



Your Results:

01 804 9600 **Fail**

What does this mean?

Fail Result

If any of your lines have failed they are not suitable for eircom broadband.

Unfortunately broadband development in Ireland has been severely hampered by the combination of an inapt regulator and a monumentally stupid government blunder to give away one of the most valuable pieces of Irish infrastructure to a greedy bunch of homegrown and foreign fat-cats.

We suggest you do not have a look at eircon hi-cost and eircon fat-rat as an alternative, but instead ring John Doherty and Dermot Ahern and remind them about the goal of the March 2004 policy directive.

There is Something Rotten in the State of Broadband Ireland – ComReg will fail miserably to achieve the Department of Communications’ modest Mid 2005 goals for Broadband Development in Ireland.

“Broadband Policy direction No. 2

ComReg shall use regulatory and enforcement tools...to support initiatives to develop broadband and remove regulatory barriers...to such initiatives. In encouraging the further rollout of broadband ComReg shall have a particular focus on: • the residential and SME sectors;• balanced regional development and;• potential for broadband provision on alternative platforms.

The Goal is to be at or better than the EU average (excluding accession countries) for end-user access to, and usage of, broadband by mid 2005.

Given under my Official Seal

26th March, 2004 Dermot Ahern, T.D.Minister for Communications”

A wake-up report by comwreck.com, documenting

1. how the public is being misled,
2. why the goals will not be achieved and
3. what has to happen to achieve them.

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State of Broadband Ireland



There is Something Rotten in the State of Broadband Ireland ComReg will fail miserably to achieve the Department of Communications' modest Mid 2005 goals for Broadband Development in Ireland.

In case you didn't know: The Danes are European leaders when it comes to broadband availability and broadband take-up (closely followed by Belgium, the Netherlands and Sweden). They are where our government had told us we would be, among the top of the OECD countries. Ireland is at the bottom of the EU and at the bottom of the OECD broadband countries. Only Greece is worse off.

March 2004: Dermot Ahern sets new modest goals

In March of this year, Dermot Ahern set a marker for the Communications Regulator. In a policy directive to ComReg Dermot instructs them to achieve this:

“The goal is to be at or better than the EU-15 average for end-user access to and usage of broadband by mid 2005.”

This goal set by the minister bears no resemblance to the “Policy goals and strategies” as set out by the DCMNR’s “Statement of Strategy 2003 – 2005,” where Ireland is meant to rub shoulders with the top OECD countries: “Have a fully competitive communications sector in place by the year 2005 which on a competitive par with the key comparator OECD economies in terms of network penetration, investment, price, choice and quality, across all platforms”(page 21). Other much touted and now ever more embarrassing government Internet and broadband goals were to be “among the top decile (i.e. the top 10%) of OECD countries by 2005” and to “be the first European country to have widespread 5 Mbps Internet available.”

