

Transcript of the Internet related part of the program <our comments in red>:

Pat: ...so much has changed. First she oversaw the opening up of the telecom market to competition and the awarding of a third mobile telephone licence. Now her biggest headaches are probably prompted by the words "broadband", "3G" and "internet access".

Pat: Eain Doyle telecoms regulator, good morning and welcome.

Eain: Thanks Pat,

Pat: If I can paraphrase a political slogan, "A lot done, a lot more to do". Isn't that fair?

Eain: Yes, this is a very dynamic sector that has gone through an absolute roller coaster, from when we started in 97, through a point where there was no height great enough...for everything to a view now, which I think is over pessimistic, so...there will always be other things to do. Once the job is done we'll roll up the office and close it down. We're not quite there yet but the time will come.

Pat: Now, the issue that seems to dominate some of the calls we've got is about the Internet, why it's so expensive to get on the Internet in Ireland.

Eain: Okay, there is a number of points I'd like to make here... erm... Ireland... erm... does have... erm... obviously it does have access to the Internet, but it doesn't have what people, I'm sure your callers are looking for is a flatrate service... but there are...

Pat: At so much per month, they're happy to pay it and they're on 24/7...

Eain: Okay, I would like to draw attention to the fact that UTV has introduced a flatrate for off-peak times very recently. And I gather that that's selling very well, and I gather that we can expect an announcement from Esat/BT very shortly. <A package offering 150 prepaid off-peak hours for 30 euros, how close is that to 24/7 flatrate?> Part of the problem behind this...

Pat: How does that work by the way? UTV is based in Northern Ireland. Do you have control over them?

Eain: UTV is.. I mean anybody can come into Ireland and get the opportunity to provide telecommunications...

Pat: But are you regulating...

Eain: They are operating through a company that is regulated by the office.

Pat: Yeah, and how do they deliver that service into peoples homes?

Eain: It works on the basis of what's known as indirect access, where they can obtain the right to take over minutes from Eircom and to deliver that service on that basis. It's an indirect access.

Pat: They're buying wholesale time?

Etain: Yes

Pat: From Eircom?

Etain: Yes, and they're diverting the minutes to... erm... for this use.

Pat: So if they're going to deliver... or I mean, what is the U2, the uh.. the U2 [chuckles], the UTV package and the new one that you're talking about?

Etain: It's just 29 Euro a month, and...

Pat: ...and is it 24/7?

Etain: No, no it's... erm... off-peak only. <150 off-peak hours is not flatrate; Etains definition of flatrate seems to have suffered a little> Now if I could go back to the question that you asked, why isn't there flatrate available in Ireland on a general basis? First of all, perhaps I should say for your listeners, and this is not a happy point to make, it is available only in about half the European states <We find that hard to believe, which countries would those be, what are the costs of dial up there and do they also not have ADSL on offer as an alternative?>... erm... my UK colleague took advantage of the situation back a number of years ago where BT, in the UK, had introduced a flatrate service for retail customers, and he was in a position to say, on a non-discriminatory basis, this.. there must be a wholesale package, which will enable other operators to do this, and he introduced what's known as FRIACO; I promised my staff I'd try and use as few initials as possible, but basically that's a flatrate wholesale service and if..

Pat: And others can buy it and flog it on...

Etain: ...and then they can flog it on. Now, the problem in Ireland, as in other countries... I was just talking to my German colleague very recently, he has exactly the same problem <The difference is: he solved the problem. You can get ISDN flatrate 24/7 everywhere in Germany for something like 20 euros per month – and of course you can get ADSL for a little bit more>... is that the incumbents in Western Europe had a look around it, what had happened in the UK, and many of them have successfully said "there is no legal basis directly to do what the UK has done". However, there has been an advance in Ireland over the summer. Until this summer, I didn't have any formal requests from any operator to intervene with Eircom about this. So although I've been saying... you know... good use for this type of service, I wasn't in a position to take it up formally.

