for - whether it is outside Cahersiveen, in Meath or in Wicklow - because the State is paying the money.

At the moment, with commercial operators, it is their money; we cannot say to them what they must deliver. With mobile network operator licences one can to a point, but the mobile operators actually surpass this standard. Within Eircom’s footprint of fixed broadband we do not tell it that it must offer 30 or 50 Mbps; it is a commercial investment. If Eircom goes to Cahersiveen and offers 50 or 70 Mbps, we are just saying that is a welcome investment and we want it to push that investment as far as it can, so that the State does the rest.

**Deputy Patrick O’Donovan:** Was that approach taken under the old rural broadband scheme, under which the outcome was assessed relative to the input?

**Mr. Fergal Mulligan:** We did. I will hand over to a colleague who was responsible for that.

**Ms Katherine Licken:** That is exactly what we did with the national broadband scheme. We set standards and particular speeds that we required and we monitored them and kept up with the company. Perhaps Mr. McCarthy would like to say a few words on that.

**Mr. Patrick McCarthy:** They were specifications designed in 2008, under 2008 market conditions, and as we have said before, the exponential growth in data has meant that they are not suitable for today’s needs. As Deputy O’Donovan said himself, the scheme did not come

to its natural end after the EU state aid stipulations, but every month we had statistical reports regarding the data usage and capacity of each element of the system - the cells, the access links, the backhaul capacity - to see what was going through. Drive tests, static drive tests and regional drive tests were conducted, going through different areas, to ensure that these speeds were within the contractual specifications. Service credits were applied to the company when they did not meet the specifications provided for in the contract.

**Deputy Patrick O'Donovan:** What happened when they did not meet them?

**Mr. Patrick McCarthy:** When they did not meet them, service credits were applied to the payment.

**Deputy Patrick O'Donovan:** Do we have details on that?

**Ms Katherine Licken:** We are just finalising that as the contract expires, but, yes, where they did not meet contract specifications money was taken off them.

**Deputy Patrick O'Donovan:** The reason I am asking is that it is important to note, if we are going to go down the road of another investment programme, that as these specifications were set in 2008 and the scheme ended in 2014, the technology advanced massively in that period. Are we going to repeat this by setting a scheme in 2015 for five years, so that the technology will have changed by the time the ink is dry on the paper?

**Ms Katherine Licken:** The point we are making is that we do not want to be back here in six years' time having the same discussion. We want to do a very ambitious build that is capable of scaling up and it is much more likely to be a long-term contract. That is where all of Europe is going - into long-term contracts, rather than short-term contracts for a service that ends. We have learned much from the previous interventions that will deeply inform what we are doing here.

**Deputy Tom Fleming:** I welcome the delegation and the presentation they have provided.

An EU survey conducted last March revealed that entry-level broadband in Ireland is the third most expensive in Europe. We are also ranked 43rd in the world for Internet speeds, which is really Third World. I welcome the developments that have been pointed out today in County Kerry, but we must be realistic. We are starting from a very low base. There is terrible frustration out there in rural communities. They are at a severe disadvantage. We welcome any process that aims to accelerate the delivery of broadband, but we must also take account of the fact that we need a properly managed economy in this country. In the past we had a huge concentration of all these services. For instance, the broadband aspect of it contributed to the property and wage bubbles in Dublin, at a huge loss to the rest of the country. We must avoid such disparities in the future. It is a necessity in this society at the moment, rather than a privilege, to have an equal spread for everybody. We are well aware that in regard to broadband there is a fast lane and a slow lane. Unfortunately, in the west of Ireland we are being left behind and we are falling down dramatically. It is not by any means a level playing field, so we have a lot of catching up to do.

I welcome some of the revelations and the sentiments that have been expressed, but I wonder whether we have grasped this thing by the neck and whether we are moving in a co-ordinated fashion. As Deputy O'Donovan mentioned, it is mirrored here today by the huge multiplicity of individuals attending from various companies, etc.