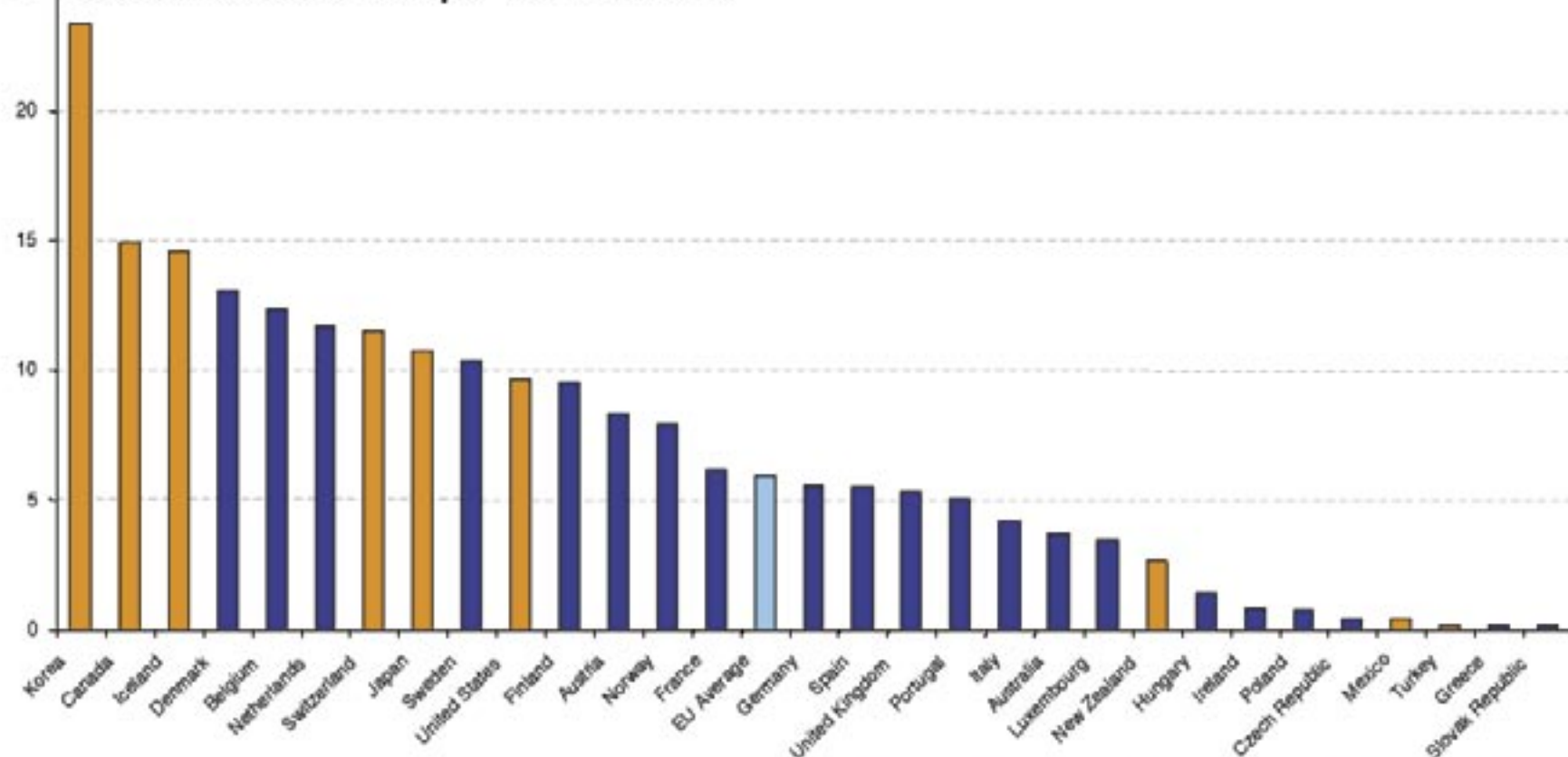
A look at an OECD graphic about Broadband usage illustrates the sad reality that Ireland, an English speaking country with a young and educated population, is as far back in the field as ever.

Earlier this year a spokesperson for the DCMNR tried to put a brave face on this, by saying – without blushing – these goals were still on, but the time span had to be readjusted.

Strong EU performers within the OECD...



Broadband Subscribers per 100 inhabitants



Ireland to reach at least the EU-15 broadband take-up by mid 2005? In your dreams.

Figure 4: Broadband penetration rate in the EU (% of population). January 2004



We like the humble goals of the March 2004 policy directive, not because we are proud to have helped make them sensible in convincing the minister to add the little bit about “excluding the accession countries” into the comparison, but because they are clear, unambiguous, and can be measured exactly. By mid 2005, the Irish end-user broadband availability and end-user broadband usage has to be at least at EU-15 level. Comreg has to make progress reports by end June 2004 and end September.

The August 2004 DCMNR press release misleads the public and questions the Minister’s commitment.

On August 22 Dermot Ahern issued a disconcerting press release in which he welcomed a “huge increase in Broadband take up” under the heading “Year end target of 100,000 users is in sight”. He quoted “industry sources” putting the current subscriber levels at over 70 000 and saying this “represents approximately 6% of households in the country,” the latter figure being a gross miscalculation, as only less than 3% of households have broadband.