<Dominant Eircom are offering 24/7 flatrate Internet access to a few in Dublin, where they face some competition from NTL/cable and wireless/LEAP for 107 euros per month ("I-stream"). Where they do not face competition and that is the rest of us, they are charging over 700 euros a month for 10 times poorer internet access. That is a clear monopoly misuse. Imagine this: A dominant car hire company hires out Mercs for 107 euros a month to 1 percent of customers where it faces competition. And it hires out bicycles to 99 percent of customers for 700 euros a month, where it does not face competition. Imagine the Regulator saying: Well, I really can't do anything, as bikes are different from cars.>

Pat: And why doesn't Eircom offer a service like this, I mean if there's money to be made, I mean the lines are lying idle, it actually doesn't cost a huge amount in terms of the electricity bill to deliver this kind of service into peoples homes. <costs are zero – but the loss of the profits from this ongoing grotesque overpricing would of course be great>

Etain: Well, I suggest you bring in somebody from Eircom and ask them those kind of questions...

<What would that be good for, Etain?

Victim: "Officer, why are you not stopping those robbers?"

Officer: "Well, I suggest you ask them those kind of questions...">

Pat: Is it something to do with the capacity of exchanges, something to do with the capacity of lines... upgrading, that's necessary investment... is that part of it?

Etain: I wouldn't see it as being part of it, at this time...

Pat: Because if there's money to be made they'd be doing it, or, is it that if they do it then they have to flog it on to other people...

Etain: They have to provide the possibility that other people can get on the service as well, and we've had requests from two operators, from NevadaTel and from Esat/BT over the months, and I have to say this much, that Eircom has engaged in discussions with those two operators, and we will be doing all we can to facilitate those... to make them work... and come to a satisfactory conclusion... <wow>

Pat: Do Eircom have a fundamental problem here, because I mean you've studied the way they are structured, you know, this is not a densely populated country, we have few cities of medium size, one large-ish city, but small by international standards, ie. Dublin, and then an awful lot of towns and an awful lot of farm houses and one off-dwellings, of which Eamon O'Cuive was so proud, yet if they offer this they have to offer it to everybody, and the cost for them of doing that kind of thing for every household of the country harks back to their old public service remit, and maybe it's just too expensive?

Etain: Well as I say, I think that you...

Pat: You know population densities are such in this country that it's not as easy as it would be in Wolverhampton or Liverpool, I mean, the greater Manchester area has a bigger population than the Republic of Ireland...

<This population density argument is a red herring, flogged around by Eircom. It is a lame excuse by now. Look at all the other countries. There are plenty with similar conditions and none with Irelands pricing.>

Etain: Yes, If I could move from flatrate services to the broader issue... I'm just saying about flatrate service, clearly whatever deal is done, has to be done on... has to take account of the commercial realities. <What is that supposed to mean?> It is the case internationally that if you take a country like South Korea, and everyone points to South Korea as being ahead of the broadband game with 50... over 50 percent of the households connected to broadband. In South Korea people live in very high apartment blocks, whether they are in the city or by and large in... small towns tend to be a relatively small amount of high blocks, I'm sure you'll have a listener who'd come on and say they know a part of Korea that isn't like that...<To hear that apartment block argument from our Regulator is a shame. South Korea has taken away the lines from their incompetent incumbent Telco – that made the difference. And boy what a difference they've made.>

Pat: But generally speaking...

Etain: Generally speaking that is the case. Now if you take the United States, which we see as a country of the major cities and it certainly has cities of three or four times the population of Ireland, only 10 percent of the households in the United States have broadband, and in fact I was just looking at a United States government report the other day, and it is talking about the same sorts of problems as we're talking about. They're obviously at a different scale from where we are, but yes, when you talk about any network service, be it electricity, be it water, be it telecommunications, indeed even services like education and health, these are network utility type services. You want them around the country and they cost...