There is terrible frustration about mobile phone service provision. In rural County Kerry, I travel a huge constituency, occasionally doing clinics, etc. As part of our work, naturally, people are trying to contact us throughout the day. One must often try to explain to them that coverage is bad in a particular area so the call may break down shortly, and that is what inevitably happens. For people in a private or business capacity, we must address matters in the short term rather than prolonging things in both broadband and phone services, particularly for rural Ireland. Sometimes we may get little announcements but they are not much comfort to the huge public that is being denied proper services.

**Deputy Noel Harrington:** I welcome the representatives from the Department and Com-Reg and thank them for their presentations.

The first thing I would like to touch on refers back to the national broadband scheme. Some of the presentations were almost apologetic in tone as regards the national broadband scheme, describing results in 2014 from a scheme that was launched in 2008. I remember when the scheme was launched in 2008. I was a member of the regional authority. The scheme was very much a part of the work of the regional authorities in 2008, and many of the criticisms that we have heard throughout the scheme, and certainly at the end of it, were voiced in 2008, including the amount of public money to be spent on the scheme, the outputs achieved and the duplication that results when the scheme comes on top of private competitors offering something without State operation in a district electoral division-based national broadband scheme. I think there was €100 million involved in the scheme. It is hard to know whether we got value for money for that, but we do not want to replicate the mistakes of the old scheme in the new scheme. The commercial sector is providing more of the coverage, a point highlighted in the presentation, and while we thought initially that the State intervention would involve a certain number of households, that figure has now halved. This is a trend. Under the new scheme, we should look at prioritising areas where there is not a hope in hell of the commercial sector providing a service. The commercial sector can come in the front door and the State coverage can come in the back door. There is no point in both coming in the same door and treading on each other's toes. That was a fundamental error in the national broadband scheme. I have contacted the Department and the Minister's office about the area of west Cork in which I live, the spectacularly beautiful Coomhola valley, where people cannot get any service, even from wireless Internet service providers, and mobile phone coverage is very poor. Apart from land lines, they are cut off. I suggest that the State prioritise these areas, because ultimately the State will have to provide a service anyway. It makes sense to provide it first, and the State will meet the commercial sector at some point in three or four years' time. There are seven west Cork islands that are very difficult to provide a service to, but the people who live on them are citizens and the State will be obliged to provide the service. It would be helpful to start there. Will that approach be taken with respect to those services?

With regard to more rural areas, the gold standard is a fibre line to the house. That is very difficult. The presentation referred to 200 km of fibre lines to be laid by the ESB and Eircom. That covers from Youghal to where I live in one single line. That is a very one-dimensional effort and will not suffice. A more proactive approach using a myriad of different operators could involve opening up the ESB legislation to allow private contractors to tender. They have been trying to do so but there may be legal issues or an evaluation of how it will work out, and there is not much feedback on how it will happen. Many of the operators are familiar with the terrain and how broadband can be delivered, whether it is through fibre, VDSL or a satellite service. The standard can be achieved, but the ESB network must be opened up to corporate competition.

With regard to ComReg, my focus is on rural areas. There is no issue in urban areas; the challenge is in rural areas. Is it being considered as a public service obligation through the Department or another operator to provide the service to the home? What is the opinion of ComReg on facilitating new entrants, no matter how small, that have delivered a service in rural areas over the past ten years? They are being frustrated in accessing the ESB and Eircom lines. Does ComReg have a role in opening up and delivering broadband in a more efficient way, with less State intervention?

Mobile phone coverage has deteriorated. I travel from west Cork to Dublin and the biggest black spot is along the motorway. Testing on the national roads is a welcome initiative and I would expand it to the busier regional roads. ComReg mentioned 1 million testing points. Those results should be published in an easy-to-read map format so that the consumer knows where there are mobile phone black spots. Is there a danger that the investment by companies in mobile phone infrastructure is lagging because the focus is on data and delivering broadband? If that has been brought to the attention of ComReg, it might inform the committee.