Goal no 1: Enduser broadband usage or take-up

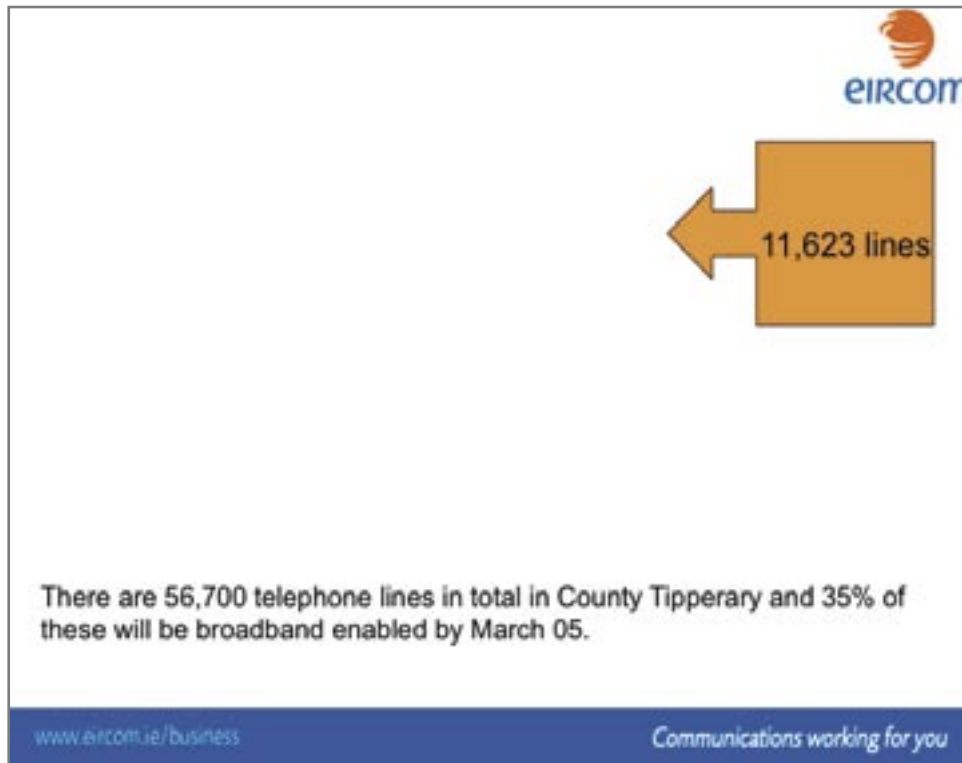
If one puts these statements and figures into the context of the minister’s own policy directive to ComReg to have Ireland at least at EU-15 average level by mid 2005 with regards to broadband availability and usage, one can only be puzzled and alarmed: The end 2003 official EU-15 data for broadband usage, show a weighted EU-15 average of 6.03 broadband users per 100 people.

To reach even the end 2003 EU-15 average, Ireland would need a 6% of population broadband uptake. That is the equivalent of about 240 000 connections.

By mid 2005, the EU-15 average will have grown to an estimated 8% or 9%, as the population rich countries UK, Germany and France, which by now are weighing down the average, all have a healthy broadband growth.

So Ireland will need at least 320 000 broadband connections by mid 2005. That is in 10 month from now, some six month after the Eircom envisaged and ministerially welcomed 100 000 figure by year end 2004!

How can Minister Dermot Ahern welcome a weekly broadband take-up of some 2000, when we need to see 7000 new broadband subscriptions per week to reach the EU-15 average by mid 2005, the goal he set in his policy directive this March?



This slide from an Eircom presentation in Tipperary earlier this year perfectly illustrates what the Irish public is subjected to with regards to broadband availability.

Note: while 35% is as appalling as it can possibly get, it is not even the full picture as it again only refers to the number of lines originating from broadband enabled exchanges, and not the number of lines that can actually carry broadband.

Comreg had sent one of its broadband specialists to that meeting. Appallingly he blamed, besides lack of competition, the "lack of interest of the Irish consumer" for the poor broadband development.

The conclusions I am led to are not satisfactory. Either the DCMNR regards the March 2004 Comreg policy directive as just another PR exercise, or they don't understand what's happening regarding the broadband development in Ireland. They simply swallow Eircom PR – which is created for the sole purpose of influencing market analysts, who doubt the company's broadband footing – hook, line and sinker. Or a third possibility, Comreg didn't give an accurate assessment of the situation in their end of June feedback to the Minister.

Goal no 2: Enduser broadband availability

The second goal set for Comreg to achieve by mid 2005, to bring broadband availability in Ireland to at least the EU-15 average, seems to be just as unachievable as the usage goal.