Pat: So is that the problem, that any comparison that's going to be made between us and the UK for example, we are going to have to be dearer, no matter who the provider is, whether it's UTV or Eircom or Esat, whoever it might be, it's going to be dearer. Simply, if it's to be available to everyone, on the other hand you can say we'll make it available in Dublin city, thank you very much, we'll take our profit here and we won't do it anywhere else. <Flatrate modem access could be implemented anywhere in Ireland tomorrow with no extra cost, if the regulator had the will to set a wholesale price.>

Etain: Well, if it were the case that you were to provide a service on a universal service basis, on a broadband basis... there is a major funding gap to be dealt with, but I should note that the government has provided a certain amount <over 200 million of fibre was laid and is lying unused in the soil since two years> of money to date and is providing more money for the development of the telecommunications networks in Ireland as it has...

Pat: But they'll be main arteries, they won't give Mrs O'Brian in Lettermore broadband service?

Etain: No, but what they have done for example in funding both Esat and Eircom is that they have provided funding to enable both of those companies put equipment into switches, which in turn enables them to deliver broadband...

Pat: What will broadband be delivered on? Will it be two wires? Just two little copper wires or does it need an upgrade?

Etain: It needs an upgrade, and what it gets is...

<It is delivered over the existing two little copper wires. Etain is trying to lead Pat and the listeners down the garden path.>

Pat: And that's what I'm talking about, we're talking about out in the wilds of Connemara it's gonna cost hundreds of pounds if not thousands of Euro to get this new upgraded line to someone's house...

<Etain has successfully lead Pat down the garden path. ADSL is delivered over the existing two little copper wires. Only the exchange needs an upgrade, costing around 200 euros per user. Cost is not the reason why ADSL is not rolling in Ireland; as long as Eircom is allowed to continue its grotesque overpricing of the dial-up access (41 euros per day), it will not roll out ADSL. And by the way: The wholesale price the ODTR has set for Eircom's ADSL is in multiples of that of other countries. >

Etain: Well, can we talk about where we are at the minute, the government has assisted in funding both the E-E-Eircom and Esat to actually upgrade its basic equipment in the switches that you upgrade in order to deliver what's known as this DSL technology, which provides ten times the speed... up to... a great deal more it can be... up to two megabits. But most of what we're about is at 500 kilobits instead of at 56. And the government has provided money towards that and I

think Esat is on record saying that they wouldn't have done this except that that was available... so, yes, I think that we need in relation to broadband to look at this as a great national planning effort, we need to decide what exactly we want to do, and this is not just to say the government will pay for everything, but rather to say, as we have done, as Ireland has done in other areas too, we have been very successful in terms of partnership...to say "Okay, what is it that we want to do?" in more precise terms than we perhaps said to date, and how is it we're going to go about doing it, and my office, if I may take a plug for a moment, we have published a paper on the future of delivery of broadband in the last week. It's a consultation paper. We would like to hear from people...<It seems kind of natural: A Regulator that has got no means to implement anything – a 1500 euro fine is what he can dish out – sticks to publishing consultation papers>

Pat: We're way behind, aren't we? There are countries which are ahead of us... <There are actually some who are not, for example Greece and... I already said Greece?>

Etain: ...yes...

Pat: ...that if you were to list them out you'd say "Oh well, they are just emerging from the Eastern block, they've got to be third world in terms of telecoms" and then you find they are ahead of us...

Etain: ...yes...

Pat: Estonia.

Etain: ...yes, it is the case. Then, when you take a OECD table that is produced which deals only with cable modems and only with DSL technology... erm... that we don't have as many of those rolled out as elsewhere <around 1000 to date>, and if you take... erm... but I have no reason to believe that we shan't catch up on that and indeed go ahead...<Any reasons why that should happen?>

Pat: Why are we so slow?

Etain: We've done some research into this... which I think is a very interesting thing from our point of view. All the European Community's countries introduced a requirement for local loop unbundling at the beginning of last year <It is internationally acknowledged, that unbundling has not a lot to do with success of Internet access>, and the speed at which countries have moved on this is directly related to the speed of the competitive pressure and if you look at countries that are particularly ahead of us, like... erm... Germany and others, they have a very vibrant cable industry, which was that bit ahead of us in developing their two-way networks, enabling the cable industries deliver not only telecoms... err... not only television but also telecoms and Internet. And NTL, as we know, just taking the Dublin instance, ran out of money internationally at the end of 2000, and I believe that... that competitive spur, when I look at the UK for example...