**Deputy Timmy Dooley:** I thank both parties for their presentations. I was one of the people who was anxious to see a presentation because there is a crisis in our communications systems across the State. This includes mobile broadband and mobile telephony through to fixed-line broadband. While the witnesses have set out their stall and the Department has set out its stall on the difficulty of extending broadband to rural areas, I am not convinced by anything I have heard that it will solve the difficulties. The difficulty with the proposal the Department intends to proceed with, with the backing of State funding, is that although the indication is that it will be scalable, the pace at which the industry is moving suggests the Department will never be in tune with the thinking in terms of development of technology or the rate at which network operators roll out the new systems as they evolve. This is not due to a lack of will on behalf of the Department but concerns about competition and the need to interface and receive permission from Europe. Has any consideration been given to incentivising the industry to provide the coverage we wish to achieve without direct intervention? A standard could be created that must be adhered to, with some tax incentive or other method so that we are in a position to get these companies to achieve the penetration required.

I am disappointed with the ComReg presentation. Of the 17,000 referrals or concerns raised, only 300 relate to mobile telephony and dropping calls. I suspect that is more to do with the fact that people do not know about the existence of ComReg or its role at a consumer level. Are there statistics from network operators on the complaints they receive? This is the first line in any complaint escalated by a consumer. My experience is that the service has deteriorated very significantly over the past 12 months. One only need go back to the storms of last winter. The experience across rural Ireland was that as a result of these storms there seemed to be a very significant deterioration, which was not resolved or addressed. We all accept that utilities suffer, whether electricity or otherwise, but they manage to get the networks up and running again. I do not think the same level of remediation work went into the cellular side of things. I expect ComReg would have a role in that.

With regard to mobile broadband, does ComReg think the way the State sold access to the radio frequency spectrum acted as a disincentive to companies to achieve the broadest geographical cover? Deputy O'Donovan was very quick to try to suggest that in a previous era the then Government's sale of Eircom had an impact on the roll-out of broadband and the fixed-line business. I would accept that because of the large price paid by the company which bought it. Have we learned nothing from the decisions taken then? We are still selling spectrum for 4G,

tempting and all as it might be to take in close to €800 million, but is that effectively spallocelling the people who purchase these licences in any attempt to give the greatest geographical spread? Would we be better, in selling spectrum, to demand 100% geographical cover in return for the licence to operate rather than eliminating a portion of the geographical area, concentrating on population and taking a once-off windfall payment which, sadly, will get spent? We will then have large tracts of rural Ireland with no access to mobile broadband and poor mobile phone coverage.

**Deputy Brendan Griffin:** Unfortunately, this meeting is competing with a number of other events this morning, so I was not able to stay for the full presentation. I acknowledge the difficulty of ComReg's job in that it is a major challenge to try to bring the very best in terms of modern communications, whether it be broadband or other technology, to the entire country. Given the topography of the island and the offshore islands also, it is a huge challenge. I have always thought that we are only as good as our slowest connection when it comes to broadband. Unfortunately, parts of the country have a very slow connection, while some parts have no connection at all. There is a little area near Camp on the Dingle peninsula in County Kerry where, because of the topography, there is no connection and even satellite options are quite poor. We need to try to find ways to improve this and to ensure people in these communities can get on with living in the 21st century.

I have been a Deputy for almost four years and, from time to time, I get complaints from people about the national broadband scheme not working. In many cases, when these issues were highlighted, the response was not sufficiently positive in trying to tackle the problems, and that will have to improve in the future.

I understand a mapping programme is under way to let citizens know what is available to them and, if the service is not available to them, when it will be available. That needs to be very clear and user-friendly. People in every part of the country should be able to get the information they need to know what service providers are providing. They need to know the speeds and in what areas services are provided. If there is no service provision, they need to know when it will be available and what it will cost. That should have been done by now.