Here again Eircom tries desperately to impress the stock exchange analysts with figures that don't stand up to scrutiny. When Eircom director McRedmond speaks in press interviews about an "over 70%" dsl availability, when Eircom talks about "1 million broadband lines from Westport to Wicklow – one total commitment" in their advertisements, there are two annotations that should be made:

1. Over 70% dsl availability would be a pretty dismal figure in the context of EU availability of well over 80% and in many cases (Denmark, Netherlands, Belgium and NI) soon going up to 100%. Even the geographically and demographically challenged Finland has an availability of 85%.
2. There is no "over 70%" availability, and there are no signs of plans to achieve it in the near future. There are about 1.1 million telephone lines originating from broadband enabled exchanges, some 68% of lines. But, and a big but at that: A substantial percentage of those lines cannot carry broadband, due to the substandard (by European standards) condition of the incumbent's last mile copper network. Comreg relies on Eircom to inform them about broadband line test failure, and it then keeps this information a state secret, wrongly citing the reason of "commercial sensitivity". Experts estimate the failure rate at around 30%. When a customer line fails the broadband test, Eircom doesn't fix the line, i.e. remove line splitters, etc. They simply advise the unfortunate customer to buy their so-called "hi-speed" product, which is an expensive ISDN line. Contrast that situation with the UK: while Eircom is still installing line splitters, that make broadband impossible, BT is removing any line splitter that fouls up a broadband connection. Currently only 3% of UK lines on broadband enabled exchanges are not repairable to get broadband, and BT will soon be in a position to resolve most of these.

Without swift and decisive regulatory intervention, neither broadband availability nor broadband usage in Ireland will reach the EU-15 average by mid 2005.



Minister Dermot Ahern and the DCMNR owe the public answers. It is not good enough to discover by mid 2005 that the goals were not achieved, when all the signs are clearly visible now.

By the way: The metropolitan networks (MAN), whose completion Minister Ahern so elatedly announces, town by town, will not bring end user availability up, as they have no last mile solution to it.

Neither will the much touted 3.5 gig wireless broadband licences. They were falsely promoted as a solution for rural areas, but are not at all designed for this purpose.

The numbers connectable through the DCMNR's Rural Group Broadband scheme and the School Broadband scheme will not noticeably change the general Irish broadband availability figures.

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What can be done to achieve the directive's modest goals?

First and foremost: Our regulator needs a sea change. For starters, it is not his task to conceal the fact that we are so behind with internet and broadband development, as he has done continuously in his Quarterly reports. Secondly, it is not his task to explain why we are so behind, where this cannot be hidden, but to regulate for progress. You have either strong competition or strong regulation. As we do not have strong competition (cable), we need strong regulation – not a regulator who continually tells us that we are so slow due to lack of competition.

