Commission for
Communications Regulation

Regulating in the public interest: View from an economic regulator

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Commission for Communications Regulation

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Economic regulation matters

- Energy, communications, transport, financial services - strategic sectors – c. 15% GDP
- Regulation has shown significant negative and positive capabilities
- Prime goal of economic regulation - competitive markets

Legislative context for communications regulation

- **EU Liberalisation began in 1990s**
- **5 EU Directives:**
  - Framework
  - Authorisation
  - Access
  - Universal Service
  - Data Protection
- **Communications Act 2002**
- **New EU Framework in late stage of negotiation**

How has the communications market changed

- In fixed - From 1 dominant provider to over 50 competing operators by 2008- Eircom market share fallen to 68%
- In Mobile - From 2 network providers, with over 94% share of the market today there are 4 mobile networks in Ireland and 4 MVNOs - new entrants have almost 30%
- Cable Operator now with 10% of broadband market
- Mobile broadband introduced now over 25% of total

Irish market data on pricing and take-up

- Communications prices have fallen over the period 1998-2009
- Average households bills for mobiles & fixed have fallen from €51 & €53 a month in 2004 to €47 & €41 in 2009
- Ireland‘s call costs compare favourably with those in most other EU countries [EC Teligen data]
- Broadband prices (entry level) fell from €107 monthly ('02) to €40 ('05) to €25 today (less again in a bundle)
- Use of mobile: mobile penetration rate 117%
- Use of broadband: Ireland's household pen. rate (43%) a little below EU average, business rate (83%) just above
- Use of Internet: Ireland's household penetration rate (63%) and business rate (96%) well above EU averages.

Because regulation matters, measure its impact

- Annual Plan & Budget
- Annual Report
- Strategy Statements
- Quarterly Market Reports
- Customer Surveys (Business & Consumer)
- Regulatory Impact Assessments
- Benchmarking & independent scrutiny

Focus on interests of consumers

- Competitive markets service consumers best
- Consumer information & education
  - www.CallCosts.ie
- Consumer Protection – from Cold-Calling to Premium Rate
- Promotion of best practice – codes, quality standards
- Involvement of consumer representatives in ComReg's work

Sufficiency & modernity of mandates and powers

- ComReg's mandate in Communications Act 2002
- Additional responsibilities 'bolted on'
  - Emergency Call Answering Service
  - Internet Domain Name Registry
- Areas where powers adequate and effective
  - eg Universal Service quality targets
- Other areas where powers less adequate
  - cf. UK Enterprise Act
- Statutory appeals / appeal boards – cost + delay
- Mandate evolution in light of market developments

Regulatory capacity

- Professional skills & industry knowledge
- Consistency & predictability
  - 3-person Commission structure
- Professional cooperation between regulators
  - European Regulators Group, Radio Spectrum Policy Group
  - Economic Regulators Network in Ireland

Organisational autonomy

- Organisational autonomy “a requirement of good practice”
- Operational as well as decision-making independence
- European legislative requirements for regulatory independence

Organisational accountability

- Accountability essential complement to autonomy
- ComReg’s accountability framework:
  - Dail – Statutes, Committees
  - Departments
  - European Commission
  - Courts – statutory appeals and judicial review
  - Audit Committee, C&AG
  - Benchmarking studies
- Government has come forward with additional measures for all regulatory agencies

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Efficiency

- Efficiency and Value For Money constant concern
- ComReg’s efficiency programmes have led to:
  - Outsourcing of payroll, customer services, IT support
  - Development of performance management system
  - Move to e-licensing system for cost and quality reasons
  - Early adoption of best practice procurement & RIAs
- EIU report:
  - ComReg should be compared to Norway; similar costs
  - ComReg costs had increased by less than 5% p.a. 2004-07
- ComReg reduced operating costs this year
- Exploring scope for further savings from sharing

Deregulation & future trends

- Communications market has seen considerable deregulation
- We are now at critical juncture for new technologies and investment
- Multinational companies making comparisons between countries in which they operate
- Essential that we maintain:
  - Well-functioning electronic communications market
  - Transparent, stable, predictable regulatory environment
  - Competitive spur for next wave of investment & innovation