People have been inundated with announcements and positive news. I do not want to diminish in any way the positive developments in recent years, but it means nothing to people unless they have a clear idea of what is, what is not and what will be available. If providers do not toe the line and do not do their job, people need to be confident that they can go to a body that will ensure the provider does what it says on the tin. ComReg needs to brush up on that, as I do not think it has happened satisfactorily to date. I would be interested to hear ComReg's views.

**Mr. Kevin O'Brien:** I will respond to the four points made and maybe try to take some of the common issues together. Deputy Dooley referred to complaints to ComReg. We certainly take complaints seriously. The fact that the figure is 300 out of 17,000 is not in any way to downgrade those complaints, but it gives a sense of the number of issues consumers face and where this fits within that. We follow up on all of those complaints.

We engage in a significant amount of outreach activity. By going to libraries, having an online presence, using Twitter and having community-level engagement, we try to make people aware of ComReg and what we do. The more we can do in that regard, the better.

Deputy Dooley mentioned how the State sells spectrum. ComReg's spectrum manager is tasked with that. There are very detailed European laws around the allocation of spectrum and

how it is done. I refer back to the 2012 option. While the amount raised for the Exchequer was in the region of €850 million, that mainly reflected a competitive option whereby operators bid against each other. The reserve prices would have raised approximately half of that figure. The auction was designed to ensure a competitive outcome, that there would be no distortion in the marketplace on foot of the auction and that operators would be equipped with spectrum to compete with each other. Pricing was, in some ways, a mechanism to sort out who felt they would most use the spectrum in providing a service to consumers. I suppose the Deputy contrasted that with other countries which have very significant or onerous coverage obligations rather than running an auction. The one example often pointed to is that of the UK. It had one operator with, I think, a 97% coverage obligation in its recent auction, again bearing in mind that its population density is four times that of this country. What happened in the UK was that operator did not pay. The UK Government paid that operator to take on the spectrum with that coverage obligation. There are different choices here in terms of State intervention and whether one wants to pay for coverage levels versus allowing for a competitive marketplace.

I turn to the points Deputy Harrington made which were relevant to ComReg. He mentioned the notion of a public service obligation. Under the framework, there is really only one thing I would compare with a public service obligation, and that is what we call a universal service obligation, which guarantees a fixed line to every household in Ireland and guarantees that fixed line at the same national price. The European framework considers broadband and mobile services as deliverable by the competitive marketplace. The situation with mobile, therefore, is that the regulator is charged with managing the spectrum and making the marketplace competitive, but it is up to the operators themselves to compete on price, coverage and so forth. Hearing from the operators about the challenges they face in getting into specific parts of the country is always worthwhile for this committee.

Deputy Harrington also referred to opening up networks, which is a core part of the work of ComReg. Our role is to deal with what can be described as economic bottlenecks, where a company has an element of market dominance. We deal with that dominance and open the network. That mainly happens with Eircom. A large part of ComReg's work over the last decade has been opening up the Eircom network so others can use it. What one buys from Sky, Vodafone or the IFA generally involves, in the main, their access to the Eircom network, which ultimately benefits the consumer.

**Deputy Noel Harrington:** Would ComReg's work include allowing operators to access the ESB fibre network, for example?

**Mr. Kevin O'Brien:** Our powers are quite limited. In general, where a company has significant market power, we are entitled to intervene. However, if significant market power, which is a competition law test, is not proven then we are not entitled to intervene. There are some aspects of the Irish framework that allow operators to seek access from each other and to interconnect with each other. If operators are blocking each other in that regard - even non-significant market power operators - we do have a refereeing role to play. Primarily, however, we are only allowed to intervene in situations of economic dominance by one party.