Pat: We sold cable link to NTL.

Etain: Telecom [Eireann] and RTE sold cable link to NTL, who did a huge amount of work in upgrading. It was a very poorly maintained network up to that time, but...

Pat: As I recall, their licence at the time... they were supposed to deliver the devil and all by now, and they haven't done so.. I mean we were supposed to get video down the thing... we're

supposed to get telephone, Internet access, they haven't offered me that and I'm an NTL subscriber.

Etain: Okay... what the cable companies are licensed under national legislation, which deals only with broadcasting transmission, so the requirements in their licenses were to upgrade to digital television. I have no entitlement under any legislation neither domestic or international to require them to...

Pat: So you have no control over NTL?

Etain: ...I don't have any entitlement to require them to deliver Internet.

Pat: So they got the thing on the basis of promises, I mean, do those promises... surely the government, if it's the government who gave them the licence, they should take it from them. They haven't lived up to their promises. And there'd be people queuing up to get that access into people's homes.

Etain: But... if I can explain again, the licence which was issued by my office was issued under national legislation which has got to do with broadcasting transmission, and this was about delivering ordinary analogue television and digital television...

Pat: You mean the other was all marketing and hype and nonsense? All the other stuff about what they were going to give us was not actually agreed with you or the government?

Etain: No, it certainly was not agreed with my office..

Pat: It was all hype and nonsense...

Etain: ...and I have no basis for saying it. I had no basis for requiring that of them. The company, as I say, it's fairly public, ran out of money and it hasn't delivered on that service. I am anxious that... as they come out of chapter eleven, that we might find a different situation. Chapter eleven is an American system for...

Pat: ...for protecting companies that are on the verge of going wallop... I mean you are very hot on Eircom unbundling the local loop <Just not true, practically no unbundling has taken place and there is not much prospect of it either> and allowing the infrastructure which was built up by the taxpayer over the years to be passed on to others to make money from <another red herring from Eircom. Eircom is a private company, in the hands of foreign vulture capitalists, and it is wrongfully withholding the full usage of the telephone network, which was paid for by the taxpayer.> and it brings competition to the market place. I don't have competition on cable. I have NTL or nobody, and other people have Chorus or nobody, and other people have nobody at all, so, I mean, why don't you unbundle NTL's local loop and let other people come in and offer me the devil and all using their infrastructure. Well this is the same, they have a dominant position in the Dublin area, Eircom have... had a dominant position nationwide <they still are the dominant player with a near absolute line monopoly, you can count the unbundled exchanges on the fingers of your hand>, we have exactly the same situation with cable NTL, so why can't you unbundle that particular situation and let people who want to give us the service we want? <Pat, you are wrong on this one. Unlike the telephone network, NTL have bought a crap network – remember it had been owned by RTE and Telecom Eirean (!) – it is not capable of two way traffic. NTL have, with huge costs, upgraded some 4000 lines and they are offering the only decent broadband Internet access in Ireland for around 30 euros per month.>

Etain: Well, effectively that is now the situation, there are some legal issues to be tied up, but essentially since last March the... erm... both of companies in the context of negotiations which I had with them last year agreed that the exclusivity that they had enjoyed up to then, would end as of last March. Now, the problem if you take the market more generally, Pat, is that the number of people who have funds to invest is much fewer and they have much less than they had before, but, as I say, I believe that a national effort can be made on this...

Pat: But are you going to say to NTL "The games up folks, others are going to get access to your gear" the same way as you said it to Eircom? <That is a myth, Pat>

Etain: Well, I can only work within the legal framework that I have, under the current legal framework I'm not in a position to do that, under the new EU framework, which is coming into effect next year that may possibly be a possibility.

Pat: Because I often quote about recycling and experiences that I had in Brussels, but I know that the same is true of cable. In Brussels if you want cable, you've the same cable coming into your house but you can choose who supplies it. It's the same way as the gas, I mean, gas comes along an interconnector, but ultimately you might be able to buy it from any one of ten suppliers.