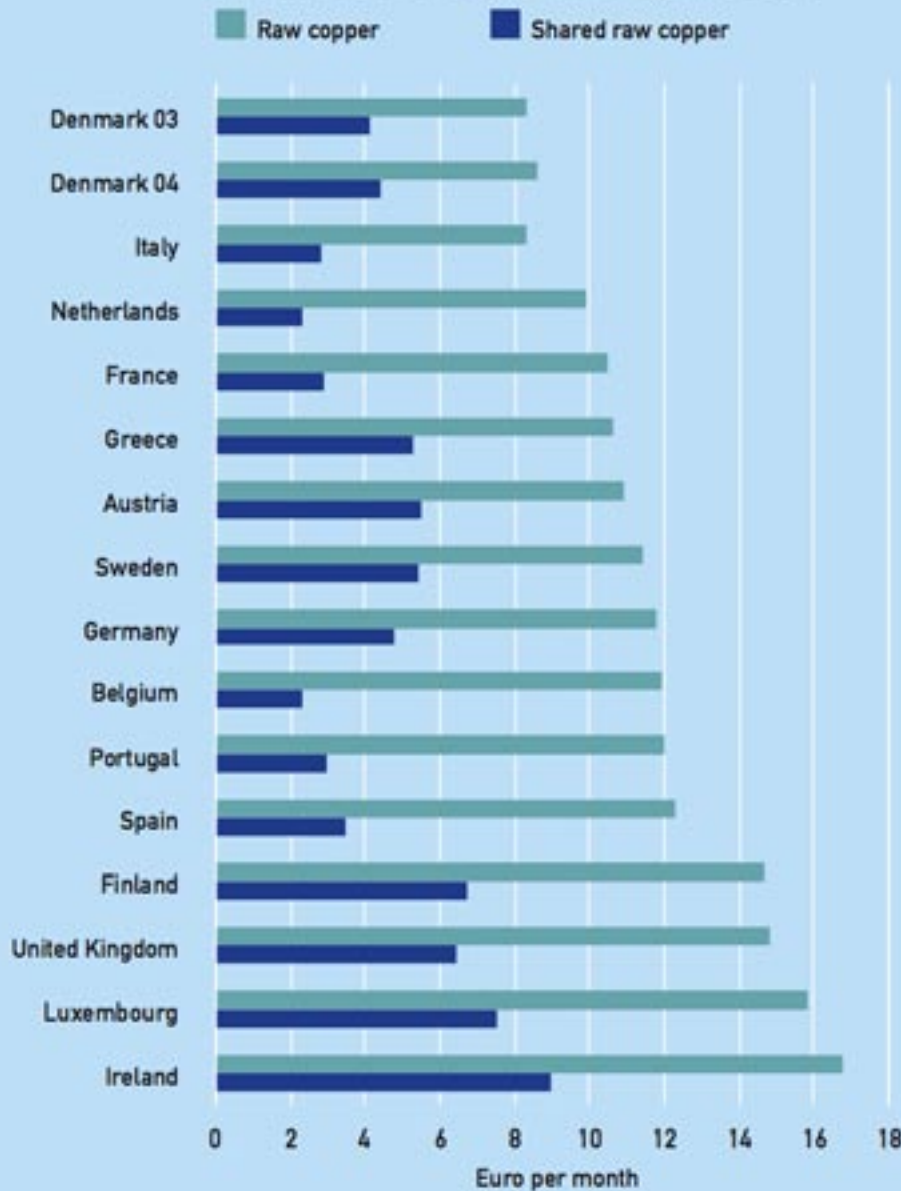
The March 2004 policy directive could be a perfect starting point for the necessary change

Some pointers:

1. The line rental hike, which brought Ireland's line rental substantially above the EU average, has to be brought down to the European average. It seriously undermines competition and should never have happened under the eyes

Why LLU will not happen:

Figure 2: Monthly prices for raw copper and shared raw copper in EU by mid-2003



of the regulator. Comreg should copy the excellent Danish regulator's action of simply setting a new lower price for its incumbent (in the Danish case it was for ISDN lines). The belatedly introduced wholesale line rental is not the answer to the overpriced line rental price. It is simply other Telcos reselling an overpriced product. (I am not denying the positive single billing effect.)

2. Comreg has finally to find the courage to specify in the Universal Service Obligation, how the incumbent has to achieve the binding EU legislation to offer "functional Internet access" to all its customers. Again a look at the Danish regulator could help: he ordered all lines to be of ISDN quality – which more or less would also make the lines broadband capable. Comreg's current position of not giving any specifications is indefensible and in breach of the EU legislation.

3. ComReg should publish the percentage figures of lines on broadband enabled exchanges that fail to carry broadband. It can easily evade the (bogus) issue of "commercial sensitivity," by publishing exact figures for broadband availability in Ireland, as other European regulators do. The public has a right to know these figures.

4. Local Loop Unbundling is not happening in Ireland. Irish LLU pricing is way off the mark. UK regulator OFCOM just published how LLU prices will be cut back by 70% (and additional barriers removed). Comreg director John Doherty's remarks are off-putting: "The last time we went to court it was €14.67 we were looking for. We will be working up from the price we want and something that suits Eircom. We want to introduce a reasonable valuation. We originally went to court for €14.67, I don't think we will be very far away from that figure in April when we go back again." OFCOM intends to slash UK pricing for shared unbundling (shared raw copper in the graph) to 3.50 euros/month. If Ireland wants to stand any chance at reversing its disastrous position it needs to go at least as low, but preferably down to the French, Dutch and Belgian price level. As I write this article, Comreg has issued the proposed LLU pricing: 14.65 euros, a mere two cent less than the formerly proposed pricing, the highest in Europe, bar Luxembourg. This will almost guarantee that LLU will have no future in Ireland. Comreg says that Eircom had asked for a much higher price (no less than 28 euro!), as if this would be any excuse for the devastating decision.