I wish to deal now with points made by Deputies Fleming and Griffin. I agree with Deputy Griffin's point about topography being very important and the more we understand about what that means for the networks, the better. Both Deputies referred to broadband costs and speeds and transparency for consumers in that regard. This is an area in which ComReg has always been very active. We have a website, *www.callcosts.ie*, where consumers can input their own spending profile and then find out the full range of packages that are available to them and

which offer the best value in their area. We have been working over the past year on broadband speeds. We have run a number of tests with samples of users and are planning to use a survey company in the coming months to sample 1,000 users with regard to their broadband speed experience. We hope to build on that work and bring more information and transparency to consumers on the broadband speed experience. We see that as core to our activity and will continue to work on it.

**Ms Katherine Licken:** On the issue of statistics on coverage, Deputies Fleming and O'Donovan asked where Ireland lies in the league tables. Since I started in this job I have seen multiple league tables, but we all know what the problem is in Ireland. There are parts of rural Ireland which have substandard broadband provision, and we need to address that. League tables can tell one anything, really. One table can tell one the exact opposite of another, but we know what the underlying problem is and it is our business to fix it. On that point, Deputies Fleming and Griffin mentioned frustration, and it is clear that consumers right across Ireland are feeling frustrated. That frustration will continue until we address the very last premises. We have an accelerated and ambitious roll-out under way, with €2.5 billion being invested by the commercial sector. That will probably cover 70% of premises, but until the last 30% of premises are addressed, we will still be here expressing frustration. Our job is to address that 30%.

Mr. O'Brien mentioned the ESB network. The example in Kerry does not relate to the proposed ESB-Vodafone project. Commercial State companies such as the ESB and Bord Gáis roll out fibre lines as a matter of course when they are rolling out networks, which all adds to the sum total. The ESB-Vodafone joint venture proposal, which is different, envisages using the ESB's distribution system to bring fibre to the home. The plan is not to build just one long stretch of fibre but to have a branch network that can reach individual premises.

Deputies Harrington and Griffin referred to the shortcomings of the national broadband strategy, and we will be analysing the lessons to be learned from the strategy, particularly with regard to speeds. One of the issues I have highlighted today is that we want this to be scalable. Two years ago when we were talking about 30 Mbps, people said that would be great but in five years' time 30 Mbps would not seem great at all. The purpose of this project is to deliver a network that is capable of scaling all of the time to meet increasing demand so that we do not have to keep coming back to it. Having said that, the national broadband scheme delivered a lot of new sites across Ireland that are now 4G-enabled. There is an element of scalability but the question is whether it can ever meet the demand. We found with the national broadband scheme that the commercial operators followed the investment of the State. We cannot stop that from happening. We engage in a mapping process and commercial operators tell us where they will and will not go. If they say they will not go somewhere we have to take that at face value and invest there. If they subsequently follow us in there, that is competition and probably normal competitive behaviour, but we do try to obviate that as far as possible.

In terms of prioritising areas, Deputy Dooley raised the possibility of doing it differently, by way of tax incentives or other measures. We intend to identify the priority areas over the coming months as we develop the very detailed strategy. We will be determining whether there are areas that we must prioritise having regard to the fact that this tender will go out to one or more network operators. It will be a balance between prioritising and how a network gets built. There are practical ways to build a network, which means we might not necessarily get to a particular area first, but certainly we will try to prioritise certain areas as far as possible. A tax incentive for the industry is probably another way to do it, but experience tells us that the industry goes to the most commercially attractive areas first, which would not necessarily be the

areas we want to prioritise. Therefore, if we give a tax incentive, we might end up with the attractive areas being cherry-picked first. I would also imagine that such a tax incentive would be very expensive. In any event, we expect that it will be one or more seasoned network operators who will roll out the service. The real trick for us is to set a benchmark speed and an expectation of future-proofing in the contract which will force them to move with the times. We have seen so many technological developments in the last two years which show that this is possible.

Deputy Griffin asked about mapping, which is designed to be clear and user-friendly. It will be available online for those of us who have online access. It will be possible for people to drill down as far as their own house to see if they are in an area that will be served commercially or served by the State. It is not a map that will deal with the speeds available in an individual house or the costs charged by the service provider. It is a map which defines those areas that will be commercially served and those that will not, and in the latter case we will intervene. It will be very clear. We have run some demonstrations on the mapping and it is very clear.