Etain: Well, under the new regulatory regime, it won't make any difference whether you have broadcasting transmission. All of the networks will be dealt with in the way, and there will be... studies to be done to establish whether or not that particular market should be opened. It would be wrong for me to say in advance at this point, Pat, that I've already concluded in advance of doing any studies that the answer is X. But that is one of the issues that may arise. There are technical issues about opening cable networks and I'd say we had a very poor one in Ireland in advance. The upgrade still needs to be done.

Pat: Okay... we'll take a quick break and then we'll talk some more.

[After the break they mostly talked about mobile phone issues, which we do not cover here]

Pat: Trying to bring competition into fixed-line business and yet people will have to pay Eircom for the rental of the line and then they pay the operator for their calls. Hmm, you want to bring in one bill only?

Etain: Yes, and we took a decision there in the early part of the summer and have working parties and bilateral contacts between ourselves and the operators at the moment to work that one through, so there will be a system where you can have a single bill covering all your expenses. <That's banal stuff and will not really make much difference>

[After another break]

Pat: An email from Martin Harran sums up a lot of the problems facing business people. Retail business, five branches in the Republic, five branches in the North, not a high-tech business... we sell wooden floors, we want to use the Internet to link our branches together for inventory purposes. They opened a shop in Derry, a couple of weeks ago, about twenty miles from the head office in Letterkenny, installed a computer in Derry, applied for broadband access with the choice of three providers, nine days later, they were up and running, installation costs 50 pounds sterling, monthly cost of 30 pounds sterling, 47 euros, off they go. Twenty miles up the road, zilch in Letterkenny. So they can't actually run this cross border business in the way they want to.

Etain: First of all, I think in relation to Letterkenny they should look at things like wireless based services...

Pat: But they want to do it in a particular way, they want broadband...

Etain: ...they want DSL services ... is what I suspected they want... and... erm... as far as I know none of the... erm... neither Esat or Eircom are offering that in Derry <that should be Letterkenny>, although it would be worthwhile ringing both of the companies and check what the score is. It would also be worthwhile looking at alternatives... <Oh, such divine advice from the Regulator>

Pat: He's looking at satellite technologies but it'll cost him a fortune...

Etain: He might also look at fixed wireless access technologies... and again... <even though there are none in Letterkenny?>

Pat: ...but really what he's saying is "I want broadband, why can't I have it?"

Etain: Well, I think that's a question to put to the companies... erm... and not just to my office...<The OTDR is supposed to regulate, or is it not?> in terms of...

Pat: If I was to summarize everything that's come in to us and I have loads of calls and loads of queries and text messages and all the rest and it boils down to a couple of things: When are we going to have 24/7 internet at a reasonable cost per month. Doesn't matter how much you use it, on or off the net. And secondly, when is the cost of using my mobile phone going to come down to reasonable levels?

Etain: Okay... my office will be doing... I mean has been doing a great deal without any great legal basis... erm... of a specific mandated type, nor the kind of useful error you might say that BT made in the UK to get 24/7 cheap access...<That is a lame excuse. Eircom are offering flatrate internet access in a few exchanges in Dublin, so the ODTR has the right to force them to sell a flatrate wholesale package throughout the country.>

Pat: When... When! This is what they want... they don't want to know what efforts you have made, although they may be commendable, they want to know when are we going to get reasonably priced mobile calls and when we're going to get 24/7 Internet access at a reasonable rate.

Etain: Well, I'm not in a position to mandate a particular date but I have people working 24/7 on this ex... effort to get this working. In relation to mobile calls I believe we are seeing... some increased competition in the market. Some efforts are being made...

Pat: It's not real, is it? It's not real...

Etain: It's not as much as I want to see, but as I'm telling you within less than twelve months... sorry, this is what, September? Within twelve months or a little more we will be seeing a different situation in relation to that market.

Pat: Etain Doyle, thank you very much for joining us. Etain is the Telecoms regulator...