5. FRIACO (prepaid dial-up Internet for fixed time) pricing must come down substantially. People who are excluded from getting adsl must not be additionally penalised with a near-adsl price for a largely inferior product (slow modem speed, not always on, a service that disables the telephone line dur-

Comreg needs to learn the basics of current economic reality. Comreg's "romantic" assumption that Eircom could be "encouraged" to invest in the infrastructure by giving them enough profit is hilarious and disturbing.

Sources and recommendations:

EU documents:

<http://europa.eu.int/comm/commissioners/liikanen/media/slides/broadband.pdf>

http://europa.eu.int/information_society/eeurope/2005/doc/highlights/whats_new/sector_com.pdf

http://europa.eu.int/information_society/eeurope/2005/doc/all_about/broadband/staff_working_paper_final.doc

Excellent Annual Report by the excellent Danish Regulator:

<http://www.itst.dk/static/publikationer/AnnualReport2003/index.htm>

Forfas "Broadband Telecommunications Benchmarking Study"

http://www.forfas.ie/publications/forfas040129/040129_forfas_telecoms_benchmarking.pdf

Information Society Commission "Ireland's Broadband Future"

<http://www.isc.ie/downloads/InfoSocBroadband.pdf>

Analyses of Eircom's latest PR spin: "White Lies, Black Lies, McRedmond Lies"

http://www.comwreck.com/blog_24_Aug17.html

The DCMNR degrades itself to be Eircom's mouthpiece: "Dermot Ahern Welcomes Huge Increase in Broadband Take Up" - Aug 22 2004 3:35PM Press release

<http://www.dcmnr.ie/modules/pressreleases.asp?guid=A98BD311796CBA51F8D01796CB94E7E171796CB91F50811796CB9ACD9431796CB96614E21796CB9ACD9431796CB91F50811796CB|2ADA06|13433B&arg=37AD51C1121A338BF6BF1121A338BF6BF1121A3|26E694|15C4F1&farg=5637A101C27105637A101C27105F03D601C27105B7EF401C2710|365DCB|1A36BB>

The March 2004 policy directive from the DCMNR to Comreg

http://www.dcmnr.gov.ie/files/Comms_Reg_Policy_Directions_1_2004.doc

ing usage). The years have moved on. FRIACO is a crutch and its price has to get regulated markedly down, or it works as a disincentive for the incumbent to offer adsl. Eircom's high profits from Internet dial-up and FRIACO (higher than their call charge profits!) are still a massive blow to progress.

6. ComReg must get the power to work effectively. O'Rourke's belated legislation is flawed. A regulator that does not have the ability to punish will not be taken serious. Comreg's option to currently give fines of up to 3500 euros or kill off a Telco by taking its licence away is absurd. A regulator with no teeth is a regulator with no spine.

7. ComReg needs to learn the basics of current economic reality. While they deal with highly complex mathematical modeling matters to arrive at the latest Local Loop Unbundling price, they base these models on unquestioned and fundamentally wrong presumptions: "While prices should clearly be set at levels that promote competition and enhance consumer welfare, they must also allow eircom an appropriate return on investment so as to **encourage** continued investment in the network or, in time, in alternatives. Unduly low prices might encourage entry of new suppliers into the market for services using the local loop, but fail to provide sufficient **incentive** for continued investment in the network. The balancing of these objectives is a complex matter. " [page 8/9 from ComReg "Local Loop Unbundling Responses to consultation papers 04/21 and 04/31.Document No: 04/90, 30 August 2004]

ComReg's "romantic" assumption that the turbo-capitalistic owners (I am not using this term in a moralistic or judgmental sense) of Eircom could or should be "encouraged" to invest in the infrastructure by giving them enough profit is hilarious and disturbing. Only decisive regulatory intervention will make the incumbent invest in the network. Was ComReg on another planet during the last year when the buyers of Eircom extracted half a billion euros out of the company, before selling it off again? The incumbent's owners have their eyes firmly on the next quarter profits, they have no social or patriotic conscience, as much as their advertising, PR and sponsorship programs try to say otherwise. The incumbent has of course to make money, but in absence of competition, the "incentive" to invest this money into the network has to come directly and bluntly from the regulator. Other European regulators have done so with great success.

Please don't just read this. Ask Comreg, the Department of Communications and your TD about the implementation of the goals set by the March 2004 policy directive.