**Deputy Brendan Griffin:** I understand that the Department has had that information since September of last year. Why is it taking so long to get the maps ready?

**Ms Katherine Licken:** We have been processing since September 2013. Eircom, for example, was talking about 1 million homes last September. It then moved to 1.4 million homes, and now it is talking about 1.6 million, so we have to update the maps to reflect that.

**Deputy Brendan Griffin:** Will it not always be the case that the maps will be obsolete within a week?

**Ms Katherine Licken:** It will, yes. We will probably publish the maps in the next six to eight weeks. Once they are published there will be a public consultation, so that if people see that they are mapped as being in a commercially served area but they are not being served commercially, they can let us know. The maps will be iterative right up to the point of going to tender.

**Chairman:** In regard to fixed broadband connection, it is alleged that if there is a fault on the connection, it is fixed less quickly if the person has a contract with a commercial company other than Eircom.

Only 300 of the 17,000 complaints raised with ComReg were in respect of mobile phones. Deputy McEntee highlighted the level of representations in her area in the past two days. The question is whether people know they should direct complaints about mobile phones to ComReg. Is that message out there? Obviously when constituents come to our clinics, we suggest they should contact ComReg, but there appears to be an information deficit on the way to make a complaint to ComReg.

**Mr. Kevin O'Brien:** I will address those two points. On the first point, it has been a long journey for Eircom over the past 15 years, from having nobody else on its network to having many operators using its network. A very significant area of activity for ComReg during those 15 years has been the engagement with Eircom to make that happen. We look closely at the key performance indicators of how Eircom treats other operators compared with itself. In 2013, we took a compliance case at the end of which Eircom paid a penalty because we discovered that some of the indicators for one type of wholesale product were different for Eircom compared with other operators. We engage with Eircom and look at the facts of the treatment of the other operators using Eircom's network. Eircom has been improving over time in this respect, but the

journey is not yet complete in terms of the wholesale service Eircom provides to other operators. We hear anecdotal stories but we must look for the evidence and we make our decisions on the facts.

In terms of consumer awareness of the role of ComReg, we do a great deal of outreach, and use social media and all the other channels one would expect a public body to use. We certainly welcome members talking to their constituents or other stakeholders about ComReg and making them aware of what we do. We have close working relationships with other bodies, for example, the National Consumer Agency, which is a statutory body and the Consumers Association of Ireland, which is a voluntary body. We work closely with bodies such as these in order that they can talk to people who might raise complaints or issues with them. We do a great deal in that space and we can always do more.

**Chairman:** I will follow up on the point about the perception of the service provided by companies other than those who own the line. If consumers have a broadband connection with Vodafone, do they contact Vodafone or Eircom when they experience a problem?

**Mr. Kevin O'Brien:** They contact Vodafone. Vodafone will follow up on an issue with Eircom, if it relates to the service Eircom or indeed BT might be providing to it.

**Chairman:** I would like to clarify that point. Sometimes consumers are not aware of practical issues.

**Senator Eamonn Coghlan:** I apologise for having to leave the meeting but I had to vote on some important issues in the Seanad. The issue I wish to raise has been alluded to in some of the responses so far.

I live on the west side, just outside the Phoenix Park, and there are days when I have to go outside just to answer my mobile phone, whereas my son is able to answer his phone in the house because he uses a different operator. My neighbours have made representations to me about the mobile phone service. I live in a cul-de-sac with 20 homes, all paying the upper rate of property tax, but we receive anything between 0.7 and 0.9 Mbps at the very best. At the top of the street there are thousands of homes built during the 1990s and 2000s and they have high-fibre optic cable. Representation has been made to the service provider, which has communicated that they do not have any plans to work on this cul-de-sac, even though the map on the website indicates that coverage is available in the area. The service provider is saying the lack of service is due to the copper wiring in the area. Another service provider which is interested in the business states that it is not economically worthwhile for it to provide fibre optic cable in a street with 20 homes. I have made representations to the service providers, but I have not obtained an answer to the question as to who is responsible for upgrading this particular blackspot. Is it the service provider, ComReg or the Department? I would like to give the people who made representations to me an answer on dealing with the issue in the short, medium and long term.

**Mr. Kevin O'Brien:** I thank Senator Coghlan for raising this point. I spoke about how we manage spectrum. We have a competitive mobile marketplace. If we maintain proper levels of competition and if we give the operators more spectrum in a way that ensures they use it competitively, one will, as Senator Coghlan described the situation in his home, have choice. There will be choice between networks and the ability over time to switch network. What happens in the marketplace is that operators respond to switching. If they discover they are losing customers in the areas of poor coverage, they respond and they invest. In some ways, his story

captures a very important point about choice and competition.

In respect of the specific area of west Dublin, it would be very useful if Senator Coghlan would give us the specifics after the meeting and we can follow up with relevant operators. It is the case for the Eircom network that distance from the exchange is important or sometimes there are housing estates with split lines which were built a certain way before broadband. The UPC network has covered a great many housing estates in west Dublin but there may be specific places where it has not gone. Perhaps the Senator would share the location and we will follow up on it.

**Ms Katherine Licken:** If it turns out that there is no service provider able to provide a competing services that offers Senator Coghlan broadband, that is the point where State intervention comes in. It gets shown up on a map as an area where no one is prepared to go, and therefore the State has to intervene and pay for the service.

**Deputy Helen McEntee:** If one has an issue such as Senator Coghlan has, does one go to ComReg first? I have had many requests from people who have been sent around in circles. Who is the first point of contact to whom a consumer should go? Is it ComReg?

**Mr. Kevin O'Brien:** If it is an issue with the contract of service with an operator, please come to ComReg. As I said during the session, when any consumer comes, we always insist they take it up with the operator for a short period. Our experience is that the majority of cases will get sorted between the consumer and the operator, but if the consumer is not getting satisfaction from the operator, they should come to us.

**Deputy Brendan Griffin:** Before we conclude, I appreciate Mr. O'Brien's point that they must go to his organisation but I reiterate what I am hearing from my constituents. When they are not happy with the service from their provider they go to ComReg, but many of them are very unhappy with ComReg's service. They believe they are not getting adequate responses, and in some cases nothing happens. I am not exaggerating in that regard. That is what I hear from people across my constituency including in Templemore recently, Dingle, Camp and all parts of Kerry. I assume it is the same for other members also. There has to be a serious improvement in the level of response. There is no point in having a regulator unless something happens, and consumers are very frustrated with the responses they are getting from ComReg. That service has to improve. I emphasise that not only must there be greater acknowledgement of the problems, solutions have to be provided for people.

**Chairman:** I thank the witnesses for attending and making their presentations. They have been very informative for us, as members representing the people, in terms of what is happening. I hope that ComReg and the Departmental officials are informed of our perspective in that it is welcome that this is happening but it is not happening soon enough. I know they are aware of that. There is an acute problem in rural areas as summed up in the members' contributions. Another point made was that the targets should be set based on geography or population density, and that priority should be given as soon as possible to areas not on the radar of the commercial companies that would be interested or could afford to do it.

The other strong point made by all contributors is that the mobile phone coverage has disimproved. That is something to which all of us would like to see a solution. I am summarising, but the presentations were very worthwhile.

We are looking forward to representatives of the industry coming before the committee

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also, and perhaps the Minister at some stage. It is about trying to solve this problem together. It is not about accusing anyone of anything but highlighting the issues that are live for people throughout the country, particularly in rural areas. Senator Coghlan highlighted the black spots in urban areas also. We do not have a monopoly in terms of some of those black spots. I thank all the witnesses.

The joint committee adjourned at 12.45 p.m. until 9.30 a.m. on Wednesday, 15 October 2014.